

STATE OF MINNESOTA

THIRD SPECIAL SESSION - 1981

TENTH DAY

SAINT PAUL, MINNESOTA, MONDAY, DECEMBER 21, 1981

The House of Representatives convened at 11:00 a.m. and was called to order by Harry A. Sieben, Jr., Speaker of the House.

Prayer was offered by Pastor Lyle T. Christianson, Conference Council Director of Minnesota Conference, United Methodist Church, Minneapolis, Minnesota.

The roll was called and the following members were present:

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

A quorum was present.

Dempsey, Norton and Wigley were excused.

Jacobs, Kvam, Olsen, Shea, Stumpf and Vellenga were excused until 1:00 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Kelly 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.

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.

The following conference committee report was received:

CONFERENCE COMMITTEE REPORT ON 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.

December 21, 1981

The Honorable Harry A. Sieben, Jr.
Speaker of the House of Representatives

The Honorable Jack Davies
President of the Senate

We, the undersigned conferees for H. F. No. 14, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and H. F. No. 14 be amended as follows:

Delete everything after the enacting clause and insert:

ARTICLE I

STATE AGENCY APPROPRIATION REDUCTIONS

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 article, 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 (\$18,692,200)	(\$18,002,600)		(\$36,694,800)
TRANSPORTATION AND OTHER AGENCIES	(3,050,900)	(5,906,400)	(8,957,300)
EDUCATION	(11,670,000)	(23,430,000)	(35,100,000)
WELFARE, CORRECTIONS, HEALTH	(6,611,400)	(10,954,500)	(17,565,900)
TOTAL	(\$40,024,500)	(\$58,293,500)	(\$98,318,000)

APPROPRIATION REDUCTIONS

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, First Special Session, Chapter 4, Article 4, are reduced by the listed amounts:

	1982	1983
	\$	\$
(a) Legislature	(1,471,400)	(992,800)

The amounts that are reduced from each appropriation are as follows:

- | | | |
|---|-----------|--|
| (1) House of Representatives | | |
| 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-) | |
| (5) Legislative Reference Library | | |
| (42,500) | (48,800) | |
| (6) Revisor of Statutes | | |
| (84,300) | (450,700) | |
| (7) Legislative Committee on Science and Technology | | |
| (24,700) | (125,300) | |

The Legislative Committee on Science and Technology is abolished, effective March 1, 1982. Committee staff should be given consideration for employment by other legislative agencies.

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|--|----------|--|
| (8) Advisory Council on the Economic Status of Women | | |
| (7,800) | (17,700) | |

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|----------------------------|---------|--|
| (9) Great Lakes Commission | | |
| (4,400) | (4,900) | |

	1982	1983
	\$	\$
(10) Legislative Commission on Pensions and Retirement		
(9,500) (20,500)		
(11) Legislative Commission on Employee Relations		
(50,000) (50,000)		
(12) Legislative Commission to Review Administrative Rules		
(9,900) (11,200)		
(13) Legislative Audit Commission		
(1,800) (1,800)		
(14) Legislative Auditor		
(174,500) (261,000)		
(b) Supreme Court	(-0-)	(-0-)

The appropriation contained in Laws 1981, Chapter 356, Section 3 for judicial district computer hardware costs is transferred to the 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) Tax Court of Appeals	(10,000)	(10,000)
(e) Contingent Accounts— Unemployment Compensation	(350,000)	(-0-)
(f) Governor	(175,200)	(218,700)
(g) Secretary of State	(12,300)	(20,000)
(h) State Auditor	(3,000)	(3,000)

The commissioner of administration in cooperation with the commissioner of finance, the commissioner of transportation, and the state auditor is directed to review whether duplication of effort

	1982	1983
\$	\$	

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. By February 15, 1982, the commissioner of administration 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.

(i) State Treasurer	(25,000)	(25,000)
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The insurance division shall assist and cooperate with the state treasurer in examining for unclaimed property. The state treasurer may act with the authority of the insurance division in examining for unclaimed property.

(j) Attorney General	(385,700)	(425,600)
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The appropriation from the trunk highway fund in Laws 1981, Chapter 357, Section 3, for Administration and Related Services is increased by \$250,000 in the first year and \$250,000 in the second year for the purchase of legal services from the attorney general.

The sum of \$30,000 the first year and \$130,000 the second year is appropriated from the highway user tax distribution fund to the commissioner of public safety for the purchase of legal services from the attorney general relating to civil weight law enforcement.

The sum of \$315,000 the first year and \$345,000 the second year is appropriated from the general fund to the commissioner of public welfare to be used to purchase legal services from the attorney general for income maintenance programs. The commissioner of public welfare shall seek federal reimbursement for these legal costs, to be credited to the general fund.

	1982	1983
	\$	\$
(k) Administrative Hearings	(66,600)	(161,000)

The appropriation reductions in this item are made after the appropriation transfers authorized by Laws 1981, Chapter 346, Section 144.

The office of administrative hearings shall station a compensation judge and necessary support staff in an office in Duluth during the biennium ending June 30, 1983.

The chief hearing examiner shall discontinue the use of court reporters who are state employees as soon as existing labor agreements allow. While there continue to be court reporters employed in the office of hearing examiners, the reporters shall be used primarily to provide court reporter services.

After September 30, 1982, all receipts from transcript fees shall be deposited in the general fund.

(l) Administration	(1,778,400)	(1,990,200)
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The reduction for the state band shall not be more than 50 percent in the second year.

(m) Capitol Area Architectural and Planning Board	(5,000)	(5,000)
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(n) Finance	(602,700)	(623,800)
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The positions of debt management director and research scientist within the economic analysis section shall not be held vacant to make this reduction.

(o) Employee Relations	(325,800)	(332,900)
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(p) Revenue	(530,700)	(726,900)
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Walk-in taxpayer assistance shall not be reduced by more than 50 percent.

	1982	1983
	\$	\$
(q) Agriculture	(2,327,200)	(3,266,300)

No more than \$343,900 the first year and \$348,900 the second year shall be reduced 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 county and district agricultural societies and associations.

(r) Animal Health, Board of	(158,800)	(163,000)
(s) Natural Resources	(3,076,900)	(3,617,100)

Of this reduction, \$71,600 the first year and \$50,000 the second year shall be reduced from the appropriation for soil and water conservation board administrative costs.

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.

Of the moneys appropriated to the department of natural resources, \$75,000 shall be used for a timber study.

(t) Zoological Board	(432,600)	(566,200)
(u) Water Resources Board	(-0-)	(28,000)
(v) Pollution Control Agency	(790,400)	(747,300)
(w) Waste Management Board ...	(147,000)	(195,000)

General fund positions of the Waste Management Board may be converted to bond fund positions when their duties are limited to duties that are authorized to be paid for with bond proceeds.

	1982	1983
	\$	\$
(x) Energy, Planning and Development	(896,700)	(771,000)
(y) Natural Resources Acceleration (LCMR)	(1,396,500)	(1,797,500)

This appropriation reduction was made pursuant to the recommendation of the Legislative Commission on Minnesota Resources.

(z) Labor and Industry	(279,200)	(279,200)
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The appropriation reductions in this item are made after the appropriation transfers authorized by Laws 1981, Chapter 346, Section 144.

None of this reduction shall occur in the appropriations for the special compensation fund or for peace officer death benefits.

No reduction shall be made in the appropriation for the workers' compensation program, except as necessary to provide money for the OSHA program to minimize the loss of federal matching money or where the commissioner can demonstrate that the reduction can be made because of cost savings that will not harm the workers' compensation program.

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.

(aa) Workers' Compensation Court of Appeals	(13,000)	(13,000)
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The appropriation reductions in this item are made after the appropriation transfers authorized by Laws 1981, Chapter 346, Section 144.

(bb) Mediation Services	(48,300)	(121,000)
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	1982	1983
	\$	\$
(cc) Public Employment Relations Board	(2,500)	(3,000)
(dd) Military Affairs	(545,000)	(550,000)
(ee) Veterans Affairs	(158,900)	(166,300)

This reduction shall not be made in direct patient care positions at the veterans homes.

Notwithstanding the provisions of Minnesota Statutes, 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 \$627,800.

(ff) Indian Affairs Intertribal Board	(13,000)	(13,000)
(gg) Council on Black Minnesotans	(-0-)	(9,300)
(hh) Council for the Handicapped	(36,800)	(30,800)
(ii) Human Rights	(125,000)	(125,000)
(jj) Council On Affairs of Spanish-Speaking People	(2,600)	(2,700)
(kk) Housing Finance Agency	(2,500,000)	(-0-)

The appropriation in Laws 1981, Chapter 306, Section 21, is reduced by the amount indicated.

The spending limit on cost of general administration of agency programs is reduced by \$54,300 the first year and \$54,300 the second year.

Subd. 2. [TRANSPORTATION AND OTHER AGENCIES.]

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

	1982	1983
	\$	\$
(a) Transportation	(944,200)	(3,403,000)

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 second year.

Notwithstanding Laws 1981, Chapter 363, Section 55, Subdivision 1, the metropolitan transit commission may add up to a \$.15 surcharge on fares during the peak hours. The surcharge shall expire on June 30, 1983.

The metropolitan transit commission shall reduce its support staff by 50 positions below the actual level existing on December 1, 1981. Thirty-one 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 the 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.

The department shall reallocate resources in order to review MTC budgets and to contract for the disbursement of

	1982	1983
\$	\$	

funds to the metropolitan transit commission pursuant to statutory requirements.

Appropriations for private transit operators in the metropolitan area are reduced \$73,000 in the first year and \$143,000 in the second year.

Appropriations for statewide transit operating assistance are reduced \$700,000 in the first year and \$850,000 in the second year.

No reductions shall be made for metro mobility projects, the metro mobility control center, and project mobility.

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

Reimbursements from the general fund to the trunk highway fund are reduced \$116,000 in the first year and \$192,200 in the second year.

Any unexpended balance of the appropriation for AMTRAK rail subsidy Duluth-Twin Cities made by Laws 1980, Chapter 614, Section 27, Clause (c) and any reimbursements or refunds of expenditures made for the fiscal year ending June 30, 1981 are reappropriated for the subsidization of service during the biennium ending June 30, 1983.

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

(b) Public Safety	(726,300)	(558,700)
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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.

	1982	1983
\$		\$

The liquor control program shall concentrate its activities along the border areas of Minnesota.

(c) Commerce	(318,900)	(380,100)
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Appropriations for the banking division shall be reduced \$6,300 in the first year and \$7,300 in the second year.

Appropriations for the securities and real estate division shall be reduced \$38,400 in the first year and \$67,700 in the second year.

Appropriations for the insurance division shall be reduced \$131,000 in the first year and \$13,100 in the second year. No more than seven positions shall be reduced or remain unfilled in the insurance division.

Appropriations for the office of consumer services shall be reduced \$109,400 in the first year and \$153,700 in the second year.

Appropriations for administrative services shall be reduced \$33,800 in the first year and \$138,300 in the second year.

(d) Abstractors, Board of	(500)	(500)
(e) Accountancy, Board of	(-0-)	(3,800)
(f) Architecture, Engineering and Land Surveying, Board of	(18,800)	(38,700)
(g) Barber Examiners, Board of ..	(-0-)	(2,700)
(h) Boxing, Board of	(8,000)	(11,400)
(i) Peace Officer Standards and Training, Board of	(11,700)	(11,800)
(j) Examiners in Watchmaking, Board of	(700)	(800)

	1982	1983
\$	\$	
The boards identified in items (d) through (h) and (j) shall hold no more than four board meetings per year, unless an emergency situation requires a special meeting.		
(k) Public Utilities Commission . . .	(20,700)	(21,600)
(l) Public Service	(33,300)	(33,400)
(m) Ethical Practices Board	(17,000)	(15,400)
(n) Minnesota Municipal Board . . .	(20,700)	(21,000)
(o) Minnesota-Wisconsin Boundary Area Commission	(3,400)	(3,700)
(p) Uniform Laws Commission . . .	(-0-)	(3,200)
(q) Voyageurs National Park Citizens Committee	(-0-)	(5,500)
(r) Southern Minnesota River Basin Board	(5,800)	(6,000)
(s) Minnesota Historical Society . .	(635,900)	(969,500)

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.

(t) Arts, Board of the	(254,800)	(400,200)
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The amounts to be reduced from each program are as follows:

(1) Administrative Services

1982	1983
(112,100)	(154,500)

(2) Subsidies and Grants

(142,700)	(245,700)
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	1982	1983
\$	\$	

Of the remaining appropriations, \$758,600 in the first year and \$897,800 in the second year is for the general support one program; \$136,700 in the first year and \$157,400 in the second year is for the general support two program; \$80,600 in the first year is for the sponsor grants program; and \$685,700 in the first year and \$677,600 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.

(u) Minnesota Humane Society	(6,200)	(-0-)
(v) County Attorneys Council	(15,100)	(-0-)
(w) Minnesota Horticultural Society	(8,900)	(9,600)
(x) Minnesota Academy of Science	(-0-)	(5,800)
(y) Science Museum of Minnesota	(-0-)	(-0-)

The appropriation for the second year shall be reduced by \$25,000. This reduction shall be reinstated on the basis of \$1 for every \$1 received from the city of Saint Paul.

Subd. 3. [EDUCATION.]

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

(a) Education, Department of	(1,500,000)	(3,000,000)
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None of this reduction shall be taken from the appropriations for the Minnesota School for the Deaf or the Minnesota Braille and Sight-saving School.

(b) Higher Education Coordinating Board	(150,000)	(280,000)
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1982

1983

\$

\$

\$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, 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	(2,300,000)	(4,600,000)
(d) State Community College Board	(1,100,000)	(2,200,000)
(e) University of Minnesota	(6,500,000)	(13,100,000)
(f) Mayo Medical School	(120,000)	(250,000)

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

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

(a) Public Welfare	(1,004,600)	(8,534,400)
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The sum of \$26,500,000 for 1982 and \$49,853,000 for 1983 is appropriated to the commissioner of public welfare for the income maintenance program.

1982

1983

\$

\$

This appropriation is available in each fiscal year as indicated only if the amounts already appropriated in Laws 1981, Chapter 360, Article I, Section 2, Subdivision 4, are insufficient to meet the costs. This appropriation is available only upon recommendation of the legislative advisory commission under Minnesota Statutes, Section 3.30.

Aid to families with dependent children and general assistance grants shall be increased by the commissioner of public welfare by seven percent on August 1, 1982, rather than July 1, 1982, unless federal statute or regulation requires otherwise.

For the rate year that begins during the fiscal year ending June 30, 1982, for each existing facility with a capacity increase of more than 25 percent but less than 50 percent for which a certificate of need has been issued on or after January 1, 1980 and for which contracts for construction had been let, and both ground breaking and construction were begun before July 1, 1981, increases in the per diem for depreciation and interest expense applicable to the new construction shall not be limited by the prevailing statutory percentage limit established by Minnesota Statutes 1981 Supplement, Section 256B.03, Subdivision 2 or the regional maximum rate. The additional amounts allowed for depreciation and interest under this provision shall be excluded from subsequent computations of the regional maxima.

The commissioner of public welfare shall study the fiscal and programmatic impact, the number of persons who would be affected, problems and benefits to 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 19 of the Social Security Act and Minnesota Statutes,

	1982	1983
\$		\$

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

The provisions of Minnesota Statutes 1980, Section 256D.22 are suspended during the fiscal year ending June 30, 1983.

(b) Economic Security	(4,719,300)	(-0-)
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This amount includes a reduction of \$4,189,400 the first year for the training and community services program. However, there shall be no reduction in the displaced homemakers or summer youth programs. Reductions in the vocational rehabilitation program shall be \$529,900 for the biennium.

(c) Corrections	(699,500)	(1,627,500)
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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 that must be expended only for information systems, program evaluation, training, and education. This provision expires June 30, 1983.

(d) Sentencing Guidelines Commission	(-0-)	(1,500)
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(e) Corrections Ombudsman	(-0-)	(2,300)
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(f) Health	(188,000)	(788,800)
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Notwithstanding any law to the contrary, the commissioner of health shall increase the fee charged for medical laboratory services to \$5.00.

	1982	1983
\$		\$

The commissioner of health may charge a fee for voluntary certification of medical laboratories and environmental laboratories. The fee may be established without complying with Minnesota Statutes, Sections 15.041 to 15.052. This provision expires June 30, 1983.

The commissioner of health may charge fees for environmental laboratory services in amounts approximately equal to the costs of providing the services. The fees may be established without complying with Minnesota Statutes, Sections 15.041 to 15.052. This provision expires June 30, 1983.

Notwithstanding Laws 1981, Chapter 360, Article I, Section 14, the commissioner of health shall establish fees for licensure of health care facilities in accordance with Minnesota Statutes 1980, Section 16A.128. The statutory percentage limitation for long term care may be exceeded by the amounts of the increased license fees authorized by this provision and charged by the commissioner of health, and the increased fee amount shall be an allowed cost to the extent that the increase when added to other allowed costs exceeds the statutory limitation.

Subd. 5. [APPROPRIATION AVAILABILITY.] If the appropriation from the general fund to an agency listed in this section in either year of the biennium ending June 30, 1983, is insufficient, upon the advance approval of the commissioner of finance the appropriation for the other year is available for it.

Subd. 6. [RELATION TO PRIOR REDUCTIONS.] The appropriation reductions in this section are in addition to the general reductions, general staff reductions, and other reductions made in previous appropriation acts.

Subd. 7. [PROGRESS REPORTS.] Each state agency whose appropriation is reduced by this section shall submit a revised spending plan to the commissioner of finance pursuant to Minnesota Statutes, Section 16A.14. The revised spending plan shall be formulated on a quarterly basis in order to permit the

commissioner of finance to monitor the agency's success at meeting its spending and position reduction goals. The commissioner of finance shall notify the committee on finance of the senate and the committee on appropriations of the house of representatives promptly after the end of each quarter of any agency that has failed to meet its spending and position reduction goals for that quarter.

Sec. 3. 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 *game and fish fund appropriations* to 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 *game and fish fund appropriations* to the department of natural resources or as may be required by an increase in the statutory level of workers' compensation benefits.

Sec. 4. 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 *game and fish fund appropriations* to 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 *game and fish fund appropriations* to the department of natural resources or as may be required by an increase in the statutory level of unemployment compensation benefits.

Sec. 5. 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 ad-*

dition, 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. 6. 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. 7. [PLANS FOR DECLINING ENROLLMENT.]

Subdivision 1. [UNIVERSITY OF MINNESOTA; STATE UNIVERSITIES.] The board of regents of the University of Minnesota, and the state university board, 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. Each plan shall propose a strategy for adjusting the present level of facilities and services to the projected level of reduced demand. The strategies may include such methods as campus mergers, reorganizations, discontinuance of campuses or colleges, changes in system governance, and other such methods. 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. [COMMUNITY COLLEGES; AREA VOCATIONAL-TECHNICAL INSTITUTES.] The community college board and the state board for vocational education shall continue the planning process which is currently ongoing and under discussion with legislative committees with regard to community colleges and area vocational technical institutes. One of the purposes of the the planning process is to develop strategies to adjust the present cost of facilities and services to the projected level of reduced demand.

Subd. 3. [REVIEW AND COMMENT.] The higher education coordinating board shall review and comment on the strategies developed pursuant to subdivisions 1 and 2.

Subd. 4. [FACTORS.] In developing 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, fiscal implications, geographic accessibility to comparable institutions, availability of alternative programs, legal implications and feasibility of employee transfers.

Subd. 5. [STUDENT TRANSFERS.] In developing strategies for the adjustment of facilities and services to reduced levels of demand 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. 6. [CONSULTATION.] In the process of developing strategies for the adjustment of facilities and services to reduced levels of demand each system shall consult with the other systems and with the higher education coordinating board.

Subd. 7. [EMPLOYEE TRANSFER.] To the extent possible, the strategies shall provide that employees whose positions will be eliminated by the adjustments will be allowed to transfer to positions in other post-secondary institutions within each system and will be given preference in new hirings. To the extent possible, the strategies shall provide for the maintenance of terms and conditions of employment provided for in any existing labor agreement and shall be implemented, to the extent possible, in a manner consistent with such labor agreements.

Sec. 8. Minnesota Statutes 1981 Supplement, Section 3.9222, Subdivision 2, is amended to read:

Subd. 2. The council shall consist of five members of the house of representatives appointed by the speaker, five members of the senate appointed by the committee on committees, and (TWELVE) eight citizens appointed by the governor. At least 50 percent of those appointed by the governor and by the speaker of the house shall be women. Members shall serve for two years or until the expiration of their legislative terms; except, in order to establish staggered membership terms for the citizen members, the governor shall appoint (SIX) four citizens for three-year terms and (SIX) four citizens for two-year terms starting July 1, 1981. The compensation of non-legislator members, their removal from office and the filling of vacancies shall be as provided in section 15.059. The persons appointed by the governor

shall be representative of a range of economic interests and vocations and shall include persons who are not regularly employed on a full-time or part-time basis outside their homes.

Sec. 9. [GOVERNOR TO DESIGNATE MEMBERS.]

The governor shall designate the four citizens whose membership on the advisory council for the economic status of women will terminate because of the reduction in size of the council required by section 8. The terminations are effective January 1, 1982.

Sec. 10. [5.12] [CERTIFICATE; CERTIFIED COPY OF DOCUMENT; FEE.]

The secretary of state shall charge a fee of \$5 for each certificate or certification of a copy of any document filed in the office of the secretary of state.

Sec. 11. 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 examiner 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) use audio magnetic recording devices to keep the record of hearings except when there are more than two primary parties in a case and the chief hearing examiner determines that the use of a court reporter is more appropriate. If the chief hearing examiner determines that the use of a court reporter is more appropriate, the cost of the court reporter shall be paid by the state. If the chief hearing examiner determines that the use of an audio magnetic recording device is more appropriate in a hearing under chapter 176, any party to that hearing may provide a court reporter at the party's expense. Court reporters provided by a party shall be selected from the chief hearing examiner's list of non-governmental sources.

The fee charged by a court reporter to a party shall not exceed the fee which would be charged to the state pursuant to the court reporter's contract with the state.

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.

Sec. 12. 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. 13. [35.84] [FEES FOR SERVICES TO STATE FAIR.]

The board of animal health shall charge fees to cover all direct and indirect costs of services rendered to the state agricultural society in connection with the state fair. Fee receipts shall be deposited in the state treasury and credited to the general fund.

Sec. 14. Minnesota Statutes 1981 Supplement, Section 169.871, Subdivision 3, is amended to read:

Subd. 3. [APPEARANCES.] Notwithstanding the provisions of section 8.01, county or city attorneys (SHALL) *may* appear for the (STATE) *commissioner of public safety* in civil actions commenced under this section *at the request of the attorney general*.

Sec. 15. Minnesota Statutes 1981 Supplement, Section 169.871, Subdivision 5, is amended to read:

Subd. 5. [FINES.] Any penalty imposed and fines collected pursuant to this section shall be disposed of as provided in section 299D.03, subdivision 5, with the following exceptions:

(a) If the violation occurs in the county, *and the county attorney appears in the action*, the remaining five-eighths shall be credited to the highway user tax distribution fund.

(b) If the violation occurs within the municipality, and the city attorney appears in the action, the remaining one-third shall be paid to the highway user tax distribution fund.

(c) *In all cases when the attorney general appears in the action, all penalties imposed and fines collected shall be credited to the highway user tax distribution fund.*

Sec. 16. Minnesota Statutes 1981 Supplement, Section 169.-872, Subdivision 1, is amended to read:

Subdivision 1. [RECORD KEEPING.] A person who weighs goods before or after unloading or a person who loads or unloads goods on the basis of liquid volume measure shall keep a written record of the origin, weight and composition of each shipment, the date of loading or receipt, the name and address of the shipper, the total number of axles on the vehicle or combination of vehicles, and the registration number of the power unit or some other means of identification by which the shipment was transported. The record shall be retained for 30 days and shall be open to inspection and copying by a state law enforcement officer or motor transport representative (OR A PEACE OFFICER AS DEFINED IN SECTION 626.84, SUBDIVISION 1, CLAUSE (C)), except state conservation officers, upon demand. (FOR INFORMATIONAL PURPOSES ONLY IF INSPECTION INDICATES EXCESS WEIGHT OF 3,000 POUNDS OR MORE, THE INSPECTING OFFICER SHALL NOTIFY, WITHIN 30 DAYS OF INSPECTION OF THE RECORD, THE PERSON WHO CONSIGNED THE GOODS FOR SHIPMENT.) No search warrant is required to inspect or copy the record. This subdivision does not apply to a person weighing goods who is not involved in the shipping, receiving and transporting of those goods.

Sec. 17. Minnesota Statutes 1981 Supplement, Section 174.24, Subdivision 3a, is amended to read:

Subd. 3a. [TRANSIT COMMISSION.] The commissioner shall provide financial assistance by contract to the metropolitan transit commission from appropriations provided for that purpose. *In order to receive financial assistance, the commission shall provide to the commissioner all financial records and other information and shall permit any inspection reasonably necessary to identify the revenues, costs, and service plan upon which the appropriation is based.*

Sec. 18. Minnesota Statutes 1981 Supplement, Section 174.31, Subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT; OBJECTIVES.] A project for coordination of special transportation service in the metropolitan area as defined in section 473.121, subdivision 2,

shall be established and implemented by the commissioner with the following objectives:

(a) To provide greater access to transportation for the elderly, handicapped and others with special transportation needs in the metropolitan area (AND PARTICULARLY TO FILL ALL UNMET NEEDS FOR THAT TRANSPORTATION IN THE TRANSIT TAXING DISTRICT AS DEFINED IN SECTION 473.446, SUBDIVISION 2);

(b) To develop an integrated system of special transportation service providing transportation tailored to meet special individual needs in the most cost-efficient manner; and

(c) To use existing public and private providers of service wherever possible, to supplement rather than replace existing service, and to increase the productivity of all special transportation vehicles available in the area.

For the purpose of this section "project" means the project established under this subdivision.

Sec. 19. Minnesota Statutes 1981 Supplement, Section 174.31, Subdivision 3, is amended to read:

Subd. 3. [DUTIES OF COMMISSIONER.] In implementing the project the commissioner shall:

(a) Encourage participation in the project by public and private providers of special transportation service currently receiving capital or operating assistance from a public agency;

(b) Contract with public and private providers that have demonstrated their ability to effectively provide service at a reasonable cost;

(c) Encourage individuals using service provided through the project to use the type of service most appropriate to their particular needs;

(d) Insure that all persons providing service through the project receive equitable treatment in the allocation of the ridership;

(e) Encourage shared rides to the greatest extent practicable;

(f) (INSURE THAT A FULL RANGE OF SERVICE IS MADE AVAILABLE THROUGH THE PROJECT TO ALL PARTS OF THE METROPOLITAN TRANSIT TAXING DISTRICT;)

((G)) Encourage public agencies that provide transportation to eligible individuals as a component of human services and educational programs to coordinate with the project and to allow reimbursement for services provided through the project at rates that reflect the public cost of providing those services (.) ; and

((H)) (g) Adopt rules by January 15, 1982, establishing criteria to be used in determining individual eligibility for special transportation services.

Sec. 20. Minnesota Statutes 1981 Supplement, Section 176.131, Subdivision 10, is amended to read:

Subd. 10. The special compensation fund is created for the purposes provided in this chapter in the following manner:

(1) In every case of death of an employee resulting from personal injury arising out of and in the course of employment where there are no persons entitled to monetary benefits of dependency compensation, the employer shall pay to the commissioner the sum of \$5,000 for the benefit of the special compensation fund; in every case of death of an employee resulting from personal injury arising out of and in the course of employment where there are no persons entitled to at least \$5,000 in monetary benefits of dependency compensation, the employer shall pay to the commissioner for the benefit of the special compensation fund the difference between the amounts actually paid for the dependency benefits and \$5,000; but in no event shall the employer pay the commissioner less than \$1,000;

(2) When an employee suffers a personal injury which results in permanent partial disability, temporary total disability, temporary partial disability, permanent total disability or death and which entitles him or his dependents to compensation under sections 176.101 or 176.111, the employer shall, in addition to compensation provided therein, pay to the commissioner for the benefit of the special compensation fund a lump sum without interest deduction equal to a percent of the total compensation determined as provided in this subdivision as soon as the amount payable for the particular injury is determined, or arrived at by agreement of the parties, and the amount is approved by the commissioner.

The provisions of clauses (1) and (2) shall apply to all workers' compensation payments, exclusive of medical costs, paid under sections 176.101 and 176.111 for all injuries or death occurring on or after June 1, 1971.

Personal injuries that occurred prior to June 1, 1971 shall be assessed at the rate in effect on the date of occurrence.

In determining the percentage of the total compensation required to be paid by the employer to the commissioner for the

benefit of the special compensation fund as provided in clause (2) beginning September 30, 1981 and each September 30 thereafter, the commissioner shall use the following schedule:

Balance in the Fund	Permissible Range of Rate Adjustment
Less than \$2,000,000	+1 percent to +7 percent
At least \$2,000,000 but less than \$3,000,000	0 percent to +6 percent
At least \$3,000,000 but less than \$4,000,000	-2 percent to +4 percent
At least \$4,000,000 but less than \$5,000,000	-5 percent to +3 percent
At least \$5,000,000 but less than \$6,000,000	-6 percent to +2 percent
\$6,000,000 or more	-7 percent to +2 percent

In determining the actual adjustment, the commissioner shall take into account his estimate of the likely amount of expenditures to be made from the fund in the next calendar year.

Sums paid to the commissioner pursuant to the provisions hereof, shall be deposited with the state treasurer for the benefit of the special compensation fund and be used to pay the benefits provided by this chapter. All money heretofore arising from the provisions of this section or similar law shall be transferred to this special compensation fund. Any interest or profit accruing from investment of these sums shall be credited to the special compensation fund.

The state treasurer shall be the custodian of this special fund and the workers' compensation division, compensation judges, the workers' compensation court of appeals or district court in cases before them shall direct the distribution thereof, the same to be paid as other payments of compensation are paid. In case deposit is or has been made under the provisions of clause (1) and dependency later is shown, or if deposit is or has been made pursuant to either clause (1) or (2) by mistake or inadvertence, or under circumstances that justice requires a refund thereof, the state treasurer is authorized to refund the deposit under order of the workers' compensation division, a compensation judge, the workers' compensation court of appeals or a district court. There is appropriated to the persons entitled to the refunds from the fund an amount sufficient to make the refund and payment.

(COSTS WITHIN THE DEPARTMENT FOR) The accounting, investigation, and legal (PROCEDURES) *costs* necessary for the administration of the programs financed by the special compensation fund shall (COME AS APPROPRIATED) *be paid* from the fund during each biennium commencing July 1, 1981. Staffing and expenditures related to the administration of the special compensation fund shall be approved through the regular budget and appropriations process.

Sec. 21. 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. 22. 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, office of administrative hearings account the sum of (\$10 OR SO MUCH OF THAT SUM AS IS NECESSARY TO PRESENT THE QUESTION RAISED ON THE APPEAL.)*

(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) \$25; and

(4) *Submit a request that the chief hearing examiner order the preparation of a transcript of that part of the hearing delineated in the notice of appeal.*

A party who desires a transcript of more of the hearing than has been requested by the appellant shall, within five working days of service of the notice of appeal, make a request of the chief hearing examiner that the additional testimony be transcribed.

The party requesting the preparation of the transcript or any part is liable for the cost of preparation. The cost of a transcript prepared by a non-governmental source shall be paid directly to that source and shall not exceed the cost that the source would be able to charge the state for the same service.

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.

All fees received by the office of administrative hearings for the preparation of the record for submission to the workers' compensation court of appeals or for the cost of transcripts prepared by the office shall be deposited in the office of administrative hearings account in the state treasury and shall be used solely for the purpose of keeping the record of hearings conducted under this chapter and the preparation of transcripts of those hearings.

Sec. 23. 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) fee for the preparation of the record has been paid, the chief hearing examiner shall immediately (PREPARE) order the preparation of a typewritten transcript of that part of the (PROCEEDINGS) hearing delineated in the notice. 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. 24. Minnesota Statutes 1981 Supplement, Section 176.521, Subdivision 1, is amended to read:

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.

Sec. 25. Minnesota Statutes 1981 Supplement, Section 176.521, Subdivision 2, is amended to read:

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.

Sec. 26. Minnesota Statutes 1980, Section 176.521, is amended by adding a subdivision to read:

Subd. 2a. [SETTLEMENTS NOT SUBJECT TO APPROVAL.] *When a settled case is not subject to approval, upon receipt of the stipulation for settlement, a compensation judge or a settlement judge shall immediately sign the award and file it with the commissioner. Payment pursuant to the award shall be made within 14 days after it is filed with the commissioner. The commissioner may correct mathematical or clerical errors at any time.*

Sec. 27. Minnesota Statutes 1980, Section 184.30, Subdivision 2, is amended to read:

Subd. 2. The secretary of state shall be paid a filing fee of (\$5) \$10.

Sec. 28. 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. 29. Minnesota Statutes 1981 Supplement, Section 204B.11, Subdivision 1, is amended to read:

Subdivision 1. [AMOUNT.] Except as provided by subdivision 2, a filing fee shall be paid by each candidate who files an affidavit of candidacy. The fee shall be paid at the time the affidavit is filed. The amount of the filing fee shall vary with the office sought as follows:

(a) For the office of governor, lieutenant governor, attorney general, state auditor, state treasurer, secretary of state, representative in congress, judge of the supreme court, judge of the district court, or judge of the county municipal court of Hennepin County, (\$100) \$150;

(b) For the office of senator in congress, (\$150) \$200;

(c) For office of senator or representative in the legislature, (\$20) \$50; and

(d) For a county office, (\$20) \$50.

For the office of presidential elector, and for those offices for which no compensation is provided, no filing fee is required.

The filing fees received by the county auditor shall immediately be paid to the county treasurer. The filing fees received by the secretary of state shall immediately be paid to the state treasurer.

When an affidavit of candidacy has been filed with the appropriate filing officer and the requisite filing fee has been paid, the filing fee shall not be refunded.

Sec. 30. Minnesota Statutes 1980, Section 221.67, is amended to read:

221.67 [SERVICE OF PROCESS.]

The use of any of the public highways of this state for the transportation of persons or property for compensation by a motor carrier in interstate commerce shall be deemed an irrevocable appointment by (SUCH) *the* carrier of the secretary of state to be his true and lawful attorney upon whom may be served all legal process in any action or proceeding brought under section 221.66 against him or his executor, administrator, personal representative, heirs, successors or assigns. (SUCH) *This* use is a signification of agreement by (SAID) *the* interstate motor carrier that any (SUCH) process in any action against him or his executor, administrator, personal representative, heirs, successors, or assigns which is so served shall be of the same legal force and validity as if served upon him personally. (SUCH) Service shall be made by serving a copy thereof upon the secretary of state or by filing (SUCH) *a* copy in his office, together with payment of a fee of (\$10) *\$15*, and (SUCH) *the* service shall be sufficient service upon the absent motor carrier (; PROVIDED THAT) *if* notice of (SUCH) *the* service and a copy of the process are within ten days thereafter sent by mail by the plaintiff to the defendant at his last known address and (THAT) the plaintiff's affidavit of compliance with the provisions of sections 221.61 to 221.68 is attached to the summons.

Sec. 31. Minnesota Statutes 1980, Section 256.12, Subdivision 14, is amended to read:

Subd. 14. [DEPENDENT CHILD.] "Dependent child," as used in sections 256.72 to 256.87 *and 256.872*, means a child under the age of 18 years, or a child under the age of 19 years who is regularly attending as a full time student (AT), *and is expected to complete before reaching age 19*, a high school (, COLLEGE, OR UNIVERSITY, OR REGULARLY ATTENDING AS A FULL TIME STUDENT IN) *or a secondary level* course of vocational or technical training designed to fit him for gainful employment, who is found to be deprived of parental support or care by reason of the death, continued absence from the home, physical or mental incapacity of a parent, or who is a child of an unemployed (FATHER) *parent* as that term is defined by the commissioner of public welfare, such definition to be consistent with (,) and not to exceed minimum standards established by the congress of the United States and the secretary of health (, EDUCATION) and (WELFARE) *human services*, and whose relatives, liable under the law for his support are not able to pro-

vide adequate care and support of (SUCH) *the* child, and who is living with his father, mother, grandfather, grandmother, brother, sister, stepfather, stepmother, stepbrother, stepsister, uncle, aunt, first cousin, nephew, or niece in a place of residence maintained by one or more of (SUCH) *these* relatives as his or their home.

The term "dependent child" (SHALL) also (MEAN) *means* a child who has been removed from the home of a relative after a judicial determination that continuance in the home would be contrary to the welfare and best interests of the child and whose care and placement in a foster home or a private licensed child care institution is, in accordance with the rules (AND REGULATIONS) of the commissioner, the responsibility of the state or county agency under sections 256.72 to 256.87. *This child is eligible for benefits only through the foster care and adoption assistance program contained in Title IV-E of the Social Security Act, 42 U.S.C. 670 to 676, and is not entitled to benefits under sections 256.72 to 256.87.*

Sec. 32. Minnesota Statutes 1980, Section 256.12, is amended by adding a subdivision to read:

Subd. 20. [ASSISTANCE UNIT.] "Assistance unit" means the group of individuals whose needs or income, or both, are taken into account in determining eligibility for or the amount of a grant of assistance under sections 256.72 to 256.87.

Sec. 33. Minnesota Statutes 1980, Section 256.12, is amended by adding a subdivision to read:

Subd. 21. [CARETAKER RELATIVE.] "Caretaker relative" means a relative specified by rule to be an eligible relative and who exercises responsibility for the care and control of the dependent child.

Sec. 34. Minnesota Statutes 1980, Section 256.12, is amended by adding a subdivision to read:

Subd. 22. [PRINCIPAL EARNER.] "Principal earner" means, in a home where both parents of the dependent child live, the parent who earned the greater amount of income in the 24 month period immediately preceding the month of application.

Sec. 35. Minnesota Statutes 1981 Supplement, Section 256.73, Subdivision 2, is amended to read:

Subd. 2. [ALLOWANCE BARRED BY OWNERSHIP OF PROPERTY.] (EXCEPT AS PROVIDED IN CLAUSE (3), THE) Ownership by the father, mother, child, children, or any combination (THEREOF,) of property as follows (SHALL BE) is a bar to any allowance under sections 256.72 to 256.87:

(1) Real property other than the homestead (, EXCEPT AS DESCRIBED IN CLAUSE (3)). For the purposes of this section "homestead" means the house owned and occupied by the (APPLICANT) *child, relative or other member of the assistance unit* as his dwelling place, together with the land upon which it is situated and an area no greater than two contiguous lots in a platted or laid out city or town (OR THE SMALLEST PARCEL ALLOWED UNDER APPLICABLE ZONING REGULATIONS) *or 80 contiguous acres in unplatted land; or*

(2) Personal property of (A REASONABLE MARKET) *an equity value in excess of (\$400) \$1,000 for (A ONE CHILD RECIPIENT OR \$600 FOR MORE THAN ONE CHILD RECIPIENT) the entire assistance unit, exclusive of personal property used as the home, one (AUTOMOBILE, INSURANCE CARRIED BY A PARENT WHICH DOES NOT EXCEED A CASH SURRENDER VALUE OF \$500) motor vehicle of an equity value not exceeding \$1,500, clothing and necessary household furniture and equipment and other basic maintenance items essential for daily living, (THE EARNINGS OF A DEPENDENT CHILD WHICH ARE PLACED IN A SAVINGS ACCOUNT TO BE USED FOR A FUTURE PURPOSE APPROVED BY THE COUNTY AGENCY) in accordance with (THE) rules (OF) promulgated by and standards established by the commissioner of public welfare (, AND SUCH PROPERTY THAT PRODUCES A NET INCOME APPLICABLE TO THE FAMILY'S NEEDS.)*

((3) REAL ESTATE NOT USED AS A HOME WHICH PRODUCES NET INCOME APPLICABLE TO THE FAMILY'S NEEDS, WHICH THE FAMILY IS MAKING A CONTINUING EFFORT TO SELL AT A FAIR AND REASONABLE PRICE, OR THE SALE OF WHICH WOULD NET AN INSIGNIFICANT AMOUNT OF INCOME APPLICABLE TO THE FAMILY'S NEEDS OR WOULD CAUSE UNDUE HARDSHIP, AS DETERMINED BY THE COMMISSIONER, SHALL NOT BE A BAR TO AN ALLOWANCE UNDER SECTIONS 256.72 TO 256.87. NET INCOME SHALL BE THE RESIDUE AFTER PAYMENT FROM GROSS INCOME OF TAXES, INSURANCE, MAINTENANCE, AND INTEREST ON ENCUMBRANCES, IF ANY, ON THE PROPERTY, PROVIDED THAT IN COMPUTING NET INCOME THE GROSS INCOME SHALL NOT BE CHARGED WITH ANY EXPENSES TOWARD BETTERMENT OF THE PROPERTY AS IMPROVEMENTS OR BY PAYMENT ON THE PRINCIPAL OF A MORTGAGE; PROVIDED, THAT THE NET INCOME THUS DERIVED SHALL BE APPLIED ON THE FAMILY BUDGET).

Sec. 36. Minnesota Statutes 1980, Section 256.73, Subdivision 3a, is amended to read:

Subd. 3a. [PERSONS INELIGIBLE.] No assistance shall be given under sections 256.72 to 256.87:

(1) On behalf of any person who is receiving supplemental security income under title XVI of the social security act unless permitted by federal regulations;

(2) For any month in which the assistance unit's gross income, without application of deductions or disregards, exceeds 150 percent of the standard of need for a family of the same size and composition. If a stepparent's income is taken into account in determining need, the disregards specified in section 12 shall be applied to determine income available to the assistance unit before calculating the unit's gross income for purposes of this paragraph;

(3) To any assistance unit for any month in which any caretaker relative with whom the child is living is, on the last day of that month, participating in a strike;

(4) On behalf of any other individual in the assistance unit, nor shall the individual's needs be taken into account, for any month in which, on the last day of the month, the individual is participating in a strike;

(5) To an assistance unit if its eligibility is based on a parent's unemployment and the parent who is the principal earner, without good cause, fails or refuses to participate in the work incentive program under section 256.736, to accept employment, or to register with a public employment office, unless the principal earner is exempt from these work requirements.

Sec. 37. Minnesota Statutes 1980, Section 256.73, Subdivision 5, is amended to read:

Subd. 5. [ASSISTANCE FOR PREGNANT WOMEN.] For the purposes of sections 256.72 to 256.87, (DEPENDENT CHILDREN SHALL INCLUDE THE UNBORN) assistance shall be provided to a pregnant woman with no children during the final three months of pregnancy (AND, INsofar AS POSSIBLE, THE PROVISIONS APPLICABLE TO DEPENDENT CHILDREN SHALL ALSO BE APPLICABLE TO THE UNBORN DURING THE FINAL THREE MONTHS OF PREGNANCY) if the woman would be eligible for assistance if the child were born and living with her as a dependent child. Payment for special needs occasioned by or resulting from pregnancy shall be provided as needed to pregnant women eligible under the previous sentence or otherwise eligible under sections 256.72 to 256.87, according to rules promulgated by the commissioner. The commissioner of public welfare shall promulgate, pursuant to the administrative procedures act, (REGULATIONS) rules to implement this subdivision.

Sec. 38. Minnesota Statutes 1980, Section 256.73, Subdivision 6, is amended to read:

Subd. 6. [REPORTS BY RECIPIENT.] Each recipient shall complete reports as requested by the local or state agency. All (NET EARNED OR UNEARNED) income not specifically disregarded by the social security act, the code of federal regulations, or state law (,) and rules (AND REGULATIONS, SHALL BE) is income applicable to the budgetary needs of the family. If any amount of aid to families with dependent children assistance is paid to a recipient (THEREOF) in excess of the payment due (IT SHALL BE RECOVERABLE BY), the local agency shall recover the overpayment in accordance with Public Law No. 97-35, Section 2318, 42 U.S.C. 602, as amended. (IF THE AGENCY NOTIFIES THE RECIPIENT IN WRITING OF AN OVERPAYMENT DUE SOLELY TO LOCAL AGENCY ERROR WITHIN THREE MONTHS AFTER THE OVERPAYMENT,) The local agency (MAY COMMENCE RECOVERY OF THE OVERPAYMENT DURING THE YEAR AFTER THE NOTIFICATION IS RECEIVED BY THE RECIPIENT THE WRITTEN NOTICE SHALL INFORM THE RECIPIENT) shall give the recipient written notice of any overpayment and of (THE AGENCY'S) its intention to recover the overpayment. If the recipient does not pay the amount of the overpayment in part or fully to the local agency, the agency may recover the overpayment by reducing the amount of aid as follows:

(a) If the overpayment was caused by the recipient's wilful withholding of required information or wilful false statement, the aid amount may be reduced only to the extent that the reduced aid amount plus the assistance unit's liquid assets and gross income, before applying any disregards, equals not less than 90 percent of the amount payable to an assistance unit of the same composition with no income;

(b) If the overpayment was due solely to agency error, the aid amount may be reduced only to the extent that the reduced aid amount plus the assistance unit's liquid assets and income after deducting actual work expenses equals not less than 99 percent of the amount payable to an assistance unit of the same composition with no income;

(c) In all other cases, the aid amount may be reduced only to the extent that the reduced aid amount plus the assistance unit's liquid assets and income after deducting actual work expenses equals not less than 96 percent of the amount payable to an assistance unit of the same composition with no income.

Under clauses (a), (b), and (c) the amounts and standard of need shall be based on income, resources and circumstances in the month for which aid is being reduced. The recipient may appeal the agency's determination that an overpayment has occurred in accordance with section 256.045. If the amount of assistance paid to a recipient is less than the amount due, the agency shall pay the recipient a corrective payment and disregard that payment when determining the family's income and resources in

the month when the payment is made and the following month. In cases where both an overpayment and an underpayment have occurred, one shall be offset against the other to correct the payment.

Sec. 39. Minnesota Statutes 1980, Section 256.736, Subdivision 3, is amended to read:

Subd. 3. [OPERATION OF PROGRAM.] To determine who shall be designated as an appropriate individual for certification to the commissioner of economic security, the commissioner of public welfare shall provide standards for county welfare agencies and human services boards consistent with the standards promulgated by the secretary of health (, EDUCATION,) and (WELFARE) *human services*. County welfare agencies shall certify appropriate individuals to the commissioner of economic security and shall require that every individual, as a condition of receiving aid to families with dependent children, register for employment services, training, and employment, unless such individual is:

(1) *a child who is under age 16 (OR), a child age 16 or 17 who is attending elementary or secondary school or a secondary level vocational or technical school full time, or a full-time student age 18 who is attending a secondary school or a secondary level vocational or technical program and who is expected to complete the school or program before reaching age 19;*

(2) *a person who is ill, incapacitated or of advanced age;*

(3) *a person so remote from a work incentive project that his effective participation is precluded;*

(4) *a person whose presence in the home is required because of illness or incapacity of another member of the household;*

(5) *a (MOTHER) parent or other caretaker relative of a child under the age of six who (IS CARING) personally provides full-time care for the child; (OR)*

(6) *(THE MOTHER OR OTHER FEMALE CARETAKER OF A CHILD IF THE FATHER OR ANOTHER ADULT MALE RELATIVE IS IN THE HOME AND NOT EXCLUDED BY CLAUSE (1), (2), (3), OR (4), UNLESS HE HAS FAILED TO REGISTER AS REQUIRED BY THIS SUBDIVISION OR HAS BEEN FOUND BY THE COMMISSIONER OF ECONOMIC SECURITY TO HAVE REFUSED WITHOUT GOOD CAUSE TO PARTICIPATE UNDER A WORK INCENTIVE PROGRAM OR ACCEPT EMPLOYMENT) a parent or other caretaker if another adult relative in the house is registered and has not, without good cause, failed or refused to participate or accept employment; or*

(7) *a parent who is not the principal earner if the parent who is the principal earner is not exempt under clauses (1) to (6).*

Any individual referred to in clause (5) shall be advised of (HER) *the option to register for employment services, training, and employment if (SHE) the individual so desires, and shall be informed of the child care services, if any, which will be available (TO HER IN THE EVENT SHE SHOULD DECIDE) if the individual decides to register.*

If, after planning with a recipient, a decision is made that (HE) *the recipient must register for employment services, training, and employment, the county welfare department shall give notice in writing to the (INDIVIDUAL) recipient stating that he or she must register with the commissioner of economic security for participation in a work incentive program and that (HE) the recipient has a right to a fair hearing under section 256.045 with respect to the appropriateness of (HIS) the registration.*

Sec. 40. Minnesota Statutes 1980, Section 256.736, Subdivision 4, is amended to read:

Subd. 4. [CONDITIONS OF CERTIFICATION.] The commissioner of public welfare shall:

(1) Arrange for or provide any relative or child certified to the commissioner of economic security pursuant to this section with child-care services and other necessary family services;

(2) Pay ten percent of the cost of programs of training and employment established by the commissioner of economic security for persons certified hereunder;

(3) Provide that in determining a recipient's needs any monthly incentive training payment made to the recipient by the department of economic security is disregarded and the additional expenses attributable to his participation in a program are taken into account in grant determination; *and*

(4) Provide that when it has been certified by the commissioner of economic security, certification to be binding upon the commissioner of public welfare, that a relative or child certified under the work incentive program to the commissioner of economic security has been found by the commissioner, after a hearing conducted in the manner prescribed by section 268.10, subdivision 3, with the right of review in accordance with the provisions of section 268.10, subdivision 8, to have refused without good cause to participate under a work incentive program or to have refused without good cause to accept a bona fide offer of public or other employment, the county welfare departments shall provide that:

(a) If the relative makes the refusal, the relative's needs shall not be taken into account in making the grant determination, and aid for any dependent child in the family will be made in the form of vendor payments.

(b) Aid with respect to a dependent child will be denied if a child who makes the refusal is the only child receiving aid in the family.

(c) If there is more than one child receiving aid in the family, aid for the child who makes the refusal will be denied and his needs will not be taken into account in making the grant determination (; AND)

((D) NOTWITHSTANDING THE OTHER PROVISIONS OF THIS SUBDIVISION, THE COUNTY WELFARE DEPARTMENT SHALL, FOR A PERIOD OF 60 DAYS AFTER NOTIFICATION OF THE COMMISSIONER OF ECONOMIC SECURITY DETERMINATION OF REFUSAL WITHOUT CAUSE TO PARTICIPATE IN A PROGRAM OF TRAINING OR EMPLOYMENT, MAKE VENDOR PAYMENTS ON BEHALF OF THE RELATIVE SPECIFIED OR CONTINUE AID IN THE CASE OF A CHILD SPECIFIED, IF DURING THE 60 DAY PERIOD THE CHILD OR RELATIVE ACCEPTS COUNSELING OR OTHER SERVICES WHICH THE COUNTY WELFARE DEPARTMENT SHALL MAKE AVAILABLE FOR THE PURPOSE OF ASSISTING THE CHILD OR RELATIVE TO PARTICIPATE IN A PROGRAM IN ACCORDANCE WITH THE DETERMINATION OF THE COMMISSIONER OF ECONOMIC SECURITY). *If the assistance unit's eligibility is based on the principal earner's unemployment and the principal earner fails or refuses without good cause to participate or to accept employment, the entire assistance unit is ineligible for benefits under sections 256.72 to 256.87.*

Sec. 41. Minnesota Statutes 1980, Section 256.74, Subdivision 1, is amended to read:

Subdivision 1. [AMOUNT.] The amount of assistance which shall be granted to or on behalf of any dependent child and mother or other needy eligible relative caring for (SUCH) *the* dependent child shall be determined by the county agency (WITH DUE REGARD TO THE RESOURCES AND NECESSARY EXPENDITURES OF THE FAMILY AND THE CONDITIONS EXISTING IN EACH CASE AND) in accordance with (THE) rules (AND REGULATIONS MADE) *promulgated* by the (STATE AGENCY) *commissioner* and shall be sufficient, when added to all other income and support available to the child, to provide (SUCH) *the* child with a reasonable subsistence compatible with decency and health. *The amount shall be based on the method of budgeting required in Public Law No. 97-35, Section 2315, 42 U.S.C. 602, as amended and federal regulations*

at 45 CFR Section 233. In making its determination the county agency shall (EXCLUDE) *disregard* the following from family income:

(1) All of the earned income of each dependent child receiving aid to families with dependent children who is a full-time student or part-time student, and not a full-time employee, attending a school, college, or university, or a course of vocational or technical training designed to fit him for gainful employment;

(2) All educational grants and loans awarded pursuant to a federal law when public assistance was considered in making the award and the award was made on the basis of financial need; and that part of any other educational grant or loan which is used for educational purposes, such as tuition, fees, equipment, transportation and child care expenses necessary for school attendance; (AND)

(3) *The first \$75 of each individual's earned income. In the case of an individual not engaged in full-time employment or not employed throughout the month the commissioner shall prescribe by rule a lesser amount to be disregarded. For self-employed persons, the expenses directly related to producing goods and services and without which the goods and services could not be produced shall be disregarded pursuant to rules promulgated by the commissioner;*

(4) *An amount equal to the actual expenditures but not to exceed \$160 for the care of each dependent child or incapacitated individual living in the same home and receiving aid. In the case of a person not engaged in full-time employment or not employed throughout the month, the commissioner shall prescribe by rule a lesser amount to be disregarded; and*

(5) (THE FIRST \$30) *Thirty dollars plus one-third of the remainder of (THE COMBINED MONTHLY EARNINGS OF ANY DEPENDENT CHILD NOT INCLUDED UNDER CLAUSE (1), AND ANY ADULT WHO IS A RECIPIENT OF AID FOR FAMILIES WITH DEPENDENT CHILDREN) each individual's earned income not already disregarded for individuals found otherwise eligible to receive aid or who have received aid in one of the four months before the month of application. With respect to any month, the county welfare agency shall not disregard under this clause ((2)) any earned income of any person who has:*

(a) Reduced his earned income without good cause within 30 days preceding any month in which an assistance payment is made; or

(b) Refused without good cause to accept an offer of suitable employment; or

(c) *Left employment or reduced his earnings without good cause and applied for assistance so that he might later return to employment with the advantage of the income disregard; or*

(d) *Failed without good cause to make a timely report of earned income in accordance with rules promulgated by the commissioner of public welfare.*

Persons who are already employed and who apply for assistance shall have their needs computed with full account taken of their earned and other income. If earned and other income of the family is less than need, as determined on the basis of public assistance standards, the county agency shall determine the amount of the grant by applying the disregard of income provisions. The county agency shall not disregard earned income for persons in a family if the total monthly earned and other income exceeds their needs, unless for any one of the four preceding months their needs were met in whole or in part by a grant payment. (IF AN INDIVIDUAL WITHOUT GOOD CAUSE LEAVES EMPLOYMENT OR REDUCES HIS EARNINGS AND APPLIES FOR ASSISTANCE SO THAT HE MIGHT LATER RETURN TO EMPLOYMENT WITH ADVANTAGES OF INCOME DISREGARD, HE SHALL NOT HAVE THE BENEFIT OF THE DISREGARD OF INCOME PROVISIONS.)

The disregard of \$30 and one-third of the remainder of earned income described in clause (5) shall be applied to the individual's income for a period not to exceed four consecutive months. Any month in which the individual loses this disregard because of the provisions of clause (5)(a) to (5)(d) shall be considered as one of the four months. To again qualify for this earned income disregard, the individual must not be a recipient of aid for a period of 12 consecutive months. If an individual becomes ineligible for aid because this earned income disregard has been applied to income for four consecutive months and will no longer be applied to income, the local agency shall inform the individual of the medical assistance program, its standards of eligibility, and the circumstances under which the individual would be eligible for medical assistance.

(6) The commissioner shall increase the standard of need in effect on January 1, 1982 by 45 percent for each assistance unit. The maximum amount paid to an assistance unit shall be no more than 69 percent of the increased standard of need. Whenever the commissioner increases the maximum payment amount for all assistance units, the commissioner shall increase the maximum standard of need by an equal percentage.

To determine the amount of assistance to be paid to an assistance unit, net income shall be determined in a manner consistent with this chapter and applicable federal law. Net earned income shall be subtracted from the standard of need for an assistance unit of the appropriate size and composition to determine

the grant amount, except that the grant shall not exceed the maximum payment amount for an assistance unit of the same size and composition.

Medical assistance eligibility for medically needy persons shall be determined according to payment standards in effect for assistance under sections 256.72 to 256.87.

If implementation of this clause, subdivision 1 (6), is challenged and a court of competent jurisdiction rules on the merits that it conflicts with provisions of the Social Security Act or the United States Constitution, then subdivision 1 (6) ceases to have effect and shall no longer be implemented.

Sec. 42. Minnesota Statutes 1980, Section 256.74, is amended by adding a subdivision to read:

Subd. 1a. [STEPPARENT'S INCOME.] In determining income available, the county agency shall take into account the remaining income of the dependent child's stepparent who lives in the same household after disregarding:

(1) The first \$75 of the stepparent's gross earned income. The commissioner shall prescribe by rule lesser amounts to be disregarded for stepparents who are not engaged in full-time employment or not employed throughout the month;

(2) An amount for support of the stepparent and any other individuals whom the stepparent claims as dependents for tax purposes and who live in the same household but whose needs are not considered in determining eligibility for assistance under sections 256.72 to 256.87. The amount equals the standard of need for a family of the same composition as the stepparent and these other individuals;

(3) Amounts the stepparent actually paid to individuals not living in the same household but whom the stepparent claims as dependents for tax purposes; and

(4) Alimony or child support, or both, paid by the stepparent for individuals not living in the same household.

Sec. 43. [256.851] [RULES.]

The commissioner of public welfare shall promulgate temporary and permanent rules necessary to implement sections 31 to 48, 84, and 88.

Sec. 44. Minnesota Statutes 1981 Supplement, Section 256.-872, Subdivision 1, is amended to read:

Subdivision 1. [WITHHOLDING ORDER.] Whenever an obligation for support of a dependent child or maintenance of

a spouse, or both, has been determined and ordered by a court of this state, the public agency responsible for child support enforcement may move and the district or county court shall grant an order providing for the withholding of the amount of child support or maintenance as determined by court order, from the income, regardless of source of the person obligated to pay the support or maintenance. *If the public agency responsible for child support enforcement determines that the obligor's arrearages have accumulated for more than one month, and if the agency is not pursuing another appropriate remedy, the agency shall move the district or county court for an order for withholding under this section or shall document a reason or reasons why withholding would not result in payment being made.* "Income" means any form of periodic payments to an individual, including, but not limited to, wages, salary, income as an independent contractor, workers' compensation, unemployment compensation, annuity, military and naval retirement, pension and disability payments.

Sec. 45. Minnesota Statutes 1981 Supplement, Section 256.872, is amended by adding a subdivision to read:

Subd. 4. [PENALTY FOR NONCOMPLIANCE.] If the public agency responsible for child support enforcement fails to make reasonable efforts to comply with this section and sections 518.54 to 518.66 or to show why it cannot comply within four months after receiving notice that the commissioner of public welfare has determined that the agency is not in substantial compliance with this section and sections 518.54 to 518.66, the commissioner may withhold ten percent of the state's share of the difference between the total estimated cost and the federal funds available for payment of aid under sections 256.72 to 256.87 to all persons for which the county is the county of financial responsibility and the county shall pay the ten percent in addition to its usual share of payments, until the public agency complies.

Sec. 46. Minnesota Statutes 1980, Section 256.99, is amended to read:

256.99 [REVERSE MORTGAGE PROCEEDS DISREGARDED.]

All reverse mortgage loan proceeds received pursuant to section 47.58, including interest or earnings thereon, shall be disregarded and shall not be considered available to the borrower for purposes of determining initial or continuing eligibility for, or amount of, medical assistance (OR ANY OTHER PUBLIC ASSISTANCE PROGRAM), *Minnesota supplemental assistance, general assistance, general assistance medical care, or a federal or state low interest loan or grant.* This section applies regardless of the time elapsed since the loan was made or the disposition of the proceeds.

Sec. 47. Minnesota Statutes 1981 Supplement, Section 256B.-06, Subdivision 1, is amended to read:

Subdivision 1. Medical assistance may be paid for any person:

(1) Who is eligible for or receiving public assistance, or a woman who is pregnant, as medically verified, and who would be eligible for public assistance if the child had been born and living with the woman, under the aid to families with dependent children program; or

(2) Who is eligible for or receiving supplemental security income for the aged, blind and disabled; or

(3) Who except for the amount of income or resources would qualify for supplemental security income for the aged, blind and disabled, or aid to families with dependent children and is in need of medical assistance; or

(4) Who is under 21 years of age and in need of medical care that neither he nor his relatives responsible under sections 256B.01 to 256B.26 are financially able to provide; or

(5) Who is residing in a hospital for treatment of mental disease or tuberculosis and is 65 years of age or older and without means sufficient to pay the per capita hospital charge; and

(6) Who resides in Minnesota, or, if absent from the state, is deemed to be a resident of Minnesota in accordance with the regulations of the state agency; and

(7) Who alone, or together with his spouse, does not own real property other than the homestead. For the purposes of this section, "homestead" means the house owned and occupied by the applicant as his dwelling place, together with the land upon which it is situated and an area no greater than two contiguous lots in a platted or laid out city or town or (THE SMALLEST PARCEL ALLOWED UNDER APPLICABLE ZONING REGULATIONS) 80 contiguous acres in unplatted land. Occupancy or exemption shall be determined as provided in chapter 510 and applicable law, including continuing exemption by filing notice under section 510.07. Real estate not used as a home may not be retained unless it produces net income applicable to the family's needs or the family is making a continuing effort to sell it at a fair and reasonable price or unless sale of the real estate would net an insignificant amount of income applicable to the family's needs, or unless the commissioner determines that sale of the real estate would cause undue hardship; and

(8) Who individually does not own more than \$2,000 in cash or liquid assets, or if a member of a household with two family members (husband and wife, or parent and child), does not own more than \$4,000 in cash or liquid assets, plus \$200 for each additional legal dependent. When only one spouse resides, or will reside after applying for medical assistance, in a nursing home, or is receiving or will receive alternative care under the alternative care grants program in a county with preadmission screening under section 256B.091, the cash or liquid asset amount for two family members is \$10,000. The value of the following shall not be included:

(a) the homestead, and (b) one motor vehicle licensed pursuant to chapter 168 and defined as: (1) passenger automobile, (2) station wagon, (3) motorcycle, (4) motorized bicycle or (5) truck of the weight found in categories A to E, of section 168.013, subdivision 1e; and

(9) Who has or anticipates receiving an annual income not in excess of \$2,600 for a single person, or \$3,250 for two family members (husband and wife, parent and child, or two siblings), plus \$625 for each additional legal dependent, or who has income in excess of these maxima and in the month of application, or during the three months prior to the month of application, incurs expenses for medical care that total more than one-half of the annual excess income in accordance with the regulations of the state agency. In computing income to determine eligibility of persons who are not residents of long term care facilities, the commissioner shall disregard increases in income of social security or supplementary security income recipients due solely to increases required by sections 215(i) and 1617 of the social security act, and shall disregard income of disabled persons that is also disregarded in determining eligibility for supplemental aid under section 256D.37, subdivision 1, unless prohibited by federal law or regulation. If prohibited, the commissioner shall first seek a waiver. In excess income cases, eligibility shall be limited to a period of six months beginning with the first of the month in which these medical obligations are first incurred; and

(10) Who has continuing monthly expenses for medical care that are more than the amount of his excess income, computed on a monthly basis, in which case eligibility may be established before the total income obligation referred to in the preceding paragraph is incurred, and medical assistance payments may be made to cover the monthly unmet medical need. In licensed nursing home and state hospital cases, income over and above that required for justified needs, determined pursuant to a schedule of contributions established by the commissioner of public welfare, is to be applied to the cost of institutional care. The commissioner of public welfare may establish a schedule of contributions to be made by the spouse of a nursing home resident to the cost of care and shall seek a waiver from federal

regulations which establish the amount required to be contributed by either spouse when one spouse is a nursing home resident; and

(11) Who has applied or agrees to apply all proceeds received or receivable by him or his spouse from automobile accident coverage and private health care coverage to the costs of medical care for himself, his spouse, and children. The state agency may require from any applicant or recipient of medical assistance the assignment of any rights accruing under private health care coverage. Any rights or amounts so assigned shall be applied against the cost of medical care paid for under this chapter. Any assignment shall not be effective as to benefits paid or provided under automobile accident coverage and private health care coverage prior to receipt of the assignment by the person or organization providing the benefits.

Sec. 48. Minnesota Statutes 1980, Section 256B.07, is amended to read:

256B.07 [EXCEPTIONS IN DETERMINING RESOURCES.]

A local agency may, within the scope of regulations set by the commissioner of public welfare, waive the requirement of liquidation of excess assets when the liquidation would cause undue hardship. Household goods and furniture in use in the home, wearing apparel, insurance policies with cash surrender value not in excess of \$1,500 per insured person, personal property used as a regular abode by the applicant or recipient, *a prepaid funeral contract not in excess of \$750 per person plus accrued interest of not more than \$200*, and a lot in a burial plot shall not be considered as resources available to meet medical needs.

Sec. 49. Minnesota Statutes 1980, Section 268.16, Subdivision 3, is amended to read:

Subd. 3. [COLLECTION.] (1) If, after due notice, any employer defaults in any payment of contributions or interest due thereon or penalties for failure to file returns and other reports as and when required by the provisions of sections 268.03 to 268.24 or by any rule (OR REGULATION) of the commissioner, the amount due shall be collected by civil action in the name of the state of Minnesota, and any money recovered (ON ACCOUNT THEREOF) shall be credited to the funds provided for under the provisions of these sections. This remedy shall be in addition to (SUCH) other remedies (AS MAY BE HEREIN PROVIDED OR OTHERWISE) provided by law, and the employer adjudged in default shall pay the costs of (SUCH) the action. Civil actions brought under this section to collect contributions, interest due thereon, or penalties from an employer shall be heard by the court at the earliest possible date.

No action for the collection of contributions or interest thereon shall be commenced more than four years after the contributions have been reported by the employer or determined by the commissioner to be due and payable. In any action herein provided for, judgment shall be entered against any defendant in default for want of answer or demurrer, for the relief demanded in the complaint without proof, together with costs and disbursements, upon the filing of an affidavit of default.

No action shall be commenced for the collection of contributions with respect to wages paid for services performed prior to the effective date of a subsequent provision of law enacted prior to July 1, 1941, excluding (SUCH) *the* service from coverage under sections 268.03 to 268.24.

(2) Any employing unit which is not a resident of this state and which exercises the privilege of having one or more individuals perform service for it within this state, and any resident employing unit which exercises that privilege and thereafter removes from this state, shall be deemed thereby to appoint the secretary of state as its agent and attorney for the acceptance of process in any civil action under this subdivision. In instituting (SUCH) an action against (ANY SUCH) *the* employing unit the commissioner shall cause (SUCH) *any* process or notice to be filed with the secretary of state, *together with payment of a fee of \$15, and (SUCH) the service* shall be sufficient service upon (SUCH) *the* employing unit, and shall be of the same force and validity as if served upon it personally within this state: Provided, that the commissioner shall forthwith send notice of the service of (SUCH) *the* process or notice, together with a copy thereof, by certified mail, return receipt requested, to (SUCH) *the* employing unit at its last known address and (SUCH) *the* return receipt, the commissioner's affidavit of compliance with the provisions of this section, and a copy of the notice of service, shall be appended to the original of the process filed in the court in which (SUCH) *the* civil action is pending.

Sec. 50. Minnesota Statutes 1980, Section 278.03, is amended to read:

278.03 [PAYMENT OF (PORTION OF) TAX.]

If the proceedings instituted by the filing of the petition have not been completed before the first day of June next following the filing, the petitioner shall pay to the county treasurer 50 percent of the tax levied for such year against the property involved, unless permission to continue prosecution of the petition without such payment is obtained as herein provided. If the proceedings instituted by the filing of the petition have not been completed by the next November 1. the petitioner shall pay to the county treasurer 50 percent of the unpaid balance of the taxes levied for the year against the property involved *if the un-*

paid balance is \$2,000 or less and 80 percent of the unpaid balance if the unpaid balance is over \$2,000, unless permission to continue prosecution of the petition without payment is obtained as herein provided. The petitioner, upon ten days notice to the county attorney and to the county auditor, given at least ten days prior to the first day of June or the first day of November, may apply to the court for permission to continue prosecution of the petition without payment; and, if it is made to appear

(1) That the proposed review is to be taken in good faith;

(2) That there is probable cause to believe that the property may be held exempt from the tax levied or that the tax may be determined to be less than 50 percent of the amount levied; and

(3) That it would work a hardship upon petitioner to pay (50 PERCENT OF SUCH) *the taxes due,*

the court may permit the petitioner to continue prosecution of the petition without payment, or may fix a lesser amount to be paid as a condition of continuing the prosecution of the petition.

Failure to make payment of the amount required when due shall operate automatically to dismiss the petition and all proceedings thereunder unless the payment is waived by an order of the court permitting the petitioner to continue prosecution of the petition without payment. The county treasurer shall, upon request of the petitioner, issue duplicate receipts for the tax payment, one of which shall be filed by the petitioner in the proceeding.

Sec. 51. Minnesota Statutes 1981 Supplement, Section 290.01, Subdivision 20, is amended to read:

Subd. 20. [GROSS INCOME.] Except as otherwise provided in this chapter, the term "gross income," as applied to corporations includes every kind of compensation for labor or personal services of every kind from any private or public employment, office, position or services; income derived from the ownership or use of property; gains or profits derived from every kind of disposition of, or every kind of dealing in, property; income derived from the transaction of any trade or business; and income derived from any source; except that gross income shall not include "exempt function income" of a "home-owners association" as those terms are defined in Section 528 of the Internal Revenue Code of 1954, as amended through December 31, 1980.

The term "gross income" in its application to individuals, estates, and trusts shall mean the adjusted gross income as defined in the Internal Revenue Code of 1954, as amended through

the date specified herein for the applicable taxable year, with the modifications specified in this subdivision. For estates and trusts the adjusted gross income shall be their federal taxable income as defined in the Internal Revenue Code of 1954, as amended through the date specified herein for the applicable taxable year, with the modifications specified in this subdivision and with the modification that the federal deduction for personal exemptions for trusts and estates shall not be allowed.

(i) The Internal Revenue Code of 1954, as amended through December 31, 1974, shall be in effect for the taxable years beginning after December 31, 1974.

(ii) The Internal Revenue Code of 1954, as amended through December 31, 1976, including the amendments made to section 280A (relating to licensed day care centers) in H.R. 3477 as it passed the Congress on May 16, 1977, shall be in effect for the taxable years beginning after December 31, 1976. The provisions of the Tax Reform Act of 1976, P.L. 94-455, which affect adjusted gross income shall become effective for purposes of this chapter at the same time they become effective for federal income tax purposes. Section 207 (relating to extension of period for nonrecognition of gain on sale or exchange of residence) and section 402 (relating to time for making contributions to pension plans of self employed people) of P.L. 94-12 shall be effective for taxable years beginning after December 31, 1974.

The provisions of section 4 of P.L. 95-458, sections 131, 133, 134, 141, 152, 156, 157, 405, and 543 of P.L. 95-600, and section 2 of P.L. 96-608 (relating to pensions, individual retirement accounts, deferred compensation plans, the sale of a residence and to conservation payments to farmers) including the amendments made to these sections in P.L. 96-222 shall be effective at the same time that these provisions became effective for federal income tax purposes.

(iii) The Internal Revenue Code of 1954, as amended through December 31, 1979, shall be in effect for taxable years beginning after December 31, 1979.

(iv) The Internal Revenue Code of 1954, as amended through December 31, 1980, shall be in effect for taxable years beginning after December 31, 1980 including the provisions of section 404 (relating to partial exclusions of dividends and interest received by individuals) of the Crude Oil Windfall Profit Tax Act of 1980, P.L. 96-223. The provisions of P.L. 96-471 (relating to installment sales) shall be effective at the same time that they become effective for federal income tax purposes.

References to the Internal Revenue Code of 1954 in clauses (a), (b) and (c) following shall mean the code in effect for the purpose of defining gross income for the applicable taxable year.

(a) Modifications increasing federal adjusted gross income. There shall be added to federal adjusted gross income:

(1) Interest income on obligations of any state other than Minnesota or a political subdivision of any other state exempt from federal income taxes under the Internal Revenue Code of 1954;

(2) A business casualty loss if the taxpayer elected to deduct the loss on the current year's federal income tax return but had deducted the loss on the previous year's Minnesota income tax return;

(3) Income taxes imposed by this state or any other taxing jurisdiction, to the extent deductible in determining federal adjusted gross income and not credited against federal income tax;

(4) Interest on indebtedness incurred or continued to purchase or carry securities the income from which is exempt from tax under this chapter, to the extent deductible in determining federal adjusted gross income;

(5) Amounts received as reimbursement for an expense of sickness or injury which was deducted in a prior taxable year to the extent that the deduction for the reimbursed expenditure resulted in a tax benefit;

(6) The amount of any federal income tax overpayment for any previous taxable year, received as refund or credited to another taxable year's income tax liability, proportionate to the percentage of federal income tax that was claimed as a deduction in determining Minnesota income tax for the previous taxable year. The amount of the federal income tax overpayment shall be reported only to the extent that the amount resulted in a reduction of the tax imposed by this chapter.

The overpayment refund or credit, determined with respect to a husband and wife on a joint federal income tax return for a previous taxable year, shall be reported on joint, combined, or separate Minnesota income tax returns. In the case of combined or separate Minnesota returns, the overpayment shall be reported by each spouse proportionately according to the relative amounts of federal income tax claimed as a deduction on his or her combined or separate Minnesota income tax return for such previous taxable year;

(7) In the case of a change of residence from Minnesota to another state or nation, the amount of moving expenses which exceed total reimbursements and which were therefore deducted in arriving at federal adjusted gross income;

(8) The amount of any increase in the taxpayer's federal tax liability under section 47 of the Internal Revenue Code of 1954

to the extent of the credit under section 38 of the Internal Revenue Code of 1954 that was previously allowed as a deduction either under section 290.01, subdivision 20 (b) (7);

(9) Expenses and losses arising from a farm which are not allowable under section 290.09, subdivision 29;

(10) Expenses and depreciation attributable to substandard buildings disallowed by section 290.101;

(11) The amount by which the gain determined pursuant to section 41.59, subdivision 2 exceeds the amount of such gain included in federal adjusted gross income;

(12) To the extent deducted in computing the taxpayer's federal adjusted gross income for the taxable year, losses recognized upon a transfer of property to the spouse or former spouse of the taxpayer in exchange for the release of the spouse's marital rights;

(13) Interest income from qualified scholarship funding bonds as defined in section 103(e) of the Internal Revenue Code of 1954, if the nonprofit corporation is domiciled outside of Minnesota;

(14) Exempt-interest dividends, as defined in section 852(b) (5) (A) of the Internal Revenue Code of 1954, not included in federal adjusted gross income pursuant to section 852(b) (5) (B) of the Internal Revenue Code of 1954, except for that portion of exempt-interest dividends derived from interest income on obligations of the state of Minnesota, any of its political or governmental subdivisions, any of its municipalities, or any of its governmental agencies or instrumentalities;

(15) The amount of any excluded gain recognized by a trust on the sale or exchange of property as defined in section 641(c) (1) of the Internal Revenue Code of 1954;

(16) An amount equal to one-sixth of any gain from the sale or other disposition of property deducted under sections 1202(a) and 1202(c) (1) of the Internal Revenue Code of 1954;

(17) To the extent not included in the taxpayer's federal adjusted gross income, the amount of any gain, from the sale or other disposition of property having a lower adjusted basis for Minnesota income tax purposes than for federal income tax purposes. This modification shall not exceed the difference in basis. If the gain is considered a long term capital gain for federal income tax purposes, the modification shall be limited to 50 percent of the portion of the gain. This modification is limited to property that qualified for the energy credit contained in section 290.-

06, subdivision 14, and to property acquired in exchange for the release of the taxpayer's marital rights contained in section 290.14, clause (9);

(18) The amount of any loss from a source outside of Minnesota which is not allowed under section 290.17 including any capital loss or net operating loss carryforwards or carrybacks resulting from the loss;

((19) THE AMOUNT OF A DISTRIBUTION FROM AN INDIVIDUAL HOUSING ACCOUNT WHICH IS TO BE INCLUDED IN GROSS INCOME AS REQUIRED UNDER SECTION 290.08, SUBDIVISION 25;)

((20)) (19) To the extent deducted in computing the taxpayer's federal adjusted gross income, interest, taxes and other expenses which are not allowed under section 290.10, clause (9) or (10); and

((21)) (20) To the extent excluded from federal adjusted gross income, in the case of a city manager or city administrator who elects to be excluded from the public employees retirement association and who makes contributions to a deferred compensation program pursuant to section 353.028, the amount of contributions made by the city manager or administrator which is equal to the amount which would have been the city manager's or administrator's employee contribution pursuant to section 353.27, subdivision 2, if he were a member of the public employees retirement association.

(b) Modifications reducing federal adjusted gross income. There shall be subtracted from federal adjusted gross income:

(1) Interest income on obligations of any authority, commission or instrumentality of the United States to the extent includible in gross income for federal income tax purposes but exempt from state income tax under the laws of the United States;

(2) The portion of any gain, from the sale or other disposition of property having a higher adjusted basis for Minnesota income tax purposes than for federal income tax purposes, that does not exceed such difference in basis; but if such gain is considered a long-term capital gain for federal income tax purposes, the modification shall be limited to 50 per centum of the portion of the gain. This modification shall not be applicable if the difference in basis is due to disallowance of depreciation pursuant to section 290.101.

(3) Interest or dividend income on securities to the extent exempt from income tax under the laws of this state authorizing the issuance of the securities but includible in gross income for federal income tax purposes;

(4) Losses, not otherwise reducing federal adjusted gross income assignable to Minnesota, arising from events or transactions which are assignable to Minnesota under the provisions of sections 290.17 to 290.20, including any capital loss or net operating loss carryforwards or carrybacks or out of state loss carryforwards resulting from the losses, and including any farm loss carryforwards or carrybacks;

(5) If included in federal adjusted gross income, the amount of any credit received, whether received as a refund or credit to another taxable year's income tax liability, pursuant to chapter 290A, and the amount of any overpayment in income tax to Minnesota, or any other state, for any previous taxable year, whether the amount is received as a refund or credited to another taxable year's income tax liability;

(6) To the extent included in federal adjusted gross income, or the amount reflected as the ordinary income portion of a lump sum distribution under section 402(e) of the Internal Revenue Code of 1954, notwithstanding any other law to the contrary, the amount received by any person (i) from the United States, its agencies or instrumentalities, the Federal Reserve Bank or from the state of Minnesota or any of its political or governmental subdivisions or from any other state or its political or governmental subdivisions, or a Minnesota volunteer firefighter's relief association, by way of payment as a pension, public employee retirement benefit, or any combination thereof, or (ii) 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. The maximum amount of this subtraction shall be \$11,000 less the amount by which the individual's federal adjusted gross income, plus the ordinary income portion of a lump sum distribution as defined in section 402(e) of the Internal Revenue Code of 1954, exceeds \$17,000. In the case of a volunteer firefighter who receives an involuntary lump sum distribution of his pension or retirement benefits, the maximum amount of this subtraction shall be \$11,000; this subtraction shall not be reduced by the amount of the individual's federal adjusted gross income in excess of \$17,000;

(7) The amount of any credit to the taxpayer's federal tax liability under section 38 of the Internal Revenue Code of 1954 but only to the extent that the credit is connected with or allocable against the production or receipt of income included in the measure of the tax imposed by this chapter;

(8) To the extent included in the taxpayer's federal adjusted gross income for the taxable year, gain recognized upon a transfer of property to the spouse or former spouse of the taxpayer in exchange for the release of the spouse's marital rights;

(9) The amount of any distribution from a qualified pension or profit sharing plan included in federal adjusted gross income

in the year of receipt to the extent of any contribution not previously allowed as a deduction by reason of a change in federal law which was not adopted by Minnesota law for a taxable year beginning in 1974 or later;

(10) Interest, including payment adjustment to the extent that it is applied to interest, earned by the seller of the property on a family farm security loan executed before January 1, 1986 that is guaranteed by the commissioner of agriculture as provided in sections 41.51 to 41.60;

(11) The first \$3,000 of compensation for personal services in the armed forces of the United States or the United Nations, and the next \$2,000 of compensation for personal services in the armed forces of the United States or the United Nations wholly performed outside the state of Minnesota. This modification does not apply to compensation defined in clause (b)(6);

(12) The amount of any income earned for personal services rendered outside of Minnesota prior to the date when the taxpayer became a resident of Minnesota. This modification does not apply to compensation defined in clause (b)(6);

(13) In the case of wages or salaries paid or incurred on or after January 1, 1977, the amount of any credit for employment of certain new employees under sections 44B and 51 to 53 of the Internal Revenue Code of 1954 which is claimed as a credit against the taxpayer's federal tax liability, but only to the extent that the credit is connected with or allocable against the production or receipt of income included in the measure of the tax imposed by this chapter;

(14) In the case of work incentive program expenses paid or incurred on or after January 1, 1979, the amount of any credit for expenses of work incentive programs under sections 40, 50A and 50B of the Internal Revenue Code of 1954 which is claimed as a credit against the taxpayer's federal tax liability, but only to the extent that the credit is connected with or allocable against the production or receipt of income included in the measure of the tax imposed by this chapter;

(15) Unemployment compensation to the extent includible in gross income for federal income tax purposes under section 85 of the Internal Revenue Code of 1954;

(16) To the extent included in federal adjusted gross income, severance pay that may be treated as a lump sum distribution under the provisions of section 290.032, subdivision 5;

(17) The amount of any income or gain which is not assignable to Minnesota under the provisions of section 290.17;

(18) Minnesota exempt-interest dividends as provided by subdivision 27;

(19) A business casualty loss which the taxpayer elected to deduct on the current year's Minnesota income tax return but did not deduct on the current year's federal income tax return; (AND)

(20) Income from the performance of personal or professional services which is subject to the reciprocity exclusion contained in section 290.081, clause (a); and

(21) To the extent included in federal adjusted gross income, in the case of a city manager or city administrator who elects to be excluded from the public employees retirement association and who makes contributions to a deferred compensation program pursuant to section 353.028, the amount of payments from the deferred compensation program equivalent to the amount of contributions taxed under clause (a)(20) (; AND)

((22) CONTRIBUTIONS TO AND INTEREST EARNED ON AN INDIVIDUAL HOUSING ACCOUNT AS PROVIDED BY SECTION 290.08, SUBDIVISION 25).

(c) A modification affecting shareholders of electing small business corporations under section 1372 of the Internal Revenue Code of 1954 shall be made.

In cases where the election under section 1372 of the Internal Revenue Code of 1954 antedates the election under this chapter and at the close of the taxable year immediately preceding the effective election under this chapter the corporation has a reserve of undistributed taxable income previously taxed to shareholders under the provisions of the Internal Revenue Code of 1954, in the event and to the extent that the reserve is distributed to shareholders the distribution shall be taxed as a dividend for purposes of this chapter.

(d) Amounts transferred from a reserve or other account, if in effect transfers to surplus, shall, to the extent that the amounts were accumulated through deductions from gross income or entered into the computation of taxable net income during any taxable year, be treated as gross income for the year in which the transfer occurs, but only to the extent that the amounts resulted in a reduction of the tax imposed by this chapter and amounts received as refunds on account of taxes deducted from gross income during any taxable year shall be treated as gross income for the year in which actually received, but only to the extent that such amounts resulted in a reduction of the tax imposed by this chapter.

(e) Modification in computing taxable income of the estate of a decedent. Amounts allowable under section 291.07, subdi-

vision 1, clause (2) in computing Minnesota inheritance or estate tax liability shall not be allowed as a deduction (or as an offset against the sales price of property in determining gain or loss) in computing the taxable income of the estate or any person unless there is filed within the time and in the manner and form prescribed by the commissioner a statement that the amounts have not been allowed as a deduction under section 291.07 and a waiver of the right to have the amounts allowed at any time as deductions under section 291.07. The provisions of this paragraph shall not apply with respect to deductions allowed under section 290.077 (relating to income in respect of decedents). In the event that the election made for federal tax purposes under section 642(g) of the Internal Revenue Code of 1954 differs from the election made under this paragraph appropriate modification of the estate's federal taxable income shall be made to implement the election made under this paragraph in accordance with regulations prescribed by the commissioner.

Sec. 52. 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). 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)) (6) All other items of gross income shall be assigned to the taxpayer's domicile.

Sec. 53. Minnesota Statutes 1981 Supplement, Section 302A.-901, Subdivision 2, is amended to read:

Subd. 2. [SERVICE ON SECRETARY OF STATE; WHEN PERMITTED.] If a corporation has appointed and maintained a registered agent in this state but neither its registered agent nor an officer of the corporation can be found at the registered office, or if a corporation fails to appoint or maintain a registered agent in this state and an officer of the corporation cannot be found at the registered office, then the secretary of state is the agent of the corporation upon whom the process, notice, or demand may be served. The return of the sheriff, or the affidavit of a person not a party, that no registered agent or officer can be found at the registered office in a county is conclusive evidence that the corporation has no registered agent or officer at its registered office. Service on the secretary of state of any process, notice, or demand is deemed personal service upon the corporation and shall be made by filing with the secretary of state duplicate copies of the process, notice, or demand. The secretary of state shall immediately forward, by (REGISTERED) *certified* mail, addressed to the corporation at its registered office, a copy of the process, notice, or demand. Service on the secretary of state is returnable in not less than 30 days notwithstanding a shorter period specified in the process, notice, or demand.

Sec. 54. Minnesota Statutes 1980, Section 303.07, is amended to read:

303.07. [(INITIAL) LICENSE (FEE) FEES.]

Subdivision 1. [INITIAL FEE.] At the time of making application for a certificate of authority the foreign corporation making (SUCH) the application shall pay to the state treasurer the sum of (\$125) \$150 as an initial license fee.

Subd. 2. [ANNUAL FEE.] The secretary of state shall collect an annual license fee from each foreign corporation holding a certificate of authority to transact business in this state. A foreign corporation shall pay \$15 per \$100,000 or fraction thereof of its Minnesota taxable net income for the last taxable year ending prior to the payment of the fee. If the taxable year ended less than 75 days before the date the fee is received by the secretary of state, the taxable net income from the preceding taxable year shall determine the fee. In no event shall the annual license fee be less than \$30. The corporation shall pay this fee by April 1 of each year.

Sec. 55. Minnesota Statutes 1980, Section 303.13, Subdivision 1, is amended to read:

Subdivision 1. [FOREIGN CORPORATION.] A foreign corporation shall be subject to service of process, as follows:

(1) By service thereof on its registered agent;

(2) When any foreign corporation authorized to transact business in this state fails to appoint or maintain in this state a registered agent upon whom service of process may be had, or whenever any registered agent cannot be found at its registered office in this state, as shown by the return of the sheriff of the county in which the registered office is situated, or whenever any corporation withdraws from the state, or whenever the certificate of authority of any foreign corporation is revoked or canceled, service may be made by delivering to and leaving with the secretary of state, or with any deputy or clerk in the corporation department of his office, three copies thereof and a fee of (\$10) \$15; provided, that after a foreign corporation withdraws from the state, pursuant to section 303.16, service upon the corporation may be made pursuant to the provisions of this section only when based upon a liability or obligation of the corporation incurred within this state or arising out of any business done in this state by the corporation prior to the issuance of a certificate of withdrawal.

(3) If a foreign corporation makes a contract with a resident of Minnesota to be performed in whole or in part by either party in Minnesota, or if a foreign corporation commits a tort in whole or in part in Minnesota against a resident of Minnesota, such acts shall be deemed to be doing business in Minnesota by the foreign corporation and shall be deemed equivalent to the appointment by the foreign corporation of the secretary of the state of Minnesota and his successors to be its true and lawful attorney upon whom may be served all lawful process in any ac-

tions or proceedings against the foreign corporation arising from or growing out of the contract or tort. Process shall be served in duplicate upon the secretary of state, together with a fee of (\$10) \$15 and the secretary of state shall mail one copy thereof to the corporation at its last known address, and the corporation shall have 20 days within which to answer from the date of the mailing, notwithstanding any other provision of the law. The making of the contract or the committing of the tort shall be deemed to be the agreement of the foreign corporation that any process against it which is so served upon the secretary of state shall be of the same legal force and effect as if served personally on it within the state of Minnesota.

Sec. 56. Minnesota Statutes 1980, Section 303.14, Subdivision 1, is amended to read:

Subdivision 1. [FILED WITH SECRETARY OF STATE; CONTENTS.] Between January first and April first, in each year, every foreign corporation which holds a certificate of authority shall make and file with the secretary of state a report for the (NEXT PRECEDING) *previous* calendar year, setting forth:

(1) the name of the corporation and the state or country under the laws of which it is organized;

(2) if the name of the corporation does not end with the word "Corporation" or the word "Incorporated," or the abbreviation "Inc.," or does not contain the word "Company" or the abbreviation "Co." not immediately preceded by the word "and" or the character "&," then the name of the corporation with the word or abbreviation which it has agreed to add thereto for use in this state;

(3) the date of its incorporation and the period of its duration;

(4) the address of its principal office in the state or country under the laws of which it is organized;

(5) the address of its registered office in this state and the name of its registered agent at such address;

(6) the names and respective addresses of its directors and officers;

(7) (A STATEMENT OF THE AGGREGATE NUMBER OF SHARES HAVING PAR VALUE AND OF SHARES WITHOUT PAR VALUE WHICH IT HAS AUTHORITY TO ISSUE, ITEMIZED BY CLASSES AND SERIES;)

((8) A STATEMENT OF THE AGGREGATE NUMBER OF ITS ISSUED OR ALLOTTED SHARES HAVING PAR VALUE AND OF SHARES WITHOUT PAR VALUE, ITEMIZED BY CLASSES AND SERIES;)

((9) A STATEMENT EXPRESSING IN DOLLARS THE VALUE OF ALL THE PROPERTY OWNED BY THE CORPORATION; WHEREVER LOCATED, AND THE VALUE OF ALL ITS PROPERTY LOCATED WITHIN THIS STATE;)

((10) A STATEMENT EXPRESSING IN DOLLARS THE GROSS RECEIPTS OF THE CORPORATION IN SUCH CALENDAR YEAR DERIVED FROM ITS BUSINESS OPERATIONS WHEREVER TRANSACTED, AND THE GROSS RECEIPTS OF THE CORPORATION IN SUCH CALENDAR YEAR DERIVED FROM ITS BUSINESS OPERATIONS TRANSACTED, IN WHOLE OR IN PART, WITHIN THIS STATE; AND)

((11) SUCH) additional information (AS MAY BE) necessary or appropriate to enable the secretary of state to determine the additional license fee, if any, payable by (SUCH) the corporation (.)

(THE INFORMATION REQUIRED BY CLAUSES (7) TO (9) SHALL BE GIVEN AS OF THE CLOSE OF THE NEXT PRECEDING CALENDAR YEAR.);

(8) a statement of the corporate taxable net income as stated in its Minnesota corporate income tax return that was due in the previous year; and

(9) the fee required by section 303.07, subdivision 2. This fee shall be submitted with the annual report.

Sec. 57. Minnesota Statutes 1980, Section 303.14, Subdivision 3, is amended to read:

Subd. 3. [FORMS.] (SUCH) *The* annual report shall be made on forms prescribed by the secretary of state, in two separable parts, one part setting forth the facts required by subdivision 1, clauses (1) to ((8)) (6), and the other part the facts required by subdivision 1, clauses ((9)) (7), ((10)) (8), and ((11)) (9); (SUCH) *the* report shall be executed, acknowledged and verified by the president or vice-president and by the treasurer, an assistant treasurer, secretary or an assistant secretary of the corporation; or, if the corporation is in the hands of a receiver or trustee, (SUCH) *the* report shall be executed on behalf of the corporation and verified by (SUCH) *the* receiver or trustee.

Sec. 58. Minnesota Statutes 1980, Section 303.14, Subdivision 5, is amended to read:

Subd. 5. [DIVULGENCE OF CONTENTS FORBIDDEN.] It shall be unlawful for the secretary of state or any other public official or employee to divulge or otherwise make known in any manner any of the particulars with reference to the (VALUE OF THE PROPERTY OWNED BY SUCH CORPORATION OR THE AMOUNT OF THE GROSS RECEIPTS OF SUCH CORPORATION) *taxable net income* set forth or disclosed as a part of any annual report. Nothing herein shall be construed to prohibit the inspection of the full reports by officials and employees of this state in the performance of their duties with respect to license fees due from the corporation making (SUCH) *the* report. Any person violating any of the prohibitions of this subdivision shall be guilty of a gross misdemeanor.

Sec. 59. Minnesota Statutes 1980, Section 303.16, Subdivision 2, is amended to read:

Subd. 2. [CONTENTS OF APPLICATION.] The application for withdrawal shall set forth:

(1) the name of the corporation and the state or country under the laws of which it is organized;

(2) that it has no property located in this state and has ceased to transact business therein;

(3) that its board of directors has duly determined to surrender its authority to transact business in this state;

(4) that it revokes the authority of its registered agent in this state to accept service of process;

(5) the address to which the secretary of state shall mail a copy of any process against the corporation that may be served upon him;

(6) that it will pay to the state treasurer the amount of any additional license fees properly found by the secretary of state to be then due from such corporation; and

(7) (SUCH) additional information (AS MAY BE) required or demanded by the secretary of state to enable him to determine the additional license fees, if any, payable by (SUCH) *the* corporation, the determination thereof to be made in the manner provided by section (303.15, EXCEPT THAT IN COMPUTING SUCH ADDITIONAL LICENSE FEE THE AMOUNT TO BE USED AS THE VALUE OF THE PROPERTY OF THE CORPORATION LOCATED WITHIN THIS STATE SHALL BE THE HIGHEST AMOUNT OR VALUE OF SUCH PROPERTY AT ANY TIME IN THE CALENDAR YEAR IN WHICH THE APPLICATION FOR WITHDRAWAL IS FILED) 303.07, subdivision 2.

Sec. 60. Minnesota Statutes 1980, Section 303.16, Subdivision 4, is amended to read:

Subd. 4. [APPROVAL; FILING.] (SUCH) *The* application for withdrawal shall be delivered to the secretary of state. Upon receipt thereof he shall examine the same, and if he finds that it conforms to the provisions of this chapter, he shall, when all license fees, filing fees, and other charges have been paid as required by law, file the same in his office and shall issue and record a certificate of withdrawal (, AND SHALL THEREUPON TRANSMIT SUCH CERTIFICATE, TOGETHER WITH A FEE OF \$1, TO THE COUNTY RECORDER OF THE COUNTY IN WHICH THE REGISTERED OFFICE OF THE CORPORATION IN THIS STATE IS SITUATED, AND THE COUNTY RECORDER SHALL RECORD SUCH CERTIFICATE FOR SUCH FEE). Upon the issuance of (SUCH) *the* certificate, the authority of the corporation to transact business in this state shall cease.

Sec. 61. Minnesota Statutes 1980, Section 303.17, Subdivision 4, is amended to read:

Subd. 4. [CERTIFICATE OF REVOCATION.] Upon revoking (SUCH) *the* certificate of authority, the secretary of state shall:

- (1) Issue a certificate of revocation, in duplicate; *and*
- (2) (TRANSMIT ONE OF SUCH CERTIFICATES TO THE COUNTY RECORDER OF THE COUNTY IN WHICH THE REGISTERED OFFICE OF THE CORPORATION IN THIS STATE IS SITUATED, AND THE COUNTY RECORDER SHALL RECORD THE SAME WITHOUT ANY FEE THEREFOR; AND)
- ((3)) Mail to (SUCH) *the* corporation, at its principal office in the state or country under the laws of which it is organized, a notice of (SUCH) *the* revocation, accompanied by (ONE SUCH) *a* certificate of revocation, and mail to (SUCH) *the* corporation, at its registered office in this state, a notice of (SUCH) *the* revocation.

Sec. 62. Minnesota Statutes 1980, Section 303.18, Subdivision 3, is amended to read:

Subd. 3. [JUDGMENT OF CANCELLATION.] The attorney general shall cause two certified copies of the judgment canceling a certificate of authority to be delivered to the secretary of state. The secretary of state shall file one copy in his office, and shall transmit the other copy to the (COUNTY RECORDER OF THE COUNTY IN WHICH THE) registered

office of the corporation in this state (IS SITUATED. THE COUNTY RECORDER SHALL RECORD THE SAME WITHOUT ANY FEE THEREFOR).

Sec. 63. Minnesota Statutes 1980, Section 303.19, Subdivision 2, is amended to read:

Subd. 2. [FEE.] If the certificate of authority was revoked by the secretary of state pursuant to section 303.17, the corporation shall pay to the state treasurer (\$200) \$250 before it may be reinstated.

If the certificate of authority was canceled by a judgment pursuant to section 303.18, the corporation shall pay to the state treasurer \$500 before it may be reinstated.

Sec. 64. Minnesota Statutes 1980, Section 303.19, Subdivision 3, is amended to read:

Subd. 3. [CERTIFICATE OF REINSTATEMENT.] Upon the filing of (SUCH) *the* application and upon payment of all penalties, fees and charges required by law, not including (, HOWEVER,) an initial license fee or additional license fees to the extent that (THE SAME) *they* have (THERETOFORE) *previously* been paid by (SUCH) *the* corporation, the secretary of state shall reinstate the license of (SUCH) *the* corporation (, AND SHALL ISSUE AND RECORD A CERTIFICATE OF REINSTATEMENT AND SHALL TRANSMIT SUCH CERTIFICATE, TOGETHER WITH A FEE OF \$1, TO THE COUNTY RECORDER OF THE COUNTY IN WHICH THE REGISTERED OFFICE OF THE CORPORATION IN THIS STATE IS SITUATED. THE COUNTY RECORDER SHALL RECORD SUCH CERTIFICATE FOR SUCH FEE).

Sec. 65. Minnesota Statutes 1980, Section 303.21, is amended by adding a subdivision to read:

Subd. 3. [OTHER INSTRUMENTS.] A fee of \$20 shall be paid to the secretary of state for filing any instrument required or permitted to be filed under the provisions of this chapter. The fee shall be paid at the time of the filing of the instrument.

Sec. 66. Minnesota Statutes 1980, Section 303.22, is amended to read:

303.22 [APPLICABLE TO PRESENT CORPORATIONS.]

Except as in this section otherwise provided, this chapter shall be applicable to all foreign corporations heretofore or hereafter transacting business in this state.

Any foreign corporation licensed to transact business in this state when this chapter became effective, which thereafter ob-

tains a certificate of authority, pursuant to the provisions of this section, may continue to transact business in this state pursuant to (SUCH) *the* certificate of authority, using the name under which it was, on the effective date of this chapter, licensed to transact business in this state, whether or not the use of (SUCH) *the* name is in violation of the provisions of section 303.05.

Nothing herein contained shall be construed to exempt (SUCH) *the* foreign corporation from the obligation of making annual reports and paying (ADDITIONAL) license fees in accordance with the provisions of this chapter.

(IN COMPUTING ANY ADDITIONAL LICENSE FEES FOR SUCH CORPORATION THERE SHALL BE CREDITED ALL LICENSE FEES PAID BY SUCH CORPORATION TO THIS STATE UNDER THIS CHAPTER AND UNDER ANY PRIOR LAWS RELATING TO THE ADMISSION OF FOREIGN CORPORATIONS TO DO BUSINESS IN THIS STATE.)

Sec. 67. Minnesota Statutes 1980, Section 303.23, Subdivision 1, is amended to read:

Subdivision 1. [PRIMA FACIE EVIDENCE; RECORDING.] Any certificate issued by the secretary of state pursuant to the provisions of this chapter, and copies of (SUCH) *the* certificates certified by him, shall be prima facie evidence of the matters stated therein (AND, EXCEPT CERTIFICATES ISSUED PURSUANT TO SUBDIVISION 2, MAY BE RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF ANY COUNTY IN THIS STATE).

Sec. 68. Minnesota Statutes 1980, Section 308.06, Subdivision 4, is amended to read:

Subd. 4. The original articles of incorporation, or a certified copy of them, verified by the affidavits of two of the incorporators, shall be filed with the secretary of state and a copy, certified and verified as above required, shall be recorded in the office of the county recorder of the county in which the principal place of business of the association is located. For filing the articles of incorporation, or amendments to them, with the secretary of state a fee of (\$10) \$15 shall be paid to the secretary of state.

Sec. 69. Minnesota Statutes 1980, Section 308.85, is amended to read:

308.85 [FEES.]

For filing articles of incorporation, or amendments thereto, any association organized under sections (308.53) 308.29 to 308.84 shall pay (\$10) \$15.

Sec. 70. Minnesota Statutes 1980, Section 317.04, Subdivision 2, is amended to read:

Subd. 2. [ELECTION TO REJECT.] (1) When there are members with voting rights, election by a corporation to reject the provisions of sections 317.01 to 317.25 shall be by a resolution (a) approved by the board of directors at a meeting duly called for the purpose of considering it; and (b) adopted at a subsequent annual, regular, or special meeting, of which a notice stating the purpose has been duly given, by a majority vote of all members of record entitled to vote.

(2) When there are no members with voting rights, election by a corporation to reject the provisions of sections 317.01 to 317.25 shall be by a resolution adopted by a majority vote of all the directors entitled to vote at a special meeting of the board of directors, notice having been duly given.

(3) Within 15 months after April 21, 1951, the corporation shall file a copy of the adopted resolution to reject, certified by the president or vice president and the secretary or assistant secretary, accompanied by a filing fee of (\$5) \$15, in the office of the secretary of state (, AND SHALL FILE A COPY THEREOF, DULY CERTIFIED BY THE SECRETARY OF STATE, FOR RECORD, ACCOMPANIED BY THE REQUIRED RECORDING FEE, IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY IN WHICH THE PRINCIPAL PLACE OF BUSINESS OF THE CORPORATION IS LOCATED).

((4) THE ELECTION TO REJECT SECTIONS 317.01 TO 317.25 BECOMES EFFECTIVE UPON THE FILING FOR RECORD OF A COPY OF THE ADOPTED RESOLUTION, DULY CERTIFIED BY THE SECRETARY OF STATE, IN THE OFFICE OF THE COUNTY RECORDER ONLY IF THE RESOLUTION IS FILED FOR RECORD WITHIN THE 15 MONTH PERIOD PRESCRIBED IN CLAUSE (3).)

Sec. 71. Minnesota Statutes 1980, Section 317.04, Subdivision 3, is amended to read:

Subd. 3. [ELECTION TO ACCEPT.] (1) Whether or not a domestic corporation has elected to reject under subdivision 2, it may at any time accept and come under the provisions of sections 317.01 to 317.25 by adopting a resolution of acceptance by a majority vote of all the directors entitled to vote at a special meeting of the board of directors, notice having been duly given, and by certifying and filing the resolution in the manner prescribed by subdivision 2, clause (3), for effecting a rejection. For filing a resolution of acceptance the secretary of state shall collect a fee of (\$10) \$15.

(2) The election to accept sections 317.01 to 317.25 becomes effective upon the filing for record ((A)) of a copy of the adopted resolution to accept, together with articles of incorporation and amendments thereto with the secretary of state (, AND (B) OF THE RESOLUTION TO ACCEPT, DULY CERTIFIED BY THE SECRETARY OF STATE, WITH THE COUNTY RECORDER OF THE COUNTY IN WHICH THE PRINCIPAL PLACE OF BUSINESS OF THE CORPORATION IS LOCATED).

Sec. 72. Minnesota Statutes 1980, Section 317.36, is amended to read:

317.36 [AGREEMENT, FILING, RECORDING; CERTIFICATE ISSUED.]

(1) Upon execution of the agreement of merger or consolidation, the agreement and required copies shall be delivered to the secretary of state at his office, accompanied by the fees prescribed by section 317.67.

(2) If the secretary of state finds that the agreement conforms to law, and the prescribed fees have been paid, he shall endorse his approval upon the agreement and each copy, file and record the original of the agreement in his office, and issue a certificate of merger or a certificate of consolidation and incorporation, as (THE CASE MAY BE) *appropriate*. The secretary of state shall file and record a copy of the certificate in his office. (HE SHALL RETAIN A SUFFICIENT NUMBER OF THE REMAINING COPIES OF THE AGREEMENT TO ENABLE HIM TO COMPLY WITH CLAUSE (3).) He shall return the remaining copies bearing the endorsement of his approval, together with the certificate of merger or the certificate of consolidation and incorporation, to the single corporation.

((3) THE SECRETARY OF STATE SHALL FILE FOR RECORD A COPY OF THE AGREEMENT, CERTIFIED AS REQUIRED BY SECTION 317.35, CLAUSE (2), IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY IN WHICH EACH CONSTITUENT CORPORATION HAD ITS REGISTERED OFFICE AND IN THE COUNTY IN WHICH THE SINGLE CORPORATION HAS ITS REGISTERED OFFICE.)

Sec. 73. Minnesota Statutes 1980, Section 317.42, Subdivision 3, is amended to read:

Subd. 3. [FILING, RECORDING.] When a domestic corporation merges or consolidates with a foreign corporation pursuant to the law of a state or place other than this state, the single corporation shall file for record a copy of the agreement of merger or consolidation, certified by the proper official of

(SUCH) *the* state or place, accompanied by the fees prescribed by section 317.67, in the office of the secretary of state of this state. (THE SECRETARY OF STATE SHALL FILE FOR RECORD A CERTIFIED COPY OF THE AGREEMENT OF MERGER OR CONSOLIDATION IN THE OFFICE OF THE COUNTY RECORDER OF EACH COUNTY IN THIS STATE IN WHICH THE REGISTERED OFFICE OF A CONSTITUENT DOMESTIC CORPORATION WAS LOCATED.)

Sec. 74. Minnesota Statutes 1980, Section 317.67, Subdivision 2, is amended to read:

Subd. 2. (IN ADDITION TO THE FEES PRESCRIBED BY SUBDIVISION 1,) The secretary of state shall collect a fee of (\$10) \$15 for filing any instrument that is required to be filed under this chapter.

Sec. 75. Minnesota Statutes 1980, Section 330.01, Subdivision 1, is amended to read:

Subdivision 1. (a) The county auditor may license any person having the qualifications specified in clause (b) of this subdivision as an auctioneer. (SUCH) *The* license shall be issued by the auditor and shall authorize the licensee to conduct the business of an auctioneer in the state of Minnesota for the period of one year. It shall be recorded by the auditor in a book kept for that purpose. Before (SUCH) *the* license is issued the applicant shall pay into the county treasury a fee of (\$15) \$20. The auditor shall, not later than the 15th day of the following month, transmit a copy of the license to the secretary of state together with (\$5) \$10 of the fee, which shall be deposited in the general fund.

(b) A natural person is qualified to be licensed as an auctioneer if 18 years of age or over and a resident of the county of application for at least six months immediately preceding the date of application. No copartnership, association or corporation may be licensed as an auctioneer. However, nothing in this subdivision shall be construed as preventing auctioneers who are duly licensed in accordance with the provisions of this chapter, from combining in associations, copartnerships, or corporations, provided that each and every member of (SUCH) *these* associations or copartnerships and each and every person or agent conducting auction sales on behalf of (SUCH) *these* corporations is a duly licensed auctioneer as provided in this chapter. Nothing herein shall be construed to apply to a person selling at an auction property owned by him for at least six months.

Sec. 76. 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. 77. 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 became 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. 78. 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 YEARS) *one year* after the termination of the services for which the deposit or advance payment was made is presumed abandoned.

Sec. 79. 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. 80. 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 institu-

tions. 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. 81. 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) *three* 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) unidentified 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. 82. Minnesota Statutes 1980, Section 473.408, Subdivision 3, is amended to read:

Subd. 3. [SPECIAL FARES.] In off-peak hours the commission and other operators shall charge the following reduced fares for transit service:

(a) not more than 20 cents plus any zone charges for all persons under the age of 18 holding an identification card issued by the commission;

(b) not more than ten cents for all persons 65 years of age and over holding a medicare card or other identification card authorized or approved by the commission; and

(c) not more than one-half of the full fare for all handicapped persons, as defined by the commission.

(ANY PERSON QUALIFYING FOR A REDUCED FARE PURSUANT TO CLAUSE (B) WHOSE INCOME IS BELOW 150 PERCENT OF POVERTY GUIDELINES ESTABLISHED BY THE FEDERAL COMMUNITY SERVICES ADMINISTRATION MAY QUALIFY FOR EXEMPTION FROM THE FARE OTHERWISE REQUIRED TO BE PAID UNDER CLAUSE (B). THE PERSON MAY QUALIFY FOR EXEMPTION BY CERTIFYING INCOME LEVEL ON A FORM PROVIDED BY THE COMMISSION. THE COMMISSION SHALL ISSUE AN ANNUAL PASS TO PERSONS WHO QUALIFY FOR EXEMPTION AND SHALL REQUIRE THE PERSONS TO REQUALIFY ANNUALLY. THE COMMISSION SHALL MAKE APPROPRIATE CERTIFICATION FORMS AVAILABLE BY MAIL AND AT THE OFFICES AND INFORMATION CENTERS MAINTAINED BY THE COMMISSION.)

Sec. 83. 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 acquisi-

tion and betterment of property and other improvements 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. 84. Minnesota Statutes 1981 Supplement, Section 518.-551, Subdivision 7, is amended to read:

Subd. 7. [SERVICE FEE.] When the public agency responsible for child support enforcement provides child support collection services either to a public assistance recipient or to a party who does not receive public assistance, the public agency may upon written notice to the obligor charge a monthly collection fee equivalent to the full monthly cost to the county of providing collection services, in addition to the amount of the child support which was ordered by the court. The fee shall be deposited in the county general fund. The service fee assessed is limited to ten percent of the monthly court ordered child support and shall not be assessed to obligors who are current in payment of the monthly court ordered child support. No fee shall be imposed on the party who requests child support collection services.

However, the limitations of this subdivision on the assessment of fees shall not apply to the extent inconsistent with the requirements of federal law for receiving funds for the programs under Title IV-A and Title IV-D of the Social Security Act, 42 U.S.C. 601 to 618 and 42 U.S.C. 651 to 662.

Sec. 85. Minnesota Statutes 1980, Section 540.152, is amended to read:

540.152. [SERVICE OF PROCESS ON UNIONS, GROUPS OR ASSOCIATIONS.]

The transaction of any acts, business or activities within the state of Minnesota by any officer, agent, representative, employee or member of any union or other groups or associations having officers, agents, members or property without the state on behalf of the union or other groups or associations or any of its members or affiliated local unions shall be deemed an appointment by the union or other groups or associations of the secretary of state of the state of Minnesota to be the true and lawful attorney of the union or other groups or associations, upon whom may be served all legal processes or notices in any action or proceeding against or involving the union or other groups or associa-

tions growing out of any acts, business or activities within the state of Minnesota resulting in damage or loss to person or property or giving rise to any cause of action under the laws of the state of Minnesota or to any matters or proceedings arising under the Minnesota Labor Relations Act. Such acts, business or activities shall be a signification of the agreement of the union or other groups or associations and its members that any process or notice in any action, matter or proceeding against or involving it, which is so served, shall be of the same legal force and validity as if served upon the union or other groups or associations and its members personally. Service of process or notice shall be made by filing a copy thereof in the office of the secretary of state, together with payment of a fee of (\$10) \$15 and together with an affidavit that no officer or managing agent of the union or other group or association has been found in this state (AND THEREUPON). The service shall be sufficient service upon the union or other groups or associations and its members (; AND). Notice of service and a copy of the process or notice shall, within ten days thereafter, be sent by mail by the person who caused it to be served on the union or other groups or associations at its last known address and an affidavit of compliance with the provisions of this chapter shall be filed with the court or other state agency or department before which the action, matter, or proceeding is pending.

Sec. 86. Minnesota Statutes 1980, Section 543.08, is amended to read:

543.08 [SUMMONS, SERVICE UPON CERTAIN CORPORATIONS.]

If a private domestic corporation has no officer within the state upon whom service can be made, of which fact the return of the sheriff that none can be found in his county shall be conclusive evidence, service of the summons upon it may be made by depositing two copies, together with a fee of (\$10) \$15 with the secretary of state, which shall be deemed personal service upon the corporation. One of the copies shall be filed by the secretary, and the other forthwith mailed by him to the corporation *by certified mail*, if the place of its main office is known to him or is disclosed by the files of his office.

If the defendant is a foreign insurance corporation, the summons may be served by two copies delivered to the insurance commissioner, who shall file one in his office and forthwith mail the other postage prepaid to the defendant at its home office.

Sec. 87. [REPEALER.]

Minnesota Statutes 1980, Sections 303.08, Subdivision 3; 303.12; 303.14, Subdivision 2; 303.15; 303.21, Subdivisions 1 and 2; 317.11; 317.19, Subdivision 3; 317.43; and 317.67, Subdivision

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

Sec. 88. [REPEALER.]

Minnesota Statutes 1980, Section 256.935, Subdivision 2 and Minnesota Statutes 1981 Supplement, Section 257.021, are repealed.

Sec. 89. [REPEALER.]

Minnesota Statutes 1981 Supplement, Sections 48.159, Subdivision 2; 50.157, Subdivision 2; 51A.21, Subdivision 16a; 52.136; and 290.08, Subdivision 25, are repealed.

Sec. 90. [EFFECTIVE DATE.]

Except as otherwise specifically provided in this article, this article is effective January 1, 1982. Sections 1 to 7 are effective the day following final enactment. Section 50 is effective December 31, 1981. Sections 14 to 16 are effective April 1, 1982. Sections 31 to 48, 84, and 88 are effective on the first day of the first month immediately following adjournment of the third special session of the legislature commenced in 1981, except that the amendment to Minnesota Statutes 1980, Section 256.74, Subdivision 1, adding clause (6) is effective on the first day of the fifth month immediately following adjournment of the third special session commenced in 1981. Sections 51, 52, and 89 are effective the day following final enactment, except that, with respect to amounts deposited in an individual housing account prior to the effective date of sections 51, 52, and 89 pursuant to the provisions of Minnesota Statutes 1980, Section 290.09, Subdivision 30, or Laws 1981, First Special Session, Chapter 1, Article IX, the provisions of those laws shall remain in effect until the proceeds of the account have been distributed.

ARTICLE II

EDUCATION AID REDUCTIONS AND SUSPENSIONS

Section 1. Minnesota Statutes 1981 Supplement, Section 16A.15, Subdivision 1, is amended to read:

Subdivision 1. [REDUCTION.] In case the commissioner of finance shall discover at any time that the probable receipts from taxes or other sources for any appropriation, fund, or item will be less than was anticipated, and that consequently the amount available for the remainder of the biennium will be less than the amount estimated or allotted therefor, he shall, with the approval of the governor, and after notice to the agency concerned, either:

(a) after consultation with the legislative advisory commission created by section 3.30, transfer from the budget reserve account established in section 16A.153, to the general fund the amount necessary to balance revenue and expenditures;

(b) reduce the amount allotted or to be allotted so as to prevent a deficit; or

(c) make any combination of transfers and reductions as provided by clauses (a) and (b).

(PROVIDED, HOWEVER, NO ALLOTMENT PURSUANT TO AN APPROPRIATION FOR STATE AIDS, PAYMENTS, REIMBURSEMENTS OR FUND TRANSFERS TO OR ON BEHALF OF SCHOOL DISTRICTS SHALL BE REDUCED PURSUANT TO THIS SUBDIVISION.) In like manner he shall request reduction of the amount allotted or to be allotted to any agency by the amount of any saving which can be effected upon previous spending plans through a reduction in prices or other cause.

Sec. 2. Minnesota Statutes 1981 Supplement, Section 124.2122, Subdivision 1, is amended to read:

Subdivision 1. [FORMULA ALLOWANCE.] "Foundation aid formula allowance" or "formula allowance" means the amount of revenue per pupil unit used in the computation of foundation aid for a particular school year and in the computation of permissible levies for use in that school year. The formula allowance shall be \$1,333 for foundation aid for the 1981-1982 school year. The formula allowance shall be (\$1,416) \$1,346 for 1981 payable 1982 levies and for foundation aid for the 1982-1983 school year.

Sec. 3. Minnesota Statutes 1981 Supplement, Section 124.2122, Subdivision 2, is amended to read:

Subd. 2. [BASIC MAINTENANCE MILL RATE.] "Basic maintenance mill rate" means the mill rate applicable to the adjusted assessed valuation of a district, used in the computation of basic foundation aid for a particular school year and of the basic maintenance levy for use in that school year. The basic maintenance mill rate shall be .021 for the 1980 payable 1981 levy and for foundation aid for the 1981-1982 school year. The basic maintenance mill rate shall be (.023) .025 for 1981 payable 1982 levies and for foundation aid for the 1982-1983 school year.

Sec. 4. Minnesota Statutes 1981 Supplement, Section 124.2121, Subdivision 4, is amended to read:

Subd. 4. [EQUALIZING FACTOR.] "Equalizing factor" means a number equal to the minimum EARC valuation per

actual and AFDC pupil unit which disqualifies a district from earning any basic foundation aid. The equalizing factor for each school year and for levies for use in that school year equals the ratio, rounded to the nearest dollar, of the foundation aid formula allowance for that school year to the basic maintenance mill rate for that school year. *However, the equalizing factor for discretionary and replacement aids for the 1982-1983 school year shall be \$61,565.*

Sec. 5. Laws 1981, Chapter 358, Article 7, Section 29, is amended to read:

Sec. 29. [EXEMPTION FROM PUBLIC SALE.] Notwithstanding Minnesota Statutes, Section 124.76, from (THE EFFECTIVE DATE OF THIS SECTION OF THIS ARTICLE) *June 1, 1981* until (JANUARY 1, 1982) *June 30, 1983*, the requirements as to public sale of tax and aid anticipation certificates of indebtedness shall not apply to certificates which mature no later than six months after their date of issue. The interest rate on these certificates may be determined by direct negotiation.

Sec. 6. [RECERTIFICATION OF LEVY.]

Notwithstanding the provisions of Minnesota Statutes, Chapter 275 or any other law to the contrary, by December 31, 1981 each school district shall recertify the basic maintenance levy authorized in Minnesota Statutes, Section 275.125, Subdivision 2a, for taxes assessed in 1981, payable in 1982, as provided in this section. The school district shall add an amount to the basic maintenance levy equal to the lesser of:

- (a) *the difference between*
 - (1) *the product of*
 - (A) *the estimated number of actual pupil units, as defined in Minnesota Statutes, Section 124.2121, Subdivision 3, Clause (a), in the district in the 1982-1983 school year, times*
 - (B) *\$1,346, and*
 - (2) *the amount already certified in 1981 by the district for basic maintenance purposes; or*
 - (b) *two mills times the 1980 adjusted assessed valuation of the district.*

This section shall not apply to districts in which the basic maintenance levy was computed under the provisions of Minnesota Statutes, Section 275.125, Subdivision 2e.

Sec. 7. [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, multi-type 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. 8. [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 7. The commissioner shall issue a certificate of unpaid aids for the certified amount to be paid by February 26, 1982.

Sec. 9. [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, multi-type 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 7, plus interest as provided in section 10.

Sec. 10. [PAYMENT OF INTEREST.]

The state shall pay interest on any state aids, payments, reimbursements or fund transfers suspended pursuant to section 7. 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 suspended payment was scheduled to be made to the school district, public library system, multi-type library systems, educational cooperative service unit, or regional management information system.

Sec. 11. Laws 1981, Chapter 358, Article I, Section 50, Subdivision 3, is amended to read:

Subd. 3. [SUMMER SCHOOL.] For state aid for summer school there is appropriated:

\$11,470,400 1982 (,)

(\$11,930,400 1983).

The appropriation for 1982 is for 1981 summer school programs.

(THE APPROPRIATION FOR 1983 IS FOR 1982 SUMMER SCHOOL PROGRAMS.)

If the appropriation (AMOUNTS) amount for this purpose (ARE) is insufficient, the aid shall be prorated among all qualifying districts and the state shall not be obligated for any amount in excess of the (APPROPRIATIONS) appropriation in this subdivision for this purpose.

Sec. 12. [APPROPRIATION REDUCTIONS.]

Subdivision 1. The sum of appropriations for foundation aid for fiscal year 1983 in Laws 1981, Chapter 358, Section 50, Subdivision 2, and Laws 1981, First Special Session, Chapter 2, Section 2, Subdivision 1, is reduced by \$90,701,500.

Subd. 2. Appropriations made for fiscal year 1983 pursuant to Laws 1981, Chapter 358, Article I, Section 50, Subdivision 3; Article II, Section 15, Subdivision 2; Article III, Section 21, Subdivisions 2, 3, 4, 5, 6, and 7; Article IV, Section 12, Subdivisions 2 and 3; Article VI, Section 46, Subdivisions 2, 3, 4, 5, 6, 7, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, and 20; Article VIII, Section 20, Subdivisions 2, 3, and 4; and Laws 1981, First Special Session, Chapter 2, Section 2, Subdivision 3 and Section 9, Subdivision 2, are reduced by seven and one-half percent.

Subd. 3. Appropriations made for fiscal year 1983 pursuant to Laws 1981, Chapter 358, Article V, Section 48, Subdivisions 2, 3, 4, 5, 6, 9, 10, 11, 12, and 13, are reduced by eight percent.

Sec. 13. [APPROPRIATION.]

An amount sufficient to pay the interest payable under section 10 is appropriated from the general fund to the commissioner of education.

Sec. 14. [REPEALER.]

Minnesota Statutes 1981 Supplement, Sections 124.20, Subdivision 3; 124.781; and 275.125, Subdivision 2f, are repealed. Laws 1981, First Special Session, Chapter 2, Section 2, Subdivision 2, is repealed.

Sec. 15. [EFFECTIVE DATE.]

Sections 1 to 14 are effective the day following final enactment.

ARTICLE III**TAXATION**

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. All school district tax receipts from the March and June settlements 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 for the 1982-1983 school year shall be reduced as provided in this section.

Subd. 2. [AMOUNT OF REDUCTION.] State aid due any school district in fiscal year 1983 for the 1982-1983 school year 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. The district levy against which the reduction is applied shall not include 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 levied for repayment of debt service loans and capital loans; the amounts levied to pay the district's obligations under section 268.06, subdivision 25; and amounts levied pursuant to section 275.125, subdivisions 2d, 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 authorized in section 124.212, subdivision 1;

(b) Secondary vocational aid authorized 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 2d, 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. [124.116] [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 and 2 on the cash flow needs of the school districts. Notwithstanding the provisions of section 11A.20, subdivision 3, the investment income on funds credited to the cash flow loan fund shall accrue and be 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 70 percent of the loan amount by June 25 of that particular school year and the remaining 30 percent 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 moneys in the cash flow loan fund on June 29, 1985 shall cancel 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 \$133,000,000. 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. On June 30, 1983, \$53,000,000 of the balance in the cash flow loan fund shall cancel into the general fund. Any balance in excess of that amount shall not cancel and shall be available for loans to be made in fiscal years 1984 and 1985. Loan payments made after June 30, 1983 are also appropriated for loans to be made in fiscal years 1984 and 1985.

Sec. 5. [LEGISLATURE TO EVALUATE CASH FLOW.]

Before July 1, 1982, the legislature intends to evaluate the effect of this article 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. 6. Minnesota Statutes 1981 Supplement, Section 273.13, Subdivision 15b, is amended to read:

Subd. 15b. [PROPERTY TAX CREDITS LIMITATION.] The property tax subject to the 58 percent homestead credit provided by subdivisions 6, 7 and 14a, to the homestead property tax relief provided by section 273.135 and to the supplementary homestead property tax relief provided by section 273.1391, shall be based on the total mill rate of all taxing districts levying a tax on the homestead property unless the payable 1982 total levy excluding any amount levied pursuant to section 275.50, subdivision 5, clause (k), of a taxing district other than a school district or the metropolitan transit commission is more than 108 percent of its payable 1981 total levy. If the payable 1982 total levy excluding any amount levied pursuant to section 275.50, subdivision 5, clause (k), of such taxing district is more than 108 percent of its payable 1981 total levy, then that total mill rate shall be based on 108 percent of the taxing district's payable 1981 total levy, plus any amount levied pursuant to section 275.50, subdivision 5, clause (k), for taxes payable in 1982. The commissioner of revenue shall determine and certify to all county auditors the product of each taxing district's payable 1981 total levy multiplied by 108 percent, plus any amount levied pursuant to section 275.50, subdivision 5, clause (k), for taxes payable in 1982. In the event that the sum of the county auditors' certifications exceeds the amounts appropriated, the commissioner of revenue shall proportionally reduce the certification amounts so that their sum equals the appropriation.

Sec. 7. [RECERTIFICATION.]

The county auditor of any county in which an amount was levied for taxes payable in 1982 pursuant to section 275.50, subdi-

vision 5, clause (k), shall notify the commissioner of revenue. The commissioner of revenue shall recertify to the county auditor the property tax credits limitation amounts for taxes payable in 1982.

Sec. 8. 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) *The treasurer 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) the clerk's 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) *The treasurer 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. 9. Minnesota Statutes 1981 Supplement, Section 290.01, Subdivision 20, is amended to read:

Subd. 20. [GROSS INCOME.] Except as otherwise provided in this chapter, the term "gross income," as applied to corporations includes every kind of compensation for labor or per-

sonal services of every kind from any private or public employment, office, position or services; income derived from the ownership or use of property; gains or profits derived from every kind of disposition of, or every kind of dealing in, property; income derived from the transaction of any trade or business; and income derived from any source; except that gross income shall not include "exempt function income" of a "homeowners association" as those terms are defined in Section 528 of the Internal Revenue Code of 1954, as amended through December 31, 1980.

The term "gross income" in its application to individuals, estates, and trusts shall mean the adjusted gross income as defined in the Internal Revenue Code of 1954, as amended through the date specified herein for the applicable taxable year, with the modifications specified in this subdivision. For estates and trusts the adjusted gross income shall be their federal taxable income as defined in the Internal Revenue Code of 1954, as amended through the date specified herein for the applicable taxable year, with the modifications specified in this subdivision and with the modification that the federal deduction for personal exemptions for trusts and estates shall not be allowed.

(i) The Internal Revenue Code of 1954, as amended through December 31, 1974, shall be in effect for the taxable years beginning after December 31, 1974.

(ii) The Internal Revenue Code of 1954, as amended through December 31, 1976, including the amendments made to section 280A (relating to licensed day care centers) in H. R. 3477 as it passed the Congress on May 16, 1977, shall be in effect for the taxable years beginning after December 31, 1976. The provisions of the Tax Reform Act of 1976, P.L. 94-455, which affect adjusted gross income shall become effective for purposes of this chapter at the same time they become effective for federal income tax purposes. Section 207 (relating to extension of period for nonrecognition of gain on sale or exchange of residence) and section 402 (relating to time for making contributions to pension plans of self employed people) of P.L. 94-12 shall be effective for taxable years beginning after December 31, 1974.

The provisions of section 4 of P.L. 95-458, sections 131, 133, 134, 141, 152, 156, 157, 405, and 543 of P.L. 95-600, and section 2 of P.L. 96-608 (relating to pensions, individual retirement accounts, deferred compensation plans, the sale of a residence and to conservation payments to farmers) including the amendments made to these sections in P.L. 96-222 shall be effective at the same time that these provisions became effective for federal income tax purposes.

(iii) The Internal Revenue Code of 1954, as amended through December 31, 1979, shall be in effect for taxable years beginning after December 31, 1979.

(iv) The Internal Revenue Code of 1954, as amended through December 31, 1980, and as amended by sections 501 to 509 of Public Law Number 97-34, shall be in effect for taxable years beginning after December 31, 1980 including the provisions of section 404 (relating to partial exclusions of dividends and interest received by individuals) of the Crude Oil Windfall Profit Tax Act of 1980, P.L. 96-223. The provisions of P.L. 96-471 (relating to installment sales) and sections 501 to 507, of the Economic Recovery Tax Act of 1981, Public Law Number 97-34 shall be effective at the same time that they become effective for federal income tax purposes.

References to the Internal Revenue Code of 1954 in clauses (a), (b) and (c) following shall mean the code in effect for the purpose of defining gross income for the applicable taxable year.

(a) Modifications increasing federal adjusted gross income. There shall be added to federal adjusted gross income:

(1) Interest income on obligations of any state other than Minnesota or a political subdivision of any other state exempt from federal income taxes under the Internal Revenue Code of 1954;

(2) A business casualty loss if the taxpayer elected to deduct the loss on the current year's federal income tax return but had deducted the loss on the previous year's Minnesota income tax return;

(3) Income taxes imposed by this state or any other taxing jurisdiction, to the extent deductible in determining federal adjusted gross income and not credited against federal income tax;

(4) Interest on indebtedness incurred or continued to purchase or carry securities the income from which is exempt from tax under this chapter, to the extent deductible in determining federal adjusted gross income;

(5) Amounts received as reimbursement for an expense of sickness or injury which was deducted in a prior taxable year to the extent that the deduction for the reimbursed expenditure resulted in a tax benefit;

(6) The amount of any federal income tax overpayment for any previous taxable year, received as refund or credited to another taxable year's income tax liability, proportionate to the percentage of federal income tax that was claimed as a deduction in determining Minnesota income tax for the previous taxable year. The amount of the federal income tax overpayment shall be reported only to the extent that the amount resulted in a reduction of the tax imposed by this chapter.

The overpayment refund or credit, determined with respect to a husband and wife on a joint federal income tax return for a previous taxable year, shall be reported on joint, combined, or separate Minnesota income tax returns. In the case of combined or separate Minnesota returns, the overpayment shall be reported by each spouse proportionately according to the relative amounts of federal income tax claimed as a deduction on his or her combined or separate Minnesota income tax return for such previous taxable year;

(7) In the case of a change of residence from Minnesota to another state or nation, the amount of moving expenses which exceed total reimbursements and which were therefore deducted in arriving at federal adjusted gross income;

(8) The amount of any increase in the taxpayer's federal tax liability under section 47 of the Internal Revenue Code of 1954 to the extent of the credit under section 38 of the Internal Revenue Code of 1954 that was previously allowed as a deduction either under section 290.01, subdivision 20 (b) (7);

(9) Expenses and losses arising from a farm which are not allowable under section 290.09, subdivision 29;

(10) Expenses and depreciation attributable to substandard buildings disallowed by section 290.101;

(11) The amount by which the gain determined pursuant to section 41.59, subdivision 2 exceeds the amount of such gain included in federal adjusted gross income;

(12) To the extent deducted in computing the taxpayer's federal adjusted gross income for the taxable year, losses recognized upon a transfer of property to the spouse or former spouse of the taxpayer in exchange for the release of the spouse's marital rights;

(13) Interest income from qualified scholarship funding bonds as defined in section 103(e) of the Internal Revenue Code of 1954, if the nonprofit corporation is domiciled outside of Minnesota;

(14) Exempt-interest dividends, as defined in section 852(b) (5)(A) of the Internal Revenue Code of 1954, not included in federal adjusted gross income pursuant to section 852(b) (5)(B) of the Internal Revenue Code of 1954, except for that portion of exempt-interest dividends derived from interest income on obligations of the state of Minnesota, any of its political or governmental subdivisions, any of its municipalities, or any of its governmental agencies or instrumentalities;

(15) The amount of any excluded gain recognized by a trust on the sale or exchange of property as defined in section 641(c) (1) of the Internal Revenue Code of 1954;

(16) An amount equal to one-sixth of any gain from the sale or other disposition of property deducted under sections 1202 (a) and 1202(c)(1) of the Internal Revenue Code of 1954;

(17) To the extent not included in the taxpayer's federal adjusted gross income, the amount of any gain, from the sale or other disposition of property having a lower adjusted basis for Minnesota income tax purposes than for federal income tax purposes. This modification shall not exceed the difference in basis. If the gain is considered a long term capital gain for federal income tax purposes, the modification shall be limited to 50 percent of the portion of the gain. This modification is limited to property that qualified for the energy credit contained in section 290.06, subdivision 14, and to property acquired in exchange for the release of the taxpayer's marital rights contained in section 290.14, clause (9);

(18) The amount of any loss from a source outside of Minnesota which is not allowed under section 290.17 including any capital loss or net operating loss carryforwards or carrybacks resulting from the loss;

(19) The amount of a distribution from an individual housing account which is to be included in gross income as required under section 290.08, subdivision 25;

(20) To the extent deducted in computing the taxpayer's federal adjusted gross income, interest, taxes and other expenses which are not allowed under section 290.10, clause (9) or (10); and

(21) To the extent excluded from federal adjusted gross income, in the case of a city manager or city administrator who elects to be excluded from the public employees retirement association and who makes contributions to a deferred compensation program pursuant to section 353.028, the amount of contributions made by the city manager or administrator which is equal to the amount which would have been the city manager's or administrator's employee contribution pursuant to section 353.27, subdivision 2, if he were a member of the public employees retirement association.

(b) Modifications reducing federal adjusted gross income. There shall be subtracted from federal adjusted gross income:

(1) Interest income on obligations of any authority, commission or instrumentality of the United States to the extent includible in gross income for federal income tax purposes but exempt from state income tax under the laws of the United States;

(2) The portion of any gain, from the sale or other disposition of property having a higher adjusted basis for Minnesota income tax purposes than for federal income tax purposes, that

does not exceed such difference in basis; but if such gain is considered a long-term capital gain for federal income tax purposes, the modification shall be limited to 50 per centum of the portion of the gain. This modification shall not be applicable if the difference in basis is due to disallowance of depreciation pursuant to section 290.101.

(3) Interest or dividend income on securities to the extent exempt from income tax under the laws of this state authorizing the issuance of the securities but includible in gross income for federal income tax purposes;

(4) Losses, not otherwise reducing federal adjusted gross income assignable to Minnesota, arising from events or transactions which are assignable to Minnesota under the provisions of sections 290.17 to 290.20, including any capital loss or net operating loss carryforwards or carrybacks or out of state loss carryforwards resulting from the losses, and including any farm loss carryforwards or carrybacks;

(5) If included in federal adjusted gross income, the amount of any credit received, whether received as a refund or credit to another taxable year's income tax liability, pursuant to chapter 290A, and the amount of any overpayment of income tax to Minnesota, or any other state, for any previous taxable year, whether the amount is received as a refund or credited to another taxable year's income tax liability;

(6) To the extent included in federal adjusted gross income, or the amount reflected as the ordinary income portion of a lump sum distribution under section 402(e) of the Internal Revenue Code of 1954, notwithstanding any other law to the contrary, the amount received by any person (i) from the United States, its agencies or instrumentalities, the Federal Reserve Bank or from the state of Minnesota or any of its political or governmental subdivisions or from any other state or its political or governmental subdivisions, or a Minnesota volunteer firefighter's relief association, by way of payment as a pension, public employee retirement benefit, or any combination thereof, or (ii) 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. The maximum amount of this subtraction shall be \$11,000 less the amount by which the individual's federal adjusted gross income, plus the ordinary income portion of a lump sum distribution as defined in section 402(e) of the Internal Revenue Code of 1954, exceeds \$17,000. In the case of a volunteer firefighter who receives an involuntary lump sum distribution of his pension or retirement benefits, the maximum amount of this subtraction shall be \$11,000; this subtraction shall not be reduced by the amount of the individual's federal adjusted gross income in excess of \$17,000;

(7) The amount of any credit to the taxpayer's federal tax liability under section 38 of the Internal Revenue Code of 1954

but only to the extent that the credit is connected with or allocable against the production or receipt of income included in the measure of the tax imposed by this chapter;

(8) To the extent included in the taxpayer's federal adjusted gross income for the taxable year, gain recognized upon a transfer of property to the spouse or former spouse of the taxpayer in exchange for the release of the spouse's marital rights;

(9) The amount of any distribution from a qualified pension or profit sharing plan included in federal adjusted gross income in the year of receipt to the extent of any contribution not previously allowed as a deduction by reason of a change in federal law which was not adopted by Minnesota law for a taxable year beginning in 1974 or later;

(10) Interest, including payment adjustment to the extent that it is applied to interest, earned by the seller of the property on a family farm security loan executed before January 1, 1986 that is guaranteed by the commissioner of agriculture as provided in sections 41.51 to 41.60;

(11) The first \$3,000 of compensation for personal services in the armed forces of the United States or the United Nations, and the next \$2,000 of compensation for personal services in the armed forces of the United States or the United Nations wholly performed outside the state of Minnesota. This modification does not apply to compensation defined in clause (b) (6);

(12) The amount of any income earned for personal services rendered outside of Minnesota prior to the date when the taxpayer became a resident of Minnesota. This modification does not apply to compensation defined in clause (b) (6);

(13) In the case of wages or salaries paid or incurred on or after January 1, 1977, the amount of any credit for employment of certain new employees under sections 44B and 51 to 53 of the Internal Revenue Code of 1954 which is claimed as a credit against the taxpayer's federal tax liability, but only to the extent that the credit is connected with or allocable against the production or receipt of income included in the measure of the tax imposed by this chapter;

(14) In the case of work incentive program expenses paid or incurred on or after January 1, 1979, the amount of any credit for expenses of work incentive programs under sections 40, 50A and 50B of the Internal Revenue Code of 1954 which is claimed as a credit against the taxpayer's federal tax liability, but only to the extent that the credit is connected with or allocable against the production or receipt of income included in the measure of the tax imposed by this chapter;

(15) Unemployment compensation to the extent includible in gross income for federal income tax purposes under section 85 of the Internal Revenue Code of 1954;

(16) To the extent included in federal adjusted gross income, severance pay that may be treated as a lump sum distribution under the provisions of section 290.032, subdivision 5;

(17) The amount of any income or gain which is not assignable to Minnesota under the provisions of section 290.17;

(18) Minnesota exempt-interest dividends as provided by subdivision 27;

(19) A business casualty loss which the taxpayer elected to deduct on the current year's Minnesota income tax return but did not deduct on the current year's federal income tax return; and

(20) Income from the performance of personal or professional services which is subject to the reciprocity exclusion contained in section 290.081, clause (a);

(21) To the extent included in federal adjusted gross income, in the case of a city manager or city administrator who elects to be excluded from the public employees retirement association and who makes contributions to a deferred compensation program pursuant to section 353.028, the amount of payments from the deferred compensation program equivalent to the amount of contributions taxed under clause (a)(21); and

(22) Contributions to and interest earned on an individual housing account as provided by section 290.08, subdivision 25.

(c) A modification affecting shareholders of electing small business corporations under section 1372 of the Internal Revenue Code of 1954 shall be made.

In cases where the election under section 1372 of the Internal Revenue Code of 1954 antedates the election under this chapter and at the close of the taxable year immediately preceding the effective election under this chapter the corporation has a reserve of undistributed taxable income previously taxed to shareholders under the provisions of the Internal Revenue Code of 1954, in the event and to the extent that the reserve is distributed to shareholders the distribution shall be taxed as a dividend for purposes of this chapter.

(d) Amounts transferred from a reserve or other account, if in effect transfers to surplus, shall, to the extent that the amounts were accumulated through deductions from gross income or entered into the computation of taxable net income

during any taxable year, be treated as gross income for the year in which the transfer occurs, but only to the extent that the amounts resulted in a reduction of the tax imposed by this chapter and amounts received as refunds on account of taxes deducted from gross income during any taxable year shall be treated as gross income for the year in which actually received, but only to the extent that such amounts resulted in a reduction of the tax imposed by this chapter.

(e) Modification in computing taxable income of the estate of a decedent. Amounts allowable under section 291.07, subdivision 1, clause (2) in computing Minnesota inheritance or estate tax liability shall not be allowed as a deduction (or as an offset against the sales price of property in determining gain or loss) in computing the taxable income of the estate or any person unless there is filed within the time and in the manner and form prescribed by the commissioner a statement that the amounts have not been allowed as a deduction under section 291.07 and a waiver of the right to have the amounts allowed at any time as deductions under section 291.07. The provisions of this paragraph shall not apply with respect to deductions allowed under section 290.077 (relating to income in respect of decedents). In the event that the election made for federal tax purposes under section 642(g) of the Internal Revenue Code of 1954 differs from the election made under this paragraph appropriate modification of the estate's federal taxable income shall be made to implement the election made under this paragraph in accordance with regulations prescribed by the commissioner.

Sec. 10. Minnesota Statutes 1981 Supplement, Section 290.09, Subdivision 3, is amended to read:

Subd. 3. [INTEREST.] (a) All interest paid or accrued within the taxable year on indebtedness, except as hereinafter provided.

(b) Interest paid or accrued within the taxable year on indebtedness incurred or continued to purchase or carry obligations or securities the income from which is excludable from gross income under sections 290.01, subdivision 20 or 290.08, or shares of a regulated investment company which during the taxable year of the holder thereof distributes Minnesota exempt-interest dividends as defined in section 290.01, subdivision 27, or on indebtedness described in section 264(a)(2) and (3), (b) and (c) (relating to life insurance) of the Internal Revenue Code of 1954, as amended through December 31, 1980 shall not be allowed as a deduction.

(c) If personal property or educational services are purchased under a contract the provisions of section 163(b) of the Internal Revenue Code of 1954, as amended through December 31, 1980 shall apply.

(d) A cash basis taxpayer may elect to deduct interest as it accrues on a reverse mortgage loan as defined in section 47.58, subdivision 1, rather than when it is actually paid. This election must be made, if at all, in the first taxable year in which it is available to the cash basis taxpayer and, if made, shall be binding on the taxpayer for each subsequent taxable year until maturity of the loan.

(e) In the case of a taxpayer other than a corporation, the amount of interest on investment indebtedness allowable as a deduction shall be allowed and limited as set forth in section 163(d) of the Internal Revenue Code of 1954, as amended through December 31, 1980. The limitation prescribed in section 163(d)(1)(A) for married individuals who file separate returns shall also apply to married individuals who file separately on one return.

(f) A taxpayer may not deduct interest on indebtedness incurred or continued to purchase or carry obligations or shares, or to make deposits or other investments, the interest on which is described in section 116(c) of the Internal Revenue Code of 1954, as amended through December 31, 1980 to the extent such interest is excludable from gross income under section 116 of the Internal Revenue Code of 1954 as amended through December 31, 1980. *Interest and carrying costs in the case of straddles shall be treated as provided in section 263(g) of the Internal Revenue Code of 1954, as amended through October 2, 1981.*

Sec. 11. Minnesota Statutes 1981 Supplement, Section 290.06, Subdivision 2d, is amended to read:

Subd. 2d. [INFLATION ADJUSTMENT OF BRACKETS.]

(a) *Subject to the provisions of clause (b), for taxable years beginning after December 31, 1980, 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. 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, to, in 1981, August, 1981, 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 to, in 1981, tax year 1981, 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.

(b) For the first taxable year of each taxpayer beginning after December 31, 1981, the taxable net income brackets adjusted according to the percentages determined by October 1, 1982 shall be further adjusted by reducing the dollar amount in each bracket by 12.3 percent. The bracket amounts resulting from this adjustment shall be those subject to subsequent adjustments pursuant to clause (a) for taxable years beginning after December 31, 1982. The 12.3 percent adjustment provided in this clause does not apply to the adjustment of the personal credit amounts or the maximum standard deduction amount pursuant to clause (a).

Sec. 12. 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 state 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 allowance 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. 13. 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. 14. Minnesota Statutes 1981 Supplement, Section 290.53, Subdivision 1, is amended to read:

Subdivision 1. [FAILURE TO PAY TAX.] If any tax imposed by this chapter is not paid within the time herein specified for the payment thereof, or within 30 days after final determination of an appeal to the tax court relating thereto *if the taxpayer is not required to pay the amount in dispute pending appeal under section 15*, there shall be added thereto a specific penalty equal to ten percent of the amount so remaining unpaid. Such penalty shall be collected as part of said tax, and the amount of said tax not timely paid, together with said penalty shall bear interest at the rate specified in section 270.75 from the time such tax should have been paid until paid. Interest accruing upon the tax due as disclosed by the return or upon the amount determined as a deficiency from the date prescribed for the payment of the tax (if the tax is payable in installments, from the date the installment or installments become due and payable under the provisions of section 290.45, subdivision 1) shall be added to the tax and be collected as a part thereof. Where an extension of time for payment has been granted under section 290.45, subdivision 2, interest shall be paid at the rate specified in section 270.75 from the date when such payment should have been made if no extension had been granted, until such tax is paid. If payment is not made at the expiration of the extended period the penalties provided in this section shall apply.

Sec. 15. [290.531] [PAYMENT OF TAX PENDING APPEAL.]

When a taxpayer appeals his tax liability under chapter 290 to the tax court, and the amount in dispute is more than \$4,000, the entire amount of the tax shall be paid at the time it is due unless permission to continue prosecution of the petition without payment is obtained as provided herein. The petitioner, upon ten days notice to the commissioner, may apply to the court for permission to continue prosecution of the petition without payment; and, if it is made to appear

- (1) *That the proposed review is to be taken in good faith;*
- (2) *That there is probable cause to believe that the taxpayer may be held exempt from the tax or that the tax may be determined to be less than 50 percent of the amount due; and*
- (3) *That it would work a substantial hardship upon petitioner to pay the tax,*

the court may permit the petitioner to continue prosecution of the petition without payment, or may fix a lesser amount to be paid as a condition of continuing the prosecution of the petition.

Failure to make payment of the amount required when due shall operate automatically to dismiss the petition and all proceedings thereunder unless the payment is waived by an order of the court permitting the petitioner to continue prosecution of the petition without payment.

Sec. 16. Minnesota Statutes 1980, Section 297.02, is amended by adding a subdivision to read:

Subd. 1a. [ADDITIONAL TAX.] In addition to the tax imposed pursuant to subdivision 1, there is imposed a tax upon the sale of cigarettes in this state or having cigarettes in possession in this state with intent to sell and upon any person engaged in business as a distributor thereof, at the following rates, subject to the discount provided in section 297.03:

(1) On cigarettes weighing not more than three pounds per thousand, 2.5 mills on each cigarette;

(2) On cigarettes weighing more than three pounds per thousand, 2.5 mills on each cigarette.

Sec. 17. Minnesota Statutes 1980, Section 297.13, Subdivision 1, is amended to read:

297.13 [REVENUE, DISPOSAL.]

Subdivision 1. [CIGARETTE TAX APPORTIONMENT ACCOUNT.] Notwithstanding any other provisions of law, five and one-half percent of the revenues received from taxes, penalties and interest under sections 297.01 to 297.13 *except for that which is paid under section 297.02, subdivision 1a*, shall be deposited by the commissioner of revenue in the general fund and credited to a special account to be known as the "natural resources account," which is hereby created. Expenditures shall be made from said account only as may be authorized by law to carry out the provisions of this act and in conformance with the provisions of chapter 16. Five and one-half percent *except for that which is paid under section 297.02, subdivision 1a*, shall be deposited in the general fund and credited to the "natural resources acceleration" account for the purposes provided in Laws 1969, Chapter 879, Section 4. The balance of the revenues derived from taxes, penalties, and interest under sections 297.01 to 297.13 and from license fees and miscellaneous sources of revenue shall be deposited by the commissioner in the general fund and credited to the general fund.

Sec. 18. Minnesota Statutes 1980, Section 297.22, is amended by adding a subdivision to read:

Subd. 1a. [ADDITIONAL TAX.] In addition to the tax imposed pursuant to subdivision 1, there is imposed a tax upon

the use or storage by consumers of cigarettes in this state, and upon such consumers, at the following rates:

(1) On cigarettes weighing not more than three pounds per thousand, 2.5 mills on each cigarette;

(2) On cigarettes weighing more than three pounds per thousand, 2.5 mills on each cigarette.

Sec. 19. Minnesota Statutes 1980, Section 297.26, is amended to read:

297.26 [REVENUE DISTRIBUTION.]

All revenues derived from taxes, penalties and interest under sections 297.21 to 297.26 shall be deposited by the commissioner in the general fund and disposed of in the same manner as provided by section 297.13 for revenues received under sections 297.01 to 297.13 *except that no amount of the revenue from the additional tax imposed pursuant to section 297.22, subdivision 1a, shall be credited to the natural resources account or to the natural resources acceleration account.*

Sec. 20. Minnesota Statutes 1980, Section 297A.39, Subdivision 1, is amended to read:

Subdivision 1. If any tax imposed by sections 297A.01 to 297A.44, or any portion thereof, is not paid within the time herein specified for the payment, or an extension thereof, or within 30 days after final determination of an appeal to the tax court relating thereto *if the taxpayer is not required to pay the amount in dispute pending appeal under section 21*, there shall be added thereto a specific penalty equal to ten percent of the amount remaining unpaid.

Sec. 21. [297A.391] [PAYMENT OF TAX PENDING APPEAL.]

When a taxpayer appeals his tax liability under chapter 297A to the tax court, and the amount in dispute is more than \$4,000, the entire amount of the tax shall be paid at the time it is due unless permission to continue prosecution of the petition without payment is obtained as provided herein. The petitioner, upon ten days notice to the commissioner, may apply to the court for permission to continue prosecution of the petition without payment; and, if it is made to appear

(1) That the proposed review is to be taken in good faith;

(2) That there is probable cause to believe that the taxpayer may be held exempt from payment of the tax or that the tax may be determined to be less than 50 percent of the amount due; and

(3) *That it would work a substantial hardship upon petitioner to pay the tax,*

the court may permit the petitioner to continue prosecution of the petition without payment, or may fix a lesser amount to be paid as a condition of continuing the prosecution of the petition.

Failure to make payment of the amount required when due shall operate automatically to dismiss the petition and all proceedings thereunder unless the payment is waived by an order of the court permitting the petitioner to continue prosecution of the petition without payment.

Sec. 22. 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) \$250,725,464 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 its previous year aid.

Sec. 23. [PRORATION OF 1982 AID PAYMENTS.]

Notwithstanding the provisions of Minnesota Statutes, Chapter 477A or any other law to the contrary, the reduction in state aids payable to local governments required under section 22 shall be effected by providing a pro rata reduction of the aids that would have been paid to each county and municipality under the provisions of Minnesota Statutes 1981 Supplement, Sections 477A.011 to 477A.014 if there had been no such reduction.

Sec. 24. 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 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. 25. [REPEALER.]

Minnesota Statutes 1980, Section 121.904, Subdivision 4, is repealed.

Sec. 26. [EFFECTIVE DATE.]

Sections 1 to 5 and 8 are effective July 1, 1982. Section 6 is effective for taxes levied in 1981 and thereafter, payable in 1982 and thereafter. Section 12 is effective the day following final enactment. Sections 13 and 24 are effective for taxable years beginning after December 31, 1980. Sections 14, 15, 20, and 21 are effective for petitions filed after January 1, 1982. Sections 16, 17, 18, and 19 are effective January 1, 1982. Section 25 is effective January 1, 1983.

ARTICLE IV

BUSINESS TAX

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 in excess of an average of 100,000 barrels of crude oil per day; (2) the refining of crude oil in excess of an average of 100,000 barrels of crude oil per day; 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 individually or collectively comes within the definition of a major oil company and markets or distributes petroleum or petroleum products in Minnesota.

Sec. 3. Minnesota Statutes 1981 Supplement, Section 290.09, Subdivision 1, is amended to read:

Subdivision 1. [LIMITATIONS.] (a) Except as provided in clause (b), 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.

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.

(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.

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 tax-

payer'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 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 busi-

ness 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.

If the trade or business carried on wholly or partly in Minnesota is part of a unitary business, the entire income of that unitary business shall be subject to apportionment under section 290.19. The term "unitary business" means a number of business activities or operations which are of mutual benefit, dependent upon, or contributory to one another, individually or as a group. Unity is presumed whenever there is unity of ownership, operation, and use, evidenced by centralized management or executive force, centralized purchasing, advertising, accounting, or other controlled interaction. Unity is also presumed whenever

the activities or operations of one unit are similar or related to the group's principal activities and not an unrelated discrete business enterprise.

The entire income of a unitary business, including all income from each activity, operation, or division, shall be subject to apportionment as provided in section 290.19. None of the income of a unitary business shall be considered as derived from any particular source, and none shall be allocated to any particular place except as provided by the applicable apportionment formula.

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 nonresident 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. 6. 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 (3) 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.

Sec. 7. 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 credit shall be allowed for dividends received from a foreign corporation, 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.

(e) In the case of a corporation which is permitted or required to file a combined report under section 290.34, subdivision 2, dividends shall be excluded from the income of the recipient to the extent the dividends are already included as income on the combined report.

Sec. 8. Minnesota Statutes 1980, Section 290.34, Subdivision 2, is amended to read:

Subd. 2. [AFFILIATED OR RELATED CORPORATIONS, CONSOLIDATED STATEMENTS.] When a corporation which is required to file an income tax return is affiliated with or related to any other corporation through stock ownership by the same interests or as parent or subsidiary corporations, or has its income regulated through contract or other arrangement, the commissioner of revenue may permit or require (SUCH CONSOLIDATED STATEMENTS AS) a combined report if, in his opinion, (ARE) it is necessary in order to determine the taxable net income received by any one of the affiliated or related corporations. For purposes of computing the apportionment formula under section 290.19, subdivision 1, for each corporation involved, the numerator of the fraction shall be that corporation's sales, property, or payroll in Minnesota and the denominator shall be the total sales, payroll, and property of all of the corporations shown on the combined report. The combined report shall reflect the income of the entire unitary business as provided in section 290.17, subdivision 2, clause (4). The combined report shall reflect income from corporations wherever created or organized. It is the intent of the legislature to adopt the combined reporting method provided in *Butler Brothers v. McColgan*, 111 P.2d 334, and 315 U.S. 501, and *Edison California Stores v. McColgan*, 183 P.2d 16, and to treat all income as business income to the maximum extent allowable under *Mobile Oil Corporation v. Commissioner of Taxes of Vermont*, 445 U.S. 425.

Sec. 9. [EFFECTIVE DATE.]

Sections 1 to 4, 5, as amended in clause (4) the first paragraph, 6, and 7, clause (d) are effective for taxable years beginning after December 31, 1981. The remainder of section 5, section 7, clause (e), and section 8 are effective for taxable years beginning after June 30, 1981.

ARTICLE V

MUNICIPAL AIDS REPAYMENT

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 28, 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 chapter 475 or any other law or city charter to the contrary.

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 VI

SHORT-TERM BORROWING

Section 1. Minnesota Statutes 1981 Supplement, Section 16A.671, Subdivision 3, is amended to read:

Subd. 3. [LIMITATIONS OF AMOUNT.] The principal amount of certificates of indebtedness to be sold and issued at any time shall not exceed the smallest of the following:

(a) An amount which, with interest thereon to maturity, added to the then outstanding amount of certificates, less the amount thereof, if any, which will be paid from the proceeds, and interest thereon to maturity, will equal the then unexpended balance of all money which will be credited to the general fund during the current biennium under existing laws, as estimated by the commissioner of finance; or

(b) (AN AMOUNT WHICH, WITH THE PRINCIPAL AMOUNT OF ANY OUTSTANDING CERTIFICATES EQUALS \$360,000,000; OR)

((C)) The maximum current cash flow requirement.

Sec. 2. Minnesota Statutes 1981 Supplement, Section 16A.671, Subdivision 5, is amended to read:

Subd. 5. [SALE.] Certificates of indebtedness shall be sold by the commissioner of finance upon public advertisement for competitive bids, except that:

(a) They may be sold to the state board of investment without advertisement for bids, upon terms on which, in the judgment of the board, investments of comparable maturities and security can at the time be purchased from funds under its control, *including the state bond fund and other special or dedicated funds described in clause (c) of subdivision 2 provided that interest shall be paid on these certificates at market rates notwithstanding any other provision of law to the contrary*;

(b) The commissioner may negotiate with a suitable bank or banks within or outside the state for a line of credit whereby certificates of indebtedness may be issued from time to time within an agreed period, at a fixed or variable interest rate and subject to redemption at par plus accrued interest at any time at the option of the commissioner; or

(c) The commissioner may negotiate with a firm or firms of underwriters to act as an agent in the placement of certificates of indebtedness maturing on a date four months or less

from the date of issue, which may be sold to investors at a specified discount representing the interest included in the face amount payable at maturity, or at a stated interest rate on a stated principal amount, payable at maturity.

Sec. 3. [EFFECTIVE DATE.]

This article is effective the day following final enactment.

Delete the title and insert:

A bill for an act relating to the financing of government in this state; reducing appropriations for the biennium ending June 30, 1983 with certain conditions; providing for a deficiency in income maintenance appropriations; providing for state scholarships and grants-in-aid; imposing and increasing fees; imposing various cost saving measures; 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; authorizing attorney general to appear in civil weight enforcement actions; modifying certain procedures for appeals of workers' compensation orders; providing certain workers' compensation settlements are conclusively presumed reasonable; 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; changing certain provisions governing aid to families with dependent children as authorized or required by federal law; changing or adding provisions governing definitions, eligibility standards, payment levels and amounts, income disregards, budgeting methods, child support or maintenance orders; eliminating a general stepparents' support duty and coverage of the unborn; specifying medical assistance for certain pregnant women; changing calculation of certain fees paid by foreign corporations; shortening time for abandonment of unclaimed property; changing requirements for reduced transit fares for certain persons; increasing the property tax mill rate of the transit taxing district; 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; providing for the reduction of education aids; changing formula allowance; raising the basic maintenance mill rate; establishing an equalizing factor; extending dates of exemption from public sale of certificates of indebtedness; authorizing recertification of levy; altering the recognition of school district tax revenue; 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; delaying education aid payments; providing that homestead credit applies to certain special levies; eliminating the individual housing account provisions; providing an additional adjustment of individual income tax brackets; modifying the income taxation of commodity tax straddles; clarifying the application and computation of the taxable net income adjustment factor; prohibiting the commissioner of revenue from adopting certain depreciation schedules by rule; requiring payment of certain income and sales taxes pending appeal; increasing the excise taxes on cigarettes; reducing the maximum local aid appropriation; requiring payments of local aids and authorizing local borrowing in anticipation of the aids; altering the method of taxing the income of certain oil companies by prohibiting their use of certain deductions, and of the arithmetic average; requiring the use of combined worldwide income by corporations; providing that farm income is wholly apportioned to Minnesota; removing the dollar limitation on state short-term borrowing; appropriating money; amending Minnesota Statutes 1980, Sections 121.904, by adding a subdivision; 176.421, Subdivision 3; 176.521, by adding a subdivision; 184.30, Subdivision 2; 197.23; 221.67; 256.12, Subdivision 14, and by adding subdivisions; 256.73, Subdivisions 3a, 5, and 6; 256.736, Subdivisions 3 and 4; 256.74, Subdivision 1, and by adding a subdivision; 256.99; 256B.07; 268.16, Subdivision 3; 276.11; 278.03; 290.01, by adding a subdivision; 290.19, Subdivision 1; 290.34, Subdivision 2; 297.02, by adding a subdivision; 297.13, Subdivision 1; 297.22, by adding a subdivision; 297.26; 297A.39, Subdivision 1; 303.07; 303.13, Subdivision 1; 303.14, Subdivisions 1, 3, and 5; 303.16, Subdivisions 2 and 4; 303.17, Subdivision 4; 303.18, Subdivision 3; 303.19, Subdivisions 2 and 3; 303.21, by adding a subdivision; 303.22; 303.23, Subdivision 1; 308.06, Subdivision 4; 308.85; 317.04, Subdivisions 2 and 3; 317.36; 317.42, Subdivision 3; 317.67, Subdivision 2; 330.01, Subdivision 1; 345.32; 345.33; 345.34; 345.37; 345.38; 345.39; 473.408, Subdivision 3; 540.152; and 543.08; Minnesota Statutes 1981 Supplement, Sections 3.9222, Subdivision 2; 15.052, Subdivision 5; 16A.128; 16A.15, Subdivision 1; 16A.671, Subdivisions 3 and 5; 124.2121, Subdivisions 4 and 5; 124.2122, Subdivisions 1 and 2; 169.871, Subdivisions 3 and 5; 169.872, Subdivision 1; 174.24, Subdivision 3a; 174.31, Subdivisions 1 and 3; 176.131, Subdivision 10; 176.421, Subdivisions 4 and 5; 176.521, Subdivisions 1 and 2; 204B.11, Subdivision 1; 256.73, Subdivision 2; 256.872, Subdivision 1, and by adding a subdivision; 256B.06, Subdivision 1; 273.13, Subdivision 15b; 290.01, Subdivision 20; 290.06, Subdivision 2d; 290.09, Subdivisions 1, 3 and 7; 290.091; 290.17, Subdivision 2; 290.18, Subdivision 4; 290.21, Subdivision 4; 290.53, Subdivision 1; 302A.901, Subdivision 2; 473.446, Subdivision 1; 477A.03, Subdivision 2; and 518.551, Subdivision 7; and Laws 1981, Chapters 356, Sections 45, 46, and 62, Subdivision 2; 358, Articles 1, Section 50, Subdivision 3; and 7, Section 29; 359, Section 3, Subdivision 3; First Special Session, Chapter 1, Article I, Section 5; proposing new law coded in Minnesota Statutes, Chapters 5, 35, 124, 256, 290, and 297A; repealing Minnesota Statutes 1980, Sections

121.904, Subdivision 4; 256.935, Subdivision 2; 303.08, Subdivision 3; 303.12; 303.14, Subdivision 2; 303.15; 303.21, Subdivisions 1 and 2; 317.11; 317.19, Subdivision 3; 317.43; and 317.67, Subdivision 1; Minnesota Statutes 1981 Supplement, Sections 3.965, Subdivision 6; 48.159, Subdivision 2; 50.157, Subdivision 2; 51A.21, Subdivision 16a; 52.136; 124.20, Subdivision 3; 124.781; 257.021; 275.125, Subdivision 2f; 290.08, Subdivision 25; and 362.453; Laws 1981, First Special Session, Chapter 2, Sections 2, Subdivision 2; and 9.

We request adoption of this report and repassage of the bill.

House Conferees: IRVIN N. ANDERSON, MICHAEL R. SIEBEN, CARL M. JOHNSON, WILLIS R. EKEN and HARRY A. SIEBEN, JR.

Senate Conferees: ROGER D. MOE, MARV HANSON, DOUGLAS J. JOHNSON, GERALD L. WILLET and NEIL DIETERICH.

Schreiber moved that the House refuse to adopt the Conference Committee Report and that H. F. No. 14 be returned to the Conference Committee with the following instructions:

Delete Articles I, III, IV and VI.

Delete Article II, Sections 1 through 6, and 11 through 14.

A roll call was requested and properly seconded.

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

Valento	Voss	Welker	Wynia	Spkr. Sieben, H.
Vanasek	Weaver	Wenzel	Zubay	
Vellenga	Welch	Wieser		

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.

The question recurred on the Schreiber motion and the roll was called. There were 63 yeas and 68 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

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

The motion did not prevail.

Himle was excused between the hours of 2:15 p.m. and 6:00 p.m.

Anderson, I., moved that the report of the Conference Committee on H. F. No. 14 be adopted and that the bill be repassed as amended by the Conference Committee.

A roll call was requested and properly seconded.

The question was taken on the motion and the roll was called.

Eken moved that those not voting be excused from voting. The motion prevailed.

There were 69 yeas and 61 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.	Vellonga
Byrne	Hokanson	Minne	Rodriguez, F.	Voss
Carlson, L.	Jacobs	Munger	Samuelson	Welch
Clark, J.	Johnson, C.	Murphy	Sarna	Wenzel
Clark, K.	Jude	Nelson, K.	Schoenfeld	Wynia
Clawson	Kahn	Novak	Shea	Spkr. Sieben, H.
Dahlvang	Kalis	O'Connor	Sieben, M.	

Those who voted in the negative were:

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

The motion prevailed.

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 Minne-

sota Statutes 1981 Supplement, Sections 3.965, Subdivision 6; and 362.453.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 69 yeas and 61 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.	Voss
Carlson, L.	Jacobs	Munger	Samuelson	Welch
Clark, J.	Johnson, C.	Murphy	Sarna	Wenzel
Clark, K.	Jude	Nelson, K.	Schoenfeld	Wynia
Clawson	Kahn	Novak	Shea	Spkr. Sieben, H.
Dahlvang	Kalis	O'Connor	Sieben, M.	

Those who voted in the negative were:

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

The bill was repassed, as amended by Conference, and its title agreed to.

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.

MESSAGES FROM THE SENATE

The following message was received from the Senate:

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 14, A bill for an act relating to the financing of government in this state; reducing appropriations for the biennium ending June 30, 1983 with certain conditions; providing for a deficiency in income maintenance appropriations; providing for state scholarships and grants-in-aid; imposing and increasing fees; imposing various cost saving measures; 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; authorizing attorney general to appear in civil weight enforcement actions; modifying certain procedures for appeals of workers' compensation orders; providing certain workers' compensation settlements are conclusively presumed reasonable; 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; changing certain provisions governing aid to families with dependent children as authorized or required by federal law; changing or adding provisions governing definitions, eligibility standards, payment levels and amounts, income disregards, budgeting methods, child support or maintenance orders; eliminating a general stepparents' support duty and coverage of the unborn; specifying medical assistance for certain pregnant women; changing calculation of certain fees paid by foreign corporations; shortening time for abandonment of unclaimed property; changing requirements for reduced transit fares for certain persons; increasing the property tax mill rate of the transit taxing district; 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; providing for the reduction of education aids; changing formula allowance; raising the basic maintenance mill rate; establishing an equalizing factor; extending dates of exemption from public sale of certificates of indebtedness; authorizing recertification of levy; altering the recognition of school district tax revenue; 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; delaying education aid payments; providing that homestead credit applies to certain special levies; eliminating the individual housing account provisions; providing an additional adjustment of individual income tax brackets; modifying the income taxation of commodity tax straddles; clarifying the application and computation of the taxable net income adjustment factor; prohibiting the commissioner of revenue from

adopting certain depreciation schedules by rule; requiring payment of certain income and sales taxes pending appeal; increasing the excise taxes on cigarettes; reducing the maximum local aid appropriation; requiring payments of local aids and authorizing local borrowing in anticipation of the aids; altering the method of taxing the income of certain oil companies by prohibiting their use of certain deductions, and of the arithmetic average; requiring the use of combined worldwide income by corporations; providing that farm income is wholly apportioned to Minnesota; removing the dollar limitation on state short-term borrowing; appropriating money; amending Minnesota Statutes 1980, Sections 121.904, by adding a subdivision; 176.421, Subdivision 3; 176.521, by adding a subdivision; 184.30, Subdivision 2; 197.23; 221.67; 256.12, Subdivision 14, and by adding subdivisions; 256.73, Subdivisions 3a, 5, and 6; 256.736, Subdivisions 3 and 4; 256.74, Subdivision 1, and by adding a subdivision; 256.99; 256B.07; 268.16, Subdivision 3; 276.11; 278.03; 290.01, by adding a subdivision; 290.19, Subdivision 1; 290.34, Subdivision 2; 297.02, by adding a subdivision; 297.13, Subdivision 1; 297.22, by adding a subdivision; 297.26; 297A.39, Subdivision 1; 303.07; 303.13, Subdivision 1; 303.14, Subdivisions 1, 3, and 5; 303.16, Subdivisions 2 and 4; 303.17, Subdivision 4; 303.18, Subdivision 3; 303.19, Subdivisions 2 and 3; 303.21, by adding a subdivision; 303.22; 303.23, Subdivision 1; 308.06, Subdivision 4; 308.85; 317.04, Subdivisions 2 and 3; 317.36; 317.42, Subdivision 3; 317.67, Subdivision 2; 330.01, Subdivision 1; 345.32; 345.33; 345.34; 345.37; 345.38; 345.39; 473.408, Subdivision 3; 540.152; and 543.08; Minnesota Statutes 1981 Supplement, Sections 3.9222, Subdivision 2; 15.052, Subdivision 5; 16A.128; 16A.15, Subdivision 1; 16A.671, Subdivisions 3 and 5; 124.2121, Subdivisions 4 and 5; 124.2122, Subdivisions 1 and 2; 169.871, Subdivisions 3 and 5; 169.872, Subdivision 1; 174.24, Subdivision 3a; 174.31, Subdivisions 1 and 3; 176.131, Subdivision 10; 176.421, Subdivisions 4 and 5; 176.521, Subdivisions 1 and 2; 204B.11, Subdivision 1; 256.73, Subdivision 2; 256.872, Subdivision 1, and by adding a subdivision; 256B.06, Subdivision 1; 273.13, Subdivision 15b; 290.01, Subdivision 20; 290.06, Subdivision 2d; 290.09, Subdivisions 1, 3 and 7; 290.091; 290.17, Subdivision 2; 290.18, Subdivision 4; 290.21, Subdivision 4; 290.53, Subdivision 1; 302A.901, Subdivision 2; 473.446, Subdivision 1; 477A.03, Subdivision 2; and 518.551, Subdivision 7; and Laws 1981, Chapters 356, Sections 45, 46, and 62, Subdivision 2; 358, Articles 1, Section 50, Subdivision 3; and 7, Section 29; 359, Section 3, Subdivision 3; First Special Session, Chapter 1, Article I, Section 5; proposing new law coded in Minnesota Statutes, Chapters 5, 35, 124, 256, 290, and 297A; repealing Minnesota Statutes 1980, Sections 121.904, Subdivision 4; 256.935, Subdivision 2; 303.08, Subdivision 3; 303.12; 303.14, Subdivision 2; 303.15; 303.21, Subdivisions 1 and 2; 317.11; 317.19, Subdivision 3; 317.43; and 317.67, Subdivision 1; Minnesota Statutes 1981 Supplement, Sections 3.965, Subdivision 6; 48.159, Subdivision 2; 50.157, Subdivision 2; 51A.21, Subdivision 16a; 52.136; 124.20, Subdivision 3; 124.781; 257.021; 275.125, Subdivision 2f; 290.08, Subdivision 25; and

362.453; Laws 1981, First Special Session, Chapter 2, Sections 2, Subdivision 2; and 9.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

ADJOURNMENT

Eken moved that when the House adjourns today it adjourn until 11:00 a.m., Tuesday, December 22, 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., Tuesday, December 22, 1981.

EDWARD A. BURDICK, Chief Clerk, House of Representatives