

SENATE  
STATE OF MINNESOTA  
NINETY-FOURTH SESSION

S.F. No. 132

(SENATE AUTHORS: PUTNAM, Rest, Dibble, Miller and Weber)		
DATE	D-PG	OFFICIAL STATUS
01/16/2025	80	Introduction and first reading Referred to Taxes
01/21/2025	144	Author added Miller
01/23/2025	166	Author added Weber
03/17/2025	786a	Comm report: To pass as amended
	852	Second reading

1.1

A bill for an act

1.2

relating to taxation; modifying provisions governing individual income and

1.3

corporate franchise taxes, property taxes, certain state aid programs, and provisions

1.4

related to public finance; modifying property tax classifications, exemptions, and

1.5

refunds; modifying aid reporting requirements; providing certain aid penalty relief;

1.6

appropriating money; amending Minnesota Statutes 2024, sections 3.8855,

1.7

subdivisions 2, 3, 8; 10A.02, subdivision 11b; 10A.322, subdivision 4; 270C.445,

1.8

subdivision 3; 272.01, subdivision 2; 272.02, subdivision 19, by adding

1.9

subdivisions; 273.124, subdivisions 8, 14; 273.13, subdivision 22; 273.38; 273.41;

1.10

290.0132, by adding subdivisions; 290.06, subdivision 23; 290.0693, subdivision

1.11

1; 290.0695, subdivisions 1, 3; 290.091, subdivision 2; 290A.03, subdivision 3;

1.12

446A.086, subdivision 1; 469.104; 474A.091, subdivisions 2, 2a; Laws 2023,

1.13

chapter 64, article 4, section 27, by adding a subdivision; repealing Minnesota

1.14

Statutes 2024, sections 13.4967, subdivision 2a; 290.0679.

1.15

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

1.16

ARTICLE 1

1.17

INCOME AND CORPORATE FRANCHISE TAXES

1.18

Section 1. Minnesota Statutes 2024, section 3.8855, subdivision 2, is amended to read:

1.19

Subd. 2. **Definitions.** For the purposes of this section;

1.20

(1) "commissioner" means the commissioner of revenue; and

1.21

(2) "significant tax expenditure," "tax," and "tax expenditure" have the meanings given

1.22

in section 270C.11, subdivision 6.

1.23

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

1.24

Sec. 2. Minnesota Statutes 2024, section 3.8855, subdivision 3, is amended to read:

1.25

Subd. 3. **Membership.** (a) The commission consists of:

- (1) two senators appointed by the senate majority leader;
- (2) two senators appointed by the senate minority leader;
- (3) two representatives appointed by the speaker of the house;
- (4) two representatives appointed by the minority leader of the house of representatives;
- and
- (5) the commissioner of ~~revenue~~ or the commissioner's designee.

(b) Each appointing authority must make appointments by January 31 of the regular legislative session in the odd-numbered year.

(c) If the chair of the house or senate committee with primary jurisdiction over taxes is not an appointed member, the chair is an ex officio, nonvoting member of the commission.

(d) The commissioner may designate another individual to represent the commissioner or the commissioner's designee at any meeting of the commission.

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

Sec. 3. Minnesota Statutes 2024, section 3.8855, subdivision 8, is amended to read:

Subd. 8. **Terms; vacancies; meetings.** (a) Members of the commission serve a term beginning upon appointment and ending at the beginning of the regular legislative session in the next odd-numbered year. The appropriate appointing authority must fill a vacancy for a seat of a current legislator for the remainder of the unexpired term. Members may be removed or replaced at the pleasure of the appointing authority.

(b) If a commission member ceases to be a member of the legislative body from which the member was appointed, the member vacates membership on the commission.

(c) The commissioner of revenue must convene the first meeting of each year required under subdivision 4, paragraph (c).

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

Sec. 4. Minnesota Statutes 2024, section 10A.02, subdivision 11b, is amended to read:

Subd. 11b. **Data privacy related to electronic reporting system.** (a) The board may develop and maintain systems to enable treasurers to enter and store electronic records online for the purpose of complying with this chapter. Data entered into such systems by treasurers or their authorized agents is not government data under chapter 13 and may not be accessed or used by the board for any purpose without the treasurer's written consent.

3.1 Data from such systems that has been submitted to the board as a filed report is government  
3.2 data under chapter 13.

3.3 (b) For purposes of administering the refund under section 290.06, subdivision 23, the  
3.4 board may access or use the following data entered and stored in an electronic reporting  
3.5 system and share the data with the commissioner of revenue: (1) the amount of the  
3.6 contribution; (2) the name and address of the contributor; (3) any unique identifier for the  
3.7 contribution; (4) the name and campaign identification number of the party or candidate  
3.8 that received the contribution; and (5) the date on which the contribution was received. Data  
3.9 accessed, used, or maintained by the board under this paragraph are classified as nonpublic  
3.10 data, as defined in section 13.02, subdivision 9, and private data on individuals, as defined  
3.11 in section 13.02, subdivision 12.

3.12 **EFFECTIVE DATE.** This section is effective January 1, 2027.

3.13 Sec. 5. Minnesota Statutes 2024, section 10A.322, subdivision 4, is amended to read:

3.14 Subd. 4. **Refund ~~receipt forms~~ receipts; penalty.** (a) The board must make available  
3.15 to a political party on request and to any candidate for whom an agreement under this section  
3.16 is effective, ~~a supply of official refund receipt forms~~ receipts in an electronic format that  
3.17 state in boldface type that:

3.18 (1) a contributor who is given a receipt ~~form~~ is eligible to claim a refund as provided in  
3.19 section 290.06, subdivision 23; and

3.20 (2) if the contribution is to a candidate, that the candidate has signed an agreement to  
3.21 limit campaign expenditures as provided in this section.

3.22 ~~The forms must provide duplicate copies of the receipt to be attached to the contributor's~~  
3.23 ~~claim.~~ An official refund receipt must only be issued for a contribution of \$10 or more.  
3.24 Each receipt must be in an electronic format and include a unique receipt validation number  
3.25 that allows the commissioner of revenue to verify the information on the receipt with the  
3.26 Campaign Finance Board. A political party or candidate may provide a printed copy of the  
3.27 electronic receipt to the contributor.

3.28 (b) Once each business day, the board must provide the commissioner of revenue a  
3.29 receipt validation report. For each contribution reported to the board since the previous  
3.30 report, the report must include:

3.31 (1) the date and amount of the contribution;

3.32 (2) the name and address of the contributor;

4.1 (3) the name and campaign identification number of the party or candidate that received  
 4.2 the contribution; and

4.3 (4) the receipt validation number assigned to the contribution.

4.4 ~~(b)~~ (c) The willful issuance of an official refund receipt ~~form or a facsimile of one~~ to  
 4.5 any of the candidate's contributors by a candidate or treasurer of a candidate who did not  
 4.6 sign an agreement under this section is subject to a civil penalty of up to \$3,000 imposed  
 4.7 by the board.

4.8 ~~(e)~~ (d) The willful issuance of an official refund receipt ~~form or a facsimile~~ to an  
 4.9 individual not eligible to claim a refund under section 290.06, subdivision 23, is subject to  
 4.10 a civil penalty of up to \$3,000 imposed by the board.

4.11 ~~(d)~~ (e) A violation of paragraph ~~(b)~~ (c) or ~~(e)~~ (d) is a misdemeanor.

4.12 (f) A receipt validation report and a receipt validation number prepared pursuant to this  
 4.13 section are classified as nonpublic data, as defined in section 13.02, subdivision 9, and  
 4.14 private data on individuals, as defined in section 13.02, subdivision 12.

4.15 **EFFECTIVE DATE.** This section is effective for contributions made after December  
 4.16 31, 2026.

4.17 Sec. 6. Minnesota Statutes 2024, section 270C.445, subdivision 3, is amended to read:

4.18 Subd. 3. **Standards of conduct.** No tax preparer shall:

4.19 (1) without good cause fail to promptly, diligently, and without unreasonable delay  
 4.20 complete a client's return;

4.21 (2) obtain the signature of a client to a return or authorizing document that contains  
 4.22 blank spaces to be filled in after it has been signed;

4.23 (3) fail to sign a client's return when compensation for services rendered has been made;

4.24 (4) fail to provide on a client's return the preparer tax identification number when required  
 4.25 under section 6109(a)(4) of the Internal Revenue Code or section 289A.60, subdivision 28;

4.26 (5) fail or refuse to give a client a copy of any document requiring the client's signature  
 4.27 within a reasonable time after the client signs the document;

4.28 (6) fail to retain for at least four years a copy of a client's returns;

4.29 (7) fail to maintain a confidential relationship with clients or former clients;

(8) fail to take commercially reasonable measures to safeguard a client's nonpublic personal information;

(9) make, authorize, publish, disseminate, circulate, or cause to make, either directly or indirectly, any false, deceptive, or misleading statement or representation relating to or in connection with the offering or provision of tax preparation services;

(10) require a client to enter into a loan arrangement in order to complete a client's return;

(11) claim credits or deductions on a client's return for which the tax preparer knows or reasonably should know the client does not qualify;

(12) report a household income on a client's claim filed under chapter 290A that the tax preparer knows or reasonably should know is not accurate;

(13) engage in any conduct that is subject to a penalty under section 289A.60, subdivision 13, 20, 20a, 26, or 28;

(14) whether or not acting as a taxpayer representative, fail to conform to the standards of conduct required by Minnesota Rules, part 8052.0300, subpart 4;

(15) whether or not acting as a taxpayer representative, engage in any conduct that is incompetent conduct under Minnesota Rules, part 8052.0300, subpart 5;

(16) whether or not acting as a taxpayer representative, engage in any conduct that is disreputable conduct under Minnesota Rules, part 8052.0300, subpart 6;

(17) charge, offer to accept, or accept a fee based upon a percentage of an anticipated refund for tax preparation services;

(18) under any circumstances, withhold or fail to return to a client a document provided by the client for use in preparing the client's return;

(19) take control or ownership of a client's refund by any means, including:

(i) directly or indirectly endorsing or otherwise negotiating a check or other refund instrument, including an electronic version of a check;

(ii) directing an electronic or direct deposit of the refund into an account unless the client's name is on the account; and

(iii) establishing or using an account in the preparer's name to receive a client's refund through a direct deposit or any other instrument unless the client's name is also on the account, ~~except that a taxpayer may assign the portion of a refund representing the Minnesota~~

6.1 ~~education credit available under section 290.0674 to a bank account without the client's~~  
6.2 ~~name, as provided under section 290.0679;~~

6.3 (20) fail to act in the best interests of the client;

6.4 (21) fail to safeguard and account for any money handled for the client;

6.5 (22) fail to disclose all material facts of which the preparer has knowledge which might  
6.6 reasonably affect the client's rights and interests;

6.7 (23) violate any provision of section 332.37;

6.8 (24) include any of the following in any document provided or signed in connection  
6.9 with the provision of tax preparation services:

6.10 (i) a hold harmless clause;

6.11 (ii) a confession of judgment or a power of attorney to confess judgment against the  
6.12 client or appear as the client in any judicial proceeding;

6.13 (iii) a waiver of the right to a jury trial, if applicable, in any action brought by or against  
6.14 a debtor;

6.15 (iv) an assignment of or an order for payment of wages or other compensation for  
6.16 services;

6.17 (v) a provision in which the client agrees not to assert any claim or defense otherwise  
6.18 available;

6.19 (vi) a waiver of any provision of this section or a release of any obligation required to  
6.20 be performed on the part of the tax preparer; or

6.21 (vii) a waiver of the right to injunctive, declaratory, or other equitable relief or relief on  
6.22 a class basis; or

6.23 (25) if making, providing, or facilitating a refund anticipation loan, fail to provide all  
6.24 disclosures required by the federal Truth in Lending Act, United States Code, title 15, in a  
6.25 form that may be retained by the client.

6.26 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
6.27 31, 2025.

Sec. 7. Minnesota Statutes 2024, section 290.0132, is amended by adding a subdivision to read:

Subd. 36. **Discharges of indebtedness; coerced debt.** The amount of discharge of indebtedness awarded to a claimant under section 332.74, subdivision 3, is a subtraction.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2024.

Sec. 8. Minnesota Statutes 2024, section 290.0132, is amended by adding a subdivision to read:

Subd. 37. **Foreign service pension; retirement pay.** (a) Compensation received from a pension or other retirement pay from the federal government for service in the foreign service and established under United States Code, title 22, sections 4041 to 4069 and 4071, is a subtraction.

(b) The subtraction equals the product of:

(1) the amount of compensation received under paragraph (a); and

(2) the number of years of foreign service divided by the total number of years of civil service for which the taxpayer receives pension income.

(c) Any amount used to claim the subtraction in this subdivision must not be used to claim the subtraction in subdivision 34.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2024.

Sec. 9. Minnesota Statutes 2024, section 290.06, subdivision 23, is amended to read:

Subd. 23. **Refund of contributions to political parties and candidates.** (a) A taxpayer may claim a refund equal to the amount of the taxpayer's contributions made in the calendar year to candidates and to a political party. The maximum total refund per calendar year for an individual must not exceed \$75 and for a married couple, filing jointly, must not exceed \$150. The commissioner must not issue a refund, whether in one payment or in aggregate, to a taxpayer that exceeds the maximum refund amounts specified in this subdivision. A refund of a contribution is allowed only if the taxpayer files:

(1) a form required by the commissioner and attaches to the form ~~a copy of~~ an official refund receipt ~~form~~ issued by the candidate or party and signed by the candidate, the treasurer of the candidate's principal campaign committee, or the chair or treasurer of the party unit,

after the contribution was received. ~~The receipt forms must be numbered, and the data on the receipt that are not public must be made available to the campaign finance and public disclosure board upon its request.; or~~

(2) a claim using the electronic filing system authorized in paragraph (i).

The form or claim must include one or more unique receipt validation numbers from receipts issued pursuant to section 10A.322, subdivision 4.

(b) A claim must be filed with the commissioner no sooner than January 1 of the calendar year in which the contribution was made and no later than April 15 of the calendar year following the calendar year in which the contribution was made. ~~A taxpayer may file only one claim per calendar year.~~ A claim must be for a minimum of \$10. Amounts paid by the commissioner after June 15 of the calendar year following the calendar year in which the contribution was made must include interest at the rate specified in section 270C.405.

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

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

(2) is seeking an office for which voluntary spending limits are specified in section 10A.25; and

(3) has designated a principal campaign committee.

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

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

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

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

"Contribution" means a gift of money.



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

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

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

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

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

9.16 (i) The commissioner must establish an electronic filing system by which refunds are  
9.17 claimed.

9.18 **EFFECTIVE DATE.** This section is effective for contributions made after December  
9.19 31, 2026.

9.20 Sec. 10. Minnesota Statutes 2024, section 290.0693, subdivision 1, is amended to read:

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

9.23 (b) "Combined exemption amount" means the sum of:

9.24 (1) for the taxpayer's first dependent, the exemption amount multiplied by 1.4;

9.25 (2) for the taxpayer's second dependent, the exemption amount multiplied by 1.3;

9.26 (3) for the taxpayer's third dependent, the exemption amount multiplied by 1.2;

9.27 (4) for the taxpayer's fourth dependent, the exemption amount multiplied by 1.1;

9.28 (5) for the taxpayer's fifth dependent, the exemption amount; and

9.29 (6) if the taxpayer or taxpayer's spouse had a disability or attained the age of 65 on or  
9.30 before the close of the taxable year, the exemption amount.

10.1 ~~(b)~~ (c) "Dependent" means any individual who is considered a dependent under sections  
10.2 151 and 152 of the Internal Revenue Code.

10.3 ~~(e)~~ (d) "Disability" has the meaning given in section 290A.03, subdivision 10.

10.4 ~~(d)~~ (e) "Exemption amount" means the exemption amount under section 290.0121,  
10.5 subdivision 1, paragraph (b).

10.6 ~~(e)~~ (f) "Gross rent" means rent paid for the right of occupancy, at arm's length, of a  
10.7 homestead, exclusive of charges for any medical services furnished by the landlord as a  
10.8 part of the rental agreement, whether expressly set out in the rental agreement or not. The  
10.9 gross rent of a resident of a nursing home or intermediate care facility is \$600 per month.  
10.10 The gross rent of a resident of an adult foster care home is \$930 per month. The commissioner  
10.11 shall annually adjust the amounts in this paragraph as provided in section 270C.22. The  
10.12 statutory year is 2023. If the landlord and tenant have not dealt with each other at arm's  
10.13 length and the commissioner determines that the gross rent charged was excessive, the  
10.14 commissioner may adjust the gross rent to a reasonable amount for purposes of this section.

10.15 ~~(f)~~ (g) "Homestead" has the meaning given in section 290A.03, subdivision 6.

10.16 ~~(g)~~ (h) "Household" has the meaning given in section 290A.03, subdivision 4.

10.17 ~~(h)~~ (i) "Household income" means all income received by all persons of a household in  
10.18 a taxable year while members of the household, other than income of a dependent.

10.19 ~~(i)~~ (j) "Income" means adjusted gross income, minus:

10.20 (1) ~~for the taxpayer's first dependent, the exemption amount multiplied by 1.4 the~~  
10.21 taxpayer's combined exemption amount; and

10.22 (2) ~~for the taxpayer's second dependent, the exemption amount multiplied by 1.3; the~~  
10.23 amount of discharge of indebtedness subtracted under section 290.0132, subdivision 36.

10.24 (3) ~~for the taxpayer's third dependent, the exemption amount multiplied by 1.2;~~

10.25 (4) ~~for the taxpayer's fourth dependent, the exemption amount multiplied by 1.1;~~

10.26 (5) ~~for the taxpayer's fifth dependent, the exemption amount; and~~

10.27 (6) ~~if the taxpayer or taxpayer's spouse had a disability or attained the age of 65 on or~~  
10.28 before the close of the taxable year, the exemption amount.

10.29 ~~(j)~~ (k) "Rent constituting property taxes" means 17 percent of the gross rent actually  
10.30 paid in cash, or its equivalent, or the portion of rent paid in lieu of property taxes, in any  
10.31 taxable year by a claimant for the right of occupancy of the claimant's Minnesota homestead

in the taxable year, and which rent constitutes the basis, in the succeeding taxable year of a claim for a credit under this section by the claimant. If an individual occupies a homestead with another person or persons not related to the individual as the individual's spouse or as dependents, and the other person or persons are residing at the homestead under a rental or lease agreement with the individual, the amount of rent constituting property tax for the individual equals that portion not covered by the rental agreement.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2024.

Sec. 11. Minnesota Statutes 2024, section 290.0695, subdivision 1, is amended to read:

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

(b) "Credit certificate" means the certificate issued by the commissioner of transportation under subdivision 3, paragraph (a).

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

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

(e) "Eligible transferor" means an eligible taxpayer or a taxpayer to which the credit may be passed through under subdivision 4.

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

(g) "Transfer credit certificate" means the certificate issued to a transferee by the commissioner under subdivision 3, paragraph (d).

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

12.1 Sec. 12. Minnesota Statutes 2024, section 290.0695, subdivision 3, is amended to read:

12.2 Subd. 3. ~~Transferability~~ Credit certificates; written agreement required; credit  
12.3 ~~certificate transferability.~~ (a) To qualify for a credit under this section, an eligible taxpayer  
12.4 must apply to the commissioner of transportation for a credit certificate. The application  
12.5 for the credit certificate must be in the form and manner prescribed by the commissioner  
12.6 of transportation, in consultation with the commissioner. If the application is approved, the  
12.7 commissioner of transportation must issue the credit certificate to the eligible transferor  
12.8 designated in the application within 30 days of receipt of the application. The credit certificate  
12.9 must state, at a minimum, the number of miles of qualified railroad reconstruction or  
12.10 replacement expenditures in the taxable year and the total amount of credit calculated under  
12.11 the provisions of subdivision 2, paragraph (a). The commissioner of transportation must  
12.12 provide a copy of the credit certificate to the commissioner of revenue. The commissioner  
12.13 of transportation must not issue more than one credit certificate to an eligible transferor in  
12.14 a taxable year.

12.15 (b) By written agreement, an eligible taxpayer transferor may transfer the credit allowed  
12.16 under this section by written agreement to an eligible transferee. The amount of the  
12.17 transferred credit is limited to the unused, remaining portion of the credit as follows:

12.18 (1) any amount of the credit allowed that is stated in the credit certificate before any of  
12.19 the credit is claimed; or

12.20 (2) the entire amount of the credit carryover in each of the five succeeding taxable years.

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

12.27 ~~(c)~~ (d) The commissioner must issue a transfer credit certificate to the transferee within  
12.28 30 days of the joint filing of a copy of the written transfer agreement with the commissioner.

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

12.31 (e) An eligible transferor must not transfer a credit to an eligible transferee more than  
12.32 once in a taxable year.

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

13.3 Sec. 13. Minnesota Statutes 2024, section 290.091, subdivision 2, is amended to read:

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

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

13.8 (1) the taxpayer's federal alternative minimum taxable income as defined in section  
13.9 55(b)(1)(D) of the Internal Revenue Code;

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

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

13.13 (ii) the medical expense deduction;

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

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

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

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

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

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

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

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

less the sum of the amounts determined under the following:

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

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

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

(iv) amounts subtracted from federal taxable or adjusted gross income as provided by section 290.0132, subdivisions 7, 9 to 15, 17, 21, 24, 26 to 29, 31, 34, ~~and to 35 and 37~~; and

(v) the amount of the net operating loss allowed under section 290.095, subdivision 11, paragraph (c); and

(vi) the amount allowable as a Minnesota itemized deduction under section 290.0122, subdivision 7.

In the case of an estate or trust, alternative minimum taxable income must be computed as provided in section 59(c) of the Internal Revenue Code, except alternative minimum taxable income must be increased by the addition in section 290.0131, subdivision 16.

(b) "Investment interest" means investment interest as defined in section 163(d)(3) of the Internal Revenue Code.

(c) "Net minimum tax" means the minimum tax imposed by this section.

(d) "Regular tax" means the tax that would be imposed under this chapter (without regard to this section, section 290.033, and section 290.032), reduced by the sum of the nonrefundable credits allowed under this chapter.

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

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2024.

15.1 Sec. 14. **REPEALER.**

15.2 Minnesota Statutes 2024, sections 13.4967, subdivision 2a; and 290.0679, are repealed.

15.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
15.4 31, 2025.

15.5 **ARTICLE 2**

15.6 **PROPERTY TAXES**

15.7 Section 1. Minnesota Statutes 2024, section 272.01, subdivision 2, is amended to read:

15.8 Subd. 2. **Exempt property used by private entity for profit.** (a) When any real or  
15.9 personal property which is exempt from ad valorem taxes, and taxes in lieu thereof, is leased,  
15.10 loaned, or otherwise made available and used by a private individual, association, or  
15.11 corporation in connection with a business conducted for profit, there shall be imposed a  
15.12 tax, for the privilege of so using or possessing such real or personal property, in the same  
15.13 amount and to the same extent as though the lessee or user was the owner of such property.

15.14 (b) The tax imposed by this subdivision shall not apply to:

15.15 (1) property leased or used as a concession in or relative to the use in whole or part of  
15.16 a public park, market, fairgrounds, port authority, economic development authority  
15.17 established under chapter 469, municipal auditorium, municipal parking facility, municipal  
15.18 museum, or municipal stadium;

15.19 (2) property of an airport owned by a city, town, county, or group thereof which is:

15.20 (i) leased to or used by any person or entity including a fixed base operator; and

15.21 (ii) used as a hangar for the storage or repair of aircraft or to provide aviation goods,  
15.22 services, or facilities to the airport or general public;

15.23 the exception from taxation provided in this clause does not apply to:

15.24 (i) property located at an airport owned or operated by the Metropolitan Airports  
15.25 Commission or by a city of over 50,000 population according to the most recent federal  
15.26 census or such a city's airport authority; or

15.27 (ii) hangars leased by a private individual, association, or corporation in connection with  
15.28 a business conducted for profit other than an aviation-related business;

15.29 (3) property constituting or used as a public pedestrian ramp or concourse in connection  
15.30 with a public airport;

(4) property constituting or used as a passenger check-in area or ticket sale counter, boarding area, or luggage claim area in connection with a public airport but not the airports owned or operated by the Metropolitan Airports Commission or cities of over 50,000 population or an airport authority therein. Real estate owned by a municipality in connection with the operation of a public airport and leased or used for agricultural purposes is not exempt;

(5) property leased, loaned, or otherwise made available to a private individual, corporation, or association under a cooperative farming agreement made pursuant to section 97A.135; ~~or~~

(6) property leased, loaned, or otherwise made available to a private individual, corporation, or association under section 272.68, subdivision 4~~;~~ or

(7) property owned by a nonprofit conservation organization that is leased, loaned, or otherwise made available to a private individual, corporation, or association for grazing activities that further the nonprofit conservation organization's conservation objectives for the property.

(c) Taxes imposed by this subdivision are payable as in the case of personal property taxes and shall be assessed to the lessees or users of real or personal property in the same manner as taxes assessed to owners of real or personal property, except that such taxes shall not become a lien against the property. When due, the taxes shall constitute a debt due from the lessee or user to the state, township, city, county, and school district for which the taxes were assessed and shall be collected in the same manner as personal property taxes. If property subject to the tax imposed by this subdivision is leased or used jointly by two or more persons, each lessee or user shall be jointly and severally liable for payment of the tax.

(d) The tax on real property of the federal government, the state or any of its political subdivisions that is leased, loaned, or otherwise made available to a private individual, association, or corporation and becomes taxable under this subdivision or other provision of law must be assessed and collected as a personal property assessment. The taxes do not become a lien against the real property.

**EFFECTIVE DATE.** This section is effective beginning with property taxes payable in 2026.



17.1 Sec. 2. Minnesota Statutes 2024, section 272.02, subdivision 19, is amended to read:

17.2 Subd. 19. **Property used to distribute electricity to farmers.** Electric power distribution  
17.3 ~~lines and their attachments and appurtenances~~ systems, not including substations, or  
17.4 transmission or generation equipment, that are used primarily for supplying electricity to  
17.5 farmers at retail, are exempt.

17.6 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2025  
17.7 and thereafter.

17.8 Sec. 3. Minnesota Statutes 2024, section 272.02, is amended by adding a subdivision to  
17.9 read:

17.10 Subd. 106. **Certain property owned by an Indian Tribe.** (a) Property is exempt that:

17.11 (1) was classified as class 3a under section 273.13, subdivision 24, for taxes payable in  
17.12 2025;

17.13 (2) is located in a city of the first class with a population greater than 400,000 as of the  
17.14 2020 federal census;

17.15 (3) was on January 1, 2024, and is for the current assessment, owned by a federally  
17.16 recognized Indian Tribe, or its instrumentality, that is located within the state of Minnesota;  
17.17 and

17.18 (4) is used exclusively for Tribal purposes or institutions of purely public charity as  
17.19 defined in subdivision 7.

17.20 (b) Property that qualifies for the exemption under this subdivision is limited to one  
17.21 parcel that does not exceed 40,000 square feet. Property used for single-family housing,  
17.22 market-rate apartments, agriculture, or forestry does not qualify for this exemption.

17.23 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2026.

17.24 Sec. 4. Minnesota Statutes 2024, section 272.02, is amended by adding a subdivision to  
17.25 read:

17.26 Subd. 107. **Certain property owned by an Indian Tribe.** Property is exempt that:

17.27 (1) was classified as class 2b under section 273.13, subdivision 23, for taxes payable in  
17.28 2025;

17.29 (2) is located within a county with a population greater than 5,580 but less than 5,620  
17.30 according to the 2020 federal census;

(3) is located in an unorganized territory with a population less than 800 according to the 2020 federal census; and

(4) was on January 2, 2023, and is for the current assessment, owned by a federally recognized Indian Tribe, or its instrumentality, that is located within the state of Minnesota.

**EFFECTIVE DATE.** This section is effective beginning with assessment year 2026.

Sec. 5. Minnesota Statutes 2024, section 273.124, subdivision 8, is amended to read:

Subd. 8. **Homestead owned by or leased to family farm corporation, joint farm venture, limited liability company, or partnership.** (a) Each family farm corporation; each joint family farm venture; and each limited liability company or partnership which operates a family farm; is entitled to class 1b under section 273.13, subdivision 22, paragraph (b), or class 2a assessment for one homestead occupied by a shareholder, member, or partner thereof who is residing on the land, and actively engaged in farming of the land owned by the family farm corporation, joint family farm venture, limited liability company, or partnership. Homestead treatment applies even if:

(1) legal title to the property is in the name of the family farm corporation, joint family farm venture, limited liability company, or partnership, and not in the name of the person residing on it; or

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

(i) the shareholder, member, or partner residing on and actively engaged in farming the land is a shareholder, member, or partner of the family farm corporation, joint family farm venture, partnership, or limited liability company that is operating the farm; and

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

"Family farm corporation," "family farm," and "partnership operating a family farm" have the meanings given in section 500.24, except that the number of allowable shareholders, members, or partners under this subdivision shall not exceed ~~12~~ 18. "Limited liability company" has the meaning contained in sections 322C.0102, subdivision 12, and 500.24, subdivision 2, paragraphs (l) and (m). "Joint family farm venture" means a cooperative

19.1 agreement among two or more farm enterprises authorized to operate a family farm under  
19.2 section 500.24.

19.3 (b) In addition to property specified in paragraph (a), any other residences owned by  
19.4 family farm corporations, joint family farm ventures, limited liability companies, or  
19.5 partnerships described in paragraph (a) which are located on agricultural land and occupied  
19.6 as homesteads by its shareholders, members, or partners who are actively engaged in farming  
19.7 on behalf of that corporation, joint farm venture, limited liability company, or partnership  
19.8 must also be assessed as class 2a property or as class 1b property under section 273.13.

19.9 (c) Agricultural property that is owned by a member, partner, or shareholder of a family  
19.10 farm corporation or joint family farm venture, limited liability company operating a family  
19.11 farm, or by a partnership operating a family farm and leased to the family farm corporation,  
19.12 limited liability company, partnership, or joint farm venture, as defined in paragraph (a), is  
19.13 eligible for classification as class 1b or class 2a under section 273.13, if the owner is actually  
19.14 residing on the property, and is actually engaged in farming the land on behalf of that  
19.15 corporation, joint farm venture, limited liability company, or partnership. This paragraph  
19.16 applies without regard to any legal possession rights of the family farm corporation, joint  
19.17 family farm venture, limited liability company, or partnership under the lease.

19.18 (d) Nonhomestead agricultural property that is owned by a family farm corporation,  
19.19 joint farm venture, limited liability company, or partnership; and located not farther than  
19.20 four townships or cities, or combination thereof, from agricultural land that is owned, and  
19.21 used for the purposes of a homestead by an individual who is a shareholder, member, or  
19.22 partner of the corporation, venture, company, or partnership; is entitled to receive the first  
19.23 tier homestead classification rate on any remaining market value in the first homestead class  
19.24 tier that is in excess of the market value of the shareholder's, member's, or partner's class 2  
19.25 agricultural homestead property, if the owner, or someone acting on the owner's behalf  
19.26 notifies the county assessor by July 1 that the property may be eligible under this paragraph  
19.27 for the current assessment year, for taxes payable in the following year. As used in this  
19.28 paragraph, "agricultural property" means property classified as 2a under section 273.13,  
19.29 along with any contiguous property classified as 2b under section 273.13, if the contiguous  
19.30 2a and 2b properties are under the same ownership.

19.31 **EFFECTIVE DATE.** This section is effective for homestead applications in 2025 and  
19.32 thereafter.

20.1 Sec. 6. Minnesota Statutes 2024, section 273.124, subdivision 14, is amended to read:

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

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

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

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

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

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

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

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

20.25 (2) the owner, the owner's spouse, or a grandparent, grandchild, child, stepchild, sibling,  
20.26 ~~or uncle, aunt, nephew, niece, parent, or stepparent~~ of the owner or of the owner's spouse,  
20.27 is actively farming the agricultural property, either on the person's own behalf as an individual  
20.28 or on behalf of a partnership operating a family farm, family farm corporation, joint family  
20.29 farm venture, or limited liability company of which the person is a partner, shareholder, or  
20.30 member;

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

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

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

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

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

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

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

21.22 (d) Agricultural land used for purposes of a homestead and actively farmed by a person  
21.23 holding a vested remainder interest in it must be classified as a homestead under section  
21.24 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other  
21.25 dwellings on the land used for purposes of a homestead by persons holding vested remainder  
21.26 interests who are actively engaged in farming the property, and up to one acre of the land  
21.27 surrounding each homestead and reasonably necessary for the use of the dwelling as a home,  
21.28 must also be assessed class 2a.

21.29 (e) Agricultural land and buildings that were class 2a homestead property under section  
21.30 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as  
21.31 agricultural homesteads for subsequent assessments if:

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

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

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

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

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

22.13 (f) Agricultural land and buildings that were class 2a homestead property under section  
22.14 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified  
22.15 agricultural homesteads for subsequent assessments if:

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

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

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

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

22.24 (5) the owner notifies the county assessor that the relocation was due to a March 29,  
22.25 1998, tornado, and the owner furnishes the assessor any information deemed necessary by  
22.26 the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the  
22.27 owner must notify the assessor by December 1, 1998. Further notifications to the assessor  
22.28 are not required if the property continues to meet all the requirements in this paragraph and  
22.29 any dwellings on the agricultural land remain uninhabited.

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

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

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

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

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

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

23.11 Homestead treatment applies under this paragraph even if:

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

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

23.17 (A) the shareholder, member, or partner of the family farm corporation, joint family  
23.18 farm venture, partnership, or limited liability company that owns the land who is actively  
23.19 farming the land is a shareholder, member, or partner of the family farm corporation, joint  
23.20 family farm venture, partnership, or limited liability company that is operating the farm;  
23.21 and

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

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

23.30 (h) To be eligible for the special agricultural homestead under this subdivision, an initial  
23.31 full application must be submitted to the county assessor where the property is located.  
23.32 Owners and the persons who are actively farming the property shall be required to complete

24.1 only a one-page abbreviated version of the application in each subsequent year provided  
24.2 that none of the following items have changed since the initial application:

24.3 (1) the day-to-day operation, administration, and financial risks remain the same;

24.4 (2) the owners and the persons actively farming the property continue to live within the  
24.5 four townships or city criteria and are Minnesota residents;

24.6 (3) the same operator of the agricultural property is listed with the Farm Service Agency;

24.7 (4) a Schedule F or equivalent income tax form was filed for the most recent year;

24.8 (5) the property's acreage is unchanged; and

24.9 (6) none of the property's acres have been enrolled in a federal or state farm program  
24.10 since the initial application.

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

24.18 (i) Agricultural land and buildings that were class 2a homestead property under section  
24.19 273.13, subdivision 23, paragraph (a), for the 2007 assessment shall remain classified  
24.20 agricultural homesteads for subsequent assessments if:

24.21 (1) the property owner abandoned the homestead dwelling located on the agricultural  
24.22 homestead as a result of damage caused by the August 2007 floods;

24.23 (2) the property is located in the county of Dodge, Fillmore, Houston, Olmsted, Steele,  
24.24 Wabasha, or Winona;

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

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

24.29 (5) the owner notifies the county assessor that the relocation was due to the August 2007  
24.30 floods, and the owner furnishes the assessor any information deemed necessary by the  
24.31 assessor in verifying the change in homestead dwelling. For taxes payable in 2009, the  
24.32 owner must notify the assessor by December 1, 2008. Further notifications to the assessor



are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

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

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

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

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

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

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

**EFFECTIVE DATE.** This section is effective beginning with assessment year 2026.

Sec. 7. Minnesota Statutes 2024, section 273.13, subdivision 22, is amended to read:

Subd. 22. **Class 1.** (a) Except as provided in subdivision 23 and in paragraphs (b) and (c), real estate which is residential and used for homestead purposes is class 1a. In the case of a duplex or triplex in which one of the units is used for homestead purposes, the entire property is deemed to be used for homestead purposes. The market value of class 1a property must be determined based upon the value of the house, garage, and land.

The first \$500,000 of market value of class 1a property has a net classification rate of one percent of its market value; and the market value of class 1a property that exceeds \$500,000 has a classification rate of 1.25 percent of its market value.

(b) Class 1b property includes homestead real estate or homestead manufactured homes used for the purposes of a homestead by:

(1) any person who is blind as defined in section 256D.35, or the person who is blind and the spouse of the person who is blind;

(2) any person who is permanently and totally disabled or by the person with a disability and the spouse of the person with a disability; or

(3) the surviving spouse of a veteran who was permanently and totally disabled homesteading a property classified under this paragraph for taxes payable in 2008.

Property is classified and assessed under clause (2) only if the government agency or income-providing source certifies, upon the request of the homestead occupant, that the homestead occupant satisfies the disability requirements of this paragraph, and that the property is not eligible for the valuation exclusion under subdivision 34.

Property is classified and assessed under paragraph (b) only if the commissioner of revenue or the county assessor certifies that the homestead occupant satisfies the requirements of this paragraph.

Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings the person an income. The first \$50,000 market value of class 1b property has a net classification rate of .45 percent of its market value. The remaining market value of class 1b property is classified as class 1a or class 2a property, whichever is appropriate.

(c) Class 1c property is commercial use real and personal property that abuts public water as defined in section 103G.005, subdivision 15, or abuts a state trail administered by the Department of Natural Resources, and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment, and that includes a portion used as a homestead by the owner, which includes a dwelling occupied as a homestead by a shareholder of a corporation that owns the resort, a partner in a partnership that owns the resort, or a member of a limited liability company that owns the resort even if the title to the homestead is held by the corporation, partnership, or limited liability company. For purposes of this paragraph, property is devoted to a commercial purpose on a specific day if any portion of the property, excluding the portion used exclusively as a homestead, is used for residential occupancy and a fee is charged for residential occupancy. Class 1c property must contain three or more rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site equipped with water and electrical hookups for recreational vehicles. Class 1c property must provide recreational activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill or cross-country ski equipment; provide marina services, launch services, or guide services;

or sell bait and fishing tackle. Any unit in which the right to use the property is transferred to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies for class 1c even though it may remain available for rent. A camping pad offered for rent by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of the rental agreement, as long as the use of the camping pad does not exceed 250 days. If the same owner owns two separate parcels that are located in the same township, and one of those properties is classified as a class 1c property and the other would be eligible to be classified as a class 1c property if it was used as the homestead of the owner, both properties will be assessed as a single class 1c property; for purposes of this sentence, properties are deemed to be owned by the same owner if each of them is owned by a limited liability company, and both limited liability companies have the same membership. The portion of the property used as a homestead is class 1a property under paragraph (a). The remainder of the property is classified as follows: the first ~~\$600,000~~ \$1,500,000 of market value is tier I, the next ~~\$1,700,000~~ \$3,000,000 of market value is tier II, and any remaining market value is tier III. The classification rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25 percent. Owners of real and personal property devoted to temporary and seasonal residential occupancy for recreation purposes in which all or a portion of the property was devoted to commercial purposes for not more than 250 days in the year preceding the year of assessment desiring classification as class 1c, must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located must be designated as class 1c as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located must be designated as class 3a commercial. The owner of property desiring designation as class 1c property must provide guest registers or other records demonstrating that the units for which class 1c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

(d) Class 1d property includes structures that meet all of the following criteria:

(1) the structure is located on property that is classified as agricultural property under section 273.13, subdivision 23;

(2) the structure is occupied exclusively by seasonal farm workers during the time when they work on that farm, and the occupants are not charged rent for the privilege of occupying the property, provided that use of the structure for storage of farm equipment and produce does not disqualify the property from classification under this paragraph;

(3) the structure meets all applicable health and safety requirements for the appropriate season; and

(4) the structure is not salable as residential property because it does not comply with local ordinances relating to location in relation to streets or roads.

The market value of class 1d property has the same classification rates as class 1a property under paragraph (a).

**EFFECTIVE DATE.** This section is effective beginning with assessment year 2026.

Sec. 8. Minnesota Statutes 2024, section 273.38, is amended to read:

**273.38 PERCENTAGE OF ASSESSMENTS; EXCEPTIONS.**

The distribution ~~lines and the attachments and appurtenances thereto~~ systems, not including substations, or transmission or generation equipment, of cooperative associations organized under the provisions of Laws 1923, chapter 326, and laws amendatory thereof and supplemental thereto, and engaged in the electrical heat, light and power business, upon a mutual, nonprofit and cooperative plan, shall be assessed and taxed as provided in sections 273.40 and 273.41.

**EFFECTIVE DATE.** This section is effective beginning with assessment year 2025 and thereafter.

Sec. 9. Minnesota Statutes 2024, section 273.41, is amended to read:

**273.41 AMOUNT OF TAX; DISTRIBUTION.**

There is hereby imposed upon each such cooperative association on December 31 of each year a tax of \$10 for each 100 members, or fraction thereof, of such association. The tax, when paid, shall be in lieu of all personal property taxes, state, county, or local, upon ~~distribution lines and the attachments and appurtenances thereto of such associations~~ that part of the association's distribution system, not including substations, or transmission or generation equipment, located in rural areas. The tax shall be payable on or before March 1 of the next succeeding year, to the commissioner of revenue. If the tax, or any portion thereof, is not paid within the time herein specified for the payment thereof, there shall be added thereto a specific penalty equal to ten percent of the amount so remaining unpaid.

Such penalty shall be collected as part of said tax, and the amount of said tax not timely paid, together with said penalty, shall bear interest at the rate specified in section 270C.40 from the time such tax should have been paid until paid. The commissioner shall deposit the amount so received in the general fund of the state treasury.

**EFFECTIVE DATE.** This section is effective beginning with assessment year 2025 and thereafter.

Sec. 10. Minnesota Statutes 2024, section 290A.03, subdivision 3, is amended to read:

Subd. 3. **Income.** (a) "Income" means the sum of the following:

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

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

(i) all nontaxable income;

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

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

(iv) cash public assistance and relief;

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

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

(vii) workers' compensation;

(viii) nontaxable strike benefits;

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

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

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

(xii) to the extent not included in federal adjusted gross income, distributions received by the claimant or spouse from a traditional or Roth style retirement account or plan;

(xiii) nontaxable scholarship or fellowship grants;

(xiv) alimony received to the extent not included in the recipient's income;

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

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

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

In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" shall mean federal adjusted gross income reflected in the fiscal year ending in the calendar year. Federal adjusted gross income shall not be reduced by the amount of a net operating loss carryback or carryforward or a capital loss carryback or carryforward allowed for the year.

(b) "Income" does not include:

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

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

(3) to the extent included in federal adjusted gross income, amounts contributed by the claimant or spouse to a traditional or Roth style retirement account or plan, but not to exceed the retirement base amount reduced by the amount of contributions excluded from federal adjusted gross income, but not less than zero;

- 31.1 (4) surplus food or other relief in kind supplied by a governmental agency;
- 31.2 (5) relief granted under this chapter;
- 31.3 (6) child support payments received under a temporary or final decree of dissolution or  
31.4 legal separation;
- 31.5 (7) restitution payments received by eligible individuals and excludable interest as  
31.6 defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of 2001,  
31.7 Public Law 107-16;
- 31.8 (8) alimony paid; ~~or~~
- 31.9 (9) veterans disability compensation paid under title 38 of the United States Code; or
- 31.10 (10) to the extent included in federal adjusted gross income, the amount of discharge of  
31.11 indebtedness awarded to the claimant under section 332.74, subdivision 3.
- 31.12 (c) The sum of the following amounts may be subtracted from income:
- 31.13 (1) for the claimant's first dependent, the exemption amount multiplied by 1.4;
- 31.14 (2) for the claimant's second dependent, the exemption amount multiplied by 1.3;
- 31.15 (3) for the claimant's third dependent, the exemption amount multiplied by 1.2;
- 31.16 (4) for the claimant's fourth dependent, the exemption amount multiplied by 1.1;
- 31.17 (5) for the claimant's fifth dependent, the exemption amount; and
- 31.18 (6) if the claimant or claimant's spouse had a disability or attained the age of 65 on or  
31.19 before December 31 of the year for which the taxes were levied, the exemption amount.
- 31.20 (d) For purposes of this subdivision, the following terms have the meanings given:
- 31.21 (1) "exemption amount" means the exemption amount under section 290.0121,  
31.22 subdivision 1, paragraph (b), for the taxable year for which the income is reported;
- 31.23 (2) "retirement base amount" means the deductible amount for the taxable year for the  
31.24 claimant and spouse under section 219(b)(5)(A) of the Internal Revenue Code, adjusted for  
31.25 inflation as provided in section 219(b)(5)(C) of the Internal Revenue Code, without regard  
31.26 to whether the claimant or spouse claimed a deduction; and
- 31.27 (3) "traditional or Roth style retirement account or plan" means retirement plans under  
31.28 sections 401, 403, 408, 408A, and 457 of the Internal Revenue Code.
- 31.29 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable  
31.30 in 2026.

32.1 **ARTICLE 3**

32.2 **AIDS AND CREDITS**

32.3 Section 1. Laws 2023, chapter 64, article 4, section 27, is amended by adding a subdivision  
32.4 to read:

32.5 Subd. 9. **Report.** (a) By January 15, 2026, each: (1) local unit that receives aid in an  
32.6 amount greater than \$10,000; (2) county; and (3) Tribal government must report the following  
32.7 information to the commissioner of public safety in the form and manner approved by that  
32.8 commissioner:

32.9 (i) the amount of aid received; and

32.10 (ii) the ways in which the aid was used or is intended to be used.

32.11 (b) By February 15, 2026, the commissioner of public safety must compile the information  
32.12 received from counties, Tribal governments, or local units pursuant to paragraph (a) and  
32.13 submit the compiled data in a report to the chairs and ranking minority members of the  
32.14 legislative committees and divisions with jurisdiction over public safety finance and policy  
32.15 and taxes and property taxes. The report must comply with the requirements of Minnesota  
32.16 Statutes, sections 3.195 and 3.197.

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

32.18 Sec. 2. **2023 AID PENALTY FORGIVENESS; CITY OF STEWART.**

32.19 Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Stewart  
32.20 must receive its aid payment for calendar year 2023 under Minnesota Statutes, section  
32.21 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3,  
32.22 provided that the state auditor certifies to the commissioner of revenue that the state auditor  
32.23 received the annual financial reporting form for 2022 from the city by June 1, 2025. The  
32.24 commissioner of revenue must make a payment of \$87,501.50 to the city of Stewart by June  
32.25 30, 2025. An amount sufficient to pay aid under this section is appropriated in fiscal year  
32.26 2025 from the general fund to the commissioner of revenue. This is a onetime appropriation.

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



**ARTICLE 4****PUBLIC FINANCE**

Section 1. Minnesota Statutes 2024, section 446A.086, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) As used in this section, the following terms have the meanings given.

(b) "Authority" means the Minnesota Public Facilities Authority.

(c) "Commissioner" means the commissioner of management and budget.

(d) "Debt obligation" means:

(1) a general obligation bond or note issued by a county, a bond or note to which the general obligation of a county is pledged under section 469.034, subdivision 2, or a bond or note payable from a county lease obligation under section 641.24, to provide funds for the construction of:

(i) jails;

(ii) correctional facilities;

(iii) law enforcement facilities;

(iv) a court house or justice center, if connected to a jail, correctional facility, or other law enforcement facility;

~~(iv)~~ (v) social services and human services facilities;

~~(v)~~ (vi) solid waste facilities; or

~~(vi)~~ (vii) qualified housing development projects as defined in section 469.034, subdivision 2; or

(2) a general obligation bond or note issued by a governmental unit to provide funds for the construction, improvement, or rehabilitation of:

(i) wastewater facilities;

(ii) drinking water facilities;

(iii) stormwater facilities; or

(iv) any publicly owned building or infrastructure improvement that has received partial funding from grants awarded by the commissioner of employment and economic development related to redevelopment, contaminated site cleanup, bioscience, small cities development

programs, and rural business infrastructure programs, for which bonds are issued by the authority under section 446A.087.

(e) "Governmental unit" means a county or a statutory or home rule charter city.

Sec. 2. Minnesota Statutes 2024, section 469.104, is amended to read:

**469.104 SECTIONS THAT APPLY IF FEDERAL LIMIT APPLIES.**

Sections 474A.01 to 474A.21 apply to obligations issued under sections 469.090 to 469.108 that are ~~limited~~ required by federal tax law as defined in section 474A.02, subdivision 8 to obtain an allocation of volume cap.

Sec. 3. Minnesota Statutes 2024, section 474A.091, subdivision 2, is amended to read:

Subd. 2. **Application for residential rental projects.** (a) Issuers may apply for an allocation for residential rental bonds under this section by submitting to the department an application on forms provided by the department accompanied by:

(1) a preliminary resolution;

(2) a statement of bond counsel that the proposed issue of obligations requires an allocation under this chapter and the Internal Revenue Code;

(3) an application deposit in the amount of two percent of the requested allocation;

(4) a sworn statement from the applicant identifying the project as a preservation project, 30 percent AMI residential rental project, 50 percent AMI residential rental project, 100 percent LIHTC project, 20 percent LIHTC project, or any other residential rental project; and

(5) a certification from the applicant or its accountant stating that the requested allocation does not exceed the aggregate bond limitation.

The issuer must pay the application deposit to the Department of Management and Budget. An entitlement issuer may not apply for an allocation for residential rental project bonds under this section unless it has either permanently issued bonds equal to the amount of its entitlement allocation for the current year plus any amount carried forward from previous years or returned for reallocation all of its unused entitlement allocation. For purposes of this subdivision, its entitlement allocation includes an amount obtained under section 474A.04, subdivision 6.

(b) An issuer that receives an allocation under this subdivision must permanently issue obligations equal to all or a portion of the allocation received on or before the earlier of: (i)

180 days of the allocation, or (ii) the last business day of December. If an issuer that receives an allocation under this subdivision does not permanently issue obligations equal to all or a portion of the allocation received within the time period provided in this paragraph or returns the allocation to the commissioner, the amount of the allocation is canceled and returned for reallocation through the unified pool.

(c) The Minnesota Housing Finance Agency may apply for and receive an allocation under this section without submitting an application deposit.

Sec. 4. Minnesota Statutes 2024, section 474A.091, subdivision 2a, is amended to read:

Subd. 2a. **Application for all other types of qualified bonds.** (a) Issuers may apply for an allocation for all types of qualified bonds other than residential rental bonds under this section by submitting to the department an application on forms provided by the department accompanied by:

(1) a preliminary resolution;

(2) a statement of bond counsel that the proposed issue of obligations requires an allocation under this chapter and the Internal Revenue Code;

(3) the type of qualified bonds to be issued;

(4) an application deposit in the amount of two percent of the requested allocation; and

(5) a public purpose scoring worksheet for manufacturing and enterprise zone applications.

The issuer must pay the application deposit to the Department of Management and Budget. An entitlement issuer may not apply for an allocation for public facility bonds or mortgage bonds under this section unless it has either permanently issued bonds equal to the amount of its entitlement allocation for the current year plus any amount carried forward from previous years or returned for reallocation all of its unused entitlement allocation. For purposes of this subdivision, an entitlement allocation includes an amount obtained under section 474A.04, subdivision 6.

(b) An issuer that receives an allocation under this subdivision must permanently issue obligations equal to all or a portion of the allocation received on or before the earlier of: (i) 120 days of the allocation, or (ii) the last business day of December. If an issuer that receives an allocation under this subdivision does not permanently issue obligations equal to all or a portion of the allocation received within the time period provided in this paragraph or

36.1 returns the allocation to the commissioner, the amount of the allocation is canceled and  
36.2 returned for reallocation through the unified pool.

36.3 (c) Notwithstanding the restrictions imposed on entitlement issuers under this subdivision,  
36.4 the Minnesota Housing Finance Agency may not receive an allocation for mortgage bonds  
36.5 under this section prior to the first Monday in October, but may be awarded allocations for  
36.6 mortgage bonds from the unified pool on or after the first Monday in October. The Minnesota  
36.7 Housing Finance Agency, the Minnesota Office of Higher Education, and the Minnesota  
36.8 Rural Finance Authority may apply for and receive an allocation under this section without  
36.9 submitting an application deposit.

APPENDIX  
Article locations for S0132-1

ARTICLE 1 INCOME AND CORPORATE FRANCHISE TAXES..... Page.Ln 1.16

ARTICLE 2 PROPERTY TAXES..... Page.Ln 15.5

ARTICLE 3 AIDS AND CREDITS..... Page.Ln 32.1

ARTICLE 4 PUBLIC FINANCE..... Page.Ln 33.1

**13.4967 OTHER TAX DATA CODED ELSEWHERE.**

Subd. 2a. **Assignment of refund.** Data regarding assignment of individual income tax refunds is classified by section 290.0679, subdivision 9.

**290.0679 ASSIGNMENT OF REFUND.**

Subdivision 1. **Definitions.** (a) "Qualifying taxpayer" means a resident who has a child in kindergarten through grade 12 in the current tax year and who met the income requirements under section 290.0674, subdivision 2, for receiving the education credit in the tax year preceding the assignment of the taxpayer's refund.

(b) "Education credit" means the credit allowed under section 290.0674.

(c) "Refund" means an individual income tax refund.

(d) "Financial institution" means a state or federally chartered bank, savings bank, savings association, or credit union.

(e) "Qualifying organization" means a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code.

(f) "Assignee" means a financial institution or qualifying organization that is entitled to receive payment of a refund assigned under this section.

Subd. 2. **Conditions for assignment.** A qualifying taxpayer may assign all or part of an anticipated refund for the current and future taxable years to a financial institution or a qualifying organization. A financial institution or qualifying organization accepting assignment must pay the amount secured by the assignment to a third-party vendor. The commissioner of education shall, upon request from a third-party vendor, certify that the vendor's products and services qualify for the education credit. A denial of a certification may be appealed to the commissioner pursuant to this subdivision and notwithstanding chapter 14. A financial institution or qualifying organization that accepts assignments under this section must verify as part of the assignment documentation that the product or service to be provided by the third-party vendor has been certified by the commissioner of education as qualifying for the education credit. The amount assigned for the current and future taxable years may not exceed the maximum allowable education credit for the current taxable year. Both the taxpayer and spouse must consent to the assignment of a refund from a joint return.

Subd. 3. **Consent for disclosure.** When the taxpayer applies to the financial institution or the qualifying organization for a loan to be secured by the assignment under subdivision 2, the taxpayer must sign a written consent on a form prescribed by the commissioner. The consent must authorize the commissioner to disclose to the financial institution or qualifying organization the total amount of state taxes owed or revenue recapture claims filed under chapter 270A against the taxpayer, and the total amount of outstanding assignments made by the taxpayer under this section. For a refund from a joint return, the consent must also authorize the disclosure of taxes, revenue recapture claims, and assignments relating to the taxpayer's spouse, and must be signed by the spouse. The financial institution or qualifying organization may request that the taxpayer provide a copy of the taxpayer's previous year's income tax return, if any, and may assist the taxpayer in requesting a copy of the previous year's return from the commissioner.

Subd. 4. **Consumer disclosure.** (a) A third-party vendor that receives payment of the amount secured by an assignment must comply with the requirements of this subdivision.

(b) The third-party vendor must disclose to the taxpayer, in plain language:

(1) the cost of each product or service for which the third-party vendor separately charges the taxpayer;

(2) any fees charged to the taxpayer for tax preparation services; and

(3) for qualifying low-income taxpayers, information on the availability of free tax preparation services.

(c) The third-party vendor must provide to the taxpayer executed copies of any documents signed by the taxpayer.

Subd. 5. **Filing of assignment.** The commissioner shall prescribe the form of and manner for filing an assignment of a refund under this section.

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Subd. 6. **Effect of assignment.** The taxpayer may not revoke an assignment after it has been filed. The assignee must notify the commissioner if the loan secured by the assignment has been paid in full, in which case the assignment is canceled. An assignment is in effect until the amount assigned is refunded in full to the assignee, or until the assignee cancels the assignment.

Subd. 7. **Payment of refund.** When a refund assigned under this section is issued by the commissioner, the proceeds of the refund, as defined in subdivision 1, paragraph (c), must be distributed in the following order:

- (1) to satisfy any delinquent tax obligations of the taxpayer which are owed to the commissioner;
- (2) to claimant agencies to satisfy any revenue recapture claims filed against the taxpayer, in the order of priority of the claims set forth in section 270A.10;
- (3) to assignees to satisfy assignments under this section, based on the order in time in which the commissioner received the assignments; and
- (4) to the taxpayer.

Subd. 8. **Legal action.** If there is a dispute between the taxpayer and the assignee after the commissioner has remitted the taxpayer's refund to the assignee, the taxpayer's only remedy is to bring an action against the assignee in court to recover the refund. The action must be brought within two years after the commissioner remits the refund to the assignee. The commissioner may not be a party to the proceeding.

Subd. 9. **Assignments private data.** Information regarding assignments under this section is classified as private data on individuals.