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## **S.F. No. 5234 – Omnibus Tax Bill (First Engrossment)**

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### **Article 1: Income and Corporate Franchise Taxes**

**Section 1. Data privacy related to electronic reporting system.** Allows the Campaign Finance and Public Disclosure Board (“Board”) to access or use data entered and stored in the electronic reporting system and share that data with the Commissioner of Revenue (“Commissioner”) to the extent necessary to administer the refund. Data accessed, used, or maintained by the board is private data on individuals. Effective January 1, 2026.

**Section 2. Refund receipts; penalty.** Allows for electronic refund receipts. Replaces references to paper receipts with references to electronic refund receipts. Strikes the requirement that the receipt form provide duplicate copies of the receipt to be attached to the contributor’s claim. An official refund receipt may only be issued for a contribution of \$10 or more. Receipts must be in an electronic format and include a unique receipt validation number that allows the commissioner to verify the information with the Board. A political party or candidate may provide a printed copy of the electronic receipt to the contributor. The Board must provide weekly revenue receipt validation reports to the commissioner that include specified information. Specifies that a receipt validation report and a receipt validation number are nonpublic data on individuals. Effective for contributions made after December 31, 2025.

**Section 3. Generally; individuals [return filing requirements].** Requires taxpayers who elect to receive an advance child credit payment to file an income tax return for the taxable year. Effective beginning in tax year 2025.

**Section 4. Internal Revenue Code [section 530 safe harbor].** Decouples Minnesota from section 530 of Public Law 95-600 in the definition of “Internal Revenue Code” in the income tax chapter

for purposes of employer income tax withholding requirements. Section 530 provides that employer tax liabilities resulting from classification of certain workers as non-employees do not apply if:

- the employer filed timely returns consistent with its treatment of the worker as a nonemployee;
- the employer or its predecessor did not previously treat a worker or any worker holding a substantially similar position as an employee; and
- the employer reasonably relied on one of three “safe harbors” in classifying a worker: prior audit in which the employee classification was the same as current classification, judicial precedent, or industry practice.

Effective beginning in tax year 2025.

**Section 5. Education expenses [subtraction].** Updates a cross reference to the definition of “tuition and fees,” which is amended in section 12. Effective beginning in tax year 2024.

**Section 6. Foreign service pensions; retirement pay [subtraction].** Provides a subtraction for the amount of foreign service pension or retirement compensation received. Effective beginning in tax year 2024.

**Section 7. Discharges of indebtedness; coerced debt [subtraction].** Provides a subtraction for the amount of discharge of indebtedness resulting from coerced debt. Effective beginning in tax year 2024.

**Section 8. Refund of contributions to political parties and candidates.** Prohibits the commissioner from issuing a refund to a taxpayer that exceeds the maximum refund amount. A claim must be for a minimum of \$10. Strikes language about receipt numbering and data classification that is replaced by requirements in section 2. Requires the commissioner to establish an electronic filing system for taxpayers to claim refunds. Requires the paper form or electronic claim to include the unique receipt validation number from the receipt issued pursuant to section 2. Strikes permissive language about claims filed on the Internet or other electronic means. Effective for contributions made after December 31, 2025.

**Section 9. Inflation adjustment [minimum child tax credit].** Requires the commissioner to annually adjust the income limitations for the minimum child tax credit in section 11. Effective beginning in tax year 2026.

**Section 10. Advance payment of credits [child tax credit].** Requires the commissioner to establish a process to allow taxpayers to receive advance payments of the child tax credit. Under current law, the commissioner *may* establish this process. The requirement is necessary because under section 11, taxpayers must have received advance payments in the previous tax year to qualify for the minimum payment in the current tax year. Effective beginning in tax year 2025.

**Section 11. Minimum credit [child tax credit].** Establishes a minimum child tax credit for tax years 2025 to 2028 under the following conditions:

- The taxpayer received an advance payment of the credit in the previous tax year; and
- The taxpayer has AGI in the current tax year equal to or less than \$60,100 for married joint filers with one qualifying child, or \$49,570 for all other filers with one qualifying child. The income limits are increased by \$9,000 for each qualifying child.

The minimum credit equals 50 percent of the taxpayer's credit in the previous year. If the number of the taxpayer's qualifying children decreased from year to year, the minimum credit amount decreases proportionally based on the percentage of the taxpayer's qualifying children that remain.

Establishes a minimum child tax credit account in the special revenue fund for transfers to the general fund to make payments for the minimum child tax credit. Transfers \$9,900,000 in fiscal year 2025 from the general fund to the child tax credit account. Amounts remaining in the child tax credit account on June 30, 2027, cancel to the general fund.

Effective for tax years 2025 to 2028.

**Section 12. Definitions [K-12 credit].** Establishes a new definition for “career and technical education program.” Expands the expenses eligible for the K-12 credit to include expenses for a qualifying child participating in a career and technical education program to include:

- amounts paid to others for transportation outside of regular school hours that is directly related to participation in a career and technical education program;
- expenses for participation in a student organization if participation in the organization is part of the career and technical education program; and
- expenses for equipment not otherwise eligible for the credit that is required for participation in a career and technical education program.

Effective beginning in tax year 2024.

**Section 13. Credit for attaining a master's degree in teacher's licensure field.** Adds a master's degree in special education, which may include pedagogy or a pedagogy component, to the programs for which expenses are eligible to claim the credit. “Special education” is defined as a program of study directly related to licensure in developmental disabilities, early childhood special education, deaf and hard of hearing education, blind and visually impaired education, emotional or behavioral disorders, autism spectrum disorders, or learning disabilities. Clarifies that a qualified teacher eligible for the credit must hold a teaching license or receive a teaching license within six months of completion of the master's degree program. Effective beginning in tax year 2024.

**Section 14. Aerospace and aviation credit.** Provides a nonrefundable credit equal to 50 percent of the amount of tuition reimbursed by a qualified employer to a qualified employee in a tax year. The credit must not exceed 50 percent of the average annual amount paid by a qualified employee for enrollment and instruction in a qualified program. The credit may not be carried forward. Credits awarded to individual partners, members, shareholders, or owners of a pass-through entity are passed through on a pro rata basis or as specified in organizational documents or any other executed agreement as of the last day of the taxable year. Requires the commissioner to submit a written report to the chairs and ranking members of the Senate and House taxes committees, which must include information regarding the cost and effectiveness of the credits and may include recommendations for changes necessary to implement the credit. Effective for tax years 2025 to 2033.

**Section 15. Definitions [renter's credit].** Creates a new definition of “combined exemption amount” for dependents for purposes of calculating the renter's credit. This new definition is necessary because under current law, the definition of “income” for the renter's credit includes exemption amounts. The definition of “income” is reorganized to exclude discharged coerced debt. Effective beginning in tax year 2024.

**Section 16. Definitions [short line railroad infrastructure modernization credit].** Adds definitions of “credit certificate” and “transfer credit certificate” for purposes of the new certification and transfer provisions in section 17. Effective retroactively to tax year 2023.

**Section 17. Credit certificates; written agreement required; transferability [short line railroad credit].** Modifies the process by which a credit certificate is issued and the credit transfer occurs so that an eligible taxpayer would apply to the commissioner of transportation for a credit certificate, who must issue the credit certificate within 30 days of receipt of the application and provide a copy of the credit certificate to the commissioner. The credit certificate must state the number of miles of qualified railroad reconstruction or replacement expenditures and the total amount of the credit calculated according to a formula under current law. The commissioner must not issue more than one credit certificate to an eligible taxpayer in a taxable year. Modifies the process by which an eligible taxpayer may transfer a credit to another taxpayer. The transfer must be made by written agreement, which must state the amount of credit stated in the credit certificate before the credit is claimed by the eligible taxpayer, or the entire amount of credit that is carried over in the five succeeding tax years. Requires the commissioner to issue a transfer credit certificate to a transferee and strikes language requiring the transferee to be liable for credits claimed in excess of the allowed amount. Effective retroactively to tax year 2023.

**Section 18. Definitions [alternative minimum tax].** Adds a reference to the foreign service pension subtraction in section 6 to the calculation of alternative minimum tax. Effective beginning in tax year 2024.

**Section 19. Shakopee area workforce development scholarships credit.** Authorizes a refundable income tax credit equal to the amount of the employer’s scholarship awarded to an employer-sponsored applicant. Requires that credits awarded to pass-through entities are passed through on a pro rata basis to partners, members, shareholders, or owners according to their share of the entity’s assets or as specifically allocated in organizational documents. Effective for tax years 2024 to 2028.

**Section 20. Appropriation; political contribution refund electronic filing system.** Appropriates \$147,000 in fiscal year 2025 from the general fund to the commissioner to establish and implement an electronic filing system for political contribution refund claims. The appropriation is available until June 30, 2026. The base for the appropriation is \$59,000 for fiscal year 2026 and \$59,000 for fiscal year 2027.

**Section 21. Appropriation; Department of Transportation.** Appropriates \$33,000 in fiscal year 2025 from the general fund to the commissioner of transportation to implement the certification requirement in section 17.

**Section 22. Transfer [tax modernization account].** Transfers \$5 million on July 1, 2024, to the general fund from the tax filing modernization account in the special revenue fund, which was established in the 2023 omnibus tax bill to modernize the state process for filing individual income tax returns.

**Section 23. Repealer [tax modernization account].** Repeals the tax modernization account established in the 2023 omnibus tax bill. Effective July 2, 2024.

## **Article 2: Property Taxes and Local Government Aids**

**Section 1. Exempt property used by private entity for profit.** Provides that exempt property owned by a nonprofit conservation organization that is leased, loaned, or otherwise made available to an individual, corporation, or association for grazing activities that further the nonprofit conservation organization’s conservation objectives for the property, remains exempt and a personal property tax is not imposed. Effective beginning with property taxes payable in 2025.

**Section 2. Property used to distribute electricity to farmer.** Clarifies that, except for substations and transmission or generation equipment, utility cooperatives’ power distribution systems are exempt from property taxes. Effective for assessment year 2024 and thereafter.

**Section 3. Certain property owned by an Indian Tribe.** Authorizes a permanent property tax exemption for five parcels in Cook County that are owned by the Grand Portage Band of Lake Superior Chippewa. Effective beginning with assessment year 2025.

**Section 4. Certain property owned by an Indian Tribe.** Authorizes a permanent property tax exemption for property located in Minneapolis and owned by the Leech Lake Band of Ojibwe. Effective beginning with assessment year 2025.

**Section 5. Requirement; Class 4d(1).** Clarifies that income-averaging is allowed for Class 4d(1) low-income rental property tax classification since income-averaging is allowed as a third set-aside for qualified low-income housing projects under section 42(g) of the Internal Revenue Code (IRC). Effective beginning with assessment year 2025.

**Section 6. Class 2; market farming.** Expands the definition of ‘agricultural land’ used to determine eligibility for the Class 2 agricultural property tax classification to allow for market farming on property with less than 11 acres. Property with less than 11 acres that contains a residence shall be eligible if the contiguous acreage, exclusive of the house, garage, and surrounding one acre of land was used in the preceding year for market farming and: (1) the owner provides the assessor with a federal Schedule F for the most recent tax year which reports gross income of at least \$5,000; or (2) if the owner has not filed Form 1040, the owner provides the assessor with a farm financial plan prepared by a financial management program approved by the commissioner of agriculture that demonstrates a plan to earn \$5,000 annually in gross income in each of the next two years. Effective beginning with assessment year 2025.

**Section 7. Percentage of assessments; exceptions.** Clarifies that, except for substations and transmission or generation equipment, utility cooperatives’ power distribution systems are exempt from property taxes. Effective for assessment year 2024 and thereafter.

**Section 8. Amount of tax; distribution.** Clarifies that, except for substations and transmission or generation equipment, utility cooperatives’ power distribution systems are exempt from property taxes. Effective for assessment year 2024 and thereafter.

**Section 9. Income; property tax refund.** Provides that the amount of discharge of indebtedness resulting from coerced debt shall not be considered income for purposes of determining eligibility for the property tax refund program. Effective for property taxes payable in 2025 and thereafter.

**Section 10. Land bank organization.** Defines a land bank organization as an organization that acquires, holds, or manages vacant, blighted, foreclosed, or tax-forfeited property for future development, redevelopment, or disposal. The organization must be: (1) a nonprofit organization exempt from taxation whose governing members are elected or appointed by a unit of government

or whose members are elected or appointed officials of a government unit; or (2) a limited liability company of which a nonprofit organization is a sole member. Effective the day following final enactment.

**Section 11. Authority; abatements.** Authorizes a political subdivision to grant a property tax abatement if the property will be used to provide for the development of housing to households at or below 80% AMI or will allow the property to be held by the land bank organization for future development. Effective the day following final enactment.

**Section 12. Duration limit; abatements.** Allows abatements granted for the development of affordable housing or for land bank property to have a duration of up to five years. Effective for abatement resolutions approved after the day following final enactment.

**Section 13. Repayment; abatements** Requires a land bank organization to repay, with interest, any abatement granted under this proposal if the land for which the abatement was granted is used for a purpose other than the purpose given by the organization prior to development. Effective the day following final enactment.

**Section 14. Payment dates; local government aid.** Modifies the percentage of city local government aid payments that are distributed on March 20, 2025 and July 20, 2025. Effective for aids payable in calendar year 2025.

**Section 15. Definitions; local affordable housing aid.** Provides a definition of “locally funded housing expenditures.” Effective beginning with aids payable in 2024.

**Section 16. Qualifying projects; local affordable housing aid.** Expands the list of qualifying projects to include financing the operations and management of financially distressed residential properties, and the funding of supportive services. Effective beginning with aids payable in 2024.

**Section 17. Use of proceeds; local affordable housing aid.** Provides conditions for meeting requirements for use of funds, including the deadlines for committing and expending awarded funds. Prohibits an aid recipient from using funds to reimburse itself for prior expenditures. Effective beginning with aids payable in 2024.

**Section 18. Maintenance of effort; local affordable housing aid.** Establishes a maintenance of effort requirement for recipients of aid based on the average of the three prior fiscal years of locally funded housing expenditures. Effective the day following final enactment.

**Section 19. Administration; local affordable housing aid.** Expands reporting requirements for aid recipients to include certifying and documenting compliance with the maintenance of effort requirement. Requires recipients that do not meet the maintenance of effort requirement to pay back aid. Establishes process for recipients to request a stop in payment and for the commissioner to resume stopped aid payments. Effective beginning with aids payable in 2025.

**Section 20. Application; Tribal Nation aid.** Changes the date by which the commissioner of revenue is required to notify eligible Tribal Nations of the amount of aid they will receive in the calendar year from August 1 to June 1 of each year. Effective the day following final enactment.

**Section 21. Payment date; Tribal Nation aid.** Changes the Tribal Nation aid payment date from December 27 of the year the aid is certified to July 20 of the year the aid is certified. Effective for aid paid in 2025 and thereafter.



**Section 22. Report; public safety aid.** Establishes a reporting requirement for recipients of public safety aid. Requires local units that received over \$10,000 in aid, counties, and Tribal governments to submit a report by January 15, 2025 to the commissioner of public safety. Requires the commissioner of public safety to compile the data and to submit in a report by February 15, 2025, to the legislative committees with jurisdiction over public safety and finance, taxes and property taxes. Effective the day following final enactment.

**Section 23. 2023 aid penalty forgiveness; city of Stewart.** Allows the city of Stewart to receive the amount withheld of its 2023 local government aid payment. The city would receive \$87,501.50 provided that the state auditor certifies that it received the city's required financial reporting form for 2022 by June 1, 2024. Effective the day following final enactment.

**Section 24. 2024 Tribal Nation aid.** Changes the payment date of Tribal Nation aid for calendar year 2024 from December 27, 2024 to June 20, 2024. Appropriates \$35 million from the general fund to the commissioner of revenue to make the June 20, 2024 aid payments. Effective the day following final enactment.

**Section 25. Supplemental 2024 soil and water conservation district aid distribution.** Provides a onetime \$2 million appropriation in fiscal year 2025 to the commissioner of revenue to make supplemental payments to soil and water conservation districts. Requires supplemental aid to be distributed among districts proportionally to their 2024 soil and water conservation aid award amounts. Requires the Board of Water and Soil Resources to certify supplemental aid amounts before August 1, 2024, and requires the commissioner of revenue to make payments on December 26, 2024. Effective for aid payable in calendar year 2024.

**Section 26. Supplemental 2024 town aid distribution.** Provides a onetime \$2 million appropriation in fiscal year 2025 to the department of revenue to make supplemental town aid payments. Requires supplemental aid to be distributed among towns proportionally to their 2024 town aid award amounts. Requires the commissioner of revenue to certify supplemental aid amounts before August 1, 2024 and pay the aid on December 26, 2024. Effective for aid payable in calendar year 2024.

**Section 27. Property tax exemption; Red Lake Nation College.** Provides that property in Minneapolis purchased by Red Lake Nation in August or September 2021 for the Red Lake Nation College shall be exempt from property taxes for taxes payable in 2022, and that portion of property taxes owed for taxes payable in 2021 after the property was acquired. The county auditor must certify to the commissioner of revenue the total payment amount for taxes attributable to the exemption. The amount necessary to make payment to the county is appropriated from the general fund. Effective the day following final enactment.

**Section 28. Repealer; local affordable housing aid.** Repeals the subdivision that provides the purpose statement for the local affordable housing aid program. Effective beginning with aids payable in 2024.

### **Article 3: Minerals**

**Section 1. Definitions.** Makes a conforming change related to the renaming in Section 10 of the Iron Range school consolidation and cooperatively operated school account to the Iron Range schools and community development. Effective the day following final enactment.

**Section 2. Reduction amount.** Increases, from \$315.10 to \$515.00, the maximum credit allowed for the Taconite Homestead Credit. Effective beginning with property taxes payable in 2025.

**Section 3. Notice of proposed property taxes (TNT); property subject to chapter 276A.** Changes the proposed property tax notice (TNT) for commercial-industrial property within the boundaries of the Iron Range fiscal disparities program. The amount shown on a commercial industrial property's TNT for the net tax capacity portion of the taxes for each jurisdiction will equal the amount of the property's net tax capacity multiplied by the jurisdiction's rate. An additional line for "fiscal disparities adjustment" is added to the statement. Effective beginning for property taxes payable in 2025.

**Section 4. Contents of tax statements; property subject to chapter 276A.** Changes the property tax statement for commercial-industrial property within the boundaries of the Iron Range fiscal disparities program in the same manner that the proposed property tax statement is changed in the previous section. Effective beginning for property taxes payable in 2025.

**Section 5. School fund allocation.** Makes a conforming change related to the renaming of the Iron Range school consolidation and cooperatively operated school account to the Iron Range schools and community development account. Effective the day following final enactment.

**Section 6. Certification of values; payment.** Makes a conforming change related to the renaming of the Iron Range school consolidation and cooperatively operated school account to the Iron Range schools and community development account. Effective the day following final enactment.

**Section 7. Within taconite assistance area.** Clarifies that the 10% allocation of the gross proceeds tax that is redirected to individual cities and towns only applies to distributions of taxes paid by a mining operation that is located within the 'taconite assistance area' as the area was defined prior to the 2023 expansion. Effective beginning with the 2025 distribution.

**Section 8. Occupation taxes to be apportioned.** Makes a conforming change related to the renaming of the Iron Range school consolidation and cooperatively operated school account to the Iron Range schools and community development account. Effective the day following final enactment.

**Section 9. Establishment.** Allows scholarships from a county's scholarship fund to be used at an accredited skilled trades program within the county in addition to a two-year Minnesota State College and Universities institution. Effective the day following final enactment.

**Section 10. Iron Range school consolidation and cooperatively operated school account.** Renames the Iron Range school consolidation and cooperatively operated school account the 'Iron Range schools and community development account.' Effective the day following final enactment.

**Section 11. Range Association of Municipalities and Schools (RAMS).** Increases, from 0.3 cents to 0.5 cents, the proceeds of the taconite production tax that is allocated to the Range Association of Municipalities and Schools (RAMS). Effective beginning with the 2024 distribution.

**Section 12. Transfer; Douglas J. Johnson Economic Protection Trust Fund.** Increases the amount annually transferred from the Douglas J. Johnson Economic Protection Trust Fund to the Iron Range schools and community development account. Under the proposal, the amount transferred is as follows: for distribution year 2024, \$6,250,000; for distribution year 2025 through



distribution year 2029, \$6,250,000; for distribution year 2030 through distribution year 2034, \$5,550,000; for distribution year 2035 and distribution year 2036, \$5,000,000; for distribution year 2037 through distribution year 2041, \$3,500,000. Effective beginning with the 2024 distribution.

**Section 13. Distribution of taconite municipal aid account.** Increases, from \$15,000 to \$25,000, the annual distribution allocated to Breitung Township from the taconite municipal aid account. Effective beginning with the 2024 distribution.

**Section 14. Use of money; Douglas J. Johnson Economic Protection Trust Fund.** Modifies the allowable uses of money in the Douglas J. Johnson Economic Protection Trust Fund to include funding reserve accounts established to secure the payment of bonds issued in Sections 15 and 16 and repaid from the Iron Range schools and community development account. Effective the day following final enactment.

**Section 15. Iron Range Resources and Rehabilitation Commissioner; Bonds Authorized in 2024.** Authorizes the commissioner of Iron Range resources and rehabilitation to issue revenue bonds in an amount up to \$49,000,000 in 2024 to fund a variety of identified projects. Payments for bonds issued under this section are made from an annual appropriation from the Iron Range schools and community development account. In any year in which the amount transferred is insufficient to make bond payments, an additional amount is appropriated from the Douglas J. Johnson economic protection trust fund. The grant purposes are not subject to review or recommendation by the Iron Range Resources and Rehabilitation Board, except that for all distributions equal to or greater than \$1 million, a recipient must appear and present and provide a copy of the plan to the Board. Effective the day following final enactment and applies beginning with the 2024 distribution.

**Section 16. Iron Range Resources and Rehabilitation Commissioner; Bonds Authorized in 2025.** Authorizes the commissioner of Iron Range resources and rehabilitation to issue revenue bonds in an amount up to \$31,000,000 in 2025 to fund a variety of identified projects. Payments for bonds issued under this section are made from an annual appropriation from the Iron Range schools and community development account. In any year in which the amount transferred is insufficient to make bond payments, an additional amount is appropriated from the Douglas J. Johnson economic protection trust fund. The grant purposes are not subject to review or recommendation by the Iron Range Resources and Rehabilitation Board, except that for all distributions equal to or greater than \$1 million, a recipient must appear and present and provide a copy of the plan to the Board. Effective the day following final enactment and applies beginning with the 2025 distribution.

**Section 17. Transfer 2024 Distribution Only; Taconite Economic Development Fund.** Authorizes a onetime transfer of \$300,000 from the taconite economic development fund to the city of Chisholm for the Senator David Tomassoni Bridge of Peace. Effective the day following final enactment.

#### **Article 4: Sales and Use, Gross Receipts, and Excise Taxes**

**Section 1. 2024 Sales tax refund account.** Creates a sales tax refund account in the special revenue fund for purposes of issuing refunds for the sales tax exemptions in sections 11 to 43. Any amount remaining in the account on July 1, 2029, cancels to the general fund. Effective the day following final enactment.

**Section 2. Credit for research [MinnesotaCare].** Eliminates the annual calculation of the credit for research percentage rate and permanently set the percentage rate at 0.5 percent. It also eliminates

the requirement that MMB annually publish the percentage rate in the State Register. Since passage of this provision of law, eligible research expenditures have increased from less than \$100 million in the early 2000s to over \$330 million in 2021. This growth has rendered the calculation no longer useful, as the percentage rate is already set at the minimum value of 0.5 percent. Effective the day following final enactment.

**Section 3. Safety devices, firearm storage units.** Amends the sales tax exemption for firearm storage units to include safety devices. “Safety device” means a device that, when installed on a firearm, is designed to prevent the firearm from being operated without first deactivating the device. Also adds safety devices to the prohibition in that exemption on sellers from collecting or transmitting data or information about a purchase of a firearm storage unit. Effective for sales and purchases made after June 30, 2024.

**Section 4. Data centers.** Allows “qualified large-scale data centers” claim an upfront sales tax exemption for qualifying purchases. Under current law, qualified data centers and qualified refurbished data centers must pay tax on their purchases and then apply for a refund. A “qualified large-scale data center” is a facility located in Minnesota:

- that is comprised of one or more buildings connected by fiber and associated equipment that consist in the aggregate of at least 25,000 square feet in one physical location or multiple locations; and
- for which the total cost of construction or refurbishment, enterprise information technology equipment, and computer software is at least \$250 million between the facility and its tenants in a 60-month period beginning after June 30, 2024.

Provides that the upfront sales tax exemption applies only if an entity seeking the exemption certifies to the commissioner of DEED that it will meet the requirements of the definition of a qualified large-scale data center. The commissioner of DEED must notify the commissioner of revenue whether the entity has met the requirements of the definition. Purchases made before the notification do not qualify for the upfront exemption. Requires prevailing wage to be paid to laborers and mechanics performing work on all qualified data centers, qualified refurbished data centers, and qualified large-scale data centers. Also requires a qualified large-scale data center to certify to the commissioner of DEED that it has met various sustainable design or green building standards. If these requirements have not been met, the amount of the upfront exemption allowed must be repaid. Effective for sales and purchases made after June 30, 2024.

**Section 5. Nonprofit snowmobile clubs; machinery and equipment.** Expands the exemption for sales to and purchases by nonprofit snowmobile clubs to include materials and supplies used or consumed in and equipment incorporated into the construction, reconstruction, maintenance, or improvement of state or grant-in-aid snowmobile trails that are completed by the club. Effective for sales and purchases made after June 30, 2024.

**Section 6. Tax collected [refundable sales tax exemptions].** Specifies that the sales tax refund provisions under current law apply to qualified data centers and qualified refurbished data centers. Effective for sales and purchases made after June 30, 2024.

**Section 7. Moist snuff [tobacco products].** Modifies the definition of “moist snuff” to include products containing nicotine that are similar to the current definition of “moist snuff:” finely cut, ground, or powdered smokeless tobacco that is intended to be placed or dipped in the mouth. Effective July 1, 2024.

**Section 8. Tobacco products.** Amends the definition of “tobacco products” to include “moist snuff,” which would now include products containing nicotine that are similar to moist snuff under the provisions of section 7. Effective July 1, 2024.

**Section 9. Criminal act [definitions].** Strikes the reference to the illegal cannabis and controlled substance chapter from the definition of “criminal act.” Effective August 1, 2024.

**Section 10. Exemption; refund [sales tax exemption; city of Ramsey].** Adds materials and supplies used or consumed in and equipment incorporated into the construction, reconstruction, upgrade, expansion, renovation, or remodeling of trunk water main improvements in the city of Ramsey to the exemption under current law for materials and equipment for a new water treatment plant. Effective retroactively for sales and purchases made after December 31, 2022, and before July 1, 2027.

**Sections 11 to 41** provide a sales tax exemption for materials and supplies used or consumed in and equipment incorporated into the construction, reconstruction, upgrade, expansion, renovation, or remodeling of various public facilities, as described below. Each section appropriates an amount sufficient to pay refunds from the sales tax refund account established in section 1.

**Section 11. Adrian Independent School District.** Secondary building roofing and elementary building roofing. Total refunds must not exceed \$4,999. Effective retroactively for sales and purchases made after March 31, 2024, and before September 1, 2025.

**Section 12. City of Apple Valley.** Central Maintenance Facility. Total refunds must not exceed \$540,000. Effective retroactively for sales and purchases made after February 29, 2024, and before July 1, 2028.

**Section 13. Becker Public School District.**

- Becker Early Childhood
- Becker Primary School
- Becker Intermediate School
- Becker Middle School
- Becker High School
- Becker Transportation Building
- Becker Multi-Purpose Athletic Facility

Total refunds must not exceed \$1,180,000. Effective retroactively for sales and purchases made after December 31, 2021, and before January 1, 2026.

**Section 14. Big Lake Independent School District.**

- Big Lake Liberty Elementary School
- Big Lake Independence Elementary School
- Big Lake Middle School
- Big Lake High School

Total refunds must not exceed \$780,000. Effective retroactively for sales and purchases made after December 31, 2021, and before January 1, 2025.

**Section 15. Browerville Public Schools.**

- Renovations to the prekindergarten through grade 12 school building; and

- Construction of a new gymnasium, classrooms, locker rooms, a wrestling and weight room, offices, and a stage.

Total refunds must not exceed \$580,000. Effective retroactively for sales and purchases made after December 31, 2023, and before January 1, 2026.

**Section 16. City of Burnsville.** New city hall. Total refunds must not exceed \$760,000. Effective for sales and purchases made after December 31, 2024, and before July 1, 2028.

**Section 17. Canby Independent School District.**

- new gymnasium with improved community access (2) career technical education space addition
- HVAC upgrades
- new eight-lane track
- athletic field improvements and upgrades
- stadium seating and press box renovations
- secure entrance upgrades for both schools with associated administrative office relocations
- renovations to existing locker rooms
- classroom renovations
- site drainage
- other associated renovations

Total refunds must not exceed \$860,000. Effective retroactively for sales and purchases made after December 31, 2023, and before January 1, 2026.

**Section 18. Cass Lake-Bena Independent School District.** Improvements to repurpose and remodel existing elementary school for use as an early childhood and preschool site, alternative learning center, and district service center. Total refunds must not exceed \$980,000. Effective retroactively for sales and purchases made after June 30, 2023, and before October 1, 2025.

**Section 19. City of Chanhassen.** Chanhassen Bluffs Sports Complex. Total refunds must not exceed \$1,480,000. Effective for sales and purchases made after August 31, 2025, and before October 1, 2026.

**Section 20. City of Columbia Heights.** City hall facility. Total refunds must not exceed \$220,000. Effective retroactively for sales and purchases made after August 31, 2021, and before April 1, 2024.

**Section 21. City of Delano.** Ice rink. Total refunds must not exceed \$310,000. Effective retroactively for sales and purchases made after November 30, 2023, and before January 1, 2026.

**Section 22. City of Edina.** Development of Fred Richards Park and improvements to Braemar Park. Total refunds must not exceed \$870,000. Effective retroactively for sales and purchases made after December 31, 2023, and before July 1, 2028.

**Section 23. Ellsworth Independent School District.**

- replacement of a boiler system with a heating and cooling HVAC system
- replacement of windows in the elementary wing
- replacement of the gym roof and shop roof
- replacement of fuel oil with propane for the new HVAC system
- installation of a new electrical system for the new HVAC system

- building tuckpointing; and
- renovation of the bus garage

Total refunds must not exceed \$160,000. Effective for sales and purchases made after December 31, 2024, and before July 1, 2025.

**Section 24. City of Grand Rapids.** IRA Civic Center. Total refunds must not exceed \$580,000. Effective retroactively for sales and purchases made after June 30, 2021, and before July 1, 2024.

**Section 25. Heron Lake-Okabena Independent School District.**

- roof replacement
- concrete work
- tuckpointing
- windows
- flooring
- bus garage doors
- Heron Lake doors
- bathroom fixtures and upgrades
- pool filter replacement

Total refunds must not exceed \$100,000. Effective for sales and purchases made after May 31, 2024, and before January 1, 2025.

**Section 26. Hills-Beaver Creek Independent School District.**

- new elementary school and parking lot
- repairs to gymnasium, locker room, vehicle garage, and bus garage building

Total refunds must not exceed \$880,000. Effective retroactively for sales and purchases made after February 29, 2024, and before January 1, 2026.

**Section 27. Itasca County.** County courthouse. Total refunds must not exceed \$470,000. Effective retroactively for sales and purchases made after April 30, 2021, and before January 1, 2025.

**Section 28. Lake Superior School District.**

- addition and improvements to Minnehaha Elementary School
- addition and improvements to William Kelly School
- improvements to Two Harbors High School
- improvements to or replacement of the Two Harbors Bus Garage and Silver Bay Bus Garage
- improvements to athletic facilities

Total refunds must not exceed \$1,320,000. Effective retroactively for sales and purchases made after December 31, 2022, and before January 1, 2026.

**Section 29. Le Sueur-Henderson School District.** New elementary school. Total refunds must not exceed \$930,000. Effective retroactively for sales and purchases made after May 31, 2023, and before January 1, 2025.

**Section 30. Martin County West Independent School District.** New pre-K through grade 12 school building. Total refunds must not exceed \$2,280,000. Effective for sales and purchases made after September 31, 2025, and before January 1, 2027.

**Section 31. City of Plymouth.**

- Plymouth City Center revitalization project:
  - construction of a public parking ramp
  - renovation of Plymouth Boulevard
  - expansion of the Plymouth Ice Center
  - construction of regional stormwater ponding
  - roadway realignment
  - expansion of the Plymouth Community Center
- Zachary Water Treatment Plant
- Meadows Playfield

Total refunds must not exceed \$620,000. Effective retroactively for sales and purchases made after December 31, 2023, and before July 1, 2028.

**Section 32. City of Rochester.** Sports and recreation complex. Total refunds must not exceed \$1,320,000. Effective retroactively for sales and purchases made after June 30, 2023, and before July 1, 2028.

**Section 33. Round Lake-Brewster Independent School District.** New three-story school building. Total refunds must not exceed \$870,000. Effective retroactively for sales and purchases made after December 31, 2023, and before September 1, 2026.

**Section 34. Russell Tyler Ruthton Independent School District.** PreK through grade 12 school building and athletic facilities. Total refunds must not exceed \$1,590,000. Effective retroactively for sales and purchases made after December 31, 2019, and before January 1, 2024.

**Section 35. City of Spring Lake Park.** City hall facility. Total refunds must not exceed \$360,000. Effective retroactively for sales and purchases made after December 31, 2023, and before January 1, 2026.

**Section 36. St. Clair School District.**

- new classrooms and playgrounds
- improvements to roofs, parking lots, mechanical systems, and athletic spaces

Total refunds must not exceed \$350,000. Effective retroactively for sales and purchases made after October 31, 2021, and before November 1, 2025.

**Section 37. Tracy Area Independent School District.**

- Tracy Elementary
- Tracy High School
- Tracy Kids World

Total refunds must not exceed \$650,000. Effective retroactively for sales and purchases made after December 31, 2022, and before January 1, 2025.

**Section 38. City of Watertown.** New water tower. Total refunds must not exceed \$140,000. Effective retroactively for sales and purchases made after April 30, 2024, and before February 1, 2026.

**Section 39. Windom Independent School District.**

- facility roofing projects
- HVAC upgrades
- athletic track replacement



- outdoor athletic complex improvements

Total refunds must not exceed \$870,000. Effective for sales and purchases made after June 30, 2024, and before January 1, 2027.

**Section 40. City of Woodbury.** Water treatment facility. Total refunds must not exceed \$2,070,000. Effective retroactively for sales and purchases made after January 31, 2024, and before July 1, 2028.

**Section 41. Worthington Independent School District.**

- new grades 3 through 5 intermediate school building
- new community education building to serve early childhood, adult basic education, and the Nobles County Integration Collaborative programs
- new storage facility to serve the Worthington Intermediate School, Worthington Learning Center and Gymnastics facility, and Worthington Community Education building
- reconstruction and replacement of the parking lot at the Worthington Middle School
- addition to the Worthington High School and remodeling of existing space and expansion of core areas
- new ice arena with associated event space
- installation of a turf football field at the Worthington Middle School
- demolition of the former West Elementary building and construction of sports fields with associated parking
- reconstruction of Trojan Field and associated facilities
- improvements to the Worthington Learning Center and gymnastics facility

Total refunds must not exceed \$2,840,000. Effective retroactively for sales and purchases made after April 30, 2020, and before January 1, 2028.

**Section 42. City of Duluth and city of Ely; housing development projects.** Provides a sales tax exemption for materials and supplies used or consumed in and equipment incorporated into the construction, reconstruction, upgrade, expansion, renovation, or remodeling of an apartment development with at least 50 units; a condominium development with at least 25 units; and a townhome development with at least ten units. Total refunds must not exceed \$3,890,000. Effective retroactively for sales and purchases made after December 31, 2023, and before July 1, 2026.

**Section 43. City of St. Cloud; redevelopment districts sales and use tax exemption.** Provides a sales tax exemption for materials and supplies used or consumed in and equipment incorporated into the construction, reconstruction, upgrade, expansion, renovation, or remodeling of the following projects:

**Stearns County:**

- Lady Slipper Catalyst Site
- North Riverfront Catalyst Site
- Empire Catalyst Site
- Swan Lot Catalyst Site
- Riverboat Lot Catalyst Site
- Former Herbergers Site

**Benton County:**

- Transit Oriented Development Catalyst Site
- Ace Block Catalyst Site
- Star Bank Catalyst Site

- Riverfront South Catalyst Site

Total refunds must not exceed \$3,060,000. Effective for sales and purchases made after May 31, 2024, and before June 1, 2026.

**Section 44. Transfer.** Transfers \$33,910,000 in fiscal year 2024 from the general fund to the sales tax refund account established in section 1. This is a onetime transfer. Effective the day following final enactment.

**Section 45. Repealer.** Repeals the reference to the illegal cannabis and controlled substances tax in the data practices chapter and repeals all sections of the illegal cannabis and controlled substances tax chapter. Effective August 1, 2024.

## **Article 5: Tax Increment Financing**

**Section 1. City of Ramsey; TIF.** Extends, to December 31, 2024, the date by which the city must adopt interfund loan resolutions. Effective upon city approval.

**Section 2. City of Maple Grove; TIF.** Extends the 5-year rule by an additional five years, and extends, from 20 years to 25 years, the duration of a soil deficiency district. Effective upon city approval except that the duration extension requires approval by the city, county, and school district.

**Section 3. City of St. Paul; Ford Site TIF.** Extends the 5 and 6-year rules by an additional five years. Effective upon city approval.

**Section 4. City of Brooklyn Center; TIF.** Authorizes the city of Brooklyn Center to establish not more than two redevelopment districts within a defined area. If established, the districts are exempt from the blight test, and the requirement that 90% of increment generated from the district be spent on blight correction. In addition, increment may be expended on activities within a defined area and all such expenditures are deemed expended on activities within the district. The authority to approve a tax increment financing plan to establish a district expires on December 31, 2030. Effective upon city approval.

**Section 5. City of Brooklyn Park; Village Creek Area.** Authorizes the city of Brooklyn Park to establish up to two redevelopment districts within a defined area. If established, the districts are exempt from the blight test, and the requirement that 90% of increment generated from the district be spent on blight correction. The authority to approve a tax increment financing plan to establish a district expires on December 31, 2030. Effective upon city approval.

**Section 6. City of Brooklyn Park; 610/Zane Area.** Authorizes the city of Brooklyn Park to establish up to two redevelopment districts within a defined area. If established, the districts are exempt from the blight test, and the requirement that 90% of increment generated from the district be spent on blight correction. The authority to approve a tax increment financing plan to establish a district expires on December 31, 2030. Effective upon city approval.

**Section 7. City of Brooklyn Park; Biotech Area.** Authorizes the city of Brooklyn Park to establish up to two redevelopment districts within a defined area. If established, the districts are exempt from the blight test, and the requirement that 90% of increment generated from the district be spent on

blight correction. The authority to approve a tax increment financing plan to establish a district expires on December 31, 2030. Effective upon city approval.

**Section 8. City of Eden Prairie TIF; Eden Prairie Center.** Authorizes the city of Eden Prairie to establish up to two redevelopment districts within a defined area. If established, the districts are exempt from the blight test, and the requirement that 90% of increment generated from the district be spent on blight correction. The authority to approve a tax increment financing plan to establish a district expires on December 31, 2030. Effective upon city approval.

**Section 9. City of Edina; 72<sup>nd</sup> & France 2.** Extends the 5 and 6-year rules by an additional five years, and extends, by five years, the duration of the district. Effective upon city approval except that the duration extension requires approval by the city, county, and school district.

**Section 10. City of Edina; 70<sup>th</sup> & France.** Extends the 5 and 6-year rules by an additional five years, and extends, by five years, the duration of the district. Effective upon city approval except that the duration extension requires approval by the city, county, and school district.

**Section 11. City of Minnetonka; Renewal & Renovation TIF.** Extends the 5 and 6-year rules by an additional five years. Effective upon city approval.

**Section 12. City of Moorhead; TIF District No. 31.** Extends the 5 and 6-year rules by an additional five years. Effective upon city approval.

**Section 13. City of Plymouth; TIF.** Authorizes the city of Plymouth to establish up to two redevelopment districts in a defined area. If established, the districts are exempt from the blight test and the requirement that 90% of increment generated from the district be spent on blight correction. In addition, the 5 and 6-year rules are extended by an additional five years. Effective upon city approval.

**City of St. Cloud; TIF.** Authorizes the city of St. Cloud to establish up to two redevelopment districts in a defined area. If established, the districts are exempt from the blight test and the requirement that 90% of increment generated from the district be spent on blight correction. In addition, increment may be expended for the reconstruction, expansion, or new construction of adjacent public infrastructure, including but not limited to, public parking, streets, and utilities necessary to serve the development and all such expenditures shall be considered in-district expenditures. Effective upon city approval.

## **Article 6. Local Sales and Use Taxes**

This article allows political subdivisions to impose a local sales tax to fund projects that meet the requirements under a new section of statute.

**Section 1. Authorization; scope.** Provides that the section of statute currently governing local sales taxes applies to sales taxes enacted before July 1, 2024. Effective the day following final enactment.

**Section 2. Legislative authority required before voter approval; requirements for adoption, use, termination.** This statute governs how local sales taxes are currently authorized and imposed. The following requirements are additions to the statute and apply to currently authorized local sales taxes:

- Prohibits political subdivisions from commingling tax revenues for a project approved by the voters with revenue from a tax authorized under the new section of statute established in section 3 or any other law, ordinance, or city charter, including an extension of or modification to the uses of a local sales tax for a different project.
- Requires a political subdivision to notify the commissioner at least 60 days before the political subdivision anticipates that revenues raised from a local sales tax are sufficient to fund each project approved by the voters. Also requires a political subdivision to notify the commissioner within 30 days of the date that sufficient revenues have been raised to fund the projects approved by the voters.
- Strikes obsolete language.
- Requires that the total tax rate imposed under this section and under the new provisions of section 3 must not exceed one percent. This limit would not apply to taxes authorized prior to June 1, 2023, but upon expiration of a tax authorized under this section, the one percent limit applies. The limit also applies if a county transportation local sales tax is imposed.

Effective the day following final enactment.

**Section 3. Specified capital projects; local authorization allowed; requirements.** This section establishes the requirements for a political subdivision to impose a local sales tax without legislative authorization.

**Subd. 1. Definitions.** Defines terms applicable to the section. Facilities that are proposed to be funded by a local sales tax must meet the definitions in this subdivision.

**Subd. 2. Policy; requirements.** Provides general policy statements regarding local sales taxes. Requires that access fees for facilities funded by local sales taxes must be equal for residents and nonresidents.

**Subd. 3. Local authorization allowed.** Allows a political subdivision to impose a local sales tax without legislative authorization by demonstrating the regional significance of a capital project as provided in this section. These provisions also apply to an extension of or modification to a local sales tax authorized under the provisions of current law.

**Subd. 4. Demonstration of regional benefit; resolution required.** Requires a political subdivision to conduct a public hearing to provide information regarding each specified capital project that the political subdivision proposes to fund with a local sales tax. Specifies requirements for notice of the hearing. Requires the governing body of the political subdivision to adopt a resolution indicating its approval of the tax and specifies the contents of the resolution. Requires the political subdivision to submit the resolution and supporting documentation to the commissioner under the provisions of section 4.

**Subd. 5. Voter approval required.** Requires a political subdivision to seek voter approval of a local sales tax at a general election or special election held within two years of the date it submits the resolution and documentation under subdivision 4. Each project proposed to be funded by a local sales tax must be stated in a separate question. Specifies the requirements of the ballot question to approve a local sales tax.

**Subd. 6. Administration; termination.**

- Requires that tax revenues must be dedicated exclusively to construction and rehabilitation and associated bonding costs related to the specific capital projects approved by the voters. Prohibits political subdivisions from commingling tax revenues

for a project approved by the voters with revenue from a tax authorized under this section or current law governing local sales taxes or any other law, ordinance, or city charter, including an extension of or modification to the uses of a local sales tax for a different project.

- Requires a political subdivision to notify the commissioner at least 60 days before the political subdivision anticipates that revenues raised from a local sales tax are sufficient to fund each project approved by the voters. Also requires a political subdivision to notify the commissioner within 30 days of the date that sufficient revenues have been raised to fund the projects approved by the voters.
- Imposes a one-year moratorium on imposing a new local sales tax after a sales tax authorized under this section has expired or been terminated.
- Provides that if a tax is terminated because sufficient revenues have been raised and before the quarterly termination required under current law, any amount collected that is greater than the average quarterly revenue collected over the last 12 months must be retained by the commissioner for deposit to the general fund.

**Subd. 7. Regional sports complexes; regional community centers.** Specifies the requirements for a political subdivision to impose a local sales tax to fund these facilities.

**Subd. 8. Criminal justice facilities.** Specifies the requirements for a political subdivision to impose a local sales tax to fund a correctional facility, district court office, and law enforcement center.

**Subd. 9. Convention centers; airports; parks and trails.** Specifies the requirements for a political subdivision to impose a local sales tax to fund these facilities.

**Subd. 10. Other provisions apply.** Requires the prevailing wage rate to apply to all projects funded by a local sales tax. Requires that the total tax rate imposed under this section and under the new provisions of section 3 must not exceed one percent. The limit also applies if a county transportation local sales tax is imposed. Establishes the maximum amount of time that a tax may be imposed as the earlier of 30 years or the time necessary to collect sufficient revenue to fund the specified capital projects, plus associated bonding costs.

**Subd. 11. Bonds; authorization.** Allows a political subdivision imposing a tax under this section to issue bonds to pay the cost of a specified capital project approved by the voters. The amount of bonds is limited to the cost of the project, plus associated financing costs. A separate election to issue the bonds is not required.

**Subd. 12. Filing and imposition requirements.** Requires the governing bodies of a political subdivision imposing a tax under this section to file a certificate of approval with the secretary of state within 60 days of receiving voter approval. The tax must be imposed within 15 months of receiving voter approval, or the authority to impose it lapses.

Effective the day following final enactment.

**Section 4. Local sales taxes; oversight.** Requires that a political subdivision seeking to impose a local sales tax submit the resolution and documentation required under section 3 to the commissioner by October 31 of the year before the political subdivision seeks voter approval of the tax. Requires the commissioner to verify whether a project included in the submission meets the criteria specified in section 3 and notify the political subdivision of the determination by January 10 of the year the political subdivision seeks voter approval of the local sales tax. Effective the day following final enactment.

**Section 5. Repealer.** Repeals the local sales tax moratorium enacted in the 2023 omnibus tax bill, which was set to expire June 1, 2025.

## **Article 7: Public Finance**

**Section 1. Review and comment.** Modifies the projects that are exempt from review and comment by the commissioner of education to include new construction, expansion, or remodeling of an educational facility. This section also clarifies that the review and comment requirement does not begin until the school district makes a final decision to enter into a contract or agreement.

**Section 2. Publication.** Extends, from 60 days before a referendum to 88 days before a referendum, the requirement that a school board publish a summary of the commissioner of education’s review and comments. Where no such referendum is required, the publication and public meeting requirement does not apply.

**Section 3. Lease purchase; installment buys.** Clarifies that the review and comment requirements apply to projects that require an expenditure in excess of \$500,000 per school site if the school district has a capital loan outstanding, or \$2,000,000 per school site if the school district does not have a capital loan outstanding.

**Section 4. Definitions.** Modifies the definition of ‘debt obligation’ to include the construction of a court house or justice center if connected to a jail, correctional facility, or other law enforcement facility. Under current law, bonds issues for jails, correctional facilities, and law enforcement facilities are eligible for the Credit Enhancement Program administered by the Minnesota Public Facilities Authority. This Program provides limited state bond guarantees often resulting in higher credit ratings for counties and lower interest rates on general obligation bonds.

**Section 5. Sections that apply if federal limit applies.** Clarifies that the Minnesota Bond Allocation Act applies to bonds issued by economic development authorities that are required by federal law to obtain an allocation of the volume cap.

**Section 6. Sales and use tax.** Provides that the new requirements for a local government to impose a local sales tax do not apply to the Hennepin County baseball stadium tax. Effective the day following final enactment.

**Section 7. Application for residential rental projects.** Clarifies that for residential rental project allocations the period in which an issuer must permanently issue obligations shall be the earlier of: (1) 180 days of the allocation; or (2) the last business day of December.

**Section 8. Application for all other types of qualified bonds.** Clarifies that for all allocations, other than those issued for residential rental projects, the period in which an issuer must permanently issue obligations shall be the earlier of: (1) 120 days of the allocation; or (2) the last business day of December.

## **Article 8: Miscellaneous**



**Section 1. Taxpayer assistance grants; tax credit outreach grants.** Requires the commissioner to make grants to:

- volunteer taxpayer assistance organizations to coordinate, facilitate, encourage, and aid in the provision of taxpayer assistance services; and
- tax outreach organizations and volunteer assistance organizations to publicize and promote the availability of the child tax credit, working family credit, education credit, renter's credit, and property tax refund, and to provide taxpayer assistance services.

Amounts appropriated for taxpayer assistance grants may not be retained for administrative costs. Effective the day following final enactment.

**Section 2. Limitations; sales, corporate, and income taxes.** Prohibits the commissioner from issuing assessments for additional income, corporate franchise, and sales taxes due if the following requirements are met:

- The taxpayer was given erroneous advice in writing by an employee of the Department of Revenue acting in an official capacity if the advice was reasonably relied upon and included in a tax order or in response to a specific written request by the taxpayer and the advice was not the result of failure by the taxpayer to provide adequate or accurate information. This provision applies only to the reviewed sample population of data, if data sampling is used.
- For the taxable period beginning after the period described above, neither the statute or administrative rule on which the reporting or other practice is based has been materially changed, its interpretation has not been changed by a court decision, or there has been a federal adjustment of tax return, and the commissioner has not issued a revenue notice or directly notified the taxpayer, in writing, of the commissioner's position regarding the reporting or other treatment of the relevant income, transaction, deduction, credit, or other item of tax preference. This provision applies only to issues within the scope of and specifically addressed by the audit where the written order includes erroneous advice on those issues.

Effective for assessments made after June 30, 2024.

**Section 3. Allocation of revenues.** Makes a onetime deposit of \$3,252,000 in fiscal year 2025 to the resource management account in the environmental fund. Retention of a portion of the grant for administrative costs is not allowed. Effective July 1, 2024.

**Section 4. Hennepin County baseball stadium tax; review and evaluation.** Requires the commissioner, in consultation with various named entities, to review and evaluate the Hennepin County baseball stadium tax to determine whether the tax should be extended to fund purposes other than currently authorized uses. The review and evaluation must include possible distribution of revenues to fund hospitals in Hennepin County and the need for continuing operating costs and improvements to the infrastructure of the ballpark.

**Section 5. Appropriation; city of South St. Paul; Grant.** Makes a onetime appropriation of \$250,000 in fiscal year 2024 from the general fund to the commissioner for a grant to the city of South St. Paul for planning and development costs. The grant must be paid by June 30, 2024. Retention of a portion of the grant for administrative costs is not allowed. Effective the day following final enactment.

**Section 6. Appropriation; tax credit outreach grants; taxpayer assistance grants.** Appropriates \$1 million for tax credit outreach grants and \$750,000 for taxpayer assistance grants to the commissioner in fiscal year 2025. The base for the \$1 million appropriation is \$1,044,000 in fiscal year 2026 and \$1,045,000 in fiscal year 2027. The \$1 million appropriation is in addition to the appropriation for tax credit outreach in the 2023 omnibus tax bill and the \$750,000 appropriation is in addition to the appropriation to the Department of Revenue for tax system management in the 2023 omnibus state government bill.

## **Article 9:**

### **Department of Revenue Policy and Technical; Income and Corporate Franchise Taxes**

**Section 1. Credit allowed [film production credit].** Amends Minn. Stat. § 116U.27, subd. 2, to allow a taxpayer with expenses incurred in any consecutive 12-month period to be eligible for the film production credit. Effective retroactively for taxable years beginning after December 31, 2022.

**Section 2. Net income.** Amends Minn. Stat. § 290.01, subd. 19, paras. (h) and (i) to make clear the definition of “net income” for composite filers and the pass-through entity tax includes the individual delayed business interest subtraction found in Minn. Stat. § 290.0132, subd. 31. Deletes obsolete language regarding income allocation that was repealed and replaced in Minn. Stat. § 289A.08, subd. 7a, during the 2023 Legislative Session. Effective retroactively for taxable years beginning after December 31, 2022.

**Section 3. Social Security benefits.** Amends Minn. Stat. § 290.0132, subd. 26, paragraphs (f), (g), and (h) to correct a reference to paragraph (c) that should be to paragraph (e). Also amends paragraph (j) to clarify that the threshold amounts in the simplified subtraction are adjusted for inflation under Minn. Stat. § 270C.22. Effective retroactively for taxable years beginning after December 31, 2022.

**Section 4. Qualified retirement benefits.** Amends Minn. Stat. § 290.0132, subd. 34, to clarify “qualified public pension income” is the income of plan members who did not earn credits toward Social Security benefits for the same work that is the source of the pension income. Effective the day following final enactment.

**Section 5. Delayed business interest.** Amends Minn. Stat. § 290.0134, subd. 20, the corporate subtractions to federal taxable income, to correct a cross reference to the corporate additions to federal taxable income. Effective retroactively for taxable years beginning after December 31, 2019.

**Section 6. Definitions [renter’s credit].** Amends Minn. Stat. § 290.0693, subd. 1, to clarify the definition of “dependent” for the renter’s credit to include that the dependent needs to be claimed by the taxpayer. Effective for taxable years beginning after December 31, 2023.

**Section 7. Residents of nursing homes, intermediate care facilities, long-term care facilities, or facilities accepting housing support payments [renter’s credit].** Amends Minn. Stat. § 290.0693, subd. 6, to clarify the ratio used to determine the renter’s credit for taxpayers who accept medical assistance housing support payments. Effective for taxable years beginning after December 31, 2023.

**Section 8. One claimant per household [renter’s credit].** Amends Minn. Stat. § 290.0693, subd. 8, to clarify that married couples filing joint tax returns will use the total of both spouses’ gross rent when claiming the renter’s credit. Effective for taxable years beginning after December 31, 2023.

**Section 9. Credit allowed; limitation; carryover [short line railroad infrastructure modernization credit].** Amends Minn. Stat. § 290.0695, subd. 2, to make clear that the short line railroad infrastructure modernization credit does not exceed the product of multiplying the qualifying number of miles of railroad track by \$3,000. This section is effective retroactively for taxable years beginning after December 31, 2022.

**Section 10. Temporary additions and subtractions; individuals, estates, and trusts.** Amends 2023 Minn. Laws, Ch. 1, § 22, temporary additions and subtractions to make clear the definition of “income” for composite filers and the pass-through entity tax includes the individual addition for the disallowed business interest deduction in Minn. Stat. § 290.0131, subd. 19. Effective retroactively at the same time the changes in Laws 2023, chapter 1, section 22 were effective for federal purposes.

## **Article 10: Department of Revenue Policy and Technical; Property Taxes and Local Government Aids**

**Section 1. Add 4d(2) to 1b classification.** Amends Minn. Stat. § 273.13, subd. 22, to allow the value of class 1b property in excess of \$50,000 to be classified as 4d(2) community land trust property under Minn. Stat. § 273.13, subd. 25(e)(2). Effective for assessment year 2025 and thereafter.

**Section 2. Individual taxpayer identification numbers.** Amends Minn. Stat. § 375.192, subd. 2, to allow a property owner applying for a reduction or abatement of property taxes to provide either a social security number or an individual taxpayer identification number. This amendment also classifies the individual taxpayer identification numbers as private data on individuals as defined by section 13.02, subd. 2, and includes individual taxpayer identification numbers in related reporting. Effective retroactively for abatement applications filed in 2023 and thereafter.

**Section 3. Local affordable housing aid; administration.** Amends Minn. Stat. § 477A.35, subd. 6, to align the timing of local affordable housing aid with other aid programs as follows: (1) by July 15, 2024, and each year thereafter, the commissioner of management and budget certifies to the commissioner of revenue the balances in the accounts established in section 477A. 37, subds. 2 and 3 as of the immediately preceding June 1; (2) by September 1 of each year, the commissioner of revenue certifies the amount to be paid to each recipient; (3) on October 1 of each year the commissioner of revenue pays the aid; and (4) deletes unneeded language. Effective for aids payable in 2024 and thereafter.

## **Article 11: Department of Revenue Policy and Technical; Miscellaneous**

**Section 1. Enforcement; administrative order; penalties; cease and desist.** Amends Minn. Stat. § 270C.445, subd. 6, to lengthen the timelines for the parties and the Office of Administrative Hearings to act in a contested case proceeding regarding a cease and desist order and/or administrative penalty issued to a tax preparer. Also clarifies that a contested case proceeding is

commenced by the issuance of a notice of and order for hearing. Effective for penalties assessed and orders issued after the day following final enactment.

**Section 2. Return by qualified heirs.** Amends Minn. Stat. § 289A.12, subd. 18, to remove the first informational estate tax return requirement. Effective the day following final enactment.

**Section 3. Annual audit and certified inventory [lawful gambling].** Amends Minn. Stat. § 297E.06, subd. 4, to repeal the requirement that an organization licensed under chapter 349 (lawful gambling) perform and file an annual cash count report at the end of its fiscal year. The cash count report is not useful to the Department for compliance purposes. Effective July 1, 2024.

**Section 4. Film production credit.** Amends Minn. Stat. § 297I.20, subd. 4(b), to extend the expiration date of the ability of insurers to use film production credits to offset insurance premium tax. This offset opportunity will now expire January 1, 2031, for taxable years beginning after and premiums received after December 31, 2030. This extension aligns the offset opportunity expiration with the expiration of the underlying film production credit program, which was extended through 2030 via 2023 Minn. Laws, Ch. 64, Art. 1. § 33. Effective the day following final enactment.

**Section 5. Extension of statute of limitations.** Amends 2023 Minn. Laws, Ch. 1, § 28, to correct an incomplete cross-reference. Effective retroactively at the same time the changes incorporated in Laws 2023, chapter 1, were effective for federal purposes.  
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