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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 1590

03/09/2015 Authored by Davids
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; making technical and clarifying changes to individual
1.3 income and corporate franchise taxes, estate taxes, sales and use taxes, special
1.4 taxes, property taxes, and other taxes and tax provisions; amending Minnesota
1.5 Statutes 2014, sections 69.021, subdivision 5; 270A.03, subdivision 5; 270C.35,
1.6 by adding a subdivision; 270C.72, subdivision 4; 272.02, subdivision 9; 273.032;
1.7 273.33, subdivisions 1, 2; 274.01, subdivision 1; 274.135, subdivision 3;
1.8 275.065, subdivision 1; 282.01, subdivisions 1a, 1d; 289A.08, subdivision
1.9 11; 289A.09, subdivision 2; 290.01, subdivisions 19b, 19c, 19d; 290.0671,
1.10 subdivision 6a; 290.0672, subdivision 1; 290.091, subdivision 3; 290.0921,
1.11 subdivision 3; 290.0922, subdivision 2; 291.031; 296A.01, subdivision
1.12 42; 296A.07, subdivision 1; 297A.82, subdivision 4a; 297A.94; 297H.06,
1.13 subdivision 2; 297I.05, subdivision 2; 297I.10, subdivisions 1, 3; 298.01,
1.14 subdivisions 3b, 4c; 469.190, by adding a subdivision; Laws 2014, chapter
1.15 308, article 9, section 94; repealing Minnesota Statutes 2014, sections 273.111,
1.16 subdivision 9a; 281.22; Minnesota Rules, part 8092.2000.

1.17 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.18 ARTICLE 1

1.19 INDIVIDUAL INCOME AND CORPORATE FRANCHISE
1.20 TAXES; ESTATE TAXES

1.21 Section 1. Minnesota Statutes 2014, section 289A.08, subdivision 11, is amended to
1.22 read:

1.23 Subd. 11. **Information included in income tax return.** (a) The return must state:

1.24 (1) the name of the taxpayer, or taxpayers, if the return is a joint return, and the
1.25 address of the taxpayer in the same name or names and same address as the taxpayer has
1.26 used in making the taxpayer's income tax return to the United States;

1.27 (2) the date or dates of birth of the taxpayer or taxpayers;

1.28 (3) the Social Security number of the taxpayer, or taxpayers, if a Social Security
1.29 number has been issued by the United States with respect to the taxpayers; and

2.1 (4) the amount of the taxable income of the taxpayer as it appears on the federal
2.2 return for the taxable year to which the Minnesota state return applies.

2.3 (b) The taxpayer must attach to the taxpayer's Minnesota state income tax return
2.4 a copy of the federal income tax return that the taxpayer has filed or is about to file for
2.5 the period, ~~unless the taxpayer is eligible to telefile the federal return and does file the~~
2.6 ~~Minnesota return by telefiling.~~

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

2.8 Sec. 2. Minnesota Statutes 2014, section 289A.09, subdivision 2, is amended to read:

2.9 Subd. 2. **Withholding statement.** (a) A person required to deduct and withhold
2.10 from an employee a tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision
2.11 2, or who would have been required to deduct and withhold a tax under section 290.92,
2.12 subdivision 2a or 3, or persons required to withhold tax under section 290.923, subdivision
2.13 2, determined without regard to section 290.92, subdivision 19, if the employee or payee
2.14 had claimed no more than one withholding exemption, or who paid wages or made
2.15 payments not subject to withholding under section 290.92, subdivision 2a or 3, or 290.923,
2.16 subdivision 2, to an employee or person receiving royalty payments in excess of \$600,
2.17 or who has entered into a voluntary withholding agreement with a payee under section
2.18 290.92, subdivision 20, must give every employee or person receiving royalty payments in
2.19 respect to the remuneration paid by the person to the employee or person receiving royalty
2.20 payments during the calendar year, on or before January 31 of the succeeding year, or, if
2.21 employment is terminated before the close of the calendar year, within 30 days after the
2.22 date of receipt of a written request from the employee if the 30-day period ends before
2.23 January 31, a written statement showing the following:

2.24 (1) name of the person;

2.25 (2) the name of the employee or payee and the employee's or payee's Social Security
2.26 account number;

2.27 (3) the total amount of wages as that term is defined in section 290.92, subdivision
2.28 1, paragraph (1); the total amount of remuneration subject to withholding under section
2.29 290.92, subdivision 20; the amount of sick pay as required under section 6051(f) of the
2.30 Internal Revenue Code; and the amount of royalties subject to withholding under section
2.31 290.923, subdivision 2; and

2.32 (4) the total amount deducted and withheld as tax under section 290.92, subdivision
2.33 2a or 3, or 290.923, subdivision 2.

3.1 (b) The statement required to be furnished by paragraph (a) with respect to any
 3.2 remuneration must be furnished at those times, must contain the information required, and
 3.3 must be in the form the commissioner prescribes.

3.4 (c) The commissioner may prescribe rules providing for reasonable extensions of
 3.5 time, not in excess of 30 days, to employers or payers required to give the statements to
 3.6 their employees or payees under this subdivision.

3.7 (d) A duplicate of any statement made under this subdivision and in accordance
 3.8 with rules prescribed by the commissioner, ~~along with a reconciliation in the form the~~
 3.9 ~~commissioner prescribes of the statements for the calendar year, including a reconciliation~~
 3.10 ~~of the quarterly returns required to be filed under subdivision 1,~~ must be filed with the
 3.11 commissioner on or before February 28 of the year after the payments were made.

3.12 (e) If an employer cancels the employer's Minnesota withholding account number
 3.13 required by section 290.92, subdivision 24, the information required by paragraph (d),
 3.14 must be filed with the commissioner within 30 days of the end of the quarter in which
 3.15 the employer cancels its account number.

3.16 (f) The employer must submit the statements required to be sent to the commissioner
 3.17 in the same manner required to satisfy the federal reporting requirements of section
 3.18 6011(e) of the Internal Revenue Code and the regulations issued under it. An employer
 3.19 must submit statements to the commissioner required by this section by electronic means
 3.20 if the employer is required to send more than 25 statements to the commissioner, even
 3.21 though the employer is not required to submit the returns federally by electronic means.
 3.22 For statements issued for wages paid in 2011 and after, the threshold is ten. All statements
 3.23 issued for withholding required under section 290.92 are aggregated for purposes of
 3.24 determining whether the electronic submission threshold is met.

3.25 (g) A "third-party bulk filer" as defined in section 290.92, subdivision 30, paragraph
 3.26 (a), clause (2), must submit the returns required by this subdivision and subdivision 1,
 3.27 paragraph (a), with the commissioner by electronic means.

3.28 **EFFECTIVE DATE.** This section is effective for reconciliations required to be
 3.29 filed after December 31, 2015.

3.30 Sec. 3. Minnesota Statutes 2014, section 290.01, subdivision 19b, is amended to read:

3.31 Subd. 19b. **Subtractions from federal taxable income.** For individuals, estates,
 3.32 and trusts, there shall be subtracted from federal taxable income:

3.33 (1) net interest income on obligations of any authority, commission, or
 3.34 instrumentality of the United States to the extent includable in taxable income for federal
 3.35 income tax purposes but exempt from state income tax under the laws of the United States;

4.1 (2) if included in federal taxable income, the amount of any overpayment of income
4.2 tax to Minnesota or to any other state, for any previous taxable year, whether the amount
4.3 is received as a refund or as a credit to another taxable year's income tax liability;

4.4 (3) the amount paid to others, less the amount used to claim the credit allowed under
4.5 section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten
4.6 to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and
4.7 transportation of each qualifying child in attending an elementary or secondary school
4.8 situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a
4.9 resident of this state may legally fulfill the state's compulsory attendance laws, which
4.10 is not operated for profit, and which adheres to the provisions of the Civil Rights Act
4.11 of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or
4.12 tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause,
4.13 "textbooks" includes books and other instructional materials and equipment purchased
4.14 or leased for use in elementary and secondary schools in teaching only those subjects
4.15 legally and commonly taught in public elementary and secondary schools in this state.
4.16 Equipment expenses qualifying for deduction includes expenses as defined and limited in
4.17 section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional
4.18 books and materials used in the teaching of religious tenets, doctrines, or worship, the
4.19 purpose of which is to instill such tenets, doctrines, or worship, nor does it include books
4.20 or materials for, or transportation to, extracurricular activities including sporting events,
4.21 musical or dramatic events, speech activities, driver's education, or similar programs. No
4.22 deduction is permitted for any expense the taxpayer incurred in using the taxpayer's or
4.23 the qualifying child's vehicle to provide such transportation for a qualifying child. For
4.24 purposes of the subtraction provided by this clause, "qualifying child" has the meaning
4.25 given in section 32(c)(3) of the Internal Revenue Code;

4.26 (4) income as provided under section 290.0802;

4.27 (5) to the extent included in federal adjusted gross income, income realized on
4.28 disposition of property exempt from tax under section 290.491;

4.29 (6) to the extent not deducted or not deductible pursuant to section 408(d)(8)(E)
4.30 of the Internal Revenue Code in determining federal taxable income by an individual
4.31 who does not itemize deductions for federal income tax purposes for the taxable year, an
4.32 amount equal to 50 percent of the excess of charitable contributions over \$500 allowable
4.33 as a deduction for the taxable year under section 170(a) of the Internal Revenue Code,
4.34 under the provisions of Public Law 109-1 and Public Law 111-126;

4.35 (7) for individuals who are allowed a federal foreign tax credit for taxes that do not
4.36 qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover

5.1 of subnational foreign taxes for the taxable year, but not to exceed the total subnational
5.2 foreign taxes reported in claiming the foreign tax credit. For purposes of this clause,
5.3 "federal foreign tax credit" means the credit allowed under section 27 of the Internal
5.4 Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed
5.5 under section 904(c) of the Internal Revenue Code minus national level foreign taxes to
5.6 the extent they exceed the federal foreign tax credit;

5.7 (8) in each of the five tax years immediately following the tax year in which an
5.8 addition is required under subdivision 19a, clause (7), or 19c, clause ~~(12)~~ (11), in the case of
5.9 a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the
5.10 delayed depreciation. For purposes of this clause, "delayed depreciation" means the amount
5.11 of the addition made by the taxpayer under subdivision 19a, clause (7), or subdivision 19c,
5.12 clause ~~(12)~~ (11), in the case of a shareholder of an S corporation, minus the positive value
5.13 of any net operating loss under section 172 of the Internal Revenue Code generated for the
5.14 tax year of the addition. The resulting delayed depreciation cannot be less than zero;

5.15 (9) job opportunity building zone income as provided under section 469.316;

5.16 (10) to the extent included in federal taxable income, the amount of compensation
5.17 paid to members of the Minnesota National Guard or other reserve components of the
5.18 United States military for active service, including compensation for services performed
5.19 under the Active Guard Reserve (AGR) program. For purposes of this clause, "active
5.20 service" means (i) state active service as defined in section 190.05, subdivision 5a, clause
5.21 (1); or (ii) federally funded state active service as defined in section 190.05, subdivision
5.22 5b, and "active service" includes service performed in accordance with section 190.08,
5.23 subdivision 3;

5.24 (11) to the extent included in federal taxable income, the amount of compensation
5.25 paid to Minnesota residents who are members of the armed forces of the United States
5.26 or United Nations for active duty performed under United States Code, title 10; or the
5.27 authority of the United Nations;

5.28 (12) an amount, not to exceed \$10,000, equal to qualified expenses related to a
5.29 qualified donor's donation, while living, of one or more of the qualified donor's organs
5.30 to another person for human organ transplantation. For purposes of this clause, "organ"
5.31 means all or part of an individual's liver, pancreas, kidney, intestine, lung, or bone marrow;
5.32 "human organ transplantation" means the medical procedure by which transfer of a human
5.33 organ is made from the body of one person to the body of another person; "qualified
5.34 expenses" means unreimbursed expenses for both the individual and the qualified donor
5.35 for (i) travel, (ii) lodging, and (iii) lost wages net of sick pay, except that such expenses
5.36 may be subtracted under this clause only once; and "qualified donor" means the individual

6.1 or the individual's dependent, as defined in section 152 of the Internal Revenue Code. An
6.2 individual may claim the subtraction in this clause for each instance of organ donation for
6.3 transplantation during the taxable year in which the qualified expenses occur;

6.4 (13) in each of the five tax years immediately following the tax year in which an
6.5 addition is required under subdivision 19a, clause (8), or 19c, clause ~~(13)~~ (12), in the case
6.6 of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of
6.7 the addition made by the taxpayer under subdivision 19a, clause (8), or 19c, clause ~~(13)~~
6.8 (12), in the case of a shareholder of a corporation that is an S corporation, minus the
6.9 positive value of any net operating loss under section 172 of the Internal Revenue Code
6.10 generated for the tax year of the addition. If the net operating loss exceeds the addition for
6.11 the tax year, a subtraction is not allowed under this clause;

6.12 (14) to the extent included in the federal taxable income of a nonresident of
6.13 Minnesota, compensation paid to a service member as defined in United States Code, title
6.14 10, section 101(a)(5), for military service as defined in the Servicemembers Civil Relief
6.15 Act, Public Law 108-189, section 101(2);

6.16 (15) to the extent included in federal taxable income, the amount of national service
6.17 educational awards received from the National Service Trust under United States Code,
6.18 title 42, sections 12601 to 12604, for service in an approved Americorps National Service
6.19 program;

6.20 (16) to the extent included in federal taxable income, discharge of indebtedness
6.21 income resulting from reacquisition of business indebtedness included in federal taxable
6.22 income under section 108(i) of the Internal Revenue Code. This subtraction applies only
6.23 to the extent that the income was included in net income in a prior year as a result of the
6.24 addition under subdivision 19a, clause (13);

6.25 (17) the amount of the net operating loss allowed under section 290.095, subdivision
6.26 11, paragraph (c);

6.27 (18) the amount of expenses not allowed for federal income tax purposes due
6.28 to claiming the railroad track maintenance credit under section 45G(a) of the Internal
6.29 Revenue Code;

6.30 (19) the amount of the limitation on itemized deductions under section 68(b) of the
6.31 Internal Revenue Code;

6.32 (20) the amount of the phaseout of personal exemptions under section 151(d) of
6.33 the Internal Revenue Code; and

6.34 (21) to the extent included in federal taxable income, the amount of qualified
6.35 transportation fringe benefits described in section 132(f)(1)(A) and (B) of the Internal
6.36 Revenue Code. The subtraction is limited to the lesser of the amount of qualified

7.1 transportation fringe benefits received in excess of the limitations under section
 7.2 132(f)(2)(A) of the Internal Revenue Code for the year or the difference between the
 7.3 maximum qualified parking benefits excludable under section 132(f)(2)(B) of the Internal
 7.4 Revenue Code minus the amount of transit benefits excludable under section 132(f)(2)(A)
 7.5 of the Internal Revenue Code.

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

7.7 Sec. 4. Minnesota Statutes 2014, section 290.01, subdivision 19c, is amended to read:

7.8 Subd. 19c. **Corporations; additions to federal taxable income.** For corporations,
 7.9 there shall be added to federal taxable income:

7.10 (1) the amount of any deduction taken for federal income tax purposes for income,
 7.11 excise, or franchise taxes based on net income or related minimum taxes, including but not
 7.12 limited to the tax imposed under section 290.0922, paid by the corporation to Minnesota,
 7.13 another state, a political subdivision of another state, the District of Columbia, or any
 7.14 foreign country or possession of the United States;

7.15 (2) interest not subject to federal tax upon obligations of: the United States, its
 7.16 possessions, its agencies, or its instrumentalities; the state of Minnesota or any other
 7.17 state, any of its political or governmental subdivisions, any of its municipalities, or any
 7.18 of its governmental agencies or instrumentalities; the District of Columbia; or Indian
 7.19 tribal governments;

7.20 (3) exempt-interest dividends received as defined in section 852(b)(5) of the Internal
 7.21 Revenue Code;

7.22 (4) the amount of any net operating loss deduction taken for federal income tax
 7.23 purposes under section 172 or 832(c)(10) of the Internal Revenue Code or operations loss
 7.24 deduction under section 810 of the Internal Revenue Code;

7.25 (5) the amount of any special deductions taken for federal income tax purposes
 7.26 under sections 241 to 247 and 965 of the Internal Revenue Code;

7.27 (6) losses from the business of mining, as defined in section 290.05, subdivision 1,
 7.28 clause (a), that are not subject to Minnesota income tax;

7.29 (7) the amount of any capital losses deducted for federal income tax purposes under
 7.30 sections 1211 and 1212 of the Internal Revenue Code;

7.31 (8) the amount of percentage depletion deducted under sections 611 through 614 and
 7.32 291 of the Internal Revenue Code;

7.33 ~~(9) for certified pollution control facilities placed in service in a taxable year~~
 7.34 ~~beginning before December 31, 1986, and for which amortization deductions were elected~~
 7.35 ~~under section 169 of the Internal Revenue Code of 1954, as amended through December~~

8.1 ~~31, 1985, the amount of the amortization deduction allowed in computing federal taxable~~
 8.2 ~~income for those facilities;~~

8.3 ~~(10)~~ (9) the amount of a partner's pro rata share of net income which does not flow
 8.4 through to the partner because the partnership elected to pay the tax on the income under
 8.5 section 6242(a)(2) of the Internal Revenue Code;

8.6 ~~(11)~~ (10) any increase in subpart F income, as defined in section 952(a) of the
 8.7 Internal Revenue Code, for the taxable year when subpart F income is calculated without
 8.8 regard to the provisions of Division C, title III, section 303(b) of Public Law 110-343;

8.9 ~~(12)~~ (11) 80 percent of the depreciation deduction allowed under section
 8.10 168(k)(1)(A) and (k)(4)(A) of the Internal Revenue Code. For purposes of this clause, if
 8.11 the taxpayer has an activity that in the taxable year generates a deduction for depreciation
 8.12 under section 168(k)(1)(A) and (k)(4)(A) and the activity generates a loss for the taxable
 8.13 year that the taxpayer is not allowed to claim for the taxable year, "the depreciation
 8.14 allowed under section 168(k)(1)(A) and (k)(4)(A)" for the taxable year is limited to excess
 8.15 of the depreciation claimed by the activity under section 168(k)(1)(A) and (k)(4)(A)
 8.16 over the amount of the loss from the activity that is not allowed in the taxable year. In
 8.17 succeeding taxable years when the losses not allowed in the taxable year are allowed, the
 8.18 depreciation under section 168(k)(1)(A) and (k)(4)(A) is allowed;

8.19 ~~(13)~~ (12) 80 percent of the amount by which the deduction allowed by section 179 of
 8.20 the Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal
 8.21 Revenue Code of 1986, as amended through December 31, 2003;

8.22 ~~(14)~~ (13) to the extent deducted in computing federal taxable income, the amount of
 8.23 the deduction allowable under section 199 of the Internal Revenue Code;

8.24 ~~(15)~~ (14) the amount of expenses disallowed under section 290.10, subdivision 2; and

8.25 ~~(16)~~ (15) discharge of indebtedness income resulting from reacquisition of business
 8.26 indebtedness and deferred under section 108(i) of the Internal Revenue Code.

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

8.28 Sec. 5. Minnesota Statutes 2014, section 290.01, subdivision 19d, is amended to read:

8.29 Subd. 19d. **Corporations; modifications decreasing federal taxable income.** For
 8.30 corporations, there shall be subtracted from federal taxable income after the increases
 8.31 provided in subdivision 19c:

8.32 (1) the amount of foreign dividend gross-up added to gross income for federal
 8.33 income tax purposes under section 78 of the Internal Revenue Code;

8.34 (2) the amount of salary expense not allowed for federal income tax purposes due to
 8.35 claiming the work opportunity credit under section 51 of the Internal Revenue Code;

9.1 (3) any dividend (not including any distribution in liquidation) paid within the
9.2 taxable year by a national or state bank to the United States, or to any instrumentality of
9.3 the United States exempt from federal income taxes, on the preferred stock of the bank
9.4 owned by the United States or the instrumentality;

9.5 (4) the deduction for capital losses pursuant to sections 1211 and 1212 of the
9.6 Internal Revenue Code, except that:

9.7 (i) for capital losses incurred in taxable years beginning after December 31, 1986,
9.8 capital loss carrybacks shall not be allowed;

9.9 (ii) for capital losses incurred in taxable years beginning after December 31, 1986,
9.10 a capital loss carryover to each of the 15 taxable years succeeding the loss year shall be
9.11 allowed;

9.12 (iii) for capital losses incurred in taxable years beginning before January 1, 1987, a
9.13 capital loss carryback to each of the three taxable years preceding the loss year, subject to
9.14 the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed; and

9.15 (iv) for capital losses incurred in taxable years beginning before January 1, 1987,
9.16 a capital loss carryover to each of the five taxable years succeeding the loss year to the
9.17 extent such loss was not used in a prior taxable year and subject to the provisions of
9.18 Minnesota Statutes 1986, section 290.16, shall be allowed;

9.19 (5) an amount for interest and expenses relating to income not taxable for federal
9.20 income tax purposes, if (i) the income is taxable under this chapter and (ii) the interest and
9.21 expenses were disallowed as deductions under the provisions of section 171(a)(2), 265 or
9.22 291 of the Internal Revenue Code in computing federal taxable income;

9.23 (6) in the case of mines, oil and gas wells, other natural deposits, and timber for
9.24 which percentage depletion was disallowed pursuant to subdivision 19c, clause (8), a
9.25 reasonable allowance for depletion based on actual cost. In the case of leases the deduction
9.26 must be apportioned between the lessor and lessee in accordance with rules prescribed
9.27 by the commissioner. In the case of property held in trust, the allowable deduction must
9.28 be apportioned between the income beneficiaries and the trustee in accordance with the
9.29 pertinent provisions of the trust, or if there is no provision in the instrument, on the basis
9.30 of the trust's income allocable to each;

9.31 ~~(7) for certified pollution control facilities placed in service in a taxable year~~
9.32 ~~beginning before December 31, 1986, and for which amortization deductions were elected~~
9.33 ~~under section 169 of the Internal Revenue Code of 1954, as amended through December~~
9.34 ~~31, 1985, an amount equal to the allowance for depreciation under Minnesota Statutes~~
9.35 ~~1986, section 290.09, subdivision 7;~~

10.1 ~~(8)~~ (7) amounts included in federal taxable income that are due to refunds of
 10.2 income, excise, or franchise taxes based on net income or related minimum taxes paid
 10.3 by the corporation to Minnesota, another state, a political subdivision of another state,
 10.4 the District of Columbia, or a foreign country or possession of the United States to the
 10.5 extent that the taxes were added to federal taxable income under subdivision 19c, clause
 10.6 (1), in a prior taxable year;

10.7 ~~(9)~~ (8) income or gains from the business of mining as defined in section 290.05,
 10.8 subdivision 1, clause (a), that are not subject to Minnesota franchise tax;

10.9 ~~(10)~~ (9) the amount of disability access expenditures in the taxable year which are not
 10.10 allowed to be deducted or capitalized under section 44(d)(7) of the Internal Revenue Code;

10.11 ~~(11)~~ (10) the amount of qualified research expenses not allowed for federal income
 10.12 tax purposes under section 280C(c) of the Internal Revenue Code, but only to the extent
 10.13 that the amount exceeds the amount of the credit allowed under section 290.068;

10.14 ~~(12)~~ (11) the amount of salary expenses not allowed for federal income tax purposes
 10.15 due to claiming the Indian employment credit under section 45A(a) of the Internal
 10.16 Revenue Code;

10.17 ~~(13)~~ (12) any decrease in subpart F income, as defined in section 952(a) of the
 10.18 Internal Revenue Code, for the taxable year when subpart F income is calculated without
 10.19 regard to the provisions of Division C, title III, section 303(b) of Public Law 110-343;

10.20 ~~(14)~~ (13) in each of the five tax years immediately following the tax year in which an
 10.21 addition is required under subdivision 19c, clause ~~(12)~~ (11), an amount equal to one-fifth
 10.22 of the delayed depreciation. For purposes of this clause, "delayed depreciation" means the
 10.23 amount of the addition made by the taxpayer under subdivision 19c, clause ~~(12)~~ (11). The
 10.24 resulting delayed depreciation cannot be less than zero;

10.25 ~~(15)~~ (14) in each of the five tax years immediately following the tax year in which an
 10.26 addition is required under subdivision 19c, clause ~~(13)~~ (12), an amount equal to one-fifth
 10.27 of the amount of the addition;

10.28 ~~(16)~~ (15) to the extent included in federal taxable income, discharge of indebtedness
 10.29 income resulting from reacquisition of business indebtedness included in federal taxable
 10.30 income under section 108(i) of the Internal Revenue Code. This subtraction applies only
 10.31 to the extent that the income was included in net income in a prior year as a result of the
 10.32 addition under subdivision 19c, clause ~~(16)~~ (15); and

10.33 ~~(17)~~ (16) the amount of expenses not allowed for federal income tax purposes due
 10.34 to claiming the railroad track maintenance credit under section 45G(a) of the Internal
 10.35 Revenue Code.

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

11.1 Sec. 6. Minnesota Statutes 2014, section 290.0671, subdivision 6a, is amended to read:

11.2 Subd. 6a. **TANF appropriation for working family credit expansion.** (a) On
 11.3 an annual basis the commissioner of revenue, with the assistance of the commissioner
 11.4 of human services, shall calculate the value of the refundable portion of the Minnesota
 11.5 Working Family Credit provided under this section that qualifies for payment with funds
 11.6 from the federal Temporary Assistance for Needy Families (TANF) block grant. Of this
 11.7 total amount, the commissioner of revenue shall estimate the portion entailed by the
 11.8 expansion of the credit rates provided in Laws 2000, chapter 490, article 4, section 17,
 11.9 for individuals with qualifying children over the rates provided in Laws 1999, chapter
 11.10 243, article 2, section 12.

11.11 (b) An amount sufficient to pay the refunds entailed by the expansion of the credit
 11.12 rates provided in Laws 2000, chapter 490, article 4, section 17, for individuals with
 11.13 qualifying children over the rates provided in Laws 1999, chapter 243, article 2, section
 11.14 12, as estimated in paragraph (a), is appropriated to the commissioner of human services
 11.15 from the federal Temporary Assistance for Needy Families (TANF) block grant funds, for
 11.16 transfer to the commissioner of revenue for deposit in the general fund.

11.17 **EFFECTIVE DATE.** This section is effective retroactively for transfers in fiscal
 11.18 year 2015 and thereafter.

11.19 Sec. 7. Minnesota Statutes 2014, section 290.0672, subdivision 1, is amended to read:

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

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

11.23 (1) qualifies for a deduction under section 213 of the Internal Revenue Code,
 11.24 disregarding the ~~7.5 percent~~ adjusted gross income test; or meets the requirements
 11.25 given in section 62A.46; or provides similar coverage issued under the laws of another
 11.26 jurisdiction; and

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

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

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

11.31 (d) "Premiums deducted in determining federal taxable income" means the lesser of
 11.32 (1) long-term care insurance premiums that qualify as deductions under section 213 of
 11.33 the Internal Revenue Code; and (2) the total amount deductible for medical care under
 11.34 section 213 of the Internal Revenue Code.

12.1 **EFFECTIVE DATE.** This section is effective retroactively for taxable years
 12.2 beginning after December 31, 2012.

12.3 Sec. 8. Minnesota Statutes 2014, section 290.091, subdivision 3, is amended to read:

12.4 Subd. 3. **Exemption amount.** (a) For purposes of computing the alternative
 12.5 minimum tax, the exemption amount is, for taxable years beginning after December 31,
 12.6 2005, \$60,000 for married couples filing joint returns, \$30,000 for married individuals
 12.7 filing separate returns, estates, and trusts, and \$45,000 for unmarried individuals.

12.8 (b) The exemption amount determined under this subdivision is subject to the phase
 12.9 out under section 55(d)(3) of the Internal Revenue Code, except that alternative minimum
 12.10 taxable income as determined under this section must be substituted in the computation of
 12.11 the phase out.

12.12 (c) For taxable years beginning after December 31, 2006, the exemption amount
 12.13 under paragraph (a), ~~clause (2)~~, must be adjusted for inflation. The commissioner shall
 12.14 adjust the exemption amount by the percentage determined pursuant to the provisions of
 12.15 section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "2005"
 12.16 shall be substituted for the word "1992." For 2007, the commissioner shall then determine
 12.17 the percent change from the 12 months ending on August 31, 2005, to the 12 months
 12.18 ending on August 31, 2006, and in each subsequent year, from the 12 months ending on
 12.19 August 31, 2005, to the 12 months ending on August 31 of the year preceding the taxable
 12.20 year. The exemption amount as adjusted must be rounded to the nearest \$10. If the amount
 12.21 ends in \$5, it must be rounded up to the nearest \$10 amount. The determination of the
 12.22 commissioner under this subdivision is not a rule under the Administrative Procedure Act.

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

12.24 Sec. 9. Minnesota Statutes 2014, section 290.0921, subdivision 3, is amended to read:

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

12.32 (1) The portion of the depreciation deduction allowed for federal income tax
 12.33 purposes under section 168(k) of the Internal Revenue Code that is required as an addition

13.1 under section 290.01, subdivision 19c, clause ~~(12)~~ (11), is disallowed in determining
13.2 alternative minimum taxable income.

13.3 (2) The subtraction for depreciation allowed under section 290.01, subdivision
13.4 19d, clause ~~(14)~~ (13), is allowed as a depreciation deduction in determining alternative
13.5 minimum taxable income.

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

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

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

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

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

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

13.21 (9) For purposes of determining the amount of adjusted current earnings under
13.22 section 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under section
13.23 56(g)(4) of the Internal Revenue Code with respect to (i) the amount of foreign dividend
13.24 gross-up subtracted as provided in section 290.01, subdivision 19d, clause (1), or (ii) the
13.25 amount of refunds of income, excise, or franchise taxes subtracted as provided in section
13.26 290.01, subdivision 19d, clause ~~(8)~~ (7).

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

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

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

13.32 Sec. 10. Minnesota Statutes 2014, section 291.031, is amended to read:

13.33 **291.031 CREDIT.**

14.1 (a) The estate of a nonresident decedent that is subject to tax under this chapter on
 14.2 the value of Minnesota situs property held in a pass-through entity is allowed a credit
 14.3 against the tax due under section 291.03 equal to the lesser of:

14.4 (1) the amount of estate or inheritance tax paid to another state that is attributable to
 14.5 the Minnesota situs property held in the pass-through entity; or

14.6 (2) the amount of tax ~~paid under this section~~ due under section 291.03 attributable to
 14.7 the Minnesota situs property held in the pass-through entity.

14.8 (b) The amount of tax attributable to the Minnesota situs property held in the
 14.9 pass-through entity must be determined by the increase in the estate or inheritance tax that
 14.10 results from including the market value of the property in the estate or treating the value
 14.11 as a taxable inheritance to the recipient of the property.

14.12 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents
 14.13 dying after December 31, 2013.

14.14 Sec. 11. **REPEALER.**

14.15 Minnesota Rules, part 8092.2000, is repealed.

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

14.17 **ARTICLE 2**

14.18 **SALES AND USE TAXES**

14.19 Section 1. Minnesota Statutes 2014, section 297A.82, subdivision 4a, is amended to
 14.20 read:

14.21 Subd. 4a. **Deposit in state airports fund.** Tax revenue, including interest and
 14.22 penalties, collected from the sale or purchase of an aircraft taxable under this chapter must
 14.23 be deposited in the state airports fund established in section 360.017. For purposes of this
 14.24 subdivision, "revenue" does not include the revenue, including interest and penalties,
 14.25 generated by the sales tax imposed under section 297A.62, subdivision 1a, which must be
 14.26 deposited as provided under the Minnesota Constitution, article XI, section 15.

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

14.28 Sec. 2. Minnesota Statutes 2014, section 297A.94, is amended to read:

14.29 **297A.94 DEPOSIT OF REVENUES.**

15.1 (a) Except as provided in this section, the commissioner shall deposit the revenues,
15.2 including interest and penalties, derived from the taxes imposed by this chapter in the state
15.3 treasury and credit them to the general fund.

15.4 (b) The commissioner shall deposit taxes in the Minnesota agricultural and economic
15.5 account in the special revenue fund if:

15.6 (1) the taxes are derived from sales and use of property and services purchased for
15.7 the construction and operation of an agricultural resource project; and

15.8 (2) the purchase was made on or after the date on which a conditional commitment
15.9 was made for a loan guaranty for the project under section 41A.04, subdivision 3.

15.10 The commissioner of management and budget shall certify to the commissioner the date
15.11 on which the project received the conditional commitment. The amount deposited in
15.12 the loan guaranty account must be reduced by any refunds and by the costs incurred by
15.13 the Department of Revenue to administer and enforce the assessment and collection of
15.14 the taxes.

15.15 (c) The commissioner shall deposit the revenues, including interest and penalties,
15.16 derived from the taxes imposed on sales and purchases included in section 297A.61,
15.17 subdivision 3, paragraph (g), clauses (1) and (4), in the state treasury, and credit them
15.18 as follows:

15.19 (1) first to the general obligation special tax bond debt service account in each fiscal
15.20 year the amount required by section 16A.661, subdivision 3, paragraph (b); and

15.21 (2) after the requirements of clause (1) have been met, the balance to the general fund.

15.22 (d) The commissioner shall deposit the revenues, including interest and penalties,
15.23 collected under section 297A.64, subdivision 5, in the state treasury and credit them to the
15.24 general fund. By July 15 of each year the commissioner shall transfer to the highway user
15.25 tax distribution fund an amount equal to the excess fees collected under section 297A.64,
15.26 subdivision 5, for the previous calendar year.

15.27 (e) 72.43 percent of the revenues, including interest and penalties, transmitted to
15.28 the commissioner under section 297A.65, must be deposited by the commissioner in the
15.29 state treasury as follows:

15.30 (1) 50 percent of the receipts must be deposited in the heritage enhancement account
15.31 in the game and fish fund, and may be spent only on activities that improve, enhance, or
15.32 protect fish and wildlife resources, including conservation, restoration, and enhancement
15.33 of land, water, and other natural resources of the state;

15.34 (2) 22.5 percent of the receipts must be deposited in the natural resources fund, and
15.35 may be spent only for state parks and trails;

16.1 (3) 22.5 percent of the receipts must be deposited in the natural resources fund, and
 16.2 may be spent only on metropolitan park and trail grants;

16.3 (4) three percent of the receipts must be deposited in the natural resources fund, and
 16.4 may be spent only on local trail grants; and

16.5 (5) two percent of the receipts must be deposited in the natural resources fund,
 16.6 and may be spent only for the Minnesota Zoological Garden, the Como Park Zoo and
 16.7 Conservatory, and the Duluth Zoo.

16.8 (f) The revenue dedicated under paragraph (e) may not be used as a substitute
 16.9 for traditional sources of funding for the purposes specified, but the dedicated revenue
 16.10 shall supplement traditional sources of funding for those purposes. Land acquired with
 16.11 money deposited in the game and fish fund under paragraph (e) must be open to public
 16.12 hunting and fishing during the open season, except that in aquatic management areas or
 16.13 on lands where angling easements have been acquired, fishing may be prohibited during
 16.14 certain times of the year and hunting may be prohibited. At least 87 percent of the money
 16.15 deposited in the game and fish fund for improvement, enhancement, or protection of fish
 16.16 and wildlife resources under paragraph (e) must be allocated for field operations.

16.17 (g) The revenues deposited ~~under paragraphs (a) to (f)~~ in, transferred to, or credited
 16.18 to a fund other than the general fund by a provision in this chapter do not include the
 16.19 revenues, including interest and penalties, generated by the sales tax imposed under
 16.20 section 297A.62, subdivision 1a, which must be deposited as provided under the
 16.21 Minnesota Constitution, article XI, section 15.

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

16.23 Sec. 3. Minnesota Statutes 2014, section 469.190, is amended by adding a subdivision
 16.24 to read:

16.25 Subd. 1a. **Tax base; locally collected taxes.** A tax imposed on the gross receipts
 16.26 from lodging under this section or under a special law applies to the same base as taxes
 16.27 collected by the commissioner of revenue under subdivision 7 and section 270C.171.

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

16.29 In enacting this section, the legislature confirms its original intent in enacting Minnesota
 16.30 Statutes, section 469.190, its predecessor provisions, and any special laws authorizing
 16.31 political subdivisions to impose lodging taxes, and that those taxes were and are intended
 16.32 to apply to the entire consideration paid to obtain access to transient lodging, including
 16.33 ancillary or related services, such as services provided by accommodation intermediaries
 16.34 as defined in Minnesota Statutes, section 297A.61, and similar services. The provisions of

17.1 this section must not be interpreted to imply a narrower construction of the tax base under
 17.2 lodging tax provisions of Minnesota law prior to the enactment of this section.

17.3 **ARTICLE 3**

17.4 **SPECIAL TAXES**

17.5 Section 1. Minnesota Statutes 2014, section 69.021, subdivision 5, is amended to read:

17.6 Subd. 5. **Calculation of state aid.** (a) The amount of fire state aid available for
 17.7 apportionment, before the addition of the minimum fire state aid allocation amount under
 17.8 subdivision 7, is equal to 107 percent of the amount of premium taxes paid to the state
 17.9 upon the fire, lightning, sprinkler leakage, and extended coverage premiums reported to
 17.10 the commissioner by insurers on the Minnesota Firetown Premium Report. This amount
 17.11 must be reduced by the amount required to pay the state auditor's costs and expenses of
 17.12 the audits or exams of the firefighters relief associations.

17.13 The total amount for apportionment in respect to fire state aid must not be less than
 17.14 two percent of the premiums reported to the commissioner by insurers on the Minnesota
 17.15 Firetown Premium Report after subtracting the following amounts:

17.16 (1) the amount required to pay the state auditor's costs and expenses of the audits or
 17.17 exams of the firefighters relief associations; and

17.18 (2) one percent of the premiums reported by ~~town and farmers'~~ township mutual
 17.19 insurance companies and mutual property and casualty companies with total assets of
 17.20 \$5,000,000 or less.

17.21 (b) The total amount for apportionment as police state aid is equal to 104 percent
 17.22 of the amount of premium taxes paid to the state on the premiums reported to the
 17.23 commissioner by insurers on the Minnesota Aid to Police Premium Report. The total
 17.24 amount for apportionment in respect to the police state aid program must not be less than
 17.25 two percent of the amount of premiums reported to the commissioner by insurers on the
 17.26 Minnesota Aid to Police Premium Report.

17.27 (c) The commissioner shall calculate the percentage of increase or decrease reflected
 17.28 in the apportionment over or under the previous year's available state aid using the same
 17.29 premiums as a basis for comparison.

17.30 (d) In addition to the amount for apportionment of police state aid under paragraph
 17.31 (b), each year \$100,000 must be apportioned for police state aid. An amount sufficient to
 17.32 pay this increase is annually appropriated from the general fund.

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

18.1 Sec. 2. Minnesota Statutes 2014, section 290.0922, subdivision 2, is amended to read:

18.2 Subd. 2. **Exemptions.** The following entities are exempt from the tax imposed
18.3 by this section:

18.4 (1) corporations exempt from tax under section 290.05;

18.5 (2) real estate investment trusts;

18.6 (3) regulated investment companies or a fund thereof; and

18.7 (4) entities having a valid election in effect under section 860D(b) of the Internal
18.8 Revenue Code;

18.9 (5) ~~town and farmers'~~ township mutual insurance companies;

18.10 (6) cooperatives organized under chapter 308A or 308B that provide housing
18.11 exclusively to persons age 55 and over and are classified as homesteads under section
18.12 273.124, subdivision 3; and

18.13 (7) a qualified business as defined under section 469.310, subdivision 11, if for the
18.14 taxable year all of its property is located in a job opportunity building zone designated
18.15 under section 469.314 and all of its payroll is a job opportunity building zone payroll
18.16 under section 469.310.

18.17 Entities not specifically exempted by this subdivision are subject to tax under this
18.18 section, notwithstanding section 290.05.

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

18.20 Sec. 3. Minnesota Statutes 2014, section 296A.01, subdivision 42, is amended to read:

18.21 Subd. 42. **Petroleum products.** "Petroleum products" means all of the products
18.22 defined in subdivisions 2, 7, 8, 8a, 8b, 10, 14, 16, 19, 20, 22 to 26, 28, 32, and 35.

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

18.24 Sec. 4. Minnesota Statutes 2014, section 296A.07, subdivision 1, is amended to read:

18.25 Subdivision 1. **Tax imposed.** There is imposed an excise tax on gasoline, gasoline
18.26 blended with ethanol, and agricultural alcohol gasoline used in producing and generating
18.27 power for propelling motor vehicles used on the public highways of this state. The tax
18.28 is imposed on the first licensed distributor who received the product in Minnesota. For
18.29 purposes of this section, gasoline is defined in section 296A.01, subdivisions 8b, 10, 18,
18.30 20, 23, 24, 25, 32, and 34. The tax is payable at the time and in the form and manner
18.31 prescribed by the commissioner. The tax is payable at the rates specified in subdivision 3,
18.32 subject to the exceptions and reductions specified in section 296A.17.

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

19.1 Sec. 5. Minnesota Statutes 2014, section 297H.06, subdivision 2, is amended to read:

19.2 Subd. 2. **Materials.** The tax is not imposed upon charges to generators of mixed
19.3 municipal solid waste or upon the volume of nonmixed municipal solid waste for waste
19.4 management services to manage the following materials:

19.5 (1) mixed municipal solid waste and nonmixed municipal solid waste generated
19.6 outside of Minnesota;

19.7 (2) recyclable materials that are separated for recycling by the generator, collected
19.8 separately from other waste, and recycled, to the extent the price of the service for
19.9 handling recyclable material is separately itemized on a bill to the generator;

19.10 (3) recyclable nonmixed municipal solid waste that is separated for recycling by
19.11 the generator, collected separately from other waste, delivered to a waste facility for the
19.12 purpose of recycling, and recycled;

19.13 (4) industrial waste, when it is transported to a facility owned and operated by
19.14 the same person that generated it;

19.15 (5) mixed municipal solid waste from a recycling facility that separates or processes
19.16 recyclable materials and reduces the volume of the waste by at least 85 percent, provided
19.17 that the exempted waste is managed separately from other waste;

19.18 (6) recyclable materials that are separated from mixed municipal solid waste by the
19.19 generator, collected and delivered to a waste facility that recycles at least 85 percent of its
19.20 waste, and are collected with mixed municipal solid waste that is segregated in leakproof
19.21 bags, provided that the mixed municipal solid waste does not exceed five percent of the
19.22 total weight of the materials delivered to the facility and is ultimately delivered to a waste
19.23 facility identified as a preferred waste management facility in county solid waste plans
19.24 under section 115A.46;

19.25 (7) source-separated compostable waste materials, if the ~~waste is~~ materials are
19.26 delivered to a facility exempted as described in this clause. To initially qualify for an
19.27 exemption, a facility must apply for an exemption in its application for a new or amended
19.28 solid waste permit to the Pollution Control Agency. The first time a facility applies to the
19.29 agency it must certify in its application that it will comply with the criteria in items (i) to (v)
19.30 and the commissioner of the agency shall so certify to the commissioner of revenue who
19.31 must grant the exemption. The facility must annually apply to the agency for certification
19.32 to renew its exemption for the following year. The application must be filed according to
19.33 the procedures of, and contain the information required by, the agency. The commissioner
19.34 of revenue shall grant the exemption if the commissioner of the Pollution Control Agency
19.35 finds and certifies to the commissioner of revenue that based on an evaluation of the
19.36 composition of incoming waste and residuals and the quality and use of the product:

- 20.1 (i) generators separate materials at the source;
- 20.2 (ii) the separation is performed in a manner appropriate to the technology specific
- 20.3 to the facility that:
- 20.4 (A) maximizes the quality of the product;
- 20.5 (B) minimizes the toxicity and quantity of ~~residuals~~ rejects; and
- 20.6 (C) provides an opportunity for significant improvement in the environmental
- 20.7 efficiency of the operation;
- 20.8 (iii) the operator of the facility educates generators, in coordination with each county
- 20.9 using the facility, about separating the waste to maximize the quality of the waste stream
- 20.10 for technology specific to the facility;
- 20.11 (iv) process ~~residuals~~ rejects do not exceed 15 percent of the weight of the total
- 20.12 material delivered to the facility; and
- 20.13 (v) the final product is accepted for use;
- 20.14 (8) waste and waste by-products for which the tax has been paid; and
- 20.15 (9) daily cover for landfills that has been approved in writing by the Minnesota
- 20.16 Pollution Control Agency.

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

20.18 Sec. 6. Minnesota Statutes 2014, section 297I.05, subdivision 2, is amended to read:

20.19 Subd. 2. ~~Town and farmers'~~ **Township mutual insurance.** A tax is imposed on

20.20 ~~town and farmers'~~ township mutual insurance companies. The rate of tax is equal to one

20.21 percent of gross premiums less return premiums on all direct business received by the

20.22 insurer or agents of the insurer in Minnesota, in cash or otherwise, during the year.

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

20.24 Sec. 7. Minnesota Statutes 2014, section 297I.10, subdivision 1, is amended to read:

20.25 Subdivision 1. **Cities of the first class.** (a) The commissioner shall order and direct

20.26 a surcharge to be collected of two percent of the fire, lightning, and sprinkler leakage gross

20.27 premiums, less return premiums, on all direct business received by any licensed foreign or

20.28 domestic fire insurance company on property in a city of the first class, or by its agents for

20.29 it, in cash or otherwise.

20.30 (b) By July 31 and December 31 of each year, the commissioner ~~of management~~

20.31 ~~and budget~~ shall pay to each city of the first class a warrant for an amount equal to the

20.32 total amount of the surcharge on the premiums collected within that city since the previous

20.33 payment.

21.1 (c) The treasurer of the city shall place the money received under this subdivision
 21.2 in a special account or fund to defray all or a portion of the employer contribution
 21.3 requirement of public employees police and fire plan coverage for city firefighters.

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

21.5 Sec. 8. Minnesota Statutes 2014, section 297I.10, subdivision 3, is amended to read:

21.6 Subd. 3. **Appropriation.** The amount necessary to make the payments required
 21.7 under this section is appropriated to the commissioner of management and budget from
 21.8 the general fund.

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

21.10 Sec. 9. Minnesota Statutes 2014, section 298.01, subdivision 3b, is amended to read:

21.11 Subd. 3b. **Deductions.** (a) For purposes of determining taxable income under
 21.12 subdivision 3, the deductions from gross income include only those expenses necessary
 21.13 to convert raw ores to marketable quality. Such expenses include costs associated with
 21.14 refinement but do not include expenses such as transportation, stockpiling, marketing, or
 21.15 marine insurance that are incurred after marketable ores are produced, unless the expenses
 21.16 are included in gross income. The allowable deductions from a mine or plant that mines
 21.17 and produces more than one mineral, metal, or energy resource must be determined
 21.18 separately for the purposes of computing the deduction in section 290.01, subdivision 19c,
 21.19 clause (8). These deductions may be combined on one occupation tax return to arrive at
 21.20 the deduction from gross income for all production.

21.21 (b) The provisions of section 290.01, subdivisions 19c, clauses (6) and (8), and 19d,
 21.22 clauses (6) and ~~(9)~~ (8), are not used to determine taxable income.

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

21.24 Sec. 10. Minnesota Statutes 2014, section 298.01, subdivision 4c, is amended to read:

21.25 Subd. 4c. **Special deductions; net operating loss.** (a) For purposes of determining
 21.26 taxable income under subdivision 4, the provisions of section 290.01, subdivisions 19c,
 21.27 clauses (6) and (8), and 19d, clauses (6) and ~~(9)~~ (8), are not used to determine taxable
 21.28 income.

21.29 (b) ~~The amount of net operating loss incurred in a taxable year beginning before~~
 21.30 ~~January 1, 1990, that may be carried over to a taxable year beginning after December 31,~~
 21.31 ~~1989, is the amount of net operating loss carryover determined in the calculation of the~~

22.1 ~~hypothetical corporate franchise tax under Minnesota Statutes 1988, sections 298.40~~
 22.2 ~~and 298.402.~~

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

22.4 **ARTICLE 4**

22.5 **PROPERTY TAXES**

22.6 Section 1. Minnesota Statutes 2014, section 272.02, subdivision 9, is amended to read:

22.7 Subd. 9. **Personal property; exceptions.** Except for the taxable personal property
 22.8 enumerated below, all personal property and the property described in section 272.03,
 22.9 subdivision 1, paragraphs (c) and (d), shall be exempt.

22.10 The following personal property shall be taxable:

22.11 (a) personal property which is part of (i) an electric generating, transmission, or
 22.12 distribution system or; (ii) a pipeline system transporting or distributing water, gas, crude
 22.13 oil, or petroleum products; or (iii) mains and pipes used in the distribution of steam or hot
 22.14 or chilled water for heating or cooling buildings and structures;

22.15 (b) railroad docks and wharves which are part of the operating property of a railroad
 22.16 company as defined in section 270.80;

22.17 (c) personal property defined in section 272.03, subdivision 2, clause (3);

22.18 (d) leasehold or other personal property interests which are taxed pursuant to section
 22.19 272.01, subdivision 2; 273.124, subdivision 7; or 273.19, subdivision 1; or any other law
 22.20 providing the property is taxable as if the lessee or user were the fee owner;

22.21 (e) manufactured homes and sectional structures, including storage sheds, decks,
 22.22 and similar removable improvements constructed on the site of a manufactured home,
 22.23 sectional structure, park trailer or travel trailer as provided in section 273.125, subdivision
 22.24 8, paragraph (f); and

22.25 (f) flight property as defined in section 270.071.

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

22.27 Sec. 2. Minnesota Statutes 2014, section 273.032, is amended to read:

22.28 **273.032 MARKET VALUE DEFINITION.**

22.29 (a) Unless otherwise provided, for the purpose of determining any property tax
 22.30 levy limitation based on market value or any limit on net debt, the issuance of bonds,
 22.31 certificates of indebtedness, or capital notes based on market value, any qualification to
 22.32 receive state aid based on market value, or any state aid amount based on market value,

23.1 the terms "market value," "estimated market value," and "market valuation," whether
 23.2 equalized or unequalized, mean the estimated market value of taxable property within the
 23.3 local unit of government before any of the following or similar adjustments for:

23.4 (1) the market value exclusions under:

23.5 (i) section 273.11, subdivisions 14a and 14c (vacant platted land);

23.6 (ii) section 273.11, subdivision 16 (certain improvements to homestead property);

23.7 (iii) section 273.11, subdivisions 19 and 20 (certain improvements to business
 23.8 properties);

23.9 (iv) section 273.11, subdivision 21 (homestead property damaged by mold);

23.10 ~~(v) section 273.11, subdivision 22 (qualifying lead hazardous reduction projects);~~

23.11 ~~(vi)~~ (v) section 273.13, subdivision 34 (homestead of a disabled veteran or family
 23.12 caregiver); or

23.13 ~~(vii)~~ (vi) section 273.13, subdivision 35 (homestead market value exclusion); or

23.14 (2) the deferment of value under:

23.15 (i) the Minnesota Agricultural Property Tax Law, section 273.111;

23.16 (ii) the Aggregate Resource Preservation Law, section 273.1115;

23.17 (iii) the Minnesota Open Space Property Tax Law, section 273.112;

23.18 (iv) the rural preserves property tax program, section 273.114; or

23.19 (v) the Metropolitan Agricultural Preserves Act, section 473H.10; or

23.20 (3) the adjustments to tax capacity for:

23.21 (i) tax increment financing under sections 469.174 to 469.1794;

23.22 (ii) fiscal disparities under chapter 276A or 473F; or

23.23 (iii) powerline credit under section 273.425.

23.24 (b) Estimated market value under paragraph (a) also includes the market value
 23.25 of tax-exempt property if the applicable law specifically provides that the limitation,
 23.26 qualification, or aid calculation includes tax-exempt property.

23.27 (c) Unless otherwise provided, "market value," "estimated market value," and
 23.28 "market valuation" for purposes of property tax levy limitations and calculation of state
 23.29 aid, refer to the estimated market value for the previous assessment year and for purposes
 23.30 of limits on net debt, the issuance of bonds, certificates of indebtedness, or capital notes
 23.31 refer to the estimated market value as last finally equalized.

23.32 (d) For purposes of a provision of a home rule charter or of any special law that is not
 23.33 codified in the statutes and that imposes a levy limitation based on market value or any limit
 23.34 on debt, the issuance of bonds, certificates of indebtedness, or capital notes based on market
 23.35 value, the terms "market value," "taxable market value," and "market valuation," whether
 23.36 equalized or unequalized, mean "estimated market value" as defined in paragraph (a).

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

24.2 Sec. 3. Minnesota Statutes 2014, section 273.33, subdivision 1, is amended to read:

24.3 Subdivision 1. **Listing and assessment in county.** The personal property of express,
 24.4 stage and transportation companies, and of pipeline companies engaged in the business
 24.5 of transporting ~~natural gas, gasoline, crude oil, or other petroleum~~ products, except as
 24.6 otherwise provided by law, shall be listed and assessed in the county, town or district
 24.7 where the same is usually kept.

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

24.9 Sec. 4. Minnesota Statutes 2014, section 273.33, subdivision 2, is amended to read:

24.10 Subd. 2. **Listing and assessment by commissioner.** The personal property,
 24.11 consisting of the pipeline system of mains, pipes, and equipment attached thereto, of
 24.12 pipeline companies and others engaged in the operations or business of transporting
 24.13 ~~natural gas, gasoline, crude oil, or other petroleum~~ products by pipelines, shall be listed
 24.14 with and assessed by the commissioner of revenue and the values provided to the
 24.15 city or county assessor by order. This subdivision shall not apply to the assessment of
 24.16 the products transported through the pipelines nor to the lines of local commercial gas
 24.17 companies engaged primarily in the business of distributing gas products to consumers at
 24.18 retail nor to pipelines used by the owner thereof to supply ~~natural gas or other petroleum~~
 24.19 products exclusively for such owner's own consumption and not for resale to others. If
 24.20 more than 85 percent of the ~~natural gas or other petroleum~~ products actually transported
 24.21 over the pipeline is used for the owner's own consumption and not for resale to others,
 24.22 then this subdivision shall not apply; provided, however, that in that event, the pipeline
 24.23 shall be assessed in proportion to the percentage of gas products actually transported over
 24.24 such pipeline that is not used for the owner's own consumption. On or before August 1,
 24.25 the commissioner shall certify to the auditor of each county, the amount of such personal
 24.26 property assessment against each company in each district in which such property is
 24.27 located. If the commissioner determines that the amount of personal property assessment
 24.28 certified on or before August 1 is in error, the commissioner may issue a corrected
 24.29 certification on or before October 1. The commissioner may correct errors that are merely
 24.30 clerical in nature until December 31.

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

24.32 Sec. 5. Minnesota Statutes 2014, section 274.01, subdivision 1, is amended to read:

25.1 Subdivision 1. **Ordinary board; meetings, deadlines, grievances.** (a) The town
25.2 board of a town, or the council or other governing body of a city, is the local board
25.3 of appeal and equalization except (1) in cities whose charters provide for a board of
25.4 equalization or (2) in any city or town that has transferred its local board of review power
25.5 and duties to the county board as provided in subdivision 3. The county assessor shall
25.6 fix a day and time when ~~the board~~ or the local board of equalization shall meet in the
25.7 assessment districts of the county. Notwithstanding any law or city charter to the contrary,
25.8 a city board of equalization shall be referred to as a local board of appeal and equalization.
25.9 On or before February 15 of each year the assessor shall give written notice of the time
25.10 to the city or town clerk. Notwithstanding the provisions of any charter to the contrary,
25.11 the meetings must be held between April 1 and May 31 each year. The clerk shall give
25.12 published and posted notice of the meeting at least ten days before the date of the meeting.

25.13 The board shall meet either at a central location within the county or at the office of
25.14 the clerk to review the assessment and classification of property in the town or city. No
25.15 changes in valuation or classification which are intended to correct errors in judgment by
25.16 the county assessor may be made by the county assessor after the board has adjourned
25.17 in those cities or towns that hold a local board of review; however, corrections of errors
25.18 that are merely clerical in nature or changes that extend homestead treatment to property
25.19 are permitted after adjournment until the tax extension date for that assessment year. The
25.20 changes must be fully documented and maintained in the assessor's office and must be
25.21 available for review by any person. A copy of the changes made during this period in
25.22 those cities or towns that hold a local board of review must be sent to the county board no
25.23 later than December 31 of the assessment year.

25.24 (b) The board shall determine whether the taxable property in the town or city has
25.25 been properly placed on the list and properly valued by the assessor. If real or personal
25.26 property has been omitted, the board shall place it on the list with its market value, and
25.27 correct the assessment so that each tract or lot of real property, and each article, parcel,
25.28 or class of personal property, is entered on the assessment list at its market value. No
25.29 assessment of the property of any person may be raised unless the person has been
25.30 duly notified of the intent of the board to do so. On application of any person feeling
25.31 aggrieved, the board shall review the assessment or classification, or both, and correct
25.32 it as appears just. The board may not make an individual market value adjustment or
25.33 classification change that would benefit the property if the owner or other person having
25.34 control over the property has refused the assessor access to inspect the property and the
25.35 interior of any buildings or structures as provided in section 273.20. A board member
25.36 shall not participate in any actions of the board which result in market value adjustments

26.1 or classification changes to property owned by the board member, the spouse, parent,
26.2 stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew,
26.3 or niece of a board member, or property in which a board member has a financial interest.
26.4 The relationship may be by blood or marriage.

26.5 (c) A local board may reduce assessments upon petition of the taxpayer but the total
26.6 reductions must not reduce the aggregate assessment made by the county assessor by more
26.7 than one percent. If the total reductions would lower the aggregate assessments made by
26.8 the county assessor by more than one percent, none of the adjustments may be made. The
26.9 assessor shall correct any clerical errors or double assessments discovered by the board
26.10 without regard to the one percent limitation.

26.11 (d) A local board does not have authority to grant an exemption or to order property
26.12 removed from the tax rolls.

26.13 (e) A majority of the members may act at the meeting, and adjourn from day to day
26.14 until they finish hearing the cases presented. The assessor shall attend and take part in
26.15 the proceedings, but must not vote. The county assessor, or an assistant delegated by the
26.16 county assessor shall attend the meetings. The board shall list separately all omitted
26.17 property added to the list by the board and all items of property increased or decreased,
26.18 with the market value of each item of property, added or changed by the board. The
26.19 county assessor shall enter all changes made by the board.

26.20 (f) Except as provided in subdivision 3, if a person fails to appear in person, by
26.21 counsel, or by written communication before the board after being duly notified of the
26.22 board's intent to raise the assessment of the property, or if a person feeling aggrieved by an
26.23 assessment or classification fails to apply for a review of the assessment or classification,
26.24 the person may not appear before the county board of appeal and equalization for a review.
26.25 This paragraph does not apply if an assessment was made after the local board meeting, as
26.26 provided in section 273.01, or if the person can establish not having received notice of
26.27 market value at least five days before the local board meeting.

26.28 (g) The local board must complete its work and adjourn within 20 days from the
26.29 time of convening stated in the notice of the clerk, unless a longer period is approved by
26.30 the commissioner of revenue. No action taken after that date is valid. All complaints
26.31 about an assessment or classification made after the meeting of the board must be heard
26.32 and determined by the county board of equalization. A nonresident may, at any time,
26.33 before the meeting of the board file written objections to an assessment or classification
26.34 with the county assessor. The objections must be presented to the board at its meeting by
26.35 the county assessor for its consideration.

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

27.1 Sec. 6. Minnesota Statutes 2014, section 274.135, subdivision 3, is amended to read:

27.2 Subd. 3. **Proof of compliance; transfer of duties.** (a) Any county that conducts
27.3 county boards of appeal and equalization meetings must provide proof to the commissioner
27.4 by ~~December 1, 2009, and each year thereafter,~~ February 1 that it is in compliance with the
27.5 requirements of subdivision 2. ~~Beginning in 2009,~~ This notice must also verify that there
27.6 was a quorum of voting members at each meeting of the board of appeal and equalization
27.7 in the ~~current~~ previous year. A county that does not comply with these requirements is
27.8 deemed to have transferred its board of appeal and equalization powers to the special
27.9 board of equalization appointed pursuant to section 274.13, subdivision 2, beginning
27.10 with the following year's assessment and continuing unless the powers are reinstated
27.11 under paragraph (c). A county that does not comply with the requirements of subdivision
27.12 2 and has not appointed a special board of equalization shall appoint a special board of
27.13 equalization before the following year's assessment.

27.14 (b) The county shall notify the taxpayers when the board of appeal and equalization
27.15 for a county has been transferred to the special board of equalization under this subdivision
27.16 and, prior to the meeting time of the special board of equalization, the county shall make
27.17 available to those taxpayers a procedure for a review of the assessments, including, but
27.18 not limited to, open book meetings. This alternate review process must take place in
27.19 April and May.

27.20 (c) A county board whose powers are transferred to the special board of equalization
27.21 under this subdivision may be reinstated by resolution of the county board and upon proof
27.22 of compliance with the requirements of subdivision 2. The resolution and proofs must
27.23 be provided to the commissioner by ~~December~~ February 1 in order to be effective for
27.24 the ~~following~~ current year's assessment.

27.25 (d) If a person who was entitled to appeal to the county board of appeal and
27.26 equalization or to the county special board of equalization is not able to do so in a
27.27 particular year because the county board or special board did not meet the quorum and
27.28 training requirements in this section and section 274.13, or because the special board
27.29 was not appointed, that person may instead appeal to the commissioner of revenue,
27.30 provided that the appeal is received by the commissioner prior to August 1. The appeal
27.31 is not subject to either chapter 14 or section 270C.92. The commissioner must issue
27.32 an appropriate order to the county assessor in response to each timely appeal, either
27.33 upholding or changing the valuation or classification of the property. Prior to October 1 of
27.34 each year, the commissioner must charge and bill the county where the property is located
27.35 \$500 for each tax parcel covered by an order issued under this paragraph in that year.
27.36 Amounts received by the commissioner under this paragraph must be deposited in the

28.1 state's general fund. If payment of a billed amount is not received by the commissioner
28.2 before December 1 of the year when billed, the commissioner must deduct that unpaid
28.3 amount from any state aid the commissioner would otherwise pay to the county under
28.4 chapter 477A in the next year. Late payments may either be returned to the county
28.5 uncashed and undeposited or may be accepted. If a late payment is accepted, the state aid
28.6 paid to the county under chapter 477A must be adjusted within 12 months to eliminate any
28.7 reduction that occurred because the payment was late. Amounts needed to make these
28.8 adjustments are included in the appropriation under section 477A.03, subdivision 2.

28.9 **EFFECTIVE DATE.** This section is effective for county boards of appeal and
28.10 equalization meetings held in 2016 and thereafter.

28.11 Sec. 7. Minnesota Statutes 2014, section 275.065, subdivision 1, is amended to read:

28.12 Subdivision 1. **Proposed levy.** (a) Notwithstanding any law or charter to the
28.13 contrary, on or before September 30, each county and each home rule charter or statutory
28.14 city shall certify to the county auditor the proposed property tax levy for taxes payable in
28.15 the following year.

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

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

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

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

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

29.1 (e) For purposes of this section, "special taxing district" means a special taxing
 29.2 district as defined in section 275.066. Intermediate school districts that levy a tax
 29.3 under chapter 124 or 136D, joint powers boards established under sections 123A.44 to
 29.4 123A.446, and Common School Districts No. 323, Franconia, and No. 815, Prinsburg, are
 29.5 also special taxing districts for purposes of this section.

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

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

29.13 Sec. 8. Minnesota Statutes 2014, section 282.01, subdivision 1a, is amended to read:

29.14 Subd. 1a. **Conveyance to public entities.** (a) Upon written request from a state
 29.15 agency or a governmental subdivision of the state, a parcel of unsold tax-forfeited land
 29.16 must be withheld from sale or lease to others for a maximum of six months. The request
 29.17 must be submitted to the county auditor. Upon receipt, the county auditor must withhold
 29.18 the parcel from sale or lease to any other party for six months, and must confirm the
 29.19 starting date of the six-month withholding period to the requesting agency or subdivision.
 29.20 If the request is from a governmental subdivision of the state, the governmental
 29.21 subdivision must pay the maintenance costs incurred by the county during the period the
 29.22 parcel is withheld. The county board may approve a sale or conveyance to the requesting
 29.23 party during the withholding period. A conveyance of the property to the requesting
 29.24 party terminates the withholding period.

29.25 A governmental subdivision of the state must not make, and a county auditor must
 29.26 not act upon, a second request to withhold a parcel from sale or lease within 18 months
 29.27 of a previous request for that parcel. A county may reject a request made under this
 29.28 paragraph if the request is made more than 30 days after the county has given notice to the
 29.29 requesting state agency or governmental subdivision of the state that the county intends to
 29.30 sell or otherwise dispose of the property.

29.31 (b) Nonconservation tax-forfeited lands may be sold by the county board, for
 29.32 their market value as determined by the county board, to an organized or incorporated
 29.33 governmental subdivision of the state for any public purpose for which the subdivision is
 29.34 authorized to acquire property. When the term "market value" is used in this section, it
 29.35 means an estimate of the full and actual market value of the parcel as determined by the

30.1 county board, but in making this determination, the board and the persons employed by or
 30.2 under contract with the board in order to perform, conduct, or assist in the determination,
 30.3 are exempt from the licensure requirements of chapter 82B.

30.4 (c) Nonconservation tax-forfeited lands may be ~~released from the trust in favor of~~
 30.5 ~~the taxing districts on application to~~ sold by the county board by, for their market value as
 30.6 determined by the county board, to a state agency for an authorized use at not less than
 30.7 ~~their market value as determined by the county board~~ any public purpose for which the
 30.8 agency is authorized to acquire property.

30.9 (d) Nonconservation tax-forfeited lands may be sold by the county board to an
 30.10 organized or incorporated governmental subdivision of the state or state agency for less
 30.11 than their market value if:

30.12 (1) the county board determines that a sale at a reduced price is in the public interest
 30.13 because a reduced price is necessary to provide an incentive to correct the blighted
 30.14 conditions that make the lands undesirable in the open market, or the reduced price will
 30.15 lead to the development of affordable housing; and

30.16 (2) the governmental subdivision or state agency has documented its specific plans
 30.17 for correcting the blighted conditions or developing affordable housing, and the specific
 30.18 law or laws that empower it to acquire real property in furtherance of the plans.

30.19 If the sale under this paragraph is to a governmental subdivision of the state, the
 30.20 commissioner of revenue must convey the property on behalf of the state by quitclaim
 30.21 deed. If the sale under this paragraph is to a state agency, the property is released from
 30.22 the trust in favor of the taxing districts and the commissioner of revenue must issue a
 30.23 ~~conveyance document that releases the property from the trust in favor of the taxing~~
 30.24 ~~districts~~ convey the property on behalf of the state by quitclaim deed to the agency.

30.25 (e) Nonconservation tax-forfeited land held in trust in favor of the taxing districts
 30.26 may be conveyed by the commissioner of revenue in the name of the state to a
 30.27 governmental subdivision for an authorized public use, if an application is submitted to the
 30.28 commissioner which includes a statement of facts as to the use to be made of the tract and
 30.29 the favorable recommendation of the county board. For the purposes of this paragraph,
 30.30 "authorized public use" means a use that allows an indefinite segment of the public to
 30.31 physically use and enjoy the property in numbers appropriate to its size and use, or is for a
 30.32 public service facility. Authorized public uses as defined in this paragraph are limited to:

30.33 (1) a road, or right-of-way for a road;

30.34 (2) a park that is both available to, and accessible by, the public that contains
 30.35 improvements such as campgrounds, playgrounds, athletic fields, trails, or shelters;

31.1 (3) trails for walking, bicycling, snowmobiling, or other recreational purposes, along
31.2 with a reasonable amount of surrounding land maintained in its natural state;

31.3 (4) transit facilities for buses, light rail transit, commuter rail or passenger rail,
31.4 including transit ways, park-and-ride lots, transit stations, maintenance and garage
31.5 facilities, and other facilities related to a public transit system;

31.6 (5) public beaches or boat launches;

31.7 (6) public parking;

31.8 (7) civic recreation or conference facilities; and

31.9 (8) public service facilities such as fire halls, police stations, lift stations, water
31.10 towers, sanitation facilities, water treatment facilities, and administrative offices.

31.11 No monetary compensation or consideration is required for the conveyance, except as
31.12 provided in subdivision 1g, but the conveyance is subject to the conditions provided in
31.13 law, including, but not limited to, the reversion provisions of subdivisions 1c and 1d.

31.14 (f) The commissioner of revenue shall convey a parcel of nonconservation
31.15 tax-forfeited land to a local governmental subdivision of the state by quitclaim deed
31.16 on behalf of the state upon the favorable recommendation of the county board if the
31.17 governmental subdivision has certified to the board that prior to forfeiture the subdivision
31.18 was entitled to the parcel under a written development agreement or instrument, but
31.19 the conveyance failed to occur prior to forfeiture. No compensation or consideration is
31.20 required for, and no conditions attach to, the conveyance.

31.21 (g) The commissioner of revenue shall convey a parcel of nonconservation
31.22 tax-forfeited land to the association of a common interest community by quitclaim deed
31.23 upon the favorable recommendation of the county board if the association certifies to the
31.24 board that prior to forfeiture the association was entitled to the parcel under a written
31.25 agreement, but the conveyance failed to occur prior to forfeiture. No compensation or
31.26 consideration is required for, and no conditions attach to, the conveyance.

31.27 (h) Conservation tax-forfeited land may be sold to a governmental subdivision of
31.28 the state for less than its market value for either: (1) creation or preservation of wetlands;
31.29 (2) drainage or storage of storm water under a storm water management plan; or (3)
31.30 preservation, or restoration and preservation, of the land in its natural state. The deed must
31.31 contain a restrictive covenant limiting the use of the land to one of these purposes for
31.32 30 years or until the property is reconveyed back to the state in trust. At any time, the
31.33 governmental subdivision may reconvey the property to the state in trust for the taxing
31.34 districts. The deed of reconveyance is subject to approval by the commissioner of revenue.
31.35 No part of a purchase price determined under this paragraph shall be refunded upon a
31.36 reconveyance, but the amount paid for a conveyance under this paragraph may be taken

32.1 into account by the county board when setting the terms of a future sale of the same
 32.2 property to the same governmental subdivision under paragraph (b) or (d). If the lands
 32.3 are unplatted and located outside of an incorporated municipality and the commissioner
 32.4 of natural resources determines there is a mineral use potential, the sale is subject to the
 32.5 approval of the commissioner of natural resources.

32.6 (i) A park and recreation board in a city of the first class is a governmental
 32.7 subdivision for the purposes of this section.

32.8 (j) Tax-forfeited land held in trust in favor of the taxing districts may be conveyed
 32.9 by the commissioner of revenue in the name of the state to a governmental subdivision for
 32.10 a school forest under section 89.41. An application that includes a statement of facts as
 32.11 to the use to be made of the tract and the favorable recommendation of the county board
 32.12 and the commissioner of natural resources must be submitted to the commissioner of
 32.13 revenue. No monetary compensation or consideration is required for the conveyance, but
 32.14 the conveyance is subject to the conditional use and reversion provisions of subdivisions
 32.15 1c and 1d, paragraph (e). At any time, the governmental subdivision may reconvey the
 32.16 property back to the state in trust for the taxing districts. The deed of reconveyance is
 32.17 subject to approval by the commissioner of revenue.

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

32.19 Sec. 9. Minnesota Statutes 2014, section 282.01, subdivision 1d, is amended to read:

32.20 Subd. 1d. **Reverter for failure to use; conveyance to state.** (a) After three years
 32.21 from the date of any conveyance of tax-forfeited land to a governmental subdivision for
 32.22 an authorized public use as provided in this section, regardless of when the deed for the
 32.23 authorized public use was executed, if the governmental subdivision has failed to put the
 32.24 land to that use, or abandons that use, the governing body of the subdivision must: (1)
 32.25 with the approval of the county board, purchase the property for an authorized public
 32.26 purpose at the present market value as determined by the county board, or (2) authorize
 32.27 the proper officers to convey the land, or the part of the land not required for an authorized
 32.28 public use, to the state of Minnesota in trust for the taxing districts. If the governing body
 32.29 purchases the property under clause (1), the commissioner of revenue shall, upon proper
 32.30 application submitted by the county auditor and upon the reconveyance of the land subject
 32.31 to the conditional use deed to the state, convey the property on behalf of the state by
 32.32 quitclaim deed to the subdivision free of a use restriction and the possibility of reversion
 32.33 or defeasement. If the governing body decides to reconvey the property to the state under
 32.34 this clause, the officers shall execute a deed of conveyance immediately. The conveyance
 32.35 is subject to the approval of the commissioner and its form must be approved by the

33.1 attorney general. For 15 years from the date of the conveyance, there is no failure to put
33.2 the land to the authorized public use and no abandonment of that use if a formal plan of
33.3 the governmental subdivision, including, but not limited to, a comprehensive plan or land
33.4 use plan, shows an intended future use of the land for the authorized public use.

33.5 (b) Property held by a governmental subdivision of the state under a conditional use
33.6 deed executed under this section by the commissioner of revenue on or after January 1,
33.7 2007, may be acquired by that governmental subdivision after 15 years from the date
33.8 of the conveyance if the commissioner determines upon written application from the
33.9 subdivision that the subdivision has in fact put the property to the authorized public use for
33.10 which it was conveyed, and the subdivision has made a finding that it has no current plans
33.11 to change the use of the lands. Prior to conveying the property, the commissioner shall
33.12 inquire whether the county board where the land is located objects to a conveyance of the
33.13 property to the subdivision without conditions and without further act by or obligation
33.14 of the subdivision. If the county does not object within 60 days, and the commissioner
33.15 makes a favorable determination, the commissioner shall issue a quitclaim deed on behalf
33.16 of the state unconditionally conveying the property to the governmental subdivision. For
33.17 purposes of this paragraph, demonstration of an intended future use for the authorized
33.18 public use in a formal plan of the governmental subdivision does not constitute use for
33.19 that authorized public use.

33.20 (c) Property held by a governmental subdivision of the state under a conditional use
33.21 deed executed under this section by the commissioner of revenue before January 1, 2007,
33.22 is released from the use restriction and possibility of reversion on January 1, 2022, if the
33.23 county board records a resolution describing the land and citing this paragraph. The
33.24 county board may authorize the county treasurer to deduct the amount of the recording
33.25 fees from future settlements of property taxes to the subdivision.

33.26 (d) Except for tax-forfeited land conveyed to establish a school forest under section
33.27 89.41, property conveyed under a conditional use deed executed under this section by
33.28 the commissioner of revenue, regardless of when the deed for the authorized public use
33.29 was executed, is released from the use restriction and reverter, and any use restriction or
33.30 reverter for which no declaration of reversion has been recorded with the county recorder
33.31 or registrar of titles, as appropriate, is nullified on the later of: (1) January 1, 2015; (2) 30
33.32 years from the date the deed was acknowledged; or (3) final resolution of an appeal to
33.33 district court under subdivision 1e, if a lis pendens related to the appeal is recorded in the
33.34 office of the county recorder or registrar of titles, as appropriate, prior to January 1, 2015.

33.35 (e) Notwithstanding paragraphs (a) to (d), tax-forfeited land conveyed to establish a
33.36 school forest under section 89.41 is subject to a perpetual conditional use deed and reverter.

34.1 The property reverts to the state in trust for the taxing districts by operation of law if the
 34.2 commissioner of natural resources determines and reports to the commissioner of revenue
 34.3 under section 89.41, subdivision 3, that the governmental subdivision has failed to use the
 34.4 land for school forest purposes for three consecutive years. The commissioner of revenue
 34.5 shall record a declaration of reversion for land that has reverted under this paragraph.

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

34.7 Sec. 10. Laws 2014, chapter 308, article 9, section 94, is amended to read:

34.8 Sec. 94. **REPEALER.**

34.9 (a) Minnesota Statutes 2012, sections 273.1398, subdivision 4b; 290.01, subdivision
 34.10 19e; 290.0674, subdivision 3; 290.191, subdivision 4; and 290.33, and Minnesota Rules,
 34.11 part 8007.0200, are repealed.

34.12 (b) Minnesota Statutes 2012, sections 16D.02, subdivisions 5 and 8; 16D.11,
 34.13 subdivision 2; 270C.53; 270C.991, subdivision 4; 272.02, subdivisions 1, 1a, 43, 48, 51,
 34.14 53, 67, 72, and 82; ~~272.027, subdivision 2~~; 272.031; 273.015, subdivision 1; 273.03,
 34.15 subdivision 3; 273.075; 273.13, subdivision 21a; 273.1383; 273.1386; 273.80; 275.77;
 34.16 279.32; 281.173, subdivision 8; 281.174, subdivision 8; 281.328; 282.10; 282.23; 287.20,
 34.17 subdivision 4; 287.27, subdivision 2; 290.01, subdivisions 4b and 20e; 295.52, subdivision
 34.18 7; 297A.666; 297A.71, subdivisions 4, 5, 7, 9, 10, 17, 18, 20, 32, and 41; 297F.08,
 34.19 subdivision 11; 297H.10, subdivision 2; 469.174, subdivision 10c; 469.175, subdivision
 34.20 2b; 469.176, subdivision 1i; 469.177, subdivision 10; 477A.0124, subdivisions 1 and 6;
 34.21 and 505.173, Minnesota Statutes 2013 Supplement, section 273.1103, Laws 1993, chapter
 34.22 375, article 9, section 47, and Minnesota Rules, parts 8002.0200, subpart 8; 8100.0800;
 34.23 and 8130.7500, subpart 7, are repealed.

34.24 (c) Minnesota Statutes 2012, section 469.1764, is repealed.

34.25 (d) Minnesota Statutes 2012, sections 289A.56, subdivision 7; 297A.68, subdivision
 34.26 38; 469.330; 469.331; 469.332; 469.333; 469.334; 469.335; 469.336; 469.337; 469.338;
 34.27 469.339; 469.340, subdivisions 1, 2, 3, and 5; and 469.341, and Minnesota Statutes 2013
 34.28 Supplement, section 469.340, subdivision 4, are repealed.

34.29 (e) Minnesota Statutes 2012, section 290.06, subdivisions 30 and 31, are repealed.

34.30 Sec. 11. **REVIVAL AND REENACTMENT.**

34.31 Pursuant to Minnesota Statutes, section 645.36, section 272.027, subdivision 2, is
 34.32 revived and reenacted effective retroactively from May 20, 2014.

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

35.1 Sec. 12. **REPEALER.**35.2 Minnesota Statutes 2014, sections 273.111, subdivision 9a; and 281.22, are repealed.35.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.35.4 **ARTICLE 5**35.5 **MISCELLANEOUS**

35.6 Section 1. Minnesota Statutes 2014, section 270A.03, subdivision 5, is amended to read:

35.7 Subd. 5. **Debt.** (a) "Debt" means a legal obligation of a natural person to pay a fixed
 35.8 and certain amount of money, which equals or exceeds \$25 and which is due and payable
 35.9 to a claimant agency. The term includes criminal fines imposed under section 609.10 or
 35.10 609.125, fines imposed for petty misdemeanors as defined in section 609.02, subdivision
 35.11 4a, and restitution. A debt may arise under a contractual or statutory obligation, a court
 35.12 order, or other legal obligation, but need not have been reduced to judgment.

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

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

- 35.22 (1) for an unmarried debtor, an income of ~~\$8,800~~ \$12,360 or less;
- 35.23 (2) for a debtor with one dependent, an income of ~~\$11,270~~ \$15,830 or less;
- 35.24 (3) for a debtor with two dependents, an income of ~~\$13,330~~ \$18,730 or less;
- 35.25 (4) for a debtor with three dependents, an income of ~~\$15,120~~ \$21,240 or less;
- 35.26 (5) for a debtor with four dependents, an income of ~~\$15,950~~ \$22,410 or less; and
- 35.27 (6) for a debtor with five or more dependents, an income of ~~\$16,630~~ \$23,360 or less.

35.28 For purposes of this paragraph, "debtor" means the individual whose income,
 35.29 together with the income of the individual's spouse if domiciled in the same household,
 35.30 brings the individual within the income provisions of this paragraph. For purposes of this
 35.31 paragraph, a spouse domiciled in the same household shall be considered a dependent.

35.32 (c) The commissioner shall adjust the income amounts in paragraph (b) by the
 35.33 percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue
 35.34 Code, except that in section 1(f)(3)(B) the word "~~1999~~ 2014" shall be substituted for

36.1 the word "1992." For ~~2001~~ 2015, the commissioner shall then determine the percent
 36.2 change from the 12 months ending on August 31, ~~1999~~ 2014, to the 12 months ending on
 36.3 August 31, ~~2000~~ 2014, and in each subsequent year, from the 12 months ending on August
 36.4 31, ~~1999~~ 2014, to the 12 months ending on August 31 of the year preceding the taxable
 36.5 year. The determination of the commissioner pursuant to this subdivision shall not be
 36.6 considered a "rule" and shall not be subject to the Administrative Procedure Act contained
 36.7 in chapter 14. The income amount as adjusted must be rounded to the nearest \$10 amount.
 36.8 If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount.

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

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

36.12 Sec. 2. Minnesota Statutes 2014, section 270C.35, is amended by adding a subdivision
 36.13 to read:

36.14 **Subd. 11. Dismissal of administrative appeal.** If a taxpayer files an administrative
 36.15 appeal for an order of the commissioner and also files an appeal to the Tax Court for
 36.16 that same order of the commissioner, the administrative appeal is dismissed and the
 36.17 commissioner is no longer required to make a determination of appeal under subdivision 6.

36.18 **EFFECTIVE DATE.** This section is effective for all administrative appeals filed
 36.19 after June 30, 2015.

36.20 Sec. 3. Minnesota Statutes 2014, section 270C.72, subdivision 4, is amended to read:

36.21 **Subd. 4. Licensing authority; duties.** All licensing authorities must require
 36.22 the applicant to provide the applicant's Social Security number or individual taxpayer
 36.23 identification number and Minnesota business identification number, as applicable, on
 36.24 all license applications. Upon request of the commissioner, the licensing authority
 36.25 must provide the commissioner with a list of all applicants, including the name,
 36.26 address, business name and address, and Social Security number; or individual taxpayer
 36.27 identification number and business identification number, as applicable, of each applicant.
 36.28 The commissioner may request from a licensing authority a list of the applicants no more
 36.29 than once each calendar year.

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

APPENDIX
Article locations in 15-0072

	INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES;	
ARTICLE 1	ESTATE TAXES	Page.Ln 1.18
ARTICLE 2	SALES AND USE TAXES	Page.Ln 14.17
ARTICLE 3	SPECIAL TAXES	Page.Ln 17.3
ARTICLE 4	PROPERTY TAXES	Page.Ln 22.4
ARTICLE 5	MISCELLANEOUS	Page.Ln 35.4

273.111 AGRICULTURAL PROPERTY TAX.

Subd. 9a. **Cross-compliance with agricultural chemical and water laws.** (a) A parcel of property enrolled under this section whose owner is subject to two or more final enforcement actions for violations of chapter 18B, 18C, 18D, 103E, 103F, 103G, or 103H, or any rule adopted under those chapters, including but not limited to the agricultural shoreland use standards in Minnesota Rules, chapter 6120, occurring on the parcel, shall be subject to a property tax penalty as defined in this subdivision.

(b) For the purposes of this subdivision, "final enforcement action" means any administrative, civil, or criminal penalty other than a verbal or written warning. An enforcement action is not final until any time period for corrective action has expired, and until the completion or expiration of any applicable review or appeal procedure or period provided by law.

(c) The first time a final enforcement action is taken based on a violation occurring on a parcel enrolled under this section, the owner must be notified that if a second final enforcement action is issued, the property is subject to a property tax penalty, as defined in this subdivision.

(d) When a second final enforcement action is taken based on a violation occurring on a parcel enrolled under this section within three years from the first violation, the law enforcement officer or other person enforcing the law or rule must notify the county auditor. The auditor must then determine the property tax penalty, equal to the deferred taxes on the parcel for the current year and the two previous years, but not to exceed the current owner's time of ownership, and extend the penalty against the property on the tax list for the current year, provided that no interest or penalties shall be levied on the penalty if timely paid. The penalty levied under this subdivision is in addition to any additional taxes levied under subdivision 9 at the time a property is withdrawn from the program.

281.22 COUNTY AUDITOR TO GIVE NOTICE.

In case any parcel of land bid in for the state at any tax judgment sale heretofore held has not been sold or assigned to an actual purchaser by one year before the expiration of the stated period of redemption of such parcel, it shall be the duty of the county auditor thereupon forthwith to give notice of expiration of the time for redemption of such parcel, as herein provided. Such notice shall be given and all other things done with respect to all such parcels, as provided by section 281.23, except that the notice shall state that the time for redemption will expire one year after service of notice and the filing of proof thereof, instead of 60 days. Otherwise, all the provisions of section 281.23 shall apply to and govern the corresponding matters under this section.

The time for redemption of any parcel of land as to which notice of expiration has been given, as provided in this section, shall expire one year after the giving of such notice and the filing of proof thereof in the office of the county auditor, unless such parcel shall theretofore be assigned to an actual purchaser, as herein provided.

8092.2000 CONTRACTS WITH STATE; WITHHOLDING; CERTIFICATION.

Minnesota Statutes, section 270C.66 provides that no department of the state of Minnesota nor any political or governmental subdivision thereof shall make final settlement with any contractor, under a contract requiring the employment of employees for wages by said contractor, until satisfactory showing is furnished to said department or governmental subdivision that the contractor in question has complied with the withholding provisions of Minnesota Statutes, section 290.92. The statute further provides that a certificate issued by the commissioner of revenue shall satisfy this requirement.

The provisions of the statute are prospective in their effect and apply only to contracts executed after April 7, 1961. To facilitate the obtaining of the certification provided for by Minnesota Statutes, section 270C.66 the commissioner has made available form IC134. This form is in two parts, the first section thereof is in the form of an affidavit to be executed by a prime contractor or subcontractor and the second portion thereof is the commissioner's certification. The affidavit portion of the form in any event requires that certain identifying information be set forth by the affiant such as the name of the contractor, the address, withholding identification number, the number of the contract or contracts involved and the name of the department of the state or governmental subdivision with whom the contractor has contracted. The affidavit itself is divided into two parts A and B and it is intended that part A will be executed by both a prime contractor or subcontractor with respect to the employees of such prime contractor or subcontractor.

Part B of said affidavit is to be executed only by a prime contractor who has utilized subcontractors in completing a contract with the state or governmental subdivision thereof. In such a case it is contemplated that each subcontractor will execute part A of the affidavit on form IC134 and obtain from the commissioner certification with respect to such subcontractor's own employees. This copy of form IC134 certified to with respect to the subcontractor's employees will be given to the prime contractor who should keep such affidavit and certification in the prime contractor's own files. When the prime contractor has received such an affidavit and certification from all of the subcontractors on the contract, the prime contractor will then be in a position to execute part B of the affidavit as well as part A and obtain a certification from the commissioner as to the prime contractor's own employees. This form IC134, when both parts A and B have been executed by the prime contractor and certified to by the commissioner, should then be delivered to the department or governmental subdivision in satisfaction of the requirements of Minnesota Statutes, section 270C.66.

The withholding section of the Department of Revenue will process these affidavits and any requests for form IC134 or inquiries relative to their use and application should be directed to this part.