

2011 SUPPLEMENTAL LEGISLATIVE BULLETIN

(2011 Regular and 1st Special Session)

MINNESOTA • REVENUE

Appeals and Legal Services Division
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Unless otherwise noted, the following items were inadvertently omitted from previous 2011 legislative bulletins.

FEDERAL UPDATE

On April 1, 2011, Governor Dayton signed into law 2011 Laws of Minnesota Chapter 8. The 2011 Federal Update Special Session legislative bulletin mistakenly cites that law as 2011 Laws of Minnesota, Chapter 10.

On July 20, 2011, Governor Dayton signed into law 2011 1st Special Session Laws, Chapter 7, Article 2, which updated Minnesota law to changes Congress made to the Internal Revenue Code through April 14, 2011. The effect of this law is to conform Minnesota law to changes that Congress has made to the Internal Revenue Code for tax year 2011 and thereafter. The 2011 Federal Update Special Session legislative bulletin mistakenly states that the law conforms Minnesota law to those federal changes for 2012 and thereafter.

MISCELLANEOUS

Federal offset fees. Minn. Stat. § 270C.545 is amended to make treatment of federal fees charged on offset of other federal payments the same as the treatment of fees charged for offset of tax refunds. The provision limits the amount credited against the taxpayer's debt to the amount actually recovered net of the fees, rather than the gross amount of the offset. This amendment is effective on August 1, 2011. 2011 Minn. Laws, 1st Special Session, Chapter 10, Article 3, Section 34.

State agency sunset. The description of this provision incorrectly stated in the 2011 Miscellaneous Taxes Special Session legislative bulletin that the Department of Revenue (along with a number of other state agencies) will automatically sunset on June 30, 2022, unless the legislature affirmatively acts to preserve it. The Department of Revenue, along with certain other agencies named in chapter 15 of Minnesota Statutes, will be eliminated **only** if the legislature then votes to eliminate it. Effective retroactively from July 1, 2011. Minn. Laws, 1st Special Session, Chapter 10, Article 3, Sections 2 through 22.

PROPERTY TAXES

'Rural Preserves' land-value and tax-deferment program. Regarding Minn. Stat. § 273.114, subs. 5 and 6, in the 2011 Property Tax Regular Session legislative bulletin, the second paragraph on the third page should contain the word "covenant" instead of "convenant."

Police and fire aids. In the last paragraph on page 5 of the 2011 Property Tax Special Session legislative bulletin, the citation to "423A.02, subd. 2, subd. 1," should be to "423A.02, subd. 1."

SALES TAX

Direct mail sourcing. Minn. Stat. § 297A.668, subd. 7, was amended and subdivision 7a was added, to distinguish between “advertising and promotional” direct mail and “other direct mail,” for purposes of determining the location of the sale, and therefore to what state or local jurisdiction any applicable tax is owed. The information in the 2011 Sales and Use Tax Regular Session legislative bulletin incorrectly referred to a “direct pay permit,” instead of referring to the claims to be made on a fully completed exemption certificate. Effective for sales and purchases made after June 30, 2011. 2011 Minn. Laws, Chapter 112, Article 4, Sections 4 and 5.

Vehicle Crimes Unit appropriation. Appropriates \$693,000 for each fiscal year, 2012 and 2013, to Public Safety’s Vehicle Crimes Unit to investigate nonpayment of registration and motor vehicle sales tax liabilities, and illegal activities related to the sale, transfer, titling, and registration of motor vehicles. Effective for fiscal years 2012 and 2013. 2011 Minn. Laws, 1st Special Session, Chapter 3, Article 1, Section 5. The cite to the session law was missing in the 2011 Sales and Use Tax Special Session legislative bulletin.

SPECIAL TAXES

MinnesotaCare

Administration. Minn. Stat. § 295.75, subd. 9, was amended to replace an obsolete reference to Minn. Stat. ch. 270 with a reference to Minn. Stat. ch. 270C. Effective August 1, 2011. 2011 Minn. Laws, Chapter 76, Article 1, Section 44.

Minerals Taxes

Nonferrous occupation tax. Minn. Stat. § 298.01, subds. 3 and 3a, were amended to change the property and activities that require the imposition the nonferrous occupation tax. Refining is now an activity included in the values taxed under the occupation tax; metals and minerals are included as products that are taxed under the nonferrous occupation tax. The products and activities that are included in the measure of taxable income are also changed in the same manner. Effective for taxable years beginning after December 31, 2010. 2011 Minn. Laws, 1st Special Session, Chapter 7, Article 7, Section 4. In the 2011 Special Taxes Special Session legislative bulletin, the effective date was incomplete and the cite to the session law was missing.

Tobacco

Tobacco settlement bonds. In the 2011 Special Taxes Legislative Bulletin for the 2011 1st Special Session, citations were made to Minn. Stat. § 16A.95. The revisor of statutes has codified these changes instead in Minn. Stat. § 16A.98.