

2020 LEGISLATIVE BULLETIN
(2020 Regular and Special Sessions)



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

9/1/21

ENVIRONMENTAL TAXES

Facility data. This uncodified provision authorizes the commissioner of Revenue and the commissioner of the Pollution Control Agency to exclude facility data to account for operational changes related to COVID-19 when determining whether a facility meets the thresholds or conditions for recyclable material under Minn. Stat. § 297H.06, subd. 2, cl. (5) or (6), or source separated compostable material under Minn. Stat. § 297H.06 subd. 2, cl. (7). The provision allows exclusion of facility data from the March 13, 2020 issuance date of Emergency Order 20-01 or a related emergency executive order issued according to Minn. Stat. § 12.21 or 12.31, until 60 days after the order is terminated or rescinded. Effective June 19, 2020. 2020 Minn. Laws, 1st Spec. Sess. ch. 4, § 1, subd. 1.

Materials delivered to disposal or resource recovery facilities. This uncodified provision provides that recyclable materials otherwise exempt from tax under Minn. Stat. § 297H.06, subd. 2, cls. (2), (6), and (7), and as provided in subd. 1 of this same section of session law, do not lose that exemption because materials were delivered to a disposal facility or resource recovery facility for reasons related to COVID-19 if delivery was authorized by the commissioner of the Pollution Control Agency under Minn. Stat. § 115A.95, para. (b). This relief ends when the commissioner of the Pollution Control Agency identifies persons willing to accept the recyclable materials or 60 days from the March 13, 2020 issuance date of Emergency Executive Order 20-01 or a related emergency executive order issued according to Minnesota Statutes, section 12.21 or 12.31, is terminated or rescinded, whichever is earlier. Effective for recyclable materials delivered to a disposal facility or resource recovery facility after April 1, 2020. 2020 Minn. Laws, 1st Spec. Sess. ch. 4, § 1, subd. 2.

PROPERTY TAXES

Removal of structures. Minn. Stat. 272.38, subd. 1, was amended by providing that if a county auditor determines that the removal of a structure is in the public interest, the county auditor may waive the requirement that taxes assessed against the property be paid prior to that removal. Effective October 22, 2020. 2020 Minn. Laws, 5th Spec. Sess. ch. 3, art. 8, § 1.

Short term rental property. Minn. Stat. § 273.13, subd. 25, was amended by expanding the definition of the 4b(1) classification to include property that is rented for more than 14 days in the preceding year, so long as it is nonhomestead residential real estate that is rented for periods

of less than 30 consecutive days and contains fewer than four units. Effective beginning with assessments in 2021 and thereafter. 2020 Minn. Laws, 5th Spec. Sess. ch. 3, art. 8, § 2.

Surviving Spouse Market Value Exclusion. Minn. Stat. § 273.13, subd. 34, was amended by allowing the surviving spouse of a qualifying veteran with a disability to transfer their market value exclusion, one time, to a different property if they move, provided that the new property has an estimated market value less than or equal to the value of the original property. Effective beginning with taxes payable in 2021. 2020 Minn. Laws, 5th Spec. Sess. ch. 3, art. 8, § 3.

MISCELLANEOUS

Conformity with section 179 expensing. Minn. Stat. §§ 290.0131, subd. 10, and 290.0133, subd. 12, were amended conforming to and allowing full federal section 179 expensing for property placed into service in taxable years 2020 and thereafter for Minnesota income and franchise tax purposes. Retroactively conforming to and allowing full federal section 179 expensing for property that qualified for federal section 1031 like-kind exchange gain or loss recognition deferral prior to the enactment section 13303 of the Tax Cuts and Jobs Act of 2017 (“TCJA”), but that does not qualify for federal section 1031 like-kind exchange gain or loss recognition deferral after the enactment of the TCJA for income and franchise tax purposes. Effective for property placed in service in taxable years beginning after December 31, 2019 for full conformity and for certain previously qualifying federal section 1031 like-kind exchange property exchanged after December 31, 2017. 2020 Minn. Laws, 5th Spec. Sess. ch. 3, art. 7, §§ 1 and 2.

Conformity with section 179 expensing. This uncodified provision makes clear that for those taxpayers who amend their returns to retroactively fully conform to federal section 179 expensing for certain previously qualifying federal section 1031 like-kind exchange property by reversing the addback, that they must amend the later returns to reverse the related subsequent subtractions. Effective for certain previously qualifying federal section 1031 like-kind exchange property exchanged after December 31, 2017. 2020 Minn. Laws, 5th Spec. Sess. ch. 3, art. 7, § 3.

Emergency COVID 19 grant program for Indian tribes. An uncodified provision established a COVID emergency response grant program available to the governing body of each of the eleven Indian tribes in Minnesota.

To receive a grant, a tribe had to submit an application to the commissioner of Revenue by April 1, 2020. The application had to request a grant amount up to a maximum of \$1 million per tribe. The tribe also had to agree to spend the grant money on activities that mitigated the immediate health and economic impacts of COVID-19. The commissioner was required to make grant payments by April 8, 2020.

Tribes receiving a grant were required to submit a report describing the use, or intended use, of the grant funds. The commissioner of Revenue was required to compile these reports and submit them to the chairs and ranking minority members of the house and senate tax committees by April 14, 2020.

Eleven million dollars were appropriated from the general fund to the commissioner of Revenue to make the grant payments. The law contained provisions on how to distribute the full \$11 million in the event that all eleven tribes did not request the maximum \$1 million grant. This provision was unnecessary since all eleven tribes did apply for the maximum grant.

Effective March 29, 2020. 2020 Minn. Laws, ch. 71, art. 1, § 10.

Suspended deadlines for proceedings in district and appellate courts during peacetime emergency. The deadlines imposed by statutes related to district and appellate court proceedings, including statutes of limitations and other time periods prescribed by statute, are suspended during the peacetime emergency declared in Executive Order 20-01 and any extensions authorized under Minn. Stat. § 12.31, subd. 2. However, courts are still allowed discretion to hold a hearing, require an appearance, or issue an order during the peacetime emergency if the court determines that individual circumstances relevant to public safety, personal safety, or other emergency matters require action in a specific case. The suspension of deadlines expires 60 days after the end of the peacetime emergency or February 15, 2021, whichever occurs first. Effective April 16, 2020, and applies to all deadlines that had not expired as of March 13, 2020, or were triggered on or after that date. 2020 Minn. Laws, ch. 74, art. 1, § 16.

Liquor posting. An uncodified session law removed the requirement for the commissioner under Minn. Stat. § 270C.725 to list a taxpayer on liquor posting if the taxpayer is a public accommodation closed to the public by Emergency Executive Order 20-04 or related emergency executive orders. Effective for the taxes required to be paid by, and returns required to be filed by, a due date that occurs after January 31, 2020, through a due date that occurs within four calendar months after Emergency Executive Order 20-04, or a related emergency executive order, is terminated or rescinded, or has expired. 2020 Minn. Laws. Ch. 74, art. 1, § 20.

Small Business Relief Grants; Appropriation. An uncodified session law appropriated \$60,000,000 in fiscal year 2020 from the coronavirus relief fund to the commissioner of the Department of Employment and Economic Development for use towards small business relief grants. A grant recipient to qualify must, among other criteria, be in good standing with the secretary of state and Department of Revenue as of March 1, 2020. Effective June 16, 2020. 2020 Minn. Laws, 1st Spec. Sess. ch. 1, § 4.

Business relief payments. As part of an uncodified law that provides \$217 million in relief payments to businesses affected by Executive Order 20-99, which was issued by Governor Walz on November 18, 2020, the Department of Revenue is required to distribute up to \$88 million of relief payments to eligible bars, restaurants, bowling alleys, fitness centers, breweries and wineries.

Payments are made to any business that:

- a. Was closed in whole or in part by Executive Order 20-99;
- b. Had an active sales tax account on November 1, 2020 and had filed all sales tax returns due after January 1, 2018 and before November 1, 2020 or had an open, or closed, audit for those periods;

- c. Had more than \$10,000 in gross receipts subject to state sales tax during 2019 and a 30% drop in gross receipts subject to state sales tax during the months of April 1, 2020 through September 30, 2020 as compared to the same months in 2019; and
 - d.
 - A. Had an active unemployment insurance account and was listed on current DEED records as operating under a primary NAICS code that indicated that the business was operating primarily as a drinking place, brewery, winery, fitness or recreation sports center, bowling center, specialty foods business, or restaurant;
- or
- B. Had no employees covered by unemployment but was registered for a sales tax permit that stated that it was primarily operating under one of those NAICS industry codes.

Payments are based on the average number of employees covered under unemployment insurance during November and December 2019 and January, 2020 and range from \$10,000 for businesses with zero employees to \$45,000 for businesses with more than 300 employees.

The relief payment is considered a “Minnesota tax law” for purposes of Minn. Stat. chapter 270B. The Department of Revenue is allowed to share return information with DEED to the extent necessary to administer these payments.

The Department is prohibited from applying relief payments to unpaid tax or other agency debt.

By June 30, 2021, the commissioner of revenue is required to issue a legislative report on payments made under this law. \$88 million is appropriated to the commissioner of revenue from the general fund to make the payments, of which \$250,000 is appropriated to the commissioner to administer the law. The appropriation expires on March 15, 2021.

The business relief payment law is effective December 17, 2020.

2020 Minnesota Laws 7th Sp. Sess. Chapter 2.