

# 2010 MISCELLANEOUS LEGISLATIVE BULLETIN

## (2010 Regular and First Special Session)

MINNESOTA • REVENUE

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Unless otherwise noted, the provisions discussed in this bulletin can be found in 2010 Minn. Laws, Chapter 389.

**Requirements for, study of, and report on tax expenditures.** Minn. Stat. ch. 3 was amended by adding the new § 3.192, to require that each new legislative bill that creates, renews, or continues a tax expenditure must include a statement of purpose, and a standard or goal against which its effectiveness can be measured. Effective for tax expenditures enacted after July 1, 2010.

An uncoded provision effective May 28, 2010, requires the commissioner of revenue to make a report by February 15, 2011 to certain members of the legislature suggesting a process for the periodic review and elimination of tax expenditures (as defined in Minn. Stat. § 270C.11, subd. 6). An uncoded provision appropriates \$60,000 to the commissioner of revenue from the general fund in fiscal year 2011 for the report. Effective July 1, 2010.

**Cost for providing copies of data.** Minn. Stat. § 13.03, subd. 10, is amended to provide that a special account for depositing the funds must be created if the amount of money collected from data requestors for copying costs charged to them under the data practices act is of a sufficient magnitude. Effective July 1, 2010. 2010 Minn. Laws, 1<sup>st</sup> Spec. Sess., Chapter 1, Art. 14, Sec. 3.

**Computer data temporarily installed when accessing government websites.** Minn. Stat. § 13.15, the provision in the Minnesota Government Data Practices Act requiring government entities to notify visitors to their websites that cookies will be installed on their computers, and of the right to refuse to accept the cookies, is amended to clarify that this requirement does not apply to cookies that are only temporarily installed on computers. Effective August 1, 2010. 2010 Minn. Laws, Chapter 222.

**Omnibus data practices bill.** Minn. Stat. § 13.43, subd. 1, is amended to change the definition of "personnel data" to refer to government data on individuals maintained, rather than collected. Minn. Stat. § 13.43, subd. 2, is amended to make the terms and conditions of employment, and work related continuing education, public data. A disciplinary action would not become public if an arbitrator sustains an employee's grievance and reverses all aspects of the action. Minn. Stat. § 13.64 is amended to classify security features of building plans, specifications, and drawings of state-owned facilities and nonstate-owned facilities leased by the state, when this information is maintained by the Commissioner of Administration, as nonpublic data, but the data may be shared with anyone as needed to perform duties of the Commissioner. Minn. Stat. § 13.06 is amended with various modifications to the temporary classification procedures. Effective August 1, 2010. 2010 Minn. Laws, Chapter 365.

**Classification of small business investment tax credit data.** Minn. Stat. § 13.4967 [Other Tax Data Coded Elsewhere] was amended by adding a new subdivision 8 to provide that data related to small business investment tax credit certifications and certification of qualified small businesses, qualified investors, and qualified funds, are classified in the new Minn. Stat. § 116J.8737.

Subdivision 8 of § 116J.8737 provides that the application data is nonpublic data or private data on individuals, except that the following is public data: (1) upon approval and certification the names of the qualified small business, qualified investors, and qualified funds; (2) for credit certificates issued to a qualified investor or qualified fund, the amount of the certificate and of the qualifying investment, the name of the investor or fund that received the certificate, and the name of the qualifying small business in which the investment was made; and (3) the amount of any revoked credits, with either the name of the qualified investor or qualified fund or the name of the qualified small business.

For purposes of program evaluation under subdivision 10 of § 116J.8737, the commissioner of revenue shall provide to consultants the data contained in any applicable tax returns of a qualified small business, qualified investor, or qualified fund, including data classified as nonpublic or private. [See the small business investment tax credit summary in the 2010 Corporate Franchise and Individual Income Tax Legislative Bulletin for more details.] Effective April 2, 2010. 2010 Minn. Laws, Chapter 216, Sections 1 and 2.

**Subpoena of financial records of bank customer.** Amends Minn. Stat. § 13A.02, subd. 1, to reinstate the provision that a financial institution may disclose the financial records of its customer to a government authority in response to a judicial or administrative subpoena. The amended language had been deleted during the 2009 session. Effective retroactively to August 1, 2009. 2010 Minn. Laws, Chapter 214.

**Omnibus state government bill.** Minn. Stat. § 16A.275 is amended to increase the minimum dollar amount of receipts which state agencies are required to deposit daily into the state treasury from \$250 to \$1,000. Minn. Stat. § 16E.02, subd. 1, is amended to authorize the state's chief information officer to appoint a Webmaster to ensure that all of the websites throughout state government are maintained in a consistent and easily accessible format. Minn. Stat. § 16E.04, subd. 2, is amended to require the Office of Enterprise Technology to enhance public access to data. Minn. Stat. § 16E.05 is amended to require the state's chief information officer to develop standards, in conjunction with the Information Policy and Analysis Division of the Department of Administration, to enhance public access to electronic data maintained by state government consistent with the Minnesota Government Data Practices Act.

Article 1, section 16 of the session law mandates the state's chief information officer and the Commissioner of Management and Budget to report to the legislature by January 15, 2011 on the feasibility and estimated costs of providing a centralized data center for state agencies. The foregoing provisions are effective July 1, 2010.

A new statute is enacted, Minn. Stat. § 3.9280, which establishes the Commission on Service Innovation to provide the legislature with a strategic plan to reengineer the delivery of state and local government services, including the realignment of service delivery by region and proximity, the use of new technologies, shared facilities, centralized information technologies, and other means of improving efficiency. This provision is effective May 26, 2010, and expires June 30, 2012. 2010 Minn. Laws, Chapter 392.

**State contract reporting requirements changed.** Minn. Stat. § 16C.08, subd. 4, was amended to add more government recipients to whom the Commissioner of Administration is required to submit a yearly report of all state contracts for professional and technical services, lower the dollar threshold of completed contracts that must be reported by state agency heads to the Commissioner

of Administration from \$50,000 to \$25,000, and require the Commissioner of Administration to make the reports received from agency heads available to the public online. Effective for contracts completed on or after July 1, 2011. 2010 Minn. Laws, Chapter 302.

**Technology lease purchase appropriation to the Department of Revenue.** Minn. Stat. § 270C.145 is amended to provide for additional appropriations to DOR for completing the purchase and development of an integrated tax software package. Effective April 2, 2010 and expires June 30, 2019. 2010 Minn. Laws, Chapter 215, Art. 12, Sec 28.

**Penalty abatements for disaster or emergency areas.** Minn. Stat. § 270C.34, subd. 1, was amended to allow the commissioner authority to grant abatements of late filing and late payment penalties for persons in an area declared by the president or governor as being in a state of emergency. Effective May 28, 2010.

**Regulation of Tax Preparation Services.** Minn. Stat. § 270C.445, subd. 7 was amended to make a grammatical change. 2010 Minn. Laws, Chapter 382, Section 55.

**Fee for payment agreement.** Minn. Stat. § 270C.52 was amended to require the commissioner to charge a \$50.00 fee for entering into a payment agreement, for entering into a new payment agreement after default on a prior agreement, or for renegotiating the terms of an existing payment agreement. Effective for payment agreements entered into or renegotiated after June 30, 2010.

**JOBZ time limit for requesting waiver of clawback.** Minn. Stat. § 469.319, subd. 5, was amended to require businesses no longer eligible to receive JOBZ benefits to request waiver of repayment of JOBZ benefits within 60 days of being assessed by the commissioner of revenue.

For property taxes, the waiver must be requested within 60 days of mailing of a property tax bill by the county auditor.

Effective for requests for waivers made in response to notifications provided by the commissioner after May 28, 2010.

**Due date of annual JOBZ certification to commissioner of revenue.** Minn. Stat. § 469.3193 was amended to change the due date of the annual certification by qualified businesses of compliance with their JOBZ obligations from December 1 of each year to October 15 of each year. This coincides with the date that JOBZ businesses are required to file their annual JOBZ tax benefits summary under Minn. Stat. § 289A.12, subd. 15. Effective for certifications required to be made in 2010 and thereafter.

**Judgment interest rates.** Minn. Stat. § 549.09, subd. 1, was amended to change the interest calculation that is used when suits are instituted, pursuant to Minn. Stat. § 270C.7101, against the purchaser of seized property to collect unpaid balances of \$50,000 or more, and when calculating interest on certain overpayments of assistance benefits, as provided in Minn. Stat. § 16D.13, that are \$50,000 or more.

Interest is now computed at the same rate as that used for unpaid balances of less than \$50,000. [See summary in 2010 Property Tax Legislative Bulletin for additional details.] Effective April 16, 2010, for judgments and awards finally entered on or after that date. 2010 Minn. Laws, Chapter 249.

**Early retirement incentive for state employees.** State employees with at least 15 years of state service are eligible for a retirement incentive of having their employer deposit into their health care savings account up to 24 months of the employer's future contributions to the plan. Providing the incentive is at the discretion of the employer. State agencies in the executive branch must first obtain the approval of the Department of Management and Budget before offering the incentive. An employee who receives an incentive cannot be re-employed or hired as a consultant by their employer for at least three years after leaving state service. The incentive is available to employees who accept it by December 31, 2010, and retire by June 30, 2011. Effective May 14, 2010. 2010 Minn. Laws, Chapter 337.

**Tax enforcement appropriation to the Department of Revenue.** \$6,727,000 is appropriated to DOR in 2011 for additional tax enforcement activities. The department must report to the legislature on the results of the initiative by March 15, 2011. Effective July 1, 2010. 2010 Minn. Laws, Chapter 215, Art. 12, Sec. 15.

**Additional operating budget restrictions.** By July 30, 2010, the commissioner of management and budget must allocate a reduction of \$3,000,000 for the fiscal year ending June 30, 2011 to the operating budgets of all state agencies. To the extent possible, this reduction must be achieved through estimated savings in expenditures for space, out-of-state travel, fleet management, energy usage in state buildings, contracts for professional or technical services, through increased employee telecommuting, and through consolidation of information technology functions, or through other operational efficiencies. Effective July 1, 2010. 2010 Minn. Laws, Chapter 215, Art. 12, Sec. 31.

**Reduction from tax system management program.** A reduction in the amount of \$924,000 for FY 2010 and a reduction in the amount of \$950,000 for FY 2011 is enacted. Effective July 1, 2010. 2010 Minn. Laws, 1<sup>st</sup> Spec. Sess., Chapter 1, Art. 12, Sec. 7.

**Repeal of special account for deposit of certain income and corporate franchise taxes.** The temporary requirement enacted in the 2009 session to deposit income and corporate franchise taxes collected as a result of certain statutory additions combined with adopting federal recovery and reinvestment law in a special account is repealed. Effective retroactively to July 1, 2009. 2010 Minn. Laws, Chapter 215, Art. 13, Sec. 10, para. (b).