

STATE OF MINNESOTA

NINETY-FIRST SESSION — 2019

 THIRTY-EIGHTH DAY

SAINT PAUL, MINNESOTA, FRIDAY, APRIL 12, 2019

The House of Representatives convened at 9:30 a.m. and was called to order by Melissa Hortman, Speaker of the House.

Prayer was offered by Representative Todd Lippert, District 20B, Northfield, Minnesota.

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

The roll was called and the following members were present:

Acomb	Dehn	Hornstein	Long	Olson	Swedzinski
Albright	Demuth	Howard	Lucero	O'Neill	Tabke
Anderson	Dettmer	Huot	Lueck	Pelowski	Theis
Backer	Drazkowski	Johnson	Mahoney	Persell	Torkelson
Bahner	Ecklund	Jurgens	Mann	Petersburg	Urdahl
Bahr	Edelson	Klevorn	Mariani	Pierson	Vang
Becker-Finn	Elkins	Koegel	Marquart	Pinto	Vogel
Bennett	Fabian	Kotzya-Witthuhn	Masin	Poppe	Wagenius
Bernardy	Fischer	Koznick	Mekeland	Pryor	Wazlawik
Bierman	Freiberg	Kresha	Miller	Richardson	Winkler
Brand	Garofalo	Kunesh-Podein	Moller	Robbins	Wolgamott
Cantrell	Gomez	Layman	Moran	Runbeck	Xiong, J.
Carlson, A.	Green	Lee	Morrison	Sandell	Xiong, T.
Carlson, L.	Haley	Lesch	Munson	Sandstede	Youakim
Christensen	Halverson	Liebling	Murphy	Sauke	Spk. Hortman
Clafin	Hamilton	Lien	Nash	Schomacker	
Considine	Hansen	Lillie	Nelson, M.	Schultz	
Daniels	Hassan	Lippert	Noor	Scott	
Daudt	Hausman	Lislegard	Nornes	Stephenson	
Davnie	Her	Loeffler	O'Driscoll	Sundin	

A quorum was present.

Baker; Boe; Davids; Erickson; Franson; Grossell; Gruenhagen; Gunther; Heinrich; Heintzeman; Hertaus; Kiel; McDonald; Nelson, N.; Neu; Poston; Quam; West and Zerwas were excused.

The Chief Clerk proceeded to read the Journal of the preceding day. There being no objection, further reading of the Journal was dispensed with and the Journal was approved as corrected by the Chief Clerk.

REPORTS OF STANDING COMMITTEES AND DIVISIONS

Marquart from the Committee on Taxes to which was referred:

H. F. No. 1555, A bill for an act relating to transportation; establishing a budget for transportation; appropriating money for transportation purposes, including Department of Transportation, Metropolitan Council, and Department of Public Safety activities; modifying driver's licenses and identification cards; modifying motor vehicle taxes and fees; modifying various provisions governing transportation policy and finance; allocating certain sales and use tax revenue; establishing accounts; making technical changes; authorizing the sale and issuance of state bonds; requiring reports; amending Minnesota Statutes 2018, sections 13.461, by adding a subdivision; 13.6905, by adding a subdivision; 13.72, subdivision 10; 80E.13; 160.02, subdivision 1a; 160.262, subdivision 3; 160.266, subdivision 1b, by adding a subdivision; 161.115, subdivision 46; 161.14, subdivision 16, by adding subdivisions; 161.45, subdivision 2; 161.46, subdivision 2; 168.013, subdivisions 1a, 1m, 6, 21; 168.10, subdivision 1h; 168.123, subdivision 2; 168.27, by adding subdivisions; 168.301, subdivision 3; 168.33, subdivisions 7, 8a; 168.346, subdivision 1; 168A.02, subdivision 1; 168A.085, by adding a subdivision; 168A.09, subdivision 1; 168A.12, subdivision 2; 168A.17, by adding a subdivision; 168A.29, subdivision 1; 169.011, subdivisions 5, 9, 64, by adding subdivisions; 169.035, by adding a subdivision; 169.06, subdivision 4a; 169.18, subdivisions 3, 8, 11; 169.20, subdivision 7; 169.222, subdivisions 1, 4; 169.26, subdivisions 1, 4; 169.28; 169.29; 169.443, subdivision 2; 169.4503, subdivision 5; 169.64, subdivision 9; 169.71, subdivision 4; 169.81, by adding a subdivision; 169.864; 169.865, subdivisions 1, 2, by adding a subdivision; 169.92, subdivision 4; 171.01, by adding subdivisions; 171.04, subdivision 5; 171.06, subdivisions 2, 3, by adding subdivisions; 171.061, subdivision 4; 171.07, subdivisions 1, 3, by adding a subdivision; 171.12, subdivisions 7a, 9, by adding subdivisions; 171.16, subdivisions 2, 3; 171.18, subdivision 1; 174.01, subdivision 2; 174.03, subdivision 7, by adding subdivisions; 174.24, subdivision 2; 174.37; 174.57; 201.061, subdivision 3; 219.015, subdivisions 1, 2, by adding a subdivision; 219.1651; 221.031, by adding a subdivision; 296A.07, subdivision 3; 296A.08, subdivision 2; 297A.815, subdivision 3; 297A.94; 297A.99, subdivision 1; 297B.02, subdivision 1; 297B.09; 299A.12, subdivisions 1, 2, 3; 299A.13; 299A.14, subdivision 3; 299D.03, subdivision 5; 325F.185; 360.013, by adding subdivisions; 360.024; 360.55, by adding a subdivision; 360.59, subdivision 10; 360.62; 363A.28, by adding a subdivision; 473.386, subdivision 3, by adding a subdivision; 473.388, subdivision 4a; 473.39, subdivision 6, by adding a subdivision; 473.391, by adding a subdivision; 473.4052, subdivision 4; 480.15, by adding a subdivision; Laws 1994, chapter 643, section 15, subdivision 8; proposing coding for new law in Minnesota Statutes, chapters 161; 168; 168A; 169; 171; 174; 219; 297A; 360; repealing Minnesota Statutes 2018, sections 169.18, subdivision 12; 171.015, subdivision 7; 299A.12, subdivision 4; 299A.18; Laws 2002, chapter 393, section 85.

Reported the same back with the recommendation that the bill be placed on the General Register.

The report was adopted.

Marquart from the Committee on Taxes to which was referred:

H. F. No. 2125, A bill for an act relating to taxation; providing conformity and nonconformity to certain federal tax law changes; modifying individual income and corporate franchise taxes, sales and use taxes, property taxes, local government aids, tobacco taxes, special taxes, and other miscellaneous taxes and tax provisions; expanding and increasing working family credit; expanding and modifying threshold for social security subtraction; modifying the qualified data center exemption; changing qualification and application provisions for the senior property tax deferral program; providing a riparian buffer credit; providing an increase to local government aid and county program aid; reinstating the inflator for the state general levy; reinstating the annual indexing for the cigarette tax; reinstating a higher rate for premium cigars; eliminating the increase in the estate tax exclusion amount; modifying sales tax exemptions for local governments and nonprofits; appropriating money; amending Minnesota Statutes

2018, sections 116J.8737, subdivisions 1, 2, 3, 4, 5, 6, 12; 270A.03, subdivision 5; 272.115, subdivision 1; 273.124, subdivisions 13, 13c, 13d, 14; 273.1245, subdivision 1; 273.13, subdivision 35; 273.1315, subdivision 2; 273.1384, subdivision 2; 273.1392; 273.1393; 275.025, subdivision 1; 275.065, subdivision 3; 276.04, subdivision 2; 287.21, subdivision 1; 289A.08, subdivisions 1, 7; 289A.10, subdivision 1; 289A.11, by adding a subdivision; 289A.20, by adding a subdivision; 289A.60, subdivision 29; 290.01, subdivisions 29a, 31, by adding subdivisions; 290.0131, subdivisions 1, 3, 12, 13, by adding subdivisions; 290.0132, subdivisions 1, 7, 20, 26, by adding subdivisions; 290.0133, subdivision 6; 290.032, subdivision 2; 290.05, subdivision 3; 290.06, subdivisions 2c, 2d, 2h; 290.0671, subdivisions 1, 7; 290.0672, subdivision 2; 290.0681, subdivisions 3, 4; 290.0684, subdivision 2; 290.0802, subdivision 2; 290.091, subdivision 3; 290.0921, subdivisions 1, 8; 290.0922, subdivision 1; 290.095, subdivision 2; 290.21, by adding a subdivision; 290.92, subdivision 1; 290A.03, subdivision 12; 290A.04, subdivision 4; 290B.03, subdivision 1; 290B.04, subdivision 1; 291.016, subdivision 3; 297A.66; 297A.68, subdivisions 25, 42; 297A.71, by adding a subdivision; 297A.75, subdivisions 1, 2, 3; 297A.83, subdivision 1; 297B.03; 297F.01, subdivision 13a; 297F.05, subdivisions 3a, 4a, by adding a subdivision; 469.316, subdivision 1; 477A.03, subdivisions 2a, 2b; Minnesota Statutes 2019 Supplement, sections 289A.02, subdivision 7; 289A.12, subdivision 14; 289A.35; 290.01, subdivision 19; 290.0131, subdivision 10; 290.0132, subdivision 21; 290.0133, subdivision 12; 290.067, subdivision 2b; 290.0672, subdivision 1; 290.0681, subdivisions 1, 2; 290.0684, subdivisions 1, 2; 290.091, subdivision 2; 290.17, subdivision 2; 290A.03, subdivision 15; 291.005, subdivision 1; 462D.06, subdivisions 1, 2; proposing coding for new law in Minnesota Statutes, chapters 273; 290; repealing Minnesota Statutes 2018, sections 290.0131, subdivisions 7, 11; 290.0133, subdivisions 13, 14; 290.10, subdivision 2.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
FEDERAL CONFORMITY

Section 1. Minnesota Statutes 2018, section 270A.03, subdivision 5, is amended to read:

Subd. 5. **Debt; debtor.** (a) "Debt" means a legal obligation of a natural person to pay a fixed and certain amount of money, which equals or exceeds \$25 and which is due and payable to a claimant agency. The term includes criminal fines imposed under section 609.10 or 609.125, fines imposed for petty misdemeanors as defined in section 609.02, subdivision 4a, and restitution. A debt may arise under a contractual or statutory obligation, a court order, or other legal obligation, but need not have been reduced to judgment.

A debt includes any legal obligation of a current recipient of assistance which is based on overpayment of an assistance grant where that payment is based on a client waiver or an administrative or judicial finding of an intentional program violation; or where the debt is owed to a program wherein the debtor is not a client at the time notification is provided to initiate recovery under this chapter and the debtor is not a current recipient of food support, transitional child care, or transitional medical assistance.

(b) A debt does not include any legal obligation to pay a claimant agency for medical care, including hospitalization if the income of the debtor at the time when the medical care was rendered does not exceed the following amount:

- (1) for an unmarried debtor, an income of \$12,560 or less;
- (2) for a debtor with one dependent, an income of \$16,080 or less;
- (3) for a debtor with two dependents, an income of \$19,020 or less;

- (4) for a debtor with three dependents, an income of \$21,580 or less;
- (5) for a debtor with four dependents, an income of \$22,760 or less; and
- (6) for a debtor with five or more dependents, an income of \$23,730 or less.

For purposes of this paragraph, "debtor" means the individual whose income, together with the income of the individual's spouse, other than a separated spouse, brings the individual within the income provisions of this paragraph. For purposes of this paragraph, a spouse, other than a separated spouse, shall be considered a dependent.

~~(c) The commissioner shall annually adjust the income amounts in paragraph (b) by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "2014" shall be substituted for the word "1992." For 2016, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2014, to the 12 months ending on August 31, 2015, and in each subsequent year, from the 12 months ending on August 31, 2014, to the 12 months ending on August 31 of the year preceding the taxable year. The determination of the commissioner pursuant to this subdivision shall not be considered a "rule" and shall not be subject to the Administrative Procedure Act contained in chapter 14. The income amount 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 as provided in section 270C.22. The statutory year is taxable year 2019.~~

(d) Debt also includes an agreement to pay a MinnesotaCare premium, regardless of the dollar amount of the premium authorized under section 256L.15, subdivision 1a.

EFFECTIVE DATE. This section is effective for adjustments beginning with taxable years beginning after December 31, 2019.

Sec. 2. **[270C.22] COST OF LIVING ADJUSTMENT.**

Subdivision 1. **Adjustment; definition; period; rounding.** (a) The commissioner shall annually make a cost of living adjustment to the dollar amounts noted in sections that reference this section. The commissioner shall adjust the amounts based on the index as provided in this section. For purposes of this section, "index" means the Chained Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics. The values of the index used to determine the adjustments under this section are the latest published values when the Bureau of Labor Statistics publishes the initial value of the index for August of the year preceding the year to which the adjustment applies.

(b) For the purposes of this section, "statutory year" means the year preceding the first year for which dollar amounts are to be adjusted for inflation under sections that reference this section. For adjustments under chapter 290A, "statutory year" means the year in which refunds are payable preceding the first year for which amounts in chapter 290A are indexed under this section.

(c) To determine the dollar amounts for taxable year 2020, the commissioner shall determine the percentage change in the index for the 12-month period ending on August 31, 2019, and increase each of the unrounded dollar amounts in the sections referencing this section by that percentage change. For each subsequent taxable 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.

(d) To determine the dollar amounts for refunds payable in 2021 under chapter 290A, the commissioner shall determine the percentage change in the index for the 12-month period ending on August 31, 2020, and increase each of the unrounded dollar amounts in the sections referencing this section 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 year in which refunds are payable.

(e) Unless otherwise provided, the commissioner shall round the amounts as adjusted to the nearest \$10 amount. If an amount ends in \$5, the amount is rounded up to the nearest \$10 amount.

Subd. 2. **Publication.** The commissioner shall announce and publish the adjusted dollar amounts required by subdivision 1 on the Department of Revenue's website on or before December 15 of each year.

Subd. 3. **Special provision.** The determination of the commissioner under this subdivision is not a rule and is not subject to the Administrative Procedure Act under chapter 14, including section 14.386.

EFFECTIVE DATE. This section is effective for adjustments beginning with taxable years beginning after December 31, 2019, calendar years beginning after December 31, 2019, and for refunds based on rent paid in 2019 and property taxes payable in 2020.

Sec. 3. Minnesota Statutes 2018, section 289A.02, subdivision 7, is amended to read:

Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December 16, 2016~~ December 31, 2018.

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 became effective for federal purposes.

Sec. 4. Minnesota Statutes 2018, section 289A.08, subdivision 1, is amended to read:

Subdivision 1. **Generally; individuals.** (a) A taxpayer must file a return for each taxable year the taxpayer is required to file a return under section 6012 of the Internal Revenue Code or meets the requirements under paragraph (d) to file a return, except that:

(1) an individual who is not a Minnesota resident for any part of the year is not required to file a Minnesota income tax return if the individual's gross income derived from Minnesota sources as determined under sections 290.081, paragraph (a), and 290.17, is less than the filing requirements for a single individual who is a full year resident of Minnesota; ~~and~~

(2) an individual who is a Minnesota resident is not required to file a Minnesota income tax return if the individual's gross income derived from Minnesota sources as determined under section 290.17, less the subtractions allowed under section 290.0132, subdivisions 12 and 15, is less than the filing requirements for a single individual who is a full-year resident of Minnesota.

(b) The decedent's final income tax return, and other income tax returns for prior years where the decedent had gross income in excess of the minimum amount at which an individual is required to file and did not file, must be filed by the decedent's personal representative, if any. If there is no personal representative, the return or returns must be filed by the transferees, as defined in section 270C.58, subdivision 3, who receive property of the decedent.

(c) The term "gross income," as it is used in this section, has the same meaning given it in section 290.01, subdivision 20.

(d) The commissioner of revenue must annually determine the gross income levels at which individuals are required to file a return for each taxable year based on the amounts that may be subtracted under section 290.0132, subdivision 19.

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

Sec. 5. Minnesota Statutes 2018, section 289A.08, subdivision 7, is amended to read:

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

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

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

(d) The electing partner must not have any Minnesota source income other than the income from the partnership and other electing partnerships. 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 and 16~~, and the subtractions provided in: (1) section 290.0132, subdivision 9, 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. This section is effective for taxable years beginning after December 31, 2018.

Sec. 6. Minnesota Statutes 2018, section 289A.12, subdivision 14, is amended to read:

Subd. 14. **Reporting exempt interest and exempt-interest dividends.** (a) A regulated investment company paying \$10 or more in exempt-interest dividends to an individual who is a resident of Minnesota, or any person receiving \$10 or more of exempt interest or exempt-interest dividends and paying as nominee to an individual who is a resident of Minnesota, must make a return indicating the amount of the exempt interest or exempt-interest dividends, the name, address, and Social Security number of the recipient, and any other information that the commissioner specifies. The return must be provided to the recipient by February 15 of the year following the year of the payment. The return provided to the recipient must include a clear statement, in the form prescribed by the commissioner, that the exempt interest or exempt-interest dividends must be included in the computation of Minnesota taxable income. By June 1 of each year, the payer must file a copy of the return with the commissioner.

(b) For purposes of this subdivision, the following definitions apply.

(1) "Exempt-interest dividends" mean exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code, but does not include the portion of exempt-interest dividends that are not required to be added to federal ~~taxable~~ adjusted gross income under section 290.0131, subdivision 2, paragraph (b).

(2) "Regulated investment company" means regulated investment company as defined in section 851(a) of the Internal Revenue Code or a fund of the regulated investment company as defined in section 851(g) of the Internal Revenue Code.

(3) "Exempt interest" means income on obligations of any state other than Minnesota, or a political or governmental subdivision, municipality, or governmental agency or instrumentality of any state other than Minnesota, and exempt from federal income taxes under the Internal Revenue Code or any other federal statute.

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

Sec. 7. Minnesota Statutes 2018, section 289A.20, is amended by adding a subdivision to read:

Subd. 1a. **Tax on deferred foreign income; election to pay in installments.** (a) A taxpayer subject to tax under section 290.06, subdivision 1, may elect to pay the net tax liability on the deferred foreign income in installments in the same percentages of the net tax liability for each taxable year as provided in section 965(h)(1) of the Internal Revenue Code. Payment of an installment for a taxable year is due on the due date, determined without regard to any extensions of time for filing the return, for the tax return for that taxable year.

(b) If an acceleration of payment applies for federal income tax purposes under section 965(h)(3) of the Internal Revenue Code, the unpaid portion of the remaining installments due under chapter 290 must be paid on the same date as the federal tax is due. Assessment of deficiencies must be prorated as provided under section 965(h)(4) of the Internal Revenue Code.

(c) For purposes of determining date and time limits under sections 270C.62, 270C.63, 270C.67, and 270C.68, the date on which an installment is due under paragraph (a), including any acceleration under paragraph (b), must be treated as the assessment date, due date, or other date from which the time limit must be determined for that payment.

(d) For purposes of this subdivision, "net tax liability" means the excess of:

(1) the tax liability, determined under chapter 290, for the taxable year in which the deferred foreign income was includable in federal taxable income; over

(2) the tax liability, determined under chapter 290, for that taxable year computed after excluding the deferred foreign income under section 965 of the Internal Revenue Code.

(e) If a taxpayer has not made the first installment payment under paragraph (a), the taxpayer must pay the first installment payment at the same time and due date as the second installment payment. For purposes of paragraph (c), payments under this paragraph are deemed to be due at the same time the second installment is due.

EFFECTIVE DATE. This section is effective retroactively at the same time as the changes in Public Law 115-97 relating to deferred foreign income were effective for federal purposes.

Sec. 8. Minnesota Statutes 2018, section 289A.35, is amended to read:

289A.35 ASSESSMENTS ON RETURNS.

(a) The commissioner may audit and adjust the taxpayer's computation of federal adjusted gross income, federal taxable income, items of federal tax preferences, or federal credit amounts to make them conform with the provisions of chapter 290 or section 298.01. If a return has been filed, the commissioner shall enter the liability reported on the return and may make any audit or investigation that is considered necessary.

(b) Upon petition by a taxpayer, and when the commissioner determines that it is in the best interest of the state, the commissioner may allow S corporations and partnerships to receive orders of assessment issued under section 270C.33, subdivision 4, on behalf of their owners, and to pay liabilities shown on such orders. In such cases, the owners' liability must be calculated using the method provided in section 289A.08, subdivision 7, paragraph (b).

(c) A taxpayer may petition the commissioner for the use of the method described in paragraph (b) after the taxpayer is notified that an audit has been initiated and before an order of assessment has been issued.

(d) A determination of the commissioner under paragraph (b) to grant or deny the petition of a taxpayer cannot be appealed to the Tax Court or any other court.

(e) The commissioner may audit and adjust the taxpayer's computation of tax under chapter 291. In the case of a return filed pursuant to section 289A.10, the commissioner shall notify the estate no later than nine months after the filing date, as provided by section 289A.38, subdivision 2, whether the return is under examination or the return has been processed as filed.

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

Sec. 9. Minnesota Statutes 2018, section 290.01, is amended by adding a subdivision to read:

Subd. 3c. Determination of marital status. The determination of marital status is made by section 7703 of the Internal Revenue Code.

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

Sec. 10. Minnesota Statutes 2018, section 290.01, is amended by adding a subdivision to read:

Subd. 14a. **Surviving spouse.** The term "surviving spouse" means an individual who is a surviving spouse under section 2(a) of the Internal Revenue Code for the taxable year.

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

Sec. 11. Minnesota Statutes 2018, 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 16, 2016~~ December 31, 2018, shall be in effect 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. (a) The amendments to paragraphs (a) and (b) are effective for taxable years beginning after December 31, 2018.

(b) The amendment to paragraph (f) is effective the day following final enactment, except the changes incorporated by federal changes are effective retroactively at the same time as the changes became effective for federal purposes, but are subject to the application of Minnesota Statutes, section 290.993.

Sec. 12. Minnesota Statutes 2018, section 290.01, is amended by adding a subdivision to read:

Subd. 19i. **Deferred foreign income.** "Deferred foreign income" means the income of a domestic corporation that is included in net income under section 965 of the Internal Revenue Code, exclusive of the deduction allowed under section 965(c) of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective retroactively at the same time as the changes in Public Law 115-97 relating to deferred foreign income were effective for federal purposes.

Sec. 13. Minnesota Statutes 2018, section 290.01, is amended by adding a subdivision to read:

Subd. 21a. **Adjusted gross income; federal adjusted gross income.** 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, 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.

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

Sec. 14. Minnesota Statutes 2018, section 290.01, subdivision 29a, is amended to read:

Subd. 29a. **State itemized deduction.** "State itemized ~~deduction~~ deductions" means federal itemized deductions, as defined in section 63(d) of the Internal Revenue Code, disregarding any limitation under section 68 of the Internal Revenue Code, and reduced by the amount of the addition required under section 290.0131, subdivision 13 the itemized deductions for individual income tax allowed under section 290.0122, subdivision 1, reduced by the limit under subdivision 10.

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

Sec. 15. Minnesota Statutes 2018, section 290.01, subdivision 31, is amended to read:

Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December 16, 2016~~ December 31, 2018. 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 the federal changes are effective retroactively at the same time as the changes became effective for federal purposes, but are subject to the application of Minnesota Statutes, section 290.993.

Sec. 16. **[290.0121] DEPENDENT EXEMPTION.**

Subdivision 1. **Exemption amount.** (a) A taxpayer's dependent exemption equals:

(1) the exemption amount multiplied by the number of individuals who are dependents, as defined in section 152 of the Internal Revenue Code, of the taxpayer for the taxable year; minus

(2) the disallowed exemption amount under subdivision 2, but the remainder may not be less than zero.

(b) The exemption amount equals \$4,250.

Subd. 2. **Disallowed exemption amount** (a) The disallowed exemption amount equals the exemption amount allowed under subdivision 1 multiplied by the applicable percentage.

(b) For a married individual filing a separate return, "applicable percentage" means two percentage points for each \$1,250, or fraction of that amount, by which the taxpayer's federal adjusted gross income for the taxable year exceeds the threshold amount. For all other filers, applicable percentage means two percentage points for each \$2,500, or fraction of that amount, by which the taxpayer's federal adjusted gross income for the taxable year exceeds the threshold amount. The applicable percentage must not exceed 100 percent.

(c) "Threshold amount" means:

(1) \$291,950 for a joint return or a surviving spouse;

(2) \$243,300 for a head of a household;

(3) \$194,650 for an individual who is not married and who is not a surviving spouse or head of a household; and

(4) half the amount for a joint return for a married individual filing a separate return.

Subd. 3. **Inflation adjustment.** For taxable years beginning after December 31, 2019, the commissioner must adjust for inflation the exemption amount in subdivision 1, paragraph (a), clause (1), and the threshold amounts in subdivision 2, as provided in section 270C.22. The statutory year is taxable year 2019. The amounts as adjusted must be rounded down to the nearest \$50 amount. If the amount ends in \$25, the amount is 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, 2018.

Sec. 17. **[290.0122] ITEMIZED DEDUCTIONS.**

Subdivision 1. **Itemized deductions.** A taxpayer's itemized deductions equal the sum of the amounts allowed as a deduction under this section, reduced by the amount calculated under subdivision 2.

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

(1) three percent of the excess of the taxpayer's federal adjusted gross income over the applicable amount; or

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

(b) "Applicable amount" means \$194,650, or \$97,325 for a married individual filing a separate return.

(c) 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.

(d) For taxable years beginning after December 31, 2019, the commissioner must adjust for inflation the applicable amounts under paragraph (b) as provided in section 270C.22. The statutory year is taxable year 2019. The amounts as adjusted must be rounded down to the nearest \$50 amount. If the amount ends in \$25, the amount is 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.

Subd. 3. **Taxes paid.** (a) A taxpayer is allowed a deduction for taxes paid. The deduction equals the sum of the following amounts for the taxable year:

(1) state and local personal property taxes, and state, local, and foreign real property taxes, in a total amount for both types not to exceed \$10,000, or \$5,000 for a married couple filing separate returns;

(2) foreign income, war profits, and excess profits taxes to the extent not reduced by the federal foreign tax credit; and

(3) for individuals who are allowed a federal foreign tax credit for taxes that do not qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover of subnational foreign taxes for the taxable year, but not to exceed the total subnational foreign taxes reported in claiming the foreign tax credit, and to the extent not deducted under clause (2).

(b) For purposes of this subdivision, the following terms have the meanings given them:

(1) "carryover of subnational foreign taxes" equals the carryover allowed under section 904(c) of the Internal Revenue Code minus national level foreign taxes to the extent they exceed the federal foreign tax credit;

(2) "federal foreign tax credit" means the credit allowed under section 27 of the Internal Revenue Code; and

(3) "foreign, income, war profits, and excess profits taxes" and "state and local real and personal property taxes" have the meanings given in section 164 of the Internal Revenue Code.

Subd. 4. **Charitable contributions.** (a) A taxpayer is allowed a deduction for charitable contributions. The deduction equals the amount of the charitable contribution deduction allowable to the taxpayer under section 170 of the Internal Revenue Code, except that the provisions of section 170(b)(1)(G) apply regardless of the taxable year.

(b) For taxable years beginning after December 31, 2017, the determination of carryover amounts must be made by applying the rules under section 170 of the Internal Revenue Code based on the charitable contribution deductions claimed and allowable under this section.

Subd. 5. **Interest.** A taxpayer is allowed a deduction for interest. The deduction equals the amount allowed to the taxpayer as interest paid or accrued during the taxable year under section 163 of the Internal Revenue Code with the following exceptions:

(1) qualified residence interest excludes home equity interest;

(2) acquisition indebtedness must not exceed \$750,000, or \$375,000 for a married separate return, for indebtedness incurred on or after December 16, 2017; and

(3) mortgage insurance premiums treated as interest under section 163(h)(3)(E) are not interest for the purposes of this subdivision.

The definitions of terms under section 163 of the Internal Revenue Code apply for purposes of this subdivision.

Subd. 6. **Medical expenses.** A taxpayer is allowed a deduction for medical expenses. The deduction equals the amount allowed under section 213 of the Internal Revenue Code, except that the threshold percentage of adjusted gross income in paragraph (a) is ten percent regardless of the federal percentage for the taxable year.

Subd. 7. **Unreimbursed employee expenses.** A taxpayer is allowed a deduction for unreimbursed employee expenses. The deduction equals the amount of the taxpayer's trade or business expenses incurred as an employee and allowed under section 162 of the Internal Revenue Code in excess of two percent of the taxpayer's adjusted gross income, disregarding the suspension of the deduction in section 67, paragraph (g), of the Internal Revenue Code.

Subd. 8. **Losses.** A taxpayer is allowed a deduction for losses. The deduction equals the amount allowed under sections 165(d) and 165(h) of the Internal Revenue Code, disregarding the limitation on personal casualty losses in paragraph (h)(5).

Subd. 9. **Miscellaneous deduction.** A taxpayer is allowed a miscellaneous deduction. The deduction equals the sum of the following amounts for the taxable year:

(1) impairment-related work expenses allowed under section 67(d) of the Internal Revenue Code;

(2) the deduction for estate tax under section 691(c) of the Internal Revenue Code;

(3) any deduction allowable in connection with personal property used in a short sale as described under section 67(b)(8);

(4) the deduction under section 1341 of the Internal Revenue Code;

(5) the deduction under section 72(b)(3) of the Internal Revenue Code;

(6) the deduction under section 171 of the Internal Revenue Code; and

(7) the deduction under section 216 of the Internal Revenue Code.

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

Sec. 18. **[290.0123] STANDARD DEDUCTION.**

Subdivision 1. **Standard deduction amount.** A taxpayer's standard deduction equals:

(1) for a married joint filer or a surviving spouse, \$24,400;

(2) for a head of household filer, \$18,350; or

(3) for any other filer, \$12,200; plus

(4) the additional amount for the taxpayer under subdivision 2.

A taxpayer's standard deduction amount is reduced in accordance with subdivision 5.

Subd. 2. Additional amount for seniors or blind taxpayers. (a) The additional amount equals the sum of the following amounts:

(1) \$1,300 if the taxpayer has attained age 65 before the close of the taxable year or \$1,650 for such a taxpayer who is not married or a surviving spouse;

(2) \$1,300 for the spouse of the taxpayer if the spouse has attained the age of 65 before the close of the taxable year and qualifies for an exemption under section 151(b) of the Internal Revenue Code;

(3) \$1,300 if the taxpayer is blind at the close of the taxable year or \$1,650 for such a taxpayer who is not married or a surviving spouse; and

(4) \$1,300 for the spouse of the taxpayer if the spouse is blind as of the close of the taxable year and qualifies for an exemption under section 151(b) of the Internal Revenue Code.

(b) The commissioner must disregard section 151(d)(5) of the Internal Revenue Code when determining if the taxpayer's spouse is eligible for an exemption under paragraph (a).

Subd. 3. Amount for dependents. For an individual who is a dependent, as defined in section 152 of the Internal Revenue Code, of another taxpayer for a taxable year beginning in the calendar year in which the individual's taxable year begins, the standard deduction for that individual is limited to the greater of:

(1) \$500; or

(2) the sum of \$250 and that individual's earned income, as defined in section 32(c) of the Internal Revenue Code.

Subd. 4. Deduction disallowed. The standard deduction is zero for (1) a married individual filing a separate return if either spouse itemizes deductions, and (2) an individual making a return for a period of less than twelve months on account of changes in the annual accounting period.

Subd. 5. Deduction limited. (a) The standard deduction of a taxpayer with adjusted gross income in excess of the applicable amount is reduced by the lesser of:

(1) three percent of the excess of the taxpayer's federal adjusted gross income over the applicable amount; or

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

(b) "Applicable amount" means \$194,650, or \$97,325 for a married individual filing a separate return.

Subd. 6. Inflation adjustment. For taxable years beginning after December 31, 2019, the commissioner must adjust for inflation the standard deduction amounts in subdivision 1, the additional amounts in subdivision 2, and the applicable amounts in subdivision 5 as provided in section 270C.22. The statutory year is taxable year 2019. 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, 2018.

Sec. 19. Minnesota Statutes 2018, section 290.0131, subdivision 1, is amended to read:

Subdivision 1. **Definition; scope.** (a) For the purposes of this section, "addition" means an amount that must be added to federal taxable income for a trust or an estate or federal adjusted gross income for an individual in computing net income for the taxable year to which the amounts relate.

(b) The additions in this section apply to individuals, estates, and trusts.

(c) Unless specifically indicated or unless the context clearly indicates otherwise, only amounts that were deducted or excluded in computing federal taxable income for a trust or an estate or federal adjusted gross income for individuals are an addition under this section.

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

Sec. 20. Minnesota Statutes 2018, section 290.0131, subdivision 3, is amended to read:

Subd. 3. **Income, sales and use, motor vehicle sales, or excise taxes paid.** ~~(a) For trusts and estates,~~ the amount of income, sales and use, motor vehicle sales, or excise taxes paid or accrued within the taxable year under this chapter and the amount of taxes based on net income, sales and use, motor vehicle sales, or excise taxes paid to any other state or to any province or territory of Canada is an addition to the extent deducted under section 63(d) of the Internal Revenue Code.

~~(b) The addition under paragraph (a) may not be more than the amount by which the state itemized deduction exceeds the amount of the standard deduction as defined in section 63(c) of the Internal Revenue Code. For the purpose of this subdivision, income, sales and use, motor vehicle sales, or excise taxes are the last itemized deductions disallowed under subdivision 12.~~

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

Sec. 21. Minnesota Statutes 2018, section 290.0131, subdivision 10, is amended to read:

Subd. 10. **Section 179 expensing.** For property placed in service in taxable years beginning before January 1, 2018, 80 percent of the amount by which the deduction allowed under the dollar limits of section 179 of the Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal Revenue Code, as amended through December 31, 2003, is an addition.

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

Sec. 22. Minnesota Statutes 2018, section 290.0131, is amended by adding a subdivision to read:

Subd. 15. **529 plan addition.** The lesser of the following amounts is an addition:

(1) the total distributions for the taxable year from a qualified plan under section 529 of the Internal Revenue Code, owned by the taxpayer, that are expended for qualified higher education expenses under section 529(c)(7) of the Internal Revenue Code (expenses for tuition for elementary or secondary public, private, or religious school); or

(2) the total amount required to be reported to the taxpayer by any trustee of a qualified tuition plan under section 529 of the Internal Revenue Code as earnings on Internal Revenue Service Form 1099Q for the taxable year.

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

Sec. 23. Minnesota Statutes 2018, section 290.0131, is amended by adding a subdivision to read:

Subd. 16. **Section 199A addition.** For trusts and estates, the amount deducted under section 199A of the Internal Revenue Code in computing the trust or estate's federal taxable income is an addition.

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

Sec. 24. Minnesota Statutes 2018, section 290.0131, is amended by adding a subdivision to read:

Subd. 17. **Excess business losses.** (a) For taxable years beginning after December 31, 2025, the amount of a disallowed excess business loss under section 461(l) of the Internal Revenue Code is an addition, notwithstanding the limit on the limitation in section 461(l)(1) of the Internal Revenue Code to taxable years beginning before January 1, 2026.

(b) A net operating loss carryover is allowed in an amount equal to the amount allowed under section 461(l)(2) of the Internal Revenue Code, but only to the extent that the amount of losses allowed under section 172 of the Internal Revenue Code plus the amount of the carryover allowed under this subdivision does not exceed the limitation on the net operating loss deduction under section 172(a) of the Internal Revenue Code for any taxable year.

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

Sec. 25. Minnesota Statutes 2018, section 290.0131, is amended by adding a subdivision to read:

Subd. 18. **Moving expenses.** (a) For taxable years beginning after December 31, 2025, the amount of moving expenses deducted from adjusted gross income under section 217 of the Internal Revenue Code is an addition.

(b) For taxable years beginning after December 31, 2025, the amount of moving expenses excluded from gross income under section 132(a)(6) of the Internal Revenue Code is an addition, except in the case of a member of the Armed Forces of the United States on active duty who moves pursuant to a military order and incident to a permanent change of station.

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

Sec. 26. Minnesota Statutes 2018, section 290.0132, subdivision 1, is amended to read:

Subdivision 1. **Definition; scope.** (a) For the purposes of this section, "subtraction" means an amount that shall be subtracted from federal taxable income for a trust or an estate or federal adjusted gross income for an individual in computing net income for the taxable year to which the amounts relate.

(b) The subtractions in this section apply to individuals, estates, and trusts.

(c) Unless specifically indicated or unless the context clearly indicates otherwise, no amount deducted, subtracted, or otherwise excluded in computing federal taxable income for a trust or an estate or federal adjusted gross income for an individual is a subtraction under this section.

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

Sec. 27. Minnesota Statutes 2018, section 290.0132, subdivision 7, is amended to read:

Subd. 7. **Charitable contributions for taxpayers who do not itemize.** ~~To the extent not deducted or not deductible under section 408(d)(8)(E) of the Internal Revenue Code in determining federal taxable income by~~ For an individual who does not itemize deductions ~~for federal income tax purposes~~ under section 290.0132, subdivision 19,

for the taxable year, an amount equal to 50 percent of the excess of charitable contributions over \$500 allowable as a deduction for the taxable year under section ~~170(a) of the Internal Revenue Code~~ 290.0122, subdivision 4, is a subtraction. The subtraction under this subdivision must not include a distribution that is excluded from federal adjusted gross income and that is not deductible under section 408(d)(8)(E) of the Internal Revenue Code.

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

Sec. 28. Minnesota Statutes 2018, section 290.0132, subdivision 18, is amended to read:

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

(b) The amount of the net operating loss carryover allowed under section 290.0131, subdivision 17, is a subtraction.

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

Sec. 29. Minnesota Statutes 2018, section 290.0132, subdivision 19, is amended to read:

Subd. 19. **~~Disallowed Standard or itemized deductions.~~** (a) The standard deduction amount allowed under section 290.0123, subdivision 1, is a subtraction.

(b) A taxpayer may elect to claim a subtraction equal to the amount of ~~the limitation on~~ itemized deductions calculated under section ~~68(b) of the Internal Revenue Code~~ is a subtraction 290.0122, subdivision 1, in lieu of the subtraction for the standard deduction in paragraph (a).

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

Sec. 30. Minnesota Statutes 2018, section 290.0132, subdivision 20, is amended to read:

Subd. 20. **~~Disallowed Personal Dependent exemption.~~** The amount of the phaseout of personal exemptions under section 151(d) of the Internal Revenue Code is a subtraction. The dependent exemption amount under section 290.0121 is a subtraction.

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

Sec. 31. Minnesota Statutes 2018, section 290.0132, subdivision 21, is amended to read:

Subd. 21. **Military service pension; retirement pay.** To the extent included in federal ~~taxable~~ adjusted gross income, compensation received from a pension or other retirement pay from the federal government for service in the military, as computed under United States Code, title 10, sections 1401 to 1414, 1447 to 1455, and 12733, is a subtraction. The subtraction is limited to individuals who do not claim the credit under section 290.0677.

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

Sec. 32. Minnesota Statutes 2018, section 290.0132, is amended by adding a subdivision to read:

Subd. 27. **Deferred foreign income of nonresidents.** For a nonresident individual the amount of deferred foreign income as defined in section 290.01, subdivision 19, is a subtraction.

EFFECTIVE DATE. This section is effective retroactively at the same time as the changes in Public Law 115-97 relating to deferred foreign income were effective for federal purposes.

Sec. 33. Minnesota Statutes 2018, section 290.0132, is amended by adding a subdivision to read:

Subd. 28. **Global intangible low-taxed income.** The amount of global intangible low-taxed income included in gross income under section 951A of the Internal Revenue Code is a subtraction.

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

Sec. 34. Minnesota Statutes 2018, section 290.0133, subdivision 6, is amended to read:

Subd. 6. **Special deductions.** (a) The amount of any special deductions under sections 241 to 247, 250, and 965, except paragraph (h) of section 965, of the Internal Revenue Code is an addition.

(b) The addition under this subdivision is reduced by the amount of the deduction under section 245A of the Internal Revenue Code for an amount included in federal taxable income in a prior taxable year under section 965 of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective retroactively at the same time as the changes in Public Law 115-97, relating to deferred foreign income and global intangible low-taxed income, were effective for federal purposes.

Sec. 35. Minnesota Statutes 2018, section 290.0133, subdivision 12, is amended to read:

Subd. 12. **Section 179 expensing.** For property placed in service in taxable years beginning before January 1, 2018, 80 percent of the amount by which the deduction allowed under the dollar limits of section 179 of the Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal Revenue Code, as amended through December 31, 2003, is an addition.

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

Sec. 36. Minnesota Statutes 2018, section 290.0134, is amended by adding a subdivision to read:

Subd. 27. **Global intangible low-taxed income.** The amount of global intangible low-taxed income included in gross income under section 951A of the Internal Revenue Code is a subtraction.

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

Sec. 37. Minnesota Statutes 2018, section 290.032, subdivision 2, is amended to read:

Subd. 2. **Computation.** The amount of tax imposed by subdivision 1 shall be computed in the same way as the tax imposed under section 402(d) of the Internal Revenue Code of 1986, as amended through December 31, 1995, except that the initial separate tax shall be an amount equal to five times the tax which would be imposed by section 290.06, subdivision 2c, if the recipient was an unmarried individual, and the taxable net income was an amount equal to one-fifth of the excess of

(i) the total taxable amount of the lump-sum distribution for the year, over

(ii) the minimum distribution allowance, and except that references in section 402(d) of the Internal Revenue Code of 1986, as amended through December 31, 1995, to paragraph (1)(A) thereof shall instead be references to subdivision 1, and the excess, if any, of the subtraction base amount over ~~federal~~ taxable net income for a qualified individual as provided under section 290.0802, subdivision 2.

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

Sec. 38. Minnesota Statutes 2018, section 290.05, subdivision 3, is amended to read:

Subd. 3. **Taxes imposed on exempt entities.** (a) An organization exempt from taxation under subdivision 2 shall, nevertheless, be subject to tax under this chapter to the extent provided in the following provisions of the Internal Revenue Code:

- (1) section 527 (dealing with political organizations);
- (2) section 528 (dealing with certain homeowners associations);
- (3) sections 511 to 515 (dealing with unrelated business income);
- (4) section 521 (dealing with farmers' cooperatives); and

(5) section 6033(e)(2) (dealing with lobbying expense); but notwithstanding this subdivision, shall be considered an organization exempt from income tax for the purposes of any law which refers to organizations exempt from income taxes.

(b) The tax shall be imposed on the taxable income of political organizations or homeowner associations or the unrelated business taxable income, as defined in section 512 of the Internal Revenue Code, of organizations defined in section 511 of the Internal Revenue Code, provided that the tax is not imposed on:

(1) advertising revenues from a newspaper published by an organization described in section 501(c)(4) of the Internal Revenue Code; ~~or~~

(2) revenues from lawful gambling authorized under chapter 349 that are expended for purposes that qualify for the deduction for charitable contributions under section 170 of the Internal Revenue Code, disregarding the limitation under section 170(b)(2), but only to the extent the contributions are not deductible in computing federal taxable income; or

(3) amounts included in unrelated business taxable income under section 512(a)(7) of the Internal Revenue Code.

The tax shall be at the corporate rates. The tax shall only be imposed on income and deductions assignable to this state under sections 290.17 to 290.20. To the extent deducted in computing federal taxable income, the deductions contained in section 290.21 shall not be allowed in computing Minnesota taxable net income.

(c) The tax shall be imposed on organizations subject to federal tax under section 6033(e)(2) of the Internal Revenue Code, in an amount equal to the corporate tax rate multiplied by the amount of lobbying expenses taxed under section 6033(e)(2) which are attributable to lobbying the Minnesota state government.

(d) In calculating unrelated business taxable income under section 512 of the Internal Revenue Code, the amount of any net operating loss deduction claimed under section 172 of the Internal Revenue Code is an addition. Taxpayers making an addition under this paragraph may deduct a net operating loss for the taxable year in the same manner as a corporation under section 290.095, in a form and manner prescribed by the commissioner, and may calculate the loss without the application of the limitation provided for under section 512(a)(6) of the Internal Revenue Code.

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

Sec. 39. Minnesota Statutes 2018, section 290.06, subdivision 2d, is amended to read:

Subd. 2d. **Inflation adjustment of brackets.** ~~(a) For taxable years beginning after December 31, 2013, The commissioner shall annually adjust the minimum and maximum dollar amounts for each rate bracket for which a tax is imposed in subdivision 2c shall be adjusted for inflation by the percentage determined under paragraph (b). For the purpose of making the adjustment as provided in this subdivision all of the rate brackets provided in subdivision 2c shall be the rate brackets as they existed for taxable years beginning after December 31, 2012, and before January 1, 2014 as provided in section 270C.22. The statutory year is taxable year 2019.~~ The rate applicable to any rate bracket must not be changed. The dollar amounts setting forth the tax shall be adjusted to reflect the changes in the rate brackets. The rate brackets as adjusted must be rounded to the nearest \$10 amount. If the rate bracket ends in \$5, it must be rounded up to the nearest \$10 amount.

~~(b) The commissioner shall adjust the rate brackets and by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "2012" shall be substituted for the word "1992." For 2014, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2012, to the 12 months ending on August 31, 2013, and in each subsequent year, from the 12 months ending on August 31, 2012, to the 12 months ending on August 31 of the year preceding the taxable year. The determination of the commissioner pursuant to this subdivision shall not be considered a "rule" and shall not be subject to the Administrative Procedure Act contained in chapter 14.~~

~~No later than December 15 of each year, the commissioner shall announce the specific percentage that will be used to adjust the tax rate brackets.~~

EFFECTIVE DATE. This section is effective for adjustments beginning with taxable years beginning after December 31, 2019.

Sec. 40. Minnesota Statutes 2018, section 290.06, subdivision 2h, is amended to read:

Subd. 2h. **Section 529 plan recapture.** (a) For the purposes of this subdivision:

(1) the definitions under section 290.0684 apply;

(2) "account owner" means an individual who owns one or more qualified accounts;

(3) "credit ratio" means the ratio of (i) two times the total amount of credits that an account owner claimed under section 290.0684 for contributions to the account owner's qualified accounts to (ii) the total contributions in all taxable years to the account owner's qualified accounts; ~~and~~

(4) "qualified higher education expenses" has the meaning given in section 529(e)(3) of the Internal Revenue Code, except section 529(c)(7) does not apply; and

~~(5) "subtraction ratio" means the ratio of (i) the total amount of subtractions that an account owner claimed under section 290.0132, subdivision 23, for contributions to the account owner's qualified accounts to (ii) the total contributions in all taxable years to the account owner's qualified accounts.~~

(b) If a distribution from a qualified account is used for a purpose other than to pay for qualified higher education expenses, the account owner must pay an additional tax equal to:

(1) 50 percent of the product of the credit ratio and the amount of the distribution; plus

(2) ten percent of the product of the subtraction ratio and the amount of the distribution.

(c) The additional tax under this subdivision does not apply to any portion of a distribution that is subject to the additional tax under section 529(c)(6) of the Internal Revenue Code.

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

Sec. 41. Minnesota Statutes 2018, section 290.067, subdivision 2b, is amended to read:

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 ~~by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "2016" shall be substituted for the word "1992."~~ For 2018, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2016, to the 12 months ending on August 31, 2017, and in each subsequent year, from the 12 months ending on August 31, 2016, to the 12 months ending on August 31 of the year preceding the taxable year. ~~The determination of the commissioner pursuant to this subdivision must not be considered a "rule" and is not subject to the Administrative Procedure Act contained in chapter 14. The threshold amount 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~~ as provided in section 270C.22. The statutory year is taxable year 2019.

EFFECTIVE DATE. This section is effective for adjustments beginning with taxable years beginning after December 31, 2019.

Sec. 42. Minnesota Statutes 2018, section 290.0671, subdivision 7, is amended to read:

Subd. 7. **Inflation adjustment.** The commissioner shall annually adjust the earned income amounts used to calculate the credit and the income phase-out thresholds at which the maximum credit begins to be reduced in subdivision 1 must be adjusted for inflation. The commissioner shall adjust by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "2013" shall be substituted for the word "1992." For 2015, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2013, to the 12 months ending on August 31, 2014, and in each subsequent year, from the 12 months ending on August 31, 2013, to the 12 months ending on August 31 of the year preceding the taxable year. ~~The earned income thresholds as adjusted for inflation must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act~~ as provided in section 270C.22. The statutory year is taxable year 2019.

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

Sec. 43. Minnesota Statutes 2018, section 290.0672, subdivision 1, is amended to read:

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

(b) "Long-term care insurance" means a policy that:

(1) qualifies for a deduction under section 213 of the Internal Revenue Code, disregarding the adjusted gross income test; or meets the requirements given in section 62A.46; or provides similar coverage issued under the laws of another jurisdiction; and

(2) has a lifetime long-term care benefit limit of not less than \$100,000; and

(3) has been offered in compliance with the inflation protection requirements of section 62S.23.

(c) "Qualified beneficiary" means the taxpayer or the taxpayer's spouse.

(d) "Premiums deducted in determining ~~federal taxable net~~ income" means the lesser of (1) long-term care insurance premiums that qualify as deductions under section 213 of the Internal Revenue Code; and (2) the total amount deductible for medical care under ~~section 213 of the Internal Revenue Code~~ section 290.0122, subdivision 6, if the taxpayer itemizes deductions for the tax year.

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

Sec. 44. Minnesota Statutes 2018, section 290.0672, subdivision 2, is amended to read:

Subd. 2. **Credit.** A taxpayer is allowed a credit against the tax imposed by this chapter for long-term care insurance policy premiums paid during the tax year. The credit for each policy equals 25 percent of premiums paid to the extent not deducted in determining ~~federal taxable net~~ income. A taxpayer may claim a credit for only one policy for each qualified beneficiary. A maximum of \$100 applies to each qualified beneficiary. The maximum total credit allowed per year is \$200 for married couples filing joint returns and \$100 for all other filers. 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).

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

Sec. 45. Minnesota Statutes 2018, section 290.0675, subdivision 1, is amended to read:

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

(b) "Earned income" means the sum of the following, to the extent included in Minnesota taxable income:

(1) earned income as defined in section 32(c)(2) of the Internal Revenue Code;

(2) income received from a retirement pension, profit-sharing, stock bonus, or annuity plan; and

(3) Social Security benefits as defined in section 86(d)(1) of the Internal Revenue Code.

(c) "Taxable income" means net income as defined in section 290.01, subdivision 19.

(d) "Earned income of lesser-earning spouse" means the earned income of the spouse with the lesser amount of earned income as defined in paragraph (b) for the taxable year minus the sum of (i) the amount for one exemption under ~~section 151(d) of the Internal Revenue Code~~ 290.0121, subdivision 1, paragraph (b), and (ii) one-half the amount of the standard deduction under ~~section 63(e)(2)(A) and (4) of the Internal Revenue Code~~ 290.0123.

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

Sec. 46. Minnesota Statutes 2018, section 290.0681, subdivision 1, is amended to read:

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

(b) "Account" means the historic credit administration account in the special revenue fund.

(c) "Office" means the State Historic Preservation Office of the Department of Administration.

(d) "Project" means rehabilitation of a certified historic structure, as defined in section 47(c)(3)(A) of the Internal Revenue Code, that is located in Minnesota and is allowed a federal credit.

(e) "Federal credit" means the credit allowed under section 47(a)(2) of the Internal Revenue Code, except that the amount allowed is deemed to be allocated in the taxable year that the project is placed in service.

(f) "Placed in service" has the meaning used in section 47 of the Internal Revenue Code.

(g) "Qualified rehabilitation expenditures" has the meaning given in section 47 of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective for applications for allocation certificates submitted after December 31, 2018.

Sec. 47. Minnesota Statutes 2018, section 290.0681, subdivision 2, is amended to read:

Subd. 2. **Credit or grant allowed; certified historic structure.** (a) A credit is allowed against the tax imposed under this chapter equal to not more than 100 percent of the credit allowed under section ~~47(a)(2)~~ 47(a) of the Internal Revenue Code for a project. The credit is payable in full in the taxable year the project is placed in service. To qualify for the credit:

(1) the project must receive Part 3 certification and be placed in service during the taxable year; and

(2) the taxpayer must be allowed the federal credit and be issued a credit certificate for the taxable year as provided in subdivision 4.

(b) The commissioner of administration may pay a grant in lieu of the credit. The grant equals 90 percent of the credit that would be allowed for the project. The grant is payable in full in the taxable year the project is placed in service.

(c) In lieu of the credit under paragraph (a), an insurance company may claim a credit against the insurance premiums tax imposed under chapter 2971.

EFFECTIVE DATE. This section is effective for applications for allocation certificates submitted after December 31, 2018.

Sec. 48. Minnesota Statutes 2018, section 290.0684, subdivision 1, is amended to read:

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

(b) "Contribution" means the amount contributed to one or more qualified accounts except that the amount:

(1) is reduced by any withdrawals or distributions, other than transfers or rollovers to another qualified account, from a qualified account during the taxable year; and

(2) excludes the amount of any transfers or rollovers from a qualified account made during the taxable year.

(c) "Federal adjusted gross income" has the meaning given under section 62(a) of the Internal Revenue Code.

(d) "Qualified account" means an account qualifying under section 529 of the Internal Revenue Code.

~~(e) "Qualified higher education expenses" has the meaning given in section 529 of the Internal Revenue Code.~~

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

Sec. 49. Minnesota Statutes 2018, section 290.0684, subdivision 2, is amended to read:

Subd. 2. **Credit allowed.** (a) An individual who is a resident of Minnesota is allowed a credit against the tax imposed by this chapter. The credit is not allowed to an individual who is eligible to be claimed as a dependent, as defined in sections 151 and 152 of the Internal Revenue Code. The credit may not exceed the liability for tax under this chapter.

(b) The amount of the credit allowed equals 50 percent of contributions for the taxable year. The maximum credit is \$500, subject to the phaseout in paragraphs (c) and (d). In no case is the credit less than zero.

(c) For individual filers, the maximum credit is reduced by two percent of adjusted gross income in excess of \$75,000.

(d) For married couples filing a joint return, the maximum credit is phased out as follows:

(1) for married couples with adjusted gross income in excess of \$75,000, but not more than \$100,000, the maximum credit is reduced by one percent of adjusted gross income in excess of \$75,000;

(2) for married couples with adjusted gross income in excess of \$100,000, but not more than \$135,000, the maximum credit is \$250; and

(3) for married couples with adjusted gross income in excess of \$135,000, the maximum credit is \$250, reduced by one percent of adjusted gross income in excess of \$135,000.

(e) ~~The commissioner shall annually adjust the income thresholds in paragraphs (c) and (d) used to calculate the maximum credit must be adjusted for inflation. The commissioner shall adjust the income thresholds by the percentage determined under the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "2016" is substituted for the word "1992."~~ For 2018, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2016, to the 12 months ending on August 31, 2017, and in each subsequent year, from the 12 months ending on August 31, 2016, to the 12 months ending on August 31 of the year preceding the taxable year. The income thresholds as adjusted for inflation must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount. ~~The determination of the commissioner under this subdivision is not subject to chapter 14, including section 14.386 as provided in section 270C.22.~~ The statutory year is taxable year 2019.

EFFECTIVE DATE. This section is effective for adjustments beginning with taxable years beginning after December 31, 2019.

Sec. 50. Minnesota Statutes 2018, section 290.0802, subdivision 2, is amended to read:

Subd. 2. **Subtraction.** (a) A qualified individual is allowed a subtraction from federal ~~taxable~~ adjusted gross income of the individual's subtraction base amount. The excess of the subtraction base amount over the taxable net income computed without regard to the subtraction for the elderly or disabled under section 290.0132, subdivision 5, may be used to reduce the amount of a lump sum distribution subject to tax under section 290.032.

(b)(1) The initial subtraction base amount equals

(i) \$12,000 for a married taxpayer filing a joint return if a spouse is a qualified individual,

(ii) \$9,600 for a single taxpayer, and

(iii) \$6,000 for a married taxpayer filing a separate federal return.

(2) The qualified individual's initial subtraction base amount, then, must be reduced by the sum of nontaxable retirement and disability benefits and one-half of the amount of adjusted gross income in excess of the following thresholds:

(i) \$18,000 for a married taxpayer filing a joint return if both spouses are qualified individuals,

(ii) \$14,500 for a single taxpayer or for a married couple filing a joint return if only one spouse is a qualified individual, and

(iii) \$9,000 for a married taxpayer filing a separate federal return.

(3) In the case of a qualified individual who is under the age of 65, the maximum amount of the subtraction base may not exceed the taxpayer's disability income.

(4) The resulting amount is the subtraction base amount.

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

Sec. 51. Minnesota Statutes 2018, section 290.091, subdivision 2, is amended to read:

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

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

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

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

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

(ii) the medical expense deduction;

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

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

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

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

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

(6) the amount of addition required by section 290.0131, subdivisions 9 ~~to 14~~, 10, and 16; and

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

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 income as provided by section 290.0132, subdivisions 7, 9 to 15, 17, 21, 24, and 26 to 29; and

(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, 2018.

Sec. 52. Minnesota Statutes 2018, section 290.091, subdivision 3, is amended to read:

Subd. 3. **Exemption amount.** (a) For purposes of computing the alternative minimum tax, the exemption amount is, ~~for taxable years beginning after December 31, 2005~~, \$60,000 for married couples filing joint returns, \$30,000 for married individuals filing separate returns, estates, and trusts, and \$45,000 for unmarried individuals.

(b) The exemption amount determined under this subdivision is subject to the phase out under section ~~55(d)(3)~~ 55(d)(2) of the Internal Revenue Code, except that alternative minimum taxable income as determined under this section must be substituted in the computation of the phase out, and section 55(d)(4) of the Internal Revenue Code does not apply.

~~(c) For taxable years beginning after December 31, 2006, The commissioner shall annually adjust the exemption amount under amounts in paragraph (a) must be adjusted for inflation. The commissioner shall adjust the exemption amount by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "2005" shall be substituted for the word "1992." For 2007, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2005, to the 12 months ending on August 31, 2006, and in each subsequent year, from the 12 months ending on August 31, 2005, to the 12 months ending on August 31 of the year preceding the taxable year. The exemption amount as adjusted must be rounded to the nearest \$10. If the amount ends in \$5, it must be rounded up to the nearest \$10 amount. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act as provided in section 270C.22. The statutory year is taxable year 2019.~~

EFFECTIVE DATE. (a) The amendment to paragraph (b) is effective the day following final enactment.

(b) The amendment to paragraph (c) is effective for taxable years beginning after December 31, 2019.

Sec. 53. Minnesota Statutes 2018, section 290.0921, subdivision 2, is amended to read:

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

(b) "Alternative minimum taxable net income" is alternative minimum taxable income,

(1) less the exemption amount, and

(2) apportioned or allocated to Minnesota under section 290.17, 290.191, or 290.20.

(c) The "exemption amount" is \$40,000, reduced, but not below zero, by 25 percent of the excess of alternative minimum taxable income over \$150,000.

(d) "Minnesota alternative minimum taxable income" is alternative minimum taxable net income, less the deductions for alternative tax net operating loss under subdivision 4; and dividends received under subdivision 6. The sum of the deductions under this paragraph may not exceed 90 percent of alternative minimum taxable net income. This limitation does not apply to:

(1) a deduction for dividends paid to or 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; or

(2) a deduction for dividends 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: (i) the dividend is eliminated in consolidation under Treasury Regulation 1.1502-14(a), as amended through December 31, 1989; or (ii) the dividend is deducted under an election under section 243(b) of the Internal Revenue Code.

(e) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 16, 2016.

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

Sec. 54. Minnesota Statutes 2018, section 290.0922, subdivision 1, is amended to read:

Subdivision 1. **Imposition.** (a) In addition to the tax imposed by this chapter without regard to this section, the franchise tax imposed on a corporation required to file under section 289A.08, subdivision 3, other than a corporation treated as an "S" corporation under section 290.9725 for the taxable year includes a tax equal to the following amounts:

If the sum of the corporation's Minnesota property, payrolls, and sales or receipts is:

the tax equals:

less than		\$930,000	\$0
\$930,000	to	\$1,869,999	\$190
\$1,870,000	to	\$9,339,999	\$560
\$9,340,000	to	\$18,679,999	\$1,870
\$18,680,000	to	\$37,359,999	\$3,740
\$37,360,000	or more		\$9,340

(b) A tax is imposed for each taxable year on a corporation required to file a return under section 289A.12, subdivision 3, that is treated as an "S" corporation under section 290.9725 and on a partnership required to file a return under section 289A.12, subdivision 3, other than a partnership that derives over 80 percent of its income from farming. The tax imposed under this paragraph is due on or before the due date of the return for the taxpayer due under section 289A.18, subdivision 1. The commissioner shall prescribe the return to be used for payment of this tax. The tax under this paragraph is equal to the following amounts:

If the sum of the S corporation's or partnership's Minnesota property, payrolls, and sales or receipts is:

the tax equals:

less than		\$930,000	\$0
\$930,000	to	\$1,869,999	\$190
\$1,870,000	to	\$9,339,999	\$560
\$9,340,000	to	\$18,679,999	\$1,870
\$18,680,000	to	\$37,359,999	\$3,740
\$37,360,000	or more		\$9,340

(c) The commissioner shall annually adjust the dollar amounts of both the tax and the property, payrolls, and sales or receipts thresholds in paragraphs (a) and (b) ~~by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "2012" must be substituted for the word "1992."~~ For 2014, the commissioner shall determine the percentage change from the 12 months ending on August 31, 2012, to the 12 months ending on August 31, 2013, and in each subsequent year, from the 12 months ending on August 31, 2012, to the 12 months ending on August 31 of the year preceding the taxable year. ~~The determination of the commissioner pursuant to this subdivision is not a "rule" subject to the Administrative Procedure Act contained in chapter 14 as provided in section 270C.22.~~ The statutory year is taxable year 2019. The tax amounts as adjusted must be rounded to the nearest \$10 amount and the threshold amounts must be adjusted to the nearest \$10,000 amount. For tax amounts that end in \$5, the amount is rounded up to the nearest \$10 amount and for the threshold amounts that end in \$5,000, the amount is rounded up to the nearest \$10,000.

EFFECTIVE DATE. This section is effective for adjustments beginning with taxable years beginning after December 31, 2019.

Sec. 55. Minnesota Statutes 2018, 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 percent of taxable net income in a single taxable year.

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

Sec. 56. Minnesota Statutes 2018, section 290.17, subdivision 2, is amended to read:

Subd. 2. **Income not derived from conduct of a trade or business.** The income of a taxpayer subject to the allocation rules that is not derived from the conduct of a trade or business must be assigned in accordance with paragraphs (a) to (f):

(a)(1) Subject to paragraphs (a)(2) and (a)(3), income from wages as defined in section 3401(a) ~~and~~ (f), and (i) of the Internal Revenue Code is assigned to this state if, and to the extent that, the work of the employee is performed within it; all other income from such sources is treated as income from sources without this state.

Severance pay shall be considered income from labor or personal or professional services.

(2) In the case of an individual who is a nonresident of Minnesota and who is an athlete or entertainer, income from compensation for labor or personal services performed within this state shall be determined in the following manner:

(i) the amount of income to be assigned to Minnesota for an individual who is a nonresident salaried athletic team employee shall be determined by using a fraction in which the denominator contains the total number of days in which the individual is under a duty to perform for the employer, and the numerator is the total number of those days spent in Minnesota. For purposes of this paragraph, off-season training activities, unless conducted at the team's facilities as part of a team imposed program, are not included in the total number of duty days. Bonuses earned as a result of play during the regular season or for participation in championship, play-off, or all-star games must be allocated under the formula. Signing bonuses are not subject to allocation under the formula if they are not conditional on playing any games for the team, are payable separately from any other compensation, and are nonrefundable; and

(ii) the amount of income to be assigned to Minnesota for an individual who is a nonresident, and who is an athlete or entertainer not listed in item (i), for that person's athletic or entertainment performance in Minnesota shall be determined by assigning to this state all income from performances or athletic contests in this state.

(3) For purposes of this section, amounts received by a nonresident as "retirement income" as defined in section (b)(1) of the State Income Taxation of Pension Income Act, Public Law 104-95, are not considered income derived from carrying on a trade or business or from wages or other compensation for work an employee performed in Minnesota, and are not taxable under this chapter.

(b) Income or gains from tangible property located in this state that is not employed in the business of the recipient of the income or gains must be assigned to this state.

(c) Income or gains from intangible personal property not employed in the business of the recipient of the income or gains must be assigned to this state if the recipient of the income or gains is a resident of this state or is a resident trust or estate.

Gain on the sale of a partnership interest is allocable to this state in the ratio of the original cost of partnership tangible property in this state to the original cost of partnership tangible property everywhere, determined at the time of the sale. If more than 50 percent of the value of the partnership's assets consists of intangibles, gain or loss from the sale of the partnership interest is allocated to this state in accordance with the sales factor of the partnership for its first full tax period immediately preceding the tax period of the partnership during which the partnership interest was sold.

Gain on the sale of an interest in a single member limited liability company that is disregarded for federal income tax purposes is allocable to this state as if the single member limited liability company did not exist and the assets of the limited liability company are personally owned by the sole member.

Gain on the sale of goodwill or income from a covenant not to compete that is connected with a business operating all or partially in Minnesota is allocated to this state to the extent that the income from the business in the year preceding the year of sale was allocable to Minnesota under subdivision 3.

When an employer pays an employee for a covenant not to compete, the income allocated to this state is in the ratio of the employee's service in Minnesota in the calendar year preceding leaving the employment of the employer over the total services performed by the employee for the employer in that year.

(d) Income from winnings on a bet made by an individual while in Minnesota is assigned to this state. In this paragraph, "bet" has the meaning given in section 609.75, subdivision 2, as limited by section 609.75, subdivision 3, clauses (1), (2), and (3).

(e) All items of gross income not covered in paragraphs (a) to (d) and not part of the taxpayer's income from a trade or business shall be assigned to the taxpayer's domicile.

(f) For the purposes of this section, working as an employee shall not be considered to be conducting a trade or business.

EFFECTIVE DATE. This section is effective for wages paid after December 31, 2018.

Sec. 57. Minnesota Statutes 2018, section 290.17, is amended by adding a subdivision to read:

Subd. 4a. Controlled foreign corporations. (a) For purposes of applying subdivision 4, a controlled foreign corporation as defined in section 957 of the Internal Revenue Code is deemed to be a domestic corporation if:

(1) a United States shareholder of a controlled foreign corporation is required for the taxable year to include in gross income the shareholder's global intangible low-taxed income under section 951A of the Internal Revenue Code; and

(2) the commissioner determines that the controlled foreign corporation is a member of a unitary group.

The determination made by the commissioner under clause (2) is prima facie correct and valid and the taxpayer subject to this determination has the burden of establishing the determination's incorrectness or invalidity in any related action or proceeding.

(b) For purposes of imposing a tax under this chapter, the federal taxable income of a controlled foreign corporation deemed to be a domestic corporation under this subdivision must be computed as follows:

(1) a profit and loss statement must be prepared in the currency in which the books of account of the controlled foreign corporation are regularly maintained;

(2) except as determined by the commissioner, adjustments must be made to the profit and loss statement to conform the statement to the accounting principles generally accepted in the United States for the preparation of those statements;

(3) adjustments must be made to the profit and loss statement to conform it to the tax accounting standards required by the commissioner;

(4) unless otherwise authorized by the commissioner, the profit and loss statement of each member of the combined group, and the apportionment factors related to the combined group, whether domestic or foreign, must be converted into the currency in which the parent company maintains its books and records; and

(5) income apportioned to this state must be expressed in United States dollars.

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

Sec. 58. Minnesota Statutes 2018, section 290.17, is amended by adding a subdivision to read:

Subd. 4b. Worldwide election. (a) Taxpayer members of a unitary group, one or more members of which are subject to the requirements of subdivision 4a, paragraph (a), for the taxable year may elect to determine each of their apportioned shares of the net business income or loss of the combined group under a worldwide election. Under such an election, taxpayer members must take into account the entire income and apportionment factors of each member of the unitary group, regardless of the place where a member is incorporated or formed. Corporations or other entities incorporated or formed outside of the United States are subject to the requirements of subdivision 4a, paragraph (b), in reporting their income.

(b) A worldwide election is effective only if made on a timely filed, original return for the tax year by each member of the unitary group subject to tax under this chapter.

(c) A worldwide election is binding for and applies to the taxable year it is made and for the ten following taxable years.

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

Sec. 59. Minnesota Statutes 2018, section 290.17, is amended by adding a subdivision to read:

Subd. 4c. Withdrawal; reinstatement. (a) The election under subdivision 4b, paragraph (a), may be withdrawn:

(1) after expiration of the ten-year period in subdivision 4b, paragraph (c), provided that the withdrawal is made in writing within one year of the expiration of the election; or

(2) prior to the expiration of the ten-year period, if the taxpayer members:

(i) file a written withdrawal request with the commissioner of revenue;

(ii) would experience an extraordinary hardship due to unforeseen changes in this state's tax statutes, laws, or policies; and

(iii) receive written permission from the commissioner approving the withdrawal, which the commissioner may grant.

(b) A withdrawal made under paragraph (a) is binding for ten years. If no withdrawal is properly made under paragraph (a), clause (1), the worldwide election is binding for an additional ten taxable years. If the commissioner grants written permission to withdraw under paragraph (a), clause (2), the commissioner must impose any requirement deemed necessary to prevent evasion of tax or to clearly reflect income for the election period before or after withdrawal.

(c) Notwithstanding the requirement binding withdrawal for ten years under paragraph (b), the election may be reinstated if the taxpayer members:

(1) file a written reinstatement request with the commissioner of revenue;

(2) would experience an extraordinary hardship due to unforeseen changes in this state's tax statutes, laws, or policies; and

(3) receive written permission from the commissioner approving the reinstatement, which the commissioner may grant.

(d) A reinstatement under paragraph (c) is binding for a period of ten years. The withdrawal provisions of paragraph (a) apply to a reinstatement under paragraph (c), and the provisions of paragraph (c) apply to a reinstatement following a subsequent withdrawal.

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

Sec. 60. Minnesota Statutes 2018, section 290.21, is amended by adding a subdivision to read:

Subd. 9. **Controlled foreign corporations.** The net income of a domestic corporation that is included pursuant to sections 951 and 965 of the Internal Revenue Code is dividend income.

EFFECTIVE DATE. This section is effective retroactively at the same time as the changes in Public Law 115-97 relating to deferred foreign income were effective for federal purposes.

Sec. 61. Minnesota Statutes 2018, section 290.34, is amended by adding a subdivision to read:

Subd. 5. **Insurance companies; interest expense limitation.** To be consistent with the federal treatment of the interest expense limitation under section 163(j) of the Internal Revenue Code for an affiliated group that includes an insurance company taxable under chapter 297I and exempt from taxation under section 290.05, subdivision 1, clause (c), the rules under this subdivision apply. In that case, the interest expense limitation under section 163(j) of the Internal Revenue Code must be computed for the corporation subject to tax under this chapter using the adjusted taxable income of the insurance companies that are part of the affiliated group and taxed under chapter 297I. For purposes of this subdivision, "affiliated group" means the corporations included in the federal consolidated return for the taxable year.

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

Sec. 62. Minnesota Statutes 2018, section 290.34, is amended by adding a subdivision to read:

Subd. 6. **Affiliated corporations filing a combined report; interest expense limitation.** Section 163(j) of the Internal Revenue Code shall be applied to affiliated corporations permitted or required to file a combined report under section 290.17, subdivision 4, consistent with the application of section 163(j) to a consolidated group of corporations for federal income tax purposes.

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

Sec. 63. Minnesota Statutes 2018, section 290.92, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (1) **Wages.** For purposes of this section, the term "wages" means the same as that term is defined in section 3401(a) ~~and~~, (f), and (i) of the Internal Revenue Code.

(2) **Payroll period.** For purposes of this section the term "payroll period" means a period for which a payment of wages is ordinarily made to the employee by the employee's employer, and the term "miscellaneous payroll period" means a payroll period other than a daily, weekly, biweekly, semimonthly, monthly, quarterly, semiannual, or annual payroll period.

(3) **Employee.** For purposes of this section the term "employee" means any resident individual performing services for an employer, either within or without, or both within and without the state of Minnesota, and every nonresident individual performing services within the state of Minnesota, the performance of which services constitute, establish, and determine the relationship between the parties as that of employer and employee. As used in the preceding sentence, the term "employee" includes an officer of a corporation, and an officer, employee, or elected official of the United States, a state, or any political subdivision thereof, or the District of Columbia, or any agency or instrumentality of any one or more of the foregoing.

(4) **Employer.** For purposes of this section the term "employer" means any person, including individuals, fiduciaries, estates, trusts, partnerships, limited liability companies, and corporations transacting business in or deriving any income from sources within the state of Minnesota for whom an individual performs or performed any service, of whatever nature, as the employee of such person, except that if the person for whom the individual performs or performed the services does not have control of the payment of the wages for such services, the term "employer," except for purposes of paragraph (1), means the person having control of the payment of such wages. As used in the preceding sentence, the term "employer" includes any corporation, individual, estate, trust, or organization which is exempt from taxation under section 290.05 and further includes, but is not limited to, officers of corporations who have control, either individually or jointly with another or others, of the payment of the wages.

(5) **Number of withholding exemptions claimed.** For purposes of this section, the term "number of withholding exemptions claimed" means the number of withholding exemptions claimed in a withholding exemption certificate in effect under subdivision 5, except that if no such certificate is in effect, the number of withholding exemptions claimed shall be considered to be zero.

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

Sec. 64. Minnesota Statutes 2018, section 290.92, subdivision 5, is amended to read:

Subd. 5. **Exemptions.** (1) **Entitlement.** An employee receiving wages shall on any day be entitled to claim withholding exemptions in a number not to exceed the number of withholding exemptions that the employee claims and that are allowable pursuant to section 3402(f)(1), (m), and (n) of the Internal Revenue Code for federal withholding purposes, except:

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

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

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

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

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

Sec. 65. **[290.993] SPECIAL LIMITED ADJUSTMENT.**

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

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

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

(b) The adjustment in paragraph (a), clause (2), does not apply to any changes due to sections 11012, 13101, 13201, 13202, 13203, 13204, 13205, 13207, 13301, 13302, 13303, 13313, 13502, 13503, 13801, 14101, 14102, 14103, 14202, 14211 through 14215, and 14501 of Public Law 115-97; and section 40411 of Public Law 115-123.

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

Sec. 66. Minnesota Statutes 2018, 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) ~~the amount of deduction allowed under section 199 of the Internal Revenue Code~~ 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; ~~or~~

(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; or

(8) alimony paid.

(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 was disabled 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 151(d) of the Internal Revenue Code 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 beginning with refunds based on property taxes payable in 2020 and rent paid in 2019.

Sec. 67. Minnesota Statutes 2018, section 290A.03, subdivision 12, is amended to read:

Subd. 12. **Gross rent.** (a) "Gross rent" means rental 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.

(b) The gross rent of a resident of a nursing home or intermediate care facility is \$350 per month. The gross rent of a resident of an adult foster care home is \$550 per month. ~~Beginning for rent paid in 2002, The commissioner shall annually adjust for inflation the gross rent amounts stated in this paragraph. The adjustment must be made in accordance with section 1(f) of the Internal Revenue Code, except that for purposes of this paragraph the percentage increase shall be determined from the year ending on June 30, 2001, to the year ending on June 30 of the year in which the rent is paid. The commissioner shall round the gross rents to the nearest \$10 amount. If the amount ends in \$5, the commissioner shall round it up to the next \$10 amount. The determination of the commissioner under this paragraph is not a rule under the Administrative Procedure Act as provided in section 270C.22. The statutory year is 2020.~~

(c) 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) 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, notwithstanding the fact that ownership is not in the name of the claimant.

EFFECTIVE DATE. This section is effective for adjustments beginning with refunds based on rent paid in 2019.

Sec. 68. Minnesota Statutes 2018, section 290A.03, subdivision 15, is amended to read:

Subd. 15. **Internal Revenue Code.** "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~December 16, 2016~~ December 31, 2018.

EFFECTIVE DATE. This section is effective beginning with refunds based on property taxes payable in 2020 and rent paid in 2019.

Sec. 69. Minnesota Statutes 2018, section 290A.04, subdivision 4, is amended to read:

Subd. 4. **Inflation adjustment.** ~~(a) Beginning for property tax refunds payable in calendar year 2002, The commissioner shall annually adjust the dollar amounts of the income thresholds and the maximum refunds under subdivisions 2 and 2a for inflation. The commissioner shall make the inflation adjustments in accordance with section 1(f) of the Internal Revenue Code, except that for purposes of this subdivision the percentage increase shall be determined as provided in this subdivision as provided in section 270C.22. The statutory year is 2020.~~

~~(b) In adjusting the dollar amounts of the income thresholds and the maximum refunds under subdivision 2 for inflation, the percentage increase shall be determined from the year ending on June 30, 2013, to the year ending on June 30 of the year preceding that in which the refund is payable.~~

~~(c) In adjusting the dollar amounts of the income thresholds and the maximum refunds under subdivision 2a for inflation, the percentage increase shall be determined from the year ending on June 30, 2013, to the year ending on June 30 of the year preceding that in which the refund is payable.~~

~~(d) The commissioner shall use the appropriate percentage increase to annually adjust the income thresholds and maximum refunds under subdivisions 2 and 2a for inflation without regard to whether or not the income tax brackets are adjusted for inflation in that year. The commissioner shall round the thresholds and the maximum amounts, as adjusted to the nearest \$10 amount. If the amount ends in \$5, the commissioner shall round it up to the next \$10 amount.~~

~~(e) The commissioner shall annually announce the adjusted refund schedule at the same time provided under section 290.06. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act.~~

EFFECTIVE DATE. This section is effective for adjustments for refunds based on rent paid in 2020 and property taxes payable in 2021.

Sec. 70. Minnesota Statutes 2018, section 291.005, subdivision 1, is amended to read:

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

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

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

(3) "Internal Revenue Code" means the United States Internal Revenue Code of 1986, as amended through ~~December 16, 2016~~ December 31, 2018.

(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 ~~includible~~ 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 became effective for federal purposes.

Sec. 71. Minnesota Statutes 2018, 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 a sale of farm machinery;

(4) the sale is a farm auction sale;

(5) the sale is a sale of substantially all of the assets of a trade or business; or

(6) 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) 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) "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) 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 retroactively for sales and purchases made after December 31, 2017.

Sec. 72. Minnesota Statutes 2018, 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.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after December 31, 2017.

Sec. 73. Minnesota Statutes 2018, section 462D.06, subdivision 1, is amended to read:

Subdivision 1. **Subtraction.** (a) As provided in section 290.0132, subdivision 25, an account holder is allowed a subtraction from ~~the~~ federal ~~taxable~~ adjusted gross income equal to interest or dividends earned on the first-time home buyer savings account during the taxable year.

(b) The subtraction under paragraph (a) is allowed each year for the taxable years including and following the taxable year in which the account was established. No person other than the account holder is allowed a subtraction under this section.

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

Sec. 74. Minnesota Statutes 2018, section 462D.06, subdivision 2, is amended to read:

Subd. 2. **Addition.** (a) As provided in section 290.0131, subdivision 14, an account holder must add to federal ~~taxable~~ adjusted gross income the following amounts:

(1) the amount in excess of the total contributions for all taxable years that is withdrawn and used for other than eligible costs, or for a transfer permitted under section 462D.04, subdivision 2; and

(2) the amount remaining in the first-time home buyer savings account at the close of the tenth taxable year that exceeds the total contributions to the account for all taxable years.

(b) For an account that received a transfer under section 462D.04, subdivision 2, the ten-year period under paragraph (a), clause (2), ends at the close of the earliest taxable year that applies to either account under that clause.

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

Sec. 75. Minnesota Statutes 2018, section 469.316, subdivision 1, is amended to read:

Subdivision 1. **Application.** An individual, estate, or trust operating a trade or business in a job opportunity building zone, and an individual, estate, or trust making a qualifying investment in a qualified business operating in a job opportunity building zone qualifies for the exemptions from taxes imposed under chapter 290, as provided in this section. The exemptions provided under this section apply only to the extent that the income otherwise would be taxable under chapter 290. Subtractions under this section from federal adjusted gross income, federal taxable income, alternative minimum taxable income, or any other base subject to tax are limited to the amount that otherwise would be included in the tax base absent the exemption under this section. This section applies only to taxable years beginning during the duration of the job opportunity building zone.

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

Sec. 76. **SPECIAL PROVISION FOR TAX YEAR 2017.**

Notwithstanding any law to the contrary or other provision of this article, sections 40202 and 40203 of Public Law 115-123 shall not apply for the purpose of calculating net income under section 290.01, subdivision 6, for taxable years beginning after December 31, 2016, and before January 1, 2018.

Sec. 77. **REVISOR INSTRUCTION.**

The commissioner of revenue must promptly notify the revisor of statutes in writing of the adjusted statutory year amounts for each of the statutory sections that are indexed for inflation under section 270C.22. The revisor shall publish the updated statutory amounts in the 2019 Supplement of Minnesota Statutes.

Sec. 78. **REPEALER.**

Minnesota Statutes 2018, sections 290.0131, subdivisions 7, 11, 12, and 13; 290.0132, subdivision 8; 290.0133, subdivisions 13 and 14; and 290.10, subdivision 2, are repealed.

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

ARTICLE 2
INDIVIDUAL INCOME, CORPORATE FRANCHISE,
AND ESTATE TAXES

Section 1. Minnesota Statutes 2018, section 116J.8737, subdivision 1, is amended to read:

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

(b) "Qualified small business" means a business that has been certified by the commissioner under subdivision 2.

(c) "Qualified investor" means an investor who has been certified by the commissioner under subdivision 3.

(d) "Qualified fund" means a pooled angel investment network fund that has been certified by the commissioner under subdivision 4.

(e) "Qualified investment" means a cash investment in a qualified small business of a minimum of:

(1) \$10,000 in a calendar year by a qualified investor; ~~or~~

(2) \$7,500 in a calendar year by a qualified investor in qualified greater Minnesota businesses or minority- or women-owned businesses in Minnesota; or

~~(2)~~ (3) \$30,000 in a calendar year by a qualified fund.

A qualified investment must be made in exchange for common stock, a partnership or membership interest, preferred stock, debt with mandatory conversion to equity, or an equivalent ownership interest as determined by the commissioner.

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

(g) "Pass-through entity" means a corporation that for the applicable taxable year is treated as an S corporation or a general partnership, limited partnership, limited liability partnership, trust, or limited liability company and which for the applicable taxable year is not taxed as a corporation under chapter 290.

(h) "Intern" means a student of an accredited institution of higher education, or a former student who has graduated in the past six months from an accredited institution of higher education, who is employed by a qualified small business in a nonpermanent position for a duration of nine months or less that provides training and experience in the primary business activity of the business.

(i) "Liquidation event" means a conversion of qualified investment for cash, cash and other consideration, or any other form of equity or debt interest.

(j) "Qualified greater Minnesota business" means a qualified small business that is also certified by the commissioner as a qualified greater Minnesota business under subdivision 2, paragraph (h).

(k) "Minority group member" means a United States citizen who is Asian, Pacific Islander, Black, Hispanic, or Native American.

(l) "Minority-owned business" means a business for which one or more minority group members:

(1) own at least 50 percent of the business, or, in the case of a publicly owned business, own at least 51 percent of the stock; and

(2) manage the business and control the daily business operations.

(m) "Women" means persons of the female gender.

(n) "Women-owned business" means a business for which one or more women:

(1) own at least 50 percent of the business, or, in the case of a publicly owned business, own at least 51 percent of the stock; and

(2) manage the business and control the daily business operations.

(o) "Officer" means a person elected or appointed by the board of directors to manage the daily operations of the qualified small business.

(p) "Principal" means a person having authority to act on behalf of the qualified small business.

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

Sec. 2. Minnesota Statutes 2018, section 116J.8737, subdivision 2, is amended to read:

Subd. 2. **Certification of qualified small businesses.** (a) Businesses may apply to the commissioner for certification as a qualified small business or qualified greater Minnesota small business for a calendar year. The application must be in the form and be made under the procedures specified by the commissioner, accompanied by an application fee of \$150. Application fees are deposited in the small business investment tax credit administration account in the special revenue fund. ~~The application for certification for 2010 must be made available on the department's website by August 1, 2010.~~ Applications for subsequent years' certification must be made available on the department's website by November 1 of the preceding year.

(b) Within 30 days of receiving an application for certification under this subdivision, the commissioner must either certify the business as satisfying the conditions required of a qualified small business or qualified greater Minnesota small business, request additional information from the business, or reject the application for certification. If the commissioner requests additional information from the business, the commissioner must either certify the business or reject the application within 30 days of receiving the additional information. If the commissioner neither certifies the business nor rejects the application within 30 days of receiving the original application or within 30 days of receiving the additional information requested, whichever is later, then the application is deemed rejected, and the commissioner must refund the \$150 application fee. A business that applies for certification and is rejected may reapply.

(c) To receive certification as a qualified small business, a business must satisfy all of the following conditions:

(1) the business has its headquarters in Minnesota;

(2) at least: (i) 51 percent of the business's employees are employed in Minnesota; (ii) 51 percent of the business's total payroll is paid or incurred in the state; and (iii) 51 percent of the total value of all contractual agreements to which the business is a party in connection with its primary business activity is for services performed under contract in Minnesota, unless the business obtains a waiver under paragraph (i);

(3) the business is engaged in, or is committed to engage in, innovation in Minnesota in one of the following as its primary business activity:

(i) using proprietary technology to add value to a product, process, or service in a qualified high-technology field;

(ii) researching or developing a proprietary product, process, or service in a qualified high-technology field;

(iii) researching or developing a proprietary product, process, or service in the fields of agriculture, tourism, forestry, mining, manufacturing, or transportation; or

(iv) researching, developing, or producing a new proprietary technology for use in the fields of agriculture, tourism, forestry, mining, manufacturing, or transportation;

(4) other than the activities specifically listed in clause (3), the business is not engaged in real estate development, insurance, banking, lending, lobbying, political consulting, information technology consulting, wholesale or retail trade, leisure, hospitality, transportation, construction, ethanol production from corn, or professional services provided by attorneys, accountants, business consultants, physicians, or health care consultants;

(5) the business has fewer than 25 employees;

(6) the business must pay its employees annual wages of at least 175 percent of the federal poverty guideline for the year for a family of four and must pay its interns annual wages of at least 175 percent of the federal minimum wage used for federally covered employers, except that this requirement must be reduced proportionately for employees and interns who work less than full-time, and does not apply to an executive, officer, or member of the board of the business, or to any employee who owns, controls, or holds power to vote more than 20 percent of the outstanding securities of the business;

(7) the business has (i) not been in operation for more than ten years, or (ii) not been in operation for more than 20 years if the business is engaged in the research, development, or production of medical devices or pharmaceuticals for which United States Food and Drug Administration approval is required for use in the treatment or diagnosis of a disease or condition;

(8) the business has not previously received private equity investments of more than \$4,000,000;

(9) the business is not an entity disqualified under section 80A.50, paragraph (b), clause (3); and

(10) the business has not issued securities that are traded on a public exchange.

(d) In applying the limit under paragraph (c), clause (5), the employees in all members of the unitary business, as defined in section 290.17, subdivision 4, must be included.

(e) In order for a qualified investment in a business to be eligible for tax credits:

(1) the business must have applied for and received certification for the calendar year in which the investment was made prior to the date on which the qualified investment was made;

(2) the business must not have issued securities that are traded on a public exchange;

(3) the business must not issue securities that are traded on a public exchange within 180 days after the date on which the qualified investment was made; and

(4) the business must not have a liquidation event within 180 days after the date on which the qualified investment was made.

(f) The commissioner must maintain a list of qualified small businesses and qualified greater Minnesota businesses certified under this subdivision for the calendar year and make the list accessible to the public on the department's website.

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

(1) "qualified high-technology field" includes aerospace, agricultural processing, renewable energy, energy efficiency and conservation, environmental engineering, food technology, cellulosic ethanol, information technology, materials science technology, nanotechnology, telecommunications, biotechnology, medical device products, pharmaceuticals, diagnostics, biologicals, chemistry, veterinary science, and similar fields;

(2) "proprietary technology" means the technical innovations that are unique and legally owned or licensed by a business and includes, without limitation, those innovations that are patented, patent pending, a subject of trade secrets, or copyrighted; and

(3) "greater Minnesota" means the area of Minnesota located outside of the metropolitan area as defined in section 473.121, subdivision 2.

(h) To receive certification as a qualified greater Minnesota business, a business must satisfy all of the requirements of paragraph (c) and must satisfy the following conditions:

(1) the business has its headquarters in greater Minnesota; and

(2) at least: (i) 51 percent of the business's employees are employed in greater Minnesota; (ii) 51 percent of the business's total payroll is paid or incurred in greater Minnesota; and (iii) 51 percent of the total value of all contractual agreements to which the business is a party in connection with its primary business activity is for services performed under contract in greater Minnesota, unless the business obtains a waiver under paragraph (i).

(i) The commissioner must exempt a business from the requirement under paragraph (c), clause (2), item (iii), if the business certifies to the commissioner that the services required under a contract in connection with the primary business activity cannot be performed in Minnesota if the business otherwise qualifies as a qualified small business, or in greater Minnesota if the business otherwise qualifies as a qualified greater Minnesota business. The business must submit the certification required under this paragraph every six months from the month the exemption was granted. The exemption allowed under this paragraph must be submitted in a form and manner prescribed by the commissioner.

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

Sec. 3. Minnesota Statutes 2018, section 116J.8737, subdivision 3, is amended to read:

Subd. 3. **Certification of qualified investors.** (a) Investors may apply to the commissioner for certification as a qualified investor for a taxable year. The application must be in the form and be made under the procedures specified by the commissioner, accompanied by an application fee of \$350. Application fees are deposited in the small business investment tax credit administration account in the special revenue fund. ~~The application for certification for 2010 must be made available on the department's website by August 1, 2010. Applications for subsequent years' certification must be made available on the department's website by November 1 of the preceding year.~~

(b) Within 30 days of receiving an application for certification under this subdivision, the commissioner must either certify the investor as satisfying the conditions required of a qualified investor, request additional information from the investor, or reject the application for certification. If the commissioner requests additional information from the investor, the commissioner must either certify the investor or reject the application within 30 days of receiving the additional information. If the commissioner neither certifies the investor nor rejects the application within 30 days of receiving the original application or within 30 days of receiving the additional information requested, whichever is later, then the application is deemed rejected, and the commissioner must refund the \$350 application fee. An investor who applies for certification and is rejected may reapply.

(c) To receive certification, an investor must (1) be a natural person; and (2) certify to the commissioner that the investor will only invest in a transaction that is exempt under section 80A.46, clause (13) or (14), in a security exempt under section 80A.461, or in a security registered under section 80A.50, paragraph (b).

(d) In order for a qualified investment in a qualified small business to be eligible for tax credits, a qualified investor who makes the investment must have applied for and received certification for the calendar year prior to making the qualified investment, except in the case of an investor who is not an accredited investor, within the meaning of Regulation D of the Securities and Exchange Commission, Code of Federal Regulations, title 17, section 230.501, paragraph (a), application for certification may be made within 30 days after making the qualified investment.

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

Sec. 4. Minnesota Statutes 2018, section 116J.8737, subdivision 4, is amended to read:

Subd. 4. **Certification of qualified funds.** (a) A pass-through entity may apply to the commissioner for certification as a qualified fund for a calendar year. The application must be in the form and be made under the procedures specified by the commissioner, accompanied by an application fee of \$1,000. Application fees are deposited in the small business investment tax credit administration account in the special revenue fund. ~~The application for certification for 2010 of qualified funds must be made available on the department's website by August 1, 2010.~~ Applications for ~~subsequent years'~~ certification must be made available by November 1 of the preceding year.

(b) Within 30 days of receiving an application for certification under this subdivision, the commissioner must either certify the fund as satisfying the conditions required of a qualified fund, request additional information from the fund, or reject the application for certification. If the commissioner requests additional information from the fund, the commissioner must either certify the fund or reject the application within 30 days of receiving the additional information. If the commissioner neither certifies the fund nor rejects the application within 30 days of receiving the original application or within 30 days of receiving the additional information requested, whichever is later, then the application is deemed rejected, and the commissioner must refund the \$1,000 application fee. A fund that applies for certification and is rejected may reapply.

(c) To receive certification, a fund must:

(1) invest or intend to invest in qualified small businesses;

(2) be organized as a pass-through entity; and

(3) have at least three separate investors, of whom at least three whose investment is made in the certified business and who seek a tax credit allocation satisfy the conditions in subdivision 3, paragraph (c).

(d) Investments in the fund may consist of equity investments or notes that pay interest or other fixed amounts, or any combination of both.

(e) In order for a qualified investment in a qualified small business to be eligible for tax credits, a qualified fund that makes the investment must have applied for and received certification for the calendar year prior to making the qualified investment.

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

Sec. 5. Minnesota Statutes 2018, section 116J.8737, subdivision 5, is amended to read:

Subd. 5. **Credit allowed.** (a)~~(1)~~ A qualified investor or qualified fund is eligible for a credit equal to 25 percent of the qualified investment in a qualified small business. Investments made by a pass-through entity qualify for a credit only if the entity is a qualified fund. The commissioner must not allocate more than ~~\$15,000,000~~ \$10,000,000 in credits to qualified investors or qualified funds for taxable years beginning after December 31, ~~2013, and before January 1, 2017, and must not allocate more than \$10,000,000 in credits to qualified investors or qualified funds for taxable years beginning after December 31, 2016, and before January 1, 2018;~~ and ~~(2) for taxable years beginning after December 31, 2014, and before January 1, 2018, and before January 1, 2021.~~ For each taxable year, 50 percent must be allocated to credits for qualifying investments in qualified greater Minnesota businesses and minority- or women-owned qualified small businesses in Minnesota. Any portion of a taxable year's credits that is reserved for qualifying investments in greater Minnesota businesses and minority- or women-owned qualified small businesses in Minnesota that is not allocated by September 30 of the taxable year is available for allocation to other credit applications beginning on October 1. Any portion of a taxable year's credits that is not allocated by the commissioner does not cancel and may be carried forward to subsequent taxable years until all credits have been allocated.

(b) The commissioner may not allocate more than a total maximum amount in credits for a taxable year to a qualified investor for the investor's cumulative qualified investments as an individual qualified investor and as an investor in a qualified fund; for married couples filing joint returns the maximum is \$250,000, and for all other filers the maximum is \$125,000. The commissioner may not allocate more than a total of \$1,000,000 in credits over all taxable years for qualified investments in any one qualified small business.

(c) The commissioner may not allocate a credit to a qualified investor either as an individual qualified investor or as an investor in a qualified fund if, at the time the investment is proposed:

(1) the investor is an officer or principal of the qualified small business; or

(2) the investor, either individually or in combination with one or more members of the investor's family, owns, controls, or holds the power to vote 20 percent or more of the outstanding securities of the qualified small business.

A member of the family of an individual disqualified by this paragraph is not eligible for a credit under this section. For a married couple filing a joint return, the limitations in this paragraph apply collectively to the investor and spouse. For purposes of determining the ownership interest of an investor under this paragraph, the rules under section 267(c) and 267(e) of the Internal Revenue Code apply.

(d) Applications for tax credits for 2010 must be made available on the department's website by September 1, 2010, and the department must begin accepting applications by September 1, 2010. Applications for subsequent years must be made available by November 1 of the preceding year.

(e) Qualified investors and qualified funds must apply to the commissioner for tax credits. Tax credits must be allocated to qualified investors or qualified funds in the order that the tax credit request applications are filed with the department. The commissioner must approve or reject tax credit request applications within 15 days of receiving the application. The 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.

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

Sec. 6. Minnesota Statutes 2018, section 116J.8737, subdivision 6, is amended to read:

Subd. 6. **Annual reports.** (a) By February 1 of each year each qualified small business that received an investment that qualified for a credit, and each qualified investor and qualified fund that made an investment that qualified for a credit, must submit an annual report to the commissioner and pay a filing fee of \$100 as required

under this subdivision. Each qualified investor and qualified fund must submit reports for three years following each year in which it made an investment that qualified for a credit, and each qualified small business must submit reports for five years following the year in which it received an investment qualifying for a credit. Reports must be made in the form required by the commissioner. All filing fees collected are deposited in the small business investment tax credit administration account in the special revenue fund.

(b) A report from a qualified small business must certify that the business satisfies the following requirements:

(1) the business has its headquarters in Minnesota;

(2) at least 51 percent of the business's employees are employed in Minnesota, and 51 percent of the business's total payroll is paid or incurred in the state;

(3) that the business is engaged in, or is committed to engage in, innovation in Minnesota as defined under subdivision 2; and

(4) that the business meets the payroll requirements in subdivision 2, paragraph (c), clause (6).

(c) Reports from qualified investors must certify that the investor remains invested in the qualified small business as required by subdivision 5, paragraph (g).

(d) Reports from qualified funds must certify that the fund remains invested in the qualified small business as required by subdivision 5, paragraph (g).

(e) A qualified small business that ceases all operations and becomes insolvent must file a final annual report in the form required by the commissioner documenting its insolvency. In following years the business is exempt from the annual reporting requirement, the report filing fee, and the fine for failure to file a report.

(f) A qualified small business, qualified investor, or qualified fund that fails to file an annual report by February 1 as required under this subdivision is subject to a ~~\$500~~ \$100 fine.

(g) A qualified investor or qualified fund that fails to file an annual report by April 1 may, at the commissioner's discretion, have any credit allocated and certified to the investor or fund revoked and such credit must be repaid by the investor.

(h) A qualified business that fails to file an annual report by April 1 may, at the commissioner's discretion, be subject to the credit repayment provisions in subdivision 7, paragraph (b).

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

Sec. 7. Minnesota Statutes 2018, section 116J.8737, subdivision 12, is amended to read:

Subd. 12. **Sunset.** This section expires for taxable years beginning after December 31, ~~2017~~ 2020, except that reporting requirements under subdivision 6 and revocation of credits under subdivision 7 remain in effect through ~~2019~~ 2022 for qualified investors and qualified funds, and through ~~2024~~ 2024 for qualified small businesses, reporting requirements under subdivision 9 remain in effect through ~~2022~~ 2020, and the appropriation in subdivision 11 remains in effect through ~~2024~~ 2024.

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

Sec. 8. Minnesota Statutes 2018, section 270C.13, subdivision 2, is amended to read:

Subd. 2. **Bill analyses.** At the request of the chair or ranking minority member of the house of representatives Tax Committee or the senate Committee on Taxes and Tax Laws, the commissioner shall prepare an incidence impact analysis of a bill or a proposal to change the tax system which increases, decreases, or redistributes taxes by more than \$20,000,000. To the extent data is available on the changes in the distribution of the tax burden that are affected by the bill or proposal, the analysis shall report on the incidence effects that would result if the bill were enacted. The report may present information using systemwide measures, such as Suits or other similar indexes, by income classes, taxpayer characteristics, or other relevant categories. The report may include analyses of the effect of the bill or proposal on representative taxpayers. The analysis must include a statement of the incidence assumptions that were used in computing the burdens. For purposes of this subdivision, "ranking minority member" means the ranking minority member from the largest minority party in the body.

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

Sec. 9. Minnesota Statutes 2018, section 289A.10, subdivision 1, is amended to read:

Subdivision 1. **Return required.** (a) In the case of a decedent who has an interest in property with a situs in Minnesota, the personal representative must submit a Minnesota estate tax return to the commissioner, on a form prescribed by the commissioner, if:

(1) a federal estate tax return is required to be filed; or

(2) the sum of the federal gross estate and federal adjusted taxable gifts, as defined in section 2001(b) of the Internal Revenue Code, made within three years of the date of the decedent's death exceeds ~~\$1,200,000 for estates of decedents dying in 2014; \$1,400,000 for estates of decedents dying in 2015; \$1,600,000 for estates of decedents dying in 2016; \$2,100,000 for estates of decedents dying in 2017; \$2,400,000 for estates of decedents dying in 2018; and \$2,700,000 for estates of decedents dying in 2019; and \$3,000,000 for estates of decedents dying in 2020~~ and thereafter.

(b) The return must contain a computation of the Minnesota estate tax due. The return must be signed by the personal representative.

EFFECTIVE DATE. This section is effective retroactively for estates of decedents dying in 2019 and thereafter.

Sec. 10. Minnesota Statutes 2018, section 290.01, subdivision 4a, is amended to read:

Subd. 4a. **Financial institution.** (a) "Financial institution" means:

(1) any corporation or other business entity registered (i) under state law as a bank holding company; (ii) under the federal Bank Holding Company Act of 1956, as amended; or (iii) as a savings and loan holding company under the federal National Housing Act, as amended;

(2) a national bank organized and existing as a national bank association pursuant to the provisions of United States Code, title 12, chapter 2;

(3) a savings association or federal savings bank as defined in United States Code, title 12, section 1813(b)(1);

(4) any bank or thrift institution incorporated or organized under the laws of any state;

(5) any corporation organized under United States Code, title 12, sections 611 to 631;

(6) any agency or branch of a foreign depository as defined under United States Code, title 12, section 3101;

(7) any corporation or other business entity that is more than 50 percent owned, directly or indirectly, by any person or business entity described in clauses (1) to (6), other than an insurance company taxable under chapter 297I;

(8) a corporation or other business entity that derives more than 50 percent of its total gross income for financial accounting purposes from finance leases. For the purposes of this clause, "gross income" means the average from the current tax year and immediately preceding two years and excludes gross income from incidental or occasional transactions. For purposes of this clause, "finance lease" means any lease transaction that is the functional equivalent of an extension of credit and that transfers substantially all the benefits and risks incident to the ownership of property, including any direct financing lease or leverage lease that meets the criteria of Financial Accounting Standards Board Statement No. 13, accounting for leases, or any other lease that is accounted for as financing by a lessor under generally accepted accounting principles; or

(9) any other person or business entity, other than an insurance company ~~taxable under chapter 297I~~, that derives more than 50 percent of its gross income from activities that an entity described in clauses (2) to (6) or (8) is authorized to transact. For the purposes of this clause, gross income does not include income from nonrecurring, extraordinary items.

(b) The commissioner is authorized to exclude any person from the application of paragraph (a), clause (9), if the person proves by clear and convincing evidence that the person's income-producing activity is not in substantial competition with any person described in paragraph (a), clauses (2) to (6) or (8).

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2016.

Sec. 11. Minnesota Statutes 2018, section 290.01, is amended by adding a subdivision to read:

Subd. 5c. Disqualified captive insurance company. (a) "Captive insurance company" means a company that:

(1) is licensed as a captive insurance company under the laws of any state or foreign country; or

(2) derives less than 50 percent of its total premiums for the taxable year from sources outside of the unitary business, as that term is used in section 290.17.

(b) A captive insurance company is a "disqualified captive insurance company" if the company:

(1) pays less than 0.5 percent of its total premiums for the taxable year in tax under chapter 297I or a comparable tax of another state; or

(2) receives less than 50 percent of its gross receipts for the taxable year from premiums.

(c) For purposes of this subdivision, "premiums" means amounts paid for arrangements that constitute insurance for federal income tax purposes, but excludes return premiums, premiums for reinsurance assumed from other insurance companies, and any other premiums that are or would be exempt from taxation under section 297I.05 as a result of their type or character, if the insurance was for business in Minnesota.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2016.

Sec. 12. Minnesota Statutes 2018, 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 subtraction equals the lesser of taxable Social Security benefits or a maximum subtraction subject to the limits under paragraphs (b), (c), and (d).

(b) For married taxpayers filing a joint return and surviving spouses, the maximum subtraction equals ~~\$4,500~~ \$6,000. The maximum subtraction is reduced by 20 percent of provisional income over ~~\$77,000~~ \$74,000. In no case is the subtraction less than zero.

(c) For single or head-of-household taxpayers, the maximum subtraction equals ~~\$3,500~~ \$4,500. The maximum subtraction is reduced by 20 percent of provisional income over ~~\$60,200~~ \$58,700. In no case is the subtraction less than zero.

(d) For married taxpayers filing separate returns, the maximum subtraction equals ~~\$2,250~~ \$3,000. The maximum subtraction is reduced by 20 percent of provisional income over ~~\$38,500~~ \$37,000. In no case is the subtraction less than zero.

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

(f) The commissioner shall adjust the maximum subtraction and threshold amounts in paragraphs (b) to (d) ~~by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) of the Internal Revenue Code the word "2016" shall be substituted for the word "1992."~~ For 2018, the commissioner shall then determine the percentage change from the 12 months ending on August 31, 2016, to the 12 months ending on August 31, 2017, and in each subsequent year, from the 12 months ending on August 31, 2016, to the 12 months ending on August 31 of the year preceding the taxable year. The determination of the commissioner pursuant to this subdivision must not be considered a rule and is not subject to the Administrative Procedure Act contained in chapter 14, including section 14.386 as provided in section 270C.22. The statutory year is taxable year 2019. The maximum subtraction and threshold amounts as adjusted must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount.

EFFECTIVE DATE. (a) The amendments to paragraphs (b), (c), and (d) are effective for taxable years beginning after December 31, 2018.

(b) The amendments to paragraphs (a) and (e) are effective retroactively for taxable years beginning after December 31, 2017.

(c) The amendments to paragraph (f) are effective for adjustments beginning with taxable years beginning after December 31, 2019.

Sec. 13. Minnesota Statutes 2018, section 290.0132, is amended by adding a subdivision to read:

Subd. 27. **Disallowed section 280E expenses; medical cannabis manufacturers.** The amount of expenses of a medical cannabis manufacturer, as defined under section 152.22, subdivision 7, related to the business of medical cannabis under sections 152.21 to 152.37, and not allowed for federal income tax purposes under section 280E of the Internal Revenue Code is a subtraction.

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

Sec. 14. Minnesota Statutes 2018, section 290.0134, is amended by adding a subdivision to read:

Subd. 17. **Disallowed section 280E expenses; medical cannabis manufacturers.** The amount of expenses of a medical cannabis manufacturer, as defined under section 152.22, subdivision 7, related to the business of medical cannabis under sections 152.21 to 152.37, and not allowed for federal income tax purposes under section 280E of the Internal Revenue Code is a subtraction.

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

Sec. 15. Minnesota Statutes 2018, section 290.05, subdivision 1, is amended to read:

Subdivision 1. **Exempt entities.** The following corporations, individuals, estates, trusts, and organizations shall be exempted from taxation under this chapter, provided that every such person or corporation claiming exemption under this chapter, in whole or in part, must establish to the satisfaction of the commissioner the taxable status of any income or activity:

(a) corporations, individuals, estates, and trusts engaged in the business of mining or producing iron ore and mining, producing, or refining other ores, metals, and minerals, the mining, production, or refining of which is subject to the occupation tax imposed by section 298.01; but if any such corporation, individual, estate, or trust engages in any other business or activity or has income from any property not used in such business it shall be subject to this tax computed on the net income from such property or such other business or activity. Royalty shall not be considered as income from the business of mining or producing iron ore within the meaning of this section;

(b) the United States of America, the state of Minnesota or any political subdivision of either agencies or instrumentalities, whether engaged in the discharge of governmental or proprietary functions; and

(c) any insurance company, ~~as defined in section 290.17, subdivision 4, paragraph (j), but including any insurance company licensed and domiciled in another state that grants, on a reciprocal basis, exemption from retaliatory taxes other than a disqualified captive insurance company.~~

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2016.

Sec. 16. **[290.055] ADDITIONAL TAX ON CAPITAL GAIN INCOME.**

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

(b) "Net capital gain" has the meaning given in section 1222 of the Internal Revenue Code.

(c) "Preferential rate income" means the lesser of:

(1) a taxpayer's adjusted net capital gain, as defined in section 1(h)(3) of the Internal Revenue Code, but excluding a capital gain resulting from the sale of property classified as 2a property under section 273.13, subdivision 23; or

(2) the taxpayer's federal taxable income, as defined in section 63 of the Internal Revenue Code.

Subd. 2. **Tax imposed; capital gains.** In addition to the taxes imposed under sections 289A.08, subdivision 7, 290.03, and 290.091, an individual, trust, or estate is liable for a tax equal to three percent of preferential rate income in excess of \$500,000.

Subd. 3. **Nonresidents.** (a) For an individual who is not a resident for the entire taxable year, the tax under subdivision 2 is imposed in an amount equal to: (1) the amount calculated under subdivision 2 for the full year and for all preferential rate income; multiplied by (2) the Minnesota percentage determined under paragraph (b).

(b) "Minnesota percentage" equals:

(1) the sum of the following amounts for the taxable year:

(i) net capital gain from the sale of real property located in Minnesota and tangible personal property with a situs in Minnesota on the date of the sale; plus

(ii) adjusted net capital gain, other than gain included under item (i), received during a period when the taxpayer was domiciled in Minnesota; divided by

(2) the total amount of preferential rate income for the taxable year.

Subd. 4. **Credits for taxes paid to another state.** For purposes of computing the credit for taxes paid to another state under section 290.06, subdivision 22, if the net long-term capital gain qualified for an exclusion, deduction, or exemption, in whole or part, from taxation under the other state's tax, the tax under this section used to calculate the credit must be reduced by three percent of the dollar amount of the exclusion, deduction, or exemption amount that applies under the other state's tax.

EFFECTIVE DATE. This section is effective for preferential rate income recognized in taxable years beginning after December 31, 2018.

Sec. 17. Minnesota Statutes 2018, section 290.06, subdivision 2c, is amended to read:

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

- (1) On the first ~~\$35,480~~ \$40,240, 5.35 percent;
- (2) On all over ~~\$35,480~~ \$40,240, but not over ~~\$140,960~~ \$150,900, 7.05 percent;
- (3) On all over ~~\$140,960~~ \$150,900, but not over ~~\$250,000~~ \$273,150, 7.85 percent;
- (4) On all over ~~\$250,000~~ \$273,150, 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 ~~\$24,270~~ \$27,520, 5.35 percent;
- (2) On all over ~~\$24,270~~ \$27,520, but not over ~~\$79,730~~ \$84,990, 7.05 percent;
- (3) On all over ~~\$79,730~~ \$84,990, but not over ~~\$150,000~~ \$163,890, 7.85 percent;

(4) On all over ~~\$150,000~~ \$163,890, 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 ~~\$29,880~~ \$33,880, 5.35 percent;

(2) On all over ~~\$29,880~~ \$33,880, but not over ~~\$120,070~~ \$128,580, 7.05 percent;

(3) On all over ~~\$120,070~~ \$128,580, but not over ~~\$200,000~~ \$218,520, 7.85 percent;

(4) On all over ~~\$200,000~~ \$218,520, 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 the additions required under section 290.0131, subdivisions 2 ~~and~~ 6, 8 to 10, and 16, and reduced by the Minnesota assignable portion of the subtraction for United States government interest under section 290.0132, subdivision 2, and the subtractions under section 290.0132, subdivisions 9, 10, 14, 15, 17, ~~and~~ 18, and 27, 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 the amounts specified in section 290.0131, subdivisions 2 ~~and~~ 6 to 14, 8 to 10, and 16, and reduced by the amounts specified in section 290.0132, subdivisions 2, 9, 10, 14, 15, 17, ~~and~~ 18, and 27.

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

Sec. 18. Minnesota Statutes 2018, section 290.0671, subdivision 1, is amended to read:

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 21, 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.

(b) For individuals with no qualifying children, the credit equals ~~2.10~~ 3.9 percent of the first ~~\$6,180~~ \$7,150 of earned income. The credit is reduced by ~~2.01~~ 2.0 percent of earned income or adjusted gross income, whichever is greater, in excess of ~~\$8,130~~ the phase-out threshold, but in no case is the credit less than zero.

(c) For individuals with one qualifying child, the credit equals ~~9.35~~ 9.5 percent of the first ~~\$11,120~~ \$12,350 of earned income. The credit is reduced by ~~6.02~~ 6.0 percent of earned income or adjusted gross income, whichever is greater, in excess of ~~\$21,190~~ the phase-out threshold, but in no case is the credit less than zero.

(d) For individuals with two ~~or more~~ qualifying children, the credit equals ~~11~~ 12 percent of the first ~~\$18,240~~ \$18,450 of earned income. The credit is reduced by ~~10.82~~ 10.5 percent of earned income or adjusted gross income, whichever is greater, in excess of ~~\$25,130~~ the phase-out 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 phase-out 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).

~~(f)~~ (g) 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.

~~(g) For tax years beginning after December 31, 2013, the \$8,130 in paragraph (b), the \$21,190 in paragraph (c), and the \$25,130 in paragraph (d), after being adjusted for inflation under subdivision 7, are each increased by \$5,000 for married taxpayers filing joint returns. For tax years beginning after December 31, 2013, the commissioner shall annually adjust the \$5,000 by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B), the word "2008" shall be substituted for the word "1992." For 2014, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2008, to the 12 months ending on August 31, 2013, and in each subsequent year, from the 12 months ending on August 31, 2008, to the 12 months ending on August 31 of the year preceding the taxable year. The earned income thresholds as adjusted for inflation must be rounded to the nearest \$10. If the amount ends in \$5, the amount is rounded up to the nearest \$10. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act.~~

(h) For the purposes of this section, the phase-out 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) \$32,840 for married taxpayers filing joint returns with three or more qualifying children; and

(8) \$27,000 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.

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

Sec. 19. Minnesota Statutes 2018, section 290.0677, subdivision 1a, is amended to read:

Subd. 1a. **Credit allowed; past military service.** (a) A qualified individual is allowed a credit against the tax imposed under this chapter for past military service. The credit equals \$750. The credit allowed under this subdivision is reduced by ten percent of adjusted gross income in excess of ~~\$30,000~~ \$50,000, but in no case is the credit less than zero.

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

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

Sec. 20. Minnesota Statutes 2018, section 290.0682, subdivision 1, is amended to read:

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

(b) "Adjusted gross income" means federal adjusted gross income as defined in section 62 of the Internal Revenue Code.

(c) "Earned income" has the meaning given in ~~section 32(c) of the Internal Revenue Code~~ section 290.0675, subdivision 1, paragraph (b).

(d) "Eligible individual" means a resident individual with one or more qualified education loans related to an undergraduate or graduate degree program at a postsecondary educational institution.

(e) "Eligible loan payments" means the amount the eligible individual paid during the taxable year in principal and interest on qualified education loans.

(f) "Postsecondary educational institution" means a public or nonprofit postsecondary institution eligible for state student aid under section 136A.103 or, if the institution is not located in this state, a public or nonprofit postsecondary institution participating in the federal Pell Grant program under title IV of the Higher Education Act of 1965, Public Law 89-329, as amended.

(g) "Qualified education loan" has the meaning given in section 221 of the Internal Revenue Code, but is limited to indebtedness incurred on behalf of the eligible individual.

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

Sec. 21. Minnesota Statutes 2018, section 290.0682, subdivision 2, is amended to read:

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

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

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

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

(3) the sum of:

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

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

(4) \$500.

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

(d) In the case of a married couple, each spouse is eligible for the credit in this section. For the purposes of paragraph (b), for married couples filing joint returns, each spouse's adjusted gross income equals the spouse's percentage share of the couple's earned income, multiplied by the couple's adjusted gross income.

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

Sec. 22. Minnesota Statutes 2018, section 290.0684, subdivision 2, is amended to read:

Subd. 2. **Credit allowed.** (a) An individual who is a resident of Minnesota is allowed a credit against the tax imposed by this chapter. The credit is not allowed to an individual who is eligible to be claimed as a dependent, as defined in sections 151 and 152 of the Internal Revenue Code. The credit may not exceed the liability for tax under this chapter.

(b) The amount of the credit allowed equals 50 percent of contributions for the taxable year. The maximum credit is \$500, subject to the phaseout in paragraphs (c) and (d). In no case is the credit less than zero.

(c) For individual filers, the maximum credit is reduced by two percent of adjusted gross income in excess of \$75,000.

(d) For married couples filing a joint return, the maximum credit is phased out as follows:

(1) for married couples with adjusted gross income in excess of \$75,000, but not more than ~~\$100,000~~ \$135,000, the maximum credit is reduced by one percent of adjusted gross income in excess of \$75,000 until the maximum credit amount equals \$250; and

~~(2) for married couples with adjusted gross income in excess of \$100,000, but not more than \$135,000, the maximum credit is \$250; and~~

~~(3)~~ (2) for married couples with adjusted gross income in excess of \$135,000, the maximum credit is \$250, reduced by one percent of adjusted gross income in excess of \$135,000.

(e) The income thresholds in paragraphs (c) and (d) used to calculate the maximum credit must be adjusted for inflation. The commissioner shall adjust the income thresholds by the percentage determined under the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "2016" is substituted for the word "1992." For 2018, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2016, to the 12 months ending on August 31, 2017, and in each subsequent year, from the 12 months ending on August 31, 2016, to the 12 months ending on August 31 of the year preceding the taxable year. The income thresholds as adjusted for inflation must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount. The determination of the commissioner under this subdivision is not subject to chapter 14, including section 14.386.

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

Sec. 23. Minnesota Statutes 2018, section 290.0685, subdivision 1, is amended to read:

Subdivision 1. **Credit allowed.** (a) An eligible individual is allowed a credit against the tax imposed by this chapter equal to \$2,000 for each ~~birth for which a certificate of birth resulting in stillbirth has been issued under section 144.2151~~ stillbirth. The credit under this section is allowed only in the taxable year in which the stillbirth occurred ~~and if the child would have been a dependent of the taxpayer as defined in section 152 of the Internal Revenue Code.~~

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

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

Sec. 24. Minnesota Statutes 2018, section 290.0685, is amended by adding a subdivision to read:

Subd. 1a. Definitions. (a) For purposes of this section, the following terms have the meanings given, unless the context clearly indicates otherwise.

(b) "Certificate of birth" means the printed certificate of birth resulting in stillbirth issued by the commissioner of health under section 144.2151 or for a birth occurring in another state or country a similar certificate issued under that state's or country's law.

(c) "Eligible individual" means an individual who is:

(1)(i) a resident; or

(ii) the nonresident spouse of a resident who is a member of armed forces of the United States or the United Nations; and

(2)(i) the individual listed first as a parent on the certificate of birth; or

(ii) the individual who gave birth resulting in stillbirth for a birth outside of this state for which no certificate of birth was issued.

(d) "Stillbirth" means a birth for which a fetal death report would be required under section 144.222, subdivision 1, if the birth occurred in this state.

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

Sec. 25. Minnesota Statutes 2018, section 290.0921, subdivision 3, is amended to read:

Subd. 3. **Alternative minimum taxable income.** "Alternative minimum taxable income" is Minnesota net income as defined in section 290.01, subdivision 19, and includes the adjustments and tax preference items in sections 56, 57, 58, and 59(d), (e), (f), and (h) of the Internal Revenue Code. If a corporation files a separate company Minnesota tax return, the minimum tax must be computed on a separate company basis. If a corporation is part of a tax group filing a unitary return, the minimum tax must be computed on a unitary basis. The following adjustments must be made.

(1) The portion of the depreciation deduction allowed for federal income tax purposes under section 168(k) of the Internal Revenue Code that is required as an addition under section 290.0133, subdivision 11, is disallowed in determining alternative minimum taxable income.

(2) The subtraction for depreciation allowed under section 290.0134, subdivision 13, is allowed as a depreciation deduction in determining alternative minimum taxable income.

(3) The alternative tax net operating loss deduction under sections 56(a)(4) and 56(d) of the Internal Revenue Code does not apply.

(4) The special rule for certain dividends under section 56(g)(4)(C)(ii) of the Internal Revenue Code does not apply.

(5) The tax preference for depletion under section 57(a)(1) of the Internal Revenue Code does not apply.

(6) The tax preference for tax exempt interest under section 57(a)(5) of the Internal Revenue Code does not apply.

(7) The tax preference for charitable contributions of appreciated property under section 57(a)(6) of the Internal Revenue Code does not apply.

(8) For purposes of calculating the adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code, the term "alternative minimum taxable income" as it is used in section 56(g) of the Internal Revenue Code, means alternative minimum taxable income as defined in this subdivision, determined without regard to the adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code.

(9) For purposes of determining the amount of adjusted current earnings under section 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under section 56(g)(4) of the Internal Revenue Code with respect to (i) the amount of foreign dividend gross-up subtracted as provided in section 290.0134, subdivision 2, or (ii) the amount of refunds of income, excise, or franchise taxes subtracted as provided in section 290.0134, subdivision 8.

(10) Alternative minimum taxable income excludes the income from operating in a job opportunity building zone as provided under section 469.317.

Items of tax preference must not be reduced below zero as a result of the modifications in this subdivision.

(11) The subtraction for disallowed section 280E expenses under section 290.0134, subdivision 17, is allowed as a deduction in determining alternative minimum taxable income.

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

Sec. 26. Minnesota Statutes 2018, section 290.17, subdivision 4, is amended to read:

Subd. 4. **Unitary business principle.** (a) If a trade or business conducted wholly within this state or partly within and partly without this state is part of a unitary business, the entire income of the unitary business is subject to apportionment pursuant to section 290.191. Notwithstanding subdivision 2, paragraph (c), none of the income of a unitary business is considered to be derived from any particular source and none may be allocated to a particular place except as provided by the applicable apportionment formula. The provisions of this subdivision do not apply to business income subject to subdivision 5, income of an insurance company, or income of an investment company determined under section 290.36.

(b) The term "unitary business" means business activities or operations which result in a flow of value between them. The term may be applied within a single legal entity or between multiple entities and without regard to whether each entity is a sole proprietorship, a corporation, a partnership or a trust.

(c) Unity is presumed whenever there is unity of ownership, operation, and use, evidenced by centralized management or executive force, centralized purchasing, advertising, accounting, or other controlled interaction, but the absence of these centralized activities will not necessarily evidence a nonunitary business. Unity is also presumed when business activities or operations are of mutual benefit, dependent upon or contributory to one another, either individually or as a group.

(d) Where a business operation conducted in Minnesota is owned by a business entity that carries on business activity outside the state different in kind from that conducted within this state, and the other business is conducted entirely outside the state, it is presumed that the two business operations are unitary in nature, interrelated, connected, and interdependent unless it can be shown to the contrary.

(e) Unity of ownership does not exist when two or more corporations are involved unless more than 50 percent of the voting stock of each corporation is directly or indirectly owned by a common owner or by common owners, either corporate or noncorporate, or by one or more of the member corporations of the group. For this purpose, the term "voting stock" shall include membership interests of mutual insurance holding companies formed under section 66A.40.

(f) The net income and apportionment factors under section 290.191 or 290.20 of foreign corporations and other foreign entities, but excluding a disqualified captive insurance company, which are part of a unitary business shall not be included in the net income or the apportionment factors of the unitary business; except that the income and apportionment factors of a foreign entity, other than an entity treated as a C corporation for federal income tax purposes, that are included in the federal taxable income, as defined in section 63 of the Internal Revenue Code as amended through the date named in section 290.01, subdivision 19, of a domestic corporation, domestic entity, or individual must be included in determining net income and the factors to be used in the apportionment of net income pursuant to section 290.191 or 290.20. A foreign corporation or other foreign entity which is not included on a combined report and which is required to file a return under this chapter shall file on a separate return basis.

(g) For purposes of determining the net income of a unitary business and the factors to be used in the apportionment of net income pursuant to section 290.191 or 290.20, there must be included only the income and apportionment factors of domestic corporations or other domestic entities that are determined to be part of the unitary business pursuant to this subdivision, notwithstanding that foreign corporations or other foreign entities might be included in the unitary business; except that the income and apportionment factors of a foreign entity, other than an entity treated as a C corporation for federal income tax purposes, that is included in the federal taxable income, as defined in section 63 of the Internal Revenue Code as amended through the date named in section 290.01, subdivision 19, of a domestic corporation, domestic entity, or individual must be included in determining net income and the factors to be used in the apportionment of net income pursuant to section 290.191 or 290.20.

(h) Each corporation or other entity, except a sole proprietorship, that is part of a unitary business must file combined reports as the commissioner determines. On the reports, all intercompany transactions between entities included pursuant to paragraph (g) must be eliminated and the entire net income of the unitary business determined in accordance with this subdivision is apportioned among the entities by using each entity's Minnesota factors for apportionment purposes in the numerators of the apportionment formula and the total factors for apportionment purposes of all entities included pursuant to paragraph (g) in the denominators of the apportionment formula. Except as otherwise provided by paragraph (f), all sales of the unitary business made within this state pursuant to section 290.191 or 290.20 must be included on the combined report of a corporation or other entity that is a member of the unitary business and is subject to the jurisdiction of this state to impose tax under this chapter.

(i) If a corporation has been divested from a unitary business and is included in a combined report for a fractional part of the common accounting period of the combined report:

(1) its income includable in the combined report is its income incurred for that part of the year determined by proration or separate accounting; and

(2) its sales, property, and payroll included in the apportionment formula must be prorated or accounted for separately.

(j) For purposes of this subdivision, "insurance company" means an insurance company, as defined in section 290.01, subdivision 5b, that is:

~~(1) licensed to engage in the business of insurance in Minnesota pursuant to chapter 60A; or~~

~~(2) domiciled and licensed to engage in the business of insurance in another state or country that imposes retaliatory taxes, fines, deposits, penalties, licenses, or fees and that does not grant, on a reciprocal basis, exemption from such retaliatory taxes to insurance companies or their agents domiciled in Minnesota.~~

~~(k) For purposes of this subdivision, "retaliatory taxes" means taxes imposed on insurance companies organized in another state or country that result from the fact that an insurance company organized in the taxing jurisdiction and doing business in the other jurisdiction is subject to taxes, fines, deposits, penalties, licenses, or fees in an amount exceeding that imposed by the taxing jurisdiction upon an insurance company organized in the other state or country and doing business to the same extent in the taxing jurisdiction not a disqualified captive insurance company.~~

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2016.

Sec. 27. Minnesota Statutes 2018, section 290.191, subdivision 5, is amended to read:

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

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

(1) interest;

(2) dividends;

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

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

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

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

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

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

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

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

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

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

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

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

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

(h) Royalties and other income received for the use of or for the privilege of using intangible property, including patents, know-how, formulas, designs, processes, patterns, copyrights, trade names, service names, franchises, licenses, contracts, customer lists, or similar items, must be attributed to the state in which the property is used by the purchaser. If the property is used in more than one state, the royalties or other income must be apportioned to this state pro rata according to the portion of use in this state. If the portion of use in this state cannot be determined,

the royalties or other income must be excluded from both the numerator and the denominator. Intangible property is used in this state if the purchaser uses the intangible property or the rights therein in the regular course of its business operations in this state, regardless of the location of the purchaser's customers.

(i) Sales of intangible property are made within the state in which the property is used by the purchaser. If the property is used in more than one state, the sales must be apportioned to this state pro rata according to the portion of use in this state. If the portion of use in this state cannot be determined, the sale must be excluded from both the numerator and the denominator of the sales factor. Intangible property is used in this state if the purchaser used the intangible property in the regular course of its business operations in this state.

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

(k) For the purposes of this subdivision and subdivision 6, paragraph (1), receipts from management, distribution, or administrative services performed by a person or corporation ~~or trust~~ for a fund of a person or corporation ~~or trust~~ regulated under United States Code, title 15, ~~sections 80a-1 through 80a-64~~ chapter 2D, subchapter I, must be attributed to the state where the shareholder of the fund resides. Under this paragraph, receipts for services attributed to shareholders are determined on the basis of the ratio of: (1) the average of the outstanding shares in the fund owned by shareholders residing within Minnesota at the beginning and end of each year; and (2) the average of the total number of outstanding shares in the fund at the beginning and end of each year. Residence of the shareholder, in the case of an individual, is determined by the mailing address furnished by the shareholder to the fund. Residence of the shareholder, when the shares are held by an insurance company as a depositor for the insurance company policyholders, is the mailing address of the policyholders. In the case of an insurance company holding the shares as a depositor for the insurance company policyholders, if the mailing address of the policyholders cannot be determined by the taxpayer, the receipts must be excluded from both the numerator and denominator. Residence of other shareholders is the mailing address of the shareholder.

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

Sec. 28. Minnesota Statutes 2018, section 290.21, subdivision 4, is amended to read:

Subd. 4. **Dividends received from another corporation.** (a)(1) Eighty 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 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 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 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 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, 2018.

Sec. 29. Minnesota Statutes 2018, section 291.016, subdivision 3, is amended to read:

Subd. 3. **Subtraction.** (a) ~~For estates of decedents dying after December 31, 2016,~~ A subtraction is allowed in computing the Minnesota taxable estate, equal to the sum of:

(1) the exclusion amount for the year of death under paragraph (b); and

(2) the lesser of:

(i) the value of qualified small business property under section 291.03, subdivision 9, and the value of qualified farm property under section 291.03, subdivision 10; or

(ii) \$5,000,000 minus the exclusion amount for the year of death under paragraph (b).

(b) The following exclusion amounts apply for the year of death:

~~(1) \$2,100,000 for decedents dying in 2017;~~

~~(2) (1) \$2,400,000 for estates of decedents dying in 2018; and~~

~~(3) \$2,700,000 for decedents dying in 2019; and~~

~~(4) \$3,000,000 for decedents dying in 2020 (2) \$2,700,000 for estates of decedents dying in 2019 and thereafter.~~

(c) The subtraction under this subdivision must not reduce the Minnesota taxable estate to less than zero.

EFFECTIVE DATE. This section is effective retroactively for estates of decedents dying in 2019 and thereafter.

Sec. 30. **APPLICATION OF SMALL BUSINESS INVESTMENT TAX CREDIT FOR TAXABLE YEAR 2019.**

Applications for (1) certification as a qualified small business, qualified investor, or qualified fund under Minnesota Statutes, section 116J.8737, subdivisions 2, 3, and 4, and (2) the credit under Minnesota Statutes, section 116J.8737, subdivision 5, for taxable year 2019 must be made available on the Department of Employment and Economic Development's website by September 1, 2019. The provisions of Minnesota Statutes, section 116J.8737, generally apply to the taxable year 2019 extension of the credit in sections 1 to 7.

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

Sec. 31. **STATE HISTORIC STRUCTURE REHABILITATION TAX CREDIT; SPECIAL PROVISION FOR MINNESOTA MUSEUM OF AMERICAN ART.**

Notwithstanding Minnesota Statutes, section 290.0681, or any law or rule to the contrary, the rehabilitation of the Minnesota Museum of American Art Center for Creativity facilities, as described in Laws 2017, First Special Session chapter 8, article 1, section 20, subdivision 21, qualifies for the credit under Minnesota Statutes, section 290.0681, if the project is consistent with the historic character of the certified structure as determined under section 47 of the Internal Revenue Code. The State Historic Preservation Office of the Department of Administration must issue the credit certificate for the project to the Minnesota Museum of American Art or its assignee.

Sec. 32. **TAX EXPENDITURE STATEMENT OF INTENT.**

(a) In accordance with the requirements in Minnesota Statutes, section 3.192, the purpose and goals for the tax expenditures in this article and article 1 are listed in this section.

(b) The purpose and goal of the tax expenditures in article 1, section 51, and article 2, sections 13, 14, and 25, is to provide equitable state tax treatment between medical cannabis manufacturers that are not allowed to deduct their business expenses under the Internal Revenue Code and manufacturers of other goods who may deduct these expenses.

(c) The purpose of the tax expenditure under article 2, sections 1 to 7 and 30, is to encourage investment in innovative small businesses in Minnesota. The goal is to increase the number of these businesses in the state, the number of people employed by these businesses in the state, the productivity of these businesses, or the sales of these businesses.

ARTICLE 3
SALES AND USE TAXES

Section 1. Minnesota Statutes 2018, section 38.27, is amended by adding a subdivision 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 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 July 1, 2019.

Sec. 2. Minnesota Statutes 2018, section 289A.11, is amended by adding a subdivision to read:

Subd. 4. **Marketplace provider information report.** (a) A marketplace provider required to collect and remit sales and use taxes under section 297A.66 shall file an information report for each calendar quarter containing the information regarding the sales it facilitates for each retailer as required by this section. The report is due on the 30th day following the last day of the most recently completed calendar quarter. The commissioner shall prescribe the content, format, and manner of the information report pursuant to section 270C.03. The report must include each retailer's:

(1) name, address, and federal employer identification number (FEIN);

(2) total gross receipts for the period;

(3) total taxable sales for the period;

(4) total state sales tax collected and remitted for the period; and

(5) itemized total of each local sales tax collected and remitted for the period.

(b) No payment of tax is required to be remitted with the quarterly information report. A marketplace provider that fails to file this information report is subject to the penalty imposed under section 289A.60, subdivision 29.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2019.

Sec. 3. Minnesota Statutes 2018, section 289A.60, subdivision 29, is amended to read:

Subd. 29. **Penalty for failure to file report liquor sales.** In the case of a failure to file an informational report required by section 289A.11, subdivision 4, or 297A.8155, with the commissioner on or before the ~~date~~ dates prescribed, the person failing to file the report shall pay a penalty of \$500 for each failure. If a failure to file a report is intentional, the penalty shall be \$1,000 for each failure.

EFFECTIVE DATE. This section is effective for reports first due for sales and purchases made after June 30, 2019.

Sec. 4. Minnesota Statutes 2018, section 297A.66, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) To the extent allowed by the United States Constitution and the laws of the United States, the terms "retailer maintaining a place of business in this state," and "marketplace provider maintaining a place of business in this state," or a similar ~~term,~~ means terms mean a retailer or marketplace provider:

(1) having or maintaining within this state, directly or by a subsidiary or an affiliate, an office, place of distribution, sales, storage, or sample room or place, warehouse, or other place of business, including the employment of a resident of this state who works from a home office in this state; or

(2) having a representative, including, but not limited to, an affiliate, agent, salesperson, canvasser, ~~marketplace provider,~~ solicitor, or other third party operating in this state under the authority of the retailer or marketplace provider, or its subsidiary, for any purpose, including the repairing, selling, delivering, installing, facilitating sales, processing sales, or soliciting of orders for the retailer's or a retailer's goods or services, or the leasing of tangible personal property located in this state, whether the place of business or agent, representative, affiliate, salesperson, canvasser, or solicitor is located in the state permanently or temporarily, or whether or not the retailer or marketplace provider, subsidiary, or affiliate is authorized to do business in this state. ~~A retailer is represented by a marketplace provider in this state if the retailer makes sales in this state facilitated by a marketplace provider that maintains a place of business in this state.~~

~~(b) "Destination of a sale" means the location to which the retailer makes delivery of the property sold, or causes the property to be delivered, to the purchaser of the property, or to the agent or designee of the purchaser. The delivery may be made by any means, including the United States Postal Service or a for hire carrier.~~

~~(c)~~ (b) To the extent allowed by the United States Constitution and the laws of the United States, the terms "retailer not maintaining a place of business in this state," and "marketplace provider not maintaining a place of business in this state," or similar terms mean a retailer or marketplace provider making or facilitating retail sales from outside this state to a destination within this state and not maintaining a place of business in this state as provided in paragraph (a) that engages in the regular or systematic soliciting of sales from potential customers in this state by:

(1) distribution, by mail or otherwise, of catalogs, periodicals, advertising flyers, or other written solicitations of business to customers in this state;

(2) advertisements on billboards or other outdoor advertising in this state;

(3) advertisements in newspapers published in this state;

(4) advertisements in trade journals or other periodicals the circulation of which is primarily within this state;

(5) advertisements in a Minnesota edition of a national or regional publication or a limited regional edition in which this state is included as part of a broader regional or national publication that are not placed in other geographically defined editions of the same issue of the same publication;

(6) advertisements in regional or national publications in an edition that is not by its contents geographically targeted to Minnesota but is sold over the counter in Minnesota or by subscription to Minnesota residents;

(7) advertisements broadcast on a radio or television station located in Minnesota; or

(8) any other solicitation by telephone, computer database, cable, optic, microwave, or any other communication system, including but not limited to a website accessible from within Minnesota.

The location of independent vendors that provide products or services to a retailer or marketplace provider in connection with a retailer or marketplace provider's solicitation of customers within this state, including such products and services as creation of copy, printing, distribution, and recording is not considered in determining whether the retailer or marketplace provider is required to collect tax. Paragraph (b) must be construed without regard to the state from which distribution of the materials originated or in which they were prepared.

(c) "Regular or systematic soliciting of sales from potential customers in this state" means the retailer not maintaining a place of business in this state or marketplace provider not maintaining a place of business in this state is engaged in any of the solicitations listed in paragraph (b), and:

(1) makes or facilitates 200 or more retail sales from outside this state to destinations in this state during the prior 12-month period; or

(2) makes or facilitates retail sales totaling more than \$100,000 from outside this state to destinations in this state during the prior 12-month period.

(d) "Marketplace provider" means any person who facilitates a retail sale by a retailer by:

(1) listing or advertising for sale by the retailer in any forum, tangible personal property, services, or digital goods that are subject to tax under this chapter; and

(2) either directly or indirectly through agreements or arrangements with third parties collecting payment from the customer and transmitting that payment to the retailer regardless of whether the marketplace provider receives compensation or other consideration in exchange for its services.

~~(d) "Total taxable retail sales" means the gross receipts from the sale of all tangible goods, services, and digital goods subject to sales and use tax under this chapter.~~

(e) "Destination of a sale" means the location to which the retailer makes delivery of the property sold, or causes the property to be delivered, to the purchaser of the property, or to the agent or designee of the purchaser. The delivery may be made by any means, including the United States Postal Service or a for-hire carrier.

EFFECTIVE DATE. This section is effective for sales and purchases made after September 30, 2019.

Sec. 5. Minnesota Statutes 2018, section 297A.66, subdivision 2, is amended to read:

Subd. 2. **Retailer maintaining place of business in this state Collection and remittance requirements for retailers and marketplace providers.** (a) Except as provided in paragraph ~~(b)~~ (d), a retailer maintaining a place of business in this state and a retailer not maintaining a place of business in this state who makes retail sales in

Minnesota or to a destination in Minnesota shall collect sales and use taxes and remit them to the commissioner under section 297A.77 for all retail sales other than those facilitated by a marketplace provider maintaining a place of business in this state or a marketplace provider not maintaining a place of business in this state that is required to collect and remit sales and use taxes under paragraph (b).

~~(b) A retailer with total taxable retail sales to customers in this state of less than \$10,000 in the 12-month period ending on the last day of the most recently completed calendar quarter is not required to collect and remit sales tax if it is determined to be a retailer maintaining a place of business in the state solely because it made sales through one or more marketplace providers. The provisions of this paragraph do not apply to a retailer that is or was registered to collect sales and use tax in this state. Except as provided in paragraph (d), a marketplace provider maintaining a place of business in this state and a marketplace provider not maintaining a place of business in this state who facilitates retail sales in Minnesota or to a destination in Minnesota shall collect sales and use taxes and remit them to the commissioner under section 297A.77 unless:~~

(1) the retailer provides a copy of the retailer's registration to collect sales and use taxes in this state to the marketplace provider; and

(2) the marketplace provider and retailer agree that the retailer will collect and remit the sales and use taxes on marketplace sales facilitated by the marketplace provider.

(c) Nothing in paragraph (b) shall be construed to interfere with the ability of a marketplace provider and a retailer to enter into an agreement regarding fulfillment of the requirements of this chapter.

(d) A retailer not maintaining a place of business in this state and a marketplace provider not maintaining a place of business in this state shall:

(1) begin collecting and remitting sales and use taxes to the commissioner on the first day of a calendar month occurring no later than 60 days after the retailer or marketplace provider engages in regular or systematic soliciting of sales from potential customers in this state; and

(2) continue to collect and remit sales and use taxes to the commissioner until at least the last day of the 12th calendar month following the calendar month in which the retailer or marketplace provider began collecting and remitting sales and use taxes under clause (1).

(e) A retailer not maintaining a place of business in this state and a marketplace provider not maintaining a place of business in this state may cease collecting and remitting sales and use taxes to the commissioner after the period in paragraph (d), clause (2), if the retailer or marketplace provider no longer engages in regular or systematic soliciting of sales from potential customers in this state.

(f) A retailer or marketplace provider may cease collecting and remitting sales and use taxes under paragraph (e) only after notifying the commissioner that the retailer or marketplace provider is no longer engaged in the regular or systematic soliciting of sales from potential customers in this state. The commissioner shall prescribe the content, format, and manner of the notification pursuant to section 270C.30. If a retailer or marketplace provider subsequently engages in regular or systematic soliciting of sales from potential customers in this state, the retailer shall again comply with the requirements of paragraph (d).

EFFECTIVE DATE. This section is effective for sales and purchases made after September 30, 2019.

Sec. 6. Minnesota Statutes 2018, section 297A.66, subdivision 3, is amended to read:

Subd. 3. ~~Retailer not maintaining place of business in this state~~ **Marketplace provider liability.** ~~(a) To the extent allowed by the United States Constitution and in accordance with the terms and conditions of federal remote seller law, a retailer making retail sales from outside this state to a destination within this state and not maintaining a place of business in this state shall collect sales and use taxes and remit them to the commissioner under section 297A.77.~~

~~(b) To the extent allowed by the United States Constitution and the laws of the United States, a retailer making retail sales from outside this state to a destination within this state and not maintaining a place of business in this state shall collect sales and use taxes and remit them to the commissioner under section 297A.77, if the retailer engages in the regular or systematic soliciting of sales from potential customers in this state by:~~

~~(1) distribution, by mail or otherwise, of catalogs, periodicals, advertising flyers, or other written solicitations of business to customers in this state;~~

~~(2) display of advertisements on billboards or other outdoor advertising in this state;~~

~~(3) advertisements in newspapers published in this state;~~

~~(4) advertisements in trade journals or other periodicals the circulation of which is primarily within this state;~~

~~(5) advertisements in a Minnesota edition of a national or regional publication or a limited regional edition in which this state is included as part of a broader regional or national publication which are not placed in other geographically defined editions of the same issue of the same publication;~~

~~(6) advertisements in regional or national publications in an edition which is not by its contents geographically targeted to Minnesota but which is sold over the counter in Minnesota or by subscription to Minnesota residents;~~

~~(7) advertisements broadcast on a radio or television station located in Minnesota; or~~

~~(8) any other solicitation by telegraphy, telephone, computer database, cable, optic, microwave, or other communication system.~~

~~This paragraph must be construed without regard to the state from which distribution of the materials originated or in which they were prepared.~~

~~(c) The location within or without this state of independent vendors that provide products or services to the retailer in connection with its solicitation of customers within this state, including such products and services as creation of copy, printing, distribution, and recording, is not considered in determining whether the retailer is required to collect tax.~~

~~(d) A retailer not maintaining a place of business in this state is presumed, subject to rebuttal, to be engaged in regular solicitation within this state if it engages in any of the activities in paragraph (b) and:~~

~~(1) makes 100 or more retail sales from outside this state to destinations in this state during a period of 12 consecutive months; or~~

~~(2) makes ten or more retail sales totaling more than \$100,000 from outside this state to destinations in this state during a period of 12 consecutive months.~~

(a) A marketplace provider is subject to audit on the retail sales it facilitates if it is required to collect sales and use taxes and remit them to the commissioner under subdivision 2, paragraphs (b) and (c).

(b) A marketplace provider is not liable for failing to file, collect, and remit sales and use taxes to the commissioner if the marketplace provider demonstrates that the error was due to incorrect or insufficient information given to the marketplace provider by the retailer. This paragraph does not apply if the marketplace provider and the marketplace retailer are related as defined in subdivision 4, paragraph (b).

EFFECTIVE DATE. This section is effective for sales and purchases made after September 30, 2019.

Sec. 7. Minnesota Statutes 2018, section 297A.67, subdivision 28, is amended to read:

Subd. 28. **Ambulance accessories, supplies, parts, and equipment.** The following sales to or use by an ambulance service licensed under section 144E.10 or a medical response unit or specialized medical response unit registered under section 144E.275 are exempt:

- (1) supplies and equipment used to provide medical care; and
- (2) repair and replacement parts for ambulances and vehicles equipped and specifically intended for emergency response; and
- (3) all accessories, equipment, and supplies used directly in equipping and supplying or resupplying an ambulance or first responder vehicle.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2019.

Sec. 8. Minnesota Statutes 2018, section 297A.67, is amended by adding a subdivision to read:

Subd. 37. **Certain herbicides.** (a) Purchases of herbicides authorized for use pursuant to an invasive aquatic plant management permit as defined under section 103G.615 are exempt if purchased by:

- (1) a lakeshore property owner;
- (2) an association of lakeshore property owners organized under chapter 317A; or
- (3) a contractor hired by a lakeshore owner or association to provide invasive aquatic plant management under the permit.

(b) For purposes of this subdivision, "herbicides" means a substance or mixture of substances intended for use as a plant regulator, defoliant, or desiccant that are:

- (1) labeled for use in water;
- (2) registered for use in this state by the Department of Agriculture under section 18B.26; and
- (3) listed as one of the herbicides proposed for use on the invasive aquatic plant management permit.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2019.

Sec. 9. Minnesota Statutes 2018, section 297A.68, subdivision 29, is amended to read:

Subd. 29. **Prizes.** (a) Tangible personal property that will be given as prizes to players in games of skill or chance is exempt if:

(1) the games are conducted at events such as community festivals, fairs, and carnivals and if the events last less than six days; or

(2) the property is awarded as prizes in connection with lawful gambling as defined in section 349.12.

(b) This exemption does not apply to property awarded as prizes in connection with lawful gambling as defined in section 349.12 or the State Lottery.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2019.

Sec. 10. Minnesota Statutes 2018, section 297A.68, is amended by adding a subdivision to read:

Subd. 30a. **Films.** (a) Tangible personal property primarily used or consumed in the preproduction, production, or postproduction of a film is exempt. Any such film, regardless of the medium in which it is transferred, is exempt. "Preproduction" and "production" include but are not limited to all activities related to the preparation for shooting and the shooting of the film, including film processing. For purposes of this subdivision, "film" has the meaning given in section 116U.26 except that it excludes television commercials. Equipment rented for preproduction and production activities is exempt. "Postproduction" includes but is not limited to all activities related to the finishing and duplication of a film. This exemption does not apply to tangible personal property used primarily in administration, general management, or marketing. Machinery and equipment purchased for use in producing such films and fuel, electricity, gas, or steam used for space heating or lighting are not exempt under this subdivision.

(b) The exemption under this subdivision is effective for sales and purchases made after June 30, 2019, and before June 30, 2021.

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

Sec. 11. Minnesota Statutes 2018, section 297A.68, subdivision 42, is amended to read:

Subd. 42. **Qualified data centers.** (a) Purchases of enterprise information technology equipment and computer software are exempt from tax as follows:

(1) purchases of enterprise information technology equipment and computer software, and replacements or upgrades to the equipment, for use in a qualified data center; or a qualified refurbished data center, are exempt;

(2) purchases of prewritten computer software, and replacements or upgrades to the software, for use by or in a qualified data center or a qualified refurbished data center are exempt as follows:

(i) for purchases prior to July 1, 2019, software that is loaded at the data center and either operates, maintains, or monitors the enterprise information technology equipment exempt under clause (1), or manages, manipulates, analyzes, collects, stores, processes, distributes, or allows access to large amounts of data, or any other similar functions related to the data, at the qualified data center or qualified refurbished data center, is exempt. This exemption does not apply to software that is distributed to users outside of the facility;

(ii) for purchases after June 30, 2019, all software that is loaded at the data center is exempt, including software that is distributed to users outside of the facility, but the refund provided in clause (3) is limited to 50 percent of the tax paid on the software; and

(iii) purchases of software exempt under this clause include licenses to use the software and maintenance agreements for the software, except that computer software maintenance agreements are exempt for purchases made after June 30, 2013; and

(3) the tax on purchases exempt under this paragraph must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied, and then refunded after June 30, 2013, in the manner provided under clause (2), item (ii), and in section 297A.75. ~~This exemption includes enterprise information technology equipment and computer software purchased to replace or upgrade enterprise information technology equipment and computer software in a qualified data center, or a qualified refurbished data center.~~

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

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

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

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

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

(ii) building improvements; and

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

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

(ii) sophisticated fire suppression and prevention systems; and

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

In determining whether the facility has the required square footage, the square footage of the following spaces shall be included if the spaces support the operation of enterprise information technology equipment: office space, meeting space, and mechanical and other support facilities. For purposes of meeting investment and square footage

criteria in this subdivision paragraph, "computer software" includes, but is not limited to, software utilized or loaded at a qualified data center or qualified refurbished data center, including maintenance, licensing, means both software that is exempt under paragraph (a), clause (2), and software customization.

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

(e) For purposes of this subdivision, "enterprise information technology equipment" means computers and equipment supporting computing, networking, or data storage, including servers and routers. It includes, but is not limited to: cooling systems, cooling towers, and other temperature control infrastructure; power infrastructure for transformation, distribution, or management of electricity used for the maintenance and operation of a qualified data center or qualified refurbished data center, including but not limited to exterior dedicated business-owned substations, backup power generation systems, battery systems, and related infrastructure; and racking systems, cabling, and trays, which are necessary for the maintenance and operation of the qualified data center or qualified refurbished data center.

(f) A qualified data center or qualified refurbished data center may claim the following:

(1) the exemptions in this subdivision provided under paragraphs (a), clause (1), and (b), for purchases made either within 20 years of the date of its first purchase qualifying for the exemption exemptions under paragraph (a), or by June 30, 2042, whichever is earlier;

(2) where the first purchase qualifying for the exemptions under paragraph (a) was made between July 1, 2012, and June 30, 2014, the exemption provided under paragraph (a), clause (2), item (i), for those purchases of software made within a period starting on the date of the first purchase qualifying for the exemption under paragraph (a) and ending with the last purchase made prior to July 1, 2019;

(3) where the first purchase qualifying for the exemptions under paragraph (a) was made after June 30, 2019, the exemption provided under paragraph (a), clause (2), item (ii), for purchases of software made within five years of the date of its first purchase qualifying for the exemption under paragraph (a), or by June 30, 2042, whichever is earlier;

(4) where the first purchase qualifying for the exemptions under paragraph (a) was made between July 1, 2014, and June 30, 2019, the exemption provided under paragraph (a), clause (2), item (i), for purchases of software made prior to July 1, 2019, and the exemption provided under paragraph (a), clause (2), item (ii), for purchases of software made after June 30, 2019, for purchases made within five years of the first purchase qualifying for the exemptions under paragraph (a); and

(5) notwithstanding clauses (2) to (4), and paragraph (a), clause (2), a qualified data center or qualified refurbished data center may claim the exemption for purchases of software under paragraph (a), clause (2), during only one exemption period, as described in either clause (2), (3), or (4), per data center location. If the commissioner of employment and economic development subsequently certifies the data center as newly meeting the requirements under paragraph (c) or (d) at the same data center location, a data center that previously qualified for the exemption on purchases of software under paragraph (a), clause (2), as either a qualified data center or a qualified refurbished data center for the relevant period described in clause (2), (3), or (4), is not eligible for the exemption on purchases of software under the subsequent certification.

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

(h) This subdivision is effective for sales and purchases made before July 1, 2042, as limited by paragraph (f).

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

(1) the total square footage amount;

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

(3) the beginning and ending of the applicable period under either paragraph (c) or (d) in which the qualifying expenditures and purchases under clause (2) were made, but in no case shall the period begin before July 1, 2012;

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

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

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2019; except that paragraph (a), clause (2), item (i), and those portions of paragraph (f) relating to the exemption provided under paragraph (a), clause (2), item (i), are effective retroactively to the first purchase qualifying for the exemptions under paragraph (a) made after June 30, 2012, for sales and purchases of software made prior to July 1, 2019.

Sec. 12. Minnesota Statutes 2018, section 297A.70, is amended by adding a subdivision to read:

Subd. 3a. Certain purchases from state fire safety account. Purchases made by the commissioner of public safety under section 299F.012, subdivision 1, with revenues from the fire safety account established in section 297L.06, subdivision 3, are exempt if the items purchased ultimately will be provided to an organized fire department, fire protection district, fire-related regional response team, or fire company regularly charged with the responsibility of providing fire protection services to the state, a substate region, or a political subdivision.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2019.

Sec. 13. Minnesota Statutes 2018, section 297A.70, is amended by adding a subdivision to read:

Subd. 3b. Purchases by volunteer fire departments. Sales to and purchases by a volunteer fire department are exempt if: (1) the good or service would be exempt when purchased by a local government under subdivision 2; and (2) the volunteer fire department is an independent nonprofit association that is exempt from federal income tax under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2019.

Sec. 14. Minnesota Statutes 2018, section 297A.70, subdivision 10, is amended to read:

Subd. 10. **Nonprofit tickets or admissions.** (a) Tickets or admissions to an event are exempt if all the gross receipts are recorded as such, in accordance with generally accepted accounting principles, on the books of one or more organizations whose primary mission is to provide an opportunity for citizens of the state to participate in the creation, performance, or appreciation of the arts, and provided that each organization is:

(1) an organization described in section 501(c)(3) of the Internal Revenue Code in which voluntary contributions make up at least five percent of the organization's annual revenue in its most recently completed 12-month fiscal year, or in the current year if the organization has not completed a 12-month fiscal year;

(2) a municipal board that promotes cultural and arts activities; or

(3) the University of Minnesota, a state college and university, or a private nonprofit college or university provided that the event is held at a facility owned by the educational institution holding the event.

The exemption only applies if the entire proceeds, after reasonable expenses, are used solely to provide opportunities for citizens of the state to participate in the creation, performance, or appreciation of the arts.

(b) Tickets or admissions to the premises of the Minnesota Zoological Garden are exempt, provided that the exemption under this paragraph does not apply to tickets or admissions to performances or events held on the premises unless the performance or event is sponsored and conducted exclusively by the Minnesota Zoological Board or employees of the Minnesota Zoological Garden.

(c) Tickets or admissions to a performance or event on the premises of a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code are exempt if:

(1) the nonprofit organization was established to preserve Minnesota's rural agricultural heritage and focuses on educating the public about rural history and how farms in Minnesota helped to provide food for the nation and the world;

(2) the premises of the nonprofit organization is at least 115 acres;

(3) the performance or event is sponsored and conducted exclusively by volunteers, employees of the nonprofit organization, or members of the board of directors of the nonprofit organization; and

(4) the performance or event is consistent with the nonprofit organization's purposes under section 501(c)(3) of the Internal Revenue Code.

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

Sec. 15. Minnesota Statutes 2018, section 297A.70, subdivision 20, is amended to read:

Subd. 20. **Ice arenas and rinks.** Sales to organizations that exist primarily for the purpose of owning or operating ice arenas or rinks that are (1) part of either the Duluth Heritage Sports Center or the David M. Thaler Sports Center; and (2) are used for youth and high school programs, are exempt if the organization is a private, nonprofit corporation exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2019.

Sec. 16. Minnesota Statutes 2018, section 297A.70, is amended by adding a subdivision to read:

Subd. 21. **County agricultural society sales at county fairs.** Sales by a county agricultural society during a regularly scheduled county fair are exempt. For purposes of this subdivision, sales include admissions to and parking at the county fairgrounds, admissions to separately ticketed events run by the county agricultural society, and concessions and other sales made by employees or volunteers of the county agricultural society on the county fairgrounds. This exemption does not apply to sales or 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 for sales and purchases made after June 30, 2019.

Sec. 17. Minnesota Statutes 2018, section 297A.70, is amended by adding a subdivision to read:

Subd. 22. **Nonprofit conservation clubs.** Sales to nonprofit conservation clubs are exempt. For purposes of this subdivision, a "nonprofit conservation club" means an organization exempt under section 501(c)(3) of the Internal Revenue Code that provides instruction, training, and facilities for shooting handguns or rifles.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2019.

Sec. 18. Minnesota Statutes 2018, section 297A.70, is amended by adding a subdivision to read:

Subd. 23. **Nonprofit arena board.** Sales to an organization that exists primarily for the purpose of owning or operating facilities that are part of the Lake of the Woods International Arena are exempt if the organization is a private, nonprofit corporation exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2019.

Sec. 19. Minnesota Statutes 2018, section 297A.70, is amended by adding a subdivision to read:

Subd. 24. **Prepared food used by certain nonprofits.** Sales of prepared food to a nonprofit organization that, as part of its charitable mission, is sponsoring and managing the provision of meals and other food through the federal Child and Adult Care Food Program or the federal Summer Food Service Program to unaffiliated centers and sites are exempt from sales tax. Only prepared food purchased from a caterer or other business under a contract with the nonprofit and used directly in the Child and Adult Care Food Program or the federal Summer Food Service Program qualifies for this exemption. Prepared food purchased by the nonprofit for other purposes remains taxable.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2019.

Sec. 20. Minnesota Statutes 2018, section 297A.71, subdivision 50, is amended to read:

Subd. 50. **Properties destroyed by fire.** (a) Building materials and supplies used in, and equipment incorporated into, the construction or replacement of real property that is located in Melrose affected by the fire on September 8, 2016, are exempt.

(b) For sales and purchases made for the periods of (1) after September 30, 2016, and before July 1, 2017, and (2) after December 31, 2018, and before July 1, 2019, 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.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after December 31, 2018.

Sec. 21. Minnesota Statutes 2018, section 297A.71, is amended by adding a subdivision to read:

Subd. 51. **Lake of the Woods International Arena construction.** (a) Materials and supplies used or consumed in, and equipment incorporated into, the construction or improvement of the Lake of the Woods International Arena are exempt.

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

(c) The exemption under this subdivision is effective for purchases made after March 30, 2018, and before April 1, 2020.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies retroactively from March 30, 2018.

Sec. 22. Minnesota Statutes 2018, section 297A.71, is amended by adding a subdivision to read:

Subd. 52. **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.

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

(c) For purposes of this subdivision, "capital equipment" includes durable equipment used in a restaurant for food storage, preparation, and serving.

(d) The exemption under this subdivision applies to sales and purchases made after March 11, 2018, and before January 1, 2022.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies retroactively from March 11, 2018.

Sec. 23. Minnesota Statutes 2018, section 297A.71, is amended by adding a subdivision to read:

Subd. 53. **Former Duluth Central High School.** (a) Materials and supplies used in and equipment incorporated into a private redevelopment project on the site of the former Duluth Central High School are exempt, provided the resulting development is subject to property taxes.

(b) The tax must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied and then refunded in the manner provided in section 297A.75. The commissioner must not pay more than \$1,000,000 in refunds for purchases exempt under this subdivision. Refunds must be processed and issued in the order that complete and accurate applications are received by the commissioner.

(c) The exemption under this subdivision applies for sales and purchases made after June 30, 2019, and before January 1, 2021.

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

Sec. 24. Minnesota Statutes 2018, section 297A.71, is amended by adding a subdivision to read:

Subd. 54. Construction; certain local government facilities. (a) Materials and supplies used in and equipment incorporated into the construction, reconstruction, upgrade, expansion, or remodeling of the following local government owned facilities are exempt:

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

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

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

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

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

(6) an interpretive center, including access roads, lighting, sidewalks, and utility components, on or adjacent to the property on which the interpretive center is located that are necessary for safe access to and use of the buildings, owned and operated by the city of St. Louis Park if materials, supplies, and equipment are purchased after April 1, 2019, and before January 1, 2021; and

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

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

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

EFFECTIVE DATE. This section is effective the day following final enactment and applies retroactively to sales and purchases made during the time periods listed for each project in paragraph (a).

Sec. 25. Minnesota Statutes 2018, section 297A.71, is amended by adding a subdivision to read:

Subd. 55. Nonprofit snowmobile clubs. Building materials and supplies used by a nonprofit snowmobile club to construct, reconstruct, or maintain or improve state or grant-in-aid snowmobile trails are exempt. A nonprofit snowmobile club is eligible for the exemption under this subdivision if it received, in the current year or in the previous three-year period, a state grant-in-aid grant administered by the Department of Natural Resources by applying for the grant with a local unit of government sponsor.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2019.

Sec. 26. Minnesota Statutes 2018, section 297A.75, subdivision 1, is amended to read:

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

- (1) building materials for an agricultural processing facility exempt under section 297A.71, subdivision 13;
- (2) building materials for mineral production facilities exempt under section 297A.71, subdivision 14;
- (3) building materials for correctional facilities under section 297A.71, subdivision 3;
- (4) building materials used in a residence for disabled veterans exempt under section 297A.71, subdivision 11;
- (5) elevators and building materials exempt under section 297A.71, subdivision 12;
- (6) materials and supplies for qualified low-income housing under section 297A.71, subdivision 23;
- (7) materials, supplies, and equipment for municipal electric utility facilities under section 297A.71, subdivision 35;
- (8) equipment and materials used for the generation, transmission, and distribution of electrical energy and an aerial camera package exempt under section 297A.68, subdivision 37;
- (9) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph (a), clause (10);
- (10) materials, supplies, and equipment for construction or improvement of projects and facilities under section 297A.71, subdivision 40;
- (11) materials, supplies, and equipment for construction, improvement, or expansion of:
 - (i) an aerospace defense manufacturing facility exempt under Minnesota Statutes 2014, section 297A.71, subdivision 42;
 - (ii) a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision 45;
 - (iii) a research and development facility exempt under Minnesota Statutes 2014, section 297A.71, subdivision 46; and
 - (iv) an industrial measurement manufacturing and controls facility exempt under Minnesota Statutes 2014, section 297A.71, subdivision 47;
- (12) enterprise information technology equipment and computer software for use in a qualified data center exempt under section 297A.68, subdivision 42;
- (13) materials, supplies, and equipment for qualifying capital projects under section 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);
- (14) items purchased for use in providing critical access dental services exempt under section 297A.70, subdivision 7, paragraph (c);

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

(16) building materials, equipment, and supplies for constructing or replacing real property exempt under section 297A.71, ~~subdivision~~ subdivisions 49; 50, paragraph (b); 51; 52; and 53; and

(17) building materials, equipment, and supplies for ~~constructing or replacing real property exempt under section 297A.71, subdivision 50, paragraph (b).~~ qualifying capital projects under section 297A.71, subdivision 54.

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

Sec. 27. Minnesota Statutes 2018, section 297A.75, subdivision 2, is amended to read:

Subd. 2. **Refund; eligible persons.** Upon application on forms prescribed by the commissioner, a refund equal to the tax paid on the gross receipts of the exempt items, except as otherwise provided in section 297A.68, subdivision 42, must be paid to the applicant. Only the following persons may apply for the refund:

(1) for subdivision 1, clauses (1), (2), and (14), the applicant must be the purchaser;

(2) for subdivision 1, clause (3), the applicant must be the governmental subdivision;

(3) for subdivision 1, clause (4), the applicant must be the recipient of the benefits provided in United States Code, title 38, chapter 21;

(4) for subdivision 1, clause (5), the applicant must be the owner of the homestead property;

(5) for subdivision 1, clause (6), the owner of the qualified low-income housing project;

(6) for subdivision 1, clause (7), the applicant must be a municipal electric utility or a joint venture of municipal electric utilities;

(7) for subdivision 1, clauses (8), (11), (12), and (15), the owner of the qualifying business;

(8) for subdivision 1, clauses (9), (10), ~~and~~ (13), and (17), the applicant must be the governmental entity that owns or contracts for the project or facility; and

(9) for subdivision 1, clause (16), the applicant must be the owner or developer of the building or project; ~~and,~~

~~(10) for subdivision 1, clause (17), the applicant must be the owner or developer of the building or project.~~

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

Sec. 28. Minnesota Statutes 2018, section 297A.83, subdivision 1, is amended to read:

Subdivision 1. **Persons applying.** (a) A ~~retailer person~~ retailer person required to collect and remit sales taxes under section 297A.66 shall file with the commissioner an application for a permit.

(b) A retailer making retail sales from outside this state to a destination within this state who is not required to obtain a permit under paragraph (a) may nevertheless voluntarily file an application for a permit.

(c) The commissioner may require any person or class of persons obligated to file a use tax return under section 289A.11, subdivision 3, to file an application for a permit.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2019.

Sec. 29. Laws 2017, First Special Session chapter 1, article 3, section 26, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2017, and before July 1, 2027.

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

Sec. 30. Laws 2017, First Special Session chapter 1, article 3, section 32, the effective date, is amended to read:

EFFECTIVE DATE. Paragraph (a) is effective retroactively for sales and purchases made after September 30, 2016, and before January 1, ~~2019~~ 2023. Paragraph (b) is effective for sales and purchases made (1) after September 30, 2016, and before July 1, 2017; and (2) after December 31, 2018, and before July 1, 2019.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2019.

Sec. 31. **MUNICIPALLY OWNED WATER TREATMENT FACILITY; CITY OF ELKO NEW MARKET.**

Subdivision 1. **Exemption.** Materials and supplies used in and equipment incorporated into a water treatment facility owned and operated by the city of Elko New Market are exempt from taxation under Minnesota Statutes, chapter 297A, regardless of whether the materials and supplies are purchased by the city or a contractor, subcontractor, or builder. All purchases for this facility must have been made after June 1, 2014, and before June 1, 2016.

Subd. 2. **Refund.** The tax on purchases exempt under subdivision 1 must be imposed and collected as if the rate under Minnesota Statutes, section 297A.62, applied, and then refunded in the manner provided in Minnesota Statutes, section 297A.75. The applicant must be the city of Elko New Market. If sales tax has been paid on sales and purchases exempt under this section prior to the effective date of this section, the city of Elko New Market may apply directly to the commissioner of revenue for a refund. The application must be in the form and manner required by the commissioner and provide sufficient information so the commissioner can verify the amount paid. If the tax was paid by a contractor, subcontractor, or builder, the contractor, subcontractor, or builder must furnish to the refund applicant a statement including the cost of the exempt items and the taxes paid on the items. Interest must be paid on the refund at the rate in Minnesota Statutes, section 270C.405, from 90 days after the refund claim is filed with the commissioner.

Subd. 3. **Appropriation.** The amount required to make the refunds under this section is appropriated to the commissioner of revenue.

EFFECTIVE DATE. This section is effective retroactively for purchases made after June 1, 2014, and before June 1, 2016.

Sec. 32. **TAX EXPENDITURES; STATEMENTS OF INTENT.**

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

(b) The purpose of the exemption in section 8 is to level the playing field for costs between local governments and private entities of managing invasive species in lakes. The goal is an increase in the number of lakes where invasive species are being controlled.

(c) The purpose of the exemption in section 9 is to decrease costs faced by charitable gambling organizations. The goal is to increase their revenue spent on charitable activities.

(d) The purpose of the exemption in section 10 is to decrease costs of film production in the state. The goal is to increase the number of film productions in the state.

(e) The purpose of the exemption in section 12 is to level the playing field between the state and local governments when purchasing firefighting equipment. The goal is to allow the state to purchase more equipment for local governments.

(f) The purpose of the exemptions in sections 7 and 13 is to reduce costs of providing local public services in these communities. The goal is to decrease the growth in local property taxes and service fees in these communities.

(g) The purpose of the exemption in section 14 is to reduce the cost of providing education on the state's farming history. The goal is to decrease the public cost of access to this facility.

(h) The purpose of the exemption in section 15 is to decrease maintenance costs for the ice arena. The goal is to increase local recreation opportunities and reduce local participation costs.

(i) The purpose of the exemption in section 16 is to help county agricultural societies maintain county fairgrounds. The goal is to increase spending on fairground maintenance and capital improvements.

(j) The purpose of the exemption in section 17 is to help nonprofit conservation clubs provide increased training and facilities for youth. The goal is to increase youth training on gun safety and encourage responsible gun ownership and use.

(k) The purpose of the exemptions in sections 18 and 21 is to decrease construction and maintenance costs for a new ice arena. The goal is to increase local recreation opportunities, reduce local participation costs, and increase tourism into the area.

(l) The purpose of the exemption in section 19 is to equalize the costs for programs that prepare food on site versus having food prepared off site. The goal is to increase the number of after-school and summer youth meals and snacks served.

(m) The purpose of the exemptions in sections 20 and 22 is to encourage rebuilding in the damaged area of each city. The goal is to have these properties returned to the tax rolls at the same or greater value.

(n) The purpose of the exemption in section 23 is to encourage redevelopment of the school site and increase the city property tax base. The goal is to have private development on the site.

(o) The purpose of the exemption in sections 24 and 31 is to reduce the cost of providing local public services in these communities. The goal is to decrease the growth in local property taxes and service fees in these communities.

(p) The purpose of the exemption in section 25 is to decrease the cost for trail maintenance by nonprofit snowmobile clubs. The goal is to increase miles of trails maintained.

(q) The purpose of eliminating the sunset on the exemption in section 29 is to stabilize and allow for long-term planning for the participation scholarships offered by the Minnesota State High School League. The goal is to maintain or increase participation in extracurricular activities by low-income students.

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

Sec. 33. **REPEALER.**

Minnesota Statutes 2018, section 297A.66, subdivision 4b, is repealed.

EFFECTIVE DATE. This section is effective for sales and purchases made after September 30, 2019.

ARTICLE 4 SPECIAL TAXES

Section 1. Minnesota Statutes 2018, section 295.75, subdivision 4, is amended to read:

Subd. 4. **Tax collection required.** A liquor retailer with nexus in Minnesota or a direct ship winery as defined in section 340A.550, who is not subject to tax under subdivision 2, is required to collect the tax imposed under subdivision 3 from the purchaser of the liquor and give the purchaser a receipt for the tax paid. The tax collected must be remitted to the commissioner in the same manner prescribed for the taxes imposed under chapter 297A.

EFFECTIVE DATE. This section is effective for sales and purchases occurring on or after July 1, 2019, provided that Minnesota Statutes, section 340A.550, relating to the licensing of direct ship wineries is enacted and effective July 1, 2019.

Sec. 2. Minnesota Statutes 2018, section 296A.03, subdivision 3, is amended to read:

Subd. 3. **Form of application; license fee.** An application for a distributor's license shall be made in the form and manner prescribed by the commissioner and must be accompanied by an initial fee of \$25. Once licensed, a distributor must remit a \$25 fee annually to maintain the license.

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

Sec. 3. Minnesota Statutes 2018, section 296A.13, is amended to read:

296A.13 PERSONAL LIABILITY FOR TAX.

Liability for payment of taxes under this chapter includes a responsible person or entity described in the personal liability provisions of section 270C.56-, except "person" includes but is not limited to directors and officers of corporations, governors, managers, or members of a member-managed limited liability company, or partners of partnerships who, either individually or jointly with others, have the control, supervision, or responsibility of filing returns and making payment of the amount of tax imposed by this chapter.

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

Sec. 4. Minnesota Statutes 2018, section 297A.83, subdivision 1, is amended to read:

Subdivision 1. **Persons applying.** (a) A retailer required to collect and remit sales taxes under section 297A.66 or a direct ship winery as defined in section 340A.550 shall file with the commissioner an application for a permit under this section.

(b) A retailer making retail sales from outside this state to a destination within this state who is not required to obtain a permit under paragraph (a) may nevertheless voluntarily file an application for a permit.

(c) The commissioner may require any person or class of persons obligated to file a use tax return under section 289A.11, subdivision 3, to file an application for a permit.

EFFECTIVE DATE. This section is effective for permits applied for after June 30, 2019, provided that Minnesota Statutes, section 340A.550, relating to the licensing of direct ship wineries is enacted and effective July 1, 2019.

Sec. 5. Minnesota Statutes 2018, section 297F.01, subdivision 19, is amended to read:

Subd. 19. **Tobacco products.** (a) "Tobacco products" means any product containing, made, or derived from tobacco that is intended for human consumption, whether chewed, smoked, absorbed, dissolved, inhaled, snorted, sniffed, or ingested by any other means, or any component, part, or accessory of a tobacco product, including, but not limited to, cigars; cheroots; stogies; periques; granulated, plug cut, crimp cut, ready rubbed, and other smoking tobacco; snuff; snuff flour; cavendish; plug and twist tobacco; fine-cut and other chewing tobacco; shorts; refuse scraps, clippings, cuttings and sweepings of tobacco, and other kinds and forms of tobacco; but does not include cigarettes as defined in this section. Tobacco products includes nicotine solution products. Tobacco products excludes any tobacco product that has been approved by the United States Food and Drug Administration for sale as a tobacco cessation product, as a tobacco dependence product, or for other medical purposes, and is being marketed and sold solely for such an approved purpose.

(b) Except for the imposition of tax under section 297F.05, subdivisions 3 and 4, tobacco products includes a premium cigar, as defined in subdivision 13a.

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

Sec. 6. Minnesota Statutes 2018, section 297F.01, is amended by adding a subdivision to read:

Subd. 22b. **Nicotine solution products.** (a) "Nicotine solution products" means any cartridge, bottle, or other package that contains nicotine made or derived from tobacco, that is in a solution that is consumed, or meant to be consumed, through the use of a heating element, power source, electronic circuit, or other electronic, chemical, or mechanical means that produces vapor or aerosol. This paragraph expires December 31, 2019.

(b) Beginning January 1, 2020, "nicotine solution products" means any cartridge, bottle, or other package that contains nicotine, including nicotine made or derived from tobacco or sources other than tobacco, that is in a solution that is consumed, or meant to be consumed, through the use of a heating element, power source, electronic circuit, or other electronic, chemical, or mechanical means that produces vapor or aerosol.

(c) Nicotine solution products includes any electronic cigarette, electronic cigar, electronic cigarillo, electronic pipe, or similar product or device, and any batteries, heating elements, or other components, parts, or accessories sold with and meant to be used in the consumption of a solution containing nicotine.

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

Sec. 7. Minnesota Statutes 2018, section 297F.01, subdivision 23, is amended to read:

Subd. 23. **Wholesale sales price.** (a) "Wholesale sales price" means the price at which a distributor purchases a tobacco product.

(b) When a distributor sells a cartridge, bottle, or other package of a solution containing nicotine that is part of a kit that also includes a product, device, component, part, or accessory described in subdivision 22b:

(1) the wholesale sales price is the price at which the distributor purchases the kit; except that

(2) if the distributor also separately sells the same package of solution containing nicotine that is sold with the kit and can isolate the cost of the package of solution containing nicotine, then the wholesale sales price includes only the price at which the distributor separately purchases the package of the solution containing nicotine and any taxes, charges, and costs listed in paragraph (c).

(c) Wholesale sales price includes the applicable federal excise tax, freight charges, or packaging costs, regardless of whether they were included in the purchase price.

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

Sec. 8. Minnesota Statutes 2018, section 297F.05, is amended by adding a subdivision to read:

Subd. 1b. **Annual indexing.** (a) Each year the commissioner shall adjust the tax rates under subdivision 1, including any adjustment made in prior years under this subdivision, by multiplying the mill rates for the current calendar year by an adjustment factor and rounding the result to the nearest mill. The adjustment factor equals the in-lieu sales tax rate that applies to the following calendar year divided by the in-lieu sales tax rate for the current calendar year. For purposes of this subdivision, "in-lieu sales tax rate" means the tax rate established under section 297F.25, subdivision 1. For purposes of the calculations under this subdivision to be made in any year in which an increase in the federal or state excise tax on cigarettes is implemented, the commissioner shall exclude from the calculated average price for the current year an amount equal to any increase in the state or federal excise tax rate.

(b) The commissioner shall publish the resulting rate by November 1 and the rate applies to sales made on or after January 1 of the following year.

(c) The determination of the commissioner under this subdivision is not a rule and is not subject to the Administrative Procedure Act in chapter 14, including section 14.386.

EFFECTIVE DATE. This section is effective the day following final enactment and applies beginning with rates calculated for calendar year 2020.

Sec. 9. Minnesota Statutes 2018, section 297F.08, subdivision 8, is amended to read:

Subd. 8. **Sale of stamps.** The commissioner may sell stamps on a credit basis under conditions prescribed by the commissioner. The commissioner shall sell the stamps at a price which includes the tax ~~after giving effect to the discount provided in subdivision 7.~~ The commissioner shall recover the actual costs of the stamps from the distributor. The commissioner shall annually establish the maximum amount of stamps that may be purchased each month.

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

Sec. 10. Minnesota Statutes 2018, section 297F.08, subdivision 9, is amended to read:

Subd. 9. **Tax stamping machines.** The commissioner shall require any person licensed as a distributor to stamp packages with a tax stamping machine, approved by the commissioner, which shall be provided by the distributor. The commissioner shall also supervise and check the operation of the machines and shall provide for the payment of

the tax on any package so stamped, ~~subject to the discount provided in subdivision 7.~~ If the commissioner finds that a stamping machine is not affixing a legible stamp on the package, the commissioner may order the distributor to immediately cease the stamping process until the machine is functioning properly.

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

Sec. 11. Minnesota Statutes 2018, section 297G.07, subdivision 1, is amended to read:

Subdivision 1. **Exemptions.** The following are not subject to the excise tax:

- (1) Sales by a manufacturer, brewer, or wholesaler for shipment outside the state in interstate commerce.
- (2) Alcoholic beverages sold or transferred between Minnesota wholesalers.
- (3) Sales to common carriers engaged in interstate transportation of passengers, except as provided in this chapter.
- (4) Malt beverages served by a brewery for on-premise consumption at no charge, or distributed to brewery employees for on-premise consumption under a labor contract.
- ~~(5) Shipments of wine to Minnesota residents under section 340A.417.~~
- ~~(6) Fruit juices naturally fermented or beer naturally brewed in the home for family use and not sold or offered for sale.~~
- ~~(7) (6) Sales of wine for sacramental purposes under section 340A.316.~~
- ~~(8) (7) Alcoholic beverages sold to authorized manufacturers of food products or pharmaceutical firms. The alcoholic beverage must be used exclusively in the manufacture of food products or medicines. For purposes of this clause, "manufacturer" means a person who manufactures food products intended for sale to wholesalers or retailers for ultimate sale to the consumer.~~
- ~~(9) (8) Liqueur-filled candy.~~
- ~~(10) (9) Sales to a federal agency, that the state of Minnesota is prohibited from taxing under the Constitution or laws of the United States or under the Constitution of Minnesota.~~
- ~~(11) (10) Sales to Indian tribes as defined in section 297G.08.~~
- ~~(12) (11) Shipments of intoxicating liquor from foreign countries to diplomatic personnel of foreign countries assigned to service in this state.~~
- ~~(13) (12) Shipments of bulk distilled spirits or bulk wine to farm wineries licensed under section 340A.315 for input to the final product.~~

EFFECTIVE DATE. This section is effective July 1, 2019, provided that Minnesota Statutes, section 340A.550, relating to the licensing of direct ship wineries is enacted and effective July 1, 2019.

Sec. 12. Minnesota Statutes 2018, section 297H.02, subdivision 2, is amended to read:

Subd. 2. **Rates.** The rate of tax under this section is ~~9.75~~ 11 percent.

EFFECTIVE DATE. This section is effective July 1, 2019.

Sec. 13. Minnesota Statutes 2018, section 297H.03, subdivision 2, is amended to read:

Subd. 2. **Rate.** The rate of the tax under this section is ~~47~~ 19 percent.

EFFECTIVE DATE. This section is effective July 1, 2019.

Sec. 14. Minnesota Statutes 2018, section 297H.04, subdivision 2, is amended to read:

Subd. 2. **Rate.** (a) Commercial generators that generate nonmixed municipal solid waste shall pay a solid waste management tax of ~~60~~ 67.5 cents per noncompacted cubic yard of periodic waste collection capacity purchased by the generator, based on the size of the container for the nonmixed municipal solid waste, the actual volume, or the weight-to-volume conversion schedule in paragraph (c). However, the tax must be calculated by the waste management service provider using the same method for calculating the waste management service fee so that both are calculated according to container capacity, actual volume, or weight.

(b) Notwithstanding section 297H.02, a residential generator that generates nonmixed municipal solid waste shall pay a solid waste management tax in the same manner as provided in paragraph (a).

(c) The weight-to-volume conversion schedule for:

(1) construction debris as defined in section 115A.03, subdivision 7, is equal to ~~60~~ 67.5 cents per cubic yard. The commissioner of revenue, after consultation with the commissioner of the Pollution Control Agency, shall determine and may publish by notice a conversion schedule for construction debris;

(2) industrial waste as defined in section 115A.03, subdivision 13a, is equal to ~~60~~ 67.5 cents per cubic yard. The commissioner of revenue after consultation with the commissioner of the Pollution Control Agency, shall determine, and may publish by notice, a conversion schedule for various industrial wastes; and

(3) infectious waste as defined in section 116.76, subdivision 12, and pathological waste as defined in section 116.76, subdivision 14, is 150 pounds equals one cubic yard, or ~~60~~ 67.5 cents per 150 pounds.

EFFECTIVE DATE. This section is effective July 1, 2019.

Sec. 15. Minnesota Statutes 2018, section 297H.05, is amended to read:

297H.05 SELF-HAULERS.

(a) A self-hauler of mixed municipal solid waste shall pay the tax to the operator of the waste management facility to which the waste is delivered at the rate imposed under section 297H.03, based on the sales price of the waste management services.

(b) A self-hauler of nonmixed municipal solid waste shall pay the tax to the operator of the waste management facility to which the waste is delivered at the rate imposed under section 297H.04.

(c) The tax imposed on the self-hauler of nonmixed municipal solid waste may be based either on the capacity of the container, the actual volume, or the weight-to-volume conversion schedule in paragraph (d). However, the tax must be calculated by the operator using the same method for calculating the tipping fee so that both are calculated according to container capacity, actual volume, or weight.

(d) The weight-to-volume conversion schedule for:

(1) construction debris as defined in section 115A.03, subdivision 7, is one ton equals 3.33 cubic yards, or ~~\$2~~ \$2.25 per ton;

(2) industrial waste as defined in section 115A.03, subdivision 13a, is equal to ~~60~~ 67.5 cents per cubic yard. The commissioner of revenue, after consultation with the commissioner of the Pollution Control Agency, shall determine, and may publish by notice, a conversion schedule for various industrial wastes; and

(3) infectious waste as defined in section 116.76, subdivision 12, and pathological waste as defined in section 116.76, subdivision 14, is 150 pounds equals one cubic yard, or ~~60~~ 67.5 cents per 150 pounds.

(e) For mixed municipal solid waste the tax is imposed upon the difference between the market price and the tip fee at a processing or disposal facility if the tip fee is less than the market price and the political subdivision subsidizes the cost of service at the facility. The political subdivision is liable for the tax.

EFFECTIVE DATE. This section is effective July 1, 2019.

Sec. 16. Minnesota Statutes 2018, 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 must be credited to the environmental fund established in section 16A.531, subdivision 1.

(b) Notwithstanding paragraph (a), 30 percent of the following combined amounts are dedicated to the account established under section 297H.131:

(1) an amount equal to 1.25 percentage points of the tax imposed under section 297H.02, subdivision 2, on taxpayers located in counties that contain a soil and water conservation district;

(2) an amount equal to two percentage points of the tax imposed under section 297H.03, subdivision 2, on taxpayers located in counties that contain a soil and water conservation district;

(3) an amount equal to 7.5 cents per cubic yard or per 150 pounds, as applicable, of the tax imposed by sections 297H.04, subdivision 2, and 297H.05, paragraph (d), clauses (2) and (3), on taxpayers located in counties that contain a soil and water conservation district; and

(4) an amount equal to 25 cents per ton of the tax imposed by section 297H.05, paragraph (d), clause (1), on taxpayers located in counties that contain a soil and water conservation district.

~~(b)~~ (c) The remainder must be deposited into the general fund.

EFFECTIVE DATE. This section is effective July 1, 2019.

Sec. 17. **[297H.131] SOIL AND WATER CONSERVATION DISTRICT ACCOUNT.**

Subdivision 1. **Establishment; appropriation.** (a) A soil and water conservation district account is established in the special revenue fund. An amount equal to the amount allocated under section 297H.13, subdivision 2, paragraph (b), clauses (1) to (4), must be deposited in this fund annually.

(b) Money in the account, including interest, is appropriated to the commissioner of revenue annually.

Subd. 2. **Distribution.** (a) The commissioner of revenue must distribute money in this account to the Board of Water and Soil Resources for the operation of soil and water conservation districts.

(b) If a county does not contain a soil and water conservation district, then the Board of Water and Soil Resources must appropriate money directly to the county to provide soil and water conservation services.

Sec. 18. **REPEALER.**

Minnesota Statutes 2018, sections 296A.03, subdivision 5; 296A.04, subdivision 2; 296A.05, subdivision 2; and 297F.08, subdivision 5, and Minnesota Rules, part 8125.0410, subpart 1, are repealed.

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

ARTICLE 5
PROPERTY TAXES

Section 1. Minnesota Statutes 2018, section 138.053, is amended to read:

138.053 COUNTY HISTORICAL SOCIETY; TAX LEVY; CITIES OR TOWNS.

The governing body of any home rule charter or statutory city or town may annually appropriate from its general fund an amount not to exceed 0.02418 percent of estimated market value, derived from ad valorem taxes on property or other revenues, to be paid to the historical society of its respective city, town, or county to be used for the promotion of historical work and to aid in defraying the expenses of carrying on the historical work in the city, town, or county. No city or town may appropriate any funds for the benefit of any historical society unless the society is affiliated with and approved by the Minnesota Historical Society.

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

Sec. 2. Minnesota Statutes 2018, section 162.145, subdivision 3, is amended to read:

Subd. 3. **Administration.** (a) Subject to funds made available by law, the commissioner shall allocate all funds as provided in subdivision 4 and shall ~~notify~~, by June 1, certify to the commissioner of revenue the amounts to be paid.

(b) Following ~~notification~~ certification from the commissioner of ~~transportation~~, the commissioner of revenue shall distribute the specified funds to cities in the same manner as local government aid under chapter 477A. An appropriation to the commissioner of ~~transportation~~ 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 4.

EFFECTIVE DATE. This section is effective for aids payable in 2019 and thereafter.

Sec. 3. Minnesota Statutes 2018, section 197.603, subdivision 2, is amended to read:

Subd. 2. **Records; data privacy.** Pursuant to chapter 13 the county veterans service officer is the responsible authority with respect to all records in the officer's custody. The data on clients' applications for assistance is private data on individuals, as defined in section 13.02, subdivision 12. The county veterans service officer may disclose to the county assessor private data necessary to determine a client's eligibility for the disabled veteran's homestead market value exclusion under section 273.13, subdivision 34.

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

Sec. 4. Minnesota Statutes 2018, section 270C.85, subdivision 2, is amended to read:

Subd. 2. **Powers and duties.** The commissioner shall have and exercise the following powers and duties in administering the property tax laws:

(1) confer with, advise, and give the necessary instructions and directions to local assessors and local boards of review throughout the state as to their duties under the laws of the state;

(2) direct proceedings, actions, and prosecutions to be instituted to enforce the laws relating to the liability and punishment of public officers and officers and agents of corporations for failure or negligence to comply with the provisions of the property tax laws, and cause complaints to be made against local assessors, members of boards of equalization, members of boards of review, or any other assessing or taxing officer, to the proper authority, for their removal from office for misconduct or negligence of duty;

(3) require county attorneys to assist in the commencement of prosecutions in actions or proceedings for removal, forfeiture, and punishment, for violation of the property tax laws in their respective districts or counties;

(4) require town, city, county, and other public officers to report and certify information, at the parcel level or in the aggregate, as to the assessment and taxation of real and personal property, and such other information as may be needful in the work of the commissioner, ~~in such form as the commissioner may prescribe. The commissioner shall prescribe the content, format, manner, and time of filing of all required reports and certifications;~~

(5) transmit to the governor, on or before the third Monday in December of each even-numbered year, and to each member of the legislature, on or before November 15 of each even-numbered year, the report of the department for the preceding years, showing all the taxable property subject to the property tax laws and the value of the same, in tabulated form;

(6) inquire into the methods of assessment and taxation and ascertain whether the assessors faithfully discharge their duties; and

(7) assist local assessors in determining the estimated market value of industrial special-use property. For purposes of this ~~paragraph~~ clause, "industrial special-use property" means property that:

(i) is designed and equipped for a particular type of industry;

(ii) is not easily adapted to some other use due to the unique nature of the facilities;

(iii) has facilities totaling at least 75,000 square feet in size; and

(iv) has a total estimated market value of \$10,000,000 or greater based on the assessor's preliminary determination.

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

Sec. 5. Minnesota Statutes 2018, section 270C.89, subdivision 1, is amended to read:

Subdivision 1. **Initial report.** Each county assessor shall file ~~by April 1~~ with the commissioner a copy of ~~the abstract preliminary assessment information that the commissioner may require under section 270C.85, subdivision 2, clause (4), that will be acted upon by the local and county boards of review. The abstract must list the real and personal property in the county itemized by assessment districts.~~ The assessor of each county in the state shall file

with the commissioner, within ten working days following final action of the local board of review or equalization and within five days following final action of the county board of equalization, any changes made by the local or county board. ~~The information must be filed in the manner prescribed by the commissioner.~~

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

Sec. 6. Minnesota Statutes 2018, section 270C.89, subdivision 2, is amended to read:

Subd. 2. **Final report.** The final ~~abstract of assessments~~ assessment information after adjustments by the State Board of Equalization and inclusion of any omitted property shall be ~~submitted~~ reported to the commissioner ~~on or before September 1 of each calendar year under section 270C.85, subdivision 2, clause (4).~~ The final abstract must separately report the captured tax capacity of tax increment financing districts under section 469.177, subdivision 2, the areawide net tax capacity contribution values determined under sections 276A.05, subdivision 1, and 473F.07, subdivision 1, and the value subject to the power line credit under section 273.42.

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

Sec. 7. Minnesota Statutes 2018, section 270C.91, is amended to read:

270C.91 RECORD OF PROCEEDINGS CHANGING NET TAX CAPACITY; DUTIES OF COUNTY AUDITOR.

A record of all proceedings of the commissioner affecting any change in the net tax capacity of any property, as revised by the State Board of Equalization, shall be kept by the commissioner and a copy thereof, duly certified, shall be mailed each year to the auditor of each county wherein such property is situated, on or before June 30 ~~or 30 days after submission of the abstract required by section 270C.89, whichever is later.~~ This record shall specify the amounts or amount, or both, added to or deducted from the net tax capacity of the real property of each of the several towns and cities, and of the real property not in towns or cities, also the percent or amount of both, added to or deducted from the several classes of personal property in each of the towns and cities, and also the amount added to or deducted from the assessment of any person. The county auditor shall add to or deduct from such tract or lot, or portion thereof, of any real property in the county the required percent or amount, or both, on the net tax capacity thereof as it stood after equalized by the county board, adding in each case a fractional sum of 50 cents or more, and deducting in each case any fractional sum of less than 50 cents, so that no net tax capacity of any separate tract or lot shall contain any fraction of a dollar; and add to, or deduct from, the several classes of personal property in the county the required percent or amount, or both, on the net tax capacity thereof as it stood after equalized by the county board, adding or deducting in manner aforesaid any fractional sum so that no net tax capacity of any separate class of personal property shall contain a fraction of a dollar, and add to or deduct from assessment of any person, as they stood after equalization by the county board, the required amounts to agree with the assessments as returned by the commissioner.

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

Sec. 8. Minnesota Statutes 2018, section 272.02, subdivision 49, is amended to read:

Subd. 49. **Agricultural historical society property.** Property is exempt from taxation if it is owned by a nonprofit charitable or educational organization that qualifies for exemption under section 501(c)(3) of the Internal Revenue Code and meets the following criteria:

(1) the property is primarily used for storing and exhibiting tools, equipment, and artifacts useful in providing an understanding of local or regional agricultural history. Primary use is determined each year based on the number of days the property is used solely for storage and exhibition purposes;

(2) the property is limited to a maximum of ~~20~~ 40 acres per owner per county, but includes the land and any taxable structures, fixtures, and equipment on the land;

(3) the property is not used for a revenue-producing activity for more than ten days in each calendar year; and

(4) the property is not used for residential purposes on either a temporary or permanent basis.

Notwithstanding section 272.025, applications for exemptions under this subdivision filed in assessment year 2019 must be filed with the assessor by July 1, 2019.

EFFECTIVE DATE. This section is effective for assessments beginning in 2019.

Sec. 9. Minnesota Statutes 2018, section 272.02, is amended by adding a subdivision to read:

Subd. 102. Certain property owned by an Indian tribe. (a) Property is exempt that:

(1) is located in a city of the first class with a population of more than 380,000 as of the 2010 federal census;

(2) was on January 1, 2016, 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

(3) is used exclusively as a pharmacy.

(b) Property that qualifies for the exemption under this subdivision is limited to parcels and structures that do not exceed, in the aggregate, 4,000 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 2029.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2020 and thereafter.

Sec. 10. Minnesota Statutes 2018, section 272.02, is amended by adding a subdivision to read:

Subd. 103. Charitable farmland. Property owned by an organization exempt under subdivision 4, 6, or 58 and used in the production of agricultural products as defined in section 273.13, subdivision 23, is exempt, provided that any proceeds from the sale of the agricultural products are used to support the mission of an organization exempt under subdivision 4, 6, or 58.

EFFECTIVE DATE. This section is effective beginning with property taxes payable in 2020.

Sec. 11. Minnesota Statutes 2018, section 272.115, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** Except as otherwise provided in subdivision 5, 6, or 7, whenever any real estate is sold for a consideration in excess of ~~\$1,000~~ \$3,000, whether by warranty deed, quitclaim deed, contract for deed or any other method of sale, the grantor, grantee or the legal agent of either shall file a certificate of value with the county auditor in the county in which the property is located when the deed or other document is presented for recording. Contract for deeds are subject to recording under section 507.235, subdivision 1. Value shall, in the case of any deed not a gift, be the amount of the full actual consideration thereof, paid or to be paid, including the amount of any lien or liens assumed. The items and value of personal property transferred with the real property must be listed and deducted from the sale price. The certificate of value shall include the classification to which the property belongs for the purpose of determining the fair market value of the property, and shall include any proposed change in use of the property known to the person filing the certificate that could change the classification of the property.

The certificate shall include financing terms and conditions of the sale which are necessary to determine the actual, present value of the sale price for purposes of the sales ratio study. If the property is being acquired as part of a like-kind exchange under section 1031 of the Internal Revenue Code of 1986, as amended through December 31, 2006, that must be indicated on the certificate. The commissioner of revenue shall promulgate administrative rules specifying the financing terms and conditions which must be included on the certificate. The certificate of value must include the Social Security number or the federal employer identification number of the grantors and grantees. However, a married person who is not an owner of record and who is signing a conveyance instrument along with the person's spouse solely to release and convey their marital interest, if any, in the real property being conveyed is not a grantor for the purpose of the preceding sentence. A statement in the deed that is substantially in the following form is sufficient to allow the county auditor to accept a certificate for filing without the Social Security number of the named spouse: "(Name) claims no ownership interest in the real property being conveyed and is executing this instrument solely to release and convey a marital interest, if any, in that real property." The identification numbers of the grantors and grantees are private data on individuals or nonpublic data as defined in section 13.02, subdivisions 9 and 12, but, notwithstanding that section, the private or nonpublic data may be disclosed to the commissioner of revenue for purposes of tax administration. The information required to be shown on the certificate of value is limited to the information required as of the date of the acknowledgment on the deed or other document to be recorded.

EFFECTIVE DATE. This section is effective for certificates of value filed after December 31, 2019.

Sec. 12. Minnesota Statutes 2018, section 273.061, subdivision 9, is amended to read:

Subd. 9. **Additional general duties.** Additional duties of the county assessor ~~shall be~~ are as follows:

(1) to make all assessments, based upon the appraised values reported by the local assessors or assistants and the county assessor's own knowledge of the value of the property assessed;

(2) to personally view and determine the value of any property ~~which~~ that because of its type or character may be difficult for the local assessor to appraise;

(3) to make all changes ordered by the local boards of review, relative to the net tax capacity of the property of any individual, firm or corporation after notice has been given and hearings held as provided by law;

(4) to enter all assessments in the assessment books, furnished by the county auditor, with each book and the tabular statements for each book in correct balance;

(5) to prepare all assessment cards, charts, maps and any other forms prescribed by the commissioner of revenue;

(6) to attend the meeting of the county board of equalization; to investigate and report on any assessment ordered by said board; to enter all changes made by said board in the assessment books and prepare ~~the abstract of assessments for the commissioner of revenue~~ information reported to the commissioner under section 270C.85, subdivision 2, clause (4); to enter all changes made by the State Board of Equalization in the assessment books; to deduct all exemptions authorized by law from each assessment and certify to the county auditor the taxable value of each parcel of land, as described and listed in the assessment books by the county auditor, and the taxable value of the personal property of each person, firm, or corporation assessed;

(7) to investigate and make recommendations relative to all applications for the abatement of taxes or applications for the reduction of the net tax capacity of any property; and

(8) to perform all other duties relating to the assessment of property for the purpose of taxation which may be required by the commissioner of revenue.

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

Sec. 13. Minnesota Statutes 2018, section 273.0755, is amended to read:

273.0755 TRAINING AND EDUCATION OF PROPERTY TAX PERSONNEL.

(a) Beginning with the four-year period starting on July 1, 2000, every person licensed by the state Board of Assessors at the Accredited Minnesota Assessor level or higher, shall successfully complete a weeklong Minnesota laws course sponsored by the Department of Revenue at least once in every four-year period. An assessor need not attend the course if they successfully pass the test for the course.

(b) The commissioner of revenue may require that each county, and each city for which the city assessor performs the duties of county assessor, have ~~(i) (1)~~ (1) a person on the assessor's staff who is certified by the Department of Revenue in sales ratio calculations, ~~(ii) (2)~~ (2) an officer or employee who is certified by the Department of Revenue in tax calculations, and ~~(iii) (3)~~ (3) an officer or employee who is certified by the Department of Revenue in the proper preparation of abstracts of assessment. ~~The commissioner of revenue may require that each county have an officer or employee who is certified by the Department of Revenue in the proper preparation of abstracts of tax lists information reported to the commissioner under section 270C.85, subdivision 2, clause (4).~~ Certifications under this paragraph expire after four years.

(c) Beginning with the four-year educational licensing period starting on July 1, 2004, every Minnesota assessor licensed by the State Board of Assessors must attend and participate in a seminar that focuses on ethics, professional conduct and the need for standardized assessment practices developed and presented by the commissioner of revenue. This requirement must be met at least once in every subsequent four-year period. This requirement applies to all assessors licensed for one year or more in the four-year period.

(d) When the commissioner of revenue determines that an individual or board that performs functions related to property tax administration has performed those functions in a manner that is not uniform or equitable, the commissioner may require that the individual or members of the board complete supplemental training. The commissioner may not require that an individual complete more than 32 hours of supplemental training pursuant to this paragraph. If the individual is required to complete supplemental training due to that individual's membership on a local or county board of appeal and equalization, the commissioner may not require that the individual complete more than two hours of supplemental training.

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

Sec. 14. Minnesota Statutes 2018, section 273.113, subdivision 3, is amended to read:

Subd. 3. **Reimbursement for lost revenue.** The county auditor shall certify to the commissioner of revenue, ~~as part of the abstracts of tax lists required to be filed with the commissioner~~ under section ~~275.29~~ 270C.85, subdivision 2, clause (4), the amount of tax lost to the county from the property tax credit under subdivision 2. Any prior year adjustments must also be certified ~~in the abstracts of tax lists~~. The commissioner of revenue shall review the certifications to determine their accuracy. The commissioner may make the changes in the certification that are considered necessary or return a certification to the county auditor for corrections. The commissioner shall reimburse each taxing district, other than school districts, for the taxes lost. The payments must be made at the time provided in section 473H.10 for payment to taxing jurisdictions in the same proportion that the ad valorem tax is distributed. Reimbursements to school districts must be made as provided in section 273.1392. The amount necessary to make the reimbursements under this section is annually appropriated from the general fund to the commissioner of revenue.

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

Sec. 15. Minnesota Statutes 2018, section 273.119, subdivision 2, is amended to read:

Subd. 2. **Reimbursement for lost revenue.** The county may transfer money from the county conservation account created in section 40A.152 to the county revenue fund to reimburse the fund for the cost of the property tax credit. The county auditor shall certify to the commissioner of revenue, ~~as part of the abstracts of tax lists required to be filed with the commissioner~~ under section ~~275.29~~ 270C.85, subdivision 2, clause (4), the amount of tax lost to the county from the property tax credit under subdivision 1 and the extent that the tax lost exceeds funds available in the county conservation account. Any prior year adjustments must also be certified ~~in the abstracts of tax lists~~. The commissioner of revenue shall review the certifications to determine their accuracy. The commissioner may make the changes in the certification that are considered necessary or return a certification to the county auditor for corrections. The commissioner shall reimburse each taxing district, other than school districts, from the Minnesota conservation fund under section 40A.151 for the taxes lost in excess of the county account. The payments must be made at the time provided in section 473H.10, subdivision 3, for payment to taxing jurisdictions in the same proportion that the ad valorem tax is distributed.

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

Sec. 16. Minnesota Statutes 2018, section 273.1231, subdivision 3, is amended to read:

Subd. 3. **Disaster or emergency area.** (a) "Disaster or emergency area" means a geographic area for which:

(1)(i) the president of the United States, the secretary of agriculture, or the administrator of the Small Business Administration has determined that a disaster exists pursuant to federal law, or

(ii) a local emergency has been declared pursuant to section 12.29; and

(2) an application by the local unit of government requesting property tax relief under this section has been received by the governor and approved by the executive council.

(b) The executive council must not approve an application unless:

(1) a completed disaster survey is included; and

(2) within the boundaries of the applicant, (i) the average damage for the buildings that are damaged is at least \$5,000, and (ii) either at least 25 taxable buildings were damaged, or the total dollar amount of damage to all taxable buildings equals or exceeds one percent of the total taxable market value of buildings for the applicant as reported to the commissioner of revenue under section ~~270C.89, subdivision 2~~ 270C.85, subdivision 2, clause (4), for the assessment in the year prior to the year of the damage.

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

Sec. 17. Minnesota Statutes 2018, section 273.124, subdivision 3a, is amended to read:

Subd. 3a. **Manufactured home park cooperative.** (a) When a manufactured home park is owned by a corporation or association organized under chapter 308A or 308B, and each person who owns a share or shares in the corporation or association is entitled to occupy a lot within the park, the corporation or association may claim homestead treatment for the park. Each lot must be designated by legal description or number, and each lot is limited to not more than one-half acre of land.

(b) The manufactured home park shall be entitled to homestead treatment if all of the following criteria are met:

(1) the occupant or the cooperative corporation or association is paying the ad valorem property taxes and any special assessments levied against the land and structure either directly, or indirectly through dues to the corporation or association; and

(2) the corporation or association organized under chapter 308A or 308B is wholly owned by persons having a right to occupy a lot owned by the corporation or association.

(c) 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, qualifies for homestead treatment with respect to a manufactured home park if its members hold residential participation warrants entitling them to occupy a lot in the manufactured home park.

(d) "Homestead treatment" under this subdivision means the classification rate provided for class 4c property classified under section 273.13, subdivision 25, paragraph (d), clause (5), item (ii), and the homestead market value exclusion under section 273.13, subdivision 35, does not apply ~~and the property taxes assessed against the park shall not be included in the determination of taxes payable for rent paid under section 290A.03.~~

EFFECTIVE DATE. This section is effective beginning with claims for taxes payable in 2020.

Sec. 18. Minnesota Statutes 2018, 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;

(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) Agricultural property held by a trustee under a trust is eligible for agricultural homestead classification under this paragraph if the qualifications in clause (i) are met, except that "owner" means the grantor of the trust.~~

~~(iii)~~ 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.

~~(iv)~~ (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, LeSueur, 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 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, 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 beginning for property taxes payable in 2020.

Sec. 19. Minnesota Statutes 2018, section 273.124, subdivision 21, is amended to read:

Subd. 21. **Trust property; homestead.** Real or personal property, including agricultural property, held by a trustee under a trust is eligible for classification as homestead property if the property satisfies the requirements of paragraph (a), (b), (c), ~~or~~ (d), or (e).

(a) The grantor or surviving spouse of the grantor of the trust occupies and uses the property as a homestead.

(b) A relative or surviving relative of the grantor who meets the requirements of subdivision 1, paragraph (c), in the case of residential real estate; or subdivision 1, paragraph (d), in the case of agricultural property, occupies and uses the property as a homestead.

(c) A family farm corporation, joint farm venture, limited liability company, or partnership operating a family farm in which the grantor or the grantor's surviving spouse is a shareholder, member, or partner rents the property; and, either (1) a shareholder, member, or partner of the corporation, joint farm venture, limited liability company, or partnership occupies and uses the property as a homestead; or (2) the property is at least 40 acres, including undivided government lots and correctional 40's, and a shareholder, member, or partner of the tenant-entity is actively farming the property on behalf of the corporation, joint farm venture, limited liability company, or partnership.

(d) A person who has received homestead classification for property taxes payable in 2000 on the basis of an unqualified legal right under the terms of the trust agreement to occupy the property as that person's homestead and who continues to use the property as a homestead; or, a person who received the homestead classification for taxes payable in 2005 under paragraph (c) who does not qualify under paragraph (c) for taxes payable in 2006 or thereafter but who continues to qualify under paragraph (c) as it existed for taxes payable in 2005.

(e) The qualifications under subdivision 14, paragraph (b), clause (i), are met. For purposes of this paragraph, "owner" means the grantor of the trust or the surviving spouse of the grantor.

(f) For purposes of this subdivision, the following terms have the meanings given them:

(1) "agricultural property" means the house, garage, other farm buildings and structures, and agricultural land;

(2) "agricultural land" has the meaning given in section 273.13, subdivision 23, except that the phrases "owned by same person" or "under the same ownership" as used in that subdivision mean and include contiguous tax parcels owned by:

(i) an individual and a trust of which the individual, the individual's spouse, or the individual's deceased spouse is the grantor; or

(ii) different trusts of which the grantors of each trust are any combination of an individual, the individual's spouse, or the individual's deceased spouse; and

~~For purposes of this subdivision, (3) "grantor" is defined as~~ means the person creating or establishing a testamentary, inter Vivos, revocable or irrevocable trust by written instrument or through the exercise of a power of appointment.

(g) Noncontiguous agricultural land is included as part of a homestead under this subdivision, only if the homestead is classified as class 2a, as defined in section 273.13, subdivision 23, 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.

EFFECTIVE DATE. This section is effective beginning for property taxes payable in 2020.

Sec. 20. Minnesota Statutes 2018, section 273.124, is amended by adding a subdivision to read:

Subd. 23. **Fractional homesteads.** In the case of property that is classified as part homestead and part nonhomestead solely because not all the owners occupy or farm the property, not all the owners have qualifying relatives occupying or farming the property, or not all the spouses of owners occupy the property, the portions of property classified as part homestead and part nonhomestead must correspond to the ownership percentages that each owner has in the property, as determined by the land records in the county recorder's office or registrar of titles. If the ownership percentages of each owner cannot be determined by reference to the land records, the portions of property classified as part homestead and part nonhomestead must correspond to the ownership percentages each owner would have if they each owned an equal share of the property.

EFFECTIVE DATE. This section is effective for assessments beginning in 2019.

Sec. 21. Minnesota Statutes 2018, section 273.1245, subdivision 2, is amended to read:

Subd. 2. **Disclosure.** The assessor shall disclose the data described in subdivision 1 to the commissioner of revenue as provided by law. The assessor shall also disclose all or portions of the data described in subdivision 1 to:

(1) the county treasurer solely for the purpose of proceeding under the Revenue Recapture Act to recover personal property taxes owing-; and

(2) the county veterans service officer for the purpose of determining a person's eligibility for the disabled veteran's homestead market value exclusion under section 273.13, subdivision 34.

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

Sec. 22. **[273.129] ELDERLY LIVING FACILITY DEFERRAL.**

Subdivision 1. **Requirements.** An elderly living facility is eligible for tax deferral under this section 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 organized 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 has a housing with services license under chapter 144D and a comprehensive home care license under chapter 144A;

(5) residents of the facility must be (i) at least 62 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.

Subd. 2. **Deferral of taxes.** Property meeting the requirements of subdivision 1 must, upon timely application by the owner in the manner provided in subdivision 3, be treated as exempt property as defined in section 272.02. However, the assessor must make a separate determination of market value of such property and the tax based upon the appropriate tax rate applicable to such property in the taxing district must be recorded on the property assessment records.

Subd. 3. **Application.** Application for the deferment of taxes under this section must be filed by December 1 of the year prior to the year in which the taxes are payable. Any application filed under this subdivision and granted shall continue in effect for subsequent years until the property no longer qualifies. The application must be filed with the assessor in the taxing district in which the property is located on the form prescribed by the commissioner of revenue. Property meeting the application requirements under this subdivision is not subject to the application requirements under section 272.025.

Subd. 4. **Payment of taxes.** Property receiving the tax deferment under this section continues to qualify until it is sold, transferred, or no longer qualifies under subdivision 1. The portion of the property that is sold, transferred, or no longer qualifying under subdivision 1 is subject to taxes in the amount equal to the tax that would have been due on the property had it not been treated as exempt property under subdivision 2. These taxes must be extended against the property for taxes payable in the current year, plus the four prior years, to the extent that the property has qualified for a tax deferment under this section. No interest or penalties shall be levied on the taxes due under this subdivision if timely paid.

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

EFFECTIVE DATE. This section is effective beginning with property taxes payable in 2020.

Sec. 23. Minnesota Statutes 2018, section 273.13, subdivision 23, is amended to read:

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

(b) Class 2a agricultural land consists of parcels of property, or portions thereof, that are agricultural land and buildings. Class 2a property has a classification rate of one percent of market value, unless it is part of an agricultural homestead under paragraph (a). Class 2a property must also include any property that would otherwise

be classified as 2b, but is interspersed with class 2a property, including but not limited to sloughs, wooded wind shelters, acreage abutting ditches, ravines, rock piles, land subject to a setback requirement, and other similar land that is impractical for the assessor to value separately from the rest of the property or that is unlikely to be able to be sold separately from the rest of the property.

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

(c) Class 2b rural vacant land consists of parcels of property, or portions thereof, that are unplatted real estate, rural in character and not used for agricultural purposes, including land used for growing trees for timber, lumber, and wood and wood products, that is not improved with a structure. The presence of a minor, ancillary nonresidential structure as defined by the commissioner of revenue does not disqualify the property from classification under this paragraph. Any parcel of 20 acres or more improved with a structure that is not a minor, ancillary nonresidential structure must be split-classified, and ten acres must be assigned to the split parcel containing the structure. Class 2b property has a classification rate of one percent of market value unless it is part of an agricultural homestead under paragraph (a), or qualifies as class 2c under paragraph (d).

(d) Class 2c managed forest land consists of no less than 20 and no more than 1,920 acres statewide per taxpayer that is being managed under a forest management plan that meets the requirements of chapter 290C, but is not enrolled in the sustainable forest resource management incentive program. It has a classification rate of .65 percent, provided that the owner of the property must apply to the assessor in order for the property to initially qualify for the reduced rate and provide the information required by the assessor to verify that the property qualifies for the reduced rate. If the assessor receives the application and information before May 1 in an assessment year, the property qualifies beginning with that assessment year. If the assessor receives the application and information after April 30 in an assessment year, the property may not qualify until the next assessment year. The commissioner of natural resources must concur that the land is qualified. The commissioner of natural resources shall annually provide county assessors verification information on a timely basis. The presence of a minor, ancillary nonresidential structure as defined by the commissioner of revenue does not disqualify the property from classification under this paragraph.

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

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

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

"Agricultural purposes" as used in this section means the raising, cultivation, drying, or storage of agricultural products for sale, or the storage of machinery or equipment used in support of agricultural production by the same farm entity. For a property to be classified as agricultural based only on the drying or storage of agricultural products, the products being dried or stored must have been produced by the same farm entity as the entity operating the drying or storage facility. "Agricultural purposes" also includes (i) enrollment in a local conservation program or the Reinvest in Minnesota program under sections 103F.501 to 103F.535 or the federal Conservation Reserve Program as contained in Public Law 99-198 or a similar state or federal conservation program if the property was classified as agricultural ~~(ii)~~ (A) under this subdivision for taxes payable in 2003 because of its enrollment in a qualifying program and the land remains enrolled or ~~(iii)~~ (B) in the year prior to its enrollment, or (ii) use of land, not to exceed three acres, to provide environmental benefits such as buffer strips, old growth forest restoration or retention, or retention ponds to prevent soil erosion. For purposes of this section, a "local conservation program" means a program administered by a town, statutory or home rule charter city, or county, including a watershed district, water management organization, or soil and water conservation district, in which landowners voluntarily enroll land and receive incentive payments equal to at least \$50 per acre in exchange for use or other restrictions

placed on the land. In order for property to qualify under the local conservation program provision, a taxpayer must apply to the assessor by February 1 of the assessment year and must submit the information required by the assessor, including but not limited to a copy of the program requirements, the specific agreement between the land owner and the local agency, if applicable, and a map of the conservation area. Agricultural classification shall not be based upon the market value of any residential structures on the parcel or contiguous parcels under the same ownership.

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

(f) Agricultural land under this section also includes:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) wholesale and retail sales;

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

(3) warehousing or storage of processed goods; and

(4) office facilities for the support of the activities enumerated in clauses (1), (2), and (3),

the assessor shall classify the part of the parcel used for agricultural purposes as class 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use. The grading, sorting, and packaging of raw agricultural products for first sale is considered an agricultural purpose. A greenhouse or other building where horticultural or nursery products are grown that is also used for the conduct of retail sales must be classified as agricultural if it is primarily used for the growing of horticultural or nursery products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products. Use of a greenhouse or building only for the display of already grown horticultural or nursery products does not qualify as an agricultural purpose.

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

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

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

- (ii) the land is part of the airport property; and
- (iii) the land is not used for commercial or residential purposes.

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

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

- (1) a legal description of the property;
- (2) a disclosure that the property contains a commercial aggregate deposit that is not actively being mined but is present on the entire parcel enrolled;
- (3) documentation that the conditional use under the county or local zoning ordinance of this property is for mining; and
- (4) documentation that a permit has been issued by the local unit of government or the mining activity is allowed under local ordinance. The disclosure must include a statement from a registered professional geologist, engineer, or soil scientist delineating the deposit and certifying that it is a commercial aggregate deposit.

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

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

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

EFFECTIVE DATE. This section is effective for assessment year 2019 and thereafter.

Sec. 24. Minnesota Statutes 2018, section 273.13, subdivision 34, is amended to read:

Subd. 34. **Homestead of disabled veteran 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 disabled veteran 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 ~~for the current taxes payable year and for eight additional taxes payable years~~ or until such time as the spouse remarries, or sells, transfers, or otherwise disposes of the property, ~~whichever comes first~~ 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), ~~for eight taxes payable years~~, or until such time as the spouse remarries or sells, transfers, or otherwise disposes of the property, ~~whichever comes first~~ 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 ~~July 1~~ December 15 of the first assessment year for which the exclusion is sought. For an application received after ~~July 1~~ December 15, the exclusion shall become effective for the following assessment year. 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. When a property qualifying for a market value exclusion under this subdivision is sold or transferred, the exclusion must be removed for the current assessment year, provided that the new owner may file a claim for an exclusion if eligible.

(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, the veteran's spouse is entitled to the benefit under paragraph (b), clause (2), ~~for eight taxes payable years or~~ 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 gravely disabled veterans, 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 for current enrollees and by December 15 for new applications, the county veterans service officer must certify the disability rating and permanent address of each veteran receiving the benefit under paragraph (b) to the assessor.

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

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

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

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

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

EFFECTIVE DATE. This section is effective beginning with assessments in 2019, for taxes payable in 2020.

Sec. 25. Minnesota Statutes 2018, section 273.13, subdivision 35, is amended to read:

Subd. 35. **Homestead market value exclusion.** (a) Prior to determining a property's net tax capacity under this section, property classified as class 1a or 1b under subdivision 22, and the portion of property classified as class 2a under subdivision 23 consisting of the house, garage, and surrounding one acre of land, shall be eligible for a market value exclusion as determined under paragraph (b).

(b) For a homestead valued at \$76,000 or less, the exclusion is 40 percent of market value. For a homestead valued between \$76,000 and \$413,800, the exclusion is \$30,400 minus nine percent of the valuation over \$76,000. For a homestead valued at \$413,800 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, as determined by the land records in the county recorder's office or registrar of titles. If ownership percentages of each owner cannot be determined by reference to the land records, the ownership percentages must be determined as if each owner owned an equal share of the property. 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 taxes payable in 2020 and thereafter.

Sec. 26. Minnesota Statutes 2018, section 273.136, subdivision 2, is amended to read:

Subd. 2. **Reduction amounts submitted to county.** The commissioner of revenue shall determine, not later than April 1 of each year, the amount of reduction resulting from section 273.135 in each county containing a tax relief area as defined by section 273.134, paragraph (b), basing determinations on a review of ~~abstracts of tax lists submitted by the county auditors pursuant to section 275.29~~ information reported to the commissioner under section 270C.85, subdivision 2, clause (4). The commissioner may make changes ~~in the abstracts of tax lists~~ as deemed necessary. The commissioner of revenue, after such review, shall submit to the St. Louis County auditor, on or before April 15, the amount of the first half payment payable hereunder and on or before September 15 the amount of the second half payment.

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

Sec. 27. Minnesota Statutes 2018, section 273.1384, subdivision 2, is amended to read:

Subd. 2. **Agricultural homestead market value credit.** Property classified as agricultural homestead under section 273.13, subdivision 23, paragraph (a), is eligible for an agricultural credit. The credit is computed using the property's agricultural credit market value, defined for this purpose as the property's market value excluding the market value of the house, garage, and immediately surrounding one acre of land. The credit is equal to 0.3 percent of the first \$115,000 of the property's agricultural credit market value plus 0.1 percent of the property's agricultural credit market value in excess of \$115,000, subject to a maximum credit of \$490. In the case of property that is classified as part homestead and part nonhomestead solely because not all the owners occupy or farm the property, not all the owners have qualifying relatives occupying or farming the property, or solely because not all the spouses of owners occupy the property, the credit is computed on the amount of agricultural credit market value corresponding to the owner-occupant's percentage of homestead. the percentage of homestead is equal to 100 divided by the number of owners of the property, or, in the case of a trust, the number of grantors of the trust that owns the property ownership, as determined by the land records in the county recorder's office or registrar of titles. If ownership percentages of each owner cannot be determined by reference to the land records, the ownership percentages must be determined as if each owner owned an equal share of the property.

EFFECTIVE DATE. This section is effective for taxes payable in 2020 and thereafter.

Sec. 28. Minnesota Statutes 2018, section 273.1384, subdivision 3, is amended to read:

Subd. 3. **Credit reimbursements.** The county auditor shall determine the tax reductions allowed under subdivision 2 within the county for each taxes payable year and shall certify that amount to the commissioner of revenue ~~as a part of the abstracts of tax lists submitted by the county auditors under section 275.29~~ under section 270C.85, subdivision 2, clause (4). Any prior year adjustments shall also be certified ~~on the abstracts of tax lists.~~ The commissioner shall review the certifications for accuracy, and may make such changes as are deemed necessary, or return the certification to the county auditor for correction. The credit under this section must be used to proportionately reduce the net tax capacity-based property tax payable to each local taxing jurisdiction as provided in section 273.1393.

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

Sec. 29. Minnesota Statutes 2018, section 273.1387, subdivision 3, is amended to read:

Subd. 3. **Credit reimbursements.** The county auditor shall determine the tax reductions allowed under this section within the county for each taxes payable year and shall certify that amount to the commissioner of revenue ~~as a part of the abstracts of tax lists submitted under section 275.29~~ under section 270C.85, subdivision 2, clause (4). Any prior year adjustments shall also be certified ~~on the abstracts of tax lists.~~ The commissioner shall review the certifications for accuracy, and may make such changes as are deemed necessary, or return the certification to the county auditor for correction. The credit under this section must be used to reduce the school district net tax capacity-based property tax as provided in section 273.1393.

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

Sec. 30. Minnesota Statutes 2018, section 273.18, is amended to read:

273.18 LISTING, VALUATION, AND ASSESSMENT OF EXEMPT PROPERTY BY COUNTY AUDITORS.

(a) In every sixth year after the year 2010, the county auditor shall enter the description of each tract of real property exempt by law from taxation, with the name of the owner, and the assessor shall value and assess the same in the same manner that other real property is valued and assessed, and shall designate in each case the purpose for which the property is used.

(b) ~~For purposes of the apportionment of fire state aid under section 69.021, subdivision 7,~~ The county auditor shall include ~~on the abstract of assessment of exempt real property filed under this section~~ in the exempt property information that the commissioner may require under section 270C.85, subdivision 2, clause (4), the total number of acres of all natural resources lands for which in lieu payments are made under sections 477A.11 to 477A.14. The assessor shall estimate its market value, provided that if the assessor is not able to estimate the market value of the land on a per parcel basis, the assessor shall furnish the commissioner of revenue with an estimate of the average value per acre of this land within the county.

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

Sec. 31. Minnesota Statutes 2018, section 273.371, subdivision 1, is amended to read:

Subdivision 1. **Report required.** Every electric light, power, gas, water, express, stage, transportation, and pipeline company doing business in Minnesota shall annually file with the commissioner on or before March 31 a report under oath setting forth the information prescribed by the commissioner to enable the commissioner to make valuations, recommended valuations, and equalization required under sections 273.33, 273.35, 273.36, 273.37, and 273.3711. The commissioner shall prescribe the content, format, and manner of the report pursuant to section 270C.30, except that for cooperative associations defined in section 273.40, the information provided in the report must be aggregated to the unique taxing jurisdiction level and exclude information related to property subject to the in-lieu tax under section 273.41, and that a "law administered by the commissioner" includes the property tax laws. If all the required information is not available on March 31, the company shall file the information that is available on or before March 31, and the balance of the information as soon as it becomes available. If a report is made by electronic means, the taxpayer's signature is defined pursuant to section 270C.304, except that a "law administered by the commissioner" includes the property tax laws. For purposes of this subdivision, "unique taxing jurisdiction" means the geographic area subject to the same set of local tax rates.

EFFECTIVE DATE. This section is effective beginning with assessments in 2020.

Sec. 32. Minnesota Statutes 2018, section 274.14, is amended to read:

274.14 LENGTH OF SESSION; RECORD.

The board must meet after the second Friday in June on at least one meeting day and may meet for up to ten consecutive meeting days. The actual meeting dates must be contained on the valuation notices mailed to each property owner in the county as provided in section 273.121. For this purpose, "meeting days" is defined as any day of the week excluding Sunday. At the board's discretion, "meeting days" may include Saturday. No action taken by the county board of review after June 30 is valid, except for corrections permitted in sections 273.01 and 274.01. The county auditor shall keep an accurate record of the proceedings and orders of the board. The record must be published like other proceedings of county commissioners. A copy of the published record must be sent to the commissioner of revenue, ~~with the abstract of assessment required by section 274.16~~ within five days following final action of the county board of equalization.

For counties that conduct either regular board of review meetings or open book meetings, at least one of the meeting days must include a meeting that does not end before 7:00 p.m. For counties that require taxpayer appointments for the board of review, appointments must include some available times that extend until at least 7:00 p.m. The county may have a Saturday meeting in lieu of, or in addition to, the extended meeting times under this paragraph.

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

Sec. 33. Minnesota Statutes 2018, section 274.16, is amended to read:

274.16 CORRECTED LISTS, ~~ABSTRACTS~~.

The county assessor or, in Ramsey County, the official designated by the board of county commissioners shall calculate the changes of the assessment lists determined by the county board of equalization, and make corrections accordingly, in the real or personal lists, or both, and shall make ~~duplicate abstracts~~ duplicates of them. One must be filed in the assessor's office, and one must be forwarded to the commissioner of revenue as provided in section 270C.89.

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

Sec. 34. Minnesota Statutes 2018, section 275.025, subdivision 1, is amended to read:

Subdivision 1. **Levy amount.** The state general levy is levied against commercial-industrial property and seasonal residential recreational property, as defined in this section. The state general levy for commercial-industrial property is ~~\$784,590,000~~, for taxes payable in ~~2018~~ 2020 and thereafter, 42.416 percent times the total commercial-industrial tax capacity as assessed in the previous year. The state general levy for seasonal-recreational property is \$44,190,000 for taxes payable in 2018 and thereafter. The tax under this section is not treated as a local tax rate under section 469.177 and is not the levy of a governmental unit under chapters 276A and 473F.

The commissioner shall increase or decrease the preliminary or final rate for a year as necessary to account for errors and tax base changes that affected a preliminary or final rate for either of the two preceding years. Adjustments are allowed to the extent that the necessary information is available to the commissioner at the time the rates for a year must be certified, and for the following reasons:

- (1) an erroneous report of taxable value by a local official;
- (2) an erroneous calculation by the commissioner; and

(3) an increase or decrease in taxable value for commercial-industrial or seasonal residential recreational property reported ~~on the abstracts of tax lists submitted under section 275.29 that was not reported on the abstracts of assessment submitted under section 270C.89~~ to the commissioner under section 270C.85, subdivision 2, clause (4), for the same year.

The commissioner may, but need not, make adjustments if the total difference in the tax levied for the year would be less than \$100,000.

EFFECTIVE DATE. This section is effective beginning with property taxes payable in 2020, except the amendments to clause (3) are effective the day following final enactment.

Sec. 35. Minnesota Statutes 2018, section 282.01, subdivision 6, is amended to read:

Subd. 6. **Duties of commissioner after sale.** (a) When any sale has been made by the county auditor under sections 282.01 to 282.13, the auditor shall immediately certify to the commissioner of revenue such information relating to such sale, on such forms as the commissioner of revenue may prescribe as will enable the commissioner of revenue to prepare an appropriate deed if the sale is for cash, or keep necessary records if the sale is on terms; and not later than October 31 of each year the county auditor shall submit to the commissioner of revenue a statement of all instances wherein any payment of principal, interest, or current taxes on lands held under certificate, due or to be paid during the preceding calendar years, are still outstanding at the time such certificate is made. When such

statement shows that a purchaser or the purchaser's assignee is in default, the commissioner of revenue may instruct the county board of the county in which the land is located to cancel said certificate of sale in the manner provided by subdivision 5, provided that upon recommendation of the county board, and where the circumstances are such that the commissioner of revenue after investigation is satisfied that the purchaser has made every effort reasonable to make payment of both the annual installment and said taxes, and that there has been no willful neglect on the part of the purchaser in meeting these obligations, then the commissioner of revenue may extend the time for the payment for such period as the commissioner may deem warranted, not to exceed one year. On payment in full of the purchase price, appropriate conveyance in fee, in such form as may be prescribed by the attorney general, shall be issued by the commissioner of revenue, which conveyance must be recorded by the county and shall have the force and effect of a patent from the state subject to easements and restrictions of record at the date of the tax judgment sale, including, but without limitation, permits for telephone and electric power lines either by underground cable or conduit or otherwise, sewer and water lines, highways, railroads, and pipe lines for gas, liquids, or solids in suspension.

(b) The commissioner of revenue shall issue an appropriate conveyance in fee when approval from the county auditor is given based upon written confirmation from a licensed closing agent, title insurer, or title insurance agent as specified in section 82.641. For purposes of this paragraph, "written confirmation" means a written commitment or approval that the funding for the conveyance is held in an escrow account available for disbursement upon delivery of a conveyance. The conveyance issued by the commissioner of revenue shall not be effective as a conveyance until it is recorded. The conveyance shall be issued to the county auditor where the land is located. Upon receipt of the conveyance, the county auditor shall hold the conveyance until the conveyance is requested from a licensed closing agent, title insurer, or title insurance agent to settle and close on the conveyance. If a request for the conveyance is not made within 30 days of the date the conveyance is issued by the commissioner of revenue, the county auditor shall return the conveyance to the commissioner. If the conveyance is delivered to the licensed closing agent, title insurer, or title insurance agent and the closing does not occur within ten days of the request, the licensed closing agent, title insurer, or title insurance agent shall immediately return the conveyance to the county auditor and, upon receipt, the county auditor shall return the conveyance to the commissioner of revenue. The commissioner of revenue shall cancel and destroy all conveyances returned by the county auditor pursuant to this subdivision. The licensed closing agent, title insurer, or title insurance agent must promptly record the conveyance after the closing and must deliver an attested or certified copy to the county auditor and to the grantee or grantees named on the conveyance.

EFFECTIVE DATE. This section is effective for conveyances issued by the commissioner of revenue after December 31, 2019.

Sec. 36. Minnesota Statutes 2018, section 287.21, subdivision 1, is amended to read:

Subdivision 1. **Determination of tax.** (a) A tax is imposed on each deed or instrument by which any real property in this state is granted, assigned, transferred, or otherwise conveyed. The tax applies against the net consideration. For purposes of the tax, the conversion of a corporation to a limited liability company, a limited liability company to a corporation, a partnership to a limited partnership, a limited partnership to another limited partnership or other entity, or a similar conversion of one entity to another does not grant, assign, transfer, or convey real property.

(b) The tax is determined in the following manner: (1) when transfers are made by instruments pursuant to (i) consolidations or mergers, or (ii) designated transfers, the tax is \$1.65; (2) when there is no consideration or when the consideration, exclusive of the value of any lien or encumbrance remaining thereon at the time of sale, is ~~\$500~~ \$3,000 or less, the tax is \$1.65; or (3) when the consideration, exclusive of the value of any lien or encumbrance remaining at the time of sale, exceeds ~~\$500~~ \$3,000, the tax is .0033 of the net consideration.

(c) If, within six months from the date of a designated transfer, an ownership interest in the grantee entity is transferred by an initial owner to any person or entity with the result that the designated transfer would not have been a designated transfer if made to the grantee entity with its subsequent ownership, then a tax is imposed at .0033 of the net consideration for the designated transfer. If the subsequent transfer of ownership interests was reasonably expected at the time of the designated transfer, the applicable penalty under section 287.31, subdivision 1, must be paid. The deed tax imposed under this paragraph is due within 30 days of the subsequent transfer that caused the tax to be imposed under this paragraph. Involuntary transfers of ownership shall not be considered transfers of ownership under this paragraph. The commissioner may adopt rules defining the types of transfers to be considered involuntary.

(d) The tax is due at the time a taxable deed or instrument is presented for recording, except as provided in paragraph (c). The commissioner may require the tax to be documented in a manner prescribed by the commissioner, and may require that the documentation be attached to and recorded as part of the deed or instrument. The county recorder or registrar of titles shall accept the attachment for recording as part of the deed or instrument and may not require, as a condition of recording a deed or instrument, evidence that a transfer is a designated transfer in addition to that required by the commissioner. Such an attachment shall not, however, provide actual or constructive notice of the information contained therein for purposes of determining any interest in the real property. The commissioner shall prescribe the manner in which the tax due under paragraph (c) is to be paid and may require grantees of designated transfers to file with the commissioner subsequent statements verifying that the tax provided under paragraph (c) does not apply.

EFFECTIVE DATE. This section is effective for deeds recorded after December 31, 2019.

Sec. 37. Minnesota Statutes 2018, 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, ~~and for homesteads which are~~ 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 beginning with claims for tax payable in 2020.

Sec. 38. Minnesota Statutes 2018, section 290B.04, subdivision 1, is amended to read:

Subdivision 1. **Initial application.** (a) A taxpayer meeting the program qualifications under section 290B.03 may apply to the commissioner of revenue for the deferral of taxes. Applications are due on or before ~~July~~ November 1 for deferral of any of the following year's property taxes. A taxpayer may request an early notification of approval or denial at any time. The commissioner must notify a taxpayer in writing of the reasons for an application denial and that the application may be amended and resubmitted by the due date specified in this subdivision. A taxpayer may apply in the year in which the taxpayer becomes 65 years old, provided that no deferral of property taxes will be made until the calendar year after the taxpayer becomes 65 years old. The application, which shall be prescribed by the commissioner of revenue, shall include the following items and any other information which the commissioner deems necessary:

(1) the name, address, and Social Security number of the owner or owners;

(2) a copy of the property tax statement for the current payable year for the homesteaded property;

(3) the initial year of ownership and occupancy as a homestead;

(4) the owner's household income for the previous calendar year; and

(5) information on any mortgage loans or other amounts secured by mortgages or other liens against the property, for which purpose the commissioner may require the applicant to provide a copy of the mortgage note, the mortgage, or a statement of the balance owing on the mortgage loan provided by the mortgage holder. The commissioner may require the appropriate documents in connection with obtaining and confirming information on unpaid amounts secured by other liens.

The application must state that program participation is voluntary. The application must also state that the deferred amount depends directly on the applicant's household income, and that program participation includes authorization for the annual deferred amount, the cumulative deferral and interest that appear on each year's notice prepared by the county under subdivision 6, is public data.

The application must state that program participants may claim the property tax refund based on the full amount of property taxes eligible for the refund, including any deferred amounts. The application must also state that property tax refunds will be used to offset any deferral and interest under this program, and that any other amounts subject to revenue recapture under section 270A.03, subdivision 7, will also be used to offset any deferral and interest under this program.

(b) If an application is denied, the applicant must be allowed to correct and resubmit the denied application within 90 days of the application deadline. The submission date of the resubmitted application is considered to be the same as the submission date of the original application.

~~(b)~~ (c) As part of the initial application process, the commissioner may require the applicant to obtain at the applicant's own cost and submit:

(1) if the property is registered property under chapter 508 or 508A, a copy of the original certificate of title in the possession of the county registrar of titles (sometimes referred to as "condition of register"); ~~or~~

(2) if the property is abstract property, a report prepared by a licensed abstracter showing the last deed and any unsatisfied mortgages, liens, judgments, and state and federal tax lien notices which were recorded on or after the date of that last deed with respect to the property or to the applicant; ~~or~~

(3) a copy of a court order transferring title to the applicant as described in paragraph (d).

The certificate or report under clauses (1) and (2) need not include references to any documents filed or recorded more than 40 years prior to the date of the certification or report. The certification or report must be as of a date not more than 30 days prior to submission of the application.

The commissioner may also require the county recorder or county registrar of the county where the property is located to provide copies of recorded documents related to the applicant or the property, for which the recorder or registrar shall not charge a fee. The commissioner may use any information available to determine or verify eligibility under this section. The household income from the application is private data on individuals as defined in section 13.02, subdivision 12.

(d) For purposes of this section, a copy of a court order transferring title of real property to the applicant is sufficient to demonstrate that title is held by the applicant.

EFFECTIVE DATE. This section is effective beginning with applications submitted in 2019, except that paragraphs (b), (c), clause (3), and (d) are effective the day following final enactment and apply to applications resubmitted on or after that date.

Sec. 39. Minnesota Statutes 2018, section 290B.09, subdivision 1, is amended to read:

Subdivision 1. **Determination; payment.** The county auditor shall determine the total current year's deferred amount of property tax under this chapter in the county, and ~~submit report those amounts as part of the abstracts of tax lists submitted by the county auditors under section 275.29 to the commissioner under section 270C.85, subdivision 2, clause (4).~~ The commissioner may make changes ~~in the abstracts of tax lists~~ as deemed necessary. The commissioner of revenue, after such review, shall pay the deferred amount of property tax to each county treasurer on or before August 31.

The county treasurer shall distribute as part of the October settlement the funds received as if they had been collected as a part of the property tax.

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

Sec. 40. Minnesota Statutes 2018, section 469.177, subdivision 1, is amended to read:

Subdivision 1. **Original net tax capacity.** (a) Upon or after adoption of a tax increment financing plan, the auditor of any county in which the district is situated shall, upon request of the authority, certify the original net tax capacity of the tax increment financing district and that portion of the district overlying any subdistrict as described in the tax increment financing plan and shall certify in each year thereafter the amount by which the original net tax capacity has increased or decreased as a result of a change in tax exempt status of property within the district and any subdistrict, reduction or enlargement of the district or changes pursuant to subdivision 4. The auditor shall certify the amount within 30 days after receipt of the request and sufficient information to identify the parcels included in the district. The certification relates to the taxes payable year as provided in subdivision 6.

(b) If the classification under section 273.13 of property located in a district changes to a classification that has a different assessment ratio, the original net tax capacity of that property must be redetermined at the time when its use is changed as if the property had originally been classified in the same class in which it is classified after its use is changed.

(c) The amount to be added to the original net tax capacity of the district as a result of previously tax exempt real property within the district becoming taxable equals the net tax capacity of the real property as most recently assessed pursuant to ~~section 273.18~~ information reported to the commissioner under section 270C.85, subdivision 2, clause (4), or, if that assessment was made more than one year prior to the date of title transfer rendering the

property taxable, the net tax capacity assessed by the assessor at the time of the transfer. If improvements are made to tax exempt property after the municipality approves the district and before the parcel becomes taxable, the assessor shall, at the request of the authority, separately assess the estimated market value of the improvements. If the property becomes taxable, the county auditor shall add to original net tax capacity, the net tax capacity of the parcel, excluding the separately assessed improvements. If substantial taxable improvements were made to a parcel after certification of the district and if the property later becomes tax exempt, in whole or part, as a result of the authority acquiring the property through foreclosure or exercise of remedies under a lease or other revenue agreement or as a result of tax forfeiture, the amount to be added to the original net tax capacity of the district as a result of the property again becoming taxable is the amount of the parcel's value that was included in original net tax capacity when the parcel was first certified. The amount to be added to the original net tax capacity of the district as a result of enlargements equals the net tax capacity of the added real property as most recently certified by the commissioner of revenue as of the date of modification of the tax increment financing plan pursuant to section 469.175, subdivision 4.

(d) If the net tax capacity of a property increases because the property no longer qualifies under the Minnesota Agricultural Property Tax Law, section 273.111; the Minnesota Open Space Property Tax Law, section 273.112; or the Metropolitan Agricultural Preserves Act, chapter 473H, the Rural Preserve Property Tax Program under section 273.114, or because platted, unimproved property is improved or market value is increased after approval of the plat under section 273.11, subdivision 14a or 14b, the increase in net tax capacity must be added to the original net tax capacity. If the net tax capacity of a property increases because the property no longer qualifies for the homestead market value exclusion under section 273.13, subdivision 35, the increase in net tax capacity must be added to original net tax capacity if the original construction of the affected home was completed before the date the assessor certified the original net tax capacity of the district.

(e) The amount to be subtracted from the original net tax capacity of the district as a result of previously taxable real property within the district becoming tax exempt or qualifying in whole or part for an exclusion from taxable market value, or a reduction in the geographic area of the district, shall be the amount of original net tax capacity initially attributed to the property becoming tax exempt, being excluded from taxable market value, or being removed from the district. If the net tax capacity of property located within the tax increment financing district is reduced by reason of a court-ordered abatement, stipulation agreement, voluntary abatement made by the assessor or auditor or by order of the commissioner of revenue, the reduction shall be applied to the original net tax capacity of the district when the property upon which the abatement is made has not been improved since the date of certification of the district and to the captured net tax capacity of the district in each year thereafter when the abatement relates to improvements made after the date of certification. The county auditor may specify reasonable form and content of the request for certification of the authority and any modification thereof pursuant to section 469.175, subdivision 4.

(f) If a parcel of property contained a substandard building or improvements described in section 469.174, subdivision 10, paragraph (e), that were demolished or removed and if the authority elects to treat the parcel as occupied by a substandard building under section 469.174, subdivision 10, paragraph (b), or by improvements under section 469.174, subdivision 10, paragraph (e), the auditor shall certify the original net tax capacity of the parcel using the greater of (1) the current net tax capacity of the parcel, or (2) the estimated market value of the parcel for the year in which the building or other improvements were demolished or removed, but applying the classification rates for the current year.

(g) For a redevelopment district qualifying under section 469.174, subdivision 10, paragraph (a), clause (4), as a qualified disaster area, the auditor shall certify the value of the land as the original tax capacity for any parcel in the district that contains a building that suffered substantial damage as a result of the disaster or emergency.

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

Sec. 41. Minnesota Statutes 2018, section 473H.08, subdivision 1, is amended to read:

Subdivision 1. **Till expiration started.** Agricultural preserves shall continue until either the landowner or the authority, or a state agency or governmental unit initiates expiration as provided in this section.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to any agricultural preserve where the previously required eight-year termination period under Minnesota Statutes, section 473H.08, has not yet expired.

Sec. 42. Minnesota Statutes 2018, section 473H.08, is amended by adding a subdivision to read:

Subd. 3a. **Expiration for park and trail purposes.** (a) An agricultural preserve expires immediately when a state agency or other governmental unit purchases the property or obtains an easement over the property for the purpose of creating or expanding a public trail or public park. This subdivision applies only to the portion of the agricultural preserve acquired for trail or park purposes, and any portion of the property not acquired for trail or park purposes shall remain an agricultural preserve regardless if the remaining total acreage is below 40 acres.

(b) The acquiring state agency or governmental unit shall give notice to the authority as provided in subdivision 4. The notice must specify the portion of the property being removed from the agricultural preserve and the date on which that portion expires.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to any agricultural preserve where the previously required eight-year termination period under Minnesota Statutes, section 473H.08, has not yet expired.

Sec. 43. Minnesota Statutes 2018, section 473H.08, subdivision 4, is amended to read:

Subd. 4. **Notice to others.** Upon receipt of the notice provided in subdivision 2 or 3a, or upon notice served by the authority as provided in subdivision 3, the authority shall forward the original notice to the county recorder for recording, or to the registrar of titles if the land is registered, and shall notify the county auditor, county assessor, the Metropolitan Council, and the county soil and water conservation district of the date of expiration. Designation as an agricultural preserve and all benefits and limitations accruing through sections 473H.02 to 473H.17 for the preserve shall cease on the date of expiration. The restrictive covenant contained in the application shall terminate on the date of expiration.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to any agricultural preserve where the previously required eight-year termination period under Minnesota Statutes, section 473H.08, has not yet expired.

Sec. 44. Laws 2008, chapter 366, article 5, section 33, the effective date, as amended by Laws 2013, chapter 143, article 4, section 35, is amended to read:

EFFECTIVE DATE. This section is effective for taxes levied in 2008, payable in 2009, and is repealed effective for taxes levied in ~~2018~~ 2024, payable in ~~2019~~ 2025, and thereafter.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2020.

Sec. 45. Laws 2009, chapter 88, article 2, section 46, subdivision 1, as amended by Laws 2013, chapter 143, article 4, section 36, is amended to read:

Subdivision 1. **Agreement.** The city of Cloquet and Perch Lake Township, by resolution of each of their governing bodies, may establish the Cloquet Area Fire and Ambulance Special Taxing District for the purpose of providing fire or ambulance services, or both, throughout the district. In this section, "municipality" means home rule charter and statutory cities, towns, and Indian tribes. The district may exercise all the powers relating to fire and ambulance services of the municipalities that receive fire or ambulance services, or both, from the district. Upon application, any other municipality may join the district with the agreement of the municipalities that comprise the district at the time of its application to join.

EFFECTIVE DATE. This section is effective upon compliance by the Cloquet Area Fire and Ambulance Special Taxing District Board with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 46. Laws 2009, chapter 88, article 2, section 46, subdivision 2, is amended to read:

Subd. 2. **Board.** The Cloquet Area Fire and Ambulance Special Taxing District Board is governed by a board made up initially of one or more elected officials of the governing body of each participating municipality in the proportions set out in the establishing resolution, subject to change as provided in the district's charter, if any, or in the district's bylaws. Each municipality's representatives serve at the pleasure of that municipality's governing body.

EFFECTIVE DATE. This section is effective upon compliance by the Cloquet Area Fire and Ambulance Special Taxing District Board with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 47. Laws 2009, chapter 88, article 2, section 46, subdivision 3, as amended by Laws 2013, chapter 143, article 4, section 37, is amended to read:

Subd. 3. **Tax.** The district board may impose a property tax on taxable property as provided in this subdivision to pay the costs of providing fire or ambulance services, or both, throughout the district. The board shall annually determine the total amount of the levy that is attributable to the cost of providing fire services and the cost of providing ambulance services within the primary service area. For those municipalities that only receive ambulance services, the costs for the provision of ambulance services shall be levied against taxable property within those municipalities at a rate necessary not to exceed 0.019 percent of the estimated market value. For those municipalities that receive both fire and ambulance services, the tax shall be imposed at a rate that does not exceed 0.2835 percent of estimated market value. A property tax levied by the district to make debt service payments for obligations issued by the district pursuant to subdivision 4 shall not be included when calculating the tax levy limits imposed in this subdivision.

When a member municipality opts to receive fire service from the district or an additional municipality becomes a member of the district, the cost of providing fire services to that community shall be determined by the board and added to the maximum levy amount.

Each county auditor of a county that contains a municipality subject to the tax under this section must collect the tax and pay it to the Fire and Ambulance Special Taxing District. The district may also impose other fees or charges as allowed by law for the provision of fire and ambulance services.

EFFECTIVE DATE. This section is effective upon compliance by the Cloquet Area Fire and Ambulance Special Taxing District Board with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 48. Laws 2009, chapter 88, article 2, section 46, subdivision 4, is amended to read:

Subd. 4. **Public indebtedness.** The district may incur debt in the manner provided for in Minnesota Statutes, chapter 475, and the district shall be considered a municipality by Minnesota Statutes, chapter 475, when necessary to accomplish its duties, as defined in Minnesota Statutes, sections 475.51, subdivision 2, and 475.521, subdivision 1, paragraph (c), and may issue certificates of indebtedness or capital notes in the manner provided for a city under Minnesota Statutes, section 412.301, when necessary to accomplish its duties. Any tax levied to pay debt of the district shall be levied in the amounts required and in accordance with Minnesota Statutes, section 475.61. The debt service for debt, the proceeds of which financed capital costs for ambulance service, shall be levied against taxable property within those municipalities in the primary service area. The debt service for debt, the proceeds of which financed capital costs for fire service, shall be levied against taxable property within those municipalities receiving fire services.

EFFECTIVE DATE. This section is effective upon compliance by the Cloquet Area Fire and Ambulance Special Taxing District Board with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 49. Laws 2009, chapter 88, article 2, section 46, subdivision 5, is amended to read:

Subd. 5. **Withdrawal.** Notice of intent to withdraw from participation in the district may be given only in the month of January, with a minimum of twelve months notice of intent to withdraw. Withdrawal becomes effective for taxes levied pursuant to subdivision 3 in the year when the notice is given. A property tax levied by the district on taxable property located in a withdrawing municipality to make debt service payments for obligations issued by the district pursuant to subdivision 4 shall remain in effect until the obligations outstanding on the date of withdrawal are satisfied, including any property tax levied in connection with a refunding of such obligations. The district and its members may develop and agree upon other continuing obligations after withdrawal of a municipality.

EFFECTIVE DATE. This section is effective upon compliance by the Cloquet Area Fire and Ambulance Special Taxing District Board with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 50. Laws 2017, First Special Session chapter 1, article 10, section 4, the effective date, is amended to read:

EFFECTIVE DATE; APPLICATION. This section is effective for applications and certifications made in 2018 and thereafter, except the repeal of the exclusion of land under item (iii) is effective retroactively for payments due under Minnesota Statutes, section 290C.08, beginning for payments due to be made in 2014. In order to qualify for retroactive payments, the following requirements must be met: (1) the owner of land exceeding 60,000 acres that is subject to a single conservation easement funded under Minnesota Statutes, section 97A.056 or a comparable permanent easement conveyed to a governmental or nonprofit entity, must submit an application to the commissioner of revenue, in a form and manner and at a time acceptable to the commissioner, establishing that the affected property and its use met the requirement of Minnesota Statutes, chapter 290C, as amended by this section; (2) the owner and each county in which the land is located must certify to the commissioner that no petitions challenging the market value of the property are pending under Minnesota Statutes, chapter 278; and (3) the requirements of clauses (1) and (2) must be satisfied by October 1, 2017. No interest accrues on payment under this section for periods before November 1, 2017.

EFFECTIVE DATE. This section is effective retroactively for certifications made in 2018 and thereafter.

Sec. 51. **VALUATION METHOD OF STATE-ASSESSED PROPERTY; REPORT.**

Subdivision 1. Report. (a) The commissioner of revenue must prepare a report on the valuation of certain state-assessed property as described in Minnesota Statutes, sections 273.33, 273.35, 273.36, 273.37, and 273.3711. The report must include the following information:

(1) a detailed description of administrative appeals and tax court petitions filed since 2012, containing the following information:

(i) the basis for each appeal and petition;

(ii) the current stage in the process of each appeal and petition, and if it is resolved, whether it was resolved by an agreement, dismissal, settlement, or judgment;

(iii) the final valuation and extent to which the market value was increased or reduced under an agreement, settlement, or judgment from an appeal or petition, and if an appeal or petition has not yet reached the final disposition, the report must state the commissioner's or tax court's valuation amounts as of its current stage in the process, whichever is most recent;

(iv) detail regarding the amount of the commissioner's most recent valuation compared to the taxpayer's opinion of valuation for appeals and petitions that have not yet resulted in a final disposition, if available at its current stage of litigation;

(v) detail regarding the amount of refund paid by each affected taxing local jurisdiction if the final disposition resulted in the lowering of market value; and

(vi) detail regarding the potential refund to be paid by each affected local taxing jurisdiction for appeals and petitions that have not yet resulted in a final disposition, as if the final disposition were to result in a finding of market value equal to the taxpayer's opinion of market value;

(2) an overview of the administrative appeal process, specifically explaining the criteria used by the commissioner to determine an increase or reduction of the original valuation;

(3) a detailed description of the process by which the commissioner determines preliminary and final valuation orders, including an examination of the form and contents of each order, as well as a description of the time frame for issuing each order in relation to affected local taxing jurisdictions' levy and budget process and options for issuing these valuation orders earlier than current practice; and

(4) a detailed comparison of the methodology used by the commissioner to administer Rule 8100 to methods used to value utility and pipeline property by other states, including but not limited to two neighboring states and three non-neighboring states.

Subd. 2. Report deadline. The commissioner must provide a copy of the report to the chairs and ranking minority members of the legislative committees with jurisdiction over property taxation by February 1, 2020.

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

Sec. 52. **4D AFFORDABLE HOUSING PROGRAMS REPORT.**

(a) No later than January 15, 2020, the commissioner of revenue, in consultation with Minnesota Housing Finance Agency and the Department of Human Services, must produce a report on class 4d property, as defined in section 273.13, subdivision 25, and local 4d affordable housing programs. The commissioner must provide a copy of the report to the chairs and ranking minority members of the legislative committees with jurisdiction over property taxation. The report must include the following:

(1) for properties classified in part or in whole as 4d qualifying under Minnesota Statutes, section 273.128, subdivision 1, clauses (1) to (4), with separate amounts given for properties under each clause:

(i) the number of units classified as 4d in each property in the previous assessment year;

(ii) the number of units not classified as 4d in each property in the previous assessment year;

(iii) the property tax paid in 2019;

(iv) the property tax reduction in 2019 resulting from 4d classification;

(v) the average household income, as a percent, of the area median income, for residents of 4d units; and

(vi) the total number of units that qualified for 4d in each of the last ten assessment years; and

(2) a profile of income limits and area median incomes used in Minnesota by the United States Department of Housing and Urban Development to determine eligibility for assisted housing programs.

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

Sec. 53. **SPECIAL REFUND PROVISION; DISABLED VETERANS HOMESTEAD EXCLUSION.**

A veteran who received a disability rating of 70 percent or more in 2016 or 2017 but did not receive the disabled veterans homestead exclusion for assessment year 2016 or 2017 may apply for a refund of taxes paid in 2017 or 2018 if the veteran would have qualified for the benefit in Minnesota Statutes, section 273.13, subdivision 34, paragraph (b), in one or both of those years. To qualify for a refund, a property owner must apply to the assessor by December 15, 2019, and must have paid all tax due in 2017 and 2018. After verifying that the applicant qualified for an exclusion for taxes payable in either or both of those years, the county assessor must notify the county auditor, and the auditor must recalculate the taxes on the property for taxes payable in 2017 and 2018 based on the exclusion the applicant was qualified for. The county treasurer must then issue a refund of tax paid in 2017 and 2018 equal to the difference between the taxes as initially calculated for each taxes payable year and the taxes based on the value remaining after the exclusion.

EFFECTIVE DATE. This section is effective for refund applications received in 2019, for refunds of tax paid in 2017 and 2018.

Sec. 54. **REPEALER.**

Minnesota Statutes 2018, section 275.29, is repealed.

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

ARTICLE 6
AIDS AND CREDITS

Section 1. Minnesota Statutes 2018, section 273.1385, subdivision 4, is amended to read:

Subd. 4. **Aid termination.** The aid provided under this section ~~terminates on June 30, 2020.~~ continues until the earlier of:

(1) the last day of the fiscal year immediately following the fiscal year in which the actuarial value of assets of the general employees retirement plan of the Public Employees Retirement Association first equals or exceeds the actuarial accrued liabilities of the plan as reported in the annual actuarial valuation prepared under section 356.215; or

(2) June 30, 2048.

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

Sec. 2. Minnesota Statutes 2018, section 273.1387, subdivision 2, is amended to read:

Subd. 2. **Credit amount.** For each qualifying property, the school building bond agricultural credit is equal to ~~40~~ 70 percent of the property's eligible net tax capacity multiplied by the school debt tax rate determined under section 275.08, subdivision 1b.

EFFECTIVE DATE. This section is effective beginning with property taxes payable in 2020.

Sec. 3. Minnesota Statutes 2018, 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 1,619 <u>\$0 to 1,769</u>	1.0 percent	15 percent	\$ 2,580 <u>3,020</u>
1,620 to 3,229 <u>1,770 to 3,529</u>	1.1 percent	15 percent	\$ 2,580 <u>3,020</u>
3,230 to 4,889 <u>3,530 to 5,349</u>	1.2 percent	15 percent	\$ 2,580 <u>3,020</u>
4,890 to 6,519 <u>5,350 to 7,129</u>	1.3 percent	20 percent	\$ 2,580 <u>3,020</u>
6,520 to 8,129 <u>7,130 to 8,899</u>	1.4 percent	20 percent	\$ 2,580 <u>3,020</u>
8,130 to 11,389 <u>8,900 to 12,459</u>	1.5 percent	20 percent	\$ 2,580 <u>3,020</u>
11,390 to 13,009 <u>12,460 to 14,239</u>	1.6 percent	20 percent	\$ 2,580 <u>3,020</u>
13,010 to 14,649 <u>14,240 to 16,029</u>	1.7 percent	20 percent	\$ 2,580 <u>3,020</u>
14,650 to 16,269 <u>16,030 to 17,799</u>	1.8 percent	20 percent	\$ 2,580 <u>3,020</u>
16,270 to 17,879 <u>17,800 to 19,569</u>	1.9 percent	25 percent	\$ 2,580 <u>3,020</u>
17,880 to 22,779 <u>19,570 to 24,929</u>	2.0 percent	25 percent	\$ 2,580 <u>3,020</u>
22,780 to 24,399 <u>24,930 to 26,699</u>	2.0 percent	30 percent	\$ 2,580 <u>3,020</u>
24,400 to 27,659 <u>26,700 to 30,269</u>	2.0 percent	30 percent	\$ 2,580 <u>3,020</u>
27,660 to 39,029 <u>30,270 to 42,709</u>	2.0 percent	35 percent	\$ 2,580 <u>3,020</u>
39,030 to 56,919 <u>42,710 to 62,279</u>	2.0 percent	35 percent	\$ 2,090 <u>2,490</u>
56,920 to 65,049 <u>62,280 to 71,179</u>	2.0 percent	40 percent	\$ 1,830 <u>2,200</u>

65,050 to 73,189 <u>71,180 to 80,089</u>	2.1 percent	40 percent	\$ 1,510 <u>1,850</u>
73,190 to 81,319 <u>80,090 to 88,979</u>	2.2 percent	40 percent	\$ 1,350 <u>1,680</u>
81,320 to 89,449 <u>88,980 to 97,879</u>	2.3 percent	40 percent	\$ 1,180 <u>1,490</u>
89,450 to 94,339 <u>97,880 to 103,229</u>	2.4 percent	45 percent	\$ 1,000 <u>1,290</u>
94,340 to 97,609 <u>103,230 to 106,809</u>	2.5 percent	45 percent	\$ 830 <u>1,090</u>
97,610 to 101,559 <u>106,810 to 111,129</u>	2.5 percent	50 percent	\$ 680 <u>920</u>
101,560 to 105,499 <u>111,130 to 115,439</u>	2.5 percent	50 percent	\$ 500 <u>730</u>
<u>115,440 to 119,439</u>	<u>2.6 percent</u>	<u>50 percent</u>	<u>\$500</u>
<u>119,440 to 123,439</u>	<u>2.7 percent</u>	<u>50 percent</u>	<u>\$450</u>
<u>123,440 to 127,439</u>	<u>2.8 percent</u>	<u>50 percent</u>	<u>\$400</u>
<u>127,440 to 131,439</u>	<u>2.9 percent</u>	<u>55 percent</u>	<u>\$350</u>
<u>131,440 to 135,439</u>	<u>3.0 percent</u>	<u>55 percent</u>	<u>\$300</u>
<u>135,440 to 139,439</u>	<u>3.1 percent</u>	<u>55 percent</u>	<u>\$250</u>
<u>139,440 to 143,439</u>	<u>3.2 percent</u>	<u>55 percent</u>	<u>\$200</u>
<u>143,440 to 147,439</u>	<u>3.3 percent</u>	<u>55 percent</u>	<u>\$150</u>
<u>147,440 to 151,439</u>	<u>3.4 percent</u>	<u>55 percent</u>	<u>\$100</u>
<u>151,440 to 155,439</u>	<u>3.5 percent</u>	<u>55 percent</u>	<u>\$100</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 ~~\$105,500~~ \$155,440 or more.

EFFECTIVE DATE. This section is effective for refunds based on property taxes payable after December 31, 2019.

Sec. 4. Minnesota Statutes 2018, section 290A.04, subdivision 2a, is amended to read:

Subd. 2a. **Renters.** A claimant 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 to be paid by the claimant of the remaining amount of rent constituting property taxes. The state refund equals the amount of rent constituting property taxes that remain, up to the maximum state refund amount shown below.

Household Income	Percent of Income	Percent Paid by Claimant	Maximum State Refund
\$ 0 to 4,909 <u>\$0 to 5,369</u>	1.0 percent	5 <u>2.5 percent</u>	\$ 2,000 <u>2,190</u>
4,910 to 6,529 <u>5,370 to 7,149</u>	1.0 percent	4 <u>5 percent</u>	\$ 2,000 <u>2,190</u>
6,530 to 8,159 <u>7,150 to 8,929</u>	1.1 percent	4 <u>5 percent</u>	\$ 1,950 <u>2,130</u>
8,160 to 11,439 <u>8,930 to 12,519</u>	1.2 percent	4 <u>5 percent</u>	\$ 1,900 <u>2,080</u>
11,440 to 14,709 <u>12,520 to 16,099</u>	1.3 percent	15 <u>10 percent</u>	\$ 1,850 <u>2,020</u>
14,710 to 16,339 <u>16,100 to 17,879</u>	1.4 percent	15 <u>10 percent</u>	\$ 1,800 <u>1,970</u>
16,340 to 17,959 <u>17,880 to 19,649</u>	1.4 percent	20 <u>15 percent</u>	\$ 1,750 <u>1,910</u>
17,960 to 21,239 <u>19,650 to 23,239</u>	1.5 percent	20 <u>15 percent</u>	\$ 1,700 <u>1,860</u>
21,240 to 22,869 <u>23,240 to 25,029</u>	1.6 percent	20 <u>15 percent</u>	\$ 1,650 <u>1,810</u>
22,870 to 24,499 <u>25,030 to 26,809</u>	1.7 percent	25 <u>20 percent</u>	\$ 1,650 <u>1,810</u>
24,500 to 27,779 <u>26,810 to 30,399</u>	1.8 percent	25 <u>20 percent</u>	\$ 1,650 <u>1,810</u>
27,780 to 29,399 <u>30,400 to 32,169</u>	1.9 percent	30 <u>25 percent</u>	\$ 1,650 <u>1,810</u>
29,400 to 34,299 <u>32,170 to 37,529</u>	2.0 percent	30 <u>27.5 percent</u>	\$ 1,650 <u>1,810</u>
34,300 to 39,199 <u>37,530 to 42,889</u>	2.0 percent	35 <u>32.5 percent</u>	\$ 1,650 <u>1,810</u>
39,200 to 45,739 <u>42,890 to 50,049</u>	2.0 percent	40 <u>37.5 percent</u>	\$ 1,650 <u>1,810</u>
45,740 to 47,369 <u>50,050 to 51,829</u>	2.0 percent	45 <u>40 percent</u>	\$ 1,500 <u>1,640</u>
47,370 to 49,009 <u>51,830 to 53,629</u>	2.0 percent	45 <u>42.5 percent</u>	\$ 1,350 <u>1,480</u>

49,010 to 50,649 <u>53,630 to 55,419</u>	2.0 percent	45 <u>42.5 percent</u>	\$ 1,150 <u>1,260</u>
50,650 to 52,269 <u>55,420 to 57,199</u>	2.0 percent	50 <u>47.5 percent</u>	\$ 1,000 <u>1,090</u>
52,270 to 53,909 <u>57,200 to 58,989</u>	2.0 percent	50 <u>47.5 percent</u>	\$ 900 <u>980</u>
53,910 to 55,539 <u>58,990 to 64,999</u>	2.0 percent	50 percent	\$ 500 <u>750</u>
55,540 to 57,169 <u>65,000 to 67,499</u>	2.0 percent <u>2.0 percent</u>	50 percent <u>55 percent</u>	\$200 <u>\$550</u>
65,000 to 67,499 <u>67,500 to 69,999</u>	2.0 percent <u>2.1 percent</u>	55 percent <u>55 percent</u>	\$350 <u>\$350</u>
67,500 to 69,999 <u>70,000 to 72,499</u>	2.1 percent <u>2.2 percent</u>	55 percent <u>55 percent</u>	\$250 <u>\$250</u>
70,000 to 72,499 <u>72,500 to 74,999</u>	2.2 percent <u>2.3 percent</u>	55 percent <u>55 percent</u>	\$150 <u>\$150</u>

The payment made to a claimant is the amount of the state refund calculated under this subdivision. No payment is allowed if the claimant's household income is ~~\$57,170~~ \$75,000 or more.

EFFECTIVE DATE. This section is effective for refunds based on rent paid after December 31, 2018.

Sec. 5. Minnesota Statutes 2018, section 290A.19, is amended to read:

290A.19 OWNER OR MANAGING AGENT TO FURNISH RENT CERTIFICATE CERTIFICATES.

Subdivision 1. 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, ~~in~~. The commissioner shall prescribe the content, format, and manner prescribed by the commissioner of the form pursuant to section 270C.30. Prior to implementation, the commissioner, after consulting with representatives of owners or managing agents, shall develop an implementation and administration plan for the requirements of this paragraph that attempts to minimize financial burdens, administration and compliance costs, and takes into consideration existing systems of owners and managing agents.

(c) For the purposes of this section, "owner" includes a park owner as defined under section 327C.01, subdivision 6, and "property" includes a lot as defined under section 327C.01, subdivision 3.

(d) Beginning with certificates of rent paid for 2021 rents, an owner or managing agent must furnish certificates of rent paid that were created using the system developed under subdivision 3 or provide equivalent data to the commissioner in a form and manner approved by the commissioner. The commissioner must retain data collected under this paragraph at least as long as is necessary to ensure compliance with this chapter. Data gathered under this paragraph are return information, as defined in section 270B.02.

Subd. 2. Rental market information. (a) Beginning with certificates of rent paid for 2021 rents, an owner or managing agent must submit the following data elements to the commissioner about any property for which the owner or managing agent provides a certificate of rent paid under subdivision 1:

(1) the number of bedrooms in the rental unit;

(2) whether utilities are included in the rent amount reported;

(3) whether the renter paid a different rent amount than the market rate due to a subsidy; and

(4) the city, county, and five-digit zip code of the rental unit.

(b) An owner or managing agent may submit the data using the electronic system developed under subdivision 3, or provide equivalent data in a form and manner approved by the commissioner.

(c) The commissioner must retain data collected through the system at least as long as is necessary to prepare the annual report required under section 290A.29. Data collected under this subdivision are return information, as defined in section 270B.02.

Subd. 3. **Electronic system for certificates of rent paid.** (a) The commissioner must develop and implement an electronic system for generating certificates of rent paid. The system must allow an owner or managing agent to enter the information necessary to generate a certificate of rent paid, and use the information provided to create a completed certificate for distribution to renters. An owner or managing agent is responsible for furnishing the certificate to a renter in accordance with subdivision 1. The system must be available by January 1, 2021, for use for certificates of rent paid for 2020 rents.

(b) In addition to any information required by the commissioner to administer the renter's credit program and ensure compliance with this chapter, the system developed under this subdivision must be capable of capturing the rental market information required under subdivision 2.

EFFECTIVE DATE. (a) The amendments to subdivisions 1 and 2 are effective for refunds based on rents paid in 2021 and following years.

(b) Subdivision 3 is effective July 1, 2019.

Sec. 6. **[290A.29] ANNUAL REPORT ON RENTS PAID IN MINNESOTA.**

(a) Using data collected under section 290A.19, subdivision 2, the commissioner must annually prepare and publish a report on rents in Minnesota. The report must provide aggregated summary data on rents, broken out by number of bedrooms, county, and other significant geographical regions. At a minimum, the report must describe:

(1) average and median rent amounts paid in the most recent year for which data is available; and

(2) to the extent data is available, year-to-year changes in the amount of rent paid.

(b) By March 15, 2022, and March 15 of each following year, the commissioner must submit the report to the chairs and ranking members of the house and senate committees with jurisdiction over taxes, property taxes, and housing policy.

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

Sec. 7. Minnesota Statutes 2018, section 298.225, subdivision 1, is amended to read:

Subdivision 1. **Guaranteed distribution.** (a) Except as provided under paragraph (c), the distribution of the taconite production tax as provided in section 298.28, subdivisions 3 to 5, 6, paragraph (b), 7, and 8, shall equal the lesser of the following amounts:

(1) the amount distributed pursuant to this section and section 298.28, with respect to 1983 production if the production for the year prior to the distribution year is no less than 42,000,000 taxable tons. If the production is less than 42,000,000 taxable tons, the amount of the distributions shall be reduced proportionately at the rate of two percent for each 1,000,000 tons, or part of 1,000,000 tons by which the production is less than 42,000,000 tons; or

(2)(i) for the distributions made pursuant to section 298.28, subdivisions 4, paragraphs (b) and (c), and 6, paragraph (c), 31.2 percent of the amount distributed pursuant to this section and section 298.28, with respect to 1983 production;

(ii) for the distributions made pursuant to section 298.28, subdivision 5, paragraphs (b) and (d), 75 percent of the amount distributed pursuant to this section and section 298.28, with respect to 1983 production provided that the aid guarantee for distributions under section 298.28, subdivision 5, paragraph (b), shall be reduced by five cents per taxable ton for production years 2014 and thereafter.

(b) The distribution of the taconite production tax as provided in section 298.28, subdivision 2, shall equal the following amount:

(1) if the production for the year prior to the distribution year is at least 42,000,000 taxable tons, the amount distributed pursuant to this section and section 298.28 with respect to 1999 production; or

(2) if the production for the year prior to the distribution year is less than 42,000,000 taxable tons, the amount distributed pursuant to this section and section 298.28 with respect to 1999 production, reduced proportionately at the rate of two percent for each 1,000,000 tons or part of 1,000,000 tons by which the production is less than 42,000,000 tons.

(c) The distribution of the taconite production tax under section 298.28, subdivision 3, paragraph (a), must equal the amount distributed under 298.28, with respect to 1983 production.

EFFECTIVE DATE. This section is effective for distributions in 2020 and thereafter.

Sec. 8. Minnesota Statutes 2018, section 298.28, subdivision 3, is amended to read:

Subd. 3. **Cities; towns.** (a) 12.5 cents per taxable ton, less any amount distributed under subdivision 8, and paragraph (b), must be allocated to the taconite municipal aid account to be distributed as provided in section 298.282. The amount allocated to the taconite municipal aid account must be annually increased in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1.

(b) An amount must be allocated to towns or cities that is annually certified by the county auditor of a county containing a taconite tax relief area as defined in section 273.134, paragraph (b), within which there is (1) an organized township if, as of January 2, 1982, more than 75 percent of the assessed valuation of the township consists of iron ore or (2) a city if, as of January 2, 1980, more than 75 percent of the assessed valuation of the city consists of iron ore.

(c) The amount allocated under paragraph (b) will be the portion of a township's or city's certified levy equal to the proportion of (1) the difference between 50 percent of January 2, 1982, assessed value in the case of a township and 50 percent of the January 2, 1980, assessed value in the case of a city and its current assessed value to (2) the sum of its current assessed value plus the difference determined in (1), provided that the amount distributed shall not exceed \$55 per capita in the case of a township or \$75 per capita in the case of a city. For purposes of this limitation, population will be determined according to the 1980 decennial census conducted by the United States Bureau of the Census. If the current assessed value of the township exceeds 50 percent of the township's January 2, 1982, assessed value, or if the current assessed value of the city exceeds 50 percent of the city's January 2, 1980, assessed value, this paragraph shall not apply. For purposes of this paragraph, "assessed value," when used in reference to years other than 1980 or 1982, means the appropriate net tax capacities multiplied by 10.2.

(d) In addition to other distributions under this subdivision, three cents per taxable ton for distributions in 2009 must be allocated for distribution to towns that are entirely located within the taconite tax relief area defined in section 273.134, paragraph (b). For distribution in 2010 through 2014 and for distribution in 2018 and subsequent years, the three-cent amount must be annually increased in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1. The amount available under this paragraph will be distributed to eligible towns on a per capita basis, provided that no town may receive more than \$50,000 in any year under this paragraph. Any amount of the distribution that exceeds the \$50,000 limitation for a town under this paragraph must be redistributed on a per capita basis among the other eligible towns, to whose distributions do not exceed \$50,000.

EFFECTIVE DATE. This section is effective for distributions in 2020 and thereafter.

Sec. 9. Minnesota Statutes 2018, section 469.169, is amended by adding a subdivision to read:

Subd. 21. **Additional border city allocations.** (a) In addition to the tax reductions authorized in subdivisions 12 to 20, the commissioner shall annually allocate \$1,000,000 for tax reductions to border city enterprise zones in cities located on the western border of the state. The commissioner shall allocate this amount among cities on a per capita basis. Allocations made under this subdivision may be used for tax reductions under sections 469.171, 469.1732, and 469.1734, or for other offsets of taxes imposed on or remitted by businesses located in the enterprise zone as provided by law, but only if the municipality determines that the granting of the tax reduction or offset is necessary to retain a business within or attract a business to the zone.

(b) The allocations under this subdivision do not cancel or expire, but remain available until used by the city.

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

Sec. 10. Minnesota Statutes 2018, section 469.171, subdivision 4, is amended to read:

Subd. 4. **Restriction.** The tax reductions provided by this section shall not apply to (1) a facility the primary purpose of which is one of the following: ~~retail food and beverage services, automobile sales or service, or the provision of recreation or entertainment, or a private or commercial golf course, country club, massage parlor, tennis club, skating facility including roller skating, skateboard, and ice skating, racquet sports facility, including any handball or racquetball court, hot tub facility, suntan facility, or racetrack;~~ (2) property of a public utility; (3) property used in the operation of a financial institution; (4) property owned by a fraternal or veterans' organization; or (5) ~~property of a business operating under a franchise agreement that requires the business to be located in the state; except that tax reductions may be provided to a retail food or beverage facility or an automobile sales or service facility, or a business a retail food or beverage facility operating under a franchise agreement that requires the business to be located in this state except for such a franchised retail food or beverage facility.~~

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

Sec. 11. Minnesota Statutes 2018, section 477A.011, subdivision 45, is amended to read:

Subd. 45. **Sparsity adjustment.** ~~For~~ The sparsity adjustment is \$200 for either:

(1) a city with a population of 10,000 or more, ~~the sparsity adjustment is 100 for any city with~~ and an average population density less than 150 per square mile, according to the most recent federal census. ~~For; or~~

(2) a city with a population less than 10,000, ~~the sparsity adjustment is 200 for any city with~~ and an average population density less than 30 per square mile, according to the most recent federal census.

The sparsity adjustment is zero for all other cities.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2020 and thereafter.

Sec. 12. Minnesota Statutes 2018, section 477A.013, subdivision 9, is amended to read:

Subd. 9. **City aid distribution.** (a) In calendar year 2018 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, (2) the city formula aid under subdivision 8, and (3) its aid adjustment under subdivision 13.

(b) For aids payable in 2018 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 \$10 multiplied by its population, or 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 2020 and thereafter.

Sec. 13. Minnesota Statutes 2018, section 477A.013, subdivision 13, is amended to read:

Subd. 13. **Certified aid adjustments.** ~~(a) A city that received an aid base increase under Minnesota Statutes 2012, section 477A.011, subdivision 36, paragraph (e), shall have its total aid under subdivision 9 increased by an amount equal to \$150,000 for aids payable in 2014 through 2018.~~

~~(b) (a) A city that received an aid base increase under Minnesota Statutes 2012, section 477A.011, subdivision 36, paragraph (r), shall have its total aid under subdivision 9 increased by an amount equal to \$160,000 for aids payable in 2014 and thereafter.~~

~~(c) A city that received a temporary aid increase under Minnesota Statutes 2012, section 477A.011, subdivision 36, paragraph (o), shall have its total aid under subdivision 9 increased by an amount equal to \$1,000,000 for aids payable in 2014 only.~~

(b) The city of Floodwood shall have its total aid under subdivision 9 increased by \$20,000 for aids payable in 2020 through 2024.

(c) The city of Hermantown shall have its total aid under subdivision 9 increased by \$200,000 for aids payable in 2020 through 2024.

(d) The city of West St. Paul shall have its total aid under subdivision 9 increased by \$920,000 for aids payable in 2020 through 2024.

(e) The city of Flensburg shall have its total aid under subdivision 9 increased by \$38,400 for aids payable in 2020 only.

(f) The city of Lilydale shall have its total aid under subdivision 9 increased by \$275,000 for aids payable in 2020 only.

(g) The city of Scanlon shall have its total aid under subdivision 9 increased by \$40,000 for aids payable in 2020 through 2029.

(h) The city of East Grand Forks shall have its total aid under subdivision 9 increased by \$300,000 for aids payable in 2020 through 2024.

(i) The city of Virginia shall have its total aid under subdivision 9 increased by \$5,400,000 for aids payable in 2020 only.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2020 and thereafter.

Sec. 14. Minnesota Statutes 2018, 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 ~~thereafter 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 subdivision 9 is \$570,390,952. For aids payable in 2021 and thereafter, the total aid paid under section 477A.013, subdivision 9, is \$564,990,952.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2020 and thereafter.

Sec. 15. Minnesota Statutes 2018, section 477A.03, subdivision 2b, is amended to read:

Subd. 2b. **Counties.** (a) For aids payable in 2018 ~~through 2024 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 through 2024, the total aid payable under section 477A.0124, subdivision 3, is \$119,091,470 and is subject to the allocations under paragraph (c). For aids payable in 2025 and thereafter, the total aid payable under section 477A.0124, subdivision 3, is ~~\$100,795,000~~ \$116,091,470. Each calendar year, \$500,000 of this appropriation shall be retained by the commissioner of revenue to make reimbursements to the commissioner of management and budget for payments made under section 611.27. The reimbursements shall be to defray the additional costs associated with court-ordered counsel under section 611.27. Any retained amounts not used for reimbursement in a year shall be included in the next distribution of county need aid that is certified to the county auditors for the purpose of property tax reduction for the next taxes payable year.

(b) For aids payable in 2018 and ~~thereafter 2019~~, the total aid under section 477A.0124, subdivision 4, is \$130,873,444. For aids payable in 2020 and thereafter, the total aid under section 477A.0124, subdivision 4, is \$146,169,914. The commissioner of revenue shall transfer to the commissioner of management and budget \$207,000 annually for the cost of preparation of local impact notes as required by section 3.987, and other local government activities. The commissioner of revenue shall transfer to the commissioner of education \$7,000 annually for the cost of preparation of local impact notes for school districts as required by section 3.987. The commissioner of revenue shall deduct the amounts transferred under this paragraph from the appropriation under this paragraph. The amounts transferred are appropriated to the commissioner of management and budget and the commissioner of education respectively.

(c) For aids payable under paragraph (a) in 2020 through 2024, \$3,000,000 shall be allocated as required under Laws 2014, chapter 150, article 4, section 6. For aids payable under paragraph (a) in 2020, an additional \$750,000 must be allocated to Mahnomen County before the money appropriated to county need aid is apportioned among the counties. Of this increased aid amount allocated to Mahnomen County, one-third must be used by the county for the Mahnomen Health Center and one-third must be paid from the county to the White Earth Band of Ojibwe to reimburse the band for the costs of delivering child welfare services.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2020 and thereafter.

Sec. 16. **AID PENALTY FORGIVENESS; THE CITY OF WAUBUN.**

Notwithstanding Minnesota Statutes, section 477A.017, the city of Waubun may receive its second local government aid payment and small city assistance aid payment for aids payable in 2018 even though it did not file fiscal year 2017 financial reports with the state auditor as required under that section, provided that the required

forms are submitted to the state auditor by May 31, 2019. The commissioner of revenue shall make the payments to the city of Waubun by June 30, 2019. Up to \$56,822 of the fiscal year 2019 appropriation for local government aid in Minnesota Statutes, section 477A.03, subdivision 2, is available for payment under this section. Up to \$3,771 of the fiscal year 2019 appropriation for the small city assistance program in Laws 2017, First Special Session chapter 3, article 1, section 2, subdivision 4, clause (c), is available for payment under this section.

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

Sec. 17. **STATE FIRE AID PENALTY FORGIVENESS; AUSTIN.**

Notwithstanding any contrary provision of law, the city of Austin shall receive both its 2016 state fire aid payment under Minnesota Statutes, section 69.021, subdivision 7, and its 2016 supplemental state aid payment under Minnesota Statutes, section 423A.022, provided that the sum of the fire state aid and the supplemental state aid that the city transmitted to the Austin Parttime Firefighters Relief Association in calendar year 2015 to fund the volunteers firefighters' service pensions met or exceeded the amount required under the bylaws of that association. The commissioner of revenue shall make a payment of \$103,891.48 for the state fire aid and \$25,201.92 for the supplemental aid to the city no later than June 30, 2019. \$129,093.40 in fiscal year 2019 is appropriated from the general fund to the commissioner of revenue to make the payments under this section.

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

Sec. 18. **APPROPRIATION OF LAPSED AMOUNTS; FIRE REMEDIATION GRANTS.**

(a) \$643,729 in fiscal year 2019 is appropriated from the general fund to the commissioner of public safety for grants to remediate the effects of fires in the city of Melrose on September 8, 2016. This appropriation represents the amounts that lapsed by the terms of the appropriation in Laws 2017, First Special Session chapter 1, article 4, section 31.

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

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

Sec. 19. **APPROPRIATION.**

\$5,000 in fiscal year 2020 only is appropriated from the general fund to the commissioner of revenue for a grant of \$2,600 to the city of Mazeppa and a grant of \$2,400 to Wabasha County. The grants shall be paid by July 20, 2019, and may be used for property tax abatements and other costs incurred by public and private entities as a result of a fire in the city of Mazeppa on March 11, 2018. This is a onetime appropriation.

EFFECTIVE DATE. This section is effective July 1, 2019.

ARTICLE 7
LOCAL TAXES

Section 1. Minnesota Statutes 2018, 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.992, (2) under section 297A.993, (3) if permitted by special law, or (4) 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 or a special excise tax on motor vehicles.

(d) A political subdivision may not advertise or expend funds for the promotion of a referendum to support imposing a local ~~option~~ sales tax- and may only spend funds related to imposing a local sales tax to:

~~(e) Notwithstanding paragraph (d), a political subdivision may expend funds 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. 2. Minnesota Statutes 2018, section 297A.99, is amended by adding a subdivision to read:

Subd. 1a. **Purpose statement.** Local sales taxes are to be used instead of traditional local revenues only for construction and rehabilitation of capital projects when a clear regional benefit beyond the taxing jurisdiction can be demonstrated. Use of local sales tax revenues for local projects decreases the benefits to taxpayers of the deductibility of local property taxes and the state assistance provided through the property tax refund system and increases the fiscal inequities between similar communities.

Sec. 3. Minnesota Statutes 2018, section 297A.99, subdivision 2, is amended to read:

Subd. 2. **Local resolution before application for authority.** ~~(a) Before the governing body of a political subdivision requests legislative approval of to impose a local sales tax authorized by a special law for a local sales tax that is administered under this section, it shall adopt a resolution indicating its approval of the tax. The resolution must include, at a minimum, the following information on:~~

~~(1) the proposed tax rate, how the revenues will be used;~~

(2) a detailed description of no more than five capital projects that will be funded with revenue from the tax;

(3) documentation of the share of the economic benefit to or use of each project by persons residing, or businesses located, outside of the jurisdiction;

(4) the amount of local sales tax revenue that would be used for each project and the estimated time needed to raise that amount of revenue; and

(5) the total revenue that will be raised for all projects before the tax expires, and the estimated length of time that the tax will be in effect if all proposed projects are funded.

~~This subdivision applies to local laws enacted after June 30, 1998.~~ (b) The jurisdiction seeking authority to impose a local sales tax by special law must submit the resolution in paragraph (a) along with underlying documentation indicating how the benefits under paragraph (a), clause (3), were determined, to the chairs of both the senate and house committees with jurisdiction over taxes no later than January 31 of the year in which the jurisdiction is seeking a special law authorizing the tax.

(c) The special legislation granting local sales tax authority is not required to allow funding for all projects listed in the resolution with the revenue from the local sales tax, but must not include any projects not contained in the resolution.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all local sales taxes not authorized by the legislature before July 1, 2019.

Sec. 4. Minnesota Statutes 2018, section 297A.99, subdivision 3, is amended to read:

Subd. 3. **Legislative authority required before voter approval; requirements for adoption, use, termination.** (a) A political subdivision must receive legislative authority to impose a local sales tax before submitting the tax for approval by voters of the political subdivision. Imposition of a local sales tax is subject to approval by voters of the political subdivision at a general election. The election must be conducted before at a general election within the two-year period after the governing body of the political subdivision requests legislative approval of has received authority to impose the tax. If the authorizing legislation allows the tax to be imposed for more than one project, there must be a separate question approving the use of the tax revenue for each project. Notwithstanding the authorizing legislation, a project that is not approved by the voters may not be funded with the local sales tax revenue and the termination date of the tax set in the authorizing legislation must be reduced proportionately based on the share of that project's cost to the total costs of all projects included in the authorizing legislation.

(b) The proceeds of the tax must be dedicated exclusively to payment of the cost of a construction and rehabilitation costs and associated bonding costs related to the specific capital improvement which is designated at least 90 days before the referendum on imposition of the tax is conducted projects that were approved by the voters under paragraph (a).

(c) The tax must terminate after the improvement designated under paragraph (b) has been completed the revenues raised are sufficient to fund the projects approved by the voters under paragraph (a).

(d) After a sales tax imposed by a political subdivision has expired or been terminated, the political subdivision is prohibited from imposing a local sales tax for a period of one year. Notwithstanding subdivision 13, this paragraph applies to all local sales taxes in effect at the time of or imposed after May 26, 1999.

(e) Notwithstanding paragraph (a), if a political subdivision received voter approval to seek authority for a local sales tax at the November 6, 2018, general election and is granted authority to impose a local sales tax before January 1, 2021, the tax may be imposed without an additional referendum provided that it meets the requirements of subdivision 2 and the list of specific projects contained in the resolution does not conflict with the projects listed in the approving referendum.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all local sales taxes not authorized by the legislature before July 1, 2019.

Sec. 5. Laws 1980, chapter 511, section 1, subdivision 1, is amended to read:

Subdivision 1. (a) Minnesota Statutes, section ~~477A.01, Subdivision 18~~ 477A.016, shall not be deemed to prohibit the city of Duluth from amending its sales and use tax ordinances so as to impose a sales ~~or~~ and use tax at the rate of one percent upon any or all sales or uses which are taxed by the state of Minnesota pursuant to Minnesota Statutes, chapter 297A ~~or 297B~~.

(b) Notwithstanding Minnesota Statutes, section 477A.016, or any ordinance, city charter, or other provision of law, pursuant to the approval of the voters at the election on November 7, 2017, the city of Duluth may impose by ordinance an additional sales and use tax of one-half of one percent for the purposes specified in paragraph (c). The provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the taxes authorized under this paragraph. The tax may not be imposed until the city complies with the provisions of section 31.

(c) Revenues received from the tax authorized by paragraph (b) must be used to pay all or part of the capital and administrative costs of street, curb, gutter, sidewalk, and bridge improvements including related lighting and signals in the city of Duluth as outlined in the Duluth Street Improvement Program 2017, developed by the engineer of the city of Duluth as designated August 8, 2017.

(d) Revenues from the tax authorized by paragraph (b) must be used to pay all or part of the improvements listed in paragraph (c) that are located within the district established under Minnesota Statutes, section 469.51. The total expenditures required under this paragraph and Minnesota Statutes, section 469.52, subdivision 6, must equal at least \$20,000,000. The allocation required under this paragraph expires ten years after the date of initial imposition of the tax. Projects authorized under this paragraph must be included in the development plan approved by the Regional Exchange District Advisory Board in consultation with the medical business entity east and medical business entity west.

(e) The city of Duluth, pursuant to the approval of the voters at the November 7, 2017, 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 paragraph (c), until the tax terminates as provided in paragraph (f). A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

(f) The tax authorized under this subdivision terminates at the earlier of: (1) 25 years after the date of initial imposition of the tax; or (2) when the city council determines that sufficient funds have been raised from the tax to finance the capital and administrative costs of the improvements described in paragraph (c), plus the additional amount needed to pay the costs related to issuance of bonds under paragraph (e), including interest bonds. Any funds remaining after completion of the projects specified in paragraph (c) and retirement or redemption of bonds in paragraph (e) shall be placed in the general fund of the city. The tax imposed under paragraph (b) 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 Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 6. Laws 1986, chapter 396, section 5, as amended by Laws 2001, First Special Session chapter 5, article 12, section 87, and Laws 2012, chapter 299, article 3, section 3, is amended to read:

Sec. 5. LIQUOR, LODGING, AND RESTAURANT TAXES.

The city may, by resolution, levy in addition to taxes authorized by other law:

(1) a sales tax of not more than three percent on the gross receipts on retail on-sales of intoxicating liquor and fermented malt beverages when sold at licensed on-sale liquor establishments located within the downtown taxing area, provided that this tax may not be imposed if sales of intoxicating liquor and fermented malt beverages are exempt from taxation under chapter 297A;

(2) a sales tax of not more than three percent on the gross receipts from the furnishing for consideration of lodging for a period of less than 30 days at a hotel, motel, rooming house, tourist court, or trailer camp located within the city by a hotel or motel which has more than 50 rooms available for lodging; ~~the tax imposed under this clause shall be at a rate that, when added to the sum of the rate of the sales tax imposed under Minnesota Statutes, chapter 297A, the rate of the sales tax imposed under section 4, and the rate of any other taxes on lodging in the city of Minneapolis, equals 13 percent;~~ and

(3) a sales tax of not more than three percent on the gross receipts on all sales of food primarily for consumption on or off the premises by restaurants and places of refreshment as defined by resolution of the city that occur within the downtown taxing area.

The taxes authorized by this section must not be terminated before January 1, 2047. The taxes shall be imposed and may be adjusted periodically by the city council such that the rates imposed produce revenue sufficient, together with the tax imposed under section 4, to finance the purposes described in Minnesota Statutes, section 297A.994, and section 4, subdivisions 3 and 4. These taxes shall be applied, first, as provided in Minnesota Statutes, section 297A.994, subdivision 3, clauses (1) to (3), and then, solely to pay, secure, maintain, and fund the payment of any principal of, premium on, and interest on any bonds or any other purposes in section 4, subdivision 3 or 4. The commissioner of revenue may enter into appropriate agreements with the city to provide for the collection of these taxes by the state on behalf of the city. These taxes shall be subject to the same interest, penalties, and enforcement provisions as the taxes imposed under Minnesota Statutes, chapter 297A.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2019.

Sec. 7. Laws 1986, chapter 462, section 31, as amended by Laws 1991, chapter 291, article 8, section 24, and Laws 2011, chapter 112, article 4, section 6, is amended to read:

Sec. 31. AUTHORITY FOR TAXATION.

Notwithstanding Minnesota Statutes, section 477A.016, or any other law, and supplemental to the tax imposed by Laws 1982, chapter 523, article 25, section 1, the city of St. Paul may impose, by ordinance, a tax, at a rate not greater than ~~three~~ four percent, on the gross receipts from the furnishing for consideration of lodging and related services at a hotel, rooming house, tourist court, motel, or resort, other than the renting or leasing of space for a continuous period of 30 days or more. The tax does not apply to the furnishing of lodging and related services by a business having less than 50 lodging rooms. The tax shall be collected by and its proceeds paid to the city. Ninety-five percent of the revenues generated by this tax shall be used to fund a convention bureau to market and promote the city as a tourist or convention center.

EFFECTIVE DATE. This section is effective the first day of the calendar quarter beginning at least 30 days 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. 8. Laws 1994, chapter 587, article 9, section 11, is amended to read:

Sec. 11. **TWO HARBORS LODGING TAX.**

Notwithstanding Minnesota Statutes, section 477A.016, or other law, in addition to a tax authorized in Minnesota Statutes, section 469.190, the city of Two Harbors 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. The proceeds of the tax shall be dedicated and used to provide preservation, display, and interpretation of the tug boat Edna G. The total tax imposed by the city under this section, by Lake County under section 23, and under Minnesota Statutes, section 469.190, shall not exceed ~~three~~ five percent.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Two Harbors 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 45, subdivision 1, is amended to read:

Subdivision 1. **Sales and use taxes.** (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, if approved by the voters of the city at the next general election held after the date of final enactment of this act, the city of Two Harbors may impose by ordinance, a sales and use tax at a rate of up to one-half of one percent for the purposes specified in subdivision 3, paragraph (a).

(b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any other law, ordinance, or city charter, and as approved by the voters at the November 6, 2018, general election, the city of Two Harbors may, by ordinance, impose an additional sales and use tax at a rate of one-half of one percent for the purposes specified in subdivision 3, paragraph (b). The tax may not be imposed until the city complies with the provisions of section 31.

(c) The provisions of Minnesota Statutes, section ~~297A.48~~ 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Two Harbors and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 10. Laws 1998, chapter 389, article 8, section 45, subdivision 3, as amended by Laws 2008, chapter 366, article 7, section 11, is amended to read:

Subd. 3. **Use of revenues.** (a) Revenues received from the taxes authorized under subdivision 1, paragraph (a), must be used for sanitary sewer separation, wastewater treatment, water system improvements, and harbor refuge development projects.

(b) Revenues from the tax authorized under subdivision 1, paragraph (b), must be used by the city of Two Harbors to pay the costs of collecting and administering the tax and to finance the capital and administrative costs of water and sewer infrastructure projects including gravity-fed sewer mains, water mains, drain tile, service lines, street patching, acquiring property, related engineering, and construction expenses.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Two Harbors and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 11. Laws 1998, chapter 389, article 8, section 45, subdivision 4, is amended to read:

Subd. 4. **Bonding authority.** (a) The city may issue bonds under Minnesota Statutes, chapter 475, to finance the capital expenditure and improvement projects under subdivision 1, paragraph (a). An election to approve the bonds under Minnesota Statutes, section 475.58, may be held in combination with the election to authorize imposition of the tax under subdivision 1, paragraph (a). Whether to permit imposition of the tax and issuance of bonds may be posed to the voters as a single question. The question must state that the sales tax revenues are pledged to pay the bonds, but that the bonds are general obligations and will be guaranteed by the city's property taxes.

(b) The city may issue bonds under Minnesota Statutes, chapter 475, to pay capital and administrative expenses for the projects described in subdivision 3, paragraph (b), in an amount that does not exceed \$30,000,000. An election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

(c) The issuance of bonds under this subdivision is not subject to Minnesota Statutes, section 275.60.

(~~e~~) (d) The bonds are not included in computing any debt limitation applicable to the city, and the 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.

The aggregate principal amount of bonds, plus the aggregate of the taxes used directly to pay eligible capital expenditures and improvements under subdivision 3, paragraph (a), may not exceed \$20,000,000, plus an amount equal to the costs related to issuance of the bonds.

(~~d~~) (e) The taxes may be pledged to and used for the payment of the bonds and any bonds issued to refund them, only if the bonds and any refunding bonds are general obligations of the city.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Two Harbors and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 12. Laws 1998, chapter 389, article 8, section 45, subdivision 5, is amended to read:

Subd. 5. **Termination of taxes.** (a) The authority granted under subdivision 1, paragraph (a), to the city of Two Harbors to impose sales and use taxes expires when the costs of the projects described in subdivision 3, paragraph (a), have been paid.

(b) The authority granted under subdivision 1, paragraph (b), expires at the earlier of: (1) 25 years after the tax is first imposed; or (2) when the city council determines that the amount of revenues received from the taxes first equals or exceeds \$30,000,000, plus the additional amount needed to pay the costs related to issuance of bonds under subdivision 4, paragraph (b), including interest on the bonds. 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. The taxes imposed under subdivision 1, paragraph (b), 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 Two Harbors and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 13. Laws 2011, First Special Session chapter 7, article 4, section 10, subdivision 3, is amended to read:

Subd. 3. **Use of revenues.** Revenues received from taxes authorized by subdivisions 1 and 2 must be used by the city to pay the cost of collecting the taxes and to pay for the following projects:

(1) \$4,500,000 for construction and completion of park improvement projects, including St. Louis River riverfront improvements; Veteran's Park construction and improvements; improvements to the Hilltop Park soccer complex and Braun Park baseball complex; capital equipment and building and grounds improvements at the Pine Valley Park/Pine Valley Hockey Arena/Cloquet Area Recreation Center; and development of pedestrian trails within the city;

(2) \$5,800,00 for extension of utilities and the construction of all improvements associated with the development of property adjacent to Highway 33 and Interstate Highway 35, including payment of all debt service on bonds issued for these; and

(3) \$6,200,000 for engineering and construction of infrastructure improvements, including, but not limited to, storm sewer, sanitary sewer, and water in areas identified as part of the city's comprehensive land use plan.

Authorized expenses include, but are not limited to, acquiring property and paying construction expenses related to these improvements, and paying debt service on bonds or other obligations issued to finance acquisition and construction of these improvements. Notwithstanding the revenue allocations in clauses (1) and (3), if the amount spent for the improvements under clause (2) are less than the \$5,800,000 allowed under that clause, the total amount spent for the purposes listed in clauses (1) and (3) may be increased by the difference between \$5,800,000 and the amount actually spent under clause (2). However, the total expenditures for projects under this subdivision may not exceed \$16,500,000, excluding any costs related to issuance of bonds under subdivision 4.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Cloquet and its chief clerical officer comply with the provisions of section 645.021, subdivisions 2 and 3.

Sec. 14. **CITY OF AVON; TAXES 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 Avon, pursuant to approval by the voters at the general election on November 6, 2018, 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 may not be imposed until the city complies with the provisions of section 31.

Subd. 2. Use of revenues. Revenues received from taxes authorized by subdivision 1 must be used by the city to:

(1) pay the costs of collecting and administering the tax;

(2) pay the capital and administrative costs of transportation improvement projects as adopted in the city of Avon's street priority improvement plan; and

(3) pay debt service on bonds issued under subdivision 3 or other obligations issued to finance the improvements listed in this subdivision in the city.

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 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.

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 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 and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 15. **CITY OF BLUE EARTH; LOCAL TAX AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter, and as approved by the voters at the general election of November 6, 2018, the city of Blue Earth 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 may not be imposed until the city complies with the provisions of section 31.

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 Blue Earth to pay the costs of collecting and administering the tax and to finance the capital and administrative costs of constructing and funding sewer plant improvements, street reconstruction projects, and recreational amenities. The total that may be raised from the tax to pay for these projects is limited to \$5,000,000, plus the costs related to the issuance and paying debt service on bonds for these projects.

Subd. 3. **Bonding authority.** (a) The city of Blue Earth 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 \$5,000,000, 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 Blue Earth, 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 Blue Earth, 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 expires at the earlier of: (1) 25 years after the tax is first imposed; or (2) when the city council determines that \$5,000,000, plus an amount sufficient to pay the costs related to issuing the bonds authorized under subdivision 3, including interest on the bonds, has been received from the tax to pay for the cost of the projects authorized under subdivision 2. Any funds remaining after

payment of all such costs and retirement or redemption of the bonds due to timing of the termination under Minnesota Statutes, section 297A.99, 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 Blue Earth and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 16. **CITY OF CAMBRIDGE; TAX 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 as approved by the voters at the November 6, 2018, general election, the city of Cambridge 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 may not be imposed until the city complies with the provisions of section 31 as it relates to funding of the street improvements in subdivision 2, clause (2).

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 Cambridge to pay the costs of collecting and administering the tax and paying for the following infrastructure projects in the city, including securing and paying debt service on bonds issued to finance all or part of the following projects:

(1) \$8,000,000 plus associated bonding costs for construction of a new facility to house the Cambridge Public Library and the East Central Regional Library Headquarters; and

(2) \$14,000,000 plus associated bonding costs for street improvements outlined in the Street Capital Improvement Program approved by the city council as of January 22, 2019, and outdoor park improvements described in the park master plan as of January 22, 2019.

Subd. 3. **Bonding authority.** (a) The city of Cambridge 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) \$8,000,000 for the project listed in subdivision 2, clause (1), plus an amount applied to the payment of costs of issuing the bonds; and (2) \$14,000,000 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 Cambridge, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(b) The bonds are not included in computing any debt limitation applicable to the city. Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the earlier of: (1) December 31, 2043; or (2) when the city council determines that the city has received from this tax \$22,000,000 to fund the projects listed in subdivision 2 plus an amount sufficient to pay costs, including interest costs, related to the issuance of the bonds authorized in subdivision 3. 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 Cambridge and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 17. **CITY OF DETROIT LAKES; LOCAL SALES AND USE TAX 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 as approved by the voters at the November 6, 2018, general election, the city of Detroit Lakes 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 Detroit Lakes to pay the costs of collecting and administering the tax, and construction of a new police department facility in the city, including securing and paying debt service on bonds issued to finance all or part of this project. The total amount of the police department facility to be funded with the tax imposed under subdivision 1 shall not exceed \$6,700,000, excluding associated debt service costs.

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 costs of the project authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed \$6,700,000, 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 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.

(b) The bonds are not subject to any provisions of the home rule charter of the city of Detroit Lakes and 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) ten years after the tax is first imposed; or (2) when the city council determines that the city has received \$6,700,000 from this tax to fund the projects listed in subdivision 2 plus an amount sufficient to pay costs, including interest costs, related to the issuance of the bonds authorized in subdivision 3. 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 Detroit Lakes and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 18. **CITY OF ELK RIVER; TAX 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 as approved by the voters at the November 6, 2018, general election, the city of Elk River 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. (a) The revenues derived from the tax authorized under subdivision 1 must be used by the city of Elk River to:

- (1) pay the costs of collecting and administering the tax;

(2) pay the capital and administrative costs of various recreational facility and park improvements including any or all of the following: a multipurpose recreational facility such as an ice arena, a community meeting and activity space, and a synthetic turf field house; senior center facility improvements; Lion John Weicht Park improvements, Lions Park Center space improvements, and a community picnic pavilion addition; youth athletic complex improvements; Orono Park improvements; dredging Lake Orono; and citywide trail connection improvements; and

(3) secure and pay debt service on bonds issued to finance all or part of the projects listed in clause (2).

(b) The total that may be raised from the tax to pay for these projects is limited to \$35,000,000, plus the costs related to the issuance and paying debt service on bonds for these projects.

Subd. 3. **Bonding authority.** (a) The city of Elk River 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 \$35,000,000, 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 Elk River, 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 subject to any provisions of the home rule charter of the city of Elk River and are not included in computing any debt limitation applicable to the city. Any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the earlier of: (1) 25 years after the tax is first imposed; or (2) when the city council determines that the city has received \$35,000,000 from this tax to fund the projects listed in subdivision 2 plus an amount sufficient to pay costs, including interest costs, related to the issuance of the bonds authorized in subdivision 3. Any funds remaining after payment of the allowed costs due to timing of the termination under 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 Elk River and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 19. **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, if approved by the voters at a general election held before December 31, 2020. 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 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. 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. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the later of: (1) 25 years after the tax is first imposed; or (2) when the city council determines that \$7,000,000 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. 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. 20. **CITY OF GLENWOOD; TAX AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter, and as approved by the voters at the November 6, 2018, general election, the city of Glenwood 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 may not be imposed until the city complies with the provisions of section 31.

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 Glenwood to pay the costs of collecting and administering the tax and to finance, including securing and paying debt service on, all or part of the following projects:

(1) the capital costs of the Phases II and III improvements to 2nd Street SE as set forth in the city's capital improvement plan;

(2) the development and expansion of, and improvements to, city parks, trails, and recreational facilities; and

(3) improvements to Glenwood City Hall and police station.

Subd. 3. **Bonding authority.** (a) The city of Glenwood 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 \$2,800,000, 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 Glenwood, 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 subject to any provisions of the home rule charter of the city of Glenwood and 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 council determines that the city has received \$2,800,000 from this tax to fund the projects listed in subdivision 2 plus an amount sufficient to pay costs, including interest costs, related to the issuance of the bonds authorized in subdivision 3. 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 Glenwood and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 21. **CITY OF INTERNATIONAL FALLS; TAX 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 as approved by the voters at the November 6, 2018, general election, the city of International Falls 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 may not be imposed until the city complies with the provisions of section 31.

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 International Falls to pay the costs of collecting and administering the tax, and paying for transportation and other public infrastructure projects in the city, including securing and paying debt service on bonds issued to finance all or part of these projects. The total amount of transportation and other public infrastructure projects to be funded with the tax imposed under subdivision 1 shall not exceed \$30,000,000, excluding associated debt service costs.

Subd. 3. **Bonding authority.** (a) The city of International Falls 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 \$30,000,000, 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 International 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.

(b) The bonds are not subject to any provisions of the home rule charter of the city of International Falls and 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) 30 years after the tax is first imposed; or (2) when the city council determines that the city has received \$30,000,000 from this tax to fund the projects listed in subdivision 2 plus an amount sufficient to pay costs, including interest costs, related to the issuance of the bonds authorized in subdivision 3. Any funds remaining after payment of the allowed costs due to timing of the termination under section 297A.99 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 International Falls and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 22. **CITY OF LA CRESCENT; LOCAL LODGING TAX AUTHORIZED.**

Notwithstanding Minnesota Statutes, section 477A.016, or other law, in addition to a tax authorized in Minnesota Statutes, section 469.190, the city of La Crescent may impose by ordinance a tax of up to two percent on the gross receipts subject to the lodging tax under Minnesota Statutes, section 469.190. The proceeds of the tax shall be split evenly between (1) the city chamber of commerce to promote tourism in southeastern Minnesota, and (2) the La Crescent Area Event Center to promote local tourism.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of La Crescent and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 23. **LAKE COUNTY; LOCAL LODGING TAX AUTHORIZED.**

Subdivision 1. Lodging tax. (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, the Board of Commissioners of Lake County may impose, by ordinance, a tax of up to four 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. The total tax imposed by the county under this section, by the city of Two Harbors under Laws 1994, chapter 587, article 9, section 11, and under Minnesota Statutes, section 469.190, must not exceed seven percent.

(b) No other city or town located in Lake County that did not impose a local sales tax under Minnesota Statutes, section 469.190, prior to May 1, 2019, may impose a tax under Minnesota Statutes, section 469.190, while a tax is in effect under this section.

Subd. 2. Allowed use of revenues. The revenues derived from the taxes imposed in subdivision 1 must be used to fund a new Lake County Event and Visitors Bureau as established by or contracted with the Board of Commissioners of Lake County. The Board of Commissioners must use 75 percent of revenues for marketing the county and 25 percent of revenues to fund and promote community events and festivals in the county. The Board of Commissioners of Lake County must annually review the budget of the Lake County Event and Visitors Bureau. The event and visitors bureau may not receive revenues raised from the taxes imposed in subdivision 1 until the Board of Commissioners approves the annual budget.

EFFECTIVE DATE. This section is effective the day after the governing body of Lake County and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 24. **CITY OF NORTH MANKATO; LOCAL FOOD AND BEVERAGE TAX AUTHORIZED.**

Subdivision 1. Food and beverage tax authorized. Notwithstanding Minnesota Statutes, section 477A.016, or any ordinance, city charter, or other provision of law, the city of North Mankato may, by ordinance, impose a sales tax of up to one percent on the gross receipts on all sales of food and beverages by a restaurant or place of refreshment, as defined by resolution of the city, that are located within the city. For purposes of this section, "food and beverages" includes retail on-sale of intoxicating liquor and fermented malt beverages.

Subd. 2. Use of proceeds from tax. (a) The proceeds of any tax imposed under subdivision 1 shall be used by the city to pay all or a portion of the expenses of:

(1) operation, maintenance, and capital expenses for the Caswell Park Regional Sporting Complex; and

(2) for costs related to regional tourism events.

(b) Authorized capital expenses include securing or paying debt service on bonds or other obligations issued to finance the construction of the Caswell Park Regional Sporting Complex facilities.

Subd. 3. **Collection, administration, and enforcement.** If the city desires, it may enter into an agreement with the commissioner of revenue to administer, collect, and enforce the taxes authorized under subdivisions 1 and 2. If the commissioner agrees to collect the tax, the provisions of Minnesota Statutes, section 297A.99, related to collection, administration, and enforcement apply.

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. 25. **CITY OF PERHAM; 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 or ordinance, and based on the approval by the voters at the November 6, 2018, election, the city of Perham 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.

Subd. 2. **Use of revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of Perham to:

(1) pay the costs of collecting and administering the tax;

(2) finance the capital costs of site preparation, redevelopment, renovation, and construction of buildings, land, and infrastructure at the site of the Perham Area Community Center; and

(3) pay debt service on bonds issued under subdivision 3 or other obligations issued to the improvements listed in this subdivision in the city of Perham.

Subd. 3. **Bonding authority.** (a) The city of Perham 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 \$5,200,000, 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 Perham, 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 Perham, 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 expires at the earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines that \$5,200,000 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. 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 Perham and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 26. **CITY OF PLYMOUTH; LOCAL LODGING TAX AUTHORIZED.**

(a) Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, the city council for the city of Plymouth may impose by ordinance a tax of up to three 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 six percent.

(b) Two-thirds of the revenue from the tax imposed under this section must be dedicated and used for capital improvements to public recreational facilities and marketing and promotion of the community, and the remaining one-third of the revenue must be used for the same purposes as a tax imposed under Minnesota Statutes, section 469.190.

(c) The tax imposed under this authority terminates at the earlier of: (1) five years after the tax is first imposed; or (2) December 31, 2025.

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. 27. **CITY OF SAUK CENTRE; TAXES 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 Sauk Centre, pursuant to approval by the voters at the general election on November 6, 2018, may impose by ordinance a sales and use tax of up to one-half of one percent and a \$20 motor vehicle excise tax 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 revenues. Revenues received from taxes authorized by subdivision 1 must be used by the city to:

(1) pay the costs of collecting and administering the tax;

(2) pay the capital costs of city infrastructure improvement projects directly related to the reconstruction of Trunk Highway 71; and

(3) pay debt service on bonds issued under subdivision 3 or other obligations issued to finance the improvements listed in this subdivision in the city.

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 \$10,000,000 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, 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.

Subd. 4. Termination of taxes. The tax imposed under subdivision 1 expires at the earlier of: (1) December 31, 2045; or (2) when the city council determines that \$10,000,000 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. 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 Sauk Centre and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 28. **CITY OF VIRGINIA; LOCAL SALES AND USE TAX 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 as approved by the voters at the November 6, 2018, general election, the city of Virginia 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.

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 Virginia to pay the costs of collecting and administering the tax, and to finance the costs of renovation, reconstruction, expansion, and improvements of the Miner's Memorial recreation complex and convention center. Authorized costs include engineering and construction costs and associated bond issuance costs.

Subd. 3. Bonding authority. (a) The city of Virginia 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 \$30,000,000, 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 Virginia, 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 subject to any provisions of the home rule charter of the city of Virginia and 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 council determines that the city has received \$30,000,000 from this tax to fund the projects listed in subdivision 2 plus an amount sufficient to pay costs, including interest costs, related to the issuance of the bonds authorized in subdivision 3. Any funds remaining after payment of the allowed costs due to timing of the termination under 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 Virginia and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 29. **CITY OF WILLMAR; TAX 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 as approved by the voters at the November 6, 2018, general election, the city of Willmar may impose, by ordinance, a sales and use tax of up to one-half 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 tax authorized under this subdivision.

Subd. 2. **Excise tax authorized.** Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Willmar 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 Willmar in the business of selling motor vehicles at retail.

Subd. 3. **Use of revenues.** (a) The revenues derived from the taxes authorized under subdivisions 1 and 2 must be used by the city of Willmar to pay the costs of collecting and administering the taxes, and to pay for the projects listed in this subdivision, including securing and paying debt service on bonds issued to finance all or part of these projects. The total amount of projects to be funded with the taxes imposed under subdivisions 1 and 2 shall not exceed \$30,000,000 plus the costs related to the issuance and paying debt service on bonds for these projects. The amount that may be spent on each project is limited to:

- (1) \$2,000,000 for a community center replacement;
- (2) \$6,000,000 for new athletic fields;
- (3) \$3,000,000 for infrastructure improvements at Robins Island Regional Park;
- (4) \$2,000,000 for a new playground and spectator amenities at Swansson Field Regional Park;
- (5) \$7,000,000 for storm water management infrastructure improvements; and
- (6) \$10,000,000 for a new recreation and event center.

(b) Notwithstanding the limits listed in paragraph (a) the city may by ordinance reallocate up to ten percent of the funds designated for one or more projects listed in that paragraph to other projects listed in that paragraph.

Subd. 4. **Bonding authority.** (a) The city of Willmar may issue bonds under Minnesota Statutes, chapter 475, 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 \$30,000,000, 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 Willmar, including the taxes authorized under subdivisions 1 and 2. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(b) The bonds are not subject to any provisions of the home rule charter of the city of Willmar and 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. 5. **Termination of taxes.** The taxes imposed under subdivisions 1 and 2 expire at the earlier of: (1) 13 years after the taxes are first imposed; or (2) when the city council determines that the city has received \$30,000,000 from this tax to fund the projects listed in subdivision 3 plus an amount sufficient to pay interest on and the costs of the issuance of the bonds authorized in subdivision 4. 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 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 Willmar and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 30. **CITY OF WORTHINGTON; TAX 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 as approved by the voters at the November 6, 2018, general election, the city of Worthington may impose, by ordinance, a sales and use tax of one-half 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 tax authorized under this subdivision. The taxes under this subdivision and subdivision 2 may not be imposed until the city complies with the provisions of section 31.

Subd. 2. Excise tax authorized. Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Worthington 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 Worthington in the business of selling motor vehicles at retail.

Subd. 3. Use of tax revenues. (a) The revenues derived from the taxes authorized under subdivisions 1 and 2 must be used by the city of Worthington to pay the costs of collecting and administering the tax and paying for the projects listed in this subdivision, including securing and paying debt service on bonds issued to finance all or part of the following projects:

- (1) improvements to the aquatic center;
- (2) improvements to the field house;
- (3) improvements to the ice arena;
- (4) other park and recreation capital projects and improvements;
- (5) lake quality improvement; and
- (6) improvements to the 10th Street plaza.

(b) The total amount of projects to be funded with the taxes imposed under subdivisions 1 and 2 shall not exceed \$25,000,000 plus the costs related to the issuance of and paying debt service on bonds for these projects.

Subd. 4. Bonding authority. (a) The city of Worthington may issue bonds under Minnesota Statutes, chapter 475, 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 \$25,000,000 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 Worthington, including the taxes authorized under subdivisions 1 and 2. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(b) The bonds are not subject to any provisions of the home rule charter of the city of Worthington and 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. 5. Termination of taxes. The taxes imposed under subdivisions 1 and 2 expire at the earlier of: (1) 15 years after the taxes are first imposed; or (2) when the city council determines that the city has received \$25,000,000 from this tax to fund the projects listed in subdivision 3 plus an amount sufficient to pay interest on and the costs of the issuance of the bonds authorized in subdivision 4. 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 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 Worthington and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 31. **RESOLUTION AND PUBLIC NOTICE OF SPECIFIC PROJECTS TO BE FUNDED WITH A LOCAL SALES TAX.**

(a) A city authorized to impose a local sales tax based on voter approval at the November 2018 general election that is subject to this provision must meet the requirements in this section before imposing the tax. The city must pass a resolution at a regularly scheduled city council meeting outlining each of the specific capital projects that will be funded by the tax and the anticipated amount of the revenues to be raised from the tax that will be used for each project. Within allowed funding areas listed in the authorized uses of the tax revenue, the city must give priority to funding projects of regional significance. For purposes of this section a "specific capital project" means:

(1) a single building or structure including associated infrastructure needed to safely access or use the building or structure;

(2) improvements within a single park or named recreation area;

(3) a contiguous trail;

(4) a contiguous segment of roadway, or two or more contiguous segments of roadway provided that all segments of the roadway are listed, and including city infrastructure beneath the roadway provided the infrastructure is explicitly listed; and

(5) a sanitary sewer, storm sewer, or water project in a contiguous geographic area served by the project that is specifically described in the resolution.

(b) The resolution must be sent to the commissioner of revenue and the tax may not be imposed until the commissioner certifies that the resolution meets the requirements of this section. The resolution must also be published on the city's website in a manner easily accessible to the public either through a link displayed on the city's home page or by publishing it directly on the city's home page. The resolution must remain on the website until the tax terminates. Only projects listed in the resolution may be funded by the local sales tax.

(c) The authority to impose a local sales tax that is subject to this section expires on January 1, 2021, if the commissioner has not certified that the city has passed a resolution that meets the requirements of this section by the last business day before December 31, 2020.

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

ARTICLE 8
TAX INCREMENT FINANCING

Section 1. Laws 2008, chapter 366, article 5, section 26, as amended by Laws 2013, chapter 143, article 9, section 11, 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 ~~15-year~~ 25-year period for the Port Authority of the City of Bloomington's Tax Increment Financing District No. 1-I, Bloomington Central Station.

(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.

(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 with the requirements of Minnesota Statutes, section 645.021, subdivision 3.

Sec. 2. Laws 2014, chapter 308, article 6, section 8, subdivision 1, as amended by Laws 2017, First Special Session chapter 1, article 6, section 11, is amended to read:

Subdivision 1. **Authority to create districts.** (a) The governing body of the city of Edina or its development authority may establish one or more tax increment financing housing districts in the Southeast Edina Redevelopment Project Area, as the boundaries exist on March 31, 2014.

(b) The authority to request certification of districts under this section expires on December 31, ~~2019~~ 2021.

EFFECTIVE DATE. This section is effective without local approval under Minnesota Statutes, section 645.023, subdivision 1, paragraph (b).

Sec. 3. Laws 2014, chapter 308, article 6, section 8, subdivision 3, is amended to read:

Subd. 3. **Pooling authority.** The city may elect to treat expenditures of increment from the Southdale 2 district for a housing project of a district established under this section as expenditures qualifying under Minnesota Statutes, section 469.1763, subdivision 2, paragraph (d): ~~(1) without regard to whether the housing meets the requirement of a qualified building under section 42 of the Internal Revenue Code; and (2) may increase by an additional 25 percentage points the permitted amount of expenditures for activities located outside the geographic area of the district permitted under that section (b).~~

EFFECTIVE DATE. This section is effective upon local approval by the governing body of the city of Edina and its compliance with the requirements of Minnesota Statutes, section 645.021, subdivision 3.

Sec. 4. CITY OF CHAMPLIN; TAX INCREMENT FINANCING DISTRICT; PROJECT REQUIREMENTS.

Subdivision 1. **Five-year rule.** The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is extended to a ten-year period for the Mississippi Crossings tax increment financing district.

Subd. 2. **Term of district.** The term of the Mississippi Crossings tax increment district is extended an additional five years.

Subd. 3. **Revenues for decertification.** Minnesota Statutes, section 469.1763, subdivision 4, does not apply to the Mississippi Crossings tax increment financing district.

EFFECTIVE DATE. This section is effective upon compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 5. **CITY OF MINNEAPOLIS; UPPER HARBOR TERMINAL REDEVELOPMENT PROJECT.**

Subdivision 1. **Qualifying rules.** Notwithstanding the criteria in Minnesota Statutes, section 469.174, subdivision 10, the governing body of the city of Minneapolis may establish by resolution one or more redevelopment tax increment financing districts within that portion of the North Washington Industrial Park Redevelopment Project Area as its boundaries existed on January 1, 2019, located north of Lowry Avenue. In each resolution, the city must find that each parcel in the district was part of property that was formerly used as a municipally owned intermodal barge shipping facility that can no longer be used for such purpose due to the closure of the Upper St. Anthony Falls Lock under the federal Water Resources Reform and Development Act of 2014. Except as provided in this section, the provisions of Minnesota Statutes, sections 469.174 to 469.1794, apply to each district created under this section.

Subd. 2. **Use of increments.** Minnesota Statutes, section 469.176, subdivision 4j, does not apply to any district established under this section.

Subd. 3. **Five-year rule.** The five-year period under Minnesota Statutes, section 469.1763, subdivision 3, is extended to ten years for any district established under this section.

Subd. 4. **Pooling authority.** Notwithstanding Minnesota Statutes, section 469.1763, subdivision 2, tax increments from any district established under this section may be expended anywhere within the portion of the project area as described in subdivision 1, on eligible costs permitted under Minnesota Statutes, sections 469.174 to 469.1794.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Minneapolis and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 6. **EXPENDITURE OF HAZARDOUS SUBSTANCE SUBDISTRICT TAX INCREMENT.**

Notwithstanding the provisions of Minnesota Statutes, section 469.1763, or any other law to the contrary, the city of Roseville and the Roseville Economic Development Authority may use any or all increment generated from Hazardous Substance Subdistrict No. 17A for the purpose of financing environmental remediation pursuant to one or more response action plans on the parcels within or adjacent to the parcels in the subdistrict as originally certified, regardless of the date of approval of the response action plan by the Pollution Control Agency.

EFFECTIVE DATE. This section is effective upon compliance by the governing body of the city of Roseville with the requirements of Minnesota Statutes, section 645.021, subdivision 3.

Sec. 7. **CITY OF DULUTH; TAX INCREMENT FINANCING DISTRICT; PROJECT REQUIREMENTS.**

Subdivision 1. **Establishment.** The city of Duluth or the Duluth Economic Development Authority may establish one or more redevelopment tax increment financing 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. Minnesota Statutes, section 469.176, subdivision 4l, does not apply to any tax increment financing district

established in the area described in subdivision 1. 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.

EFFECTIVE DATE. This section is effective upon compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 8. **CITY OF BURNSVILLE; TIF AUTHORITY.**

Subdivision 1. Establishment. Under the special rules established in subdivision 2, the economic development authority of the city of Burnsville or the city of Burnsville may establish one or more redevelopment districts located wholly within the area of the city of Burnsville, Dakota County, Minnesota, limited to the parcels comprising the Burnsville Center mall together with adjacent rights-of-way.

Subd. 2. Special rules. If the city of authority establishes a tax increment financing district 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) 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.

EFFECTIVE DATE. This section is effective upon approval by the governing body of the city of Burnsville and compliance with the requirements of Minnesota Statutes, section 645.021.

ARTICLE 9
PUBLIC FINANCE

Section 1. Minnesota Statutes 2018, section 37.31, subdivision 1, is amended to read:

Subdivision 1. Bonding authority. The society may issue negotiable bonds in a principal amount that the society determines necessary to provide sufficient money for achieving its purposes, including the payment of interest on bonds of the society, the establishment of reserves to secure its bonds, the payment of fees to a third party providing credit enhancement, and the payment of all other expenditures of the society incident to and necessary or convenient to carry out its corporate purposes and powers. Bonds of the society may be issued as bonds or notes or in any other form authorized by law. The principal amount of bonds issued and outstanding under this section at any time may not exceed ~~\$20,000,000~~ \$30,000,000, excluding bonds for which refunding bonds or crossover refunding bonds have been issued.

Sec. 2. Minnesota Statutes 2018, section 103E.611, subdivision 2, is amended to read:

Subd. 2. Interest. (a) Interest is an additional drainage lien on all property until paid. The interest rate on the drainage lien principal from the date the drainage lien statement is recorded must be set by the board but may not exceed the rate determined by the state court administrator for judgments under section 549.09, or six percent, whichever is greater.

(b) Before the tax lists for the year are given to the county treasurer, the auditor shall compute the interest on the unpaid balance of the drainage lien at the rate set by the board. The amount of interest must be computed on the entire unpaid principal from the date the drainage lien was recorded to August 15 of the next calendar year, and afterwards from August 15 to August 15 of each year.

(c) Interest is due and payable after November 1 of each year the drainage lien principal or interest is due and unpaid.

Sec. 3. Minnesota Statutes 2018, section 123B.595, subdivision 5, is amended to read:

Subd. 5. **Bond authorization.** (a) A school district may issue general obligation bonds under this section to finance facilities plans approved by its board and the commissioner. Chapter 475, except sections 475.58 and 475.59, must be complied with. The authority to issue bonds under this section is in addition to any bonding authority authorized by this chapter or other law. The amount of bonding authority authorized under this section must be disregarded in calculating the bonding or net debt limits of this chapter, or any other law other than section 475.53, subdivision 4.

(b) At least 20 days before the earliest of ~~solicitation of bids~~, the issuance of bonds, or the final certification of levies under subdivision 6, the district must publish notice of the intended projects, the amount of the bond issue, and the total amount of district indebtedness.

(c) The portion of revenue under this section for bonded debt must be recognized in the debt service fund.

Sec. 4. Minnesota Statutes 2018, section 297A.993, subdivision 1, is amended to read:

Subdivision 1. **Authorization; rates.** Notwithstanding section 297A.99, subdivisions 1, 2, 3, 5, and 13, or 477A.016, or any other law, the board of a county ~~outside the metropolitan transportation area, as defined under section 297A.992, subdivision 1,~~ or more than one county ~~outside the metropolitan transportation area~~ acting under a joint powers agreement, may by resolution of the county board, or each of the county boards, following a public hearing impose (1) a transportation sales tax at a rate of up to one-half of one percent on retail sales and uses taxable under this chapter, and (2) an excise tax of \$20 per motor vehicle, as defined in section 297B.01, subdivision 11, purchased or acquired from any person engaged in the business of selling motor vehicles at retail, occurring within the jurisdiction of the taxing authority.

Sec. 5. Minnesota Statutes 2018, section 297A.993, subdivision 2, is amended to read:

Subd. 2. **Allocation; termination.** The proceeds of the taxes must be dedicated exclusively to: (1) payment of the capital cost of a specific transportation project or improvement; (2) payment of the costs, which may include both capital and operating costs, of a specific transit project or improvement; (3) payment of the capital costs of a safe routes to school program under section 174.40; or (4) payment of transit operating costs. The transportation or transit project or improvement must be designated by the board of the county, or more than one county acting under a joint powers agreement. Except for taxes for operating costs of a transit project or improvement, or for transit operations, the taxes must terminate when revenues raised are sufficient to finance the project. Nothing in this subdivision prohibits the exclusive dedication of the proceeds of the taxes to payments for more than one project or improvement. A county may, by resolution, dedicate the proceeds of the tax for a new enumerated project after a public hearing.

Sec. 6. Minnesota Statutes 2018, section 297A.993, is amended by adding a subdivision to read:

Subd. 4. **Bonds.** (a) A county may, by resolution, authorize, issue, and sell its bonds, notes, or other obligations for the purposes specified in subdivision 2. The county may also, by resolution, issue bonds to refund the bonds issued pursuant to this subdivision.

(b) The bonds may be limited obligations, payable solely from or secured by taxes levied under this section, and the county may also pledge its full faith, credit, and taxing power as additional security for the bonds. A regional railroad authority within the county may also pledge its taxing powers as additional security for the bonds.

(c) A county may issue and sell bonds in one or more series and without an election. The county may determine how the bonds shall be secured; how the bonds will bear interest, and the rate or rates, or variable rate; the rank or priority; how the bonds will be executed and be payable, and how they will mature; and how the bonds will be subject to the defaults, redemptions, repurchases, tender options, or other terms. The county may also determine how the bonds shall be sold.

(d) The county may enter into and perform all contracts deemed necessary or desirable by it to issue and secure the bonds, including an indenture of trust with a trustee located within or outside of the state.

(e) Before issuance of bonds qualifying under this section, the county must publish a notice of its intention to issue the bonds and the date and time of a hearing to obtain public comment on the matter. The notice must be published in the official newspaper of the county or in a newspaper of general circulation in the county. The notice must be published at least 14, but not more than 28, days before the date of the hearing.

(f) Any project financed with bonds issued under this section must be included in a capital improvement plan as defined in section 373.40, subdivision 3. Bonds issued for these projects are in addition to the capital improvements enumerated in section 373.40.

(g) Except as otherwise provided in this subdivision, the bonds must be issued and sold in the manner provided under chapter 475.

Sec. 7. Minnesota Statutes 2018, section 471.831, is amended to read:

471.831 MUNICIPALITY MAY FILE BANKRUPTCY PETITION.

Subdivision 1. **Any relief under bankruptcy code.** A municipality, as defined in subdivision 2, may file a petition and seek any relief available to it under United States Code, title 11, as amended ~~through December 31, 1996.~~

Subd. 2. **Municipality defined.** In this section, "municipality" means a municipality as defined in United States Code, title 11, section 101, as amended ~~through December 31, 1996,~~ but limited to a county, statutory or home rule charter city, or town; or a housing and redevelopment authority, economic development authority, or rural development financing authority established under chapter 469, a home rule charter, or special law.

Sec. 8. Minnesota Statutes 2018, section 473.39, is amended by adding a subdivision to read:

Subd. 1v. **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 \$92,300,000 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, 2019, the council may issue certificates of indebtedness, bonds, or other obligations in an amount not exceeding \$45,400,000 and after July 1, 2020, the council may issue certificates of indebtedness, bonds, or other obligations in an additional amount not exceeding \$46,900,000.

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. 9. Minnesota Statutes 2018, 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 ~~this section~~ subdivision 1u 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. This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 10. Minnesota Statutes 2018, section 475.521, subdivision 1, is amended to read:

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

(a) "Bonds" mean an obligation defined under section 475.51.

(b) "Capital improvement" means acquisition or betterment of public lands, buildings or other improvements for the purpose of a city hall, town hall, library, public safety facility, and public works facility. An improvement must have an expected useful life of five years or more to qualify. Capital improvement does not include light rail transit or any activity related to it, or a park, road, bridge, administrative building other than a city or town hall, or land for any of those facilities. For purposes of this section, "capital improvement" includes expenditures for purposes described in this paragraph that have been incurred by a municipality before approval of a capital improvement plan, if such expenditures are included in a capital improvement plan approved on or before the date of the public hearing under subdivision 2 regarding issuance of bonds for such expenditures.

(c) "Municipality" means a home rule charter or statutory city or a town ~~described in section 368.01, subdivision 1 or 1a.~~

Sec. 11. **REPEALER.**

Minnesota Statutes 2018, section 37.31, subdivision 8, is repealed.

ARTICLE 10 MISCELLANEOUS

Section 1. **[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 must update the receipt by December 31 of each year, and must annually promote to the public the availability of the website.

Sec. 2. Minnesota Statutes 2018, section 161.14, is amended by adding a subdivision to read:

Subd. 88. Tom Rukavina Memorial Bridge. The bridge on marked U.S. Highway 53 over a mining area easterly of 2nd Avenue West in the city of Virginia is designated as "Tom Rukavina Memorial Bridge." Subject to section 161.139, the commissioner shall adopt a suitable design to mark this bridge and erect appropriate signs.

Sec. 3. Minnesota Statutes 2018, section 270C.21, is amended to read:

270C.21 TAXPAYER ASSISTANCE GRANTS.

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

(b) "Financial capability services" means any of the following:

(1) assistance with opening a savings or transactional account that meets the Federal Deposit Insurance Corporation's model safe accounts template standards;

(2) assistance with depositing all or part of a tax refund into a savings or transactional account;

(3) assistance with obtaining and reviewing a consumer report or credit score, as those terms are defined in United States Code, title 15, section 1681a;

(4) assistance with obtaining and reviewing a banking history report;

(5) financial coaching, or referral to financial coaching services, as provided in section 256E.35, subdivision 4a;

(6) National Foundation for Credit Counseling certified consumer credit and debt counseling or referral to these services;

(7) enrollment in a matched or incentivized savings program, including the provision of matching or incentive funds;

(8) referral to a certified financial planner, registered investment adviser, licensed insurance producer or agent, or a registered securities broker-dealer representative for private sector retirement options; or

(9) assistance with purchasing a Series I United States Savings Bond with all or part of a tax refund.

(c) "Transactional account" means a traditional demand deposit account or a general purpose reloadable prepaid card offered by a bank or credit union.

(d) "TCE" means the Tax Counseling for the Elderly program established by the Internal Revenue Service.

(e) "VITA" means the Volunteer Income Tax Assistance program established by the Internal Revenue Service.

Subd. 2. Permitted use of taxpayer assistance grants. ~~When the commissioner awards grants to nonprofit organizations~~ (a) The commissioner may award grants to nonprofit organizations for the following purposes:

(1) to coordinate, facilitate, encourage, and aid in the provision of taxpayer assistance services; and

(2) to provide financial capability services integrated with the delivery of taxpayer assistance services funded under clause (1).

(b) Grants under paragraph (a), clause (2), may only be made to qualified applicants, as defined under subdivision 3.

Subd. 3. Qualified applicant. To be eligible to receive a grant under subdivision 2, paragraph (a), clause (2), an applicant must:

(1) qualify under section 501(c)(3) of the Internal Revenue Code and be registered with the Internal Revenue Service as part of either the VITA or TCE programs; and

(2) commit to dedicate at least one staff or volunteer position to coordinate financial capability services at a VITA or TCE program site and to offer VITA or TCE program participants free assistance with the initiation through completion of:

(i) opening a savings and a transactional account that meet the Federal Deposit Insurance Corporation's model safe accounts template standards;

(ii) depositing all or part of a tax refund into a savings or transactional account; and

(iii) purchasing a Series I United States Savings Bond with all or part of a tax refund.

Subd. 4. Conflict of interest. (a) No applicant for a grant under subdivision 2, paragraph (a), clause (2), may receive direct compensation from a bank, credit union, or other financial services provider or vendor in exchange for the applicant offering to program participants the products or services of that bank, credit union, or other financial services provider or vendor.

(b) No applicant for a grant under subdivision 2, paragraph (a), clause (2), may receive funding from a bank, credit union, or other financial services provider or vendor that is contingent on the applicant offering products or services of that bank, credit union, or other financial services provider or vendor to program participants.

(c) An applicant for a grant under subdivision 2, paragraph (a), clause (2), may receive funding from a bank, credit union, or other financial services provider or vendor that is not in exchange for or contingent upon the applicant offering products or services of that bank, credit union, or other financial services provider or vendor to program participants.

(d) An applicant or a recipient of a grant under subdivision 2, paragraph (a), clause (2), must disclose any funding from a bank, credit union, or other financial services provider or vendor whose products or services will be offered at the applicant's or recipient's VITA or TCE site.

Subd. 5. Public notice. The commissioner must provide public notice of the grants in a timely manner so that the grant process is completed and grants are awarded by October 1, in order for recipient organizations to adequately plan expenditures for the filing season. At the time the commissioner provides public notice, the commissioner must also notify nonprofit organizations that received grants in the previous biennium.

Subd. 6. **Technical assistance.** Within available appropriations, the commissioner shall offer technical assistance to an organization that meets the requirement in subdivision 3, clause (1). The technical assistance may include, but is not limited to:

- (1) tax site development and management training;
- (2) VITA and TCE site coordinator training;
- (3) individual tax preparer and reviewer training on tax law;
- (4) support in developing volunteer training;
- (5) tax return preparation software and e-file administration training; and
- (6) one-on-one support by phone and e-mail for problem solving at tax site programs.

Subd. 7. **Reporting.** A recipient of a grant under subdivision 2, paragraph (a), clause (2), must report to the commissioner on the recipient's use of the grant money. Reporting requirements must include but are not limited to:

- (1) the number of people who receive financial capability services and what kind of services;
- (2) the number of savings or transactional accounts opened; and
- (3) the number of savings bonds purchased.

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

Sec. 4. Minnesota Statutes 2018, 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 e-mail 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, 2018.

Sec. 5. **[469.50] DEFINITIONS.**

Subdivision 1. **Application.** For the purposes of section 11 and sections 469.50 to 469.53, the terms defined in this section have the meanings given them.

Subd. 2. **City.** "City" means the city of Duluth.

Subd. 3. **Commissioner.** "Commissioner" means the commissioner of employment and economic development.

Subd. 4. **County.** "County" means St. Louis County.

Subd. 5. **District.** "District" means the regional exchange district established under section 469.51.

Subd. 6. **Medical business entity west.** "Medical business entity west" means a nonprofit integrated health system with two hospitals located within the district.

Subd. 7. **Medical business entity east.** "Medical business entity east" means a nonprofit health system operating one hospital within the district.

Subd. 8. **Public infrastructure project.** (a) "Public infrastructure project" means a project financed in whole or in part with public money in order to support development in the district. A public infrastructure project may:

(1) acquire real property and other assets associated with the real property;

(2) demolish, repair, or rehabilitate buildings;

(3) remediate land and buildings as required to prepare the property for acquisition or development;

(4) install, construct, or reconstruct elements of public infrastructure required to support the overall development of the district, including but not limited to: streets, roadways, highways, and utilities systems and related facilities, including relocations and realignments; structural caps or streetscape improvements; bridges or other buildable pads above streets, roadways, highways, and other rights-of-way; network and communication systems; drainage systems; sewer and water systems; district energy systems; subgrade structures and associated improvements; landscaping; facade construction and restoration; wayfinding and signage; and other components of community infrastructure;

(5) acquire, construct or reconstruct, and equip parking facilities, transit stations, and other facilities to encourage intermodal transportation and transit;

(6) install, construct or reconstruct, furnish, and equip parks and trails; cultural, community, educational, and recreational facilities; facilities to promote tourism and hospitality, conferencing, and conventions; and broadcast and related multimedia infrastructure;

(7) make related site improvements, including, without limitation, excavation, earth retention, soil stabilization and correction, foundation and substructure, vertical circulation systems, and other site improvements to support a district; and

(8) demolition of vacated medical facilities and other related buildings and structures and preparation of the facilities, buildings, and structures for development.

(b) A public infrastructure project is not a business subsidy under section 116J.993.

Subd. 9. **Regional Exchange District Advisory Board; advisory board; REDAB.** "Regional Exchange District Advisory Board," "advisory board," or "REDAB" means the advisory board established under section 469.515.

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. 6. **[469.51] REGIONAL EXCHANGE DISTRICT.**

Subdivision 1. Creation; boundaries. There is established in the city a regional exchange district. The regional exchange district is 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 6th Street, excluding any property operated as a hotel on the corner of Superior Street and North 3rd Avenue East.

Subd. 2. Purpose; findings. The public purposes of the district are to facilitate:

(1) repurposing vacant or underutilized public land, or unutilized property interests such as air rights, for development or redevelopment and to incent significant private investment;

(2) redeveloping vacant or underutilized private land to increase its potential to generate taxes and create jobs or to provide housing or meet other community needs; and

(3) development by the anchoring institutions in the community, such as health care organizations and institutions of higher education, to create opportunities to improve the economy of the city and greater Minnesota regions and attract and retain a workforce.

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. 7. **[469.515] REGIONAL EXCHANGE DISTRICT ADVISORY BOARD.**

Subdivision 1. Advisory board membership. The Regional Exchange District Advisory Board consists of nine members appointed as follows:

(1) the mayor of the city or the mayor's designee;

(2) a city council member, appointed by the council;

(3) two representatives of the medical business entity west, appointed by and serving at the pleasure of the medical business entity west;

(4) one representative of the medical business entity east, appointed by and serving at the pleasure of the medical business entity east;

(5) one member appointed by the Duluth Greater Downtown Council;

(6) one representative of the local building and trades council appointed by the Duluth building and construction trades council; and

(7) two representatives appointed by the governor, one of whom has expertise in housing policy and finance.

Subd. 2. Conflict of interest. A person appointed as provided in subdivision 1, clause (1), (2), (5), (6), or (7), must not be employed by or affiliated with either medical business entity.

Subd. 3. **Terms; vacancies.** The appointing authorities must make their respective appointments by June 30, 2019. Members shall serve for four-year terms, except that a member appointed under subdivision 1, clauses (1) and (2), serves for a term coterminous with the term of the elected office, but may be reappointed. Of the members appointed in subdivision 1, clauses (3) and (7), one member serves from the date of appointment until the first Tuesday after the first Monday in January 2022, and the other member serves from the date of appointment until the first Tuesday after the first Monday in January 2024. A vacancy occurs as provided in section 15.059.

Subd. 4. **Duties.** The duties of the advisory board are to provide the city with advice and guidance in developing an overall development plan for the regional exchange district; prepare a proposed development plan for the district for approval by the city council; propose modifications to the development plan for city council approval; and recommend to the city council proposed public infrastructure projects not specifically listed in the plan that the board designates as consistent with the development plan adopted by the city. The advisory board is also responsible for the following activities related to the district:

(1) on behalf of a medical entity, certify to the city that all incurred expenses related to the private investment are accurate;

(2) review all proposed uses of state financial instruments to ensure they are consistent with Minnesota law;

(3) work with a medical entity and the city to acquire or dispose of real estate and facilitate all transactions associated with development in the district;

(4) develop patient, visitor, and community outreach programs for the district;

(5) develop and implement a plan for economic development outcomes related to the district; and

(6) by January 31 of each year, submit a report to the commissioner and the chairs and ranking minority members of the legislative committees with jurisdiction over economic development. The report must include a copy of the development plan and a list of any changes to the plan, the progress of projects identified in the development plan, and a list of the actual costs and financing sources.

Subd. 5. **Open meetings; data practices.** The advisory board and committee or subcommittee of the advisory board is subject to the Open Meeting Law in chapter 13D and is a government entity for purposes of chapter 13.

Subd. 6. **Chair.** The board must elect a chair from among the governor's appointees every two years.

Subd. 7. **Compensation; expense reimbursement.** The city may compensate members and reimburse members for expenses as provided in section 15.0575, subdivision 3. For purposes of this subdivision, the member representing the medical business entity shall be treated as an employee of a political subdivision.

Subd. 8. **Removal.** A member may be removed as provided in section 15.0575.

Subd. 9. **Staff.** The board may hire an executive director and other staff as the board requires. The city shall pay all staff salaries and benefits.

Subd. 10. **Contract for services.** The advisory board, through the staff assigned to the district, may contract for the services of financial advisors, other consultants, agents, public accountants, legal counsel, and other persons needed to perform its duties and exercise its powers.

Subd. 11. **Costs.** All costs incurred by the advisory board and staff assigned to the district shall be paid by the city.

Subd. 12. **Expiration.** The advisory board terminates when funds from all appropriation support payments made to the city under section 469.54 are committed to approved public infrastructure projects.

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. 8. **[469.517] COMPREHENSIVE DEVELOPMENT PLAN FOR REGIONAL EXCHANGE DISTRICT.**

(a) REDAB must prepare a comprehensive development plan by March 31, 2021. The comprehensive plan must, to the extent practicable, provide the following:

(1) an outline for the development of the district to meet the purpose and findings in section 469.51, subdivision 2;

(2) the extension of 6th Avenue East, primary street improvements, and related structural and safety improvements;

(3) construction of parking structures for the medical business west and for the medical business east, with the parking structures also supporting the public needs of surrounding neighborhoods and the district. The comprehensive development plan must require that public financing for the construction of parking structures is not available until the commissioner determines that \$50,000,000 has been committed to the project from private sources;

(4) extensions or connections of district energy utility infrastructure to existing and new buildings and facilities within the district to meet the medical facilities' thermal energy needs;

(5) subgrade structures and design and completion of the structural frame cap over marked Interstate Highway 35;

(6) demolition of vacated medical facilities and other related buildings and structures and preparation of the site for redevelopment;

(7) discussion of how the development plans will increase economic activity and housing availability, including affordable housing, in the city and fit into the city's long-term comprehensive development plans;

(8) a specific list of public infrastructure projects that meet the purposes and findings listed in section 469.51, subdivision 2; and

(9) the criteria that will be used by the advisory board in evaluating whether a public infrastructure project not specifically listed in the plan under clause (3) is consistent with the proposed development plan.

(b) Any development plan must be approved by six members of the advisory board prior to submitting the plan to the city council for consideration. The development plan for the district is not adopted until approved by the city council. If the city council rejects the initial development plan proposed by the advisory board, the board may revise the development plan and resubmit the plan. Section 15.99 does not apply to review and approval of the development plan. The city must not spend any appropriation support payments from the state until it has approved a development plan, or an initial development plan under section 11, proposed by the advisory board.

(c) REDAB may propose modifications to the development plan at any time; however, all changes are subject to approval by the city council.

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. 9. **[469.52] CITY POWERS; DUTIES.**

Subdivision 1. **Port authority powers.** The city may exercise the powers of a port authority under sections 469.048 to 469.068 for purposes of implementing sections 469.50 to 469.53.

Subd. 2. **Steel products.** The city must require that a public infrastructure project use steel products made from iron ore mined from the taconite assistance area as defined in section 273.1341 to the extent practicable. In determining whether it is practicable, the city may consider the exceptions to the requirement by Public Law 111-5, section 1605.

Subd. 3. **City contracts; construction requirements.** For all public infrastructure projects, the city must make reasonable efforts to hire and cause the construction manager and any subcontractors to employ women and members of minority communities. Goals for construction contracts must be established in the manner required under the city's disadvantaged business enterprises plan.

Subd. 4. **Public bidding exemption.** Notwithstanding section 469.068 or any other law to the contrary, the city is not required to use competitive bidding with respect to a parking facility or other public improvements constructed in conjunction with, and directly above or below, or adjacent and integrally related to, a private development within a district.

Subd. 5. **Parking structure revenue.** Parking facilities or structures constructed pursuant to the development plan must charge market rate parking fees, except for use separately negotiated between the city and a church whose parking facility is removed to accommodate construction of a parking ramp.

Subd. 6. **City utility fund contribution.** The city must use the city utility fund to finance improvements made within the district for sanitary sewer, storm sewer, and water systems and other related utility improvements. The improvements must be included in the development plan approved by the board. The total expenditures required under this subdivision and under Laws 1980, chapter 511, section 1, subdivision 1, paragraph (d), must equal at least \$20,000,000.

Subd. 7. **Project approval; notice; hearing.** Public infrastructure projects may be undertaken within the district by the city if the project is listed in the development plan or is recommended to the city by REDAB and is approved by the city. The city must hold a public hearing before approving a public infrastructure project for local funding provided pursuant to section 469.53. At least ten days before the hearing, the city must publish notice of the hearing in the official newspaper of the city.

Subd. 8. **City support.** The city must provide financial and administrative support, and office and other space, to the advisory board.

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. 10. **[469.53] LOCAL VALUE CAPTURE AUTHORITY.**

Subdivision 1. **Special abatement rules.** (a) If the city or county elects to use tax abatement under sections 469.1812 to 469.1815 to finance costs of public infrastructure projects, or to finance the costs of a joint project between the city and county, including all financing costs, the special rules under this subdivision apply.

(b) The limitations under section 469.1813, subdivision 6, do not apply.

(c) The limitations under section 469.1813, subdivision 8, do not apply, and property taxes abated by the city or county to finance costs of public infrastructure projects are not included for purposes of applying section 469.1813, subdivision 8, to the use of tax abatement for other purposes.

Subd. 2. **Special tax increment financing rules.** If the city elects to establish one or more redevelopment tax increment financing districts within a regional exchange district to fund public infrastructure projects, the requirements, definitions, limitations, or restrictions in the following statutes do not apply: sections 469.174, subdivisions 10 and 25, clause (2); 469.176, subdivisions 4j, 4l, and 5; and 469.1763, subdivisions 2, 3, and 4. The provisions of this subdivision expire effective for tax increments expended after December 31, 2055. After that date, the provisions of section 469.1763, subdivision 4, apply to any remaining unspent or unobligated increments.

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. 11. **INITIAL DEVELOPMENT PLAN FOR REGIONAL EXCHANGE DISTRICT.**

(a) REDAB must prepare a proposed initial development plan for the district and submit the plan to the city by March 31, 2020. The initial plan must provide the following:

(1) an outline for the development of the district to meet the purpose and findings in Minnesota Statutes, section 469.51, subdivision 2;

(2) the extension of 6th Avenue East, primary street improvements, and related structural and safety improvements;

(3) construction of parking structures for the medical business west and for the medical business east, with the parking structures also supporting the public needs of surrounding neighborhoods and the district. The initial development plan must require that public financing for the construction of parking structures is not available until the commissioner of employment and economic development determines that \$50,000,000 has been committed to the project from private sources; and

(4) extensions or connections of district energy utility infrastructure to existing and new buildings and facilities within the district to meet the medical facilities' thermal energy needs.

(b) The initial development plan must be approved by six members of the advisory board prior to submitting the plan to the city council for consideration. The initial development plan for the district is not adopted until approved by the city council. If the city council rejects the initial development plan proposed by the advisory board, the board may revise the initial development plan and resubmit the plan. Section 15.99 does not apply to review and approval of the development plan. The city must not spend any appropriation support payments from the state until it has approved an initial development plan proposed by the advisory board.

(c) REDAB may propose modifications to the initial development plan at any time; however, all changes are subject to approval by the city council.

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. 12. **APPROPRIATION; TAXPAYER ASSISTANCE GRANTS.**

\$400,000 in fiscal year 2020 and \$400,000 in fiscal year 2021 are appropriated from the general fund to the commissioner of revenue for grants under Minnesota Statutes, section 270C.21, subdivision 2. These amounts are in addition to any other amounts appropriated by law. Of the amount appropriated, up to five percent may be used for the administration of the taxpayer assistance grants program.

Sec. 13. **APPROPRIATION; TAXPAYER RECEIPT.**

\$100,000 in fiscal year 2021 is appropriated from the general fund to the commissioner of management and budget to develop and publish the taxpayer receipt under section 16A.067. The base funding for this program is \$47,000 in fiscal year 2022 and thereafter.

ARTICLE 11
DEPARTMENT OF REVENUE INDIVIDUAL INCOME AND
CORPORATE FRANCHISE TAXES: POLICY CHANGES

Section 1. Minnesota Statutes 2018, section 290.0132, subdivision 26, is amended to read:

Subd. 26. **Social Security benefits.** (a) A portion of Social Security benefits is allowed as a subtraction. The subtraction equals the lesser of Social Security benefits or a maximum subtraction subject to the limits under paragraphs (b), (c), and (d).

(b) For married taxpayers filing a joint return and surviving spouses, the maximum subtraction equals \$4,500. The maximum subtraction is reduced by 20 percent of provisional income over \$77,000. In no case is the subtraction less than zero.

(c) For single or head-of-household taxpayers, the maximum subtraction equals \$3,500. The maximum subtraction is reduced by 20 percent of provisional income over \$60,200. In no case is the subtraction less than zero.

(d) For married taxpayers filing separate returns, the maximum subtraction equals ~~\$2,250~~ one-half the maximum subtraction for joint returns under paragraph (b). The maximum subtraction is reduced by 20 percent of provisional income over ~~\$38,500~~ one-half the threshold amount specified in paragraph (b). In no case is the subtraction less than zero.

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

(f) The commissioner shall adjust the maximum subtraction and threshold amounts in paragraphs (b) to (d) by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) of the Internal Revenue Code the word "2016" shall be substituted for the word "1992." For 2018, the commissioner shall then determine the percentage change from the 12 months ending on August 31, 2016, to the 12 months ending on August 31, 2017, and in each subsequent year, from the 12 months ending on August 31, 2016, to the 12 months ending on August 31 of the year preceding the taxable year. The determination of the commissioner pursuant to this subdivision must not be considered a rule and is not subject to the Administrative Procedure Act contained in chapter 14, including section 14.386. 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, 2018.

Sec. 2. Minnesota Statutes 2018, section 290.0137, is amended to read:

290.0137 ACCELERATED RECOGNITION OF CERTAIN INSTALLMENT SALE GAINS.

(a) In the case of a nonresident individual or a person who becomes a nonresident individual during the tax year, taxable net income shall include the ~~allocable~~ amount realized upon a sale of the assets of, or any interest in, an S corporation or partnership that operated in Minnesota during the year of sale, including any income or gain to be recognized in future years pursuant to an installment sale method of reporting under the Internal Revenue Code.

(1) For the purposes of this paragraph, an individual who becomes a nonresident of Minnesota in any year after an installment sale is required to recognize the full amount of any income or gain described in this paragraph on the individual's final Minnesota resident tax return to the extent that such income has not been recognized in a prior year.

(2) For the purposes of this section, "realized" has the meaning given in section 1001(b) of the Internal Revenue Code.

(3) For the purposes of this section, "installment sale" means any installment sale under section 453 of the Internal Revenue Code and any other sale that is reported utilizing a method of accounting authorized under subchapter E of the Internal Revenue Code that allows taxpayers to delay reporting or recognizing a realized gain until a future year.

~~(4) For the purposes of this section, "allocable amount" means the full amount to be apportioned to Minnesota under section 290.191 or 290.20, or the full amount to be assigned to Minnesota under section 290.17.~~

(b) Notwithstanding paragraph (a), nonresident taxpayers may elect to defer recognizing unrecognized installment sale gains by making an election under this paragraph. The election must be filed on a form to be determined or prescribed by the commissioner and must be filed by the due date of the individual income tax return, including any extension. Electing taxpayers must make an irrevocable agreement to:

(1) file Minnesota tax returns in all subsequent years when gains from the installment sales are recognized and reported to the Internal Revenue Service;

(2) allocate gains to the state of Minnesota as though the gains were realized in the year of sale under section 290.17, 290.191, or 290.20; and

(3) include all relevant federal tax documents reporting the installment sale with subsequent Minnesota tax returns.

(c) Income or gain recognized for Minnesota purposes pursuant to paragraph (a) must be excluded from taxable net income in any future year that the taxpayer files a Minnesota tax return to the extent that the income or gain has already been subject to tax pursuant to paragraph (a).

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

Sec. 3. Minnesota Statutes 2018, section 290.06, subdivision 2c, is amended to read:

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

(1) On the first \$35,480, 5.35 percent;

(2) On all over \$35,480, but not over \$140,960, 7.05 percent;

(3) On all over \$140,960, but not over \$250,000, 7.85 percent;

(4) On all over \$250,000, 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 \$24,270, 5.35 percent;
- (2) On all over \$24,270, but not over \$79,730, 7.05 percent;
- (3) On all over \$79,730, but not over \$150,000, 7.85 percent;
- (4) On all over \$150,000, 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 \$29,880, 5.35 percent;
- (2) On all over \$29,880, but not over \$120,070, 7.05 percent;
- (3) On all over \$120,070, but not over \$200,000, 7.85 percent;
- (4) On all over \$200,000, 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 ~~section~~ sections 290.0131, subdivisions 2 and 6 to 11, 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, ~~and~~ the subtractions under ~~section~~ sections 290.0132, subdivisions 9, 10, 14, 15, 17, and 18, 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 ~~amounts specified in section~~ additions required under sections 290.0131, subdivisions 2 and 6 to 11, and 290.0137, paragraph (a); and reduced by

(ii) ~~the amounts specified in section~~ subtractions under sections 290.0132, subdivisions 2, 9, 10, 14, 15, 17, and 18, and 290.0137, paragraph (c).

EFFECTIVE DATE. The amendment to paragraph (a) is effective for taxable years beginning after December 31, 2018. The amendment to paragraph (e) is effective the day following final enactment.

Sec. 4. Minnesota Statutes 2018, section 290.06, subdivision 2d, is amended to read:

Subd. 2d. **Inflation adjustment of brackets.** (a) For taxable years beginning after December 31, 2013, the minimum and maximum dollar amounts for each rate bracket for which a tax is imposed in subdivision 2c shall be adjusted for inflation by the percentage determined under paragraph (b). For the purpose of making the adjustment as provided in this subdivision all of the rate brackets provided in subdivision 2c shall be the rate brackets as they existed for taxable years beginning after December 31, 2012, and before January 1, 2014. The rate applicable to any rate bracket must not be changed. The dollar amounts setting forth the tax shall be adjusted to reflect the changes in the rate brackets. The rate brackets as adjusted must be rounded to the nearest \$10 amount. If the rate bracket ends in \$5, it must be rounded up to the nearest \$10 amount.

(b) The commissioner shall adjust the rate brackets and by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "2012" shall be substituted for the word "1992." For 2014, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2012, to the 12 months ending on August 31, 2013, and in each subsequent year, from the 12 months ending on August 31, 2012, to the 12 months ending on August 31 of the year preceding the taxable year. The commissioner shall determine the rate bracket for married filing separate returns after this adjustment is done. The rate bracket for married filing separate must be one-half of the rate bracket for married filing joint. The determination of the commissioner pursuant to this subdivision shall not be considered a "rule" and shall not be subject to the Administrative Procedure Act contained in chapter 14.

No later than December 15 of each year, the commissioner shall announce the specific percentage that will be used to adjust the tax rate brackets.

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

ARTICLE 12
DEPARTMENT OF REVENUE INDIVIDUAL INCOME AND
CORPORATE FRANCHISE TAXES: TECHNICAL CHANGES

Section 1. Minnesota Statutes 2018, section 289A.38, subdivision 7, is amended to read:

Subd. 7. **Federal tax changes.** (a) If the amount of income, items of tax preference, deductions, or credits for any year of a taxpayer, or the wages paid by a taxpayer for any period, as reported to the Internal Revenue Service is changed or corrected by the commissioner of Internal Revenue or other officer of the United States or other competent authority, or where a renegotiation of a contract or subcontract with the United States results in a change in income, items of tax preference, deductions, credits, or withholding tax, or, in the case of estate tax, where there are adjustments to the taxable estate, the taxpayer shall report the change or correction or renegotiation results in writing to the commissioner. The report must be submitted within 180 days after the final determination and must be in the form of either an amended Minnesota estate, withholding tax, corporate franchise tax, or income tax return conceding the accuracy of the federal determination or a letter detailing how the federal determination is incorrect or does not change the Minnesota tax. An amended Minnesota income tax return must be accompanied by an amended property tax refund return, if necessary. A taxpayer filing an amended federal tax return must also file a copy of the amended return with the commissioner of revenue within 180 days after filing the amended return.

(b) For the purposes of paragraph (a), a change or correction includes any case where a taxpayer reaches a closing agreement or compromise with the Internal Revenue Service under section 7121 or 7122 of the Internal Revenue Code.

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

Sec. 2. Minnesota Statutes 2018, section 290.92, subdivision 28, is amended to read:

Subd. 28. **Payments to horse racing license holders.** Effective with payments made after April 1, 1988, any holder of a license issued by the Minnesota Racing Commission who makes a payment for personal or professional services to a holder of a class C license issued by the commission, except an amount paid as a purse, shall deduct from the payment and withhold 6.25 percent of the amount as Minnesota withholding tax when the amount paid to that individual by the same person during the calendar year exceeds \$600. For purposes of the provisions of this section, a payment to any person which is subject to withholding under this subdivision must be treated as if the payment was a wage paid by an employer to an employee. Every individual who is to receive a payment which is subject to withholding under this subdivision shall furnish the license holder with a statement, made under the penalties of perjury, containing the name, address, and Social Security account number of the person receiving the payment. No withholding is required if the individual presents a signed certificate from the individual's employer which states that the individual is an employee of that employer. A nonresident individual who holds a class C license must be treated as an athlete for purposes of applying the provisions of subdivision 4a and section 290.17, subdivision 2(1)(b)(ii) ~~(a)(2)(ii)~~.

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

Sec. 3. Minnesota Statutes 2018, section 462D.03, subdivision 2, is amended to read:

Subd. 2. **Designation of qualified beneficiary.** (a) The account holder must designate a first-time home buyer as the qualified beneficiary of the account ~~by April 15 of the year in a form and manner prescribed by the commissioner~~ following the taxable year in which the account was established. The account holder may be the qualified beneficiary. The account holder may change the designated qualified beneficiary at any time, but no more than one qualified beneficiary may be designated for an account at any one time. For purposes of the one beneficiary restriction, a married couple qualifies as one beneficiary. Changing the designated qualified beneficiary of an account does not affect computation of the ten-year period under section 462D.06, subdivision 2.

(b) The commissioner shall establish a process for account holders to notify the state that permits recording of the account, the account holder or holders, any transfers under section 462D.04, subdivision 2, and the designated qualified beneficiary for each account. This may be done upon filing the account holder's income tax return or in any other way the commissioner determines to be appropriate.

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

ARTICLE 13 PARTNERSHIP TAX; POLICY

Section 1. Minnesota Statutes 2018, section 270C.445, subdivision 6, is amended to read:

Subd. 6. **Enforcement; administrative order; penalties; cease and desist.** (a) The commissioner may impose an administrative penalty of not more than \$1,000 per violation of subdivision 3 or 5, or section 270C.4451, provided that a penalty may not be imposed for any conduct for which a tax preparer penalty is imposed under section 289A.60, subdivision 13. The commissioner may terminate a tax preparer's authority to transmit returns electronically to the state, if the commissioner determines the tax preparer engaged in a pattern and practice of

violating this section. Imposition of a penalty under this paragraph is subject to the contested case procedure under chapter 14. The commissioner shall collect the penalty in the same manner as the income tax. There is no right to make a claim for refund under section 289A.50 of the penalty imposed under this paragraph. Penalties imposed under this paragraph are public data.

(b) In addition to the penalty under paragraph (a), if the commissioner determines that a tax preparer has violated subdivision 3 or 5, or section 270C.4451, the commissioner may issue an administrative order to the tax preparer requiring the tax preparer to cease and desist from committing the violation. The administrative order may include an administrative penalty provided in paragraph (a).

(c) If the commissioner issues an administrative order under paragraph (b), the commissioner must send the order to the tax preparer addressed to the last known address of the tax preparer.

(d) A cease and desist order under paragraph (b) must:

(1) describe the act, conduct, or practice committed and include a reference to the law that the act, conduct, or practice violates; and

(2) provide notice that the tax preparer may request a hearing as provided in this subdivision.

(e) Within 30 days after the commissioner issues an administrative order under paragraph (b), the tax preparer may request a hearing to review the commissioner's action. The request for hearing must be made in writing and must be served on the commissioner at the address specified in the order. The hearing request must specifically state the reasons for seeking review of the order. The date on which a request for hearing is served by mail is the postmark date on the envelope in which the request for hearing is mailed.

(f) If a tax preparer does not timely request a hearing regarding an administrative order issued under paragraph (b), the order becomes a final order of the commissioner and is not subject to review by any court or agency.

(g) If a tax preparer timely requests a hearing regarding an administrative order issued under paragraph (b), the hearing must be commenced within ten days after the commissioner receives the request for a hearing.

(h) A hearing timely requested under paragraph (e) is subject to the contested case procedure under chapter 14, as modified by this subdivision. The administrative law judge must issue a report containing findings of fact, conclusions of law, and a recommended order within ten days after the completion of the hearing, the receipt of late-filed exhibits, or the submission of written arguments, whichever is later.

(i) Within five days of the date of the administrative law judge's report issued under paragraph (h), any party aggrieved by the administrative law judge's report may submit written exceptions and arguments to the commissioner. Within 15 days after receiving the administrative law judge's report, the commissioner must issue an order vacating, modifying, or making final the administrative order.

(j) The commissioner and the tax preparer requesting a hearing may by agreement lengthen any time periods prescribed in paragraphs (g) to (i).

(k) An administrative order issued under paragraph (b) is in effect until it is modified or vacated by the commissioner or an appellate court. The administrative hearing provided by paragraphs (e) to (i) and any appellate judicial review as provided in chapter 14 constitute the exclusive remedy for a tax preparer aggrieved by the order.

(l) The commissioner may impose an administrative penalty, in addition to the penalty under paragraph (a), up to \$5,000 per violation of a cease and desist order issued under paragraph (b). Imposition of a penalty under this paragraph is subject to the contested case procedure under chapter 14. Within 30 days after the commissioner imposes a penalty under this paragraph, the tax preparer assessed the penalty may request a hearing to review the penalty order. The request for hearing must be made in writing and must be served on the commissioner at the address specified in the order. The hearing request must specifically state the reasons for seeking review of the order. The cease and desist order issued under paragraph (b) is not subject to review in a proceeding to challenge the penalty order under this paragraph. The date on which a request for hearing is served by mail is the postmark date on the envelope in which the request for hearing is mailed. If the tax preparer does not timely request a hearing, the penalty order becomes a final order of the commissioner and is not subject to review by any court or agency. A penalty imposed by the commissioner under this paragraph may be collected and enforced by the commissioner as an income tax liability. There is no right to make a claim for refund under section 289A.50 of the penalty imposed under this paragraph. A penalty imposed under this paragraph is public data.

(m) If a tax preparer violates a cease and desist order issued under paragraph (b), the commissioner may terminate the tax preparer's authority to transmit returns electronically to the state. Termination under this paragraph is public data.

(n) A cease and desist order issued under paragraph (b) is public data when it is a final order.

(o) Notwithstanding any other law, the commissioner may impose a penalty or take other action under this subdivision against a tax preparer, with respect to a return, within the period to assess tax on that return as provided by ~~section~~ sections 289A.38 to 289A.384.

(p) Notwithstanding any other law, the imposition of a penalty or any other action against a tax preparer under this subdivision, other than with respect to a return, must be taken by the commissioner within five years of the violation of statute.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2017, except that for partnerships that make an election under Code of Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies to the same tax periods to which the election relates.

Sec. 2. Minnesota Statutes 2018, section 289A.31, subdivision 1, is amended to read:

Subdivision 1. **Individual income, fiduciary income, mining company, corporate franchise, and entertainment taxes.** (a) Individual income, fiduciary income, mining company, and corporate franchise taxes, and interest and penalties, must be paid by the taxpayer upon whom the tax is imposed, except in the following cases:

(1) the tax due from a decedent for that part of the taxable year in which the decedent died during which the decedent was alive and the taxes, interest, and penalty due for the prior years must be paid by the decedent's personal representative, if any. If there is no personal representative, the taxes, interest, and penalty must be paid by the transferees, as defined in section 270C.58, subdivision 3, to the extent they receive property from the decedent;

(2) the tax due from an infant or other incompetent person must be paid by the person's guardian or other person authorized or permitted by law to act for the person;

(3) the tax due from the estate of a decedent must be paid by the estate's personal representative;

(4) the tax due from a trust, including those within the definition of a corporation, as defined in section 290.01, subdivision 4, must be paid by a trustee; and

(5) the tax due from a taxpayer whose business or property is in charge of a receiver, trustee in bankruptcy, assignee, or other conservator, must be paid by the person in charge of the business or property so far as the tax is due to the income from the business or property.

(b) Entertainment taxes are the joint and several liability of the entertainer and the entertainment entity. The payor is liable to the state for the payment of the tax required to be deducted and withheld under section 290.9201, subdivision 7, and is not liable to the entertainer for the amount of the payment.

(c) The taxes imposed under sections 289A.35, paragraph (b), 289A.383, subdivision 3, and 290.0922 on partnerships are the joint and several liability of the partnership and the general partners.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2017, except that for partnerships that make an election under Code of Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies to the same tax periods to which the election relates.

Sec. 3. Minnesota Statutes 2018, section 289A.37, subdivision 2, is amended to read:

Subd. 2. **Erroneous refunds.** (a) Except as provided in paragraph (b), an erroneous refund occurs when the commissioner issues a payment to a person that exceeds the amount the person is entitled to receive under law. An erroneous refund is considered an underpayment of tax on the date issued.

(b) To the extent that the amount paid does not exceed the amount claimed by the taxpayer, an erroneous refund does not include the following:

(1) any amount of a refund or credit paid pursuant to a claim for refund filed by a taxpayer, including but not limited to refunds of claims made under section 290.06, subdivision 23; 290.067; 290.0671; 290.0672; 290.0674; 290.0675; 290.0677; 290.068; 290.0681; or 290.0692; or chapter 290A; or

(2) any amount paid pursuant to a claim for refund of an overpayment of tax filed by a taxpayer.

(c) The commissioner may make an assessment to recover an erroneous refund at any time within two years from the issuance of the erroneous refund. If all or part of the erroneous refund was induced by fraud or misrepresentation of a material fact, the assessment may be made at any time.

(d) Assessments of amounts that are not erroneous refunds under paragraph (b) must be conducted under ~~section~~ sections 289A.38 to 289A.384.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2017, except that for partnerships that make an election under Code of Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies to the same tax periods to which the election relates.

Sec. 4. Minnesota Statutes 2018, section 289A.38, subdivision 10, is amended to read:

Subd. 10. **Incorrect determination of federal adjusted gross income.** Notwithstanding any other provision of this chapter, if a taxpayer whose net income is determined under section 290.01, subdivision 19, omits from income an amount that will under the Internal Revenue Code extend the statute of limitations for the assessment of federal income taxes, or otherwise incorrectly determines the taxpayer's federal adjusted gross income resulting in adjustments by the Internal Revenue Service, then the period of assessment and determination of tax will be that under the Internal Revenue Code. When a change is made to federal income during the extended time provided under this subdivision, the provisions under ~~subdivisions 7 to 9~~ sections 289A.381 to 289A.384 regarding additional extensions apply.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2017, except that for partnerships that make an election under Code of Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies to the same tax periods to which the election relates.

Sec. 5. **[289A.381] DEFINITIONS; PARTNERSHIPS; FEDERAL ADJUSTMENTS.**

Subdivision 1. Definitions relating to federal adjustments. Unless otherwise specified, the definitions in this section apply for the purposes of sections 289A.381 to 289A.385.

Subd. 2. Administrative adjustment request. "Administrative adjustment request" means an administrative adjustment request filed by a partnership under section 6227 of the Internal Revenue Code.

Subd. 3. Audited partnership. "Audited partnership" means a partnership subject to a federal adjustment resulting from a partnership-level audit.

Subd. 4. Corporate partner. "Corporate partner" means a partner that is subject to tax under section 290.02.

Subd. 5. Direct partner. "Direct partner" means a partner that holds an immediate legal ownership interest in a partnership or pass-through entity.

Subd. 6. Exempt partner. "Exempt partner" means a partner that is exempt from taxes on its net income under section 290.05, subdivision 1.

Subd. 7. Federal adjustment. "Federal adjustment" means any change in an amount calculated under the Internal Revenue Code, whether to income, gross estate, a credit, an item of preference, or any other item that is used by a taxpayer to compute a tax administered under this chapter for the reviewed year whether that change results from action by the Internal Revenue Service or other competent authority, including a partnership-level audit, or the filing of an amended federal return, federal refund claim, or an administrative adjustment request by the taxpayer.

Subd. 8. Federal adjustments report. "Federal adjustments report" includes a method or form prescribed by the commissioner for use by a taxpayer to report federal adjustments, including an amended Minnesota tax return or a uniform multistate report.

Subd. 9. Federal partnership representative. "Federal partnership representative" means the person the partnership designates for the taxable year as the partnership's representative, or the person the Internal Revenue Service has appointed to act as the partnership representative, pursuant to section 6223(a) of the Internal Revenue Code.

Subd. 10. Final determination date. (a) "Final determination date" means:

(1) for a federal adjustment arising from an audit by the Internal Revenue Service or other competent authority, the first day on which no federal adjustment arising from that audit remains to be finally determined, whether by agreement, or, if appealed or contested, by a final decision with respect to which all rights of appeal have been waived or exhausted;

(2) for a federal adjustment arising from the filing of an amended federal return, a federal refund claim, or the filing by a partnership of an administrative adjustment request, the day which the amended return, refund claim, or administrative adjustment request was filed; or

(3) for agreements required to be signed by the Internal Revenue Service and the taxpayer, the date on which the last party signed the agreement.

Subd. 11. Final federal adjustment. "Final federal adjustment" means a federal adjustment for which the final determination date for that federal adjustment has passed.

Subd. 12. Indirect partner. "Indirect partner" means either:

(1) a partner in a partnership or pass-through entity that itself holds an immediate legal ownership interest in another partnership or pass-through entity; or

(2) a partner in a partnership or pass-through entity that holds an indirect interest in another partnership or pass-through entity through another indirect partner.

Subd. 13. Partner. "Partner" means a person that holds an interest directly or indirectly in a partnership or other pass-through entity.

Subd. 14. Partnership. The term "partnership" has the meaning provided under section 7701(a)(2) of the Internal Revenue Code.

Subd. 15. Partnership-level audit. "Partnership-level audit" means an examination by the Internal Revenue Service at the partnership level pursuant to subtitle F, chapter 63, subchapter C, of the Internal Revenue Code, which results in federal adjustments and adjustments to partnership-related items.

Subd. 16. Pass-through entity. "Pass-through entity" means an entity, other than a partnership, that is not subject to the tax imposed under section 290.02. The term pass-through entity includes but is not limited to S corporations, estates, and trusts other than grantor trusts.

Subd. 17. Resident partner. "Resident partner" means an individual partner or individual indirect partner who is a resident of Minnesota under section 290.01, subdivision 7, for the relevant tax period.

Subd. 18. Reviewed year. "Reviewed year" means the taxable year of a partnership that is subject to a partnership-level audit from which federal adjustments arise.

Subd. 19. Tiered partner. "Tiered partner" means any partner that is a partnership or pass-through entity.

Subd. 20. Unrelated business taxable income. "Unrelated business taxable income" has the same meaning as defined in section 512 of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2017, except that for partnerships that make an election under Code of Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies to the same tax periods to which the election relates.

Sec. 6. **[289A.382] REPORTING FEDERAL ADJUSTMENTS; GENERAL RULE.**

(a) Within 180 days of a final determination date, a taxpayer must file a federal adjustments report with the commissioner reporting all final federal adjustments by the Internal Revenue Service or other competent authority.

(b) Within 180 days of a final determination date, a taxpayer must file a federal adjustments report with the commissioner reporting any federal adjustments reported by the taxpayer to the Internal Revenue Service, including but not limited to:

(1) federal refund claims;

(2) a change reported on a timely filed amended federal income tax return; and

(3) a change reported on an amended return filed pursuant to section 6225(c) of the Internal Revenue Code.

(c) In the case of a final federal adjustment arising from a partnership-level audit or an administrative adjustment request filed by a partnership under section 6227 of the Internal Revenue Code, a taxpayer must report adjustments as provided for under section 289A.383, and not this section.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2017, except that for partnerships that make an election under Code of Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies to the same tax periods to which the election relates.

Sec. 7. **[289A.383] REPORTING AND PAYMENT REQUIREMENTS.**

Subdivision 1. State partnership representative. (a) With respect to an action required or permitted to be taken by a partnership under this section, or in a proceeding under section 270C.35 or 271.06, the state partnership representative for the reviewed year shall have the sole authority to act on behalf of the partnership, and its direct partners and indirect partners shall be bound by those actions.

(b) The state partnership representative for the reviewed year is the partnership's federal partnership representative unless the partnership, in a form and manner prescribed by the commissioner, designates another person as its state partnership representative.

Subd. 2. Reporting and payment requirements for partnerships and tiered partners. (a) Unless an audited partnership makes the election in subdivision 3, then, for all final federal adjustments the 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 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.

(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).

Subd. 3. **Election; partnership or tiered partners pay.** (a) An audited partnership may make an election under this subdivision to pay its assessment at the entity level. If an audited partnership makes an election to pay its assessment at the entity level it must:

(1) no later than 90 days after the final determination date, file a completed federal adjustments report, including the residency information for all individual partners, both direct and indirect, and information pertaining to all other partners as prescribed by the commissioner, and notify the commissioner that it is making the election under this subdivision; and

(2) no later than 180 days after the final determination date, pay an amount, determined as follows, in lieu of taxes on partners:

(i) exclude from final federal adjustments the distributive share of these adjustments made to an exempt partner that is not unrelated business taxable income;

(ii) exclude from final federal adjustments the distributive share of these adjustments made to a partner that has filed a federal adjustments report and paid the applicable tax, as required under subdivision 2, for the distributive share of adjustments reported on a federal return under section 6225(c) of the Internal Revenue Code;

(iii) allocate at the partner level using section 290.17, subdivision 1, all final federal adjustments attributable to resident partners, both direct and indirect, for the reviewed year;

(iv) allocate and apportion at the partnership level using sections 290.17 to 290.20 all remaining final federal adjustments for the reviewed year;

(v) determine the total distributive share of the allocated and apportioned final federal adjustments determined in items (iii) and (iv) that are attributable to:

(A) resident partners;

(B) corporate partners and exempt partners; and

(C) the total distributive share amount allocated to all other partners;

(vi) for the total distributive share of net final federal adjustments attributed to corporate partners and exempt partners under item (v), subitem (B), multiply the total by the highest tax rate in section 290.06, subdivision 1, for the reviewed year, and calculate interest and penalties as applicable under this chapter;

(vii) for the total distributive share of net final federal adjustments attributable to resident partners, and all other partners under item (v), subitems (A) and (C), multiply the total by the highest tax rate in section 290.06, subdivision 2c, for the reviewed year, and calculate interest and penalties as applicable under this chapter; and

(viii) add the amount determined in item (vi) to the amount determined in item (vii), and pay all applicable taxes, penalties, and interest to the commissioner.

(b) An audited partnership may not make an election under this subdivision to report:

(1) a federal adjustment that results in unitary business income to a corporate partner required to file as a member of a combined report under section 290.17, subdivision 4; or

(2) any final federal adjustments resulting from an administrative adjustment request.

Subd. 4. Tiered partners and indirect partners. (a) Each tiered partner and each indirect partner of an audited partnership that reported final federal adjustments pursuant to subdivision 2, paragraph (b), clause (1), or this subdivision, must:

(1) within 90 days of the report comply with the filing, reporting, and payment requirements of subdivision 2, paragraph (b); or

(2) make the election under subdivision 3 as though it were the audited partnership.

(b) Each direct partner in a partnership making a report under paragraph (a) must, within 180 days of the report, comply with the filing, reporting, and payment requirements of subdivision 2, paragraph (c).

(c) Notwithstanding the interim time requirements in this subdivision and subdivisions 2 and 3, all reports and payments required to be made by the tiered and indirect partners under this section are required to be made within 90 days after the time for the filing and furnishing of statements to tiered partners and their partners as established by the Internal Revenue Service under section 6226 of the Internal Revenue Code.

Subd. 5. Effects of election by partnership or tiered partner and payment of amount due. (a) Unless the commissioner determines otherwise, the election under subdivision 3 is irrevocable.

(b) If an audited partnership or tiered partner properly reports and pays an amount determined in subdivision 3, the amount must be treated as paid in lieu of taxes owed by the partnership's direct partners on the same final federal adjustments. The direct partners and indirect partners of the partnership who are not resident partners may not take any deduction or credit for this amount or claim a refund of the amount in this state.

(c) Nothing in this subdivision precludes resident partners from claiming a credit against taxes paid under section 290.06, on any amounts paid by the audited partnership or tiered partners on the resident partner's behalf to another state or local tax jurisdiction.

Subd. 6. Failure of partnership or tiered partner to report or pay. Nothing in this section prevents the commissioner from assessing partners or indirect partners for taxes they owe in the event that, for any reason, a partnership or tiered partner fails to timely make any report or payment required by this section.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2017, except that for partnerships that make an election under Code of Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies to the same tax periods to which the election relates.

Sec. 8. [289A.384] ASSESSMENT OF TAX, INTEREST, PENALTIES, AND ADDITIONAL AMOUNTS.

Subdivision 1. Assessment of additional tax, interest, and penalties. The commissioner may assess additional tax, interest, and penalties following a final federal adjustment:

(1) arising from an audit by the Internal Revenue Service, including a partnership-level audit;

(2) reported by the taxpayer on an amended federal tax return; or

(3) as part of an administrative adjustment request on or before the dates provided in this section.

Subd. 2. **Timely and untimely reported federal adjustments.** If a taxpayer files a federal adjustments report, within or after the periods prescribed in section 289A.382 or 289A.383, the commissioner may assess any additional Minnesota amounts including in-lieu-of amounts, taxes, interest, and penalties at the later of:

(1) the expiration of the period of limitations in section 289A.38; or

(2) the expiration of the one-year period following the date of the filing with the commissioner of the federal adjustments report.

Subd. 3. **Unreported reported federal adjustments.** If the taxpayer fails to file a federal adjustments report, the commissioner may assess any additional amounts including in-lieu-of amounts, taxes, penalties, and interest, at the later of:

(1) the expiration of the period of limitations in section 289A.38; or

(2) the expiration of the six-year period following the final determination date.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2017, except that for partnerships that make an election under Code of Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies to the same tax periods to which the election relates.

Sec. 9. **[289A.385] CLAIMS FOR REFUND OR CREDITS OF STATE TAX ARISING FROM FINAL FEDERAL ADJUSTMENTS MADE BY THE INTERNAL REVENUE SERVICE.**

Taxpayers subject to the reporting requirements of sections 289A.382 and 289A.383 may file claims for refund related to federal adjustments made by the Internal Revenue Service on or before the last day of the general period of limitations on claims for refund in section 289A.40.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2017, except that for partnerships that make an election under Code of Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies to the same tax periods to which the election relates.

Sec. 10. Minnesota Statutes 2018, section 289A.42, is amended to read:

289A.42 CONSENT TO EXTEND STATUTE.

Subdivision 1. **Extension agreement.** If before the expiration of time prescribed in sections 289A.38 to 289A.384 and 289A.40 for the assessment of tax or the filing of a claim for refund, both the commissioner and the taxpayer have consented in writing to the assessment or filing of a claim for refund after that time, the tax may be assessed or the claim for refund filed at any time before the expiration of the agreed-upon period. The period may be extended by later agreements in writing before the expiration of the period previously agreed upon. The taxpayer and the commissioner may also agree to extend the period for collection of the tax.

Subd. 2. **Federal extensions.** When a taxpayer consents to an extension of time for the assessment of federal withholding or income taxes, the period in which the commissioner may recompute the tax is also extended, notwithstanding any period of limitations to the contrary, as follows:

(1) for the periods provided in section ~~289A.38, subdivisions 8 and 9~~ 289A.384, subdivisions 2 and 3;

(2) for six months following the expiration of the extended federal period of limitations when no change is made by the federal authority. If no change is made by the federal authority, and, but for this subdivision, the commissioner's time period to adjust the tax has expired, and if the commissioner has completed a field audit of the taxpayer, no additional changes resulting in additional tax due or a refund may be made. For purposes of this subdivision, "field audit" has the meaning given it in section 289A.38, subdivision 9.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2017, except that for partnerships that make an election under Code of Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies to the same tax periods to which the election relates.

Sec. 11. Minnesota Statutes 2018, section 289A.60, subdivision 24, is amended to read:

Subd. 24. **Penalty for failure to notify of federal change.** If a person fails to report to the commissioner a change or correction of the person's federal return in the manner and time prescribed in ~~section 289A.38, subdivision 7~~ sections 289A.382 and 289A.383, there must be added to the tax an amount equal to ten percent of the amount of any underpayment of Minnesota tax attributable to the federal change.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2017, except that for partnerships that make an election under Code of Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies to the same tax periods to which the election relates.

Sec. 12. Minnesota Statutes 2018, section 290.31, subdivision 1, is amended to read:

Subdivision 1. **Partners, not partnership, subject to tax.** Except as provided under ~~section~~ sections 289A.35, paragraph (b), and 289A.383, subdivision 3, a partnership as such shall not be subject to the income tax imposed by this chapter, but is subject to the tax imposed under section 290.0922. Persons carrying on business as partners shall be liable for income tax only in their separate or individual capacities.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2017, except that for partnerships that make an election under Code of Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies to the same tax periods to which the election relates.

Sec. 13. Minnesota Statutes 2018, section 297F.17, subdivision 6, is amended to read:

Subd. 6. **Time limit for bad debt refund.** Claims for refund must be filed with the commissioner during the one-year period beginning with the timely filing of the taxpayer's federal income tax return containing the bad debt deduction that is being claimed. Claimants under this subdivision are subject to the notice requirements of ~~section 289A.38, subdivision 7~~ sections 289A.382 and 289A.383.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2017, except that for partnerships that make an election under Code of Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies to the same tax periods to which the election relates.

Sec. 14. Minnesota Statutes 2018, section 297G.16, subdivision 7, is amended to read:

Subd. 7. **Time limit for a bad debt deduction.** Claims for refund must be filed with the commissioner within one year of the filing of the taxpayer's income tax return containing the bad debt deduction that is being claimed. Claimants under this subdivision are subject to the notice requirements of ~~section 289A.38, subdivision 7~~ sections 289A.38 to 289A.384.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2017, except that for partnerships that make an election under Code of Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies to the same tax periods to which the election relates.

Sec. 15. Minnesota Statutes 2018, section 469.319, subdivision 4, is amended to read:

Subd. 4. **Repayment procedures.** (a) For the repayment of taxes imposed under chapter 290 or 297A or local taxes collected pursuant to section 297A.99, a business must file an amended return with the commissioner of revenue and pay any taxes required to be repaid within 30 days after becoming subject to repayment under this section. The amount required to be repaid is determined by calculating the tax for the period or periods for which repayment is required without regard to the exemptions and credits allowed under section 469.315.

(b) For the repayment of taxes imposed under chapter 297B, a business must pay any taxes required to be repaid to the motor vehicle registrar, as agent for the commissioner of revenue, within 30 days after becoming subject to repayment under this section.

(c) For the repayment of property taxes, the county auditor shall prepare a tax statement for the business, applying the applicable tax extension rates for each payable year and provide a copy to the business and to the taxpayer of record. The business must pay the taxes to the county treasurer within 30 days after receipt of the tax statement. The business or the taxpayer of record may appeal the valuation and determination of the property tax to the Tax Court within 30 days after receipt of the tax statement.

(d) The provisions of chapters 270C and 289A relating to the commissioner's authority to audit, assess, and collect the tax and to hear appeals are applicable to the repayment required under paragraphs (a) and (b). The commissioner may impose civil penalties as provided in chapter 289A, and the additional tax and penalties are subject to interest at the rate provided in section 270C.40. The additional tax shall bear interest from 30 days after becoming subject to repayment under this section until the date the tax is paid. Any penalty imposed pursuant to this section shall bear interest from the date provided in section 270C.40, subdivision 3, to the date of payment of the penalty.

(e) If a property tax is not repaid under paragraph (c), the county treasurer shall add the amount required to be repaid to the property taxes assessed against the property for payment in the year following the year in which the auditor provided the statement under paragraph (c).

(f) For determining the tax required to be repaid, a reduction of a state or local sales or use tax is deemed to have been received on the date that the good or service was purchased or first put to a taxable use. In the case of an income tax or franchise tax, including the credit payable under section 469.318, a reduction of tax is deemed to have been received for the two most recent tax years that have ended prior to the date that the business became subject to repayment under this section. In the case of a property tax, a reduction of tax is deemed to have been received for the taxes payable in the year that the business became subject to repayment under this section and for the taxes payable in the prior year.

(g) The commissioner may assess the repayment of taxes under paragraph (d) any time within two years after the business becomes subject to repayment under subdivision 1, or within any period of limitations for the assessment of tax under ~~section 289A.38~~ sections 289A.38 to 289A.384, whichever period is later. The county auditor may send the statement under paragraph (c) any time within three years after the business becomes subject to repayment under subdivision 1.

(h) A business is not entitled to any income tax or franchise tax benefits, including refundable credits, for any part of the year in which the business becomes subject to repayment under this section nor for any year thereafter. Property is not exempt from tax under section 272.02, subdivision 64, for any taxes payable in the year following

the year in which the property became subject to repayment under this section nor for any year thereafter. A business is not eligible for any sales tax benefits beginning with goods or services purchased or first put to a taxable use on the day that the business becomes subject to repayment under this section.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2017, except that for partnerships that make an election under Code of Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies to the same tax periods to which the election relates.

Sec. 16. **REPEALER.**

Minnesota Statutes 2018, section 289A.38, subdivisions 7, 8, and 9, are repealed.

EFFECTIVE DATE. This section is effective retroactively for taxable years beginning after December 31, 2017, except that for partnerships that make an election under Code of Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies to the same tax periods to which the election relates.

ARTICLE 14
DEPARTMENT OF REVENUE; SALES AND USE TAXES;
TECHNICAL CHANGES

Section 1. Minnesota Statutes 2018, section 297A.68, subdivision 17, is amended to read:

Subd. 17. **Ships used in interstate commerce; other vessels.** Repair, replacement, and rebuilding parts and materials, and lubricants, for the following are exempt:

(1) ships or vessels used or to be used principally in interstate or foreign commerce ~~are exempt;~~ and

(2) vessels with a gross registered tonnage of at least 3,000 tons ~~are exempt.~~

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

Sec. 2. Minnesota Statutes 2018, section 297A.68, subdivision 42, is amended to read:

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

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

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

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

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

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

(ii) building improvements; and

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

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

(ii) sophisticated fire suppression and prevention systems; and

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

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

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

(e) For purposes of this subdivision, "enterprise information technology equipment" means computers and equipment supporting computing, networking, or data storage, including servers and routers. It includes, but is not limited to: cooling systems, cooling towers, and other temperature control infrastructure; power infrastructure for transformation, distribution, or management of electricity used for the maintenance and operation of a qualified data center or qualified refurbished data center, including but not limited to exterior dedicated business-owned substations, backup power generation systems, battery systems, and related infrastructure; and racking systems, cabling, and trays, which are necessary for the maintenance and operation of the qualified data center or qualified refurbished data center.

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

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

(h) This subdivision is effective for sales and purchases made before July 1, 2042.

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

(1) the total square footage amount;

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

(3) the beginning and ending of the applicable period under either paragraph (c) or (d) in which the qualifying expenditures and purchases under clause (2) were made, but in no case shall the period begin before July 1, 2012; ~~and~~

(4) the date upon which the qualified data center first met the requirements under paragraph (c) or a qualified refurbished data center first met the requirements under paragraph (d).

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

(k) The commissioner of employment and economic development must annually notify the commissioner of revenue of the qualified data centers that are projected to meet the requirements under paragraph (c) and the qualified refurbished data centers that are projected to meet the requirements under paragraph (d) in each of the next four years. The notification must provide the information required under paragraph (i), clauses (1) to ~~(3)~~ (4), for each qualified data center or qualified refurbished data center.

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

Sec. 3. Minnesota Statutes 2018, section 297A.68, subdivision 44, is amended to read:

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

(1) the commissioner of employment and economic development certifies to the commissioner of revenue, in a format approved by the commissioner of revenue, that the qualified business meets the requirements under section 116J.8738;

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

~~(2)~~ (3) the property or services are primarily used or consumed at the facility in greater Minnesota identified in the business subsidy agreement; and

~~(3)~~ (4) the purchase was made and delivery received during the duration of the certification of the business as a qualified business under section 116J.8738 business subsidy agreement.

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

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

(d) The tax on purchases imposed under this subdivision must be imposed and collected as if the rate under section 297A.62 applied, and then refunded in the manner provided in section 297A.75. The total amount refunded for a facility over the certification period is limited to the amount listed in the business subsidy agreement. No more than \$7,000,000 may be refunded in a fiscal year for all purchases under this subdivision. Refunds must be allocated on a first-come, first-served basis. If more than \$7,000,000 of eligible claims are made in a fiscal year, claims by qualified businesses carry over to the next fiscal year, and the commissioner of revenue must first allocate refunds to qualified businesses eligible for a refund in the preceding fiscal year. Any portion of the balance of funds allocated for refunds under this paragraph does not cancel and shall be carried forward to and available for refunds in subsequent fiscal years. Notwithstanding section 297A.75, subdivision 4, for an eligible refund claim that carries over to a subsequent fiscal year, the interest on the amount carried over must be paid on the refund no sooner than from 90 days after July 1 of the fiscal year in which funds are available for the eligible claim.

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

Sec. 4. Minnesota Statutes 2018, section 297A.71, subdivision 45, is amended to read:

Subd. 45. **Biopharmaceutical manufacturing facility.** (a) Materials and supplies used or consumed in, capital equipment incorporated into, and privately owned infrastructure in support of the construction, improvement, or expansion of a biopharmaceutical manufacturing facility in the state are exempt if the commissioner of employment and economic development certifies to the commissioner of revenue that the following criteria are met:

(1) the facility is used for the manufacturing of biologics;

(2) the total capital investment made at the facility exceeds \$50,000,000; and

(3) the facility creates and maintains at least 190 full-time equivalent positions at the facility. These positions must be new jobs in Minnesota and not the result of relocating jobs that currently exist in Minnesota.

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

(c) To be eligible for a refund, the owner of the biopharmaceutical manufacturing facility must:

(1) initially apply to the ~~Department~~ commissioner of employment and economic development for certification no later than one year from the final completion date of construction, improvement, or expansion of the facility; and

(2) for each year that the owner of the biopharmaceutical manufacturing facility applies for a refund, the ~~owner~~ commissioner of revenue must have received written certification from the ~~Department~~ commissioner of employment and economic development that the facility has met the criteria of paragraph (a).

(d) The refund is to be paid annually at a rate of 25 percent of the total allowable refund payable to date, with the commissioner making annual payments of the remaining refund until all of the refund has been paid.

(e) For purposes of this subdivision, "biopharmaceutical" and "biologics" are interchangeable and mean medical drugs or medicinal preparations produced using technology that uses biological systems, living organisms, or derivatives of living organisms to make or modify products or processes for specific use. The medical drugs or medicinal preparations include but are not limited to proteins, antibodies, nucleic acids, and vaccines.

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

Sec. 5. Minnesota Statutes 2018, section 297A.77, is amended by adding a subdivision to read:

Subd. 5. **Records must be kept.** Every person liable for any tax imposed by this chapter, or for the collection thereof, shall keep such records, render such statements, make such returns, and comply with such rules, as the commissioner may from time to time prescribe.

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

ARTICLE 15
MINNESOTACARE; TECHNICAL CHANGES

Section 1. Minnesota Statutes 2018, section 295.50, is amended by adding a subdivision to read:

Subd. 2b. **Emergency medical reasons.** "Emergency medical reasons" means a public health emergency declaration pursuant to United States Code, title 42, section 247d; a national security or peacetime emergency declared by the governor pursuant to section 12.31; or a situation involving an action by the commissioner of health pursuant to section 144.4197, 144.4198, or 151.37, subdivisions 2, paragraph (b), and 10, except that, for purposes of this subdivision, a drug shortage not caused by a public health emergency shall not constitute an emergency medical reason.

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

Sec. 2. Minnesota Statutes 2018, section 295.50, subdivision 3, is amended to read:

Subd. 3. **Gross revenues.** "Gross revenues" are total amounts received in money or otherwise by:

- (1) a hospital for patient services;
- (2) a surgical center for patient services;
- (3) a health care provider, other than a staff model health ~~carrier~~ plan company, for patient services;
- (4) a wholesale drug distributor for sale or distribution of legend drugs that are delivered in Minnesota by the wholesale drug distributor, by common carrier, or by mail, unless the legend drugs are delivered to another wholesale drug distributor who sells legend drugs exclusively at wholesale. ~~Legend drugs do not include nutritional products as defined in Minnesota Rules, part 9505.0325, and blood and blood components;~~ and
- (5) a staff model health plan company as gross premiums for enrollees, co-payments, deductibles, coinsurance, and fees for patient services.

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

Sec. 3. Minnesota Statutes 2018, 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; ~~or~~

(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 exempt from tax under this chapter.

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

Sec. 4. Minnesota Statutes 2018, section 295.50, is amended by adding a subdivision to read:

Subd. 7a. **Manufacturer.** "Manufacturer" has the meaning provided in section 151.01, subdivision 14a.

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

Sec. 5. Minnesota Statutes 2018, section 295.50, subdivision 9b, is amended to read:

Subd. 9b. **Patient services.** (a) "Patient services" means inpatient and outpatient services and other goods and services provided by hospitals, surgical centers, or health care providers. They include the following health care goods and services provided to a patient or consumer:

- (1) bed and board;
- (2) nursing services and other related services;
- (3) use of hospitals, surgical centers, or health care provider facilities;
- (4) medical social services;
- (5) drugs, biologicals, supplies, appliances, and equipment;
- (6) other diagnostic or therapeutic items or services;
- (7) medical or surgical services;
- (8) items and services furnished to ambulatory patients not requiring emergency care; and
- (9) emergency services.

(b) "Patient services" does not include:

- (1) services provided to nursing homes licensed under chapter 144A;
- (2) examinations for purposes of utilization reviews, insurance claims or eligibility, litigation, and employment, including reviews of medical records for those purposes;
- (3) services provided to and by community residential mental health facilities licensed under Minnesota Rules, parts 9520.0500 to 9520.0670, and to and by residential treatment programs for children with severe emotional disturbance licensed or certified under chapter 245A;

(4) ~~services provided to and by community support programs and family community support programs approved under Minnesota Rules, parts 9535.1700 to 9535.1760, or certified as mental health rehabilitative services under chapter 256B;~~ under the following programs: day treatment services as defined in section 245.462, subdivision 8; assertive community treatment as described in section 256B.0622; adult rehabilitative mental health services as described in section 256B.0623; adult crisis response services as described in section 256B.0624; children's therapeutic services and supports as described in section 256B.0943; and children's mental health crisis response services as described in section 256B.0944;

- (5) services provided to and by community mental health centers as defined in section 245.62, subdivision 2;
- (6) services provided to and by assisted living programs and congregate housing programs;
- (7) hospice care services;
- (8) home and community-based waived services under sections 256B.0915, 256B.49, and 256B.501;

(9) targeted case management services under sections 256B.0621; 256B.0625, subdivisions 20, 20a, 33, and 44; and 256B.094; and

(10) services provided to the following: 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; adult day care services as defined in section 245A.02, subdivision 2a; and home health agencies as defined in Minnesota Rules, part 9505.0175, subpart 15, or licensed under chapter 144A.

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

Sec. 6. Minnesota Statutes 2018, section 295.50, is amended by adding a subdivision to read:

Subd. 10c. **Pharmacy benefits manager.** "Pharmacy benefits manager" means an entity that performs pharmacy benefits management.

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

Sec. 7. Minnesota Statutes 2018, section 295.50, is amended by adding a subdivision to read:

Subd. 13a. **Third-party purchaser of health care services.** "Third-party purchaser of health care services" includes but is not limited to a health carrier or community integrated service network that pays for health care services on behalf of patients or that reimburses, indemnifies, compensates, or otherwise insures patients for health care services.

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

Sec. 8. Minnesota Statutes 2018, section 295.50, subdivision 14, is amended to read:

Subd. 14. **Wholesale drug distributor.** "Wholesale drug distributor" means ~~a wholesale drug distributor required to be licensed under sections 151.42 to 151.51.~~ any person engaged in wholesale drug distribution including but not limited to manufacturers; repackagers; own-label distributors; jobbers; brokers; warehouses, including manufacturers' and distributors' warehouses, chain drug warehouses, and wholesale drug warehouses; independent wholesale drug traders; and pharmacies that conduct wholesale drug distribution. A wholesale drug distributor does not include a common carrier or individual hired primarily to transport legend drugs.

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

Sec. 9. Minnesota Statutes 2018, section 295.50, subdivision 15, is amended to read:

Subd. 15. **Legend drug.** "Legend drug" means a drug that is required by federal law to bear one of the following statements: "Caution: Federal law prohibits dispensing without prescription" or "Rx only." Legend drugs do not include nutritional products as defined in Minnesota Rules, part 9505.0325, subpart 1, and blood and blood components.

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

Sec. 10. Minnesota Statutes 2018, section 295.50, is amended by adding a subdivision to read:

Subd. 16. **Wholesale drug distribution.** "Wholesale drug distribution" means the sale or distribution of legend drugs to a person other than a consumer or patient, but does not include:

(1) a sale between a division, subsidiary, parent, affiliated, or related company under the common ownership and control of a corporate entity;

(2) the purchase or other acquisition, by a hospital or other health care entity that is a member of a group purchasing organization, of a legend drug for its own use from the organization or from other hospitals or health care entities that are members of such organizations;

(3) the sale, purchase, or trade of a legend drug by a charitable organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1988, to a nonprofit affiliate of the organization to the extent otherwise permitted by law;

(4) the sale, purchase, or trade of a legend drug among hospitals or other health care entities that are under common control;

(5) the sale, purchase, or trade of a legend drug for emergency medical reasons;

(6) the transfer of legend drugs by a retail pharmacy to another retail pharmacy to alleviate a temporary shortage; or

(7) the distribution of legend drug samples by manufacturer representatives.

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

Sec. 11. Minnesota Statutes 2018, section 295.53, subdivision 1, is amended to read:

Subdivision 1. **Exclusions and Exemptions.** (a) The following payments are excluded from the gross revenues subject to the hospital, surgical center, or health care provider taxes under sections 295.50 to 295.59:

~~(1) payments received for services provided under the Medicare program, including payments received from the government, and organizations governed by sections 1833 and 1876 of title XVIII of the federal Social Security Act, United States Code, title 42, section 1395, and enrollee deductibles, coinsurance, and co-payments, whether paid by the Medicare enrollee or by a Medicare supplemental coverage as defined in section 62A.011, subdivision 3, clause (10), or by Medicaid payments under title XIX of the federal Social Security Act. Payments for services not covered by Medicare are taxable;~~

~~(2) payments received for home health care services;~~

~~(3) payments received from hospitals or surgical centers for goods and services on which liability for tax is imposed under section 295.52 or the source of funds for the payment is exempt under clause (1), (7), (10), or (14);~~

~~(4) payments received from health care providers for goods and services on which liability for tax is imposed under this chapter or the source of funds for the payment is exempt under clause (1), (7), (10), or (14);~~

~~(5) amounts paid for legend drugs, other than nutritional products and blood and blood components, to a wholesale drug distributor who is subject to tax under section 295.52, subdivision 3, reduced by reimbursements received for legend drugs otherwise exempt under this chapter;~~

~~(6)~~ (1) payments received by a health care provider or the wholly owned subsidiary of a health care provider for care provided outside Minnesota;

~~(7)~~ payments received from the chemical dependency fund under chapter 254B;

~~(8)~~ payments received in the nature of charitable donations that are not designated for providing patient services to a specific individual or group;

~~(9)~~ payments received for providing patient services incurred through a formal program of health care research conducted in conformity with federal regulations governing research on human subjects. Payments received from patients or from other persons paying on behalf of the patients are subject to tax;

~~(10)~~ payments received from any governmental agency for services benefiting the public, not including payments made by the government in its capacity as an employer or insurer or payments made by the government for services provided under the MinnesotaCare program or the medical assistance program governed by title XIX of the federal Social Security Act, United States Code, title 42, sections 1396 to 1396v;

~~(11)~~ (2) government payments received by the commissioner of human services for state-operated services;

~~(12)~~ (3) payments received by a health care provider for hearing aids and related equipment or prescription eyewear delivered outside of Minnesota; and

~~(13)~~ (4) payments received by an educational institution from student tuition, student activity fees, health care service fees, government appropriations, donations, or grants, and for services identified in and provided under an individualized education program as defined in section 256B.0625 or Code of Federal Regulations, chapter 34, section 300.340(a). Fee for service payments and payments for extended coverage are taxable;

~~(14)~~ payments received under the federal Employees Health Benefits Act, United States Code, title 5, section 8909(f), as amended by the Omnibus Reconciliation Act of 1990. Enrollee deductibles, coinsurance, and co-payments are subject to tax; and

~~(15)~~ payments received under the federal Tricare program, Code of Federal Regulations, title 32, section 199.17(a)(7). Enrollee deductibles, coinsurance, and co-payments are subject to tax.

(b) The following payments are exempted from the gross revenues subject to hospital, surgical center, or health care provider taxes under sections 295.50 to 295.59:

(1) payments received for services provided under the Medicare program, including payments received from the government and organizations governed by sections 1833, 1853, and 1876 of title XVIII of the federal Social Security Act, United States Code, title 42, section 1395; and enrollee deductibles, co-insurance, and co-payments, whether paid by the Medicare enrollee, by Medicare supplemental coverage as described in section 62A.011, subdivision 3, clause (10), or by Medicaid payments under title XIX of the federal Social Security Act. Payments for services not covered by Medicare are taxable;

(2) payments received for home health care services;

(3) payments received from hospitals or surgical centers for goods and services on which liability for tax is imposed under section 295.52 or the source of funds for the payment is exempt under clauses (1), (6), (9), (10), or (11);

(4) payments received from the health care providers for goods and services on which liability for tax is imposed under this chapter or the source of funds for the payment is exempt under clause (1), (6), (9), (10), or (11);

(5) amounts paid for legend drugs to a wholesale drug distributor who is subject to tax under section 295.52, subdivision 3, reduced by reimbursement received for legend drugs otherwise exempt under this chapter;

(6) payments received from the chemical dependency fund under chapter 254B;

(7) payments received in the nature of charitable donations that are not designated for providing patient services to a specific individual or group;

(8) payments received for providing patient services incurred through a formal program of health care research conducted in conformity with federal regulations governing research on human subjects. Payments received from patients or from other persons paying on behalf of the patients are subject to tax;

(9) payments received from any governmental agency for services benefiting the public, not including payments made by the government in its capacity as an employer or insurer or payments made by the government for services provided under the MinnesotaCare program or the medical assistance program governed by title XIX of the federal Social Security Act, United States Code, title 42, section 1396 to 1396v;

(10) payments received under the federal Employees Health Benefits Act, United States Code, title 5, section 8909(f), as amended by the Omnibus Reconciliation Act of 1990. Enrollee deductibles, co-insurance, and co-payments are subject to tax;

(11) payments received under the federal Tricare program, Code of Federal Regulations, title 32, section 199.17(a)(7). Enrollee deductibles, co-insurance, and co-payments are subject to tax; and

(12) supplemental or enhanced payments authorized under section 256B.196 or 256B.197.

~~(b)~~ (c) Payments received by wholesale drug distributors for legend drugs sold directly to veterinarians or veterinary bulk purchasing organizations are excluded from the gross revenues subject to the wholesale drug distributor tax under sections 295.50 to 295.59.

~~(e) Supplemental or enhanced payments authorized under section 256B.19, subdivision 1c, 256B.196, or 256B.197 are excluded from gross revenues subject to the tax under sections 295.50 to 295.59.~~

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

Sec. 12. Minnesota Statutes 2018, section 295.57, subdivision 5, is amended to read:

Subd. 5. **Exemption for amounts paid for legend drugs.** If a hospital, surgical center, or health care provider cannot determine the actual cost or reimbursement of legend drugs under the exemption provided in section 295.53, subdivision 1, paragraph ~~(a)~~ (b), clause (5), the following method must be used:

A hospital, surgical center, or health care provider must determine the amount paid for legend drugs used during the month or quarter and multiply that amount by a ratio, the numerator of which is the total amount received for taxable patient services, and the denominator of which is the total amount received for all patient services, including amounts exempt under section 295.53, subdivision 1, paragraph (b). The result represents the allowable exemption for the monthly or quarterly cost of drugs.

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

Sec. 13. Minnesota Statutes 2018, section 295.582, subdivision 1, is amended to read:

Subdivision 1. **Tax expense transfer.** ~~(a) A hospital, surgical center, or health care provider that is subject to a tax under section 295.52, or a pharmacy that has paid additional expense transferred under this section by a wholesale drug distributor, may transfer additional expense generated by section 295.52 obligations on to all third party contracts for the purchase of health care services on behalf of a patient or consumer. Nothing shall prohibit a pharmacy from transferring the additional expense generated under section 295.52 to a pharmacy benefits manager. The additional expense transferred to the third party purchaser or a pharmacy benefits manager must not exceed the tax percentage specified in section 295.52 multiplied against the gross revenues received under the third party contract, and the tax percentage specified in section 295.52 multiplied against co payments and deductibles paid by the individual patient or consumer. The expense must not be generated on revenues derived from payments that are excluded from the tax under section 295.53. All third party purchasers of health care services including, but not limited to, third party purchasers regulated under chapter 60A, 62A, 62C, 62D, 62H, 62N, 64B, 65A, 65B, 79, or 79A, or under section 471.61 or 471.617, and pharmacy benefits managers must pay the transferred expense in addition to any payments due under existing contracts with the hospital, surgical center, pharmacy, or health care provider, to the extent allowed under federal law. A third party purchaser of health care services includes, but is not limited to, a health carrier or community integrated service network that pays for health care services on behalf of patients or that reimburses, indemnifies, compensates, or otherwise insures patients for health care services. For purposes of this section, a pharmacy benefits manager means an entity that performs pharmacy benefits management. A third party purchaser or pharmacy benefits manager shall comply with this section regardless of whether the third party purchaser or pharmacy benefits manager is a for profit, not for profit, or nonprofit entity. A wholesale drug distributor may transfer additional expense generated by section 295.52 obligations to entities that purchase from the wholesaler, and the entities must pay the additional expense. Nothing in this section limits the ability of a hospital, surgical center, pharmacy, wholesale drug distributor, or health care provider to recover all or part of the section 295.52 obligation by other methods, including increasing fees or charges.~~

(a) The tax expense generated by section 295.52 may be transferred as follows:

(1) a hospital, surgical center, or health care provider subject to the tax under section 295.52 may transfer the tax expense to all third-party contracts for the purchase of health care services on behalf of a patient or consumer;

(2) a wholesale drug distributor subject to the tax under section 295.52 may transfer the tax expense to entities that purchase legend drugs from the wholesale drug distributor; and

(3) a pharmacy that has paid the tax expense transferred by a wholesale drug distributor may transfer the tax expense to all third-party contracts for the purchase of health care services on behalf of a patient or consumer. Nothing shall prohibit a pharmacy from transferring the tax expense generated under section 295.52 to a pharmacy benefits manager.

(b) The transfer of the tax expense under paragraph (a) must comply with the following:

(1) the tax expense transferred to the third-party purchaser or a pharmacy benefits manager must not exceed the tax percentage specified in section 295.52 multiplied against:

(i) gross revenues received under the third-party contract; and

(ii) co-payments and deductibles paid by the individual patient or consumer; and

(2) the tax expense must not be generated on revenues derived from payments that are excluded or exempted from the tax under section 295.53.

(c) Payment of the transferred tax expense is required as follows:

(1) all third-party purchasers of health care services, including but not limited to third-party purchasers regulated under chapter 60A, 62A, 62C, 62D, 62H, 62N, 64B, 65A, 65B, 79, or 79A, or under section 471.61 or 471.617, and pharmacy benefits managers must pay the transferred expense. This is in addition to any payments due under existing contracts with the hospital, surgical center, pharmacy, or health care provider, to the extent allowed under federal law; and

(2) all entities that purchase legend drugs from a wholesale drug distributor must pay the transferred expense.

(d) A third-party purchaser or pharmacy benefits manager must comply with this section regardless of whether the third-party purchaser or pharmacy benefits manager is a for-profit, not-for-profit, or nonprofit entity.

(e) Nothing in this section limits the ability of a hospital, surgical center, health care provider, pharmacy, or wholesale drug distributor to recover all or part of the section 295.52 obligation by other methods, including increasing fees or charges.

~~(b)~~ (f) Any hospital, surgical center, or health care provider subject to a tax under section 295.52 or a pharmacy that has paid the additional expense transferred under this section by a wholesale drug distributor may file a complaint with the commissioner responsible for regulating the third-party purchaser if at any time the third-party purchaser fails to comply with ~~paragraph (a)~~ this section.

~~(c)~~ (g) If the commissioner responsible for regulating the third-party purchaser finds at any time that the third-party purchaser has not complied with ~~paragraph (a)~~ this section, the commissioner may take enforcement action against a third-party purchaser which is subject to the commissioner's regulatory jurisdiction and which does not allow a hospital, surgical center, pharmacy, or provider to pass-through the tax expense. The commissioner may by order fine or censure the third-party purchaser or revoke or suspend the certificate of authority or license of the third-party purchaser to do business in this state if the commissioner finds that the third-party purchaser has not complied with this section. The third-party purchaser may appeal the commissioner's order through a contested case hearing in accordance with chapter 14.

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

ARTICLE 16 PROPERTY TAX POLICY

Section 1. Minnesota Statutes 2018, section 162.145, subdivision 3, is amended to read:

Subd. 3. **Administration.** (a) Subject to funds made available by law, the commissioner shall allocate all funds as provided in subdivision 4 and shall ~~notify, by June 1, certify to~~ the commissioner of revenue the amounts to be paid.

(b) Following ~~notification~~ certification from the commissioner ~~of transportation~~, the commissioner of revenue shall distribute the specified funds to cities in the same manner as local government aid under chapter 477A. An appropriation to the commissioner ~~of transportation~~ 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 4.

EFFECTIVE DATE. This section is effective for aids payable in 2019 and thereafter.

Sec. 2. Minnesota Statutes 2018, 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 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 of ~~each owner's~~ 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 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 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 of each relative occupying the property and the name and Social Security 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 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 15, 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 for applications for homestead filed in 2020 and thereafter.

ARTICLE 17
FIRE STATE AID; TECHNICAL CHANGES

Section 1. **[477B.01] DEFINITIONS.**

Subdivision 1. **Scope.** Unless the language or context clearly indicates that a different meaning is intended, the following words and terms, for the purposes of this chapter and chapters 423A and 424A, have the meanings given to them.

Subd. 2. **Commissioner.** "Commissioner" means the commissioner of revenue.

Subd. 3. **Company or insurance company.** "Company" or "insurance company" has the meaning given in section 60A.02, subdivision 4.

Subd. 4. **Estimated market value.** "Estimated market value" has the meaning given in section 272.03, subdivision 14.

Subd. 5. **Fire department.** "Fire department" includes a municipal fire department and an independent nonprofit firefighting corporation.

Subd. 6. **Fire department service area.** "Fire department service area" means the area serviced by a qualifying fire department that meets the requirements of section 477B.02.

Subd. 7. **Independent nonprofit firefighting corporation.** "Independent nonprofit firefighting corporation" means an independent nonprofit firefighting corporation that meets the criteria in section 424A.094, subdivision 1, paragraph (a).

Subd. 8. **Minnesota Fire Premium Report.** "Minnesota Fire Premium Report" means a form for reporting by insurance companies of (1) gross direct fire, lightning, sprinkler leakage, and extended coverage premiums received upon risks located or to be performed in this state less return premiums and dividends, and (2) other facts that the commissioner may require.

Subd. 9. **Municipal clerk.** "Municipal clerk" means the person elected or appointed to the position of municipal clerk or, if there is no such person, the chief financial official, the chief administrative official, or the person primarily responsible for managing the finances of a municipality.

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;

(4) the University of Minnesota; and

(5) an American Indian tribal government entity located within a federally recognized American Indian reservation.

(b) This subdivision only applies to chapter 477B.

Subd. 11. **Secretary.** "Secretary" means the secretary of an independent nonprofit firefighting corporation that has a subsidiary incorporated firefighters' relief association or whose firefighters participate in the voluntary statewide volunteer firefighter retirement plan.

Subd. 12. **Voluntary statewide volunteer firefighter retirement plan.** "Voluntary statewide volunteer firefighter retirement plan" means the retirement plan established under chapter 353G.

EFFECTIVE DATE. This section is effective for aids payable in 2020 and thereafter.

Sec. 2. **[477B.02] QUALIFYING FOR FIRE STATE AID.**

Subdivision 1. **Qualifications for fire state aid.** A municipality or independent nonprofit firefighting corporation qualifies to receive fire state aid if all the requirements of this section are met.

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.

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) The fire department must have a separate subsidiary incorporated firefighters' relief association that provides retirement benefits or must participate in the voluntary statewide volunteer firefighter retirement 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.

(d) Notwithstanding paragraph (c), 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.

Subd. 4. **Equipment requirements.** The fire department must have all of the following equipment, or the equivalent as determined by the state fire marshal, by December 31 of the year preceding the certification required in subdivision 8:

(1) a motorized fire truck equipped with:

(i) a motorized pump;

(ii) a 250-gallon or larger water tank;

(iii) 300 feet of one inch or larger fire hose in two lines with combination spray and straight stream nozzles;

(iv) five-gallon hand pumps - tank extinguisher or equivalent;

(v) a dry chemical extinguisher or equivalent;

(vi) ladders;

(vii) extension ladders;

(viii) pike poles;

(ix) crowbars;

(x) axes;

(xi) lanterns; and

(xii) fire coats, helmets, and boots;

(2) the items in clause (1) suitably housed in a building of good construction with facilities for care of hoses and equipment;

(3) a reliable and adequate method of receiving fire alarms by telephone or with electric siren and suitable means of sounding an alarm; and

(4) if response is to be provided outside the corporate limits of the municipality where the fire department is located, another piece of motorized apparatus to make the response.

Subd. 5. Fire service contract or agreement; apportionment agreement filing requirement. (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.

(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 with the commissioner.

Subd. 6. Compliance with rules. The fire department must meet all other requirements that the commissioner establishes by rule.

Subd. 7. Financial reporting requirements. The financial reporting requirements of section 424A.014 must be satisfied.

Subd. 8. PERA certification to commissioner. On or before February 1 each year, if retirement coverage for a fire department is provided by the voluntary statewide volunteer firefighter retirement plan, the executive director of the Public Employees Retirement Association must certify the existence of retirement coverage.

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 certification must be on a form prescribed by the commissioner and must include all other information that the commissioner requires.

Subd. 10. **Penalty for failure to file certification.** (a) If the certification under subdivision 9 is not filed with the commissioner on or before March 15, 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.

(b) 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 percent for each week or fraction of a week that the certification is late. 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.

Subd. 11. **Determination by commissioner.** The commissioner must determine which municipalities and independent nonprofit firefighting corporations are qualified to receive fire state aid directly or are qualified to receive the benefit of fire state aid paid to the voluntary statewide volunteer firefighter retirement plan based on compliance with the requirements of this section and the financial compliance report required under section 6.495, subdivision 3, if applicable. The commissioner may take into account any other relevant information that comes to the attention of the commissioner when making the determination.

EFFECTIVE DATE. This section is effective for aids payable in 2020 and thereafter.

Sec. 3. **[477B.03] CALCULATION OF FIRE STATE AID; APPEAL.**

Subdivision 1. **Certification and calculation of fire state aid.** (a) On or before October 1, the commissioner must calculate the amount of fire state aid that each municipality or independent nonprofit firefighting corporation is to receive.

(b) The commissioner must calculate an initial fire state aid allocation amount for each municipality or independent nonprofit firefighting corporation under subdivision 4 and, if applicable, a minimum fire state aid allocation amount for each municipality or independent nonprofit firefighting corporation under subdivision 5. The municipality or independent nonprofit firefighting corporation must be apportioned the greater of the amounts calculated under subdivisions 4 and 5.

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. 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.

Subd. 3. Population and estimated market value. (a) Official statewide federal census figures 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 must be used in calculations requiring the use of estimated market value property figures under this chapter.

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 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 fire service agreements 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.

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 voluntary statewide volunteer firefighter retirement 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 voluntary statewide volunteer firefighter retirement 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 providing retirement coverage for volunteer firefighters by the voluntary statewide volunteer firefighter retirement 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, but not to exceed 30 active firefighters.

Subd. 6. **Corrective aid adjustments.** Any adjustments needed to correct prior misallocations must be made to subsequent fire state aid apportionments.

Subd. 7. **Appeal.** A municipality, an independent nonprofit firefighting corporation, a fire relief association, or the voluntary statewide volunteer firefighter retirement 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 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 voluntary statewide volunteer firefighter retirement plan.

EFFECTIVE DATE. This section is effective for aids payable in 2020 and thereafter.

Sec. 4. **[477B.04] APPROPRIATION, PAYMENT, AND ADMINISTRATION.**

Subdivision 1. **Payments.** (a) The commissioner must make payments to the Public Employees Retirement Association for deposit in the voluntary statewide volunteer firefighter retirement fund on behalf of a municipality or independent nonprofit firefighting corporation that is a member of the voluntary statewide volunteer firefighter retirement plan under chapter 353G, or directly to a municipality or county designated by an independent nonprofit firefighting corporation. 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) The interest under paragraph (b) does not apply when payment has not been made by October 1 due to noncompliance with sections 424A.014 and 477B.02, subdivision 7.

Subd. 2. **Appropriation.** The amount necessary to make the payments under this section and section 477B.03 is annually appropriated to the commissioner from the general fund.

Subd. 3. **Deposit of state aid.** (a) If the municipality or the independent nonprofit firefighting corporation is covered by the voluntary statewide volunteer firefighter retirement plan under chapter 353G, the executive director of the Public Employees Retirement Association must credit the fire state aid against future municipal contribution requirements under section 353G.08 and must notify the municipality or the independent nonprofit firefighting corporation of the fire state aid so credited at least annually.

(b) If the municipality or the independent nonprofit firefighting corporation is not covered by the voluntary statewide volunteer firefighter retirement plan, the treasurer of the municipality must, within 30 days after receipt, transmit the fire state aid to the treasurer of the duly incorporated firefighters' relief association if there is one organized and the association has filed a financial report with the municipality pursuant to section 424A.014, subdivision 1 or 2, whichever applies. If the relief association has not filed a financial report with the municipality, the treasurer of the municipality must delay transmission of the fire state aid to the relief association until the complete financial report is filed.

(c) The treasurer of the municipality must deposit the fire state aid money in the municipal treasury if (1) the municipality or independent nonprofit firefighting corporation is not covered by the voluntary statewide volunteer firefighter retirement plan, (2) there is no relief association organized, (3) the association has dissolved, or (4) the association has been removed as trustees of state aid. The money may be disbursed from the municipal treasury only for the purposes and in the manner set forth in section 424A.08 or for the payment of the employer contribution requirement with respect to firefighters covered by the public employees police and fire retirement plan under section 353.65, subdivision 3.

EFFECTIVE DATE. This section is effective for aids payable in 2020 and thereafter.

Sec. 5. **[477B.05] SHORTFALL FROM GENERAL FUND.**

(a) If the annual funding requirements of fire relief associations or consolidation accounts under sections 424A.091 to 424A.095 or Laws 2013, chapter 111, article 5, sections 31 to 42, exceed all applicable revenue sources of a given year, including the insurance premium taxes funding fire state aid under this chapter as set under section 297I.05, subdivisions 2, 3, and 4, the shortfall in the annual funding requirements must be paid from the general fund to the extent appropriated by the legislature.

(b) Nothing in this section relieves any municipality from its obligation to a relief association or consolidation account under law.

EFFECTIVE DATE. This section is effective for aids payable in 2020 and thereafter.

Sec. 6. **PURPOSE.**

It is the intent of the legislature to make Minnesota's fire and police state aid laws more understandable by separating and recodifying disparate administration and compliance provisions currently contained in chapter 69 of Minnesota Statutes. Due to the complexity of the recodification, prior provisions are repealed on the effective date of the new provisions.

EFFECTIVE DATE. This section is effective July 1, 2019.

Sec. 7. **REPEALER.**

Minnesota Statutes 2018, sections 69.011, subdivisions 1, 2, 2b, 2c, 3, and 4; 69.021, subdivisions 1, 2, 3, 4, 5, 7, 7a, 8, 9, 10, and 11; 69.031, subdivisions 1, 3, and 5; and 69.041, are repealed.

EFFECTIVE DATE. This section is effective for aids payable in 2020 and thereafter.

ARTICLE 18
POLICE STATE AID; TECHNICAL CHANGES

Section 1. **[477C.01] DEFINITIONS.**

Subdivision 1. **Scope.** Unless the language or context clearly indicates that a different meaning is intended, the following words and terms, for the purposes of this chapter and chapter 423A have the meanings given to them.

Subd. 2. **Commissioner.** "Commissioner" means the commissioner of revenue.

Subd. 3. **Company or insurance company.** "Company" or "insurance company" has the meaning given in section 60A.02, subdivision 4.

Subd. 4. **Minnesota Aid to Police Premium Report.** "Minnesota Aid to Police Premium Report" means a form for reporting the total gross premiums, less return premiums and dividends, on all direct business received by an insurance company in this state during the preceding calendar year, with reference to insurance written for perils contained in auto insurance coverages as reported to the National Association of Insurance Commissioners and the commissioner of commerce.

Subd. 5. **Municipal clerk, municipal clerk-treasurer, or county auditor.** "Municipal clerk," "municipal clerk-treasurer," or "county auditor" means:

(1) the person elected or appointed to the position of municipal clerk, municipal clerk-treasurer, or county auditor or, if there is no such person, the chief financial official or the person primarily responsible for managing the finances of a municipality;

(2) for a park district, the secretary of the board of park district commissioners;

(3) for the University of Minnesota, the official designated by the Board of Regents;

(4) for the Metropolitan Airports Commission, the person designated by the commission;

(5) for the Departments of Natural Resources and Public Safety, the respective commissioner of the agency; and

(6) for a tribal police department that exercises state arrest powers under section 626.90, 626.91, 626.92, or 626.93, the person designated by the applicable American Indian tribal government.

Subd. 6. **Municipality.** (a) "Municipality" means:

(1) a home rule charter or statutory city;

(2) an organized town;

(3) a county;

(4) a park district subject to chapter 398;

(5) the University of Minnesota;

(6) an American Indian tribal government with a tribal police department that exercises state arrest powers under section 626.90, 626.91, 626.92, or 626.93;

(7) the Metropolitan Airports Commission; and

(8) the Departments of Natural Resources and Public Safety with respect to peace officers covered under chapter 352B.

(b) This subdivision only applies to chapter 477C.

Subd. 7. **Peace officer.** "Peace officer" means any person:

(1) whose primary source of income derived from wages is from direct employment by a municipality as a law enforcement officer on a full-time basis of not less than 30 hours per week;

(2) who has been employed for a minimum of six months before December 31 preceding the date of the current year's certification under section 477C.02, subdivision 1;

(3) who is sworn to enforce the general criminal laws of the state and local ordinances;

(4) who is licensed by the Peace Officers Standards and Training Board and is authorized to arrest with a warrant; and

(5) who is a member of the State Patrol retirement plan or the public employees police and fire fund.

EFFECTIVE DATE. This section is effective for aids payable in 2020 and thereafter.

Sec. 2. **[477C.02] QUALIFYING FOR POLICE STATE AID.**

Subdivision 1. **Certification to commissioner.** (a) A certification made under this section must be filed with the commissioner on a form prescribed by the commissioner and must include all other facts that the commissioner requires.

(b) Except as provided in subdivision 2, on or before March 15 annually, the municipal clerk, municipal clerk-treasurer, or county auditor of each municipality employing one or more peace officers must certify to the commissioner the number of peace officers employed during the previous calendar year. No peace officer may be included in the certification by more than one municipality for the same month.

(c) Credit for peace officers employed less than a full year must be apportioned. Each full month of employment of a qualifying officer during the calendar year entitles the employing municipality to credit for 1/12 of the payment for employment of a peace officer for the entire year. For purposes of this chapter, employment of a peace officer begins when the peace officer is entered on the payroll of the employing municipality.

Subd. 2. **Departments of Natural Resources and Public Safety.** On or before March 15 annually, the commissioner of natural resources must certify the number of peace officers employed by the Enforcement Division and the commissioner of public safety must certify the number of peace officers employed by the Bureau of Criminal Apprehension, the Gambling Enforcement Division, and the State Patrol Division. The certification must be on the form described in subdivision 1, paragraph (a). Peace officers certified under this subdivision must be included in the total certifications under subdivision 1.

Subd. 3. **Ineligibility of certain peace officers.** A peace officer employed by the University of Minnesota who is required by the Board of Regents to be a member of the University of Minnesota faculty retirement plan is not eligible to be included in any police state aid certification under this section.

Subd. 4. **Penalty for failure to file certification.** (a) If a certification under subdivision 1 or 2 is not filed with the commissioner on or before March 15, 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.

(b) 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 percent for each week or fraction of a week that the certification is late. 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.

Subd. 5. **Determination by commissioner.** The commissioner must determine which municipalities are qualified to receive police state aid based on compliance with the requirements of this section. The commissioner may take into account any other relevant information that comes to the attention of the commissioner when making the determination.

EFFECTIVE DATE. This section is effective for aids payable in 2020 and thereafter.

Sec. 3. **[477C.03] CALCULATION OF POLICE STATE AID; APPEAL.**

Subdivision 1. **Certification and calculation of police state aid.** (a) On or before October 1, the commissioner must calculate the amount of police state aid that each municipality is to receive.

(b) The commissioner must calculate an excess police state aid amount for each municipality under subdivision 3 and must reduce the apportionment amount for each municipality based on the calculation.

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. 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.

Subd. 3. **Apportionment reduction; excess police state aid.** (a) The commissioner must reduce the apportionment of police state aid under this section for eligible municipalities by the amount of any excess police state aid calculated under this subdivision.

(b) The commissioner must calculate the amount of excess police state aid for each municipality as follows:

(1) for municipalities in which police retirement coverage is provided wholly by the public employees police and fire fund and all peace officers are members of the plan governed by sections 353.63 to 353.657, the excess police state aid amount equals the amount of police state aid apportioned under subdivision 2 that exceeds the employer's total prior calendar year obligation as defined in paragraph (c), as certified by the executive director of the Public Employees Retirement Association;

(2) for the Metropolitan Airports Commission, the excess police state aid amount equals the amount of apportioned police aid calculated under subdivision 2 that exceeds the commission's total prior calendar year obligation as defined in paragraph (c), as certified by the executive director of the Public Employees Retirement Association; and

(3) for the Departments of Natural Resources and Public Safety, the excess police state aid amount equals the amount of apportioned police aid calculated under subdivision 2 that exceeds the employer's total prior calendar year obligation under section 352B.02, subdivision 1c, for plan members who are peace officers, as certified by the executive director of the Minnesota State Retirement System.

(c) The municipality's total prior calendar year obligation with respect to the public employees police and fire plan under paragraph (b), clause (1), is the total prior calendar year obligation under section 353.65, subdivision 3, for police officers as defined in section 353.64, subdivisions 1, 1a, and 2, and the actual total prior calendar year obligation under section 353.65, subdivision 3, for firefighters, as defined in section 353.64, subdivisions 1, 1a, and 2, but not to exceed for those firefighters the applicable following employer calendar year amount:

<u>Municipality</u>	<u>Maximum Amount</u>
<u>Albert Lea</u>	<u>\$54,157.01</u>
<u>Anoka</u>	<u>10,399.31</u>
<u>Apple Valley</u>	<u>5,442.44</u>
<u>Austin</u>	<u>49,864.73</u>
<u>Bemidji</u>	<u>27,671.38</u>
<u>Brooklyn Center</u>	<u>6,605.92</u>
<u>Brooklyn Park</u>	<u>24,002.26</u>
<u>Burnsville</u>	<u>15,956.00</u>
<u>Cloquet</u>	<u>4,260.49</u>
<u>Coon Rapids</u>	<u>39,920.00</u>
<u>Cottage Grove</u>	<u>8,588.48</u>
<u>Crystal</u>	<u>5,855.00</u>
<u>East Grand Forks</u>	<u>51,009.88</u>
<u>Edina</u>	<u>32,251.00</u>
<u>Elk River</u>	<u>5,216.55</u>
<u>Ely</u>	<u>13,584.16</u>
<u>Eveleth</u>	<u>16,288.27</u>
<u>Fergus Falls</u>	<u>6,742.00</u>
<u>Fridley</u>	<u>33,420.64</u>
<u>Golden Valley</u>	<u>11,744.61</u>
<u>Hastings</u>	<u>16,561.00</u>
<u>Hopkins</u>	<u>4,324.23</u>
<u>International Falls</u>	<u>14,400.69</u>
<u>Lakeville</u>	<u>782.35</u>
<u>Lino Lakes</u>	<u>5,324.00</u>
<u>Little Falls</u>	<u>7,889.41</u>
<u>Maple Grove</u>	<u>6,707.54</u>

<u>Maplewood</u>	<u>8,476.69</u>
<u>Minnetonka</u>	<u>10,403.00</u>
<u>Montevideo</u>	<u>1,307.66</u>
<u>Moorhead</u>	<u>68,069.26</u>
<u>New Hope</u>	<u>6,739.72</u>
<u>North St. Paul</u>	<u>4,241.14</u>
<u>Northfield</u>	<u>770.63</u>
<u>Owatonna</u>	<u>37,292.67</u>
<u>Plymouth</u>	<u>6,754.71</u>
<u>Red Wing</u>	<u>3,504.01</u>
<u>Richfield</u>	<u>53,757.96</u>
<u>Rosemount</u>	<u>1,712.55</u>
<u>Roseville</u>	<u>9,854.51</u>
<u>St. Anthony</u>	<u>33,055.00</u>
<u>St. Louis Park</u>	<u>53,643.11</u>
<u>Thief River Falls</u>	<u>28,365.04</u>
<u>Virginia</u>	<u>31,164.46</u>
<u>Waseca</u>	<u>11,135.17</u>
<u>West St. Paul</u>	<u>15,707.20</u>
<u>White Bear Lake</u>	<u>6,521.04</u>
<u>Woodbury</u>	<u>3,613.00</u>
<u>any other municipality</u>	<u>0.00</u>

(d) The total amount of excess police state aid must be deposited in the excess police state aid account in the general fund, and administered and distributed as provided in subdivision 4.

Subd. 4. **Excess police state aid holding account.** (a) The excess police state aid holding account is established in the general fund. The excess police state aid holding account is administered by the commissioner.

(b) Excess police state aid determined under subdivision 3 must be deposited annually in the excess police state aid holding account.

(c) From the balance in the excess police state aid holding account, \$900,000 must be canceled annually to the general fund.

(d) On October 1 annually, one-half of the balance of the excess police state aid holding account remaining after the deduction under paragraph (c) is appropriated for additional amortization aid under section 423A.02, subdivision 1b.

(e) The remaining balance in the excess police state aid holding account, after the deductions under paragraphs (c) and (d), must be canceled annually to the general fund.

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 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 2020 and thereafter.

Sec. 4. **[477C.04] APPROPRIATION, PAYMENT, AND ADMINISTRATION.**

Subdivision 1. **Payments.** (a) The commissioner must make payments to the municipality equal to the amount of police state aid apportioned to the applicable state aid recipient under section 477C.03.

(b) Police 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.

Subd. 2. **Appropriation.** (a) The amount necessary to make the payments under this section and section 477C.03 is annually appropriated to the commissioner from the general fund.

(b) The police state aid apportioned to the Departments of Public Safety and Natural Resources under section 477C.03 is allocated to the commissioner of management and budget for transfer to the funds and accounts from which the salaries of peace officers certified under section 477C.02, subdivision 2, are paid. On or before October 1, the commissioner of revenue must certify to the commissioners of public safety, natural resources, and management and budget the amounts to be transferred from the appropriation for police state aid. The commissioners of public safety and natural resources must certify to the commissioner of management and budget the amounts to be credited to each of the funds and accounts from which the peace officers employed by their respective departments are paid.

Subd. 3. **Deposit of state aid.** (a) For a municipality in which police retirement coverage is provided by the public employees police and fire fund and all peace officers are members of the fund, including municipalities covered by section 353.665, the total state aid must be applied toward the municipality's employer contribution to the public employees police and fire fund under sections 353.65, subdivision 3, and 353.665, subdivision 8.

(b) The county treasurer, upon receipt of the police state aid for the county, must apply the total state aid toward the county's employer contribution to the public employees police and fire fund under section 353.65, subdivision 3.

(c) The designated Metropolitan Airports Commission official, upon receipt of the police state aid for the Metropolitan Airports Commission, must apply the total police state aid toward the commission's employer contribution for peace officers to the public employees police and fire plan under section 353.65, subdivision 3.

(d) The commissioners of public safety and natural resources must allocate the police state aid first for employer contributions funded from the general fund and then for employer contributions funded from other funds. For peace officers employed by the Departments of Natural Resources or Public Safety whose salaries are paid from the general fund, the amounts transferred from the appropriation for police state aid must be canceled to the general fund.

EFFECTIVE DATE. This section is effective for aids payable in 2020 and thereafter.

ARTICLE 19
FIRE AND POLICE STATE AID; MISCELLANEOUS TECHNICAL CHANGES

Section 1. **[297L.26] FIRE AND POLICE PREMIUM REPORTS.**

Subdivision 1. **Filing reports.** (a) Each company must file with the commissioner the reports defined in sections 477B.01, subdivision 8, and 477C.01, subdivision 4, signed by the authorized representative of the company, on or before March 1 annually. The fire and extended coverage portion of multiperil package premiums and all other combination premiums must be determined by applying percentages determined by the commissioner or by rating bureaus recognized by the commissioner. The commissioner shall prescribe the content, form, and manner of the reports.

(b) The commissioner must notify each company that fails to timely file the report required under paragraph (a). The notice must demand that the company file the report within 30 days. Where good cause exists, the commissioner may extend the period for filing the report as long as a request for extension is filed by the company before the expiration of the 30-day period.

Subd. 2. **Penalties.** (a) A company that fails to file the report on or before the due date in subdivision 1 is liable for a penalty equal to \$25 for each seven days, or fraction thereof, that the report is delinquent, but not to exceed \$200.

(b) Any person whose duty it is to file the report and who fails or refuses to file within 30 days after the postmark of the notice in subdivision 1 must be fined an amount of no more than \$1,000.

(c) Any company that knowingly makes and files an inaccurate or false report is liable for a fine in an amount not less than \$25 nor more than \$1,000, as determined by the commissioner, and the commissioner of commerce may revoke the company's certificate of authority.

EFFECTIVE DATE. This section is effective for reports filed after December 31, 2019.

Sec. 2. **[424A.014] FINANCIAL REPORT; BOND; EXAMINATION.**

Subdivision 1. **Financial report and audit.** (a) The board of the Bloomington Fire Department Relief Association and each volunteer firefighters relief association with assets of at least \$500,000 or liabilities of at least \$500,000 in the prior year or in any previous year, according to the applicable actuarial valuation or according to the financial report if no valuation is required, must prepare a financial report covering the special and general funds of the relief association for the preceding fiscal year, file the financial report, and submit financial statements.

(b) The financial report must contain financial statements and disclosures that present the true financial condition of the relief association and the results of relief association operations in conformity with generally accepted accounting principles and in compliance with the regulatory, financing, and funding provisions of this chapter and any other applicable laws. The financial report must be countersigned by:

(1) the municipal clerk or clerk-treasurer of the municipality in which the relief association is located if the relief association is a firefighters' relief association that is directly associated with a municipal fire department;

(2) the municipal clerk or clerk-treasurer of the largest municipality in population that contracts with the independent nonprofit firefighting corporation if the volunteer firefighter relief association is a subsidiary of an independent nonprofit firefighting corporation, and by the secretary of the independent nonprofit firefighting corporation; or

(3) the chief financial official of the county in which the volunteer firefighter relief association is located or primarily located if the relief association is associated with a fire department that is not located in or associated with an organized municipality.

(c) The financial report must be retained in the office of the Bloomington Fire Department Relief Association or the volunteer firefighter relief association for public inspection and must be filed with the governing body of the government subdivision in which the associated fire department is located after the close of the fiscal year. One copy of the financial report must be furnished to the state auditor after the close of the fiscal year.

(d) Audited financial statements must be attested to by a certified public accountant or by the state auditor and must be filed with the state auditor on or before June 30 after the close of the fiscal year. The state auditor may accept this report in lieu of the report required in paragraph (c).

Subd. 2. **Financial statement.** (a) The board of each volunteer firefighter relief association that is not required to file a financial report and audit under subdivision 1 must prepare a detailed statement of the financial affairs for the preceding fiscal year of the relief association's special and general funds in the style and form prescribed by the state auditor. The detailed statement must show:

(1) the sources and amounts of all money received;

(2) all disbursements, accounts payable, and accounts receivable;

(3) the amount of money remaining in the treasury;

(4) total assets, including a listing of all investments;

(5) the accrued liabilities; and

(6) all other items necessary to show accurately the revenues and expenditures and financial position of the relief association.

(b) The detailed financial statement of the special and general funds required under paragraph (a) must be certified by a certified public accountant or by the state auditor in accordance with agreed-upon procedures and forms prescribed by the state auditor. The accountant must have at least five years of public accounting, auditing, or similar experience and must not be an active, inactive, or retired member of the relief association or the fire department.

(c) The detailed financial statement required under paragraph (a) must be countersigned by:

(1) the municipal clerk or clerk-treasurer of the municipality;

(2) where applicable, the municipal clerk or clerk-treasurer of the largest municipality in population that contracts with the independent nonprofit firefighting corporation if the relief association is a subsidiary of an independent nonprofit firefighting corporation, and by the secretary of the independent nonprofit firefighting corporation; or

(3) the chief financial official of the county in which the volunteer firefighter relief association is located or primarily located if the relief association is associated with a fire department that is not located in or associated with an organized municipality.

(d) The volunteer firefighters relief association board must submit a copy of the detailed financial statement required under paragraph (a) that has been certified by the governing body of the municipality to the state auditor on or before March 31 after the close of the fiscal year.

(e) A certified public accountant or auditor who performs the agreed-upon procedures under paragraph (b) is subject to the reporting requirement of section 6.67.

Subd. 3. **Qualification.** The state auditor may, upon a demonstration by a relief association of hardship or an inability to conform, extend the deadline for reports under subdivision 1 or 2, but not beyond November 30 following the due date. If the reports are not received by November 30, the municipality or relief association forfeits its current year state aid, and, until the state auditor receives the required information, the relief association or municipality is ineligible to receive any future state aid. A municipality or relief association does not qualify initially to receive, or be entitled subsequently to retain, fire state aid and police and firefighter retirement

supplemental state aid payable under chapter 477B and section 423A.022 if the financial reporting requirement or the applicable requirements of this chapter or any other statute or special law have not been complied with or are not fulfilled.

Subd. 4. Treasurer bond. (a) The treasurer of the Bloomington Fire Department Relief Association may not enter upon duties without having given the association a bond in a reasonable amount acceptable to the municipality for the faithful discharge of duties according to law.

(b) No treasurer of a relief association governed by sections 424A.091 to 424A.096 may enter upon the duties of the office until the treasurer has given the association a good and sufficient bond in an amount equal to at least ten percent of the assets of the relief association; however, the amount of the bond need not exceed \$500,000.

Subd. 5. Report by certain municipalities; exceptions. (a) The chief administrative officer of each municipality that has a fire department but does not have a relief association governed by sections 424A.091 to 424A.095 or Laws 2014, chapter 275, article 2, section 23, and that is not exempted under paragraph (b) or (c) must annually prepare a detailed financial report of the receipts and disbursements by the municipality for fire protection service during the preceding calendar year on a form prescribed by the state auditor. The financial report must contain any information that the state auditor deems necessary to disclose the sources of receipts and the purpose of disbursements for fire protection service. The financial report must be signed by the municipal clerk or clerk-treasurer with the state auditor on or before July 1 annually. The municipality does not qualify initially to receive, and is not entitled subsequently to retain, any fire state aid and police and firefighter retirement supplemental state aid payable under chapter 477B and section 423A.022 if the financial reporting requirement or the applicable requirements of any other statute or special law have not been complied with or are not fulfilled.

(b) Each municipality that has a fire department and provides retirement coverage to its firefighters through the voluntary statewide volunteer firefighter retirement plan under chapter 353G qualifies to have fire state aid transmitted to and retained in the statewide volunteer firefighter retirement fund without filing a detailed financial report if the executive director of the Public Employees Retirement Association certifies compliance by the municipality with the requirements of sections 353G.04 and 353G.08, subdivision 1, paragraph (e), and certifies conformity by the applicable fire chief with the requirements of section 353G.07.

(c) Each municipality qualifies to receive fire state aid under chapter 477B without filing a financial report under paragraph (a) if the municipality:

(1) has a fire department;

(2) does not have a volunteer firefighters relief association directly associated with its fire department;

(3) does not participate in the statewide volunteer firefighter retirement plan under chapter 353G;

(4) provides retirement coverage to its firefighters through the public employees police and fire retirement plan under sections 353.63 to 353.68; and

(5) is certified by the executive director of the Public Employees Retirement Association to the state auditor to have had an employer contribution under section 353.65, subdivision 3, for its firefighters for the immediately prior calendar year equal to or greater than its fire state aid for the immediately prior calendar year.

Subd. 6. Notification by commissioner of revenue and state auditor. (a) The state auditor, in performing an audit or examination, must notify the Legislative Commission on Pensions and Retirement if the audit or examination reveals malfeasance, misfeasance, or nonfeasance in office by relief association officials or municipal officials.

(b) The commissioner of revenue must notify the Legislative Commission on Pensions and Retirement if the state auditor has not filed the required financial compliance reports by July 1.

EFFECTIVE DATE. This section is effective July 1, 2019.

Sec. 3. Minnesota Statutes 2018, section 424A.05, is amended by adding a subdivision to read:

Subd. 3b. **Authorized administrative expenses from special fund.** (a) Notwithstanding any provision of law to the contrary, the payment of the following necessary, reasonable, and direct expenses of maintaining, protecting, and administering the special fund, when provided for in the bylaws of the association and approved by the board of trustees, constitutes authorized administrative expenses of a volunteer firefighters relief association organized under any law of the state or the Bloomington Fire Department Relief Association:

(1) office expenses, including but not limited to rent, utilities, equipment, supplies, postage, periodical subscriptions, furniture, fixtures, and salaries of administrative personnel;

(2) salaries of the officers of the association or their designees, and salaries of the members of the board of trustees of the association if the salary amounts are approved by the governing body of the entity that is responsible for meeting any minimum obligation under section 424A.092 or 424A.093 or Laws 2013, chapter 111, article 5, sections 31 to 42, and the itemized expenses of relief association officers and board members that are incurred as a result of fulfilling their responsibilities as administrators of the special fund;

(3) tuition, registration fees, organizational dues, and other authorized expenses of the officers or members of the board of trustees incurred in attending educational conferences, seminars, or classes relating to the administration of the relief association;

(4) audit and audit-related services, accounting and accounting-related services, and actuarial, medical, legal, and investment and performance evaluation expenses;

(5) filing and application fees payable by the relief association to federal or other government entities;

(6) reimbursement to the officers and members of the board of trustees or their designees, for reasonable and necessary expenses actually paid and incurred in the performance of their duties as officers or members of the board; and

(7) premiums on fiduciary liability insurance and official bonds for the officers, members of the board of trustees, and employees of the relief association.

(b) All other expenses of the relief association must be paid from the general fund of the association if one exists. If a relief association has only one fund, that fund is the special fund for purposes of this subdivision. If a relief association has a special fund and a general fund, the payment of any expense of the relief association that is directly related to the purposes for which both funds were established must be apportioned between the two funds on the basis of the benefits derived by each fund.

EFFECTIVE DATE. This section is effective July 1, 2019.

Sec. 4. **REPEALER.**

(a) Minnesota Statutes 2018, sections 69.051, subdivisions 1, 1a, 1b, 2, 3, and 4; and 69.80, are repealed.

(b) Minnesota Statutes 2018, sections 69.33; and 297I.25, subdivision 2, are repealed.

EFFECTIVE DATE. Paragraph (a) is effective July 1, 2019. Paragraph (b) is effective for reports filed after December 31, 2019.

ARTICLE 20
FIRE AND POLICE STATE AID; CONFORMING CHANGES

Section 1. Minnesota Statutes 2018, section 6.495, subdivision 3, is amended to read:

Subd. 3. **Report to commissioner of revenue.** The state auditor shall 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 ~~69.051~~ 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.

EFFECTIVE DATE. This section is effective July 1, 2019.

Sec. 2. Minnesota Statutes 2018, section 144E.42, subdivision 2, is amended to read:

Subd. 2. **Trust account.** (a) There is established in the general fund the Cooper/Sams volunteer ambulance trust account and the Cooper/Sams volunteer ambulance award and account.

(b) The trust account must be credited with:

(1) general fund appropriations for that purpose;

(2) transfers from the Cooper/Sams volunteer ambulance award and account; and

(3) investment earnings on those accumulated proceeds. The assets and income of the trust account must be held and managed by the commissioner of management and budget and the State Board of Investment for the benefit of the state of Minnesota and its general creditors.

(c) The Cooper/Sams volunteer ambulance account must be credited with transfers from the excess police state-aid holding account established in section ~~69.021, subdivision 11~~ 477C.03, subdivision 4, any per-year-of-service allocation under section 144E.45, subdivision 2, paragraph (c), that was not made for an individual, and investment earnings on those accumulated proceeds. The Cooper/Sams volunteer ambulance account must be managed by the commissioner of management and budget and the State Board of Investment. From the Cooper/Sams volunteer ambulance account to the trust account there must be transferred to the Cooper/Sams volunteer ambulance trust account, as the Cooper/Sams volunteer ambulance account balance permits, the following amounts:

(1) an amount equal to any general fund appropriation to the Cooper/Sams volunteer ambulance trust account for that fiscal year; and

(2) an amount equal to the percentage of the remaining balance in the account after the deduction of the amount under clause (1), as specified for the applicable fiscal year:

Fiscal year	Percentage
1995	20
1996	40
1997	50
1998	60
1999	70
2000	80
2001	90
2002 and thereafter	100

EFFECTIVE DATE. This section is effective for aids payable in 2020 and thereafter.

Sec. 3. Minnesota Statutes 2018, section 297I.20, subdivision 3, is amended to read:

Subd. 3. **Historic structure rehabilitation credit.** An insurance company may claim a credit against the premiums tax imposed under this chapter equal to the amount of the credit certificate issued to it, or to a person who has assigned the credit to the insurance company, under section 290.0681. If the amount of the credit exceeds the liability for tax under this chapter, the commissioner shall refund the excess to the insurance company. An amount sufficient to pay the refunds under this section is appropriated to the commissioner from the general fund. This credit does not affect the calculation of ~~police and fire state aid under section 69.024 477B.03 and police state aid under section 477C.03.~~

EFFECTIVE DATE. This section is effective for aids payable in 2020 and thereafter.

Sec. 4. Minnesota Statutes 2018, section 353G.01, subdivision 9, is amended to read:

Subd. 9. **Municipality.** "Municipality" means a governmental entity specified in section ~~69.011, subdivision 1, paragraph (b), clauses (1), (2), and (5) 477B.01, subdivision 10,~~ a city or township that has entered into a contract with an independent nonprofit firefighting corporation, or a city or township that has entered into a contract with a joint powers entity established under section 471.59.

EFFECTIVE DATE. This section is effective for aids payable in 2020 and thereafter.

Sec. 5. Minnesota Statutes 2018, section 353G.05, subdivision 2, is amended to read:

Subd. 2. **Election of coverage; lump sum.** (a) The process for electing coverage of volunteer firefighters by the lump-sum retirement division is initiated by a request to the executive director for a cost analysis of the prospective retirement coverage under the lump-sum retirement division.

(b) If the volunteer firefighters are currently covered by a lump-sum volunteer firefighter relief association or a defined contribution volunteer firefighter relief association governed by chapter 424A, the cost analysis of the prospective retirement coverage must be requested jointly by the secretary of the volunteer firefighter relief association, following approval of the request by the board of the volunteer firefighter relief association, and the chief administrative officer of the entity associated with the relief association, following approval of the request by the governing body of the entity associated with the relief association. If the relief association is associated with more than one entity, the chief administrative officer of each associated entity must execute the request. If the volunteer firefighters are not currently covered by a volunteer firefighter relief association, the cost analysis of the prospective retirement coverage must be requested by the chief administrative officer of the entity operating the fire department. The request must be made in writing and must be made on a form prescribed by the executive director.

(c) The cost analysis of the prospective retirement coverage by the lump-sum retirement division of the statewide retirement plan must be based on the service pension amount under section 353G.11 closest to the service pension amount provided by the volunteer firefighter relief association if the relief association is a lump-sum defined benefit plan, or the amount equal to 95 percent of the most current average account balance per relief association member if the relief association is a defined contribution plan, or to the lowest service pension amount under section 353G.11 if there is no volunteer firefighter relief association, rounded up, and any other service pension amount designated by the requester or requesters. The cost analysis must be prepared using a mathematical procedure certified as accurate by an approved actuary retained by the Public Employees Retirement Association.

(d) If a cost analysis is requested and a volunteer ~~firefighters'~~ firefighters relief association exists that has filed the information required under section ~~69.051 424A.014~~ in a timely fashion, upon request by the executive director, the state auditor shall provide the most recent data available on the financial condition of the volunteer firefighter relief association, the most recent firefighter demographic data available, and a copy of the current relief association bylaws. If a cost analysis is requested, but no volunteer firefighter relief association exists, the chief administrative officer of the entity operating the fire department shall provide the demographic information on the volunteer firefighters serving as members of the fire department requested by the executive director.

EFFECTIVE DATE. This section is effective July 1, 2019.

Sec. 6. Minnesota Statutes 2018, section 353G.08, subdivision 1, is amended to read:

Subdivision 1. **Annual funding requirements; lump-sum retirement division.** (a) Annually, the executive director shall determine the funding requirements of each account in the lump-sum retirement division of the voluntary statewide volunteer firefighter retirement plan on or before August 1. The funding requirements computed under this subdivision must be determined using a mathematical procedure developed and certified as accurate by the approved actuary retained by the Public Employees Retirement Association and must be based on present value factors using a six percent interest rate, without any decrement assumptions. The funding requirements must be certified to the entity or entities associated with the fire department whose active firefighters are covered by the retirement plan.

(b) The overall funding balance of each lump-sum account for the current calendar year must be determined in the following manner:

(1) The total accrued liability for all active and deferred members of the account as of December 31 of the current year must be calculated based on the good time service credit of active and deferred members as of that date.

(2) The total present assets of the account projected to December 31 of the current year, including receipts by and disbursements from the account anticipated to occur on or before December 31, must be calculated. To the extent possible, the market value of assets must be utilized in making this calculation.

(3) The amount of the total present assets calculated under clause (2) must be subtracted from the amount of the total accrued liability calculated under clause (1). If the amount of total present assets exceeds the amount of the total accrued liability, then the account is considered to have a surplus over full funding. If the amount of the total present assets is less than the amount of the total accrued liability, then the account is considered to have a deficit from full funding. If the amount of total present assets is equal to the amount of the total accrued liability, then the special fund is considered to be fully funded.

(c) The financial requirements of each lump-sum account for the following calendar year must be determined in the following manner:

(1) The total accrued liability for all active and deferred members of the account as of December 31 of the calendar year next following the current calendar year must be calculated based on the good time service used in the calculation under paragraph (b), clause (1), increased by one year.

(2) The increase in the total accrued liability of the account for the following calendar year over the total accrued liability of the account for the current year must be calculated.

(3) The amount of administrative expenses of the account must be calculated by multiplying the per-person dollar amount of the administrative expenses for the most recent prior calendar year by the number of active and deferred firefighters reported to PERA on the most recent good time service credit certification form for each account.

(4) If the account is fully funded, the financial requirement of the account for the following calendar year is the total of the amounts calculated under clauses (2) and (3).

(5) If the account has a deficit from full funding, the financial requirement of the account for the following calendar year is the total of the amounts calculated under clauses (2) and (3) plus an amount equal to one-tenth of the amount of the deficit from full funding of the account.

(6) If the account has a surplus over full funding, the financial requirement of the account for the following calendar year is the financial requirement of the account calculated as though the account was fully funded under clause (4) and, if the account has also had a surplus over full funding during the prior two years, additionally reduced by an amount equal to one-tenth of the amount of the surplus over full funding of the account.

(d) The required contribution of the entity or entities associated with the fire department whose active firefighters are covered by the lump-sum retirement division is the annual financial requirements of the lump-sum account of the retirement plan under paragraph (c) reduced by the amount of any fire state aid payable under ~~sections 69.011 to 69.051~~ chapter 477B or police and firefighter retirement supplemental state aid payable under section 423A.022 that is reasonably anticipated to be received by the retirement plan attributable to the entity or entities during the following calendar year, and an amount of interest on the assets projected to be received during the following calendar year calculated at the rate of six percent per annum. The required contribution must be allocated between the entities if more than one entity is involved. A reasonable amount of anticipated fire state aid is an amount that does not exceed the fire state aid actually received in the prior year multiplied by the factor 1.035.

(e) The required contribution calculated in paragraph (d) must be paid to the retirement plan on or before December 31 of the year for which it was calculated. If the contribution is not received by the retirement plan by December 31, it is payable with interest at an annual compound rate of six percent from the date due until the date payment is received by the retirement plan. If the entity does not pay the full amount of the required contribution, the executive director shall collect the unpaid amount under section 353.28, subdivision 6.

EFFECTIVE DATE. This section is effective for aids payable in 2020 and thereafter.

Sec. 7. Minnesota Statutes 2018, section 353G.08, subdivision 1a, is amended to read:

Subd. 1a. **Annual funding requirements; monthly benefit retirement division.** (a) Annually, the executive director shall determine the funding requirements of each monthly benefit account in the voluntary statewide volunteer firefighter retirement plan on or before August 1.

(b) The executive director must determine the funding requirements of a monthly benefit account under this subdivision from:

(1) the most recent actuarial valuation normal cost, administrative expense, including the cost of a regular actuarial valuation, and amortization results for the account determined by the approved actuary retained by the retirement association under sections 356.215 and 356.216; and

(2) the standards for actuarial work, utilizing a six percent interest rate actuarial assumption and other actuarial assumptions approved under section 356.215, subdivision 18:

(i) with that portion of any unfunded actuarial accrued liability attributable to a benefit increase to be amortized over a period of 20 years from the date of the benefit change;

(ii) with that portion of any unfunded actuarial accrued liability attributable to an assumption change or an actuarial method change to be amortized over a period of 20 years from the date of the assumption or method change;

(iii) with that portion of any unfunded actuarial accrued liability attributable to an investment loss to be amortized over a period of ten years from the date of investment loss; and

(iv) with the balance of any net unfunded actuarial accrued liability to be amortized over a period of five years from the date of the actuarial valuation.

(c) The required contributions of the entity or entities associated with the fire department whose active firefighters are covered by the monthly benefit retirement division are the annual financial requirements of the monthly benefit account of the retirement plan under paragraph (b) reduced by the amount of any fire state aid payable under ~~sections 69.011 to 69.051~~ chapter 477B, or any police and firefighter retirement supplemental state aid payable under section 423A.022, that is reasonably anticipated to be received by the retirement plan attributable to the entity or entities during the following calendar year. The required contribution must be allocated between the entities if more than one entity is involved. A reasonable amount of anticipated fire state aid is an amount that does not exceed the fire state aid actually received in the prior year multiplied by the factor 1.035.

(d) The required contribution calculated in paragraph (c) must be paid to the retirement plan on or before December 31 of the year for which it was calculated. If the contribution is not received by the retirement plan by December 31, it is payable with interest at an annual compound rate of six percent from the date due until the date payment is received by the retirement plan. If the entity does not pay the full amount of the required contribution, the executive director shall collect the unpaid amount under section 353.28, subdivision 6.

EFFECTIVE DATE. This section is effective for aids payable in 2020 and thereafter.

Sec. 8. Minnesota Statutes 2018, section 353G.17, subdivision 2, is amended to read:

Subd. 2. **Approval by the relief association.** (a) Before a transfer of records, assets, and liabilities from the retirement plan to a relief association may occur, the board of trustees of the relief association shall adopt resolutions as follows:

(1) approving and accepting the transfer of records, assets, and liabilities from the retirement plan; and

(2) amending the bylaws of the relief association as necessary to add the firefighters whose benefits are being transferred from the retirement plan and to provide that each benefit being transferred retains vesting, distribution, and other rights to which the firefighter, for whom the benefit is being transferred, is entitled under the terms of the retirement plan to the date of the transfer.

The board of trustees shall file a copy of the resolutions with the executive director.

(b) The board of trustees of the relief association shall file with the state auditor the following:

(1) a copy of the resolutions required under paragraph (a);

(2) a copy of the bylaws of the relief association and any bylaw amendments;

(3) a copy of the relief association's investment policy;

(4) a statement that a board of trustees has been duly elected and each trustee's name, address, telephone number, and e-mail address, if any;

(5) a copy of the most recent annual financial, investment, and plan administration report filed under section ~~69.051~~ 424A.014, unless the due date for the first report has not yet occurred; and

(6) a copy of the documentation indicating that a special fund has been established with a financial institution to receive a transfer of assets from the retirement plan.

(c) Upon receipt of the information and documents required under paragraph (b), the state auditor shall issue to the relief association and the executive director written confirmation of receipt of all required information and documents.

EFFECTIVE DATE. This section is effective July 1, 2019.

Sec. 9. Minnesota Statutes 2018, section 356.20, subdivision 4a, is amended to read:

Subd. 4a. **Financial report for police or firefighters relief association.** For any police or ~~firefighter's~~ firefighters relief association referred to in subdivision 2, clause (10) or (11), a financial report that is duly filed and that meets the requirements of section ~~69.051~~ 424A.014 is deemed to have met the requirements of subdivision 4.

EFFECTIVE DATE. This section is effective July 1, 2019.

Sec. 10. Minnesota Statutes 2018, section 356.219, subdivision 8, is amended to read:

Subd. 8. **Timing of reports.** (a) For the Bloomington Fire Department Relief Association and the volunteer firefighter relief associations, the information required under this section must be submitted by the due date for reports required under section ~~69.051, subdivision 1 or 1a~~ 424A.014, subdivision 1 or 2, as applicable. If a relief association satisfies the definition of a fully invested plan under subdivision 1, paragraph (b), for the calendar year covered by the report required under section ~~69.051, subdivision 1 or 1a~~ 424A.014, subdivision 1 or 2, as applicable, the chief administrative officer of the covered pension plan shall certify that compliance on a form prescribed by the state auditor. The state auditor shall transmit annually to the State Board of Investment a list or lists of covered pension plans which submitted certifications in order to facilitate reporting by the State Board of Investment under paragraph (c).

(b) For the St. Paul Teachers Retirement Fund Association and the University of Minnesota faculty supplemental retirement plan, the information required under this section must be submitted to the state auditor by June 1 of each year.

(c) The State Board of Investment, on behalf of pension funds specified in subdivision 1, paragraph (c), shall report information required under this section by September 1 of each year.

EFFECTIVE DATE. This section is effective July 1, 2019.

Sec. 11. Minnesota Statutes 2018, section 423A.02, subdivision 1b, is amended to read:

Subd. 1b. **Additional amortization state aid.** (a) Annually, the commissioner shall allocate the additional amortization state aid, if any, including any state aid in excess of the limitation in subdivision 4, on the following basis:

(1) 47.1 percent to the city of Minneapolis to defray the employer costs associated with police and firefighter retirement coverage;

(2) 25.8 percent as additional funding to support the minimum fire state aid for volunteer firefighter relief associations under section ~~69.021, subdivision 7, paragraph (d)~~ 477B.03, subdivision 5;

(3) 12.9 percent to the city of Duluth to defray employer costs associated with police and firefighter retirement coverage;

(4) 12.9 percent to the St. Paul Teachers Retirement Fund Association if the investment performance requirement of paragraph (c) is met; and

(5) 1.3 percent to the city of Virginia to defray the employer contribution under section 353.665, subdivision 8, paragraph (d).

If there is no additional employer contribution under section 353.665, subdivision 8, paragraph (b), certified under subdivision 1, paragraph (d), clause (2), with respect to the former Minneapolis Police Relief Association and the former Minneapolis Fire Department Relief Association, the commissioner shall allocate that 47.1 percent of the aid as follows: 49 percent to the Teachers Retirement Association, 21 percent to the St. Paul Teachers Retirement Fund Association, and 30 percent as additional funding to support minimum fire state aid for volunteer firefighter relief associations under section ~~69.021, subdivision 7, paragraph (d)~~ 477B.03, subdivision 5. If there is no employer contribution by the city of Virginia under section 353.665, subdivision 8, paragraph (d), for the former Virginia Fire Department Relief Association certified on or before June 30 by the executive director of the Public Employees Retirement Association, the commissioner shall allocate that 1.3 percent of the aid as follows: 49 percent to the Teachers Retirement Association, 21 percent to the St. Paul Teachers Retirement Fund Association, and 30 percent as additional funding to support minimum fire state aid for volunteer firefighter relief associations under section ~~69.021, subdivision 7, paragraph (d)~~ 477B.03, subdivision 5.

(b) The allocation must be made by the commissioner of revenue on October 1 annually.

(c) With respect to the St. Paul Teachers Retirement Fund Association, annually, if the teacher's association five-year average time-weighted rate of investment return does not equal or exceed the performance of a composite portfolio assumed passively managed (indexed) invested ten percent in cash equivalents, 60 percent in bonds and similar debt securities, and 30 percent in domestic stock calculated using the formula under section 11A.04, clause (11), the aid allocation to the retirement fund under this section ceases until the five-year annual rate of investment return equals or exceeds the performance of that composite portfolio.

(d) The amounts required under this subdivision are the amounts annually appropriated to the commissioner of revenue under section ~~69.021, subdivision 11~~ 477B.03, subdivision 5, paragraph (d), if any, and the aid amounts in excess of the limitation in subdivision 4.

EFFECTIVE DATE. This section is effective for aids payable in 2020 and thereafter.

Sec. 12. Minnesota Statutes 2018, section 423A.02, subdivision 3, is amended to read:

Subd. 3. **Reallocation of amortization state aid.** (a) Seventy percent of the difference between \$5,720,000 and the current year amortization aid distributed under subdivision 1 that is not distributed for any reason to a municipality must be distributed by the commissioner of revenue according to this paragraph. The commissioner shall distribute 60 percent of the amounts derived under this paragraph to the Teachers Retirement Association, and 40 percent to the St. Paul Teachers Retirement Fund Association to fund the unfunded actuarial accrued liabilities of the respective funds. These payments must be made on July 15 each fiscal year. If the St. Paul Teachers Retirement Fund Association or the Teachers Retirement Association satisfies subdivision 5, eligibility for its portion of this aid ceases. Amounts remaining in the undistributed balance account at the end of the biennium if aid eligibility ceases cancel to the general fund.

(b) In order to receive amortization aid under paragraph (a), before June 30 annually Independent School District No. 625, St. Paul, must make an additional contribution of \$800,000 each year to the St. Paul Teachers Retirement Fund Association.

(c) Thirty percent of the difference between \$5,720,000 and the current year amortization aid under subdivision 1 that is not distributed for any reason to a municipality must be distributed under section ~~69.021, subdivision 7, paragraph (d)~~ 477B.03, subdivision 5, as additional funding to support a minimum fire state aid amount for volunteer firefighter relief associations.

EFFECTIVE DATE. This section is effective for aids payable in 2020 and thereafter.

Sec. 13. Minnesota Statutes 2018, section 423A.022, subdivision 2, is amended to read:

Subd. 2. **Allocation.** (a) Of the total amount appropriated as supplemental state aid:

(1) 58.064 percent must be paid to the executive director of the Public Employees Retirement Association for deposit in the public employees police and fire retirement fund established by section 353.65, subdivision 1;

(2) 35.484 percent must be paid to municipalities other than municipalities solely employing firefighters with retirement coverage provided by the public employees police and fire retirement plan which qualified to receive fire state aid in that calendar year, allocated in proportion to the most recent amount of fire state aid paid under section ~~69.021, subdivision 7~~ 477B.04, for the municipality bears to the most recent total fire state aid for all municipalities other than the municipalities solely employing firefighters with retirement coverage provided by the public employees police and fire retirement plan paid under section ~~69.021, subdivision 7~~ 477B.04, with the allocated amount for fire departments participating in the voluntary statewide lump-sum volunteer firefighter retirement plan paid to the executive director of the Public Employees Retirement Association for deposit in the fund established by section 353G.02, subdivision 3, and credited to the respective account and with the balance paid to the treasurer of each municipality for transmittal within 30 days of receipt to the treasurer of the applicable volunteer firefighter relief association for deposit in its special fund; and

(3) 6.452 percent must be paid to the executive director of the Minnesota State Retirement System for deposit in the state patrol retirement fund.

(b) For purposes of this section, the term "municipalities" includes independent nonprofit firefighting corporations that participate in the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G or with subsidiary volunteer firefighter relief associations operating under chapter 424A.

EFFECTIVE DATE. This section is effective for aids payable in 2020 and thereafter.

Sec. 14. Minnesota Statutes 2018, section 423A.022, subdivision 4, is amended to read:

Subd. 4. **Payments; conditions prerequisite.** (a) The payments under this section must be made on October 1 each year, with interest at one percent for each month, or portion of a month, that the amount remains unpaid after October 1. Any necessary adjustments must be made to subsequent payments.

(b) The provisions of ~~sections 69.011 to 69.051~~ chapter 477B and section 424A.014 that prevent municipalities and relief associations from being eligible for, or receiving fire state aid under ~~sections 69.011 to 69.051~~ chapter 477B and section 424A.014 until the applicable financial reporting requirements have been complied with, apply to the amounts payable to municipalities and relief associations under this section.

EFFECTIVE DATE. This section is effective July 1, 2019, except the references to Minnesota Statutes, chapter 477B, are effective for aids payable in 2020 and thereafter.

Sec. 15. Minnesota Statutes 2018, section 424A.016, subdivision 2, is amended to read:

Subd. 2. **Defined contribution service pension eligibility.** (a) A relief association, when its articles of incorporation or bylaws so provide, may pay out of the assets of its special fund a defined contribution service pension to each of its members who:

(1) separates from active service with the fire department;

(2) reaches age 50;

(3) completes at least five years of active service as an active member of the fire department to which the relief association is associated;

(4) completes at least five years of active membership with the relief association before separation from active service; and

(5) complies with any additional conditions as to age, service, and membership that are prescribed by the bylaws of the relief association.

(b) In the case of a member who has completed at least five years of active service as an active member of the fire department to which the relief association is associated on the date that the relief association is established and incorporated, the requirement that the member complete at least five years of active membership with the relief association before separation from active service may be waived by the board of trustees of the relief association if the member completes at least five years of inactive membership with the relief association before the date of the payment of the service pension. During the period of inactive membership, the member is not entitled to receive any disability benefit coverage, is not entitled to receive additional individual account allocation of fire state aid or municipal contribution towards a service pension, and is considered to have the status of a person entitled to a deferred service pension.

(c) The service pension earned by a volunteer under this chapter and the articles of incorporation and bylaws of the relief association may be paid whether or not the municipality or independent nonprofit firefighting corporation to which the relief association is associated qualifies for the receipt of fire state aid under ~~chapter 69~~ chapter 477B.

EFFECTIVE DATE. This section is effective for aids payable in 2020 and thereafter.

Sec. 16. Minnesota Statutes 2018, section 424A.016, subdivision 4, is amended to read:

Subd. 4. **Individual accounts.** (a) An individual account must be established for each firefighter who is a member of the relief association.

(b) To each individual active member account must be credited an equal share of:

(1) any amounts of fire state aid and police and firefighter retirement supplemental state aid received by the relief association;

(2) any amounts of municipal contributions to the relief association raised from levies on real estate or from other available municipal revenue sources exclusive of fire state aid; and

(3) any amounts equal to the share of the assets of the special fund to the credit of:

(i) any former member who terminated active service with the fire department to which the relief association is associated before meeting the minimum service requirement provided for in subdivision 2, paragraph (b), and has not returned to active service with the fire department for a period no shorter than five years; or

(ii) any retired member who retired before obtaining a full nonforfeitable interest in the amounts credited to the individual member account under subdivision 2, paragraph (b), and any applicable provision of the bylaws of the relief association. In addition, any investment return on the assets of the special fund must be credited in proportion to the share of the assets of the special fund to the credit of each individual active member account. Administrative expenses of the relief association payable from the special fund may be deducted from individual accounts in a manner specified in the bylaws of the relief association.

(c) If the bylaws so permit and as the bylaws define, the relief association may credit any investment return on the assets of the special fund to the accounts of inactive members.

(d) Amounts to be credited to individual accounts must be allocated uniformly for all years of active service and allocations must be made for all years of service, except for caps on service credit if so provided in the bylaws of the relief association. Amounts forfeited under paragraph (b), clause (3), before a resumption of active service and membership under section 424A.01, subdivision 6, remain forfeited and may not be reinstated upon the resumption of active service and membership. The allocation method may utilize monthly proration for fractional years of service, as the bylaws or articles of incorporation of the relief association so provide. The bylaws or articles of incorporation may define a "month," but the definition must require a calendar month to have at least 16 days of active service. If the bylaws or articles of incorporation do not define a "month," a "month" is a completed calendar month of active service measured from the member's date of entry to the same date in the subsequent month.

(e) At the time of retirement under subdivision 2 and any applicable provision of the bylaws of the relief association, a retiring member is entitled to that portion of the assets of the special fund to the credit of the member in the individual member account which is nonforfeitable under subdivision 3 and any applicable provision of the bylaws of the relief association based on the number of years of service to the credit of the retiring member.

(f) Annually, the secretary of the relief association shall certify the individual account allocations to the state auditor at the same time that the annual financial statement or financial report and audit of the relief association, whichever applies, is due under section ~~69.051~~ 424A.014.

EFFECTIVE DATE. This section is effective July 1, 2019.

Sec. 17. Minnesota Statutes 2018, section 424A.02, subdivision 1, is amended to read:

Subdivision 1. **Authorization.** (a) A defined benefit relief association, when its articles of incorporation or bylaws so provide, may pay out of the assets of its special fund a defined benefit service pension to each of its members who: (1) separates from active service with the fire department; (2) reaches age 50; (3) completes at least five years of active service as an active member of the fire department to which the relief association is associated; (4) completes at least five years of active membership with the relief association before separation from active service; and (5) complies with any additional conditions as to age, service, and membership that are prescribed by the bylaws of the relief association. A service pension computed under this section may be prorated monthly for fractional years of service as the bylaws or articles of incorporation of the relief association so provide. The bylaws or articles of incorporation may define a "month," but the definition must require a calendar month to have at least 16 days of active service. If the bylaws or articles of incorporation do not define a "month," a "month" is a completed calendar month of active service measured from the member's date of entry to the same date in the subsequent month. The service pension earned by a volunteer firefighter under this chapter and the articles of incorporation and bylaws of the volunteer firefighters relief association may be paid whether or not the municipality or independent nonprofit firefighting corporation to which the relief association is associated qualifies for the receipt of fire state aid under chapter ~~69~~ 477B.

(b) In the case of a member who has completed at least five years of active service as an active member of the fire department to which the relief association is associated on the date that the relief association is established and incorporated, the requirement that the member complete at least five years of active membership with the relief association before separation from active service may be waived by the board of trustees of the relief association if the member completes at least five years of inactive membership with the relief association before the date of the payment of the service pension. During the period of inactive membership, the member is not entitled to receive disability benefit coverage, is not entitled to receive additional service credit towards computation of a service pension, and is considered to have the status of a person entitled to a deferred service pension under subdivision 7.

(c) No municipality, independent nonprofit firefighting corporation, or joint powers entity may delegate the power to take final action in setting a service pension or ancillary benefit amount or level to the board of trustees of the relief association or to approve in advance a service pension or ancillary benefit amount or level equal to the maximum amount or level that this chapter would allow rather than a specific dollar amount or level.

EFFECTIVE DATE. This section is effective for aids payable in 2020 and thereafter.

Sec. 18. Minnesota Statutes 2018, section 424A.02, subdivision 3a, is amended to read:

Subd. 3a. **Penalty for paying pension greater than applicable maximum.** (a) If a defined benefit relief association pays a service pension greater than the maximum service pension associated with the applicable average amount of available financing per active covered firefighter under the table in subdivision 3, paragraph (c) or (d), whichever applies, the maximum service pension under subdivision 3, paragraph (f), or the applicable maximum service pension amount specified in subdivision 3, paragraph (g), whichever is less, the state auditor shall:

(1) disqualify the municipality or the independent nonprofit firefighting corporation associated with the relief association from receiving fire state aid by making the appropriate notification to the municipality and the commissioner of revenue, with the disqualification applicable for the next apportionment and payment of fire state aid; and

(2) order the treasurer of the applicable relief association to recover the amount of the overpaid service pension or pensions from any retired firefighter who received an overpayment.

(b) Fire state aid amounts from disqualified municipalities for the period of disqualifications under paragraph (a), clause (1), must be credited to the amount of fire insurance premium tax proceeds available for the next subsequent fire state aid apportionment.

(c) The amount of any overpaid service pension recovered under paragraph (a), clause (2), must be credited to the amount of fire insurance premium tax proceeds available for the next subsequent fire state aid apportionment.

(d) The determination of the state auditor that a relief association has paid a service pension greater than the applicable maximum must be made on the basis of the information filed by the relief association and the municipality with the state auditor under ~~sections 69.011, subdivision 2, and 69.051, subdivision 1 or 1a, whichever applies, this chapter~~ and any other relevant information that comes to the attention of the state auditor. The determination of the state auditor is final. An aggrieved municipality, relief association, or person may appeal the determination under section 480A.06.

(e) The state auditor may certify, upon learning that a relief association overpaid a service pension based on an error in the maximum service pension calculation, the municipality or independent nonprofit firefighting corporation associated with the relief association for fire state aid if (1) there is evidence that the error occurred in good faith, and (2) the relief association has initiated recovery of any overpayment amount. Notwithstanding paragraph (c), all overpayments recovered under this paragraph must be credited to the relief association's special fund.

EFFECTIVE DATE. This section is effective July 1, 2019.

Sec. 19. Minnesota Statutes 2018, section 424A.02, subdivision 10, is amended to read:

Subd. 10. **Local approval of bylaw amendments; filing requirements.** (a) Each defined benefit relief association to which this section applies must file a revised copy of its governing bylaws with the state auditor upon the adoption of any amendment to its governing bylaws by the relief association or upon the approval of any amendment to its governing bylaws granted by the governing body of each municipality served by the fire department to which the relief association is directly associated. Failure of the relief association to file a copy of the bylaws or any bylaw amendments with the state auditor disqualifies the municipality from the distribution of any future fire state aid until this filing requirement has been completed.

(b) If the special fund of the relief association does not have a surplus over full funding under section 424A.092, subdivision 3, paragraph (c), clause (5), or 424A.093, subdivision 4, and if the municipality is required to provide financial support to the special fund of the relief association under section 424A.092 or 424A.093, no bylaw amendment which would affect the amount of, the manner of payment of, or the conditions for qualification for service pensions or ancillary benefits or disbursements other than administrative expenses authorized under section ~~69.80~~ 424A.05, subdivision 3b, payable from the special fund of the relief association is effective until it has been ratified as required under section 424A.092, subdivision 6, or 424A.093, subdivision 6. If the special fund of the relief association has a surplus over full funding under section 424A.092, subdivision 3, or 424A.093, subdivision 4, and if the municipality is not required to provide financial support to the special fund under this section, the relief association may adopt or amend without municipal ratification its articles of incorporation or bylaws which increase or otherwise affect the service pensions or ancillary benefits payable from the special fund if authorized under section 424A.092, subdivision 6, or 424A.093, subdivision 6.

(c) If the relief association pays only a lump-sum pension, the financial requirements are to be determined by the board of trustees following the preparation of an estimate of the expected increase in the accrued liability and annual accruing liability of the relief association attributable to the change. If the relief association pays a monthly benefit service pension, the financial requirements are to be determined by the board of trustees following either an updated actuarial valuation including the proposed change or an estimate of the expected actuarial impact of the proposed change prepared by the actuary of the relief association. If a relief association adopts or amends its articles of

incorporation or bylaws without municipal ratification under this subdivision, and, subsequent to the amendment or adoption, the financial requirements of the special fund under this section are such so as to require financial support from the municipality, the provision which was implemented without municipal ratification is no longer effective without municipal ratification, and any service pensions or ancillary benefits payable after that date must be paid only in accordance with the articles of incorporation or bylaws as amended or adopted with municipal ratification.

EFFECTIVE DATE. This section is effective July 1, 2019.

Sec. 20. Minnesota Statutes 2018, section 424A.03, subdivision 2, is amended to read:

Subd. 2. **Penalties for violations.** A municipality which has a fire department associated with a relief association which violates the provisions of subdivision 1 is directly associated or which contracts with an independent nonprofit firefighting corporation associated with a relief association which violates the provisions of subdivision 1 is a subsidiary may not be included in the apportionment of fire state aid ~~to the applicable county auditor and police and firefighter retirement supplemental state aid payable under section 69.021, subdivision 6, chapter 477B and section 423A.022~~ and may not be included in the apportionment of fire state aid ~~by the county auditor~~ to the various municipalities under section ~~69.021, subdivision 7~~ 477B.03.

EFFECTIVE DATE. This section is effective for aids payable in 2020 and thereafter.

Sec. 21. Minnesota Statutes 2018, section 424A.05, subdivision 2, is amended to read:

Subd. 2. **Special fund assets and revenues.** The special fund must be credited with all fire state aid and police and firefighter retirement supplemental state aid received under ~~sections 69.011 to 69.051~~ chapter 477B and section 423A.022, all taxes levied by or other revenues received from the municipality under sections 424A.091 to 424A.096 or any applicable special law requiring municipal support for the relief association, any funds or property donated, given, granted or devised by any person which is specified for use for the support of the special fund and any interest or investment return earned upon the assets of the special fund. The treasurer of the relief association is the custodian of the assets of the special fund and must be the recipient on behalf of the special fund of all revenues payable to the special fund. The treasurer shall maintain adequate records documenting any transaction involving the assets or the revenues of the special fund. These records and the bylaws of the relief association are public and must be open for inspection by any member of the relief association, any officer or employee of the state or of the municipality, or any member of the public, at reasonable times and places.

EFFECTIVE DATE. This section is effective for aids payable in 2020 and thereafter.

Sec. 22. Minnesota Statutes 2018, section 424A.05, subdivision 3, is amended to read:

Subd. 3. **Authorized disbursements from special fund.** (a) Disbursements from the special fund may not be made for any purpose other than one of the following:

(1) for the payment of service pensions to retired members of the relief association if authorized and paid under law and the bylaws governing the relief association;

(2) for the purchase of an annuity for the applicable person under section 424A.015, subdivision 3, for the transfer of service pension or benefit amounts to the applicable person's individual retirement account under section 424A.015, subdivision 4, or to the applicable person's account in the Minnesota deferred compensation plan under section 424A.015, subdivision 5;

(3) for the payment of temporary or permanent disability benefits to disabled members of the relief association if authorized and paid under law and specified in amount in the bylaws governing the relief association;

(4) for the payment of survivor benefits or for the payment of a death benefit to the estate of the deceased active or deferred firefighter, if authorized and paid under law and specified in amount in the bylaws governing the relief association;

(5) for the payment of the fees, dues and assessments to the Minnesota State Fire Department Association and to the Minnesota State Fire Chiefs Association in order to entitle relief association members to membership in and the benefits of these associations or organizations;

(6) for the payment of insurance premiums to the state Volunteer Firefighters Benefit Association, or an insurance company licensed by the state of Minnesota offering casualty insurance, in order to entitle relief association members to membership in and the benefits of the association or organization; and

(7) for the payment of administrative expenses of the relief association as authorized under ~~section 69.80~~ subdivision 3b.

(b) Checks or authorizations for electronic fund transfers for disbursements authorized by this section must be signed by the relief association treasurer and at least one other elected trustee who has been designated by the board of trustees to sign the checks or authorizations. A relief association may make disbursements authorized by this subdivision by electronic fund transfers only if the specific method of payment and internal control policies and procedures regarding the method are approved by the board of trustees.

EFFECTIVE DATE. This section is effective July 1, 2019.

Sec. 23. Minnesota Statutes 2018, section 424A.07, is amended to read:

424A.07 NONPROFIT FIREFIGHTING CORPORATIONS; ESTABLISHMENT OF RELIEF ASSOCIATIONS.

Before paying any service pensions or retirement benefits under section 424A.02 or before becoming entitled to receive any amounts of fire state aid upon transmittal from a contracting municipality under ~~section 69.031, subdivision 5~~ 477B.04, subdivision 3, an independent nonprofit firefighting corporation shall establish a volunteer firefighters relief association governed by this chapter.

EFFECTIVE DATE. This section is effective for aids payable in 2020 and thereafter.

Sec. 24. Minnesota Statutes 2018, section 424A.091, subdivision 3, is amended to read:

Subd. 3. **Remedy for noncompliance; determination.** (a) A municipality in which there exists a firefighters relief association as specified in subdivision 1 which does not comply with the applicable provisions of sections 424A.091 to 424A.096 or the provisions of any applicable special law relating to the funding or financing of the association does not qualify initially to receive, and is not entitled subsequently to retain, fire state aid under ~~sections 69.011 to 69.051~~ chapter 477B until the reason for the disqualification specified by the state auditor is remedied, whereupon the municipality or relief association, if otherwise qualified, is entitled to again receive fire state aid for the year occurring immediately subsequent to the year in which the disqualification is remedied.

(b) The state auditor shall determine if a municipality to which a firefighters' relief association is directly associated or a firefighters relief association fails to comply with the provisions of sections 424A.091 to 424A.096 or the funding or financing provisions of any applicable special law based upon the information contained in the annual financial report of the firefighters relief association required under ~~section 69.051~~ 424A.014, the actuarial valuation of the relief association, if applicable, the relief association officers' financial requirements of the relief association and minimum municipal obligation determination documentation under section 424A.092, subdivisions

3 and 4; 424A.093, subdivisions 4 and 5; or 424A.094, subdivision 2, if requested to be filed by the state auditor, the applicable municipal or independent nonprofit firefighting corporation budget, if requested to be filed by the state auditor, and any other relevant documents or reports obtained by the state auditor.

(c) The municipality or independent nonprofit firefighting corporation and the associated relief association are not eligible to receive or to retain fire state aid if:

(1) the relief association fails to prepare or to file the financial report or financial statement under section ~~69.051~~ 424A.014;

(2) the relief association treasurer is not bonded in the manner and in the amount required by section ~~69.051~~, ~~subdivision 2~~ 424A.014, subdivision 4;

(3) the relief association officers fail to determine or improperly determine the accrued liability and the annual accruing liability of the relief association under section 424A.092, subdivisions 2, 2a, and 3, paragraph (c), clause (2), if applicable;

(4) if applicable, the relief association officers fail to obtain and file a required actuarial valuation or the officers file an actuarial valuation that does not contain the special fund actuarial liability calculated under the entry age normal actuarial cost method, the special fund current assets, the special fund unfunded actuarial accrued liability, the special fund normal cost under the entry age normal actuarial cost method, the amortization requirement for the special fund unfunded actuarial accrued liability by the applicable target date, a summary of the applicable benefit plan, a summary of the membership of the relief association, a summary of the actuarial assumptions used in preparing the valuation, and a signed statement by the actuary attesting to its results and certifying to the qualifications of the actuary as an approved actuary under section 356.215, subdivision 1, paragraph (c);

(5) the municipality failed to provide a municipal contribution, or the independent nonprofit firefighting corporation failed to provide a corporate contribution, in the amount equal to the minimum municipal obligation if the relief association is governed under section 424A.092, or the amount necessary, when added to the fire state aid actually received in the plan year in question, to at least equal in total the calculated annual financial requirements of the special fund of the relief association if the relief association is governed under section 424A.093, and, if the municipal or corporate contribution is deficient, the municipality failed to include the minimum municipal obligation certified under section 424A.092, subdivision 3, or 424A.093, subdivision 5, in its budget and tax levy or the independent nonprofit firefighting corporation failed to include the minimum corporate obligation certified under section 424A.094, subdivision 2, in the corporate budget;

(6) the defined benefit relief association did not receive municipal ratification for the most recent plan amendment when municipal ratification was required under section 424A.02, subdivision 10; 424A.092, subdivision 6; or 424A.093, subdivision 6;

(7) the relief association invested special fund assets in an investment security that is not authorized under section 424A.095;

(8) the relief association had an administrative expense that is not authorized under section ~~69.80~~ or 424A.05, subdivision 3 or 3b, or the municipality had an expenditure that is not authorized under section 424A.08;

(9) the relief association officers fail to provide a complete and accurate public pension plan investment portfolio and performance disclosure under section 356.219;

(10) the relief association fails to obtain the acknowledgment from a broker of the statement of investment restrictions under section 356A.06, subdivision 8b;

(11) the relief association officers permitted to occur a prohibited transaction under section 356A.06, subdivision 9, or 424A.04, subdivision 2a, or failed to undertake correction of a prohibited transaction that did occur; or

(12) the relief association pays a defined benefit service pension in an amount that is in excess of the applicable service pension maximum under section 424A.02, subdivision 3.

EFFECTIVE DATE. This section is effective July 1, 2019, except the reference to Minnesota Statutes, chapter 477B, is effective for aids payable in 2020 and thereafter.

Sec. 25. Minnesota Statutes 2018, section 424A.092, subdivision 3, is amended to read:

Subd. 3. **Financial requirements of relief association; minimum obligation of municipality.** (a) During the month of July, the officers of the relief association shall determine the overall funding balance of the special fund for the current calendar year, the financial requirements of the special fund for the following calendar year and the minimum obligation of the municipality with respect to the special fund for the following calendar year in accordance with the requirements of this subdivision.

(b) The overall funding balance of the special fund for the current calendar year must be determined in the following manner:

(1) The total accrued liability of the special fund for all active and deferred members of the relief association as of December 31 of the current year must be calculated under subdivisions 2 and 2a, if applicable.

(2) The total present assets of the special fund projected to December 31 of the current year, including receipts by and disbursements from the special fund anticipated to occur on or before December 31, must be calculated. To the extent possible, for those assets for which a market value is readily ascertainable, the current market value as of the date of the calculation for those assets must be utilized in making this calculation. For any asset for which no market value is readily ascertainable, the cost value or the book value, whichever is applicable, must be utilized in making this calculation.

(3) The amount of the total present assets of the special fund calculated under clause (2) must be subtracted from the amount of the total accrued liability of the special fund calculated under clause (1). If the amount of total present assets exceeds the amount of the total accrued liability, then the special fund is considered to have a surplus over full funding. If the amount of the total present assets is less than the amount of the total accrued liability, then the special fund is considered to have a deficit from full funding. If the amount of total present assets is equal to the amount of the total accrued liability, then the special fund is considered to be fully funded.

(c) The financial requirements of the special fund for the following calendar year must be determined in the following manner:

(1) The total accrued liability of the special fund for all active and deferred members of the relief association as of December 31 of the calendar year next following the current calendar year must be calculated under subdivisions 2 and 2a, if applicable.

(2) The increase in the total accrued liability of the special fund for the following calendar year over the total accrued liability of the special fund for the current year must be calculated.

(3) The amount of anticipated future administrative expenses of the special fund must be calculated by multiplying the dollar amount of the administrative expenses of the special fund for the most recent prior calendar year by the factor of 1.035.

(4) If the special fund is fully funded, the financial requirements of the special fund for the following calendar year are the total of the amounts calculated under clauses (2) and (3).

(5) If the special fund has a deficit from full funding, the financial requirements of the special fund for the following calendar year are the financial requirements of the special fund calculated as though the special fund were fully funded under clause (4) plus an amount equal to one-tenth of the original amount of the deficit from full funding of the special fund as determined under clause (2) resulting either from an increase in the amount of the service pension occurring in the last ten years or from a net annual investment loss occurring during the last ten years until each increase in the deficit from full funding is fully retired. The annual amortization contribution under this clause may not exceed the amount of the deficit from full funding.

(6) If the special fund has a surplus over full funding, the financial requirements of the special fund for the following calendar year are the financial requirements of the special fund calculated as though the special fund were fully funded under clause (4) reduced by an amount equal to one-tenth of the amount of the surplus over full funding of the special fund.

(d) The minimum obligation of the municipality with respect to the special fund is the financial requirements of the special fund reduced by the amount of any fire state aid and police and firefighter retirement supplemental state aid payable under ~~sections 69.011 to 69.051~~ chapter 477B and section 423A.022 reasonably anticipated to be received by the municipality for transmittal to the special fund during the following calendar year, an amount of interest on the assets of the special fund projected to the beginning of the following calendar year calculated at the rate of five percent per annum, and the amount of any contributions to the special fund required by the relief association bylaws from the active members of the relief association reasonably anticipated to be received during the following calendar year. A reasonable amount of anticipated fire state aid is an amount that does not exceed the fire state aid actually received in the prior year multiplied by the factor 1.035.

EFFECTIVE DATE. This section is effective for aids payable in 2020 and thereafter.

Sec. 26. Minnesota Statutes 2018, section 424A.092, subdivision 4, is amended to read:

Subd. 4. **Certification of financial requirements and minimum municipal obligation; levy.** (a) The officers of the relief association shall certify the financial requirements of the special fund of the relief association and the minimum obligation of the municipality with respect to the special fund of the relief association as determined under subdivision 3 on or before August 1 of each year. The certification must be made to the entity that is responsible for satisfying the minimum obligation with respect to the special fund of the relief association. If the responsible entity is a joint powers entity, the certification must be made in the manner specified in the joint powers agreement, or if the joint powers agreement is silent on this point, the certification must be made to the chair of the joint powers board.

(b) The financial requirements of the relief association and the minimum municipal obligation must be included in the financial report or financial statement under section ~~69.051~~ 424A.014. The schedule forms related to the determination of the financial requirements must be filed with the state auditor by March 31, annually, if the relief association is required to file a financial statement under section ~~69.051, subdivision 1a~~ 424A.014, subdivision 2, or by June 30, annually, if the relief association is required to file a financial report and audit under section ~~69.051, subdivision 1~~ 424A.014, subdivision 1.

(c) The municipality shall provide for at least the minimum obligation of the municipality with respect to the special fund of the relief association by tax levy or from any other source of public revenue.

(d) The municipality may levy taxes for the payment of the minimum municipal obligation without any limitation as to rate or amount and irrespective of any limitations imposed by other provisions of law upon the rate or amount of taxation until the balance of the special fund or any fund of the relief association has attained a

specified level. In addition, any taxes levied under this section must not cause the amount or rate of any other taxes levied in that year or to be levied in a subsequent year by the municipality which are subject to a limitation as to rate or amount to be reduced.

(e) If the municipality does not include the full amount of the minimum municipal obligations in its levy for any year, the officers of the relief association shall certify that amount to the county auditor, who shall spread a levy in the amount of the certified minimum municipal obligation on the taxable property of the municipality.

(f) If the state auditor determines that a municipal contribution actually made in a plan year was insufficient under section 424A.091, subdivision 3, paragraph (c), clause (5), the state auditor may request a copy of the certifications under this subdivision from the relief association or from the city. The relief association or the city, whichever applies, must provide the certifications within 14 days of the date of the request from the state auditor.

EFFECTIVE DATE. This section is effective July 1, 2019.

Sec. 27. Minnesota Statutes 2018, section 424A.093, subdivision 5, is amended to read:

Subd. 5. **Minimum municipal obligation.** (a) The officers of the relief association shall determine the minimum obligation of the municipality with respect to the special fund of the relief association for the following calendar year on or before August 1 of each year in accordance with the requirements of this subdivision.

(b) The minimum obligation of the municipality with respect to the special fund is an amount equal to the financial requirements of the special fund of the relief association determined under subdivision 4, reduced by the estimated amount of any fire state aid and police and firefighter retirement supplemental state aid payable under ~~sections 69.011 to 69.051~~ chapter 477B and section 423A.022 reasonably anticipated to be received by the municipality for transmittal to the special fund of the relief association during the following year and the amount of any anticipated contributions to the special fund required by the relief association bylaws from the active members of the relief association reasonably anticipated to be received during the following calendar year. A reasonable amount of anticipated fire state aid is an amount that does not exceed the fire state aid actually received in the prior year multiplied by the factor 1.035.

(c) The officers of the relief association shall certify the financial requirements of the special fund of the relief association and the minimum obligation of the municipality with respect to the special fund of the relief association as determined under subdivision 4 and this subdivision by August 1 of each year. The certification must be made to the entity that is responsible for satisfying the minimum obligation with respect to the special fund of the relief association. If the responsible entity is a joint powers entity, the certification must be made in the manner specified in the joint powers agreement, or if the joint powers agreement is silent on this point, the certification must be made to the chair of the joint powers board.

(d) The financial requirements of the relief association and the minimum municipal obligation must be included in the financial report or financial statement under section ~~69.051~~ 424A.014.

(e) The municipality shall provide for at least the minimum obligation of the municipality with respect to the special fund of the relief association by tax levy or from any other source of public revenue. The municipality may levy taxes for the payment of the minimum municipal obligation without any limitation as to rate or amount and irrespective of any limitations imposed by other provisions of law or charter upon the rate or amount of taxation until the balance of the special fund or any fund of the relief association has attained a specified level. In addition, any taxes levied under this section must not cause the amount or rate of any other taxes levied in that year or to be levied in a subsequent year by the municipality which are subject to a limitation as to rate or amount to be reduced.

(f) If the municipality does not include the full amount of the minimum municipal obligation in its levy for any year, the officers of the relief association shall certify that amount to the county auditor, who shall spread a levy in the amount of the minimum municipal obligation on the taxable property of the municipality.

(g) If the state auditor determines that a municipal contribution actually made in a plan year was insufficient under section 424A.091, subdivision 3, paragraph (c), clause (5), the state auditor may request from the relief association or from the city a copy of the certifications under this subdivision. The relief association or the city, whichever applies, must provide the certifications within 14 days of the date of the request from the state auditor.

EFFECTIVE DATE. This section is effective July 1, 2019, except the reference to Minnesota Statutes, chapter 477B, is effective for aids payable in 2020 and thereafter.

Sec. 28. Minnesota Statutes 2018, section 424B.09, is amended to read:

424B.09 ADMINISTRATIVE EXPENSES.

The payment of authorized administrative expenses of the subsequent volunteer firefighters relief association must be from the special fund of the subsequent volunteer firefighters relief association in accordance with section ~~69.80~~ 424A.05, subdivision 3b, and as provided for in the bylaws of the subsequent volunteer firefighters relief association and approved by the board of trustees of the subsequent volunteer firefighters relief association. The payment of any other expenses of the subsequent volunteer firefighters relief association must be from the general fund of the subsequent volunteer firefighters relief association in accordance with section ~~69.80~~ 424A.05, subdivision 3b, and as provided for in the bylaws of the subsequent volunteer firefighters relief association and approved by the board of trustees of the subsequent volunteer firefighters relief association.

EFFECTIVE DATE. This section is effective July 1, 2019.

Sec. 29. **REPEALER.**

Minnesota Statutes 2018, section 69.022, is repealed.

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

ARTICLE 21
DEPARTMENT OF REVENUE; MISCELLANEOUS;
POLICY CHANGES

Section 1. Minnesota Statutes 2018, section 270B.08, subdivision 2, is amended to read:

Subd. 2. **Revocation or cancellation.** When a taxpayer's sales tax permit has been revoked or canceled under section 270C.722 or 297A.84, the commissioner may disclose to any person data identifying the holder of the revoked or canceled permit, ~~stating~~ the basis for the revocation or cancellation, the date of the revocation or cancellation, and stating whether the ~~if a revoked or canceled permit has been reinstated, the date upon which the permit was reinstated.~~

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

Sec. 2. Minnesota Statutes 2018, section 297A.84, is amended to read:

297A.84 PERMITS ISSUED AND NOT ISSUED; CANCELLATION.

Subdivision 1. **Definitions.** (a) The following definitions apply for the purposes of this section.

(b) "Applicant" means an individual, corporation, or partnership. Applicant also includes any officer of a corporation or member of a partnership.

(c) "Delinquent sales tax" means tax not paid by the date the tax was due and payable under section 289A.20, subdivision 4, or an assessment not paid if the applicant has been issued an order assessing sales and use tax under section 270C.33, subdivision 4.

Subd. 2. **Permits issued.** Except as provided in subdivision 3, the commissioner ~~shall~~ **must** issue a permit to each applicant who has complied with section 297A.83, and with section 297A.92 if security is required. A person is considered to have a permit if the person has a Minnesota tax identification number issued by the commissioner that is currently active for taxes imposed by this chapter. A permit is valid until canceled or revoked. It is not assignable and is valid only for the person in whose name it is granted and for the transaction of business at the places designated on the permit.

Subd. 3. **Permits not issued.** (a) Except as provided in paragraph (b), the commissioner must not issue a permit to an applicant if the applicant is liable for delinquent sales tax.

(b) The commissioner must issue a permit to an applicant if an appeal period of an order assessing sales tax under section 270C.33, subdivision 5, has not ended. The commissioner may cancel a permit issued under this paragraph in the manner provided in subdivision 4 if the applicant owes delinquent sales tax after the appeal period has ended.

Subd. 4. **Nonconforming permits; cancellation; reissue.** (a) If the commissioner issues a permit that does not conform with the requirements of this section or applicable rules, the commissioner may cancel the permit upon notice to the permit holder. The notice must be served by first class and certified mail at the permit holder's last known address. The cancellation is effective immediately.

(b) If a permit holder shows that a canceled permit was issued in conformance with the requirements of this section and applicable rules, the commissioner must reissue the permit.

EFFECTIVE DATE. This section is effective for permit applications filed after December 31, 2019.

Sec. 3. Minnesota Statutes 2018, section 297A.85, is amended to read:

297A.85 CANCELLATION OF PERMITS.

The commissioner may cancel a permit if one of the following conditions occurs:

- (1) the permit holder has not filed a sales or use tax return for at least one year;
- (2) the permit holder has not reported any sales or use tax liability on the permit holder's returns for at least two years;
- (3) the permit holder requests cancellation of the permit; ~~or~~

(4) the permit is subject to cancellation ~~pursuant to~~ under section 270C.722, subdivision 2, paragraph (a); or

(5) the permit is subject to cancellation under section 297A.84.

EFFECTIVE DATE. This section is effective for permit applications filed after December 31, 2019.

Sec. 4. Minnesota Statutes 2018, section 469.190, subdivision 1, is amended to read:

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

(b) Regardless of whether the tax is collected locally or by the state, the tax imposed under this subdivision or under a special law applies to the entire consideration paid to obtain access to lodging, including ancillary or related services, such as services provided by an accommodations intermediary as defined in section 297A.61, subdivision 47, and similar services.

EFFECTIVE DATE; APPLICATION. This section is effective for sales and purchases made after June 30, 2019. The legislature does not intend enactment of this section to create a presumption regarding the intent of prior legislatures to include or exclude services provided by an accommodations intermediary as defined in Minnesota Statutes, section 297A.61, subdivision 47, in the definition of lodging under Minnesota Statutes, section 469.190, or any special law granting authority to impose a tax on lodging.

Sec. 5. Minnesota Statutes 2018, section 469.190, subdivision 7, is amended to read:

Subd. 7. **Collection.** (a) The statutory or home rule charter city may agree with the commissioner of revenue that a tax imposed pursuant to this section shall be collected by the commissioner together with the tax imposed by chapter 297A, and subject to the same interest, penalties, and other rules and that its proceeds, less the cost of collection, shall be remitted to the city.

(b) If a tax under this section or a special law is not collected by the commissioner of revenue, the local government imposing the tax may by ordinance limit the required filing and remittance of the tax by an accommodations intermediary as defined in section 297A.61, subdivision 47, to once every calendar year. If the ordinance limits the filing and remittance of the tax in this manner, then:

(1) the due date is October 20;

(2) the local government must inform the accommodations intermediary of the due date of the filing and remittance; and

(3) the local government must also electronically provide an accommodations intermediary with geographic and zip code information necessary to collect the tax.

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

Sec. 6. **REPEALER.**

Minnesota Statutes 2018, section 270C.131, is repealed.

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

ARTICLE 22
DEPARTMENT OF REVENUE; MISCELLANEOUS;
TECHNICAL CHANGES

Section 1. Minnesota Statutes 2018, section 272.02, subdivision 27, is amended to read:

Subd. 27. **Superior National Forest; recreational property for use by disabled veterans with a disability.** Real and personal property is exempt if it is located in the Superior National Forest, and owned or leased and operated by a nonprofit organization that is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code and primarily used to provide recreational opportunities for ~~disabled~~ veterans with a disability and their families.

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

Sec. 2. Minnesota Statutes 2018, section 272.02, subdivision 81, is amended to read:

Subd. 81. **Certain recreational property for disabled veterans with a disability.** Real and personal property is exempt if it is located in a county in the metropolitan area with a population of less than 500,000 according to the 2000 federal census, and owned or leased and operated by a nonprofit organization, and primarily used to provide recreational opportunities for ~~disabled~~ veterans with a disability and their families.

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

Sec. 3. Minnesota Statutes 2018, section 273.032, is amended to read:

273.032 MARKET VALUE DEFINITION.

(a) Unless otherwise provided, for the purpose of determining any property tax levy limitation based on market value or any limit on net debt, the issuance of bonds, certificates of indebtedness, or capital notes based on market value, any qualification to receive state aid based on market value, or any state aid amount based on market value, the terms "market value," "estimated market value," and "market valuation," whether equalized or unequalized, mean the estimated market value of taxable property within the local unit of government before any of the following or similar adjustments for:

(1) the market value exclusions under:

(i) section 273.11, subdivisions 14a and 14c (vacant platted land);

(ii) section 273.11, subdivision 16 (certain improvements to homestead property);

(iii) section 273.11, subdivisions 19 and 20 (certain improvements to business properties);

(iv) section 273.11, subdivision 21 (homestead property damaged by mold);

(v) section 273.13, subdivision 34 (homestead of a ~~disabled~~ veteran with a disability or family caregiver); or

(vi) section 273.13, subdivision 35 (homestead market value exclusion); or

(2) the deferment of value under:

(i) the Minnesota Agricultural Property Tax Law, section 273.111;

- (ii) the Aggregate Resource Preservation Law, section 273.1115;
 - (iii) the Minnesota Open Space Property Tax Law, section 273.112;
 - (iv) the rural preserves property tax program, section 273.114; or
 - (v) the Metropolitan Agricultural Preserves Act, section 473H.10; or
- (3) the adjustments to tax capacity for:
- (i) tax increment financing under sections 469.174 to 469.1794;
 - (ii) fiscal disparities under chapter 276A or 473F; or
 - (iii) powerline credit under section 273.425.

(b) Estimated market value under paragraph (a) also includes the market value of tax-exempt property if the applicable law specifically provides that the limitation, qualification, or aid calculation includes tax-exempt property.

(c) Unless otherwise provided, "market value," "estimated market value," and "market valuation" for purposes of property tax levy limitations and calculation of state aid, refer to the estimated market value for the previous assessment year and for purposes of limits on net debt, the issuance of bonds, certificates of indebtedness, or capital notes refer to the estimated market value as last finally equalized.

(d) For purposes of a provision of a home rule charter or of any special law that is not codified in the statutes and that imposes a levy limitation based on market value or any limit on debt, the issuance of bonds, certificates of indebtedness, or capital notes based on market value, the terms "market value," "taxable market value," and "market valuation," whether equalized or unequalized, mean "estimated market value" as defined in paragraph (a).

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

Sec. 4. Minnesota Statutes 2018, section 273.13, subdivision 22, is amended to read:

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

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

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

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

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

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

Property is classified and assessed under clause (2) only if the government agency or income-providing source certifies, upon the request of the homestead occupant, that the homestead occupant satisfies the disability requirements of this paragraph, and that the property is not eligible for the valuation exclusion under subdivision 34.

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

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

(c) Class 1c property is commercial use real and personal property that abuts public water as defined in section 103G.005, subdivision 15, or abuts a state trail administered by the Department of Natural Resources, and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment, and that includes a portion used as a homestead by the owner, which includes a dwelling occupied as a homestead by a shareholder of a corporation that owns the resort, a partner in a partnership that owns the resort, or a member of a limited liability company that owns the resort even if the title to the homestead is held by the corporation, partnership, or limited liability company. For purposes of this paragraph, property is devoted to a commercial purpose on a specific day if any portion of the property, excluding the portion used exclusively as a homestead, is used for residential occupancy and a fee is charged for residential occupancy. Class 1c property must contain three or more rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site equipped with water and electrical hookups for recreational vehicles. Class 1c property must provide recreational activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill or cross-country ski equipment; provide marina services, launch services, or guide services; or sell bait and fishing tackle. Any unit in which the right to use the property is transferred to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies for class 1c even though it may remain available for rent. A camping pad offered for rent by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of the rental agreement, as long as the use of the camping pad does not exceed 250 days. If the same owner owns two separate parcels that are located in the same township, and one of those properties is classified as a class 1c property and the other would be eligible to be classified as a class 1c property if it was used as the homestead of the owner, both properties will be assessed as a single class 1c property; for purposes of this sentence, properties are deemed to be owned by the same owner if each of them is owned by a limited liability company, and both limited liability companies have the same membership. The portion of the property used as a homestead is class 1a property under paragraph (a). The remainder of the property is classified as follows: the first \$600,000 of market value is tier I, the next \$1,700,000 of market value is tier II, and any remaining market value is tier III. The classification rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25 percent. Owners of real and personal property devoted to temporary and seasonal residential occupancy for recreation purposes in which all or a portion of the property was devoted to commercial purposes for not more than 250 days in the year preceding the year of assessment desiring classification as class 1c, must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located must be designated as class 1c as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located must be designated as class 3a commercial. The owner of property desiring designation as class 1c property must provide guest registers or other records demonstrating that the units for which class 1c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

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

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

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

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

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

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

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

Sec. 5. Minnesota Statutes 2018, section 273.13, subdivision 34, is amended to read:

Subd. 34. **Homestead of ~~disabled~~ 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 ~~disabled~~ 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 for the current taxes payable year and for eight additional taxes payable years or until such time as the spouse remarries, or sells, transfers, or otherwise disposes of the property, whichever comes first. 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), for eight taxes payable years, or until such time as the spouse remarries or sells, transfers, or otherwise disposes of the property, whichever comes first.

(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 July 1 of the first assessment year for which the exclusion is sought. For an application received after July 1, the exclusion shall become effective for the following assessment year. 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, the veteran's spouse is entitled to the benefit under paragraph (b), clause (2), for eight taxes payable years or until the spouse remarries or sells, transfers, or otherwise disposes of the property 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 ~~gravely disabled~~ 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.

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

Sec. 6. Minnesota Statutes 2018, section 289A.08, subdivision 6, is amended to read:

Subd. 6. **Returns of married persons.** ~~A husband and wife~~ Individuals who are married to each other must file a joint Minnesota income tax return if they filed a joint federal income tax return. If the ~~husband and wife spouses~~ have elected to file separate federal income tax returns, they must file separate Minnesota income tax returns. This election to file a joint or separate return must be changed if they change their election for federal purposes. In the event taxpayers desire to change their election, the change must be done in the manner and on the form prescribed by the commissioner.

The determination of whether an individual is married shall be made under the provisions of section 7703 of the Internal Revenue Code.

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

Sec. 7. Minnesota Statutes 2018, section 289A.25, subdivision 1, is amended to read:

Subdivision 1. **Requirements to pay.** An individual, trust, S corporation, or partnership must, when prescribed in subdivision 3, paragraph (b), make payments of estimated tax. For individuals, the term "estimated tax" means the amount the taxpayer estimates is the sum of the taxes imposed by chapter 290 for the taxable year. For trusts, S corporations, and partnerships, the term estimated tax means the amount the taxpayer estimates is the sum of the taxes for the taxable year imposed by chapter 290 and the composite income tax imposed by section 289A.08, subdivision 7. If the individual is an infant or incompetent person, the payments must be made by the individual's guardian. If joint payments on estimated tax are made but a joint return is not made for the taxable year, the estimated tax for that year may be treated as the estimated tax of either ~~the husband or the wife spouse~~ or may be divided between them.

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

Sec. 8. Minnesota Statutes 2018, section 289A.31, subdivision 2, is amended to read:

Subd. 2. **Joint income tax returns.** (a) If a joint income tax return is made by ~~a husband and wife spouses~~, the liability for the tax is joint and several. A spouse who qualifies for relief from a liability attributable to an underpayment under section 6015(b) of the Internal Revenue Code is relieved of the state income tax liability on the underpayment.

(b) In the case of individuals who were ~~a husband and wife~~ married as determined in section 7703 of the Internal Revenue Code prior to the dissolution of their marriage or their legal separation, or prior to the death of one of the individuals, for tax liabilities reported on a joint or combined return, the liability of each person is limited to the proportion of the tax due on the return that equals that person's proportion of the total tax due if ~~the husband and wife~~ each spouse filed separate returns for the taxable year. This provision is effective only when the commissioner receives written notice of the marriage dissolution, legal separation, or death of a spouse from the ~~husband or wife surviving spouse~~. No refund may be claimed by an ex-spouse, legally separated or widowed spouse for any taxes paid more than 60 days before receipt by the commissioner of the written notice.

(c) A request for calculation of separate liability pursuant to paragraph (b) for taxes reported on a return must be made within six years after the due date of the return. For calculation of separate liability for taxes assessed by the commissioner under section 289A.35 or 289A.37, the request must be made within six years after the date of assessment. The commissioner is not required to calculate separate liability if the remaining unpaid liability for which recalculation is requested is \$100 or less.

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

Sec. 9. Minnesota Statutes 2018, section 289A.37, subdivision 6, is amended to read:

Subd. 6. **Order of assessment if joint income tax return.** If a joint income tax return is filed by ~~a husband and wife spouses~~, an order of assessment may be a single joint notice. If the commissioner has been notified by either spouse that that spouse's address has changed and if that spouse requests it, then, instead of the single joint notice mailed to the last known address of the ~~husband and wife spouses~~, a duplicate or original of the joint notice must be sent to the requesting spouse at the address designated by the requesting spouse. The other joint notice must be mailed to the other spouse at that spouse's last known address. An assessment is not invalid for failure to send it to a spouse if the spouse actually receives the notice in the same period as if it had been mailed to that spouse at the correct address or if the spouse has failed to provide an address to the commissioner other than the last known address.

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

Sec. 10. Minnesota Statutes 2018, section 290.0802, subdivision 2, is amended to read:

Subd. 2. **Subtraction.** (a) A qualified individual is allowed a subtraction from federal taxable income of the individual's subtraction base amount. The excess of the subtraction base amount over the taxable net income computed without regard to the subtraction for the elderly or ~~disabled a person with a disability~~ under section 290.0132, subdivision 5, may be used to reduce the amount of a lump sum distribution subject to tax under section 290.032.

(b)(1) The initial subtraction base amount equals

(i) \$12,000 for a married taxpayer filing a joint return if a spouse is a qualified individual,

(ii) \$9,600 for a single taxpayer, and

(iii) \$6,000 for a married taxpayer filing a separate federal return.

(2) The qualified individual's initial subtraction base amount, then, must be reduced by the sum of nontaxable retirement and disability benefits and one-half of the amount of adjusted gross income in excess of the following thresholds:

(i) \$18,000 for a married taxpayer filing a joint return if both spouses are qualified individuals,

(ii) \$14,500 for a single taxpayer or for a married couple filing a joint return if only one spouse is a qualified individual, and

(iii) \$9,000 for a married taxpayer filing a separate federal return.

(3) In the case of a qualified individual who is under the age of 65, the maximum amount of the subtraction base may not exceed the taxpayer's disability income.

(4) The resulting amount is the subtraction base amount.

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

Sec. 11. Minnesota Statutes 2018, section 290.0802, subdivision 3, is amended to read:

Subd. 3. **Restrictions; married couples.** Except in the case of a ~~husband and wife~~ spouses who live apart at all times during the taxable year, if the taxpayer is married at the close of the taxable year, the subtraction under subdivision 2 is allowable only if the taxpayers file joint federal and state income tax returns for the taxable year.

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

Sec. 12. Minnesota Statutes 2018, section 290.091, subdivision 2, is amended to read:

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

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

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

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

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

(ii) the medical expense deduction;

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

(iv) the impairment-related work expenses of a ~~disabled~~ 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; and

(6) the amount of addition required by section 290.0131, subdivisions 9 to 11;

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 income as provided by section 290.0132, subdivisions 7, 9 to 15, 17, 21, 24, and 26; and

(v) the amount of the net operating loss allowed under section 290.095, subdivision 11, paragraph (c).

In the case of an estate or trust, alternative minimum taxable income must be computed as provided in section 59(c) of the Internal Revenue Code.

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

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

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

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

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

Sec. 13. Minnesota Statutes 2018, 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) the amount of deduction allowed under section 199 of the Internal Revenue Code;

(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; or

(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.

(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 ~~was disabled~~ 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 "exemption amount" means the exemption amount under section 151(d) of the Internal Revenue Code for the taxable year for which the income is reported; "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 "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 the day following final enactment.

Sec. 14. Minnesota Statutes 2018, section 290A.03, subdivision 4, is amended to read:

Subd. 4. **Household.** "Household" means a claimant and an individual related to the claimant as ~~husband or wife~~ the claimant's spouse who are domiciled in the same homestead.

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

Sec. 15. Minnesota Statutes 2018, 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 rental 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 ~~husband and wife~~ 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 the day following final enactment.

Sec. 16. Minnesota Statutes 2018, section 290A.05, is amended to read:

290A.05 COMBINED HOUSEHOLD INCOME.

If a person occupies a homestead with another person ~~or persons~~ not related to the person as ~~husband and wife~~ 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. If a person occupies a homestead with another person or persons not related to the person as ~~husband and wife~~ the person's spouse or as dependents, the property tax payable or rent constituting property tax shall be reduced as follows.

If the other person or persons are residing at the homestead under rental or lease agreement, the amount of property tax payable or rent constituting property tax shall be that portion not covered by the rental agreement.

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

Sec. 17. Minnesota Statutes 2018, 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 ~~husband and wife~~ spouses as one claimant. The commissioner, upon written request, may issue separate checks, to the ~~husband and wife~~ spouses for one-half of the relief provided the original check has not been issued or has been returned. Individuals related as ~~husband and wife~~ 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. ~~Husbands and wives~~ 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 the day following final enactment.

Sec. 18. Minnesota Statutes 2018, section 290A.09, is amended to read:

290A.09 PROOF OF CLAIM.

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.

~~Disabled~~ 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.

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 the day following final enactment.

Sec. 19. Minnesota Statutes 2018, section 297A.61, subdivision 18, is amended to read:

Subd. 18. **Disabled Person with a disability.** "~~Disabled Person with a disability~~" means an individual who has a permanent and total disability as defined in section 273.13, subdivision 22.

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

Sec. 20. Minnesota Statutes 2018, section 297A.67, subdivision 6, is amended to read:

Subd. 6. **Other exempt meals.** (a) Prepared food, candy, and soft drinks purchased for and served exclusively to individuals who are 60 years of age or over and their spouses or to ~~disabled~~ persons with a disability and their spouses by governmental agencies, nonprofit organizations, or churches, or pursuant to any program funded in whole or in part through United States Code, title 42, sections 3001 through 3045, wherever delivered, prepared, or served, are exempt. Taxable food sold through vending machines is not exempt.

(b) Prepared food, candy, and soft drinks purchased for and served exclusively to children who are less than 14 years of age or ~~disabled~~ children with a disability who are less than 16 years of age and who are attending a child care or early childhood education program, are exempt if they are:

(1) purchased by a nonprofit child care facility that is exempt under section 297A.70, subdivision 4, and that primarily serves families with income of 250 percent or less of federal poverty guidelines; and

(2) prepared at the site of the child care facility.

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

Sec. 21. Minnesota Statutes 2018, section 297A.67, subdivision 12, is amended to read:

Subd. 12. **Parts and accessories used to make a motor vehicle ~~disabled~~ accessible to a person with a disability.** Parts, accessories, and labor charges that are used solely to modify a motor vehicle to make it ~~disabled~~ accessible to persons with a disability are exempt.

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

Sec. 22. Minnesota Statutes 2018, section 297A.70, subdivision 3, is amended to read:

Subd. 3. **Sales of certain goods and services to government.** (a) The following sales to or use by the specified governments and political subdivisions of the state are exempt:

(1) repair and replacement parts for emergency rescue vehicles, fire trucks, and fire apparatus to a political subdivision;

(2) machinery and equipment, except for motor vehicles, used directly for mixed municipal solid waste management services at a solid waste disposal facility as defined in section 115A.03, subdivision 10;

(3) chore and homemaking services to a political subdivision of the state to be provided to elderly individuals or ~~disabled individuals~~ persons with a disability;

(4) telephone services to the Office of MN.IT Services that are used to provide telecommunications services through the MN.IT services revolving fund;

(5) firefighter personal protective equipment as defined in paragraph (b), if purchased or authorized by and for the use of an organized fire department, fire protection district, or fire company regularly charged with the responsibility of providing fire protection to the state or a political subdivision;

(6) bullet-resistant body armor that provides the wearer with ballistic and trauma protection, if purchased by a law enforcement agency of the state or a political subdivision of the state, or a licensed peace officer, as defined in section 626.84, subdivision 1;

(7) motor vehicles purchased or leased by political subdivisions of the state if the vehicles are exempt from registration under section 168.012, subdivision 1, paragraph (b), exempt from taxation under section 473.448, or exempt from the motor vehicle sales tax under section 297B.03, clause (12);

(8) equipment designed to process, dewater, and recycle biosolids for wastewater treatment facilities of political subdivisions, and materials incidental to installation of that equipment;

(9) the removal of trees, bushes, or shrubs for the construction and maintenance of roads, trails, or firebreaks when purchased by an agency of the state or a political subdivision of the state;

(10) purchases by the Metropolitan Council or the Department of Transportation of vehicles and repair parts to equip operations provided for in section 174.90, including, but not limited to, the Northstar Corridor Rail project; and

(11) purchases of water used directly in providing public safety services by an organized fire department, fire protection district, or fire company regularly charged with the responsibility of providing fire protection to the state or a political subdivision.

(b) For purposes of this subdivision, "firefighters personal protective equipment" means helmets, including face shields, chin straps, and neck liners; bunker coats and pants, including pant suspenders; boots; gloves; head covers or hoods; wildfire jackets; protective coveralls; goggles; self-contained breathing apparatus; canister filter masks; personal alert safety systems; spanner belts; optical or thermal imaging search devices; and all safety equipment required by the Occupational Safety and Health Administration.

(c) For purchases of items listed in paragraph (a), clause (10), 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.

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

Sec. 23. Minnesota Statutes 2018, section 297A.70, subdivision 4, is amended to read:

Subd. 4. **Sales to nonprofit groups.** (a) All sales, except those listed in paragraph (b), to the following "nonprofit organizations" are exempt:

(1) a corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes if the item purchased is used in the performance of charitable, religious, or educational functions;

(2) any senior citizen group or association of groups that:

(i) in general limits membership to persons who are either age 55 or older, or ~~physically disabled~~ persons with a physical disability;

(ii) is organized and operated exclusively for pleasure, recreation, and other nonprofit purposes, not including housing, no part of the net earnings of which inures to the benefit of any private shareholders; and

(iii) is an exempt organization under section 501(c) of the Internal Revenue Code; and

(3) an organization that qualifies for an exemption for memberships under subdivision 12 if the item is purchased and used in the performance of the organization's mission.

For purposes of this subdivision, charitable purpose includes the maintenance of a cemetery owned by a religious organization.

(b) This exemption does not apply to the following sales:

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

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

(3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause (2), and prepared food, candy, soft drinks, and alcoholic beverages as defined in section 297A.67, subdivision 2, except wine purchased by an established religious organization for sacramental purposes or as allowed under subdivision 9a; and

(4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except as provided in paragraph (c).

(c) This exemption applies to the leasing of a motor vehicle as defined in section 297B.01, subdivision 11, only if the vehicle is:

(1) 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

(2) 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.

(d) 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.

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

Sec. 24. Minnesota Statutes 2018, section 297A.70, subdivision 16, is amended to read:

Subd. 16. **Camp fees.** Fees to camps or other recreation facilities are exempt for:

(1) services primarily for children, adults accompanying children, or persons with ~~disabilities~~ a disability; or

(2) educational or religious activities;

~~and~~ if the camp or facilities are owned and operated by an exempt organization under section 501(c)(3) of the Internal Revenue Code.

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

Sec. 25. Minnesota Statutes 2018, section 297A.71, subdivision 22, is amended to read:

Subd. 22. **Materials used to make residential property ~~disabled~~ accessible to persons with a disability.** Building materials and equipment sold to, or stored, used, or consumed by, a nonprofit organization are exempt if:

(1) the materials and equipment are used or incorporated into modifying an existing residential structure to make it ~~disabled~~ accessible to persons with a disability; and

(2) the materials and equipment used in the modification would qualify for an exemption under either subdivision 11 or 12 if made by the current owner of the residence.

For purposes of this subdivision, "nonprofit organization" means any nonprofit corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, educational, or civic purposes; or a veterans' group exempt from federal taxation under section 501(c), clause (19), of the Internal Revenue Code.

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

Sec. 26. Minnesota Statutes 2018, section 297A.75, subdivision 1, is amended to read:

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

- (1) building materials for an agricultural processing facility exempt under section 297A.71, subdivision 13;
- (2) building materials for mineral production facilities exempt under section 297A.71, subdivision 14;
- (3) building materials for correctional facilities under section 297A.71, subdivision 3;
- (4) building materials used in a residence for ~~disabled~~ veterans with a disability exempt under section 297A.71, subdivision 11;
- (5) elevators and building materials exempt under section 297A.71, subdivision 12;
- (6) materials and supplies for qualified low-income housing under section 297A.71, subdivision 23;
- (7) materials, supplies, and equipment for municipal electric utility facilities under section 297A.71, subdivision 35;
- (8) equipment and materials used for the generation, transmission, and distribution of electrical energy and an aerial camera package exempt under section 297A.68, subdivision 37;
- (9) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph (a), clause (10);
- (10) materials, supplies, and equipment for construction or improvement of projects and facilities under section 297A.71, subdivision 40;
- (11) materials, supplies, and equipment for construction, improvement, or expansion of:
 - (i) an aerospace defense manufacturing facility exempt under Minnesota Statutes 2014, section 297A.71, subdivision 42;
 - (ii) a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision 45;
 - (iii) a research and development facility exempt under Minnesota Statutes 2014, section 297A.71, subdivision 46; and
 - (iv) an industrial measurement manufacturing and controls facility exempt under Minnesota Statutes 2014, section 297A.71, subdivision 47;
- (12) enterprise information technology equipment and computer software for use in a qualified data center exempt under section 297A.68, subdivision 42;
- (13) materials, supplies, and equipment for qualifying capital projects under section 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);
- (14) items purchased for use in providing critical access dental services exempt under section 297A.70, subdivision 7, paragraph (c);

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

(16) building materials, equipment, and supplies for constructing or replacing real property exempt under section 297A.71, subdivision 49; and

(17) building materials, equipment, and supplies for constructing or replacing real property exempt under section 297A.71, subdivision 50, paragraph (b).

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

Sec. 27. Minnesota Statutes 2018, section 297B.01, subdivision 14, is amended to read:

Subd. 14. **Purchase price.** (a) "Purchase price" means the total consideration valued in money for a sale, whether paid in money or otherwise. The purchase price excludes the amount of a manufacturer's rebate paid or payable to the purchaser. If a motor vehicle is taken in trade as a credit or as part payment on a motor vehicle taxable under this chapter, the credit or trade-in value allowed by the person selling the motor vehicle shall be deducted from the total selling price to establish the purchase price of the vehicle being sold and the trade-in allowance allowed by the seller shall constitute the purchase price of the motor vehicle accepted as a trade-in. The purchase price in those instances where the motor vehicle is acquired by gift or by any other transfer for a nominal or no monetary consideration shall also include the average value of similar motor vehicles, established by standards and guides as determined by the motor vehicle registrar. The purchase price in those instances where a motor vehicle is manufactured by a person who registers it under the laws of this state shall mean the manufactured cost of such motor vehicle and manufactured cost shall mean the amount expended for materials, labor, and other properly allocable costs of manufacture, except that in the absence of actual expenditures for the manufacture of a part or all of the motor vehicle, manufactured costs shall mean the reasonable value of the completed motor vehicle.

(b) The term "purchase price" shall not include the portion of the value of a motor vehicle due solely to modifications necessary to make the motor vehicle ~~disability~~ accessible to persons with a disability.

(c) The term "purchase price" shall not include the transfer of a motor vehicle by way of gift between ~~a husband and wife~~ spouses or parent and child, or to a nonprofit organization as provided under subdivision 16, paragraph (c), clause (6), nor shall it include the transfer of a motor vehicle by a guardian to a ward when there is no monetary consideration and the title to such vehicle was registered in the name of the guardian, as guardian, only because the ward was a minor.

(d) The term "purchase price" shall not include the transfer of a motor vehicle as a gift between a foster parent and foster child. For purposes of this subdivision, a foster relationship exists, regardless of the age of the child, if (1) a foster parent's home is or was licensed as a foster family home under Minnesota Rules, parts 2960.3000 to 2960.3340, and (2) the county verifies that the child was a state ward or in permanent foster care.

(e) There shall not be included in "purchase price" the amount of any tax imposed by the United States upon or with respect to retail sales whether imposed upon the retailer or the consumer.

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

Sec. 28. Minnesota Statutes 2018, section 297B.01, subdivision 16, is amended to read:

Subd. 16. **Sale, sells, selling, purchase, purchased, or acquired.** (a) "Sale," "sells," "selling," "purchase," "purchased," or "acquired" means any transfer of title of any motor vehicle, whether absolutely or conditionally, for a consideration in money or by exchange or barter for any purpose other than resale in the regular course of business.

(b) Any motor vehicle utilized by the owner only by leasing such vehicle to others or by holding it in an effort to so lease it, and which is put to no other use by the owner other than resale after such lease or effort to lease, shall be considered property purchased for resale.

(c) The terms also shall include any transfer of title or ownership of a motor vehicle by other means, for or without consideration, except that these terms shall not include:

(1) the acquisition of a motor vehicle by inheritance from or by bequest of, or transfer-on-death of title by, a decedent who owned it;

(2) the transfer of a motor vehicle which was previously licensed in the names of two or more joint tenants and subsequently transferred without monetary consideration to one or more of the joint tenants;

(3) the transfer of a motor vehicle by way of gift from a limited used vehicle dealer licensed under section 168.27, subdivision 4a, to an individual, when the transfer is with no monetary or other consideration or expectation of consideration and the parties to the transfer submit an affidavit to that effect at the time the title transfer is recorded;

(4) the transfer of a motor vehicle by gift between:

(i) spouses;

(ii) parents and a child; or

(iii) grandparents and a grandchild;

(5) the voluntary or involuntary transfer of a motor vehicle between ~~a husband and wife~~ spouses in a divorce proceeding; or

(6) the transfer of a motor vehicle by way of a gift to an organization that is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code when the motor vehicle will be used exclusively for religious, charitable, or educational purposes.

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

Sec. 29. Minnesota Statutes 2018, section 298.018, subdivision 1, is amended to read:

Subdivision 1. **Within taconite assistance area.** 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) 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 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 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 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.

~~The proceeds of the tax shall be distributed on July 15 each year.~~

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

Sec. 30. Minnesota Statutes 2018, section 298.018, is amended by adding a subdivision 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 proceeds tax distribution date.

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

Sec. 31. Minnesota Statutes 2018, section 298.282, subdivision 1, is amended to read:

Subdivision 1. **Distribution of taconite municipal aid account.** (a) The amount deposited with the county as provided in section 298.28, subdivision 3, must be distributed as provided by this section among: (1) the municipalities comprising a taconite assistance area under section 273.1341; (2) a township that contains a state park consisting primarily of an underground iron ore mine; and (3) a city located within five miles of that state park, each being referred to in this section as a qualifying municipality.

(b) The amount deposited in the state general fund as provided in section 298.018, subdivision 1, must be distributed in the same manner as provided under paragraph (a) except that subdivisions 3, 4, and 5 do not apply, and the distributions shall be made on the dates provided under section 298.018, subdivision 1a.

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

Sec. 32. Laws 2017, First Special Session chapter 1, article 8, section 3, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective for (1) petitions and appeals filed after June 30, 2017, for which notices of entry of order are mailed before July 1, 2019, and (2) notices of entry of order mailed after June 30, 2019.

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

Delete the title and insert:

"A bill for an act relating to financing and operation of state and local government; providing conformity and nonconformity to certain federal tax law changes; modifying individual income and corporate franchise taxes, estate taxes, sales and use taxes, special and excise taxes, property taxes, local government aids, provisions related to local taxes, tax increment financing, and public finance, and other miscellaneous taxes and tax provisions; modifying indexing provisions; changing the starting point for state individual income tax calculation from federal taxable income to federal adjusted gross income; providing for various individual and corporate additions and subtractions to income; modifying certain allowances and adjustments to income; modifying individual income tax brackets; modifying certain income tax credits; modifying and allowing certain construction exemptions and other sales and purchases from sales and use taxes; modifying rates and definitions for certain tobacco and cigarette taxes; modifying rates and deposits for solid waste taxes; modifying provisions relating to property tax records and information; modifying certain property tax timelines; establishing property tax exemptions; allowing tax deferral for elderly living facilities; modifying homestead provisions; modifying state general levy; modifying local government and county aid; modifying approval requirements for certain local sales taxes; modifying and authorizing certain local sales taxes; authorizing Metropolitan Council bonds; requiring reports; appropriating money; amending Minnesota Statutes 2018, sections 6.495, subdivision 3; 37.31, subdivision 1; 38.27, by adding a subdivision; 103E.611, subdivision 2; 116J.8737, subdivisions 1, 2, 3, 4, 5, 6, 12; 123B.595, subdivision 5; 138.053; 144E.42, subdivision 2; 161.14, by adding a subdivision; 162.145, subdivision 3; 197.603, subdivision 2; 270A.03, subdivision 5; 270B.08, subdivision 2; 270C.21; 270C.445, subdivision 6; 270C.85, subdivision 2; 270C.89, subdivisions 1, 2; 270C.91; 272.02, subdivisions 27, 49, 81, by adding subdivisions; 272.115, subdivision 1; 273.032; 273.061, subdivision 9; 273.0755; 273.113, subdivision 3; 273.119, subdivision 2; 273.1231, subdivision 3; 273.124, subdivisions 3a, 13, 14, 21, by adding a subdivision; 273.1245, subdivision 2; 273.13, subdivisions 22, 23, 34, 35; 273.136, subdivision 2; 273.1384, subdivisions 2, 3; 273.1385, subdivision 4; 273.1387, subdivisions 2, 3; 273.18; 274.14; 274.16; 275.025, subdivision 1; 282.01, subdivision 6; 287.21, subdivision 1; 289A.08, subdivisions 1, 6, 7, by adding a subdivision; 289A.10, subdivision 1; 289A.11, by adding a subdivision; 289A.20, subdivision 4, by adding a subdivision; 289A.25, subdivision 1; 289A.31, subdivisions 1, 2; 289A.37, subdivisions 2, 6; 289A.38, subdivisions 7, 10; 289A.42; 289A.60, subdivisions 15, 24, 29; 290.01, subdivisions 4a, 29a, 31, by adding subdivisions; 290.0131, subdivisions 1, 3, by adding subdivisions; 290.0132, subdivisions 1, 7, 19, 20, 26, by adding subdivisions; 290.0133, subdivision 6; 290.0134, by adding subdivisions; 290.0137; 290.032, subdivision 2; 290.05, subdivisions 1, 3; 290.06, subdivisions 2c, 2d, 2h; 290.067, subdivision 2b; 290.0671, subdivisions 1, 7; 290.0672, subdivision 2; 290.0675, subdivision 1; 290.0677, subdivision 1a; 290.0682, subdivisions 1, 2; 290.0684, subdivision 2; 290.0685, subdivision 1, by adding a subdivision; 290.0802, subdivisions 2, 3; 290.091, subdivisions 2, 3; 290.0921, subdivisions 2, 3; 290.0922, subdivision 1; 290.095, subdivision 2; 290.17, subdivision 4, by adding subdivisions; 290.191, subdivision 5; 290.21, subdivision 4, by adding a subdivision; 290.31, subdivision 1; 290.92, subdivisions 1, 28; 290A.03, subdivisions 3, 4, 8, 12, 13; 290A.04, subdivisions 2, 2a, 4; 290A.05; 290A.08; 290A.09; 290A.19; 290B.04, subdivision 1; 290B.09, subdivision 1; 291.016, subdivision 3; 295.50, subdivisions 3, 4, 9b, 14, 15, by adding subdivisions; 295.53, subdivision 1; 295.57, subdivision 5; 295.582, subdivision 1; 295.75,

subdivision 4; 296A.03, subdivision 3; 296A.13; 297A.61, subdivision 18; 297A.66, subdivisions 1, 2, 3; 297A.67, subdivisions 6, 12, by adding a subdivision; 297A.68, subdivisions 17, 25, 29, 42, 44, by adding a subdivision; 297A.70, subdivisions 3, 4, 10, 16, 20, by adding subdivisions; 297A.71, subdivisions 22, 45, 50, by adding subdivisions; 297A.75, subdivisions 1, 2; 297A.77, by adding a subdivision; 297A.83, subdivision 1; 297A.84; 297A.85; 297A.99, subdivisions 1, 2, 3, by adding a subdivision; 297A.993, subdivision 1; 297B.01, subdivisions 14, 16; 297B.03; 297F.01, subdivisions 19, 23, by adding a subdivision; 297F.05, by adding a subdivision; 297F.08, subdivisions 8, 9; 297F.09, subdivision 10; 297F.17, subdivision 6; 297G.07, subdivision 1; 297G.09, subdivision 9; 297G.16, subdivision 7; 297H.02, subdivision 2; 297H.03, subdivision 2; 297H.04, subdivision 2; 297H.05; 297H.13, subdivision 2; 297I.20, subdivision 3; 298.018, subdivision 1, by adding a subdivision; 298.225, subdivision 1; 298.28, subdivision 3; 298.282, subdivision 1; 353G.01, subdivision 9; 353G.05, subdivision 2; 353G.08, subdivisions 1, 1a; 353G.17, subdivision 2; 356.20, subdivision 4a; 356.219, subdivision 8; 423A.02, subdivisions 1b, 3; 423A.022, subdivisions 2, 4; 424A.016, subdivisions 2, 4; 424A.02, subdivisions 1, 3a, 10; 424A.03, subdivision 2; 424A.05, subdivisions 2, 3, by adding a subdivision; 424A.07; 424A.091, subdivision 3; 424A.092, subdivisions 3, 4; 424A.093, subdivision 5; 424B.09; 462D.03, subdivision 2; 469.169, by adding a subdivision; 469.171, subdivision 4; 469.177, subdivision 1; 469.316, subdivision 1; 469.319, subdivision 4; 471.831; 473.39, subdivision 6, by adding a subdivision; 473H.08, subdivisions 1, 4, by adding a subdivision; 475.521, subdivision 1; 477A.011, subdivision 45; 477A.013, subdivision 13; 477A.03, subdivisions 2a, 2b; Minnesota Statutes 2019 Supplement, sections 289A.02, subdivision 7; 289A.12, subdivision 14; 289A.35; 290.01, subdivision 19; 290.0131, subdivision 10; 290.0132, subdivision 21; 290.0133, subdivision 12; 290.0672, subdivision 1; 290.0684, subdivision 1; 290.091, subdivision 2; 290.17, subdivision 2; 290A.03, subdivision 15; 291.005, subdivision 1; 462D.06, subdivisions 1, 2; Laws 1980, chapter 511, section 1, subdivision 1; Laws 1986, chapter 396, section 5, as amended; Laws 1986, chapter 462, section 31, as amended; Laws 1994, chapter 587, article 9, section 11; Laws 1998, chapter 389, article 8, section 45, subdivisions 1, 3, as amended, 4, 5; Laws 2008, chapter 366, article 5, sections 26, as amended; 33, as amended; Laws 2009, chapter 88, article 2, section 46, subdivisions 1, as amended, 2, 3, as amended, 4, 5; Laws 2011, First Special Session chapter 7, article 4, section 10, subdivision 3; Laws 2014, chapter 308, article 6, section 8, subdivisions 1, as amended, 3; Laws 2017, First Special Session chapter 1, article 3, sections 26; 32; article 8, section 3; article 10, section 4; proposing coding for new law in Minnesota Statutes, chapters 16A; 270C; 272; 273; 289A; 290; 290A; 297H; 297I; 424A; proposing coding for new law as Minnesota Statutes, chapters 477B; 477C; repealing Minnesota Statutes 2018, sections 37.31, subdivision 8; 69.011, subdivisions 1, 2, 2b, 2c, 3, 4; 69.021, subdivisions 1, 2, 3, 4, 5, 7, 7a, 8, 9, 10, 11; 69.022; 69.031, subdivisions 1, 3, 5; 69.041; 69.051, subdivisions 1, 1a, 1b, 2, 3, 4; 69.33; 69.80; 270C.131; 275.29; 289A.38, subdivisions 7, 8, 9; 290.0131, subdivisions 7, 11, 12, 13; 290.0132, subdivision 8; 290.0133, subdivisions 13, 14; 290.10, subdivision 2; 296A.03, subdivision 5; 296A.04, subdivision 2; 296A.05, subdivision 2; 297A.66, subdivision 4b; 297F.08, subdivision 5; 297I.25, subdivision 2; Minnesota Rules, part 8125.0410, subpart 1."

With the recommendation that when so amended the bill be re-referred to the Committee on Ways and Means.

The report was adopted.

Marquart from the Committee on Taxes to which was referred:

H. F. No. 2169, A bill for an act relating to taxation; making various policy and technical changes to individual income and corporate franchise taxes, partnership taxes, sales and use taxes, special taxes, property taxes, gross revenues taxes, fire and police state aid, and other miscellaneous taxes and tax provisions; amending Minnesota Statutes 2018, sections 6.495, subdivision 3; 144E.42, subdivision 2; 162.145, subdivision 3; 270B.08, subdivision 2; 270C.445, subdivision 6; 270C.85, subdivision 2; 270C.89, subdivisions 1, 2; 270C.91; 272.02, subdivisions 27, 81; 273.032; 273.061, subdivision 9; 273.0755; 273.113, subdivision 3; 273.119, subdivision 2; 273.1231, subdivision 3; 273.124, subdivision 13; 273.13, subdivisions 22, 34; 273.136, subdivision 2; 273.1384, subdivision 3; 273.1387, subdivision 3; 273.18; 274.14; 274.16; 275.025, subdivision 1; 289A.08, subdivision 6; 289A.25, subdivision 1;

289A.31, subdivisions 1, 2; 289A.37, subdivisions 2, 6; 289A.38, subdivisions 7, 10; 289A.42; 289A.60, subdivision 24; 290.0132, subdivision 26; 290.0137; 290.06, subdivisions 2c, 2d; 290.0802, subdivisions 2, 3; 290.091, subdivision 2; 290.31, subdivision 1; 290.92, subdivision 28; 290A.03, subdivisions 3, 4, 8; 290A.05; 290A.08; 290A.09; 290B.09, subdivision 1; 295.50, subdivisions 3, 4, 9b, 14, 15, by adding subdivisions; 295.53, subdivision 1; 295.57, subdivision 5; 295.582, subdivision 1; 297A.61, subdivision 18; 297A.67, subdivisions 6, 12; 297A.68, subdivisions 17, 42, 44; 297A.70, subdivisions 3, 4, 16; 297A.71, subdivisions 22, 45; 297A.75, subdivision 1; 297A.77, by adding a subdivision; 297A.84; 297A.85; 297B.01, subdivisions 14, 16; 297F.01, subdivisions 19, 23, by adding a subdivision; 297F.17, subdivision 6; 297G.16, subdivision 7; 297I.20, subdivision 3; 298.018, subdivision 1, by adding a subdivision; 298.282, subdivision 1; 353G.01, subdivision 9; 353G.05, subdivision 2; 353G.08, subdivisions 1, 1a; 353G.17, subdivision 2; 356.20, subdivision 4a; 356.219, subdivision 8; 423A.02, subdivisions 1b, 3; 423A.022, subdivisions 2, 4; 424A.016, subdivisions 2, 4; 424A.02, subdivisions 1, 3a, 10; 424A.03, subdivision 2; 424A.05, subdivisions 2, 3, by adding a subdivision; 424A.07; 424A.091, subdivision 3; 424A.092, subdivisions 3, 4; 424A.093, subdivision 5; 424B.09; 462D.03, subdivision 2; 469.177, subdivision 1; 469.190, subdivisions 1, 7; 469.319, subdivision 4; Laws 2017, First Special Session chapter 1, article 8, section 3; proposing coding for new law in Minnesota Statutes, chapters 289A; 297I; 424A; proposing coding for new law as Minnesota Statutes, chapters 477B; 477C; repealing Minnesota Statutes 2018, sections 69.011, subdivisions 1, 2, 2b, 2c, 3, 4; 69.021, subdivisions 1, 2, 3, 4, 5, 7, 7a, 8, 9, 10, 11; 69.022; 69.031, subdivisions 1, 3, 5; 69.041; 69.051, subdivisions 1, 1a, 1b, 2, 3, 4; 69.33; 69.80; 270C.131; 275.29; 289A.38, subdivisions 7, 8, 9; 297I.25, subdivision 2.

Reported the same back with the following amendments:

Page 8, delete article 3

Page 30, delete article 5

Page 109, delete section 4

Page 110, delete section 5

Renumber the articles and sections in sequence

Amend the title as follows:

Page 1, line 3, delete "partnership taxes,"

Correct the title numbers accordingly

With the recommendation that when so amended the bill be placed on the General Register.

The report was adopted.

Carlson, L., from the Committee on Ways and Means to which was referred:

H. F. No. 2200, A bill for an act relating to agriculture; establishing a budget for the Department of Agriculture, the Board of Animal Health, and the Agricultural Utilization Research Institute; amending Laws 2015, First Special Session chapter 4, article 1, section 2, subdivision 4, as amended; Laws 2017, chapter 88, article 1, section 2, subdivisions 2, 4.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
AGRICULTURE

Section 1. **AGRICULTURE APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this act. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2020" and "2021" used in this act mean that the appropriations listed under them are available for the fiscal year ending June 30, 2020, or June 30, 2021, respectively. "The first year" is fiscal year 2020. "The second year" is fiscal year 2021. "The biennium" is fiscal years 2020 and 2021.

		<u>APPROPRIATIONS</u>	
		<u>Available for the Year</u>	
		<u>Ending June 30</u>	
		<u>2020</u>	<u>2021</u>
Sec. 2. <u>DEPARTMENT OF AGRICULTURE</u>			
Subdivision 1. <u>Total Appropriation</u>		<u>\$56,154,000</u>	<u>\$54,839,000</u>
<u>Appropriations by Fund</u>			
		<u>2020</u>	<u>2021</u>
<u>General</u>	<u>55,755,000</u>	<u>54,440,000</u>	
<u>Remediation</u>	<u>399,000</u>	<u>399,000</u>	

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. **Protection Services**

		<u>Appropriations by Fund</u>	
		<u>2020</u>	<u>2021</u>
<u>General</u>	<u>20,050,000</u>	<u>19,225,000</u>	
<u>Remediation</u>	<u>399,000</u>	<u>399,000</u>	

(a) \$399,000 the first year and \$399,000 the second year are from the remediation fund for administrative funding for the voluntary cleanup program.

(b) \$250,000 the first year and \$250,000 the second year are for rapid detection, identification, containment, control, and management of high-priority plant pests and pathogens including emerald ash borer.

(c) \$375,000 the first year and \$375,000 the second year are for transfer to the noxious weed and invasive plant species assistance account in the agricultural fund to award grants to local units of government under Minnesota Statutes, section 18.90, with preference given to local units of government responding to Palmer amaranth or other weeds on the eradicate list.

(d) \$525,000 the first year and \$525,000 the second year are additional funding for the noxious weed and invasive plant program.

(e) \$300,000 the first year and \$300,000 the second year are for industrial hemp development.

(f) \$150,000 the first year and \$150,000 the second year are for additional meat and poultry inspection services.

(g) \$650,000 the first year and \$150,000 the second year are to replace capital equipment in the Department of Agriculture's analytical laboratory. The base for this appropriation is \$154,000 in fiscal year 2022 and \$154,000 in fiscal year 2023.

(h) \$300,000 the first year and \$300,000 the second year are for agricultural emergency preparedness and response.

(i) \$325,000 the first year is for transfer to the agricultural emergency account in the agricultural fund.

(j) \$175,000 the first year and \$175,000 the second year are for compensation for destroyed or crippled livestock under Minnesota Statutes, section 3.737. The first year appropriation may be spent to compensate for livestock that were destroyed or crippled during fiscal year 2019. If the amount in the first year is insufficient, the amount in the second year is available in the first year. The commissioner may use up to \$5,000 each year to reimburse expenses incurred by university extension educators to provide fair market values of destroyed or crippled livestock.

(k) \$155,000 the first year and \$155,000 the second year are for compensation for crop damage under Minnesota Statutes, section 3.7371. If the amount in the first year is insufficient, the amount in the second year is available in the first year. The commissioner may use up to \$30,000 of the appropriation each year to reimburse expenses incurred by the commissioner or the commissioner's approved agent to investigate and resolve claims.

If the commissioner determines that claims made under Minnesota Statutes, section 3.737 or 3.7371, are unusually high, amounts appropriated for either program may be transferred to the appropriation for the other program.

Subd. 3. Agricultural Marketing and Development4,121,0004,121,000

(a) \$200,000 the first year and \$200,000 the second year are to expand domestic and international marketing opportunities for farmers and value-added processors, including staffing to facilitate farm-to-school sales and new markets for Minnesota-grown hemp.

(b) \$75,000 the first year and \$75,000 the second year are for additional community outreach on farms and rural mental health services including the 24-hour hotline, service availability, and mental health forums. Of this appropriation, \$12,000 each year is to provide professional development training for Farm Business Management instructors in the Minnesota State system. The base for this appropriation is \$63,000 in fiscal year 2022 and \$63,000 in fiscal year 2023.

(c) \$186,000 the first year and \$186,000 the second year are for transfer to the Minnesota grown account and may be used as grants for Minnesota grown promotion under Minnesota Statutes, section 17.102. Grants may be made for one year. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2021, for Minnesota grown grants in this paragraph are available until June 30, 2023.

(d) \$634,000 the first year and \$634,000 the second year are for continuation of the dairy development and profitability enhancement and dairy business planning grant programs established under Laws 1997, chapter 216, section 7, subdivision 2, and Laws 2001, First Special Session chapter 2, section 9, subdivision 2. The commissioner may allocate the available sums among permissible activities, including efforts to improve the quality of milk produced in the state, in the proportions that the commissioner deems most beneficial to Minnesota's dairy farmers. The commissioner must submit a detailed accomplishment report and a work plan detailing future plans for, and anticipated accomplishments from, expenditures under this program to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture policy and finance on or before the start of each fiscal year. If significant changes are made to the plans in the course of the year, the commissioner must notify the chairs and ranking minority members.

(e) The commissioner may use funds appropriated in this subdivision for annual cost-share payments to resident farmers or entities that sell, process, or package agricultural products in this state for the costs of organic certification. The commissioner may allocate these funds for assistance to persons transitioning from conventional to organic agriculture.

Subd. 4. Agriculture, Bioenergy, and Bioproduct Advancement23,900,00023,575,000

(a) \$9,300,000 the first year and \$9,300,000 the second year are for transfer to the agriculture research, education, extension, and technology transfer account under Minnesota Statutes, section 41A.14, subdivision 3. Of these amounts: at least \$600,000 the first year and \$600,000 the second year are for the Minnesota Agricultural Experiment Station's agriculture rapid response fund under Minnesota Statutes, section 41A.14, subdivision 1, clause (2); \$2,000,000 the first year and \$2,000,000 the second year are for grants to the Minnesota Agriculture Education Leadership Council to enhance agricultural education with priority given to Farm Business Management challenge grants; \$350,000 the first year and \$350,000 the second year are for potato breeding; and \$450,000 the first year and \$450,000 the second year are for the cultivated wild rice breeding project at the North Central Research and Outreach Center to include a tenure track/research associate plant breeder. The commissioner shall transfer the remaining funds in this appropriation each year to the Board of Regents of the University of Minnesota for purposes of Minnesota Statutes, section 41A.14. Of the amount transferred to the Board of Regents, up to \$2,500,000 each year is for research on avian influenza, African swine fever, and chronic wasting disease.

To the extent practicable, money expended under Minnesota Statutes, section 41A.14, subdivision 1, clauses (1) and (2), must supplement and not supplant existing sources and levels of funding. The commissioner may use up to one percent of this appropriation for costs incurred to administer the program.

(b) \$14,275,000 the first year and \$14,275,000 the second year are for the agricultural growth, research, and innovation program in Minnesota Statutes, section 41A.12. Except as provided below, the commissioner may allocate the appropriation each year among the following areas: facilitating the start-up, modernization, improvement, or expansion of livestock operations including beginning and transitioning livestock operations; providing funding not to exceed \$450,000 each year to develop and enhance farm-to-school markets for Minnesota farmers by providing more fruits, vegetables, meat, grain, and dairy for Minnesota children in school and child care settings including by reimbursing schools for purchases from local farmers; assisting value-added agricultural businesses to begin or expand, access new markets, or diversify; providing funding not to exceed \$350,000 each year for urban youth agricultural education or urban agriculture community development; providing funding not to exceed \$350,000 each year for the good food access program under Minnesota Statutes, section 17.1017; facilitating the start-up, modernization, or expansion of other beginning and transitioning farms including by providing loans under Minnesota Statutes, section 41B.056; sustainable agriculture on-farm research and demonstration;

development or expansion of food hubs and other alternative community-based food distribution systems; enhancing renewable energy infrastructure and use; crop research; Farm Business Management tuition assistance; and good agricultural practices/good handling practices certification assistance. The commissioner may use up to 6.5 percent of this appropriation for costs incurred to administer the program.

Of the amount appropriated for the agricultural growth, research, and innovation program in Minnesota Statutes, section 41A.12:

(1) \$1,000,000 the first year and \$1,000,000 the second year are for distribution in equal amounts to each of the state's county fairs to preserve and promote Minnesota agriculture; and

(2) \$1,500,000 the first year and \$1,500,000 the second year are for incentive payments under Minnesota Statutes, sections 41A.16, 41A.17, and 41A.18. Notwithstanding Minnesota Statutes, section 16A.28, the first year appropriation is available until June 30, 2021, and the second year appropriation is available until June 30, 2022. If this appropriation exceeds the total amount for which all producers are eligible in a fiscal year, the balance of the appropriation is available for the agricultural growth, research, and innovation program.

The commissioner may use up to \$2,000,000 per year of the funds appropriated under this subdivision to award value-added agriculture grants of between \$200,000 and \$1,000,000 per grant for new or expanding agricultural production, aquaponics, or processing facilities that provide significant economic impact to the region.

Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available for the second year and appropriations encumbered under contract on or before June 30, 2021, for agricultural growth, research, and innovation grants are available until June 30, 2024.

(c) \$325,000 the first year is for grants to motor fuel wholesalers and retail motor fueling station operators to install the equipment necessary to store or dispense biofuels to the public to meet the biofuel requirement goals established under Minnesota Statutes, section 239.7911. Motor fuel wholesalers are eligible for grant money under this paragraph for up to two storage sites if each site is located in Minnesota and stores, or uses tank systems to blend, motor fuel comprised of at least 15 percent agriculturally derived, denatured ethanol by volume. A retail motor fueling station operator is eligible for grant money under this paragraph for up to and including 15 retail motor fuel dispensing sites if each site is located in Minnesota and the grant money under this paragraph is used to modify or install storage and dispensing components that

dispense gasoline blended with at least 15 percent of agriculturally derived, denatured ethanol by volume for use in spark ignition engines. A grant award under this paragraph must not exceed 90 percent of the cost of the installation project. The commissioner must coordinate with stakeholders to establish grant criteria and distribute grants in a manner to more fully attain the requirements in Minnesota Statutes, section 239.7911. Of this appropriation, up to \$50,000 is for grants to create greater awareness among motorists of the availability of motor fuel comprised of 15 percent agriculturally derived, denatured ethanol by volume for use in spark ignition engines. Notwithstanding Minnesota Statutes, section 16A.28, the appropriation in this paragraph is available until June 30, 2023. The commissioner must report to the legislative committees and divisions with jurisdiction over agriculture policy and finance by February 1 of each year in which funds are available, detailing the number of grants awarded and the projected effect of the grant program on meeting the biofuel replacement goals under Minnesota Statutes, section 239.7911.

Subd. 5. Administration and Financial Assistance

7,684,000

7,519,000

(a) \$25,000 the first year and \$25,000 the second year are for grants to the Southern Minnesota Initiative Foundation to promote local foods through an annual event that raises public awareness of local foods and connects local food producers and processors with potential buyers.

(b) \$75,000 the first year is for a grant to Greater Mankato Growth, Inc. for assistance to agricultural-related businesses to promote jobs, innovation, and synergy development.

(c) \$25,000 the first year and \$25,000 the second year are for grants to a nonprofit organization to provide a legal assistance hotline for farmers. These are onetime appropriations.

(d) \$474,000 the first year and \$474,000 the second year are for payments to county and district agricultural societies and associations under Minnesota Statutes, section 38.02, subdivision 1. Aid payments to county and district agricultural societies and associations shall be disbursed no later than July 15 of each year. These payments are the amount of aid from the state for an annual fair held in the previous calendar year.

(e) \$1,000 the first year and \$1,000 the second year are for grants to the Minnesota State Poultry Association.

(f) \$18,000 the first year and \$18,000 the second year are for grants to the Minnesota Livestock Breeders Association.

(g) \$47,000 the first year and \$47,000 the second year are for the Northern Crops Institute. These appropriations may be spent to purchase equipment.

(h) \$267,000 the first year and \$267,000 the second year are for farm advocate services.

(i) \$17,000 the first year and \$17,000 the second year are for grants to the Minnesota Horticultural Society.

(j) \$250,000 the first year and \$250,000 the second year are for transfer to the Board of Trustees of the Minnesota State Colleges and Universities for statewide mental health counseling support to farm families and business operators through the Minnesota State Agricultural Centers of Excellence. South Central College and Central Lakes College shall serve as the fiscal agents.

(k) \$1,700,000 the first year and \$1,700,000 the second year are for grants to Second Harvest Heartland on behalf of Minnesota's six Feeding America food banks for the following:

(1) to purchase milk for distribution to Minnesota's food shelves and other charitable organizations that are eligible to receive food from the food banks. Milk purchased under the grants must be acquired from Minnesota milk processors and based on low-cost bids. The milk must be allocated to each Feeding America food bank serving Minnesota according to the formula used in the distribution of United States Department of Agriculture commodities under The Emergency Food Assistance Program. Second Harvest Heartland may enter into contracts or agreements with food banks for shared funding or reimbursement of the direct purchase of milk. Each food bank that receives funding under this clause may use up to two percent for administrative expenses; and

(2) to compensate agricultural producers and processors for costs incurred to harvest and package for transfer surplus fruits, vegetables, and other agricultural commodities that would otherwise go unharvested, be discarded, or sold in a secondary market. Surplus commodities must be distributed statewide to food shelves and other charitable organizations that are eligible to receive food from the food banks. Surplus food acquired under this clause must be from Minnesota producers and processors. Second Harvest Heartland may use up to 15 percent of each grant awarded under this clause to match administrative and transportation expenses.

Of the amount appropriated under this paragraph, at least \$600,000 each year must be allocated under clause (1). Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance the first year does not cancel and is available in the second year. Second Harvest Heartland must submit quarterly reports to the

commissioner in the form prescribed by the commissioner. The reports must include but are not limited to information on the expenditure of funds, the amount of milk or other commodities purchased, and the organizations to which this food was distributed. The base for this appropriation is \$1,650,000 in fiscal year 2022 and \$1,650,000 in fiscal year 2023.

(l) \$200,000 the first year and \$150,000 the second year are for grants to the Center for Rural Policy and Development. \$50,000 the first year is for the study required under section 24 and notwithstanding Minnesota Statutes, section 16A.28, is available until June 30, 2021.

(m) \$275,000 the first year and \$235,000 the second year are for grants to the Minnesota Agricultural Education and Leadership Council for programs of the council under Minnesota Statutes, chapter 41D. Of the first year appropriation, \$40,000 is to facilitate development of a farm transitions curriculum. Notwithstanding Minnesota Statutes, section 16A.28, the first year appropriation is available until June 30, 2021.

Sec. 3. **BOARD OF ANIMAL HEALTH**

\$5,757,000

\$6,077,000

(a) \$30,000 the first year and \$350,000 the second year are to improve oversight of farmed Cervidae.

(b) \$250,000 the first year and \$250,000 the second year are for agricultural emergency preparedness and response.

(c) \$6,000 the first year and \$6,000 the second year are from the Cervidae inspection account in the special revenue fund to develop electronic forms to better track farmed Cervidae movement and record keeping. These are onetime appropriations.

Sec. 4. **AGRICULTURAL UTILIZATION RESEARCH INSTITUTE**

\$3,897,000

\$3,900,000

\$104,000 the first year and \$107,000 the second year are to maintain the current level of service delivery.

Sec. 5. Minnesota Statutes 2018, section 17.118, subdivision 2, is amended to read:

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

(b) "Livestock" means beef cattle, dairy cattle, swine, poultry, goats, mules, farmed Cervidae, Ratitae, bison, sheep, horses, and llamas.

(c) "Qualifying expenditures" means the amount spent for:

(1) the acquisition, construction, or improvement of buildings or facilities for the production of livestock or livestock products;

(2) the development of pasture for use by livestock including, but not limited to, the acquisition, development, or improvement of:

- (i) lanes used by livestock that connect pastures to a central location;
- (ii) watering systems for livestock on pasture including water lines, booster pumps, and well installations;
- (iii) livestock stream crossing stabilization; and
- (iv) fences; or

(3) the acquisition of equipment for livestock housing, confinement, feeding, and waste management including, but not limited to, the following:

- (i) freestall barns;
- (ii) watering facilities;
- (iii) feed storage and handling equipment;
- (iv) milking parlors;
- (v) robotic equipment;
- (vi) scales;
- (vii) milk storage and cooling facilities;
- (viii) bulk tanks;
- (ix) computer hardware and software and associated equipment used to monitor the productivity and feeding of livestock;
- (x) manure pumping and storage facilities;
- (xi) swine farrowing facilities;
- (xii) swine and cattle finishing barns;
- (xiii) calving facilities;
- (xiv) digesters;
- (xv) equipment used to produce energy;
- (xvi) on-farm processing facilities equipment;

(xvii) fences, including but not limited to farmed Cervidae perimeter fences required under section 35.155, subdivision 4; and

(xviii) livestock pens and corrals and sorting, restraining, and loading chutes.

Except for qualifying pasture development expenditures under clause (2), qualifying expenditures only include amounts that are allowed to be capitalized and deducted under either section 167 or 179 of the Internal Revenue Code in computing federal taxable income. Qualifying expenditures do not include an amount paid to refinance existing debt.

Sec. 6. Minnesota Statutes 2018, section 18B.07, subdivision 2, is amended to read:

Subd. 2. **Prohibited pesticide use.** (a) A person may not use, store, handle, distribute, or dispose of a pesticide, rinsate, pesticide container, or pesticide application equipment in a manner:

- (1) that is inconsistent with a label or labeling as defined by FIFRA;
- (2) that endangers humans, damages agricultural products, food, livestock, fish, or wildlife; or
- (3) that will cause unreasonable adverse effects on the environment.

(b) A person may not direct a pesticide onto property beyond the boundaries of the target site. A person may not apply a pesticide resulting in damage to adjacent property. A person who applies a pesticide resulting in damage to adjacent property that is part of the state outdoor recreation system is subject to enhanced monetary penalties as provided in section 18D.40.

(c) A person may not directly apply a pesticide on a human by overspray or target site spray, except when:

- (1) the pesticide is intended for use on a human;
- (2) the pesticide application is for mosquito control operations;
- (3) the pesticide application is for control of gypsy moth, forest tent caterpillar, or other pest species, as determined by the commissioner, and the pesticide used is a biological agent; or
- (4) the pesticide application is for a public health risk, as determined by the commissioner of health, and the commissioner of health, in consultation with the commissioner of agriculture, determines that the application is warranted based on the commissioner's balancing of the public health risk with the risk that the pesticide application poses to the health of the general population, with special attention to the health of children.

(d) For pesticide applications under paragraph (c), clause (2), the following conditions apply:

- (1) no practicable and effective alternative method of control exists;
- (2) the pesticide is among the least toxic available for control of the target pest; and
- (3) notification to residents in the area to be treated is provided at least 24 hours before application through direct notification, posting daily on the treating organization's website, if any, and by sending a broadcast e-mail to those persons who request notification of such, of those areas to be treated by adult mosquito control techniques during the next calendar day. For control operations related to human disease, notice under this paragraph may be given less than 24 hours in advance.

(e) For pesticide applications under paragraph (c), clauses (3) and (4), the following conditions apply:

(1) no practicable and effective alternative method of control exists;

(2) the pesticide is among the least toxic available for control of the target pest; and

(3) notification of residents in the area to be treated is provided by direct notification and through publication in a newspaper of general circulation within the affected area.

(f) For purposes of this subdivision, "direct notification" may include mailings, public meetings, posted placards, neighborhood newsletters, or other means of contact designed to reach as many residents as possible. Public meetings held to meet this requirement for adult mosquito control, under paragraph (d), must be held within each city or town where the pesticide treatments are to be made, at a time and location that is convenient for residents of the area where the treatments will occur.

(g) A person may not apply a pesticide in a manner so as to expose a worker in an immediately adjacent, open field.

(h) Notwithstanding that the application is done in a manner consistent with the label or labeling, it is a violation of this chapter to directly apply a pesticide to a site where an application has not been: (1) requested, ordered, contracted for, or permitted; or (2) performed pursuant to paragraph (c), clause (2), (3), or (4).

Sec. 7. Minnesota Statutes 2018, section 18B.34, subdivision 5, is amended to read:

Subd. 5. **Fees.** (a) Except as provided under paragraph (b), a person initially applying for or renewing a noncommercial applicator license must pay a nonrefundable application fee of \$50, ~~except an applicant who is a government or Conservation Corps Minnesota employee who uses pesticides in the course of performing official duties must pay a nonrefundable application fee of \$10.~~

(b) A government employee, a contractor providing rest area custodial services for the commissioner of transportation, or a Conservation Corps Minnesota employee is eligible for a reduced fee of \$10 if the employee or contractor uses pesticides in the course of performing official duties.

~~(b)~~ (c) A license renewal application received after March 1 in the year for which the license is to be issued is subject to a penalty fee of 50 percent of the application fee. The penalty fee must be paid before the renewal license may be issued.

~~(c)~~ (d) An application for a duplicate noncommercial applicator license must be accompanied by a nonrefundable application fee of \$10.

Sec. 8. Minnesota Statutes 2018, section 18C.425, subdivision 6, is amended to read:

Subd. 6. **Payment of inspection fee.** (a) The person who registers and distributes in the state a specialty fertilizer, soil amendment, or plant amendment under section 18C.411 shall pay the inspection fee to the commissioner.

(b) The person licensed under section 18C.415 who distributes a fertilizer to a person not required to be so licensed shall pay the inspection fee to the commissioner, except as exempted under section 18C.421, subdivision 1, paragraph (b).

(c) The person responsible for payment of the inspection fees for fertilizers, soil amendments, or plant amendments sold and used in this state must pay an inspection fee of 39 cents per ton, and until June 30, ~~2019~~ 2024, an additional 40 cents per ton, of fertilizer, soil amendment, and plant amendment sold or distributed in this state, with a minimum of \$10 on all tonnage reports. Notwithstanding section 18C.131, the commissioner must deposit all revenue from the additional 40 cents per ton fee in the agricultural fertilizer research and education account in section 18C.80. Products sold or distributed to manufacturers or exchanged between them are exempt from the inspection fee imposed by this subdivision if the products are used exclusively for manufacturing purposes.

(d) A registrant or licensee must retain invoices showing proof of fertilizer, plant amendment, or soil amendment distribution amounts and inspection fees paid for a period of three years.

Sec. 9. Minnesota Statutes 2018, section 18C.70, subdivision 5, is amended to read:

Subd. 5. **Expiration.** This section expires June 30, ~~2020~~ 2025.

Sec. 10. Minnesota Statutes 2018, section 18C.71, subdivision 1, is amended to read:

Subdivision 1. **Eligible projects.** Eligible project activities include research, education, and technology transfer related to the production and application of fertilizer, soil amendments, and other plant amendments. Chosen projects must contain a component of outreach that achieves a timely dissemination of findings and their applicability to the production agricultural community or metropolitan fertilizer users.

Sec. 11. Minnesota Statutes 2018, section 18C.71, subdivision 2, is amended to read:

Subd. 2. **Awarding grants.** Applications for program grants must be submitted in the form prescribed by the Minnesota Agricultural Fertilizer Research and Education Council. Applications must be submitted on or before the deadline prescribed by the council. All applications are subject to a thorough in-state review by a peer committee established and approved by the council. Each project meeting the basic qualifications is subject to a yes or no vote by each council member. Projects chosen to receive funding must achieve an affirmative vote from at least eight of the 12 council members or two-thirds of voting members present. Projects awarded program funds must submit an annual progress report in the form prescribed by the council. Up to ten percent of the grant dollars awarded each cycle may be for projects that concern fertilizer use in metropolitan areas.

Sec. 12. Minnesota Statutes 2018, section 18C.71, subdivision 4, is amended to read:

Subd. 4. **Expiration.** This section expires June 30, ~~2020~~ 2025.

Sec. 13. Minnesota Statutes 2018, section 18C.80, subdivision 2, is amended to read:

Subd. 2. **Expiration.** This section expires June 30, ~~2020~~ 2025.

Sec. 14. **[18D.40] ENHANCED PENALTIES; OUTDOOR RECREATION LANDS.**

Notwithstanding limitations placed on administrative or civil penalty amounts under sections 18D.315 and 18D.325, a person who applies a pesticide resulting in damage to adjacent property that is part of the state outdoor recreation system is subject to a monetary penalty equal to twice the amount that the commissioner would otherwise assess for a comparable violation.

Sec. 15. Minnesota Statutes 2018, section 18H.14, is amended to read:

18H.14 LABELING AND ADVERTISING OF NURSERY STOCK.

(a) Plants, plant materials, or nursery stock must not be labeled or advertised with false or misleading information including, but not limited to, scientific name, variety, place of origin, hardiness zone as defined by the United States Department of Agriculture, and growth habit.

(b) All nonhardy nursery stock as designated by the commissioner must be labeled correctly for hardiness or be labeled "nonhardy" in Minnesota.

(c) A person may not offer for distribution plants, plant materials, or nursery stock, represented by some specific or special form of notation, including, but not limited to, "free from" or "grown free of," unless the plants are produced under a specific program approved by the commissioner to address the specific plant properties addressed in the special notation claim.

(d) Nursery stock collected from the wild state must be inspected and certified prior to sale and at the time of sale must be labeled "Collected from the Wild." The label must remain on each plant or clump of plants while it is offered for sale and during the distribution process. The collected stock may be grown in nursery rows at least two years, after which the plants may be sold without the labeling required by this paragraph.

(e) A person ~~selling at retail or providing to an end user~~ may not label or advertise an annual plant, bedding plant, or other plant, plant material, or nursery stock as beneficial to pollinators if the annual plant, bedding plant, plant material, or nursery stock has:

~~(i)~~ been treated with and has a detectable level of a systemic insecticide that:

~~(i)~~ (1) has a pollinator protection box on the label; or

~~(ii)~~ (2) has a pollinator, bee, or honey bee precautionary statement in the environmental hazards section of the insecticide product label; and,

~~(2) a concentration in its flowers greater than the no-observed adverse effect level of a systemic insecticide.~~

The commissioner shall enforce this paragraph as provided in chapter 18J.

(f) For the purposes of paragraph (e):

~~(1)~~ "systemic insecticide" means an insecticide that is both absorbed by the plant and translocated through the plant's vascular system; and,

~~(2)~~ "no-observed adverse effect level" means the level established by the United States Environmental Protection Agency for acute oral toxicity for adult honeybees.

Sec. 16. Minnesota Statutes 2018, section 18K.02, subdivision 3, is amended to read:

Subd. 3. **Industrial hemp.** "Industrial hemp" means the plant *Cannabis sativa* L. and any part of the plant, whether growing or not, including the plant's seeds, and all the plant's derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis. Industrial hemp is not marijuana as defined in section 152.01, subdivision 9.

Sec. 17. Minnesota Statutes 2018, section 18K.03, is amended to read:

18K.03 AGRICULTURAL CROP; POSSESSION AUTHORIZED.

Industrial hemp is an agricultural crop in this state. A person may possess, transport, process, sell, or buy industrial hemp that is grown pursuant to this chapter or lawfully grown in another state.

Sec. 18. Minnesota Statutes 2018, section 28A.16, is amended to read:

28A.16 PERSONS SELLING LIQUOR.

(a) The provisions of the Minnesota consolidated food licensing law, sections 28A.01 to 28A.16 and acts amendatory thereto, shall not apply to persons licensed to sell 3.2 percent malt liquor "on-sale" as provided in section 340A.403, or to persons licensed to sell intoxicating liquors "on-sale" or "off-sale" as provided in sections 340A.404 to 340A.407, provided that these persons sell only ice manufactured and packaged by another, or bottled or canned soft drinks and prepacked candy at retail.

(b) When an exclusive liquor store is not exempt under paragraph (a), the commissioner must exclude all gross sales of off-sale alcoholic beverages when determining the applicable license fee under section 28A.08, subdivision 3. For purposes of this paragraph, "exclusive liquor store" and "alcoholic beverage" have the meanings given in section 340A.101.

Sec. 19. Laws 2015, First Special Session chapter 4, article 1, section 2, subdivision 4, as amended by Laws 2016, chapter 184, section 11, Laws 2016, chapter 189, article 2, section 26, and Laws 2017, chapter 88, article 1, section 5, is amended to read:

Subd. 4. Agriculture, Bioenergy, and Bioproduct Advancement	14,993,000	18,316,000
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\$4,483,000 the first year and \$8,500,000 the second year are for transfer to the agriculture research, education, extension, and technology transfer account under Minnesota Statutes, section 41A.14, subdivision 3. The transfer in this paragraph includes money for plant breeders at the University of Minnesota for wild rice, potatoes, and grapes. Of these amounts, at least \$600,000 each year is for the Minnesota Agricultural Experiment Station's Agriculture Rapid Response Fund under Minnesota Statutes, section 41A.14, subdivision 1, clause (2). Of the amount appropriated in this paragraph, \$1,000,000 each year is for transfer to the Board of Regents of the University of Minnesota for research to determine (1) what is causing avian influenza, (2) why some fowl are more susceptible, and (3) prevention measures that can be taken. Of the amount appropriated in this paragraph, \$2,000,000 each year is for grants to the Minnesota Agriculture Education Leadership Council to enhance agricultural education with priority given to Farm Business Management challenge grants. The commissioner shall transfer the remaining grant funds in this appropriation each year to the Board of Regents of the University of Minnesota for purposes of Minnesota Statutes, section 41A.14.

To the extent practicable, funds expended under Minnesota Statutes, section 41A.14, subdivision 1, clauses (1) and (2), must supplement and not supplant existing sources and levels of funding. The commissioner may use up to 4.5 percent of this appropriation for costs incurred to administer the program. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

\$10,235,000 the first year and \$9,541,000 the second year are for the agricultural growth, research, and innovation program in Minnesota Statutes, section 41A.12. No later than February 1, 2016, and February 1, 2017, the commissioner must report to the legislative committees with jurisdiction over agriculture policy and finance regarding the commissioner's accomplishments and anticipated accomplishments in the following areas: facilitating the start-up, modernization, or expansion of livestock operations including beginning and transitioning livestock operations; developing new markets for Minnesota farmers by providing more fruits, vegetables, meat, grain, and dairy for Minnesota school children; assisting value-added agricultural businesses to begin or expand, access new markets, or diversify products; developing urban agriculture; facilitating the start-up, modernization, or expansion of other beginning and transitioning farms including loans under Minnesota Statutes, section 41B.056; sustainable agriculture on farm research and demonstration; development or expansion of food hubs and other alternative community-based food distribution systems; incentive payments under Minnesota Statutes, sections 41A.16, 41A.17, and 41A.18; and research on bioenergy, biobased content, or biobased formulated products and other renewable energy development. The commissioner may use up to 4.5 percent of this appropriation for costs incurred to administer the program. Any unencumbered balance does not cancel at the end of the first year and is available for the second year. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2017, for agricultural growth, research, and innovation grants are available until June 30, ~~2019~~ 2020.

The commissioner may use funds appropriated for the agricultural growth, research, and innovation program as provided in this paragraph. The commissioner may award grants to owners of Minnesota facilities producing bioenergy, biobased content, or a biobased formulated product; to organizations that provide for on-station, on-farm field scale research and outreach to develop and test the agronomic and economic requirements of diverse strands of prairie plants and other perennials for bioenergy systems; or to certain nongovernmental entities. For the purposes of this paragraph, "bioenergy" includes transportation fuels derived from cellulosic material, as well as the generation of energy for commercial heat, industrial process heat, or electrical power from cellulosic materials via gasification or other processes. Grants are

limited to 50 percent of the cost of research, technical assistance, or equipment related to bioenergy, biobased content, or biobased formulated product production or \$500,000, whichever is less. Grants to nongovernmental entities for the development of business plans and structures related to community ownership of eligible bioenergy facilities together may not exceed \$150,000. The commissioner shall make a good-faith effort to select projects that have merit and, when taken together, represent a variety of bioenergy technologies, biomass feedstocks, and geographic regions of the state. Projects must have a qualified engineer provide certification on the technology and fuel source. Grantees must provide reports at the request of the commissioner.

Of the amount appropriated for the agricultural growth, research, and innovation program in this subdivision, \$1,000,000 the first year and \$1,000,000 the second year are for distribution in equal amounts to each of the state's county fairs to preserve and promote Minnesota agriculture.

Of the amount appropriated for the agricultural growth, research, and innovation program in this subdivision, \$500,000 in fiscal year 2016 and \$806,000 in fiscal year 2017 are for incentive payments under Minnesota Statutes, sections 41A.16, 41A.17, and 41A.18. If the appropriation exceeds the total amount for which all producers are eligible in a fiscal year, the balance of the appropriation is available to the commissioner for the agricultural growth, research, and innovation program. Notwithstanding Minnesota Statutes, section 16A.28, the first year appropriation is available until June 30, 2017, and the second year appropriation is available until June 30, 2018. The commissioner may use up to 4.5 percent of the appropriation for administration of the incentive payment programs.

Of the amount appropriated for the agricultural growth, research, and innovation program in this subdivision, \$250,000 the first year is for grants to communities to develop or expand food hubs and other alternative community-based food distribution systems. Of this amount, \$50,000 is for the commissioner to consult with existing food hubs, alternative community-based food distribution systems, and University of Minnesota Extension to identify best practices for use by other Minnesota communities. No later than December 15, 2015, the commissioner must report to the legislative committees with jurisdiction over agriculture and health regarding the status of emerging alternative community-based food distribution systems in the state along with recommendations to eliminate any barriers to success. Any unencumbered balance does not cancel at the end of the first year and is available for the second year. This is a onetime appropriation.

\$250,000 the first year and \$250,000 the second year are for grants that enable retail petroleum dispensers to dispense biofuels to the public in accordance with the biofuel replacement goals established under Minnesota Statutes, section 239.7911. A retail petroleum dispenser selling petroleum for use in spark ignition engines for vehicle model years after 2000 is eligible for grant money under this paragraph if the retail petroleum dispenser has no more than 15 retail petroleum dispensing sites and each site is located in Minnesota. The grant money received under this paragraph must be used for the installation of appropriate technology that uses fuel dispensing equipment appropriate for at least one fuel dispensing site to dispense gasoline that is blended with 15 percent of agriculturally derived, denatured ethanol, by volume, and appropriate technical assistance related to the installation. A grant award must not exceed 85 percent of the cost of the technical assistance and appropriate technology, including remetering of and retrofits for retail petroleum dispensers and replacement of petroleum dispenser projects. The commissioner may use up to \$35,000 of this appropriation for administrative expenses. The commissioner shall cooperate with biofuel stakeholders in the implementation of the grant program. The commissioner must report to the legislative committees with jurisdiction over agriculture policy and finance by February 1 each year, detailing the number of grants awarded under this paragraph and the projected effect of the grant program on meeting the biofuel replacement goals under Minnesota Statutes, section 239.7911. These are onetime appropriations.

\$25,000 the first year and \$25,000 the second year are for grants to the Southern Minnesota Initiative Foundation to promote local foods through an annual event that raises public awareness of local foods and connects local food producers and processors with potential buyers.

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

Sec. 20. Laws 2017, chapter 88, article 1, section 2, subdivision 2, is amended to read:

Subd. 2. Protection Services	17,821,000	17,825,000
Appropriations by Fund		
	2018	2019
General	17,428,000	17,428,000
Remediation	393,000	397,000

(a) \$25,000 the first year and \$25,000 the second year are to develop and maintain cottage food license exemption outreach and training materials.

(b) \$75,000 the first year and \$75,000 the second year are to coordinate the correctional facility vocational training program and to assist entities that have explored the feasibility of establishing a USDA-certified or state "equal to" food processing facility within 30 miles of the Northeast Regional Corrections Center.

(c) \$125,000 the first year and \$125,000 the second year are for additional funding for the noxious weed and invasive plant program. These are onetime appropriations.

(d) \$250,000 the first year and \$250,000 the second year are for transfer to the pollinator habitat and research account in the agricultural fund. These are onetime transfers.

(e) \$393,000 the first year and \$397,000 the second year are from the remediation fund for administrative funding for the voluntary cleanup program.

(f) \$200,000 the first year and \$200,000 the second year are for the industrial hemp pilot program under Minnesota Statutes, section 18K.09. These are onetime appropriations.

(g) \$175,000 the first year and \$175,000 the second year are for compensation for destroyed or crippled livestock under Minnesota Statutes, section 3.737. This appropriation may be spent to compensate for livestock that were destroyed or crippled during fiscal year 2017. If the amount in the first year is insufficient, the amount in the second year is available in the first year. The commissioner may use up to \$5,000 of this appropriation the second year to reimburse expenses incurred by university extension educators to provide fair market values of destroyed or crippled livestock.

(h) \$155,000 the first year and \$155,000 the second year are for compensation for crop damage under Minnesota Statutes, section 3.7371. If the amount in the first year is insufficient, the amount in the second year is available in the first year. The commissioner may use up to \$30,000 of the appropriation each year to reimburse expenses incurred by the commissioner or the commissioner's approved agent to investigate and resolve claims.

If the commissioner determines that claims made under Minnesota Statutes, section 3.737 or 3.7371, are unusually high, amounts appropriated for either program may be transferred to the appropriation for the other program.

(i) \$250,000 the first year and \$250,000 the second year are to expand current capabilities for rapid detection, identification, containment, control, and management of high priority plant pests and pathogens. These are onetime appropriations.

(j) \$300,000 the first year and \$300,000 the second year are for transfer to the noxious weed and invasive plant species assistance account in the agricultural fund to award grants to local units of government under Minnesota Statutes, section 18.90, with preference given to local units of government responding to Palmer amaranth or other weeds on the eradicate list. These are onetime transfers.

(k) \$120,000 the first year and \$120,000 the second year are for wolf-livestock conflict prevention grants under article 2, section 89. The commissioner must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture policy and finance by January 15, 2020, on the outcomes of the wolf-livestock conflict prevention grants and whether livestock compensation claims were reduced in the areas that grants were awarded. These are onetime appropriations.

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

Sec. 21. Laws 2017, chapter 88, article 1, section 2, subdivision 4, is amended to read:

Subd. 4. Agriculture, Bioenergy, and Bioproduct Advancement	22,581,000	22,636,000
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(a) \$9,300,000 the first year and \$9,300,000 the second year are for transfer to the agriculture research, education, extension, and technology transfer account under Minnesota Statutes, section 41A.14, subdivision 3. Of these amounts: at least \$600,000 the first year and \$600,000 the second year are for the Minnesota Agricultural Experiment Station's agriculture rapid response fund under Minnesota Statutes, section 41A.14, subdivision 1, clause (2); \$2,000,000 the first year and \$2,000,000 the second year are for grants to the Minnesota Agriculture Education Leadership Council to enhance agricultural education with priority given to Farm Business Management challenge grants; \$350,000 the first year and \$350,000 the second year are for potato breeding; and \$450,000 the first year and \$450,000 the second year are for the cultivated wild rice breeding project at the North Central Research and Outreach Center to include a tenure track/research associate plant breeder. The commissioner shall transfer the remaining funds in this appropriation each year to the Board of Regents of the University of Minnesota for purposes of Minnesota Statutes, section 41A.14. Of the amount transferred to the Board of Regents, up to \$1,000,000 each year is for research on avian influenza, including prevention measures that can be taken.

To the extent practicable, funds expended under Minnesota Statutes, section 41A.14, subdivision 1, clauses (1) and (2), must supplement and not supplant existing sources and levels of funding. The commissioner may use up to one percent of this appropriation for costs incurred to administer the program.

(b) \$13,256,000 the first year and \$13,311,000 the second year are for the agricultural growth, research, and innovation program in Minnesota Statutes, section 41A.12. Except as provided below, the commissioner may allocate the appropriation each year among the following areas: facilitating the start-up, modernization, or expansion of livestock operations including beginning and transitioning livestock operations; developing new markets for Minnesota farmers by providing more fruits, vegetables, meat, grain, and dairy for Minnesota school children; assisting value-added agricultural businesses to begin or expand, access new markets, or diversify; providing funding not to exceed \$250,000 each year for urban youth agricultural education or urban agriculture community development; providing funding not to exceed \$250,000 each year for the good food access program under Minnesota Statutes, section 17.1017; facilitating the start-up, modernization, or expansion of other beginning and transitioning farms including by providing loans under Minnesota Statutes, section 41B.056; sustainable agriculture on-farm research and demonstration; development or expansion of food hubs and other alternative community-based food distribution systems; enhancing renewable energy infrastructure and use; crop research; Farm Business Management tuition assistance; good agricultural practices/good handling practices certification assistance; establishing and supporting farmer-led water management councils; and implementing farmer-led water quality improvement practices. The commissioner may use up to 6.5 percent of this appropriation for costs incurred to administer the program.

Of the amount appropriated for the agricultural growth, research, and innovation program in Minnesota Statutes, section 41A.12:

(1) \$1,000,000 the first year and \$1,000,000 the second year are for distribution in equal amounts to each of the state's county fairs to preserve and promote Minnesota agriculture; and

(2) \$1,500,000 the first year and \$1,500,000 the second year are for incentive payments under Minnesota Statutes, sections 41A.16, 41A.17, and 41A.18. Notwithstanding Minnesota Statutes, section 16A.28, the first year appropriation is available until June 30, 2019, and the second year appropriation is available until June 30, 2020. If this appropriation exceeds the total amount for which all producers are eligible in a fiscal year, the balance of the appropriation is available for the agricultural growth, research, and innovation program.

The commissioner may use funds appropriated under this subdivision to award up to two value-added agriculture grants per year of up to \$1,000,000 per grant for new or expanding agricultural production or processing facilities that provide significant economic impact to the region. The commissioner may use funds appropriated under this subdivision for additional value-added agriculture grants for awards between \$1,000 and \$200,000 per grant.

Appropriations in clauses (1) and (2) are onetime. Any unencumbered balance does not cancel at the end of the first year and is available for the second year. Notwithstanding Minnesota Statutes, section 16A.28, appropriations encumbered under contract on or before June 30, 2019, for agricultural growth, research, and innovation grants are available until June 30, ~~2021~~ 2022.

The base budget for the agricultural growth, research, and innovation program is \$14,275,000 for fiscal years 2020 and 2021 and includes funding for incentive payments under Minnesota Statutes, sections 41A.16, 41A.17, 41A.18, and 41A.20.

The commissioner must develop additional innovative production incentive programs to be funded by the agricultural growth, research, and innovation program.

The commissioner must consult with the commissioner of transportation, the commissioner of administration, and local units of government to identify parcels of publicly owned land that are suitable for urban agriculture.

(c) \$25,000 the first year and \$25,000 the second year are for grants to the Southern Minnesota Initiative Foundation to promote local foods through an annual event that raises public awareness of local foods and connects local food producers and processors with potential buyers.

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

Sec. 22. **INDUSTRIAL HEMP; REPORT.**

(a) The commissioner of agriculture must submit a plan to the secretary of the United States Department of Agriculture and request primary regulatory authority over the production of industrial hemp in this state, as provided under section 10113 of the Agriculture Improvement Act of 2018.

(b) The commissioner of agriculture, in consultation with the commissioners of public safety and health, must develop a framework for regulating the possession and use of tetrahydrocannabinol resulting from industrial hemp processing, including but not limited to the extraction of cannabidiol or other components. No later than February 15, 2020, the commissioner of agriculture must submit the proposed framework to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture, public safety, and health.

Sec. 23. **REPORT REQUIRED; BEGINNING FARMERS.**

No later than February 1, 2020, the commissioner of agriculture must report recommendations to the legislative committees and divisions with jurisdiction over agriculture finance regarding how best to cultivate and support beginning farmers, with priority given to beginning farmers who are women, veterans, persons with disabilities, American Indian or Alaskan Native, and members of communities of color. When preparing this report, the commissioner must consult the commissioners of labor and industry and employment and economic development and consider development of a next generation farmer internship program.

Sec. 24. **REPORT REQUIRED; COMMUNITY SOLAR.**

(a) The Center for Rural Policy and Development must study the economic benefits to farmers and the local farm economy of community solar gardens. The study must analyze to what extent:

(1) revenue generated by community solar garden leases has a measurable economic benefit for farmers and the local farm economy;

(2) activity related to community solar garden construction, operation, and maintenance, and the associated private investment to upgrade the utility's local distribution infrastructure, has a measurable economic benefit for the local farm economy;

(3) community solar gardens provide an economic benefit, helping farmers obtain financing for farm operations and decreasing the number of farm foreclosures;

(4) community solar gardens provide economic benefits for land conservation, habitat, and soil health; and

(5) community solar gardens impact the value of adjacent properties.

(b) No later than January 15, 2021, the Center for Rural Policy and Development must submit the study and any policy recommendations to the legislative committees and divisions with jurisdiction over agriculture and energy.

ARTICLE 2
FARMED CERVIDAE

Section 1. Minnesota Statutes 2018, section 35.155, subdivision 4, is amended to read:

Subd. 4. **Fencing.** Farmed Cervidae must be confined in a manner designed to prevent escape. All perimeter fences for farmed Cervidae must be comprised of two or more rows of fencing, or one high tensile fence. All perimeter fences must be at least 96 inches in height and be constructed and maintained in a way that prevents the escape of farmed Cervidae or entry into the premises by free-roaming Cervidae. All entry areas for farmed Cervidae enclosure areas shall have two redundant gates, which must be maintained to prevent the escape of animals through an open gate. If a fence deficiency allows imminent entry or exit by farmed or free-roaming Cervidae, the owner must repair the deficiency within a reasonable period of time as determined by the board. If a fence deficiency is detected during an annual inspection under subdivision 7, the facility must be reinspected not less than two times in the subsequent six months. If the facility experiences more than two escape incidents in any 12-month period, the board may revoke the facility's registration and order the owner to remove or destroy the animals as directed by the board.

Sec. 2. Minnesota Statutes 2018, section 35.155, subdivision 6, is amended to read:

Subd. 6. **Identification.** (a) Farmed Cervidae must be identified by means approved by the Board of Animal Health. The identification must include a distinct number that has not been used during the previous three years and must be visible to the naked eye during daylight under normal conditions at a distance of 50 yards. Newborn animals must be identified before December 31 of the year in which the animal is born within 24 hours of birth or before movement from the premises, whichever occurs first. As coordinated by the board, the commissioner of natural resources may destroy any animal that is not identified as required under this subdivision.

(b) The Board of Animal Health shall register farmed Cervidae. The owner must submit the registration request on forms provided by the board. The forms must include sales receipts or other documentation of the origin of the Cervidae. The board shall provide copies of the registration information to the commissioner of natural resources upon request. The owner must keep written records of the acquisition and disposition of registered farmed Cervidae.

Sec. 3. Minnesota Statutes 2018, section 35.155, subdivision 7, is amended to read:

Subd. 7. **Inspection.** (a) The commissioner of agriculture and the Board of Animal Health may inspect farmed Cervidae, farmed Cervidae facilities, and farmed Cervidae records. For each herd, the owner or owners must, on or before January 1, pay an annual inspection fee equal to \$10 for each cervid in the herd as reflected in the most recent inventory submitted to the Board of Animal Health, up to a maximum fee of \$100. The board shall coordinate inspections authorized under this paragraph.

(b) The Board of Animal Health shall annually inspect each farmed Cervidae facility. Upon request by the Board of Animal Health, the commissioner of agriculture shall assist the board with annual inspections required under this paragraph. The annual inspection shall include a physical inspection of all perimeter fencing around the facility and a viewing to ensure all animals are tagged. The owner of a farmed Cervidae facility must present to the regulatory agency conducting the annual inspection an accurate inventory of the owner's farmed Cervidae for review. During an annual inspection, the owner must present individual animals in a herd for a physical inventory, if required by the board.

(c) The commissioner of natural resources may inspect farmed Cervidae, farmed Cervidae facilities, and farmed Cervidae records with reasonable suspicion that laws protecting native wild animals have been violated and must notify the owner in writing at the time of the inspection of the reason for the inspection and must inform the owner in writing after the inspection of whether (1) the cause of the inspection was unfounded; or (2) there will be an ongoing investigation or continuing evaluation.

(d) If the owner of a farmed Cervidae facility does not repair fence deficiencies within the reasonable period of time determined by the board or is not otherwise in compliance with this section after an inspection and review of the owner's farmed Cervidae facility, the board may revoke the owner's registration and order the owner to remove or destroy the animals as directed by the board.

Sec. 4. Minnesota Statutes 2018, section 35.155, is amended by adding a subdivision to read:

Subd. 7a. **Fees.** For each herd, the owner must, on or before January 1, pay to the board an annual inspection fee of \$500 unless:

(1) the owner sells the ability to shoot animals in the herd, in which case the annual inspection fee is \$1,000; or

(2) the herd consists of more than one species, in which case the annual inspection fee is \$650.

Sec. 5. Minnesota Statutes 2018, section 35.155, subdivision 9, is amended to read:

Subd. 9. **Contested case hearing.** (a) A person raising farmed Cervidae that is aggrieved with any decision regarding the farmed Cervidae may request a contested case hearing under chapter 14.

(b) A person requesting a contested case hearing regarding a registration revocation under this section must make the request within 30 days of the revocation notice.

Sec. 6. Minnesota Statutes 2018, section 35.155, subdivision 10, is amended to read:

Subd. 10. **Mandatory registration.** (a) A person may not possess live Cervidae in Minnesota unless the person is registered with the Board of Animal Health and meets all the requirements for farmed Cervidae under this section. Cervidae possessed in violation of this subdivision may be seized and destroyed by the commissioner of natural resources.

(b) A person whose registration is revoked by the board is ineligible for future registration under this section.

(c) Effective July 1, 2019, to July 1, 2022, the board must not approve a new registration under this subdivision for possession of white-tailed deer. This paragraph does not prohibit a person holding a valid registration under this subdivision from selling or transferring their herd to a family member if the person has no history of violations under this section and the herd is free from chronic wasting disease.

Sec. 7. Minnesota Statutes 2018, section 35.155, subdivision 11, is amended to read:

Subd. 11. **Mandatory surveillance for chronic wasting disease; herd depopulation.** (a) An inventory for each farmed Cervidae herd must be verified by an accredited veterinarian and filed with the Board of Animal Health every 12 months.

(b) Movement of farmed Cervidae from any premises to another location must be reported to the Board of Animal Health within ~~14 days~~ 48 hours of the movement on forms approved by the Board of Animal Health. If an animal in a farmed Cervidae herd tests positive for chronic wasting disease, the board must alert each person registered under subdivision 7 as soon as practicable and farmed Cervidae must not be moved from any premises in this state for a minimum of 72 hours. The board must examine the movement of farmed Cervidae and other chronic wasting disease vectors related to farmed Cervidae both in and out of the premises where the infected herd was located and take reasonable action necessary to slow or prevent the spread of chronic wasting disease from the infected herd to other farmed or free-roaming Cervidae.

(c) All animals from farmed Cervidae herds that are over ~~46~~ 12 months of age that die or are slaughtered must be tested for chronic wasting disease.

(d) If an animal in a farmed Cervidae herd tests positive for chronic wasting disease, the entire herd must be euthanized and disposed of in a manner, and within a reasonable period of time, determined by the board in consultation with the commissioner of natural resources.

(e) The owner of a herd that euthanizes and disposes of the herd as required by paragraph (d) must:

(1) maintain the fencing required under subdivision 4;

(2) prevent any free-roaming or farmed Cervidae from accessing the former cervid pens and other areas that were accessible by the farmed Cervidae; and

(3) post the premises as directed by the board.

The requirements under this paragraph must be met for at least 60 months from the date depopulation is completed.

(f) Before signing an agreement to sell or transfer the property, the owner of a premises where chronic wasting disease is detected must disclose in writing to the buyer or transferee the date of depopulation and the requirements incumbent upon the premises and the buyer or transferee under paragraph (e).

Sec. 8. **REPORT REQUIRED.**

No later than February 1, 2020, the Board of Animal Health must report to the legislative committees and divisions with jurisdiction over agriculture policy and finance regarding the board's progress in implementing recommendations in the Office of the Legislative Auditor's April 2018 program evaluation report "Board of Animal Health's Oversight of Deer and Elk Farms."

ARTICLE 3
GRAIN BUYERS

Section 1. Minnesota Statutes 2018, section 223.16, subdivision 1, is amended to read:

Subdivision 1. **Applicability.** For the purpose of sections 223.15 to ~~223.22~~ 223.23, the terms defined in this section have the meanings given them.

Sec. 2. Minnesota Statutes 2018, section 223.16, subdivision 2a, is amended to read:

Subd. 2a. **Cash sale.** "Cash sale" means:

~~(a) a sale that is not reduced to writing as a voluntary extension of credit contract and for which payment is tendered to the seller not later than the close of business on the next business day after the sale, either in cash or by check, or by mailing or wiring funds to the seller's account in the amount of at least 80 percent of the value of the grain at delivery; or,~~

~~(b) a sale of a shipment of grain which is part of a multiple shipment sale, for which a scale ticket clearly marked "CASH" has been received by the seller before completion of the entire sale, and for which payment is tendered in cash or by check not later than ten days after the sale of that shipment, except that when the entire sale is completed, payment is tendered in cash or by check not later than the close of business on the next business day, or within 48 hours, whichever is later.~~

Sec. 3. Minnesota Statutes 2018, section 223.16, is amended by adding a subdivision to read:

Subd. 2b. **Cash.** "Cash" means currency or an equivalent manner of payment, including but not limited to a certified check, a cashier's check, or a postal, bank, or express money order in which the amount of payment is verified and secured prior to issuance.

Sec. 4. Minnesota Statutes 2018, section 223.16, is amended by adding a subdivision to read:

Subd. 2c. **Cash buyer.** "Cash buyer" means a person that purchases grain only with cash and in amounts of less than \$100,000 total annually.

Sec. 5. Minnesota Statutes 2018, section 223.16, subdivision 4, is amended to read:

Subd. 4. **Grain.** "Grain" means any cereal grain, coarse grain, or oilseed in unprocessed form for which a standard has been established by the United States Secretary of Agriculture ~~or the Minnesota Board of Grain Standards~~, dry edible beans, or other agricultural crops designated by the commissioner by rule.

Sec. 6. Minnesota Statutes 2018, section 223.17, subdivision 3, is amended to read:

Subd. 3. **Grain buyers and storage account; fees.** ~~(a) A grain buyer must pay to the commissioner shall set the fees for inspections under sections 223.15 to 223.22 at levels necessary to pay the expenses of administering and enforcing sections 223.15 to 223.22; an annual license fee as follows:~~

~~The fee for any license issued or renewed after June 30, 2005, shall be set according to the following schedule:~~

~~(a) (1) \$140 plus \$110 for each additional location for grain buyers whose gross annual purchases are less than \$100,000;~~

~~(b) (2) \$275 plus \$110 for each additional location for grain buyers whose gross annual purchases are at least \$100,000, but not more than \$750,000;~~

~~(c) (3) \$415 plus \$220 for each additional location for grain buyers whose gross annual purchases are more than \$750,000 but not more than \$1,500,000;~~

~~(d) (4) \$550 plus \$220 for each additional location for grain buyers whose gross annual purchases are more than \$1,500,000 but not more than \$3,000,000; and~~

~~(e) (5) \$700 plus \$220 for each additional location for grain buyers whose gross annual purchases are more than \$3,000,000.~~

(b) In addition to the license fee required under paragraph (a), a grain buyer must pay to the commissioner an annual examination fee for each licensed location, as follows:

<u>Bushel Capacity</u>	<u>Examination Fee</u>
<u>Examinations without a grain measure</u>	<u>\$100</u>
<u>Less than 150,001</u>	<u>\$300</u>
<u>150,001 to 250,000</u>	<u>\$425</u>
<u>250,001 to 500,000</u>	<u>\$545</u>
<u>500,001 to 750,000</u>	<u>\$700</u>
<u>750,001 to 1,000,000</u>	<u>\$865</u>
<u>1,000,001 to 1,200,000</u>	<u>\$1,040</u>
<u>1,200,001 to 1,500,000</u>	<u>\$1,205</u>
<u>1,500,001 to 2,000,000</u>	<u>\$1,380</u>
<u>More than 2,000,000</u>	<u>\$1,555</u>

The fee for any supplemental examination required by the commissioner under section 223.23 is \$55 per hour per examiner.

(c) A penalty amount not to exceed ten percent of the fees due may be imposed by the commissioner for each month for which the fees are delinquent.

(d) There is created the grain buyers and storage account in the agricultural fund. Money collected pursuant to sections 223.15 to ~~223.19~~ 223.23 shall be paid into the state treasury and credited to the grain buyers and storage account and. Money in the account, including interest, is appropriated to the commissioner for the administration and enforcement of sections 223.15 to ~~223.22~~ 223.23.

Sec. 7. Minnesota Statutes 2018, section 223.17, subdivision 4, is amended to read:

Subd. 4. **Bond.** (a) Except as provided in paragraphs (c) to (e), before a grain buyer's license is issued, the applicant for the license must file with the commissioner a bond in a penal sum prescribed by the commissioner but not less than the following amounts:

- (1) \$10,000 for grain buyers whose gross annual purchases are \$100,000 or less;
- (2) \$20,000 for grain buyers whose gross annual purchases are more than \$100,000 but not more than \$750,000;
- (3) \$30,000 for grain buyers whose gross annual purchases are more than \$750,000 but not more than \$1,500,000;
- (4) \$40,000 for grain buyers whose gross annual purchases are more than \$1,500,000 but not more than \$3,000,000;
- (5) \$50,000 for grain buyers whose gross annual purchases are more than \$3,000,000 but not more than \$6,000,000;
- (6) \$70,000 for grain buyers whose gross annual purchases are more than \$6,000,000 but not more than \$12,000,000;
- (7) \$125,000 for grain buyers whose gross annual purchases are more than \$12,000,000 but not more than \$24,000,000; and
- (8) \$150,000 for grain buyers whose gross annual purchases exceed \$24,000,000.

~~(b) A grain buyer who has filed a bond with the commissioner prior to July 1, 2004, is not required to increase the amount of the bond to comply with this section until July 1, 2005. The commissioner may postpone an increase in the amount of the bond until July 1, 2006, if a licensee demonstrates that the increase will impose undue financial hardship on the licensee, and that producers will not be harmed as a result of the postponement. The commissioner may impose other restrictions on a licensee whose bond increase has been postponed. The amount of the bond shall be based on the most recent gross annual grain purchase report of the grain buyer.~~

(c) A first-time applicant for a grain buyer's license shall file a \$50,000 bond with the commissioner. This bond shall remain in effect for the first year of the license. Thereafter, the licensee shall comply with the applicable bonding requirements contained in paragraph (a), clauses (1) to (8).

(d) In lieu of the bond required by this subdivision the applicant may deposit with the commissioner of management and budget ~~cash, a certified check, a cashier's check, a postal, bank, or express money order, assignable bonds or notes of the United States, or an assignment of a bank savings account or investment certificate or an irrevocable bank letter of credit as defined in section 336.5-102,~~ in the same amount as would be required for a bond.

(e) A cash buyer is exempt from the requirements under this subdivision.

(f) Bonds must be continuous until canceled. To cancel a bond, a surety must provide 90 days' written notice of the bond's termination date to the licensee and the commissioner.

Sec. 8. Minnesota Statutes 2018, section 223.17, subdivision 5, is amended to read:

Subd. 5. **Cash sales; manner of payment.** For a cash sale of a shipment of grain ~~which is part of a multiple shipment sale~~, the grain buyer shall tender payment to the seller in cash or by check ~~not later than ten days after the sale of that shipment, except that when the entire sale is completed, payment shall be tendered not later than the close of business on the next day, or within 48 hours, whichever is later.~~ For other cash sales the grain buyer, ~~before the close of business on the next business day after the sale, shall tender payment to the seller in cash or by check, or shall wire or mail funds to the seller's account in the amount of at least 80 percent of the value of the grain at the time of delivery, or wire or mail funds to the seller's account.~~ The grain buyer shall complete final settlement after the sale of the shipment as rapidly as possible through ordinary diligence.

Sec. 9. Minnesota Statutes 2018, section 223.17, subdivision 6, is amended to read:

Subd. 6. **Financial statements.** (a) Except as required in paragraph (c), the commissioner ~~may~~ must require an annual financial statement from a licensee which has been prepared in accordance with generally accepted accounting principles and which meets the following requirements:

(1) The financial statement shall include, but not be limited to the following:

(i) a balance sheet;

(ii) a statement of income (profit and loss);

(iii) a statement of retained earnings;

(iv) a statement of changes in financial position; and

(v) a statement of the dollar amount of grain purchased in the previous fiscal year of the grain buyer.

~~(2) The financial statement shall be accompanied by a compilation report of the financial statement that is prepared by a grain commission firm or a management firm approved by the commissioner or by an independent public accountant, in accordance with standards established by the American Institute of Certified Public Accountants. Grain buyers purchasing less than 150,000 bushels of grain per calendar year may submit a financial statement prepared by a public accountant who is not an employee or a relative within the third degree of kindred according to civil law.~~

~~(3)~~ (2) The financial statement shall be accompanied by a certification by the chief executive officer or the chief executive officer's designee of the licensee, under penalty of perjury, that the financial statement accurately reflects the financial condition of the licensee for the period specified in the statement.

(3) A grain buyer purchasing less than \$2,000,000 of grain annually must have the financial statement reviewed by a certified public accountant in accordance with standards established by the American Institute of Certified Public Accountants, and must show that the financial statements are free from material misstatements.

(4) A grain buyer purchasing \$2,000,000 or more of grain annually must have the financial statement audited by a certified public accountant in accordance with standards established by the American Institute of Certified Public Accountants, and must submit an opinion statement from the certified public accountant.

(b) Only one financial statement must be filed for a chain of warehouses owned or operated as a single business entity, unless otherwise required by the commissioner. ~~Any grain buyer having a net worth in excess of \$500,000,000 need not file the financial statement required by this subdivision but must provide the commissioner with a certified net worth statement.~~ All financial statements filed with the commissioner are private or nonpublic data as provided in section 13.02.

(c) A cash buyer is exempt from the requirements of this subdivision.

Sec. 10. Minnesota Statutes 2018, section 223.177, subdivision 2, is amended to read:

Subd. 2. **Oral contracts.** Any grain buyer entering into a voluntary extension of credit contract orally or by phone shall give or mail to the seller a written confirmation conforming to the requirements of section 223.175 ~~before the close of the next business day~~ within 30 days. ~~Written confirmation of oral contracts must meet the requirements under section 223.177, subdivision 3.~~

Sec. 11. Minnesota Statutes 2018, section 223.177, subdivision 3, is amended to read:

Subd. 3. **Contracts reduced to writing.** A voluntary extension of credit contract must be reduced to writing by the grain buyer ~~and~~, mailed or given to the seller ~~before the close of the next business day after the contract is entered into or, in the case of an oral or phone contract, after the written confirmation is received by the seller.~~ ~~Provided, however, that if a scale ticket has been received by the seller prior to the completion of the grain shipment, the contract must be reduced to writing within ten days after the sale, but not later than the close of the next business day after the completion of the entire sale, and signed by both buyer and seller within 30 days of the date of delivery.~~ The form of the contract shall comply with the requirements of section 223.175. A grain buyer may use an electronic version of a voluntary extension of credit contract that contains the same information as a written document and that conforms to the requirements of this chapter to which a seller has applied an electronic signature in place of a written document. There must not at any time be an electronic and paper voluntary extension of credit contract representing the same lot of grain.

Sec. 12. Minnesota Statutes 2018, section 223.19, is amended to read:

223.19 RULES.

The commissioner may make rules pursuant to chapter 14 to carry out the provisions of sections 223.15 to ~~223.22~~ 223.23.

Sec. 13. **[223.23] ANNUAL EXAMINATION REQUIRED; SUPPLEMENTAL EXAMINATIONS.**

A licensed grain buyer is subject to an annual examination conducted by the commissioner or the Agricultural Marketing Service of the United States Department of Agriculture. Examinations must include a measurement of all grain owned and maintained by the grain buyer. The commissioner may require supplemental examinations of a grain buyer as the commissioner deems necessary.

ARTICLE 4 GRAIN WAREHOUSES

Section 1. Minnesota Statutes 2018, section 232.21, subdivision 7, is amended to read:

Subd. 7. **Grain.** "Grain" means any cereal grain, coarse grain, or oilseed in unprocessed form for which a standard has been established by the United States Secretary of Agriculture ~~or the Minnesota Board of Grain Standards~~, dry edible beans, or agricultural crops designated by the commissioner by rule.

Sec. 2. Minnesota Statutes 2018, section 232.21, is amended by adding a subdivision to read:

Subd. 7a. Grain bank. "Grain bank" means a feed processing plant that receives and stores grain it processes and returns to the grain's owner in amounts, at intervals, and with added ingredients that are mutually agreeable to the grain's owner and the person operating the plant. "Grain bank" does not include a seed cleaning plant. Grain assigned to a grain bank is considered stored grain.

Sec. 3. Minnesota Statutes 2018, section 232.22, subdivision 3, is amended to read:

Subd. 3. Fees; grain buyers and storage account. (a) There is created in the agricultural fund an account known as the grain buyers and storage account. ~~The commissioner shall set the fees for examinations, certifications, and licenses under sections 232.20 to 232.24 at levels necessary to pay the costs of administering and enforcing sections 232.20 to 232.24.~~ All money collected pursuant to sections 232.20 to 232.24 shall be paid by the commissioner into the state treasury and credited to the grain buyers and storage account ~~and~~ Money in the account, including interest, is appropriated to the commissioner for the administration and enforcement of sections 232.20 to 232.24.

(b) All money collected pursuant to chapter 231 shall be paid by the commissioner into the grain buyers and storage account ~~and~~ Money in the account is appropriated to the commissioner for the administration and enforcement of chapter 231.

(c) The fees for a license to store grain are as follows:

(a) (1) For a license to store grain, \$110 for each home rule charter or statutory city or town in which a public grain warehouse is operated.

(b) (2) ~~In addition to the license fee required under clause (1),~~ a person with a license to store grain in a public grain warehouse is subject to an examination fee for each licensed location, ~~based on the following schedule for one examination as follows:~~

Bushel Capacity	Examination Fee
Less than 150,001	\$300
150,001 to 250,000	\$425
250,001 to 500,000	\$545
500,001 to 750,000	\$700
750,001 to 1,000,000	\$865
1,000,001 to 1,200,000	\$1,040
1,200,001 to 1,500,000	\$1,205
1,500,001 to 2,000,000	\$1,380
More than 2,000,000	\$1,555

(c) (3) The fee for ~~the second examination~~ supplemental examinations required by the commissioner under section 232.24 is \$55 per hour per examiner ~~for warehouse operators who choose to have it performed by the commissioner.~~

(d) A penalty amount not to exceed ten percent of the fees due may be imposed by the commissioner for each month for which the fees are delinquent.

Sec. 4. Minnesota Statutes 2018, section 232.22, subdivision 4, is amended to read:

Subd. 4. **Bonding.** (a) Before a license is issued, except as provided under paragraph (c), the applicant for a public grain warehouse operator's license shall file with the commissioner a bond in a penal sum prescribed by the commissioner based on the annual average storage liability as stated on the statement of grain in storage report or on the gross annual grain purchase report, whichever is greater, and applying the following amounts:

- (1) \$10,000 for storages with annual average storage liability of more than \$0 but not more than \$25,000;
- (2) \$20,000 for storages with annual average storage liability of more than \$25,001 but not more than \$50,000;
- (3) \$30,000 for storages with annual average storage liability of more than \$50,001 but not more than \$75,000;
- (4) \$50,000 for storages with annual average storage liability of more than \$75,001 but not more than \$100,000;
- (5) \$75,000 for storages with annual average storage liability of more than \$100,001 but not more than \$200,000;
- (6) \$125,000 for storages with annual average storage liability of more than \$200,001 but not more than \$300,000;
- (7) \$175,000 for storages with annual average storage liability of more than \$300,001 but not more than \$400,000;
- (8) \$225,000 for storages with annual average storage liability of more than \$400,001 but not more than \$500,000;
- (9) \$275,000 for storages with annual average storage liability of more than \$500,001 but not more than \$600,000;
- (10) \$325,000 for storages with annual average storage liability of more than \$600,001 but not more than \$700,000;
- (11) \$375,000 for storages with annual average storage liability of more than \$700,001 but not more than \$800,000;
- (12) \$425,000 for storages with annual average storage liability of more than \$800,001 but not more than \$900,000;
- (13) \$475,000 for storages with annual average storage liability of more than \$900,001 but not more than \$1,000,000; and
- (14) \$500,000 for storages with annual average storage liability of more than \$1,000,000.

(b) Bonds must be continuous until canceled. To cancel a bond, a surety must provide 90 days' written notice of the bond's termination date to the licensee and the commissioner.

(c) In lieu of the bond required by this subdivision, the applicant may deposit with the commissioner of management and budget an irrevocable bank letter of credit as defined in section 336.5-102, in the same amount as would be required for a bond.

(b) The base for this program in fiscal year 2022 and beyond is \$14,425,000.

Subd. 3. Local Housing Trust Fund Grants

7,000,000

-0-

(a) This appropriation is for grants to housing trust funds established under Minnesota Statutes, section 462C.16, to incentivize local funding. This is a onetime appropriation.

(b) A grantee is eligible to receive a grant amount equal to 100 percent of the public revenue committed to the local housing trust fund from any source other than the state or federal government, up to \$150,000, and in addition, an amount equal to 50 percent of the public revenue committed to the local housing trust fund from any source other than the state or federal government that is more than \$150,000 but not more than \$300,000.

(c) \$100,000 of this appropriation is for technical assistance grants to local and regional housing trust funds. A housing trust fund may apply for a technical assistance grant at the time and in the manner and form required by the agency. The agency shall make grants on a first-come, first-served basis. A technical assistance grant must not exceed \$5,000.

(d) A grantee must use grant funds within eight years of receipt for purposes (1) authorized under Minnesota Statutes, section 462C.16, subdivision 3, and (2) benefiting households with incomes at or below 115 percent of the state median income. A grantee must return any grant funds not used for these purposes within eight years of receipt to the commissioner of the Housing Finance Agency for deposit into the housing development fund.

(e) Before the agency makes any grants with money from this appropriation, the commissioner shall consult with interested stakeholders when developing the guidelines and procedures for the grant program.

Subd. 4. Workforce Housing Development

2,000,000

2,000,000

This appropriation is for the workforce housing development program under Minnesota Statutes, section 462A.39. If requested by the applicant and approved by the agency, funded properties may include a portion of income and rent restricted units.

Subd. 5. Housing Trust Fund

11,646,000

11,646,000

This appropriation is for deposit in the housing trust fund account created under Minnesota Statutes, section 462A.201, and may be used for the purposes provided in that section.

Subd. 6. Homework Starts with Home3,000,0003,000,000

This appropriation is for the homework starts with home program under Minnesota Statutes, sections 462A.201, subdivision 2, paragraph (a), clause (4), and 462A.204, subdivision 8, to provide assistance to homeless or highly mobile families with children eligible for enrollment in a prekindergarten through grade 12 academic program.

Subd. 7. Rental Assistance for Mentally Ill5,088,0005,088,000

This appropriation is for the rental housing assistance program for persons with a mental illness or families with an adult member with a mental illness under Minnesota Statutes, section 462A.2097. Among comparable proposals, the agency shall prioritize those proposals that target, in part, eligible persons who desire to move to more integrated, community-based settings.

Subd. 8. Family Homeless Prevention9,519,0009,519,000

This appropriation is for the family homeless prevention and assistance programs under Minnesota Statutes, section 462A.204.

Subd. 9. Workforce Homeownership Program1,000,0001,000,000

(a) This appropriation is for the workforce homeownership program under Minnesota Statutes, section 462A.38.

(b) The base for this program in fiscal year 2022 and beyond is \$500,000.

Subd. 10. Affordable Rental Investment Fund4,218,0004,218,000

(a) This appropriation is for the affordable rental investment fund program under Minnesota Statutes, section 462A.21, subdivision 8b, to finance the acquisition, rehabilitation, and debt restructuring of federally assisted rental property and for making equity take-out loans under Minnesota Statutes, section 462A.05, subdivision 39.

(b) The owner of federally assisted rental property must agree to participate in the applicable federally assisted housing program and to extend any existing low-income affordability restrictions on the housing for the maximum term permitted. The owner must also enter into an agreement that gives local units of government, housing and redevelopment authorities, and nonprofit housing organizations the right of first refusal if the rental property is offered for sale. Priority must be given among comparable federally assisted rental properties to properties with the longest remaining term under an agreement for federal assistance. Priority must also be given among comparable rental housing developments to developments that are or will be owned by local government units, a housing and redevelopment authority, or a nonprofit housing organization.

(c) The appropriation also may be used to finance the acquisition, rehabilitation, and debt restructuring of existing supportive housing properties and naturally occurring affordable housing as determined by the commissioner. For purposes of this paragraph, "supportive housing" means affordable rental housing with links to services necessary for individuals, youth, and families with children to maintain housing stability.

Subd. 11. Housing Rehabilitation

6,515,000

6,515,000

(a) This appropriation is for the housing rehabilitation program under Minnesota Statutes, section 462A.05, subdivision 14. Of this amount, \$2,772,000 each year is for the rehabilitation of owner-occupied housing and \$3,743,000 each year is for the rehabilitation of eligible rental housing. In administering a rehabilitation program for rental housing, the agency may apply the processes and priorities adopted for administration of the economic development and housing challenge program under Minnesota Statutes, section 462A.33, and may provide grants or forgivable loans if approved by the agency.

(b) Notwithstanding any law to the contrary, grants or loans under this subdivision may be made without rent or income restrictions of owners or tenants. To the extent practicable, grants or loans must be made available statewide.

Subd. 12. Home Ownership Assistance Fund

885,000

885,000

This appropriation is for the home ownership assistance program under Minnesota Statutes, section 462A.21, subdivision 8. The agency shall continue to strengthen its efforts to address the disparity gap in the homeownership rate between white households and indigenous American Indians and communities of color. To better understand and address the disparity gap, the agency is required to collect, on a voluntary basis, demographic information regarding race, color, national origin, and sex of applicants for agency programs intended to benefit homeowners and homebuyers.

Subd. 13. Lead Safe Homes Grant Program

1,000,000

1,000,000

(a) This appropriation is for grants under the lead safe homes grant program under Minnesota Statutes, section 462A.2095.

(b) At least one grant must be to a nonprofit organization or political subdivision serving an area in the seven-county metropolitan area, as defined in Minnesota Statutes, section 473.121, and at least one grant must be to a nonprofit organization or political subdivision serving an area outside the seven-county metropolitan area.

(c) The base for this program in fiscal year 2022 and beyond is \$500,000.

<u>Subd. 14. Homeownership Education, Counseling, and Training</u>	<u>857,000</u>	<u>857,000</u>
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This appropriation is for the homeownership education, counseling, and training program under Minnesota Statutes, section 462A.209.

<u>Subd. 15. Capacity-Building Grants</u>	<u>745,000</u>	<u>745,000</u>
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This appropriation is for nonprofit capacity-building grants under Minnesota Statutes, section 462A.21, subdivision 3b. Of this amount, \$125,000 each year is for support of the Homeless Management Information System (HMIS). Of this amount, \$300,000 each year is for a statewide tenant hotline that provides free and confidential legal advice for all Minnesota renters.

<u>Subd. 16. Build Wealth MN</u>	<u>500,000</u>	<u>500,000</u>
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This appropriation is for a grant to Build Wealth Minnesota to provide a family stabilization plan program including program outreach, financial literacy education, and budget and debt counseling.

<u>Subd. 17. Homeownership Capacity</u>	<u>400,000</u>	<u>400,000</u>
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This appropriation is for competitive grants to nonprofit housing organizations, housing and redevelopment authorities, or other political subdivisions to provide intensive financial education and coaching services to individuals or families who have the goal of homeownership. Financial education and coaching services include but are not limited to asset building, development of spending plans, credit report education, repair and rebuilding, consumer protection training, and debt reduction. Priority must be given to organizations that have experience serving underserved populations.

Sec. 3. EFFECTIVE DATE.

This article is effective July 1, 2019.

ARTICLE 6
HOUSING PROGRAMS

Section 1. **[462A.2095] LEAD SAFE HOMES GRANT PROGRAM.**

Subdivision 1. **Establishment.** The Housing Finance Agency shall establish a lead safe homes grant program to increase lead testing in residential rental housing and make residential rental housing units lead safe. The agency shall give priority to grantees that target landlords and tenants in areas with a high concentration of lead poisoning in children based on information provided by the commissioner of health.

Subd. 2. **Eligibility.** (a) An eligible grantee must be a nonprofit organization or political subdivision capable of administering funding and services to a defined geographic area.

(b) Up to ten percent of a grant award may be used to administer the grant and provide education and outreach about lead health hazards.

Subd. 3. **Inspection; lead hazard reduction.** (a) A grantee must provide lead risk assessments completed by a lead inspector or a lead risk assessor licensed by the commissioner of health pursuant to section 144.9505 for properties built before 1978 to determine the presence of lead hazards and to provide interim controls to reduce lead health hazards. The grantee must conduct testing and provide lead hazard reduction to:

(1) landlords of residential buildings with 11 units or less where the tenants have incomes that do not exceed 60 percent of area median income;

(2) landlords of residential buildings with 12 units or more where at least 50 percent of the tenants have incomes that are below 60 percent of the median income; and

(3) tenants with an income that does not exceed 60 percent of area median income.

(b) A landlord or tenant must first access other available state and federal funding related to lead testing and lead hazard reduction for which they are eligible.

Subd. 4. **Short title.** This section shall be known as the "Dustin Luke Shields Act."

EFFECTIVE DATE. This section is effective July 1, 2019."

Delete the title and insert:

"A bill for an act relating to agriculture; housing; establishing a budget for the Department of Agriculture, the Board of Animal Health, the Agricultural Utilization Research Institute, and the Housing Finance Agency; continuing the Agricultural Fertilizer Research and Education Council; continuing a fertilizer fee; modifying a noncommercial pesticide applicator fee; modifying definitions of hemp and marijuana; modifying requirements for Cervidae farmers, grain buyers, and grain warehouse operators; modifying other agricultural statutes; providing lead safe grant program; requiring reports; appropriating money; amending Minnesota Statutes 2018, sections 17.118, subdivision 2; 18B.07, subdivision 2; 18B.34, subdivision 5; 18C.425, subdivision 6; 18C.70, subdivision 5; 18C.71, subdivisions 1, 2, 4; 18C.80, subdivision 2; 18H.14; 18K.02, subdivision 3; 18K.03; 28A.16; 35.155, subdivisions 4, 6, 7, 9, 10, 11, by adding a subdivision; 223.16, subdivisions 1, 2a, 4, by adding subdivisions; 223.17, subdivisions 3, 4, 5, 6; 223.177, subdivisions 2, 3; 223.19; 232.21, subdivision 7, by adding a subdivision; 232.22, subdivisions 3, 4; 232.24; Laws 2015, First Special Session chapter 4, article 1, section 2, subdivision 4, as amended; Laws 2017, chapter 88, article 1, section 2, subdivisions 2, 4; proposing coding for new law in Minnesota Statutes, chapters 18D; 223; 462A."

With the recommendation that when so amended the bill be placed on the General Register.

The report was adopted.

Carlson, L., from the Committee on Ways and Means to which was referred:

H. F. No. 2209, A bill for an act relating to state government; appropriating money for environment and natural resources; modifying fees; creating accounts and providing for disposition of certain receipts; modifying public sale requirements for surplus state-owned land; modifying bough buyer provisions; modifying certain permit provisions; authorizing sales of certain surplus state land; amending Minnesota Statutes 2018, sections 85.42; 85.47; 86B.415, subdivisions 1, 1a, 2, 3, 4, 5, 7; 88.642, subdivisions 1, 3; 88.6435; 90.01, by adding a subdivision; 90.195; 94.10, subdivision 2; 97A.075, subdivision 1; 103G.301, subdivision 2; Laws 2016, chapter 189, article 3, sections 2, subdivision 2; 3, subdivision 8; Laws 2017, chapter 93, article 1, section 2, subdivision 6.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
ENVIRONMENT AND NATURAL RESOURCES APPROPRIATIONS

Section 1. **ENVIRONMENT AND NATURAL RESOURCES 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 general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2020" and "2021" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2020, or June 30, 2021, respectively. "The first year" is fiscal year 2020. "The second year" is fiscal year 2021. "The biennium" is fiscal years 2020 and 2021. Appropriations for the fiscal year ending June 30, 2019, are effective the day following final enactment.

	<u>APPROPRIATIONS</u>	
	<u>Available for the Year</u>	
	<u>Ending June 30</u>	
	<u>2020</u>	<u>2021</u>
Sec. 2. <u>POLLUTION CONTROL AGENCY</u>		
Subdivision 1. <u>Total Appropriation</u>	<u>\$104,873,000</u>	<u>\$103,365,000</u>
<u>Appropriations by Fund</u>		
	<u>2020</u>	<u>2021</u>
<u>General</u>	<u>7,956,000</u>	<u>6,740,000</u>
<u>State Government Special</u>		
<u>Revenue</u>	<u>75,000</u>	<u>75,000</u>
<u>Environmental</u>	<u>81,110,000</u>	<u>82,440,000</u>
<u>Remediation</u>	<u>14,110,000</u>	<u>14,110,000</u>
<u>Closed Landfill Investment</u>	<u>1,622,000</u>	<u>-0-</u>

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. Environmental Analysis and Outcomes13,468,00013,308,000Appropriations by Fund

	<u>2020</u>	<u>2021</u>
<u>General</u>	<u>596,000</u>	<u>346,000</u>
<u>Environmental</u>	<u>12,671,000</u>	<u>12,761,000</u>
<u>Remediation</u>	<u>201,000</u>	<u>201,000</u>

(a) \$89,000 the first year and \$89,000 the second year are for:

(1) a municipal liaison to assist municipalities in implementing and participating in the rulemaking process for water quality standards and navigating the NPDES/SDS permitting process;

(2) enhanced economic analysis in the rulemaking process for water quality standards, including more-specific analysis and identification of cost-effective permitting;

(3) developing statewide economic analyses and templates to reduce the amount of information and time required for municipalities to apply for variances from water quality standards; and

(4) coordinating with the Public Facilities Authority to identify and advocate for the resources needed for municipalities to achieve permit requirements.

(b) \$205,000 the first year and \$205,000 the second year are from the environmental fund for a monitoring program under Minnesota Statutes, section 116.454.

(c) \$115,000 the first year and \$115,000 the second year are for monitoring water quality and operating assistance programs.

(d) \$347,000 the first year and \$347,000 the second year are from the environmental fund for monitoring ambient air for hazardous pollutants.

(e) \$90,000 the first year and \$90,000 the second year are from the environmental fund for duties related to harmful chemicals in products under Minnesota Statutes, sections 116.9401 to 116.9407. Of this amount, \$57,000 each year is transferred to the commissioner of health.

(f) \$109,000 the first year and \$109,000 the second year are from the environmental fund for registering wastewater laboratories.

(g) \$926,000 the first year and \$926,000 the second year are from the environmental fund to continue perfluorochemical biomonitoring in eastern metropolitan communities, as

recommended by the Environmental Health Tracking and Biomonitoring Advisory Panel, and to address other environmental health risks, including air quality. The communities must include Hmong and other immigrant farming communities. Of this amount, up to \$689,000 the first year and \$689,000 the second year are for transfer to the Department of Health.

(h) \$51,000 the first year and \$51,000 the second year are from the environmental fund for the listing procedures for impaired waters required under this act.

(i) \$141,000 the first year and \$141,000 the second year are to implement and enforce Minnesota Statutes, section 325F.071. Of this amount, up to \$65,000 each year may be transferred to the commissioner of health.

(j) \$250,000 the first year is for transfer to the commissioner of health for enhanced blood lead testing, lead poisoning prevention efforts, and asthma education as recommended by the Northern Metals Consent Decree Advisory Committee. This is a onetime appropriation.

(k) The base for the general fund in fiscal year 2022 and later is \$345,000.

Subd. 3. Industrial

15,473,000

15,606,000

Appropriations by Fund

	<u>2020</u>	<u>2021</u>
<u>Environmental</u>	<u>14,472,000</u>	<u>14,605,000</u>
<u>Remediation</u>	<u>1,001,000</u>	<u>1,001,000</u>

(a) \$1,001,000 the first year and \$1,001,000 the second year are from the remediation fund for the leaking underground storage tank program to investigate, clean up, and prevent future releases from underground petroleum storage tanks and for the petroleum remediation program for vapor assessment and remediation. These same annual amounts are transferred from the petroleum tank fund to the remediation fund.

(b) \$393,000 the first year and \$393,000 the second year are from the environmental fund to further evaluate the use and reduction of trichloroethylene around Minnesota and identify its potential health impacts on communities. Of this amount, up to \$121,000 each year may be transferred to the commissioner of health. This is a onetime appropriation.

Subd. 4. Municipal8,232,0007,859,000Appropriations by Fund

	<u>2020</u>	<u>2021</u>
<u>General</u>	<u>164,000</u>	<u>164,000</u>
<u>Environmental</u>	<u>8,068,000</u>	<u>7,695,000</u>

(a) \$164,000 the first year and \$164,000 the second year are for:

(1) a municipal liaison to assist municipalities in implementing and participating in the rulemaking process for water quality standards and navigating the NPDES/SDS permitting process;

(2) enhanced economic analysis in the rulemaking process for water quality standards, including more-specific analysis and identification of cost-effective permitting;

(3) developing statewide economic analyses and templates to reduce the amount of information and time required for municipalities to apply for variances from water quality standards; and

(4) coordinating with the Public Facilities Authority to identify and advocate for the resources needed for municipalities to achieve permit requirements.

(b) \$50,000 the first year and \$50,000 the second year are from the environmental fund for transfer to the Office of Administrative Hearings to establish sanitary districts.

(c) \$671,000 the first year and \$671,000 the second year are from the environmental fund for subsurface sewage treatment system (SSTS) program administration and community technical assistance and education, including grants and technical assistance to communities for water-quality protection. Of this amount, \$129,000 each year is for assistance to counties through grants for SSTS program administration. A county receiving a grant from this appropriation must submit the results achieved with the grant to the commissioner as part of its annual SSTS report. Any unexpended balance in the first year does not cancel but is available in the second year.

(d) \$784,000 the first year and \$784,000 the second year are from the environmental fund to address the need for continued increased activity in new technology review, technical assistance for local governments, and enforcement under Minnesota Statutes, sections 115.55 to 115.58, and to complete the requirements of Laws 2003, chapter 128, article 1, section 165.

(e) \$373,000 the first year is from the environmental fund to meet the increased demand for technical assistance and review of municipal water infrastructure projects that will be generated by increased grant funding through the Public Facilities Authority. This is a onetime appropriation and is available until June 30, 2021.

(f) Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered on or before June 30, 2021, as grants or contracts for subsurface sewage treatment systems, surface water and groundwater assessments, storm water, and water-quality protection in this subdivision are available until June 30, 2024.

Subd. 5. Operations

7,526,000

8,337,000

Appropriations by Fund

	<u>2020</u>	<u>2021</u>
<u>General</u>	2,490,000	2,490,000
<u>Environmental</u>	4,208,000	5,019,000
<u>Remediation</u>	828,000	828,000

(a) \$180,000 the first year and \$180,000 the second year are from the remediation fund for the leaking underground storage tank program to investigate, clean up, and prevent future releases from underground petroleum storage tanks and for the petroleum remediation program for vapor assessment and remediation. These same annual amounts are transferred from the petroleum tank fund to the remediation fund.

(b) \$2,490,000 the first year and \$2,490,000 the second year are to support agency information technology services provided at the enterprise and agency level.

(c) \$800,000 the second year is from the environmental fund to develop and maintain systems to support permitting and regulatory business processes and agency data.

Subd. 6. Remediation

14,516,000

12,945,000

Appropriations by Fund

	<u>2020</u>	<u>2021</u>
<u>General</u>	216,000	-0-
<u>Environmental</u>	832,000	1,099,000
<u>Remediation</u>	11,846,000	11,846,000
<u>Closed Landfill Investment</u>	1,622,000	-0-

(a) All money for environmental response, compensation, and compliance in the remediation fund not otherwise appropriated is appropriated to the commissioners of the Pollution Control Agency and agriculture for purposes of Minnesota Statutes, section 115B.20, subdivision 2, clauses (1), (2), (3), (6), and (7). At the beginning of each fiscal year, the two commissioners must jointly submit to the commissioner of management and budget an annual spending plan that maximizes resource use and appropriately allocates the money between the two departments. This appropriation is available until June 30, 2021.

(b) \$216,000 the first year from the general fund is a onetime appropriation and \$217,000 the first year and \$484,000 the second year are from the environmental fund to manage contaminated sediment projects at multiple sites identified in the St. Louis River remedial action plan to restore water quality in the St. Louis River Area of Concern. The base for the environmental fund in fiscal year 2022 and later is \$363,000.

(c) \$3,961,000 the first year and \$3,961,000 the second year are from the remediation fund for the leaking underground storage tank program to investigate, clean up, and prevent future releases from underground petroleum storage tanks and for the petroleum remediation program for vapor assessment and remediation. These same annual amounts are transferred from the petroleum tank fund to the remediation fund.

(d) \$257,000 the first year and \$257,000 the second year are from the remediation fund for transfer to the commissioner of health for private water-supply monitoring and health assessment costs in areas contaminated by unpermitted mixed municipal solid waste disposal facilities and drinking water advisories and public information activities for areas contaminated by hazardous releases.

(e) Notwithstanding Minnesota Statutes, section 115B.421, \$1,622,000 the first year is from the closed landfill investment fund for settling obligations with the federal government, remedial investigations, feasibility studies, engineering, and cleanup-related activities for purposes of environmental response actions at a priority qualified facility under Minnesota Statutes, sections 115B.406 and 115B.407. This is a onetime appropriation and is available until June 30, 2021.

Subd. 7. Resource Management and Assistance

34,549,000

34,701,000

Appropriations by Fund

	<u>2020</u>	<u>2021</u>
<u>General</u>	<u>950,000</u>	<u>700,000</u>
<u>State Government Special</u>		
<u>Revenue</u>	<u>75,000</u>	<u>75,000</u>
<u>Environmental</u>	<u>33,524,000</u>	<u>33,926,000</u>

(a) Up to \$150,000 the first year and \$150,000 the second year may be transferred from the environmental fund to the small business environmental improvement loan account under Minnesota Statutes, section 116.993.

(b) \$1,000,000 the first year and \$1,000,000 the second year are for competitive recycling grants under Minnesota Statutes, section 115A.565. Of this amount, \$700,000 each year is from the general fund and \$300,000 is from the environmental fund. This appropriation is available until June 30, 2023. Any unencumbered grant balances in the first year do not cancel but are available for grants in the second year.

(c) \$694,000 the first year and \$694,000 the second year are from the environmental fund for emission-reduction activities and grants to small businesses and other nonpoint-emission-reduction efforts. Of this amount, \$100,000 the first year and \$100,000 the second year are to continue work with Clean Air Minnesota, and the commissioner may enter into an agreement with Environmental Initiative to support this effort. Any unencumbered grant balances in the first year do not cancel but are available for grants in the second year.

(d) \$17,250,000 the first year and \$17,250,000 the second year are from the environmental fund for SCORE block grants to counties. Any unencumbered grant balances in the first year do not cancel but are available for grants in the second year.

(e) \$119,000 the first year and \$119,000 the second year are from the environmental fund for environmental assistance grants or loans under Minnesota Statutes, section 115A.0716. Any unencumbered grant and loan balances in the first year do not cancel but are available for grants and loans in the second year.

(f) \$112,000 the first year and \$112,000 the second year are from the environmental fund for subsurface sewage treatment system (SSTS) program administration and community technical assistance and education, including grants and technical assistance to communities for water-quality protection.

(g) \$169,000 the first year and \$169,000 the second year are from the environmental fund to address the need for continued increased activity in new technology review, technical assistance for local governments, and enforcement under Minnesota Statutes, sections 115.55 to 115.58, and to complete the requirements of Laws 2003, chapter 128, article 1, section 165.

(h) \$250,000 the first year is for public engagement and outreach that supports developing and implementing policies to address climate change. This is a onetime appropriation. Public meetings held as part of efforts under this appropriation must be distributed

evenly among the following three areas: Minneapolis and St. Paul; cities in the seven-county metropolitan area, but not including Minneapolis and St. Paul; and areas outside the seven-county metropolitan area.

(i) \$400,000 the second year is from the environmental fund for grants to develop and expand recycling markets for Minnesota businesses.

(j) \$30,000 the first year and \$30,000 the second year are from the environmental fund for reviewing financial qualifications of waste tire facility permit applicants under Minnesota Statutes, section 115A.903.

(k) \$244,000 the first year and \$222,000 the second year are from the environmental fund for the voluntary certification program for commercial deicer applicators under Minnesota Statutes, section 116.2025.

(l) All money deposited in the environmental fund for the metropolitan solid waste landfill fee in accordance with Minnesota Statutes, section 473.843, and not otherwise appropriated, is appropriated for the purposes of Minnesota Statutes, section 473.844.

(m) Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered on or before June 30, 2021, as contracts or grants for environmental assistance awarded under Minnesota Statutes, section 115A.0716; technical and research assistance under Minnesota Statutes, section 115A.152; technical assistance under Minnesota Statutes, section 115A.52; and pollution prevention assistance under Minnesota Statutes, section 115D.04, are available until June 30, 2023.

Subd. 8. Watershed

9,485,000

9,335,000

Appropriations by Fund

	<u>2020</u>	<u>2021</u>
<u>General</u>	<u>2,109,000</u>	<u>1,959,000</u>
<u>Environmental</u>	<u>7,142,000</u>	<u>7,142,000</u>
<u>Remediation</u>	<u>234,000</u>	<u>234,000</u>

(a) \$1,959,000 the first year and \$1,959,000 the second year are for grants to delegated counties to administer the county feedlot program under Minnesota Statutes, section 116.0711, subdivisions 2 and 3. Money remaining after the first year is available for the second year.

(b) \$208,000 the first year and \$208,000 the second year are from the environmental fund for the costs of implementing general operating permits for feedlots over 1,000 animal units.

(c) \$122,000 the first year and \$122,000 the second year are from the remediation fund for the leaking underground storage tank program to investigate, clean up, and prevent future releases from underground petroleum storage tanks and for the petroleum remediation program for vapor assessment and remediation. These same annual amounts are transferred from the petroleum tank fund to the remediation fund.

(d) \$150,000 the first year is for a grant to the Minnesota Association of County Feedlot Officers to develop, in coordination with the Pollution Control Agency and the University of Minnesota Extension program, an online training curriculum related to animal feedlot requirements under Minnesota Rules, chapter 7020. The curriculum must be developed to:

(1) provide base-level knowledge to new and existing county feedlot pollution control officers on feedlot registration, permitting, compliance, enforcement, and program administration;

(2) provide assistance to new and existing county feedlot pollution control officers for working efficiently and effectively with producers; and

(3) reduce the incidence of manure or nutrients entering surface water or groundwater.

Subd. 9. Environmental Quality Board

1,624,000

1,274,000

Appropriations by Fund

	<u>2020</u>	<u>2021</u>
<u>General</u>	<u>1,431,000</u>	<u>1,081,000</u>
<u>Environmental</u>	<u>193,000</u>	<u>193,000</u>

\$350,000 the first year is for a grant to the Board of Regents of the University of Minnesota, Water Resources Center, for a comprehensive study of the economic benefits of managed aquifer recharge and to make recommendations to enhance and replenish Minnesota's groundwater resources. This is a onetime appropriation and is available until June 30, 2021. The study must include but is not limited to:

(1) examining the potential benefits of enhancing groundwater recharge in water-stressed areas;

(2) assessing the relationship to changing seasonality and intensity of precipitation on groundwater recharge rates;

(3) reviewing the approaches to manage recharge in geologically appropriate areas;

(4) identifying policy options, costs, and barriers to recharging groundwater; and

(5) assessing the economic returns of options for groundwater recharge.

In conducting the study, the Water Resources Center must convene a stakeholder group and provide for public participation. By January 15, 2021, the Water Resources Center must present its findings and recommendations in a report submitted to the chairs of the legislative committees and divisions with jurisdiction over environment and natural resources policy.

Subd. 10. Transfers

(a) The commissioner must transfer up to \$44,000,000 from the environmental fund to the remediation fund for purposes of the remediation fund under Minnesota Statutes, section 116.155, subdivision 2.

(b) \$1,800,000 the first year is transferred from the remediation fund to the dry cleaner environmental response and reimbursement account for purposes of Minnesota Statutes, section 115B.49. By January 15, 2020, the commissioner of the Pollution Control Agency must submit a report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over environment and natural resources finance that includes an assessment of the possibility of recovering environmental response costs from insurance held by dry cleaning facilities.

Subd. 11. Cancellations

(a) The unencumbered amount of the environmental fund appropriation in Laws 2016, chapter 189, article 3, section 2, subdivision 2, for technical assistance and review of municipal wastewater infrastructure projects, estimated to be \$373,000, is canceled on June 30, 2019.

(b) The unencumbered amount of the closed landfill investment fund appropriation in Laws 2017, chapter 93, article 1, section 2, subdivision 6, for settling obligations, remedial investigations, feasibility studies, engineering, and cleanup-related activities for purposes of environmental response actions at a priority qualified facility, estimated to be \$1,622,000, is canceled on June 30, 2019.

EFFECTIVE DATE. Subdivision 11 is effective the day following final enactment.

Sec. 3. **NATURAL RESOURCES**Subdivision 1. **Total Appropriation****\$318,233,000****\$318,624,000**Appropriations by Fund

	<u>2020</u>	<u>2021</u>
General	94,866,000	95,220,000
Natural Resources	112,364,000	110,031,000
Game and Fish	110,382,000	112,746,000
Remediation	106,000	109,000
Permanent School	515,000	518,000

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. **Land and Mineral Resources Management**6,324,0006,406,000Appropriations by Fund

	<u>2020</u>	<u>2021</u>
General	1,825,000	1,846,000
Natural Resources	3,940,000	3,998,000
Game and Fish	344,000	344,000
Permanent School	215,000	218,000

(a) \$319,000 the first year and \$319,000 the second year are for environmental research relating to mine permitting, of which \$200,000 each year is from the minerals management account and \$119,000 each year is from the general fund.

(b) \$3,032,000 the first year and \$3,083,000 the second year are from the minerals management account in the natural resources fund for use as provided under Minnesota Statutes, section 93.2236, paragraph (c), for mineral resource management, projects to enhance future mineral income, and projects to promote new mineral-resource opportunities.

(c) \$215,000 the first year and \$218,000 the second year are from the state forest suspense account in the permanent school fund to secure maximum long-term economic return from the school trust lands consistent with fiduciary responsibilities and sound natural resources conservation and management principles.

Subd. 3. **Ecological and Water Resources**39,543,00040,032,000Appropriations by Fund

	<u>2020</u>	<u>2021</u>
General	18,718,000	18,922,000
Natural Resources	15,414,000	15,586,000
Game and Fish	5,411,000	5,524,000

(a) \$5,493,000 the first year and \$5,542,000 the second year are from the invasive species account in the natural resources fund and \$3,206,000 the first year and \$3,206,000 the second year are from the general fund for management, public awareness, assessment and monitoring research, and water access inspection to prevent the spread of invasive species; management of invasive plants in public waters; and management of terrestrial invasive species on state-administered lands.

(b) \$500,000 the first year and \$500,000 the second year are from the invasive species account in the natural resources fund for grants to lake associations to manage aquatic invasive plant species.

(c) \$1,000,000 the first year and \$1,000,000 the second year are from the invasive species research account in the natural resources fund for grants for the Minnesota Aquatic Invasive Species Research Center.

(d) \$5,476,000 the first year and \$5,556,000 the second year are from the water management account in the natural resources fund for only the purposes specified in Minnesota Statutes, section 103G.27, subdivision 2.

(e) \$124,000 the first year and \$124,000 the second year are for a grant to the Mississippi Headwaters Board for up to 50 percent of the cost of implementing the comprehensive plan for the upper Mississippi within areas under the board's jurisdiction.

(f) \$10,000 the first year and \$10,000 the second year are for payment to the Leech Lake Band of Chippewa Indians to implement the band's portion of the comprehensive plan for the upper Mississippi River.

(g) \$264,000 the first year and \$264,000 the second year are for grants for up to 50 percent of the cost of implementing the Red River mediation agreement.

(h) \$2,259,000 the first year and \$2,298,000 the second year are from the heritage enhancement account in the game and fish fund for only the purposes specified in Minnesota Statutes, section 297A.94, paragraph (h), clause (1).

(i) \$971,000 the first year and \$985,000 the second year are from the nongame wildlife management account in the natural resources fund for nongame wildlife management. Notwithstanding Minnesota Statutes, section 290.431, \$100,000 the first year and \$100,000 the second year may be used for nongame wildlife information, education, and promotion.

(j) Notwithstanding Minnesota Statutes, section 84.943, \$13,000 the first year and \$13,000 the second year from the critical habitat private sector matching account may be used to publicize the critical habitat license plate match program.

(k) \$6,000,000 the first year and \$6,000,000 the second year are for the following activities:

(1) financial reimbursement and technical support to soil and water conservation districts or other local units of government for groundwater-level monitoring;

(2) surface water monitoring and analysis, including installing monitoring gauges;

(3) groundwater analysis to assist with water-appropriation permitting decisions;

(4) permit application review incorporating surface water and groundwater technical analysis;

(5) precipitation data and analysis to improve irrigation use;

(6) information technology, including electronic permitting and integrated data systems; and

(7) compliance and monitoring.

(l) \$410,000 the first year and \$410,000 the second year are from the heritage enhancement account in the game and fish fund for grants to the Minnesota Aquatic Invasive Species Research Center at the University of Minnesota to prioritize, support, and develop research-based solutions that can reduce the effects of aquatic invasive species in Minnesota by preventing spread, controlling populations, and managing ecosystems and to advance knowledge to inspire actions by others.

(m) \$50,000 the first year is for grants to local units of government for removing storm debris from Roberds Lake. This is a onetime appropriation.

Subd. 4. Forest Management

51,968,000

52,603,000

Appropriations by Fund

	<u>2020</u>	<u>2021</u>
<u>General</u>	<u>34,451,000</u>	<u>34,800,000</u>
<u>Natural Resources</u>	<u>16,119,000</u>	<u>16,386,000</u>
<u>Game and Fish</u>	<u>1,398,000</u>	<u>1,417,000</u>

(a) \$7,521,000 the first year and \$7,521,000 the second year are for prevention, presuppression, and suppression costs of emergency firefighting and other costs incurred under Minnesota Statutes, section 88.12. The amount necessary to pay for presuppression and suppression costs during the biennium is appropriated from the general fund. By January 15 of each year, the commissioner of natural resources must submit a report to the chairs and ranking minority members of the house and senate committees and divisions having jurisdiction over environment and natural resources finance that identifies all firefighting costs incurred and reimbursements received in the prior fiscal year. These appropriations may not be transferred. Any reimbursement of firefighting expenditures made to the commissioner from any source other than federal mobilizations must be deposited into the general fund.

(b) \$15,119,000 the first year and \$15,386,000 the second year are from the forest management investment account in the natural resources fund for only the purposes specified in Minnesota Statutes, section 89.039, subdivision 2.

(c) \$1,398,000 the first year and \$1,417,000 the second year are from the heritage enhancement account in the game and fish fund to advance ecological classification systems (ECS) scientific management tools for forest and invasive species management.

(d) \$836,000 the first year and \$847,000 the second year are for the Forest Resources Council to implement the Sustainable Forest Resources Act.

(e) \$1,131,000 the first year and \$1,131,000 the second year are for the Next Generation Core Forestry data system.

(f) \$500,000 the first year and \$500,000 the second year are from the forest management investment account in the natural resources fund for forest road maintenance on state forest roads.

(g) \$500,000 the first year and \$500,000 the second year are for forest road maintenance on county forest roads.

(h) \$500,000 the first year and \$500,000 the second year are for grants to local units of government to develop community ash management plans; to identify and convert ash stands to more diverse, climate-adapted species; and to replace removed ash trees.

(i) \$500,000 the first year and \$500,000 the second year are from the forest management investment account in the natural resources fund to identify and convert ash forests on state lands to climate-adapted species.

(j) \$1,000,000 the first year and \$1,000,000 the second year are for grants to remove and dispose of ash trees within counties quarantined for emerald ash borer. The base for this appropriation in fiscal year 2022 and later is \$655,000.

(k) Grants awarded under paragraphs (h) and (j) may cover up to 75 percent of eligible costs and may not exceed \$500,000. Matching grants provided through these appropriations are available to cities, counties, regional authorities, joint powers boards, towns, and parks and recreation boards in cities of the first class. The commissioner, in consultation with the commissioner of agriculture, must establish appropriate criteria for determining funding priorities between submitted requests and to determine activities and expenses that qualify to meet local match requirements. Money appropriated for grants under paragraphs (h) and (j) may be used to pay reasonable costs incurred by the commissioner of natural resources to administer paragraphs (h) and (j).

Subd. 5. Parks and Trails Management

92,085,000

89,486,000

Appropriations by Fund

	<u>2020</u>	<u>2021</u>
General	<u>27,143,000</u>	<u>27,480,000</u>
Natural Resources	<u>62,650,000</u>	<u>59,706,000</u>
Game and Fish	<u>2,292,000</u>	<u>2,300,000</u>

(a) \$1,075,000 the first year and \$1,075,000 the second year are from the water recreation account in the natural resources fund for enhancing public water-access facilities.

(b) \$6,344,000 the first year and \$6,435,000 the second year are from the natural resources fund for state trail, park, and recreation area operations. This appropriation is from revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (h), clause (2).

(c) \$18,552,000 the first year and \$18,828,000 the second year are from the state parks account in the natural resources fund to operate and maintain state parks and state recreation areas.

(d) \$890,000 the first year and \$890,000 the second year are from the natural resources fund for park and trail grants to local units of government on land to be maintained for at least 20 years for parks or trails. This appropriation is from revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (h), clause (4). Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(e) \$9,624,000 the first year and \$9,624,000 the second year are from the snowmobile trails and enforcement account in the natural resources fund for the snowmobile grants-in-aid program. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(f) \$2,135,000 the first year and \$2,135,000 the second year are from the natural resources fund for the off-highway vehicle grants-in-aid program. Of this amount, \$1,660,000 each year is from the all-terrain vehicle account; \$150,000 each year is from the off-highway motorcycle account; and \$325,000 each year is from the off-road vehicle account. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(g) \$116,000 the first year and \$117,000 the second year are from the cross-country-ski account in the natural resources fund for grooming and maintaining cross-country-ski trails in state parks, trails, and recreation areas.

(h) \$266,000 the first year and \$269,000 the second year are from the state land and water conservation account in the natural resources fund for priorities established by the commissioner for eligible state projects and administrative and planning activities consistent with Minnesota Statutes, section 84.0264, and the federal Land and Water Conservation Fund Act. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(i) \$250,000 the first year and \$250,000 the second year are for matching grants for local parks and outdoor recreation areas under Minnesota Statutes, section 85.019, subdivision 2.

(j) \$250,000 the first year and \$250,000 the second year are for matching grants for local trail connections under Minnesota Statutes, section 85.019, subdivision 4c.

(k) \$600,000 the first year is from the all-terrain vehicle account in the natural resources fund for grants to St. Louis County. Of this amount, \$100,000 is for a grant to St. Louis County for an environmental assessment worksheet for the overall construction of the Voyageur Country ATV Trail system and connections, and \$500,000 is for a grant to St. Louis County to design, plan, permit, acquire right-of-way for, and construct Voyageur Country ATV Trail from Buyck to Holmes Logging Road and to Shuster Road toward Cook. This is a onetime appropriation.

(l) \$2,400,000 the first year is from the all-terrain vehicle account in the natural resources fund. Of this amount, \$1,300,000 is for a grant to Lake County to match other funding sources to develop the Prospector Loop Trail system and \$1,100,000 is for acquisition.

design, environmental review, permitting, and construction for all-terrain vehicle use on the Taconite State Trail between Ely and Purvis Forest Management Road.

(m) \$950,000 the first year and \$950,000 the second year are from the all-terrain vehicle account in the natural resources fund for grants to St. Louis County for the Quad Cities ATV Club trail construction program for planning, design, environmental permitting, right-of-way acquisition, and construction of up to 24 miles of trail connecting the cities of Mountain Iron, Virginia, Eveleth, and Gilbert to the Laurentian Divide, County Road 303, the Taconite State Trail, and Biwabik and from Pfeiffer Lake Forest Road to County Road 361. This is a onetime appropriation.

(n) \$250,000 the first year and \$250,000 the second year are for grants for natural-resource-based education and recreation programs under Minnesota Statutes, section 84.976. This is a onetime appropriation.

(o) \$50,000 the first year is from the state parks account in the natural resources fund for signs and other activities necessary to rename St. Croix State Park to Walter F. Mondale State Park.

(p) \$260,000 the first year is from the state parks account in the natural resources fund for increased operations at Hill-Annex Mine State Park in fiscal years 2020 to 2023. This is a onetime appropriation, is in addition to funds budgeted by or otherwise available to the commissioner for this park, and is available until June 30, 2023.

(q) \$150,000 the first year is from the all-terrain vehicle account in the natural resources fund for a grant to Crow Wing County to plan and design a multipurpose bridge on the Mississippi River Northwoods Trail across Sand Creek located five miles northeast of Brainerd along the Mississippi River.

(r) \$75,000 the first year is from the off-highway motorcycle account in the natural resources fund to complete a master plan for off-highway motorcycle trail planning and development.

Subd. 6. Fish and Wildlife Management

78,236,000

79,070,000

Appropriations by Fund

	<u>2020</u>	<u>2021</u>
<u>General</u>	<u>2,060,000</u>	<u>1,460,000</u>
<u>Natural Resources</u>	<u>1,954,000</u>	<u>1,982,000</u>
<u>Game and Fish</u>	<u>74,222,000</u>	<u>75,628,000</u>

(a) \$8,539,000 the first year and \$8,658,000 the second year are from the heritage enhancement account in the game and fish fund only for activities specified under Minnesota Statutes, section 297A.94, paragraph (h), clause (1). Notwithstanding Minnesota Statutes, section 297A.94, five percent of this appropriation may be used for expanding hunter and angler recruitment and retention.

(b) \$2,060,000 the first year and \$1,460,000 the second year are for planning for and emergency response to disease outbreaks in wildlife. Of this amount, \$50,000 the first year is to establish a chronic wasting disease adopt-a-dumpster program; \$50,000 the first year is to develop guidelines for handling, transporting, processing, and disposing of deer carcasses as required in this act; and \$500,000 the first year is for a grant to the Board of Regents of the University of Minnesota for the Chronic Wasting Disease Response, Research, and Policy Program. The commissioner and board must each submit quarterly reports on the activities funded under this paragraph to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over environment and natural resources and agriculture. Base funding for this activity is \$1,100,000 in fiscal year 2022 and thereafter.

(c) \$8,546,000 the first year and \$8,546,000 the second year are from the deer management account for the purposes identified in Minnesota Statutes, section 97A.075, subdivision 1.

(d) \$250,000 the first year and \$250,000 the second year are from the game and fish fund for the walk-in access program under Minnesota Statutes, section 97A.126.

(e) Notwithstanding Minnesota Statutes, section 297A.94, \$100,000 the first year and \$100,000 the second year are from the heritage enhancement account in the game and fish fund for shooting sports facility grants under Minnesota Statutes, section 87A.10, including grants for archery facilities. Grants must be matched with a nonstate match, which may include in-kind contributions. This is a onetime appropriation.

(f) Notwithstanding Minnesota Statutes, section 297A.94, \$10,000 the first year is from the heritage enhancement account in the game and fish fund for implementing nontoxic shot requirements under Minnesota Statutes, section 97B.673.

Subd. 7. Enforcement

46,210,000

47,810,000

Appropriations by Fund

	<u>2020</u>	<u>2021</u>
<u>General</u>	<u>7,632,000</u>	<u>8,175,000</u>
<u>Natural Resources</u>	<u>11,757,000</u>	<u>11,993,000</u>
<u>Game and Fish</u>	<u>26,715,000</u>	<u>27,533,000</u>
<u>Remediation</u>	<u>106,000</u>	<u>109,000</u>

(a) \$1,718,000 the first year and \$1,718,000 the second year are from the general fund for enforcement efforts to prevent the spread of aquatic invasive species.

(b) \$1,580,000 the first year and \$1,580,000 the second year are from the heritage enhancement account in the game and fish fund for only the purposes specified under Minnesota Statutes, section 297A.94, paragraph (h), clause (1).

(c) \$1,182,000 the first year and \$1,182,000 the second year are from the water recreation account in the natural resources fund for grants to counties for boat and water safety. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(d) \$315,000 the first year and \$315,000 the second year are from the snowmobile trails and enforcement account in the natural resources fund for grants to local law enforcement agencies for snowmobile enforcement activities. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(e) \$250,000 the first year and \$250,000 the second year are from the all-terrain vehicle account in the natural resources fund for grants to qualifying organizations to assist in safety and environmental education and monitoring trails on public lands under Minnesota Statutes, section 84.9011. Grants issued under this paragraph must be issued through a formal agreement with the organization. By December 15 each year, an organization receiving a grant under this paragraph must report to the commissioner with details on expenditures and outcomes from the grant. Of this appropriation, \$25,000 each year is for administering these grants. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(f) \$510,000 the first year and \$510,000 the second year are from the natural resources fund for grants to county law enforcement agencies for off-highway vehicle enforcement and public education activities based on off-highway vehicle use in the county. Of this amount, \$498,000 each year is from the all-terrain vehicle account, \$11,000 each year is from the off-highway motorcycle account, and \$1,000 each year is from the off-road vehicle account. The county enforcement agencies may use money received under this appropriation to make grants to other local enforcement agencies within the county that have a high concentration of off-highway vehicle use. Of this appropriation, \$25,000 each year is for administering these grants. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(g) \$176,000 the first year and \$176,000 the second year are from the game and fish fund for an ice safety program.

(h) \$60,000 the first year and \$4,000 the second year are from the game and fish fund to provide outreach and education, in coordination with interested organizations, to communities concerned about cultural artifacts regarding the new requirements established under Minnesota Statutes, section 84.0896.

(i) The base for fiscal year 2022 and thereafter is \$7,553,000 from the general fund, \$27,955,000 from the game and fish fund, \$12,080,000 from the natural resources fund, and \$111,000 from the remediation fund. These base level adjustments include pension costs as provided in Laws 2018, chapter 211, article 21, section 1, paragraph (a).

Subd. 8. Operations Support

3,000,000

2,350,000

Appropriations by Fund

	<u>2020</u>	<u>2021</u>
<u>General</u>	<u>2,850,000</u>	<u>2,350,000</u>
<u>Natural Resources</u>	<u>150,000</u>	<u>-0-</u>

(a) \$2,000,000 the first year and \$1,500,000 the second year are available for legal costs. Of this amount, up to \$500,000 the first year and \$375,000 the second year may be transferred to the Minnesota Pollution Control Agency. This is a onetime appropriation and is available until June 30, 2023.

(b) \$850,000 the first year and \$850,000 the second year are available for protecting the department's business systems and associated infrastructure.

(c) \$150,000 the first year is from the water recreation account in the natural resources fund for programming costs required for the new watercraft licensing categories established in this act.

Subd. 9. Pass Through Funds

867,000

867,000

Appropriations by Fund

	<u>2020</u>	<u>2021</u>
<u>General</u>	<u>187,000</u>	<u>187,000</u>
<u>Natural Resources</u>	<u>380,000</u>	<u>380,000</u>
<u>Permanent School</u>	<u>300,000</u>	<u>300,000</u>

(a) \$380,000 the first year and \$380,000 the second year are from the natural resources fund for grants to be divided equally between the city of St. Paul for the Como Park Zoo and Conservatory and the city of Duluth for the Lake Superior Zoo. This appropriation is from revenue deposited to the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (h), clause (5).

(b) \$187,000 the first year and \$187,000 the second year are for the Office of School Trust Lands.

(c) \$300,000 the first year and \$300,000 the second year are from the forestry suspense account in the permanent school fund for the Office of School Trust Lands.

Subd. 10. Cancellation

The unencumbered amount of the general fund appropriation in Laws 2016, chapter 189, article 3, section 3, subdivision 8, for legal costs, estimated to be \$500,000, is canceled on June 30, 2019.

EFFECTIVE DATE. Subdivision 10 is effective the day following final enactment.

Sec. 4. BOARD OF WATER AND SOIL RESOURCES

\$19,963,000

\$18,931,000

(a) \$3,423,000 the first year and \$3,423,000 the second year are for natural resources block grants to local governments to implement the Wetland Conservation Act and shoreland management under Minnesota Statutes, chapter 103F, and local water management under Minnesota Statutes, chapter 103B. The board may reduce the amount of the natural resources block grant to a county by an amount equal to any reduction in the county's general services allocation to a soil and water conservation district from the county's previous year allocation when the board determines that the reduction was disproportionate.

(b) \$3,116,000 the first year and \$3,116,000 the second year are for grants to soil and water conservation districts for the purposes of Minnesota Statutes, sections 103C.321 and 103C.331, and for general purposes, nonpoint engineering, and implementation and stewardship of the reinvest in Minnesota reserve program. Expenditures may be made from these appropriations for supplies and services benefiting soil and water conservation districts. Any district receiving a payment under this paragraph must maintain a web page that publishes, at a minimum, its annual report, annual audit, annual budget, and meeting notices.

(c) \$761,000 the first year and \$761,000 the second year are to implement, enforce, and provide oversight for the Wetland Conservation Act, including administering the wetland banking program and in-lieu fee mechanism.

(d) \$1,560,000 the first year and \$1,560,000 the second year are for the following cost-share programs:

(1) \$260,000 each year is for the feedlot water quality cost-sharing program for feedlots under 500 animal units and nutrient and manure management projects in watersheds where there are impaired waters;

(2) \$1,200,000 each year is for cost-sharing programs of soil and water conservation districts for perennially vegetated riparian buffers, erosion control, water retention and treatment, and other high-priority conservation practices; and

(3) \$100,000 each year is for county cooperative weed management programs and to restore native plants in selected invasive species management sites.

(e) \$166,000 the first year and \$166,000 the second year are to provide technical assistance to local drainage management officials and for the costs of the Drainage Work Group. The board must coordinate with the Drainage Work Group according to Minnesota Statutes, section 103B.101, subdivision 13.

(f) \$100,000 the first year and \$100,000 the second year are for a grant to the Red River Basin Commission for water quality and floodplain management, including administration of programs. This appropriation must be matched by nonstate funds.

(g) \$140,000 the first year and \$140,000 the second year are for grants to Area II Minnesota River Basin Projects for floodplain management.

(h) \$125,000 the first year and \$125,000 the second year are for conservation easement stewardship.

(i) \$269,000 the first year and \$259,000 the second year are for critical information technology upgrades, development, and security improvements.

(j) \$240,000 the first year and \$240,000 the second year are for a grant to the Lower Minnesota River Watershed District to defray the annual cost of operating and maintaining sites for dredge spoil to sustain the state, national, and international commercial and recreational navigation on the lower Minnesota River.

(k) \$3,500,000 the first year and \$3,500,000 the second year are for payments to soil and water conservation districts for the purposes of Minnesota Statutes, sections 103C.321 and 103C.331. This is a onetime appropriation.

(l) \$150,000 the first year is for:

(1) identifying and listing ineligible materials under Minnesota Statutes, section 103F.49;

(2) assessing the viability of replacing plastic materials used in conservation and bioengineering projects with similarly designed organic materials; and

(3) by November 1, 2020, preparing and submitting a report to the chairs and ranking minority members of the committees and divisions with jurisdiction over environment and natural resources with:

(i) criteria to be used by the board for identifying and listing materials under Minnesota Statutes, section 103F.49;

(ii) recommendations for implementing Minnesota Statutes, section 103F.49, including a process for reviewing and updating the list; and

(iii) results of the assessment under clause (2) and any related recommendations.

The board must consult with the United States Department of Agriculture and the commissioners of natural resources, transportation, and the Pollution Control Agency and may contract with the University of Minnesota as necessary for the purposes of this appropriation. This is a onetime appropriation and is available until June 30, 2022.

(m) \$400,000 the first year is to provide onetime state incentive payments to enrollees in the federal Conservation Reserve Program (CRP) and its derivative programs available in Minnesota. The board may establish payment rates based on land valuation and on environmental benefit criteria, including but not limited to reducing nutrients in surface water or groundwater, protecting drinking water, enhancing soil health, and enhancing pollinator and wildlife habitat. The board may use state funds to implement the program and to provide technical assistance to landowners or their agents to fulfill enrollment and contract provisions. This is a onetime appropriation and is available until June 30, 2023.

(n) \$387,000 the first year and \$250,000 the second year are to provide grants or payments to plant residential lawns with native vegetation and pollinator-friendly forbs and legumes. The board must establish criteria for grants or payments awarded under this section. Grants or payments awarded under this section may be made for up to 75 percent of the costs of the project, except that in areas identified by the United States Fish and Wildlife Service as areas where there is a high potential for rusty patched bumble bees to be present, grants may be awarded for up to 90 percent of the costs of the project. This is a onetime appropriation.

(o) \$150,000 the first year is to prepare a statewide action plan for soil health in cooperation with the University of Minnesota Water Resources Center and in consultation with the commissioners of agriculture, natural resources, and the Pollution Control Agency. The plan must include recommendations for protecting and improving the state's soil health for agricultural and water quality purposes, including recommendations for research and outreach. By February 15, 2020, the plan must be submitted to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over agriculture and environment and natural resources policy. This is a onetime appropriation.

(p) \$5,745,000 the first year and \$5,550,000 the second year are for agency administration and operation of the Board of Water and Soil Resources. The base for agency administration is \$5,351,000 in fiscal year 2022 and thereafter.

(q) Notwithstanding Minnesota Statutes, section 103C.501, the board may shift money in this section and may adjust the technical and administrative assistance portion of the funds to leverage federal or other nonstate funds or to address accountability, oversight, local government performance, or high-priority needs identified in local water management plans or comprehensive water management plans.

(r) The appropriations for grants in this section are available until June 30, 2023. Returned grant funds must be regranted consistent with the purposes of this section. If an appropriation for grants in either year is insufficient, the appropriation in the other year is available for it.

(s) Notwithstanding Minnesota Statutes, section 16B.97, the appropriations for grants in this section are exempt from the Department of Administration, Office of Grants Management Policy 08-10 Grant Monitoring.

Sec. 5. **METROPOLITAN COUNCIL**

\$9,140,000

\$9,140,000

Appropriations by Fund

	<u>2020</u>	<u>2021</u>
<u>General</u>	<u>2,540,000</u>	<u>2,540,000</u>
<u>Natural Resources</u>	<u>6,600,000</u>	<u>6,600,000</u>

(a) \$2,540,000 the first year and \$2,540,000 the second year are for metropolitan-area regional parks operation and maintenance according to Minnesota Statutes, section 473.351.

(b) \$6,600,000 the first year and \$6,600,000 the second year are from the natural resources fund for metropolitan-area regional parks and trails maintenance and operations. This appropriation is from revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (h), clause (3).

Sec. 6. **CONSERVATION CORPS MINNESOTA** **\$945,000** **\$945,000**

Appropriations by Fund

	<u>2020</u>	<u>2021</u>
<u>General</u>	<u>455,000</u>	<u>455,000</u>
<u>Natural Resources</u>	<u>490,000</u>	<u>490,000</u>

Conservation Corps Minnesota may receive money appropriated from the natural resources fund under this section only as provided in an agreement with the commissioner of natural resources.

Sec. 7. **ZOOLOGICAL BOARD** **\$10,394,000** **\$9,999,000**

Appropriations by Fund

	<u>2020</u>	<u>2021</u>
<u>General</u>	<u>10,204,000</u>	<u>9,809,000</u>
<u>Natural Resources</u>	<u>190,000</u>	<u>190,000</u>

(a) \$190,000 the first year and \$190,000 the second year are from the natural resources fund from revenue deposited under Minnesota Statutes, section 297A.94, paragraph (h), clause (5).

(b) \$499,000 the first year is to upgrade critical communication and security technology infrastructure. This is a onetime appropriation.

(c) \$40,000 the first year is for the prairie butterfly conservation program. This is a onetime appropriation.

Sec. 8. **SCIENCE MUSEUM** **\$1,079,000** **\$1,079,000**

Sec. 9. **EXPLORE MINNESOTA TOURISM** **\$14,394,000** **\$14,594,000**

\$500,000 the first year and \$500,000 the second year must be matched from nonstate sources to develop maximum private sector involvement in tourism. Each \$1 of state incentive must be matched with \$6 of private sector money. "Matched" means revenue to the state or documented cash expenditures directly expended to support Explore Minnesota Tourism programs. Up to

one-half of the private sector contribution may be in-kind or soft match. The incentive in fiscal year 2020 is based on fiscal year 2019 private sector contributions. The incentive in fiscal year 2021 is based on fiscal year 2020 private sector contributions. This incentive is ongoing.

Money for marketing grants is available either year of the biennium. Unexpended grant money from the first year is available in the second year.

\$100,000 each year is for a grant to the Northern Lights International Music Festival.

\$50,000 the first year and \$250,000 the second year are for the Minnesota Outdoor Recreation Office under Minnesota Statutes, section 116U.60.

Sec. 10. **CONTINGENT APPROPRIATIONS**

Subdivision 1. **Motor Fuels Tax**

(a) The following appropriations are available only if new revenue is raised from increases in the motor fuels tax rates under Minnesota Statutes, sections 296A.07 and 296A.08, enacted during the 2019 session:

(1) \$300,000 the first year and \$300,000 the second year are appropriated to the commissioner of natural resources from the water recreation account in the natural resources fund for grants to counties for boat and water safety. Any unencumbered balance does not cancel at the end of the first year and is available for the second year;

(2) \$3,350,000 the first year and \$3,350,000 the second year are appropriated to the commissioner of natural resources from the water recreation account in the natural resources fund for activities of the Division of Parks and Trails under Minnesota Statutes, section 86B.706, subdivision 3; and

(3) \$500,000 the first year and \$500,000 the second year are appropriated to the commissioner of natural resources from the all-terrain vehicle account in the natural resources fund for all-terrain vehicle trail management.

(b) In the appropriations specified under paragraph (a), the amounts appropriated are reduced proportionally, as necessary, if the legislation enacted in the 2019 legislative session does not provide sufficient revenue to the accounts.

Subd. 2. Solid Waste Tax

(a) The following appropriations are available only if new revenue is available in the environmental fund from increases in solid waste management tax rates under Minnesota Statutes, chapter 297H, enacted during the 2019 session:

(1) \$400,000 the first year and \$400,000 the second year are appropriated from the environmental fund to the commissioner of the Pollution Control Agency for competitive recycling grants under Minnesota Statutes, section 115A.565. This appropriation is available until June 30, 2023. Any unencumbered grant balances in the first year do not cancel but are available for grants in the second year;

(2) \$750,000 the first year and \$750,000 the second year are appropriated from the environmental fund to the commissioner of the Pollution Control Agency for reducing and diverting food waste, redirecting edible food for consumption, and removing barriers to collecting and recovering organic waste. Of this amount, \$500,000 each year is for grants to increase food rescue and waste prevention. This appropriation is available until June 30, 2023. Any unencumbered grant balances in the first year do not cancel but are available for grants in the second year;

(3) \$3,000,000 the first year and \$3,000,000 the second year are appropriated from the environmental fund to the commissioner of the Pollution Control Agency for grants to counties to collect, transport, and process wood waste into usable biomass fuel for the St. Paul district heating and cooling system cogeneration facility or a waste wood and agricultural biomass-fueled combined heat and power facility owned in partnership with a governmental entity located in the state; and

(4) \$2,900,000 the first year and \$3,500,000 the second year are appropriated from the environmental fund to the commissioner of the Pollution Control Agency for additional SCORE block grants to counties.

(b) In the appropriations specified under paragraph (a), the amounts appropriated are reduced proportionally, as necessary, if the legislation enacted in the 2019 legislative session does not provide sufficient revenue to the fund.

Sec. 11. Laws 2016, chapter 189, article 3, section 6, as amended by Laws 2017, chapter 93, article 1, section 12, is amended to read:

Sec. 6. ADMINISTRATION

\$250,000

\$-0-

\$250,000 the first year is from the state forest suspense account in the permanent school fund for the school trust lands director to initiate ~~real estate development projects on~~ and complete a 25-year

framework for managing school trust lands as determined by the school trust lands director described in Minnesota Statutes, section 127A.353, subdivision 4, paragraph (a), clause (11). This is a onetime appropriation and is available until June 30, ~~2019~~ 2021.

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

Sec. 12. Laws 2017, chapter 93, article 1, section 9, is amended to read:

Sec. 9. **ADMINISTRATION**

\$800,000

\$300,000

(a) \$300,000 the first year and \$300,000 the second year are from the state forest suspense account in the permanent school fund for the school trust lands director. This appropriation is to be used for securing long-term economic return from the school trust lands consistent with fiduciary responsibilities and sound natural resources conservation and management principles.

(b) \$500,000 the first year is from the state forest suspense account in the permanent school fund for the school trust lands director to initiate the ~~private sale of surplus school trust lands identified according to Minnesota Statutes, section 92.82, paragraph (d)~~ Boundary Waters Canoe Area Wilderness private forest land alternative with the United States Department of Agriculture Forest Service and a nonprofit partner. The school trust lands director may use these funds for project costs, including but not limited to environmental assessments, valuation expenses, legal fees, closing costs, and transactional staff costs. This is a onetime appropriation and is available until June 30, ~~2019~~ 2021.

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

ARTICLE 2
ENVIRONMENT AND NATURAL RESOURCES

Section 1. **[1.1465] STATE BEE.**

Subdivision 1. **Rusty patched bumble bee.** The rusty patched bumble bee, *Bombus affinis*, is the official bee of the state of Minnesota.

Subd. 2. **Photograph.** A photograph of the rusty patched bumble bee must be preserved in the Office of the Secretary of State.

Sec. 2. Minnesota Statutes 2018, section 16A.151, subdivision 2, is amended to read:

Subd. 2. **Exceptions.** (a) If a state official litigates or settles a matter on behalf of specific injured persons or entities, this section does not prohibit distribution of money to the specific injured persons or entities on whose behalf the litigation or settlement efforts were initiated. If money recovered on behalf of injured persons or entities cannot reasonably be distributed to those persons or entities because they cannot readily be located or identified or because the cost of distributing the money would outweigh the benefit to the persons or entities, the money must be paid into the general fund.

(b) Money recovered on behalf of a fund in the state treasury other than the general fund may be deposited in that fund.

(c) This section does not prohibit a state official from distributing money to a person or entity other than the state in litigation or potential litigation in which the state is a defendant or potential defendant.

(d) State agencies may accept funds as directed by a federal court for any restitution or monetary penalty under United States Code, title 18, section 3663(a)(3) or United States Code, title 18, section 3663A(a)(3). Funds received must be deposited in a special revenue account and are appropriated to the commissioner of the agency for the purpose as directed by the federal court.

(e) Tobacco settlement revenues as defined in section 16A.98, subdivision 1, paragraph (t), may be deposited as provided in section 16A.98, subdivision 12.

(f) If the Minnesota Pollution Control Agency recovers \$250,000 or more in litigation or in settlement of a matter that could have resulted in litigation for a civil penalty from violations of a permit issued by the Minnesota Pollution Control Agency, then 40 percent of the money recovered must be distributed to the community health board where the permitted facility is located. The commissioner of the Minnesota Pollution Control Agency must notify the commissioner of health and the community health board within 30 days of a final court order in the litigation or the effective date of the settlement agreement that the litigation has concluded or a settlement has been reached. The commissioner must collect and distribute the money to the commissioner of health. The commissioner of health must distribute the money to the community health board. The community health board must meet directly with the population potentially affected by the pollution that was the subject of the litigation or settlement to understand the population's concerns and incorporate those concerns into a project that benefits that population. The project must be implemented by the community health board and funded as directed in this paragraph. This paragraph does not apply to money recovered in litigation or settlement of a matter that could have resulted in litigation with subdivisions of the state. This paragraph is for the distribution of money only and does not create a right of intervention in the litigation or settlement of the enforcement action for any person or entity.

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

Sec. 3. Minnesota Statutes 2018, section 16A.152, subdivision 2, is amended to read:

Subd. 2. **Additional revenues; priority.** (a) If on the basis of a forecast of general fund revenues and expenditures, the commissioner of management and budget determines that there will be a positive unrestricted budgetary general fund balance at the close of the biennium, the commissioner of management and budget must allocate money to the following accounts and purposes in priority order:

(1) the cash flow account established in subdivision 1 until that account reaches \$350,000,000;

(2) the budget reserve account established in subdivision 1a until that account reaches \$1,596,522,000;

(3) the amount necessary to increase the aid payment schedule for school district aids and credits payments in section 127A.45 to not more than 90 percent rounded to the nearest tenth of a percent without exceeding the amount available and with any remaining funds deposited in the budget reserve;

(4) the amount necessary to restore all or a portion of the net aid reductions under section 127A.441 and to reduce the property tax revenue recognition shift under section 123B.75, subdivision 5, by the same amount; and

(5) the clean water fund established in section 114D.50 until \$22,000,000 has been transferred into the fund metropolitan landfill contingency action trust account established in section 473.845 until \$13,905,000 has been transferred into the account.

(b) The amounts necessary to meet the requirements of this section are appropriated from the general fund within two weeks after the forecast is released or, in the case of transfers under paragraph (a), clauses (3) and (4), as necessary to meet the appropriations schedules otherwise established in statute.

(c) The commissioner of management and budget ~~shall~~ must certify the total dollar amount of the reductions under paragraph (a), clauses (3) and (4), to the commissioner of education. The commissioner of education ~~shall~~ must increase the aid payment percentage and reduce the property tax shift percentage by these amounts and apply those reductions to the current fiscal year and thereafter.

(d) Paragraph (a), clause (5), expires after the entire amount of the transfer has been made.

Sec. 4. Minnesota Statutes 2018, section 17.035, subdivision 1, is amended to read:

Subdivision 1. **Reimbursement.** A meat processor holding a license under chapter 28A may apply to the commissioner of agriculture for full reimbursement of \$70 towards the processor's reasonable and documented cost of processing donated deer, as determined by the commissioner within the limits of available funding. The meat processor shall deliver the deer, processed into cuts or ground meat, to a charitable organization that is registered under chapter 309 and with the commissioner of agriculture and that operates a food assistance program. To request reimbursement, the processor shall submit an application, on a form prescribed by the commissioner of agriculture, the tag number under which the deer was taken, and a receipt for the deer from the charitable organization.

Sec. 5. Minnesota Statutes 2018, section 84.026, is amended by adding a subdivision to read:

Subd. 4. **Paying grant-eligible expenditures.** Notwithstanding section 16A.41, the commissioner may make payments for otherwise eligible grant-program expenditures that are made on or after the effective date of the appropriation that funds the payments for:

(1) grants-in-aid under sections 84.794, 84.803, 84.83, 84.927, and 85.44;

(2) local recreation grants under section 85.019; and

(3) enforcement and public education grants under sections 84.794, 84.803, 84.83, 84.927, 86B.701, 86B.705, and 87A.10.

Sec. 6. Minnesota Statutes 2018, section 84.027, subdivision 18, is amended to read:

Subd. 18. **Permanent school fund authority; reporting.** (a) The commissioner of natural resources has the authority and responsibility ~~for the administration of~~ to administer school trust lands under sections ~~92.121~~ 92.122 and 127A.31. The commissioner shall biannually report to the Legislative Permanent School Fund Commission and the legislature on the management of the school trust lands that shows how the commissioner has and will continue to achieve the following goals:

(1) manage the school trust lands efficiently and in a manner that reflects the undivided loyalty to the beneficiaries consistent with the commissioner's fiduciary duties;

(2) reduce the management expenditures of school trust lands and maximize the revenues deposited in the permanent school trust fund;

(3) manage the sale, exchange, and commercial leasing of school trust lands, requiring returns of not less than fair market value, to maximize the revenues deposited in the permanent school trust fund and retain the value from the long-term appreciation of the school trust lands;

(4) manage the school trust lands to maximize the long-term economic return for the permanent school trust fund while maintaining sound natural resource conservation and management principles;

(5) optimize school trust land revenues and maximize the value of the trust consistent with ~~the~~ balancing of short-term and long-term interests, so that long-term benefits are not lost in an effort to maximize short-term gains; and

(6) maintain the integrity of the trust and prevent the misapplication of its lands and its revenues.

(b) When the commissioner finds an irresolvable conflict between maximizing the long-term economic return and protecting natural resources and recreational values on school trust lands, the commissioner shall give precedence to the long-term economic return in managing school trust lands. By July 1, 2018, the permanent school fund ~~shall~~ must be compensated for all school trust lands included under a designation or policy provision that prohibits long-term economic return. The commissioner shall submit recommendations to the appropriate legislative committees and divisions on methods of funding for the compensation required under this paragraph, including recommendations for appropriations from the general fund, nongeneral funds, and the state bond fund. Any uncompensated designation or policy provision restrictions on the long-term economic return on school trust lands remaining after July 1, 2018, ~~shall~~ must be compiled and submitted to the Legislative Permanent School Fund Commission for review.

(c) By December 31, 2013, the report required under paragraph (a) ~~shall~~ must provide an inventory and identification of all school trust lands that are included under a designation or policy provision that prohibits long-term economic return. The report ~~shall~~ must include a plan to compensate the permanent school fund through the purchase or exchange of the lands or a plan to manage the school trust land to generate long-term economic return to the permanent school fund. Subsequent reports under paragraph (a) ~~shall~~ must include a status report of the commissioner's progress in maximizing the long-term economic return on lands identified in the 2013 report.

(d) When ~~future management practices, policies, or designations or policies~~ by the commissioner diminish or prohibit the long-term economic return on school trust land, the conflict ~~shall~~ must be resolved ~~by compensating the permanent school fund through an exchange or purchase of the lands before designation or application of the policy as provided in section 92.122.~~

Sec. 7. Minnesota Statutes 2018, section 84.0895, is amended by adding a subdivision to read:

Subd. 10. **Rusty patched bumble bee.** The rusty patched bumble bee, *Bombus affinis*, is designated as an endangered species under this section, is the state bee under section 1.1465, has been listed as an endangered species under the federal Endangered Species Act, and is a species that is of most concern to the state in order to prevent extinction. The Environmental Quality Board must coordinate efforts to protect the rusty patched bumble bee in the state.

Sec. 8. **[84.0896] TRADE IN PROHIBITED ANIMAL PARTS PROHIBITED.**

Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Antique" means an item that:

(1) contains no more than 200 grams of prohibited animal part as a fixed component of an item that is not made wholly or partially from a prohibited animal part; and

(2) is documented to be at least 100 years old.

(c) "Prohibited animal part" means any of the following:

(1) a tooth or tusk from any species of elephant, hippopotamus, mammoth, mastodon, walrus, whale, or narwhal, or any piece thereof, whether raw or worked;

(2) a product containing any of the materials described in clause (1);

(3) a horn; piece of horn; or derivative of a horn, such as a powder, of any species of rhinoceros; and

(4) a product containing any of the materials described in clause (3).

(d) "Sell" or "sale" means an exchange for consideration and includes barter and possession with intent to sell. The term does not include a transfer of ownership by gift, donation, or bequest.

Subd. 2. **Prohibition.** A person shall not purchase or sell any item that the person knows or should know is a prohibited animal part.

Subd. 3. **Exceptions.** (a) Subdivision 2 does not prohibit the sale or purchase of a prohibited animal part if the sale or purchase is:

(1) undertaken as part of law enforcement activities;

(2) expressly authorized by federal law;

(3) of an antique;

(4) of a musical instrument containing a lawfully acquired fixed component made of no more than 200 grams of prohibited animal part; or

(5) of a prohibited animal part by a bona fide educational or scientific institution that is a nonprofit corporation, as defined in section 501(c)(3) of the Internal Revenue Code.

(b) Subdivision 2 does not prohibit possession of a cultural artifact containing a prohibited animal part.

Subd. 4. **Disposition of seized prohibited animal parts.** Notwithstanding any other provision of law, a prohibited animal part seized under this section must, upon a conviction, be forfeited to the state and either destroyed or given to a nonprofit corporation, as defined in section 501(c)(3) of the Internal Revenue Code, for an educational or scientific purpose.

EFFECTIVE DATE. This section is effective January 1, 2020, and applies to crimes committed on or after that date.

Sec. 9. Minnesota Statutes 2018, section 84.788, subdivision 2, is amended to read:

Subd. 2. **Exemptions.** Registration is not required for off-highway motorcycles:

(1) owned and used by the United States, an Indian tribal government, the state, another state, or a political subdivision;

(2) registered in another state or country that have not been within this state for more than 30 consecutive days;

(3) registered under chapter 168, when operated on forest roads to gain access to a state forest campground;

~~(4) used exclusively in organized track racing events;~~

~~(5)~~ (4) operated on state or grant-in-aid trails by a nonresident possessing a nonresident off-highway motorcycle state trail pass;

~~(6)~~ (5) operated by a person participating in an event for which the commissioner has issued a special use permit; or

~~(7)~~ (6) operated on boundary trails and registered in another state or country providing equal reciprocal registration or licensing exemptions for registrants of this state.

Sec. 10. Minnesota Statutes 2018, section 84.794, subdivision 2, is amended to read:

Subd. 2. **Purposes.** (a) Subject to appropriation by the legislature, money in the off-highway motorcycle account may only be spent for:

(1) administration, enforcement, and implementation of sections 84.787 to 84.795;

(2) acquisition, maintenance, and development of off-highway motorcycle trails and use areas; ~~and~~

(3) grants-in-aid to counties and municipalities to construct and maintain off-highway motorcycle trails and use areas; and

(4) grants for enforcement and public education to local law enforcement agencies.

(b) The distribution of funds made available for grants-in-aid must be guided by the statewide comprehensive outdoor recreation plan.

Sec. 11. Minnesota Statutes 2018, section 84.83, subdivision 3, is amended to read:

Subd. 3. **Purposes for the account; allocation.** (a) The money deposited in the account and interest earned on that money may be expended only as appropriated by law for the following purposes:

(1) for a grant-in-aid program to counties and municipalities for construction and maintenance of snowmobile trails that are determined by the commissioner to be part of the state's grant-in-aid system, including maintenance of trails on lands and waters of Voyageurs National Park; on Lake of the Woods; on Rainy Lake; on the following lakes in St. Louis County: Burntside, Crane, Little Long, Mud, Pelican, Shagawa, and Vermilion; and on the following lakes in Cook County: Devil Track and Hungry Jack; The commissioner may establish a performance-based funding formula for annual grants-in-aid. The procedures and criteria for grants-in-aid are not subject to the rulemaking provisions of chapter 14, and section 14.386 does not apply. In administering the performance-based grants-in-aid, the commissioner must:

(i) determine annual grant amounts based on a funding formula that includes consideration of historical costs, snowfall, use, and tourism;

(ii) make grant payments based on:

(A) successful completion of performance benchmarks;

(B) reimbursement of eligible expenditures; or

(C) a combination of subitems (A) and (B); and

(iii) assess penalties to nonperforming grant-in-aid recipients, which may include withholding grant payments or making the grantee or trail system ineligible for future grant-in-aid funding.

(2) ~~for acquisition, development, and maintenance of~~ to acquire, develop, and maintain state recreational snowmobile trails;

(3) for snowmobile safety programs; and

(4) ~~for the administration and enforcement of~~ to administer and enforce sections 84.81 to 84.91 and appropriated grants to local law enforcement agencies.

(b) No less than 60 percent of revenue collected from snowmobile registration and snowmobile state trail sticker fees must be expended for grants-in-aid to develop, maintain, and groom trails and acquire easements.

Sec. 12. **[84.976] NO CHILD LEFT INSIDE GRANT PROGRAM.**

Subdivision 1. **Establishment.** The commissioner of natural resources must establish and administer a program to provide grants for outdoor environmental, ecological, and other natural-resource-based education and recreation programs serving youth.

Subd. 2. **Eligibility.** The commissioner may award grants under this section to public entities or private nonprofit organizations.

Subd. 3. **Priorities.** In awarding grants under this section, the commissioner must give priority to programs that:

(1) provide students with opportunities to directly experience and understand nature and the natural world;

(2) use a research-based, effective environmental, ecological, agricultural, or other natural-resource-based educational curriculum;

(3) maximize the number of participants that can be served;

(4) serve children with limited opportunities to participate in natural-resource-based outdoor activities;

(5) use public park and other natural resource venues and personnel as a resource; and

(6) commit matching funds or in-kind resources.

Sec. 13. Minnesota Statutes 2018, section 84D.15, is amended to read:

84D.15 INVASIVE SPECIES ACCOUNT ACCOUNTS.

Subdivision 1. **Creation.** The invasive species account ~~is~~ and the invasive species research account are created in the state treasury in the natural resources fund.

Subd. 2. **Receipts.** (a) Money received from ~~surcharges on watercraft licenses under section 86B.415, subdivision 7, civil penalties under section 84D.13, and service provider permits under section 84D.108, shall~~ must be deposited in the invasive species account. Each year, the commissioner of management and budget ~~shall~~ must transfer from the game and fish fund to the invasive species account, the annual surcharge collected on nonresident

fishing licenses under section 97A.475, subdivision 7, paragraph (b). Each fiscal year, the commissioner of management and budget ~~shall~~ must transfer \$750,000 from the water recreation account under section 86B.706 to the invasive species account.

(b) Money received from surcharges on watercraft licenses under section 86B.415, subdivision 7, must be deposited as follows:

(1) 80 percent from each surcharge must be deposited in the invasive species account; and

(2) 20 percent from each surcharge must be deposited in the invasive species research account.

Subd. 3. **Use of money in invasive species account.** Money credited to the invasive species account in subdivision 2 ~~shall~~ must be used for management of invasive species and implementation of this chapter as it pertains to invasive species, including control, public awareness, law enforcement, assessment and monitoring, management planning, habitat improvements, and research. Of the money credited to the account, at least ten percent from each surcharge on watercraft licenses under section 86B.415, subdivision 7, must be used for grants to lake associations to manage aquatic invasive plant species.

Subd. 4. **Use of money in invasive species research account.** Money credited to the invasive species research account in subdivision 2, paragraph (b), must be used for grants to the Board of Regents of the University of Minnesota for the Minnesota Aquatic Invasive Species Research Center to research aquatic invasive species.

Sec. 14. Minnesota Statutes 2018, section 85.012, subdivision 49, is amended to read:

Subd. 49. ~~St. Croix~~ Walter F. Mondale State Park, Pine County.

Sec. 15. Minnesota Statutes 2018, section 85.42, is amended to read:

85.42 USER FEE; VALIDITY.

(a) The fee for an annual cross-country-ski pass is ~~\$19~~ \$24 for an individual age 16 and over. The fee for a three-year pass is ~~\$54~~ \$69 for an individual age 16 and over. This fee ~~shall~~ must be collected at the time the pass is purchased. Three-year passes are valid for three years beginning the previous July 1. Annual passes are valid for one year beginning the previous July 1.

(b) The cost for a daily cross-country skier pass is ~~\$5~~ \$9 for an individual age 16 and over. This fee ~~shall~~ must be collected at the time the pass is purchased. The daily pass is valid only for the date designated on the pass form.

(c) A pass must be signed by the skier across the front of the pass to be valid and ~~becomes~~ is nontransferable ~~on signing~~ when signed.

(d) The commissioner and agents ~~shall~~ must issue a duplicate pass to a person whose pass is lost or destroyed, using the process established under section 97A.405, subdivision 3, and rules adopted thereunder. The fee for a duplicate cross-country-ski pass is \$2.

Sec. 16. Minnesota Statutes 2018, section 85.44, is amended to read:

85.44 CROSS-COUNTRY-SKI TRAIL GRANT-IN-AID PROGRAM.

The commissioner shall establish a grant-in-aid program for local units of government and special park districts ~~for the acquisition, development, and maintenance of~~ to acquire, develop, and maintain cross-country-ski trails that are determined by the commissioner to be part of the state's grant-in-aid system. Grants ~~shall be~~ are available ~~for~~

~~acquisition of~~ to acquire trail easements but may not be used to acquire any lands in fee title. Local units of government and special park districts applying for and receiving grants under this section ~~shall be~~ are considered to have cross-country-ski trails for one year following the expiration of their last grant. The department shall reimburse all public sponsors of grants-in-aid cross-country-ski trails based upon criteria established by the department. ~~Prior to the use of~~ Before using any reimbursement criteria, a certain proportion of the revenues ~~shall~~ must be allocated on the basis of user fee sales location. The commissioner may establish a performance-based funding formula for annual grants-in-aid. The procedures and criteria for grants-in-aid are not subject to the rulemaking provisions of chapter 14, and section 14.386 does not apply. In administering the performance-based grants-in-aid, the commissioner must:

(1) determine annual grant amounts based on a funding formula that includes consideration of historical costs, snowfall, use, and tourism;

(2) make grant payments based on:

(i) successful completion of performance benchmarks;

(ii) reimbursement of eligible expenditures; or

(iii) a combination of items (i) and (ii); and

(3) assess penalties to nonperforming grant-in-aid recipients, which may include withholding grant payments or making the grantee or trail system ineligible for future grant-in-aid funding.

Sec. 17. Minnesota Statutes 2018, section 85.47, is amended to read:

85.47 SPECIAL USE PERMITS; FEES.

Fees collected for special use permits to use state trails not on state forest, state park, or state recreation area lands and for use of state water access sites must be deposited in the natural resources fund and are appropriated to the commissioner of natural resources for operating and maintaining state trails and water access sites.

Sec. 18. Minnesota Statutes 2018, section 86B.415, subdivision 1, is amended to read:

Subdivision 1. **Watercraft 19 feet or less.** (a) Except as provided in paragraph (b) and ~~subdivision~~ subdivisions 1a and 4, the fee for a watercraft license for watercraft 19 feet or less in length is ~~\$27~~ \$39.25.

(b) The watercraft license ~~fee~~ fees for the specified watercraft are as follows:

(1) for watercraft, other than personal watercraft, 19 feet in length or less that is offered for rent or lease, ~~the fee is \$9~~ \$11.25;

(2) for a sailboat, 19 feet in length or less, ~~the fee is \$10.50~~ \$15.25;

(3) for a watercraft 19 feet in length or less used by a nonprofit corporation for teaching boat and water safety, ~~the fee is~~ as provided in subdivision 4;

(4) for a watercraft owned by a dealer under a dealer's license, ~~the fee is~~ as provided in subdivision 5;

(5) for a personal watercraft, ~~the fee is \$37.50~~ \$54.50, except for a personal watercraft that is offered for rent or lease according to section 86B.313, subdivision 4, \$47; and

(6) for a watercraft less than 17 feet in length, other than a watercraft listed in clauses (1) to (5), ~~the fee is \$18~~ \$26.

Sec. 19. Minnesota Statutes 2018, section 86B.415, subdivision 1a, is amended to read:

Subd. 1a. **Canoes, kayaks, sailboards, paddleboards, paddleboats, or rowing shells.** Except as provided under subdivision 4, the fee for a watercraft license for a canoe, kayak, sailboard, paddleboard, paddleboat, or rowing shell over ten feet in length is ~~\$10.50~~ \$15.25.

Sec. 20. Minnesota Statutes 2018, section 86B.415, subdivision 2, is amended to read:

Subd. 2. **Watercraft over 19 feet.** Except as provided in subdivisions 1a, 3, 4, and 5, the watercraft license fee:

(1) for a watercraft more than 19 feet but less than 26 feet in length is ~~\$45~~ \$65.25;

(2) for a watercraft 26 feet but less than 40 feet in length is ~~\$67.50~~ \$98; and

(3) for a watercraft 40 feet in length or longer is ~~\$90~~ \$130.50.

Sec. 21. Minnesota Statutes 2018, section 86B.415, subdivision 3, is amended to read:

Subd. 3. **Watercraft over 19 feet for hire.** Except as provided under subdivision 4, the license fee for a watercraft more than 19 feet in length for hire with an operator is ~~\$75~~ \$108.75 each.

Sec. 22. Minnesota Statutes 2018, section 86B.415, subdivision 4, is amended to read:

Subd. 4. **Watercraft used by nonprofit ~~corporation for teaching~~ organization or homestead resort.** (a) The watercraft license fee for a watercraft used by a nonprofit organization for teaching boat and water safety is \$4.50 each.

(b) The following fees apply to watercraft owned and used by a homestead resort, as defined under section 273.13, subdivision 22, paragraph (c), that contains ten rental units or less, when the watercraft remains on a single water body:

(1) for a watercraft 40 feet in length or longer, \$90;

(2) for a watercraft 26 feet but less than 40 feet in length, \$67.50;

(3) for a watercraft more than 19 feet but less than 26 feet in length, \$45;

(4) for a watercraft more than 19 feet in length for hire with an operator, \$75;

(5) for a watercraft 17 to 19 feet in length, \$27, except as provided in clauses (6) to (10);

(6) for a watercraft, other than personal watercraft, 19 feet in length or less that is offered for rent or lease, \$9;

(7) for a sailboat 19 feet in length or less, \$10.50;

(8) for a personal watercraft, \$37.50;

(9) for a canoe, kayak, sailboard, paddleboard, paddleboat, or rowing shell over ten feet in length, \$10.50; and

(10) for a watercraft less than 17 feet in length, other than a watercraft listed in clauses (6) to (9), \$18.

Sec. 23. Minnesota Statutes 2018, section 86B.415, subdivision 5, is amended to read:

Subd. 5. **Dealer's license.** There is no separate fee for watercraft owned by a dealer under a dealer's license. The fee for a dealer's license is ~~\$67.50~~ \$98.

Sec. 24. Minnesota Statutes 2018, section 86B.415, subdivision 7, is amended to read:

Subd. 7. **Watercraft surcharge.** A ~~\$5~~ \$20 surcharge is placed on each watercraft licensed under subdivisions 1 to 3 and 5 and a \$5 surcharge is placed on each watercraft licensed under subdivision 4 for control, public awareness, law enforcement, monitoring, and research of aquatic invasive species such as zebra mussel, purple loosestrife, and Eurasian watermilfoil in public waters and public wetlands.

Sec. 25. Minnesota Statutes 2018, section 88.642, subdivision 1, is amended to read:

Subdivision 1. **Written consent.** No person shall cut, harvest, remove, transport, or possess for decorative purposes or for sale more than three decorative trees, more than 100 pounds of decorative boughs, more than 50 spruce stems or branches greater than six inches in length, more than 50 birch stems or branches greater than one-inch large-end diameter, or more than 100 pounds of any other decorative materials without the written consent of the owner or authorized agent of the private or public land on which the decorative materials were cut or harvested. The written consent ~~shall be on a form furnished or otherwise approved by the commissioner of natural resources and shall~~ must contain the legal description of the land where the decorative materials were cut or harvested, as well as the name of the legal owner of the land or the owner's authorized agent. The written consent must be carried by every person cutting, harvesting, removing, possessing, or transporting any decorative materials, or in any way aiding therein, and must be exhibited to any officer at the officer's request at any time.

Sec. 26. Minnesota Statutes 2018, section 88.642, subdivision 3, is amended to read:

Subd. 3. **Transportation requirements.** No person, common carrier, ~~bough~~ decorative materials buyer, or authorized agent shall purchase or otherwise receive for shipment or transportation any decorative materials without recording the seller's or consignor's name and address and the written consent on a form furnished or otherwise approved by the commissioner of natural resources.

Sec. 27. Minnesota Statutes 2018, section 88.6435, is amended to read:

88.6435 BOUGH DECORATIVE MATERIALS BUYERS.

~~Subdivision 1. **Permits.** A person may not buy more than 100 pounds of decorative boughs in any calendar year without a bough buyer's permit issued by the commissioner of natural resources. The annual fee for a permit for a resident or nonresident to buy decorative boughs is \$25.~~

Subd. 1a. **License.** (a) A person must have a buyer's license for decorative materials to:

(1) buy more than 100 pounds of decorative boughs in any calendar year;

(2) buy more than 50 spruce stems or branches greater than six inches in length in any calendar year; or

(3) buy more than 50 birch stems or branches greater than one-inch large-end diameter in any calendar year.

(b) The annual fee for a buyer's license for decorative materials for a resident or nonresident is \$25.

Subd. 2. **Record requirements.** (a) When buying or otherwise receiving decorative ~~boughs~~ materials, a person ~~permitted~~ licensed under this section must record:

- (1) the seller's name and address;
- (2) the form of written consent; and

(3) the government permit number or legal description or property tax identification number of the land from which the ~~boughs~~ decorative materials were obtained.

(b) The information under paragraph (a) must be ~~provided~~ recorded on a form furnished or otherwise approved by the commissioner of natural resources ~~in consultation with the balsam bough industry groups~~ and must be exhibited to an officer upon request.

~~(b) Boughs may not be purchased~~ (c) A licensed buyer may not purchase decorative materials if the seller fails to exhibit the written consent required under section 88.642, subdivision 1, ~~or if the boughs do not conform to the standards specified on the consent.~~ Decorative ~~boughs cut from public lands~~ materials must conform to standards specified in the written consent.

~~(e)~~ (d) Records ~~shall~~ must be maintained from July 1 until June 30 of the following calendar year and ~~shall~~ must be open to inspection to an officer during reasonable hours.

~~(d)~~ (e) Customer name and address records created and maintained by ~~permittees~~ licensees under this section are classified as private or nonpublic government data.

Subd. 3. ~~Revocation of permits~~ **Penalties.** (a) The commissioner may deny, modify, suspend, or revoke a ~~permit~~ license issued under this section for cause, including ~~falsification of~~ for falsifying records required under this section or ~~violation of any other provision of~~ for violating sections 88.641 to 88.648.

(b) A person convicted of two or more violations of sections 88.641 to 88.648 within three years may not obtain a ~~bough~~ buyer's ~~permit~~ license for decorative materials for three years ~~from~~ after the date of the last conviction.

Subd. 4. ~~Forest bough~~ **Special forest products account; disposition of fees.** (a) The ~~forest bough~~ special forest products account is established in the state treasury ~~within~~ in the natural resources fund.

(b) Fees for ~~permits~~ licenses issued under this section must be deposited in the state treasury and credited to the ~~forest bough~~ special forest products account and, except for the electronic licensing system commission established by the commissioner under section 84.027, subdivision 15, are annually appropriated to the commissioner of natural resources for costs associated with special forest product information and education programs for harvesters and buyers.

Sec. 28. Minnesota Statutes 2018, section 89.37, subdivision 3, is amended to read:

Subd. 3. **Private lands.** The commissioner may supply only bare root seedlings, woody cuttings, and transplant material for use on private land, provided that such material must be sold in lots of not less than ~~500~~ 250 for a sum determined by the commissioner to be equivalent to the cost of the materials and the expenses of their distribution. The commissioner may not directly or indirectly supply any other planting stock for use on private lands.

Sec. 29. **[89.435] FOREST CARBON SEQUESTRATION GOAL.**

It is the goal of the state to plant an additional 1,000,000 trees each year in fiscal years 2020, 2021, 2022, and 2023, to provide additional carbon sequestration and improve forest health.

Sec. 30. Minnesota Statutes 2018, section 90.01, is amended by adding a subdivision to read:

Subd. 13. **Special forest products.** "Special forest products" means woody and herbaceous plants, plant parts, seeds, fungus, soil, gravel, and forest substrate for consumption, decoration, or medicine or for any other specialty use.

Sec. 31. Minnesota Statutes 2018, section 90.195, is amended to read:

90.195 SPECIAL USE AND PRODUCT PERMIT.

(a) The commissioner may issue a fuelwood permit to salvage or cut not to exceed 12 cords of fuelwood per year for personal use from either or both of the following sources:

(1) dead, down, and damaged trees; or

(2) other trees that are of negative value under good forest management practices.

(b) The fuelwood permits under paragraph (a) may be issued for a period not to exceed one year. The commissioner ~~shall~~ must charge a fee for the permit as provided under section 90.041, subdivision 10. The fee ~~shall~~ must not exceed the current market value of fuelwood of similar species, grade, and volume that is being sold in the area where the salvage or cutting is authorized under the permit.

~~(b) (c)~~ (c) The commissioner may issue a ~~special product permit under section 89.42 for commercial use, which may include permit for harvesting or collecting incidental volumes of boughs, gravel, hay, biomass, and other products derived from forest management activities~~ special forest products. The value of the products is the current market value of the products that are being sold in the area. The permit may be issued for a period not to exceed one year, and the commissioner ~~shall~~ must charge a fee for the permit as provided under section 90.041, subdivision 10.

~~(e) (d)~~ (d) The commissioner may issue a special use permit for incidental volumes of timber from approved right-of-way road clearing across state land ~~for the purpose of accessing~~ to access a state timber permit. The permit ~~shall~~ must include the volume and value of timber to be cleared and may be issued for a period not to exceed one year. A presale conference as required under section 90.151, subdivision 6, must be completed before the start of any activities under the permit.

Sec. 32. **[92.122] COMPENSATING PERMANENT SCHOOL FUND.**

Subdivision 1. **Compensation requirements.** (a) When the revenue generated from school trust land and associated resources is diminished by management practices applied to the land and resources as determined by the commissioner of natural resources, the commissioner must compensate the permanent school fund.

(b) When generating revenue from school trust land and associated resources will be prohibited by a policy or designation applied to the land and resources as determined by the commissioner, the commissioner must compensate the permanent school fund before the policy or designation is applied.

Subd. 2. **Compensation methods.** To compensate the permanent school fund under subdivision 1, the commissioner may use compensation methods that include:

(1) exchanging other land that is compatible with the goal of the permanent school fund under section 127A.31, as allowed under sections 94.343, subdivision 1, and 94.3495, and the Minnesota Constitution, article XI, section 10;

(2) leasing under section 92.50 and according to subdivision 3, with rental payments as compensation; and

(3) condemning the land under section 92.83, with payment of the amount of the award and judgment as compensation.

Subd. 3. **Lease terms for compensating fund.** With advice from the school trust lands director according to section 127A.353, subdivision 4, the commissioner may lease school trust land to compensate the permanent school fund. Rental payments received under this subdivision:

(1) must be credited to the forest suspense account as nonqualifying revenue and not subject to cost certification under section 16A.125;

(2) must be paid in full upon executing the lease; and

(3) are determined by the commissioner and subject to review by a licensed appraiser.

Sec. 33. Minnesota Statutes 2018, section 92.50, subdivision 1, is amended to read:

Subdivision 1. **Lease terms.** (a) The commissioner of natural resources may lease land under the commissioner's jurisdiction and control:

(1) to remove sand, gravel, clay, rock, marl, peat, and black dirt;

(2) to store ore, waste materials from mines, or rock and tailings from ore milling plants;

(3) for roads or railroads;

(4) to compensate the permanent school fund according to section 92.122; or

~~(4)~~ (5) for other uses consistent with the interests of the state.

(b) The commissioner shall offer the lease at public or private sale for an amount and under terms and conditions prescribed by the commissioner. Commercial leases for more than ten years and leases for removal of peat that cover 320 or more acres must be approved by the Executive Council.

(c) The lease term may not exceed 21 years except:

(1) leases of lands for storage sites for ore, waste materials from mines, or rock and tailings from ore milling plants; or for the removal of peat for nonagricultural purposes may not exceed a term of 25 years; and

(2) leases for commercial purposes, including major resort, convention center, or recreational area purposes, may not exceed a term of 40 years.

(d) Leases must be subject to sale and leasing of the land for mineral purposes and contain a provision for cancellation for just cause at any time by the commissioner upon six months' written notice. A longer notice period, not exceeding three years, may be provided in leases for storing ore, waste materials from mines, or rock or tailings from ore milling plants. The commissioner may determine the terms and conditions, including the notice period, for cancellation of a lease for the removal of peat and commercial leases.

(e) Money received from leases under this section must be credited to the fund to which the land belongs.

Sec. 34. Minnesota Statutes 2018, section 97A.015, subdivision 25, is amended to read:

Subd. 25. **Game fish.** "Game fish" means ~~walleye, sauger, yellow perch, channel catfish, flathead catfish; members of the pike family, Esocidae, including muskellunge and northern pike; members of the sunfish family, Centrarchidae, including largemouth bass, smallmouth bass, sunfish, rock bass, white crappie, black crappie, members of the temperate bass family, Percichthyidae, including white bass and yellow bass; members of the salmon and trout subfamily, Salmoninae, including Atlantic salmon, chinook salmon, coho salmon, pink salmon, kokanee salmon, lake trout, brook trout, brown trout, rainbow (steelhead) trout, and splake; members of the paddlefish family, Polyodontidae; members of the sturgeon family, Acipenseridae, including lake sturgeon, and shovelnose sturgeon.~~ fish from the following families and species: Acipenseridae (lake sturgeon and shovelnose sturgeon), Anguillidae (American eel), Centrarchidae (black crappie; largemouth bass; rock bass; smallmouth bass; white crappie; and sunfishes, including bluegill, green sunfish, longear sunfish, orangespotted sunfish, pumpkinseed, and warmouth), Esocidae (muskellunge and northern pike), Gadidae (burbot), Ictaluridae (blue catfish, channel catfish, and flathead catfish), Moronidae (white bass and yellow bass), Percidae (sauger, walleye, and yellow perch), Polyodontidae (paddlefish), and Salmonidae (Atlantic salmon, brook trout, brown trout, chinook salmon, cisco or tullibee, coho salmon, kokanee salmon, lake trout, lake whitefish, pink salmon, and rainbow trout). "Game fish" includes hybrids of game fish.

Sec. 35. Minnesota Statutes 2018, section 97A.015, subdivision 43, is amended to read:

Subd. 43. **Rough fish.** "Rough fish" means carp, buffalo, sucker, sheepshead, bowfin, ~~burbot, cisco,~~ gar, goldeye, and bullhead, except for any fish species listed as endangered, threatened, or of special concern in Minnesota Rules, chapter 6134.

Sec. 36. Minnesota Statutes 2018, section 97A.055, subdivision 4, is amended to read:

Subd. 4. **Game and fish annual reports.** (a) By December 15 each year, the commissioner shall submit to the legislative committees having jurisdiction over appropriations and the environment and natural resources reports on each of the following:

(1) the amount of revenue from the following and purposes for which expenditures were made:

(i) the small-game license surcharge under section 97A.475, subdivision 4;

(ii) the Minnesota migratory-waterfowl stamp under section 97A.475, subdivision 5, clause (1);

(iii) the trout-and-salmon stamp under section 97A.475, subdivision 10;

(iv) the pheasant stamp under section 97A.475, subdivision 5, clause (2);

(v) the wild-turkey management account under section 97A.075, subdivision 5;

(vi) the deer license ~~donations and~~ surcharges under section 97A.475, subdivisions 3, paragraph (b), and 3a; and

(vii) the walleye stamp under section 97A.475, subdivision 10a;

(2) the amounts available under section 97A.075, subdivision 1, paragraphs (b) and (c), and the purposes for which these amounts were spent;

(3) money credited to the game and fish fund under this section and purposes for which expenditures were made from the fund;

(4) outcome goals for the expenditures from the game and fish fund; and

(5) summary and comments of citizen oversight committee reviews under subdivision 4b.

(b) The report must include the commissioner's recommendations, if any, for changes in the laws relating to the stamps and surcharge referenced in paragraph (a).

Sec. 37. Minnesota Statutes 2018, section 97A.055, subdivision 4b, is amended to read:

Subd. 4b. **Citizen oversight committees.** (a) The commissioner shall appoint committees of affected persons to review the reports prepared under subdivision 4; review the proposed work plans and budgets for the coming year; propose changes in policies, activities, and revenue enhancements or reductions; review other relevant information; and make recommendations to the legislature and the commissioner for improvements in the management and use of money in the game and fish fund.

(b) The commissioner shall appoint the following committees, each comprised of at least ten affected persons:

(1) a Fisheries Oversight Committee to review fisheries funding and expenditures, including activities related to trout-and-salmon stamps and walleye stamps; and

(2) a Wildlife Oversight Committee to review wildlife funding and expenditures, including activities related to migratory waterfowl, pheasant, and wild turkey management and deer and big game management.

(c) The chairs of the Fisheries Oversight Committee and the Wildlife Oversight Committee, and four additional members from each committee, shall form a Budgetary Oversight Committee to coordinate the integration of the fisheries and wildlife oversight committee reports into an annual report to the legislature; recommend changes on a broad level in policies, activities, and revenue enhancements or reductions; and provide a forum to address issues that transcend the fisheries and wildlife oversight committees.

(d) The Budgetary Oversight Committee shall develop recommendations for a biennial budget plan and report for expenditures on game and fish activities. By August 15 of each even-numbered year, the committee shall submit the budget plan recommendations to the commissioner and to the senate and house of representatives committees with jurisdiction over natural resources finance.

(e) The chairs of the Fisheries Oversight Committee and the Wildlife Oversight Committee shall be chosen by their respective committees. The chair of the Budgetary Oversight Committee shall be appointed by the commissioner and may not be the chair of either of the other oversight committees.

(f) The Budgetary Oversight Committee may make recommendations to the commissioner and to the senate and house of representatives committees with jurisdiction over natural resources finance for outcome goals from expenditures.

(g) The committees authorized under this subdivision are not advisory councils or committees governed by section 15.059 and are not subject to section 15.059. Committee members appointed by the commissioner may request reimbursement for mileage expenses in the same manner and amount as authorized by the commissioner's plan adopted under section 43A.18, subdivision 2. Committee members must not receive daily compensation for oversight activities. The Fisheries Oversight Committee, the Wildlife Oversight Committee, and the Budgetary Oversight Committee expire June 30, ~~2020~~ 2025.

Sec. 38. Minnesota Statutes 2018, section 97A.065, subdivision 6, is amended to read:

Subd. 6. **Deer license donations and surcharges.** (a) The surcharges collected under section 97A.475, subdivision 3a, ~~paragraph (b), shall~~ must be deposited in an account in the special revenue fund and are appropriated to the commissioner for deer management, including for grants or payments to agencies, organizations, or individuals for assisting with the cost of processing deer taken for population management purposes for venison donation programs. None of the additional license fees shall be transferred to any other agency for administration of programs other than venison donation. If any money transferred by the commissioner is not used for a venison donation program, it shall be returned to the commissioner.

(b) The surcharges ~~and donations~~ under section 97A.475, ~~subdivisions~~ subdivision 3, paragraph (b); ~~3a, paragraph (a); and 4, paragraph (b), shall,~~ must be deposited in an account in the special revenue fund and are appropriated to the commissioner for the walk-in access program.

Sec. 39. Minnesota Statutes 2018, section 97A.075, subdivision 1, is amended to read:

Subdivision 1. **Deer, bear, and lifetime licenses.** (a) For purposes of this subdivision, "deer license" means a license issued under section 97A.475, subdivisions 2, clauses (5), (6), (7), (13), (14), and (15); 3, paragraph (a), clauses (2), (3), (4), (10), (11), and (12); and 8, paragraph (b), and licenses issued under section 97B.301, subdivision 4.

(b) ~~\$2 from each annual deer license and \$2 annually from the lifetime fish and wildlife trust fund, established in section 97A.4742, for each license issued under section 97A.473, subdivision 4, shall~~ The deer management account is established as an account in the game and fish fund and may be used only for deer habitat improvement or deer management programs. The following amounts must be credited to the deer management account and is appropriated to the commissioner for deer habitat improvement or deer management programs.:

(1) \$16 from each annual deer license issued under section 97A.475, subdivisions 2, clauses (5), (6), and (7); 3, paragraph (a), clauses (2), (3), and (4); and 8, paragraph (b);

(2) \$2 from each annual deer license issued under sections 97A.475, subdivisions 2, clauses (13), (14), and (15); and 3, paragraph (a), clauses (10), (11), and (12); and 97B.301, subdivision 4; and

(3) \$16 annually from the lifetime fish and wildlife trust fund, established under section 97A.4742, for each license issued to a person 18 years of age or older under section 97A.473, subdivision 4, and \$2 annually from the lifetime fish and wildlife trust fund for each license issued to a person under 18 years of age.

(c) \$1 from each annual deer license and each bear license and \$1 annually from the lifetime fish and wildlife trust fund, established in section 97A.4742, for each license issued under section 97A.473, subdivision 4, ~~shall~~ must be credited to the deer and bear management account and is appropriated to the commissioner for deer- and bear-management programs, including a computerized licensing system.

(d) Fifty cents from each deer license is credited to the ~~emergency deer feeding and~~ wild Cervidae health-management account and is appropriated for ~~emergency deer feeding and~~ wild Cervidae health management. Money appropriated for ~~emergency deer feeding and~~ wild Cervidae health management is available until expended.

(e) When the unencumbered balance in the appropriation for ~~emergency deer feeding and~~ wild Cervidae health management exceeds \$2,500,000 at the end of a fiscal year, the unencumbered balance ~~in excess of~~ over \$2,500,000 is canceled and is available for deer- and bear-management programs and computerized licensing.

Sec. 40. Minnesota Statutes 2018, section 97A.126, is amended to read:

97A.126 WALK-IN ACCESS PROGRAM.

Subdivision 1. **Establishment.** A walk-in access program is established to provide public access to wildlife habitat on ~~private~~ land not otherwise open to the public for hunting, excluding trapping, as provided under this section. The commissioner may enter into agreements with other units of government and landowners to provide ~~private land~~ hunting access.

Subd. 2. **Use of enrolled lands.** (a) From September 1 to May 31, a person ~~must have a walk-in access hunter validation in possession to~~ may hunt on ~~private~~ lands, including agricultural lands, that are posted as being enrolled in the walk-in access program.

(b) Hunting on ~~private~~ lands that are posted as enrolled in the walk-in access program is allowed from one-half hour before sunrise to one-half hour after sunset.

(c) Hunter access on ~~private~~ lands that are posted as enrolled in the walk-in access program is restricted to nonmotorized use, except by hunters with disabilities operating motor vehicles on established trails or field roads who possess a valid permit to shoot from a stationary vehicle under section 97B.055, subdivision 3.

(d) The general provisions for use of wildlife management areas adopted under sections 86A.06 and 97A.137, relating to overnight use, alcoholic beverages, use of motorboats, firearms and target shooting, hunting stands, abandonment of trash and property, destruction or removal of property, introduction of plants or animals, and animal trespass, apply to hunters on lands enrolled in the walk-in access program.

(e) Any use of enrolled lands other than hunting according to this section is prohibited, including:

(1) harvesting bait, including minnows, leeches, and other live bait;

(2) training dogs or using dogs for activities other than hunting; and

(3) constructing or maintaining any building, dock, fence, billboard, sign, hunting blind, or other structure, unless constructed or maintained by the landowner.

Sec. 41. **97A.138] INSECTICIDES IN WILDLIFE MANAGEMENT AREAS.**

A person may not use a product containing an insecticide in a wildlife management area if the insecticide is from the neonicotinoid class of insecticides.

Sec. 42. Minnesota Statutes 2018, section 97A.321, subdivision 1, is amended to read:

Subdivision 1. **Owner responsibility; penalty amount.** (a) The owner of a dog that pursues but does not kill or mortally wound a big game animal is subject to a civil penalty of \$100 for each violation. The owner of a dog that kills or mortally wounds a big game animal is subject to a civil penalty of \$500 for each violation.

(b) Paragraph (a) does not apply to a person using a dog in compliance with section 97B.207.

Sec. 43. Minnesota Statutes 2018, section 97A.405, is amended by adding a subdivision to read:

Subd. 6. **Application deadline.** When an application deadline is specified, including an application deadline for determining the fee based on age for a lifetime license, an application must be received no later than 4:30 p.m. on the day of the deadline or, if mailed, an application must be postmarked on or before the deadline date.

Sec. 44. Minnesota Statutes 2018, section 97A.475, subdivision 3a, is amended to read:

~~Subd. 3a. **Deer license donation and surcharge.** (a) A person may agree to add a donation of \$1, \$3, or \$5 to the fees for annual resident and nonresident licenses to take deer by firearms or archery established under subdivisions 2, clauses (5), (6), (7), (13), (14), and (15), and 3, paragraph (a), clauses (2), (3), (4), (10), (11), and (12).~~

~~(b) (a)~~ Beginning March 1, 2008, fees for bonus licenses to take deer by firearms or archery established under section 97B.301, subdivision 4, must be increased by a surcharge of \$1.

~~(c) (b)~~ An additional commission may not be assessed on the ~~donation or~~ surcharge.

Sec. 45. Minnesota Statutes 2018, section 97A.475, subdivision 4, is amended to read:

~~Subd. 4. **Small-game surcharge and donation.** (a) Fees for annual licenses to take small game must be increased by a surcharge of \$6.50, except licenses under subdivisions 2, clauses (18) and (19); and 3, paragraph (a), clause clauses (14) and (15). An additional commission may not be assessed on the surcharge and the following statement must be included in the annual small-game-hunting regulations: "This \$6.50 surcharge is being paid by hunters for the acquisition and development of wildlife lands."~~

~~(b) A person may agree to add a donation of \$1, \$3, or \$5 to the fees for annual resident and nonresident licenses to take small game. An additional commission may not be assessed on the donation. The following statement must be included in the annual small game hunting regulations: "The small game license donations are being paid by hunters for administration of the walk-in access program."~~

Sec. 46. Minnesota Statutes 2018, section 97A.475, subdivision 41, is amended to read:

~~Subd. 41. **Turtle licenses license.** (a) The fee for a turtle seller's license to sell turtles and to take, transport, buy, and possess turtles for sale is \$250.~~

~~(b) The fee for a recreational turtle license to take, transport, and possess turtles for personal use is \$25.~~

~~(c) The fee for a turtle seller's apprentice license is \$100.~~

Sec. 47. Minnesota Statutes 2018, section 97B.011, is amended to read:

97B.011 DOGS PURSUING BIG GAME.

~~(a) A person who observes a dog wounding, killing, or pursuing in a manner that endangers big game may kill the dog:~~

~~(1) at any time, if the person is a peace officer or conservation officer; or~~

~~(2) between January 1 and July 14, if the person is not a peace officer or conservation officer and the discharge of firearms is allowed.~~

The officer or person is not liable for damages for killing the dog.

(b) Paragraph (a) does not apply to a dog used in compliance with section 97B.207.

Sec. 48. Minnesota Statutes 2018, section 97B.081, subdivision 3, is amended to read:

Subd. 3. **Exceptions.** (a) It is not a violation of this section for a person to:

(1) cast the rays of a spotlight, headlight, or other artificial light to take raccoons according to section 97B.621, subdivision 3, or tend traps according to section 97B.931;

(2) hunt fox or coyote from January 1 to March 15 while using a handheld artificial light, provided that the person is:

(i) on foot;

(ii) using a shotgun;

(iii) not within a public road right-of-way;

(iv) using a handheld or electronic calling device; and

(v) not within 200 feet of a motor vehicle; or

(3) cast the rays of a handheld artificial light to retrieve wounded or dead big game animals, provided that the person is:

(i) on foot; and

(ii) not in possession of a firearm or bow.

(b) It is not a violation of subdivision 2 for a person to cast the rays of a spotlight, headlight, or other artificial light to:

(1) carry out any agricultural, safety, emergency response, normal vehicle operation, or occupation-related activities that do not involve taking wild animals; or

(2) carry out outdoor recreation as defined in section 97B.001 that is not related to spotting, locating, or taking a wild animal.

(c) Except as otherwise provided by the game and fish laws, it is not a violation of this section for a person to use an electronic range finder device from one-half hour before sunrise until one-half hour after sunset while lawfully hunting wild animals.

(d) It is not a violation of this section for a licensed bear hunter to cast the rays of a handheld artificial light to track or retrieve a wounded or dead bear while possessing a firearm, ~~provided that:~~

(1) if the person:

~~(1)~~ (i) has the person's valid bear-hunting license in possession;

~~(2)~~ (ii) is on foot; and

~~(3)~~ (iii) is following the blood trail of a bear that was shot during legal shooting hours; or

(2) as provided in section 97B.207.

(e) It is not a violation of this section for a licensed deer hunter to cast the rays of a handheld artificial light to track or retrieve a wounded deer as provided in section 97B.207.

(f) For purposes of this subdivision, "handheld artificial light" means an artificial light that is carried in the hand or attached to the person.

Sec. 49. Minnesota Statutes 2018, section 97B.205, is amended to read:

97B.205 ~~USE OF~~ USING DOGS AND HORSES TO TAKE BIG GAME PROHIBITED.

A person may not use a dog or horse to take big game, except as provided under section 97B.207.

Sec. 50. **97B.207] USING DOGS TO LOCATE WOUNDED DEER OR BEAR.**

Subdivision 1. **Using dogs allowed.** A person may use a dog to locate and retrieve a wounded deer or bear only as provided in this section.

Subd. 2. **Requirements for hunters and handlers.** (a) A person attempting to locate and retrieve a wounded deer or bear using a dog must have a valid license to take the deer or bear and have the license in possession. If the person is a dog handler that does not have a valid hunting license, the person must be accompanied by a licensed hunter with the license in possession.

(b) The licensed hunter, and any accompanying dog handler, must be on foot and must wear blaze orange or blaze pink as provided in section 97B.071, paragraph (a).

(c) Any light used must be a handheld artificial light, as defined under section 97B.081, subdivision 3, paragraph (f).

Subd. 3. **Requirements for dogs.** (a) A dog used to locate a wounded deer or bear must be accompanied by a licensed hunter and any dog handler until the wounded deer or bear is located. The dog must be leashed and the licensed hunter or dog handler must be in physical control of the leash at all times. The leash must not exceed 30 feet in length.

(b) The dog owner's information, including the owner's name and telephone number, must be on the dog while the dog is used to locate a wounded deer or bear under this section.

(c) The licensed hunter and any accompanying dog handler are jointly and severally responsible for a dog under this section. A violation of this subdivision is a misdemeanor under section 97A.301, subdivision 1, and section 97A.421 applies.

Subd. 4. **Additional requirements.** (a) The trespass provisions in section 97B.001 apply to activities under this section, including all requirements to gain permission to enter private or public property.

(b) Activities under this section may occur during legal shooting hours or outside legal shooting hours of the open season for the location and species. Any activity occurring under this section outside the open season for the location and species must be reported to the local conservation officer before locating or retrieving the wounded deer or bear.

Sec. 51. Minnesota Statutes 2018, section 97B.655, is amended to read:

97B.655 TAKING ANIMALS CAUSING DAMAGE.

Subdivision 1. **Owners and occupants may take certain animals.** (a) A person or the person's agent may take bats, snakes, salamanders, lizards, weasel, mink, squirrel, rabbit, hare, raccoon, bobcat, fox, opossum, muskrat, or beaver on land owned or occupied by the person where the animal is causing damage. The person or the person's agent may take the animal without a license and in any manner except by artificial lights in the closed season or by poison. Raccoons may be taken under this subdivision with artificial lights during open season.

(b) Any traps used under this subdivision must be tagged as required under section 97B.928 if placed by an agent of the landowner or occupant.

(c) A person or the person's agent who kills mink, raccoon, bobcat, fox, opossum, muskrat, or beaver under this subdivision must notify a conservation officer or employee of the Fish and Wildlife Division within 24 hours after the animal is killed.

Subd. 2. **Special permit for taking protected wild animals.** (a) The commissioner may issue special permits under section 97A.401, subdivision 5, to take protected wild animals that are damaging property or to remove or destroy their dens, nests, or houses, or dams.

(b) Removing or destroying a beaver dam associated with beavers causing damage must be according to section 97B.665.

Sec. 52. Minnesota Statutes 2018, section 97B.665, is amended by adding a subdivision to read:

Subd. 1a. **Removing beaver dams; agreement by landowner.** (a) Except as provided in paragraph (b), a beaver dam that is causing damage to property may be removed or destroyed by a person or the person's agent from property that is owned, occupied, or otherwise managed by the person.

(b) A person or a person's agent may not remove or destroy a beaver dam under this subdivision when a permit is required under section 103G.245 if removing or destroying the dam would change or diminish the historical water levels, course, current, or cross section of public waters.

(c) A person or a person's agent may not remove or destroy a beaver dam under this subdivision if the dam is on public property or another person's private property unless the person obtains the approval or permission of the landowner of the property where the beaver dam is located.

(d) If unable to obtain the approval or permission of the landowner under paragraph (c), a person may petition to district court for relief as provided in subdivision 2.

(e) For purposes of this subdivision:

(1) "landowner" means:

(i) the owner, lessee, or occupant of private property; or

(ii) an authorized manager of public property; and

(2) "person" includes a governmental entity in addition to the entities described under section 97A.015, subdivision 35.

Sec. 53. Minnesota Statutes 2018, section 97B.667, subdivision 2, is amended to read:

Subd. 2. **Local Government units.** (a) ~~Local~~ Government units may, as provided in this section, kill or arrange to have killed beaver that are causing damage, including damage to silvicultural projects and drainage ditches, on property owned or managed by the ~~local~~ government unit. ~~Removal or destruction of~~ Removing or destroying any associated beaver lodge is subject to section 97A.401, subdivision 5, and removing or destroying any associated beaver dam is subject to section 97B.665.

(b) The ~~local~~ government unit may kill beaver associated with the lodge or damage in any manner, except by poison or artificial lights.

(c) The ~~local~~ government unit may arrange to have killed any beaver associated with the lodge or damage by trapping through a third-party contract or under subdivision 4.

Sec. 54. Minnesota Statutes 2018, section 97B.667, subdivision 3, is amended to read:

Subd. 3. **Permits and notice; requirements.** (a) Before killing or arranging to kill a beaver under this section, the road authority or ~~local~~ government unit must contact a conservation officer for a special beaver permit- if the beaver will be killed within two weeks before or after the trapping season for beaver, and the conservation officer must issue the permit for any beaver subject to this section. A permit is not required:

(1) for a licensed trapper during the open trapping season for beaver; or

(2) when the trapping season for beaver is closed and it is not within two weeks before or after the trapping season for beaver.

(b) A road authority or ~~local~~ government unit that kills or arranges to have killed a beaver under this section must notify a conservation officer or employee of the Fish and Wildlife Division within ten days after the animal is killed.

Sec. 55. Minnesota Statutes 2018, section 97B.667, subdivision 4, is amended to read:

Subd. 4. **Local Beaver control programs.** A road authority or ~~local~~ government unit may, after consultation with the Fish and Wildlife Division, implement a ~~local~~ beaver control program designed to reduce the number of incidents of beaver:

(1) interfering with or damaging a public road; or

(2) causing damage, including damage to silvicultural projects and drainage ditches, on property owned or managed by the ~~local~~ government unit.

The ~~local~~ control program may include ~~the offering of a bounty for the lawful taking of~~ to lawfully take beaver.

Sec. 56. Minnesota Statutes 2018, section 97B.667, is amended by adding a subdivision to read:

Subd. 5. **Tagging requirements for traps.** Traps used under subdivision 1 or 2 must be identified with the name and telephone number of the government unit. Traps used for trapping under a third-party contract must be tagged with the contractor's information as provided in section 97B.928.

Sec. 57. **[97B.673] NONTOXIC SHOT REQUIRED FOR TAKING SMALL GAME IN CERTAIN AREAS.**

Subdivision 1. **Nontoxic shot on wildlife management areas in farmland zone.** After July 1, 2020, a person may not take small game, rails, or common snipe on any wildlife management area within the farmland zone with shot other than:

(1) steel shot;

(2) copper-plated, nickel-plated, or zinc-plated steel shot; or

(3) shot made of other nontoxic material approved by the director of the United States Fish and Wildlife Service.

Subd. 2. **Farmland zone.** For the purposes of this section, the farmland zone is the portion of the state that falls south and west of Minnesota Highway 70 westward from the Wisconsin border to Minnesota Highway 65 to Minnesota Highway 23 to U.S. Highway 169 at Milaca to Minnesota Highway 18 at Garrison to Minnesota Highway 210 at Brainerd to U.S. Highway 10 at Motley to U.S. Highway 59 at Detroit Lakes northward to the Canadian border.

Sec. 58. Minnesota Statutes 2018, section 97C.605, subdivision 1, is amended to read:

Subdivision 1. **Resident angling license required Taking turtles; requirements.** ~~(a) In addition to any other license required in this section,~~ A person may not take, possess, or transport turtles without a resident angling license, ~~except as provided in subdivision 2e and a recreational turtle license.~~

(b) Turtles taken from the wild are for personal use only and may not be resold.

Sec. 59. Minnesota Statutes 2018, section 97C.605, subdivision 2c, is amended to read:

Subd. 2c. **License exemptions.** ~~(a) A person does not need a turtle seller's license or an angling license the~~ licenses specified under subdivision 1:

~~(1) when buying turtles for resale at a retail outlet;~~

~~(2) (1) when buying a turtle at a retail outlet; or~~

~~(3) if the person is a nonresident buying a turtle from a licensed turtle seller for export out of state. Shipping documents provided by the turtle seller must accompany each shipment exported out of state by a nonresident. Shipping documents must include: name, address, city, state, and zip code of the buyer; number of each species of turtle; and name and license number of the turtle seller; or~~

~~(4) (2) to take, possess, and rent or sell up to 25 turtles greater than four inches in length for the purpose of providing the turtles to participants at a nonprofit turtle race, if the person is a resident under age 18. The person is responsible for the well-being of the turtles.~~

(b) A person with an aquatic farm license with a turtle endorsement or a private fish hatchery license with a turtle endorsement may sell, obtain, possess, transport, and propagate turtles and turtle eggs according to Minnesota Rules, part 6256.0900, without the licenses specified under subdivision 1.

Sec. 60. Minnesota Statutes 2018, section 97C.605, subdivision 3, is amended to read:

Subd. 3. **Taking; methods prohibited.** ~~(a)~~ A person may take turtles in any manner, except by the use of:

- (1) explosives, drugs, poisons, lime, and other harmful substances;
- (2) traps, ~~except as provided in paragraph (b) and rules adopted under this section;~~
- (3) nets other than anglers' fish landing nets; or
- (4) commercial equipment, ~~except as provided in rules adopted under this section.~~

~~(b) Until new rules are adopted under this section, a person with a turtle seller's license may take turtles with a floating turtle trap that:~~

- ~~(1) has one or more openings above the water surface that measure at least ten inches by four inches; and~~
- ~~(2) has a mesh size of not less than one-half inch, bar measure.~~

Sec. 61. **[103F.49] CONSERVATION MATERIALS CONTAINING PLASTICS.**

Subdivision 1. **Identifying and listing.** By January 1, 2021, the Board of Water and Soil Resources must:

(1) identify materials used in conservation and bioengineering projects that contain plastic that are used or are likely to be used in state-funded stream bank stabilization projects;

(2) determine whether feasible alternatives for the materials identified are available that do not contain plastic; and

(3) post a list of the materials with feasible alternatives on the board's website stating that the materials are ineligible for state funding beginning January 1, 2022.

Subd. 2. **Prohibition.** Beginning January 1, 2022, a person may not:

(1) purchase a material listed under subdivision 1, in whole or in part, with state funds; or

(2) use a material listed under subdivision 1 as part of a project funded in whole or in part with state funds.

Sec. 62. Minnesota Statutes 2018, section 103G.241, subdivision 1, is amended to read:

Subdivision 1. **Conditions to affect public waters.** An agent or employee of another may not construct, reconstruct, remove, or make a change in a reservoir, dam, or waterway obstruction on a public water or in any manner change or diminish the course, current, or cross section of public waters unless the agent or employee has:

(1) obtained a signed statement from the property owner stating that the permits required for the work have been obtained or a permit is not required; and

(2) mailed or electronically transmitted a copy of the statement to the regional office of the Department of Natural Resources where the proposed work is located.

Sec. 63. Minnesota Statutes 2018, section 103G.241, subdivision 3, is amended to read:

Subd. 3. **Form for compliance.** The commissioner shall develop a form to be distributed to contractors' associations and county auditors to comply with this section. The form must include:

- (1) a listing of the activities for which a permit is required;
- (2) a description of the penalties for violating this chapter;
- (3) the mailing addresses, electronic mail addresses, and telephone numbers of the regional offices of the Department of Natural Resources;
- (4) a statement that water inventory maps completed according to section 103G.201 are on file with the auditors of the counties; and
- (5) spaces for a description of the work and the names, mailing addresses, electronic mail addresses, and telephone numbers of the person authorizing the work and the agent or employee proposing to undertake it.

Sec. 64. Minnesota Statutes 2018, section 103G.287, subdivision 1, is amended to read:

Subdivision 1. **Applications for groundwater appropriations; preliminary well-construction approval.** (a) Groundwater use permit applications are not complete until the applicant has supplied:

- (1) a water well record as required by section 103I.205, subdivision 9, information on the subsurface geologic formations penetrated by the well and the formation or aquifer that will serve as the water source, and geologic information from test holes drilled to locate the site of the production well;
- (2) the maximum daily, seasonal, and annual pumpage rates and volumes being requested;
- (3) information on groundwater quality in terms of the measures of quality commonly specified for the proposed water use and details on water treatment necessary for the proposed use;
- (4) the results of an aquifer test completed according to specifications approved by the commissioner. The test must be conducted at the maximum pumping rate requested in the application and for a length of time adequate to assess or predict impacts to other wells and surface water and groundwater resources. The permit applicant is responsible for all costs related to the aquifer test, including the construction of groundwater and surface water monitoring installations, and water level readings before, during, and after the aquifer test; and
- (5) the results of any assessments conducted by the commissioner under paragraph (c).

(b) The commissioner may waive an application requirement in this subdivision if the information provided with the application is adequate to determine whether the proposed appropriation and use of water is sustainable and will protect ecosystems, water quality, and the ability of future generations to meet their own needs.

(c) The commissioner shall provide an assessment of a proposed well needing a groundwater appropriation permit. The commissioner shall evaluate the information submitted as required under section 103I.205, subdivision 1, paragraph (e), and determine whether the anticipated appropriation request is likely to meet the applicable requirements of this chapter. If the appropriation request is likely to meet applicable requirements, the commissioner shall provide the person submitting the information with a letter or electronically transmitted notice providing preliminary approval to construct the well and the requirements, including test-well information, that will be needed to obtain the permit.

(d) The commissioner must provide an applicant denied a groundwater use permit or issued a groundwater use permit that is reduced or restricted from the original request with all information the commissioner used in making the determination, including hydrographs, flow tests, aquifer tests, topographic maps, field reports, photographs, and proof of equipment calibration.

Sec. 65. Minnesota Statutes 2018, section 103G.301, subdivision 2, is amended to read:

Subd. 2. **Permit application and notification fees.** (a) A fee to defray the costs of receiving, recording, and processing must be paid for a permit application authorized under this chapter, except for a general permit application, for each request to amend or transfer an existing permit, and for a notification to request authorization to conduct a project under a general permit. Fees established under this subdivision, unless specified in paragraph (c), ~~shall be compliant~~ must comply with section 16A.1285.

(b) Proposed projects that require water in excess of 100 million gallons per year must be assessed fees to recover the costs incurred to evaluate the project and the costs incurred for environmental review. Fees collected under this paragraph must be credited to an account in the natural resources fund and are appropriated to the commissioner.

(c) The fee to apply for a permit to appropriate water, in addition to any fee under paragraph (b), ~~and for a permit to construct or repair a dam that is subject to dam safety inspection~~ is \$150. The application fee for a permit to construct or repair a dam that is subject to a dam safety inspection, to work in public waters, or to divert waters for mining must be at least ~~\$150~~ \$300, but not more than ~~\$1,000~~ \$3,000. The fee for a notification to request authorization to conduct a project under a general permit is \$100.

Sec. 66. Minnesota Statutes 2018, section 103G.311, subdivision 2, is amended to read:

Subd. 2. **Hearing notice.** (a) The hearing notice on an application must include:

- (1) the date, place, and time fixed by the commissioner for the hearing;
- (2) the waters affected, the water levels sought to be established, or control structures proposed; and
- (3) the matters prescribed by sections 14.57 to 14.59 and rules adopted thereunder.

(b) A summary of the hearing notice must be published by the commissioner at the expense of the applicant or, if the proceeding is initiated by the commissioner in the absence of an applicant, at the expense of the commissioner.

(c) The summary of the hearing notice must be:

(1) published once a week for two successive weeks before the day of hearing in a legal newspaper published in the county where any part of the affected waters is located; and

(2) mailed or electronically transmitted by the commissioner to the county auditor, the mayor of a municipality, the watershed district, and the soil and water conservation district affected by the application.

Sec. 67. Minnesota Statutes 2018, section 103G.311, subdivision 5, is amended to read:

Subd. 5. **Demand for hearing.** (a) If a hearing is waived and an order is made issuing or denying the permit, the applicant, the managers of the watershed district, the board of supervisors of the soil and water conservation district, or the governing body of the municipality may file a demand for hearing on the application. The demand for a hearing must be filed within 30 days after mailed or electronically transmitted notice of the order with the bond required by subdivision 6.

(b) The commissioner must give notice as provided in subdivision 2, hold a hearing on the application, and make a determination on issuing or denying the permit as though the previous order had not been made.

(c) The order issuing or denying the permit becomes final at the end of 30 days after mailed or electronically transmitted notice of the order to the applicant, the managers of the watershed district, the board of supervisors of the soil and water conservation district, or the governing body of the municipality, and an appeal of the order may not be taken if:

- (1) the commissioner waives a hearing and a demand for a hearing is not made; or
- (2) a hearing is demanded but a bond is not filed as required by subdivision 6.

Sec. 68. Minnesota Statutes 2018, section 103G.315, subdivision 8, is amended to read:

Subd. 8. **Notice of permit order.** Notice of orders made after hearing must be given by publication of the order once a week for two successive weeks in a legal newspaper in the county where the hearing was held and by mailing or electronically transmitting copies of the order to parties who entered an appearance at the hearing.

Sec. 69. Minnesota Statutes 2018, section 103G.408, is amended to read:

103G.408 TEMPORARY DRAWDOWN OF PUBLIC WATERS.

(a) The commissioner, upon consideration of recommendations and objections as provided in clause (2), item (iii), and paragraph (c), may issue a public-waters-work permit for the temporary drawdown of a public water when:

(1) the public water is a shallow lake to be managed for fish, wildlife, or ecological purposes by the commissioner and the commissioner has conducted a public hearing presenting a comprehensive management plan outlining how and when temporary drawdowns under this section will be conducted; or

(2) the permit applicant is a public entity and:

(i) the commissioner deems the project to be beneficial and makes findings of fact that the drawdown is in the public interest;

(ii) the permit applicant has obtained permission from at least 75 percent of the riparian landowners; and

(iii) the permit applicant has conducted a public hearing according to paragraph (d).

(b) In addition to the requirements in section 103G.301, subdivision 6, the permit applicant shall serve a copy of the application on each county, municipality, and watershed management organization, if one exists, within which any portion of the public water is located and on the lake improvement district, if one exists.

(c) A county, municipality, watershed district, watershed management organization, or lake improvement district required to be served under paragraph (b) or section 103G.301, subdivision 6, may file a written recommendation for the issuance of a permit or an objection to the issuance of a permit with the commissioner within 30 days after receiving a copy of the application.

(d) The hearing notice for a public hearing under paragraph (a), clause (2), item (iii), must:

- (1) include the date, place, and time for the hearing;

(2) include the waters affected and a description of the proposed project;

(3) be mailed or electronically transmitted to the director, the county auditor, the clerk or mayor of a municipality, the lake improvement district if one exists, the watershed district or water management organization, the soil and water conservation district, and all riparian owners of record affected by the application; and

(4) be published in a newspaper of general circulation in the affected area.

(e) Periodic temporary drawdowns conducted under paragraph (a) ~~shall~~ are not ~~be~~ considered takings from riparian landowners.

(f) This section does not apply to public waters that have been designated for wildlife management under section 97A.101.

Sec. 70. Minnesota Statutes 2018, section 103G.615, subdivision 3a, is amended to read:

Subd. 3a. **Invasive aquatic plant management permit.** (a) "Invasive aquatic plant management permit" means an aquatic plant management permit as defined in rules of the Department of Natural Resources that authorizes the selective control of invasive aquatic plants to cause a significant reduction in the abundance of the invasive aquatic plant.

(b) The commissioner may waive the dated signature of approval requirement in rules of the Department of Natural Resources for invasive aquatic plant management permits if obtaining signatures would create an undue burden on the permittee or if the commissioner determines that aquatic plant control is necessary to protect natural resources.

(c) If the signature requirement is waived under paragraph (b) because obtaining signatures would create an undue burden on the permittee, the commissioner shall require an alternate form of landowner notification, including news releases or public notices in a local newspaper, a public meeting, or a mailing or electronic transmission to the most recent permanent physical or electronic mailing address of affected landowners. The notification must be given annually and must include: the proposed date of treatment, the target species, the method of control or product being used, and instructions on how the landowner may request that control not occur adjacent to the landowner's property.

(d) The commissioner may allow dated signatures of approval obtained for an invasive aquatic plant management permit to satisfy rules of the Department of Natural Resources to remain valid for three years if property ownership remains unchanged.

Sec. 71. **[115A.141] CARPET PRODUCTS; STEWARDSHIP PROGRAM; STEWARDSHIP PLAN.**

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

(1) "blended carpet" means carpet with a nonuniform face fiber, which is manufactured with multiple polymer types, fiber types, or both, in the face of the constructed material;

(2) "brand" means a name, symbol, word, or mark that identifies carpet, rather than its components, and attributes the carpet to the owner or licensee of the brand as the producer;

(3) "carpet" means a manufactured article that is affixed or placed on the floor or building walking surface or used as a decorative or functional building interior or exterior feature, and is primarily constructed of a top visible surface of synthetic face fibers or yarns or tufts attached to a backing system derived from synthetic or natural

materials. Carpet includes, but is not limited to, blended carpet, nylon carpet, PET carpet, polypropylene carpet, PTT carpet, wool carpet, commercial or residential broadloom carpet, modular carpet tiles, and artificial turf. Carpet includes a pad or underlayment used in conjunction with a carpet. Carpet does not include handmade rugs, area rugs, or mats;

(4) "discarded carpet" means carpet that is no longer used for its manufactured purpose, and may include carpet that is being evaluated for reuse and directed to reuse, as defined in this section;

(5) "distributor" means a person who buys or otherwise acquires carpet from another source and sells or offers to sell that carpet to retailers and installers in this state;

(6) "nylon carpet" means carpet made with a uniform face fiber made with either nylon 6 or nylon 6.6;

(7) "PET carpet" means carpet made from polyethylene terephthalate;

(8) "producer" means a person that:

(i) has legal ownership of the brand, brand name, or cobrand of carpet sold in the state;

(ii) imports carpet branded by a producer that meets the specifications of item (i) when the producer has no physical presence in the United States;

(iii) if items (i) and (ii) do not apply, makes unbranded carpet that is sold in the state; or

(iv) sells carpet at wholesale or retail, does not have legal ownership of the brand, and elects to fulfill the responsibilities of the producer for the carpet;

(9) "polypropylene carpet" means carpet made from polypropylene;

(10) "program year" means a calendar year;

(11) "PTT carpet" means carpet made from polytrimethylene terephthalate;

(12) "recycling" means the process by which discarded carpet is collected and processed into raw materials or products. Recycling includes only discarded carpet that is an output of a recycling facility destined for an end market or reuse and does not include all discarded carpet accepted by a recycling facility. Recycling does not include:

(i) energy recovery or energy generation by means of combusting discarded carpet; and

(ii) any disposal or use of discarded carpet within the permitted boundaries of a disposal facility;

(13) "recycling rate" means the percentage of discarded carpet that is managed through recycling or reuse, as defined in this section, and is calculated by dividing the amount of discarded carpet that is collected and recycled or reused by the total amount of discarded carpet generated over a program year. To determine the annual recycling rates required by this section, the amount of discarded carpet generated must be calculated using a standard recognized methodology based on annual sales, replacement rate, and the average weight of carpet and must be approved by the agency;

(14) "retailer" means any person who sells or offers carpet for sale at retail in the state that generates sales tax revenue;

(15) "reuse" means donating or selling discarded carpet back into the market for its original intended use, when the carpet retains its original purpose and performance characteristics;

(16) "sale" or "sell" means the transfer of title of carpet for consideration, including:

(i) a remote sale conducted through a sales outlet, catalog, website, or similar electronic means; or

(ii) a lease through which carpet is provided to a consumer by a producer or retailer;

(17) "stewardship assessment" means the amount added to the purchase price of carpet sold in the state that is necessary to cover the cost of collecting, transporting, processing, and marketing discarded carpet by the stewardship organization operating under a product stewardship plan;

(18) "stewardship organization" means a single organization exempt from taxation under Section 501(c)(3) of the federal Internal Revenue Code of 1986 (United States Code, title 21, section 501(c)(3)) that is established by producers in accordance with this section to develop, implement, and administer a product stewardship program under this section;

(19) "stewardship plan" means a detailed plan describing the manner in which a product stewardship program under subdivision 2 will be implemented; and

(20) "wool carpet" means carpet made from wool.

Subd. 2. Product stewardship program. A producer of carpet sold in the state must participate in the stewardship organization to implement and finance a statewide product stewardship program operated under an agency-approved product stewardship plan that manages carpet by reducing carpet's waste generation, promoting its reuse and recycling, and providing for negotiation and execution of agreements to collect, transport, and process carpet for recycling and reuse.

Subd. 3. Requirement for sale. On and after January 1, 2022, no producer, distributor, or retailer may sell carpet or offer carpet for sale in the state unless the carpet's producer participates in the product stewardship organization to implement and finance a statewide product stewardship program operated under a stewardship plan approved by the agency.

Subd. 4. Requirements for stewardship plan. (a) On or before January 1, 2021, initially and on or before each July 1 in a year when the stewardship plan is required to be updated under paragraph (b), the stewardship organization must submit a stewardship plan to the agency and receive agency approval of the plan. A stewardship plan must include all elements required under subdivision 5.

(b) At least every three years, the stewardship organization operating a product stewardship program must update the stewardship plan and submit the updated plan to the agency for review and approval.

(c) It is the responsibility of the stewardship organization to notify the agency within 30 days of any significant changes or modifications to the plan or its implementation. Within 30 days of the notification, a written plan revision must be submitted to the agency for review and approval.

(d) Upon agency approval of the stewardship plan, the stewardship organization must comply with and implement the contents of the approved plan.

Subd. 5. **Stewardship plan content.** The stewardship plan must contain:

(1) certification that the product stewardship program will accept all discarded carpet regardless of which producer produced the carpet and its individual components;

(2) contact information for the individual and the entity submitting the plan and for all producers participating in the product stewardship program;

(3) a description of the methods by which discarded carpet will be collected in all areas in the state without relying on end-of-life fees, including an explanation of how the collection system will be convenient and adequate to serve the needs of small businesses and residents. The stewardship program must include an operating collection site located in each county of the state by January 1, 2023. Subject to approval by the agency, the stewardship program may propose an alternative to a collection site location in each county that is convenient and adequate to collect discarded carpet generated in each county;

(4) a description of how the adequacy of the collection program will be monitored and maintained;

(5) the names and locations of collectors, transporters, and recycling facilities that will manage discarded carpet;

(6) a description of how the discarded carpet and the carpet's components will be safely and securely transported, tracked, and handled from collection through final recycling and processing;

(7) a description of the method that will be used to reuse, deconstruct, or recycle the discarded carpet to ensure that the product's components, to the extent feasible, are transformed or remanufactured into raw materials or finished products for use;

(8) a description of the promotion and outreach activities that will be used to encourage participation in the collection and recycling programs and how the activities' effectiveness will be evaluated and the program modified, if necessary;

(9) evidence of adequate insurance and financial assurance that may be required for collection, handling, and disposal operations;

(10) performance goals, including an estimate of the percentage of discarded carpet that will be collected, reused, recycled, and disposed during each of the three years of each stewardship plan. The program must achieve at a minimum, a 15 percent recycling rate in program year 2023 and must include and meet escalating performance goals for each subsequent year. The performance goals must be based on:

(i) the most recent collection data available for the state;

(ii) the amount of carpet disposed of annually;

(iii) the weight of the carpet that is expected to be available for collection annually; and

(iv) actual collection data from other existing stewardship programs.

A stewardship plan must state the methodology used to determine these goals. The agency must review and may adjust the recycling rate and performance goals, based on information included in the stewardship plan and annual reports, other information provided by the stewardship organization, and economic and any other relevant information;

(11) a discussion of the status of statewide collection infrastructure, processor capacity, and end markets for discarded carpet and what, if any, additional statewide collection infrastructure, processor capacity, and end markets are needed to improve the functioning of the program and meet increasing performance goals;

(12) carpet design changes that will be considered to reduce toxicity, water use, or energy use or to increase recycled content, recyclability, or carpet longevity;

(13) a discussion of market development opportunities to expand the use of recovered carpet, with consideration of expanding processing activity near areas of collection;

(14) a financial plan that demonstrates sufficient funding to carry out the stewardship plan, including the administrative, operational, and capital costs of the plan, and payment of incentive payments to carpet collectors, processors, and end use markets to assist with the implementation of this section;

(15) annual budgets showing revenue and expenditure projections for the current program year and for the next three years of the program;

(16) a process by which the financial activities of the stewardship organization related to the implementation of the plan are subject to an annual independent audit, which shall be reviewed by the agency;

(17) baseline information, for the most recent three-year period for which data is available, on the number of square feet and pounds of carpet sold in this state, by type of carpet pursuant to subdivision 1, clause (3);

(18) a discussion of the feasibility, cost, and effectiveness of labeling the backside of new carpet with the polymer type or nonpolymer material used to manufacture the carpet to assist processors in more easily identifying the type of discarded carpet collected for processing;

(19) a description of a mandatory program to train carpet installers on properly managing discarded carpet so that it can be reused or recycled under this section; and

(20) a summary of the consultation process that identifies the consulted stakeholders, the stakeholder comments raised in the consultation process, and the stewardship organization's responses to those comments as required under subdivision 7.

Subd. 6. Stewardship assessment. (a) On and after July 1, 2021, a producer must add a stewardship assessment fee of four cents per square foot to the purchase price of nylon carpet, polypropylene carpet, and wool carpet, and six cents per square foot to the purchase price of PET carpet, PTT carpet, blended carpet, and any other types of carpet sold by the producer in this state. The assessment added under this section must be remitted by the producer on a quarterly basis to the stewardship organization.

(b) The assessment must be added by the producer to the purchase price of all carpet sold by producers to a Minnesota retailer or distributor or otherwise sold for use in this state. The assessment must be clearly visible on all invoices or functionally equivalent billing documents as a separate line item and must be accompanied by a brief description of the assessment.

(c) If the amount of the assessment is too low to properly fund the stewardship program, the stewardship organization must submit a plan update to the agency to increase the assessment, subject to agency review and approval in accordance with this section before the assessment is increased.

(d) On and after January 1, 2025, if a fund balance greater than one-half of the program's annual operating cost is reached, the stewardship organization must submit a plan update to the agency to reduce the assessment, subject to agency review and approval in accordance with this section before the assessment is reduced.

(e) The assessment fee must be deposited by the stewardship organization into a Federal Deposit Insurance Corporation (FDIC) insured financial institution, and, if for any reason this section is repealed, the entire assessment fund balance must be transferred by the stewardship organization to the state to be deposited into the environmental fund.

(f) A stewardship assessment must not be used to pay for any penalties assessed under this section or for the final disposal or incineration of discarded carpet.

Subd. 7. Consultation required. (a) The stewardship organization must consult with stakeholders, including retailers, installers, collectors, recyclers, local government, customers, and citizens, during development of the stewardship plan; solicit stakeholder comments; and incorporate stakeholder comments regarding the plan to the extent feasible before submitting a plan to the agency for review.

(b) The stewardship organization must invite comments from local governments, communities, and citizens to report their satisfaction with services, including education and outreach, provided by the product stewardship program. The information must be submitted to the agency and used by the agency in reviewing proposed updates or changes to the stewardship plan.

Subd. 8. Agency review and approval. (a) Within 90 days after receiving a proposed stewardship plan, the agency must determine whether the plan complies with subdivision 5 and is sufficient to achieve the goals and requirements of this section. If the agency approves a plan, the agency must notify the applicant of the plan approval in writing. If the agency rejects a plan, the agency must notify the applicant in writing of the reasons for rejecting the plan. An applicant whose plan is rejected by the agency must submit a revised plan to the agency within 60 days after receiving notice of rejection.

(b) Any proposed changes to a stewardship plan must be approved by the agency in writing.

Subd. 9. Plan availability. All draft stewardship plans must be placed on the agency's website for at least 30 days before agency approval and made available at the agency's headquarters for public review and comment. All approved stewardship plans must be placed on the agency's website while the plan is in effect.

Subd. 10. Conduct authorized. The stewardship organization that organizes collection, transport, and processing of carpet under this section is immune from liability for the conduct under state laws relating to antitrust, restraint of trade, unfair trade practices, and other regulation of trade or commerce only to the extent that the conduct is necessary to plan and implement the organization's chosen organized collection or recycling system.

Subd. 11. Education materials. (a) Producers of carpet or the stewardship organization must provide retailers, installers, and consumers with educational materials regarding the stewardship assessment and product stewardship program. The materials must include, but are not limited to, information regarding available end-of-life management options for carpet offered through the product stewardship program and information that notifies consumers that a charge for operating the product stewardship program is included in the purchase price of carpet sold in the state.

(b) Each distributor or retailer must provide the educational materials referenced in this subdivision to carpet installation contractors and consumers at the time of purchase or delivery or both.

Subd. 12. Retailer and distributor responsibilities. (a) On and after January 1, 2022, no carpet may be sold in the state unless the carpet's producer is participating in an approved stewardship plan.

(b) Any retailer or distributor may participate, on a voluntary basis, as a designated collection point pursuant to a product stewardship program under this section and in accordance with applicable law.

(c) No retailer or distributor shall be found to be in violation of this section if, on the date the carpet was ordered from the producer or its agent, the producer was listed as compliant on the agency's website, as provided in subdivision 15.

(d) Nothing in this section prohibits a retailer or distributor from selling their inventory of carpet existing prior to January 1, 2022.

Subd. 13. **Stewardship reports.** Beginning March 31, 2023, and each March 31 thereafter, the stewardship organization must submit an annual report to the agency describing the product stewardship program. At a minimum, the report must contain:

(1) a description of the methods used to collect, transport, and process carpet in all regions of the state;

(2) the weight of all carpet collected in the seven-county metropolitan area and in the remainder of the state and a comparison to the performance goals, recycling rates, and collection infrastructure established in the stewardship plan and, if appropriate, an explanation stating the reason or reasons performance goals were not met;

(3) the amount of discarded carpet collected in the state by method of disposition, including reuse, recycling, and other methods of processing, including the amount collected but not reused or recycled, and its methods of ultimate disposition;

(4) identification of the facilities processing carpet and the weight processed by type of carpet listed in subdivision 1, clause (3), at each facility;

(5) an evaluation of the program's funding mechanism and budget for each program year, including a copy of the independent audit;

(6) samples of educational materials provided to consumers and an evaluation of the effectiveness of the materials and the methods used to disseminate the materials;

(7) a description of progress made toward achieving carpet design changes in order to achieve the goals listed in subdivision 5, clause (12);

(8) an assessment of how the stewardship organization is achieving the goals of this section and the goals established in the stewardship plan, including a discussion of each of the required elements of the stewardship plan under subdivision 5;

(9) data necessary to determine whether the amount of the stewardship assessment will be sufficient to achieve the goals of this section and the goals established in the stewardship plan and will properly fund the stewardship program; and

(10) other information that the agency may request for the purposes of determining compliance under this section.

Subd. 14. **Sales information.** Sales information provided to the commissioner under this section is classified as private or nonpublic data, as specified in section 115A.06, subdivision 13.

Subd. 15. **Agency responsibilities.** The agency must provide on its website a list of all compliant producers and brands participating in stewardship plans that the agency has approved and a list of all producers and brands the agency has identified as noncompliant with this section.

Subd. 16. **Local government responsibilities.** A city, county, or other public agency may voluntarily participate by serving as a designated collection point by providing education and outreach, or by using other strategies to assist in meeting product stewardship program recycling obligations. A city, county, or other public agency providing voluntary assistance must be reimbursed for all of its expenses by the stewardship organization.

Subd. 17. **Administrative fee.** (a) The stewardship organization submitting a stewardship plan must pay the agency an annual administrative fee. The agency must set the fee at an amount that is adequate to cover the agency's full costs of administering and enforcing this section.

(b) Fees collected under this subdivision are subject to section 16A.1285.

(c) The agency must identify the direct program development or regulatory costs it incurs under this section before the first stewardship plan is submitted and must establish a fee in an amount adequate to cover those costs, which must be paid by the stewardship organization.

(d) The stewardship organization must pay the agency's administrative fee under paragraph (a) on or before July 1, 2021, and annually thereafter, and the agency's onetime development fee under paragraph (c) on or before July 1, 2021. Each year after the initial payment, and notwithstanding paragraph (b), the annual administrative fee may not exceed five percent of the aggregate stewardship assessment collected under subdivision 6 for the preceding calendar year.

Subd. 18. **Account created.** A carpet stewardship account is created as an account in the special revenue fund. All fees collected by the agency from the stewardship organization under this section must be deposited in the account. Any earnings from assets of the account must be credited to the account. Money in the account is appropriated to the commissioner for the purposes of this section.

Subd. 19. **Duty to provide information.** Any producer, distributor, retailer, stewardship organization, or other person must furnish to the agency any information which that person may have or may reasonably obtain that the agency requests for the purposes of determining compliance under this section.

Sec. 72. Minnesota Statutes 2018, section 115A.142, is amended to read:

115A.142 REPORT TO LEGISLATURE AND GOVERNOR.

As part of the report required under section 115A.121, the commissioner of the Pollution Control Agency ~~shall~~ must provide a report to the governor and the legislature on the implementation of ~~section~~ sections 115A.141 and 115A.1415.

Sec. 73. Minnesota Statutes 2018, section 115A.51, is amended to read:

115A.51 APPLICATION REQUIREMENTS.

(a) Applications for assistance under the program ~~shall~~ must demonstrate:

(1) that the project is conceptually and technically feasible;

(b) (2) that affected political subdivisions are committed to implement the project, to provide necessary local financing, and to accept and exercise the government powers necessary to the project;

(c) (3) that operating revenues from the project, considering the availability and security of sources of solid waste and of markets for recovered resources, together with any proposed federal, state, or local financial assistance, will be sufficient to pay all costs over the projected life of the project;

(d) (4) that the applicant has evaluated the feasible and prudent alternatives to disposal, including using existing solid waste management facilities with reasonably available capacity sufficient to accomplish the goals of the proposed project, and has compared and evaluated the costs of the alternatives, including capital and operating costs, and the effects of the alternatives on the cost to generators;

(5) that the applicant has identified:

(i) waste management objectives in applicable county and regional solid waste management plans consistent with section 115A.46, subdivision 2, paragraphs (e) and (f), or 473.149, subdivision 1; and

(ii) other solid waste facilities identified in the county and regional plans; and

(6) that the applicant has conducted a comparative analysis of the project against existing public and private solid waste facilities, including an analysis of potential displacement of those facilities, to determine whether the project is the most appropriate alternative to achieve the identified waste management objectives that considers:

(i) conformity with approved county or regional solid waste management plans;

(ii) consistency with the state's solid waste hierarchy and section 115A.46, subdivision 2, paragraphs (e) and (f), or 473.149, subdivision 1; and

(iii) environmental standards related to public health, air, surface water, and groundwater.

(b) The commissioner may require completion of a comprehensive solid waste management plan conforming to the requirements of section 115A.46, before accepting an application. Within five days of filing an application with the agency, the applicant must submit a copy of the application to each solid waste management facility mentioned in the portion of the application addressing the requirements of paragraph (a), clauses (5) and (6).

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

Sec. 74. **[115A.903] WASTE TIRE FACILITIES OPERATING OUTDOORS; FINANCIAL QUALIFICATIONS.**

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

(b) "Commissioner" means the commissioner of the Minnesota Pollution Control Agency.

(c) "Financial qualification" means the ability of an applicant or permit holder to pay the costs to properly design, construct, operate, maintain, and close a waste tire facility.

(d) "Waste tire facility" means a permitted facility operated by a tire collector or tire processor at which waste tires are stored or processed outdoors.

Subd. 2. **Application; financial qualification.** (a) An applicant for a permit for a waste tire facility must submit in an application to the commissioner:

(1) information demonstrating the applicant's financial qualification to design, construct, operate, maintain, and close a waste tire facility; and

(2) cost estimates for:

(i) site investigation;

(ii) land acquisition costs, including financing terms and costs;

(iii) project design;

(iv) construction;

(v) operations;

(vi) maintenance; and

(vii) facility closing.

(b) As part of the financial qualification review, an applicant must:

(1) provide a copy of its most recent audited or reviewed financial statements prepared by a certified public accountant according to generally accepted accounting principles, if the applicant is an operating business prior to application;

(2) provide a copy of its owners' personal financial statements, if the applicant is not an operating business prior to application; and

(3) demonstrate its financial viability through one or a combination of assets including cash, marketable securities or bonds, or letters of credit or loan commitments from a financial institution that is a member of the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA) and is authorized to do business in the United States.

(c) Any person whose assets are used as part of the financial qualification review must be designated as a joint permittee with the applicant on the permit for the facility.

Subd. 3. **Financial qualification review.** The commissioner may provide to the state auditor a copy of any filing that an applicant for a permit or a permit holder submits to the commissioner to meet the financial qualification requirement under this section. The state auditor must review the filing and provide the commissioner with a written opinion as to the adequacy of the filing to meet the purposes of this section, including any recommended changes.

Subd. 4. **Changes affecting financial qualification.** (a) To continue to hold a permit for a waste tire facility, a permit holder must maintain financial qualification and must provide any information requested by the commissioner to establish that the permit holder continues to maintain financial qualification. A permit holder must notify the commissioner within 30 days of any significant change in:

(1) the identity of any person or structure of the business entity that holds the permit for the facility;

(2) the identity of any person or structure of the business entity that owns or operates the facility; or

(3) assets of the permit holder, owner, or operator of the facility.

(b) A change is significant under paragraph (a) if the change:

(1) has the potential to affect the financial qualification of the permit holder, owner, or operator; or

(2) would result in a change in the identity of the permit holder, owner, or operator for purposes of financial qualification.

The commissioner may, after reviewing the changes, require the permit holder to reestablish financial qualification and may modify or revoke a permit or require issuance of a new permit.

Subd. 5. Application. (a) The financial qualification requirements of this section apply only in the first ten years of operation of a waste tire facility permitted in the state.

(b) This section does not apply to political subdivisions operating a waste tire facility.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to waste tire facilities issued a permit on or after that date.

Sec. 75. **[115B.172] NATURAL RESOURCES DAMAGES ACCOUNT.**

Subdivision 1. Establishment. The natural resources damages account is established as an account in the remediation fund.

Subd. 2. Revenues. The account consists of money from the following sources:

(1) revenue from actions taken to recover natural resources damages under section 115B.17, subdivision 7, or any other law, unless otherwise specified in the settlement agreement;

(2) appropriations and transfers to the account as provided by law;

(3) interest earned on the account; and

(4) money received by the commissioner of the Pollution Control Agency or the commissioner of natural resources for deposit in the account in the form of a gift or grant.

Subd. 3. Expenditures. (a) Money in the account is appropriated to the commissioner of natural resources for the purposes authorized in section 115B.20, subdivision 2, clause (4).

(b) The commissioner of management and budget must allocate the amounts available in any biennium to the commissioner of natural resources for the purposes of this section based upon work plans submitted by the commissioner of natural resources and may adjust those allocations if revised work plans are submitted. Copies of the work plans must be submitted to the chairs of the house of representatives and senate committees and divisions having jurisdiction over environment and natural resources finance.

Subd. 4. **Report.** By November 1 each year, the commissioner of natural resources must submit a report to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over environment and natural resources policy and finance on expenditures from the natural resources damages account during the previous fiscal year.

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

Sec. 76. Minnesota Statutes 2018, section 115B.421, is amended to read:

115B.421 CLOSED LANDFILL INVESTMENT FUND.

The closed landfill investment fund is established in the state treasury. The fund consists of money credited to the fund, and interest and other earnings on money in the fund. Beginning July 1, 2003, funds must be deposited as described in section 115B.445. The fund shall be managed to maximize long-term gain through the State Board of Investment. Money in the fund is appropriated to the commissioner and may be spent by the commissioner after fiscal year 2020 in accordance with sections 115B.39 to 115B.444.

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

Sec. 77. Minnesota Statutes 2018, section 116.02, is amended to read:

116.02 POLLUTION CONTROL AGENCY; CREATION AND POWERS.

Subdivision 1. **Creation.** A pollution control agency, designated as the Minnesota Pollution Control Agency, is ~~hereby~~ created. The agency consists of the commissioner and eight members appointed by the governor, by and with the advice and consent of the senate. One member must be a person knowledgeable in the field of agriculture, and one must be a representative of organized labor.

Subd. 2a. **Terms, compensation, removal, vacancies.** The membership terms, compensation, removal of members, and filling of vacancies on the agency is as provided in section 15.0575.

Subd. 3a. **Membership.** The membership of the Pollution Control Agency must be broadly representative of the skills and experience necessary to effectuate the policy of sections 116.01 to 116.075, except that no member other than the commissioner may be an officer or employee of the state or federal government. Only two members at one time may be officials or employees of a municipality or any governmental subdivision, but neither may be a member ex officio or otherwise on the management board of a municipal sanitary sewage disposal system.

Subd. 4a. **Chair.** The commissioner serves as chair of the agency. The agency elects other officers as the agency deems necessary.

Subd. 5. **Agency successor to commission.** The Pollution Control Agency is the successor of the Water Pollution Control Commission, and all powers and duties now vested in or imposed upon said commission by chapter 115, or any act amendatory thereof or supplementary thereto, are hereby transferred to, imposed upon, and vested in the commissioner of the Minnesota Pollution Control Agency.

Subd. 6a. **Required decisions.** The agency must make final decisions on the following matters:

(1) a petition for preparing an environmental assessment worksheet, if the project proposer or a person commenting on the proposal requests that the decision be made by the agency and the agency requests that it make the decision under subdivision 8a;

(2) the need for an environmental impact statement following preparation of an environmental assessment worksheet under applicable rules, if:

(i) the agency has received a request for an environmental impact statement;

(ii) the project proposer or a person commenting on the proposal requests that the declaration be made by the agency and the agency requests that it make the decision under subdivision 8a; or

(iii) the commissioner is recommending preparation of an environmental impact statement;

(3) the scope and adequacy of environmental impact statements;

(4) issuing, reissuing, modifying, or revoking a permit if:

(i) a variance is sought in the permit application or a contested case hearing request is pending; or

(ii) the permit applicant, the permittee, or a person commenting on the permit action requests that the decision be made by the agency and the agency requests that it make the decision under subdivision 8a;

(5) final adoption or amendment of agency rules for which a public hearing is required under section 14.25 or for which the commissioner decides to proceed directly to a public hearing under section 14.14, subdivision 1;

(6) approving or denying an application for a variance from an agency rule if:

(i) granting the variance request would change an air, soil, or water quality standard;

(ii) the commissioner determines that granting the variance would have a significant environmental impact; or

(iii) the applicant or a person commenting on the variance request requests that the decision be made by the agency and the agency requests that it make the decision under subdivision 8a; and

(7) whether to reopen, rescind, or reverse a decision of the agency.

Subd. 7a. Additional decisions. The commissioner may request that the agency make additional decisions or provide advice to the commissioner.

Subd. 8a. Other actions. (a) Any other action not specifically within the authority of the commissioner must be made by the agency if:

(1) before the commissioner's final decision on the action, one or more members of the agency notify the commissioner of their request that the decision be made by the agency; or

(2) any person submits a petition to the commissioner requesting that the decision be made by the agency and the commissioner grants the petition.

(b) If the commissioner denies a petition submitted under paragraph (a), clause (2), the commissioner must advise the agency and the petitioner of the reasons for the denial.

Subd. 9a. Informing public. The commissioner must inform interested persons as appropriate in public notices and other public documents of their right to request the agency to make decisions in specific matters according to subdivision 6a and the right of agency members to request that decisions be made by the agency according to

subdivision 8a. The commissioner must regularly inform the agency of activities that have broad policy implications or potential environmental significance and of activities in which the public has exhibited substantial interest.

Subd. 11. **Changing decisions.** (a) The agency must not reopen, rescind, or reverse a decision of the agency except upon:

(1) the affirmative vote of two-thirds of the agency; or

(2) a finding that there was an irregularity in a hearing related to the decision, an error of law, or a newly discovered material issue of fact.

(b) The requirements in paragraph (a) are minimum requirements and do not limit the agency's authority under sections 14.06 and 116.07, subdivision 3, to adopt rules:

(1) applying the requirement in paragraph (a), clause (1) or (2), to certain decisions of the agency; or

(2) establishing additional or more stringent requirements for reopening, rescinding, or reversing decisions of the agency.

Sec. 78. Minnesota Statutes 2018, section 116.03, subdivision 1, is amended to read:

Subdivision 1. **Office.** (a) The Office of Commissioner of the Pollution Control Agency is created and is under the supervision and control of the commissioner, who is appointed by the governor under the provisions of section 15.06.

(b) The commissioner may appoint a deputy commissioner and assistant commissioners who ~~shall be~~ are in the unclassified service.

(c) The commissioner shall make all decisions on behalf of the agency that are not required to be made by the agency under section 116.02.

Sec. 79. Minnesota Statutes 2018, section 116.03, subdivision 2a, is amended to read:

Subd. 2a. **Mission; efficiency.** It is part of the agency's mission that, within the agency's resources, the commissioner and the members of the agency shall endeavor to:

(1) prevent the waste or unnecessary spending of public money;

(2) use innovative fiscal and human resource practices to manage the state's resources and operate the agency as efficiently as possible;

(3) coordinate the agency's activities wherever appropriate with the activities of other governmental agencies;

(4) use technology where appropriate to increase agency productivity, improve customer service, increase public access to information about government, and increase public participation in the business of government;

(5) ~~utilize~~ use constructive and cooperative labor-management practices to the extent otherwise required by chapters 43A and 179A;

(6) report to the legislature on the performance of agency operations and the accomplishment of agency goals in the agency's biennial budget according to section 16A.10, subdivision 1; and

(7) recommend to the legislature appropriate changes in law necessary to carry out the mission and improve the performance of the agency.

Sec. 80. Minnesota Statutes 2018, section 116.155, subdivision 1, is amended to read:

Subdivision 1. **Creation.** The remediation fund is created as a special revenue fund in the state treasury to provide a reliable source of public money for response and corrective actions to address releases of hazardous substances, pollutants or contaminants, agricultural chemicals, and petroleum, and for environmental response actions at qualified landfill facilities for which the agency has assumed such responsibility, including perpetual care of such facilities. The specific purposes for which the general portion of the fund may be spent are provided in subdivision 2. In addition to the general portion of the fund, the fund contains ~~three~~ four accounts described in subdivisions 4 to ~~5a~~ 5b.

Sec. 81. Minnesota Statutes 2018, section 116.155, subdivision 3, is amended to read:

Subd. 3. **Revenues.** The following revenues shall be deposited in the general portion of the remediation fund:

(1) response costs ~~and natural resource damages~~ related to releases of hazardous substances, or pollutants or contaminants, recovered under sections 115B.17, ~~subdivisions~~ subdivision 6 and 7; 115B.443; 115B.444, or any other law;

(2) money paid to the agency or the Agriculture Department by voluntary parties who have received technical or other assistance under sections 115B.17, subdivision 14, 115B.175 to 115B.179, and 115C.03, subdivision 9;

(3) money received in the form of gifts, grants, reimbursement, or appropriation from any source for any of the purposes provided in subdivision 2, except federal grants; and

(4) interest accrued on the fund.

Sec. 82. Minnesota Statutes 2018, section 116.155, is amended by adding a subdivision to read:

Subd. 5b. **Natural resources damages account.** The natural resources damages account is as described in section 115B.172.

Sec. 83. **[116.2025] SALT APPLICATORS; VOLUNTARY CERTIFICATION PROGRAM.**

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

(1) "certified commercial applicator" means an individual who applies deicer, completed training on snow and ice removal and deicer application approved by the commissioner, and passed an examination after completing the training;

(2) "commercial applicator" means an individual who applies deicer for hire, but does not include a municipal, state, or other government employee;

(3) "deicer" means any substance used to melt snow and ice, or used for its anti-icing effects, on privately owned surfaces traveled by pedestrians and vehicles; and

(4) "owner" means a person that owns or leases real estate and that enters into a written contract with a certified commercial applicator for snow and ice removal and deicer application.

Subd. 2. Voluntary certification program; best management practices. (a) The commissioner of the Pollution Control Agency must develop a training program that promotes best management practices for snow and ice removal and deicer application that protect water quality and allows commercial applicators to obtain certification as a water-friendly applicator. The commissioner must certify a commercial applicator as a water-friendly applicator if the applicator successfully completes the program and passes the examination.

(b) The commissioner, in consultation with the University of Minnesota, must provide additional training under this section for certified commercial applicators renewing certification after their initial training and certification.

(c) The commissioner, in consultation with the University of Minnesota, must provide the training and testing module at locations statewide and may make the recertification training available online.

(d) The commissioner, in consultation with the University of Minnesota, must annually post the best management practices and a list of certified commercial applicators on the agency's website.

(e) The commissioner may charge a fee of no more than \$350 per certified commercial applicator for the training or recertification under this section. Fees collected under this subdivision must be deposited in the environmental fund.

Subd. 3. Liability. (a) A certified commercial applicator or an owner is not liable for damages arising from hazards resulting from the accumulation of snow and ice on any real estate maintained by the certified commercial applicator when the hazard is solely caused by snow or ice and the certified commercial applicator used the best management practices for snow and ice removal and deicing approved by the commissioner.

(b) Nothing in paragraph (a) prevents or limits the liability of a certified commercial applicator or owner if the certified commercial applicator or owner:

(1) commits an act or omission that constitutes negligence or willful or wanton disregard for the safety of entrants onto real estate of the owner that is maintained by the certified commercial applicator and that act or omission proximately causes injury, damage, or death;

(2) has actual knowledge or reasonably should have known of a dangerous condition on the real estate of the owner maintained by the certified commercial applicator;

(3) intentionally injures an entrant on real estate of the owner that is maintained by the certified applicator; or

(4) fails to comply with the best management practices for snow and ice removal and deicer application approved by the commissioner.

(c) The liability of a commercial applicator who applies deicer but is not certified under this section may not be determined under the standards provided in this subdivision.

Subd. 4. Record keeping. A certified commercial applicator must maintain the following records as part of the best management practices approved by the commissioner:

(1) a copy of the applicator's certification approved by the commissioner and any recertification;

(2) evidence of passing the examination approved by the commissioner;

(3) copies of the winter maintenance assessment tool requirements developed by the commissioner;

(4) a written record describing the road, parking lot, and property maintenance practices used. The written record must include the type and rate of application of deicer used, the dates of treatment, and the weather conditions for each event requiring deicing. The records must be kept for a minimum of six years; and

(5) proof of compliance with the reporting requirements under subdivision 7.

Subd. 5. **Penalty.** The commissioner may revoke or decline to renew the certification of a commercial applicator who violates this section or rules adopted under this section.

Subd. 6. **Relation to other law.** Nothing in this section affects municipal liability under section 466.03.

Subd. 7. **Reporting required.** By July 1 each year, a certified commercial applicator must submit to the commissioner on a form prescribed by the commissioner the amounts and types of deicers used in the previous calendar year.

Subd. 8. **Expiration.** This section expires August 1, 2026.

EFFECTIVE DATE. This section is effective August 1, 2019, and applies to claims arising on or after that date.

Sec. 84. **[116U.60] MINNESOTA OUTDOOR RECREATION OFFICE.**

Subdivision 1. **Office established.** The Minnesota Outdoor Recreation Office is established as an office in Explore Minnesota Tourism. The governor, in consultation with the commissioners of natural resources and employment and economic development, must appoint the director of the Minnesota Outdoor Recreation Office.

Subd. 2. **Purpose.** The purpose of the Minnesota Outdoor Recreation Office is to promote and increase participation in outdoor recreation by all Minnesota citizens by:

(1) supporting the outdoor recreation economy of Minnesota and working toward equitable and inclusive access to the outdoors;

(2) creating and developing an inventory of existing public and private resources promoting outdoor recreation;

(3) coordinating outdoor recreation policy and management among state and federal agencies and local government entities;

(4) assisting in promoting and marketing opportunities and events for outdoor recreation;

(5) assisting the Department of Employment and Economic Development in supporting outdoor recreation businesses and providing technical assistance with resources and opportunities for economic development;

(6) developing strategies to recruit and grow outdoor recreation businesses and to enhance recreation-related employment in Minnesota;

(7) promoting outdoor recreation opportunities for people with disabilities;

(8) promoting education and use of outdoor recreation assets to enhance public health;

(9) supporting outdoor recreation programs at Minnesota educational institutions;

(10) collecting data on the impact of outdoor recreation in the state and the accessibility of natural resources for underserved populations; and

(11) recommending initiatives to increase access to outdoor recreational amenities and experiences.

Subd. 3. **Account; donations.** The director of the Minnesota Outdoor Recreation Office may accept gifts and grants for purposes related to the duties of the Minnesota Outdoor Recreation Office. Money received by the director from gifts and grants is deposited in an account in the special revenue fund and appropriated to the director for the purposes specified in the gift or grant.

Subd. 4. **Strategic plan.** By January 15, 2020, the director of the Minnesota Outdoor Recreation Office must submit a report to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over Explore Minnesota Tourism and environment and natural resources policy and finance that contains a strategic plan for the Minnesota Outdoor Recreation Office. In developing the strategic plan, the director must consult with the Explore Minnesota Tourism Council; the commissioners of natural resources, health, transportation, and employment and economic development; and the chairs and ranking minority members or their designees of the house of representatives and senate committees and divisions with jurisdiction over Explore Minnesota Tourism and environment and natural resources policy and finance.

Subd. 5. **Consultation and cooperation.** (a) The director of the Minnesota Outdoor Recreation Office must consult with the Explore Minnesota Tourism Council in carrying out the purposes of the Minnesota Outdoor Recreation Office.

(b) Explore Minnesota Tourism and the commissioners of natural resources, health, transportation, and employment and economic development must cooperate with the director of the Minnesota Outdoor Recreation Office in fulfilling the duties of the Minnesota Outdoor Recreation Office as they relate to the purposes of the respective office or agencies.

Subd. 6. **Report.** By January 1, 2021, and each year thereafter, the director of the Minnesota Outdoor Recreation Office must submit an annual report to the legislature on the donations received, accomplishments, recommendations, and findings of the Minnesota Outdoor Recreation Office from the preceding fiscal year.

Subd. 7. **Regulatory authority.** Nothing contained in this section supplants or impacts the regulatory authority of other state agencies.

Sec. 85. Minnesota Statutes 2018, section 127A.353, subdivision 1, is amended to read:

Subdivision 1. **Appointment.** The school trust lands director shall be appointed by the governor. The commissioner of natural resources shall provide human resources, payroll, accounting, procurement, and other similar administrative services to the school trust lands director. The director's appointment is subject to the advice and consent of the senate.

Sec. 86. Minnesota Statutes 2018, section 325F.071, is amended to read:

325F.071 FLAME-RETARDANT CHEMICALS; PROHIBITION.

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

(b) "Child" means a person under 12 years of age.

(c) "Children's product" means a product primarily designed or intended by a manufacturer to be used by or for a child, including any article used as a component of such a product, but excluding a food, beverage, dietary supplement, pharmaceutical product or biologic, children's toys that are subject to the most recent version of the American Society for Testing and Materials F963, Standard Consumer Safety Specification for Toy Safety, a medical device as defined in the Federal Food, Drug, and Cosmetic Act, United States Code, title 21, section 321(h), products listed under section 116.9405, clauses (10) and (11), and products listed under sections 325F.03 and 325F.04.

(d) "PFAS" means perfluoroalkyl and polyfluoroalkyl substances.

(e) "Residential or business textile" means a textile designed for use in the home, businesses, or places of lodging as a covering on windows, walls, or floors. Residential or business textile includes carpeting and carpet padding.

~~(d)~~ (f) "Upholstered residential furniture" means furniture with padding, coverings, and cushions intended and sold for use in the home or places of lodging.

Subd. 2. **Flame-retardant chemicals; prohibition.** (a) On and after July 1, 2018, no manufacturer or wholesaler may manufacture, sell, offer for sale, distribute for sale, or distribute for use in this state a children's product ~~or~~, upholstered ~~residential~~ furniture, a residential or business textile, or a mattress containing, in amounts greater than 1,000 parts per million in any product component, ~~the following flame retardants:~~ any halogenated, phosphorus-based, nitrogen-based, and nanoscale flame retardants.

~~(1) TDCPP (tris(1,3-dichloro-2-propyl)phosphate), Chemical Abstracts Service number 13674-87-8;~~

~~(2) decabromodiphenyl ether, Chemical Abstracts Service number 1163-19-5;~~

~~(3) hexabromocyclododecane, Chemical Abstracts Service number 25637-99-4; and~~

~~(4) TCEP (tris(2-chloroethyl)phosphate), Chemical Abstracts Service number 115-96-8.~~

(b) On and after July 1, 2019, no retailer may sell or offer for sale or use in this state a children's product ~~or~~, upholstered ~~residential~~ furniture, a residential or business textile, or a mattress containing in amounts greater than 1,000 parts per million in any product component the flame retardant chemicals listed in paragraph (a).

(c) The sale or offer for sale of any previously owned product containing a chemical restricted under this section is exempt from the provisions of this section.

Subd. 3. **Flame-retardant chemicals; replacement chemicals.** A manufacturer shall not replace a chemical whose use is prohibited under this section with a chemical identified on the basis of credible scientific evidence by a state, federal, or international agency as being known or suspected with a high degree of probability to:

(1) harm the normal development of a fetus or child or cause other developmental toxicity;

(2) cause cancer, genetic damage, or reproductive harm;

(3) disrupt the endocrine or hormone system; or

(4) damage the nervous system, immune system, or organs, or cause other systemic toxicity.

Subd. 4. **Firefighting foam.** Beginning July 1, 2020, a manufacturer or wholesaler may not manufacture, sell, offer for sale, distribute for sale, or distribute for use in this state class B firefighting foam that contains intentionally added PFAS except for use by oil refineries, oil and petroleum terminals, and airports.

Subd. 5. **Training exercises.** Class B firefighting foam that contains intentionally added PFAS must not be used in training exercises, including at oil refineries, oil and petroleum terminals, and airports.

Subd. 6. **Enforcement.** The commissioner of the Pollution Control Agency must enforce compliance with this section under sections 115.071 and 116.072. The commissioner must coordinate with the commissioners of commerce and health in enforcing this section to aid in the law enforcement process or promote public health. Coordination includes but is not limited to investigation, enforcement and sharing related data among the agencies in the course of those processes, and using each agency's investigative and enforcement authorities, where they are applicable.

EFFECTIVE DATE. (a) The amendments to subdivision 2, paragraph (a), are effective July 1, 2020.

(b) The amendments to subdivision 2, paragraph (b), are effective July 1, 2021.

Sec. 87. Laws 2013, chapter 114, article 4, section 105, as amended by Laws 2017, chapter 93, article 2, section 148, is amended to read:

Sec. 105. **RULES; SILICA SAND.**

(a) The commissioner of the Pollution Control Agency may adopt rules pertaining to the control of particulate emissions from silica sand projects. The rulemaking is exempt from Minnesota Statutes, section 14.125.

(b) The commissioner of natural resources shall ~~adopt rules~~ develop a model ordinance pertaining to the reclamation of silica sand mines. ~~The rulemaking is exempt from Minnesota Statutes, section 14.125~~ commissioner shall publish the model ordinance in the State Register.

(c) By January 1, 2014, the Department of Health shall adopt an air quality health-based value for silica sand.

(d) The Environmental Quality Board may amend its rules for environmental review, adopted under Minnesota Statutes, chapter 116D, for silica sand mining and processing to take into account the increased activity in the state and concerns over the size of specific operations. The Environmental Quality Board shall consider whether the requirements of Minnesota Statutes, section 116C.991, should remain part of the environmental review requirements for silica sand and whether the requirements should be different for different geographic areas of the state. The rulemaking is exempt from Minnesota Statutes, section 14.125.

Sec. 88. **STAMP DESIGN; RULE AMENDMENT.**

(a) The commissioner of natural resources shall amend Minnesota Rules, part 6290.0400, subpart 3, to:

(1) allow a contest entry to be created using nonphotographic digital media; and

(2) require a person submitting a contest entry to list all media used in the creation of the entry.

(b) The commissioner may use the good cause exemption under Minnesota Statutes, section 14.388, subdivision 1, clause (3), to adopt rules under this section, and Minnesota Statutes, section 14.386, does not apply except as provided under Minnesota Statutes, section 14.388.

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

Sec. 89. **TURTLE SELLER'S LICENSES; TRANSFER AND RENEWAL.**

The commissioner of natural resources must not renew or transfer a turtle seller's license after the effective date of this section.

Sec. 90. **CHRONIC WASTING DISEASE ADOPT-A-DUMPSTER PROGRAM; DEER CARCASS HANDLING GUIDELINES.**

(a) The commissioner of natural resources must establish a chronic wasting disease adopt-a-dumpster program to provide dumpsters dedicated to disposing of deer carcasses in areas where chronic wasting disease has been detected. The commissioner must work with solid waste haulers and other interested parties and encourage volunteer support to ensure the dumpsters are located at convenient locations with appropriate signage, lined, and maintained. The commissioner must ensure the carcasses collected are properly disposed of to minimize the spread of chronic wasting disease.

(b) The commissioner of natural resources, in consultation with the commissioners of health and the Pollution Control Agency, must develop guidelines to prevent the spread of chronic wasting disease and protect public health that take into consideration infectious waste as defined under Minnesota Statutes, section 116.76, subdivision 12:

(1) for hunters for handling deer in the field and transporting and disposing of carcasses;

(2) for solid waste facilities and solid waste haulers for proper handling, transportation, and disposal of deer carcasses; and

(3) for taxidermists and meat processors for proper handling, processing, and disposal of deer carcasses.

(c) By January 15, 2020, the commissioner of natural resources must submit a report to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over environment and natural resources with the results of the program developed under paragraph (a) and the guidelines developed under paragraph (b).

Sec. 91. **REVISOR INSTRUCTION.**

(a) The revisor of statutes shall renumber Minnesota Statutes, section 85.012, subdivision 49, as subdivision 58a, and include the history of the current subdivision 49 under the new subdivision 58a.

(b) The revisor must assign the priority order for the metropolitan landfill contingency action trust account established in section 3 to follow any amendment to Minnesota Statutes, section 16A.152, subdivision 2, for special education aid enacted during the 2019 legislative session.

(c) The revisor of statutes must change the reference in Minnesota Statutes, sections 127A.30, subdivision 2, and 287.22, from "section 92.121" to "section 92.122."

Sec. 92. **REPEALER.**

(a) Minnesota Statutes 2018, sections 92.121; and 97C.605, subdivisions 2, 2a, 2b, and 5, are repealed.

(b) Laws 2015, First Special Session chapter 4, article 4, section 149, is repealed.

(c) Minnesota Rules, part 6256.0500, subparts 2, 2a, 2b, 4, 5, 6, 7, and 8, are repealed."

Delete the title and insert:

"A bill for an act relating to state government; appropriating money for environment and natural resources; modifying fees and surcharges; creating accounts and providing for disposition of certain receipts; modifying bough buyer provisions; modifying certain permit and reimbursement provisions; reestablishing citizen board of Pollution Control Agency; providing for carpet stewardship; modifying game and fish law; modifying forestry provisions; designating state bee; creating natural resource programs; modifying solid waste provisions; providing for voluntary certification of salt applicators; creating Minnesota Outdoor Recreation Office; modifying certain consumer protection provisions; modifying provisions for certain grants for outdoor recreation; modifying game and fish law; providing for removal of beavers and beaver dams causing damage; banning certain insecticides in wildlife management areas; modifying school trust lands; extending citizen oversight committees; modifying groundwater use permitting; requiring a model ordinance pertaining to silica sand mines; requiring rulemaking; amending Minnesota Statutes 2018, sections 16A.151, subdivision 2; 16A.152, subdivision 2; 17.035, subdivision 1; 84.026, by adding a subdivision; 84.027, subdivision 18; 84.0895, by adding a subdivision; 84.788, subdivision 2; 84.794, subdivision 2; 84.83, subdivision 3; 84D.15; 85.012, subdivision 49; 85.42; 85.44; 85.47; 86B.415, subdivisions 1, 1a, 2, 3, 4, 5, 7; 88.642, subdivisions 1, 3; 88.6435; 89.37, subdivision 3; 90.01, by adding a subdivision; 90.195; 92.50, subdivision 1; 97A.015, subdivisions 25, 43; 97A.055, subdivisions 4, 4b; 97A.065, subdivision 6; 97A.075, subdivision 1; 97A.126; 97A.321, subdivision 1; 97A.405, by adding a subdivision; 97A.475, subdivisions 3a, 4, 41; 97B.011; 97B.081, subdivision 3; 97B.205; 97B.655; 97B.665, by adding a subdivision; 97B.667, subdivisions 2, 3, 4, by adding a subdivision; 97C.605, subdivisions 1, 2c, 3; 103G.241, subdivisions 1, 3; 103G.287, subdivision 1; 103G.301, subdivision 2; 103G.311, subdivisions 2, 5; 103G.315, subdivision 8; 103G.408; 103G.615, subdivision 3a; 115A.142; 115A.51; 115B.421; 116.02; 116.03, subdivisions 1, 2a; 116.155, subdivisions 1, 3, by adding a subdivision; 127A.353, subdivision 1; 325F.071; Laws 2013, chapter 114, article 4, section 105, as amended; Laws 2016, chapter 189, article 3, section 6, as amended; Laws 2017, chapter 93, article 1, section 9; proposing coding for new law in Minnesota Statutes, chapters 1; 84; 89; 92; 97A; 97B; 103F; 115A; 115B; 116; 116U; repealing Minnesota Statutes 2018, sections 92.121; 97C.605, subdivisions 2, 2a, 2b, 5; Laws 2015, First Special Session chapter 4, article 4, section 149; Minnesota Rules, part 6256.0500, subparts 2, 2a, 2b, 4, 5, 6, 7, 8."

With the recommendation that when so amended the bill be placed on the General Register.

The report was adopted.

Marquart from the Committee on Taxes to which was referred:

H. F. No. 2414, A bill for an act relating to state government; establishing the health and human services budget; modifying provisions governing children and families, operations, direct care and treatment, continuing care for older adults, disability services, chemical and mental health, mental health uniform service standards, health care, prescription drugs, health-related licensing boards, Department of Health programs, health coverage, resident rights and consumer protections, independent senior living facilities, dementia care services for assisted living facilities with dementia care, assisted living licensure conforming changes, third-party logistics providers and wholesale distributors, and prescription drug pricing; establishing OneCare Buy-In; establishing pharmacy benefit manager licensure; establishing prescription drug repository program; establishing insulin assistance program; establishing OneCare Buy-In reserve account; establishing assisted living licensure; requiring reports; making technical changes; modifying penalties; providing for rulemaking; modifying fees; making forecast adjustments; appropriating money; amending Minnesota Statutes 2018, sections 8.31, subdivision 1; 13.46, subdivisions 2, 3; 13.461, subdivision 28; 13.69, subdivision 1; 13.851, by adding a subdivision; 15C.02; 16A.151, subdivision 2; 16A.724, subdivision 2; 18K.02, subdivision 3; 18K.03; 62A.021, by adding subdivisions; 62A.152, subdivision 3; 62A.25, subdivision 2; 62A.28, subdivision 2; 62A.30, by adding a subdivision; 62A.3094, subdivision 1; 62A.65, subdivision 7; 62A.671, subdivision 6; 62D.02, subdivision 4; 62D.03, subdivision 1; 62D.05, subdivision 1; 62D.06, subdivision 1; 62D.12,

by adding a subdivision; 62D.124, subdivisions 1, 2, 3, by adding subdivisions; 62D.17, subdivision 1; 62D.19; 62D.30, subdivision 8; 62E.02, subdivision 3; 62E.23, subdivision 4; 62J.23, subdivision 2; 62J.497, subdivision 1; 62K.075; 62K.10, subdivisions 2, 3, 4, 5; 62Q.01, by adding a subdivision; 62Q.184, subdivisions 1, 3; 62Q.47; 62Q.81; 103I.005, subdivisions 2, 8a, 17a; 103I.205, subdivisions 1, 4, 9; 103I.208, subdivision 1; 103I.235, subdivision 3; 103I.301, subdivision 6, by adding a subdivision; 103I.601, subdivision 4; 119B.011, subdivisions 19, 20, by adding a subdivision; 119B.02, subdivisions 3, 6, 7; 119B.025, subdivision 1, by adding a subdivision; 119B.03, subdivision 9; 119B.05, subdivision 1; 119B.09, subdivisions 1, 7; 119B.095, subdivision 2, by adding a subdivision; 119B.125, subdivision 6; 119B.13, subdivisions 1, 6, 7; 119B.16, subdivisions 1, 1a, 1b, by adding subdivisions; 124D.142; 124D.165, subdivision 4; 125A.515, subdivisions 1, 3, 4, 5, 7, 8; 144.051, subdivisions 4, 5, 6; 144.057, subdivisions 1, 3; 144.0724, subdivisions 4, 5, 8; 144.121, subdivision 1a, by adding a subdivision; 144.122; 144.225, subdivisions 2, 2a, 7; 144.3831, subdivision 1; 144.412; 144.413, subdivisions 1, 4; 144.414, subdivisions 2, 3; 144.416; 144.4165; 144.4167, subdivision 4; 144.417, subdivision 4; 144.562, subdivision 2; 144.966, subdivision 2; 144.99, subdivision 1; 144A.04, subdivision 5; 144A.071, subdivisions 1a, 2, 3, 4a, 4c, 5a; 144A.073, subdivision 3c; 144A.20, subdivision 1; 144A.24; 144A.26; 144A.43, subdivisions 11, 30, by adding a subdivision; 144A.44, subdivision 1; 144A.471, subdivisions 7, 9; 144A.472, subdivisions 5, 7; 144A.473; 144A.474, subdivisions 2, 9, 11; 144A.475, subdivisions 1, 2, 3b, 5; 144A.476, subdivision 1; 144A.479, subdivision 7; 144A.4791, subdivisions 1, 3, 6, 7, 8, 9, 10; 144A.4792, subdivisions 1, 2, 5, 10; 144A.4793, subdivision 6; 144A.4796, subdivision 2; 144A.4797, subdivision 3; 144A.4798; 144A.4799; 144A.484, subdivision 1; 145.4235, subdivisions 2, 3, 4, by adding a subdivision; 147.37; 147D.27, by adding a subdivision; 147E.40, subdivision 1; 147F.17, subdivision 1; 148.59; 148.6445, subdivisions 1, 2, 2a, 3, 4, 5, 6, 10; 148.7815, subdivision 1; 148B.5301, subdivision 2; 148E.0555, subdivision 6; 148E.120, subdivision 2; 148E.180; 148F.11, subdivision 1; 150A.06, by adding subdivisions; 150A.091, by adding subdivisions; 151.01, subdivisions 23, 31, 35, by adding a subdivision; 151.06, by adding a subdivision; 151.065, subdivisions 1, 2, 3, 6; 151.071, subdivisions 1, 2; 151.15, subdivision 1, by adding subdivisions; 151.19, subdivisions 1, 3; 151.21, subdivision 7, by adding a subdivision; 151.211, subdivision 2, by adding a subdivision; 151.252, subdivisions 1, 1a, 3; 151.253, by adding a subdivision; 151.32; 151.40, subdivisions 1, 2; 151.43; 151.46; 151.47, subdivision 1, by adding a subdivision; 152.126, subdivision 6; 152.22, subdivisions 6, 11, 13, 14, by adding subdivisions; 152.25, subdivisions 1, 1a, 1c, 4; 152.27, subdivisions 2, 3, 4, 5, 6; 152.28, subdivision 1; 152.29, subdivisions 1, 2, 3; 152.31; 152.32, subdivision 2; 152.33, subdivisions 1, 2; 152.34; 152.36, subdivision 2; 171.171; 214.25, subdivision 2; 237.50, subdivisions 4a, 6a, 10a, 11, by adding subdivisions; 237.51, subdivisions 1, 5a; 237.52, subdivision 5; 237.53; 245.095; 245.462, subdivisions 6, 8, 9, 14, 17, 18, 21, 23, by adding a subdivision; 245.4661, subdivision 9; 245.467, subdivisions 2, 3; 245.469, subdivisions 1, 2; 245.470, subdivision 1; 245.4712, subdivision 2; 245.472, subdivision 2; 245.4863; 245.4871, subdivisions 9a, 10, 11a, 17, 21, 26, 27, 29, 32, 34; 245.4876, subdivisions 2, 3; 245.4879, subdivisions 1, 2; 245.488, subdivision 1; 245.4889, subdivision 1; 245.696, by adding a subdivision; 245.735, subdivision 3; 245A.02, subdivisions 3, 5a, 8, 9, 12, 14, 18, by adding subdivisions; 245A.03, subdivisions 1, 3; 245A.04, subdivisions 1, 2, 4, 6, 7, 10, by adding subdivisions; 245A.05; 245A.07, subdivisions 1, 2, 2a, 3; 245A.10, subdivision 4; 245A.14, subdivisions 4, 8, by adding subdivisions; 245A.145, subdivisions 1, 2; 245A.151; 245A.16, subdivision 1, by adding a subdivision; 245A.18, subdivision 2; 245A.40; 245A.41; 245A.50; 245A.51, subdivision 3, by adding subdivisions; 245A.66, subdivisions 2, 3; 245C.02, subdivision 6a, by adding subdivisions; 245C.03, subdivision 1, by adding a subdivision; 245C.05, subdivisions 2c, 2d, 4, 5, 5a; 245C.08, subdivisions 1, 3; 245C.10, by adding a subdivision; 245C.13, subdivision 2, by adding a subdivision; 245C.14, subdivision 1; 245C.15, subdivisions 2, 3, 4, by adding a subdivision; 245C.22, subdivisions 4, 5; 245C.24; 245C.30, subdivisions 1, 2, 3; 245C.32, subdivision 2; 245D.03, subdivision 1; 245D.071, subdivision 1; 245D.081, subdivision 3; 245E.01, subdivision 8; 245E.02, by adding a subdivision; 245F.05, subdivision 2; 245H.01, by adding subdivisions; 245H.03, by adding a subdivision; 245H.07; 245H.10, subdivision 1; 245H.11; 245H.12; 245H.13, subdivision 5, by adding subdivisions; 245H.14, subdivisions 1, 3, 4, 5, 6; 245H.15, subdivision 1; 246.54, by adding a subdivision; 246B.10; 252.27, subdivision 2a; 252.275, subdivision 3; 252.28, subdivision 1; 252.41, subdivisions 3, 4, 5, 6, 7, 9; 252.42; 252.43; 252.44; 252.45; 254A.03, subdivision 3; 254B.02, subdivision 1; 254B.03, subdivisions 2, 4; 254B.04, subdivision 1; 254B.05, subdivisions 1a, 5; 254B.06, subdivisions 1, 2; 256.01, subdivision 14b; 256.046, subdivision 1, by adding a subdivision; 256.478; 256.9365; 256.962, subdivision 5; 256.969, subdivisions 2b, 3a, 9, 17, 19; 256.98, subdivision 8; 256B.02, subdivision 7; 256B.04, subdivisions 14,

21, 22; 256B.055, subdivision 2; 256B.056, subdivisions 3, 5c; 256B.0615, subdivision 1; 256B.0616, subdivisions 1, 3; 256B.0622, subdivisions 1, 2, 3a, 4, 5a, 7, 7a, 7b, 7d; 256B.0623, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 10, 11, 12; 256B.0624, subdivisions 2, 4, 5, 6, 7, 8, 9, 11; 256B.0625, subdivisions 3b, 5, 5l, 9, 13, 13d, 13e, 13f, 17, 19c, 23, 24, 30, 31, 42, 45a, 48, 49, 56a, 57, 61, 62, 65, by adding subdivisions; 256B.064, subdivisions 1a, 1b, 2, by adding subdivisions; 256B.0644; 256B.0651, subdivision 17; 256B.0658; 256B.0659, subdivisions 11, 12, 21, 24, 28, by adding a subdivision; 256B.0757, subdivisions 2, 4, 8, by adding subdivisions; 256B.0915, subdivisions 3a, 3b; 256B.092, subdivision 13; 256B.0941, subdivisions 1, 3; 256B.0943, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 11; 256B.0944, subdivisions 1, 3, 4, 5, 6, 7, 8, 9; 256B.0946, subdivisions 1, 1a, 2, 3, 4, 6; 256B.0947, subdivisions 1, 2, 3, 3a, 5, 6, 7a; 256B.0949, subdivisions 2, 4, 5a, by adding a subdivision; 256B.27, subdivision 3; 256B.434, subdivisions 1, 3; 256B.49, subdivision 24; 256B.4912, by adding subdivisions; 256B.4913, subdivisions 4a, 5; 256B.4914, subdivisions 2, 4, 5, 6, 7, 8, 9, 10, 10a, 14, 15, by adding a subdivision; 256B.69, subdivisions 6, 6d, 35, by adding subdivisions; 256B.76, subdivisions 2, 4; 256B.766; 256B.85, subdivisions 3, 10, 11, 12, 16, by adding a subdivision; 256I.03, subdivision 15; 256I.04, subdivisions 1, 2a, 2f; 256I.05, subdivision 1c; 256I.06, subdivision 8; 256J.24, subdivision 5; 256L.03, by adding a subdivision; 256L.07, subdivision 2, by adding a subdivision; 256L.11, subdivisions 2, 7; 256L.121, subdivision 3; 256M.41, subdivision 3, by adding a subdivision; 256R.02, subdivisions 8, 19, by adding subdivisions; 256R.08, subdivision 1; 256R.10, by adding a subdivision; 256R.16, subdivision 1; 256R.21, by adding a subdivision; 256R.23, subdivision 5; 256R.24; 256R.25; 256R.26; 256R.44; 256R.47; 256R.50, subdivision 6; 260C.007, subdivision 18, by adding a subdivision; 260C.178, subdivision 1; 260C.201, subdivisions 1, 2, 6; 260C.212, subdivision 2; 260C.452, subdivision 4; 260C.503, subdivision 1; 270B.12, by adding a subdivision; 290.0131, by adding a subdivision; 295.51, subdivision 1a; 295.52, subdivision 8; 295.57, subdivision 3; 295.582, subdivision 1; 317A.811, by adding a subdivision; 325F.72, subdivisions 1, 2, 4; 461.12, subdivisions 2, 3, 4, 5, 6, 8; 461.18; 518A.32, subdivision 3; 609.685; 609.6855; 626.556, subdivision 10; 626.5572, subdivision 6; 628.26; 641.15, subdivision 3a; Laws 2003, First Special Session chapter 14, article 13C, section 2, subdivision 6, as amended; Laws 2017, First Special Session chapter 6, article 1, section 45; article 3, section 49; article 5, section 11; article 8, sections 71; 72; proposing coding for new law in Minnesota Statutes, chapters 62A; 62C; 62D; 62K; 62Q; 62V; 119B; 137; 144; 144A; 144G; 145; 148; 151; 245; 245A; 245D; 256; 256B; 256L; 256M; 256R; 260C; 290; 461; 609; proposing coding for new law as Minnesota Statutes, chapters 62W; 144I; 144J; 144K; 245I; 256T; 317B; repealing Minnesota Statutes 2018, sections 62A.021, subdivisions 1, 3; 119B.125, subdivision 8; 119B.16, subdivision 2; 144A.414, subdivision 5; 144A.071, subdivision 4d; 144A.441; 144A.442; 144A.45, subdivision 6; 144A.472, subdivision 4; 144A.481; 144D.01; 144D.015; 144D.02; 144D.025; 144D.03; 144D.04; 144D.045; 144D.05; 144D.06; 144D.065; 144D.066; 144D.07; 144D.08; 144D.09; 144D.10; 144D.11; 144G.01; 144G.02; 144G.03; 144G.04; 144G.05; 144G.06; 151.214, subdivision 2; 151.42; 151.44; 151.49; 151.50; 151.51; 151.55; 151.60; 151.61; 151.62; 151.63; 151.64; 151.65; 151.66; 151.67; 151.68; 151.69; 151.70; 151.71; 214.17; 214.18; 214.19; 214.20; 214.21; 214.22; 214.23; 214.24; 245.462, subdivision 4a; 245E.06, subdivisions 2, 4, 5; 245H.10, subdivision 2; 246.18, subdivisions 8, 9; 252.41, subdivision 8; 252.431; 252.451; 254B.03, subdivision 4a; 256B.0615, subdivisions 2, 4, 5; 256B.0616, subdivisions 2, 4, 5; 256B.0624, subdivision 10; 256B.0625, subdivision 63; 256B.0659, subdivision 22; 256B.0705; 256B.0943, subdivision 10; 256B.0944, subdivision 10; 256B.0946, subdivision 5; 256B.0947, subdivision 9; 256B.431, subdivisions 3a, 3f, 3g, 3i, 10, 13, 15, 16, 17, 17a, 17c, 17d, 17e, 18, 21, 22, 30, 45; 256B.434, subdivisions 4, 4f, 4i, 4j, 6, 10; 256B.4913, subdivisions 4a, 6, 7; 256L.11, subdivisions 2a, 6a; 256R.36; 256R.40; 256R.41; Laws 2010, First Special Session chapter 1, article 25, section 3, subdivision 10; Laws 2011, First Special Session chapter 9, article 6, section 97, subdivision 6; Minnesota Rules, parts 2960.3030, subpart 3; 3400.0185, subpart 5; 6400.6970; 7200.6100; 7200.6105; 9502.0425, subparts 4, 16, 17; 9503.0155, subpart 8; 9505.0370; 9505.0371; 9505.0372; 9520.0010; 9520.0020; 9520.0030; 9520.0040; 9520.0050; 9520.0060; 9520.0070; 9520.0080; 9520.0090; 9520.0100; 9520.0110; 9520.0120; 9520.0130; 9520.0140; 9520.0150; 9520.0160; 9520.0170; 9520.0180; 9520.0190; 9520.0200; 9520.0210; 9520.0230; 9549.0057; 9549.0060, subparts 4, 5, 6, 7, 10, 11, 14.

Reported the same back with the recommendation that the bill be placed on the General Register.

The report was adopted.

Carlson, L., from the Committee on Ways and Means to which was referred:

H. F. No. 2544, A bill for an act relating to higher education; providing funding and related programs for the Office of Higher Education, the Minnesota State Colleges and Universities; the University of Minnesota, and other related programs; requiring reports; appropriating money; amending Minnesota Statutes 2018, sections 127A.70, subdivision 2; 136A.101, subdivision 5a; 136A.121, subdivisions 5, 6; 136A.246, subdivisions 4, 8.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
HIGHER EDUCATION APPROPRIATIONS

Section 1. **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 general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2020" and "2021" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2020, or June 30, 2021, respectively. "The first year" is fiscal year 2020. "The second year" is fiscal year 2021. "The biennium" is fiscal years 2020 and 2021.

	<u>APPROPRIATIONS</u>	
	<u>Available for the Year</u>	
	<u>Ending June 30</u>	
	<u>2020</u>	<u>2021</u>
 Sec. 2. <u>MINNESOTA OFFICE OF HIGHER EDUCATION</u>		
Subdivision 1. <u>Total Appropriation</u>	<u>\$274,318,000</u>	<u>\$270,220,000</u>
 <u>The amounts that may be spent for each purpose are specified in the following subdivisions.</u>		
Subd. 2. <u>State Grants</u>	<u>208,366,000</u>	<u>203,768,000</u>
 <u>If the appropriation in this subdivision for either year is insufficient, the appropriation for the other year is available for it. The base for this appropriation in fiscal year 2022 and all years thereafter is \$198,356,000</u>		
Subd. 3. <u>Child Care Grants</u>	<u>6,694,000</u>	<u>6,694,000</u>
Subd. 4. <u>State Work-Study</u>	<u>14,502,000</u>	<u>14,502,000</u>
Subd. 5. <u>Interstate Tuition Reciprocity</u>	<u>11,018,000</u>	<u>11,018,000</u>

If the appropriation in this subdivision for either year is insufficient, the appropriation for the other year is available to meet reciprocity contract obligations.

Subd. 6. Safety Officer's Survivors

100,000

100,000

This appropriation is to provide educational benefits under Minnesota Statutes, section 299A.45, to eligible dependent children and to the spouses of public safety officers killed in the line of duty.

If the appropriation in this subdivision for either year is insufficient, the appropriation for the other year is available for it.

Subd. 7. American Indian Scholarships

3,500,000

3,500,000

The commissioner must contract with or employ at least one person with demonstrated competence in American Indian culture and residing in or near the city of Bemidji to assist students with the scholarships under Minnesota Statutes, section 136A.126, and with other information about financial aid for which the students may be eligible. Bemidji State University must provide office space at no cost to the Office of Higher Education for purposes of administering the American Indian scholarship program under Minnesota Statutes, section 136A.126. This appropriation includes funding to administer the American Indian scholarship program.

Subd. 8. Tribal College Grants

150,000

150,000

For tribal college assistance grants under Minnesota Statutes, section 136A.1796.

Subd. 9. Intervention for College Attendance Program Grants

755,000

755,000

For the intervention for college attendance program under Minnesota Statutes, section 136A.861.

The commissioner may use no more than three percent of this appropriation to administer the intervention for college attendance program grants.

Subd. 10. Student-Parent Information

122,000

122,000

Subd. 11. Get Ready!

180,000

180,000

Subd. 12. Minnesota Education Equity Partnership

45,000

45,000

Subd. 13. Midwest Higher Education Compact

115,000

115,000

Subd. 14. MN Reconnect

2,000,000

2,000,000

(a) For the Office of Higher Education to award grant funds to students and institutions under Minnesota Statutes, section 136A.123.

(b) \$1,250,000 in fiscal year 2020 and \$1,250,000 in fiscal year 2021 are for student grants.

(c) \$560,000 in fiscal year 2020 and \$560,000 in fiscal year 2021 are for institutional grants.

(d) \$80,000 in fiscal year 2020 and \$80,000 in fiscal year 2021 are for outreach, communications, and marketing to eligible students by the office.

(e) \$70,000 in fiscal year 2020 and \$70,000 in fiscal year 2021 are for a grant to the Minnesota State Colleges and Universities system for program administration.

(f) \$40,000 in fiscal year 2020 and \$40,000 in fiscal year 2021 are for program administration by the office.

Subd. 15. United Family Medicine Residency Program

501,000

501,000

For a grant to United Family Medicine residency program. This appropriation shall be used to support up to 21 resident physicians each year in family practice at United Family Medicine residency programs and shall prepare doctors to practice family care medicine in underserved rural and urban areas of the state. It is intended that this program will improve health care in underserved communities, provide affordable access to appropriate medical care, and manage the treatment of patients in a cost-effective manner.

Subd. 16. MnLINK Gateway and Minitex

5,905,000

5,905,000

Subd. 17. Statewide Longitudinal Education Data System

1,782,000

1,782,000

Subd. 18. Hennepin Healthcare

645,000

645,000

For transfer to Hennepin Healthcare for graduate family medical education programs at Hennepin Healthcare.

Subd. 19. College Possible

450,000

450,000

(a) This appropriation is for immediate transfer to College Possible to support programs of college admission and college graduation for low-income students through an intensive curriculum of coaching and support at both the high school and postsecondary level.

(b) This appropriation must, to the extent possible, be proportionately allocated between students from greater Minnesota and students in the seven-county metropolitan area.

(c) This appropriation must be used by College Possible only for programs supporting students who are residents of Minnesota and attending colleges or universities within Minnesota.

(d) By February 1 of each year, College Possible must report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over higher education and E-12 education on activities funded by this appropriation. The report must include, but is not limited to, information about the expansion of College Possible in Minnesota, the number of College Possible coaches hired, the expansion within existing partner high schools, the expansion of high school partnerships, the number of high school and college students served, the total hours of community service by high school and college students, and a list of communities and organizations benefiting from student service hours.

Subd. 20. Spinal Cord Injury and Traumatic Brain Injury Research Grant Program

3,000,000

3,000,000

For transfer to the spinal cord and traumatic brain grant account in the special revenue fund under Minnesota Statutes, section 136A.901, subdivision 1.

The commissioner may use no more than three percent of the amount transferred under this subdivision to administer the grant program.

Subd. 21. Summer Academic Enrichment Program

250,000

250,000

For summer academic enrichment grants under Minnesota Statutes, section 136A.091.

The commissioner may use no more than three percent of this appropriation to administer the grant program under this subdivision.

Subd. 22. Dual Training Competency Grants; Office of Higher Education

3,000,000

3,000,000

For transfer to the Dual Training Competency Grants account in the special revenue fund under Minnesota Statutes, section 136A.246, subdivision 10.

<u>Subd. 23. Dual Training Competency Grants; Department of Labor and Industry</u>	<u>200,000</u>	<u>200,000</u>
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For transfer to the commissioner of labor and industry for identification of competency standards for dual training under Minnesota Statutes, section 175.45.

<u>Subd. 24. Concurrent Enrollment Courses</u>	<u>340,000</u>	<u>340,000</u>
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For concurrent enrollment development grants under Minnesota Statutes, section 136A.071.

The commissioner may use no more than three percent of this appropriation to administer the program under this subdivision.

<u>Subd. 25. Campus Sexual Assault Reporting</u>	<u>25,000</u>	<u>25,000</u>
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For the sexual assault reporting required under Minnesota Statutes, section 135A.15.

<u>Subd. 26. Campus Sexual Violence Prevention and Response Coordinator</u>	<u>150,000</u>	<u>150,000</u>
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For the Office of Higher Education to staff a campus sexual violence prevention and response coordinator to serve as a statewide resource providing professional development and guidance on best practices for postsecondary institutions. \$50,000 each year is for administrative funding to conduct trainings and provide materials to postsecondary institutions.

<u>Subd. 27. Emergency Assistance for Postsecondary Students</u>	<u>175,000</u>	<u>175,000</u>
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(a) This appropriation is for the Office of Higher Education to allocate grant funds on a matching basis to schools with a demonstrable homeless student population.

(b) This appropriation shall be used to meet immediate student needs that could result in a student not completing the term or their program including, but not limited to, emergency housing, food, and transportation. Emergency assistance does not impact the amount of state financial aid received.

(c) The commissioner shall determine the application process and the grant amounts. The Office of Higher Education shall partner with interested postsecondary institutions, other state agencies, and student groups to establish the programs.

Subd. 28. Student Teacher Candidate Grants in Shortage Areas

2,700,000

2,700,000

For the student teacher candidate grants in shortage areas program under Minnesota Statutes, section 136A.1275. Of this amount, \$2,200,000 each year is directed to support candidates belonging to a racial or ethnic group underrepresented in the teacher workforce and meeting other eligibility requirements. If this dedicated amount is not fully spent because of a lack of qualifying candidates, any remaining amount may be awarded to qualifying teacher candidates in a licensure shortage area.

The commissioner may use no more than three percent of the appropriation for administration of the program.

Subd. 29. Teacher Shortage Loan Forgiveness

250,000

250,000

For transfer to the teacher shortage loan forgiveness repayment account in the special revenue fund under Minnesota Statutes, section 136A.1791, subdivision 8.

The commissioner may use no more than three percent of the amount transferred under this subdivision to administer the program.

Subd. 30. Large Animal Veterinarian Loan Forgiveness Program

375,000

375,000

For transfer to the large animal veterinarian loan forgiveness program account in the special revenue fund under Minnesota Statutes, section 136A.1795, subdivision 2.

Subd. 31. Agricultural Educators Loan Forgiveness

50,000

50,000

For transfer to the agricultural education loan forgiveness account in the special revenue fund under Minnesota Statutes, section 136A.1794, subdivision 2.

Subd. 32. Aviation Degree Loan Forgiveness Program

25,000

25,000

For transfer to the aviation degree loan forgiveness program account in the special revenue fund under Minnesota Statutes, section 136A.1789, subdivision 2.

Subd. 33. Grants for Students with Intellectual and Developmental Disabilities

200,000

200,000

For grants for students with intellectual and developmental disabilities under Minnesota Statutes, section 136A.1215.

Subd. 34. Loan Repayment Assistance Program25,00025,000

For a grant to the Loan Repayment Assistance Program of Minnesota to provide education debt relief to attorneys with full-time employment providing legal advice or representation to low-income clients or support services for this work.

Subd. 35. Minnesota Independence College and Community1,000,0001,000,000

For a grant to Minnesota Independence College and Community for need-based scholarships and tuition reduction.

Subd. 36. Student Loan Debt Counseling100,000100,000

For student loan debt counseling under Minnesota Statutes, section 136A.1788.

Subd. 37. Aspiring Minnesota Teachers of Color Scholarships.1,000,0001,500,000

For aspiring Minnesota teachers of color scholarships under Minnesota Statutes, section 136A.1274. The Office of Higher Education may use no more than three percent of the appropriation amount to administer the program under this subdivision.

Subd. 38. Hunger Free Campus Grants77,00077,000

(a) For grants to campuses to meet the criteria in Minnesota Statutes, section 136F.245, and to address food insecurity on campus. This is a onetime appropriation.

(b) Awards must be based on college head counts for the most recently completed academic year. The maximum grant award shall be \$8,000.

(c) Campuses must provide matching funds to receive the hunger free campus grant.

(d) The commissioner of the Office of Higher Education may transfer unencumbered balances from the appropriations in this section to the emergency assistance for postsecondary students grant. Transfers from this appropriation may only be made to the extent there is a projected surplus in the appropriation. A transfer may be made only with prior written notice to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over higher education finance.

(e) The statewide student association representing the community and technical colleges shall develop an application, review all grant applications, and provide final approval of all grant disbursements from the Office of Higher Education.

Subd. 39. Direct Care Service Corps Pilot Project Grant 75,000 75,000

For a grant to HealthForce Minnesota at Winona State University for the direct care service corps pilot program under article 2, section 26. Up to \$9,000 each year may be used by HealthForce Minnesota for administrative costs. This is a onetime appropriation.

Subd. 40. Blind or visually impaired teacher preparation grant 64,000 64,000

For a grant to a Minnesota institution of higher education to explore, develop, and establish a teacher preparation program leading to licensure as a teacher of the blind or visually impaired consistent with Minnesota Rules, part 8710.5100. This is a onetime appropriation.

Subd. 41. Agency Administration 4,407,000 4,407,000

Up to \$330,000 in fiscal year 2020 and \$330,000 in fiscal year 2021 are available for communications and outreach to students, adults, and families to provide information on the expected costs of college and the various grant options made available to them through the state.

Subd. 42. Balances Forward

A balance in the first year under this section does not cancel, but is available for the second year.

Subd. 43. Transfers

The commissioner of the Office of Higher Education may transfer unencumbered balances from the appropriations in this section to the state grant appropriation, the interstate tuition reciprocity appropriation, the child care grant appropriation, the Indian scholarship appropriation, the state work-study appropriation, the get ready appropriation, the intervention for college attendance appropriation, the student-parent information appropriation, the summer academic enrichment program appropriation, and the public safety officers' survivors appropriation. Transfers from the child care or state work-study appropriations may only be made to the extent there is a projected surplus in the appropriation. A transfer may be made only with prior written notice to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over higher education finance.

Sec. 3. **BOARD OF TRUSTEES OF THE MINNESOTA STATE COLLEGES AND UNIVERSITIES**

Subdivision 1. Total Appropriation

\$787,244,000

\$815,044,000

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. Central Office and Shared Services Unit

33,074,000

33,074,000

For the Office of the Chancellor and the Shared Services Division.

Subd. 3. Operations and Maintenance

750,055.000

777,855.000

(a) The Board of Trustees may not set the tuition rate in any undergraduate degree granting program for the 2019-2020 and 2020-2021 academic years at a rate greater than the 2018-2019 academic year rate. The student tuition relief may not be offset by increases in mandatory fees, charges, or other assessments to the student.

(b) \$3,000,000 in fiscal year 2020 and \$3,000,000 in fiscal year 2021 are to provide supplemental aid for operations and maintenance to the president of each two-year institution in the system with at least one campus that is not located in a metropolitan county, as defined in Minnesota Statutes, section 473.121, subdivision 4. The board shall transfer \$100,000 for each campus not located in a metropolitan county in each year to the president of each institution that includes such a campus, provided that no institution may receive more than \$300,000 in total supplemental aid each year.

(c) The Board of Trustees is requested to help Minnesota close the attainment gap by funding activities which improve retention and completion for students of color.

(d) This appropriation includes \$500,000 in fiscal year 2020 and \$500,000 in fiscal year 2021 for workforce development scholarships under Minnesota Statutes, section 136F.38.

(e) \$200,000 each year is for transfer to the Cook County Higher Education Board to provide educational programming and academic support services to remote regions in northeastern Minnesota. The Cook County Higher Education Board shall continue to provide information to the Board of Trustees on the number of students served, credit hours delivered, and services provided to students.

(f) \$160,000 in fiscal year 2020 and \$160,000 in fiscal year 2021 are for two-year Minnesota state colleges that offer farm business management to provide outreach, market, and promote agricultural

programming with priority given to beginning farmers, veterans, communities of color, indigenous people, and women. This amount must be divided equally among the eight colleges offering the program.

(g) \$65,000 in fiscal year 2020 and \$65,000 in fiscal year 2021 are for the Minnesota State Southern Agricultural Center of Excellence and the Minnesota State Northern Agricultural Center of Excellence to develop and implement online courses to be offered throughout the state by farm business management programs. This amount must be divided equally between the two centers of excellence. No later than December 15, 2020, the centers of excellence must submit a joint report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture, veterans affairs, and higher education. The report must include information on the use of money in paragraph (f) and this paragraph.

(h) This appropriation includes \$40,000 in fiscal year 2020 and \$40,000 in fiscal year 2021 to implement the sexual assault policies required under Minnesota Statutes, section 135A.15.

(i) This appropriation includes \$10,000,000 in fiscal year 2020 and \$8,000,000 in fiscal year 2021 for upgrading the Integrated Statewide Record System.

(j) This appropriation includes \$125,000 in fiscal year 2020 and \$125,000 in fiscal year 2021 for mental health services required under Minnesota Statutes, section 136F.20, subdivision 3.

(k) This appropriation includes \$100,000 in fiscal year 2020 and \$100,000 in fiscal year 2021 for open textbook development required under Minnesota Statutes, section 136F.58, subdivision 5.

Subd. 4. **Learning Network of Minnesota**

4,115,000

4,115,000

Sec. 4. **BOARD OF REGENTS OF THE UNIVERSITY OF MINNESOTA**

Subdivision 1. **Total Appropriation**

\$694,293,000

\$721,293,000

Appropriations by Fund

	<u>2020</u>	<u>2021</u>
<u>General</u>	<u>692,136,000</u>	<u>719,136,000</u>
<u>Health Care Access</u>	<u>2,157,000</u>	<u>2,157,000</u>

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. Operations and Maintenance623,698,000650,698,000

(a) This appropriation includes \$43,500,000 in fiscal year 2020 and \$70,500,000 in fiscal year 2021 for tuition relief. The Board of Regents is requested to maintain the Minnesota undergraduate tuition rate at all campuses for the 2019-2020 and 2020-2021 academic years at the 2018-2019 academic year rate.

(b) \$15,000,000 in fiscal year 2020 and \$15,000,000 in fiscal year 2021 are to: (1) increase the medical school's research capacity; (2) improve the medical school's ranking in National Institutes of Health funding; (3) ensure the medical school's national prominence by attracting and retaining world-class faculty, staff, and students; (4) invest in physician training programs in rural and underserved communities; and (5) translate the medical school's research discoveries into new treatments and cures to improve the health of Minnesotans.

(c) \$7,800,000 in fiscal year 2020 and \$7,800,000 in fiscal year 2021 are for health training restoration. This appropriation must be used to support all of the following: (1) faculty physicians who teach at eight residency program sites, including medical resident and student training programs in the Department of Family Medicine; (2) the Mobile Dental Clinic; and (3) expansion of geriatric education and family programs.

(d) \$4,000,000 in fiscal year 2020 and \$4,000,000 in fiscal year 2021 are for the Minnesota Discovery, Research, and InnoVation Economy funding program for cancer care research.

(e) \$500,000 in fiscal year 2020 and \$500,000 in fiscal year 2021 are for the University of Minnesota, Morris branch, to cover the costs of tuition waivers under Minnesota Statutes, section 137.16.

Subd. 3. Primary Care Education Initiatives2,157,0002,157,000

This appropriation is from the health care access fund.

Subd. 4. Special Appropriations**(a) Agriculture and Extension Service**42,922,00042,922,000

For the Agricultural Experiment Station and the Minnesota Extension Service:

(1) the agricultural experiment stations and Minnesota Extension Service must convene agricultural advisory groups to focus research, education, and extension activities on producer needs and implement an outreach strategy that more effectively and rapidly transfers research results and best practices to producers throughout the state;

(2) this appropriation includes funding for research and outreach on the production of renewable energy from Minnesota biomass resources, including agronomic crops, plant and animal wastes, and native plants or trees. The following areas should be prioritized and carried out in consultation with Minnesota producers, renewable energy, and bioenergy organizations:

(i) biofuel and other energy production from perennial crops, small grains, row crops, and forestry products in conjunction with the Natural Resources Research Institute (NRRI);

(ii) alternative bioenergy crops and cropping systems; and

(iii) biofuel coproducts used for livestock feed;

(3) this appropriation includes funding for the College of Food, Agricultural, and Natural Resources Sciences to establish and provide leadership for organic agronomic, horticultural, livestock, and food systems research, education, and outreach and for the purchase of state-of-the-art laboratory, planting, tilling, harvesting, and processing equipment necessary for this project;

(4) this appropriation includes funding for research efforts that demonstrate a renewed emphasis on the needs of the state's agriculture community. The following areas should be prioritized and carried out in consultation with Minnesota farm organizations:

(i) vegetable crop research with priority for extending the Minnesota vegetable growing season;

(ii) fertilizer and soil fertility research and development;

(iii) soil, groundwater, and surface water conservation practices and contaminant reduction research;

(iv) discovering and developing plant varieties that use nutrients more efficiently;

(v) breeding and development of turf seed and other biomass resources in all three Minnesota biomes;

(vi) development of new disease-resistant and pest-resistant varieties of turf and agronomic crops;

(vii) utilizing plant and livestock cells to treat and cure human diseases;

(viii) the development of dairy coproducts;

(ix) a rapid agricultural response fund for current or emerging animal, plant, and insect problems affecting production or food safety;

(x) crop pest and animal disease research;

(xi) developing animal agriculture that is capable of sustainably feeding the world;

(xii) consumer food safety education and outreach;

(xiii) programs to meet the research and outreach needs of organic livestock and crop farmers; and

(xiv) alternative bioenergy crops and cropping systems; and growing, harvesting, and transporting biomass plant material; and

(5) by February 1, 2021, the Board of Regents must submit a report to the legislative committees and divisions with jurisdiction over agriculture and higher education finance on the status and outcomes of research and initiatives funded in this paragraph.

(b) Health Sciences

9,204,000

9,204,000

\$346,000 each year is to support up to 12 resident physicians in the St. Cloud Hospital family practice residency program. The program must prepare doctors to practice primary care medicine in rural areas of the state. The legislature intends this program to improve health care in rural communities, provide affordable access to appropriate medical care, and manage the treatment of patients in a more cost-effective manner. The remainder of this appropriation is for the rural physicians associates program; the Veterinary Diagnostic Laboratory; health sciences research; dental care; the Biomedical Engineering Center; and the collaborative partnership between the University of Minnesota and Mayo Clinic for regenerative medicine, research, clinical translation, and commercialization.

(c) College of Science and Engineering

1,140,000

1,140,000

For the geological survey and the talented youth mathematics program.

(d) System Special

7,181,000

7,181,000

For general research, the Labor Education Service, Natural Resources Research Institute, Center for Urban and Regional Affairs, Bell Museum of Natural History, and the Humphrey exhibit.

\$2,000,000 in fiscal year 2020 and \$2,000,000 in fiscal year 2021 are for the Natural Resources Research Institute to invest in applied research for economic development.

(e) **University of Minnesota and Mayo Foundation Partnership**

7,991,000

7,991,000

This appropriation is for the following activities:

(1) \$7,491,000 in fiscal year 2020 and \$7,491,000 in fiscal year 2021 are for the direct and indirect expenses of the collaborative research partnership between the University of Minnesota and the Mayo Foundation for research in biotechnology and medical genomics. An annual report on the expenditure of these funds must be submitted to the governor and the chairs of the legislative committees responsible for higher education finance by June 30 of each fiscal year.

(2) \$500,000 in fiscal year 2020 and \$500,000 in fiscal year 2021 are to award competitive grants to conduct research into the prevention, treatment, causes, and cures of Alzheimer's disease and other dementias.

Subd. 5. Academic Health Center

The appropriation for Academic Health Center funding under Minnesota Statutes, section 297F.10, is estimated to be \$22,250,000 each year.

Sec. 5. MAYO CLINIC

Subdivision 1. Total Appropriation

\$1,351,000

\$1,351,000

The amounts that may be spent are specified in the following subdivisions.

Subd. 2. Medical School

665,000

665,000

The state must pay a capitation each year for each student who is a resident of Minnesota. The appropriation may be transferred between each year of the biennium to accommodate enrollment fluctuations. It is intended that during the biennium the Mayo Clinic use the capitation money to increase the number of doctors practicing in rural areas in need of doctors.

Subd. 3. Family Practice and Graduate Residency Program

686,000

686,000

The state must pay stipend support for up to 27 residents each year.

ARTICLE 2
HIGHER EDUCATION POLICY PROVISIONS

Section 1. Minnesota Statutes 2018, section 127A.70, subdivision 2, is amended to read:

Subd. 2. **Powers and duties; report.** (a) The partnership shall develop recommendations to the governor and the legislature designed to maximize the achievement of all P-20 students while promoting the efficient use of state resources, thereby helping the state realize the maximum value for its investment. These recommendations may include, but are not limited to, strategies, policies, or other actions focused on:

- (1) improving the quality of and access to education at all points from preschool through graduate education;
- (2) improving preparation for, and transitions to, postsecondary education and work;
- (3) ensuring educator quality by creating rigorous standards for teacher recruitment, teacher preparation, induction and mentoring of beginning teachers, and continuous professional development for career teachers; and
- (4) realigning the governance and administrative structures of early education, kindergarten through grade 12, and postsecondary systems in Minnesota.

(b) Under the direction of the P-20 Education Partnership Statewide Longitudinal Education Data System Governance Committee, the Office of Higher Education and the Departments of Education and Employment and Economic Development shall improve and expand the Statewide Longitudinal Education Data System (SLEDS) and the Early Childhood Longitudinal Data System (ECLDS) to provide policymakers, education and workforce leaders, researchers, and members of the public with data, research, and reports to:

(1) expand reporting on students' educational outcomes for diverse student populations including at-risk students, children with disabilities, English learners, and gifted students, among others, and include formative and summative evaluations based on multiple measures of child well-being, early childhood development, and student progress toward career and college readiness;

(2) evaluate the effectiveness of early care, educational, and workforce programs; and

(3) evaluate the ~~relationship between~~ relationships among early care, education, and workforce outcomes, consistent with section 124D.49.

To the extent possible under federal and state law, research and reports should be accessible to the public on the Internet, and disaggregated by demographic characteristics, organization or organization characteristics, and geography.

It is the intent of the legislature that the Statewide Longitudinal Education Data System and the Early Childhood Longitudinal Data System inform public policy and decision-making. The SLEDS governance committee and ECLDS governance committee, with assistance from staff of the Office of Higher Education, the Department of Education, and the Department of Employment and Economic Development, shall respond to legislative committee and agency requests on topics utilizing data made available through the Statewide Longitudinal Education Data System and the Early Childhood Longitudinal Data System as resources permit. Any analysis of or report on the data must contain only summary data.

(c) By January 15 of each year, the partnership shall submit a report to the governor and to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over P-20 education policy and finance that summarizes the partnership's progress in meeting its goals and identifies the need for any draft legislation when necessary to further the goals of the partnership to maximize student achievement while promoting efficient use of resources.

Sec. 2. Minnesota Statutes 2018, section 135A.15, subdivision 2, is amended to read:

Subd. 2. **Victims' rights.** The policy required under subdivision 1 shall, at a minimum, require that students and employees be informed of the policy, and shall include provisions for:

- (1) filing criminal charges with local law enforcement officials in sexual assault cases;
- (2) the prompt assistance of campus authorities, at the request of the victim, in notifying the appropriate law enforcement officials and disciplinary authorities of a sexual assault incident;
- (3) allowing sexual assault victims to decide whether to report a case to law enforcement;
- (4) requiring campus authorities to treat sexual assault victims with dignity;
- (5) requiring campus authorities to offer sexual assault victims fair and respectful health care, counseling services, or referrals to such services;
- (6) preventing campus authorities from suggesting to a victim of sexual assault that the victim is at fault for the crimes or violations that occurred;
- (7) preventing campus authorities from suggesting to a victim of sexual assault that the victim should have acted in a different manner to avoid such a crime;
- (8) subject to subdivision 10, protecting the privacy of sexual assault victims by only disclosing data collected under this section to the victim, persons whose work assignments reasonably require access, and, at a sexual assault victim's request, police conducting a criminal investigation;
- (9) an investigation and resolution of a sexual assault complaint by campus disciplinary authorities;
- (10) a sexual assault victim's participation in and the presence of the victim's attorney or other support person who is not a fact witness to the sexual assault at any meeting with campus officials concerning the victim's sexual assault complaint or campus disciplinary proceeding concerning a sexual assault complaint;
- (11) ensuring that a sexual assault victim may decide when to repeat a description of the incident of sexual assault;
- (12) notice to a sexual assault victim of the availability of a campus or local program providing sexual assault advocacy services and information about legal services;
- (13) notice to a sexual assault victim of the outcome of any campus disciplinary proceeding concerning a sexual assault complaint, consistent with laws relating to data practices;
- (14) the complete and prompt assistance of campus authorities, at the direction of law enforcement authorities, in obtaining, securing, and maintaining evidence in connection with a sexual assault incident;
- (15) the assistance of campus authorities in preserving for a sexual assault complainant or victim materials relevant to a campus disciplinary proceeding;
- (16) during and after the process of investigating a complaint and conducting a campus disciplinary procedure, the assistance of campus personnel, in cooperation with the appropriate law enforcement authorities, at a sexual assault victim's request, in shielding the victim from unwanted contact with the alleged assailant, including transfer of the victim to alternative classes or to alternative college-owned housing, if alternative classes or housing are available and feasible;

(17) forbidding retaliation, and establishing a process for investigating complaints of retaliation, against sexual assault victims by campus authorities, the accused, organizations affiliated with the accused, other students, and other employees;

(18) at the request of the victim, providing students who reported sexual assaults to the institution and subsequently choose to transfer to another postsecondary institution with information about resources for victims of sexual assault at the institution to which the victim is transferring; and

(19) consistent with laws governing access to student records, providing a student who reported an incident of sexual assault with access to the student's description of the incident as it was reported to the institution, including if that student transfers to another postsecondary institution.

Sec. 3. Minnesota Statutes 2018, section 135A.15, is amended by adding a subdivision to read:

Subd. 3a. **Affirmative consent.** The policy required under subdivision 1 shall include a provision that establishes an affirmative consent standard. An institution's affirmative consent standard, at a minimum, must incorporate the following elements:

(1) all parties to sexual activity must affirmatively express their consent to the activity. Consent must be knowing and voluntary and not the result of force, coercion, or intimidation. Consent must be active. Consent must be given by words that create mutually understandable, unambiguous permission regarding willingness to engage in, and the conditions of, sexual activity;

(2) silence, lack of protest, or failure to resist, without active indications of consent, is not consent;

(3) consent to any one form of sexual activity does not imply consent to any other forms of sexual activity;

(4) consent may be withdrawn at any time;

(5) previous relationships or prior consent do not imply consent to future sexual acts; and

(6) a person is deemed incapable of consenting when that person is:

(i) unable to communicate or understand the nature or extent of a sexual situation due to mental or physical incapacitation or impairment; or

(ii) physically helpless, either due to the effects of drugs or alcohol, or because the person is asleep.

Sec. 4. Minnesota Statutes 2018, section 136A.101, subdivision 5a, is amended to read:

Subd. 5a. **Assigned family responsibility.** "Assigned family responsibility" means the amount of a family's contribution to a student's cost of attendance, as determined by a federal need analysis. For dependent students, the assigned family responsibility is 84 percent of the parental contribution in fiscal year 2020 and 83 percent of the parental contribution in fiscal year 2021 and later. For independent students with dependents other than a spouse, the assigned family responsibility is 76 percent of the student contribution in fiscal year 2020 and 75 percent of the student contribution in fiscal year 2021 and later. For independent students without dependents other than a spouse, the assigned family responsibility is 40 percent of the student contribution in fiscal year 2020 and 39 percent of the student contribution in fiscal year 2021 and later.

Sec. 5. Minnesota Statutes 2018, section 136A.121, subdivision 5, is amended to read:

Subd. 5. **Grant stipends.** The grant stipend shall be based on a sharing of responsibility for covering the recognized cost of attendance by the applicant, the applicant's family, and the government. The amount of a financial stipend must not exceed a grant applicant's recognized cost of attendance, as defined in subdivision 6, after deducting the following:

(1) the assigned student responsibility of at least 50 percent of the cost of attending the institution of the applicant's choosing;

(2) the assigned family responsibility as defined in section 136A.101; and

(3) the amount of a federal Pell grant award for which the grant applicant is eligible, unless the student is ineligible to receive a Pell grant under United States Code, title 20, section 1091(a)(5) or (d).

The minimum financial stipend is \$100 per academic year.

Sec. 6. Minnesota Statutes 2018, section 136A.121, subdivision 6, is amended to read:

Subd. 6. **Cost of attendance.** (a) The recognized cost of attendance consists of: (1) an allowance specified in law for living and miscellaneous expenses, and (2) an allowance for tuition and fees equal to the lesser of the average tuition and fees charged by the institution, or a tuition and fee maximum if one is established in law. If no living and miscellaneous expense allowance is established in law, the allowance is equal to ~~40+~~ 110 percent of the federal poverty guidelines for a one person household in Minnesota for nine months. If no tuition and fee maximum is established in law, the allowance for tuition and fees is equal to the lesser of: (1) the average tuition and fees charged by the institution, and (2) for two-year programs, an amount equal to the highest tuition and fees charged at a public two-year institution, or for four-year programs, an amount equal to the highest tuition and fees charged at a public university.

(b) For a student registering for less than full time, the office shall prorate the cost of attendance to the actual number of credits for which the student is enrolled.

(c) The recognized cost of attendance for a student who is confined to a Minnesota correctional institution shall consist of the tuition and fee component in paragraph (a), with no allowance for living and miscellaneous expenses.

(d) For the purpose of this subdivision, "fees" include only those fees that are mandatory and charged to full-time resident students attending the institution. Fees do not include charges for tools, equipment, computers, or other similar materials where the student retains ownership. Fees include charges for these materials if the institution retains ownership. Fees do not include optional or punitive fees.

Sec. 7. **[136A.123] MN RECONNECT PROGRAM.**

Subdivision 1. Program administration. The commissioner of the Office of Higher Education must administer a credential completion program for adult learners consistent with this section.

Subd. 2. Definitions. (a) For the purpose of this section, the terms defined in this subdivision have the meanings given them.

(b) "Cost of attendance" means tuition and required fees charged by the institution and the campus-based budget used for federal financial aid for food, housing, books, supplies, transportation, and miscellaneous expenses.

(c) "Eligible student" means an individual who:

(1) meets the eligibility requirements in section 136A.121, subdivision 2, paragraphs (a), clauses (1), (2), (4), and (5), and (b);

(2) is 25 years old or older and under 62;

(3) has previously completed a minimum of 15 credits in a certificate or degree-seeking program that have been accepted by a participating institution;

(4) has not enrolled in any Minnesota institution in the two academic years prior to enrollment at a participating institution;

(5) has not completed a certificate, diploma, or degree of 16 credits or longer in length prior to enrollment at a participating institution in this program;

(6) has enrolled in three or more credits each term;

(7) reports a family adjusted gross income of \$85,000 or less; and

(8) has applied for the grant on the form required by the commissioner.

(d) "Grant" means funds awarded under this section.

(e) "Participating institution" means a two-year institution within the Minnesota State Colleges and Universities System selected under subdivision 5.

(f) "Program" means a certificate, diploma, or degree program offered by a participating institution.

(g) To the extent not inconsistent with this section, the definitions in section 136A.101 apply to this section.

Subd. 3. **Student application.** Application for a grant must be made by a FAFSA or state aid application and any additional form required by the commissioner. Applications are due on a schedule set by the commissioner.

Subd. 4. **Student grants.** (a) The commissioner must, to the extent funds are available, make grants to eligible students to attend a program at a participating institution. The amount of a grant per spring or fall academic term is the lesser of \$1,000 or the difference between the cost of attendance and other scholarships or grants received by the student. If the appropriation is greater than the projected grants for the spring and fall terms, the commissioner may award grants up to \$1,000 per student for summer or interim terms.

(b) An eligible student may renew a student grant by applying for renewal on a form provided by the commissioner and on a schedule set by the commissioner. An eligible student may receive a student grant under this section for up to six semesters or the equivalent.

Subd. 5. **Participating institutions.** (a) A two-year institution within the Minnesota State Colleges and Universities System may apply to become a participating institution. The commissioner, in conjunction with a selection committee, shall select institutions through a competitive application process. Priority must be given to institutions participating in the most recently completed fiscal year.

(b) Participating institutions must:

(1) demonstrate a commitment to adult learners through adoption of best practice policies, programs, and services; and

(2) complete an adult learner assessment prior to participation.

Subd. 6. **Institutional grants.** Participating institutions may receive funds for student advising, resolving student financial holds, and improving services to eligible students.

Sec. 8. [136A.1274] ASPIRING MINNESOTA TEACHERS OF COLOR SCHOLARSHIP PROGRAM.

Subdivision 1. **Scholarship program established.** The commissioner must establish a scholarship program to support undergraduate or graduate students preparing to become teachers and belonging to a racial or ethnic group underrepresented in the teacher workforce who have demonstrated financial need.

Subd. 2. **Eligibility.** To be eligible for a scholarship under this section, a teacher candidate must:

(1) be admitted and enrolled in a teacher preparation program approved by the Professional Educator Licensing and Standards Board and be seeking initial licensure or enrolled in an eligible institution under section 136A.103, completing a two-year program specifically designed to prepare early childhood educators;

(2) self-identify to the teacher preparation program as a person of color or American Indian;

(3) be meeting satisfactory academic progress as defined under section 136A.101, subdivision 10; and

(4) demonstrate financial need.

Subd. 3. **Administration.** (a) The commissioner must establish an application process for individual students and institutions on behalf of all eligible students at the institution and other guidelines for implementing the scholarship program.

(b) The maximum scholarship amount is \$10,000 per year for full-time study prior to student teaching defined as 12 or more undergraduate credits or the number of credits determined by the institution for full-time graduate student status. If a student is admitted and enrolled in a program for one term during the academic year, the maximum scholarship amount is \$5,000. The minimum scholarship under this section for full-time study must be no less than \$1,000 per year. The amount determined must be reduced and prorated per credit for part-time study. The maximum total amount of a scholarship per candidate is \$25,000 in a lifetime.

(c) Established amounts are not rulemaking for purposes of chapter 14 or section 14.386.

(d) Scholarships must be paid to the teacher preparation institution on behalf of the candidate after the institution has informed the office of candidates' names, self-identified racial and ethnic identities, gender, licensure area sought, and full-time or part-time status.

(e) The amount of the award must not exceed the applicant's cost of attendance after deducting: (1) the sum of all state or federal grants and gift aid received, including a Pell Grant and state grant; (2) the sum of all institutional grants, scholarships, tuition waivers, and tuition remission amounts; and (3) the amount of any private grants or scholarships.

EFFECTIVE DATE. This section is effective July 1, 2019, and initial grants must be awarded by November 1, 2019.

Sec. 9. Minnesota Statutes 2018, section 136A.1275, is amended to read:

136A.1275 STUDENT TEACHER CANDIDATE GRANTS IN SHORTAGE AREAS.

Subdivision 1. **Establishment.** (a) The commissioner of the Office of Higher Education must establish a grant program for student teaching stipends for low-income students enrolled in a Professional Educator Licensing and Standards Board-approved teacher preparation program who ~~intend to teach~~ are student teaching in a licensure shortage area after graduating and receiving their teaching license or belong to an ~~underrepresented~~ a racial or ethnic group underrepresented in the teacher workforce.

(b) ~~Shortage~~ For purposes of this grant program, "licensure shortage area" means a license field or economic development region within Minnesota defined as a shortage area by the Department of Education using determined by the Professional Educator Licensing and Standards Board in which the number of surveyed districts or schools within an economic development region reporting or predicting hiring a teacher for a specific licensure area as "very difficult" is equal to or greater than the number of districts or schools reporting or predicting such hiring as "easy" in data collected for the teacher supply and demand report under section 127A.05, subdivision 6, or other surveys conducted by the Department of Education or Professional Educator Licensing and Standards Board that provide indicators for teacher supply and demand.

Subd. 2. **Eligibility.** To be eligible for a grant under this section, a student teacher candidate must:

(1) be enrolled in a Professional Educator Licensing and Standards Board-approved teacher preparation program that requires at least 12 weeks of student teaching to complete the program in order to be recommended for a ~~full professional~~ any Tier 3 teaching license from early childhood through grade 12;

(2) demonstrate financial need based on criteria established by the commissioner under subdivision 3;

~~(3) intend to teach in a shortage area or belong to an underrepresented racial or ethnic group; and~~

~~(4) (3) be meeting satisfactory academic progress as defined under section 136A.101, subdivision 10; and~~

~~(4) intend to teach in a licensure shortage area or belong to a racial or ethnic group underrepresented in the Minnesota teacher workforce. Intent can be documented based on the teacher license field the student is pursuing and a statement of intent to teach in an economic development region defined as a shortage area in the year the student receives a grant.~~

Subd. 3. **Administration; repayment.** (a) The commissioner must establish an application process and other guidelines for implementing this program, ~~including repayment responsibilities for stipend recipients who do not complete student teaching or who leave Minnesota to teach in another state during the first year after student teaching.~~

(b) The commissioner must determine each academic year the stipend amount up to \$7,500 based on the amount of available funding, the number of eligible applicants, and the financial need of the applicants.

(c) In order to help improve all students' access to effective and diverse teachers, the percentage of the total award reserved for appropriations for grants under this section directed to teacher candidates who identify as belonging to an underrepresented a racial or ethnic group underrepresented in the Minnesota teacher workforce must be equal to or greater than the total percentage of students of underrepresented racial or ethnic groups underrepresented in the Minnesota teacher workforce as measured under section 120B.35, subdivision 3. If this percentage cannot be met because of a lack of qualifying candidates, the remaining amount may be awarded to teacher candidates who intend to teach in a licensure shortage area. Student teacher candidates who are of color or

American Indian who have made satisfactory academic progress must have priority for receiving a grant from available funds to student teach and complete their preparation programs if they meet eligibility requirements and participated in the aspiring Minnesota teachers of color scholarship program under section 136A.1274.

Sec. 10. **[136A.1788] STUDENT LOAN DEBT COUNSELING.**

Subdivision 1. **Grant.** A program is established under the Office of Higher Education to provide a grant to a Minnesota-based nonprofit qualified debt counseling organization to provide individual student loan debt repayment counseling to borrowers who are Minnesota residents concerning loans obtained to attend a Minnesota postsecondary institution. The number of individuals receiving counseling may be limited to those capable of being served with available appropriations for that purpose. A goal of the counseling program is to provide two counseling sessions to at least 75 percent of borrowers receiving counseling.

The purpose of the counseling is to assist borrowers to:

(1) understand their loan and repayment options;

(2) manage loan repayment; and

(3) develop a workable budget based on the borrower's full financial situation regarding income, expenses, and other debt.

Subd. 2. **Qualified debt counseling organization.** A qualified debt counseling organization is an organization that:

(1) has experience in providing individualized student loan counseling;

(2) employs certified financial loan counselors; and

(3) is based in Minnesota and has offices at multiple rural and metropolitan area locations in the state to provide in-person counseling.

Subd. 3. **Grant application and award.** (a) Applications for a grant shall be on a form created by the commissioner and on a schedule set by the commissioner. Among other provisions, the application must include a description of:

(1) the characteristics of borrowers to be served;

(2) the services to be provided and a timeline for implementation of the services;

(3) how the services provided will help borrowers manage loan repayment;

(4) specific program outcome goals and performance measures for each goal; and

(5) how the services will be evaluated to determine whether the program goals were met.

(b) The commissioner shall select one grant recipient for a two-year award every two years. A grant may be renewed biennially.

Subd. 4. **Program evaluation.** (a) The grant recipient must submit a report to the commissioner by January 15 of the second year of the grant award. The report must evaluate and measure the extent to which program outcome goals have been met.

(b) The grant recipient must collect, analyze, and report on participation and outcome data that enable the office to verify the outcomes.

(c) The evaluation must include information on the number of borrowers served with on-time student loan payments, the numbers who brought their loans into good standing, the number of student loan defaults, the number who developed a monthly budget plan, and other information required by the commissioner. Recipients of the counseling must be surveyed on their opinions about the usefulness of the counseling and the survey results must be included in the report.

Subd. 5. **Report to legislature.** By February 1 of the second year of each grant award, the commissioner must submit a report to the committees in the legislature with jurisdiction over higher education finance regarding grant program outcomes.

Sec. 11. Minnesota Statutes 2018, section 136A.1791, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) The terms used in this section have the meanings given them in this subdivision.

(b) "Qualified educational loan" means a government, commercial, or foundation loan for actual costs paid for tuition and reasonable educational and living expenses related to a teacher's preparation or further education.

(c) "School district" means an independent school district, special school district, intermediate district, education district, special education cooperative, service cooperative, a cooperative center for vocational education, or a charter school located in Minnesota.

(d) "Teacher" means an individual holding a teaching license issued by the Professional Educator Licensing and Standards Board who is employed by a school district to provide classroom instruction or a Head Start or Early Head Start nonlicensed early childhood professional employed by a Head Start program under section 119A.50.

(e) "Teacher shortage area" means any of the following experiencing a teacher shortage as reported by the Professional Educator Licensing and Standards Board:

(1) the licensure fields and specific to particular economic development regions reported by the commissioner of education as experiencing a teacher shortage; and;

(2) individual economic development regions; or

(3) economic development regions where there is a shortage of licensed teachers who reflect the racial or ethnic diversity of are of color or who are American Indian where the aggregate percentage of this group of teachers is lower than the aggregate percentage of students of color and American Indian students in the region as reported by the commissioner of education.

(f) "Commissioner" means the commissioner of the Office of Higher Education unless indicated otherwise.

Sec. 12. Minnesota Statutes 2018, section 136A.1791, subdivision 2, is amended to read:

Subd. 2. **Program established; administration.** The commissioner ~~shall~~ must establish and administer a teacher shortage loan forgiveness program. A teacher is eligible for the program if the teacher is teaching in an identified teacher shortage area for the economic development region in which the teacher works as defined in subdivision 1 and reported under subdivision 3 and complies with the requirements of this section.

Sec. 13. Minnesota Statutes 2018, section 136A.1791, subdivision 3, is amended to read:

Subd. 3. **Use of report on teacher shortage areas.** ~~The commissioner of education shall~~ Professional Educator Licensing and Standards Board must use the teacher supply and demand report to the legislature to identify the licensure fields and racial or ethnic groups in economic development regions in Minnesota experiencing a teacher shortage.

Sec. 14. Minnesota Statutes 2018, section 136A.1791, subdivision 4, is amended to read:

Subd. 4. **Application for loan forgiveness.** Each applicant for loan forgiveness, according to rules adopted by the commissioner, ~~shall~~ must:

(1) apply for teacher shortage loan forgiveness and promptly submit any additional information required by the commissioner; and

(2) submit to the commissioner a completed affidavit, prescribed by the commissioner, affirming the teacher is teaching in: ~~(i) a licensure field identified by the commissioner as experiencing a teacher shortage; or (ii) an economic development region identified by the commissioner as experiencing a teacher shortage~~ a teacher shortage area.

Sec. 15. Minnesota Statutes 2018, section 136A.1791, subdivision 5, is amended to read:

Subd. 5. **Amount of loan forgiveness.** (a) To the extent funding is available, the annual amount of teacher shortage loan forgiveness for an approved applicant ~~shall~~ as a teacher in a teacher shortage area must not exceed \$1,000 \$2,000 or the cumulative balance of the applicant's qualified educational loans, including principal and interest, whichever amount is less. To support the retention of teachers who are of color or American Indian and to the extent there are sufficient applications, the percentage of loan repayments granted to teachers of color and American Indian teachers must at least be equivalent to the aggregated percentage of students of color and American Indian students in the state.

(b) Notwithstanding paragraph (a), applicants who meet both licensure field and underrepresented racial or ethnic group eligibility in their economic development region may receive an annual amount of up to \$4,000 or the cumulative balance of the applicant's qualified educational loans, including principal and interest, whichever amount is less.

~~(b)~~ (c) Recipients must secure their own qualified educational loans. Teachers who graduate from an approved teacher preparation program or teachers who add a licensure field, consistent with the teacher shortage requirements of this section, are eligible to apply for the loan forgiveness program.

~~(c)~~ (d) No teacher ~~shall~~ may receive more than ~~five~~ ten annual awards.

Sec. 16. Minnesota Statutes 2018, section 136A.246, subdivision 4, is amended to read:

Subd. 4. **Application.** Applications must be made to the commissioner on a form provided by the commissioner. The commissioner must, to the extent possible, make the application form as short and simple to complete as is reasonably possible. The commissioner shall establish a schedule for applications and grants. The application must include, without limitation:

(1) the projected number of employee trainees;

(2) the number of projected employee trainees who graduated from high school or passed the commissioner of education-selected high school equivalency test in the current or immediately preceding calendar year;

(3) the competency standard for which training will be provided;

(4) the credential the employee will receive upon completion of training;

(5) the name and address of the training institution or program and a signed statement by the institution or program that it is able and agrees to provide the training;

(6) the period of the training; and

(7) the cost of the training charged by the training institution or program and certified by the institution or program. The cost of training includes tuition, fees, and required books and materials. The cost of training may also include costs for travel, lodging, and meals associated with the training provided by the training institution or program.

An application may be made for training of employees of multiple employers either by the employers or by an organization on their behalf.

Sec. 17. Minnesota Statutes 2018, section 136A.246, subdivision 8, is amended to read:

Subd. 8. **Grant amounts.** (a) The maximum grant for an application is ~~\$150,000~~ \$187,500. A grant may not exceed ~~\$6,000~~ \$7,500 per year for a maximum of four years per employee. Any amount of the grant for the costs for travel, lodging, and meals associated with the training provided by the training institution or program may not exceed \$1,500 per employee per year.

(b) An employee who is attending an eligible institution must apply for Pell and state grants as a condition of payment for training that employee under this section.

Sec. 18. Minnesota Statutes 2018, section 136A.87, is amended to read:

136A.87 PLANNING INFORMATION FOR POSTSECONDARY EDUCATION.

(a) The office shall make available to all residents beginning in 7th grade through adulthood information about planning and preparing for postsecondary opportunities. Information must be provided to all 7th grade students and their parents annually by September 30 about planning for their postsecondary education. The office may also provide information to high school students and their parents, to adults, and to out-of-school youth.

(b) The office shall gather and share information with students and parents about the dual credit acceptance policies of each Minnesota public and private college and university. The office shall gather and share information related to the acceptance policies for concurrent enrollment courses, postsecondary enrollment options courses, advanced placement courses, and international baccalaureate courses. This information must be shared on the office's website and included in the information under paragraph (a).

(c) The information provided under paragraph (a) may include the following:

- (1) the need to start planning early;
- (2) the availability of assistance in educational planning from educational institutions and other organizations;
- (3) suggestions for studying effectively during high school;
- (4) high school courses necessary to be adequately prepared for postsecondary education;
- (5) encouragement to involve parents actively in planning for all phases of education;

(6) information about postsecondary education and training opportunities existing in the state, their respective missions and expectations for students, their preparation requirements, admission requirements, and student placement;

(7) ways to evaluate and select postsecondary institutions;

(8) the process of transferring credits among Minnesota postsecondary institutions and systems;

(9) the costs of postsecondary education and the availability of financial assistance in meeting these costs, including specific information about the Minnesota Promise;

(10) the interrelationship of assistance from student financial aid, public assistance, and job training programs; ~~and~~

(11) financial planning for postsecondary education; and

(12) postsecondary education options for students with intellectual and developmental disabilities.

Sec. 19. Minnesota Statutes 2018, section 136F.20, is amended by adding a subdivision to read:

Subd. 3. Mental health services and health insurance information. (a) The board must contract with one or more independent mental health organizations to provide mental health care on campus at up to five state colleges. To be eligible to apply for the program, the state college must employ one or more faculty counselors. These grants are designed to build on the current support provided by faculty counselors and are not a replacement for them. Mental health services must be provided without charge to students who are uninsured, who have high co-payments, or whose health insurance does not cover the service provided. A memorandum of understanding shall be developed between the college and the mental health organization outlining the use of space on campus, how the students will be notified of the service, how they will collaborate with faculty counselors, the provision of services, and other items.

(b) A mental health organization providing mental health care under paragraph (a) must also provide information and guidance to students seeking health insurance.

Sec. 20. **[136F.245] HUNGER FREE CAMPUS DESIGNATION.**

Subdivision 1. Establishment. A Hunger Free Campus designation for Minnesota State community and technical colleges is established. In order to be awarded the designation, a campus must meet the following minimum criteria:

(1) have an established on-campus food pantry or partnership with a local food bank to provide regular, on-campus food distributions;

(2) provide information to students on SNAP, MFIP, and other programs that reduce food insecurity;

(3) hold or participate in one hunger awareness event per academic year;

(4) have an established emergency assistance grant that is available to students; and

(5) establish a hunger task force that meets a minimum of three times per academic year. The task force must include at least two students currently enrolled at the college.

Subd. 2. **Designation approval.** The statewide student association representing the community and technical colleges shall create an application process and an award, and provide final approval for the designation at each college.

Subd. 3. **Expiration.** This section expires July 1, 2023.

Sec. 21. Minnesota Statutes 2018, section 136F.58, 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) "Custom textbook" means course materials that are compiled by a publisher at the direction of a faculty member or, if applicable, the other adopting entity in charge of selecting course materials for courses taught at a state college or university. Custom textbooks may include items such as selections from original instructor materials, previously copyrighted publisher materials, copyrighted third-party works, or elements unique to a specific state college or university.

(c) "Incentive" means anything provided to faculty, to identify, review, adapt, author, or adopt open textbooks.

(d) "Open textbook" means a textbook that is distributed using an open copyright license that at a minimum allows a student to obtain, retain, reuse, and redistribute the material at no cost.

(e) "System office" means the Minnesota State Colleges and Universities system office.

Sec. 22. Minnesota Statutes 2018, section 136F.58, subdivision 3, is amended to read:

Subd. 3. **Notice to purchase.** (a) An instructor or department shall notify a college or university bookstore of the final order for required and recommended course material at least 45 days prior to the commencement of the term.

(b) An instructor or department must notify the bookstore, as required in paragraph (a), if a previous edition of the textbook is acceptable as a substitute textbook for the course.

(c) The bookstore must make reasonable efforts to notify students of the following information concerning the required and recommended course material at least 30 days prior to the commencement of the term for which the course material is required including, but not limited to:

(1) the title, edition, author, and International Standard Book Number (ISBN) of the course material;

(2) the retail price charged in the college or university bookstore for the course material, including custom textbooks;

(3) if applicable, whether a previous edition of the textbook is acceptable as required under this subdivision;

(4) whether the material is available in an alternative format and the cost for the alternatively formatted material; and

(5) the most recent copyright date of the printed course material and the copyright date of the most recent prior edition of the course material, if that prior edition is acceptable for class use.

~~(d) For purposes of this subdivision, "custom textbooks" means course materials that are compiled by a publisher at the direction of a faculty member or, if applicable, the other adopting entity in charge of selecting course materials for courses taught at a state college or university. Custom textbooks may include items such as selections from original instructor materials, previously copyrighted publisher materials, copyrighted third party works, or elements unique to a specific state college or university.~~

Sec. 23. Minnesota Statutes 2018, section 136F.58, is amended by adding a subdivision to read:

Subd. 5. **Open textbook development.** (a) The Minnesota State Colleges and Universities must develop a program to expand the use of open textbooks in college and university courses. The system office must provide opportunities for faculty to identify, review, adapt, author, and adopt open textbooks. The system office must develop incentives to academic departments that identify, review, adapt, author, or adopt open textbooks within their academic programs.

(b) The system office, in coordination with faculty bargaining units, must develop a program that identifies high-enrollment academic programs and provides faculty within the selected disciplines incentives to jointly adapt or author an open textbook.

(c) The programs and incentives developed under this subdivision must be implemented pursuant to faculty collective bargaining agreements.

Sec. 24. **REPORT.**

The Board of Trustees of the Minnesota State Colleges and Universities must submit reports by January 13, 2021, and January 12, 2022, to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education. Each report must include (1) the number of courses transitioned to using an open textbook resulting from the programs in Minnesota Statutes, section 136F.58, subdivision 5, and (2) the total amount of student textbook savings resulting from the transitions.

Sec. 25. **POSTSECONDARY CHILD CARE EXPENSES.**

For fiscal year 2021, the commissioner of the Office of Higher Education may adjust the cost of attendance under Minnesota Statutes, section 136A.121, subdivision 6, paragraph (a), to include child care expenses allowable under Minnesota Statutes, section 136A.125, after consultation with institutional representatives and with prior written notice to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education finance.

Sec. 26. **DIRECT CARE SERVICE CORPS PILOT PROJECT.**

Subdivision 1. **Establishment.** HealthForce Minnesota at Winona State University must develop a pilot project establishing the Minnesota Direct Care Service Corps. The pilot program must utilize financial incentives to attract postsecondary students to work as personal care assistants. HealthForce Minnesota must establish the financial incentives and minimum work requirements to be eligible for incentive payments. The financial incentive must increase with each semester that the student participates in the Minnesota Direct Care Service Corps.

Subd. 2. **Pilot sites.** (a) Pilot sites must include one postsecondary institution in the seven-county metropolitan area and at least one postsecondary institution outside of the seven-county metropolitan area. If more than one postsecondary institution outside the metropolitan area is selected, one must be located in northern Minnesota and the other must be located in southern Minnesota.

(b) After satisfactorily completing the work requirements for a semester, the pilot site or its fiscal agent must pay students the financial incentive developed for the pilot project.

Subd. 3. **Evaluation and report.** (a) HealthForce Minnesota must contract with a third party to evaluate the pilot project's impact on health care costs, retention of personal care assistants, and patient's and provider's satisfaction of care. The evaluation must include the number of participants, the hours of care provided by participants, and the retention of participants from semester to semester.

(b) By January 4, 2022, HealthForce Minnesota must report the findings under paragraph (a) to the chairs and ranking members of the legislative committees with jurisdiction over human services policy and finance.

ARTICLE 3
OFFICE OF HIGHER EDUCATION AGENCY POLICY

Section 1. Minnesota Statutes 2018, section 13.322, subdivision 3, is amended to read:

Subd. 3. **Minnesota Office of Higher Education.** (a) **General.** Data sharing involving the Minnesota Office of Higher Education and other institutions is governed by section 136A.05.

(b) **Student financial aid.** Data collected and used by the Minnesota Office of Higher Education on applicants for financial assistance are classified under section 136A.162.

(c) **Minnesota college savings plan data.** Account owner data, account data, and data on beneficiaries of accounts under the Minnesota college savings plan are classified under section 136G.05, subdivision 10.

(d) **School financial records.** Financial records submitted by schools registering with the Minnesota Office of Higher Education are classified under section 136A.64.

(e) **Enrollment and financial aid data.** Data collected from eligible institutions on student enrollment and federal and state financial aid are governed by sections 136A.121, subdivision 18, and 136A.1701, subdivision 11.

(f) **Student complaint data.** Data collected from student complaints are governed by sections 136A.672, subdivision 6, and 136A.8295, subdivision 6.

Sec. 2. **[136A.071] CONCURRENT ENROLLMENT DEVELOPMENT GRANTS.**

Subdivision 1. **Grant uses.** (a) The commissioner must award grants on a competitive basis to expand concurrent enrollment opportunities by supporting Minnesota postsecondary institutions in:

(1) developing new concurrent enrollment programs with a focus on career and technical education courses developed under section 124D.09, subdivision 10, that satisfy the elective standard for career and technical education;

(2) expanding existing concurrent enrollment programs by creating new sections within the same high school or offering the existing course in new high schools; and

(3) training and providing professional development to high school teachers by creating online graduate tracks specifically for high school teachers to receive the necessary credentials to teach concurrent enrollment courses in various content areas as dictated by the Higher Learning Commission.

(b) Postsecondary institutions applying for grants under paragraph (a), clause (3), must provide a 50 percent match of the total grant award.

Subd. 2. **Application process.** (a) The commissioner must develop a grant application process. The commissioner must attempt to support projects in a manner that ensures that eligible students throughout the state have access to concurrent enrollment programs funded by this grant program.

(b) Applicants must demonstrate a commitment to equitable access to concurrent enrollment coursework for all eligible high school students.

(c) Grant recipients must specify both program and student outcome goals, and must include student feedback on the development of new programs or the expansion of existing programs.

Subd. 3. **Report.** By December 1 of each year, the office must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education regarding:

(1) the courses developed by grant recipients and the number of students who enrolled in the courses under subdivision 1, paragraph (a), clause (1);

(2) the programs expanded and the number of students who enrolled in programs under subdivision 1, paragraph (a), clause (2); and

(3) the graduate programs developed by postsecondary institutions and the number of high school teachers enrolled in the courses under subdivision 1, paragraph (a), clause (3).

Sec. 3. Minnesota Statutes 2018, section 136A.1215, subdivision 4, is amended to read:

Subd. 4. **Maximum grant amounts.** (a) The amount of a grant under this section equals the tuition and fees at the student's postsecondary institution, minus:

(1) any Pell or state grants the student receives; and

(2) any institutional aid the student receives.

(b) If appropriations are insufficient to provide the full amount calculated under paragraph (a) to all eligible applicants, the commissioner must reduce the ~~grants of all~~ maximum grant amount available to recipients ~~proportionally~~.

Sec. 4. Minnesota Statutes 2018, section 136A.15, subdivision 8, is amended to read:

Subd. 8. **Eligible student.** "Eligible student" means a student who is officially registered or accepted for enrollment at an eligible institution in Minnesota or a Minnesota resident who is officially registered as a student or accepted for enrollment at an eligible institution in another state ~~or province~~. Non-Minnesota residents are eligible students if they are enrolled or accepted for enrollment in a minimum of one course of at least 30 days in length during the academic year that requires physical attendance at an eligible institution located in Minnesota. Non-Minnesota resident students enrolled exclusively during the academic year in correspondence courses or courses offered over the Internet are not eligible students. Non-Minnesota resident students not physically attending classes in Minnesota due to enrollment in a study abroad program for 12 months or less are eligible students. Non-Minnesota residents enrolled in study abroad programs exceeding 12 months are not eligible students. An eligible student, for section 136A.1701, means a student who gives informed consent authorizing the disclosure of data specified in section 136A.162, paragraph (c), to a consumer credit reporting agency.

Sec. 5. Minnesota Statutes 2018, section 136A.16, subdivision 1, is amended to read:

Subdivision 1. **Designation.** Notwithstanding chapter 16C, the office is designated as the administrative agency for carrying out the purposes and terms of sections 136A.15 to ~~136A.1702~~ 136A.1704. The office may establish one or more loan programs.

Sec. 6. Minnesota Statutes 2018, section 136A.16, subdivision 2, is amended to read:

Subd. 2. **Rules, policies, and conditions.** The office shall adopt policies and may prescribe appropriate rules and conditions to carry out the purposes of sections 136A.15 to ~~136A.1702~~ 136A.1704. ~~The policies and rules except as they relate to loans under section 136A.1701 must be compatible with the provisions of the National Vocational Student Loan Insurance Act of 1965 and the provisions of title IV of the Higher Education Act of 1965, and any amendments thereof.~~

Sec. 7. Minnesota Statutes 2018, section 136A.16, subdivision 5, is amended to read:

Subd. 5. **Agencies.** The office may contract with loan servicers, collection agencies, credit bureaus, or any other person, to carry out the purposes of sections 136A.15 to ~~136A.1702~~ 136A.1704.

Sec. 8. Minnesota Statutes 2018, section 136A.16, subdivision 8, is amended to read:

Subd. 8. **Investment.** Money made available to the office that is not immediately needed for the purposes of sections 136A.15 to ~~136A.1702~~ 136A.1704 may be invested by the office. The money must be invested in bonds, certificates of indebtedness, and other fixed income securities, except preferred stocks, which are legal investments for the permanent school fund. The money may also be invested in prime quality commercial paper that is eligible for investment in the state employees retirement fund. All interest and profits from such investments inure to the benefit of the office or may be pledged for security of bonds issued by the office or its predecessors.

Sec. 9. Minnesota Statutes 2018, section 136A.16, subdivision 9, is amended to read:

Subd. 9. **Staff.** The office may employ the professional and clerical staff the commissioner deems necessary for the proper administration of the loan programs established and defined by sections 136A.15 to ~~136A.1702~~ 136A.1704.

Sec. 10. Minnesota Statutes 2018, section 136A.162, is amended to read:

136A.162 CLASSIFICATION OF DATA.

(a) Except as provided in paragraphs (b) and (c), data on applicants for financial assistance collected and used by the office for student financial aid programs administered by that office are private data on individuals as defined in section 13.02, subdivision 12.

(b) Data on applicants may be disclosed to the commissioner of human services to the extent necessary to determine eligibility under section 136A.121, subdivision 2, clause (5).

(c) The following data collected in the Minnesota supplemental loan program under ~~section~~ sections 136A.1701 and 136A.1704 may be disclosed to a consumer credit reporting agency only if the borrower and the cosigner give informed consent, according to section 13.05, subdivision 4, at the time of application for a loan:

- (1) the lender-assigned borrower identification number;
- (2) the name and address of borrower;
- (3) the name and address of cosigner;
- (4) the date the account is opened;
- (5) the outstanding account balance;
- (6) the dollar amount past due;
- (7) the number of payments past due;
- (8) the number of late payments in previous 12 months;

- (9) the type of account;
- (10) the responsibility for the account; and
- (11) the status or remarks code.

Sec. 11. Minnesota Statutes 2018, section 136A.1701, subdivision 7, is amended to read:

Subd. 7. **Repayment of loans.** ~~(a) The office shall establish repayment procedures for loans made under this section, but in no event shall the period of permitted repayment for SELF II or SELF III loans exceed ten years from the eligible student's termination of the student's postsecondary academic or vocational program, or 15 years from the date of the student's first loan under this section, whichever is less. in accordance with the policies, rules, and conditions authorized under section 136A.16, subdivision 2. The office will take into consideration the loan limits and current financial market conditions when establishing repayment terms.~~

~~(b) For SELF IV loans, eligible students with aggregate principal loan balances from all SELF phases that are less than \$18,750 shall have a repayment period not exceeding ten years from the eligible student's graduation or termination date. For SELF IV loans, eligible students with aggregate principal loan balances from all SELF phases of \$18,750 or greater shall have a repayment period not exceeding 15 years from the eligible student's graduation or termination date. For SELF IV loans, the loans shall enter repayment no later than seven years after the first disbursement date on the loan.~~

~~(c) For SELF loans from phases after SELF IV, eligible students with aggregate principal loan balances from all SELF phases that are:~~

~~(1) less than \$20,000, must have a repayment period not exceeding ten years from the eligible student's graduation or termination date;~~

~~(2) \$20,000 up to \$40,000, must have a repayment period not exceeding 15 years from the eligible student's graduation or termination date; and~~

~~(3) \$40,000 or greater, must have a repayment period not exceeding 20 years from the eligible student's graduation or termination date. For SELF loans from phases after SELF IV, the loans must enter repayment no later than nine years after the first disbursement date of the loan.~~

Sec. 12. Minnesota Statutes 2018, section 136A.1789, subdivision 1, is amended to read:

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

(b) "Qualified aircraft technician" means an individual who (1) has earned an associate's or bachelor's degree preparing individuals to obtain an aviation mechanic's certificate from the Federal Aviation Administration from a postsecondary institution located in Minnesota, and (2) has obtained an aviation mechanic's certificate from the Federal Aviation Administration.

(c) "Qualified education loan" means a government, commercial, or foundation loan used by an individual for actual costs paid for tuition ~~to a postsecondary institution located in Minnesota for a professional flight training degree~~ and reasonable educational and living expenses related to the postsecondary education of the qualified aircraft technician or qualified pilot.

(d) "Qualified pilot" means an individual who (1) has earned an associate's or bachelor's degree ~~in professional flight training~~ preparing individuals to obtain an airline transport pilot certificate from a postsecondary institution located in Minnesota, and (2) is in the process of obtaining or has obtained an airline transport pilot certificate.

Sec. 13. Minnesota Statutes 2018, section 136A.1789, subdivision 3, is amended to read:

Subd. 3. **Eligibility.** (a) To be eligible to participate in the loan forgiveness program under this section, an individual must:

- (1) be a qualified pilot or qualified aircraft technician;
- (2) have qualified education loans;
- (3) reside in Minnesota; and
- (4) submit an application to the commissioner in the form and manner prescribed by the commissioner.

(b) An applicant selected to participate must sign a contract to agree to serve a ~~minimum one-year~~ five-year full-time service obligation according to subdivision 4. To complete the service obligation, the applicant must work full time in Minnesota as a qualified pilot or qualified aircraft technician. A participant must complete one year of service under this paragraph for each year the participant receives an award under this section.

Sec. 14. Minnesota Statutes 2018, section 136A.1789, subdivision 5, is amended to read:

Subd. 5. **Loan forgiveness.** (a) The commissioner may select eligible applicants each year for participation in the aviation degree loan forgiveness program, within the limits of available funding. Applicants are responsible for securing their own qualified education loans.

(b) For each year that the participant meets the eligibility requirements under subdivision 3, the commissioner must make annual disbursements directly to:

- (1) a selected qualified pilot of \$5,000 or the balance of the participant's qualified education loans, whichever is less; and
- (2) a selected qualified aircraft technician of \$3,000 or the balance of the participant's qualified education loans, whichever is less.

(c) An individual may receive disbursements under this section for a maximum of five years.

(d) The participant must provide the commissioner with verification that the full amount of the loan repayment disbursement received by the participant has been applied toward the designated qualified education loan. After each disbursement, verification must be received by the commissioner and approved before the next repayment disbursement is made.

(e) If the participant receives a disbursement in the participant's fifth year of eligibility, the participant must provide the commissioner with verification that the full amount of the participant's final loan repayment disbursement was applied toward the designated qualified education loan. If a participant does not provide the verification as required under this paragraph within ~~six~~ 12 months of receipt of the final disbursement, the commissioner must collect from the participant the total amount of the final disbursement paid to the participant under the loan forgiveness program plus interest at a rate established according to section 270C.40. The commissioner must deposit the money collected in the aviation degree loan forgiveness program account.

Sec. 15. Minnesota Statutes 2018, section 136A.64, subdivision 1, is amended to read:

Subdivision 1. **Schools to provide information.** As a basis for registration, schools shall provide the office with such information as the office needs to determine the nature and activities of the school, including but not limited to the following which shall be accompanied by an affidavit attesting to its accuracy and truthfulness:

- (1) articles of incorporation, constitution, bylaws, or other operating documents;
- (2) a duly adopted statement of the school's mission and goals;
- (3) evidence of current school or program licenses granted by departments or agencies of any state;
- (4) a fiscal balance sheet on an accrual basis, or a certified audit of the immediate past fiscal year including any management letters provided by the independent auditor or, if the school is a public institution outside Minnesota, an income statement for the immediate past fiscal year;
- (5) all current promotional and recruitment materials and advertisements; and
- (6) the current school catalog and, if not contained in the catalog:
 - (i) the members of the board of trustees or directors, if any;
 - (ii) the current institutional officers;
 - (iii) current full-time and part-time faculty with degrees held or applicable experience;
 - (iv) a description of all school facilities;
 - (v) a description of all current course offerings;
 - (vi) all requirements for satisfactory completion of courses, programs, and degrees;
 - (vii) the school's policy about freedom or limitation of expression and inquiry;
 - (viii) a current schedule of fees, charges for tuition, required supplies, student activities, housing, and all other standard charges;
 - (ix) the school's policy about refunds and adjustments;
 - (x) the school's policy about granting credit for prior education, training, and experience; ~~and~~
 - (xi) the school's policies about student admission, evaluation, suspension, and dismissal; and
 - (xii) the school's disclosure to students on the student complaint process under section 136A.672.

Sec. 16. Minnesota Statutes 2018, section 136A.64, subdivision 5, is amended to read:

Subd. 5. **Public information.** All information submitted to the office is public information except financial records, student complaint data, and accreditation records and ~~information reports~~. Except for accreditation reports, the office may disclose ~~financial~~ any records or information submitted to the office:

(1) to law enforcement officials; or

(2) in connection with a legal or administrative proceeding to:

(i) to defend its decision to approve or disapprove granting of degrees or the use of a name or;

(ii) defend its decisions decision to revoke the institution's approval at a hearing under chapter 14 or other legal proceedings; or

(iii) enforce a requirement of law.

Sec. 17. Minnesota Statutes 2018, section 136A.64, is amended by adding a subdivision to read:

Subd. 8. **Disclosure.** Schools must disclose on their website, student handbook, and student catalog the student complaint process under this section to students.

Sec. 18. Minnesota Statutes 2018, section 136A.645, is amended to read:

136A.645 SCHOOL CLOSURE.

(a) When a school decides intends to cease postsecondary education operations, it must cooperate with the office in assisting students to find alternative means to complete their studies with a minimum of disruption, and inform the office of the following announces its closure, or is informed by the office that the office anticipates the school's closure due to its registration status or ability to meet criteria for approval under section 136A.65, the school must provide the office:

(1) the planned date for termination of postsecondary education operations;

(2) the planned date for the transfer of the student records;

(3) confirmation of the name and address of the organization to receive and hold the student records; and

(4) the official at the organization receiving the student records who is designated to provide official copies of records or transcripts upon request.

(1) a notice of closure, including the name of the school, the name of the school owner, an active mailing address and telephone number that the school owner may be reached at after the school physically closes, the name of the school director, and the planned date for termination of postsecondary operations;

(2) a report of all students currently enrolled and all students enrolled within the prior 120 days, including the following information for each student: name, address, school e-mail address, alternate e-mail address, program of study, number of credits completed, number of credits remaining, and enrollment status at closure;

(3) a report of refunds due to any student and the amount due;

(4) a written statement from the school's owner or designee affirming that all recruitment efforts, school marketing, advertisement, solicitation, and enrollment of new students has ceased;

(5) a copy of any communication between the school's accreditors about the school closure;

(6) confirmation that the requirements for student records under section 136A.68 have been satisfied, including:

(i) the planned date for the transfer of the student records;

(ii) confirmation of the name and address of the organization to receive and hold the student records; and

(iii) the official at the organization receiving the student records who is designated to provide official copies of records or transcripts upon request;

(7) academic information, including the school's most recent catalog, all course syllabi, and faculty credential information; and

(8) copies of any teach-out, transfer, or train-out agreement between the school and a new school for students to be able to complete their studies. A teach-out fulfills the original contract or agreement between the closing school and the student. If a teach-out is arranged for another approved school to do the remaining occupational training, that other school must (i) provide comparable education and training and (ii) agree that students transferring from the closing school pay only what the cost of tuition and fees remain unpaid according to the terms and conditions in the enrollment agreement entered into between the student and the closing school.

~~(b) Upon notice from a school of its intention to cease operations, the office shall notify the school of the date on which it must cease the enrollment of students and all postsecondary educational operations.~~

(b) Without limitation as to other circumstance, a school shall be deemed to have ceased operations when the school:

(1) has an unscheduled nonemergency closure or cancellation of classes for more than 24 hours without prior notice to the office;

(2) announces it is closed or closing; or

(3) files for bankruptcy.

(c) When a school is deemed to have ceased operations, the office shall provide the school a reasonable time to correct transcripts and grant credentials. After that time, the office must revoke the school's registration. This revocation is not appealable under section 136A.65, subdivision 8.

Sec. 19. Minnesota Statutes 2018, section 136A.646, is amended to read:

136A.646 ADDITIONAL SECURITY.

(a) New schools that have been granted conditional approval for degrees or names to allow them the opportunity to apply for and receive accreditation under section 136A.65, subdivision 7, ~~or shall provide a surety bond in a sum equal to ten percent of the net revenue from tuition and fees in the registered institution's prior fiscal year, but in no case shall the bond be less than \$10,000.~~

(b) Any registered institution that is notified by the United States Department of Education that it has fallen below minimum financial standards and that its continued participation in Title IV will be conditioned upon its satisfying either the Zone Alternative, Code of Federal Regulations, title 34, section 668.175, paragraph (f), or a Letter of Credit Alternative, Code of Federal Regulations, title 34, section 668.175, paragraph (c), shall provide a surety bond in a sum equal to the "letter of credit" required by the United States Department of Education in the Letter of Credit Alternative, but in no event shall such bond be less than \$10,000 nor more than \$250,000. If the letter of credit required by the United States Department of Education is higher than ten percent of the Title IV, Higher Education Act program funds received by the institution during its most recently completed fiscal year, the

office shall reduce the office's surety requirement to represent ten percent of the Title IV, Higher Education Act program funds received by the institution during its most recently completed fiscal year, subject to the minimum and maximum in this paragraph.

~~(b)~~ (c) In lieu of a bond, the applicant may deposit with the commissioner of management and budget:

(1) a sum equal to the amount of the required surety bond in cash;

(2) securities, as may be legally purchased by savings banks or for trust funds, in an aggregate market value equal to the amount of the required surety bond; or

(3) an irrevocable letter of credit issued by a financial institution to the amount of the required surety bond.

~~(e)~~ (d) The surety of any bond may cancel it upon giving 60 days' notice in writing to the office and shall be relieved of liability for any breach of condition occurring after the effective date of cancellation.

~~(d)~~ (e) In the event of a school closure, the additional security must first be used to destroy any private educational data under section 13.32 left at a physical campus in Minnesota after all other governmental agencies have recovered or retrieved records under their record retention policies. Any remaining funds must then be used to reimburse tuition and fee costs to students that were enrolled at the time of the closure or had withdrawn in the previous 120 calendar days but did not graduate. Priority for refunds will be given to students in the following order:

(1) cash payments made by the student or on behalf of a student;

(2) private student loans; and

(3) Veteran Administration education benefits that are not restored by the Veteran Administration. If there are additional security funds remaining, the additional security funds may be used to cover any administrative costs incurred by the office related to the closure of the school.

Sec. 20. Minnesota Statutes 2018, section 136A.672, is amended by adding a subdivision to read:

Subd. 6. **Private information.** Student complaint data are private data on individuals, as defined in section 13.02, subdivision 12. The office may disclose student complaint data as provided in section 136A.64, subdivision 5.

Sec. 21. Minnesota Statutes 2018, section 136A.821, is amended by adding a subdivision to read:

Subd. 18. **Clock hour.** "Clock hour" means a period of time consisting of a 50- to 60-minute class, lecture, or recitation in a 60-minute period; a 50- to 60-minute faculty-supervised laboratory, shop training, or internship in a 60-minute period; or 60 minutes of preparation in a correspondence course. If a school seeks to determine the number of clock hours in an educational program by aggregating the number of minutes in that program, it must divide those minutes by 60.

Sec. 22. Minnesota Statutes 2018, section 136A.821, is amended by adding a subdivision to read:

Subd. 19. **Student record.** "Student record" means a transcript or record of student attendance in a program that includes, at a minimum, the student's name; the student's address; the school's name; the school's address; the title of the course or program; the total number of hours or courses completed; the dates of enrollment and attendance; the grade record of each course; any credential awarded; and cumulative grade for the program.

Sec. 23. Minnesota Statutes 2018, section 136A.822, subdivision 6, is amended to read:

Subd. 6. **Bond.** (a) No license shall be issued to any private career school which maintains, conducts, solicits for, or advertises within the state of Minnesota any program, unless the applicant files with the office a continuous corporate surety bond written by a company authorized to do business in Minnesota conditioned upon the faithful performance of all contracts and agreements with students made by the applicant.

(b)(1) The amount of the surety bond shall be ten percent of the preceding year's net ~~income~~ revenue from student tuition, fees, and other required institutional charges collected, but in no event less than \$10,000, except that a private career school may deposit a greater amount at its own discretion. A private career school in each annual application for licensure must compute the amount of the surety bond and verify that the amount of the surety bond complies with this subdivision. A private career school that operates at two or more locations may combine net ~~income~~ revenue from student tuition, fees, and other required institutional charges collected for all locations for the purpose of determining the annual surety bond requirement. The net revenue from tuition and fees used to determine the amount of the surety bond required for a private career school having a license for the sole purpose of recruiting students in Minnesota shall be only that paid to the private career school by the students recruited from Minnesota.

(2) A person required to obtain a private career school license due to the use of "academy," "institute," "college," or "university" in its name and which is also licensed by another state agency or board, except not including those schools licensed exclusively in order to participate in state grants or SELF loan financial aid programs, shall be required to provide a school bond of \$10,000.

(c) The bond shall run to the state of Minnesota and to any person who may have a cause of action against the applicant arising at any time after the bond is filed and before it is canceled for breach of any contract or agreement made by the applicant with any student. The aggregate liability of the surety for all breaches of the conditions of the bond shall not exceed the principal sum deposited by the private career school under paragraph (b). The surety of any bond may cancel it upon giving 60 days' notice in writing to the office and shall be relieved of liability for any breach of condition occurring after the effective date of cancellation.

(d) In lieu of bond, the applicant may deposit with the commissioner of management and budget a sum equal to the amount of the required surety bond in cash, an irrevocable letter of credit issued by a financial institution equal to the amount of the required surety bond, or securities as may be legally purchased by savings banks or for trust funds in an aggregate market value equal to the amount of the required surety bond.

(e) Failure of a private career school to post and maintain the required surety bond or deposit under paragraph (d) may result in denial, suspension, or revocation of the school's license.

Sec. 24. Minnesota Statutes 2018, section 136A.822, subdivision 10, is amended to read:

Subd. 10. **Catalog, brochure, or electronic display.** Before a license is issued to a private career school, the private career school shall furnish to the office a catalog, brochure, or electronic display including:

- (1) identifying data, such as volume number and date of publication;
- (2) name and address of the private career school and its governing body and officials;
- (3) a calendar of the private career school showing legal holidays, beginning and ending dates of each course quarter, term, or semester, and other important dates;

(4) the private career school policy and regulations on enrollment including dates and specific entrance requirements for each program;

(5) the private career school policy and regulations about leave, absences, class cuts, make-up work, tardiness, and interruptions for unsatisfactory attendance;

(6) the private career school policy and regulations about standards of progress for the student including the grading system of the private career school, the minimum grades considered satisfactory, conditions for interruption for unsatisfactory grades or progress, a description of any probationary period allowed by the private career school, and conditions of reenrollment for those dismissed for unsatisfactory progress;

(7) the private career school policy and regulations about student conduct and conditions for dismissal for unsatisfactory conduct;

(8) a detailed schedule of fees, charges for tuition, books, supplies, tools, student activities, laboratory fees, service charges, rentals, deposits, and all other charges;

(9) the private career school policy and regulations, including an explanation of section 136A.827, about refunding tuition, fees, and other charges if the student does not enter the program, withdraws from the program, or the program is discontinued;

(10) a description of the available facilities and equipment;

(11) a course outline syllabus for each course offered showing course objectives, subjects or units in the course, type of work or skill to be learned, and approximate time, hours, or credits to be spent on each subject or unit;

(12) the private career school policy and regulations about granting credit for previous education and preparation;

(13) a notice to students relating to the transferability of any credits earned at the private career school to other institutions;

(14) a procedure for investigating and resolving student complaints; ~~and~~

(15) the name and address of the office; ~~and~~

(16) the student complaint process and rights under section 136A.8295.

A private career school that is exclusively a distance education school is exempt from clauses (3) and (5).

Sec. 25. Minnesota Statutes 2018, section 136A.822, subdivision 12, is amended to read:

Subd. 12. **Permanent student records.** A private career school licensed under sections 136A.82 to 136A.834 and located in Minnesota shall maintain a permanent student record for each student for 50 years from the last date of the student's attendance. A private career school licensed under this chapter and offering distance instruction to a student located in Minnesota shall maintain a permanent record for each Minnesota student for 50 years from the last date of the student's attendance. Records include school transcripts, documents, and files containing student data about academic credits earned, courses completed, grades awarded, degrees awarded, and periods of attendance. To preserve permanent student records, a private career school shall submit a plan that meets the following requirements:

- (1) at least one copy of the records must be held in a secure, fireproof depository;
- (2) an appropriate official must be designated to provide a student with copies of records or a transcript upon request;
- (3) an alternative method, approved by the office, of complying with clauses (1) and (2) must be established if the private career school ceases to exist; and
- (4) a continuous surety bond or irrevocable letter of credit issued by a financial institution must be filed with the office in an amount not to exceed \$20,000 if the private career school has no binding agreement approved by the office, for preserving student records. The bond or irrevocable letter of credit shall run to the state of Minnesota. In the event of a school closure, the surety bond or irrevocable letter of credit must be used by the office to retrieve, recover, maintain, digitize, and destroy academic records.

Sec. 26. **[136A.822] SCHOOL CLOSURE.**

When a school intends to cease postsecondary education operations, announces its closure, or is informed by the office that the office anticipates the school's closure due to its licensure status or ability to meet criteria for approval under section 136A.822, subdivision 8, the school must provide the office:

(1) a notice of closure, including the name of the school, the name of the school owner, an active mailing address and telephone number that the school owner may be reached at after the school physically closes, the name of the school director, and the planned date for termination of postsecondary operations;

(2) a report of all students currently enrolled and all students enrolled within the prior 120 days, including the following information for each student: name, address, school e-mail address, alternate e-mail address, program of study, number of credits completed, number of credits remaining, and enrollment status at closure;

(3) a report of refunds due to any student and the amount due;

(4) a written statement from the school's owner or designee affirming that all recruitment efforts, school marketing, advertisement, solicitation, and enrollment of new students has ceased;

(5) a copy of any communication between the school's accreditors about the school closure;

(6) confirmation that the requirements for student records under section 136A.822, subdivision 12, have been satisfied, including:

(i) the planned date for the transfer of the student records;

(ii) confirmation of the name and address of the organization to receive and hold the student records; and

(iii) the official at the organization receiving the student records who is designated to provide official copies of records or transcripts upon request;

(7) academic information, including the school's most recent catalog, all course syllabi, and faculty credential information; and

(8) copies of any teach-out, transfer, or train-out agreement between the school and a new school for students to be able to complete their studies. A teach-out fulfills the original contract or agreement between the closing school and the student. If a teach-out is arranged for another approved school to do the remaining occupational training,

that other school must (i) provide comparable education and training and (ii) agree that students transferring from the closing school pay only what the cost of tuition and fees remain unpaid according to the terms and conditions in the enrollment agreement entered into between the student and the closing school.

(b) Without limitation as to other circumstance, a school shall be deemed to have ceased operations when the school:

(1) has an unscheduled nonemergency closure or cancellation of classes for more than 24 hours without prior notice to the office;

(2) announces it is closed or closing; or

(3) files for bankruptcy.

(c) When a school is deemed to have ceased operations, the office shall provide the school a reasonable time to correct transcripts and grant credentials. After that time, the office must revoke the school's registration. This revocation is not appealable under section 136A.829, subdivision 2.

Sec. 27. Minnesota Statutes 2018, section 136A.8295, is amended by adding a subdivision to read:

Subd. 6. **Disclosure.** Schools must disclose on their website, student handbook, and student catalog the student complaint process under this section to students.

Sec. 28. Minnesota Statutes 2018, section 136A.8295, is amended by adding a subdivision to read:

Subd. 7. **Private information.** Student complaint data are private data on individuals, as defined in section 13.02, subdivision 12. The office may disclose student complaint data to law enforcement officials or in connection with a legal or administrative proceeding commenced to enforce a requirement of law.

Sec. 29. Laws 2017, chapter 89, article 1, section 2, subdivision 29, is amended to read:

Subd. 29. Emergency Assistance for Postsecondary Students	175,000	175,000
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(a) This appropriation is for the Office of Higher Education to allocate grant funds on a matching basis to schools eligible institutions as defined under Minnesota Statutes, section 136A.103, located in Minnesota with a demonstrable homeless student population.

(b) This appropriation shall be used to meet immediate student needs that could result in a student not completing the term or their program including, but not limited to, emergency housing, food, and transportation. ~~Emergency assistance does not impact the amount of state financial aid received.~~

(c) The commissioner shall determine the application process and the grant amounts. Any balance in the first year does not cancel but shall be available in the second year. The Office of Higher Education shall partner with interested postsecondary institutions, other state agencies, and student groups to establish the programs.

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

Sec. 30. **COLLEGE SAVINGS PLAN MATCHING GRANTS.**

Notwithstanding Minnesota Statutes, sections 136G.05, subdivision 5, 136G.09, subdivisions 10 and 12, 136G.11, and 136G.13, subdivisions 2, 3, and 4, through June 30, 2021, the commissioner of the Office of Higher Education may resolve matching grant issues that occurred after January 1, 2013. The commissioner must act within the bounds of the reasonable person doctrine as necessary to resolve individual account owners' situations while limiting adverse consequences to those owners.

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

Sec. 31. **REPEALER.**

Minnesota Statutes 2018, sections 136A.15, subdivisions 2 and 7; and 136A.1701, subdivision 12, are repealed."

Delete the title and insert:

"A bill for an act relating to higher education; providing funding and policy changes for the Office of Higher Education, the Minnesota State Colleges and Universities, the University of Minnesota, and other related programs; modifying state grant program calculation parameters; requiring reports; appropriating money; amending Minnesota Statutes 2018, sections 13.322, subdivision 3; 127A.70, subdivision 2; 135A.15, subdivision 2, by adding a subdivision; 136A.101, subdivision 5a; 136A.121, subdivisions 5, 6; 136A.1215, subdivision 4; 136A.1275; 136A.15, subdivision 8; 136A.16, subdivisions 1, 2, 5, 8, 9; 136A.162; 136A.1701, subdivision 7; 136A.1789, subdivisions 1, 3, 5; 136A.1791, subdivisions 1, 2, 3, 4, 5; 136A.246, subdivisions 4, 8; 136A.64, subdivisions 1, 5, by adding a subdivision; 136A.645; 136A.646; 136A.672, by adding a subdivision; 136A.821, by adding subdivisions; 136A.822, subdivisions 6, 10, 12; 136A.8295, by adding subdivisions; 136A.87; 136F.20, by adding a subdivision; 136F.58, subdivision 3, by adding subdivisions; Laws 2017, chapter 89, article 1, section 2, subdivision 29; proposing coding for new law in Minnesota Statutes, chapters 136A; 136F; repealing Minnesota Statutes 2018, sections 136A.15, subdivisions 2, 7; 136A.1701, subdivision 12."

With the recommendation that when so amended the bill be placed on the General Register.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 1555, 2169, 2200, 2209, 2414 and 2544 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Torkelson introduced:

H. F. No. 2837, A bill for an act relating to transportation; capital investment; appropriating money for the corridors of commerce program; authorizing the sale and issuance of trunk highway bonds.

The bill was read for the first time and referred to the Committee on Ways and Means.

Olson and Schultz introduced:

H. F. No. 2838, A bill for an act relating to capital investment; appropriating money for rehabilitation of the Grassy Point railroad bridge; authorizing the sale and issuance of state bonds.

The bill was read for the first time and referred to the Committee on Ways and Means.

Heintzeman introduced:

H. F. No. 2839, A bill for an act relating to capital investment; appropriating money for the Riverfront Trail in the city of Brainerd; authorizing the sale and issuance of state bonds.

The bill was read for the first time and referred to the Committee on Ways and Means.

Moller; Johnson; Carlson, A., and Grossell introduced:

H. F. No. 2840, A bill for an act relating to public safety; creating the Forfeiture Reform Task Force; appropriating money.

The bill was read for the first time and referred to the Committee on Government Operations.

Moller and Becker-Finn introduced:

H. F. No. 2841, A bill for an act relating to tax increment financing; extending a Shoreview tax increment pilot project; amending Laws 2014, chapter 308, article 6, section 13, subdivision 1.

The bill was read for the first time and referred to the Committee on Taxes.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 679, A bill for an act relating to human services; amending the effective date for children's residential treatment payment provisions; appropriating money; amending Laws 2017, First Special Session chapter 6, article 8, sections 71; 72.

CAL R. LUDEMAN, Secretary of the Senate

Madam Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 50, A bill for an act relating to transportation; prohibiting use of cell phones while driving under specified circumstances; requiring a study of traffic stops; requiring a report; appropriating money; amending Minnesota Statutes 2018, sections 169.011, subdivision 94; 169.475.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

CAL R. LUDEMAN, Secretary of the Senate

REPORT FROM THE COMMITTEE ON RULES
AND LEGISLATIVE ADMINISTRATION

Winkler from the Committee on Rules and Legislative Administration, pursuant to rules 1.21 and 3.33, designated the following bills to be placed on the Calendar for the Day for Tuesday, April 23, 2019 and established a prefiling requirement for amendments offered to the following bills:

H. F. Nos. 2208 and 2400.

MOTIONS AND RESOLUTIONS

Becker-Finn moved that the name of Brand be added as an author on H. F. No. 479. The motion prevailed.

Kunesh-Podein moved that the name of Bernardy be added as an author on H. F. No. 719. The motion prevailed.

Zerwas moved that his name be stricken as an author on H. F. No. 1543. The motion prevailed.

Murphy moved that the name of Lee be added as an author on H. F. No. 2129. The motion prevailed.

Hausman moved that the name of Lippert be added as an author on H. F. No. 2526. The motion prevailed.

Daniels moved that the name of Moran be added as an author on H. F. No. 2684. The motion prevailed.

Mahoney moved that the name of Moran be added as an author on H. F. No. 2731. The motion prevailed.

Hornstein moved that the names of Noor and Xiong, J., be added as authors on H. F. No. 2836. The motion prevailed.

ADJOURNMENT

Winkler moved that when the House adjourns today it adjourn until 9:00 a.m., Tuesday, April 23, 2019. The motion prevailed.

Winkler moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 9:00 a.m., Tuesday, April 23, 2019.

PATRICK D. MURPHY, Chief Clerk, House of Representatives

