

STATE OF MINNESOTA

THIRD SPECIAL SESSION - 1981

EIGHTH DAY

SAINT PAUL, MINNESOTA, THURSDAY, DECEMBER 17, 1981

The House of Representatives convened at 2:00 p.m. and was called to order by Harry A. Sieben, Jr., Speaker of the House.

Prayer was offered by Father Parry Paraschou, St. George Greek Orthodox Church, St. Paul, Minnesota.

The roll was called and the following members were present:

Aasness	Esau	Kalis	Nysether	Shea
Ainley	Evans	Kelly	O'Connor	Sherman
Anderson, B.	Ewald	Knickerbocker	Ogren	Sherwood
Anderson, G.	Fjoslien	Kostohryz	Olsen	Sieben, M.
Anderson, I.	Forsythe	Kvam	Onnen	Simoneau
Anderson, R.	Frerichs	Laidig	Osthoff	Skoglund
Battaglia	Greenfield	Lehto	Otis	Stadum
Begich	Gruenes	Lemen	Peterson, B.	Staten
Berkelman	Gustafson	Levi	Peterson, D.	Stowell
Blatz	Halberg	Long	Piepho	Stumpf
Brandl	Hanson	Ludeman	Pogemiller	Sviggum
Brinkman	Harens	Luknic	Redalen	Swanson
Byrne	Hauge	Mann	Reding	Tomlinson
Carlson, D.	Haukoos	Marsh	Rees	Valan
Carlson, L.	Heap	McCarron	Reif	Valento
Clark, J.	Heinitz	McDonald	Rice	Vanasek
Clark, K.	Himle	McEachern	Rodriguez, C.	Vellenga
Clawson	Hoberg	Mehrkens	Rodriguez, F.	Voss
Dahlvang	Hokanson	Metzen	Rose	Weaver
Dean	Hokr	Minne	Rothenberg	Welch
Dempsey	Jennings	Munger	Samuelson	Welker
Den Ouden	Johnson, C.	Murphy	Sarna	Wenzel
Eken	Johnson, D.	Nelsen, B.	Schafer	Wieser
Elioff	Jude	Nelson, K.	Schoenfeld	Wynia
Ellingson	Kahn	Niehaus	Schreiber	Zubay
Erickson	Kaley	Novak	Searles	Spkr. Sieben, H.

A quorum was present.

Drew, Norton and Wigley were excused. Jacobs was excused until 2:45 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Vanasek moved that further reading of the Journal be

dispensed with and that the Journal be approved as corrected by the Chief Clerk. The motion prevailed.

REPORTS OF STANDING COMMITTEES

Sieben, M., from the Committee on Appropriations to which was referred:

H. F. No. 4, A bill for an act relating to public welfare; altering certain provisions of the program of aid to families with dependent children; redefining the term "dependent child"; expanding the definition of persons ineligible; eliminating eligibility of the unborn; requiring rules to define "special needs" for eligible pregnant women; requiring recoupment of overpayments; requiring registration of certain dependent recipients for employment services, training, and employment; restricting the earned income disregard to four months; restricting work expense disregards; specifying the amount of stepparent income to be considered available in determining need; providing for voluntary third party payments; eliminating eligibility for recipients participating in a strike; eliminating a prepaid funeral contract and reverse mortgage loan guarantees as disregarded resources; modifying the service fee for child support collection services; modifying the resource limits for recipients of aid to families with dependent children; extending medical assistance coverage to certain pregnant women; amending Minnesota Statutes 1980, Sections 256.12, Subdivision 14; 256.73, Subdivisions 3a, 5, 6, and by adding a subdivision; 256.736, Subdivisions 3 and 4; 256.74, Subdivision 1, and by adding a subdivision; 256.81; 256.935, Subdivision 2; 256.99; Minnesota Statutes 1981 Supplement, Sections 256.73, Subdivision 2; 256B.06, Subdivision 1; and 518.551, Subdivision 7; proposing new law coded in Minnesota Statutes, Chapter 256; repealing Minnesota Statutes 1981 Supplement, Section 257.021.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Anderson, I., from the Committee on Taxes to which was referred:

H. F. No. 14, A bill for an act relating to the financing and operation of state government; reducing the appropriations for local government aids; clarifying the application of the taxable net income adjustment factor to fiscal year taxpayers and its computation for 1981; limiting inflation adjustments of the income tax brackets, credits, and maximum standard deduction under certain circumstances; modifying the computation of the taxable net income adjustment factor; altering the method of taxing the income of certain oil companies by prohibiting their

use of certain deductions and requiring the use of combined worldwide income; eliminating the use of the arithmetic average allocation formula for major oil companies; amending Minnesota Statutes 1980, Sections 290.01, by adding a subdivision; 290.06, by adding a subdivision; 290.18, by adding a subdivision; 290.19, Subdivision 1; Minnesota Statutes 1981 Supplement, Section 290.09, Subdivisions 1 and 7; 290.091; 290.18, Subdivision 4; 290.21, Subdivision 4; 477A.03, Subdivision 2; Laws 1981, First Special Session, Chapter 1, Article I, Section 5.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE I

Section 1. [APPROPRIATION REDUCTIONS: SUMMARY.]

The sums set forth in the columns designated "APPROPRIATION REDUCTIONS" are reduced from the various general fund appropriations to the specified agencies. The figures "1982" or "1983" whenever used in this act, mean that the appropriation reductions listed are from the appropriations for the years ending either June 30, 1982 or June 30, 1983, respectively.

SUMMARY OF REDUCTIONS BY FUNCTION

	1982	1983	TOTAL
STATE			
DEPARTMENTS (\$20,282,700)	(\$22,422,900)		(\$42,705,600)
TRANSPORTATION AND OTHER AGENCIES	(5,533,200)	(5,351,100)	(10,884,300)
EDUCATION	(11,549,300)	(23,448,700)	(34,998,000)
WELFARE, CORRECTIONS, HEALTH	(3,546,000)	(10,930,600)	(14,476,600)
TOTAL	(\$40,911,200)	(\$62,153,300)	(\$103,064,500)

SUMMARY OF APPROPRIATIONS

Fiscal Year	1982	1983	TOTAL
STATE DEPARTMENTS	-0-	2,250,000	2,250,000
TRANSPORTATION AND OTHER AGENCIES	75,000	-0-	75,000
WELFARE, CORRECTIONS, HEALTH	26,500,000	49,553,000	76,053,000
TOTAL	26,575,000	51,803,000	78,378,000

Sec. 2. [APPROPRIATION REDUCTIONS.]

Subdivision 1. [STATE DEPARTMENTS.]

The general fund appropriations in Laws 1981, Chapters 306, 346 and 356 as amended by Laws 1981, Special Session 1, Chapter 4, Article 4, are reduced by the listed amounts:

	1982	1983
	\$	\$
(a) Legislature	(1,394,400)	(705,400)
(1) House		
1982	1983	
(1,014,000)	(-0-)	
(2) Legislative Coordinating Commission—General Support		
(25,000)	(900)	
(3) LCC—Workers Compensation Study		
(3,000)	(-0-)	
(4) LCC—Transit Study		
(20,000)	(-0-)	

	\$	1982	\$	1983
(5) Legislative Reference Library				
	(42,500)	(48,800)		
(6) Revisor of Statutes				
	(59,300)	(401,900)		
(7) Legislative Committee on Science and Technology				
	(12,500)	(14,700)		
(8) Advisory Council on the Economic Status of Women				
	(6,800)	(15,700)		
(9) Great Lakes Commission				
	(2,000)	(2,000)		
(10) Legislative Commission on Pensions and Retirement				
	(9,500)	(20,500)		
(11) Legislative Commission on Employee Relations				
	(13,600)	(10,000)		
(12) Legislative Commission to Review Administrative Rules				
	(9,900)	(11,200)		
(13) Legislative Audit Commission				
	(1,800)	(1,800)		
(14) Legislative Auditor				
	(174,500)	(177,900)		
(b) Supreme Court			(-0-)	(200,000)

This reduction equals the appropriation contained in Laws 1981, Chapter 356, Section 3 for judicial district computer hardware costs. The funds produced by this reduction are added to the

	1982	1983
	\$	\$
fiscal year 1983 appropriation made in Laws 1981, Chapter 356, Section 4 for district and county judge travel costs.		
(c) Board on Judicial Standards . . .	(-0-)	(3,000)
(d) Governor	(175,200)	(218,700)
(e) Secretary of State	(23,800)	(39,300)
(f) State Auditor		

The commissioner of transportation and the state auditor are directed to review whether duplication of effort occurs between the fiscal studies unit of the department of transportation relating to local government financial reporting and the governmental information division within the office of the state auditor. On or before February 15, 1982, the commissioner and the auditor shall report to the chairmen of the house appropriations and senate finance committees what state and local cost savings would accrue with the merger of these activities within the office of the auditor.

(g) State Treasurer

The insurance division shall assist and cooperate with the state treasurer in examining for unclaimed property.

(h) Attorney General	(354,700)	(494,600)
(i) Administrative Hearings	(66,600)	(141,000)

The office of administrative hearings shall maintain an office in Duluth.

(j) Administration	(1,778,400)	(2,025,800)
(k) Finance	(567,700)	(588,800)

The positions of debt management director and research scientist within the economic analysis section shall not be held vacant to make this reduction.

	1982	1983
	\$	\$
(l) Employee Relations	(255,500)	(261,100)
(m) Revenue	(493,100)	(689,000)

Walk-in taxpayer assistance shall not be reduced.

(n) Agriculture	(1,984,000)	(2,917,400)
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None of this reduction shall be in the agricultural protection service program.

No more than \$124,300 in 1982 and \$211,300 in 1983 shall be reduced from the family farm security program.

\$150,000 in fiscal year 1982 and \$150,000 in fiscal year 1983 is reduced from grants to agricultural societies.

(o) Animal Health, Board of	(158,800)	(163,000)
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The state agricultural society shall reimburse the board for services it provides on the state fairgrounds.

(p) Natural Resources	(4,426,100)	(4,567,100)
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Money appropriated from the receipts for watercraft licenses shall not be reduced and shall be expended only as authorized by Minnesota Statutes, Section 361.03.

(q) Zoological Board	(280,000)	(420,000)
(r) Water Resources Board	(-0-)	(25,900)
(s) Pollution Control Agency	(790,400)	(747,300)
(t) Waste Management Board	(147,000)	(195,000)
(u) Energy, Planning and Development	(896,700)	(771,000)
(v) Natural Resources Acceleration (LCMR)	(1,396,500)	(1,797,500)

	1982	1983
\$		\$

This appropriation reduction is made in order to return money to the general fund, upon the recommendation of the legislative commission on Minnesota resources.

(w) Labor and Industry	(279,200)	(279,200)
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None of this reduction shall occur in the appropriations for the special compensation fund or for peace officer death benefits.

Expenditure of the monies appropriated in Laws 1981, Chapter 346, Section 144, Subdivision 7 shall not be governed by the low bid requirements of section 16.08.

(x) Mediation Services	(54,700)	(55,600)
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(y) Military Affairs	(500,000)	(500,000)
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(z) Veterans Affairs	(317,800)	(332,600)
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This reduction shall not be made in direct patient care positions at the veterans homes.

Notwithstanding the provisions of section 198.055, the members of the veterans advisory committee may forego the compensation provided therein.

The nondedicated receipt limitation in Laws 1981, Chapter 356, Section 36 for fiscal year 1982 is reduced by \$930,000.

(aa) Indian Affairs Intertribal Board	(14,800)	(15,200)
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(bb) Council on Black Minnesotans	(-0-)	(9,300)
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(cc) Council for the Handicapped ..	(17,800)	(18,300)
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(dd) Human Rights	(137,300)	(140,100)
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(ee) Council On Affairs of Spanish-Speaking People	(2,600)	(2,700)
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	1982	1983
	\$	\$
(ff) Retirements	(3,769,600)	(4,099,000)

These reductions are made in recognition of the reduced employer contributions required by Minnesota Statutes, Section 352.04, 352.92, 352D.04 and 352D.09, as amended by Article I, Sections 21 to 26 of this act.

Of these amounts \$802,074 in fiscal year 1982 and \$873,054 in fiscal year 1983 are reduced from the general operation and maintenance appropriation made to the University of Minnesota in Laws 1981, Chapter 359, Section 7.

Of these amounts \$220,437 in fiscal year 1982 and \$238,072 in fiscal year 1983 are reduced from the public transit appropriation made to the metropolitan transit commission in Laws 1981, Chapter 363, Section 55, Subdivision 1.

Of these amounts, \$2,747,089 in fiscal year 1982 and \$2,987,875 in fiscal year 1983 are reduced from other employer contributions for state employees to the Minnesota state retirement system.

Subd. 2. [TRANSPORTATION AND OTHER AGENCIES.]

The general fund appropriations in Laws 1981, Chapters 306, 346, 357, and 363, as amended by Laws 1981, Special Session 1, Chapter 4, Article 4, are reduced by the listed amounts:

(a) Housing Finance Agency	(2,500,000)	(-0-)
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The appropriation in Laws 1981, Chapter 306, Section 21, is reduced by the amount indicated.

(b) Transportation	(791,000)	(3,157,000)
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Appropriations for Rail Service Improvement Grants are reduced by \$124,000 in the first year.

Appropriations for MTC operating grants are reduced \$2,400,000 in the

	1982	1983
	\$	\$

second year. No reductions shall be made in metro mobility projects, metro mobility control center, and metropolitan transit commission project mobility.

Notwithstanding Laws 1981, Chapter 363, Section 55, Subdivision 1, the metropolitan transit commission shall raise fares during the peak hours by 15 cents effective April 1, 1982.

The metropolitan transit commission shall reduce its support staff by 50 positions below the actual level existing on December 1, 1981. 31 positions shall be reduced by April 1, 1982 and the remaining 19 positions shall be reduced by July 1, 1983. Support staff includes all staff other than drivers, mechanics and security personnel.

The metropolitan transit commission is directed to prepare a report to the legislature regarding both employee benefit packages, including pension programs, and peak hour staffing practices. The report shall include projections of both short and long term costs. The report shall be submitted to the chairman of house appropriations committee and the chairman of the senate finance committee by February 1, 1982.

The metropolitan transit commission shall not expend capital or operating funds for the purchase of articulated buses with wheelchair lifts. This restriction shall apply to any articulated buses which may be on order.

Appropriations for private transit operators in the metropolitan area are reduced \$57,500 in the first year and \$184,500 in the second year.

Appropriations for statewide transit operating assistance are reduced \$562,500 in the first year and \$562,500 in the second year.

	1982	1983
\$	\$	

Appropriations for public transit capital grants are reduced \$37,200 in the first year.

Appropriations for public transit study are reduced \$10,000 the first year and \$10,000 the second year.

Reimbursements from the general fund to the trunk highway fund are reduced \$116,000 in the first year and \$192,300 in the second year.

(c) Public Safety	(709,300)	(505,700)
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This reduction shall not apply to the liquor control program. The liquor control program shall concentrate its activities along the border areas of Minnesota.

The general fund complement of the department of public safety is reduced by 19.7 effective July 1, 1983.

Reimbursements from the general fund to the trunk highway fund are reduced \$37,600 in the first year and \$38,900 in the second year.

(d) Commerce	(244,200)	(305,400)
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The general fund complement of the department of commerce is reduced by 17 effective July 1, 1983. No more than seven positions shall be reduced from the insurance division. The department of commerce shall transfer funds by July 1, 1982 from other areas of the department in order to fill four additional positions within the insurance division. The complement reduction shall not apply to the supervision of state chartered financial institutions.

(e) Boxing, Board of	(4,000)	(4,200)
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(f) Peace Officer Standards and Training, Board of	(11,700)	(11,800)
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	1982	1983
	\$	\$
(g) Public Utilities Commission ..	(20,700)	(21,700)
(h) Public Service	(33,300)	(33,400)
(i) Ethical Practices Board	(17,000)	(15,400)
(j) Minnesota Municipal Board ...	(20,700)	(21,000)
(k) Minnesota-Wisconsin Boundary Area Commission	(3,400)	(3,700)
(l) Uniform Laws Commission	(12,600)	(12,900)
(m) Voyageurs National Park Citizens Committee	(-0-)	(12,800)
(n) Southern Minnesota Rivers Basin Board	(5,900)	(5,900)
(o) Minnesota Historical Society ..	(689,400)	(703,500)

This reduction shall not apply to the Minnesota military history museum at Fort Snelling and Camp Ripley, the Sibley House Association, government learning center, Minnesota humanities commission, Minnesota international center, and the historic grant-in-aid program to encourage local historic preservation projects.

(p) Arts, Board of the	(267,700)	(290,100)
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The amounts to be reduced from each program are as follows:

(1) Administrative Services	
(\$112,100)	(\$154,500)

(2) Subsidies and Grants	
(\$155,600)	(\$135,600)

Of the remaining appropriations, \$815,000 in the first year and \$965,000 in the second year is for the general support one program; \$150,900 in the first year and \$171,600 in the second

	\$	1982	\$	1983
<p>year is for the general support two program; and \$682,700 in the first year and \$706,200 in the second year is for the regional program. Regional grants shall be distributed according to the formula included in the work papers adopted by the conference committee.</p>				
(q) Minnesota Humane Society . . .		(6,200)		(-0-)
(r) County Attorneys Council		(15,100)		(-0-)
(s) Minnesota Horticultural Society		(8,900)		(9,600)
(t) Minnesota Academy of Science		(-0-)		(5,800)
(u) Science Museum of Minnesota		(18,500)		(-0-)

This reduction shall be reinstated on the basis of one dollar for every two dollars received from the city of Saint Paul.

Subd. 3. [EDUCATION.]

The general fund appropriations in Laws 1981, Chapter 359, as amended by Laws 1981, Special Session 1, Chapter 2, are reduced by the listed amounts:

(a) Education, Department of	(1,671,400)	(3,393,300)
(b) Higher Education Coordinating Board	(141,900)	(288,100)

\$152,000 of the amount for 1983 is a reduction from the private college contract program. The private college contract program shall not provide funds for post baccalaureate students.

Notwithstanding any law to the contrary, if a portion of sums appropriated to the higher education coordinating board pursuant to Laws 1981, Chapter 359, Section 3, Subdivisions 3, 4, 5, 7, 8, 9 and 10 for state scholarships, nurses scholarships, state grants-in-aid, part time student subsidy, special assistance,

	1982	1983
	\$	\$

state work study, medical student loans, AVTI tuition subsidy and private college contracts for fiscal year 1983 are refunded and unused, that portion may be transferred to meet obligations under interstate tuition reciprocity agreements. However, the higher education coordinating board shall demonstrate to the commissioner of finance that the intended level of expenditure for the programs is not reduced. In addition, transfers made may be reversed if necessary to meet the needs and objectives of affected programs.

(c) State University Board	(2,191,900)	(4,450,300)
(d) State Community College Board	(1,042,900)	(2,117,500)
(e) University of Minnesota	(6,248,000)	(12,685,400)
(f) Mayo Medical School	(253,200)	(514,100)

Subd. 4. [WELFARE, CORRECTIONS, HEALTH.]

The general fund appropriations in Laws 1981, Chapter 360, as amended by Laws 1981, Special Session 1, Chapter 2, are reduced by the listed amounts:

(a) Public Welfare, Department of	(767,500)	(8,286,700)
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The commissioner of public welfare shall apply to the department of health and human services for a waiver to limit physician calendar visits to residents of long-term care facilities to no more than once every six months, unless otherwise determined to be necessary by the facility staff or treating physician.

The commissioner of public welfare shall study the fiscal and programmatic impact, the number of persons who would be affected, and any other effects, if the costs of providing developmental achievement services and semi-independent living services were paid through Title XIX of the Social Security Act and

	1982	1983
\$	\$	

Minnesota Statutes, Chapter 256B. The study shall be completed and submitted to the legislature not later than two months following final enactment of federal appropriation amounts.

(b) Economic Security,
Department of (2,000,000) (1,018,700)

None of this reduction shall be in the following programs: displaced homemakers; crisis fuel-emergency assistance; summer youth; office of economic opportunity administration.

(c) Corrections, Department of (590,500) (1,428,900)

Notwithstanding the provisions of any other law to the contrary, the commissioner of corrections may for the purpose of maximizing the benefits of the subsidy paid to counties under Minnesota Statutes 1980, Sections 401.14 and 401.15, waive the requirements of 11 MCAR, Sections 2.006(c) and 2.007(b) that specify the percentages of the total subsidy received by each participating county which must be expended only for information systems, program evaluation, training, and education.

(d) Health, Department of (188,000) (196,300)

Notwithstanding any law to the contrary, the commissioner of health shall increase the fee charged for medical laboratory services up to \$5.

Sec. 3. [APPROPRIATIONS.] The appropriations made in this section are from the general fund.

	FY 1982	FY 1983
Subdivision 1. Contingent Accounts	-0-	2,050,000

This appropriation is added to the appropriation made in Laws 1981, Chapter 356, Section 9, Subdivision 4. The entire appropriation shall be available to the department of natural resources

	1982	1983
	\$	\$
for unemployment and workers' compensation obligations for fiscal years 1981 and 1982.		

Subd. 2. Department of Public Welfare	26,500,000	49,553,000
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For the purpose of paying additional income maintenance costs, these sums are in addition to appropriations in Laws 1981, Chapter 360, Section 2, Subdivision 4.

Subd. 3. [DEPARTMENT OF TRANSPORTATION.] (a) Any unexpended balance of the appropriation for AMTRAK rail subsidy Duluth-Twin Cities made by Laws 1980, Chapter 614, Section 27, (c) is hereby reinstated and reappropriated for the biennium ending June 30, 1983.

(b) The immediately available appropriation for AMTRAK operations made by Laws 1981, Chapter 357, Section 2, Subdivision 4 (e) is reappropriated for the biennium ending June 30, 1983, and may be expended without regard to the restrictions stated therein.

Sec. 4. [APPROPRIATION; TRANSFERS AUTHORIZED.]

An appropriation to agencies from the general fund for fiscal year 1982 and fiscal year 1983 is available for expenditure in either fiscal year with the advance approval of the commissioner of finance. Approvals shall be reported to the committee on finance of the senate and the committee on appropriations of the house of representatives.

Sec. 5. [PLANS FOR DECLINING ENROLLMENT.]

Subdivision 1. [UNIVERSITY OF MINNESOTA; STATE UNIVERSITIES; COMMUNITY COLLEGES; AREA VOCATIONAL-TECHNICAL INSTITUTES.] The board of regents of the University of Minnesota, the state university board, the community college board, and the state board for vocational education shall each develop a plan for providing post secondary education services under conditions of declining or reduced enrollments. Each plan shall specify the fiscal implications of declining enrollments and a proposed strategy for potential campus mergers, reorganizations, changes in system governance or other methods of adjusting the present level of facilities and services to the projected level of re-

duced demand even to the point of campus closures, if deemed necessary. The purpose of the plan is to reduce the cost of present facilities and services in proportion to the reduction in enrollment. Each plan shall be submitted to the legislature by January 1, 1983.

Subd. 2. [FACTORS.] In determining strategies for the adjustment of present facilities and services to reduced levels of demand, the boards shall consider such factors as the system's mission, the impact of such adjustments on students, short-term and long-term enrollment trends, accessibility for the handicapped, fiscal implications, geographic accessibility to comparable institutions, availability of alternative programs, legal implications and feasibility of employee transfers.

Subd. 3. [STUDENT TRANSFERS.] In planning for reorganization, merger, or closing of campuses the boards shall, insofar as possible, plan to provide students with the opportunity to complete programs in their major course of study and to complete graduation requirements by transferring to other institutions. The plans should provide for full transfer of earned credits and flexibility in meeting graduation requirements to the extent possible.

Subd. 4. [PROCESS.] The central administration of each post secondary system shall develop and submit a plan to its state board. In the process of developing the plan the central administration of each system shall consult with the central administrations of the other systems. Each board shall submit its plan to the higher education coordinating board for its review and recommendation pursuant to section 136A.04, subdivision 1, clause (d).

Subd. 5. [EMPLOYEE TRANSFER.] To the extent possible, the plans shall provide that employees whose positions will be eliminated by the mergers, reorganizations or closings will be allowed to transfer to positions in other post secondary institutions within each system and will be given preference in new hirings. The plans shall provide for the maintenance of seniority, salary, fringe benefits and other employment terms insofar as possible consistent with the pertinent bargaining agreements, if any.

Sec. 6. Minnesota Statutes 1981 Supplement, Section 15.052, Subdivision 5, is amended to read:

Subd. 5. [COURT REPORTERS; AUDIO RECORDINGS.] The office of administrative hearings may maintain a court reporter system and in addition to or in lieu thereof may contract with nongovernmental sources for court reporter services. The court reporters may additionally be utilized as the chief hearing examiner directs. Unless the chief hearing exami-

ner determines that the use of a court reporter is more appropriate, an audio magnetic recording device shall be used to keep a record at any hearing which takes place under this chapter or under chapter 176. (IN CASES ARISING UNDER CHAPTER 176, THE CHIEF HEARING EXAMINER, IN CONSULTATION WITH THE COMPENSATION JUDGE, SHALL DECIDE THE METHOD OF RECORDING.) *If the chief hearing examiner determines that the use of an audio magnetic recording device is more appropriate, any party to a hearing under this chapter or chapter 176 may secure the services of a court reporter from the office of administrative hearings or from the chief hearing examiner's list of non-governmental sources to keep the record at the hearing. The person requesting the services of a court reporter shall be responsible for securing such services, notifying the court reporter in the event of a cancellation of the hearing and for the cost of the appearance of the court reporter at the hearing. The cost of a court reporter from the list of non-governmental sources shall be paid directly to the court reporter.*

Court reporters serving in the court reporter system of the office of administrative hearings shall be in the classified service. Notwithstanding the provisions of section 15.17, subdivision 4, copies of transcriptions of hearings conducted pursuant to this section may be obtained only through the office of administrative hearings or the non-governmental source court reporter if used to record the hearing.

Sec. 7. Minnesota Statutes 1981 Supplement, Section 16A.128, is amended to read:

16A.128 [FEE ADJUSTMENTS.]

The fees fixed for the various accounts for which appropriations are made by law, shall be neither increased nor decreased except with the approval of the commissioner of finance. All these fees shall be reviewed at least once each six months, and except in special fee situations as determined by the commissioner, adjustments shall be made to the end that the total fees received shall approximate the amount appropriated for the several accounts, plus the portion of the general support costs and statewide indirect costs of the agency that is attributable to the function for which the fee is charged. Fee adjustments authorized under this section may be made without a public hearing when the total fees estimated to be received during the fiscal biennium will not exceed (110 PERCENT OF) the sum of all direct appropriations, indirect costs, transfers in, and salary supplements for that purpose for the biennium.

Sec. 8. Minnesota Statutes 1981 Supplement, Section 176.081, Subdivision 7a, is amended to read:

Subd. 7a. At any time prior to one day before a matter is to be heard, a party litigating a claim made pursuant to this chapter may serve upon the adverse party a reasonable offer of settlement of the claim, with provision for costs and disbursements then accrued. If before the hearing the adverse party serves written notice that the offer is accepted, either party may then file the offer and notice of acceptance, together with the proof of service thereof, and thereupon judgment shall be entered.

If an offer by an employer or insurer is not accepted by the employee, it shall be deemed withdrawn and evidence thereof is not admissible, except in a proceeding to determine attorney's fees. Notwithstanding the provisions of subdivision 7, if the judgment finally obtained by the employee is less favorable than the offer, the employer shall not be liable for any part of the attorney's fees awarded pursuant to this section.

If an offer by an employee is not accepted by the employer or insurer, it shall be deemed withdrawn and evidence thereof is not admissible, except in a proceeding to determine attorney's fees. Notwithstanding the provisions of subdivision 7, if the judgment finally obtained by the employee is at least as favorable as the offer, the employer shall pay an additional 25 percent, over the amount provided in subdivision 7, of that portion of the attorney's fee which has been awarded pursuant to this section that is in excess of \$250.

The fact that an offer is made but not accepted does not preclude a subsequent offer.

Cases settled under this section shall be conclusively presumed to be fair and reasonable and shall not be subject to approval by the commissioner or a compensation judge if all parties are represented by attorneys. Attorney's fees which are part of the settlement are subject to review by the commissioner who may reduce the fees included in the settlement. Failure of the commissioner to reduce the fees within 14 days after receiving the settlement shall be deemed approval. The commissioner may correct clerical or mathematical errors in these cases at any time.

Sec. 9. Minnesota Statutes 1981 Supplement, Section 176.371, is amended to read:

176.371 [AWARD OR DISALLOWANCE OF COMPENSATION.]

The compensation judge to whom a petition has been assigned for hearing, shall hear all relevant and competent evidence produced at the hearing (.). Unless all parties agree otherwise, the compensation judge shall insure that all testimony, motions, objections, arguments and comments of the par-

ties or the compensation judge are recorded and, as soon after the hearing as possible, within 60 days after a matter has been finally submitted to the compensation judge, he shall make findings of fact, conclusions of law, and (AWARD OR DISALLOWANCE OF) an order allowing or disallowing compensation or other order as the pleadings, evidence, this chapter and rule require.

The findings of fact shall contain the facts as found by the compensation judge delineating the relevant employment history of the petitioner; the nature and extent of the injury or disability; the medical history, treatment and expenses directly related to the injury or disability; the nature and extent of the disability and duration thereof; the petitioner's wage rate during the dates of the disability; facts necessary to determine attorney's fees and costs to be awarded; and such other matters as may be necessary to a full determination of the issues in controversy.

The conclusions shall refer to the legal requirements of this chapter.

The order shall state whether the petitioner is entitled to benefits and the time periods for which the benefits are to be paid. The order shall include an award of attorney's fees and costs, if appropriate. If benefits are ordered to be paid, the compensation judge shall not calculate the actual benefit amounts. The actual calculations of benefit amounts shall be the responsibility of the employer or insurer subject to the authority of the commissioner to correct any mathematical errors.

A compensation judge shall attach a memorandum to the order only if necessary to delineate the resources for the decision or to discuss the credibility of witnesses. A memorandum shall not contain a recitation of the evidence presented at the hearing but shall be limited to the compensation judge's basis for the decision.

Sec. 10. Minnesota Statutes 1980, Section 176.421, Subdivision 3, is amended to read:

Subd. 3. [NOTICE OF APPEAL.] The appellant or his attorney shall prepare and sign a written notice of appeal specifying:

(1) the order appealed from;

(2) that appellant appeals from the order to the workers' compensation court of appeals;

(3) the particular finding of fact or conclusion of law which he claims was unwarranted by the evidence or procured by fraud, coercion, or other improper conduct; (AND,)

(4) the testimony or other part of the record of the hearing necessary to be transcribed in order for the court of appeals to consider the appeal; and,

(5) any other ground upon which the appeal is taken.

Sec. 11. Minnesota Statutes 1981 Supplement, Section 176.421, Subdivision 4, is amended to read:

Subd. 4. [SERVICE AND FILING OF NOTICE; COST OF TRANSCRIPT.] Within the 30 day period for taking an appeal, the appellant shall:

(1) Serve a copy of the notice of appeal on each adverse party;

(2) File the original notice, with proof of service by admission or affidavit, with the chief hearing examiner and file a copy with the commissioner;

(3) In order to defray the cost of the (TRANSCRIPT) preparation of the record of the proceedings appealed from, pay to the (CHIEF HEARING EXAMINER) state treasurer, the sum of (\$10 OR SO MUCH OF THAT SUM AS IS NECESSARY TO PRESENT THE QUESTION RAISED ON THE APPEAL) \$25.

(THE APPELLANT IS LIABLE FOR THE COST OF THE TRANSCRIPT IN EXCESS OF \$10, BUT IS ENTITLED TO A REFUND OF ANY PART OF THAT SUM NOT USED TO PAY THE COST OF THE TRANSCRIPT.)

(4) Submit a request that the chief hearing examiner order the preparation of a transcription of that part of the hearing delineated in the notice of appeal if the record of the hearing was kept by an audio magnetic recording device or a court reporter who is an employee of the office of administrative hearings.

If the hearing was recorded by a court reporter who is not an employee of the office of administrative hearings, the appellant shall, on the same date the notice of appeal is filed, request the court reporter to prepare a transcription of that part of the hearing delineated in the notice of appeal.

If any party desires a transcription of more of the hearing than has been requested by the appellant, that party shall, within five working days of service of the notice of appeal,

make that request of the chief hearing examiner or the non-employee court reporter, whichever is appropriate.

The party requesting the preparation of the transcript or any part thereof is liable for the cost of preparation.

Upon a showing of cause, the chief hearing examiner may direct that a transcript be prepared without expense to the (APPELLANT) party requesting its preparation, in which case the cost of the transcript shall be paid by the office of administrative hearings.

Sec. 12. Minnesota Statutes 1981 Supplement, Section 176.421, Subdivision 5, is amended to read:

Subd. 5. [TRANSCRIPT; CERTIFICATION OF THE RECORD.] When the notice of appeal has been filed with the chief hearing examiner and the (TRANSCRIPTION) preparation of the record fee has been paid, the chief hearing examiner shall immediately (PREPARE) insure that a type-written transcript of the proceedings is prepared. The official reporter or other person designated by the chief hearing examiner who transcribes the proceedings shall certify to their correctness.

If the transcript is prepared by a person who is not an employee of the office of administrative hearings, upon completion of the transcript, the original shall be filed with the chief hearing examiner.

When the transcript has been completed and is on file with the chief hearing examiner, he shall certify the record to the workers' compensation court of appeals and notify the commissioner of the certification.

Sec. 13. Minnesota Statutes 1980, Section 176.521, as amended by Laws 1981, Chapter 346, Sections 134 and 135, is amended to read:

176.521 [SETTLEMENT OF CLAIMS.]

Subdivision 1. [VALIDITY.] An agreement between an employee or his dependent and the employer or insurer to settle any claim, which is not upon appeal before the workers' compensation court of appeals, for compensation under this chapter is valid where it has been executed in writing and signed by the parties (,) and intervenors in the matter, and, where one or more of the parties is not represented by an attorney, the division or a compensation judge has approved the settlement and made an award thereon. If the matter is upon appeal before the workers' compensation court of appeals or district court, the workers' compensation court of appeals or district court is the approving body.

Subd. 2. [APPROVAL.] Settlements shall be approved only where the terms conform with this chapter.

The division, a compensation judge, (AND) the workers' compensation court of appeals *and the district court* shall exercise discretion in approving or disapproving a proposed settlement.

The parties to the agreement of settlement have the burden of proving that the settlement is reasonable, fair, and in conformity with this chapter. A settlement agreement where both the employee or his dependent and the employer or insurer and intervenors in the matter are represented by an attorney shall be *conclusively* presumed to be reasonable, fair, and in conformity with this chapter.

Subd. 3. [COMMISSIONER.] *When a settled case is not subject to approval, upon receipt of the stipulation for settlement, a compensation judge shall refer the matter to the chief hearing examiner who shall immediately refer the file to the commissioner. Attorney's fees which are part of the settlement are subject to review by the commissioner who may reduce the fees included in the settlement. Failure of the commissioner to reduce the fees within 14 days after receiving the settlement shall be deemed approval. The commissioner may correct mathematical or clerical errors at any time.*

Subd. (3) 4. [SETTING ASIDE AWARD UPON SETTLEMENT.] Notwithstanding any provision in the agreement of settlement to the contrary, *upon the filing of a petition by any party to the settlement and after hearing agreement thereon, the workers' compensation court of appeals may set aside an award made upon a settlement, pursuant to this chapter. In such cases, the workers' compensation court of appeals shall refer the matter to the chief hearing examiner for assignment to a compensation judge for hearing on those issues it deems necessary to a final determination.*

Sec. 14. Minnesota Statutes 1980, Section 197.23, is amended to read:

197.23 [MAY PROVIDE MARKERS.]

The commissioner of veterans affairs (SHALL) *may*, upon the petition of any five reputable freeholders of any township or municipality, or of any patriotic or ex-servicemen's organization, procure for and furnish to the petitioners some suitable and appropriate metal socket and an appropriate marker for the grave of each and every soldier, sailor, marine, or nurse who served with honor in the forces of the United States and who is buried within the limits of the state, to be placed on the grave of such soldier, sailor, marine, or nurse for the purpose of permanently marking and designating the grave for memorial purposes.

Sec. 15. Minnesota Statutes 1980, Section 345.32, is amended to read:

345.32 [PROPERTY HELD BY BANKING OR FINANCIAL ORGANIZATIONS OR BY BUSINESS ASSOCIATIONS.]

The following property held or owing by a banking or financial organization or by a business association is presumed abandoned:

(a) Any demand, savings or matured time deposit made in this state with a banking organization, together with any interest or dividend thereon, excluding contracted service charges which may be deducted for a period not to exceed one year, unless the owner has, within (SEVEN) *five* years:

(1) increased or decreased the amount of the deposit, or presented the passbook or other similar evidence of the deposit for the crediting of interest; or

(2) corresponded in writing with the banking organization concerning the deposit; or

(3) otherwise indicated an interest in the deposit as evidenced by a memorandum on file with the banking organization; or

(4) received tax reports or regular statements of the deposit by mail from the banking or financial organization regarding the deposit. Receipt of the statement by the owner should be presumed if the statement is mailed first class by the banking or financial organization and not returned; or

(5) acted as provided in paragraphs (1), (2), (3) and (4) of this subsection in regard to another demand, savings or time deposit made with the banking or financial organization.

(b) Any funds or dividends deposited or paid in this state toward the purchase of shares or other interest in a business association where the stock certificates or other evidence of interest in the business have not been issued, or in a financial organization, and any interest or dividends thereon, excluding contracted service charges which may be deducted for a period not to exceed one year, unless the owner has within (SEVEN) *five* years:

(1) increased or decreased the amount of the funds or deposit, or presented an appropriate record for the crediting of interest or dividends; or

(2) corresponded in writing with the financial organization concerning the funds or deposit; or

(3) otherwise indicated an interest in the funds or deposit as evidenced by a memorandum on file with the financial organization; or

(4) received tax reports or regular statements of the deposit or accounting by mail from the financial organization or business association regarding the deposit. Receipt of the statement by the owner should be presumed if the statement is mailed first class by the financial organization or business association and not returned.

(c) Any sum, excluding contracted service charges which may be deducted for a period not to exceed one year, payable on checks certified in this state or on written instruments issued in this state on which a banking or financial organization or business association is directly liable, including, by way of illustration but not of limitation, drafts, money orders and traveler's checks, that has been outstanding for more than (SEVEN) *five* years from the date it was payable, or from the date of its issuance if payable on demand, or, in the case of traveler's checks, has been outstanding for more than 15 years from the date of its issuance, unless the owner has within (SEVEN) *five* years, or within 15 years in the case of traveler's checks, corresponded in writing with the banking or financial organization or business association concerning it, or otherwise indicated an interest as evidenced by a memorandum on file with the banking or financial organization or business association.

(d) Any funds or other personal property, tangible or intangible, removed from a safe deposit box or any other safe-keeping repository in this state on which the lease or rental period has expired due to nonpayment of rental charges or other reason, that have been unclaimed by the owner for more than (SEVEN) *five* years from the date on which the lease or rental period expired.

(1) If the amount due for the use or rental of a safe deposit box has remained unpaid for a period of six months, the bank, savings bank, trust company, savings and loan, or safe deposit company shall, within 60 days of the expiration of that period, send by certified mail, addressed to the renter or lessee of the safe deposit box, directed to the address standing on its books, a written notice that, if the amount due for the use or rental of the safe deposit box is not paid within 60 days after the date of the mailing of the notice, it will cause the safe deposit box to be opened and its contents placed in one of its general safe deposit boxes.

(2) Upon the expiration of 60 days from the date of mailing the notice, and in default of payment within the 60 days

of the amount due for the use or rental of the safe deposit box, the bank, savings bank, trust company, savings and loan, or safe deposit company, in the presence of its president, vice-president, secretary, treasurer, assistant secretary, assistant treasurer or superintendent, or such other person as specifically designated by its board of directors, and of a notary public not in its employ, shall cause the safe deposit box to be opened and the contents thereof, to be removed and sealed by the notary public in a package, upon which he shall mark the name of the renter or lessee and also the estimated value of the contents of the safe deposit box and, in the presence of one of the bank officers listed above, the notary public shall place the package in one of the bank's general safe deposit boxes and set out the proceedings in a certificate under his official seal, which shall be delivered to the bank, savings bank, trust company, savings and loan, or safe deposit company.

(3) The bank, savings bank, trust company, savings and loan, or safe deposit company shall hold the contents of abandoned safe deposit boxes until they are claimed by the owner or the bank turns them over to the state treasurer pursuant to chapter 345.

Sec. 16. Minnesota Statutes 1980, Section 345.33, is amended to read:

345.33 [UNCLAIMED FUNDS HELD BY LIFE INSURANCE CORPORATIONS.]

(a) Unclaimed funds, as defined in this section, held and owing by a life insurance corporation shall be presumed abandoned if the last known address, according to the records of the corporation, of the person entitled to the funds is within this state. If a person other than the insured or annuitant is entitled to the funds and no address of such person is known to the corporation or if it is not definite and certain from the records of the corporation what person is entitled to the funds, it is presumed that the last known address of the person entitled to the funds is the same as the last known address of the insured or annuitant according to the records of the corporation.

(b) "Unclaimed funds," as used in this section, means all moneys held and owing by any life insurance corporation unclaimed and unpaid for more than (SEVEN) five years after the moneys become due and payable as established from the records of the corporation under any life or endowment insurance policy or annuity contract which has matured. A life insurance policy not matured by actual proof of the death of the insured is deemed to be matured and the proceeds thereof are deemed to be due and payable if such policy was in force when the insured attained the limiting age under the mortality table on which the reserve is based, unless the person

appearing entitled thereto has within the preceding (SEVEN) *five* years, (1) assigned, readjusted or paid premiums on the policy, or subjected the policy to loan, or (2) corresponded in writing with the life insurance corporation concerning the policy. Moneys or drafts otherwise payable according to the records of the corporation are deemed due and payable although the policy or contract has not been surrendered as required.

Sec. 17. Minnesota Statutes 1980, Section 345.34, is amended to read:

345.34 [DEPOSITS HELD BY UTILITIES.]

Any deposit held or owing by any utility made by a subscriber after January 1, 1960 to secure payment for, or any sum paid in advance for, utility services to be furnished in this state, excluding any charges that may lawfully be withheld, that has remained unclaimed by the person appearing on the records of the utility entitled thereto for more than (SEVEN) *five* years after the termination of the services for which the deposit or advance payment was made is presumed abandoned.

Sec. 18. Minnesota Statutes 1980, Section 345.37, is amended to read:

345.37 [PROPERTY HELD BY FIDUCIARIES.]

All intangible personal property and any income or increment thereon, held in a fiduciary capacity for the benefit of another person is presumed abandoned unless the owner has, within (SEVEN) *five* years after it becomes payable or distributable, increased or decreased the principal, accepted payment of principal or income, corresponded in writing concerning the property, or otherwise indicated an interest as evidenced by a memorandum on file with the fiduciary if:

(a) the property is held by a banking organization or a financial organization or by a business association organized under the laws of or created in this state; or

(b) it is held by a business association, doing business in this state, but not organized under the laws of or created in this state, and the records of the business association indicate that the last known address of the person entitled thereto is in this state; or

(c) it is held in this state by any other person.

Sec. 19. Minnesota Statutes 1980, Section 345.38, is amended to read:

345.38 [PROPERTY HELD BY STATE COURTS AND PUBLIC OFFICERS AND AGENCIES.]

Subdivision 1. All intangible personal property held for the owner by any court, public corporation, public authority or public officer of this state, or a political subdivision thereof, that has remained unclaimed by the owner for more than (SEVEN) *five* years is presumed abandoned except as provided in section 524.3-914.

Subd. 2. This section shall not apply to property held for persons while residing in public correctional or other institutions. As to such persons, said property shall be presumed abandoned if it has remained unclaimed by the owner for more than (SEVEN) *five* years after such residence ceases.

Subd. 3. All intangible personal property held for the owner by any government or political subdivision or agency, that has remained unclaimed by the owner for more than (SEVEN) *five* years is presumed abandoned and is reportable pursuant to section 345.41, if:

(a) the last known address as shown on the records of the holder of the apparent owner is in this state; or

(b) no address of the apparent owner appears on the records of the holder; and

(1) the last known address of the apparent owner is in this state; or

(2) the holder is domiciled in this state and has not previously transferred the property to the state of the last known address of the apparent owner.

Sec. 20. Minnesota Statutes 1980, Section 345.39, is amended to read:

345.39 [MISCELLANEOUS PERSONAL PROPERTY HELD FOR ANOTHER PERSON.]

All intangible personal property, not otherwise covered by sections 345.31 to 345.60, including any income or increment thereon, but excluding any charges that may lawfully be withheld, that is held or owing in this state in the ordinary course of the holder's business and has remained unclaimed by the owner for more than (SEVEN) *five* years after it became payable or distributable is presumed abandoned. Property covered by this section includes, but is not limited to: (a) unclaimed wages or worker's compensation; (b) deposits or payments for repair or purchase of goods or services; (c) credit checks or memos, or customer overpayments; (d) un-

identified remittances, unrefunded overcharges; (e) unpaid claims, unpaid accounts payable or unpaid commissions; (f) unpaid mineral proceeds, royalties or vendor checks; and (g) credit balances, accounts receivable and miscellaneous outstanding checks.

Sec. 21. Minnesota Statutes 1980, Section 352.04, Subdivision 2, is amended to read:

Subd. 2. [EMPLOYEE CONTRIBUTIONS.] The employee contribution to the fund shall be an amount equal to (FOUR) 3-1/2 percent of salary, beginning with the first full pay period after June 30, (1973) 1981. These contributions shall be made by deduction from salary in the manner provided in subdivision 4.

Sec. 22. Minnesota Statutes 1980, Section 352.04, Subdivision 3, is amended to read:

Subd. 3. [EMPLOYER CONTRIBUTIONS.] The employer contribution to the fund shall be an amount equal to the total amount deducted from the salaries of employees on each payroll abstract, plus an additional (TWO) 1.84 percent of salary beginning with the first full pay period after June 30, (1973) 1981. The employer contribution shall be made in the manner provided in subdivisions 5 and 6.

Sec. 23. Minnesota Statutes 1980, Section 352.92, Subdivision 1, is amended to read:

Subdivision 1. [EMPLOYEE CONTRIBUTIONS.] Beginning with the first full pay period after June 30, (1973) 1981, in lieu of employee contributions payable under section 352.04, subdivision 2, contributions by covered correctional employees shall be in an amount equal to (SIX) 4.3 percent of salary.

Sec. 24. Minnesota Statutes 1980, Section 352.92, Subdivision 2, is amended to read:

Subd. 2. [EMPLOYER CONTRIBUTIONS.] Beginning with the first full pay period after June 30, (1973) 1981, in lieu of employer contributions payable under section 352.04, subdivision 3, the employer shall contribute for covered correctional employees (1) an amount equal to (1 1/2 TIMES THE DEDUCTION FROM) 6.45 percent of the salaries of covered correctional employees on each payroll abstract, plus (2) an additional amount of (FIVE) 2.85 percent of salaries of covered correctional employees on each payroll abstract.

Sec. 25. Minnesota Statutes 1981 Supplement, Section 352D.04, Subdivision 2, is amended to read:

Subd. 2. The moneys used to purchase shares under this section shall be the employee (, EMPLOYER) and employer (ADDITIONAL) contributions (AS) provided in (SECTION 352.04, SUBDIVISIONS 2 AND 3) *this subdivision*.

(a) *The employee contribution shall be an amount equal to four percent of salary.*

(b) *The employer contribution shall be an amount equal to six percent of salary.*

These contributions shall be made by deduction from salary in the manner provided in section 352.04, subdivisions 4, 5, and 6.

Sec. 26. Minnesota Statutes 1980, Section 352D.09, Subdivision 7, is amended to read:

Subd. 7. One-tenth of one percent of salary shall be deducted from the employee contributions (AUTHORIZED BY SECTION 352.04, SUBDIVISION 2,) and one-tenth of one percent of salary from the employer contributions authorized by section (352.04, SUBDIVISION 3, CLAUSE (1)) *352D.04, subdivision 2*, to pay the administrative expenses of the unclassified program.

Sec. 27. Minnesota Statutes 1981 Supplement, Section 473.446, Subdivision 1, is amended to read:

Subdivision 1. [TAXATION WITHIN TRANSIT TAXING DISTRICT.] For the purposes of sections 473.401 to 473.451 and the metropolitan transit system, except as otherwise provided in this subdivision the metropolitan transit commission shall levy each year upon all taxable property within the metropolitan transit taxing district, defined in subdivision 2, a transit tax consisting of:

(a) An amount equal to (1.72) *two* mills times the assessed value of all such property, the proceeds of which shall be used for payment of the expenses of operating transit and paratransit service;

(b) An additional amount, if any, as the commission determines to be necessary to provide for the full and timely payment of its certificates of indebtedness and other obligations outstanding on July 1, 1977, to which property taxes under this section have been pledged; and

(c) An additional amount necessary to provide full and timely payment of certificates of indebtedness, bonds, or other obligations issued pursuant to section 473.436 for purposes of acquisition and betterment of property and other improve-

ments of a capital nature and to which the commission has specifically pledged tax levies under this clause.

In any statutory or home rule charter city or town in the metropolitan transit taxing district which is receiving financial assistance under section 174.265, the commission shall levy a tax equal to ten percent of the sum of levies provided for in clauses (a) to (c), plus a levy sufficient to yield the amounts of available local transit funds transferred pursuant to section 174.265 from the state assistance available to the commission, less any amount paid to the commission by the city or town under a contract for service entered into pursuant to subdivision 2.

Sec. 28. Laws 1981, Chapter 356, Section 45, is amended to read:

Sec. 45. [WORKERS' COMPENSATION.]

The appropriations in this act for the operation of each state department or agency (, EXCEPT THE DEPARTMENT OF NATURAL RESOURCES,) in fiscal 1982 and 1983 include amounts needed to pay workers' compensation obligations to the state compensation revolving fund. It is the intent of the legislature not to appropriate additional money at any future time to pay workers' compensation obligations for fiscal 1982 and 1983, except (FOR THE DEPARTMENT OF NATURAL RESOURCES OR) as may be required by an increase in the statutory level of workers' compensation benefits.

Sec. 29. Laws 1981, Chapter 356, Section 46, is amended to read:

Sec. 46. [UNEMPLOYMENT COMPENSATION.]

The appropriations in this act for the operation of each state department or agency (, EXCEPT THE DEPARTMENT OF NATURAL RESOURCES,) in fiscal 1982 and 1983 include amounts needed to pay unemployment compensation obligations to the unemployment compensation fund. It is the intent of the legislature not to appropriate additional money at any future time to pay unemployment compensation obligations for fiscal 1982 and 1983, except (FOR THE DEPARTMENT OF NATURAL RESOURCES OR) as may be required by an increase in the statutory level of unemployment compensation benefits.

Sec. 30. Laws 1981, Chapter 356, Section 62, Subdivision 2, is amended to read:

Subd. 2. [TRANSFER.] The commissioner shall transfer the necessary amounts to the proper accounts and shall promptly notify the committee on finance of the senate and

the committee on appropriations of the house of representatives of the amount transferred to each appropriation account. *An amount not to exceed \$12,000,000 in the second year may be transferred to agencies where attrition has not provided the necessary savings to meet the required budget reductions. In addition, transfers from an agency's salary supplement allocation in the second year may be transferred into the first year to offset unrealized budget reductions due to delays in attrition savings.*

Sec. 31. Laws 1981, Chapter 359, Section 3, Subdivision 3, is amended to read:

Subd. 3. State Scholarship, Nurses
Scholarship and State Grant-In-Aid

\$27,720,000 \$27,720,000

The general goal of this program is that the proportion of funds flowing to students attending private institutions not exceed a figure which is approximately 50 percent of the total amount of money available. It is expected that approximately \$3,000,000 of this appropriation will (REVERT TO THE GENERAL FUND AT THE END OF FISCAL YEAR 1983) *not be needed and any balance may be transferred to subdivision 6 of this section to the extent a deficiency occurs in the interstate tuition reciprocity appropriation.*

Sec. 32. [REPEALER.]

Minnesota Statutes 1981 Supplement, Sections 3.965, Subdivision 6; and 362.453, are repealed.

Sec. 33. [EFFECTIVE DATE.]

Sections 1 to 32 are effective the day following final enactment.

ARTICLE II

Section 1. Minnesota Statutes 1980, Section 121.904, is amended by adding a subdivision to read:

Subd. 4a. [LEVY RECOGNITION.] *Beginning with taxes assessed in 1982, payable in 1983, and thereafter, all current levies of local taxes, including portions assumed by the*

state, shall be recognized as receivable in the same fiscal year during which collection normally takes place. These receivables shall be for use in the current fiscal year. Settlements of current taxes received by a school district on or before June 30 shall be recorded as revenue in the fiscal year ending on that June 30.

Sec. 2. [124.115] [AID REDUCTIONS DUE TO TAX LEVY REVENUE RECOGNITION CHANGE.]

Subdivision 1. [AUTHORIZATION.] Notwithstanding any law to the contrary, state aid due school districts in fiscal year 1983 shall be reduced as provided in this section.

Subd. 2. [AMOUNT OF REDUCTION.] State aid due any school district in fiscal year 1983 under the provisions enumerated in subdivision 3 shall be reduced by 93 percent of the amount the district levied for taxes assessed in 1982, payable in 1983, which is to be recognized as revenue in fiscal year 1983 pursuant to section 1, exclusive of any levy portions that are assumed by the state. For purposes of computing this state aid reduction, the amount levied by the district shall not include the amounts levied to make payments for bonds issued and for interest thereon; the amounts necessary for repayment of debt service loans and capital loans; the amounts necessary to pay the district's obligations under section 268.06, subdivision 25; and amounts levied pursuant to section 275.125, subdivisions 6a, 9a, 14a, and 20.

Subd. 3. [SUBTRACTION FROM AIDS.] The amount specified in subdivision 2 shall be subtracted from the following state aid payments in the order listed in fiscal year 1983:

(a) Foundation aid as defined in section 124.212, subdivision 1;

(b) Secondary vocational aid as defined in section 124.573;

(c) Special education aid authorized in section 124.32;

(d) Secondary vocational aid for handicapped children authorized in section 124.574;

(e) Gifted and talented aid authorized in section 124.247;

(f) Aid for pupils of limited English proficiency authorized in section 124.273;

(g) Aid for improved learning programs authorized in section 124.251;

(h) Aid for chemical use programs authorized in section 124.246;

(i) Transportation aid authorized in section 124.225;

(j) School lunch aid authorized in section 124.646;

(k) Community education programs aid authorized in section 124.271;

(l) Adult education aid authorized in section 124.26;

(m) Capital expenditure equalization aid authorized in section 124.245;

(n) Homestead credit payments authorized in section 273.13, subdivisions 6, 7, and 14a;

(o) Taconite homestead credit payments authorized in section 273.135;

(p) Wetlands credit authorized in section 273.115;

(q) Native prairie credit authorized in section 273.116; and

(r) Attached machinery aid authorized in section 273.138, subdivision 3.

If necessary, state aid payments in fiscal year 1984 and subsequent years may be reduced until the entire amount specified in subdivision 2 has been subtracted.

Subd. 4. [ACCOUNTING.] Notwithstanding any law to the contrary, the amount of the levy subtracted from state aid payments shall be recognized and reported on the school district books of account in the same way that the state aid payments would have been recognized and reported. Seven percent of the amount the district levied for taxes in 1982, payable in 1983, which is to be recognized as revenue in fiscal year 1983, excluding levy portions assumed by the state, and excluding amounts levied to make payments for bonds issued and for interest thereon, amounts necessary for repayment of debt service loans and capital loans, amounts necessary to pay the district's obligations under section 268.06, subdivision 25, and amounts levied pursuant to section 275.125, subdivisions 6a, 9a, 14a, and 20, shall be placed in the general fund of the district, and may be expended for any lawful purpose.

Sec. 3. Minnesota Statutes 1981 Supplement, Section 124.2121, Subdivision 5, is amended to read:

Subd. 5. [LEVY USE.] A levy "for use in a particular school year," "attributable to a particular school year," or "recognized as revenue in a particular school year," means the (LEVY CERTIFIED IN THE CALENDAR YEAR ENDING IN THE) *portion of the levy payable during that school year (PRECEDING THAT PARTICULAR SCHOOL YEAR, AND PAYABLE IN THE CALENDAR YEAR IN WHICH THAT SCHOOL YEAR BEGINS).*

Sec. 4. Minnesota Statutes 1980, Section 276.11, is amended to read:

276.11 [WHEN TREASURER SHALL PAY FUNDS.]

As soon as practical after each settlement in March, June, and November the county treasurer shall pay over to the state treasurer or the treasurer of any town, city, school district, or special district, on the warrant of the county auditor, all receipts arising from taxes levied by and belonging to the state, or to such municipal corporation, or other body, and deliver up all orders and other evidences of indebtedness of such municipal corporation or other body, taking triplicate receipts therefor. He shall file one of the receipts with the county auditor, and shall return one by mail on the day of its reception to the clerk of the town, city, school district, or special district to which payment was made. The clerk shall preserve the receipt in his office. Upon written request of the state, a municipal corporation or other public body, the county treasurer shall, to the extent practicable, make partial payments of amounts collected periodically in advance of the next settlement and distribution. Accompanying each payment shall be a statement prepared by the county treasurer designating the years for which taxes included in the payment were collected and, for each year, the amount of the taxes and any penalties thereon. The county treasurer shall *pay*, upon written request of the state, a municipal corporation or other public body (PAY) *except school districts*, at least 70 percent of the estimated collection within 30 days after the settlement date. *Within 15 days after the settlement date, the county treasurer shall pay to the treasurer of the school districts at least 70 percent of the estimated collections arising from taxes levied by and belonging to the school district.* He shall pay the balance of the amounts collected to the state or to a municipal corporation or other body within 60 days after the settlement date, provided, however, that after 45 days interest shall accrue at a rate of eight percent per annum to the credit of and shall be paid to the state, municipal corporation or other body. Interest shall be payable upon appropriation from the general revenue fund of the county and, if not paid, may be recovered by the state, municipal corporation, or other body, in a civil action.

Sec. 5. [CASH FLOW LOAN FUND.]

Subdivision 1. There shall be maintained in the state treasury a "cash flow loan fund" for administration of moneys to

be received and disbursed as authorized in this section. The purpose of this fund is to alleviate the impact of altering the recognition of tax revenue pursuant to sections 1 to 6 on the cash flow needs of the school districts. Notwithstanding Minnesota Statutes, Section 11A.20, Subdivision 3, the investment income on funds credited to the cash flow loan fund shall be accrued and credited to the cash flow loan fund.

Subd. 2. [LOAN APPLICATIONS; REPAYMENTS.] The commissioner of education shall establish procedures for loan applications and criteria for determining increased cash flow needs of school districts caused by the altering of recognition of tax revenue. The commissioner shall approve or disapprove loan applications on the basis of need. Any loan made pursuant to this section shall constitute an advance to the district without interest. For loans made in the 1982-1983 and 1983-1984 school years, the school district shall repay the full amount of the loan by July 25 of the next fiscal year or within five days of receiving final payment of the May tax settlement attributable to that particular school year, whichever is earlier. For loans made in the 1984-1985 school year, the school district shall repay the full amount of the loan by June 25, 1985.

Subd. 3. [REPEALER; CANCELLATION.] This section is repealed on June 30, 1985 and any unexpended moneys in the cash flow loan fund as of June 29, 1985 shall be cancelled into the general fund.

Subd. 4. [APPROPRIATION.] There is appropriated from the general fund to the department of education for the cash flow loan fund the sum of \$40,000,000. This sum shall be transferred to the cash flow loan fund as needed but the balance of the untransferred funds shall be transferred no later than June 29, 1983. Any unexpended balances in the cash flow loan fund on June 30, 1983 shall not cancel and shall be available for loans to be made in fiscal years 1984 and 1985.

Sec. 6. [LEGISLATURE TO EVALUATE CASH FLOW.]

Before July 1, 1982, the legislature intends to evaluate the effect of sections 1 to 8 on the cash flow needs of school districts, and to reschedule the timing of payment of state aids and credits to school districts to the extent needed to ensure that the cash position of school districts is sufficiently favorable to ensure efficient operation.

Sec. 7. [EDUCATION AIDS; APPROPRIATION REDUCTION.]

The total general fund appropriation to the department of education for education aids for the fiscal year ending June 30, 1983 is reduced by \$88,700,000. The commissioner of education shall apportion this reduction among school districts, public

library systems, multi-type library systems, educational cooperative service units, and regional management information systems.

Sec. 8. [REPEALER.]

Minnesota Statutes 1980, Section 121.904, Subdivision 4, is repealed, effective January 1, 1983.

Sec. 9. [EFFECTIVE DATE.]

Sections 1 to 7 are effective July 1, 1982.

ARTICLE III

Section 1. [DEFINITIONS.]

For purposes of sections 1 to 3 the following terms have the meanings given:

(a) *"Municipality" means a county, statutory or home rule charter city, town, or other taxing district within the meaning of section 273.13, subdivision 15a, other than a school district; and*

(b) *"Commissioner" means the commissioner of revenue.*

Sec. 2. [FULL PAYMENT OF AIDS TO MUNICIPALITIES.]

Subdivision 1. [PAYMENTS REQUIRED.] Notwithstanding the provisions of sections 16A.14 and 16A.15, by February 26, 1982, the commissioner of finance shall draw warrants for the amounts appropriated to the commissioner of revenue for the following state aids, payments, reimbursements, or fund transfers to or on behalf of municipalities, to the extent that they were deferred or withheld pursuant to sections 16A.14 or 16A.15:

(a) *Payments of local government aid to be made during November and December, 1981 pursuant to section 477A.015,*

(b) *Payments of attached machinery aids to be made during November and December, 1981 pursuant to section 273.138, subdivisions 2 and 5,*

(c) *Subject to the limits contained in Laws 1981, First Special Session, Chapter 1, Article 3, Section 3, payments to be made during November and December, 1981 pursuant to section 273.139, and section 273.13, subdivision 15a to replace revenue lost as a result of sections 273.115, 273.116, and 273.13, subdivisions 6, 7, or 14a, and*

(d) *Any state aids, payments, reimbursements or fund transfers to be made during November and December, 1981 pursuant to any law other than those specified in clauses (a) to (c).*

Subd. 2. [CERTIFICATION OF AMOUNT.] The commissioner shall, on or before December 15, 1981, certify to each municipality the amount of aids, payments, reimbursements or fund transfers deferred or withheld pursuant to section 16A.14 or 16A.15 and subject to subdivision 1. In connection with certifying the amount to the municipality the commissioner shall issue to and transmit to the municipality a certificate of aids to be paid by February 26, 1982.

Subd. 3. [PAYMENT OF INTEREST.] The state shall pay interest on the aids, payments, reimbursements or fund transfers deferred or withheld pursuant to section 16A.14 or 16A.15 and subject to subdivision 1. Interest shall be calculated as simple interest, at a rate equal to the average yield for the Bond Buyer's Index of 20 Municipals, published for the week in which the deferred payment was scheduled to be made to the municipality pursuant to the appropriate statutory provision.

Sec. 3. [AUTHORITY TO BORROW MONEY.]

Subdivision 1. [BORROWING IN ANTICIPATION OF AIDS.] The governing body of the municipality may borrow money in anticipation of the receipt of state aids, payments, reimbursements or fund transfers scheduled to be made on or before February 26, 1982, and may issue certificates of indebtedness upon passage of a resolution specifying the amount and purposes for which it deems the borrowing is necessary. The resolution shall fix the amount, date, maturity, denomination, and other terms of the certificates and shall fix the terms of the sale of the certificates.

Subd. 2. [REPAYMENT; SECURITY.] The governing body of the municipality may pledge the full faith and credit of the municipality, and the proceeds of any tax levies, future state aid receipts, or other municipal funds which may become available to repay certificates issued pursuant to this section. The governing body may provide in the resolution that it will assign a certificate received pursuant to section 2, subdivision 2, and the moneys due thereunder as collateral for repayment of the certificates of indebtedness. An assignment is effective only upon registration of the assignment with the commissioner. The commissioner shall pay any funds due under an assigned certificate to the assignee.

Subd. 3. [INTEREST RATE.] Certificates of indebtedness may be sold at a price equal to such percentage of the par value of the certificates, plus accrued interest, and bearing interest at a rate or rates agreed upon by the governing body of the municipality and the purchaser or underwriter of the

certificates or as determined at public sale, notwithstanding any limitation of interest rate or cost contained in any other law.

Sec. 4. [APPROPRIATION.]

An amount sufficient to pay the interest payable under section 2, subdivision 3 is appropriated from the general fund to the commissioner of revenue.

Sec. 5. [EFFECTIVE DATE.]

Sections 1 to 4 are effective the day following final enactment.

ARTICLE IV

Section 1. [DECEMBER, 1981 AND JANUARY, 1982 EDUCATION AID PAYMENTS SUSPENDED.]

Notwithstanding the provisions of Minnesota Statutes, Sections 16A.15 and 124.11, or any other law to the contrary, the commissioner of education may suspend payment of some or all state aids, payments, reimbursements and fund transfers from some or all school districts, public library systems, educational cooperative service units or regional management information systems in the months of December, 1981 and January, 1982. The commissioner may consider the cash flow requirements of each individual recipient when determining whether to suspend payments of any aid, payments, reimbursements or fund transfers.

Sec. 2. [CERTIFICATION.]

On or before December 31, 1981 and January 31, 1982, the commissioner shall certify to each recipient the amount of aids, payments, reimbursements, or fund transfers suspended pursuant to section 1. The commissioner shall issue a certificate of unpaid aids for the certified amount to be paid by February 26, 1982.

Sec. 3. [REPAYMENT BY FEBRUARY 26, 1982.]

Notwithstanding any law to the contrary, by February 26, 1982, the commissioner of finance shall draw warrants in favor of school districts, public library systems, educational cooperative service units or regional management information systems for any of the state aids, payments, reimbursements and fund transfers that were suspended by the commissioner of education pursuant to section 1, plus interest as provided in section 4.

Sec. 4. [PAYMENT OF INTEREST.]

The state shall pay interest on any state aids, payments, reimbursements or fund transfers deferred or withheld pursuant to section 1. Interest shall be calculated as simple interest at a rate equal to the average yield for the Bond Buyer's Index of 20 Municipals, published for the week in which the deferred payment was scheduled to be made to the school district, public library system, educational cooperative service unit, or regional management information system pursuant to the appropriate statutory provision.

Sec. 5. [EFFECTIVE DATE.]

Sections 1 to 4 are effective the day following final enactment.

ARTICLE V

Section 1. Minnesota Statutes 1981 Supplement, Section 290.06, Subdivision 2d, is amended to read:

Subd. 2d. [INFLATION ADJUSTMENT OF BRACKETS.] For taxable years beginning after December 31, (1980) 1982, the taxable net income brackets in subdivision 2c shall be adjusted for inflation. For the purpose of making the adjustment as provided in this subdivision all of the brackets provided in subdivision 2c shall be the adjusted brackets as (THEY EXISTED FOR TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1979 AND BEFORE JANUARY 1, 1981) *determined pursuant to section 5.* The commissioner shall determine: (a) the percentage increase in the revised consumer price index for all urban consumers for the Minneapolis-St. Paul metropolitan area prepared by the United States department of labor. He shall then determine the percent change from August, (1980) 1982, to, in (1981) 1983, August, (1981) 1983, and in each subsequent year, from August of the preceding year to August of the current year; and (b) the percentage increase in average Minnesota gross income from tax year (1980) 1982 to, in (1981) 1983, tax year (1981) 1983, and in each subsequent tax year between the previous tax year and the current tax year. The percent increases in Minnesota gross income shall be estimated using the best available data sources and reasonable forecasting procedures. The determination of the commissioner pursuant to this section shall not be considered a "rule" and shall not be subject to the administrative procedures act contained in chapter 15.

The dollar amount in each taxable net income bracket for the prior year in subdivision 2c shall be multiplied by a figure calculated as one plus 100 percent of the consumer price index increase or 100 percent of the Minnesota gross income increase,

whichever is smaller. The product of the calculation shall yield the inflation adjusted tax brackets for each succeeding year. If the product exceeds a whole dollar amount, it shall be rounded to the nearest whole dollar.

No later than October 1 of each year, the commissioner shall announce both percentage increases and the specific percentage that will be used to adjust the tax brackets, the maximum standard deduction amount, and the personal credit amounts.

Sec. 2. Minnesota Statutes 1980, Section 290.06, is amended by adding a subdivision to read:

Subd. 2e. [LIMITATION ON INFLATION ADJUSTMENTS.] By September 15 of each year the commissioner of finance shall certify to the commissioner the unobligated balance, according to generally accepted accounting principles, or his best estimate of the unobligated balance in the state general fund at the close of the preceding fiscal year. If the certified unobligated general fund balance at the close of the fiscal year is less than two percent of the total amount of general fund appropriations for the succeeding fiscal year, the following shall apply for the calendar year and taxable years beginning during the calendar year:

(a) No inflation adjustment of (i) the net income tax brackets pursuant to subdivision 2d, (ii) the credits pursuant to subdivision 3g, and (iii) the maximum amount of the standard deduction pursuant to section 290.09, subdivision 15, shall be made; and

(b) The taxable net income adjustment factor computed pursuant to section 290.18, subdivisions 4 and 5 shall be the factor applicable to taxable years beginning with or during the preceding calendar year.

If no adjustments are made to the brackets, credits, and maximum standard deduction pursuant to this subdivision, the inflation adjustments pursuant to subdivision 2d in the succeeding year shall be made to the dollar amounts of the brackets, credits, and maximum standard deduction in effect during the previous year. No adjustment shall be made in any subsequent year for the increase in the consumer price index or the increase in Minnesota gross income for a year in which no adjustment is made pursuant to this subdivision.

This subdivision is repealed effective for taxable years beginning after December 31, 1985.

Sec. 3. Minnesota Statutes 1981 Supplement, Section 290.09, Subdivision 7, is amended to read:

Subd. 7. [DEPRECIATION.] (A) [CUMULATIVE DEPRECIATION.] (a) There shall be allowed as a depreciation

deduction a reasonable allowance for the exhaustion, wear and tear (including a reasonable allowance for obsolescence):

- (1) of property used in the trade or business, or
- (2) of property held for the production of income.

(b) The term "reasonable allowance" as used in clause (a) shall include (but shall not be limited to) an allowance computed in accordance with regulations prescribed by the commissioner, under any of the following methods:

- (1) the straight line method.
- (2) the declining balance method, using a rate not exceeding twice the rate which would have been used had the annual allowance been computed under the method described in paragraph (1).
- (3) the sum of the years-digits method, and
- (4) any other consistent method productive of an annual allowance, which, when added to all allowances for the period commencing with the taxpayer's use of the property and including the taxable year, does not, during the first two-thirds of the useful life of the property, exceed the total of such allowances which would have been used had such allowances been computed under the method described in (2). Nothing in this clause (b) shall be construed to limit or reduce an allowance otherwise allowable under clause (a).

For purposes of this subdivision "reasonable allowance" shall not include the accelerated cost recovery system provisions of section 168 of the Internal Revenue Code of 1954, as amended through October 2, 1981, unless specifically authorized by legislation enacted after the final enactment of this section.

(c) Paragraphs (2), (3), and (4) of clause (b) shall apply only in the case of property (other than intangible property) described in clause (a) with a useful life of three years or more.

(1) the construction, reconstruction, or erection of which is completed after December 31, 1958, and then only to that portion of the basis which is properly attributable to such construction, reconstruction, or erection after December 31, 1958, or

(2) acquired after December 31, 1958, if the original use of such property commenced with the taxpayer and commences after such date.

(d) Where, under regulations prescribed by the commissioner, the taxpayer and the commissioner have, after June 30,

1959, entered into an agreement in writing specifically dealing with the useful life and rate of depreciation of any property, the rate so agreed upon shall be binding on both the taxpayer and the commissioner in the absence of facts or circumstances not taken into consideration in the adoption of such agreement. The responsibility of establishing the existence of such facts and circumstances shall rest with the party initiating the modification. Any change in the agreed rate and useful life specified in the agreement shall not be effective for taxable years before the taxable year in which notice in writing by certified mail is served by the party to the agreement initiating such change.

(e) In the absence of an agreement under clause (d) containing a provision to the contrary, a taxpayer may at any time elect in accordance with regulations prescribed by the commissioner to change from the method of depreciation prescribed in clause (b) (2) to the method described in clause (b) (1).

(f) The basis on which exhaustion, wear and tear, and obsolescence are to be allowed in respect of any property shall be the adjusted basis provided in sections 290.131 to 290.139, 290.14 and 290.15 for the purpose of determining the gain on the sale or other disposition of such property.

(g) In the case of property held by one person for life with remainder to another person, the deduction shall be computed as if the life tenant were the absolute owner of the property and shall be allowed to the life tenant. In the case of property held in trust the allowable deduction shall be apportioned between the income beneficiary and the trustee in accordance with the pertinent provisions of the instrument creating the trust, or, in the absence of such provisions, on the basis of the trust income allocable to each. In the case of an estate, the allowable deduction shall be apportioned between the estate and the heirs, legatees, and devisees on the basis of the income of the estate allocable to each.

(h) In the case of buildings or other structures or improvements constructed or made on leased premises by a lessee, and the fixtures and machinery therein installed, the lessee alone shall be entitled to the allowance of this deduction.

(B) [FIRST YEAR DEPRECIATION.] (a) In the case of section 1 property, the term "reasonable allowance" as used in subdivision 7, may, at the election of the taxpayer, include an allowance, for the first taxable year for which a deduction is allowable under subdivision 7, to the taxpayer with respect to such property, of 20 percent of the cost of such property.

(b) If in any one taxable year the cost of section 1 property with respect to which the taxpayer may elect an al-

lowance under (a) for such taxable year exceeds \$10,000, then (a) shall apply with respect to those items selected by the taxpayer, but only to the extent of an aggregate cost of \$10,000. In the case of a husband and wife who file a joint return under section 290.38 for the taxable year, the limitation under the preceding sentence shall be \$20,000 in lieu of \$10,000.

(c) (1) The election under this subdivision for any taxable year shall be made within the time prescribed by law (including extensions thereof) for filing the return for such taxable year. The election shall be made in such manner as the commissioner may by regulations prescribe.

(2) Any election made under this subdivision may not be revoked except with the consent of the commissioner.

(d) (1) For purposes of this subdivision, the term "Section 1 property" means tangible personal property (excluding buildings and structures)

(A) of a character subject to the allowance for depreciation under subdivision 7.

(B) acquired by purchase after December 31, 1958, for use in a trade or business or for holding for production of income, and

(C) with a useful life (determined at the time of such acquisition) of six years or more.

(2) For purposes of paragraph (1), the term "purchase" means any acquisition of property, but only if

(A) the property is not acquired from a person whose relationship to the person acquiring it would result in the disallowance of losses under section 290.10(6),

(B) the property is not acquired by one component member of a controlled group from another component member of the same controlled group, and

(C) the basis of the property in the hands of the person acquiring it is not determined

(i) in whole or in part by reference to the adjusted basis of such property in the hands of the person from whom acquired, or

(ii) under section 290.14(4) (relating to property acquired from a decedent).

(3) For purposes of this subdivision, the cost of property does not include so much of the basis of such property as is determined by reference to the basis of other property held at any time by the person acquiring such property.

(4) This subdivision shall not apply to trusts.

(5) In the case of an estate, any amount apportioned to an heir, legatee, or devisee shall not be taken into account in applying (B) of this subdivision to section 1 property of such heir, legatee, or devisee not held by such estate.

(6) For purposes of (B) of this subdivision

(A) all component members of a controlled group shall be treated as one taxpayer, and

(B) the commissioner shall apportion the dollar limitation contained in such (B) among the component members of such controlled group in such manner as he shall by regulations prescribe.

(7) For purposes of paragraphs (2) and (6), the term "controlled group" has the meaning assigned to it by section 1563(a) of the Internal Revenue Code of 1954, as amended through December 31, 1979, except that, for such purposes, the phrase "more than 50 percent" shall be substituted for the phrase "at least 80 percent" each place it appears in section 1563(a)(1) of the Internal Revenue Code of 1954, as amended through December 31, 1979.

Sec. 4. Minnesota Statutes 1981 Supplement, Section 290.18, Subdivision 4, is amended to read:

Subd. 4. [TAXABLE NET INCOME ADJUSTMENT FACTOR.] For the taxable year beginning after December 31, 1980 and (ENDING) before January 1, 1982, the commissioner of revenue shall adjust taxable net income by multiplying the taxable net income of each individual, estate and trust by a fraction, the numerator of which is one plus the predicted rate of growth in average Minnesota gross income between tax year 1980 and tax year 1981. The denominator of the adjustment fraction shall be one plus the product of (a) the predicted rate of growth in average Minnesota gross income as determined above, and (b) the difference between the ratio of Minnesota gross income to Minnesota adjusted gross income and the product of the ratio of federal taxes paid to Minnesota adjusted gross income and an estimate of average federal income tax elasticity relating percent changes in federal adjusted gross income to percent changes in net federal income tax liabilities.

For each taxable year beginning after December 31, 1981, the commissioner of revenue shall adjust taxable net income by

multiplying the taxable net income of each individual, estate, and trust by an adjustment factor determined by multiplying the previous year's adjustment factor by the current year adjustment factor as defined above using data appropriate to the current year.

The data used shall reflect the most current aggregate tax statistics collected and tabulated by the department of revenue. The estimate of the percentage increase in Minnesota gross income shall be based on the best available data sources and reasonable forecasting procedures. The estimate of federal income tax elasticity shall reflect the best available sources of information, including the judgment of the United States Internal Revenue Service and the United States Treasury, Office of Tax Analysis. The determination of the commissioner pursuant to this section shall not be considered a "rule" and shall not be subject to the administrative procedures act contained in chapter 15.

No later than October 1 of each tax year, the commissioner shall announce the adjustment factor to be applied to taxable net income, including its separate components, and the estimate of federal elasticity.

Sec. 5. Minnesota Statutes 1980, Section 290.18, is amended by adding a subdivision to read:

Subd. 5. [ADJUSTMENT OF TAXABLE NET INCOME BRACKETS AND ADJUSTMENT FACTOR.] (a) For taxable years beginning after December 31, 1981 and before January 1, 1983, the commissioner of revenue shall adjust the taxable net income brackets in Minnesota Statutes, Section 290.06, Subdivision 2c, as follows. For purposes of determining the brackets to be adjusted pursuant to Minnesota Statutes, Section 290.06, Subdivision 2d, the commissioner shall determine: (a) the percentage increase in the revised consumer price index for all urban consumers for the Minneapolis-St. Paul metropolitan area from August, 1978, to August, 1981; and (b) the percentage increase in average Minnesota gross income from tax year 1979 to tax year 1981. The percentage increase in Minnesota gross income shall be estimated using the best available data sources and reasonable forecasting procedures. The determination of the commissioner pursuant to this section shall not be considered a "rule" and shall not be subject to the administrative procedures act contained in chapter 15.

The dollar amount in each taxable net income bracket in Minnesota Statutes 1980, Section 290.06, Subdivision 2c shall be multiplied by a figure calculated as one plus 100 percent of the consumer price index increase or 100 percent of the Minnesota gross income increase, whichever is smaller. The product of the calculation shall yield the inflation adjusted tax brackets. If the product exceeds a whole dollar amount, it shall be rounded

to the nearest whole dollar. Provided in no event shall the brackets be narrower than those in effect for taxable years beginning in 1981.

(b) For taxable years beginning after December 31, 1981, the taxable net income adjustment factor pursuant to Minnesota Statutes, Section 290.18, Subdivision 4, shall be computed as if Laws of Minnesota 1981, First Special Session, Chapter 1, Article I, Section 4 was in effect for taxable years beginning during calendar years 1979, 1980 and 1981, notwithstanding the provisions of Laws of Minnesota 1981, First Special Session, Chapter 1, Article I, Section 5.

Sec. 6. Laws 1981, First Special Session, Chapter 1, Article I, Section 5, is amended to read:

Sec. 5. [TRANSITIONAL PROVISION.]

Notwithstanding the provisions of sections 1, 2, and 3, for taxable years beginning after December 31, 1980 and before January 1, 1982 the inflation adjustment of the income tax brackets, credits, and maximum standard deduction shall be the arithmetic average of (1) the percentage computed pursuant to Minnesota Statutes 1980, Sections 290.06, Subdivisions 2d and 3g, and 290.09, Subdivision 15, as applicable and (2) the percentage computed pursuant to section 1 of this article. The taxable net income adjustment factor for taxable years beginning after December 31, 1980 and before January 1, 1982 shall be (ONE-HALF OF THE AMOUNT COMPUTED PURSUANT TO SECTION 4) computed as follows: the taxable net income adjustment factor calculated pursuant to Laws of Minnesota 1981, First Special Session, Chapter 1, Article I, Section 4 minus one shall be divided by two and the resulting quotient added to one.

Sec. 7. [EFFECTIVE DATE.]

Section 1 is effective for taxable years beginning after December 31, 1982. Sections 2 and 5 are effective for taxable years beginning after December 31, 1981. Section 3 is effective the day after final enactment. Sections 4 and 6 are effective for taxable years beginning after December 31, 1980.

ARTICLE VI

Section 1. [STATEMENT OF LEGISLATIVE INTENT.]

The legislature finds that certain provisions of the state income tax law generally applied to corporations produce an inequitable result when applied to major oil companies, allowing those companies to escape taxation on a great proportion of their profits. The legislature further finds that there are at least two causes of this inequity: First, during the last several

years, major oil companies have increased both the prices charged for their products and the profits realized from their enterprises by extraordinary amounts, greatly in excess of the price and profit increases of other businesses in this state, resulting in an enormous outflow of public and private capital from the state. Second, the complexity of structure of most major oil companies, together with certain tax shelter provisions currently used on a grand scale by the companies, allows major oil companies to be taxed on only a very small proportion of their profits. Because the primary objective of the income tax law is to raise essential government revenues by fairly distributing the tax burden among taxpayers, it is declared that certain changes in the income tax law, as they apply to major oil companies, must be effected in order that those companies will bear a fair and equitable share of the statewide tax burden.

Sec. 2. Minnesota Statutes 1980, Section 290.01, is amended by adding a subdivision to read:

Subd. 28. [MAJOR OIL COMPANY.] The term "major oil company" means a corporation which is engaged in all of the following activities: (1) the extraction or production of crude oil; (2) the refining of crude oil; and (3) the marketing or distribution for marketing in this state of gasoline, motor fuel, fuel oil, and similar products from the refining or manufacture of crude oil. A major oil company includes a parent corporation and the subsidiaries of a company engaging in a unitary business if the parent itself or through one or more of its subsidiaries markets or distributes petroleum or petroleum products in Minnesota. In the case of a major oil company that includes a subsidiary or parent as described in the preceding sentence in its unitary business operation, the company shall be required to file a combined or consolidated report showing the combined net income of those companies and other information deemed necessary. The tax on those corporations shall be assessed against either of the corporations whose net income is involved in the report upon the basis of the combined entire net income and other information received in order to accurately reflect the net income earned by the corporation or corporations from business done in this state. For purposes of this subdivision, a subsidiary is a corporation in which the parent owns not less than 25 percent of its voting stock, and whose business activities include the production, refining or marketing of crude petroleum or petroleum products; and a company engaging in a unitary business is a group of two or more corporations having some degree of common ownership, each of which is engaged in related business activities.

Sec. 3. Minnesota Statutes 1981 Supplement, Section 290.-09, Subdivision 1, is amended to read:

Subdivision 1. [LIMITATIONS.] (a) Except as provided in clauses (b) and (c), the following deductions from

gross income shall be allowed in computing net income, provided that any item which was deducted in arriving at gross income under the provisions of section 290.01, subdivision 20, shall not be again deducted under this section.

(b) A major oil company shall not deduct amounts otherwise deductible for depletion or intangible drilling costs, including ordinary loss deductions taken for nonproductive wells, with respect to the production of petroleum, not including the production of natural gas.

(c) Property taxes may not be deducted under this section if

(1) The taxes are attributable to a trade or business carried on by an individual, or

(2) The taxes are expenses for the production of income which are paid or incurred by an individual; and which are not allowed as a deduction under section 164 of the Internal Revenue Code of 1954, as amended through December 31, 1980.

Sec. 4. Minnesota Statutes 1981 Supplement, Section 290.091, is amended to read:

290.091 [MINIMUM TAX ON PREFERENCE ITEMS.]

In addition to all other taxes imposed by this chapter there is hereby imposed, a tax which, in the case of a resident individual, shall be equal to 40 percent of the amount of the taxpayer's minimum tax liability for tax preference items pursuant to the provisions of sections 55 to 58 and 443(d) of the Internal Revenue Code of 1954 as amended through December 31, 1980 except that for purposes of the tax imposed by this section, capital gain as defined in section 57(a) of the Internal Revenue Code shall not include that portion of any gain occasioned by sale, transfer or the granting of a perpetual easement pursuant to any eminent domain proceeding or threat thereof as described in section 290.13, subdivision 5. This modification shall apply to the years in which the gain or reduction in loss is actually included in federal adjusted gross income even though amounts received pursuant to the eminent domain proceedings were received in prior years. In the case of a taxpayer other than a corporation, an amount equal to one-half of the net capital gain for the taxable year shall be used as the definition of capital gain in place of the deduction determined under section 1202 of the Internal Revenue Code. In the case of a resident individual, having preference items which could not be taken to reduce income from sources outside the state pursuant to section 290.17, subdivision 1, or any other taxpayer the tax shall equal 40 percent of that federal liability, multiplied by a fraction the numerator of which is the amount of the taxpayer's preference item income

allocated to this state pursuant to the provisions of sections 290.17 to 290.20, and the denominator of which is the taxpayer's total preference item income for federal purposes. *In the case of a major oil company, any amount deducted for depletion for federal tax purposes but not deductible for state tax purposes pursuant to section 290.09, subdivision 1, clause (b) shall not be considered a tax preference item.*

Sec. 5. Minnesota Statutes 1980, Section 290.19, Subdivision 1, is amended to read:

Subdivision 1. [COMPUTATION, BUSINESS CONDUCTED PARTLY WITHIN STATE; APPORTIONMENT.] The taxable net income from a trade or business carried on partly within and partly without this state shall be computed by deducting from the gross income of such business, wherever derived, deductions of the kind permitted by section 290.09, so far as connected with or allocable against the production or receipt of such income. The remaining net income shall be apportioned to Minnesota as follows:

(1) If the business consists of the mining, producing, smelting, refining, or any combination of these activities of copper and nickel ores, or of the manufacture of personal property and the sale of said property within and without the state, the remainder shall be apportioned to Minnesota on the basis of the percentage obtained by taking the arithmetical average of the following three percentages:

(a) The percentage which the sales made within this state is of the total sales wherever made;

(b) The percentage which the total tangible property, real, personal, and mixed, owned or rented, and used by the taxpayer in this state during the tax period in connection with such trade or business is of the total tangible property, real, personal, or mixed, wherever located, owned or rented and, used by the taxpayer in connection with such trade or business during the tax period; and,

(c) The percentage which the taxpayer's total payrolls paid or incurred in this state or paid in respect to labor performed in this state in connection with such trade or business is of the taxpayer's total payrolls paid or incurred in connection with such entire trade or business;

(d) The percentage of such remainder to be assigned to this state shall not be in excess of the sum of the following percentages: 70 percent of the percentage determined under clause (1) (a), 15 percent of the percentage determined under clause (1) (b), and 15 percent of the percentage determined under clause (1) (c);

(2) If the business is a major oil company, the remainder shall be apportioned to Minnesota on the basis of the sum of the percentages set forth in clause (1)(d); the arithmetical average shall not be used by a major oil company;

((2)) (3) (a) In all other cases the remainder shall be apportioned to Minnesota on the basis of the percentage obtained by taking the arithmetical average of the following three percentages:

(1) The percentage which the sales, gross earnings, or receipts from business operations, in whole or in part, within this state bear to the total sales, gross earnings, or receipts from business operations wherever conducted;

(2) The percentage which the total tangible property, real, personal, and mixed, owned or rented, and used by the taxpayer in this state during the tax period in connection with such trade or business is of the total tangible property, real, personal, or mixed, wherever located, owned, or rented, and used by the taxpayer in connection with such trade or business during the tax period; and

(3) The percentage which the taxpayer's total payrolls paid or incurred in this state or paid in respect to labor performed in this state in connection with such trade or business is of the taxpayer's total payrolls paid or incurred in connection with such entire trade or business;

(4) The percentage of such remainder to be assigned to this state shall not be in excess of the sum of the following percentages: 70 percent of the percentage determined under clause ((2)) (3) (a) (1), 15 percent of the percentage determined under clause ((2)) (3) (a) (2), and 15 percent of the percentage determined under clause ((2)) (3) (a) (3);

(b) If the methods prescribed under clause ((2)) (3) (a) will not properly reflect taxable net income assignable to the state, there may be used, if practicable and if such use will properly and fairly reflect such income, the percentage which the sales, gross earnings, or receipts from business operations, in whole or in part, within this state bear to the total sales, gross earnings, or receipts from business operations wherever conducted; or the separate or segregated accounting method. *If the commissioner determines that the methods prescribed in clause (2) will not properly reflect the taxable net income of a major oil company assignable to the state he shall use only the sales factor to determine the amount so assignable;*

((3)) (4) The sales, payrolls, earnings, and receipts referred to in this section shall be those for the taxable year

in respect of which the tax is being computed. The property referred to in this section shall be the average of the property owned or used by the taxpayer during the taxable year in respect of which the tax is being computed. *For purposes of major oil companies filing combined or consolidated reports pursuant to section 290.01, subdivision 28, the sales, payrolls, earnings, and receipts referred to in this section shall be those of the parent and subsidiary corporations engaged in a unitary business.*

Sec. 6. Minnesota Statutes 1981 Supplement, Section 290.21, Subdivision 4, is amended to read:

Subd. 4. (a) 85 percent of dividends received by a corporation during the taxable year from another corporation, when the corporate stock with respect to which dividends are paid does not constitute the stock in trade of the taxpayer or would not be included in the inventory of the taxpayer, or does not constitute property held by the taxpayer primarily for sale to customers in the ordinary course of his trade or business, or when the trade or business of the taxpayer does not consist principally of the holding of the stocks and the collection of the income and gains therefrom. The remaining 15 percent shall be allowed if the recipient owns 80 percent or more of all the voting stock of such other corporation, and the dividends were paid from income arising out of business done in this state by the corporation paying such dividends; but if the income out of which the dividends are declared was derived from business done within and without this state, then so much of the remainder shall be allowed as a deduction as the amount of the taxable net income of the corporation paying the dividends assignable or allocable to this state bears to the entire net income of the corporation, such rate being determined by the returns under this chapter of the corporation paying such dividends for the taxable year preceding the distribution thereof; the burden shall be on the taxpayer of showing that the amount of remainder claimed as a deduction has been received from income arising out of business done in this state,

(b) if the trade or business of the taxpayer consists principally of the holding of the stocks and the collection of the income and gains therefrom, dividends received by a corporation during the taxable year from another corporation, if the recipient owns 80 percent or more of all the voting stock of such other corporation, from income arising out of business done in this state by the corporation paying such dividends; but, if the income out of which the dividends are declared was derived from business done within and without this state, then so much of the dividends shall be allowed as deduction as the amount of the taxable net income of the corporation paying the dividends assignable or allocable to this state bears to the entire net income of the corporation,

such rate being determined by the returns under this chapter of the corporation paying such dividends for the taxable year preceding the distribution thereof. The burden shall be on the taxpayer of showing that the amount of dividends claimed as a deduction has been received from income arising out of business done in this state.

(c) The dividend deduction provided in this subdivision shall be allowed only with respect to dividends that are included in a corporation's Minnesota taxable net income for the taxable year.

(d) *In the case of a major oil company, no deduction shall be allowed for dividends received (i) unless the dividends are received from a subsidiary whose income is combined with that of the parent company receiving the dividend pursuant to section 290.01, subdivision 28, or (ii) unless the dividends are received from a corporation which is not engaged in a unitary business with the taxpayer corporation.*

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 6 are effective for taxable years beginning after December 31, 1981.

ARTICLE VII

Section 1. Minnesota Statutes 1981 Supplement, Section 477A.03, Subdivision 2, is amended to read:

Subd. 2. [LIMITATION ON APPROPRIATION; PROPORTIONATE REDUCTION.] The amount appropriated under subdivision 1 shall not exceed (\$270,725,464) ~~\$247,925,464~~ for calendar year 1982 and shall not exceed \$293,561,978 for calendar year 1983. If the limitations contained in this subdivision result in a reduction in the amounts determined pursuant to sections 477A.012 and 477A.013, each governmental unit receiving local government aid shall have its distribution proportionally reduced, but no local government unit shall receive less aid than 91.6 percent of its previous year aid.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment.

ARTICLE VIII

Section 1. Minnesota Statutes 1981 Supplement, Section 290.17, Subdivision 2, is amended to read:

Subd. 2. [OTHER TAXPAYERS.] In the case of taxpayers not subject to the provisions of subdivision 1, items of gross income shall be assigned to this state or other states or countries in accordance with the following principles:

(1) The entire income of all resident or domestic taxpayers from compensation for labor or personal services, or from a business consisting principally of the performance of personal or professional services, shall be assigned to this state, and the income of nonresident taxpayers from such sources shall be assigned to this state if, and to the extent that, the labor or services are performed within it; all other income from such sources shall be treated as income from sources without this state;

(2) Income from the operation of a farm shall be assigned to this state if the farm is located within this state and to other states only if the farm is not located in this state. Income and gains received from tangible property not employed in the business of the recipient of such income or gains, and from tangible property employed in the business of such recipient if such business consists principally of the holding of such property and the collection of the income and gains therefrom, shall be assigned to this state if such property has a situs within it, and to other states only if it has no situs in this state. Income or gains from intangible personal property not employed in the business of the recipient of such income or gains, and from intangible personal property employed in the business of such recipient if such business consists principally of the holding of such property and the collection of the income and gains therefrom, wherever held, whether in trust, or otherwise, shall be assigned to this state if the recipient thereof is domiciled within this state; income or gains from intangible personal property wherever held, whether in trust or otherwise shall be assigned to this state if the recipient of such income or gains is domiciled within this state, or if the grantor of any trust is domiciled within this state and such income or gains would be taxable to such grantor under section 290.25 or 290.29;

(3) Income derived from carrying on a trade or business, including in the case of a business owned by natural persons the income imputable to the owner for his services and the use of his property therein, shall be assigned to this state if the trade or business is conducted wholly within this state, and to other states if conducted wholly without this state. This provision shall not apply to business income subject to the provisions of clause (1);

(4) When a trade or business is carried on partly within and partly without this state, the entire income derived from such trade or business, including income from intangible property employed in such business and including, in the case of a business owned by natural persons, the income imputable

to the owner for his services and the use of his property therein, shall be governed, except as otherwise provided in sections 290.35 and 290.36, by the provisions of section 290.19, notwithstanding any provisions of this section to the contrary. This shall not apply to business income subject to the provisions of clause (1), *nor shall it apply to income from the operation of a farm which is subject to the provisions of clause (2)*. For the purposes of this clause, a trade or business located in Minnesota is carried on partly within and partly without this state if tangible personal property is sold by such trade or business and delivered or shipped to a purchaser located outside the state of Minnesota.

In determining whether or not intangible property is employed in a unitary business carried on partly within and partly without this state so that income derived therefrom is subject to apportionment under section 290.19 the following rules and guidelines shall apply.

(a) Intangible property is employed in a business if the business entity owning intangible property holds it as a means of furthering the business operation of which a part is located within the territorial confines of this state.

(b) Where a business operation conducted in Minnesota, is owned by a business entity which carries on business activity outside of the state different in kind from that conducted within this state, and such other business is conducted entirely outside the state, it will be presumed that the two business operations are unitary in nature, interrelated, connected and interdependent unless it can be shown to the contrary.

(5) In the case of a nonresident who is liable for payment of a penalty for having withdrawn funds from an individual housing account established pursuant to section 290.08, subdivision 25, the amount so withdrawn and for which a deduction was allowed shall be an item of income assignable to this state, and the penalty tax of ten percent shall remain an additional liability of that taxpayer.

(6) For purposes of this section, amounts received by a non-resident from the United States, its agencies or instrumentalities, the Federal Reserve Bank, the state of Minnesota or any of its political or governmental subdivisions, or a Minnesota volunteer fireman's relief association, by way of payment as a pension, public employee retirement benefit, or any combination thereof, or as a retirement or survivor's benefit made from a plan qualifying under section 401, 403, 404, 405, 408, 409 or 409A of the Internal Revenue Code of 1954, as amended through December 31, 1979, are not considered income derived from carrying on a trade or business or from performing personal or professional services in Minnesota, and are not taxable under this chapter.

(7) All other items of gross income shall be assigned to the taxpayer's domicile.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective for tax years beginning after December 31, 1981."

Delete the title and insert:

"A bill for an act relating to the financing and operation of state and local government; reducing appropriations for the general legislative and executive agencies of state government; providing for transfer of appropriations between fiscal years; requiring the board of regents of the university, the state university board, the community college board and the state board for vocational education to develop plans for declining enrollment; providing that parties to administrative hearings will bear the cost of court reporters under certain circumstances; adjusting fee limitations; providing certain workers' compensation settlements are conclusively presumed reasonable; specifying the contents of certain awards or disallowances of workers' compensation; modifying certain procedures for appeals of workers' compensation orders; modifying approval by the commissioner of labor and industry of the settlement of certain workers' compensation claims; eliminating the requirement that the commissioner of veterans affairs provide certain grave markers; reducing the period within which property is presumed abandoned; reducing certain pension contributions for state employees; increasing the property tax mill rate of the transit taxing district; providing for the use of certain appropriations to discharge workers' compensation and unemployment compensation obligations; authorizing the transfer of certain funds from the salary supplement; repealing review of administrative rules for business licenses; authorizing the transfer of certain funds appropriated to the higher education coordinating board for obligations under interstate tuition reciprocity agreements; appropriating money; altering the recognition of school district tax revenue; reducing state aids for education in fiscal year 1983 by 93 percent of the amount of the June, 1983 school district tax settlements; requiring payment of 70 percent of the estimated school district tax receipts within 15 days after the settlement date; establishing a cash flow loan fund; reducing education aid appropriations for fiscal year 1983; requiring the commissioner of finance to pay by February 26, 1982 any payments that were suspended; guaranteeing the payment of certain state aids and payments to local governments for calendar year 1981; granting local governments temporary borrowing authority; authorizing the commissioner of education to suspend certain education aids in December, 1981 and January, 1982; authorizing the commissioner of education to consider cash flow requirements of each recipient in determining whether to suspend education aids; requiring the commissioner to issue certificates of aid; limiting inflation

adjustments of the income tax brackets, credits, and maximum standard deduction under certain circumstances; prohibiting the commissioner of revenue from adopting certain depreciation schedules by rule; clarifying the application of the taxable net income adjustment factor to fiscal year taxpayers and its computation for 1981; modifying the inflation adjustment of the income tax brackets and the computation of the taxable net income adjustment factor; altering the method of taxing the income of certain oil companies by prohibiting their use of certain deductions and requiring the use of combined worldwide income; eliminating the use of the arithmetic average allocation formula for major oil companies; reducing the appropriations for local government aids; providing that farm income is wholly apportioned to Minnesota; amending Minnesota Statutes 1980, Sections 121.904, by adding a subdivision; 176.421, Subdivision 3; 176.521, as amended; 197.23; 276.11; 290.01, by adding a subdivision; 290.19, Subdivision 1; 345.32; 345.33; 345.34; 345.37; 345.38; 345.39; 352.04, Subdivisions 2 and 3; 352.92, Subdivisions 1 and 2; 352D.09, Subdivision 7; Minnesota Statutes 1981 Supplement, Sections 15.052, Subdivision 5; 16A.128; 124.2121, Subdivision 5; 176.081, Subdivision 7a; 176.371; 176.421, Subdivisions 4 and 5; 290.06, Subdivision 2d, and by adding a subdivision; 290.09, Subdivisions 1 and 7; 290.091; 290.17, Subdivision 2; 290.18, Subdivision 4, and by adding a subdivision; 290.21, Subdivision 4; 352D.04, Subdivision 2; 477A.03, Subdivision 2; Laws 1981, Chapters 356, Sections 45, 46, and 62; 359, Section 3, Subdivision 3; First Special Session, Chapter 1, Article I, Section 5; proposing new law coded in Chapter 124; repealing Minnesota Statutes 1980, Section 121.904, Subdivision 4; and Minnesota Statutes 1981 Supplement, Sections 3.965, Subdivision 6; and 362.453."

With the recommendation that when so amended the bill pass.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. No. 4 was read for the second time.

SUSPENSION OF RULES

Pursuant to Article IV, Section 19, of the Constitution of the state of Minnesota, Heinitz moved that the rule therein be suspended and an urgency be declared so that H. F. No. 4 be given its third reading and be placed upon its final passage. The motion prevailed.

Heinitz moved that the rules of the House be so far suspended that H. F. No. 4 be given its third reading and be placed upon its final passage. The motion prevailed.

H. F. No. 4, A bill for an act relating to public welfare; altering certain provisions of the program of aid to families with dependent children; redefining the term "dependent child"; expanding the definition of persons ineligible; eliminating eligibility of the unborn; requiring rules to define "special needs" for eligible pregnant women; requiring recoupment of overpayments; requiring registration of certain dependent recipients for employment services, training, and employment; restricting the earned income disregard to four months; restricting work expense disregards; specifying the amount of stepparent income to be considered available in determining need; providing for voluntary third party payments; eliminating eligibility for recipients participating in a strike; eliminating a prepaid funeral contract and reverse mortgage loan guarantees as disregarded resources; modifying the service fee for child support collection services; modifying the resource limits for recipients of aid to families with dependent children; extending medical assistance coverage to certain pregnant women; amending Minnesota Statutes 1980, Sections 256.12, Subdivision 14; 256.73, Subdivisions 3a, 5, 6, and by adding a subdivision; 256.736, Subdivisions 3 and 4; 256.74, Subdivision 1, and by adding a subdivision; 256.81; 256.935, Subdivision 2; 256.99; Minnesota Statutes 1981 Supplement, Sections 256.73, Subdivision 2; 256B.06, Subdivision 1; and 518.551, Subdivision 7; proposing new law coded in Minnesota Statutes, Chapter 256; repealing Minnesota Statutes 1981 Supplement, Section 257.021.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 110 yeas and 16 nays as follows:

Those who voted in the affirmative were:

Aasness	Fjoslien	Knickerbocker	Onnen	Sieben, M.
Ainley	Forsythe	Kostohryz	Osthoff	Simoneau
Anderson, B.	Frerichs	Kvam	Peterson, B.	Skoglund
Anderson, G.	Gruenes	Laidig	Peterson, D.	Stadum
Anderson, I.	Halberg	Lemen	Piepho	Stowell
Anderson, R.	Hanson	Levi	Redalen	Stumpf
Berkelman	Harens	Ludeman	Reding	Sviggum
Blatz	Hauge	Luknic	Rees	Swanson
Brandl	Haukoos	Mann	Reif	Tomlinson
Brinkman	Heap	Marsh	Rodriguez, C.	Valan
Carlson, D.	Heinitz	McDonald	Rodriguez, F.	Valento
Carlson, L.	Himle	McEachern	Rose	Vanasek
Dahlvang	Hoberg	Mehrkens	Rothenberg	Vellenga
Dempsey	Hokanson	Metzen	Samuelson	Voss
Den Ouden	Hokr	Murphy	Sarna	Weaver
Eken	Jennings	Nelsen, B.	Schafer	Welch
Elioff	Johnson, C.	Niehaus	Schoenfeld	Welker
Ellingson	Johnson, D.	Novak	Schreiber	Wenzel
Erickson	Jude	Nysether	Searles	Wieser
Esau	Kaley	O'Connor	Shea	Wynia
Evans	Kalis	Ogren	Sherman	Zubay
Ewald	Kelly	Olsen	Sherwood	Spkr. Sieben, H.

Those who voted in the negative were:

Battaglia	Clawson	Lehto	Munger	Pogemiller
Begich	Greenfield	McCarron	Nelson, K.	Rice
Clark, J.	Gustafson	Minne	Otis	Staten
Clark, K.				

The bill was passed and its title agreed to.

SECOND READING OF HOUSE BILLS, Continued

H. F. No. 14 was read for the second time.

SUSPENSION OF RULES

Pursuant to Article IV, Section 19, of the Constitution of the state of Minnesota, Anderson, I., moved that the rule therein be suspended and an urgency be declared so that H. F. No. 14 be given its third reading and be placed upon its final passage. The motion prevailed.

Anderson, I., moved that the rules of the House be so far suspended that H. F. No. 14 be given its third reading and be placed upon its final passage. The motion prevailed.

CALL OF THE HOUSE

On the motion of Eken and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Aasness	Evans	Kelly	O'Connor	Sherman
Ainley	Ewald	Knickerbocker	Ogren	Sherwood
Anderson, B.	Fjoslien	Kostohryz	Olsen	Sieben, M.
Anderson, G.	Forsythe	Kvam	Onnen	Simoneau
Anderson, I.	Frerichs	Laidig	Osthoff	Skoglund
Anderson, R.	Greenfield	Lehto	Otis	Stadum
Battaglia	Gruenes	Lemen	Peterson, B.	Staten
Begich	Gustafson	Levi	Peterson, D.	Stowell
Berkelman	Halberg	Long	Piepho	Stumpf
Blatz	Hanson	Ludeman	Pogemiller	Svigum
Brandl	Harens	Luknic	Redalen	Swanson
Brinkman	Hauge	Mann	Reding	Tomlinson
Carlson, D.	Haukoos	Marsh	Rees	Valan
Carlson, L.	Heap	McCarron	Reif	Valento
Clark, J.	Heinitz	McDonald	Rice	Vanasek
Clark, K.	Himle	McEachern	Rodriguez, C.	Vellenga
Clawson	Hoberg	Mehrrens	Rodriguez, F.	Voss
Dahlvang	Hokanson	Metzen	Rose	Weaver
Dean	Hokr	Minne	Rothenberg	Welch
Dempsey	Jennings	Munger	Samuelson	Welker
Den Ouden	Johnson, C.	Murphy	Sarna	Wenzel
Eken	Johnson, D.	Nelsen, B.	Schafer	Wieser
Elioff	Jude	Nelson, K.	Schoenfeld	Wynia
Ellingson	Kahn	Niehaus	Schreiber	Zubay
Erickson	Kaley	Novak	Searles	Spkr. Sieben, H.
Esau	Kalis	Nysether	Shea	

Eken moved that further proceedings of the roll call be dispensed with and that the Sergeant at Arms be instructed to bring in the absentees. The motion prevailed and it was so ordered.

Stowell moved to amend H. F. No. 14, the first engrossment, as follows:

Page 13, line 11, after "*comparable*" insert "*public*"

The motion prevailed and the amendment was adopted.

H. F. No. 14, A bill for an act relating to the financing and operation of state and local government; reducing appropriations for the general legislative and executive agencies of state government; providing for transfer of appropriations between fiscal years; requiring the board of regents of the university, the state university board, the community college board and the state board for vocational education to develop plans for declining enrollment; providing that parties to administrative hearings will bear the cost of court reporters under certain circumstances; adjusting fee limitations; providing certain workers' compensation settlements are conclusively presumed reasonable; specifying the contents of certain awards or disallowances of workers' compensation; modifying certain procedures for appeals of workers' compensation orders; modifying approval by the commissioner of labor and industry of the settlement of certain workers' compensation claims; eliminating the requirement that the commissioner of veterans affairs provide certain grave markers; reducing the period within which property is presumed abandoned; reducing certain pension contributions for state employees; increasing the property tax mill rate of the transit taxing district; providing for the use of certain appropriations to discharge workers' compensation and unemployment compensation obligations; authorizing the transfer of certain funds from the salary supplement; repealing review of administrative rules for business licenses; authorizing the transfer of certain funds appropriated to the higher education coordinating board for obligations under interstate tuition reciprocity agreements; appropriating money; altering the recognition of school district tax revenue; reducing state aids for education in fiscal year 1983 by 93 percent of the amount of the June, 1983 school district tax settlements; requiring payment of 70 percent of the estimated school district tax receipts within 15 days after the settlement date; establishing a cash flow loan fund; reducing education aid appropriations for fiscal year 1983; requiring the commissioner of finance to pay by February 26, 1982 any payments that were suspended; guaranteeing the payment of certain state aids and payments to local governments for calendar year 1981; granting local governments temporary borrowing authority; authorizing the commissioner of education to suspend certain education aids in December, 1981 and January, 1982; authorizing the commissioner of educa-

tion to consider cash flow requirements of each recipient in determining whether to suspend education aids; requiring the commissioner to issue certificates of aid; limiting inflation adjustments of the income tax brackets, credits, and maximum standard deduction under certain circumstances; prohibiting the commissioner of revenue from adopting certain depreciation schedules by rule; clarifying the application of the taxable net income adjustment factor to fiscal year taxpayers and its computation for 1981; modifying the inflation adjustment of the income tax brackets and the computation of the taxable net income adjustment factor; altering the method of taxing the income of certain oil companies by prohibiting their use of certain deductions and requiring the use of combined worldwide income; eliminating the use of the arithmetic average allocation formula for major oil companies; reducing the appropriations for local government aids; providing that farm income is wholly apportioned to Minnesota; amending Minnesota Statutes 1980, Sections 121.904, by adding a subdivision; 176.421, Subdivision 3; 176.521, as amended; 197.23; 276.11; 290.01, by adding a subdivision; 290.19, Subdivision 1; 345.32; 345.33; 345.34; 345.37; 345.38; 345.39; 352.04, Subdivisions 2 and 3; 352.92, Subdivisions 1 and 2; 352D.09, Subdivision 7; Minnesota Statutes 1981 Supplement, Sections 15.052, Subdivision 5; 16A.128; 124.2121, Subdivision 5; 176.081, Subdivision 7a; 176.371; 176.421, Subdivisions 4 and 5; 290.06, Subdivision 2d, and by adding a subdivision; 290.09, Subdivisions 1 and 7; 290.091; 290.17, Subdivision 2; 290.18, Subdivision 4, and by adding a subdivision; 290.21, Subdivision 4; 352D.04, Subdivision 2; 477A.03, Subdivision 2; Laws 1981, Chapters 356, Sections 45, 46, and 62; 359, Section 3, Subdivision 3; First Special Session, Chapter 1, Article I, Section 5; proposing new law coded in Chapter 124; repealing Minnesota Statutes 1980, Section 121.904, Subdivision 4; and Minnesota Statutes 1981 Supplement, Sections 3.965, Subdivision 6; and 362.453.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 68 yeas and 63 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Eken	Kelly	Ogren	Simoneau
Anderson, G.	Elioff	Kostohryz	Osthoff	Skoglund
Anderson, I.	Ellingson	Lehto	Otis	Staten
Battaglia	Greenfield	Long	Peterson, D.	Stumpf
Begich	Gustafson	Mann	Pogemiller	Swanson
Berkelman	Hanson	McCarron	Reding	Tomlinson
Brandl	Harens	McEachern	Rice	Vanasek
Brinkman	Hauge	Metzen	Rodriguez, C.	Vellenga
Byrne	Hokanson	Minne	Rodriguez, F.	Welch
Carlson, L.	Jacobs	Munger	Samuelson	Wenzel
Clark, J.	Johnson, C.	Murphy	Sarna	Wynia
Clark, K.	Jude	Nelson, K.	Schoenfeld	Spkr. Sieben, H.
Clawson	Kahn	Novak	Shea	
Dahlvang	Kalis	O'Connor	Sieben, M.	

Those who voted in the negative were:

Aasness	Forsythe	Knickerbocker	Olsen	Sherwood
Ainley	Frerichs	Kvam	Onnen	Stadum
Anderson, R.	Gruenes	Laidig	Peterson, B.	Stowell
Blatz	Halberg	Lemen	Piepho	Sviggum
Carlson, D.	Haukoos	Levi	Redalen	Valan
Dean	Heap	Ludeman	Rees	Valento
Dempsey	Heinitz	Luknic	Reif	Voss
Den Ouden	Himle	Marsh	Rose	Weaver
Erickson	Hoberg	McDonald	Rothenberg	Welker
Esau	Hokr	Mehrkins	Schafer	Wieser
Evans	Jennings	Nelsen, B.	Schreiber	Zubay
Ewald	Johnson, D.	Niehaus	Searles	
Fjoslien	Kaley	Nysether	Sherman	

The bill was passed, as amended, and its title agreed to.

MOTIONS AND RESOLUTIONS

Heinitz moved that the name of Hokanson be added as an author on H. F. No. 4. The motion prevailed.

Wynia moved that the name of Staten be added as an author on H. F. No. 22. The motion prevailed.

Jude; Sieben, H.; Sherwood; Ellingson and Dempsey introduced:

House Resolution No. 2, A house resolution commemorating the retirement of Robert J. Sheran as Chief Justice of the Minnesota Supreme Court and commending the exemplary nature of his public and professional career.

SUSPENSION OF RULES

Jude moved that the Rules be so far suspended that House Resolution No. 2 be now considered and be placed upon its adoption. The motion prevailed.

HOUSE RESOLUTION NO. 2

A house resolution commemorating the retirement of Robert J. Sheran as Chief Justice of the Minnesota Supreme Court and commending the exemplary nature of his public and professional career.

Whereas, Robert J. Sheran was born in Waseca, Minnesota, and educated at the College of St. Thomas and the University of Minnesota Law School; and,

Whereas, Robert J. Sheran served as a law clerk to the Minnesota Supreme Court; and,

Whereas, Robert J. Sheran engaged in the private practice of law for several years in Glencoe, Mankato and Minneapolis; and,

Whereas, Robert J. Sheran was elected to the House of Representatives of the State of Minnesota, where he served from 1947 to 1951; and,

Whereas, Robert J. Sheran was a member of the Tax Board of Appeals from 1961 to 1963; and,

Whereas, Robert J. Sheran served as an Associate Justice of the Minnesota Supreme Court from 1963 to 1970; and,

Whereas, Robert J. Sheran was a member of the Governor's Commission on Crime Prevention from 1970 to 1973; and,

Whereas, in 1973 Robert J. Sheran was recalled to the Minnesota Supreme Court for appointment as its Chief Justice; and,

Whereas, during his tenure as Chief Justice Robert J. Sheran presided over development of Uniform Rules of Criminal Procedure, influenced the 1977 county court reorganization legislation, and served as Vice Chair of the National Conference of Chief Justices; and,

Whereas, Robert J. Sheran will retire from the Minnesota Supreme Court on December 18, 1981; *Now, Therefore*,

Be It Resolved by the House of Representatives of the State of Minnesota that it hereby expresses to Robert J. Sheran its appreciation for his leadership and dedication to the administration of justice in this state.

Be It Further Resolved by the House of Representatives of the State of Minnesota that it commends to the people of the State of Minnesota the record of Robert J. Sheran as a career of public service and professional accomplishment worthy of emulation.

Be It Further Resolved that the Chief Clerk of the House of Representatives of the State of Minnesota is instructed to prepare an enrolled copy of this resolution, to be authenticated by his signature and that of the Speaker, and to transmit it to Robert J. Sheran.

Jude moved that House Resolution No. 2 be now adopted. The motion prevailed.

Eken moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by the Speaker.

Dean was excused for the remainder of today's session.

There being no objection the order of business reverted to Messages from the Senate.

MESSAGES FROM THE SENATE

The following message was received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 14, A bill for an act relating to the financing and operation of state and local government; reducing appropriations for the general legislative and executive agencies of state government; providing for transfer of appropriations between fiscal years; requiring the board of regents of the university, the state university board, the community college board and the state board for vocational education to develop plans for declining enrollment; providing that parties to administrative hearings will bear the cost of court reporters under certain circumstances; adjusting fee limitations; providing certain workers' compensation settlements are conclusively presumed reasonable; specifying the contents of certain awards or disallowances of workers' compensation; modifying certain procedures for appeals of workers' compensation orders; modifying approval by the commissioner of labor and industry of the settlement of certain workers' compensation claims; eliminating the requirement that the commissioner of veterans affairs provide certain grave markers; reducing the period within which property is presumed abandoned; reducing certain pension contributions for state employees; increasing the property tax mill rate of the transit taxing district; providing for the use of certain appropriations to discharge workers' compensation and unemployment compensation obligations; authorizing the transfer of certain funds from the salary supplement; repealing review of administrative rules for business licenses; authorizing the transfer of certain funds appropriated to the higher education coordinating board for

obligations under interstate tuition reciprocity agreements; appropriating money; altering the recognition of school district tax revenue; reducing state aids for education in fiscal year 1983 by 93 percent of the amount of the June, 1983 school district tax settlements; requiring payment of 70 percent of the estimated school district tax receipts within 15 days after the settlement date; establishing a cash flow loan fund; reducing education aid appropriations for fiscal year 1983; requiring the commissioner of finance to pay by February 26, 1982 any payments that were suspended; guaranteeing the payment of certain state aids and payments to local governments for calendar year 1981; granting local governments temporary borrowing authority; authorizing the commissioner of education to suspend certain education aids in December, 1981 and January, 1982; authorizing the commissioner of education to consider cash flow requirements of each recipient in determining whether to suspend education aids; requiring the commissioner to issue certificates of aid; limiting inflation adjustments of the income tax brackets, credits, and maximum standard deduction under certain circumstances; prohibiting the commissioner of revenue from adopting certain depreciation schedules by rule; clarifying the application of the taxable net income adjustment factor to fiscal year taxpayers and its computation for 1981; modifying the inflation adjustment of the income tax brackets and the computation of the taxable net income adjustment factor; altering the method of taxing the income of certain oil companies by prohibiting their use of certain deductions and requiring the use of combined worldwide income; eliminating the use of the arithmetic average allocation formula for major oil companies; reducing the appropriations for local government aids; providing that farm income is wholly apportioned to Minnesota; amending Minnesota Statutes 1980, Sections 121.904, by adding a subdivision; 176.421, Subdivision 3; 176.521, as amended; 197.23; 276.11; 290.01, by adding a subdivision; 290.19, Subdivision 1; 345.32; 345.33; 345.34; 345.37; 345.38; 345.39; 352.04, Subdivisions 2 and 3; 352.92, Subdivisions 1 and 2; 352D.09, Subdivision 7; Minnesota Statutes 1981 Supplement, Sections 15.052, Subdivision 5; 16A.128; 124.2121, Subdivision 5; 176.081, Subdivision 7a; 176.371; 176.421, Subdivisions 4 and 5; 290.06, Subdivision 2d, and by adding a subdivision; 290.09, Subdivisions 1 and 7; 290.091; 290.17, Subdivision 2; 290.18, Subdivision 4, and by adding a subdivision; 290.21, Subdivision 4; 352D.04, Subdivision 2; 477A.03, Subdivision 2; Laws 1981, Chapters 356, Sections 45, 46, and 62; 359, Section 3, Subdivision 3; First Special Session, Chapter 1, Article I, Section 5; proposing new law coded in Chapter 124: repealing Minnesota Statutes 1980, Section 121.904, Subdivision 4; and Minnesota Statutes 1981 Supplement, Sections 3.965, Subdivision 6; and 362.453.

PATRICK E. FLAHAVER, Secretary of the Senate

Anderson, I., moved that the House refuse to concur in the Senate amendments to H. F. No. 14, that the Speaker appoint

a Conference Committee of 5 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two Houses. The motion prevailed.

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 14:

Anderson, I.; Sieben, M.; Johnson, C.; Eken and Sieben, H.

ADJOURNMENT

Eken moved that when the House adjourns today it adjourn until 11:00 a.m., Saturday, December 19, 1981. The motion prevailed.

Eken moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 11:00 a.m., Saturday, December 19, 1981.

EDWARD A. BURDICK, Chief Clerk, House of Representatives