

**2021 SPECIAL TAXES**  
**LEGISLATIVE BULLETIN**  
**(2021 1<sup>st</sup> Special Session)**



Appeals and Legal Services Division  
600 North Robert Street  
Saint Paul, Minnesota 55146-2220

FINAL 8/5/21

---

Unless otherwise noted, the provisions discussed in this bulletin can be found in 2021 Minn. Laws, 1<sup>st</sup> Spec. Sess., Ch. 14.

**PETROLEUM TAXES**

**Highway trust funds expenditures.** Minn. Stat. §16A.11 was amended to require any commissioner that proposes to spend funds out of the highway user tax distribution fund or trunk highway fund to provide detailed information concerning the proposed appropriation as part of the governor’s biennial budget proposal. Effective July 1, 2022. 2021 Minn. Laws, 1st Spec. Sess. Ch. 5, Art. 4, § 1.

**Use of highway user tax distribution funds.** Minn. Stat. §161.045 was enacted to prohibit a commissioner from spending funds from the highway user tax distribution fund or trunk highway fund for purposes other than highway purposes. In particular, the funds cannot be used for items such as various payments to MN.IT Services, personnel costs incurred on behalf of the governor's office, rent and utility expenses for a department's central office building, and the installation, construction, expansion, or maintenance of public electric vehicle infrastructure. The prohibition applies to all expenses, including payroll, purchased services, supplies, repairs, and equipment. Effective July 1, 2025. 2021 Minn. Laws, 1st Spec. Sess. Ch. 5, Art. 4, § 11.

**Special fuel dealers.** Minn. Stat. § 296A.06, subd. 2, was amended to clarify that “fuel dealer” refers to “special fuel dealer” as defined by Minn. Stat. § 296A.01, subd. 47. Effective July 2, 2021. Art. 15, § 1.

**Trunk highway debt service report.** Minn. Stat. § 296A.083, subd. 2, was amended to move the date the commissioner of management and budget must report to the commissioner of revenue on trunk highway debt service from March 1 of each year to April 1 of each year. Effective July 1, 2021. 2021 Minn. Laws, 1st Spec. Sess. Ch. 5, Art. 4, § 103.

**Transportation revenue and expenditure report.** This uncodified provision requires the commissioner of transportation, in collaboration with the commissioners of revenue and management and budget, to submit a report to the legislature by February 15, 2022. The report must include analysis regarding expenditures for activities related to the highway user tax distribution fund as well as some specific transportation needs. The report must also include

analysis regarding revenue sources for the highway user tax distribution fund, including detailed analysis on a county and per-capita basis. Effective July 2, 2021. 2021 Minn. Laws, 1st Spec. Sess. Ch. 5, Art. 4, § 137.

## **TOBACCO TAXES**

**Delivery Sale.** Minn. Stat. § 297F.01, was amended by adding a new subd. 7a, to define the term “delivery sale,” which has the same meaning as “delivery sale” in section 325F.781, subd. 1. Effective January 1, 2022. Art. 5, § 1.

**Nicotine Solution Products.** Minn. Stat. § 297F.01, subd. 22b, was amended to clarify that nicotine solution products includes electronic nicotine delivery systems, electronic vaping devices, electronic vape pens, electronic oral devices, and electronic delivery devices when sold with and meant to be used in the consumption of a solution containing nicotine. Effective January 1, 2022. Art. 5, § 2.

**Registration requirement.** Minn. Stat. § 297F.031, was amended to clarify that the registration requirement applicable to out-of-state retailers applies prior to making delivery sales. Effective for all delivery sales occurring after December 31, 2021. Art. 5, § 3.

**Licenses.** Minn. Stat. § 297F.04, subd. 2, was amended to add convictions for any crimes involving tobacco products to the list of reasons the commissioner must not issue or renew a license under chapter 297F. Effective July 2, 2021. Art. 15, § 2. In addition, Minn. Stat. § 609B.153 was amended to update its description of Minn. Stat. § 297F.04 consistent with the proposed changes to Minn. Stat. § 297F.04, subd. 2. Effective July 2, 2021. Art. 15, § 7.

**Retailer collection and remittance of use tax.** Minn. Stat. § 297F.05, was amended by adding a new subd. 4b, that requires retailers and out-of-state retailers to: 1) collect and pay any use tax imposed by Minn. Stat. § 297F.05; and 2) give the purchaser a receipt for tax paid. Effective for all delivery sales occurring after December 31, 2021. Art. 5, § 4.

**Use tax return.** Minn. Stat. § 297F.09, subd. 3, was amended to require retailers and out-of-state retailers that make delivery sales to file a monthly tax return accompanied by the full unpaid tax liability. Effective for all delivery sales occurring after December 31, 2021. Art. 5, § 5.

**Reporting requirements.** Minn. Stat. § 297F.09, subd. 4a, was amended to require retailers and out-of-state retailers that make one or more delivery sales to file monthly reports. This section also clarifies that retailers and out-of-state retailers can meet the requirements of Minn. Stat. § 297F.09, subd. 4a, by: 1) meeting certain federal law requirements; and 2) filing a return under Minn. Stat. § 297F.09, subd. 3(b). Effective for all delivery sales occurring after December 31, 2021. Art. 5, § 6.

**Electronic payment.** Minn. Stat. § 297F.09, subd. 7, was amended to require retailers and out-of-state retailers having a liability of \$10,000 or more during a fiscal year ending June 30 to remit all liabilities in all subsequent calendar years by electronic means. Effective for all delivery sales occurring after December 31, 2021. Art. 5, § 7.

**Accelerated tax payment.** Minn. Stat. § 297F.09, subd. 10, was amended to reorganize for readability and clarity, and references to calendar year 2020 were removed since the relevant time periods for 2020 have already passed. Effective for estimated payments required to be made after July 2, 2021. Art. 15, § 3. In addition, Minn. Stat. § 297F.09, subd. 10, was amended to require retailers and out-of-state retailers making delivery sales to meet the accelerated tax payment requirements found in Minn. Stat. § 297F.09, subd. 10. Effective for all delivery sales occurring after December 31, 2021. Art. 5, § 8.

**Purchase invoices.** Minn. Stat. § 297F.13, subd. 4, was amended to provide that cigarette and tobacco product retailers and subjobbers are required to preserve a legible copy of each purchase invoice for one year from the date of the invoice or as long as the cigarette or tobacco product listed on the invoice is available for sale or in the retailer or subjobber's possession, whichever period is longer. Effective for all cigarette and tobacco products available for sale or in a retailer or subjobber's possession after December 31, 2021. Art. 15, § 4.

**Sufficiency of notice.** Minn. Stat. § 297F.17, subd. 1, was amended to delete unnecessary language regarding notices of tax assessment for cigarette and tobacco tax assessments. This language was no longer necessary because Minn. Stat. § 270C.33, subd. 8, provides the requirements for notices of assessments for all taxes administered by the commissioner. Effective for notices of tax assessment issued after July 1, 2021. Art. 15, § 5.

**Time limit for bad debt refund.** Minn. Stat. § 297F.17, subd. 6, was amended to comport with changes made to add partnership entity level income tax statutes. For additional information on these changes, see the Partnership Audits article in the Individual Income & Corporate Franchise Tax legislative bulletin. Effective retroactively for taxable years beginning after December 31, 2017, except that for partnerships that make an election under Code of Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies to the same tax periods to which the election relates. Art. 2, § 13.

**Definitions.** Minn. Stat. § 325F.781, subd. 1, was amended to modify the definition of "tobacco products" to be "cigarettes" and "tobacco products" as defined in section 297F.01. Effective January 1, 2022. Art. 5, § 9.

**Registration requirement.** Minn. Stat. § 325F.781, subd. 5, was amended to clarify that out-of-state retailers must register with the commissioner of revenue as required under section 297F.031 before making any delivery sales. Effective for all delivery sales occurring after December 31, 2021. Art. 5, § 10.

**Collection of taxes.** Minn. Stat. § 325F.781, subd. 6(a), was amended to require retailers making delivery sales to file all returns and reports, collect and pay all taxes, and maintain all records required under Chapter 297F. In addition, this section amended Minn. Stat. § 325F.781, subd. 6(b), to impose a 50 percent penalty on retailers making delivery sales who fail to pay any tax due. Effective for all delivery sales occurring after December 31, 2021. Art. 5, § 11.

## LIQUOR TAXES

**Accelerated tax payments; liquor taxation.** Minn. Stat. § 297G.09, subd. 9, was amended to reorganize for readability and clarity and remove references to calendar year 2020 since the relevant time periods for 2020 have already passed. Effective for estimated payments required to be made after July 2, 2021. Art. 15, § 6.

**Time limit for a bad debt deduction.** Minn. Stat. § 297G.16, subd. 7, was amended to comport with changes made to add partnership entity level income tax statutes. For additional information on these changes, see the Partnership Audits article in the Individual Income & Corporate Tax legislative bulletin. Effective retroactively for taxable years beginning after December 31, 2017, except that for partnerships that make an election under Code of Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively and applies to the same tax periods to which the election relates. Art. 2, § 14.

## ENVIRONMENTAL TAXES

**Technical and clarifying changes to e-waste fees.** Minn. Stat. §§115.1310, subd. 12b; 115A.1312, subd. 1; 115A.1314, subd. 1; 115A.1316, subd. 1; 115A.1318, subd. 2; and 115A.1320, subd. 1, were amended to remove obsolete language and make technical and clarifying changes to the electronic waste fees administered by the Department of Revenue and the Pollution Control Agency. A change to Minn. Stat. §115A.1314, subd. 1(b), clarifies that a manufacturer that sells fewer than 100 video display devices in the state during the previous calendar year is subject to a variable recycling fee. All changes are effective July 1, 2021. 2021 Minn. Laws, 1<sup>st</sup> Spec. Sess. Ch. 6, Art. 2, §§ 85-90.

**Solid waste management tax.** Minn. Stat. § 297H.04, subd. 2(c)(1)-(3), and 297H.05, (d)(1)-(2), were amended to correct language related to weight-to-volume conversion schedules. In addition, Minn. Stat. § 297H.05(d) was amended to clarify that self-hauler construction debris tax rate language is parallel to language in Minn. Stat. § 297H.04, subd. 2(c)(1), which applies to construction debris that is not self-hauled. This alignment: 1) updates the volume-based tax rate for self-hauled construction debris; and 2) requires the Department, after consulting with the Minnesota Pollution Control Agency, to publish a weight-to-volume conversion schedule for self-hauled construction debris. Effective July 1, 2021, and the new rate for construction debris applies to waste delivered after June 30, 2021. Art. 11, §§ 18-19.

## INSURANCE TAXES

**Film production credit.** Minn. Stat. § 297I.20 was amended by adding a new subdivision 4 and Minn. Stat. § 116U.27 was created to allow a credit for film production. The credit is allowed against either the taxes imposed under chapter 290 or the premium tax imposed under chapter 297I. The credit is limited to the amount of the credit certificate statement issued by the Department of Employment and Economic Development. If the credit amount exceeds the insurance company's tax liability, the excess is a credit carryover to each of the five succeeding taxable years. The credit does not affect the calculation of fire state aid under Minn. Stat. § 477B.03 and police state aid under Minn. Stat. § 477C.03. The subdivision expires January 1,

2025, for taxable years beginning after and premiums received after December 31, 2024. For additional information on these changes, see the text regarding the film production credit in the Individual Income & Corporate Tax legislative bulletin. Effective for taxable years beginning after and for premiums received after December 31, 2020, and before January 1, 2025. Art. 1, § 14.

**Minnesota housing tax credit.** Minn. Stat. § 297I.20 was amended by adding a new subdivision 5 and Minn. Stat. § 290.0683 was created to allow a credit for contributions to the Minnesota housing tax credit contribution account. The credit is allowed against either the taxes imposed under chapter 290 or the premium tax imposed under chapter 297I. The credit is limited to the amount of the credit certificate statement issued by the Minnesota Housing Finance Agency. If the credit amount exceeds the insurance company's tax liability, the excess is a credit carryover to each of the ten succeeding taxable years. The credit does not affect the calculation of fire state aid under Minn. Stat. § 477B.03 and police state aid under Minn. Stat. § 477C.03. For additional information on these changes, see the text regarding the credit for Minnesota housing in the Individual Income & Corporate Tax legislative bulletin. Effective for taxable years beginning after and for premiums received after December 31, 2022, and before January 1, 2029. Art. 1, § 15.

**Historic structure rehabilitation credit.** Minn. Stat. § 290.0681, subd. 10, was amended to extend the credit for historic structure rehabilitation through fiscal year 2022. While codified in chapter 290, the credit is also allowed against insurance premiums tax imposed under chapter 297I. Effective July 2, 2021. Art. 1, § 11.

## MINING TAXES

**Merchantable iron ore concentrate.** Minn. Stat. § 298.001 was amended to add subd. 13, which defines the term “merchantable iron ore concentrate” as “iron-bearing material that has been treated in Minnesota by any means of beneficiation, separation, concentration, or refinement for the purpose of making it salable for its iron ore content.”

Minn. Stat. § 298.405, subd. 1, was amended to expand the types of iron-bearing material (other than taconite and semitaconite) that is subject to the Production Tax imposed under Minn. Stat. § 298.24.

Minn. Stat. § 298.24, subd. 1(e), was amended to impose the Production Tax on “other iron-bearing material as described in section 298.405 on the tonnage of merchantable iron ore concentrate produced therefrom.”

Minn. Stat. § 298.285, was amended to remove from the determination of the state aid amount, which is to be distributed as if the aid were Production Tax revenues, other iron-bearing material as defined in Minn. Stat. § 298.001, subd. 9, but only until distribution year 2024.

Effective for taxes payable in 2022 and thereafter, except the change to § 298.285 is effective July 2, 2021. Art. 11, §§ 20, 21, 22 and 23.

## MINNESOTACARE TAXES

**Patient Services.** Minn. Stat. § 295.50, subd. 9b, was amended because: 1) certain community residential mental health facilities, which were previously licensed under Minnesota Rules, parts 9520.0500 to 9520.0670, are licensed under Minn. Stat. § 245I.23; and 2) adult crisis response services and children’s mental health crisis response services, which were previously separately described in Minn. Stat. § 256B.0624 and § 256B.0944 respectively, are both described in Minn. Stat. § 256B.0624. Effective July 1, 2022 or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained. 2021 Minn. Laws, Ch. 30, Art. 17, § 111.

**Exclusions and Exemptions.** Minn. Stat. § 295.53, subd. 1(b)(12), was amended to clarify that uniform adjustment factor payments authorized by Minn. Stat. § 256B.1973 are also exempt from the gross revenues subject to hospital, surgical center, or health care provider taxes under sections 295.50 to 295.59. Effective for taxable years beginning after December 31, 2021. 2021 Minn. Laws, Ch. 30, Art. 1, § 22.

**Revisor Instruction.** This uncodified revisor instruction for several statutory sections including Minn. Stat. § 295.53, subd. 1, changes the term "consolidated chemical dependency treatment fund" or similar terms to "behavioral health fund," and allows the revisor to make necessary grammatical changes related to the term change. Effective July 1, 2021. 2021 Minn. Laws, Ch. 30, Art. 13, § 83.