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Senate

State of Minnesota

H.F. No. 3669 – Omnibus tax bill (as proposed to be amended by the SCH3669A-1 delete everything amendment)

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Date: May 8, 2022

ARTICLE 1: FEDERAL UPDATE

Section 1. Internal Revenue Code. Updates the reference date for the definition of “Internal Revenue Code” in the tax administration chapter. Effective the day following final enactment, except that changes incorporated by federal changes are effective retroactively at the same time the changes were effective for federal purposes, but are subject to the applicable provisions of section 20.

Section 2. Composite income tax returns for nonresident partners, shareholders, and beneficiaries. Updates cross references to the composite income definition for modifications to Minnesota conformity in later sections to meals expensing, the special limited adjustment, and delayed business interest. Effective beginning in tax year 2022.

Section 3. Net income. Updates the reference date for the Internal Revenue Code for purposes of the definition of net income. Effective the day following final enactment, except that changes incorporated by federal changes are effective retroactively at the same time the changes were effective for federal purposes, but are subject to the applicable provisions of section 20.

Section 4. Internal Revenue Code. Updates the reference date for the definition of “Internal Revenue Code” in the income and corporate franchise tax chapter. Effective the day following final enactment, except that changes incorporated by federal changes are effective retroactively at the same time the changes were effective for federal purposes, but are subject to the applicable provisions of section 20.

In updating the reference date for the definition of “Internal Revenue Code” and for purposes of the definition in calculation net income, the bill conforms to the following federal provisions:

Further Consolidated Appropriations Act, 2019

- Expansion of allowable uses of section 529 plans to include payments for certain student loans and apprenticeship programs (beginning with distributions in 2019); and
- Seven-year depreciation schedule for motorsports entertainment complexes (2018-2020).

CARES Act, 2020

- Increased limit on for qualifying contributions of food inventory in 2020 from 15 percent to 25 percent of modified income (2020 only);
- Inclusion of certain over the counter medical products as qualified medical expenses (2020 only); and
- Increased limit on charitable deduction for corporations from 10 percent of modified income to 25 percent (2020 only)

Consolidated Appropriations Act,

- Exclusion from gross income of discharge of indebtedness on qualified principal residence (2021-2025)
- Exclusion from gross income of certain state payments to volunteer firefighters and emergency responders (2021)
- Exclusion of up to \$5,250 for employer payments of employee student loans (2021-2025);
- Up to \$300 (\$600 MFJ) above the line deduction for cash charitable contributions made by nonitemizers (2021 only);
- Increased limitation of deduction for individuals for cash charitable contributions from 60 percent of modified income to 100 percent and from 10 percent of modified income to 25 percent (2021 only);
- Exclusion from gross income of Small Business Administration loans (2021 only);
- Exclusion from gross income of Shuttered Venue Grants (2021 only);
- Seven-year depreciation schedule for motorsports entertainment complexes (2021-2025).
- Accelerated depreciation for business property on Indian reservations (2021);
- Allowance of depreciation of certain residential rental property over 30 years instead of 40 years (2018);
- Special expensing rules for certain film, television, and live theatrical productions to allow immediate deduction of up to \$15 million in production costs in the tax year incurred; \$20 million allowed for productions produced in certain low-income and distressed communities (2021-2025);
- Energy-efficient commercial building deduction (2021 only);

- Special rule for the production period for beer, wine and distilled spirits (2021);
- Special rules for disaster-related use of retirement funds (2021-2022);
- Special rules for disaster-related personal casualty losses (2020); and
- Special rules for contributions made by corporations to allow a deduction of up to 100 percent of taxable income made to qualifying charities in a qualified disaster area (2021-2022).

American Rescue Plan Act, 2021

- Increase amount of maximum investment income to qualify for the earned income tax credit (and therefore the working family credit) (2021);
- Increase exclusion amount for employer-provided dependent care assistance (2021 only);
- Exclusion from gross income for forgiven student loans (2021-2025);
- Extension of limitation on excess business losses for noncorporate taxpayers (2026 only);
- Exclusion from gross income of EIDL advances (2021 only);
- Exclusion from gross income of restaurant revitalization grants (2021 only);
- Repeal of worldwide interest allocation rules (2021); and
- Denial of deduction for certain highly compensated executives (2027).

Infrastructure Investment and Jobs Act, 2021

- Allow tax-exempt private activity bonds for qualified broadband projects (2022);
- Allow tax-exempt private activity bonds for funding carbon capture technologies projects (2022); and
- Modification of tax treatment of contributions to capital of corporations to exclude contributions to a regulated public utility for water or sewage disposal services (2021 only).

Section 5. Amount for dependents. Specifies that taxpayers must use earned income from the current taxable year for purposes of calculating the standard deduction for dependents. Effective retroactively to tax year 2018.

Section 6. Meal expenses. Requires an addback for individual filers of the amount in excess of the 50 percent limitation for meal expenses that was taken for federal income tax purposes. Effective beginning in tax year 2022.

Section 7. Special limited adjustment. Requires an addback of the nonconformity adjustment in section 20 for individual filers if the amount calculated increases net income. Requires partners, shareholder, or beneficiaries who file returns on a calendar year basis and received an addition from a PTE filing a return on a fiscal year basis to claim the addition in the taxable year it is received as required for federal tax purposes. Effective for tax years 2022 and 2023.

Section 8. Net operating losses. Provides a subtraction for individual filers for a net operating loss carryover or carryback arising in tax years 2018 to 2019, to the extent that it would have been allowed for federal income tax purposes under the Internal Revenue Code as amended through December 31, 2018 (Minnesota's IRC reference date under current law). The subtraction equals the lesser of the unused portion of the net operating loss to the extent not already deducted or to 80 percent of taxable net income in a single taxable year. Effective beginning in tax year 2022.

Section 9. Special limited adjustment. Provides a subtraction of the nonconformity adjustment in section 20 for individual filers if the amount calculated increases net income. Requires partners, shareholder, or beneficiaries who file returns on a calendar year basis and received a subtraction from a PTE filing a return on a fiscal year basis to claim the subtraction in the taxable year it is received as required for federal tax purposes. Effective for tax years 2022 and 2023.

Section 10. Delayed business interest. Allows a subtraction for individual filers equal to one-fifth of the adjustment amount, to the extent not already deducted, for the exclusion in section 20 from the nonconformity adjustment of the CARES Act temporary increase in the deduction for delayed business interest. Effective beginning in tax year 2022.

Section 11. Meal expenses. Requires an addback for corporate filers of the amount in excess of the 50 percent limitation for meal expenses that was taken for federal income tax purposes. Effective beginning in tax year 2022.

Section 12. Special limited adjustment. Requires an addback of the nonconformity adjustment in section 20 for corporate filers if the amount calculated increases net income. Effective for tax years 2022 and 2023. Requires partners, shareholder, or beneficiaries who file returns on a calendar year basis and received an addition from a PTE filing a return on a fiscal year basis to claim the subtraction in the taxable year it is received as required for federal tax purposes. Effective for tax years 2022 and 2023.

Section 13. Special limited adjustment. Provides a subtraction of the nonconformity adjustment in section 20 for corporate filers if the amount calculated increases net income. Requires partners, shareholder, or beneficiaries who file returns on a calendar year basis and received a subtraction from a PTE filing a return on a fiscal year basis to claim the subtraction in the taxable year it is received as required for federal tax purposes. Effective for tax years 2022 and 2023.

Section 14. Delayed business interest. Allows a subtraction for individual filers equal to one-fifth of the adjustment amount, to the extent not already deducted, for the exclusion in section 20 from the nonconformity adjustment of the CARES Act temporary increase in the deduction for delayed business interest. Effective beginning in tax year 2022.

Section 15. Schedules of rates for individuals, estates, and trusts. Updates cross references for purposes of calculating nonresident income tax to include modifications to Minnesota conformity in later sections to meals expensing, the special limited adjustment, and delayed business interest. Effective beginning in tax year 2022.

Section 16. Definitions. Specifies that taxpayers must use earned income from the current taxable year for purposes of the working family credit. Effective retroactively to tax year 2018.

Section 17. Definitions. Specifies that taxpayers must use earned income from the current taxable year for purposes of the marriage penalty credit. Effective retroactively to tax year 2018.

Section 18. Definitions. Updates cross references for purposes of calculating AMT to include modifications to Minnesota conformity in later sections to meals expensing, the special limited adjustment, and delayed business interest. Effective beginning in tax year 2022.

Section 19. Carryback or carryover adjustments. Provides that a net operating loss carryover or carryback arising in taxable years beginning after December 31, 2017, and before December 31, 2020, is allowed to the extent it would have been allowed for federal income tax purposes under the Internal Revenue Code as amended through December 31, 2018. The unused portion of the net operating loss, to the extent not already deducted, must be carried to the earliest taxable year and any unused portion may be carried forward for 20 taxable years. The portion of the loss that may be carried to each of the other taxable years is the excess, if any, of the amount of the loss over the greater of taxable net income or AMT income for each of the taxable years to which the loss may be carried. Effective retroactively for losses arising in taxable years 2018 to 2019.

Section 20. Special limited adjustment. Provides new rules for the special limited adjustment for nonconformity to the Internal Revenue Code for tax years 2017 to 2021 resulting from the amount calculated through the amendments to the income tax chapter as of the 2021 First Special Session omnibus tax bill and the amount calculated under the income tax chapter incorporating changes to the Internal Revenue Code as amended through November 15, 2021.

The nonconformity adjustment is allowed only to the extent the taxpayer reported a nonconformity adjustment on their return in tax years beginning in 2017 and ending in 2021 and to the extent allowed under this section.

The adjustment does not include the following federal changes, but the bill conforms to the provisions:

- Exclusion from gross income of discharge of qualified principal residence indebtedness (TYs 2021-2025);
- Special rules for disaster-related personal casualty losses (TY 2020), allowing individuals who have a net disaster loss related to a non-COVID federally declared disaster after December 31, 2019, through 60 days after December 27, 2020, to increase their standard deduction amount by the amount of the net disaster loss. The limit for each casualty is increased from \$100 limit casualty is to \$500, the 10 percent of AGI limit is waived.
- Modification of treatment of student loan forgiveness (TY 2021-2025), allowing the amount of forgiven student loan indebtedness to be excluded from gross income.

The nonconformity adjustment equals the difference between FAGI (for individual taxpayers) and FTI (for all other taxpayers) resulting from the amount calculated through the amendments to the income tax chapter as of the 2021 First Special Session omnibus tax bill and the amount calculated under the income tax chapter incorporating changes to the Internal Revenue Code as amended through November 15, 2021, but does not include impacts to state credits. The nonconformity adjustment excludes the following provisions:

Taxpayer Certainty and Disaster Relief Act (TCdra), 2019:

- Deduction of qualified tuition and related expenses (2018-2020); and
- Employee retention credit for employers affected by qualified disasters (disasters declared after January 1, 2019, and 61 days before December 20, 2019).

Families First Coronavirus Response Act (FFCRA), 2020:

- Payroll credit for required paid sick leave (2020); and
- Payroll credit for required paid family leave (2020).

CARES Act, 2020

- Up to \$300 above the line deduction for cash charitable contributions made by nonitemizers (2020);
- Temporary lift of the cap on deductibility of individual annual giving from 10 percent of AGI to 25 percent for cash contributions (2020)
- Exclusion of up to \$5,250 of employer payments of employees' student loans (2020)
- Employee retention credit (2020);
- Modifications for net operating losses, including allowance of retroactive NOL carrybacks and suspension of 80% limit (losses arising in tax years beginning in 2017 and before 2021);
- Temporary suspension of limitation on losses for taxpayers other than corporations (2018-2020); and
- Temporary increase from 30 percent of adjusted taxable income to 50 percent for the limitation on the business interest deduction (except for partnerships) (2018-2020).

Taxpayer Certainty and Disaster Relief Act, 2020

- Extension and modification of CARES Act employee retention and rehiring tax credit (wages paid after December 31, 2020 and before July 1, 2021);
- Temporary allowance of full deduction for business meals (2021-2022);
- Employee retention credit for employers affected by qualified disasters other than COVID-19 (disasters declared after December 31, 2019 and 60 days after December 27, 2020);

American Rescue Plan Act, 2021

- Employer payroll tax credit for providing COBRA continuation coverage (April 1, 2021 to September 30, 2021);
- Refundability and enhancement of child and dependent care credit (2021);
- Sick and family leave payroll tax credit (leave taken after March 31, 2021 and before September 30, 2021); and
- Extension of employee retention credit (wages paid after June 30, 2021, and before January 1, 2022).

Effective retroactively to taxable years beginning after December 31, 2017, and before January 1, 2024.

Section 21. Internal Revenue Code. Updates the reference date for the definition of “Internal Revenue Code” in the property tax refund chapter. Effective for property tax refunds based on property taxes payable in 2022 and rent paid in 2021 and thereafter.

Section 22. Scope. Updates the reference date for the definition of “Internal Revenue Code” in the estate tax chapter. Effective the day following final enactment, except that changes incorporated by federal changes are effective retroactively at the same time the changes were effective for federal purposes.

ARTICLE 2: INCOME, CORPORATE FRANCHISE, AND ESTATE TAXES

Section 1. Credit allowed. Allocates an additional \$7 million for the angel investment credit for tax year 2022. Effective for tax year 2022.

Section 2. New markets tax credit.

Subd. 1. Definitions. Defines terms applicable to the credit. In pertinent part:

Applicable percentage means zero percent for the first two credit allowance dates and ten percent for each of the following five years thereafter.

CDFI Fund means the Community Development Financial Institutions Fund established in the U.S. Treasury, which administers the federal new markets tax credit.

Commissioner means the commissioner of employment and economic development.

Credit allowance date means the date on which a qualified equity investment is made and each of the six anniversary dates thereafter.

Greater Minnesota aggregate credit amount means \$50 million of credits allowed to certified qualified equity investments in greater Minnesota.

Greater Minnesota allocation means \$100 million awarded for investment in qualified active low-income community businesses with principal operations in a greater Minnesota county.

Greater Minnesota county means any county that is not a metropolitan county.

Metropolitan aggregate credit amount means \$50 million of credits allowed to certified qualified equity investments in the metropolitan area.

Metropolitan allocation means \$100 million awarded for investment in qualified active low-income community businesses with principal operations in a metropolitan county.

Metropolitan county means Anoka, Carver, Dakota, Hennepin, Ramsey, Scott or Washington county.

Qualified active low-income community business means a corporation or partnership:

- that derives at least 50 percent of its gross income from the active conduct of the business in a low-income community;
- that uses a substantial portion of the entity's tangible property within a low-income community;
- whose employees perform a substantial portion of the entity's services within a low-income community;
- less than 5 percent of average aggregate unadjusted basis of its property attributable to collectibles (i.e., art, rugs or antiques, metals or gems, stamps or coins, or alcoholic beverages);
- has less than 5 percent of average aggregate unadjusted basis of its property attributable to nonqualified financial property (i.e., debt, stock, partnership interests, options, futures contracts, forward contracts, warrants, notional principal contracts, annuities, and other similar property)
- has not more than 15 percent of its annual revenue derived from the sale or rental of real estate, except for businesses controlled by another business that does not derive 15 percent or more of its annual revenue from the sale or rental of real estate and is the primary tenant of real estate leased from the original business.

Qualified community development entity (QCDE) means a corporation or partnership:

- whose the primary mission is serving, or providing investment capital for, low-income communities or low-income persons;
- that maintains accountability to residents of low-income communities through their representation on a governing board or advisory board to the entity;
- that is certified by the U.S. Secretary of the Treasury for purposes of this section as being a QCDE;
- has entered into an allocation agreement with the CDFI fund that includes Minnesota within the service area set forth in the agreement.

Minnesota qualified community development entity means a QCDE that is or whose controlling entity is headquartered in Minnesota.

Qualified equity investment means an investment:

- that is acquired solely by cash after the effective date of the bill;
- has 100 percent of its cash purchase price used by the QCDE to make qualified low-income community investments in qualified active low-income community businesses that have their principal business location in Minnesota;
- is designated by the QCDE as a qualified equity investment;
- except for a Minnesota QCDE, is at least 50 percent designated by the QCDE under the new market tax credit section of the Internal Revenue Code.

Qualified low-income community investment means any capital or equity investment in or loan to a qualified active low-income community business.

Subd. 2. Credit allowed; qualification; limitation. Allows a credit equal to the applicable percentage for each credit allowance date, multiplied by the purchase price paid to the QCDE for the qualified equity investment. The credit may be claimed against the income and corporate franchise tax or the insurance premiums tax, but not both.

Subd. 3. Application. Requires a CDFE to apply to the commissioner of DEED and specifies the components of the application, which include a \$5,000 nonrefundable application fee to offset costs of expenses incurred to administer the credit. Requires the commissioner of DEED to set a date to accept applications not less than 30 days and not more than 45 days after the CDFI fund announces allocation awards. A QCDE may apply for both a greater Minnesota and metropolitan allocation.

Subd. 4. Certification of qualified equity investments. Requires the commissioner of DEED to grant or deny an application in full or in part within 30 days of receipt. If the application is denied in part, the Commissioner must provide the grounds for denial and allow 15 days to correct the application. If the application is complete, the commissioner of DEED must certify in writing the proposed equity investment as a qualified equity investment eligible for the credit. The QCDE must notify the commissioner of DEED of the taxpayers allocated credits and the credit amounts and utilization schedule. For allocations received on the same day, the commissioner of DEED must certify applications for the greater Minnesota and metropolitan allocations in proportion to the amount of qualified equity investments requested for each allocation and the total amount of qualified equity investments in all applications. Allows the transfer of certified quality equity investment authority to a controlling entity under specified circumstances. Requires the QCDE to provide evidence of receipt of the cash investment and the designation of 50 percent of the qualified equity investment under the requirements of the federal new markets tax credit, if the QCDE is not a Minnesota QCDE. Requires the commissioner of DEED to notify the commissioner of revenue of credits approved.

Subd. 5. Credit recapture. Provides the circumstances under which credits are recaptured:

- the federal credit allowed for a qualified equity investment is recaptured;

- the QCDE redeems or makes principal repayment with respect to a QCDE prior to seven years of the date of investment; or
- the QCDE fails to invest at least 100 percent of the cash purchase price of the qualified equity investment in qualified low-income community investments in greater Minnesota or metropolitan counties within 12 months of the issuance of the qualified equity investment and maintains the investment in a qualified low-income community in greater Minnesota or metropolitan counties, as applicable, until the last credit allowance date for the qualified equity investment.

The commissioner of DEED must notify the QCDE of proposed recapture of credits, including the reasons for the proposed recapture, and must allow 90 days for the QCDE to cure the deficiency resulting in the proposed recapture. If, after 90 days, the deficiency has not been cured, the commissioner must issue a final order of recapture. Recaptured credits must be returned to the commissioner and awarded pro rata to applicants that have received qualified equity investment authority.

Subd. 6. Examination and rulemaking. Authorizes the commissioner of DEED to conduct examinations to verify the credits have been applied for and received under the requirements of this section. Authorizes the commissioner of DEED to issue individual QCDE and investor-specific advisory letters and requires the commissioner to rely on guidance provided for the federal new markets tax credit.

Subd. 7. Annual reporting by community development entities. Requires each QCDE to annually submit a report to the commissioner of DEED, which must include information about low-income community investments made and low-income community businesses funded, certification that no credits have been subject to recapture, and any changes regarded taxpayers eligible to claim credits with respect to qualified equity investments issued by the QCDE since its last report.

Subd. 8. Program report. Requires the commissioner of DEED to provide a report on the credit if the credit has not been reviewed by the tax expenditure review commission.

Subd. 9. Account created; appropriation. Establishes the new markets tax credit account in the state treasury. Appropriates application fees required in an earlier section to the commissioner of DEED for expenses associated with administering the credit.

Effective beginning in tax year 2023.

Section 3. Pass-through entity tax. Modifies the definition of “income” for purposes of allocating income to Minnesota for resident and nonresident qualifying owners of PTEs. The income of a resident qualifying owner of a partnership would not be subject to allocation outside Minnesota. The income of a nonresident qualifying owner or the income of a qualifying owner of an S-corp would be allocated and assigned to Minnesota under the provisions of current law.

Modifies the definition of “qualifying entity” for purposes of entities eligible to make the PTE tax election to include LLCs taxed as a partnership or S-corp. Modifies the limitations on the

definition of “qualifying entity” to allow a partnership, LLC, or corporation that has a corporation as a partner, member, or shareholder to make the PTE tax election provided that the partner, member, or shareholder is excluded from the qualifying entity’s tax return and is not a publicly traded partnership.

Modifies the definition of “qualifying owner” to include a residential or nonresidential trust that is a partner, member, or shareholder of a qualifying entity; an entity taxed as a partnership; or a disregarded entity that has a qualifying owner as its single owner.

Effective retroactively to taxable years beginning after December 31, 2021.

Section 4. Return required. Strikes obsolete language regarding the phased-in estate tax exclusion for purposes of the filing requirement for estate tax returns. Allows a return to include an election to allow a decedent’s surviving spouse to take into account the deceased spouse’s unused exclusion amount (DSUE). Effective for estates of decedents dying after June 30, 2022.

Section 5. Reporting and payment requirements for partnerships and tiered partners. Adds a requirement for partnerships that were subject to federal audit and adjustment. The audited partnership must file an amended PTE report for all direct partners included in the PTE tax return in the reviewed year and pay any additional amount due had federal adjustments been reported properly. Effective retroactively to tax year 2021.

Section 6. Education expenses. Increases the amounts for the K-12 subtraction from \$1,625 for each qualifying child in grades 1-6 to \$3,250, and from \$2,500 to \$5,000 for each qualifying child in grades 7-12. Requires the subtraction amounts to be adjusted annually for inflation. Effective beginning in tax year 2022.

Section 7. Social Security benefits. Allows a full subtraction of taxable Social Security benefits. Effective beginning in tax year 2022.

Section 8. Pension income; public safety officers and firefighters. Provides a subtraction for pension income received by an individual from the state fire and police pension plan, local and state correctional service pension plans, or state patrol pension plan, and any similar benefit or annuity from a federal pension plan, if the individual has not reached age 55 before December 31, 2022 and has attained at least 20 years of service as a public official or employee and a member of a plan listed above. The subtraction would also apply to payments received by the surviving spouse of a qualifying individual. Effective beginning in tax year 2023.

Section 9. Exempt entities. Adds nuclear decommissioning reserve funds to the list of entities exempt from Minnesota income tax. Effective beginning in tax year 2025.

Section 10. Schedules of rates for individuals; estates; and trusts. Reduces the first tier income tax rate from 5.35 percent to 2.8 percent. Updates the four brackets for inflation as provided under current law. Effective beginning in tax year 2022.

Section 11. Inflation adjustment of brackets. Updates the statutory year for the inflation requirement under current law. Effective beginning in tax year 2022.

Section 12. Amount of credit. Increases the income level at which the dependent care credit begins to phase out from \$52,230 to \$70,000. Effective beginning in tax year 2022.

Section 13. Limitations. Modifies the definition of income for purposes of the K-12 credit to FAGI and increases the income threshold at which the credit begins to phase out from \$33,500 to \$50,000. Adds language to include fiscal year filers from a provision repealed in a later section. Effective beginning in tax year 2022.

Section 14. Credit allowed. Increases the second tier of the research and development credit from four percent to 4.25 percent. Effective beginning in tax year 2022.

Section 15. Credit certificates; grants. Allows a recipient of the historic structure rehabilitation credit to assign the credit in whole to an assignee. Effective for property placed in service after June 30, 2022.

Section 16. Small business tax credit for paid family leave benefits.

Subd. 1. Employer tax credit. Provides a credit against the income, corporate franchise, alternative minimum or corporate alternative minimum tax for the amount paid directly by a qualified employer for paid family leave benefits on behalf of a qualified employee, or paid by a qualified employer to an insurance company for paid family leave insurance benefits for a qualified employee, up to \$3,000 per qualified employee. The credit excludes any amount deducted or excluded from FTI for corporate filers and FAGI for individual filers.

Subd. 2. Definitions. Defines terms relevant to the credit. In pertinent part:

“**Child**” means a person under 18 years of age or 18 years or older and incapable of self-care due to a mental or physical disability; and a biological, adopted, or foster son, daughter, stepson, stepdaughter, son or daughter of a domestic partner, or son or daughter of a person to whom the employee stands in loco parentis.

“**Employee**” means an employee whose wages are subject to withholding under the tax chapter.

“**Family leave**” means leave for:

- participating in providing care, including physical or psychological care, for a family member of the employee due to the family member's serious health condition;
- bonding with the employee's child during the first 12 months after the child's birth, or the first 12 months after the placement of the child for adoption or foster care with the employee; or

- addressing a qualifying exigency arising from the spouse, child, or parent of the employee’s active duty or notification of an impending call or order to active duty in the U.S. armed forces.

“Family member” means a child, spouse, parent, or grandparent.

“Parent” means a biological, foster, or adoptive parent; a stepparent; a legal guardian; or other person who stood in loco parentis to the employee when the employee was a child.

“Qualified employee” means an employee who has been employed by the qualified employer for one year or more.

“Qualified employer” means an employer subject to the withholding requirements the income tax chapter, including a professional employer organization, that employs 50 or fewer employees in Minnesota and pays family leave benefits for one or more qualified employees.

“Serious health condition” means an illness, injury, impairment, or physical or mental condition, including organ or tissue transplant or donation, that involves inpatient care in a hospital, hospice, or residential health care facility, continuing treatment, or continuing supervision by a health care provider as defined in an insurance policy.

Subd. 4. Nonresidents and part-year residents. Requires the credit be allocated under provisions of current law.

Subd. 5. Partnerships; multiple owners. Provides that the credit must be passed through to owners of pass-through entities according to the partner, member, shareholder, or owner’s share of the entity’s assets or as provided in the entity’s organizational documents.

Subd. 6. Carryover. Allows the credit to be carried forward for up to five years.

Effective for taxable years 2024 to 2026.

Section 17. New markets tax credit. Authorizes a credit against income and corporate franchise tax equal to the amount calculated under section 2. Provides for allocation of the credit for members, shareholders, or owners of pass-through entities. The credit is nonrefundable but may be carried forward for five years. The commissioner of revenue may use any audit powers under current law to verify eligibility for the credit. Effective for tax years 2023 to 2030.

Section 18. Definitions. Adds a reference to the subtraction in section 1 for purposes of the calculation of AMT. Effective beginning in tax year 2023.

Section 19. Subtraction. Strikes obsolete language regarding the phased-in estate tax exclusion amount and the qualified small business property and farm property subtraction amount. Allows a surviving spouse an additional subtraction for purposes of calculating the surviving spouse’s taxable estate equal to the lesser of \$3 million or the DSUE amount. Effective for estates of decedents dying after June 30, 2022.

Section 20. Tax amount. Strikes obsolete language for calculating the estate tax during years the years the exclusion amount was phased in. Effective the day following final enactment.

Section 21. Election of portability of deceased spousal unused exclusion amounts; election irrevocable; deemed elections. Allows the personal representative of a decedent's estate to elect to allow the decedent's surviving spouse to use the DSUE as calculated in a later section. The election is irrevocable. The election is deemed to have been made when the return required under an earlier section is filed unless the representative affirmatively states that the decedent's estate is not electing portability. Effective for estates of decedents dying after June 30, 2022.

Section 23. New markets tax credit. Authorizes the credit against the insurance premiums tax. The credit is nonrefundable but may be carried forward for five years. Effective for premiums received after December 31, 2022, and before January 1, 2031.

Section 24. Preceptor credit.

Subd. 1. Credit allowed. Allows a refundable credit for an individual who qualifies as preceptor. A "preceptor" means an advance practice registered nurse, physician assistant, or mental health professional who served as a health professions student preceptor during the taxable year and did not receive compensation for their preceptor services. The credit equals \$2,500, \$3,750, or \$5,000, depending on the number of hours the individual served as a preceptor. The credit is allocable under provisions of current law for nonresidents and part-year residents.

Subd. 2. Appropriation. Appropriates an amount sufficient to pay refunds authorized under subd. 1.

Subd. 3. Report. Requires the commissioner of revenue, in consultation with the commissioner of health, to report to Senate and House committees with jurisdiction over taxation, higher education, and health and human services by March 1, 2026. The report must include the number of preceptors claiming the credit; the average amount of credits claimed; the geographic distribution of the location of preceptor services; and the professions of and students served by the preceptor; and the impact of the credit on the availability of preceptors in Minnesota.

Effective for tax years 2023 to 2025.

Section 25. Repealer. Repeals the following provisions:

- The add-back for section 529 college savings plan distributions used for elementary and secondary school tuition. The TCJA allowed 529 plan distributions of up to \$10,000 annually per beneficiary for these purposes; Minnesota did not conform to this provision. The repeal of the add-back would effectively conform to the provision. Effective beginning in tax year 2022.

- The definition of “income” for the K-12 credit, which requires certain nontaxable and other income to be added back to FAGI for purposes of determining eligibility. Since the measure of income is changed to FAGI, the definition is no longer necessary. Effective beginning in tax year 2022.
- The sunset of the historic structure rehabilitation credit. The repeal effectively retains the credit on an ongoing basis. Effective the day following final enactment.

ARTICLE 3: SALES AND USE TAXES

Section 1. Suite licenses. Provides that the sale of taxable food and beverages for consumption in a private suite, private skybox, or private box seat does not invalidate the sales tax exemption under existing law for the sale of a license to use a private suite, skybox, or private box seat. Effective for sales and purchases made after June 30, 2023.

Section 2. Season ticket purchasing rights to collegiate events. Provides that the sale of taxable food and beverages for consumption in a preferred seating location does not invalidate the sales tax exemption under existing law for the sale of the right to purchase the privilege of admission to a college or university athletic event in a preferred viewing location. Effective for sales and purchases made after June 30, 2023.

Section 3. Certain amenities included with the privilege of admission. Under current law, the sale of the privilege of admission to a place of amusement, recreational area, or athletic event includes all charges included in the sales price without deduction for amenities that may be provided, unless the amenities are separately stated and the purchaser of the privilege of admission is entitled to add or decline the amenities, and the amenities are not otherwise taxable. This section provides that amenities included in the privilege of admission are exempt if purchased by the taxpayer who sells the privilege of admission. Effective for sales and purchases made after June 30, 2023.

Section 4. Machinery, equipment, and fencing. Adds fencing material used on agricultural property to the sales tax exemption for farm machinery, equipment, and certain fencing. Effective retroactively for sales and purchases made after June 30, 2021.

Section 5. Animal shelters. Provides a sales tax exemption for purchases made by an animal shelter and used directly in rescuing, sheltering, and finding homes for unwanted animals. “Animal shelter” means a nonprofit organization engaged in the business of rescuing, sheltering, and finding homes for unwanted animals. The exemption does not apply to:

- building, construction, or reconstruction materials purchased by a contractor or subcontractor as part of a lump-sum contract;
- construction materials purchased by an animal shelter or contractor to be used in constructing buildings or facilities that will not be used principally by the shelter;
- lodging; prepared food, candy, soft drinks, and alcoholic beverages; and
- leasing of a motor vehicle.

Exempts from sales tax the sale or adoption of animals and the sale of associated animal supplies and equipment by an animal shelter.

Exempts sales made by and events run by an animal shelter for fundraising purposes, including the sale of prepared food, candy, soft drinks at a fundraising event, subject to the following limits:

- total fundraising must not exceed 24 days per year;
- fundraising events must be conducted on premises leased for five or fewer days; and
- the exemption does not apply to admission charges for events involving bingo or other gambling activities or to charges for use of amusement devices involving bingo or other gambling activities.

Effective for sales and purchases made after June 30, 2022.

Section 6. Building, repair, or replacement materials, farm fencing material. Exempts materials and supplies used or consumed in and equipment incorporated into the construction, improvement, repair, or replacement of farm fencing material that is not otherwise exempt under section 4. Effective retroactively for sales and purchases made after June 30, 2021.

Section 7. Sales tax exemption; certain natural gas fees. Provides a sales tax exemption for fees related natural gas used as a primary source of residential heating during the period February 13 to February 17, 2021, but applied to customers' billing statements in the non-exempt months of May to October. The fee must be separately stated on a billing statement and labeled as a fee subject to a cost recovery plan for increased natural gas prices during the period February 13 – 17, 2021. The exemption is retroactive to fees applied to customers' bills beginning September 1, 2021, through June 30, 2022. Utilities would apply for a refund of sales taxes remitted during that period and then credit customers for sales taxes paid. The exemption would be upfront for the period July 1, 2022, through December 31, 2026.

ARTICLE 4: PROPERTY TAXES

Section 1. Exempt property used by a private entity for profit. Provides a 50 percent net tax capacity reduction for certain airport property owned or operated by a city with a population over 50,000 but less than 150,000. This reduction does not apply to property owned or operated by the Metropolitan Airports Commission. Effective beginning with taxes payable in 2023 through taxes payable in 2034.

Section 2. Certain property owned by an Indian tribe. Extends, by ten years, a property tax exemption for certain Tribal-owned property in Minneapolis. Without an extension, the exemption expires with property taxes payable in 2024. This section also exempts the property from the requirement that the property reapply for the exemption every three years. Effective with taxes payable in 2022.

Section 3 & 4. Energy storage systems; statement of exemption. Establishes a ten-year property tax exemption for energy storage systems. A taxpayer seeking exemption must file an application with the commissioner of revenue who, after consultation with the commissioner of commerce, will determine eligibility and issue an exemption order. Effective beginning with assessment year 2023.

Section 5. Market value definitions. Adds the affordable housing market value exclusion established in Section 9 to the statutory list of market value exclusions. Effective beginning with assessment year 2023.

Section 6. First tier valuation limit agricultural homestead property. Sets the first-tier valuation limit for agricultural homestead property at \$2,500,000 for assessment year 2023. Beginning with assessment year 2024, the limit will be annually adjusted by the commissioner of revenue pursuant to current law. Effective beginning with assessment year 2023.

Section 7. Class 4d; approval. Requires that a property owner receive approval by the governing body of the city or town where the property is located before applying to the Housing Finance Agency for initial class 4d designation, for property that was not, in whole or in part, classified as class 4d prior to assessment year 2023. A property owner that received the approval under this section, and the required certification from the Housing Finance Agency, is not required to seek approval prior to applying in each subsequent year. Effective beginning with assessment year 2023.

Section 8. Class 4d; application. Adds the additional approval requirement from Section 6 to the application submitted to the Housing Finance Agency for class 4d designation. Effective beginning with assessment year 2023.

Section 9. Affordable housing market value exclusion program; establishment. Establishes an affordable housing market value exclusion to promote the development of new rental properties. Eligible properties receive a 50% market value exclusion. An eligible property is a property that is: (1) classified as class 4a (4+ units); (2) is not classified in whole or in part as class 4d; (3) construction of the property began on or after January 1, 2023; (5) at least 20% of the units are available for residents whose household income at time of initial occupancy does not exceed 60% of area median income, and at least 80% of the available units are occupied by residents meeting the income requirement; and (6) any unoccupied available units are actively marketed toward persons meeting the income requirements. A city council, town board, or county board acting on behalf of an unorganized territory, must adopt a resolution to participate in the exclusion program, and must further adopt a separate resolution for each property approved to receive the exclusion. The property-specific resolution must be approved by the county board for the exclusion to take effect. The governing body determines the duration of the exclusion for each property provided the exclusion shall apply for at least ten but not more than twenty assessment years. The exclusion program expires on December 31, 2030, and any property not approved by that date will not receive the exclusion. Effective beginning with assessment year 2023.

Section 10. Class 1c. Modifies the classification tier rates for class 1c “Ma & Pa” homestead resort property by providing that the first \$850,000 of market value is Tier I; the market value from \$850,001 to \$3,100,000 is Tier II; and any value over \$3,100,000 is Tier III and remains subject to the state general levy. Effective for taxes payable in 2023 and thereafter.

Section 11. Class 4d; class rate. Sets the class rate for all class 4d low-income rental properties at 0.25%. Under current law, class 4d properties are subject to two valuation tiers per rental unit: a class rate of 0.75% on the first-tier amount and a class rate of 0.25% on the value exceeding the first-tier amount. Effective beginning with assessment year 2023.

Section 12. Homestead of veteran with a disability or family caregiver; market value exclusion. Allows a surviving spouse of a member of the United States armed forces who dies during active service to submit a first-time application: (1) within two years of the service member’s death; (2) within two years of the United States Department of Veteran Affairs Dependency and Indemnity Compensation determination; or (3) by December 31, 2023, whichever is later. This section also allows a surviving spouse to reapply for the exclusion if the spouse previously received the exclusion but it expired prior to assessment year 2019 when the eligibility time period for surviving spouses was changed to a potential lifetime benefit. Effective for assessment year 2022 and thereafter.

Section 13. Homestead market value exclusion. Increases, by approximately twenty five percent, the minimum and maximum market value thresholds for the homestead market value exclusion. Under the proposal, the exclusion equals 40% of the first \$95,000 of market value. For homesteads valued between \$95,000 and \$517,200, the exclusion equals \$38,000 minus 9% of the value over \$95,000. Homesteads valued at \$517,200 or more would not receive the exclusion. Effective for assessment year 2023 and thereafter.

Section 14. Affordable housing market value exclusion. Authorizes eligible properties to receive the affordable housing market value exclusion established in Section 9. The exclusion shall be calculated after all other exclusions or adjustments for which the property may otherwise qualify. Effective beginning with assessment year 2023.

Section 15. Amount of tax; distribution. Modifies the definition of “attachments and appurtenances” of cooperative utility distribution lines. Under current law, distribution lines, including attachments and appurtenances, located in a rural area and owned by a cooperative association, are exempt from taxation and instead the cooperative pays a tax of \$10 per 100 members. This section specifies that “attachments and appurtenances” includes, but are not limited to, all cooperative association-owned metering and streetlighting equipment that is physically or electrically connected to the cooperative association’s distribution system. Effective beginning with assessment year 2023.

Section 16. State general levy; levy amount. Reduces the state general levy for both commercial-industrial property and seasonal recreational property by a combined \$23 million for taxes payable in 2023 through 2025. Beginning with taxes payable in 2026, both levies are reduced by ten percent each year until the levy for both commercial-industrial and seasonal

recreational property is zero for taxes payable in 2035. Effective for taxes payable in 2023 and thereafter.

Section 17. Contents of tax statements. Adds the affordable housing market value exclusion and the agricultural riparian buffer credit to the property tax statement. Effecting beginning with assessment year 2023.

Sections 18 and 19. Delinquent property taxes, penalties, and costs; interest rate. Eliminates the ten percent minimum on interest rates charged on delinquent property taxes, penalties and costs, and confessions of judgment, and authorizes county boards to establish, by resolution, a lower interest rate than the prime rate charged by banks. Effective for property taxes, penalties, and costs determined to be delinquent on or after January 1, 2023.

Section 20. Additional refund. Reduces, from 12% to 10% percent, the threshold to qualify for the additional or “targeting” property tax refund, and increases, from \$1,000 to \$2,000, the maximum refund allowed. Effective for refund claims based on taxes payable in 2023 and thereafter.

Sections 21 through 24. Senior citizens’ property tax deferral program. Modifies two qualifications for the senior citizens’ property tax deferral program by: (1) increasing, from \$60,000 to \$75,000, the maximum household income allowed; and (2) reducing, from 15 years to 5 years, the homestead ownership and occupancy requirement. Effective for applications received for deferral of taxes payable in 2023 and thereafter.

Section 25. City of Virginia; Net Debt Limit Exemption. Authorizes the city of Virginia to finance the construction of a public safety building by obtaining a loan from the United States Department of Agriculture secured by its general obligation pledge. Any bonds issued relating to the project or repayment of the loan must not be included in the computation of the city’s limit on net debt. Under current law, a city, other than a city of the first class, may not incur debt in excess of three percent of the estimated market value of all taxable property in the city. Effective the day following final enactment.

ARTICLE 5: PROPERTY TAX AIDS & CREDITS

Section 1. Agricultural Riparian Buffer Credit.

Subd. 1. Eligibility. Provides that agricultural and rural vacant land that is required to be maintained as a riparian protection buffer is eligible for a property tax credit, provided that the landowner complies with the requirements of the riparian buffer law. Land enrolled in and generating payments under a state or federal conservation reserve or easement program is not eligible for the credit. Eligible land must be certified by the local soil and water conservation district. Requires local soil and water conservation districts to annually notify the county of any land that no longer meets the eligibility criteria.

Subd. 2. Credit amount. Sets the amount of the property tax credit equal to the amount of net tax capacity-based property taxes attributable to the portion of the property subject to the eligibility criteria in subdivision 1.

Subd. 3. Credit reimbursement. Requires the county auditor to determine the tax reductions allowed under this section and to certify the amounts to the commissioner of revenue.

Subd. 4. Payment. Requires the commissioners of education and revenue to reimburse school districts and other local taxing jurisdictions for the tax reductions resulting from the credit.

Subd. 5. Appropriation. Annually appropriates money from the general fund to the commissioners of education and revenue to make the payments to local taxing jurisdictions.

Effective beginning with taxes payable in 2024.

Section 2. Payment; school districts. Adds the agricultural riparian buffer property tax credit and electric generation transition aid to the list of school district reimbursable credits and aids. Effective July 1, 2024.

Section 3. Computation of net property taxes. Adds the agricultural riparian buffer property tax credit to the list of credits used in calculating net property taxes. Effective beginning with taxes payable in 2024.

Section 4. Notice of proposed property taxes. Adds the agricultural riparian buffer property tax credit to the items listed separately on the proposed property tax statement. Effective beginning with taxes payable in 2024.

Section 5. Electric generation transition aid.

Subd. 1. Definitions. Provides definitions relevant to the aid program, including “electric generation property,” “electric generating unit,” “eligible taxing jurisdiction,” “unit base year,” and “unit differential”.

Subd. 2. Required notification. Requires a public utility to give notice to the commissioner of revenue when the utility expects to retire an electric generating unit and remove that unit from the property tax base. The notice must be filed together with the reports required under current law that the commissioner uses to establish valuations for utility property.

Subd. 3. Unit transition amount. Provides a formula to calculate the aid attributable the retirement of a single electric generating unit. The initial transition amount is a function of the local jurisdiction’s tax rate and the reduction in the electric generation property tax base in the first year that the unit is no longer included in the tax base. Provides that the aid attributable to a unit phases out over a period of 20 years.

Subd. 4. Electric generation transition aid. Provides that the transition aid for an eligible taxing jurisdiction equals the sum of the unit transition amounts calculated for the jurisdiction for that year.

Subd. 5. Aid elimination. Requires that transition aid be eliminated for a taxing jurisdiction for which the taxable value is at least 90 percent of the taxable value in the year before the jurisdiction first qualified for transition aid, as adjusted for inflation. Exempts the retroactively eligible units under subdivision 7 from the aid elimination criteria.

Subd. 6. Commissioner's duties; payment schedule. Requires the commissioner of revenue to compute the aid amounts and certify the amounts to each jurisdiction by August 1 in the year preceding the aid payable year. Requires that the aid to local governments other than school districts be paid on the same schedule as local government aid (two installments in July and December). Requires the commissioner of revenue to certify the aid amounts for school districts to the commissioner of education.

Subd. 7. Aid for prior unit retirements. Makes certain previous electric generating unit retirements eligible to generate transition aid. Aid is calculated for prior unit retirements first impacting assessed values in assessment years 2017 through 2022.

Subd. 8. Appropriation. Establishes open statutory general fund appropriations to the commissioners of revenue and education to pay the transition aid. Effective for aids payable in 2024 and later.

Section 6. Mille Lacs County; county, city, township, school district reimbursement. Reimburses taxing jurisdictions in Mille Lacs County for lost property tax revenue due to placement of property into trust by the United States Department of the Interior Bureau of Indian Affairs. Requires the county to certify by July 1, 2022, to the commissioner of revenue the amount of tax revenue lost for property placed into trust between January 1, 2009 and December 31, 2020. By July 1 each year thereafter, requires the county to certify the amount of tax revenue lost due to property being placed into trust during the preceding calendar year for properties that were the subject of an application for placement into trust between January 1, 2009 and June 30, 2021. For the first five years following certification, reimburses taxing jurisdictions the total amount certified. Beginning in the sixth year, reimburses taxing jurisdictions an amount equal to the previous year's amount less 20 percent of the amount distributed in the first year. Appropriates money from the general fund to pay the reimbursements. Effective the day following final enactment.

Section 7. Class 4d low-income rental property 2024 and 2025 transition aid; appropriation. Provides transition aid in 2024 and 2025 only for cities in which the net tax capacity of 4d property exceeds two percent of the total net tax capacity in assessment year 2022. Provides that the transition aid is calculated as a function of the city's pay 2023 tax rate and an approximation of the reduction in 4d net tax capacity attributable to the classification rate and first tier limit changes effective beginning in assessment year 2023. Directs the commissioner to

pay transition aid concurrent with local government aid payments in 2024 and 2025. Appropriates money to pay the transition aid. Effective for aids payable in 2024 and 2025 only.

Section 8. 2019 aid penalty forgiveness; City of Roosevelt. The City of Roosevelt did not timely complete the required Office of the State Auditor annual financial reporting form for 2018 and the city's 2019 local government aid payments were withheld. This section proposes to pay the city its withheld aid amount, totaling \$25,410, provided that the state auditor certifies to the commissioner of revenue that it received the annual financial reporting forms for 2018 and 2019 from the city no later than June 1, 2022. (The Office of the State Auditor reported in July 2020 that the city had submitted its required 2018 and 2019 forms.) Effective the day following final enactment.

Section 9. 2021 aid penalty forgiveness; City of Bena. The City of Bena did not timely complete the required Office of the State Auditor annual financial reporting form for 2020 and the city's 2021 local government aid and small cities assistance aid payments were withheld. This section proposes to pay the city its withheld aid amounts, totaling \$43,774, provided that the state auditor certifies to the commissioner of revenue that it received the annual financial reporting form for 2020 from the city no later than June 1, 2022. Effective the day following final enactment.

Section 10. 2021 aid penalty forgiveness; City of Boy River. The City of Boy River did not timely complete the required Office of the State Auditor annual financial reporting form for 2020 and the city's 2021 local government aid and small cities assistance aid payments were withheld. This section proposes to pay the city its withheld aid amounts, totaling \$19,578, provided that the state auditor certifies to the commissioner of revenue that it received the annual financial reporting form for 2020 from the city no later than June 1, 2022. Effective the day following final enactment.

Section 11. 2021 aid penalty forgiveness; City of Echo. The City of Echo did not timely complete the required Office of the State Auditor annual financial reporting form for 2020 and the city's December 2021 local government aid and small cities assistance aid payments were withheld. This section proposes to pay the city its withheld aid amounts, totaling \$46,060, provided that the state auditor certifies to the commissioner of revenue that it received the annual financial reporting form for 2020 from the city no later than June 1, 2022. (The Office of the State Auditor reports that the city submitted its required 2020 forms on December 14, 2021.) Effective the day following final enactment.

Section 12. 2021 aid penalty forgiveness; City of Morton. The City of Morton did not timely complete the required Office of the State Auditor annual financial reporting form for 2020 and the city's December 2021 local government aid and small cities assistance aid payments were withheld. This section proposes to pay the city its withheld aid amounts, totaling \$79,476, provided that the state auditor certifies to the commissioner of revenue that it received the annual financial reporting form for 2020 from the city no later than June 1, 2022. (The Office of the State Auditor reports that the city submitted its required 2020 forms on February 9, 2022.) Effective the day following final enactment.

ARTICLE 6: PUBLIC FINANCE

Section 1. Purchase of certain equipment; school district. Extends, from ten to twenty years, the duration limit of certificates or notes issued by a school district.

Section 2. Certificates of indebtedness; towns. Extends, from ten to twenty years, the duration limit for certificates of indebtedness issued by a town.

Section 3. Capital notes; county. Extends, from ten to twenty years, the duration limit for capital notes issued by a county and modifies definition of “capital equipment.”

Section 4. Equipment acquisition; capital notes; Hennepin County. Extends, from ten to twenty years, the duration limit for capital notes issued by Hennepin County.

Section 5. Cities may issue capital notes for capital equipment; home rule charter city. Extends, from ten to twenty years, the duration limit for capital notes issued by a home rule charter city.

Section 6. Financing purchase of certain equipment; statutory city. Extends, from ten to twenty years, the duration limit for certificates of indebtedness or capital notes issued by a statutory city.

ARTICLE 7: LOCAL SALES TAXES

Section 1. Legislative authority required before voter approval; requirements for adoption, use, termination. Strikes the requirement that a ballot include a separate question for each project authorized by the legislature and provisions related to that requirement. Adds language to specify that the ballot question must state the project or projects proposed to be funded by the tax and the estimated length of time the tax will be in effect. Effective for local sales taxes authorized in the 2021 omnibus tax bill and thereafter.

Section 2. Collection. Clarifies that a town, or a county when the county board is acting as a town board with respect to an unorganized territory, may enter into an agreement with the commissioner to collect and administer a local lodging tax. Effective the day following final enactment.

Sections 3 to 6. Rochester local sales tax. Authorizes the city of Rochester to extend its .5% local sales tax to fund the following projects and purposes, subject to voter approval:

- \$50 million plus associated bonding costs for the housing vitality fund;
- \$50 million plus associated bonding costs for street reconstruction;
- \$40 million plus associated bonding costs for flood control and water quality; and
- \$65 million plus associated bonding costs for the Regional Community and Recreation Complex.

The aggregate principal amount of bonds issued may not exceed \$205 million, plus bond issuance costs. The tax terminates at the earlier of 16 ½ years, or payment of bonds in full, including interest.

Effective upon filing local approval with the secretary of state.

Section 7. Cook County lodging tax. Strikes the authority for Cook County to impose an admissions and recreations tax and extends the lodging tax from 15 to 30 years after first imposed. Effective the day following final enactment.

Section 8. Marshall local sales tax. Authorizes the city of Marshall to extent its currently imposed .5% local sales tax to finance \$16 million plus associated bonding costs for construction of a new aquatic center, subject to voter approval. The tax terminates at the earlier of 30 years after first imposed or payment of bonds in full, including interest. Effective upon filing local approval with the secretary of state.

Sections 9 to 11. Waite Park local sales tax. Authorizes the city of Waite Park to apply the local sales tax authorized in the 2021 omnibus tax bill to fund up to \$15 million for the 10th Avenue regional corridor project, subject to voter approval. The total bonding authority for the three projects is \$43 million, plus bond costs. Extends the termination date of the tax from 19 to 20 years after the tax is first imposed, or upon payment of bonds in full, including interest. Effective upon filing local approval with the secretary of state.

Section 12. City of Aitkin local sales tax. Authorizes the city of Aitkin to impose a 1% local sales tax to fund \$8.3 million plus associated bonding costs for construction of a new municipal building and \$1 million plus associated bonding costs for improvements to parks and trails, for a total of \$9.3 million, subject to voter approval. The tax terminates at the earlier of 19 years after first imposed or payment of bonds in full, including interest. Effective upon filing local approval with the secretary of state.

Section 13. City of Blackduck local sales tax. Authorizes the city of Blackduck to impose a .5% local sales tax to fund the following projects and purposes, for a total of \$1 million plus associated bonding costs, subject to voter approval:

- \$200,000 plus associated bonding costs for city campground improvements;
- \$300,000 plus associated bonding costs for walking trail improvements;
- \$250,000 plus associated bonding costs for wayside rest improvements;
- \$150,000 plus associated bonding costs for golf course irrigation improvements; and
- \$100,000 plus associated bonding costs for library reconstruction.

The tax terminates at the earlier of 20 years after first imposed or payment of bonds in full, including interest. Effective upon filing local approval with the secretary of state.

Section 14. City of Bloomington local sales tax. Authorizes the city of Bloomington to impose a .5% local sales tax to fund the following projects, for a total of \$150 million plus associated bonding costs, subject to voter approval:

- \$32 million plus associated bonding costs for improvements and rehabilitation of the Bloomington Ice Garden and associated infrastructure;
- \$70 million plus associated bonding costs for construction of a new Community Health and Wellness Center and associated infrastructure;
- \$33 million plus associated bonding costs for expansion to the Bloomington Center for the Arts and Concert Hall and associated infrastructure; and
- \$15 million plus associated bonding costs for construction of and improvements to the Dwan Golf Course and associated infrastructure.

The tax terminates at the earlier of 20 years after first imposed or payment of bonds in full, including interest. Effective upon filing local approval with the secretary of state.

Section 15. City of Brooklyn Center local sales tax. Authorizes the city of Brooklyn Center to impose a .5% local sales tax to fund \$55 million plus associated bonding costs for the renovation and expansion of the Brooklyn Center Community Center, subject to voter approval. The tax terminates at the earlier of 20 years after first imposed or payment of bonds in full, including interest. Effective upon filing local approval with the secretary of state.

Section 16. City of East Grand Forks local sales tax. Authorizes the city of East Grand Forks to impose a 1.25% local sales tax to fund \$15.5 million plus associated bonding costs for reconstruction and remodeling of and upgrades and additions to the Civic Center Sports Complex, and \$6 million plus associate bonding costs for reconstruction and remodeling of and upgrades and additions to the VFW memorial and Blue Line Arena, for a total of \$21 million, subject to voter approval. The tax terminates at the earlier of 20 years after first imposed or payment of bonds in full, including interest. Effective upon filing local approval with the secretary of state.

Section 17. City of Golden Valley local sales tax. Authorizes the city of Golden Valley to impose a .75% local sales tax to fund \$38 million plus associated bonding costs for construction of a new public works facility, and \$35 million plus associated bonding costs for construction of a new public safety facility, for a total of \$73 million, subject to voter approval. The tax terminates at the earlier of 30 years after first imposed or payment of bonds in full, including interest. Effective upon filing local approval with the secretary of state.

Section 18. City of Henderson local sales tax. Authorizes the city of Henderson to impose a .5% local sales tax to fund \$240,000 plus associated bonding costs for the Allanson's Park Campground and Trail project, subject to voter approval. The tax terminates at the earlier of 15 years after first imposed or payment of bonds in full, including interest. Effective upon filing local approval with the secretary of state.

Section 19. Lake of the Woods County lodging tax. Authorizes Lake of the Woods County to impose a lodging tax of up to 3 percent, except for the city of Baudette or any other city that currently imposes a lodging tax under authority of general law. The total lodging tax in the county must not exceed 3 percent. Revenues from the tax must be used to fund a new Lake of the

Woods County Event and Visitors Bureau, which must be reviewed and approved annually by the county board of commissioners. Effective upon filing local approval with the secretary of state.

Section 20. City of Park Rapids local sales tax. Authorizes the city of Park Rapids to impose a .5% local sales tax to fund the following projects, for a total of \$8,799,500 plus associated bonding costs, subject to voter approval:

- \$3.201 million plus associated bonding costs for improvements to 12th Street and Eastern Ave. from the southeast into the city;
- \$2.377 million plus associated bonding costs for improvements to 8th Street and Fishhook Ave. from the south into the city;
- \$1,309,500 plus associated bonding costs for improvements to Kaywood Drive on the north side into the city and the Walmart retail area;
- \$1.261 million plus associated bonding costs for improvements to Huntsinger Ave. on the east side into the city and near Park Rapids High School; and
- \$651,500 plus associated bonding costs for improvements to Main Ave. South into the city's downtown business district.

The tax terminates at the earlier of 20 years after first imposed or payment of bonds in full, including interest. Effective upon filing local approval with the secretary of state.

Section 21. City of Proctor local sales tax. Authorizes the city of Proctor to impose a .5% local sales tax to fund \$3.85 million plus associated bonding costs for construction of a new regional and statewide trail spur in the city, subject to voter approval. The tax terminates at the earlier of 20 years after first imposed or payment of bonds in full, including interest. Effective upon filing local approval with the secretary of state.

Section 22. Rice County local sales tax. Authorizes Rice County to impose a .375% local sales tax to fund \$77 million plus associated bonding costs for construction of a new public safety facility in the county, subject to voter approval. The tax terminates at the earlier of 30 years after first imposed or payment of bonds in full, including interest. Effective upon filing local approval with the secretary of state.

Section 23. City of Roseville local sales tax. Authorizes the city of Roseville to impose a .5% local sales tax to fund the following projects, for a total of \$65 million plus associated bonding costs, subject to voter approval:

- \$42 million plus associated bonding costs for construction of a new maintenance facility;
- \$7 million plus associated bonding costs for construction of a new license and passport center; and
- \$16 million plus associated bonding costs for construction of a pedestrian bridge.

The tax terminates at the earlier of 16 years after first imposed or payment of bonds in full, including interest. Effective upon filing local approval with the secretary of state.

Section 24. Winona County local sales tax. Authorizes Winona County to impose a .25% local sales tax to fund \$28 million plus associated bonding costs for construction of a new correctional facility or upgrades to an existing correctional facility, subject to voter approval. The tax terminates at the earlier of 25 years after first imposed or payment of bonds in full, including interest. Effective upon filing local approval with the secretary of state.

Section 25. Pandemic-related construction costs; temporary authority for increase.

Authorizes local jurisdictions that received approval in the 2021 omnibus tax bill to impose a local sales tax and have not held an election to approve the tax to increase the amounts authorized in the legislation by ten percent, to account for increases in construction costs over the past year. The governing body of the local jurisdiction must adopt a resolution indicating the updated project cost allowed under this section. The ballot question must indicate the amount approved in the updated resolution. This section also allows the increase of up to ten percent for projects authorized in this article, subject to adoption of a resolution. The ballot question must indicate the amount approved in the updated resolution. Effective the day following final enactment.

ARTICLE 8: TAX INCREMENT FINANCING

Section 1. Administrative expenses. Expands the definition of administrative expenses to identify a non-exhaustive list of items that are included as administrative expenses, while continuing to identify items that are not administrative expenses. Included within administrative expenses are amounts for the usual and customary maintenance and operation of properties purchases with tax increment, including necessary reserves for repairs and the cost of any insurance. Effective the day following final enactment and applies to all districts, regardless of when the request for certification was made.

Section 2. Pay-as-you-go contract and note. Defines “pay-as-you-go contract and note” as a written note or contractual obligation under with the following apply: (1) the note or obligation evidences an authority’s commitment to reimburse a developer, property owner, or note holder for the payment of costs of activities, including any interest on unreimbursed costs; (2) the reimbursement is made from tax increment revenues identified in the note or contractual obligation; and (3) the risk that available tax increments may be insufficient to fully reimburse the costs is borne by the developer, property owner, or note holder. Effective the day following final enactment.

Section 3. Limitation on administrative expenses. Adds clarifying language that addresses how the administrative expense limit should be calculated when some of the total increment received has been returned to the county. This section also provides a partial exemption from the administrative expense limit when lease proceeds are used for the customary maintenance and operation of properties purchased with TIF. Effective the day following final enactment and applies to all districts, regardless of when the request for certification was made.

Section 4. Limitation on use of tax increment; general rule. Clarifies that expenditures for administrative expenses are authorized uses of tax increment under the general rule concerning the

use of tax increment. Effective the day following final enactment and applies to all districts, regardless of when the request for certification was made.

Section 5. Economic development districts. Allows increment generated from an economic development district to be spent on a multilevel commercial facility in a small city provided that the square feet of the first floor of the facility does not exceed 15,000 square feet. “First floor” is defined as the floor at street level. A “small city” is defined as any city with a population of 5,000 or less and located ten miles or more from a Minnesota city with a population of at least 10,000. Effective for districts for which the request for certification was made after December 31, 2021.

Section 6. Expenditures outside district. Clarifies how the tax increment financing pooling limit should be calculated when tax increments have been returned to the county. Effective for districts decertifying after December 31, 2022.

Section 7. Five-year rule. Deletes obsolete language and a reference to permitted pooling under the “2(d)” affordable housing authorization which is further addressed in Section 8. Effective the day following final enactment and applies to all districts with a request for certification date after April 30, 1990.

Section 8. Use of revenues for decertification. Makes a number of changes to the six-year rule by removing the annual pooling restriction (but maintains overall pooling limit), clarifying at which point a district must be decertified when sufficient increment is collected, allows districts to defer decertification when pay-as-you-go contracts and notes are involved, prevents changes from impeding an authority’s ability to use extra “2(d) pooling for affordable housing, and allows districts to remove parcels when increment is not pledged for outstanding obligations. Effective the day following final enactment and applies to all district with a request for certification after April 30, 1990.

Section 9. Pooling permitted for deficits. Makes a technical correction to a provision that allows pooling to address deficits caused by previously enacted tax reforms. Effective the day following final enactment and applies to districts for which the request for certification was made before August 1, 2001, and without regard to whether the request for certification was made prior to August 1, 1979.

Section 10. Collection of increment. Removes obsolete language that addresses the improper receipt of increment relating to tax increment financing duration limits. Effective the day following final enactment.

Section 11. Suspension of distribution of tax increment. Removes obsolete language concerning the county auditor’s authority to without distribution of tax increment. Effective the day following final enactment.

Section 12. Expenditure of increment. Amends statute addressing expenditures in violation of tax increment financing law to properly cover all potential violations. Effective the day following final enactment.

Section 13. City of Savage. Authorizes the city of Savage to extend, by three additional years, both the five-year rule, and the five-year period relating to the enlargement area of a district, for districts created pursuant to special legislation enacted in 2014. Under current law, the geographic area of a TIF district can be reduced, but not enlarged, after five years following the date of certification of the district. Effective upon city approval and filing requirements.

Section 14. City of Shakopee. Authorizes the city of Shakopee to create tax increment financing districts (until December 31, 2026) under special rules in a defined area of the city. Before establishing districts, the city must find that 70 percent of the defined area has peat or other geotechnical difficulties, landfills, dumps, quarries, gravel pits, floodway, or substantial fill is required for commercial development. The authority can create any TIF district in the defined area, other than an economic development or housing district, and if established, the five-year rule is extended to eight years, and the permitted polling percentage is increased from 20 to 80 percent. In addition, a new “soils deficiency district” can be established if 70 percent of the area has unusual terrain or soil deficiencies that require substantial filling and the estimated correction costs exceed the fair market value of the property, excluding costs of roads and other public improvements for which landowners would be assessed. Effective upon city approval and filing requirements.

Section 15. City of Woodbury. Authorizes the city of Woodbury to extend, by five years, the duration of TIF District No. 13, and allows increment generated from the district to be spent on the maintenance and facility and infrastructure upgrades to Central Park, and all such expenditures are deemed expended on activities within the district. Effective upon city approval, except that the duration extension is effective upon approval by the city, county, and school district.

ARTICLE 9: MISCELLANEOUS

Section 1. Requirements for new or renewed tax expenditures. Eliminates the requirement that a bill creating, renewing, or continuing a tax expenditure include a purpose statement and a standard against which its effectiveness may be measured. Instead, requires the chairs of the house and senate taxes committees to submit such information to the Tax Expenditure Review Commission (TERC) within 60 days following final enactment of such a bill. Eliminates the statutory requirement that a bill creating or continuing a tax expenditure include an expiration date for the tax expenditure. Provides that the requirement that the house and senate taxes chairs submit purpose statements to the TERC is not subject to judicial review. Effective the day following final enactment.

Section 2. Report of expiring tax expenditures. Requires the commissioner of revenue to report on October 1 of each year to the chairs and ranking minority members of the house and senate taxes committees listing each tax expenditure that expires before July 1 of the following calendar year. Effective the day following final enactment.

Section 3. Miscellaneous withholding arrangements. Periodic and nonperiodic payments or distributions from employer deferred compensation plans, individual retirement plans, and commercial annuities are subject to Minnesota tax withholding unless the recipient opts out of withholding. This section provides that the withholding rate is 6.25 percent, rather than an

amount determined under withholding tax tables as if the distribution were a payment of wages. Effective for taxable years beginning after December 31, 2021.

Section 4. Collection; disposition [of lawful gambling taxes]. Requires that, for fiscal years 2024 and 2025 only, the appropriation amount for compulsive and problem gambling programs must be calculated without regard to projected reductions in the combined net receipts tax revenues resulting from modifications to the tax brackets. Effective the day following final enactment.

Section 5. Combined net receipts tax. Reduces the combined net receipts tax by modifying the tax brackets on which the tax is imposed. Effective for games reported as played after June 30, 2023.

Section 6. Determination of revenue increase [from lawful gambling taxes]. Modifies the baseline gambling tax revenue amounts used to calculate the amount of tax revenue that is transferred to the stadium reserve account in the general fund. The baseline adjustment would affect the amount of the transfer for fiscal year 2024 and later. Effective for fiscal year 2024 and thereafter.

ARTICLE 10: DEPARTMENT OF REVENUE POLICY AND TECHNICAL: PARTNERSHIP TAXES

Section 1. Pass-through Entity Tax Clarification. Minn. Stat. § 289A.08, subd. 7a, is amended to make clear that only business entities that are organized for tax purposes to be taxed as a partnership or S corporation, constitute qualifying entities. Effective retroactively for taxable years beginning after December 31, 2020.

Section 2. Reporting and payment requirements. Minn. Stat. § 289A.382, subd. 2, para. (b), is amended to require that if a partnership is audited in a year where the pass-through entity tax is elected under § 289A.08, subd. 7a, that the pass-through entity report is amended to reflect the federal adjustments report and the additional amount paid that would have been due had the federal adjustments been reported properly as required. Effective retroactively for taxable years beginning after December 31, 2020.

ARTICLE 11: DEPARTMENT OF REVENUE POLICY AND TECHNICAL: SALES AND USE TAXES AND SPECIAL TAXES

Section 1. Surcharge publication date. Amends Minn. Stat. § 296A.083, subd. 3, to move the annual deadline for publication of the debt service surcharge from April 1 to May 1. This change is necessary because the Department cannot publish the debt service surcharge until Minnesota Management and Budget publishes its debt service forecast, which is due on April 1 of each year. The amendment also removes outdated language from the subdivision. Effective the day following final enactment.

Section 2. Definition of “State.” Amends Minn. Stat. § 297A.61, subd. 29, to conform with the recently amended Streamlined Sales Tax definition of “state.” This amendment provides that for sales and use tax purposes “state” also includes any territory of the United States. Effective the day following final enactment.

ARTICLE 12: DEPARTMENT OF REVENUE POLICY AND TECHNICAL: FIRE AND POLICE STATE AIDS

Section 1. Compliance report due dates. Amends Minn. Stat. § 6.495, subd. 3, to provide due dates for financial compliance reports submitted by the state auditor to the commissioner of revenue. The reports certify which relief associations are eligible to receive fire state aid. Effective for aids payable in calendar year 2023 and thereafter.

Section 2. Apportionment agreement definition. Amends Minn. Stat. § 477B.01 by adding a new subd. 1a, to define “apportionment agreement” for the purposes of fire state aid. Effective for aids payable in calendar year 2023 and thereafter.

Section 3. Fire department definition. Amends Minn. Stat. § 477B.01, subd. 5, to add joint powers entities and fire protection special taxing districts to the definition of “fire department” for purposes of Chapter 477B. The latter is cross-referenced with Chapter 144F, that added authority to create fire protection special taxing districts in 2021. Effective for aids payable in calendar year 2023 and thereafter.

Section 4. Joint powers entity definition. Amends Minn. Stat. § 477B.01 by adding a new subd. 7a, that defines a joint powers entity for purposes of fire state aid. Effective for aids payable in calendar year 2023 and thereafter.

Section 5. Municipality definition. Amends Minn. Stat. § 477B.01, subd. 10, to include joint powers entities and fire protection special taxing districts in the definition of “municipality” for purposes of fire state aid. Park districts and the University of Minnesota are eliminated from the definition. These two entities do not receive fire state aid, have not received it in the past, and are not anticipated to qualify for fire state aid in the future. Effective for aids payable in calendar year 2023 and thereafter.

Section 6. Secretary definition. Amends Minn. Stat. § 477B.01, subd. 11, to include the secretary or financial manager of a joint powers board or fire protection special taxing district board in the definition of “secretary” for purposes of fire state aid. Effective for aids payable in calendar year 2023 and thereafter.

Section 7. Fire department criteria. Amends Minn. Stat. § 477B.02, subd. 2, to require a fire department to have a fire department identification number issued by the state fire marshal to receive fire state aid. Effective for aids payable in calendar year 2023 and thereafter.

Section 8. Fire department personnel and benefits criteria. Amends Minn. Stat. § 477B.02, subd. 3, to eliminate outdated personnel criteria for fire departments to receive fire state aid. Language is also added to clarify that a fire department may not be associated with more than one retirement benefit plan at the same time. Effective for aids payable in calendar year 2023 and thereafter.

Section 9. Public safety answering point requirement. Amends Minn. Stat. § 477B.02 by adding a new subd. 4a, requiring a fire department to be dispatched by a public safety answering point to qualify for fire state aid. Effective for aids payable in calendar year 2023 and thereafter.

Sections 10, 15. Documentation filing requirements. Amends Minn. Stat. § 477B.02, subd. 5, to clarify the documentation required to be filed with the commissioner by municipalities and independent nonprofit firefighting corporations already receiving fire state aid, and those applying for the first time. For those already receiving aid, notifications of contract formation and termination, and notice of fire department dissolution, must be provided to the commissioner within 60 days of the event. For departments applying for fire state aid for the first time, notice of apportionment agreements, joint powers agreements, and fire protection special taxing district resolutions or agreements must be filed with the commissioner. If any of the above-listed documents are updated, the updated version must also be filed with the commissioner within 60 days of the update. In the event a fire department is located in an unorganized territory, the county auditor is also required to provide information that the commissioner needs to apportion the estimated market value of the fire department service area. Also amends Minn. Stat. § 477B.03, subd. 4, which determines initial calculations for fire state aid, to reflect the documentation requirements above. Effective for aids payable in calendar year 2023 and thereafter.

Section 11, 16. PERA certification. Amends Minn. Stat. § 477B.02, subd. 8, to provide that the executive director of the Public Employees Retirement Association (PERA) only needs to certify to the commissioner of revenue which fire departments began or terminated participation in the voluntary statewide volunteer firefighter retirement plan since the previous certification. Requires the certifications to include the number of active volunteer firefighters under section 477B.03, subd. 5, information required for aid calculation. Also amends Minn. Stat. 477B.03, subd. 5, to provide the due date for PERA to certify the number of active firefighters to the commissioner of revenue and to the state auditor, and clarifies that the certification requirement applies to all municipalities and independent nonprofit firefighting corporations participating in the voluntary statewide volunteer firefighter retirement plan, not just to relief associations that were recently terminated because benefits started being provided by the statewide plan. Effective for aids payable in calendar year 2023 and thereafter.

Section 12. Fire department certification to commissioner. Amends Minn. Stat. § 477B.02, subd. 9, to require the municipal clerk or the secretary to annually certify a fire department's service area and whether all the qualification criteria for fire state aid are met. The municipal clerk or secretary must send a copy of the certification to the fire chief within five business days of filing with the commissioner. Effective for aids payable in calendar year 2023 and thereafter.

Sections 13 and 20. Certain tax credits and calculation of amount of fire and police state aid available for apportionment. Amends Minn. Stat. § 477B.03, subd. 2 and § 477C.03, subd. 2, to clarify that when the Department annually calculates the amount of fire and police state aid available for apportionment based on insurance premium data, the calculation is not affected by premium tax credits received under 297I.20, subd. 3 (historic structure insurance premium tax credit), subd. 4 (film production insurance premium tax credit), and subd. 5 (Minnesota housing insurance premium tax credit). This change aligns Chapters 477B and 477C with Minn. Stat. § 297I.20, subs. 3, 4, and 5, which state that the credits do not affect the calculation. These amendments are effective the day following final enactment. Minn. Stat. § 477C.03, subd. 2, is also amended to delete vague language describing adjustments to aid payments. This amendment is effective for aids payable in calendar year 2023 and thereafter.

Section 14. Population data. Amends Minn. Stat. § 477B.03, subd. 3, to require the commissioner to use the most recent population estimates from the state demographer, rather than federal census data, to calculate fire state aid. Also requires the commissioner to use the estimated market value (EMV) property figures for the assessment year immediately prior to aid distribution in any calculations requiring EMV figures. Effective for aids payable in calendar year 2023 and thereafter.

Section 17. Fire state aid appeal. Amends Minn. Stat. § 477B.03, subd. 7, to provide that objections to fire state aid apportionments may only be raised within 60 days after the apportioned fire state aid is paid. There was previously no timeline for objections. Effective for aids payable in calendar year 2023 and thereafter.

Section 18. Timing and direction of fire state aid payments. Amends Minn. Stat. § 477B.04, subd. 1, to clarify that aid is withheld for noncompliance with financial reporting requirements. If the Office of the State Auditor certifies that the requirements have been met, the commissioner of revenue must make the payments within ten business days of receipt of the certification. Language also clarifies that fire state aid payments will be distributed to the largest municipality in population located within a joint powers entity and within the fire department service area of independent nonprofit firefighting corporations. If a joint powers entity has designated an agency as its fiscal agent, however, the payments will be distributed to that agency regardless of population size. Effective for aids payable in calendar year 2023 and thereafter.

Section 19. Fire state aid amount corrections. Amends Minn. Stat. § 477B.04 by adding a new subd. 4, which specifies how clerical errors that resulted in incorrect overpayments or underpayments of fire state aid are adjusted. Adjustments must occur within three years after a payment is issued. Effective for aids payable in calendar year 2023 and thereafter.

Section 21. Police state aid appeal. Amends Minn. Stat. § 477C.03, subd. 5, to provide that objections to police state aid apportionments may only be raised within 60 days after the apportioned police state aid is paid. There was previously no timeline for objections. Effective for aids payable in calendar year 2023 and thereafter.

Sections 22. Police state aid amount corrections. Amends Minn. Stat. § 477C.04 by adding a new subd. 4 which specifies how clerical errors that resulted in incorrect overpayments and

underpayments of police state aid are adjusted. Adjustments must occur within three years after a payment issued. Effective for aids payable in calendar year 2023 and thereafter.

Section 23. Repealer. An uncodified provision repeals Minn. Stat. § 477B.02, subd. 4. This subdivision details outdated equipment requirements for fire departments that are no longer used in determining qualification for fire state aid. Minn. Stat. § 477B.03, subd. 6 is also repealed. This subdivision contained vague language describing aid payment adjustments. It is no longer needed with the fire state aid correction language added to Minn. Stat. § 477B.04. Effective for aids payable in calendar year 2023 and thereafter.

ARTICLE 13: DEPARTMENT OF REVENUE POLICY AND TECHNICAL: MISCELLANEOUS TAX PROVISIONS

Section 1. Property tax refund, homestead application. Amends Minn. Stat. § 290A.03, subd. 13, by changing the deadline for filing of a homestead application, and for the property to be classified as homestead, from December 15 to December 31, for purposes of the property tax refund, to match the deadlines for homestead applications for purposes of the homestead market value exclusion. Effective for refund claims based on property taxes payable in 2022 and thereafter.

Section 2. Owner or managing agent to furnish rent certificate. Amends Minn. Stat. § 290A.19. The Department, after consulting with affected representatives, can require owners and managing agents to e-file copies of certificates of rent paid (CRPs) issued to renters. The change supplements that authority by letting the Department require CRP issuers to submit their taxpayer identification number to the Department when e-filing the CRPs. Effective for refund claims based on rent paid in 2022 and thereafter.