

STATE OF MINNESOTA

SEVENTY-THIRD SESSION - 1983

FORTY-EIGHTH DAY

SAINT PAUL, MINNESOTA, FRIDAY, MAY 6, 1983

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

Prayer was offered by Reverend Jack L. Sowers, Constance Evangelical Free Church, Andover, Minnesota.

The roll was called and the following members were present:

Anderson, B.	Erickson	Kelly	Osthoff	Simoneau
Anderson, G.	Evans	Knickerbocker	Otis	Skoglund
Anderson, R.	Findlay	Knuth	Pauly	Sparby
Battaglia	Fjoslien	Kostohryz	Peterson	Stadum
Beard	Forsythe	Krueger	Piepho	Staten
Begich	Frerichs	Kvam	Piper	Sviggum
Bennett	Graba	Larsen	Price	Swanson
Bergstrom	Greenfield	Levi	Quinn	Thiede
Berkelman	Gruenes	Ludeman	Quist	Tomlinson
Bishop	Gustafson	Marsh	Reif	Tunheim
Brandl	Gutknecht	McDonald	Rice	Uphus
Brinkman	Halberg	McEachern	Riveness	Valan
Burger	Haukoos	McKasy	Rodosovich	Valento
Carlson, D.	Heap	Metzen	Rodriguez, C.	Vanasek
Carlson, L.	Heinitz	Munger	Rodriguez, F.	Vellenga
Clark, J.	Himle	Murphy	St. Onge	Voss
Clark, K.	Hoberg	Nelson, D.	Sarna	Waltman
Clawson	Hoffman	Nelson, K.	Schafer	Welch
Cohen	Hokr	Neuenschwander	Scheid	Welker
Coleman	Jacobs	Norton	Schoenfeld	Welle
Dempsey	Jennings	O'Connor	Schreiber	Wenzel
Dimler	Jensen	Ogren	Seaberg	Wigley
Eken	Johnson	Olsen	Shaver	Wynia
Elioff	Kahn	Omann	Shea	Zaffke
Ellingson	Kalis	Onnen	Sherman	Speaker Sieben

A quorum was present.

Blatz, Long, Mann, Minne, Redalen and Solberg were excused.

Segal was excused until 2:20 p.m. Rose was excused until 3:30 p.m. DenOuden was excused until 3:40 p.m.

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

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

REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of H. F. Nos. 1283, 636, 916 and 973 and S. F. Nos. 214, 297, 412, 527, 682, 683, 824, 911, 845 and 881 have been placed in the members' files.

S. F. No. 824 and H. F. No. 818, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Skoglund moved that the rules be so far suspended that S. F. No. 824 be substituted for H. F. No. 818 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 683 and H. F. No. 643, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

McEachern moved that the rules be so far suspended that S. F. No. 683 be substituted for H. F. No. 643 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 297 and H. F. No. 532, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Coleman moved that the rules be so far suspended that S. F. No. 297 be substituted for H. F. No. 532 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 412 and H. F. No. 594, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Staten moved that the rules be so far suspended that S. F. No. 412 be substituted for H. F. No. 594 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 911 and H. F. No. 854, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

O'Connor moved that the rules be so far suspended that S. F. No. 911 be substituted for H. F. No. 854 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 845 and H. F. No. 847, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Carlson, L., moved that the rules be so far suspended that S. F. No. 845 be substituted for H. F. No. 847 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 682 and H. F. No. 929, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Osthoff moved that the rules be so far suspended that S. F. No. 682 be substituted for H. F. No. 929 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 527 and H. F. No. 536 which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Riveness moved that the rules be so far suspended that S. F. No. 527 be substituted for H. F. No. 536 and that the House File be indefinitely postponed. The motion prevailed.

Welle and Quinn were excused while in conference.

SECOND READING OF HOUSE BILLS

H. F. No. 1283 was read for the second time.

SECOND READING OF SENATE BILLS

S. F. No. 824 was read for the second time.

SUSPENSION OF RULES

Pursuant to Article IV, Section 19, of the Constitution of the state of Minnesota, Skoglund moved that the rule therein be suspended and an urgency be declared so that S. F. No. 824 be given its third reading and be placed upon its final passage. The motion prevailed.

Skoglund moved that the rules of the House be so far suspended that S. F. No. 824 be given its third reading and be placed upon its final passage. The motion prevailed.

S. F. No. 824 was reported to the House.

Begich offered an amendment to S. F. No. 824.

POINT OF ORDER

Vanasek raised a point of order pursuant to rule 3.9 that the amendment was not in order. The Speaker ruled the point of order well taken and the amendment out of order.

S. F. No. 824, A bill for an act relating to the city of Minneapolis; abolishing the office of comptroller-treasurer in the city of Minneapolis; authorizing the reorganization, reallocation, consolidation, and delegation of the functions of the office; restructuring the board of estimate and taxation in the city of Minneapolis; changing the membership and terms of members of the retirement board; amending Minnesota Statutes 1982, sections 422A.02; and 422A.03, subdivision 3.

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

The question was taken on the passage of the bill and the roll was called. There were 106 yeas and 8 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Eken	Hoffman	McKasy	Rice
Anderson, R.	Elihoff	Jacobs	Metzen	Riveness
Battaglia	Ellingson	Jennings	Munger	Rodosovich
Beard	Erickson	Jensen	Murphy	Rodriguez, C.
Bennett	Evans	Johnson	Nelson, D.	Rodriguez, F.
Bergstrom	Findlay	Kahn	Nelson, K.	St. Onge
Bishop	Fjoslien	Kalis	Neuenschwander	Sarna
Brandl	Forsythe	Kelly	O'Connor	Scheid
Brinkman	Frerichs	Knickerbocker	Ogren	Schoenfeld
Burger	Graba	Knuth	Olsen	Schreiber
Carlson, D.	Greenfield	Kostohryz	Onnen	Segal
Carlson, L.	Gustafson	Krueger	Otis	Shea
Clark, J.	Halberg	Kvam	Pauly	Sherman
Clark, K.	Haukoos	Larsen	Peterson	Simoneau
Clawson	Heap	Levi	Piper	Skoglund
Cohen	Heinitz	Ludeman	Price	Sparby
Coleman	Himle	Marsh	Quist	Stadum
Dimler	Hoberg	McDonald	Reif	Staten

Sviggum	Valan	Voss	Wigley	Zaffke
Swanson	Valento	Waltman	Wynia	Speaker Sieben
Tomlinson	Vanasek	Welle		
Tunheim	Vellenga	Wenzel		

Those who voted in the negative were:

Begich	Piepho	Seaberg	Uphus	Welker
Omamn	Schafer	Thiede		

The bill was passed and its title agreed to.

SECOND READING OF SENATE BILLS, Continued

S. F. Nos. 683, 297, 412, 911, 845, 682 and 527 were read for the second time.

There being no objection the order of business reverted to Reports of Standing Committees.

REPORTS OF STANDING COMMITTEES

Tomlinson from the Committee on Taxes to which was referred:

H. F. No. 1259, A bill for an act relating to taxation; modifying the definition of gross income; adopting federal definitions of itemized deductions; updating the references to the Internal Revenue Code; extending the duration of the temporary income tax surtax; modifying the deduction of federal income taxes; assigning certain gambling winnings by nonresidents to Minnesota; imposing withholding tax on certain gambling winnings and horse racing purses; repealing certain income tax credits for pollution control expenditures; changing the refund method for the sales tax on electricity used in agricultural production; making the six percent sales and use tax rate permanent; increasing the motor vehicle excise tax rate to six percent; modifying the enterprise zone law; providing for state tax incentives in enterprise zones; limiting the number of enterprise zones; reducing the corporate income tax rate; eliminating the deduction for certain income and franchise taxes paid by corporations; eliminating the deduction for corporate capital gains; providing small business investment credits; modifying the definition of market value; requiring additional information on the certificate of value; mandating that homestead affidavits be filed in all counties; requiring that all contracts for deed be recorded; restricting the use of sales ratio studies as evidence; eliminating the agricultural mill rate credit on farm homes; increasing the agricultural mill rate credit on certain property; modifying the wetlands credit; modifying the utility property tax credit; limit-

ing the reduced assessment rate for certain structures used for housing; changing certain property tax classification ratios; exempting contracts for deed from the mortgage registry tax and providing penalties for failure to file; exempting cities and towns with populations under 5,000 from levy limitations; modifying the method by which levy limitations are calculated; adding a special levy for certain county purposes; establishing a new homestead credit formula for certain homestead property; modifying the property tax refund formula; changing the payment dates for the property tax refund; repealing the rent capitalization method used in assessing agricultural land; repealing the native prairie credit and reimbursement; repealing the wetlands reimbursement; modifying school district cash flow; establishing school aid payment dates for fiscal year 1985 and years thereafter; requiring that property taxes be paid 15 days earlier; altering property tax settlement dates; appropriating money; amending Minnesota Statutes 1982, sections 124.2137, subdivision 1; 272.02, subdivision 1; 272.03, subdivision 8; 272.115, subdivision 1; 273.11, subdivision 1; 273.115, subdivisions 1, 2, and 3; 273.13, subdivisions 6, 6a, 7, 9, 11, 14a, 17, 17b, 17c, 20, and by adding a subdivision; 273.1312, subdivisions 2, 3, 4, and 5; 273.1313, subdivisions 1, 2, 3, and 5; 275.50, subdivision 2, and by adding subdivisions; 275.51, by adding subdivisions; 275.53, by adding a subdivision; 276.09; 276.10; 276.11; 278.01, subdivisions 1 and 2; 278.03; 278.05, subdivisions 4 and 5; 279.01, subdivision 1; 287.05, subdivision 1; 290.01, subdivisions 19, 20, 20a, as amended, 20b, as amended, and 20f; 290.05, subdivision 6; 290.06, subdivisions 1, 2e, 11, and 14; 290.09, subdivisions 1, 2, 3, as amended, 4, 5, 6, 28, and 29; 290.091; 290.095, subdivision 4; 290.14; 290.16, subdivision 4; 290.17, subdivision 2; 290.18, subdivisions 1 and 2; 290.21, subdivisions 1 and 3; 290.23, subdivision 5; 290.31, subdivisions 2 and 3; 290.39, subdivision 2; 290.46; 290.92, subdivision 2a, and by adding subdivisions; 290A.03, subdivisions 3, 6, 8, 11, 13, and by adding a subdivision; 290A.04, subdivisions 1, 2, 2a, and 3; 290A.07, subdivision 2a; 290A.16; 290A.18; 290A.19; 297A.02, as amended; 297A.03, subdivision 2, as amended; 297A.14, as amended; 297A.35, subdivision 3; 297B.02, as amended; 473F.08, subdivision 7a; and Laws 1981, Third Special Session chapter 2, article III, section 22, as amended; proposing new law coded in Minnesota Statutes, chapters 116C; 124; 273; 290; and 507; repealing Minnesota Statutes 1982, sections 273.11, subdivision 7; 273.116; 273.42, subdivision 2; 273.425; 275.51, subdivisions 3e and 5; 290.01, subdivisions 23, 27, and 28; 290.032, subdivision 5; 290.06, subdivisions 9 and 9a; 290.077, subdivision 2; 290.08, subdivision 25; 290.09, subdivisions 10, 15, 22, and 27; 290.21, subdivision 3a; 290.501; 290A.04, subdivision 2b; 290A.07, subdivision 3; 352C.07; and Laws 1982, chapter 523, article VII, section 3.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1**INCOME TAX**

Section 1. Minnesota Statutes 1982, section 290.01, subdivision 19, is amended to read:

Subd. 19. [NET INCOME.] The term "net income" means the gross income, as defined in subdivision 20, less the *following* deductions (ALLOWED BY SECTION 290.09 (AND FOR INDIVIDUALS, SECTION 290.21)) to the extent allowed by section 290.18, subdivision 1:

(a) *For corporations, the deductions allowed by section 290.09;*

(b) *For individuals, the deductions allowed in section 9, without regard to section 290.18, subdivision 1, and section 10; and*

(c) *For estates and trusts, the deduction allowed by section 9, without regard to section 290.18, subdivision 1.*

Sec. 2. Minnesota Statutes 1982, 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.

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 and in subdivisions 20a to 20f. 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 in subdivisions 20a to 20f, 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, 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.

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.

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

(iii) The Internal Revenue Code of 1954, as amended through December 31, 1980, and as amended by sections 302(b) and 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) sections 122, 123, 126, 201, 202, 203, 204, 211, 213, 214, 251, 261, 264, 265, 311(g)(3), 313, 314(a)(1), 321(a), 501 to 507, 811, and 812 of the Economic Recovery Tax Act of 1981, Public Law Number 97-34 and section 113 of Public Law Number 97-119 shall be effective at the same time that they become effective for federal income tax purposes.

(iv) The Internal Revenue Code of 1954, as amended through December 31, 1981, shall be in effect for taxable years beginning after December 31, 1981. *The provisions of sections 205(a), 214 to 222, 231, 232, 236, 247, 251, 252, 253, 265, 266, 285, 288, and 335 of the Tax Equity and Fiscal Responsibility Act of 1982, Public Law Number 97-248, section 6(b)(2) and (3) of the Subchapter S Revision Act of 1982, Public Law Number 97-354, section 517 of Public Law Number 97-424, sections 101(c) and (d), 102(a), (aa), (f)(4), (g), (j), (l), 103(c), 104(b)(3), 105, 305(d), 306(a)(9) of Public Law Number 97-448, and sections 101 and 102 of Public Law Number 97-473 and Payment-in-Kind Tax Treatment Act of 1983, Public Law Number 98-4, shall be effective at the same time that they become effective for federal income tax purposes.*

(v) *The Internal Revenue Code of 1954, as amended through March 12, 1983, shall be in effect for taxable years beginning after December 31, 1982.*

References to the Internal Revenue Code of 1954 in subdivisions 20a, 20b, 20c, (AND) 20e, *and 20f* shall mean the code in effect for the purpose of defining gross income for the applicable taxable year.

Sec. 3. Minnesota Statutes 1982, section 290.01, subdivision 20a, as amended by Laws 1982, Third Special Session chapter 1, article V, section 1, is amended to read:

Subd. 20a. [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)) (3) 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 REIMBURSEMENTS 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)) (4) 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)) (5) 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 under *Minnesota Statutes 1982, section 290.01*, subdivision 20b, clause (7);

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

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

((11)) (8) 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)) (9) 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)) (10) 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)) (11) 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) 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 40 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 (7);)

((17)) (12) 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;

((18) 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;)

((19)) (13) 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);

((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 PUR-

SUANT TO SECTION 353.27, SUBDIVISION 2, IF HE WERE A MEMBER OF THE PUBLIC EMPLOYEES RETIREMENT ASSOCIATION;)

((21)) (14) The deduction for two-earner married couples provided in section 221 of the Internal Revenue Code of 1954;

((22) INTEREST ON ALL-SAVERS CERTIFICATES WHICH IS EXCLUDED UNDER SECTION 128 OF THE INTERNAL REVENUE CODE OF 1954;)

((23)) (15) Losses from the business of mining as defined in section 290.05, subdivision 1, clause (a) which is not subject to the Minnesota income tax;

((24) EXPENSES AND DEPRECIATION ATTRIBUTABLE TO PROPERTY SUBJECT TO LAWS 1982, CHAPTER 523, ARTICLE 7, SECTION 3 WHICH HAS NOT BEEN REGISTERED;)

((25)) (16) *To the extent deducted in computing the taxpayer's federal adjusted gross income, the amount of contributions to an individual retirement account, (SIMPLIFIED EMPLOYEE PENSION PLAN, OR SELF-EMPLOYED RETIREMENT PLAN WHICH IS ALLOWED UNDER SECTIONS 311 AND 312 OF PUBLIC LAW NUMBER 97-34 TO THE EXTENT THOSE CONTRIBUTIONS WERE NOT AN ALLOWABLE DEDUCTION PRIOR TO THE ENACTMENT OF THAT LAW) including a qualified voluntary employee contribution, but excluding employer contributions to a simplified employee pension plan and contributions made by a taxpayer who was not an active participant during the taxable year in a simplified employee pension plan or in a qualified employer plan or a government plan as defined in section 219(e) of the Internal Revenue Code of 1954;*

((26) TO THE EXTENT DEDUCTED IN COMPUTING FEDERAL ADJUSTED GROSS INCOME, LIVING EXPENSES OF A MEMBER OF CONGRESS IN EXCESS OF THAT ALLOWABLE UNDER SECTION 290.09, SUBDIVISION 2, CLAUSE (A) (3);) and

((27)) (17) To the extent not included in the taxpayer's federal adjusted gross income, the amount of any contributions to a qualified pension plan, designated as employee contributions but which the employing unit picks up and which are treated as employer contributions pursuant to section 414(h)(2) of the Internal Revenue Code of 1954.

Sec. 4. Minnesota Statutes 1982, section 290.01, subdivision 20b, as amended by Laws 1982, Third Special Session chapter 1, article V, section 2, is amended to read:

Subd. 20b. [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 40 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) Income from the performance of personal or professional services which is subject to the reciprocity exclusion contained in section 290.081, clause (a);

(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 or 1954, or (iii) severance pay distributed to an individual upon discontinuance of the individual's employment due to termination of business operations by the individual's employer, provided that the termination is reasonably likely to be permanent, involves the discharge of at least 75 percent of the employees at that site within a one year period, and the business is not acquired by another person who continues operations at that site. 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. For purposes of this clause, "severance pay" means an amount received for cancellation of an employment contract or a collectively bargained termination payment made as a substitute for income which would have been earned for personal services to be rendered in the future. 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)) (8) 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)) (9) 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 subdivision 20b, clause (6);

((12)) (10) 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 subdivision 20b, clause (6);

((13)) (11) 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)) (12) 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)) (13) Unemployment compensation to the extent includible in gross income for federal income tax purposes under section 85 of the Internal Revenue Code of 1954 *only if the taxpayer's federal adjusted gross income does not exceed \$20,000, or \$30,000 if the taxpayer files a joint federal income tax return*;

((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)) (14) 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;)

((20)) 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 SUBDIVISION 20A, CLAUSE (20);)

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

((22)) (15) Interest earned on a contract for deed entered into for the sale of property for agricultural use if the rate of interest set in the contract is no more than nine percent per year for the duration of the term of the contract. This exclusion shall be available only if (1) the purchaser is an individual who, together with his spouse and dependents, has a total net worth valued at less than \$150,000 and (2) the property sold under the contract is farm land as defined in section 41.52, subdivision 6 of no more than 1,000 acres that the purchaser intends to use for agricultural purposes. Compliance with these requirements shall be stated in an affidavit to be filed with the first income tax return on which the taxpayer claims the exclusion provided in this clause. Upon request accompanied by the information necessary to make the determination, the commissioner shall determine whether interest to be paid on a proposed transaction will qualify for this exclusion; the determination shall be provided within 30 days of receipt of the request, unless the commissioner finds it necessary to obtain additional information, or verification of the information provided, in which case the determination shall be provided within 30 days of receipt of the final item of information or verification. The exclusion provided in this clause shall apply to interest earned on contracts for deed entered into after December 31, 1981 and before July 1, 1983;

((23)) THE PENALTY ON THE EARLY WITHDRAWAL OF AN ALL-SAVERS CERTIFICATE AS PROVIDED IN SECTION 128(E) OF THE INTERNAL REVENUE CODE OF 1954 TO THE EXTENT THAT THE INTEREST WAS INCLUDED IN INCOME UNDER SUBDIVISION 20A, CLAUSE (22);)

((24)) (16) Income from the business of mining as defined in section 290.05, subdivision 1, clause (a) which is not subject to the Minnesota income tax; (AND)

((25)) (17) To the extent included in federal adjusted gross income, distributions from a qualified governmental pension plan

which represent a return of designated employee contributions to the plan and which contributions were included in gross income pursuant to subdivision 20a, clause ((27)) (17); and

(18) *To the extent included in federal adjusted gross income, distributions from an individual retirement account which represent a return of designated employee contributions if the contributions were included in gross income pursuant to subdivision 20a, clause (16). If the distribution is received as an annuity, the portion of the distribution which constitutes a return of contributions included in gross income shall be determined by applying the provisions of section 72 of the Internal Revenue Code of 1954 as if the contributions included in gross income were the investment in the contract. If the distribution is not an annuity, it shall be allocated first to return of contributions included in gross income until the amount of the contributions has been exhausted.*

Sec. 5. Minnesota Statutes 1982, section 290.01, subdivision 20f, is amended to read:

Subd. 20f. [MODIFICATION FOR ACCELERATED COST RECOVERY SYSTEM.] A modification shall be made for the allowable deduction under the accelerated cost recovery system (AS PROVIDED IN SUBDIVISION 28). *The allowable deduction for the accelerated cost recovery system as provided in section 168 of the Internal Revenue Code of 1954 shall be the same amount as provided in that section for individuals, estates, and trusts with the following modifications:*

(1) *For property placed in service after December 31, 1980, and for taxable years beginning before January 1, 1982, 15 percent of the allowance provided in section 168 of the Internal Revenue Code of 1954 shall not be allowed.*

(2)(a) *For taxable years beginning after December 31, 1981, and before January 1, 1983, for 15 year real property as defined in section 168 of the Internal Revenue Code of 1954, 40 percent of the allowance provided in section 168 of the Internal Revenue Code of 1954 shall not be allowed and for all other property, 17 percent of the allowance shall not be allowed.*

(b) *For taxable years beginning after December 31, 1982 and for property placed in service in taxable years beginning before January 1, 1983, for 15 year real property as defined in section 168 of the Internal Revenue Code of 1954, 40 percent of the allowance provided in section 168 of the Internal Revenue Code of 1954 shall not be allowed and for all other property 20 percent of the allowance shall not be allowed.*

(3) *For property placed in service in taxable years beginning after December 31, 1982, the allowable deduction shall be the*

amount provided by section 168 of the Internal Revenue Code of 1954.

(4) For property placed in service after December 31, 1980, for which the taxpayer elects to use the straight line method provided in section 168(b)(3) or a method provided in section 168(e)(2) of the Internal Revenue Code of 1954, the modifications provided in clauses (1) and (2) do not apply.

(5) For property subject to the modifications contained in clause (1) or (2) above, the following modification shall be made after the entire amount of the allowable deduction for that property under the provision of section 168 of the Internal Revenue Code of 1954 has been obtained. The remaining depreciable basis in those assets for Minnesota purposes shall be a depreciation allowance computed by using the straight line method over the following number of years:

- (a) 3 year property—1 year.
- (b) 5 year property—2 years.
- (c) 10 year property—5 years.
- (d) All 15 year property—7 years.

(6) The basis of property to which section 168 of the Internal Revenue Code of 1954 applies shall be its basis as provided in this chapter and including the modifications provided in this subdivision. The recapture tax provisions provided in sections 1245 and 1250 of the Internal Revenue Code of 1954 shall apply but shall be calculated using the basis provided in the preceding sentence. When an asset is exchanged for another asset including an involuntary conversion and under the provision of the Internal Revenue Code of 1954 gain is not recognized in whole or in part on the exchange of the first asset, the basis of the second asset shall be the same as its federal basis provided that the difference in basis due to clause (1) or (2) can be written off as provided in clause (5).

(7) The modifications provided in this subdivision shall apply before applying any limitation to out of state losses contained in section 290.17 or farm losses contained in section 290.09, subdivision 29.

(8) After the entire amount of the allowable deduction for that property under the provisions of section 168 of the Internal Revenue Code of 1954 has been obtained, the remaining depreciable basis in those assets for Minnesota purposes that shall be allowed as provided in clause (5) shall include the amount of any basis reduction made for federal purposes under section 48(q) of the Internal Revenue Code of 1954 to reflect the invest-

ment tax credit. No amount shall be allowed as a deduction under section 196 of the Internal Revenue Code of 1954.

Sec. 6. Minnesota Statutes 1982, section 290.05, subdivision 6, is amended to read:

Subd. 6. The Internal Revenue Code referred to in any of the subdivisions of this section means the Internal Revenue Code of 1954, as amended through (DECEMBER 31, 1981) *March 12, 1983.*

Sec. 7. Minnesota Statutes 1982, section 290.06, subdivision 2e, as amended by Laws 1982, Third Special Session chapter 1, article V, section 3, is amended to read:

Subd. 2e. [ADDITIONAL INCOME TAX.] In addition to the tax computed pursuant to subdivisions 2c and 2d or subdivision 3d, there is hereby imposed an additional income tax on individuals, estates, and trusts, other than those taxable as corporations. The additional tax shall be computed by applying the following rates to the tax computed pursuant to subdivision 3d or, in the case of an individual who does not qualify for the low income alternative tax and estates and trusts, the tax computed pursuant to subdivisions 2c and 2d and sections 290.032 and 290.091 (LESS) *before subtraction of the credits allowed by sections 290.06, subdivisions 3e, 3f, 9, 9a, 11 and 14; and 290.081. The commissioner shall incorporate the surtax into the income tax tables.*

(1) For taxable years beginning after December 31, 1981, but before January 1, 1983, seven percent;

(2) For taxable years beginning after December 31, 1982, but before January 1, (1984) 1985, (5) 8.5 percent;

(3) *For taxable years beginning after December 31, 1984, but before January 1, 1986, 4.25 percent.*

On October 1, 1983 the commissioner of finance shall determine the amount of the state's unrestricted general fund balance at the close of the 1982-1983 biennium. If this amount is more than \$150,000,000, the commissioner shall reduce the rate of the surtax in effect for taxable years beginning after December 31, 1982 and before January 1, 1984, so that the amount of revenue raised by the surtax results in a fund balance of no more than \$150,000,000, provided that the rate so determined shall be rounded upward to the next one-tenth of one percent and no adjustment shall be required if the change in the rate of the surtax would be less than one-tenth of one percent.

Sec. 8. [ADJUSTMENT TO WITHHOLDING AND DECLARATIONS.]

For taxable years beginning after December 31, 1984, but before January 1, 1986, the commissioner of revenue shall adjust the withholding tables, notwithstanding section 290.92, subdivision 2a, so that the additional tax imposed by section 7 for the entire year is withheld and remitted by employers as if the additional tax were imposed at a rate of ten percent during the first six months of the taxable year.

For the same period, the commissioner shall require that declarations filed for the first six months of the taxable year by individuals shall include the additional tax imposed by section 7.

Sec. 9. [290.088] [DEDUCTION FOR FEDERAL INCOME TAXES.]

Adjusted gross income for individuals, estates, and trusts shall be computed by allowing to individuals, estates, and trusts a deduction from gross income for federal income taxes. The amount of the deduction is determined under section 290.18, subdivision 2.

Sec. 10. [290.089] [DEDUCTIONS FROM GROSS INCOME; INDIVIDUALS.]

Subdivision 1. [AMOUNT ALLOWED.] In computing the net income of individuals, an amount determined pursuant to subdivision 2 or 3 is allowed as a deduction.

Subd. 2. [ITEMIZED DEDUCTIONS.] Subject to the provisions of section 290.18, subdivision 1, an amount equal to the amount determined pursuant to section 63(f) of the Internal Revenue Code is allowed with the following adjustments:

(a) Add the amount paid to others not to exceed \$500 for each dependent in grades K to 6 and \$700 for each dependent in grades 7 to 12, for tuition, textbooks, and transportation of each dependent in attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363. As used in this clause, "textbooks" includes books and other instructional materials and equipment used in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for, or transportation to, extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs;

(b) Add the amount of foreign income taxes which were paid or accrued during the taxable year and for which no deduction was allowed for federal purposes under section 275 of the Internal Revenue Code because the taxpayer chose to claim the federal foreign tax credit;

(c) Add the amount by which the deduction for the taxable year allowed pursuant to subdivision 4 exceeds the amount determined pursuant to section 222 of the Internal Revenue Code;

(d) Subtract income taxes paid or accrued within the taxable year under this chapter;

(e) Subtract income taxes paid to any other state or to any province or territory of Canada if a credit is allowed for the taxes under section 290.081;

(f) If the deduction computed under section 164 of the Internal Revenue Code is not reduced by the amount of the credit or refund allowed under chapter 290A, subtract that amount;

(g) Subtract the amount of interest on investment indebtedness paid or accrued in a taxable year beginning before January 1, 1981, which has been carried forward and is allowed as a deduction in the taxable year under section 163(d) of the Internal Revenue Code.

Subd. 3. [STANDARD DEDUCTION.] In lieu of the deductions provided in subdivision 2, an individual may claim or be allowed a standard deduction as follows:

(a) Subject to modification pursuant to clause (b), the standard deduction shall be an amount equal to ten percent of the adjusted gross income of the taxpayer, up to a maximum deduction of \$2,250.

In the case of a husband and wife, the standard deduction shall not be allowed to either if the net income of one of the spouses is determined without regard to the standard deduction.

(b) The maximum amount of the standard deduction shall be adjusted for inflation in the same manner as provided in section 290.06, subdivision 2d, for the expansion of the taxable net income brackets.

(c) The commissioner of revenue may establish a standard deduction tax table incorporating the rates set forth in section 290.06, subdivision 2c, and the standard deduction. The tax of any individual taxpayer whose adjusted gross income is less than \$20,000 shall, if an election is made not to itemize nonbusiness deductions, be computed in accordance with tables prepared and issued by the commissioner of revenue. The tables shall be pre-

pared to reflect the allowance of the standard deduction and the personal and dependent credits.

Subd. 4. [ADOPTION EXPENSES.] An individual taxpayer is allowed a deduction for the expenses incurred during the taxable year arising from the adoption of one or more children, including attorney fees, court costs, social or adoption agency fees, and other necessary costs in connection with an adoption; the total expense, however, shall not exceed \$1,500 per child adopted. If under the taxpayer's system of accounting, the expense is deductible in two different taxable years, the total deduction for the two years shall not exceed \$1,500 per child.

Subd. 5. [COMPUTATION OF MINNESOTA DEDUCTIONS.] An individual who does not itemize deductions for federal purposes but does itemize deductions for Minnesota purposes shall compute that person's deductions for Minnesota as if that person had itemized their deductions for federal purposes under the provisions of subdivision 2. The individual shall be allowed as an itemized deduction for Minnesota the charitable contributions claimed as a deduction for federal purposes under the provisions of section 170(i) of the Internal Revenue Code.

Subd. 6. [SEPARATE RETURNS ON SINGLE FORM.] In the case of a husband and wife who filed a joint federal income tax return but filed separate Minnesota income tax returns, the amount of the itemized deductions that shall be allowed shall be the same amount that was allowed on their joint federal income tax return and as modified by subdivision 2. The deductions shall be divided between them based on who incurred and paid the amount which qualifies as a deduction. Amounts which qualify as a deduction and which are paid from joint funds may be divided between the spouses as they elect.

Subd. 7. [INTERNAL REVENUE CODE.] The Internal Revenue Code referred to in any of the subdivisions of this section means the Internal Revenue Code of 1954, as amended through March 12, 1983.

Sec. 11. Minnesota Statutes 1982, section 290.06, subdivision 11, is amended to read:

Subd. 11. [CONTRIBUTIONS TO POLITICAL PARTIES AND CANDIDATES.] (IN LIEU OF THE DEDUCTION PROVIDED BY SECTION 290.21, SUBDIVISION 3, CLAUSE (E).) A taxpayer may take a credit against the tax due under this chapter of 50 percent of his contributions to candidates for elective state or federal public office and to any political party. The maximum credit for an individual shall not exceed \$50 and, for a married couple filing jointly or filing a combined return, shall not exceed \$100. No credit shall be allowed under this subdivision for a contribution to any candidate, other than a candidate for elective judicial office or federal office, who has not

signed an agreement to limit his campaign expenditures as provided in section 10A.32, subdivision 3b. For purposes of this subdivision, a political party means a major political party as defined in section 200.02, subdivision 7.

This credit shall be allowed only if the contribution is verified in the manner the commissioner of revenue shall prescribe.

Sec. 12. Minnesota Statutes 1982, section 290.06, subdivision 14, is amended to read:

Subd. 14. [RESIDENTIAL ENERGY CREDIT.] A credit of 20 percent of the first \$10,000 of renewable energy source expenditures, including the expenditures described in clauses (a), (b) and (d) if made by an individual taxpayer on a Minnesota building of six dwelling units or less and expenditures for biomass conversion equipment described in clause (c), may be deducted from the tax due under this chapter for the taxable year in which the expenditures were made. For purposes of this subdivision, the term "building" shall include a condominium or townhouse used by the taxpayer as a residence. In the case of qualifying expenditures incurred in connection with a building under construction by a contractor, the credit shall be deducted from the tax liability of the first individual to purchase the building for use as a principal residence or for residential rental purposes; the contractor shall not be eligible for the credit given pursuant to this subdivision for that expenditure.

A "renewable energy source expenditure" which qualifies shall include:

(a) Expenditures which qualify for the federal renewable energy source credit, pursuant to Section 44C of the Internal Revenue Code of 1954, as amended through December 31, 1981, and any regulations promulgated pursuant thereto, provided that, after December 31, 1980, any solar collector included in the claimed expenditure is certified by the commissioner of energy, planning and development. A solar collector is a device designed to absorb incident solar radiation, convert it to thermal energy, and transfer the thermal energy to a fluid passing through or in contact with the device. "Solar collector" shall not include passive solar energy systems as defined in clause (d);

(b) Expenditures for earth sheltered dwelling units. For purposes of this credit, an "earth sheltered dwelling unit" shall mean a structure which complies with applicable building standards and which is constructed so that:

(1) 80 percent or more of the roof area is covered with a minimum depth of 12 inches of earth; and

(2) 50 percent or more of the wall area is covered with a minimum depth of 12 inches of earth; and

(3) Those portions of the structure not insulated with a minimum of seven feet of earth shall have additional insulation;

(c) Expenditures for biomass conversion equipment located in Minnesota which produces ethanol, methane or methanol for use as a gaseous or as a liquid fuel which is not offered for sale; and

(d) Expenditures for passive solar energy systems. For purposes of this credit, a "passive solar energy system" is defined to include systems which utilize elements of the building and its operable components to heat or cool a building with the sun's energy by means of conduction, convection, radiation, or evaporation. A passive system shall include:

(1) Collection aperture, including glazing installed in south facing walls and roofs; and

(2) Storage element, including thermal mass in the form of water, masonry, rock, concrete, or other mediums which is designed to store heat collected from solar radiation.

A passive system may include either or both:

(1) Control and distribution element, including fans, louvers, and air ducts; or

(2) Retention element, including movable insulation used to minimize heat loss caused by nocturnal radiation through areas used for direct solar heat gain during daylight hours.

Eligible passive expenditures shall be for equipment, materials or devices that are an integral part of the components listed above and essential to the functioning of a passive design which qualifies pursuant to rules adopted by the commissioner of revenue in cooperation with the commissioner of energy, planning and development. Expenditures for equipment, materials, or devices which are a part of the normal heating, cooling, or insulation system of a building are not eligible for the credit.

If a credit was allowed to a taxpayer under this subdivision for any prior taxable year, the dollar amount of the maximum expenditure for which a taxpayer may qualify for a credit under this subdivision in subsequent years shall be \$10,000 reduced by the amount of expenditures which a credit was claimed pursuant to this subdivision in prior years. A taxpayer shall never be allowed to claim more than \$10,000 of expenditures during the duration of the renewable energy credit.

The credit provided in this subdivision shall not be allowed in a taxable year if the amount of the credit would be less than \$10.

If the credit allowable under this subdivision exceeds the amount of tax due in a taxable year, the excess credit shall not be refunded but may be carried forward to the succeeding taxable year and added to the credit allowable for that year. No amount may be carried forward to a taxable year beginning after December 31, 1987.

A shareholder in a family farm corporation and each partner in a partnership operating a family farm shall be eligible for the credit provided by this subdivision in the same manner and to the same extent allowed a joint owner of property under section 44C (d) of the Internal Revenue Code of 1954, as amended through December 31, 1981. "Family farm corporation" and "family farm" have the meanings given in section 500.24.

The credit provided in this subdivision is subject to the provisions of Section 44C, (c) (7) and (10), and (d) (1) to (3), (AND (E),) of the Internal Revenue Code of 1954, as amended through December 31, 1981, and any regulations promulgated pursuant thereto.

The commissioner of revenue in cooperation with the commissioner of energy, planning and development shall adopt rules establishing additional qualifications and definitions for the credits provided in this subdivision.

Notwithstanding section 290.61, the commissioner of revenue may request the commissioner of energy, planning and development to assist in the review and auditing of the information furnished by the taxpayer for purposes of claiming this credit. The provisions of section 290.61 shall apply to employees of the department of energy, planning and development who receive information furnished by a taxpayer for purposes of claiming this credit.

The commissioner of energy, planning and development shall adopt rules establishing the criteria for certification of solar collectors as required by clause (a). The criteria shall:

- (1) Specify the testing procedures to be used in the evaluation of solar collectors;
- (2) Establish minimum levels of collector quality for safety;
- (3) Provide a means to determine the maintainability and structural integrity of solar collectors;
- (4) Establish a system for evaluating and rating the thermal performance of solar collectors;
- (5) Specify the procedures to follow to obtain certification of a solar collector;

(6) Conform to the maximum extent practicable to the solar collector certification requirements of other states which have adopted certification procedures; and

(7) Allow for individual variation so as not to hamper the development of innovative solar collectors.

The commissioner of energy, planning and development may adopt temporary rules pursuant to sections 14.29 to 14.36 to establish this certification procedure.

This subdivision is effective for expenditures made during taxable years beginning after December 31, 1978 and before January 1, 1986.

Sec. 13. Minnesota Statutes 1982, section 290.067, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT OF CREDIT.] A taxpayer may take as a credit against the tax due from him and his spouse, if any, under this chapter an amount equal to the dependent care credit for which he is eligible pursuant to the provisions of section 44A of the Internal Revenue Code of 1954, as amended through December 31, (1981) 1982, except that the applicable percentage of the employment-related expenses shall be 20 percent and subject to the other limitations provided in subdivision 2.

Sec. 14. Minnesota Statutes 1982, section 290.067, subdivision 2, is amended to read:

Subd. 2 [LIMITATIONS.] The credit for expenses incurred for the care of each dependent shall not exceed (\$400) \$720 in any taxable year, and the total credit for all dependents of a claimant shall not exceed (\$800) \$1,440 in a taxable year. The total credit shall be reduced (BY FIVE PERCENT OF THE AMOUNT BY WHICH) *according to the amount of the combined federal adjusted gross income, plus the ordinary income portion of any lump sum distribution under section 402(e) of the Internal Revenue Code of 1954, as amended through December 31, (1981) 1982, of the claimant and his spouse, if any, (EXCEEDS \$15,000.) as follows:*

income up to \$10,000, \$720 maximum for one dependent, \$1,440 for all dependents;

income of \$10,001 to \$11,000, \$670 maximum for one dependent, \$1,340 for all dependents;

income of \$11,001 to \$12,000, \$620 maximum for one dependent, \$1,240 for all dependents;

income of \$12,001 to \$13,000, \$570 maximum for one dependent, \$1,140 for all dependents;

income of \$13,001 to \$15,000, \$520 maximum for one dependent, \$1,040 for all dependents;

income of \$15,001 to \$22,000, \$400 maximum for one dependent, \$800 for all dependents, reduced by five percent of the amount by which the income exceeds \$15,000, plus \$70;

income of \$22,001 to \$23,000, \$70 for one dependent, \$140 for all dependents;

income of \$23,001 to \$24,000, \$20 for one dependent, \$40 for all dependents;

\$24,001 and over, no credit.

A married claimant shall file his income tax return for the year for which he claims the credit either jointly or separately on one form with his spouse. In the case of a married claimant only one spouse may claim the credit.

Sec. 15. Minnesota Statutes 1982, section 290.09, subdivision 1, is amended to read:

Subdivision 1. [LIMITATIONS.] ((A)) *Except as provided in this subdivision, the (FOLLOWING) deductions provided in this section from gross income shall only be allowed to corporations in computing net income (, PROVIDED THAT ANY ITEM WHICH WAS DEDUCTED IN ARRIVING AT GROSS INCOME UNDER THE PROVISIONS OF SECTION 290.01, SUBDIVISIONS 20 TO 20F, SHALL NOT BE AGAIN DEDUCTED UNDER THIS SECTION.)*

((B) 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, 1981.)

((C) INTEREST AND DEPRECIATION ATTRIBUTABLE TO RENTAL RESIDENTIAL PROPERTY MAY NOT BE DEDUCTED UNDER THIS SECTION IF THE PROPERTY DOES NOT COMPLY WITH THE REQUIREMENTS OF

LAWS 1982, CHAPTER 523, ARTICLE 7, SECTION 3). *The provisions of subdivisions 2, clause (c), 28, and 29 shall also apply to individuals, estates, and trusts to the extent provided in those subdivisions.*

Sec. 16. Minnesota Statutes 1982, section 290.09, subdivision 2, is amended to read:

Subd. 2. [TRADE OR BUSINESS EXPENSES; EXPENSES FOR PRODUCTION OF INCOME.] (a) In General. There shall be allowed as a deduction all the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business, including.

(1) A reasonable allowance for salaries or other compensation for personal services actually rendered;

(2) Traveling expenses (including amounts expended for meals and lodging other than amounts which are lavish or extravagant under the circumstances) while away from home in the pursuit of a trade or business; and

(3) Rentals or other payments required to be made as a condition to the continued use or possession, for purposes of the trade or business, of property to which the taxpayer has not taken or is not taking title or in which he has no equity. (FOR PURPOSES OF THE PRECEDING SENTENCE, THE PLACE OF RESIDENCE OF A MEMBER OF CONGRESS WITHIN THE STATE SHALL BE CONSIDERED HIS HOME, BUT AMOUNTS EXPENDED BY SUCH MEMBERS WITHIN EACH TAXABLE YEAR FOR LIVING EXPENSES SHALL NOT BE DEDUCTIBLE FOR INCOME TAX PURPOSES IN EXCESS OF \$3,000.)

(b) (EXPENSES FOR PRODUCTION OF INCOME. IN THE CASE OF AN INDIVIDUAL, THERE SHALL BE ALLOWED AS A DEDUCTION ALL THE ORDINARY AND NECESSARY EXPENSES PAID OR INCURRED DURING THE TAXABLE YEAR.)

((1) FOR THE PRODUCTION OR COLLECTION OF INCOME;)

((2) FOR THE MANAGEMENT, CONSERVATION, OR MAINTENANCE OF PROPERTY HELD FOR THE PRODUCTION OF INCOME; OR)

((3) IN CONNECTION WITH THE DETERMINATION, COLLECTION, OR REFUND OF ANY TAX.)

((C) ACTUAL CAMPAIGN EXPENDITURES IN AN AMOUNT NOT TO EXCEED ONE-THIRD OF THE SALARY

OF THE OFFICE SOUGHT, FOR THE YEAR THE ELECTION IS HELD, BY THE CANDIDATE, BUT NO LESS THAN \$100, NOT REIMBURSED, WHICH HAVE BEEN PERSONALLY PAID BY A CANDIDATE FOR PUBLIC OFFICE;)

((D)) No deduction shall be allowed under this subdivision for any contribution or gift which would be allowable as a deduction under section 290.21 were it not for the percentage limitations set forth in such section;

((E)) (c) All expense money paid by the legislature to legislators;

((F)) THE PROVISIONS OF SECTION 280A (DISALLOWING CERTAIN EXPENSES IN CONNECTION WITH THE BUSINESS USE OF THE HOME AND RENTAL OF VACATION HOMES) OF THE INTERNAL REVENUE CODE OF 1954, AS AMENDED THROUGH DECEMBER 31, 1981, SHALL BE APPLICABLE IN DETERMINING THE AVAILABILITY OF ANY DEDUCTION UNDER THIS SUBDIVISION.)

((G)) (d) Entertainment, amusement, or recreation expenses shall be allowed under this subdivision only to the extent that they qualify as a deduction under section 274 of the Internal Revenue Code of 1954, as amended through December 31, 1981.

Sec. 17. Minnesota Statutes 1982, section 290.09, subdivision 3, as amended by Laws 1982, Third Special Session chapter 1, article VII, section 1, 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 or indebtedness incurred or continued to purchase or carry obligations or securities the income from which is excludable from gross income under (SECTIONS 290.01, SUBDIVISIONS 20 TO 20F OR) section 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 1, 1982 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 1, 1982 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 1, 1982. 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(E) OF THE INTERNAL REVENUE CODE OF 1954, AS AMENDED THROUGH DECEMBER 1, 1982 TO THE EXTENT SUCH INTEREST IS EXCLUDABLE FROM GROSS INCOME UNDER SECTION 116 OF THE INTERNAL REVENUE CODE OF 1954 AS AMENDED THROUGH DECEMBER 1, 1982.) 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 December 1, 1982. The deduction of original issue discount shall be allowed as provided in section 163(e) of the Internal Revenue Code of 1954, as amended through December 1, 1982.

((G)) (e) No deduction shall be allowed for interest on any registration-required obligation unless the obligation is in registered form as provided in section 163(f) of the Internal Revenue Code of 1954, as amended through December 1, 1982.

Sec. 18. Minnesota Statutes 1982, sections 290.09, subdivision 4, is amended to read:

Subd. 4. [TAXES.] Taxes paid or accrued within the taxable year, except (a) income or franchise taxes imposed by this chapter and income or franchise taxes paid to any other state or to any province or territory of Canada for which a credit is al-

lowed under section 290.081; (b) taxes assessed against local benefits of a kind deemed in law to increase the value of the property assessed; (c) (INHERITANCE, GIFT AND ESTATE TAXES EXCEPT AS PROVIDED IN SECTION 290.077, SUBDIVISION 4; (D) CIGARETTE AND TOBACCO PRODUCTS EXCISE TAX IMPOSED ON THE CONSUMER; (E) THAT PART OF MINNESOTA PROPERTY TAXES FOR WHICH A CREDIT OR REFUND IS CLAIMED AND ALLOWED UNDER CHAPTER 290A; (F)) federal income taxes (including the windfall profit tax on domestic crude oil), by corporations, national and state banks; ((G) MORTGAGE REGISTRY TAX; (H) REAL ESTATE TRANSFER TAX; (I) FEDERAL TELEPHONE TAX; (J) FEDERAL TRANSPORTATION TAX;) and ((K)) (d) tax paid by any corporation or national or state bank to any foreign country or possession of the United States to the extent that a credit against federal income taxes is allowed under the provisions of the Internal Revenue Code of 1954, as amended through December 31, 1981. If the taxpayer's foreign tax credit consists of both foreign taxes deemed paid and foreign taxes actually paid or withheld, it will be conclusively presumed that foreign taxes deemed paid were first used by the taxpayer in its foreign tax credit. Minnesota gross income shall include the amount of foreign tax paid which had been allowed as a deduction in a previous year, provided such foreign tax is later allowed as a credit against federal income tax.

Taxes imposed upon a shareholder's interest in a corporation which are paid by the corporation without reimbursement from the shareholder shall be deductible only by such corporation.

Property taxes shall be allowed as a deduction to the same taxpayer and in the same manner as provided in section 164 of the Internal Revenue Code of 1954, as amended through December 31, 1981, notwithstanding the provisions of section 272.31.

Sec. 19. Minnesota Statutes 1982, section 290.09, subdivision 5, is amended to read:

Subd. 5. [LOSSES.] (a) [GENERAL RULE.] There shall be allowed as a deduction any loss sustained during the taxable year and not compensated for by insurance or otherwise.

(b) [AMOUNT OF DEDUCTION.] For purposes of paragraph (a), the basis for determining the amount of the deduction for any loss shall be the adjusted basis provided in this chapter for determining the loss from the sale or other disposition of property.

(c) ([LIMITATION OF LOSSES OF INDIVIDUALS.] IN THE CASE OF AN INDIVIDUAL, THE DEDUCTION UNDER PARAGRAPH (A) SHALL BE LIMITED TO)

((1) LOSSES INCURRED IN A TRADE OR BUSINESS;)

((2)) LOSSES INCURRED IN ANY TRANSACTION ENTERED INTO FOR PROFIT, THOUGH NOT CONNECTED WITH A TRADE OR BUSINESS; AND

((3)) LOSSES OF PROPERTY NOT CONNECTED WITH A TRADE OR BUSINESS, IF SUCH LOSSES ARISE FROM FIRE, STORM, SHIPWRECK, OR OTHER CASUALTY, OR FROM THEFT TO THE EXTENT THEY ARE DEDUCTIBLE PURSUANT TO THE PROVISIONS OF SECTION 165 (C) (3) OF THE INTERNAL REVENUE CODE OF 1954, AS AMENDED THROUGH DECEMBER 31, 1981. NO LOSS DESCRIBED IN THIS PARAGRAPH SHALL BE ALLOWED IF, AT THE TIME OF THE FILING OF THE RETURN, SUCH LOSS HAS BEEN CLAIMED FOR INHERITANCE OR ESTATE TAX PURPOSES.)

((D)) [WAGERING LOSSES.] Losses from wagering transactions shall be allowed only to the extent of the gains from such transactions.

((E)) (d) [THEFT LOSSES.] For purposes of paragraph (a), any loss arising from theft shall be treated as sustained during the taxable year in which the taxpayer discovers such loss.

((F)) (e) [CAPITAL LOSSES.] Losses from sales or exchanges of capital assets shall be allowed only to the extent allowed in section 290.16.

((G)) (f) [WORTHLESS SECURITIES.] ((1) [GENERAL RULE.]) If any security which is a capital asset becomes worthless during the taxable year, the loss resulting therefrom shall, for purposes of this chapter, be treated as a loss from the sale or exchange, on the last day of the taxable year, of a capital asset.

((2) [SECURITY DEFINED.] FOR PURPOSES OF THIS PARAGRAPH, THE TERM "SECURITY" MEANS:)

((A) A SHARE OF STOCK IN A CORPORATION;)

((B) A RIGHT TO SUBSCRIBE FOR, OR TO RECEIVE, A SHARE OF STOCK IN A CORPORATION; OR)

((C) A BOND, DEBENTURE, NOTE, OR CERTIFICATE, OR OTHER EVIDENCE OF INDEBTEDNESS, ISSUED BY A CORPORATION OR BY A GOVERNMENT OR POLITICAL SUBDIVISION THEREOF, WITH INTEREST COUPONS OR IN REGISTERED FORM.)

((3) [SECURITIES IN AFFILIATED CORPORATION.] FOR PURPOSES OF PARAGRAPH (1), ANY SECURITY IN A CORPORATION AFFILIATED WITH A TAXPAYER

WHICH IS A DOMESTIC CORPORATION SHALL NOT BE TREATED AS A CAPITAL ASSET. FOR PURPOSES OF THE PRECEDING SENTENCE, A CORPORATION SHALL BE TREATED AS AFFILIATED WITH THE TAXPAYER ONLY IF:)

((A) AT LEAST 80 PERCENT OF EACH CLASS OF ITS STOCK IS OWNED DIRECTLY BY THE TAXPAYER, AND)

((B) MORE THAN 90 PERCENT OF THE AGGREGATE OF ITS GROSS RECEIPTS FOR ALL TAXABLE YEARS HAS BEEN FROM SOURCES OTHER THAN ROYALTIES, RENTS (EXCEPT RENTS DERIVED FROM RENTAL FROM PROPERTIES TO EMPLOYEES OF THE CORPORATION IN THE ORDINARY COURSE OF ITS OPERATING BUSINESS), DIVIDENDS, INTEREST (EXCEPT INTEREST RECEIVED ON DEFERRED PURCHASE PRICE OF OPERATING ASSETS SOLD), ANNUITIES, AND GAINS FROM SALES OR EXCHANGES OF STOCKS AND SECURITIES. IN COMPUTING GROSS RECEIPTS FOR PURPOSES OF THE PRECEDING SENTENCE, GROSS RECEIPTS FROM SALES OR EXCHANGES OF STOCK AND SECURITIES SHALL BE TAKEN INTO ACCOUNT ONLY TO THE EXTENT OF GAINS THEREFROM.) *The definitions contained in section 165(g) of the Internal Revenue Code of 1954, as amended through January 15, 1983, shall apply. No deduction shall be allowed for any loss sustained on any registration-required obligation as defined in and except as provided in section 165(j) of the Internal Revenue Code of 1954, as amended through January 15, 1983.*

((H)) (g) [DISASTER LOSSES.] ((1)) Notwithstanding the provisions of (a), any loss

((A)) attributable to a disaster (WHICH OCCURS DURING THE PERIOD FOLLOWING THE CLOSE OF THE TAXABLE YEAR AND ON OR BEFORE THE TIME PRESCRIBED BY LAW FOR FILING THE INCOME TAX RETURN FOR THE TAXABLE YEAR (DETERMINED WITHOUT REGARD TO ANY EXTENSION OF TIME), AND)

((B)) occurring in an area subsequently determined by the President of the United States to warrant assistance by the Federal Government under the provisions of the Federal Disaster Relief Act of 1974 (, AT THE ELECTION OF THE TAXPAYER, MAY) *shall be deducted for the taxable year immediately preceding the taxable year in which the disaster occurred. (SUCH ELECTION MAY BE MADE) This provision shall apply only if (A SIMILAR) an election has been made under the provisions of Section (165(H)) 165(i) of the Internal Revenue Code of 1954, as amended through (DECEMBER 31, 1981) January 15, 1983 for federal income tax purposes. Such*

deduction allowed in the preceding taxable year shall not (BE IN EXCESS OF SO MUCH OF THE LOSS AS WOULD HAVE BEEN DEDUCTIBLE IN THE TAXABLE YEAR IN WHICH THE CASUALTY OCCURRED) exceed the uncompensated amount determined on the basis of the facts existing at the date the taxpayer claims the loss. If an election is made under this paragraph, the casualty resulting in the loss will be deemed to have occurred in the taxable year for which the deduction is claimed.

(2) THE COMMISSIONER IS AUTHORIZED TO PRESCRIBE REGULATIONS PROVIDING THE TIME AND MANNER OF MAKING AN ELECTION TO CLAIM A DISASTER LOSS UNDER THIS CLAUSE.)

((1) [ELECTION.] IN LIEU OF THE DEDUCTION ALLOWED BY (A) OR (H) ANY LOSS NOT COMPENSATED FOR BY INSURANCE OR OTHERWISE:)

((1) ATTRIBUTABLE TO STORM OR OTHER NATURAL CAUSES OR FIRE, MAY, AT THE ELECTION OF THE TAXPAYER, BE CLAIMED AS A DEDUCTION IN THE TAXABLE YEAR IN WHICH SAID LOSS IS SUSTAINED OR IN THE PRECEDING TAXABLE YEAR.)

((2) IN THE EVENT THAT UNDER THE PROVISIONS OF THIS PARAGRAPH, A TAXPAYER CLAIMS THE SAME DISASTER LOSS DEDUCTION OR A NET OPERATING LOSS DEDUCTION RESULTING FROM THE INCLUSION OF A CASUALTY LOSS IN THE CALCULATION OF SUCH DEDUCTION IN DIFFERENT TAXABLE YEARS FOR STATE AND FEDERAL PURPOSES, APPROPRIATE MODIFICATIONS SHALL BE ALLOWED OR REQUIRED FOR TAXABLE YEARS AFFECTED IN ORDER TO PREVENT DUPLICATION OR OMISSION OF SUCH DEDUCTION.)

((3) THE COMMISSIONER IS AUTHORIZED TO PRESCRIBE REGULATIONS PROVIDING THE TIME AND MANNER TO MAKE AN ELECTION TO CLAIM A LOSS UNDER THE PROVISIONS OF THIS PARAGRAPH AND FOR THE FILING OF AN AMENDED RETURN OR CLAIM FOR REFUND.)

Sec. 20. Minnesota Statutes 1982, section 290.09, subdivision 29, is amended to read:

Subd. 29. [DEDUCTIONS ATTRIBUTABLE TO FARMING.] (a) [DEFINITIONS.] For purposes of this subdivision, income and gains and expenses and losses shall be considered as "arising from a farm" if such items are received or incurred in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural

commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, *including horses for horse racing*, bees, poultry, and fur-bearing animals and wildlife, and all operations incident thereto, including but not limited to the common use of "hedging".

(b) [DEDUCTIONS LIMITED.] Except as provided in this subdivision, expenses and losses, except for interest and taxes, arising from a farm shall not be allowed as deductions in excess of income and gains arising from a farm.

(c) [DEDUCTIONS ALLOWED; CARRYOVER DEDUCTIONS.] Expenses and losses arising from a farm or farms shall be allowed as deductions up to the amount of the income and gains arising from a farm or farms in any taxable year, plus the first (\$15,000) \$30,000 of non-farm gross income, or non-farm taxable net income in the case of a corporation, provided however that in any case where non-farm income exceeds (\$15,000) \$30,000, the maximum allowable amount of (\$15,000) \$30,000 shall be reduced by (TWICE THE) *an* amount (BY WHICH) *equal to* the non-farm income (EXCEEDS THE AMOUNT) *in excess of* (\$15,000) \$30,000 *multiplied by three*. For this purpose and for the purpose of applying the limitation in the following paragraph regarding the application of any carryback or carryforward, the term gross income shall include the ordinary income portion of a lump sum distribution as defined in section 402(e) of the Internal Revenue Code of 1954, as amended through December 31, 1981, and no deduction shall be allowed for two-earner married couples as provided in section 221 of the Internal Revenue Code of 1954, as amended through December 31, 1981. Any remaining balance of the deductions shall be carried back three years and carried forward five years, in chronological order, provided, however, that in any case in which any individual, estate or trust which elects a net operating loss carryforward under section 172(b)(3)(C) of the Internal Revenue Code of 1954, as amended through December 31, 1981, such losses shall not be carried back but shall only be carried forward.

Current expenses and losses shall be utilized as deductions in any taxable year, to the extent herein allowable, prior to the application of any carryback or carryover deductions. In any event, the combined amounts of such current expenses and losses and carryback or carryover deductions shall be allowed as deductions up to the amount of the income and gains arising from a farm or farms in any taxable year, plus the first (\$15,000) \$30,000 of non-farm gross income, or non-farm taxable net income in the case of a corporation, provided however that in any case where non-farm income exceeds (\$15,000) \$30,000, the maximum allowable amount of (\$15,000) \$30,000 shall be reduced by (TWICE THE) *an* amount (BY WHICH) *equal to* the non-farm income (EXCEEDS THE AMOUNT) *in excess of* (\$15,000) \$30,000 *multiplied by three*.

(d) [SHAREHOLDERS SEPARATE ENTITIES.] For purposes of this subdivision, individual shareholders of an electing small business corporation shall be considered separate entities.

(e) [SPECIAL PERIOD OF LIMITATION WITH RESPECT TO FARM LOSS LIMITATION CARRYBACKS.] For the purposes of sections 290.46 and 290.50, if the claim for refund relates to an overpayment attributable to a farm loss limitation carryback under this subdivision, in lieu of the period of limitation prescribed in sections 290.46 and 290.50, the period of limitation shall be that period which ends with the expiration of the 15th day of the 46th month (or the 45th month, in the case of a corporation) following the end of the taxable year of the farm loss which results in the carryback.

(f) [INTEREST ON CLAIMS.] In any case in which a taxpayer is entitled to a refund in a carryback year due to the carryback of a farm loss, interest shall be computed only from the end of the taxable year in which the loss occurs.

(g) [ORDER OF APPLICATION.] The application of this subdivision shall be made after applying any limitation to out of state losses contained in section 290.17.

Sec. 21. Minnesota Statutes 1982, section 290.091, is amended to read:

290.091 [MINIMUM TAX ON PREFERENCE ITEMS.]

In addition to all other taxes imposed by this chapter there is hereby imposed, a tax which, in the case of a resident individual, shall be equal to 40 percent of the amount of the taxpayer's minimum tax liability for tax preference items pursuant to the provisions of sections 55 to 58 and 443(d) of the Internal Revenue Code of 1954 as amended through December 31, 1981. For purposes of the tax imposed by this section, the following modifications shall be made:

(1) 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.

(2) In the case of a corporate taxpayer, percentage depletion shall not be a preference item.

(3) In the case of a corporate taxpayer, the capital gain preference item shall not include the timber preference income defined in section 57(e)(1) of the Internal Revenue Code.

(4) The preference item of reserves for losses on bad debts shall not include reserves allowable under section 593 of the Internal Revenue Code, but which are not allowable under section 290.09, subdivision 6, clause (c).

(5) (IN THE CASE OF AN INDIVIDUAL, THE PREFERENCE ITEM OF ADJUSTED ITEMIZED DEDUCTIONS DOES NOT INCLUDE ANY DEDUCTION FOR CHARITABLE CONTRIBUTIONS IN EXCESS OF THE LIMITATIONS CONTAINED IN SECTION 290.21, SUBDIVISION 3, INCLUDING ANY CARRYOVER AMOUNT ALLOWED FOR FEDERAL PURPOSES.)

((6)) The capital gain preference item shall be reduced where the gain would be modified because some or all of the assets have a higher basis for Minnesota purposes than for federal purposes.

((7)) (6) In the case of a nonresident individual, or an estate or trust, with a net operating loss that is a larger amount for Minnesota than for federal, the capital gain preference item shall be reduced to the extent it was reduced in the allowance of the net operating loss.

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.

The tax benefit rule contained in section 58(h) of the Internal Revenue Code is applied to the Minnesota minimum tax only to the extent that it determines if there is a federal minimum tax. No separate tax benefit rule is allowable for the Minnesota minimum tax.

For property placed in service after December 31, 1980, the preference items contained in section 57(a)(12) of the Internal Revenue Code of 1954, as amended through December 31, 1981, shall not apply.

Sec. 22. Minnesota Statutes 1982, section 290.14, is amended to read:

290.14 [GAIN OR LOSS ON DISPOSITION OF PROPERTY, BASIS.]

Except as otherwise provided in this chapter, the basis for determining the gain or loss from the sale or other disposition of property acquired on or after January 1, 1933, shall be the cost to the taxpayer of such property, with the following exceptions:

(1) If the property should have been included in the last inventory, it shall be the last inventory value thereof;

(2) If the property was acquired by gift, it shall be the same as it would be if it were being sold or otherwise disposed of by the last preceding owner not acquiring it by gift; if the facts required for this determination cannot be ascertained, it shall be the fair market value as of the date, or approximate date, of acquisition by the last preceding owner, as nearly as the requisite facts can be ascertained by the commissioner;

(3) If the property was acquired by gift through an inter vivos transfer in trust, it shall be the same as it would be if it were being sold or otherwise disposed of by the grantor;

(4) Except as otherwise provided in this clause, the basis of property in the hands of a person acquiring the property from a decedent or to whom the property passed from a decedent shall, if not sold, exchanged or otherwise disposed of before the decedent's death by the person, be the fair market value of the property at the date of decedent's death or, in the case of an election under section 2032 (relating to alternate valuation) of the Internal Revenue Code of 1954, as amended through December 31, 1981, its valuation at the applicable valuation date prescribed by that section, or in the case of an election under section 2032A (relating to valuation of farm real property) of the Internal Revenue Code of 1954, as amended through December 31, 1981, its value determined by that section.

For the purposes of the preceding paragraph, the following property shall be considered to have been acquired from or to have passed from the decedent:

(a) Property acquired by bequest, devise, or inheritance, or by the decedent's estate from the decedent;

(b) Property transferred by the decedent during his lifetime in trust to pay the income for life to or on the order or direction of the decedent, with the right reserved to the decedent at all times before his death to revoke the trust;

(c) Property transferred by the decedent during his lifetime in trust to pay the income for life to or on the order or direction of the decedent with the right reserved to the decedent at all

times before his death to make any change in the enjoyment thereof through the exercise of a power to alter, amend, or terminate the trust;

(d) Property passing without full and adequate consideration under a general power of appointment exercised by the decedent by will;

(e) In the case of a decedent's dying after December 31, 1956, property acquired from the decedent by reason of death, form of ownership, or other conditions (including property acquired through the exercise or non-exercise of a power of appointment), if by reason thereof the property is required to be included in determining the value of the decedent's gross estate for Minnesota inheritance or estate tax purposes. In this case, if the property is acquired before the death of the decedent, the basis shall be the amount determined under the first paragraph of this clause reduced by the amount allowed to the taxpayer as deductions in computing taxable net income under this chapter or prior Minnesota income tax laws for exhaustion, wear and tear, obsolescence, amortization, and depletion on the property before the death of the decedent. The basis shall be applicable to the property commencing on the death of the decedent. This paragraph shall not apply to annuities and property described in paragraphs (a), (b), (c) and (d) of this clause.

This clause shall not apply to property which constitutes a right to receive an item of income in respect of a decedent under section 290.077.

(5) If substantially identical property was acquired in the place of stocks or securities which were sold or disposed of and in respect of which loss was not allowed as a deduction under section 10 or section 290.09, subdivision 5, the basis in the case of property so acquired shall be the same as that provided in section 1091 of the Internal Revenue Code of 1954, as amended through December 31, 1981.

(6) Neither the basis nor the adjusted basis of any portion of real property shall, in the case of a lessor of the property, be increased or diminished on account of income derived by the lessor in respect of the property and excludable from gross income under section 290.08, subdivision 14.

If an amount representing any part of the value of real property attributable to buildings erected or other improvements made by a lessee in respect of the property was included in gross income of the lessor for any taxable year beginning before January 1, 1943, the basis of each portion of the property shall be properly adjusted for the amount included in gross income.

(7) (IF THE PROPERTY WAS ACQUIRED BY THE TAXPAYER AS A TRANSFER OF PROPERTY IN EX-

CHANGE FOR THE RELEASE OF THE TAXPAYER'S MARITAL RIGHTS, THE BASIS OF THE PROPERTY SHALL BE THE SAME AS IT WOULD BE IF IT WERE BEING SOLD OR OTHERWISE DISPOSED OF BY THE PERSON WHO TRANSFERRED THE PROPERTY TO THE TAXPAYER.)

((8)) The basis of property subject to the provisions of section 1034 of the Internal Revenue Code of 1954, as amended through December 31, 1981 (relating to the rollover of gain on sale of principal residence) shall be the same as the basis for federal income tax purposes. The basis shall be increased by the amount of gain realized on the sale of a principal residence outside of Minnesota, while a nonresident of this state, which gain was not recognized because of the provisions of section 1034.

Sec. 23. Minnesota Statutes 1982, 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) (a) 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.

(b) In the case of an individual who is a nonresident of Minnesota and who is an athlete or entertainer, income from compensation for labor or personal services performed within this state shall be determined in the following manner.

(i) The amount of income to be assigned to Minnesota for an individual who is a nonresident salaried athletic team employee shall be determined by using a fraction in which the denominator contains the total number of days in which the individual is under a duty to perform for the employer, and the numerator is the total number of those days spent in Minnesota. In order to eliminate the need to file state or provincial income tax returns in several states or provinces, Minnesota will exclude from income any income assigned to Minnesota under the provisions of this clause for a nonresident athlete who is employed by an athletic team whose operations are not based in this state if the state or province in which the athletic team is based provides a similar income exclusion. If the state or province in which the athletic team's operations are based does not have an income tax on an individual's personal service income, it will be deemed that

that state or province has a similar income exclusion. As used in the preceding sentence, the term "province" means a province of Canada.

(ii) The amount of income to be assigned to Minnesota for an individual who is a nonresident, and who is an athlete not listed in clause (i), or who is an entertainer, for that person's athletic or entertainment performance in Minnesota shall be determined by assigning to this state all income from performances or athletic contests in 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 from winnings on Minnesota pari-mutuel betting tickets shall be assigned to 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 290.28 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, notwith-

standing 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" shall mean 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 shall be 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 of ownership will not be deemed to exist unless the corporation owns more than 50 percent of the voting stock of the other corporation.

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 AC-

COUNT 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, 1981, 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. 24. Minnesota Statutes 1982, section 290.18, subdivision 1, is amended to read:

Subdivision 1. [TAXABLE NET INCOME.] (a) *For resident individuals, taxable net income shall be the same as net income.*

(b) *For all other taxpayers, the taxable net income shall, except insofar as section 290.19 is applicable, be computed by deducting from the gross income assignable to this state under section 290.17 deductions of the kind permitted by (SECTION) sections 10, 290.09, and section 62 of the Internal Revenue Code of 1954, as amended through March 12, 1983, in accordance with the following provisions:*

(1) Such deductions shall be allowed to the extent that they are connected with and allocable against the production or receipt of such gross income assignable to this state;

(2) That proportion of such deductions, so far as not connected with an allocable against the production or receipt of such gross income assignable to this state and so far as not connected with and allocable against the production or receipt of gross income assignable to other states or countries and so far as not entering into the computation of the net income assignable to this state under section 290.19, shall be allowed which the taxpayer's gross income from sources within this state, as determined under section 290.17, subdivision 2, clauses (1), (2), (3), ((5)), and ((7)) (6), bears to his gross income from all sources,

including that entering into the computations provided for by section 290.19; provided that taxes of the kind deductible under section 290.09, subdivision 4, shall, so far as within the description of deductions deductible under this clause, be deductible in their entirety if paid to the state of Minnesota, or any of its subdivisions authorized to impose such taxes, and thereupon be excluded in making the computation of deductions, as in this clause provided.

Sec. 25. Minnesota Statutes 1982, section 290.18, subdivision 2, is amended to read:

Subd. 2. [FEDERAL INCOME TAX PAYMENTS AND REFUNDS.] The adjusted gross income shall be computed by deducting from the gross income assignable to this state under section 290.17, the deduction for allowable federal income taxes determined under the provisions of sections (290.09, SUBDIVISION 4,) 9 or 290.10, clause (8), (9) or (10), and 290.18.

This deduction shall be allowed to individuals, estates, or trusts:

(i) for taxable years beginning after December 31, 1980 in the taxable year to which the liability applies. Such liability includes the portion of self-employment tax allowed under section 290.10, clause (8). The self-employment tax must be deducted by the person who is deriving the income. When the federal tax liability is joint and several under the computation of a joint federal return of husband and wife, the federal tax liability (MUST BE SPLIT BETWEEN THE SPOUSES IN THE SAME RATIO THAT THE FEDERAL ADJUSTED GROSS INCOME OF THAT SPOUSE BEARS TO THE TOTAL FEDERAL ADJUSTED GROSS INCOME. FOR PURPOSES OF THE PRECEDING SENTENCE, "FEDERAL ADJUSTED GROSS INCOME" INCLUDES THE ORDINARY INCOME PORTION OF A LUMP SUM DISTRIBUTION AS DEFINED IN SECTION 402(E) OF THE INTERNAL REVENUE CODE OF 1954, AS AMENDED THROUGH DECEMBER 31, 1981) shall be divided between the spouses as follows: the spouse with the lower qualified earned income, as defined in section 221 of the Internal Revenue Code of 1954, as amended through March 12, 1983, shall deduct an amount equal to at least the federal tax withheld for the taxable year from his wages and from interest, dividends, or patronage dividends earned on assets solely in his name, but not to exceed the joint federal income tax liability less self-employment tax; the balance of the joint federal tax liability may be taken by either spouse or divided between them as they elect, provided that the allocation of federal income tax liability as required under section 290.10, clause (9), shall be made on the basis of joint federal adjusted gross income prior to apportionment of the deduction between the spouses.

(ii) taxes paid for a taxable year beginning before January 1, 1981 shall be allowed as follows (:).

(1) Those taxes paid in a taxable year beginning before January 1, 1981, shall be claimed in the year in which the payment was made.

(2) Those paid in a taxable year beginning after December 31, 1980 shall be divided and deducted in equal installments reflected by the yearly periods beginning with the first day of the taxable year in which the payment was made and ending December 31, 1986.

(iii) In the case of a person who was self employed during all or a portion of the taxable year, the federal income tax liability for purposes of this section shall be increased by the self-employment tax allowed under section 290.10, clause (8).

(iv) If a taxpayer's federal tax liability is eventually not paid by reason of compromise, discharge, or court order, the deduction allowed pursuant to this subdivision shall be disallowed for the taxable year in which the liability was accrued.

(v) In the event a federal tax liability for a taxable year commencing after December 31, 1980 is increased, decreased or modified, and such increase, decrease or modification has resulted in a change in the amount of Minnesota income tax in the year to which such increase, decrease or modification is attributable, the taxpayer's deduction under this section shall be modified for such year.

(vi) If the readjustments required in (iv) or (v) are for taxes reflected in the transition rule described in (ii) ((2)), the readjustment shall be made equally to the remaining installments and if a reduction to such installments is required under this readjustment which exceeds the total of all remaining installments, the remaining installments will be reduced to zero and the excess included in income as a federal income tax refund.

(vii) Refunds which are not involved with any readjustments under the transition rule shall be included in income under *Minnesota Statutes 1982*, section 290.01, subdivision 20a, clause (6) if it is from a year beginning before January 1, 1981.

(viii) Refunds of taxes for years beginning after December 31, 1980, shall be used to adjust the deduction in the taxable year of the liability unless that year is closed by statute and no other adjustments are to be required or allowable in which case such refund shall be reportable in the year received.

Sec. 26. *Minnesota Statutes 1982*, section 290.21, subdivision 1, is amended to read:

Subdivision 1. The following deductions shall be allowed *only to corporations and shall be deductions* from (GROSS INCOME IN COMPUTING NET INCOME FOR INDIVIDUALS, AND FROM) a corporation's taxable net income (FOR CORPORATIONS).

Sec. 27. Minnesota Statutes 1982, section 290.21, subdivision 3, is amended to read:

Subd. 3. An amount for contribution or gifts made within the taxable year:

(a) to or for the use of the state of Minnesota, or any of its political subdivisions for exclusively public purposes,

(b) to or for the use of any community chest, corporation, organization, trust, fund, association, or foundation located in and carrying on substantially all of its activities within this state, organized and operating exclusively for religious, charitable, public cemetery, scientific, literary, artistic, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private stockholder or individual,

(c) to a fraternal society, order, or association, operating under the lodge system located in and carrying on substantially all of their activities within this state if such contributions or gifts are to be used exclusively for the purposes specified in subdivision 3(b), or for or to posts or organizations of war veterans or auxiliary units or societies of such posts or organizations, if they are within the state and no part of their net income inures to the benefit of any private shareholder or individual,

(d) to or for the use of the United States of America for exclusively public purposes, and to or for the use of any community chest, corporation, trust, fund, association, or foundation, organized and operated exclusively for any of the purposes specified in subdivision 3(b) and (c) no part of the net earnings of which inures to the benefit of any private shareholder or individual, but not carrying on substantially all of their activities within this state, in an amount equal to the ratio of Minnesota taxable net income to total net income, (PROVIDED, HOWEVER, THAT FOR AN INDIVIDUAL TAXPAYER, THE DEDUCTION SHALL BE ALLOWED IN AN AMOUNT EQUAL TO THE RATIO OF THE TAXPAYER'S GROSS INCOME ASSIGNABLE TO MINNESOTA TO THE TAXPAYER'S GROSS INCOME FROM ALL SOURCES,)

(e) (TO A MAJOR POLITICAL PARTY, AS DEFINED IN SECTION 200.02, SUBDIVISION 7, OR A POLITICAL CANDIDATE, AS DEFINED IN SECTION 210A.01, OR A

POLITICAL CAUSE WHEN SPONSORED BY ANY PARTY OR ASSOCIATION OR COMMITTEE, AS DEFINED IN SECTION 210A.01, IN A MAXIMUM AMOUNT NOT TO EXCEED THE FOLLOWING.)

((1) CONTRIBUTIONS MADE BY INDIVIDUAL NATURAL PERSONS, \$100,)

((2) CONTRIBUTIONS MADE BY A NATIONAL COMMITTEEMAN, NATIONAL COMMITTEEWOMAN, STATE CHAIRMAN, OR STATE CHAIRWOMAN OF A MAJOR POLITICAL PARTY, AS DEFINED IN SECTION 200.02, SUBDIVISION 7, \$1,000,)

((3) CONTRIBUTIONS MADE BY A CONGRESSIONAL DISTRICT COMMITTEEMAN OR COMMITTEEWOMAN OF A MAJOR POLITICAL PARTY, AS DEFINED IN SECTION 200.02, SUBDIVISION 7, \$350,)

((4) CONTRIBUTIONS MADE BY A COUNTY CHAIRMAN OR A COUNTY CHAIRWOMAN OF A MAJOR POLITICAL PARTY, AS DEFINED IN SECTION 200.02, SUBDIVISION 7, \$150,)

((F) IN THE CASE OF AN INDIVIDUAL, THE TOTAL DEDUCTION ALLOWABLE HEREUNDER SHALL NOT EXCEED 30 PERCENT OF THE TAXPAYER'S MINNESOTA GROSS INCOME AS FOLLOWS:)

((I) THE AGGREGATE OF CONTRIBUTIONS MADE TO ORGANIZATIONS SPECIFIED IN (A), (B) AND (D) SHALL NOT EXCEED TEN PERCENT OF THE TAXPAYER'S MINNESOTA GROSS INCOME,)

((II) THE TOTAL DEDUCTION UNDER THIS SUBPARAGRAPH FOR ANY TAXABLE YEAR SHALL NOT EXCEED 20 PERCENT OF THE TAXPAYER'S MINNESOTA GROSS INCOME. FOR PURPOSES OF THIS SUBPARAGRAPH, THE DEDUCTION UNDER THIS SECTION SHALL BE COMPUTED WITHOUT REGARD TO ANY DEDUCTION ALLOWED UNDER SUBPARAGRAPH (I) BUT SHALL TAKE INTO ACCOUNT ANY CONTRIBUTIONS DESCRIBED IN SUBPARAGRAPH (I) WHICH ARE IN EXCESS OF THE AMOUNT ALLOWABLE AS A DEDUCTION UNDER SUBPARAGRAPH (I). FOR PURPOSES OF PARAGRAPH (F) THE TERM MINNESOTA GROSS INCOME SHALL ALSO INCLUDE THE ORDINARY INCOME PORTION OF A LUMP SUM DISTRIBUTION AS DEFINED IN SECTION 402(E) OF THE INTERNAL REVENUE CODE OF 1954, AS AMENDED THROUGH DECEMBER 31, 1981,)

((G) IN THE CASE OF A CORPORATION,) the total deduction hereunder shall not exceed 15 percent of the taxpayer's taxable net income less the deductions allowable under this section other than those for contributions or gifts,

((H)) (f) in the case of a corporation reporting its taxable income on the accrual basis, if: (A) the board of directors authorizes a charitable contribution during any taxable year, and (B) payment of such contribution is made after the close of such taxable year and on or before the fifteenth day of the third month following the close of such taxable year; then the taxpayer may elect to treat such contribution as paid during such taxable year. The election may be made only at the time of the filing of the return for such taxable year, and shall be signified in such manner as the commissioner shall by regulations prescribe;

((I)) (g) in the case of a contribution or property placed in trust as described in section 170(f)(2) of the Internal Revenue Code of 1954, as amended through December 31, 1981, a deduction shall be allowed under this subdivision to the extent that a deduction is allowable for federal income tax purposes.

((J) AMOUNTS PAID TO MAINTAIN CERTAIN STUDENTS AS MEMBERS OF THE TAXPAYER'S HOUSEHOLD SHALL BE ALLOWED AS A DEDUCTION AS PROVIDED IN SECTION 170(G) OF THE INTERNAL REVENUE CODE OF 1954, AS AMENDED THROUGH DECEMBER 31, 1981. NO OTHER DEDUCTION SHALL BE ALLOWED UNDER THIS SUBDIVISION FOR THESE AMOUNTS AND THE LIMITATIONS CONTAINED IN CLAUSE (F) SHALL NOT APPLY TO THESE AMOUNTS.)

Sec. 28. Minnesota Statutes 1982, section 290.23, subdivision 5, is amended to read:

Subd. 5. [DISTRIBUTABLE NET INCOME, INCOME, BENEFICIARY; DEFINED.] (1) For purposes of sections 290.22 through 290.25, the term "distributable net income" means the same as that term is defined in section 643(a) of the Internal Revenue Code of 1954, as amended through December 31, 1981 with the following modification:

There shall be included any tax-exempt interest to which section 290.01, subdivision 20b, clause (1) applies, reduced by any amounts which would be deductible in respect of disbursements allocable to such interest but for the provisions of (SECTIONS 290.09, SUBDIVISION 3, AND) section 290.10(9) (relating to disallowance of certain deductions).

If the estate or trust is allowed a deduction under section 642(c) of the Internal Revenue Code of 1954, as amended through December 31, 1981, the amount of the modification shall

be reduced to the extent that the amount of income which is paid, permanently set aside, or to be used for the purposes specified in that section of the Internal Revenue Code is deemed to consist of items specified in the modification. For this purpose, such amount shall (in the absence of specific provisions in the governing instrument) be deemed to consist of the same proportion of each class of items of income of the estate or trust as the total of each class bears to the total of all classes.

(2) The term "income," and the term "beneficiary" have the same meaning as those terms are defined in section 643(b) and (c) of the Internal Revenue Code of 1954, as amended through December 31, 1981.

Sec. 29. Minnesota Statutes 1982, section 290.31, subdivision 2, is amended to read:

Subd. 2. [INCOME AND CREDITS OF PARTNER.] (1) In determining his income tax, each partner shall take into account separately his distributive share of the partnership's

(a) gains and losses from sales or exchanges of capital assets held for not more than one year,

(b) gains and losses from sales or exchanges of capital assets held for more than one year,

(c) gains and losses from sales or exchanges of property described in section (290.16, SUBDIVISION 9(1) AND (2)) *1231 of the Internal Revenue Code of 1954, as amended through January 15, 1983* (relating to certain property used in a trade or business and involuntary conversions),

(d) charitable contributions ((AS DEFINED IN SECTION 290.21, SUBDIVISION 3)) *as defined in section 170(c) of the Internal Revenue Code of 1954, as amended through December 31, 1982,*

(e) dividends with respect to which there is provided (A DEDUCTION UNDER SECTION 290.21,) *an exclusion under section 116 or a deduction under sections 241 to 247 of the Internal Revenue Code of 1954, as amended through December 31, 1982,*

(f) other items of income, gain, loss, deduction, or credit, to the extent provided by regulations prescribed by the commissioner, and

(g) taxable net income or loss, exclusive of items requiring separate computation under other subparagraphs of this paragraph (1).

(2) The character of any item of income, gain, loss, deduction, or credit included in a partner's distributive share under paragraphs (a) through (f) of paragraph (1) shall be determined as if such item were realized directly from the source from which realized by the partnership, or incurred in the same manner as incurred by the partnership.

(3) In any case where it is necessary to determine the gross income of a partner for purposes of this chapter, such amount shall include his distributive share of the gross income of the partnership.

Sec. 30. Minnesota Statutes 1982, section 290.31, subdivision 3, is amended to read:

Subd. 3. [PARTNERSHIP COMPUTATIONS.] The taxable net income of a partnership shall be computed in the same manner as in the case of an individual except that

(1) the items described in subdivision 2(1) shall be separately stated, and

(2) the following deductions shall not be allowed to the partnership:

(a) the deduction for taxes provided in section (290.09, SUBDIVISION 4) *164(a) of the Internal Revenue Code of 1954, as amended through December 31, 1982*, with respect to taxes, described in section 901 of the Internal Revenue Code of 1954, as amended through December 31, 1981, paid or accrued to foreign countries and to possessions of the United States,

(b) the deduction for charitable contributions provided in section 290.21, subdivision 3 *or section 170 of the Internal Revenue Code of 1954, as amended through December 31, 1982*,

(c) the net operating loss deduction provided in section 290.095,

(d) the additional itemized deductions for individuals provided in (SECTION 290.09, SUBDIVISIONS 10 AND 17) *sections 211 to 223 of the Internal Revenue Code of 1954, as amended through December 31, 1982*, and,

(e) the deduction for depletion under section 290.09, subdivision 8 with respect to oil and gas wells.

Any election affecting the computation of taxable net income derived from a partnership shall be made by the partnership except as provided in section 703(b) of the Internal Revenue Code of 1954, as amended through December 31, 1981.

Sec. 31. Minnesota Statutes 1982, section 290.39, subdivision 2, is amended to read:

Subd. 2. [SEPARATE COMPUTATIONS ON A SINGLE RETURN.] Notwithstanding the provisions of section 290.61, a husband and wife may elect to compute their Minnesota income tax separately on a single return, in which event:

(a) if the sum of the payments by either spouse, including withheld and estimated taxes, exceeds the amount of tax of such spouse as computed separately, the excess may be applied by the commissioner to the credit of the other spouse if the sum of the payments by such other spouse, including withheld and estimated taxes, is less than the amount of the tax of such other spouse as computed separately;

(b) if the sum of the payments made by both spouses with respect to the taxes of both as computed separately, including withheld and estimated taxes, exceeds the total of the taxes due, refund of the excess may be made payable to both spouses or may be credited against any liability in respect of Minnesota income tax on the part of either spouse;

(c) if the sum of the payments made by both spouses with respect to the taxes of both as computed separately, including withheld and estimated taxes, is less than the total of the taxes due, the liability for the unpaid tax shall be joint and several; provided that a spouse may be relieved of liability in those cases contained in section 6013(e) of the Internal Revenue Code of 1954 as amended through December 31, 1981 (for purposes of computing the 25 percent test contained in that section, the amount of gross income stated in the return shall include the total gross income of both spouses);

(d) if the standard deduction provided for by section (290.09, SUBDIVISION 15) 10, subdivision 3, is not utilized, then the total of the Minnesota itemized deductions of a husband and wife may be taken by either or divided between them as they elect;

(e) the limitation on the deduction for investment interest 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.

Sec. 32. Minnesota Statutes 1982, section 290.431, is amended to read:

290.431 [NON-GAME WILDLIFE CHECKOFF.]

Every individual who files an income tax return or property tax refund claim form may designate on their original return

that \$1 or more shall be added to the tax or deducted from the refund that would otherwise be payable by or to that individual and paid into an account to be established for the management of non-game wildlife. The commissioner of revenue shall, on the first page of the income tax return and the property tax refund claim form, notify filers of their right to designate that a portion of their tax or refund shall be paid into the non-game wildlife management account. The sum of the amounts so designated to be paid shall be credited to the non-game wildlife management account for use by the non-game section of the division of wildlife in the department of natural resources. The commissioner of natural resources shall submit a work program for each fiscal year and semi-annual progress reports to the legislative commission on Minnesota resources in the form determined by the commission. None of the money provided in this section may be expended unless the commission has approved the work program.

The state pledges and agrees with all contributors to the non-game wildlife management account to use the funds contributed solely for the management of nongame wildlife projects and further agrees that it will not impose additional conditions or restrictions that will limit or otherwise restrict the ability of the commissioner of natural resources to use the available funds for the most efficient and effective management of nongame wildlife.

Sec. 33. Minnesota Statutes 1982, section 290.46, is amended to read:

290.46 [EXAMINATION OF RETURNS; ASSESSMENTS, REFUNDS.]

The commissioner shall, as soon as practicable after the return is filed, examine the same and make any investigation or examination of the taxpayer's records and accounts that he may deem necessary for determining the correctness of the return. The tax computed by him on the basis of such examination and investigation shall be the tax to be paid by such taxpayer. If the tax found due shall be greater than the amount reported as due on the taxpayer's return, the commissioner shall assess a tax in the amount of such excess and the whole amount of such excess shall be paid to the commissioner within 60 days after notice of the amount and demand for its payment shall have been mailed to the taxpayer by the commissioner. If the understatement of the tax on the return was false and fraudulent with intent to evade the tax, the installments of the tax shown by the taxpayer on his return which have not yet been paid shall be paid to the commissioner within 60 days after notice of the amount thereof and demand for payment shall have been mailed to the taxpayer by the commissioner. If the amount of the tax found due by the commissioner shall be less than that reported as due on the taxpayer's return, the excess shall be refunded to the taxpayer in the manner provided by section 290.50 (except that no demand therefor shall be necessary), if he has already

paid the whole of such tax, or credited against any unpaid installment thereof; provided, that no refundment shall be made except as provided in section 290.50.

If the commissioner examines returns of a taxpayer for more than one year, he may issue one order covering the several years under consideration reflecting the aggregate refund or additional tax due.

The notices and demands provided for by sections 290.46 to 290.48 shall be in such form as the commissioner may determine (including a statement) and shall contain a brief explanation of the computation of the tax and shall be sent by mail to the taxpayer at the address given in his return, or to his last known address.

In cases where there has been an overpayment of a self-assessed liability as shown on the return filed by the taxpayer, the commissioner may refund such overpayment to the taxpayer and no demand therefor shall be necessary; further, written findings by the commissioner, notice by mail to the taxpayer and certificate for refundment by the commissioner shall not be necessary and the provisions of section 270.10, in such case, shall not be applicable.

In the case of an individual, estate or trust, the commissioner may audit and adjust the taxpayer's computation of federal adjusted gross income (or federal taxable income for estates or trusts) to make it properly conform with the provisions of section 290.01, subdivision 20. *In the case of an individual, the commissioner may audit and adjust the taxpayer's computation of itemized deductions to make them properly conform with the provisions of section 10.*

Sec. 34. Minnesota Statutes 1982, section 290.92, subdivision 2a, is amended to read:

Subd. 2a. [COLLECTION AT SOURCE.] (1) [DEDUCTIONS.] Every employer making payment of wages shall deduct and withhold upon such wages a tax as provided in this section.

(2) [WITHHOLDING ON PAYROLL PERIOD.] The employer shall withhold the tax on the basis of each payroll period or as otherwise provided in this section.

(3) [WITHHOLDING TABLES.] Unless the amount of tax to be withheld is determined as provided in subdivision 3, the amount of tax to be withheld for each individual shall be based upon tables to be prepared and distributed by the commissioner. The tables shall be computed for the several permissible withholding periods and shall take account of exemptions allowed

under this section; and the amounts computed for withholding shall be such that the amount withheld for any individual during his taxable year shall approximate in the aggregate as closely as possible the tax which is levied and imposed under this chapter for that taxable year, upon his salary, wages, or compensation for personal services of any kind for the employer, and shall take into consideration the allowable deduction for federal income tax and the deduction allowable under section (290.09) 10, subdivision (15) 3, and the personal credits allowed against the tax.

(4) [MISCELLANEOUS PAYROLL PERIOD.] If wages are paid with respect to a period which is not a payroll period, the amount to be deducted and withheld shall be that applicable in the case of a miscellaneous payroll period containing a number of days, including Sundays and holidays, equal to the number of days in the period with respect to which such wages are paid.

(5) [MISCELLANEOUS PAYROLL PERIOD.] (a) In any case in which wages are paid by an employer without regard to any payroll period or other period, the amount to be deducted and withheld shall be that applicable in the case of a miscellaneous payroll period containing a number of days equal to the number of days, including Sundays and holidays, which have elapsed since the date of the last payment of such wages by such employer during the calendar year, or the date of commencement of employment with such employer during such year, or January 1 of such year, whichever is the later.

(b) In any case in which the period, or the time described in clause (a), in respect of any wages is less than one week, the commissioner, under regulations prescribed by him, may authorize an employer to determine the amount to be deducted and withheld under the tables applicable in the case of a weekly payroll period, in which case the aggregate of the wages paid to the employee during the calendar week shall be considered the weekly wages.

(6) [WAGES COMPUTED TO NEAREST DOLLAR.] If the wages exceed the highest bracket, in determining the amount to be deducted and withheld under this subdivision, the wages may, at the election of the employer, be computed to the nearest dollar.

(7) [REGULATIONS ON WITHHOLDING.] The commissioner may, by regulations, authorize employers:

(a) To estimate the wages which will be paid to any employee in any quarter of the calendar year;

(b) To determine the amount to be deducted and withheld upon each payment of wages to such employee during such quarter as if the appropriate average of the wages so estimated constituted the actual wages paid; and

(c) To deduct and withhold upon any payment of wages to such employee during such quarter such amount as may be necessary to adjust the amount actually deducted and withheld upon wages of such employee during such quarter to the amount required to be deducted and withheld during such quarter without regard to this paragraph (7).

(8) [ADDITIONAL WITHHOLDING.] The commissioner is authorized to provide by rule for increases or decreases in the amount of withholding otherwise required under this section in cases where the employee requests the changes. Such additional withholding shall for all purposes be considered tax required to be deducted and withheld under this section.

(9) [TIPS.] In the case of tips which constitute wages, this subdivision shall be applicable only to such tips as are included in a written statement furnished to the employer pursuant to section 6053 of the Internal Revenue Code of 1954, as amended through December 31, 1981, and only to the extent that the tax can be deducted and withheld by the employer, at or after the time such statement is so furnished and before the close of the calendar year in which such statement is furnished, from such wages of the employee (excluding tips, but including funds turned over by the employee to the employer for the purpose of such deduction and withholding) as are under the control of the employer; and an employer who is furnished by an employee a written statement of tips (received in a calendar month) pursuant to section 6053 of the Internal Revenue Code of 1954 as amended through December 31, 1981 to which subdivision 1 is applicable may deduct and withhold the tax with respect to such tips from any wages of the employee (excluding tips) under his control, even though at the time such statement is furnished the total amount of the tips included in statements furnished to the employer as having been received by the employee in such calendar month in the course of his employment by such employer is less than \$20. Such tax shall not at any time be deducted and withheld in an amount which exceeds the aggregate of such wages and funds as are under the control of the employer minus any tax required by other provisions of state or federal law to be collected from such wages and funds.

Sec. 35. Minnesota Statutes 1982, section 290.92, subdivision 6, is amended to read:

Subd. 6. [RETURNS, DEPOSITS.] (1) (a) [RETURNS.] Every employer who is required to deduct and withhold tax under subdivision 2a or 3 shall file a return with the commissioner for each quarterly period, on or before the last day of the month following the close of each quarterly period, unless otherwise prescribed by the commissioner. Any tax required to be deducted and withheld during the quarterly period shall be paid with the return unless an earlier time for payment is provided herein. However, any such return may be filed on or before the tenth day of the second calendar month following such

period if such return shows timely deposits in full payment of such taxes due for such period. For the purpose of the preceding sentence, a deposit which is not required to be made within such return period, may be made on or before the last day of the first calendar month following the close of such period. Every employer, in preparing said quarterly return, shall take credit for monthly deposits previously made in accordance with this subdivision.

The return shall be in the form and contain the information prescribed by the commissioner. The commissioner may grant a reasonable extension of time for filing the return and paying the tax, but no extension shall be granted for more than six months.

(b) [ADVANCE DEPOSITS REQUIRED IN CERTAIN CASES.] (i) Unless clause (ii) is applicable, if during any calendar month, other than the last month of the calendar quarter, the aggregate amount of the tax withheld during that quarter under subdivision 2a or 3 exceeds \$200, or beginning January 1, 1982, \$500, the employer shall deposit the aggregate amount with the commissioner within 15 days after the close of the calendar month. (ii) If at the close of any eighth-monthly period the aggregate amount of undeposited taxes is \$3,000 or more, the employer shall deposit the undeposited taxes with the commissioner within three banking days after the close of the eighth-monthly period. For purposes of this subparagraph, the term "eighth-monthly period" means the first three days of a calendar month, the fourth day through the seventh day of a calendar month, the eighth day through the 11th day of a calendar month, the 12th day through the 15th day of a calendar month, the 16th day through the 19th day of a calendar month, the 20th day through the 22nd day of a calendar month, the 23rd day through the 25th day of a calendar month, or the portion of a calendar month following the 25th day of such month.

(c) [OTHER METHODS.] The commissioner shall have the power by rule to prescribe other return periods or deposit requirements. In prescribing the reporting period, the commissioner may classify employers according to the amount of their tax liability and may adopt an appropriate reporting period for each class which he deems to be consistent with efficient tax collection. In no event shall the duration of the reporting period be more than one year, provided that for employers with annual withholding tax liabilities of less than \$1,200 the reporting period shall be no more frequent than quarterly.

(2) If less than the correct amount of such tax is paid to the commissioner, proper adjustments, with respect to both the tax and the amount to be deducted, shall be made, without interest, in such manner and at such times as the commissioner may prescribe. If such underpayment cannot be so adjusted the amount of the underpayment shall be assessed and collected in such manner and at such times as the commissioner may prescribe.

(3) If any employer fails to make and file any return required by paragraph (1) at the time prescribed therefor, or makes and files a false or fraudulent return, the commissioner shall make for him a return from his own knowledge and from such information as he can obtain through testimony, or otherwise, and assess a tax on the basis thereof. The amount of tax shown thereon shall be paid to the commissioner at such times as the commissioner may prescribe. Any such return or assessment so made by the commissioner shall be prima facie correct and valid, and the employer shall have the burden of establishing its incorrectness or invalidity in any action or proceeding in respect thereto.

(4) If the commissioner, in any case, has reason to believe that the collection of the tax provided for in paragraph (1) of this subdivision, and any added penalties and interest, if any, will be jeopardized by delay, he may immediately assess such tax, whether or not the time otherwise prescribed by law for making and filing the return and paying such tax has expired.

(5) Any assessment under this subdivision shall be made by recording the liability of the employer in the office of the commissioner in accordance with regulations prescribed by the commissioner. Upon request of the employer, the commissioner shall furnish the employer a copy of the record of assessment.

(6) Any assessment of tax under this subdivision shall be made within three and one-half years after the due date of the return required by paragraph (1), or the date the return was filed, whichever is later; except that in the case of a false or fraudulent return or failure to file a return, the tax may be assessed at any time.

(7) (a) Except as provided in (b) of this paragraph, every employer who fails to pay to or deposit with the commissioner any sum or sums required by this section to be deducted, withheld and paid, shall be personally and individually liable to the state of Minnesota for such sum or sums (and any added penalties and interest); and any sum or sums deducted and withheld in accordance with the provisions of subdivision 2a or subdivision 3 shall be held to be a special fund in trust for the state of Minnesota.

(b) If the employer, in violation of the provision of this section, fails to deduct and withhold the tax under this section, and thereafter the taxes against which such tax may be credited are paid, the tax so required to be deducted and withheld shall not be collected from the employer; but this shall in no case relieve the employer from liability for any penalties and interest otherwise applicable in respect of such failure to deduct and withhold.

(8) Upon the failure of any employer to pay to or deposit with the commissioner within the time provided by paragraphs (1), (2) or (3) of this subdivision any tax required to be withheld in accordance with the provisions of subdivision 2a or subdivision 3, or if the commissioner has assessed a tax pursuant to paragraph (4), such tax shall become immediately due and payable, and the commissioner may deliver to the attorney general a certified statement of the tax, penalties and interest due from such employer. The statement shall also give the address of the employer owing such tax, the period for which the tax is due, the date of the delinquency, and such other information as may be required by the attorney general. It shall be the duty of the attorney general to institute legal action in the name of the state to recover the amount of such tax, penalties, interest and costs. The commissioner's certified statement to the attorney general shall for all purposes and in all courts be prima facie evidence of the facts therein stated and that the amount shown therein is due from the employer named in the statement. In event action is instituted as herein provided, the court shall, upon application of the attorney general, appoint a receiver of the property and business of the delinquent employer for the purpose of impounding the same as security for any judgment which has been or may be recovered. Any such action shall be brought within four years and three months after the due date of the return or deposit required by paragraph (1), or the date the return was filed, or deposit made whichever is later; except that in the case of failure to make and file such return or if such return is false or fraudulent, or such deposit is not made such action may be brought at any time.

(8a) The period of time during which a tax must be assessed or collection proceedings commenced under this subdivision shall be suspended during the period from the date of filing of a petition in bankruptcy until 30 days after the commissioner of revenue receives notice that the bankruptcy proceedings have been closed or dismissed or the automatic stay has been terminated or has expired.

The suspension of the statute of limitations under this subdivision shall apply to the person against whom the petition in bankruptcy is filed and all other persons who may also be wholly or partially liable for the tax under this chapter.

(9) Either party to an action for the recovery of any tax, interest or penalties under this subdivision may remove the judgment to the supreme court by appeal, as provided for appeals in civil cases.

(10) No suit shall lie to enjoin the assessment or collection of any tax imposed by this section, or the interest and penalties added thereto.

(11) For purposes of this subdivision, a withholding tax payment, return, or deposit is filed or paid on time if the payment, return, or deposit was mailed to the commissioner of revenue on or before the due date, including any extension of time which was granted. The person required to make the payment, return, or deposit shall have the burden of establishing that the payment, return, or deposit was timely mailed by United States mail in an envelope, postage prepaid, and properly addressed.

Sec. 36. Minnesota Statutes 1982, section 290.92, is amended by adding a subdivision to read:

Subd. 26. Any holder of a class A, B, or D license issued by the Minnesota horse racing commission, who makes a payment or payments for winnings on a pari-mutuel betting ticket or tickets on which withholding is required under section 3402(q) of the Internal Revenue Code of 1954, as amended through January 15, 1983, shall deduct from the payment or payments and withhold eight percent of the amount as Minnesota withholding tax. For purposes of this subdivision, winnings from a pari-mutuel betting ticket must be determined by reducing the amount received by the amount paid for the ticket, and payments for winning on a pari-mutuel betting ticket which are not money must be taken into account at their fair market value. For purposes of the provisions of this section, a payment to any person of winnings which are subject to withholding must be treated as if the payment was a wage paid by an employer to an employee. Every individual who is to receive a payment of winnings which are subject to withholding shall furnish the license holder with a statement, made under the penalties of perjury, containing the name, address, and social security account number of the person receiving the payment and of each person entitled to any portion of such payment. The license holder is liable for the payment of the tax required to be withheld under this subdivision and subdivision 27 but is not liable to any person for the amount of the payment.

Sec. 37. Minnesota Statutes 1982, section 290.92, is amended by adding a subdivision to read:

Subd. 27. Any holder of a class A or B license issued by the Minnesota horse racing commission who makes a payment to a holder of a class C license issued by the commission, or who pays an amount as a purse, shall deduct from the payment and withhold seven percent of the amount as Minnesota withholding tax when the amount paid to that individual during the calendar year exceeds \$700. For purposes of the provisions of this section, a payment to any person which is subject to withholding under this subdivision must be treated as if the payment was a wage paid by an employer to an employee. Every individual who is to receive a payment which is subject to withholding under this subdivision shall furnish the license holder with a statement, made

under the penalties of perjury, containing the name, address, and social security account number of the person receiving the payment. No withholding is required if the individual presents a signed certificate from his employer which states that the individual is an employee of that employer. A nonresident individual who holds a class C license must be treated as an athlete for purposes of applying the provisions of sections 290.17, subdivision 2(1)(b)(ii) and 290.92, subdivision 4a.

Sec. 38. Minnesota Statutes 1982, section 290A.03, subdivision 3, is amended to read:

Subd. 3. [INCOME.] (1) "Income" means the sum of the following:

(a) federal adjusted gross income as defined in the Internal Revenue Code of 1954 as amended through (DECEMBER 31, 1981) *March 12, 1982*; and

(b) the sum of the following amounts to the extent not included in clause (a):

(i) additions to federal adjusted gross income as provided in Minnesota Statutes, Section 290.01, Subdivision 20a, Clauses (1), ((3), (9), (14), (15), AND (21)) (2), (6), (10), (11), and (14);

(ii) all nontaxable income;

(iii) recognized net long term capital gains;

(iv) dividends and interest excluded from federal adjusted gross income under sections 116 or 128 of the Internal Revenue Code of 1954;

(v) cash public assistance and relief;

(vi) any pension or annuity (including railroad retirement benefits, all payments received under the federal social security act, supplemental security income, and veterans benefits), which was not exclusively funded by the claimant or spouse, or which was funded exclusively by the claimant or spouse and which funding payments were excluded from federal adjusted gross income in the years when the payments were made;

(vii) nontaxable interest received from the state or federal government or any instrumentality or political subdivision thereof;

(viii) workers' compensation;

(ix) unemployment benefits;

(x) nontaxable strike benefits; and

(xi) the gross amounts of payments received in the nature of disability income or sick pay as a result of accident, sickness, or other disability, whether funded through insurance or otherwise. In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" shall mean federal adjusted gross income reflected in the fiscal year ending in the calendar year. Federal adjusted gross income shall not be reduced by the amount of a net operating loss carry-back.

(2) "Income" does not include

(a) amounts excluded pursuant to the Internal Revenue Code, Sections 101(a), 102, 117, and 121;

(b) amounts of any pension or annuity which was exclusively funded by the claimant or spouse and which funding payments were not excluded from federal adjusted gross income in the years when the payments were made;

(c) surplus food or other relief in kind supplied by a governmental agency;

(d) relief granted under sections 290A.01 to 290A.20;

(e) child support payments received under a temporary or final decree of dissolution or legal separation;

(f) federal adjusted gross income shall be reduced by wage or salary expense, or expense of work incentive programs which are not allowed as a deduction under provisions of section 280C of the Internal Revenue Code of 1954; or

(g) federal adjusted gross income shall be reduced by the amount of the penalty on the early withdrawal of an all-savers certificate as provided in section 128(e) of the Internal Revenue Code of 1954.

Sec. 39. Minnesota Statutes 1982, section 290A.16, is amended to read:

290A.16 [INCOME TAX DEDUCTION PROHIBITED.]

(NOTWITHSTANDING SECTION 290.09, SUBDIVISION 4.) The income tax deduction for property taxes paid shall not exceed the amount paid, reduced by the amount of credit allowed with respect to the tax pursuant to sections 290A.01 to 290A.20.

Sec. 40. [REPEALER.]

Minnesota Statutes 1982, sections 290.01, subdivisions 23, 27, and 28; 290.032, subdivision 5; 290.06, subdivisions 9 and 9a; 290.077, subdivision 2; 290.08, subdivision 25; 290.09, subdivisions 10, 15, 22, and 27; 290.21, subdivision 3a; 290.501; and 352C.07; and Laws 1982, chapter 523, article VII, section 3, and Third Special Session chapter 1, article V, section 4, are repealed.

Sec. 41. [EFFECTIVE DATE.]

Sections 1 to 40 are effective for taxable years beginning after December 31, 1982, except as otherwise specifically provided by this section or section 2. Section 6 is effective for taxable years beginning after December 31, 1981. For any carryback to a taxable year beginning before January 1, 1983, "\$15,000" shall be substituted for "\$30,000" each place it appears in the second paragraph of Minnesota Statutes, section 290.09, subdivision 29, clause (c), the modifications to the rate of phase-out of the deduction provided by section 20 do not apply to such carryback, and section 20 is effective for carryover amounts from taxable years beginning before January 1, 1983. The amendments striking Minnesota Statutes 1982, section 290.01, subdivision 20a, clause (22) and subdivision 20b, clause (23) are effective for taxable years beginning after December 31, 1983. The amendment to Minnesota Statutes 1982, section 290.01, subdivision 20a, striking clause (5) is effective for medical expenses deducted in taxable years after December 31, 1982. The amendments to Minnesota Statutes 1982, section 290.01, subdivision 20a, striking clause (6) is effective for federal income tax refunds received for taxable years beginning after December 31, 1981. The amendment to Minnesota Statutes 1982, section 290.01, subdivision 20a, striking clause (20) and subdivision 20b, striking clause (20) is effective for taxable years beginning after December 31, 1981. The amendment to Minnesota Statutes 1982, section 290.01, subdivision 20a, modifying clause (25) regarding contributions to simplified employee pension plans and self-employed retirement plans is effective for taxable years beginning after December 31, 1981. The carryover provisions of sections 290.06, subdivisions 9 and 9a continue to apply to credit amounts attributable to a taxable year beginning before January 1, 1983. Section 35 is effective for payments of withholding tax due after August 1, 1983. Section 38 is effective for claims based on rent paid in 1983 and thereafter and for property taxes paid in 1984 and thereafter.

ARTICLE 2

SALES TAX

Section 1. Minnesota Statutes 1982, section 297A.02, as amended by Laws 1982, Third Special Session chapter 1, article VI, section 2, is amended to read:

297A.02 [IMPOSITION OF TAX.]

Subdivision 1. [GENERALLY.] Except as otherwise provided in this chapter, there is hereby imposed an excise tax of (FIVE) *six* percent of the gross receipts from sales at retail (, AS HEREINBEFORE DEFINED,) made by any person in this state (, EXCEPT THAT FOR SALES AT RETAIL MADE AFTER DECEMBER 31, 1982 AND PRIOR TO JULY 1, 1983 THE RATE SHALL BE SIX PERCENT).

Subd. 2. [FARM MACHINERY.] Notwithstanding the provisions of subdivision 1, the rate of the excise tax imposed upon sales of farm machinery shall be four percent.

Subd. 3. [LIQUOR, WINE, AND BEER SALES.] Notwithstanding the provisions of subdivision 1, the rate of the excise tax imposed upon sales of intoxicating liquor, fermented malt beverages, and wine shall be eight percent.

Sec. 2. Minnesota Statutes 1982, section 297A.03, subdivision 2, as amended by Laws 1982, Third Special Session chapter 1, article VI, section 3, is amended to read:

Subd. 2. It shall be unlawful for any retailer to advertise or hold out or state to the public or any customer, directly or indirectly, that the tax or any part thereof will be assumed or absorbed by the retailer, or that it will not be added to the sales price or that, if added, it or any part thereof will be refunded except that in computing the tax to be collected as the result of any transaction amounts of tax less than one-half of one cent may be disregarded and amounts of tax if one-half cent or more may be considered an additional cent. If the sales price of any sale at retail is (NINE CENTS OR LESS, OR IF THE SALES PRICE OF ANY SALE AT RETAIL MADE AFTER DECEMBER 31, 1982 AND PRIOR TO JULY 1, 1983, IS) eight cents or less, no tax shall be collected. Any person violating this provision shall be guilty of a misdemeanor.

Sec. 3. Minnesota Statutes 1982, section 297A.14, as amended by Laws 1982, Third Special Session chapter 1, article VI, section 4, is amended to read:

297A.14 [USING, STORING OR CONSUMING TANGIBLE PERSONAL PROPERTY; ADMISSIONS; UTILITIES.]

For the privilege of using, storing or consuming in Minnesota tangible personal property, tickets or admissions to places of amusement and athletic events, electricity, gas, and local exchange telephone service purchased for use, storage or consumption in this state, there is (HEREBY) imposed on every person in this state a use tax at the rate of (FIVE) *six* percent of the sales price of sales at retail of any of the aforementioned items

(MADE TO SUCH PERSON) unless the tax imposed by section 297A.02 was paid on the sales price (, EXCEPT THAT FOR SALES AT RETAIL OF ANY OF THE AFOREMENTIONED ITEMS MADE AFTER DECEMBER 31, 1982 AND PRIOR TO JULY 1, 1983 THE RATE SHALL BE SIX PERCENT). Notwithstanding the provisions of this paragraph, the rate of the use tax imposed upon the sales price of sales of farm machinery shall be four percent.

A motor (VEHICLES) *vehicle* subject to tax under this section shall be taxed at (THE) *its* fair market value at the time of transport into Minnesota if (SUCH) *the* motor (VEHICLES WERE) *vehicle was* acquired more than three months prior to its transport into this state.

(NOTWITHSTANDING ANY OTHER PROVISIONS OF SECTIONS 297A.01 TO 297A.44 TO THE CONTRARY, THE COST OF PAPER AND INK PRODUCTS EXCEEDING \$100,000 IN ANY CALENDAR YEAR, USED OR CONSUMED IN PRODUCING A PUBLICATION AS DEFINED IN SECTION 297A.25, SUBDIVISION 1, CLAUSE (I) IS SUBJECT TO THE TAX IMPOSED BY THIS SECTION.)

Sec. 4. Minnesota Statutes 1982, section 297A.35, subdivision 3, is amended to read:

Subd. 3. A person who has paid an amount of tax to a retailer engaged in providing electricity in respect to the purchase for agricultural production of electricity which is exempt from tax under section 297A.25, subdivision 1, clause (h) may file a claim for refund of (SUCH) *the* tax with the commissioner, notwithstanding any other provision of this chapter. (SUCH CLAIM FOR REFUND SHALL BE MADE PURSUANT TO SECTION 290.501.)

Sec. 5. Minnesota Statutes 1982, section 297B.02, as amended by Laws 1982, Third Special Session chapter 1, article VI, section 5, is amended to read:

297B.02 [TAX IMPOSED.]

There is (HEREBY) imposed an excise tax at the rate (OF FIVE PERCENT) *provided in chapter 297A* on the purchase price of any motor vehicle purchased or acquired, either in or outside of the state of Minnesota, which is required to be registered under the laws of this state.

Sec. 6. [REPEALER.]

Minnesota Statutes 1982, section 340.986, is repealed.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 6 are effective for sales made on or after July 1, 1983.

ARTICLE 3

PROPERTY TAX

Section 1. [116C.636] [ANNUAL PAYMENTS.]

A utility shall annually pay to the owners of land defined as class 3, 3b, 3c, 3cc, 3d, or 3f pursuant to section 273.13 listed on records of the county auditor or treasurer over which runs a high voltage transmission line as defined in section 116C.52, subdivision 3, an amount determined and certified to the utility by the auditor as herein provided. Prior to August 1, 1984 the auditor of each county shall send a statement to the utility specifying the dollar amount which each qualifying owner of land within the county received in 1983 pursuant to section 273.42, subdivision 2. He shall also provide the utility with the parcel identification, owner's name, address and other pertinent information which the utility needs to make the required payment. The payments as herein provided shall be made to each affected landowner by the appropriate utility on or before October 1, 1984 and each year thereafter. These payments shall not reduce any payment pursuant to a voluntary agreement or eminent domain proceeding.

Sec. 2. Minnesota Statutes 1982, section 124.2137, subdivision 1, is amended to read:

Subdivision 1. [TAX REDUCTIONS.] The county auditor shall reduce the tax for school purposes on all property receiving the homestead credit pursuant to section 273.13, subdivision 6, by an amount equal to the tax levy that would be produced by applying a rate of (18) 21 mills on up to 320 acres of (THE PROPERTY) land including the buildings and structures thereon, but excluding the homestead dwelling and surrounding one acre of land. The county auditor shall reduce the tax for school purposes on the next 320 acres classified pursuant to section 273.13, subdivision 6 by an amount equal to the tax levy that would be produced by applying a rate of ten mills on the property. The tax on all other agricultural lands classified pursuant to section 273.13, subdivision 6 shall be reduced by an amount equal to the tax levy that would be produced by applying a rate of eight mills on the property. The tax on the first 320 acres of agricultural land classified pursuant to section 273.13, subdivision 4 and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, shall be reduced by an amount that would be produced by applying a rate of ten mills on the property. The tax on timber land classified pursuant to section 273.13, subdivision 8a and agricultural land in excess of 320 acres classified pursuant to section 273.13, subdivision 4 shall be reduced by an

amount equal to the tax levy that would be produced by applying a rate of eight mills on the property. *The maximum amount of the agricultural mill rate credit which any taxpayer can receive on all qualifying property which he owns shall be limited to \$2,750. In the case of property owned by more than one person, the \$2,750 maximum credit limitation shall apply to the total of all combined owners.* The aid amounts so computed by the county auditor shall be submitted to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under the provisions of section 275.29. Any prior year adjustments shall also be certified in the abstracts of tax lists. The commissioner of revenue shall review such certifications to determine their accuracy. He may make such changes in the certification as he may deem necessary or return a certification to the county auditor for corrections.

Sec. 3. Minnesota Statutes 1982, section 272.02, subdivision 1, is amended to read:

Subdivision 1. Except as provided in other subdivisions of this section or in section 272.025 or section 273.13, subdivisions 17, 17b, 17c or 17d, all property described in this section to the extent herein limited shall be exempt from taxation:

- (1) All public burying grounds;
- (2) All public schoolhouses;
- (3) All public hospitals;
- (4) All academies, colleges, and universities, and all seminaries of learning;
- (5) All churches, church property, and houses of worship;
- (6) Institutions of purely public charity except property assessed pursuant to section 273.13, subdivisions 17, 17b, 17c or 17d;
- (7) All public property exclusively used for any public purpose;
- (8) (a) Class 2 property of every household of the value of \$100, maintained in the principal place of residence of the owner thereof. The county auditor shall deduct such exemption from the total valuation of such property as equalized by the revenue commissioner assessed to such household, and extend the levy of taxes upon the remainder only. The term "household" as used in this section is defined to be a domestic establishment maintained either (1) by two or more persons living together within the same house or place of abode, subsisting in common

and constituting a domestic or family relationship, or (2) by one person.

(b) During the period of his active service and for six months after his discharge therefrom, no member of the armed forces of the United States shall lose status of a householder under paragraph (a) which he had immediately prior to becoming a member of the armed forces.

In case there is an assessment against more than one member of a household the \$100 exemption shall be divided among the members assessed in the proportion that the assessed value of the Class 2 property of each bears to the total assessed value of the Class 2 property of all the members assessed. The Class 2 property of each household claimed to be exempt shall be limited to property in one taxing district, except in those cases where a single domestic establishment is maintained in two or more adjoining districts.

Bonds and certificates of indebtedness hereafter issued by the state of Minnesota, or by any county or city of the state, or any town, or any common or independent school district of the state, or any governmental board of the state, or any county or city thereof, shall hereafter be exempt from taxation; provided, that nothing herein contained shall be construed as exempting such bonds from the payment of a tax thereon, as provided for by section 291.01, when any of such bonds constitute, in whole or in part, any inheritance or bequest, taken or received by any person or corporation.

(9) Farm machinery manufactured prior to 1930, which is used only for display purposes as a collectors item;

(10) The taxpayer shall be exempt with respect to, all agricultural products, inventories, stocks of merchandise of all sorts, all materials, parts and supplies, furniture and equipment, manufacturers material, manufactured articles including the inventories of manufacturers, wholesalers, retailers and contractors; and the furnishings of a room or apartment in a hotel, rooming house, tourist court, motel or trailer camp, tools and machinery which by law are considered as personal property, and the property described in section 272.03, subdivision 1, clause (c), except personal property which is part of an electric generating, transmission, or distribution system or a pipeline system transporting or distributing water, gas, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings and structures. Railroad docks and wharves which are part of the operating property of a railroad company as defined in section 270.80 are not exempt.

(11) Containers of a kind customarily in the possession of the consumer during the consumption of commodities, the sale

of which are subject to tax under the provisions of the excise tax imposed by Extra Session Laws 1967, Chapter 32;

(12) All livestock, poultry, all horses, mules and other animals used exclusively for agricultural purposes;

(13) All agricultural tools, implements and machinery used by the owners in any agricultural pursuit.

(14) Real and personal property used primarily for the abatement and control of air, water, or land pollution to the extent that it is so used, other than real property used primarily as a solid waste disposal site.

Any taxpayer requesting exemption of all or a portion of any equipment or device, or part thereof, operated primarily for the control or abatement of air or water pollution shall file an application with the commissioner of revenue. Any such equipment or device shall meet standards, regulations or criteria prescribed by the Minnesota Pollution Control Agency, and must be installed or operated in accordance with a permit or order issued by that agency. The Minnesota Pollution Control Agency shall upon request of the commissioner furnish information or advice to the commissioner. If the commissioner determines that property qualifies for exemption, he shall issue an order exempting such property from taxation. Any such equipment or device shall continue to be exempt from taxation as long as the permit issued by the Minnesota Pollution Control Agency remains in effect.

(15) Wetlands. For purposes of this subdivision, "wetlands" means land which is mostly under water, produces little if any income, and has no use except for wildlife or water conservation purposes. "Wetlands" shall be land preserved in its natural condition (,) *which predominantly supports aquatic emergent, submergent or nonwoody vegetation and drainage of which would be legal, feasible and practical* (AND WOULD PROVIDE LAND SUITABLE FOR THE PRODUCTION OF LIVESTOCK, DAIRY ANIMALS, POULTRY, FRUIT, VEGETABLES, FORAGE AND GRAINS, EXCEPT WILD RICE). "Wetlands" shall include adjacent land which is not suitable for agricultural purposes due to the presence of the wetlands. Exemption of wetlands from taxation pursuant to this section shall not grant the public any additional or greater right of access to the wetlands or diminish any right of ownership to the wetlands.

(16) Native prairie. The commissioner of the department of natural resources shall determine lands in the state which are native prairie and shall notify the county assessor of each county in which the lands are located. Pasture land used for livestock grazing purposes shall not be considered native prairie

for the purposes of this clause (AND SECTION 273.116). Upon receipt of an application for the exemption and credit provided in this clause (AND SECTION 273.116) for lands for which the assessor has no determination from the commissioner of natural resources, the assessor shall refer the application to the commissioner of natural resources who shall determine within 30 days whether the land is native prairie and notify the county assessor of his decision. Exemption of native prairie pursuant to this clause shall not grant the public any additional or greater right of access to the native prairie or diminish any right of ownership to it.

(17) Property used in a continuous program to provide emergency shelter for victims of domestic abuse, provided the organization that owns and sponsors the shelter is exempt from federal income taxation pursuant to section 501(c)(3) of the Internal Revenue Code of 1954, as amended through December 31, 1980, notwithstanding the fact that the sponsoring organization receives funding under section 8 of the United States Housing Act of 1937, as amended.

(18) If approved by the governing body of the municipality in which the property is located, property not exceeding one acre which is owned and operated by any senior citizen group or association of groups that in general limits membership to persons age 55 or older and is organized and operated exclusively for pleasure, recreation, and other nonprofit purposes, no part of the net earnings of which inures to the benefit of any private shareholders; provided the property is used primarily as a clubhouse, meeting facility or recreational facility by the group or association and the property is not used for residential purposes on either a temporary or permanent basis.

(19) To the extent provided by section 295.44, real and personal property used or to be used primarily for the production of hydroelectric or hydromechanical power on a site owned by the state or a local governmental unit which is developed and operated pursuant to the provisions of section 105.482, subdivisions 1, 8, and 9.

Sec. 4. Minnesota Statutes 1982, section 272.03, subdivision 8, is amended to read:

Subd. 8. [MARKET VALUE.] "Market value" means the usual selling price at the place where the property to which the term is applied shall be at the time of assessment; being the price which could be obtained at a private sale (AND NOT AT FORCED) or an auction sale, if it is determined by the assessor that the price from the auction sale represents an arms length transaction. The price obtained at a forced sale shall not be considered.

Sec. 5. Minnesota Statutes 1982, section 272.115, subdivision 1, is amended to read:

272.115 [CERTIFICATE OF VALUE; FILING.]

Subdivision 1. Whenever any real estate is sold on or after January 1, 1978 for a consideration in excess of \$1,000, whether by warranty deed, quitclaim deed, contract for deed or any other method of sale, the grantor, grantee or his legal agent shall file a certificate of value with the county auditor in the county in which the property is located. Value shall, in the case of any deed not a gift, be the amount of the full actual consideration thereof, paid or to be paid, including the amount of any lien or liens assumed. The certificate of value shall include the classification to which the property belongs for the purpose of determining the fair market value of the property. *The certificate shall include financing terms and conditions of the sale which are necessary to determine the actual, present value of the sale price for purposes of the sales ratio study. The commissioner of revenue shall promulgate administrative rules specifying the financing terms and conditions which must be included on the certificate.*

Sec. 6. Minnesota Statutes 1982, section 273.11, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] Except as provided in subdivisions 6 and 7 or section 273.17, subdivision 1, all property shall be valued at its market value. The market value as determined pursuant to this section shall be stated such that any amount under \$100 is rounded up to \$100 and any amount exceeding \$100 shall be rounded to the nearest \$100. In estimating and determining such value, the assessor shall not adopt a lower or different standard of value because the same is to serve as a basis of taxation, nor shall he adopt as a criterion of value the price for which such property would sell (AT AUCTION OR) at a forced sale, or in the aggregate with all the property in the town or district; but he shall value each article or description of property by itself, and at such sum or price as he believes the same to be fairly worth in money. In assessing any tract or lot of real property, the value of the land, exclusive of structures and improvements, shall be determined, and also the value of all structures and improvements thereon, and the aggregate value of the property, including all structures and improvements, excluding the value of crops growing upon cultivated land. In valuing real property upon which there is a mine or quarry, it shall be valued at such price as such property, including the mine or quarry, would sell for a fair, voluntary sale, for cash. In valuing real property which is vacant, the fact that such property is platted shall not be taken into account. An individual lot of such platted property shall not be assessed in excess of the assessment of the land as if it were unplatted until the lot is improved with a permanent improvement all or a portion of

which is located upon the lot, or for a period of three years after final approval of said plat whichever is shorter. When a lot is sold or construction begun, the assessed value of that lot or any single contiguous lot fronting on the same street shall be eligible for reassessment. All property, or the use thereof, which is taxable under sections 272.01, subdivision 2, or 273.19, shall be valued at the market value of such property and not at the value of a leasehold estate in such property, or at some lesser value than its market value.

Sec. 7. Minnesota Statutes 1982, section 273.115, subdivision 1, is amended to read:

Subdivision 1. The county auditor shall annually reduce the tax liability of each owner of wetlands exempt from property taxation pursuant to section 272.02, subdivision 1, clause (15), by an amount equal to (THREE-FOURTHS) *one-half* of one percent of the average level of estimated market value of an acre of tillable land in the township, city or unorganized territory in which the qualifying wetland is located, multiplied by the number of acres of wetlands he owns. Any excess of credit over tax liability shall not be paid to the property owner but shall be applied to the tax liability of the owner of the wetlands for any parcel he owns which is contiguous to the parcel containing the wetlands.

Sec. 8. Minnesota Statutes 1982, section 273.115, subdivision 2, is amended to read:

Subd. 2. The total (AMOUNTS) *amount* of (CREDITS) *credit* allowed pursuant to subdivision 1 (AND THE TOTAL AMOUNTS OF REVENUE LOST AS A RESULT OF THE EXEMPTION PROVIDED IN SECTION 272.02, SUBDIVISION 1, CLAUSE (15),) shall be submitted by the county auditor to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under the provisions of section 275.29. (THE AMOUNT OF REVENUE LOST AS A RESULT OF THE EXEMPTION SHALL BE COMPUTED EACH YEAR BY APPLYING THE CURRENT MILL RATES OF THE TAXING JURISDICTIONS IN WHICH THE WETLANDS ARE LOCATED TO THE ASSESSED VALUATION OF THE WETLANDS FOR PURPOSES OF TAXES LEVIED IN 1979, PAYABLE IN 1980. PROVIDED THAT PAYMENT TO THE COUNTY FOR LOST REVENUE SHALL NOT BE LESS THAN THE REVENUE WHICH WOULD HAVE BEEN RECEIVED IN TAXES IF THE WETLANDS HAD AN ASSESSED VALUE OF \$5 PER ACRE.) The commissioner of revenue shall review such certifications to determine their accuracy. He may make such changes in the certification as he may deem necessary or return a certification to the county auditor for corrections.

Sec. 9. Minnesota Statutes 1982, section 273.115, subdivision 3, is amended to read:

Subd. 3. Payment shall be made according to the procedure provided in section 273.13, subdivision 15a, for the (PURPOSE OF REPLACING REVENUE LOST AS A RESULT OF THE EXEMPTION PROVIDED IN SECTION 272.02, SUBDIVISION 1, CLAUSE (15), AND THE) credit provided in this section.

Sec. 10. Minnesota Statutes 1982, section 273.13, subdivision 6, is amended to read:

Subd. 6. [CLASS 3B.] Agricultural land, except as provided by class 1 hereof, and which is used for the purposes of a homestead shall constitute class 3b and shall be valued and assessed (FOR TAXES PAYABLE IN 1981 AND THEREAFTER) as follows: the first \$50,000 of market value shall be valued and assessed at 14 percent; the remaining market value shall be valued and assessed at 19 percent. (EFFECTIVE FOR TAXES PAYABLE IN 1982 AND THEREAFTER,) The maximum amount of the market value of the homestead bracket subject to the 14 percent rate shall be adjusted by the commissioner of revenue as provided in section 273.1311. The property tax to be paid on class 3b property as otherwise determined by law less any reduction received pursuant to sections (124.213) 124.2137 and 273.135 shall be reduced by 58 percent of the tax for taxes payable in (1981) 1984 and thereafter; provided that the amount of said reduction shall not exceed \$650. (VALUATION SUBJECT TO RELIEF SHALL BE LIMITED TO 240 ACRES OF LAND, MOST CONTIGUOUS SURROUNDING, BORDERING, OR CLOSEST TO THE HOUSE OCCUPIED BY THE OWNER AS HIS DWELLING PLACE, AND SUCH OTHER STRUCTURES AS MAY BE INCLUDED THEREON UTILIZED BY THE OWNER IN AN AGRICULTURAL PURSUIT, PROVIDED THAT NONCONTIGUOUS LAND SHALL CONSTITUTE CLASS 3B ONLY IF THE HOMESTEAD IS CLASSIFIED AS CLASS 3B AND THE DETACHED LAND IS LOCATED IN THE SAME TOWNSHIP OR CITY OR NOT FARTHER THAN TWO TOWNSHIPS OR CITIES OR COMBINATION THEREOF FROM THE HOMESTEAD.) The first \$12,000 market value of each tract of real estate which is rural in character and devoted or adaptable to rural but not necessarily agricultural use, used for the purpose of a homestead shall be exempt from taxation for state purposes; except as specifically provided otherwise by law.

Agricultural land as used herein, and in section 124.2137, shall mean contiguous acreage of ten acres or more, primarily used during the preceding year for agricultural purposes. Agricultural use may include pasture, timber, waste, unusable wild land and land included in federal farm programs.

Real estate of less than ten acres used principally for raising poultry, livestock, fruit, vegetables or other agricultural prod-

ucts, shall be considered as agricultural land, if it is not used primarily for residential purposes.

(EFFECTIVE FOR THE 1981 ASSESSMENT AND IN SUBSEQUENT YEARS,) The assessor shall determine and list separately on his records the market value of the homestead dwelling and the one acre of land on which that dwelling is located. If any farm buildings or structures are located on this homesteaded acre of land, their market value shall not be included in this separate determination.

Sec. 11. Minnesota Statutes 1982, section 273.13, subdivision 6a, is amended to read:

Subd. 6a. [HOMESTEAD OWNED BY FAMILY FARM CORPORATION OR PARTNERSHIP.] (a) Each family farm corporation and each partnership operating a family farm shall be entitled to class 3b assessment and shall be eligible for the credit provided in subdivision 6 for one homestead occupied by a shareholder or partner thereof who is residing on the land and actively engaged in farming of the land owned by the corporation or partnership. (SUCH A) *The* homestead (SHALL NOT EXCEED 240 ACRES, AND) shall be assessed as provided in subdivision 6, notwithstanding the fact that legal title to the property may be in the name of the corporation or partnership and not in the name of the person residing thereon. "Family farm corporation" and "family farm" shall mean as defined in section 500.24.

(b) In addition to property specified in paragraph (a), any other residences owned by corporations or partnerships described in paragraph (a) which are located on agricultural land and occupied as homesteads by shareholders or partners who are actively engaged in farming on behalf of the corporation or partnership shall also be assessed as class 3b property, and be entitled to the credit provided in subdivision 6, but the property eligible shall be limited to the residence itself and as much of the land surrounding the homestead, not exceeding one acre, as is reasonably necessary for the use of the dwelling as a home, and shall not include any other structures that may be located thereon.

Sec. 12. Minnesota Statutes 1982, section 273.13, subdivision 7, is amended to read:

Subd. 7. [CLASS 3C, 3CC.] All other real estate and class 2a property, except as provided by classes 1 and 3cc, which is used for the purposes of a homestead, shall constitute class 3c, and shall be valued and assessed (FOR TAXES PAYABLE IN 1981 AND THEREAFTER) as follows: the first \$25,000 of market value shall be valued and assessed at 16 percent; the next \$25,000 of market value shall be valued and assessed at 22 percent; and the remaining market value shall be valued and assessed at 28 percent. (EFFECTIVE FOR TAXES PAYABLE

IN 1982 AND THEREAFTER,) The maximum amounts of the market value of the homestead brackets subject to the 16 percent and 22 percent rates shall be adjusted by the commissioner of revenue as provided in section 273.1311. The property tax to be paid on class 3c property as otherwise determined by law, less any reduction received pursuant to section 273.135 shall be reduced by (58 PERCENT OF THE TAX FOR TAXES PAYABLE IN 1981 AND THEREAFTER; PROVIDED THAT THE AMOUNT OF SAID REDUCTION SHALL NOT EXCEED \$650) *the homestead credit amount determined pursuant to subdivision 7e.* The first \$12,000 market value of each tract of such real estate used for the purposes of a homestead shall be exempt from taxation for state purposes; except as specifically provided otherwise by law.

Class 3cc property shall include real estate or manufactured homes used for the purposes of a homestead by (a) any blind person, if (SUCH) *the blind person is the owner thereof or if (SUCH) the blind person and his or her spouse are the sole owners thereof;* or (b) any person (hereinafter referred to as veteran) who: (1) served in the active military or naval service of the United States and (2) is entitled to compensation under the laws and regulations of the United States for permanent and total service-connected disability due to the loss, or loss of use, by reason of amputation, ankylosis, progressive muscular dystrophies, or paralysis, of both lower extremities, such as to preclude motion without the aid of braces, crutches, canes, or a wheelchair, and (3) with assistance by the administration of veterans affairs has acquired a special housing unit with special fixtures or movable facilities made necessary by the nature of the veteran's disability, or the surviving spouse of (SUCH A) *the deceased veteran for as long as the surviving spouse retains the special housing unit as his or her homestead;* or (c) any person who: (1) is permanently and totally disabled and (2) (IS RECEIVING) *receives 90 percent of his total income from (i) aid from any state as a result of that disability, or (ii) supplemental security income for the disabled, or (iii) workers' compensation based on a finding of total and permanent disability, or (iv) social security disability, including the amount of a disability insurance benefit which is converted to an old age insurance benefit and any subsequent cost of living increases, or (v) aid under the Federal Railroad Retirement Act of 1937, 45 United States Code Annotated, Section 228b(a)5, or (vi) a pension from any local government retirement fund located in the state of Minnesota as a result of that disability (;* WHICH AID IS AT LEAST 90 PERCENT OF THE TOTAL INCOME OF SUCH DISABLED PERSON FROM ALL SOURCES). *Property shall be classified and assessed as class 3cc only if the commissioner of revenue certifies to the assessor that the owner of the property satisfies the requirements of this subdivision.* Class 3cc property shall be valued and assessed (FOR TAXES PAYABLE IN 1981 AND THEREAFTER) as follows: in the case of agricultural land, including a manufactured home, used for a homestead, the first \$33,000 of market value shall be valued and as-

sessed at five percent, the next \$17,000 of market value shall be valued and assessed at 14 percent, and the remaining market value shall be valued and assessed at 19 percent; and in the case of all other real estate and manufactured homes, the first \$33,000 of market value shall be valued and assessed at five percent, the next \$17,000 of market value shall be valued and assessed at 22 percent, and the remaining market value shall be valued and assessed at 28 percent. (EFFECTIVE FOR TAXES PAYABLE IN 1982 AND THEREAFTER,) in the case of agricultural land including a manufactured home used for purposes of a homestead, the commissioner of revenue shall adjust, as provided in section 273.1311, the maximum amount of the market value of the homestead brackets subject to the five percent and 14 percent rates; and for all other real estate and manufactured homes, the commissioner of revenue shall adjust, as provided in section 273.1311, the maximum amount of the market value of the homestead brackets subject to the five percent and 22 percent rates. Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings him an income. The property tax to be paid on class 3cc property as otherwise determined by law, less any reduction received pursuant to section 273.135 shall be reduced by 58 percent of the tax for taxes payable in (1981) 1984 and thereafter; provided that the amount of said reduction shall not exceed \$650; except that in the case of 3cc property which is not assessed as agricultural, the homestead credit amount shall be determined pursuant to subdivision 7e.

For purposes of this subdivision, homestead property which qualifies for the classification ratios and credits provided in this subdivision shall include property which is used for purposes of the homestead but is separated from the homestead by a road, street, lot, waterway, or other similar intervening property. The term "used for purposes of the homestead" shall include but not be limited to uses for gardens, garages, or other outbuildings commonly associated with a homestead, but shall not include vacant land held primarily for future development. In order to receive homestead treatment for the noncontiguous property, the owners shall apply for it to the assessor by July 1 of 1983 or the year when the treatment is initially sought. After initial qualification for the homestead treatment, additional applications for subsequent years are not required.

Sec. 13. Minnesota Statutes 1982, section 273.13, is amended by adding a subdivision to read:

Subd. 7e. [HOMESTEAD CREDIT.] The homestead credit amount is determined by multiplying the homestead credit percentage by the qualifying tax amount. The homestead credit percentage equals 20 percent plus an additional percentage equal to one-third of the total mill rate within the property tax sub-district in the previous taxable year, provided that in no case

shall the total percentage exceed 58 percent. The resulting percentage shall be rounded to the nearest whole percent. Only the tax applicable to the first \$60,000 of market value shall qualify for homestead credit. No homestead shall receive a homestead credit greater than \$650.

For the purpose of this subdivision, "property tax subdistrict" means a set of parcels, all of which lie within the same county, city or town, and school district. "Total mill rate within the property tax subdistrict" means the highest total mill rate for all purposes applied against one or more parcels within a property tax subdistrict.

The commissioner of revenue shall notify each county auditor annually on or before September 1 of the homestead credit percentage which shall be used in each property tax subdistrict within the county. Effective for taxes payable in 1985 and thereafter, the homestead credit percentage pursuant to this subdivision will be limited to a one percentage point increase over the previous year.

Sec. 14. Minnesota Statutes 1982, section 273.13, subdivision 8a, is amended to read:

Subd. 8a. [CLASS 3E.] Real estate, rural in character, located outside the boundaries of a home rule charter or statutory city, and used exclusively for the purpose of growing trees for timber, lumber, wood and wood products shall constitute class 3e, and shall be valued and assessed at 19 percent of the market value thereof.

Sec. 15. Minnesota Statutes 1982, section 273.13, subdivision 9, is amended to read:

Subd. 9. [CLASS 4A, 4B, 4C, AND 4D.] (1) All property not included in the preceding classes shall constitute class 4a and shall be valued and assessed at 43 percent of the market value thereof, except as otherwise provided in this subdivision.

(2) Real property which is not improved with a structure and which is not utilized as part of a commercial or industrial activity shall constitute class 4b and shall be valued and assessed at (40) 34 percent of market value.

(3) Commercial and industrial property, except as provided in this subdivision, shall constitute class 4c and shall be valued and assessed at (40) 34 percent of the first \$50,000 of market value and 43 percent of the remainder, provided that in the case of state-assessed commercial or industrial property owned by one person or entity, only one parcel shall qualify for the (40) 34 percent assessment, and in the case of other commercial or in-

dustrial property owned by one person or entity, only one parcel in each county shall qualify for the (40) 34 percent assessment.

(4) Industrial employment property defined in section 273.1313, during the period provided in section 273.1313, shall constitute class 4d and shall be valued and assessed at 20 percent of the first \$50,000 of market value and 21.5 percent of the remainder.

Sec. 16. Minnesota Statutes 1982, section 273.13, subdivision 11, is amended to read:

Subd. 11. [ASSESSOR MAY REQUIRE PROOF.] The assessor (MAY) *shall* require proof, by affidavit or otherwise of the facts upon which classification as a homestead may be determined under the provisions of subdivisions 5a, 6, 7, 7c, 7d, and 10.

Sec. 17. Minnesota Statutes 1982, section 273.13, subdivision 14a, is amended to read:

Subd. 14a. [BUILDINGS AND APPURTENANCES ON LAND NOT OWNED BY OCCUPANT.] The property tax to be paid in respect of the value of all buildings and appurtenances thereto owned and used by the occupant as a permanent residence, which are located upon land subject to property taxes and the title to which is vested in a person or entity other than the occupant, for all purposes shall be reduced by (58 PERCENT OF THE AMOUNT OF THE TAX IN RESPECT OF SAID VALUE AS OTHERWISE DETERMINED BY LAW FOR TAXES PAYABLE IN 1981, AND THEREAFTER, BUT NOT BY MORE THAN \$650) *the homestead credit amount determined pursuant to subdivision 7e.*

Sec. 18. Minnesota Statutes 1982, section 273.13, subdivision 17, is amended to read:

Subd. 17. [TITLE II OR STATE HOUSING FINANCE AGENCY PROPERTY USED FOR ELDERLY AND LOW AND MODERATE INCOME FAMILIES.] A structure situated on real property that is used for housing for the elderly or for low and moderate income families as defined by Title II of the National Housing Act or the Minnesota housing finance agency law of 1971 or regulations promulgated by the agency pursuant thereto and financed by a direct federal loan or federally insured loan or a loan made by the Minnesota housing finance agency pursuant to the provisions of either of said acts and acts amendatory thereof shall, for 15 years from the date of the completion of the original construction or substantial rehabilitation, or for the original term of the loan, be assessed at (20) 22 percent of the market value thereof, provided that the fair market value as determined by the assessor is based on the normal approach to value using normal unrestricted rents.

For those structures which qualify pursuant to this subdivision but whose construction commences after January 1, 1984, the 22 percent classification rate shall be applicable only on that portion of the structure which is occupied by qualified elderly or low and moderate income families.

Sec. 19. Minnesota Statutes 1982, section 273.13, subdivision 17b, is amended to read:

Subd. 17b. [VALUATION OF FARMERS HOME ADMINISTRATION PROPERTY IN MUNICIPALITIES OF UNDER 10,000.] Notwithstanding any other provision of law, any structure

(a) situated on real property that is used for housing for the elderly or for low and moderate income families as defined by the farmers home administration,

(b) located in a municipality of less than 10,000 population,

(c) financed by a direct loan or insured loan from the farmers home administration, and

(d) which qualifies under subdivision 17a, shall, for 15 years from the date of the completion of the original construction or for the original term of the loan, be assessed for the 1983 assessment for taxes payable in 1984, at (FIVE) six percent of the market value thereof (.); for the 1984 assessment for taxes payable in 1985, be assessed at eight percent of the market value thereof; for the 1985 assessment for taxes payable in 1986, be assessed at 11 percent of the market value thereof; for the 1986 assessment for taxes payable in 1987, be assessed at 14 percent of the market value thereof; for the 1987 assessment for taxes payable in 1988, be assessed at 18 percent of the market value thereof; and for the 1988 assessment and thereafter for taxes payable in 1989 and thereafter, be assessed at 22 percent of the market value thereof; provided that the fair market value as determined by the assessor is based on the normal approach to value using normal unrestricted rents.

Those structures which qualify pursuant to this subdivision but whose construction commences after January 1, 1984, shall be assessed at 22 percent of the market value thereof. The 22 percent classification rate shall be applicable only on that portion of the structure which is occupied by qualified elderly or low and moderate income families.

Sec. 20. Minnesota Statutes 1982, section 273.13, subdivision 17c, is amended to read:

Subd. 17c. [VALUATION OF LOWER INCOME HOUSING.] A structure which is

(a) situated upon real property that is used for housing lower income families or elderly or handicapped persons, as defined in section 8 of the United States Housing Act of 1937, as amended, and

(b) owned by an entity which has entered into a housing assistance payments contract under section 8 which provides assistance for 100 percent of the dwelling units in the structure, other than dwelling units intended for management or maintenance personnel, shall, for the term of the housing assistance payments contract, including all renewals, or for the term of its permanent financing, whichever is shorter, be assessed at (20) 22 percent of its market value. The market value determined by the assessor shall be based on the normal approach to value using normal unrestricted rents.

For those structures which qualify pursuant to this subdivision but whose construction is commenced after January 1, 1984, the 22 percent classification rate shall be applicable only on that portion of the structure which is occupied by qualified elderly or low and moderate income families.

Sec. 21. Minnesota Statutes 1982, section 273.13, subdivision 20, is amended to read:

Subd. 20. [TAXATION; APARTMENTS; ASSESSED VALUE; APARTMENT HOUSING OF TYPE I OR II CONSTRUCTION.] That portion of real property subject to a general property tax and assessed as a structure upon the land shall, when such structure is constructed with materials meeting the requirements for type I or II construction as defined in the state building code, 90 percent or more is used or is to be used as apartment housing, (AND) no part of which is subject to the provisions of subdivisions 7 (AND), 17, 17b, 17c, and 17d and when such structure is of a height of five or more stories; that part, section, floor, or area used or to be used for apartment housing be classified for the purposes of taxation for a period of 40 years from the date of completion of original construction, or the date of initial though partial use, whichever is the earlier date, as follows: ((A) WHEN SUCH STRUCTURE IS OF A HEIGHT OF FIVE OR MORE STORIES THAT PART, SECTION, FLOOR OR AREA USED OR TO BE USED FOR APARTMENT HOUSING SHALL BE VALUED AND ASSESSED AT 25 PERCENT OF THE MARKET VALUE THEREOF; (B) WHEN SUCH STRUCTURE IS OF A HEIGHT OF FOUR OR LESS STORIES THAT PART, SECTION, FLOOR OR AREA USED OR TO BE USED FOR APARTMENT HOUSING SHALL BE VALUED AND ASSESSED AT 33 1/3 PERCENT OF THE MARKET VALUE THEREOF) *for the 1983 assessment for taxes payable in 1984, it shall be valued and assessed at 28 percent of the market value thereof; for the 1984 assessment for taxes payable in 1985, it shall be valued and assessed at 31 percent of the market value*

thereof; and for the 1985 assessment and thereafter, for taxes payable in 1986 and thereafter, it shall be valued and assessed as class 3d property as provided in subdivision 19.

Sec. 22. [273.1315] [CERTIFICATION OF 3CC PROPERTY.]

Any property owner seeking classification and assessment of his homestead as class 3cc property pursuant to section 273.13, subdivision 7, shall file with the commissioner of revenue for each assessment year a 3cc homestead declaration, on a form prescribed by the commissioner. The declaration shall contain the following information:

(a) the information necessary to verify that the property owner or his spouse satisfies the requirements of section 273.13, subdivision 7, for 3cc classification;

(b) the property owner's household income, as defined in section 290A.03, for the previous calendar year; and

(c) any additional information prescribed by the commissioner.

The declaration shall be filed on or before February 1 of each year to be effective for property taxes payable during the succeeding calendar year. The declaration and any supplementary information received from the property owner pursuant to this section shall be subject to section 290A.47.

The commissioner shall provide to the assessor on or before April 1 a listing of the parcels of property qualifying for 3cc classification.

Sec. 23. Minnesota Statutes 1982, section 278.05, subdivision 4, is amended to read:

Subd. 4. [SALES RATIO STUDIES AS EVIDENCE.] The sales ratio studies published by the department of revenue, or any part of the studies, or any copy of the studies or records accumulated to prepare the studies which is prepared by the commissioner of revenue for the equalization aid review committee for use in determining school aids shall not be admissible in evidence (AS A PUBLIC RECORD WITHOUT THE LAYING OF A FOUNDATION. ADDITIONAL EVIDENCE RELEVANT TO THE SALES RATIO STUDY IS ALSO ADMISSIBLE) in any proceeding, except that the sales ratio studies shall be admissible as a public record without the laying of a foundation in (1) actions under chapter 278 in the case of property described in section 273.13, subdivisions 6, 6a, 7, 7b, 10 or 12; or (2) actions brought in the small claims division of the tax court.

Sec. 24. Minnesota Statutes 1982, section 287.05, subdivision 1, is amended to read:

Subdivision 1. A tax of 15 cents is (HEREBY) imposed upon each \$100, or fraction thereof, of the principal debt or obligation which is or may be secured by any mortgage of real property (SITUATE) *situated* within the state executed, delivered, and recorded or registered; provided, however, that (SAID) *the* tax shall be imposed but once upon any mortgage and extension thereof. If (ANY SUCH) *the* mortgage describes (ANY) real estate (SITUATE) *situated* outside of this state, (SUCH) *the* tax shall be imposed upon that proportion of the whole debt secured thereby as the value of the real estate therein described (SITUATE) *situated* in this state bears to the value of the whole of the real estate described therein, as (SUCH) *the* value is determined by the commissioner of revenue upon application of the mortgagee. *The tax imposed by this section shall not apply to a contract for the conveyance of real estate or any interest in real estate recorded or registered after January 1, 1984.*

Sec. 25. [507.235] [FILING CONTRACTS FOR DEED.]

Subdivision 1. [FILING REQUIRED.] Each county shall require the filing of all contracts for deed for real estate located partially or entirely within the county. For the purposes of this section, "contract for deed" means a contract for the conveyance of real property located in Minnesota. The county board shall prescribe reasonable time limits, procedures, and fees for the filing.

Subd. 2. [PENALTY FOR FAILURE TO FILE.] If a contract for deed is not filed as required by the county board adopted pursuant to subdivision 1, a penalty is imposed equal to 0.15 percent of the principal amount of the contract debt. Payments of the penalty shall be deposited in the general fund of the county. The penalty shall be a lien against the property and shall have the same priority and be collected in the same manner provided for real property taxes.

Sec. 26. Laws 1981, First Special Session chapter 1, article II, section 25, is amended to read:

Sec. 25. [EFFECTIVE DATE.]

Sections 1, 2, 5 to 15, 20, and 22 are effective for taxes levied in 1981 and thereafter, payable in 1982 and thereafter. (SECTIONS 3 AND 4 ARE) *Section 3 is effective for taxes levied in 1983 and thereafter, payable in 1984 and thereafter. Section 4 is effective for taxes levied in 1985 and thereafter, payable in 1986 and thereafter.* Section 18 is effective the day following final enactment. Section 19 is effective for taxes levied in 1980, payable in 1981. If a claimant filed a property tax refund for prop-

erty taxes payable in 1981 and, if as a result of section 18 the amount of the eligible refund has changed, the claimant may file an amended return pursuant to section 290.391 to obtain any additional refund due. Taxpayers who meet the requirements in section 9 and who notify the assessor prior to September 1, 1981, shall receive homestead classification on the qualifying property for the 1981 assessment to the same extent as other 3c and 3cc property.

Sec. 27. [FARMLAND ASSESSMENT STUDY.]

The committees on taxes shall study the feasibility of assessing farmland on the basis of productivity and net earning capacity.

In conducting the study, the committees shall consider the use of modern soil survey, including surface and subsoil types, and moisture, temperature, soil conservation practices applied by land occupiers, and other conditions affecting the soil. In addition, the committees shall consider data available from the department of revenue, the Minnesota crop and livestock reporting service, post-secondary agricultural institutions, and other appropriate sources. The committees shall also take into account the experiences of other states which have implemented farmland assessment programs based on productivity and net earning capacity.

The committees shall report their findings and recommendations prior to the third week of the 1984 legislative session.

Sec. 28. [REPEALER.]

Minnesota Statutes 1982, sections 273.116; 273.42, subdivision 2; and 273.425 are repealed.

Sec. 29. [EFFECTIVE DATE.]

Sections 1 to 4, 6 to 15, 17 to 22, and 28 are effective for the 1983 assessment and thereafter for taxes payable in 1984 and thereafter. Section 5 is effective for sales occurring on or after July 1, 1983. Section 16 is effective for the 1984 assessment and thereafter. Section 25 is effective for all sales on or after January 1, 1984. Sections 26 and 27 are effective the day after final enactment.

ARTICLE 4

PROPERTY TAX REFUND

Section 1. Minnesota Statutes 1982, section 290A.03, subdivision 6, is amended to read:

Subd. 6. [HOMESTEAD.] "Homestead" means the dwelling occupied by a claimant as (A PLACE) *his principal residence* and so much of the land surrounding it, not exceeding ten acres, as is reasonably necessary for use of the dwelling as a home and any other property used for purposes of a homestead as defined in section 273.13, subdivision 7, except that (THIS) *the acreage* restriction shall not be applicable to agricultural land assessed as part of a homestead pursuant to section 273.13, subdivision 6. The homestead may be owned or rented and may be a part of a multi-dwelling or multi-purpose building and the land on which it is built. A manufactured home, as defined in section 168.011, subdivision 8, assessed as personal property may be a dwelling for purposes of this subdivision.

Sec. 2. Minnesota Statutes 1982, section 290A.03, subdivision 8, is amended to read:

Subd. 8. [CLAIMANT.] "Claimant" means a person, other than a dependent, who filed a claim authorized by sections 290A.01 to 290A.20 and who was domiciled in this state during the calendar year for which the claim for relief was filed. In the case of a claim relating to rent constituting property taxes, the claimant shall have resided in a rented or leased unit on which ad valorem taxes or payments made in lieu of ad valorem taxes, including payments of special assessments imposed in lieu of ad valorem taxes, are payable at some time during the calendar year covered by the claim. "Claimant" shall not include a resident of a nursing home, intermediate care facility, or long term residential facility whose rent constituting property taxes is paid pursuant to the supplemental security income program under Title XVI of the social security act, the Minnesota supplemental aid program under sections 256D.35 to 256D.41, the medical assistance program pursuant to Title XIX of the social security act, or the general assistance medical care program pursuant to section 256D.03, Subdivision 3. If only a portion of the rent constituting property taxes is paid by these programs, the resident shall be a claimant for purposes of this chapter, but the refund calculated pursuant to section 290A.04 shall be multiplied by a fraction, the numerator of which is income as defined in subdivision 3 reduced by the total amount of income from the above sources other than vendor payments under the medical assistance program or the general assistance medical care program and the denominator of which is income as defined in subdivision 3 plus vendor payments under the medical assistance program or the general assistance medical care program, to determine the allowable refund pursuant to this chapter.

Rather than apportion the amount of the allowable refund in the above prescribed manner, if the claimant was a resident of the nursing home, intermediate care facility or long term residential facility for only a portion of the calendar year covered by the claim, that claimant may compute rent constituting property taxes by ignoring the rent constituting property taxes

from the nursing home, intermediate care facility, or long term residential facility and use only that amount of rent or property taxes payable relating to that portion of the year when the claimant was not in one of those institutions. The claimant's household income as defined in subdivision 3, however, must be for the entire calendar year covered by the claim.

In the case of a claim for rent constituting property taxes of a part year *Minnesota* resident, the income and rental reflected in this computation shall be for the period of *Minnesota* residency only. Any rental expenses paid which may be reflected in arriving at federal adjusted gross income cannot be utilized for this computation. When two individuals of a household are able to meet the qualifications for a claimant, they may determine among them as to who the claimant shall be. If they are unable to agree, the matter shall be referred to the commissioner of revenue and his decision shall be final. If a homestead property owner was a part year *Minnesota* resident, the income reflected in the computation made pursuant to section 290A.04 shall be for the entire calendar year, including income not assignable to *Minnesota*.

If a homestead is occupied by two or more renters, who are not husband and wife, the rent shall be deemed to be paid equally by each, and separate claims shall be filed by each. The income of each shall be his household income for purposes of computing the amount of credit to be allowed.

Sec. 3. *Minnesota Statutes 1982, section 290A.03, subdivision 11, is amended to read:*

Subd. 11. [RENT CONSTITUTING PROPERTY TAXES.] "Rent constituting property taxes" means (23 PERCENT OF) the amount of gross rent actually paid in cash, or its equivalent, which is attributable (a) to the property tax paid on the unit or (THAT PORTION OF GROSS RENT WHICH IS) (b) to the amount paid in lieu of property taxes, in any calendar year by a claimant solely for the right of occupancy of his *Minnesota* homestead in the calendar year, and which rent constitutes the basis, in the succeeding calendar year of a claim for relief under sections 290A.01 to 290A.20 by the claimant. The amount of rent attributable to property taxes paid or payments in lieu made on the unit shall be determined by multiplying the net tax on the property where the unit is located by a fraction, the numerator of which is the gross rent paid by the claimant for the calendar year for the unit and the denominator of which is the gross rent paid for the calendar year for the property in which the unit is located.

Sec. 4. *Minnesota Statutes 1982, section 290A.03, subdivision 13, as amended by Laws 1983, chapter 15, section 28, is amended to read:*

Subd. 13. [PROPERTY TAXES PAYABLE.] "Property taxes payable" means the property tax exclusive of special assessments, penalties, and interest payable on a claimant's homestead before reductions made pursuant to section 273.13, subdivisions 6, 7 and 14a, but after deductions made pursuant to sections 124.2137, 273.115, (273.116,) 273.135, 273.139, 273.1391 (, 273.42, SUBDIVISION 2,) and any other state paid property tax credits in any calendar year. No apportionment or reduction of the "property taxes payable" shall be required for the use of a portion of the claimant's homestead for a business purpose if the claimant does not deduct any business depreciation expenses for the use of a portion of the homestead in the determination of federal adjusted gross income. For homesteads which are manufactured homes as defined in section 168.011, subdivision 8, "property taxes payable" shall also include (23 PERCENT) *the amount of the gross rent paid in the preceding year for the site on which the homestead is located, (EXCLUSIVE OF CHARGES FOR UTILITIES OR SERVICES) which is attributable to the net tax paid on the site. The amount attributable to property taxes shall be determined by multiplying the net tax on the parcel by a fraction, the numerator of which is the gross rent paid for the calendar year for the site and the denominator of which is the gross rent paid for the calendar year for the parcel.* When a homestead is owned by two or more persons as joint tenants or tenants in common, such tenants shall determine between them which tenant may claim the property taxes payable on the homestead. If they are unable to agree, the matter shall be referred to the commissioner of revenue and his decision shall be final. Property taxes are considered payable in the year prescribed by law for payment of the taxes.

In the case of a claim relating to "property taxes payable", the claimant must have owned and occupied the homestead on January 2 of the year in which the tax is payable and (i) the property must have been classified as homestead property pursuant to section 273.13, subdivisions 6, 7, or 14a on or before June 1 of the year in which the "property taxes payable" were levied; or (ii) the claimant must provide documentation from the local assessor that application for homestead classification has been made prior to (JULY 1) *October 1* of the year in which the "property taxes payable" were payable and that the assessor has approved the application.

Sec. 5. Minnesota Statutes 1982, section 290A.03, is amended by adding a subdivision to read:

Subd. 14. [NET TAX.] "Net tax" means

(a) *the property tax, exclusive of special assessments, interest, and penalties, or*

(b) *the payments made in lieu of ad valorem taxes, including payments of special assessments imposed in lieu of ad*

valorem taxes, for the calendar year in which the rent was paid. If a portion of the property is occupied as a homestead or is used for other than rental purposes, the net tax shall be the amount of tax after reductions pursuant to section 273.13, subdivisions 6, 7, and 14a, reduced by the percentage that the non-rental use comprises of the total square footage of the building. If a portion of the property is used for purposes other than for residential rental and none of the property is occupied as a homestead, the net tax shall be the amount of the tax of the parcel multiplied by a fraction, the numerator of which is the assessed value of the residential rental portion and the denominator of which is the total assessed value of the parcel. If a portion of the property is used for other than rental residential purposes, the county treasurer shall list on the property tax statement the amount of net tax pertaining to the rental residential portion of the property.

The amount of the net tax shall not be reduced by an abatement or a court ordered reduction in the property tax on the property made after the certificate of rent constituting property tax has been provided to the renter.

Sec. 6. Minnesota Statutes 1982, section 290A.04, subdivision 1, is amended to read:

Subdivision 1. A credit shall be allowed each claimant in the amount that property taxes payable or rent constituting property taxes exceed the percentage of the household income of the claimant specified in subdivision 2 in the year for which the taxes were levied or in the year in which the rent was paid. (THE MAXIMUM CREDIT FOR ANY CLAIMANT WHO WAS DISABLED ON OR BEFORE JUNE 1 OR WHO ATTAINED THE AGE OF 65 PRIOR TO JUNE 1 OF THE YEAR FOLLOWING THE YEAR FOR WHICH THE TAXES WERE LEVIED OR IN WHICH THE RENT WAS PAID SHALL BE \$200 ABOVE THE MAXIMUM FOR WHICH THAT CLAIMANT WOULD OTHERWISE BE ELIGIBLE ACCORDING TO HIS INCOME.) *If the amount of property taxes payable or rent constituting property taxes is equal to or less than the percentage of the household income of the claimant specified in subdivision 2 in the year for which the taxes were levied or in the year in which the rent was paid, the claimant shall not be eligible for a state refund pursuant to this section.*

Sec. 7. Minnesota Statutes 1982, section 290A.04, subdivision 2, is amended to read:

Subd. 2. (THE REFUND SHALL BE PAID TO CLAIMANTS WHOSE PROPERTY TAXES PAYABLE EXCEED THE FOLLOWING PERCENTAGES OF THEIR INCOME, UP TO THE DESIGNATED MAXIMUM CREDIT AMOUNTS:)

(FOR CLAIMANTS EARNING:)

(\$0 TO \$2,999, 0.5 PERCENT, UP TO \$650;)

(3,000 TO 3,999, 0.6 PERCENT, UP TO \$650;)

(4,000 TO 4,999, 0.7 PERCENT, UP TO \$650;)

(5,000 TO 5,999, 0.8 PERCENT, UP TO \$650;)

(6,000 TO 6,999, 0.9 PERCENT, UP TO \$650;)

(7,000 TO 7,999, 1.0 PERCENT, UP TO \$650;)

(8,000 TO 8,999, 1.1 PERCENT, UP TO \$650;)

(9,000 TO 9,999, 1.2 PERCENT, UP TO \$650;)

(10,000 TO 10,999, 1.3 PERCENT, UP TO \$650;)

(11,000 TO 11,999, 1.4 PERCENT, UP TO \$650;)

(12,000 TO 19,999, 1.5 PERCENT, UP TO \$650;)

(20,000 TO 22,999, 1.6 PERCENT, UP TO \$650;)

(23,000 TO 25,999, 1.8 PERCENT, UP TO \$600;)

(26,000 TO 30,999, 2.0 PERCENT, UP TO \$550;)

(31,000 TO 35,999, 2.2 PERCENT, UP TO \$525;)

(36,000 TO 40,999, 2.4 PERCENT, UP TO \$500;)

(41,000 TO 44,999, 2.6 PERCENT, UP TO \$500;)

(45,000 TO 52,999, 2.8 PERCENT, UP TO \$500;)

(53,000 TO 65,999, 3.0 PERCENT, UP TO \$500;)

(66,000 TO 81,999, 3.2 PERCENT, UP TO \$500;)

(82,000 TO 99,999, 3.5 PERCENT, UP TO \$500;)

(100,000 AND OVER, 4.0 PERCENT, UP TO \$500;)

(PROVIDED THAT MAXIMUM CREDITS FOR INCOMES ABOVE \$20,000 DECLINE ACCORDING TO THE FOLLOWING SCHEDULE:)

(BETWEEN \$20,000 AND \$26,000 DECLINE \$16.67 PER \$1,000; BETWEEN \$26,000 AND \$36,000 DECLINE \$5 PER \$1,000.)

A claimant whose property taxes payable or rent constituting property taxes are in excess of the percentage of the household income stated below shall pay an amount equal to the amount shown for the appropriate household income level and the state refund will be equal to an amount up to the state refund amount shown below.

<i>Household Income</i>	<i>Percent of Income</i>	<i>Claimant Pays</i>	<i>State Refund</i>
<i>Net loss and</i>			
<i>up to \$2,999</i>	<i>0.5 percent</i>	<i>\$13</i>	<i>\$13</i>
<i>3,000 to 3,499</i>	<i>0.6 percent</i>	<i>\$15</i>	<i>\$15</i>
<i>3,500 to 3,999</i>	<i>0.6 percent</i>	<i>\$18</i>	<i>\$18</i>
<i>4,000 to 4,499</i>	<i>0.7 percent</i>	<i>\$20</i>	<i>\$20</i>
<i>4,500 to 4,999</i>	<i>0.7 percent</i>	<i>\$23</i>	<i>\$23</i>
<i>5,000 to 5,999</i>	<i>0.8 percent</i>	<i>\$40</i>	<i>\$40</i>
<i>6,000 to 6,999</i>	<i>0.9 percent</i>	<i>\$54</i>	<i>\$54</i>
<i>7,000 to 7,999</i>	<i>1.0 percent</i>	<i>\$70</i>	<i>\$70</i>
<i>8,000 to 8,999</i>	<i>1.1 percent</i>	<i>\$88</i>	<i>\$88</i>
<i>9,000 to 9,999</i>	<i>1.2 percent</i>	<i>\$108</i>	<i>\$108</i>
<i>10,000 to 10,999</i>	<i>1.3 percent</i>	<i>\$130</i>	<i>\$130</i>
<i>11,000 to 11,999</i>	<i>1.4 percent</i>	<i>\$154</i>	<i>\$154</i>
<i>12,000 to 12,999</i>	<i>1.5 percent</i>	<i>\$180</i>	<i>\$180</i>
<i>13,000 to 13,999</i>	<i>1.5 percent</i>	<i>\$195</i>	<i>\$195</i>
<i>14,000 to 14,999</i>	<i>1.5 percent</i>	<i>\$210</i>	<i>\$210</i>
<i>15,000 to 15,999</i>	<i>1.5 percent</i>	<i>\$225</i>	<i>\$225</i>
<i>16,000 to 16,999</i>	<i>1.5 percent</i>	<i>\$240</i>	<i>\$240</i>
<i>17,000 to 17,999</i>	<i>1.5 percent</i>	<i>\$255</i>	<i>\$255</i>

18,000 to 18,999	1.5 percent	\$270	\$270
19,000 to 19,999	1.5 percent	\$285	\$285
20,000 to 20,999	1.6 percent	\$320	\$320
21,000 to 21,999	1.6 percent	\$336	\$336
22,000 to 22,999	1.6 percent	\$352	\$352
23,000 to 23,999	1.8 percent	\$414	\$414
24,000 to 24,999	1.8 percent	\$432	\$432
25,000 to 25,999	1.8 percent	\$450	\$450
26,000 to 26,999	2.0 percent	\$520	\$520
27,000 to 27,999	2.0 percent	\$540	\$540
28,000 to 28,999	2.0 percent	\$560	\$560
29,000 to 29,999	2.0 percent	\$580	\$580
30,000 to 30,999	2.0 percent	\$600	\$600
31,000 to 31,999	2.2 percent	\$620	\$620
32,000 to 32,999	2.2 percent	\$640	\$646
33,000 to 33,999	2.2 percent	\$726	\$700
34,000 to 34,999	2.2 percent	\$748	\$600
35,000 to 35,999	2.2 percent	\$770	\$500
36,000 to 36,999	2.4 percent	\$792	\$400
37,000 to 37,999	2.4 percent	\$814	\$300
38,000 to 38,999	2.4 percent	\$912	\$200
39,000 to 39,999	2.4 percent	\$936	\$100

The payment made to a claimant shall be the amount of *state* refund calculated pursuant to this subdivision, (BUT NOT EXCEEDING \$850,) less the homestead credit given pursuant to section 273.13, subdivisions 6, 7 and 14a.

Sec. 8. Minnesota Statutes 1982, section 290A.04, subdivision 2a, is amended to read:

Subd. 2a. (AN ADDITIONAL REFUND SHALL BE ALLOWED EACH CLAIMANT WHO WAS NOT DISABLED OR WHO HAD NOT ATTAINED THE AGE OF 65 BY JUNE 1 OF THE YEAR IN WHICH THE TAXES WERE PAYABLE IN AN AMOUNT EQUAL TO 50 PERCENT OF THE AMOUNT BY WHICH PROPERTY TAXES PAYABLE OR RENT CONSTITUTING PROPERTY TAXES EXCEED THE SUM OF (A) THE REFUND CALCULATED PURSUANT TO SUBDIVISION 2 AND (B) THE PERCENTAGE OF THE CLAIMANT'S HOUSEHOLD INCOME SPECIFIED IN SUBDIVISION 2. THE SUM OF THE REFUNDS PROVIDED IN SUBDIVISION 2 AND THIS SUBDIVISION SHALL NOT EXCEED THE MAXIMUM AMOUNTS PROVIDED BELOW:)

(FOR CLAIMANTS EARNING:)

(\$0 to 25,999, UP TO \$1,000;)

(26,000 TO 35,999, UP TO \$850;)

(36,000 and OVER, UP TO \$550;)

(PROVIDED THAT MAXIMUM REFUNDS FOR INCOMES ABOVE \$20,000 DECLINE ACCORDING TO THE FOLLOWING SCHEDULE:)

(BETWEEN \$20,000 AND \$26,000 DECLINE \$25 PER \$1,000; BETWEEN \$26,000 AND \$36,000 DECLINE \$30 PER \$1,000. A CLAIMANT WHO OWNS HIS OWN HOMESTEAD PART OF THE YEAR AND RENTS PART OF THE YEAR MAY ADD HIS RENT CONSTITUTING PROPERTY TAXES TO THE QUALIFYING TAX ON HIS HOMESTEAD AND RECEIVE THE ADDITIONAL REFUND PROVIDED IN SUBDIVISION 2A.)

A claimant whose property taxes payable or rent constituting property taxes are in excess of the sum of the amounts in subdivision 2 paid by the claimant and the state for the specified household income level shall be allowed an additional refund. The amount of the additional refund shall be equal to the remaining amount of the claimant's property taxes payable or rent constituting property taxes less the percentage to be paid by the claimant pursuant to the table below up to the specified maximum state refund. The refund shall be reduced by the homestead credit given pursuant to section 273.13, subdivisions 6, 7, and 14a. The sum of the state refunds provided in subdivision 2 and this subdivision shall not exceed a total of \$1,200.

<i>Household Income</i>	<i>Percent Paid by Claimant</i>	<i>Maximum State Refund</i>
Net loss and		
up to \$2,999	5 percent	\$1,200
3,000 to 3,499	6 percent	\$1,200
3,500 to 3,999	7 percent	\$1,200
4,000 to 4,499	8 percent	\$1,200
4,500 to 4,999	9 percent	\$1,200
5,000 to 5,999	10 percent	\$1,200
6,000 to 6,999	11 percent	\$1,200
7,000 to 7,999	12 percent	\$1,200
8,000 to 8,999	13 percent	\$1,200
9,000 to 9,999	14 percent	\$1,200
10,000 to 10,999	15 percent	\$1,200
11,000 to 11,999	16 percent	\$1,200
12,000 to 12,999	17 percent	\$1,200
13,000 to 13,999	18 percent	\$1,200
14,000 to 14,999	19 percent	\$1,200
15,000 to 15,999	20 percent	\$1,200
16,000 to 16,999	21 percent	\$1,200
17,000 to 17,999	22 percent	\$1,200
18,000 to 18,999	23 percent	\$1,200
19,000 to 19,999	24 percent	\$1,200
20,000 to 20,999	25 percent	\$1,200
21,000 to 21,999	27 percent	\$1,200

22,000 to 22,999	29 percent	\$1,170
23,000 to 23,999	31 percent	\$1,140
24,000 to 24,999	33 percent	\$1,110
25,000 to 25,999	35 percent	\$1,080
26,000 to 26,999	38 percent	\$1,050
27,000 to 27,999	41 percent	\$1,020
28,000 to 28,999	44 percent	\$990
29,000 to 29,999	47 percent	\$960
30,000 to 30,999	50 percent	\$930
31,000 to 31,999	50 percent	\$900
32,000 to 32,999	50 percent	\$800
33,000 to 33,999	50 percent	\$700
34,000 to 34,999	50 percent	\$600
35,000 to 35,999	50 percent	\$500
36,000 to 36,999	50 percent	\$400
37,000 to 37,999	50 percent	\$300
38,000 to 38,999	50 percent	\$200
39,000 to 39,999	50 percent	\$100
40,000 and over		—0—

No credit or payment will be allowed pursuant to subdivision 2 or 2a if the claimant's household income is \$40,000 or more. This subdivision shall not apply to a claimant who is disabled or has attained the age of 65 by June 1 of the year in which the taxes are payable.

Sec. 9. Minnesota Statutes 1982, section 290A.04, subdivision 2b, is amended to read:

Subd. 2b. An additional refund shall be allowed each claimant who is disabled or has attained the age of 65 by June 1 of the year in which the taxes were payable (IN AN AMOUNT EQUAL TO 50 PERCENT OF THE AMOUNT BY WHICH PROPERTY TAXES PAYABLE OR RENT CONSTITUTING PROPERTY TAXES EXCEED THE SUM OF (A) THE REFUND CALCULATED PURSUANT TO SUBDIVISION 2 AND (B) THE PERCENTAGE OF THE CLAIMANT'S HOUSEHOLD INCOME SPECIFIED IN SUBDIVISION 2. THE SUM OF THE REFUNDS PROVIDED IN SUBDIVISION 2 AND THIS SUBDIVISION SHALL NOT EXCEED THE MAXIMUM AMOUNTS PROVIDED BELOW:)

(FOR CLAIMANTS EARNING:)

(\$0 TO 22,999, UP TO \$1,000;)

(23,000 TO 25,999, UP TO \$975;)

(26,000 TO 35,999, UP TO \$950;)

(36,000 AND OVER, UP TO \$750;)

(PROVIDED THAT MAXIMUM REFUNDS FOR INCOMES ABOVE \$20,000 DECLINE ACCORDING TO THE FOLLOWING SCHEDULE:)

(BETWEEN \$20,000 AND \$26,000 DECLINE \$8.33 PER \$1,000; BETWEEN \$26,000 AND \$36,000 DECLINE \$20 PER \$1,000.)

(IN THE CASE OF A CLAIMANT WHO WAS DISABLED ON OR BEFORE JUNE 1 OR WHO ATTAINED THE AGE OF 65 ON THE DATE SPECIFIED IN SUBDIVISION 1, THE REFUND SHALL NOT BE LESS THAN THE REFUND WHICH THE CLAIMANT'S HOUSEHOLD INCOME AS DEFINED IN SECTION 290A.03 AND PROPERTY TAX OR RENT CONSTITUTING PROPERTY TAX WOULD HAVE ENTITLED HIM TO RECEIVE UNDER MINNESOTA STATUTES 1974, SECTION 290.0618.), *if the claimant's property taxes payable or rent constituting property taxes exceed the total amount in subdivision 2 to be paid by the claimant and by the state for the claimant's household income. The amount of the additional refund shall be equal to the remaining amount of the claimant's property taxes payable or rent constituting property taxes less the percentage to be paid by the claimant pursuant to the table below up to the specified maximum state refund. The refund shall be reduced by the homestead credit given pursuant to section 273.13, subdivisions 6, 7, and 14a. The sum of the state refunds provided in subdivision 2 and this subdivision shall not exceed a total of \$1,200.*

<i>Household Income</i>	<i>Percent Paid by Claimant</i>	<i>Maximum State Refund</i>
<i>Net loss and</i>		
<i>up to \$2,999</i>	<i>5 percent</i>	<i>\$1,200</i>
<i>3,000 to 3,499</i>	<i>5 percent</i>	<i>\$1,200</i>
<i>3,500 to 3,999</i>	<i>5 percent</i>	<i>\$1,200</i>
<i>4,000 to 4,499</i>	<i>5 percent</i>	<i>\$1,200</i>
<i>4,500 to 4,999</i>	<i>5 percent</i>	<i>\$1,200</i>
<i>5,000 to 5,999</i>	<i>5 percent</i>	<i>\$1,200</i>
<i>6,000 to 6,999</i>	<i>6 percent</i>	<i>\$1,200</i>
<i>7,000 to 7,999</i>	<i>6 percent</i>	<i>\$1,200</i>
<i>8,000 to 8,999</i>	<i>7 percent</i>	<i>\$1,200</i>
<i>9,000 to 9,999</i>	<i>7 percent</i>	<i>\$1,200</i>
<i>10,000 to 10,999</i>	<i>8 percent</i>	<i>\$1,200</i>
<i>11,000 to 11,999</i>	<i>8 percent</i>	<i>\$1,200</i>
<i>12,000 to 12,999</i>	<i>9 percent</i>	<i>\$1,200</i>
<i>13,000 to 13,999</i>	<i>9 percent</i>	<i>\$1,200</i>
<i>14,000 to 14,999</i>	<i>10 percent</i>	<i>\$1,200</i>
<i>15,000 to 15,999</i>	<i>10 percent</i>	<i>\$1,200</i>
<i>16,000 to 16,999</i>	<i>11 percent</i>	<i>\$1,200</i>
<i>17,000 to 17,999</i>	<i>11 percent</i>	<i>\$1,200</i>
<i>18,000 to 18,999</i>	<i>12 percent</i>	<i>\$1,200</i>
<i>19,000 to 19,999</i>	<i>12 percent</i>	<i>\$1,200</i>
<i>20,000 to 20,999</i>	<i>13 percent</i>	<i>\$1,200</i>
<i>21,000 to 21,999</i>	<i>15 percent</i>	<i>\$1,200</i>

22,000 to 22,999	18 percent	\$1,170
23,000 to 23,999	21 percent	\$1,140
24,000 to 24,999	24 percent	\$1,110
25,000 to 25,999	27 percent	\$1,080
26,000 to 26,999	30 percent	\$1,050
27,000 to 27,999	35 percent	\$1,020
28,000 to 28,999	40 percent	\$ 990
29,000 to 29,999	45 percent	\$ 960
30,000 to 30,999	50 percent	\$ 930
31,000 to 31,999	50 percent	\$ 900
32,000 to 32,999	50 percent	\$ 800
33,000 to 33,999	50 percent	\$ 700
34,000 to 34,999	50 percent	\$ 600
35,000 to 35,999	50 percent	\$ 500
36,000 to 36,999	50 percent	\$ 400
37,000 to 37,999	50 percent	\$ 300
38,000 to 38,999	50 percent	\$ 200
39,000 to 39,999	50 percent	\$ 100
40,000 and over		—0—

No credit or payment will be allowed pursuant to subdivision 2 or 2b if the claimant's household income is \$40,000 or more.

Sec. 10. Minnesota Statutes 1982, section 290A.04, subdivision 3, is amended to read:

Subd. 3. The commissioner of revenue shall construct and make available to taxpayers a comprehensive table showing the property taxes to be paid and credit allowed at various levels of income and assessment. The table shall follow the schedule of income percentages, maximums and other provisions specified

in subdivisions 2, 2a, and 2b, except that the commissioner may graduate the transition between income brackets.

(FOR HOMESTEAD PROPERTY OWNERS WHO ARE DISABLED OR ARE 65 OR OLDER, AS PROVIDED IN SUBDIVISION 1, THE COMMISSIONER SHALL BASE HIS DETERMINATION OF THE CREDIT ON THE GROSS QUALIFYING TAX REDUCED BY THE AVERAGE STATEWIDE EFFECTIVE HOMESTEAD CREDIT PERCENTAGE FOR TAXES PAYABLE IN 1975 CALCULATED UNDER SECTION 273.13, SUBDIVISIONS 6 AND 7.)

Sec. 11. Minnesota Statutes 1982, section 290A.07, subdivision 2a, is amended to read:

Subd. 2a. A claimant (WHO IS A RENTER) shall receive full payment *after August 31 and* prior to (AUGUST) *September 15* or 60 days after receipt of the application, whichever is later. Interest shall be added at six percent per annum from (AUGUST) *September 15* or 60 days after receipt of the application whichever is later.

Sec. 12. Minnesota Statutes 1982, section 290A.18, is amended to read:

290A.18 [RIGHT TO FILE CLAIM.]

If a person entitled to relief under sections 290A.01 to 290A.23 dies prior to receiving relief, the surviving spouse (,) or dependent (OR PERSONAL REPRESENTATIVE) of the person shall be entitled to file the claim and receive relief. *If there is no surviving spouse or dependent, the right to the credit shall lapse.*

Sec. 13. Minnesota Statutes 1982, section 290A.19, is amended to read:

290A.19 [OWNER OR MANAGING AGENT TO FURNISH RENT CERTIFICATE; PENALTY.]

(a) The owner or managing agent of any property for which rent is paid for occupancy as a homestead shall furnish a certificate of rent (PAID) *constituting property tax* to each person who is a renter on December 31, in the form prescribed by the commissioner. If the renter moves prior to December 31, the owner or managing agent shall at his option either provide the certificate to the renter at the time he moves, or mail the certificate to the forwarding address if an address has been provided by the renter. The certificate shall be made available to the renter not later than January 31 of the year following the year in which the rent was paid. Any owner or managing agent who willfully fails to furnish a certificate as provided herein

shall be liable to the commissioner for a penalty of \$20 for each act or failure to act. The penalty shall be assessed and collected in the manner provided in chapter 290 for the assessment and collection of income tax.

(b) *If the owner or managing agent elects to provide the renter with the certificate at the time he moves, rather than after December 31, the amount of rent constituting property taxes shall be computed as follows:*

(i) *The net tax shall be reduced by 1/12th for each month remaining in the calendar year.*

(ii) *In calculating the denominator of the fraction pursuant to section 290A.03, subdivision 11, the gross rent paid through the last month of claimant's occupancy shall be substituted for "the gross rent paid for the calendar year for the property in which the unit is located."*

(c) *The certificate of rent constituting property taxes shall include the address of the property, including the county, and the property tax parcel identification number and any additional information which the commissioner determines is appropriate.*

(d) *If the owner or managing agent fails to provide the renter with a certificate of rent constituting property taxes, the commissioner shall allocate the net tax on the building to the unit on a square footage basis or other appropriate basis as the commissioner determines. The renter shall supply the commissioner with a statement from the county treasurer which gives the amount of property tax on the parcel, the address and property tax parcel identification number of the property, and the number of units in the building.*

Sec. 14. [REPEALER.]

Minnesota Statutes 1982, section 290A.07, subdivision 3, is repealed.

Sec. 15. [EFFECTIVE DATE.]

This article is effective for claims based on rent paid during calendar year 1983 and thereafter and property taxes payable in 1984 and thereafter, except that the date change in section 4 shall be effective beginning for claims based on rent paid during calendar year 1982.

ARTICLE 5

LEVY LIMITS

Section 1. Minnesota Statutes 1982, section 275.50, subdivision 2, is amended to read:

Subd. 2. [GOVERNMENTAL SUBDIVISION.] "Governmental subdivision" means (A) *any county, or those home rule charter (CITY) cities, statutory (CITY, TOWN OR SPECIAL TAXING DISTRICT DETERMINED BY THE DEPARTMENT OF REVENUE, EXCEPT A TOWN) cities, or towns that (HAS) have a population of (LESS THAN) 5,000 or more according to the most recent federal census, provided that the population of an incorporated municipality located within the boundaries of a town is not included in the population of the town. (THE TERM DOES NOT INCLUDE SCHOOL DISTRICTS OR THE METROPOLITAN TRANSIT COMMISSION CREATED PURSUANT TO SECTION 473.404.)*

Sec. 2. Minnesota Statutes 1982, section 275.50, is amended by adding a subdivision to read:

Subd. 8. [IMPLICIT PRICE DEFLATOR.] "*Implicit price deflator*" means the implicit price deflator for government purchases of goods and services for state and local government prepared by the bureau of economic analysis of the United States department of commerce.

Sec. 3. Minnesota Statutes 1982, section 275.50, is amended by adding a subdivision to read:

Subd. 9. [LEVY FOR MINNESOTA COOPERATIVE SOIL SURVEY.] *Effective for the levy made in 1983 and thereafter, payable in 1984 and thereafter, the estimated cost in the following calendar year to the county government for the county's share of funding the Minnesota Cooperative Soil Survey is a "special levy" and is not subject to tax levy limitations including those contained in sections 275.50 to 275.56.*

Sec. 4. Minnesota Statutes 1982, section 275.51, is amended by adding a subdivision to read:

Subd. 3f. [LEVY LIMIT BASE.] *A governmental subdivision's levy limit base for the taxes payable year 1984 is established by adding together:*

(a) *the subdivision's levy limitation for the taxes payable year 1983, calculated pursuant to Minnesota Statutes 1982, section 275.51, subdivision 3e;*

(b) *the local government aid that it was certified to receive for calendar year 1983 pursuant to sections 477A.011 to 477A.03;*

(c) *the amount of any aids it received in 1983 pursuant to Minnesota Statutes 1982, sections 273.138 and 273.139;*

(d) any amount levied as a special assessment to cover the costs of municipal operation and maintenance activities for the taxes payable year 1983; and

(e) the amount of any base adjustment authorized by the commissioner of revenue pursuant to subdivision 3g.

For the taxes payable year 1985 and subsequent years, a governmental subdivision's levy limit base is equal to its adjusted levy limit base for the preceding year.

Sec. 5. Minnesota Statutes 1982, section 275.51, is amended by adding a subdivision to read:

Subd. 3g. [BASE ADJUSTMENTS.] Any governmental subdivision which reduced any of its unreserved, undesignated fund balances because of spending for nonspecial levy purposes in calendar year 1981 may apply to the commissioner of revenue to have its levy limit base increased for the taxes payable year 1984 by no more than the amount of the reduction in the fund balances.

Applications shall be in the form and accompanied by the data required by the commissioner. If approved by the commissioner, the subdivision may then pass a resolution stating the amount by which the levy limit base is proposed to be increased. Thereafter, the resolution shall be published for two successive weeks in the official newspaper of the governmental subdivision or if there is no official newspaper, in a newspaper of general circulation in the governmental subdivision, together with a notice fixing a date for a public hearing on the proposed increase. The hearing shall be held not less than two weeks nor more than four weeks after the first publication of the resolution. Following the public hearing, the governing body may determine to take no further action or, in the alternative, adopt a resolution authorizing the increase as originally proposed or approving an increase in the lesser amount it determines. The resolution authorizing an increase shall be published in the official newspaper of the governmental subdivision or if there is no official newspaper, in a newspaper of general circulation in the governmental subdivision. If within 30 days thereafter a petition signed by voters equal in number to five percent of the votes cast in the governmental subdivision in the last general election or 2,000 voters, whichever is less, requesting a referendum on the proposed resolution is filed with the clerk or recorder of the governmental subdivision if the governmental subdivision is a city or town, or with the county auditor if the governmental subdivision is a county, the resolution shall not be effective until it has been submitted to the voters at a general or special election and a majority of votes cast on the question of approving the resolution are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the referendum. The

referendum must be held at a special or general election prior to October 1, 1983.

Sec. 6. Minnesota Statutes 1982, section 275.51, is amended by adding a subdivision to read:

Subd. 3h. [ADJUSTED LEVY LIMIT BASE.] For any taxes payable year, the adjusted levy limit base is equal to the levy limit base computed pursuant to subdivision 3f, increased by:

(a) a percentage equal to the forecasted percentage growth in the implicit price deflator during the taxes payable year, as determined by the commissioner of revenue, or six percent, whichever is greater;

(b) a percentage equal to the greater of the percentage increases in population or in number of households, if any, for the most recent 12 month period for which data is available, using figures derived pursuant to section 275.53, subdivision 1b;

(c) one-half of the amount levied as a special levy in the previous year for paying the costs of municipal services provided to new private industrial and nonresidential commercial development pursuant to section 275.50, subdivision 5, clause (m), provided that the special levy is discontinued; and

(d) the amount of any permanent increase in the levy limit base approved at a general or special election held during the 12-month period ending September 30 of the levy year, pursuant to section 275.58, subdivisions 1 and 2.

Sec. 7. Minnesota Statutes 1982, section 275.51, is amended by adding a subdivision to read:

Subd. 3i. [LEVY LIMITATION.] The levy limitation for governmental subdivision shall be equal to the adjusted levy limit base determined pursuant to subdivision 3h, reduced by the total amount of local government aid that the municipality has been certified to receive in the taxes payable year pursuant to sections 477A.011 to 477A.014. The resulting figure is the maximum amount that the municipality may levy for the taxes payable year for all purposes except special levies and special assessments.

Sec. 8. Minnesota Statutes 1982, section 275.53, is amended by adding a subdivision to read:

Subd. 1b. [POPULATION AND HOUSEHOLD ESTIMATES.] For the purpose of determining the amount of tax that a governmental subdivision may levy in accordance with limitation established by this chapter, the population or the number of households of the governmental subdivision shall be that

established by the last federal census, by a census taken pursuant to section 275.14, or by an estimate made by the metropolitan council, or by the state demographer made pursuant to section 116J.42, subdivision 7, whichever is the most recent as to the stated date of count or estimate, up to and including July 1 of the current levy year.

Sec. 9. [REPEALER.]

Minnesota Statutes 1982, section 275.51, subdivisions 3e and 5, are repealed.

Sec. 10. [EFFECTIVE DATE.]

This article is effective for taxes levied in 1983, payable in 1984, and thereafter.

ARTICLE 6

ECONOMIC DEVELOPMENT

Section 1. Minnesota Statutes 1982, section 273.13, subdivision 9, is amended to read:

Subd. 9. [CLASS 4A, 4B, 4C, AND 4D.] (1) All property not included in the preceding classes shall constitute class 4a and shall be valued and assessed at 43 percent of the market value thereof, except as otherwise provided in this subdivision.

(2) Real property which is not improved with a structure and which is not utilized as part of a commercial or industrial activity shall constitute class 4b and shall be valued and assessed at 40 percent of market value.

(3) Commercial and industrial property, except as provided in this subdivision, shall constitute class 4c and shall be valued and assessed at 40 percent of the first \$50,000 of market value and 43 percent of the remainder, provided that in the case of state-assessed commercial or industrial property owned by one person or entity, only one parcel shall qualify for the 40 percent assessment, and in the case of other commercial or industrial property owned by one person or entity, only one parcel in each county shall qualify for the 40 percent assessment.

(4) (INDUSTRIAL) Employment property defined in section 273.1313, during the period provided in section 273.1313, shall constitute class 4d and shall be valued and assessed at 20 percent of the first \$50,000 of market value and 21.5 percent of the remainder, *except that employment property located in an enterprise zone designated pursuant to section 273.1312, subdivision 4, clause (3)(c), shall be valued and assessed at 31 percent for the first \$50,000 and 38.5 percent of the remainder.*

Sec. 2. Minnesota Statutes 1982, section 273.1312, subdivision 2, is amended to read:

Subd. 2. [DESIGNATION.] The commissioner shall designate an area as an enterprise zone if (i) an application is made in the form and manner and containing the information as prescribed by the (COMMISSIONER'S RULES) commissioner; (ii) the application is made (OR APPROVED) by the governing body of the area; (AND) (iii) the area is determined by the commissioner to be eligible for designation under subdivision 4; and (iv) the zone is selected pursuant to the process provided by section 10.

Sec. 3. Minnesota Statutes 1982, section 273.1312, subdivision 3, is amended to read:

Subd. 3. [DURATION.] The designation of an area as an enterprise zone shall be effective (FROM) *for seven years after the date of designation* (TO 12 YEARS THEREAFTER).

Sec. 4. Minnesota Statutes 1982, section 273.1312, subdivision 4, is amended to read:

Subd. 4. [ELIGIBILITY REQUIREMENTS.] An area is eligible for designation if:

(1) Its boundary is continuous and includes (, IF FEASIBLE, PROXIMATELY LOCATED) vacant or underutilized lands or buildings (CONVENIENTLY ACCESSIBLE TO RESIDENTS OF THE AREA).

(2) (ITS POPULATION AS DETERMINED UNDER THE MOST RECENT FEDERAL DECENNIAL CENSUS IS AT LEAST (I) 4,000 IF ANY OF THE AREA IS LOCATED WITHIN AN SMSA WITH A POPULATION OF 50,000 OR MORE, OR (II) 2,500 IN ANY OTHER CASE UNLESS THE AREA IS AN INDIAN RESERVATION, FOR WHICH NO MINIMUM POPULATION IS REQUIRED.) *The area of the zone is less than 400 acres and the total market value of the taxable property contained in the zone at the time of application is less than \$100,000 per acre, except that these restrictions shall not apply to areas designated pursuant to clauses (3)(b) or (3)(c).*

(3) (a) The proposed zone is located within an economic hardship area, as established by meeting (THREE) *two* or more of the following criteria:

(1) the (PERCENTAGE) *number* of (TOTAL) residential housing units within the (ZONE) *area* which (WAS CONSTRUCTED PRIOR TO 1950 IS 70) *are substandard is 15*

percent or greater under criteria prescribed by the commissioner using data collected by the bureau of the census;

(2) the percentage of households within the (ZONE) area that fall below the poverty level, as determined by the United States census bureau, is 20 percent or greater;

(3) (i) the total (NUMBER OF PERSONS RESIDING WITHIN THE ZONE HAS DECLINED BY TEN PERCENT OR MORE OVER THE TEN YEARS PRECEDING APPLICATION) market value of commercial and industrial property in the area has declined over three of the preceding five years, or (ii) the total market value of all property in the area, as equalized by the sales ratio study, has declined or its growth has lagged three percentage points behind the statewide growth in total equalized market value in the state over the preceding three year period;

(4) for the last full year for which data is available, the (PERCENTAGE OF THE WORK FORCE OF THE JURISDICTION OF THE GOVERNING BODY OF THE AREA IN WHICH THE ZONE IS LOCATED ENGAGED IN MANUFACTURING IS LESS THAN THE PERCENTAGE OF THE WORK FORCE OF THE STATE ENGAGED IN MANUFACTURING) nonfarm per capita income in the area was 90 percent or less of the median for the state, excluding standard metropolitan statistical areas, or for the standard metropolitan statistical area if the area is located in a standard metropolitan statistical area;

(5) (THE JURISDICTION OF THE GOVERNING BODY OF THE AREA IN WHICH THE ZONE IS LOCATED HAS RECENTLY EXPERIENCED A SIGNIFICANT EMPLOYMENT REDUCTION AT A FEDERAL MILITARY INSTALLATION WITHIN THE SMSA IN WHICH IT IS LOCATED) (i) the current rate of unemployment in the area is 120 percent of the statewide average unemployment for the previous year, or (ii) the total number of employment positions has declined by ten percent during the last 18 months; or

(b) The area is so designated under federal legislation providing for federal tax benefits to investors, employers or employees in enterprise zones (SIMILAR TO THE STATE TAX BENEFITS SET FORTH IN LAWS 1982, CHAPTER 523; AND)

((4) THE GOVERNING BODY OF THE AREA SEEKING TO BE DESIGNATED AS AN ENTERPRISE ZONE, BY RESOLUTION, AGREES TO FOLLOW A COURSE OF ACTION, DURING THE PERIOD FOR WHICH THE DESIGNATION IS EFFECTIVE, DESIGNED TO PROMOTE ECONOMIC DEVELOPMENT IN THE AREA. THE PROGRAM MAY BE IMPLEMENTED BY GOVERNMENTAL ACTION,

BY PRIVATE ENTITIES, OR BOTH, AND MAY INCLUDE BUT IS NOT LIMITED TO:)

((A) REDUCTION OR ABATEMENT OF REAL PROPERTY TAXES OF INDUSTRIAL LAND AND FACILITIES ACCORDING TO SECTION 273.1313;)

((B) ISSUANCE OF REVENUE BONDS OR USE OF FEDERAL FUNDS AVAILABLE TO FINANCE LOANS FOR PRIVATE INDUSTRIAL AND HOUSING FACILITIES;)

((C) ISSUANCE OF BONDS AND USE OF TAXES, TAX INCREMENTS, AND AVAILABLE FEDERAL FUNDS TO FINANCE PUBLIC FACILITIES IN THE AREA;)

((D) INCREASE IN THE LEVEL OR EFFICIENCY OF GOVERNMENTAL SERVICES;)

((E) COMMITMENTS FROM PUBLIC OR PRIVATE ENTITIES IN THE AREA TO PROVIDE JOBS, JOB TRAINING, AND TECHNICAL, FINANCIAL, OR OTHER ASSISTANCE TO EMPLOYEES AND RESIDENTS OF THE AREA); or

(c) The area consists of a statutory or home rule charter city with a contiguous border with a city in another state or with a contiguous border with a city in Minnesota which has a contiguous border with a city in another state and the area is determined by the commissioner to be economically or fiscally distressed.

For purposes of this subdivision, an economic hardship area shall have a population under the most recent federal decennial census of at least (i) 4,000 if any of the area is located wholly or partly within a standard metropolitan statistical area, or (ii) 2,500 for an area located outside of a standard metropolitan statistical area, or (iii) no minimum in the case of an area located in an Indian reservation.

Sec. 5. Minnesota Statutes 1982, section 273.1312, subdivision 5, is amended to read:

Subd. 5. [LIMITATION.] No area shall be designated as an enterprise zone after December 31, (1996) 1985.

Sec. 6. Minnesota Statutes 1982, section 273.1313, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (1) Terms used in this section have the meanings given them in this subdivision.

(2) "Commissioner" means the commissioner of revenue.

(3) "(INDUSTRIAL) Employment property" means taxable property, excluding land but including buildings, structures, fixtures, and improvements that satisfy each of the following conditions:

(a) The property is located within an enterprise zone designated according to section 273.1312.

(b) The (PRIMARY PURPOSE AND PROSPECTIVE USE OF THE) property is ((I) THE MANUFACTURE OR PROCESSING OF GOODS OR MATERIALS BY PHYSICAL OR CHEMICAL CHANGE, OR (II) THE PROVISION OF OFFICE, ENGINEERING, RESEARCH AND DEVELOPMENT, WAREHOUSING, PARTS DISTRIBUTION, OR OTHER FACILITIES THAT ARE RELATED TO A MANUFACTURING OR PROCESSING OPERATION CONDUCTED BY THE USER) *commercial or industrial property and is used in a trade or business which would qualify for tax reductions under section 10, subdivision 9.*

((C) THE USER WILL OWN THE PROPERTY OR OCCUPY IT UNDER A LEASE REQUIRING THE USER TO PAY PROPERTY TAXES ON IT AS IF THE USER WERE THE OWNER.)

((D) THE PROPERTY IS CLASSIFIED AS INDUSTRIAL EMPLOYMENT PROPERTY BY THE PROCEDURE AND SUBJECT TO THE CONDITIONS PROVIDED IN THIS SECTION, BEFORE IT IS FIRST PLACED IN USE.)

(4) "Market value" (, AS APPLIED TO INDUSTRIAL) *of a parcel of employment property (ON ANY PARTICULAR PARCEL OF LAND,) means the value of (ALL) the taxable property (SITUATED THERE EXCEPT THE LAND,) as annually determined pursuant to section 273.12, less (i) the market value of all property existing at the time of application for classification, as last assessed prior to the time of application, and (ii) any increase in the market value of the property referred to in clause (i) as assessed in each year after the (INDUSTRIAL) employment property is first placed in service. In each year, any change in the values of the (INDUSTRIAL) employment property and the other property on the land shall be deemed to be proportionate unless caused by a capital improvement or loss.*

(5) "Municipality" means any home rule charter or statutory city or county, but a county may not exercise the powers granted in this section with reference to property situated within a city.

(6) *Notwithstanding the provisions of paragraphs (3) and (4), "employment property" and "market value" includes in the*

case of taxable real property located in an enterprise zone designated under section 273.1312, subdivision 4, clause (3)(c), the entire value of the commercial and industrial property used in a trade or business which would qualify for tax reductions under section 10, subdivision 9.

Sec. 7. Minnesota Statutes 1982, section 273.1313, subdivision 2, is amended to read:

Subd. 2. [PROGRAM.] (1) The governing body of any municipality which contains a designated enterprise zone as provided by section 273.1312 (MAY) *shall* by resolution establish a program for classification of new (INDUSTRIAL) property or improvements to existing property as (INDUSTRIAL) employment property pursuant to the provisions of this section (, IF IT FINDS THAT THE PROGRAM IS NEEDED TO FACILITATE AND ENCOURAGE THE RENEWAL OR ADDITION OF INDUSTRIAL FACILITIES TO PROVIDE OR PRESERVE EMPLOYMENT OPPORTUNITIES FOR ITS CITIZENS). Applications for classification under the program shall be filed with the municipal clerk or auditor in a form prescribed by the commissioner, with additions as may be prescribed by the municipal governing body. The application shall contain, *where appropriate*, a legal description of the parcel of land on which the facility is to be situated or improved; a general description of the facility or improvement and its proposed use, (THE EQUIPMENT PROPOSED TO BE USED IN CONNECTION WITH IT (INCLUDING EQUIPMENT EXEMPT FROM TAXATION UNDER EXISTING LAW),) the probable time schedule for undertaking the construction or improvement, and information regarding the matters referred to in paragraph (4); the market value and the assessed value of the land and of all other taxable property then situated on it, according to the most recent assessment; and an estimate of the probable cost of the new construction or improvement and the market value of the new or improved facility (excluding land) when completed.

(2) Upon receipt of an application the municipal clerk or auditor, subject to any prior approval required by the resolution establishing the program, shall furnish a copy to the assessor for the property and to the governing body of each school district and other public body authorized to levy taxes on the property, and shall publish a notice in the official newspaper of the time and place of a hearing to be held by the governing body on the application, not less than 30 days after the notice is published, stating that the applicant, the assessor, representatives of the affected taxing authorities, and any taxpayer of the municipality may be heard or may present their views in writing at or before the hearing. The hearing may be adjourned from time to time, but the governing body shall take action on the application by resolution within 30 days after the hearing. If disapproved, the reasons shall be set forth in the resolution, and the applicant may appeal to the commissioner within 30 days thereafter, but only

on the ground that the determination is arbitrary, in relation to prior determinations as to classification under the program, or based upon a mistake of law. If approved, the resolution shall include determinations as to the matters set forth in paragraph (4), and the clerk or auditor shall transmit it to the commissioner.

(3) Within 60 days after receipt of an approved application or an appeal from the disapproval of an application, the commissioner shall take action on it. The commissioner shall approve each application approved by the governing body if he finds that it complies with the provisions of this section. If he disapproves the application, or finds grounds exist for appeal of a disapproved application, he shall transmit the finding to the governing body and the applicant. When grounds for appeal have been determined to exist, the governing body shall reconsider and take further action on the application within 30 days after receipt of the commissioner's notice and serve written notice of the action upon the applicant. The applicant, within 30 days after receipt of notice of final disapproval by the commissioner or the governing body, may appeal from the disapproval to a court of competent jurisdiction.

(4) *In the case of enterprise zones qualifying pursuant to section 273.1312, subdivision 4, clause (3)(a), an application shall not be approved unless the governing body finds and determines that the construction or improvement of the facility:*

(a) Is reasonably likely to create new employment or prevent a loss of employment in the municipality;

(b) Is not likely to have the effect of transferring existing employment from one or more other municipalities within the state;

(c) Is not likely to cause the total market value of (INDUSTRIAL) employment property within the municipality to exceed five percent of the total market value of all taxable property within the municipality; or if it will, the resulting limitation upon the increase of the assessed value of all taxable property within the municipality, considering the amount of additional municipal services likely to be required for the (INDUSTRIAL) employment property, is not likely to substantially impede the operation or the financial integrity of the municipality or any other public body levying taxes on property in the municipality; and

(d) Will not result in the reduction of the assessed value of existing property within the municipality owned by the applicant, through abandonment, demolition, or otherwise, without provision for the restoration of the existing property within

a reasonable time in a manner sufficient to restore the assessed valuation.

Sec. 8. Minnesota Statutes 1982, section 273.1313, subdivision 3, is amended to read:

Subd. 3. [CLASSIFICATION.] Property shall be classified as (INDUSTRIAL) employment property and assessed as provided for class 4d property in section 273.13, subdivision 9, clause (4), for taxes levied in the year in which the classification is approved and (IN EACH YEAR THEREAFTER TO AND INCLUDING THE 12TH YEAR AFTER THE INDUSTRIAL EMPLOYMENT PROPERTY IS COMPLETED) *for the four succeeding years after the approval.* If the classification is revoked, the revocation is effective for taxes levied in the next year after revocation.

Sec. 9. Minnesota Statutes 1982, section 273.1313, subdivision 5, is amended to read:

Subd. 5. [HEARING.] Upon receipt of the request, the commissioner shall notify the applicant and the governing body (BY CERTIFIED MAIL) of a time and place (, NOT LESS THAN 30 DAYS AFTER RECEIPT,) at which the applicant may be heard (AND). *The hearing shall be held within 30 days after receipt of the request. Within 30 days after the hearing,* the commissioner (WILL) *shall* determine whether the facts and circumstances are grounds for revocation as recommended by the governing body. If the commissioner revokes the classification, the applicant may appeal from the commissioner's order to a court of competent jurisdiction at any time within 30 days after revocation.

Sec. 10. [273.1314] [SELECTION OF ENTERPRISE ZONES.]

Subdivision 1. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given.

- (a) "City" means a statutory or home rule charter city.
- (b) "Commissioner" means the commissioner of energy, planning, and development or its successor agency.
- (c) "Legislative advisory commission" means the legislative advisory commission established under section 3.30.
- (d) "Municipality" means a city or a county for an area located outside the boundaries of a city. If an area lies in two or more cities or in both incorporated and unincorporated areas, municipality shall include an entity formed pursuant to section 471.59 by the governing bodies of the cities with jurisdiction

over the incorporated area and the counties with jurisdiction over the unincorporated area.

Subd. 2. [SUBMISSION OF APPLICATIONS.] On or before July 31, a municipality seeking designation of an area as an enterprise zone shall submit an application to the commissioner. The commissioner shall establish procedures and forms for the submission of applications for enterprise zone designation.

Subd. 3. [APPLICATIONS; CONTENTS.] The applications for designation as an enterprise zone shall contain, at a minimum:

(a) verification that the area is eligible for designation pursuant to section 273.1312;

(b) a development plan, outlining the types of investment and development within the zone that the municipality expects to take place if the incentives and tax reductions specified under clauses (d) and (e) are provided, including specific investment or development reasonably expected to take place and any commitments obtained from businesses;

(c) the municipality's proposed method of assessing the effectiveness of the development plan once it has been implemented;

(d) the specific form of tax reductions, authorized by subdivision 9, proposed to be granted to businesses making new investment in the zones, the duration of the tax reductions, an estimate of the total state taxes likely to be foregone as a result, and a statement of the relationship between the proposed tax reductions and the type of investment or development sought or expected to be attracted to the area if it is designated as a zone;

(e) the municipality's contribution to the zone as required by subdivision 6;

(f) any additional information required by the commissioner; and

(g) any additional information which the municipality considers relevant to the designation of the area as an enterprise zone.

Clause (b) shall not apply to an application for designation under section 273.1312, subdivision 4, clause (3)(c).

Subd. 4. [EVALUATION OF APPLICATIONS.] The commissioner shall review and evaluate the applications submitted pursuant to subdivision 3 and shall determine whether each

area is eligible for designation as an enterprise zone. In determining whether an area is eligible under section 273.1312, subdivision 4, clause (3), if unemployment, employment, income or other necessary data are not available for the area from the federal departments of labor or commerce or the state demographer, the commissioner may rely upon other data submitted by the municipality if he determines it is statistically reliable or accurate. The commissioner, in conjunction with the commissioner of revenue, shall prepare an estimate of the amount of state tax revenue which will be foregone for each application if the area is designated as a zone.

On or before September 1, the commissioner shall submit to the legislative advisory commission a list of the areas eligible for designation as enterprise zones, along with his recommendations for designation and supporting documentation. In making his recommendations for designation, the commissioner shall consider and evaluate the applications pursuant to the following criteria:

(a) the pervasiveness of poverty, unemployment, and general distress in the area;

(b) the extent of chronic abandonment, deterioration or reduction in value of commercial, industrial or residential structures in the area and the extent of property tax arrearages in the area;

(c) the prospects for new investment and economic development in the area with the tax reductions proposed in the application relative to the state and local tax revenue which would be foregone;

(d) the competing needs of other areas of the state;

(e) the municipality's proposed use of other state and federal development funds or programs to increase the probability of new investment and development occurring;

(f) the extent to which the proposed development will provide employment for individuals located within the economic hardship area;

(g) the funds available pursuant to subdivision 8; and

(h) other relevant factors which he specifies in his recommendations.

The commissioner shall submit a separate list of the areas entitled to designation as enterprise zones under section 273.1312, subdivision 4, clauses (3)(b) and (3)(c), along with his recommendations for the amount of funds to be allocated to each area.

Subd. 5. [LAC RECOMMENDATIONS.] On or before September 15, the legislative advisory commission shall submit to the commissioner its advisory recommendations regarding the designation of enterprise zones. By September 30 the commissioner shall make the final designation of the areas as enterprise zones, pursuant to section 273.1312, subdivision 2. In making the designation, the commissioner may make modifications in the design of or limitations on the tax reductions contained in the application necessary because of the funding limitations under subdivision 8.

Subd. 6. [LOCAL CONTRIBUTION.] No area shall be designated as an enterprise zone unless the municipality agrees to make a qualifying local contribution in the form of (i) a property tax reduction for employment property as provided by section 273.1313 for any business qualifying for a state tax reduction pursuant to this section, or (ii) an equivalent local contribution or investment out of other municipal funds, but excluding any special federal grants or loans. If the local contribution is to be used to fund additional reductions in state taxes, the commissioner and the governing body of the municipality shall enter an agreement for timely payment to the state to reimburse the state for the amount of tax revenue foregone as a result.

Subd. 7. [LIMITATIONS: NUMBER OF DESIGNATIONS.] (a) In each of the two calendar years following and including the effective date of this section, the commissioner shall designate at least three but not more than six areas as enterprise zones. No designations shall be made after December 31, 1984.

(b) No more than one area may be designated as an enterprise zone in any county, except that two areas may be designated in a county containing a city of the first class.

(c) No more than one area in a congressional district may be designated as an enterprise zone in any calendar year.

This subdivision shall not apply to enterprise zones designated pursuant to section 273.1312, subdivision 4, clauses (3)(b) or (3)(c).

Subd. 8. [FUNDING LIMITATIONS.] (a) \$ _____ is appropriated to the commissioner of revenue from the general fund for the purpose of funding the tax reductions authorized pursuant to designations of enterprise zones under section 273.1312 and this section. \$10,000,000 of the total appropriation is the maximum amount which may be authorized by the commissioner for tax reductions pursuant to subdivision 9 that will reduce tax revenues which otherwise would have been received during fiscal years 1984 and 1985. The commissioner shall allocate to enterprise zones designated under section 273.1312, subdivision 4, clause (3)(c), an amount not less than 80 percent

of the total appropriation multiplied by a fraction, the numerator of which is the number of zones designated under section 273-1312, subdivision 4, clause (3)(c), and the denominator of which is the maximum number of enterprise zones which may be designated for the year including those designated under clause (3)(c) during any year and the funds shall be allocated among (3)(c) zones on a per capita basis. Upon designation of an enterprise zone the commissioner shall certify the total amount available for tax reductions in the zone for its duration. The amount certified shall reduce the amount available for tax reductions in other enterprise zones. If subsequent estimates indicate or actual experience shows that the approved tax reductions will result in amounts of tax reductions in excess of the amount certified, the commissioner shall implement a plan to reduce the available tax reductions in the zone to an amount within the sum certified. If subsequent estimates indicate or actual experience shows that the approved tax reductions will result in amounts of tax reductions below the amount certified, the difference shall be available for certification in other zones or used in connection with an amended plan of tax reductions for the zone as the commissioner determines appropriate. If the tax reductions authorized result in reduced revenues for a dedicated fund, the commissioner of finance shall transfer equivalent amounts to the dedicated fund from the general fund as necessary.

(b) The appropriation pursuant to paragraph (a) shall not cancel. The commissioner of finance shall reduce the amount of the appropriation based upon information supplied by the commissioner of revenue that the tax reductions authorized for enterprise zones have or are estimated to have resulted in reduced state tax collections.

Subd. 9. [AUTHORIZED FORMS OF STATE TAX REDUCTIONS.] (a) The following types of tax reductions may be approved by the commissioner for businesses located in an enterprise zone:

(1) An exemption from the general sales tax imposed by chapter 297A for purchases of construction materials or equipment for use in the zone;

(2) A credit against income tax for a percentage of the payroll costs or wages paid to additional workers employed in the zone, other than workers employed in construction;

(3) An income tax credit for a percentage of the cost of debt financing to construct new facilities in the zone;

(4) A state paid property tax credit for a portion of the property taxes paid by a new commercial or industrial facility or the additional property taxes paid by an expansion of an existing commercial or industrial facility in the zone.

(b) The municipality shall specify in its application for designation the types of tax reductions it seeks to be made available in the zone and the percentage rates and other appropriate limitations on the reductions.

(c) Upon designation of an enterprise zone and approval by the commissioner of the tax reductions to be made available therein, the commissioner of revenue shall take the steps necessary to implement the tax reductions.

(d) The tax reductions provided by this subdivision shall not apply to any facility as enumerated in section 103(b)(6)(O) of the Internal Revenue Code of 1954, as amended through January 15, 1983, or to any regulated public utility.

(e) In addition to the tax reductions authorized by paragraph (a), for an enterprise zone designated under section 273.1312, subdivision 4, clause (3)(c), the following types of tax reductions may be approved:

(1) A credit against income tax for workers employed in the zone up to a maximum of \$ per employee; or

(2) A state paid property tax credit for a portion of the property taxes paid by a commercial or industrial facility located in the zone.

Subd. 10. [TECHNICAL ASSISTANCE.] The commissioner shall establish a mechanism for providing and shall provide technical assistance to small municipalities seeking designation of an area as an enterprise zone under this section and section 273.1312. For purposes of this subdivision, a small municipality means a municipality with a population of 25,000 or less.

Subd. 11. [ADMINISTRATIVE PROCEDURES ACT.] The provisions of chapter 14 shall not apply to designation of enterprise zones pursuant to this section or section 273.1312.

Subd. 12. [FEDERAL DESIGNATIONS.] The commissioner may accept applications and may at any time grant a contingent designation of area as an enterprise zone for purposes of seeking a designation of the area as a federal enterprise zone. For purposes of such designations, the commissioner may waive any of the requirements or limitations on designations contained in this section. If the contingent designation would require funding in excess of the amount available pursuant to subdivision 8, the commissioner shall inform the members of the legislative advisory commission and shall submit a request for the necessary funding to the tax and appropriations committees of the legislature.

Subd. 13. [REPEALER.] This section is repealed effective December 31, 1991.

Sec. 11. [APPROPRIATION.]

The following amounts are appropriated to the commissioner of energy, planning, and development for the purpose of administering the enterprise zone law:

FY 1984. \$.....

FY 1985. \$.....

Sec. 12. Minnesota Statutes 1982, section 290.06, subdivision 1, is amended to read:

Subdivision 1. [COMPUTATION, CORPORATIONS.] The privilege and income taxes imposed by this chapter upon corporations shall be computed by applying to their taxable net income in excess of the applicable deductions allowed under section 290.21 the following rates:

(1) On the first \$25,000, (FOR THE FIRST TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 1981 AND BEFORE JANUARY 1, 1983 NINE PERCENT AND, FOR TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1982,) six percent; provided that, in the case of a corporation having taxable net income allocated to this state pursuant to the provisions of section 290.19 or 290.20, the amount of income subject to this rate shall be that proportion of \$25,000 which its income allocable to this state bears to its total taxable net income; and

(2) On the remainder, (12) 11 percent.

Sec. 13. Minnesota Statutes 1982, section 290.068, is amended by adding a subdivision to read:

Subd. 6. [ADDITIONAL CREDIT.] (a) In addition to the credit allowed by subdivision 1, a credit shall be allowed against the tax imposed by this chapter for the taxable year equal to 12.5 percent of the amount of qualified research expenses paid or incurred for qualified research performed by a corporation for or on behalf of one or more of its wholly-owned subsidiary corporations which has in effect during the taxable year a valid election under section 936 of the Internal Revenue Code, including any expenses paid or incurred that are attributable to a wholly-owned subsidiary corporation by reason of paragraph (h) of section 936 for purposes of determining each corporation's combined taxable income.

(b) The maximum credit allowed by clause (a) for the taxable year shall be the excess of

(1) the total amount of tax imposed by this chapter on all members of the unitary group for the taxable year, over

(2) the sum of (A) the total amount of tax which would be imposed on the unitary group, if the corporation or corporations with valid elections under section 936 of the Internal Revenue Code were excluded from the unitary group, plus (B) the tax, if any, which would be imposed on the corporation or corporations with valid elections under section 936 of the Internal Revenue Code without regard to the other members of the unitary group.

(c)(1) If the amount of the credit determined under clause (a) for any taxable year exceeds the limitation provided in clause (b), the excess shall be a research credit carryover to each of the 15 succeeding taxable years. The entire amount of the excess unused credit for the taxable year shall be carried first to the earliest of the taxable years to which the credit may be carried and then to each successive year to which the credit may be carried.

(2) The amount of the unused credit which may be added under clause (c)(1) for any preceding taxable year shall not exceed the amount by which the limitation provided by clause (b) for the taxable year exceeds the sum of

(i) the credit allowable under this subdivision for the taxable year, and

(ii) the amounts, which, by reason of clause (c)(1), are added to the amount allowable for the taxable year and which are attributable to taxable years preceding the taxable year in which an excess credit arises.

Sec. 14. [290.069] [SMALL BUSINESS INVESTMENT CREDITS.]

Subdivision 1. [DEFINITIONS.] (a) "Qualified small business" means a business entity organized for profit if the entity:

(1) Has 20 or fewer employees and has less than \$1,000,000 in gross annual receipts;

(2) Is not a subsidiary or an affiliate of a business which employs more than 20 employees or has total gross receipts for the previous year of more than \$1,000,000, computed by aggregating all of the employees and gross receipts of the business entities affiliated with the business;

(3) Has its commercial domicile in this state;

(4) Does not derive more than 20 percent of its gross receipts from royalties, rents, dividends, interest, annuities, and sales or exchanges of stock or securities;

(5) Is not engaged in a trade or business, the primary purpose of which is described in section 103(b)(6)(O) of the Internal Revenue Code of 1954; and

(6) Is certified by the commissioner of energy, planning and development that it satisfies the requirements of clauses (1) to (5).

(b) "Small business assistance office" means a nonprofit corporation which is formed under chapter 317, is an exempt organization under section 501(c)(3) of the Internal Revenue Code of 1954, and satisfies the following conditions:

(1) The primary purpose of the corporation is to aid in the formation of new businesses which create jobs in the state by training or providing other direct assistance to entrepreneurs, managers, and other individuals in the development, financing, and operation of qualified small businesses.

(2) The corporation provides audited financial statements to all contributors and the commissioner of energy, planning, and development within 90 days following the close of the corporation's fiscal year.

(3) The corporation employs at least two full-time professional employees or the equivalent.

(4) The corporation is not engaged in providing financing or primarily engaged in arranging financing for businesses.

(5) The commissioner of energy, planning and development certifies that the corporation satisfies the requirements of this paragraph for the calendar year.

(c) "Technology" means a proprietary process, formula, pattern, device, or compilation of scientific or technical information unless it

(1) is in the public domain; or

(2) cannot be accurately valued.

(d) "Controlled group of corporations" means the controlled group of corporations as defined in section 1563 of the Internal Revenue Code of 1954, and if the corporation is part of a unitary business, includes the corporations or entities constituting the unitary business which are not in the controlled group of corporations as defined in section 1563.

(e) The "Internal Revenue Code of 1954" means the Internal Revenue Code of 1954, as amended through January 15, 1983.

Subd. 2. [TECHNOLOGY TRANSFER CREDIT.] A credit may be claimed against the taxes imposed by this chapter in an amount equal to 30 percent of the net value of the technology transferred to a qualified small business if the following conditions are satisfied:

(a) The commissioner certifies that the technology has the value claimed by the transferor taxpayer.

(b) The transferor taxpayer is the exclusive and undisputed owner of the technology at the time the transfer is made.

(c) Except as provided in paragraph (h), the transferor retains no proprietary or financial interest in the technology subsequent to its transfer to the qualified small business and no credit is claimed for the transfer of the technology in a prior or subsequent taxable year, except pursuant to the carryover provisions of subdivision 5.

(d) The credit shall apply only to the first \$1,000,000 of the net value of the technology transferred during the taxable year. The value of the technology shall not exceed the total qualified research expenses, as defined in section 290.068, subdivision 2, expended by the transferor to create or develop the technology. For purposes of this clause, "net value" means the total value of the technology less any payments received from the transferee and less the value of any equity interest in the transferee received by the transferor in exchange for the technology. For purposes of determining the value of the equity interest, the total value of the transferee shall be deemed to be not less than the value of the technology transferred, less any cash payment made to the transferor.

(e) The taxpayer has not deducted the value of the transferred property from income under any other provisions of this chapter, except that the costs of developing the technology may have been deducted as a business expense or depreciated or included in the computation of the research and experimental expenditure credit pursuant to section 290.068.

(f) The transferee business entity may not be a subsidiary or affiliate of the transferor taxpayer.

(g) The transferee makes a substantial investment in acquiring or developing the technology. The requirements of this clause are satisfied if (1) transferee pays the transferor an amount equal to 20 percent of the value of the technology in return for acquisition of the rights to the technology, or if (2) the transferee expends an equivalent amount for equipment, materials,

wages, or other direct costs to develop, produce, or otherwise use the technology. The requirements of this paragraph may not be satisfied by granting the transferor an equity interest as provided by paragraph (h).

(h) The transferor may receive in exchange for the transfer of the technology an equity interest in the transferee, but this interest may not exceed 25 percent of the capital interest, if the transferee is a partnership, or 25 percent in value of the outstanding stock, if the transferee is a corporation. The transferor's basis in the equity interest shall be reduced by the amount of the credits received pursuant to this subdivision. The transferor may not deduct any loss realized on the sale or exchange of the equity interest.

The commissioner may require that the taxpayer obtain an appraisal of the value of the transferred technology by a reliable, expert third party. The commissioner may promulgate administrative rules for appraising the value of transferred technology.

Subd. 3. [SMALL BUSINESS ASSISTANCE OFFICE CREDIT.] A credit shall be allowed against the taxes imposed by this chapter in an amount equal to 50 percent of the first \$50,000 of contributions made during the taxable year to a small business assistance office. No credit shall be allowed for any contributions deducted pursuant to any other provision of this chapter.

Subd. 4. [EQUITY INVESTMENT CREDIT.] (a) A credit shall be allowed against the tax imposed by this chapter for the taxable year in an amount equal to 30 percent of the net investment in excess of \$25,000 in the equity stock of a qualified small business. The maximum amount of the credit for a taxable year may not exceed \$75,000. For purposes of this credit the following limitations apply:

(1) Equity stock shall not include any security which provides for fixed or variable interest payments.

(2) The taxpayer and any related persons may not own more than 49 percent of the value of any class of stock. For purposes of this paragraph, a person is a related person to another person if (i) the relationship between the persons would result in a disallowance of losses under section 267 or 707(b) of the Internal Revenue Code of 1954 or (ii) the persons are members of the same controlled group of corporations. The restrictions provided by this subdivision shall apply for a three year period beginning on the date the stock is purchased. If the taxpayer or a related person acquires more than 49 percent of the value of any class of stock after the allowance of a credit under this subdivision and prior to the end of the three year

period, the taxpayer's tax for the taxable year in which the credit was allowed shall be increased by the amount of the credit previously claimed.

(3) The credit shall not exceed 75 percent of the taxpayer's tax liability computed after the subtraction of all credits, other than the credit provided in this subdivision. The portion of the credit disallowed shall qualify as a carryover pursuant to subdivision 5.

(b) If the principal place of business of the qualified small business is located in an enterprise zone designated pursuant to section 273.1312, \$10,000 shall be substituted for \$25,000 and \$100,000 for \$75,000 in paragraph (a).

Subd. 5. [LIMITATIONS; OTHER CONDITIONS.] The provisions of section 290.068, subdivisions 3, clause (a); 4; and 5 shall apply to the sum of the credits which this section allows, except that no carryback shall be allowed. The carryover provisions of section 290.068, subdivision 3, clause (b), shall apply to the sum of the credits allowed by this section except that the term "research credit" or "research and experimental expenditure credit" shall include the credits authorized by subdivisions 2 to 4 of this section. The credits allowed by subdivisions 2 and 3 shall only be available to corporations and banks whose tax is computed pursuant to section 290.06, subdivision 1.

The maximum limitations on the amount of credits pursuant to subdivisions 2 and 3 shall be determined by aggregating together the credits of all the corporations in the controlled group of corporations with the taxpayer. In order to facilitate compliance with and enforcement of this provision the commissioner may require the taxpayer to claim the credit on a combined report of the unitary business or to file a copy of the consolidated federal return with the state return or both.

Subd. 6. [REPEALER.] This section is repealed effective for contributions made, technology transferred, and investments made in taxable years beginning after December 31, 1985.

Sec. 15. Minnesota Statutes 1982, section 290.09, subdivision 4, is amended to read:

Subd. 4. [TAXES.] Taxes paid or accrued within the taxable year, except (a) income or franchise taxes imposed by this chapter and income or franchise taxes paid to any other state or to any province or territory of Canada for which a credit is allowed under section 290.081; (b) taxes assessed against local benefits of a kind deemed in law to increase the value of the property assessed; (c) inheritance, gift and estate taxes except as provided in section 290.077, subdivision 4; (d) cigarette and tobacco products excise tax imposed on the consumer; (e) that

part of Minnesota property taxes for which a credit or refund is claimed and allowed under chapter 290A; (f) federal income taxes (including the windfall profit tax on domestic crude oil), by corporations, national and state banks; (g) mortgage registry tax; (h) real estate transfer tax; (i) federal telephone tax; (j) federal transportation tax; (AND) (k) *income or franchise taxes paid by a corporation to another state, to a political subdivision of another state, or to the District of Columbia; and (l) tax paid by any corporation or national or state bank to any foreign country or possession of the United States to the extent that a credit against federal income taxes is allowed under the provisions of the Internal Revenue Code of 1954, as amended through December 31, 1981. If the taxpayer's foreign tax credit consists of both foreign taxes deemed paid and foreign taxes actually paid or withheld, it will be conclusively presumed that foreign taxes deemed paid were first used by the taxpayer in its foreign tax credit. Minnesota gross income shall include the amount of foreign tax paid which had been allowed as a deduction in a previous year, provided such foreign tax is later allowed as a credit against federal income tax.*

Taxes imposed upon a shareholder's interest in a corporation which are paid by the corporation without reimbursement from the shareholder shall be deductible only by such corporation.

Property taxes shall be allowed as a deduction to the same taxpayer and in the same manner as provided in section 164 of the Internal Revenue Code of 1954, as amended through December 31, 1981, notwithstanding the provisions of section 272.31.

Sec. 16. Minnesota Statutes 1982, section 290.09, subdivision 28, is amended to read:

Subd. 28. [REAL ESTATE INVESTMENT TRUSTS; DEDUCTIBLE DIVIDENDS.] A "real estate investment trust," as defined in section 856 of the Internal Revenue Code of 1954, as amended through December 31, 1981, and to which sections 856 to 860 of the Code apply for the taxable year, may deduct its dividends paid to the extent permitted by section 857(b) (2) (B) of the Code. Such a trust and its shareholders and beneficiaries shall be subject to all of the provisions of sections 857 and 858 of the Code which are applicable under this chapter, in determining their respective taxable net incomes, provided that the amount determined and available for the alternative tax under section 857(b) (3) (A) (ii) of the Code shall be included in gross income (SUBJECT TO THE DEDUCTION PROVIDED BY SECTION 290.16, SUBDIVISION 4).

Sec. 17. Minnesota Statutes 1982, section 290.091, is amended to read:

290.091 [MINIMUM TAX ON PREFERENCE ITEMS.]

In addition to all other taxes imposed by this chapter there is hereby imposed, a tax which, in the case of a resident individual, shall be equal to 40 percent of the amount of the taxpayer's minimum tax liability for tax preference items pursuant to the provisions of sections 55 to 58 and 443(d) of the Internal Revenue Code of 1954 as amended through December 31, 1981. For purposes of the tax imposed by this section, the following modifications shall be made:

(1) 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.

(2) In the case of a corporate taxpayer, percentage depletion shall not be a preference item.

(3) In the case of a corporate taxpayer, (THE) capital (GAIN) *gains shall not be* a preference item (SHALL NOT INCLUDE THE TIMBER PREFERENCE INCOME DEFINED IN SECTION 57(E)(1) OF THE INTERNAL REVENUE CODE).

(4) The preference item of reserves for losses on bad debts shall not include reserves allowable under section 593 of the Internal Revenue Code, but which are not allowable under section 290.09, subdivision 6, clause (c).

(5) In the case of an individual, the preference item of adjusted itemized deductions does not include any deduction for charitable contributions in excess of the limitations contained in section 290.21, subdivision 3, including any carryover amount allowed for federal purposes.

(6) The capital gain preference item shall be reduced where the gain would be modified because some or all of the assets have a higher basis for Minnesota purposes than for federal purposes.

(7) In the case of a nonresident individual, or an estate or trust, with a net operating loss that is a larger amount for Minnesota than for federal, the capital gain preference item shall be reduced to the extent it was reduced in the allowance of the net operating loss.

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.

The tax benefit rule contained in section 58(h) of the Internal Revenue Code is applied to the Minnesota minimum tax only to the extent that it determines if there is a federal minimum tax. No separate tax benefit rule is allowable for the Minnesota minimum tax.

For property placed in service after December 31, 1980, the preference items contained in section 57 (a) (12) of the Internal Revenue Code of 1954, as amended through December 31, 1981, shall not apply.

Sec. 18. Minnesota Statutes 1982, section 290.16, subdivision 4, is amended to read:

Subd. 4. [DEDUCTIONS FOR CAPITAL GAINS.] If for any taxable year the net long-term capital gain exceeds the net short-term capital loss, (60) 50 percent of the amount of (SUCH) the excess shall be a deduction from gross income. *The deduction provided by this subdivision shall be allowed only if the taxpayer has long term capital gain derived from the sale or exchange of qualified securities equal to at least the amount of the excess of net long term capital gain over net short term capital loss. For purposes of this subdivision, "qualified security" means a security as defined in section 165(g)(2) of the Internal Revenue Code of 1954, as amended through January 15, 1983, if (a) the security represents or is convertible to an equity interest in the issuing corporation or business entity, (b) the security or other securities issued by the same corporation or entity were not listed on the New York Stock Exchange, the American Stock Exchange, or the National Association of Securities Dealers Automated Quotation system within a one year period of the date on which the taxpayer acquired the security, and (c) the security was not issued by a corporation or entity in which the taxpayer owned more than 60 percent of the combined voting power of all classes of stock entitled to vote.*

Sec. 19. Laws 1981, Third Special Session chapter 2, article III, section 22, as amended by Laws 1982, chapters 523, article XXIX, section 5, and 641, article II, section 7, is amended to read:

Sec. 22. [EFFECTIVE DATE.]

Sections 1 and 19 to 21 are effective February 1, 1982. The provision of section 2 relating to commodity tax straddles and

section 7 are effective for taxable years beginning after December 31, 1980. The provisions of section 2 relating to the exclusion of dividend and interest income are effective for taxable years beginning after December 31, 1981. Section 2, clauses (a) (22), (b) (24), the portion of clause (a) (16) relating to recovery property, (b) (25), and sections 8, 11, and 12 are effective for property placed in service after December 31, 1980 in taxable years ending after that date. Section 2, clauses (a) (17), (b) (2), the portion of clause (a) (16) relating to gain from the sale or disposition of property and section 9 are effective for taxable years beginning after December 31, 1982. Section 6 is effective for taxable years beginning after December 31, 1981. Section 10 is effective for (THE SALE OR OTHER DISPOSITION OF PROPERTY) *taxable years beginning after December 31, (1982) 1983*. For taxpayers subject to tax under Minnesota Statutes, Chapter 290, sections 13, 14, and 15 are effective for taxable years beginning after June 30, 1981. Section 16 is effective for taxable years beginning after December 31, 1981. Sections 17 and 18 are effective for petitions filed after January 31, 1982.

Sec. 20. [UNITARY METHOD OF APPORTIONMENT; INTERIM STUDY.]

The tax committee of the house of representatives shall conduct a study of the unitary method of apportioning the income of corporations engaged in multistate businesses during the 1983 interim to determine if it fairly and equitably apportions the income of such corporations to Minnesota.

Sec. 21. [EFFECTIVE DATE.]

Sections 1 to 11 and 20 are effective the day following final enactment. Sections 12, and 14 to 18 are effective for taxable years beginning after December 31, 1983. Section 13 is effective for taxable years beginning after December 31, 1982. Section 19 is effective January 1, 1982.

ARTICLE 7

CASH FLOW

Section 1. [124.195] [PAYMENT OF AIDS AND CREDITS TO SCHOOL DISTRICTS.]

Subdivision 1. [APPLICABILITY.] Notwithstanding any law to the contrary, this section applies to all aids, payments, or credits paid by the commissioner of education or department of education from the general fund of the state of Minnesota to any school district for the financing of education in elementary schools, secondary schools, middle schools, vocational center schools as defined in section 120.05, or special education cooperatives formed pursuant to sections 120.17 or 471.59. The pro-

cedures described in this section for making disbursements to school districts shall be used in fiscal year 1985 and each fiscal year thereafter and shall apply to both prior year final adjustment payments and current year entitlements.

Subd. 2. [DEFINITION.] The term "other-than-general-fund payments" means payments by county treasurers pursuant to section 276.10, apportionments from the school endowment fund pursuant to section 124.09, any payments made by the commissioner of education from federal funds, apportionments by the county auditor pursuant to section 124.10, subdivision 2, and payments to school districts by the commissioner of revenue pursuant to sections 294.21 through 294.26 and chapter 298.

Subd. 3. Each year the commissioner of education shall pay to a school district on the days indicated below an amount of cash from the state general fund which, when added to the sum of

(1) estimated cumulative other-than-general-fund payments to school district operating funds between July 1 and the payment date, and

(2) all prior disbursements during the fiscal year of state general fund moneys to school districts for placement in the district's operating funds,

will provide the operating funds of the school district with state general fund payments and other-than-general-fund payments that in total will not exceed for the payment date the following percentages of the sum of all estimated state general fund payments and other-than-general-fund payments due the district during the fiscal year:

Payment 1	First business day prior to July 15	2.25%
Payment 2	First business day prior to July 30	4.50
Payment 3	First business day prior to August 15	6.75
Payment 4	First business day prior to August 30	9.0
Payment 5	First business day prior to September 15	12.75
Payment 6	First business day prior to September 30	16.5
Payment 7	First business day prior to October 15	20.75
Payment 8	First business day prior to October 30	25.0
Payment 9	First business day prior to November 15	31.0
Payment 10	First business day prior to November 30	37.0

Payment 11	First business day prior to December 15	40.0
Payment 12	First business day prior to December 30	43.0
Payment 13	First business day prior to January 15	49.25
Payment 14	First business day prior to January 30	51.5
Payment 15	First business day prior to February 15	56.0
Payment 16	First business day prior to February 28	60.5
Payment 17	First business day prior to March 15	65.25
Payment 18	First business day prior to March 30	70.0
Payment 19	First business day prior to April 15	74.0
Payment 20	First business day prior to April 30	78.0
Payment 21	First business day prior to May 15	83.75
Payment 22	First business day prior to May 30	89.5
Payment 23	First business day prior to June 15	94.75
Payment 24	First business day prior to June 30	100.0

Subd. 4. In no case shall the commissioner of education pay to a school district for placement in its operating funds an amount of moneys from the state general fund that exceeds the sum of the district's estimated aid entitlements for placement in its operating funds for the current school year, plus the final adjustment payment for aids for placement in its operating funds for the preceding school year.

Subd. 5. For purposes of determining the amount of state general fund moneys to be paid to school districts pursuant to subdivision 3, the commissioner of education shall assume that the payments to school districts by the county treasurer pursuant to section 276.10 are made in the following manner:

(a) 50 percent within seven business days of each settlement date; and

(b) 100 percent within 14 business days of each settlement date.

The commissioner shall also assume that the payments to school districts by county auditors pursuant to section 124.10,

subdivision 2 are made in the months indicated in that subdivision.

Subd. 6. In fiscal year 1985 and each fiscal year thereafter, state general fund payments to school districts for placement in non-operating funds shall be made in 12 equal monthly installments.

Sec. 2. Minnesota Statutes 1982, section 276.09, is amended to read:

276.09 [SETTLEMENT BETWEEN AUDITOR AND TREASURER.]

On the fifth day of March and the 20th day of (MARCH, JUNE, AND NOVEMBER) *May, and October* of each year, the county treasurer shall make full settlement with the county auditor of all receipts collected by him for all purposes, from the date of the last settlement up to and including each day mentioned. The county auditor shall, within 30 days after each settlement, send an abstract of same to the state auditor in the form prescribed by the state auditor. At each settlement the treasurer shall make complete returns of the receipts on the current tax list, showing the amount collected on account of the several funds included in the list.

For purposes of this section, "receipts" shall include all tax payments received by the county treasurer on or before the settlement date.

Sec. 3. Minnesota Statutes 1982, section 276.10, is amended to read:

276.10 [APPORTIONMENT AND DISTRIBUTION OF FUNDS.]

On the settlement day in March, (JUNE, AND NOVEMBER) *May and October* of each year, the county auditor and county treasurer shall distribute all undistributed funds in the treasury, apportioning them, as provided by law, and placing them to the credit of the state, town, city, school district, special district and each county fund. Within 20 days after the distribution is completed, the county auditor shall make a report of it to the state auditor in the form prescribed by the state auditor. The county auditor shall issue his warrant for the payment of moneys in the county treasury to the credit of the state, town, city, school district, or special districts on application of the persons entitled to receive them.

Sec. 4. Minnesota Statutes 1982, 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) *May and October* 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. 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 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 taxes and any penalties thereon. The county treasurer shall pay, upon written request of the state, a municipal corporation or other public body except school districts, at least 70 percent of the estimated collection within 30 days after the settlement date. Within (15) *seven business days* after the settlement date, the county treasurer shall pay to the treasurer of the school districts (AT LEAST 70) 50 percent of the estimated collections arising from taxes levied by and belonging to the school district *and the remaining 50 percent of the estimated collections shall be paid to the treasurer of the school district within the next seven business days.* 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. 5. Minnesota Statutes 1982, section 278.01, subdivision 1, is amended to read:

Subdivision 1. [DETERMINATION OF VALIDITY.] Any person having any estate, right, title, or interest in or lien upon any parcel of land, who claims that such property has been partially, unfairly, or unequally assessed in comparison with other property in the city or county, or that the parcel has been assessed at a valuation greater than its real or actual value, or that the tax levied against the same is illegal, in whole or in part, or has been paid, or that the property is exempt from the tax so levied, may have the validity of his claim, defense, or objection determined by the district court of the county in which the tax

is levied or by the tax court by serving two copies of a petition for such determination upon the county auditor and one copy each on the county treasurer and the county attorney and filing the same, with proof of service, in the office of the clerk of the district court before the (FIRST) 15th day of (JUNE) May of the year in which the tax becomes payable. The county auditor shall immediately forward one copy of the petition to the appropriate governmental authority in a home rule charter or statutory city or town in which the property is located if that city or town employs its own certified assessor. A copy of the petition shall also be sent to the school board of the school district in which the property is located. A petition for determination under this section may be transferred by the district court to the tax court. An appeal may also be taken to the tax court under chapter 271 at any time following receipt of the valuation notice required by section 273.121 but prior to (JUNE 1) May 15 of the year in which the taxes are payable.

Sec. 6. Minnesota Statutes 1982, section 278.01, subdivision 2, is amended to read:

Subd. 2. [HOMESTEADS.] Any person having any estate, right, title or interest in or lien upon any parcel which is classified as homestead under the provisions of section 273.13, subdivisions 6, 6a, 7, 7b, 10 or 12, who claims that said parcel has been assessed at a valuation which exceeds by ten percent or more the valuation which the parcel would have if it were valued at the average assessment/sales ratio for real property in the same class, in that portion of the county in which that parcel is located, for which the commissioner is able to establish and publish a sales ratio study as determined by the applicable real estate assessment/sales ratio study published by the commissioner of revenue, may have the validity of his claim, defense, or objection determined by the district court of the county in which the tax is levied or by the tax court by serving two copies of a petition for such determination upon the county auditor and one copy each on the county treasurer and the county attorney and filing the same, with proof of such service, in the office of the clerk of the district court before the (FIRST) 15th day of (JUNE) May of the year in which such tax becomes payable. The county auditor shall immediately forward one copy of the petition to the appropriate governmental authority in a home rule charter or statutory city or town in which the property is located if that city or town employs its own certified assessor. A copy of the petition shall also be sent to the school board of the school district in which the property is located. A petition for determination under this section may be transferred by the district court to the tax court.

Sec. 7. Minnesota Statutes 1982, section 278.03, is amended to read:

278.03 [PAYMENT OF TAX.]

If the proceedings instituted by the filing of the petition have not been completed before the (FIRST) 15th day of (JUNE) May 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) October 15, 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 unpaid 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) 15th day of (JUNE) May or the (FIRST) 15th day of (NOVEMBER) October, 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 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. 8. Minnesota Statutes 1982, section 278.05, subdivision 5, is amended to read:

Subd. 5. Any time after the filing of the petition and before the trial of the issues raised thereby, when the defense or claim presented is that the property has been partially, unfairly, or unequally assessed, or that the parcel has been assessed at a valuation greater than its real or actual value, or that a parcel

which is classified as homestead under the provisions of section 273.13, subdivisions 6, 6a, 7, 7b, 10 or 12, has been assessed at a valuation which exceeds by ten percent or more the valuation which the parcel would have if it were valued at the average assessment/sales ratio for real property in the same class in that portion of the county in which the parcel is located, for which the commissioner is able to establish and publish a sales ratio study, the attorney representing the state, county, city or town in the proceedings may serve on the petitioner, or his attorney, and file with the clerk of the district court, an offer to reduce the valuation of any tract or tracts to a valuation set forth in the offer. If, within ten days thereafter, the petitioner, or his attorney, gives notice in writing to the county attorney, or the attorney for the city or town, that the offer is accepted, he may file the offer with proof of notice, and the clerk shall enter judgment accordingly. Otherwise, the offer shall be deemed withdrawn and evidence thereof shall not be given; and, unless a lower valuation than specified in the offer is found by the court, no costs or disbursements shall be allowed to the petitioner, but the costs and disbursements of the state, county, city or town, including interest at six percent on the tax based on the amount of the offer from and after the (FIRST) 15th day of (NOVEMBER) *October* of the year the taxes are payable, shall be taxed in its favor and included in the judgment and when collected shall be credited to the county revenue fund, unless the taxes were paid in full before the (FIRST) 15th day of (NOVEMBER) *October* of the year in which the taxes were payable, in which event interest shall not be taxable.

Sec. 9. Minnesota Statutes 1982, section 279.01, subdivision 1, is amended to read:

Subdivision 1. On (JUNE FIRST) *May 15*, of each year, with respect to property actually occupied and used as a homestead by the owner of the property, a penalty of three percent shall accrue and thereafter be charged upon all unpaid taxes on real estate on the current lists in the hands of the county treasurer, and a penalty of seven percent on non-homestead property. Thereafter, for both homestead and non-homestead property, on the (FIRST) 15th day of each month, up to and including (NOVEMBER FIRST) *October 15* following, an additional penalty of one percent for each month shall accrue and be charged on all such unpaid taxes. When the taxes against any tract or lot exceed \$10, one-half thereof may be paid prior to (JUNE FIRST) *May 15*; and, if so paid, no penalty shall attach; the remaining one-half shall be paid at any time prior to (NOVEMBER FIRST) *October 15* following, without penalty; but, if not so paid, then a penalty of four percent shall accrue thereon for homestead property and a penalty of four percent on non-homestead property. Thereafter, for homestead property, on the (FIRST) 15th day of each month up to and including (JANUARY 1) *December 15* following, an additional penalty of

two percent for each month shall accrue and be charged on all such unpaid taxes. Thereafter, for non-homestead property, on the (FIRST) 15th day of each month up to and including (JANUARY 1) *December 15* following, an additional penalty of four percent for each month shall accrue and be charged on all such unpaid taxes. If one-half of such taxes shall not be paid prior to (JUNE FIRST) *May 15*, the same may be paid at any time prior to (NOVEMBER FIRST) *October 15*, with accrued penalties to the date of payment added, and thereupon no penalty shall attach to the remaining one-half until (NOVEMBER FIRST) *October 15* following; provided, also, that the same may be paid in installments as follows: One-fourth prior to (APRIL FIRST) *March 15*; one-fourth prior to (JUNE FIRST) *May 15*; one-fourth prior to (SEPTEMBER FIRST) *August 15*; and the remaining one-fourth prior to (NOVEMBER FIRST) *October 15*, subject to the aforesaid penalties. Where the taxes delinquent after (NOVEMBER FIRST) *October 15* against any tract or parcel exceed \$40, they may be paid in installments of not less than 25 percent thereof, together with all accrued penalties and costs, up to the next tax judgment sale, and after such payment, penalties, interest, and costs shall accrue only on the sum remaining unpaid. Any county treasurer who shall make out and deliver or countersign any receipt for any such taxes without including all of the foregoing penalties therein, shall be liable to the county for the amount of such penalties.

Sec. 10. Minnesota Statutes 1982, section 473F.08, subdivision 7a, is amended to read:

Subd. 7a. The administrative auditor shall determine for each county the difference between the total levy on distribution value pursuant to subdivision 3, clause (a), within the county and the total tax on contribution value pursuant to subdivision 6, within the county. On or before (JUNE 1) *May 15* of each year, he shall certify the differences so determined to each county auditor. In addition, he shall certify to those county auditors for whose county the total tax on contribution value exceeds the total levy on distribution value the settlement the county is to make to the other counties of the excess of the total tax on contribution value over the total levy on distribution value in the county. On or before June (30) *15* and November (30) *15* of each year, each county treasurer in a county having a total tax on contribution value in excess of the total levy on distribution value shall pay one-half of the excess to the other counties in accordance with the administrative auditors certification.

Sec. 11. [EFFECTIVE DATE.]

Sections 2 to 10 are effective for taxes levied in 1983 and thereafter, payable in 1984 and thereafter.

ARTICLE 8

LOCAL GOVERNMENT AIDS

Section 1. Minnesota Statutes 1982, section 116J.42, subdivision 7, is amended to read:

Subd. 7. The commissioner:

(1) Shall continuously gather and develop demographic data within the state;

(2) Shall design and test methods of research and data collection;

(3) Shall have the power to call upon any agency of the state or political subdivision for data as may be available, and the agencies and political subdivisions shall cooperate to the fullest extent possible;

(4) Shall periodically prepare population projections for designated regions and for the state and may periodically prepare projections for each county, or other political or geographic division;

(5) Shall review, comment, and prepare analysis of population estimates and projections made by state agencies, political subdivisions, other states, federal agencies or nongovernmental persons, institutions or commissions;

(6) Shall serve as the state liaison with the federal bureau of census, shall coordinate his activities with federal demographic activities to the fullest extent possible, and shall aid the legislature in preparing a census data plan and form for each decennial census;

(7) Shall compile an annual study of population estimates on the basis of county, regional or other political or geographic divisions as necessary to carry out the purposes of this subdivision and section 116J.43;

(8) Shall, on or before January 1 of each year, issue a report to the legislature containing an analysis of the demographic implications of the annual population study and population projections;

(9) Shall cause to be prepared maps of all counties in the state, all municipalities with a population of 10,000 or more, and any other municipalities as deemed necessary for census purposes, according to scale and detail recommended by the federal

bureau of the census, with the maps of cities showing boundaries of precincts; and

(10) Shall annually prepare (A POPULATION) *an estimate of population and of the number of households* for each governmental subdivision for which the metropolitan council does not prepare an annual (POPULATION) estimate, and shall communicate the (ESTIMATE) *estimates* to the governing body of each governmental subdivision by May 1 of each year.

Sec. 2. Minnesota Statutes 1982, section 273.138, is amended by adding a subdivision to read:

Subd. 8. Each school district which received in excess of \$25,000 in 1983 pursuant to section 271.138 shall receive:

(a) in 1984, two-thirds of the amount received in 1983 pursuant to section 273.138; and

(b) in 1985, one-third of the amount received in 1983 pursuant to section 273.138.

The commissioner of revenue shall calculate the amounts for all the affected school districts and shall certify the amounts to the commissioner of education who shall make payments directly to all affected school districts in two equal parts on July 15 and November 15 of each year. These aids shall be deducted from the school district's maintenance levy limitation established pursuant to section 275.125, subdivision 2a, in determining the amount of taxes the school district may levy for general and special purposes for taxes payable in 1984 and 1985.

Sec. 3. Minnesota Statutes 1982, section 273.139, is amended by adding a subdivision to read:

Subd. 4. Each school district which received in excess of \$25,000 in 1983 pursuant to section 271.139 shall receive:

(a) in 1984, two-thirds of the amount received in 1983 pursuant to section 273.139; and

(b) in 1985, one-third of the amount received in 1983 pursuant to section 273.139.

The commissioner of revenue shall calculate the amounts for all affected school districts and shall certify the amounts to the commissioner of education who shall make payments directly to all affected school districts on July 15 of each year.

Sec. 4. Minnesota Statutes 1982, section 477A.011, is amended by adding a subdivision to read:

Subd. 3a. [NUMBER OF HOUSEHOLDS.] Number of households means the number of households established by the most recent federal census, by a special census conducted under contract with the United States bureau of the census, by an estimate made by the metropolitan council, or by an estimate of the state demographer made pursuant to section 116J.42, subdivision 7, whichever is the most recent as to the stated date of the count or estimate.

Sec. 5. Minnesota Statutes 1982, section 477A.011, subdivision 6, is amended to read:

Subd. 6. [(CONSUMER PRICE INDEX) IMPLICIT PRICE DEFLATOR INCREASE.] For any calendar year aid distribution, the (CONSUMER PRICE INDEX) *implicit price deflator* increase means the percentage increase in the (REVISED CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS FOR THE MINNEAPOLIS-ST. PAUL METROPOLITAN AREA) *implicit price deflator* for government purchases of goods and services for state and local government prepared by the bureau of economic analysis of the United States department of (LABOR) commerce for the 12 month period ending in June of the previous year.

Sec. 6. Minnesota Statutes 1982, section 477A.011, subdivision 7, is amended to read:

Subd. 7. [LOCAL REVENUE BASE.] For the (1982) 1984 aid distribution, a municipality's local revenue base means (ITS LOCAL REVENUE BASE FOR) *the sum of:*

(a) (1) in the case of a municipality which had a local revenue base for the 1981 aid distribution, the 1981 aid distribution base calculated pursuant to Minnesota Statutes 1980, Section 477A.01, less any amount added to the local revenue base for the costs of principal and interest on bonded debt incurred for the purpose of providing capital replacement for streets, curbs, gutters, storm sewers, and bridges, (INCREASED IN THE MANNER PRESCRIBED BY CLAUSES (A) AND (B).) multiplied by a factor of 1.208, and multiplied by a factor equal to the estimated 1981 population divided by the 1980 census population, provided that the latter factor is greater than 1.0; or

(FOR ALL SUBSEQUENT CALENDAR YEAR AID DISTRIBUTIONS, A MUNICIPALITY'S LOCAL REVENUE BASE MEANS ITS LOCAL REVENUE BASE FOR THE PREVIOUS YEAR AID DISTRIBUTION CALCULATED PURSUANT TO SECTIONS 477A.011 TO 477A.014 INCREASED BY:)

((A) A PERCENTAGE EQUAL TO THE CONSUMER PRICE INDEX INCREASE; AND)

((B) A PERCENTAGE EQUAL TO THE PERCENTAGE INCREASE IN POPULATION OVER THAT USED TO COMPUTE THE PREVIOUS YEAR AID DISTRIBUTION, IF ANY.)

(THE LOCAL REVENUE BASE FOR A STATUTORY OR HOME RULE CHARTER CITY OR A TOWN HAVING THE POWERS OF A STATUTORY CITY PURSUANT TO SECTION 368.01 OR SPECIAL LAW WHICH HAS A POPULATION OF 2,500 OR MORE ACCORDING TO THE MOST RECENT FEDERAL CENSUS AND)

(2) *in the case of a municipality which (DOES) did not have a local revenue base for the (PREVIOUS YEAR) 1981 aid distribution (SHALL BE ESTABLISHED BY ADDING), the (PRIOR YEAR'S) 1983 local government aid distribution received pursuant to (MINNESOTA STATUTES 1980, SECTION 477A.01 OR) sections 477A.011 to 477A.014, (AND) plus the property tax levy, exclusive of levies for bonded indebtedness (, IN THE PRECEDING YEAR AND MULTIPLYING THAT SUM BY A PERCENTAGE EQUAL TO THE CONSUMER PRICE INDEX INCREASE.) for taxes payable in 1983;*

(b) *the total amount received in calendar year 1983 pursuant to Minnesota Statutes 1982, section 273.138;*

(c) *the total amount received in calendar year 1983 pursuant to Minnesota Statutes 1982, section 273.139, including any amount received by a district as defined by section 273.73, subdivision 9, which lies totally within the municipality; and*

(d) *any amount levied as a special assessment to cover the costs of municipal operation and maintenance activities for the taxes payable year 1983.*

Any municipality whose payable 1983 levy exceeded its payable 1979 levy by a factor of ten, primarily because of a loss in state administered aids, may apply to the commissioner of revenue to have its local revenue base computed as if it did not have a local revenue base for the 1981 distribution. Applications shall be in the form and accompanied by the data required by the commissioner.

For 1985 and all subsequent calendar year aid distributions the local revenue base means the adjusted local revenue base used in the previous year aid distribution.

Sec. 7. Minnesota Statutes 1982, section 477A.011, is amended by adding a subdivision to read:

Subd. 7a. [ADJUSTED LOCAL REVENUE BASE.] Adjusted local revenue base means the local revenue base increased by:

(a) a percentage equal to the implicit price deflator increased;

(b) a percentage equal to the percentage increase in population over that used to compute the previous year aid distribution, if any, or a percentage equal to the percentage increase in number of households over that used to compute the previous year aid distribution, if any, whichever is higher.

For the purposes of the 1984 aid distribution, the 1981 estimates of population and number of households shall be considered as the estimates used in the previous year aid distribution.

Sec. 8. Minnesota Statutes 1982, section 477A.011, subdivision 10, is amended to read:

Subd. 10. [MAXIMUM (INCREASE) AID AMOUNT.] For (ANY CALENDAR YEAR) the 1984 aid distribution, a municipality's maximum (INCREASE) aid amount shall (MEAN THE FOLLOWING PERCENTAGE OF ITS PREVIOUS YEAR AID:)

((A) 12 PERCENT IF ITS PREVIOUS YEAR AID IS GREATER THAN \$100 PER CAPITA;)

((B) 15 PERCENT IF ITS PREVIOUS YEAR AID IS GREATER THAN \$75 PER CAPITA BUT NOT GREATER THAN \$100 PER CAPITA;)

((C) 17 PERCENT IF ITS PREVIOUS YEAR AID IS GREATER THAN \$50 PER CAPITA BUT NOT GREATER THAN \$75 PER CAPITA;)

((D) 20 PERCENT IF ITS PREVIOUS YEAR AID IS NOT GREATER THAN \$50 PER CAPITA) be 106 percent of the amount it received in 1983 pursuant to sections 477A.011 to 477A.03, plus any amounts received in 1983 pursuant to Minnesota Statutes 1982, sections 273.138 and 273.139, including any amount received by a district as defined by section 273.73, subdivision 9, which lies totally within the municipality.

For any subsequent calendar year aid distribution, a municipality's maximum aid amount shall be 106 percent of the amount received in the previous year pursuant to sections 477A.011 to 477A.03.

Sec. 9. Minnesota Statutes 1982, section 477A.012, is amended to read:

477A.012 [COUNTY GOVERNMENT DISTRIBUTIONS.]

In each calendar year, every county government (EXCEPT THAT OF A COUNTY CONTAINING A CITY OF THE FIRST CLASS) shall receive a distribution equal to (ITS PREVIOUS YEAR AID) *two-thirds of the amounts received in 1983 pursuant to sections 477A.011 to 477A.03, and Minnesota Statutes 1982, sections 273.138 and 273.139.*

Sec. 10. Minnesota Statutes 1982, section 477A.013, is amended to read:

477A.013 [MUNICIPAL GOVERNMENT DISTRIBUTIONS.]

Subdivision 1. [(MUNICIPALITIES UNDER 2,500 POPULATION) TOWNS.] In each calendar year, each (MUNICIPALITY WHICH IS NOT COVERED BY THE PROVISIONS OF SUBDIVISION 2) *town which has an average equalized mill rate of at least two mills* shall receive a distribution equal to (ITS PREVIOUS YEAR AID PLUS ITS MINIMUM INCREASE) *50 percent of the amount received in 1983 pursuant to Minnesota Statutes 1982, sections 273.138, 273.139, and 477A.011 to 477A.03.*

Subd. 2. [(MUNICIPALITIES OVER 2,500 POPULATION) CITIES AND TOWNS.] In each calendar year, each statutory and home rule charter city (, AND EACH TOWN HAVING THE POWERS OF A STATUTORY CITY PURSUANT TO SECTION 368.01 OR SPECIAL LAW, WHICH HAS A POPULATION OF 2,500 OR MORE ACCORDING TO THE LATEST FEDERAL CENSUS) shall receive a distribution equal to the amount obtained by subtracting (THE PRODUCT OF) 10 mills (AND) *multiplied by* the municipality's equalized assessed value from the *adjusted* local revenue base. (THIS AMOUNT SHALL THEN BE ADJUSTED, SO THAT IT IS NEITHER LESS THAN THE SUM OF ITS PREVIOUS YEAR AID AND ITS MINIMUM INCREASE, NOR GREATER THAN THE SUM OF ITS PREVIOUS YEAR AID AND ITS MAXIMUM INCREASE.)

An aid amount shall be computed in the same manner for all towns which have an average equalized mill rate of at least two mills. A town's final aid amount shall be determined by either the subdivision 1 or the subdivision 2 calculation, whichever is greater.

Subd. 3. [AID LIMITATION.] *The aid amount determined pursuant to subdivision 2 shall be limited so that it is not greater than the municipality's maximum aid amount.*

Sec. 11. [477A.0131] [SUPPLEMENTAL APPROPRIATION.]

Subdivision 1. [MAXIMUM REDUCTION.] No home rule charter or statutory city shall receive a distribution in any calendar year pursuant to sections 477A.011 to 477A.03 that is less than the sum of the amounts received in the previous calendar year pursuant to sections 477A.011 to 477A.03, section 273.139, and section 273.138, by more than an amount equal to one and one-half mills times the unit's equalized assessed value.

Subd. 2. [APPROPRIATION.] A sum sufficient to satisfy the requirement of subdivision 1 is appropriated from the general fund to the commissioner of revenue for the purposes of this section. Payments shall be made in the manner prescribed in section 477A.015.

Sec. 12. Minnesota Statutes 1982, section 477A.014, subdivision 1, is amended to read:

Subdivision 1. [CALCULATIONS AND PAYMENTS.] The commissioner of revenue shall make all necessary calculations and make payments pursuant to sections 477A.012, 477A.013 and 477A.03 directly to the affected taxing authorities annually. In addition, the commissioner shall notify the authorities of their aid amounts, as well as the computational factors used in making the calculations for their authority, and those statewide total figures that are pertinent, before August 15 of the year preceding the aid distribution year.

Sec. 13. [477A.017] [UNIFORM FINANCIAL ACCOUNTING AND REPORTING SYSTEM.]

Subdivision 1. [PURPOSE.] Sections 477A.011 to 477A.03 are designed to provide property tax relief to local units of government. In order for the legislature to determine the amounts of relief necessary each year, the legislature must have uniform and current financial information from the governmental units which receive aid distributions. This section is intended to provide that information.

Subd. 2. [STATE AUDITOR'S DUTIES.] The state auditor shall prescribe uniform financial accounting and reporting standards in conformity with national standards to be applicable to cities of more than 2,500 population and uniform reporting standards to be applicable to cities of less than 2,500 population.

Subd. 3. [GOVERNOR'S DUTIES.] The governor shall by executive orders constitute a council on county financial accounting and reporting standards and a council on municipal financial accounting and reporting standards to advise the state auditor.

Subd. 4. [CONFORMITY.] Other law to the contrary notwithstanding, in order to receive distributions under sections 477A.011 to 477A.03, counties and cities must conform to the

standards set in subdivision 2 in making all financial reports required to be made to the state auditor after June 30, 1984.

Sec. 14. [LOCAL GOVERNMENT FINANCE STUDY.]

Subdivision 1. A legislative study commission is created to study local government finance, in particular but not limited to:

- (a) the effect of existing levy limit laws;*
- (b) special assessment procedures and policies;*
- (c) the feasibility of all local government units adopting a uniform fiscal year conforming to the state fiscal year; and*
- (d) the timeliness and sufficiency of the provision to the state of information about local government finance.*

Subd. 2. The commission shall consist of five members of the house of representatives appointed by the speaker, three of whom shall be from the majority caucus and two of whom shall be from the minority caucus; and five members of the senate appointed by the senate rules and administration committee, three of whom shall be from the majority caucus and two of whom shall be from the minority caucus. Any vacancy shall be filled by the appointing power.

Subd. 3. The commission may act from the time its members are appointed until the commencement of the 1984 regular meeting of the legislature. It shall report its findings and recommendations to the legislature not later than January 31, 1984.

Subd. 4. The commission may hold meetings and hearings at the times and places it designates to accomplish the purposes set forth in this section. It shall select a chairman and other officers from its membership as necessary.

Subd. 5. Members of the commission shall be reimbursed in the same manner and amount as for other legislative service. It shall use the staff and administrative support of existing legislative service offices.

Sec. 15. [REPEALER.]

Minnesota Statutes 1982, sections 273.138, subdivisions 1, 2, 3, 4, 5, and 6; 273.139, subdivisions 1 and 2; and 477A.011, subdivisions 8, and 9, are repealed.

Sec. 16. [EFFECTIVE DATE.]

This article is effective January 1, 1984.

ARTICLE 9

MULTISTATE TAX COMPACT

Section 1. [290.171] [ENACTMENT OF MULTISTATE TAX COMPACT.]

The "multistate tax compact" is hereby enacted into law and entered into with all jurisdictions legally joining therein, in the form substantially as follows:

Article I. Purposes.

The purposes of this compact are to:

- 1. Facilitate proper determination of state and local tax liability of multistate taxpayers, including the equitable apportionment of tax bases and settlement of apportionment disputes.*
- 2. Promote uniformity or compatibility in significant components of tax systems.*
- 3. Facilitate taxpayer convenience and compliance in the filing of tax returns and in other phases of tax administration.*
- 4. Avoid duplicative taxation.*

Article II. Definitions.

As used in this compact:

- 1. "State" means a state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or possession of the United States.*
- 2. "Subdivision" means any governmental unit or special district of a state.*
- 3. "Taxpayer" means any corporation, partnership, firm, association, governmental unit or agency or person acting as a business entity in more than one state.*
- 4. "Income tax" means a tax imposed on or measured by net income including any tax imposed on or measured by an amount arrived at by deducting expenses from gross income, one or more forms of which expenses are not specifically and directly related to particular transactions.*
- 5. "Capital stock tax" means a tax measured in any way by the capital of a corporation considered in its entirety.*

6. "Gross receipts tax" means a tax, other than a sales tax, which is imposed on or measured by the gross volume of business, in terms of gross receipts or in other terms, and in the determination of which no deduction is allowed which would constitute the tax an income tax.

7. "Sales tax" means a tax imposed with respect to the transfer for a consideration of ownership, possession or custody of tangible personal property or the rendering of services measured by the price of the tangible personal property transferred or services rendered and which is required by state or local law to be separately stated from the sales price by the seller, or which is customarily separately stated from the sales price, but does not include a tax imposed exclusively on the sale of a specifically identified commodity or article or class of commodities or articles.

8. "Use tax" means a nonrecurring tax, other than a sales tax, which (a) is imposed on or with respect to the exercise or enjoyment of any right or power over tangible personal property incident to the ownership, possession or custody of that property or the leasing of that property from another including any consumption, keeping, retention, or other use of tangible personal property and (b) is complementary to a sales tax.

9. "Tax" means an income tax, capital stock tax, gross receipts tax, sales tax, use tax, and any other tax which has a multistate impact, except that the provisions of articles III, IV and V of this compact shall apply only to the taxes specifically designated therein and the provisions of article IX of this compact shall apply only in respect to determinations pursuant to article IV.

Article III. Elements of Income Tax Laws.

Taxpayer Option, State and Local Taxes.

1. Any taxpayer subject to an income tax whose income is subject to apportionment and allocation for tax purposes pursuant to the laws of a party state or pursuant to the laws of subdivisions in two or more party states may elect to apportion and allocate his income in the manner provided by the laws of such state or by the laws of such states and subdivisions without reference to this compact, or may elect to apportion and allocate in accordance with article IV. This election for any tax year may be made in all party states or subdivisions thereof or in any one or more of the party states or subdivisions thereof without reference to the election made in the others. For the purposes of this paragraph, taxes imposed by subdivisions shall be considered separately from state taxes and the apportionment and allocation also may be applied to the entire tax base. In no instance wherein article IV is employed for all subdivisions of

a state may the sum of all apportionments and allocations to subdivisions within a state be greater than the apportionment and allocation that would be assignable to that state if the apportionment or allocation were being made with respect to a state income tax.

Taxpayer Option, Short Form.

2. Each party state or any subdivision thereof which imposes an income tax shall provide by law that any taxpayer required to file a return, whose only activities within the taxing jurisdiction consist of sales and do not include owning or renting real estate or tangible personal property, and whose dollar volume of gross sales made during the tax year within the state or subdivision, as the case may be, is not in excess of \$100,000 may elect to report and pay any tax due on the basis of a percentage of such volume, and shall adopt rates which shall produce a tax which reasonably approximates the tax otherwise due. The commissioner of revenue, after consultation with the Multistate Tax Commission, not more than once in five years, may adjust the \$100,000 figure in order to reflect such changes as may occur in the real value of the dollar, and such adjusted figure, upon adoption by the commissioner, shall replace the \$100,000 figure specifically provided herein. Each party state and subdivision thereof may make the same election available to taxpayers additional to those specified in this paragraph.

Coverage.

3. Nothing in this article relates to the reporting or payment of any tax other than an income tax.

Article IV. Division of Income.

1. As used in this article, unless the context otherwise requires:

(a) "Business income" means income arising from transactions and activity in the regular course of the taxpayer's trade or business, and includes income from tangible and intangible property if the acquisition, management, and disposition of the property constitute integral parts of the taxpayer's regular trade or business operations.

(b) "Commercial domicile" means the principal place from which the trade or business of the taxpayer is directed or managed.

(c) "Compensation" means wages, salaries, commissions and any other form of remuneration paid to employees for personal services.

(d) "Financial organization" means any bank, trust company, savings bank, industrial bank, land bank, safe deposit company, private banker, savings and loan association, credit union, cooperative bank, small loan company, sales finance company, investment company, or any type of insurance company.

(e) "Nonbusiness income" means all income other than business income.

(f) "Public utility" means any business entity (1) which owns or operates any plant, equipment, property, franchise, or license for the transmission of communications, transportation of goods or persons, except by pipeline, or the production, transmission, sale, delivery, or furnishing of electricity, water or steam; and (2) whose rates of charges for goods or services have been established or approved by a federal, state or local government or governmental agency.

(g) "Sales" means all gross receipts of the taxpayer not allocated under paragraphs of this article.

(h) "State" means any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, and any foreign country or political subdivision thereof.

(i) "This state" means the state in which the relevant tax return is filed or, in the case of application of this article to the apportionment and allocation of income for local tax purposes, the subdivision or local taxing district in which the relevant tax return is filed.

2. Any taxpayer having income from business activity which is taxable both within and without this state, other than activity as a financial organization or public utility or the rendering of purely personal services by an individual or any income received by a Minnesota resident individual or income from the operation of a farm, shall allocate and apportion his net income as provided in this article. If a taxpayer has income from business activity as a public utility but derives the greater percentage of his income from activities subject to this article, the taxpayer may elect to allocate and apportion his entire net income as provided in this article.

3. For purposes of allocation and apportionment of income under this article, a taxpayer is taxable in another state if (1) in that state he is subject to a net income tax, a franchise tax measured by net income, a franchise tax for the privilege of doing business, or a corporate stock tax, or (2) that state has jurisdiction to subject the taxpayer to a net income tax regardless of whether, in fact, the state does or does not.

4. All business income shall be apportioned to this state by multiplying the income by a fraction, the numerator of which is the property factor plus the payroll factor plus the sales factor, and the denominator of which is three.

5. The property factor is a fraction, the numerator of which is the average value of the taxpayer's real and tangible personal property owned or rented and used in this state during the tax period and the denominator of which is the average value of all the taxpayer's real and tangible personal property owned or rented and used during the tax period.

6. Property owned by the taxpayer is valued at its original cost. Property rented by the taxpayer is valued at eight times the net annual rental rate. Net annual rental rate is the annual rental rate paid by the taxpayer less any annual rental rate received by the taxpayer from subrentals.

7. The average value of property shall be determined by averaging the values at the beginning and ending of the tax period but the tax administrator may require the averaging of monthly values during the tax period if reasonably required to reflect properly the average value of the taxpayer's property.

8. The payroll factor is a fraction, the numerator of which is the total amount paid in this state during the tax period by the taxpayer for compensation and the denominator of which is the total compensation paid everywhere during the tax period.

9. Compensation is paid in this state if:

(a) The individual's service is performed entirely within the state;

(b) The individual's service is performed both within and without the state, but the service performed without the state is incidental to the individual's service within the state; or

(c) Some of the service is performed in the state and (1) the base of operations or, if there is no base of operations, the place from which the service is directed or controlled is in the state, or (2) the base of operations or the place from which the service is directed or controlled is not in any state in which some part of the service is performed, but the individual's residence is in this state.

10. The sales factor is a fraction, the numerator of which is the total sales of the taxpayer in this state during the tax period, and the denominator of which is the total sales of the taxpayer everywhere during the tax period.

11. Sales of tangible personal property are in this state if:

(a) The property is delivered or shipped to a purchaser, other than the United States government, within this state regardless of the f.o.b. point or other conditions of the sale; or

(b) The property is shipped from an office, store, warehouse, factory, or other place of storage in this state and (1) the purchaser is the United States government or (2) the taxpayer is not taxable in the state of the purchaser.

12. Sales, other than sales of tangible personal property, are in this state if:

(a) The income-producing activity is performed in this state; or

(b) The income-producing activity is performed both in and outside this state and a greater proportion of the income-producing activity is performed in this state than in any other state, based on costs of performance.

13. If the allocation and apportionment provisions of this article do not fairly represent the extent of the taxpayer's business activity in this state, the taxpayer may petition for or the tax administrator may require, in respect to all or any part of the taxpayer's business activity, if reasonable:

(a) Separate accounting;

(b) The exclusion of any one or more of the factors;

(c) The inclusion of one or more additional factors which will fairly represent the taxpayer's business activity in this state; or

(d) The employment of any other method to effectuate an equitable allocation and apportionment of the taxpayer's income.

Article V. Elements of Sales and Use Tax Laws.

Tax Credit.

1. Each purchaser liable for a use tax on tangible personal property shall be entitled to full credit for the combined amount or amounts of legally imposed sales or use taxes paid by him with respect to the same property to another state and any subdivision thereof. The credit shall be applied first against the amount of any use tax due the state, and any unused portion of the credit shall then be applied against the amount of any use tax due a subdivision.

2. Whenever a vendor receives and accepts in good faith from a purchaser a resale or other exemption certificate or other written evidence of exemption authorized by the appropriate state or subdivision taxing authority, the vendor shall be relieved of liability for a sales or use tax with respect to the transaction.

Article VI. The Commission.

Organization and Management.

1. (a) The multistate tax commission is hereby established. It shall be composed of one "member" from each party state who shall be the head of the state agency charged with the administration of the types of taxes to which this compact applies. If there is more than one such agency the state shall provide by law for the selection of the commission member from the heads of the relevant agencies. State law may provide that a member of the commission be represented by an alternate but only if there is on file with the commission written notification of the designation and identity of the alternate. The attorney general of each party state or his designee, or other counsel if the laws of the party state specifically provide, shall be entitled to attend the meetings of the commission, but shall not vote. Such attorneys general, designees, or other counsel shall receive all notices of meetings required under paragraph 1(e) of this article.

(b) Each party state shall provide by law for the selection of representatives from its subdivisions affected by this compact to consult with the commission member from that state.

(c) Each member shall be entitled to one vote. The commission shall not act unless a majority of the members are present, and no action shall be binding unless approved by a majority of the total number of members.

(d) The commission shall adopt an official seal to be used as it may provide.

(e) The commission shall hold an annual meeting and such other regular meetings as its bylaws may provide and such special meetings as its executive committee may determine. The commission bylaws shall specify the dates of the annual and any other regular meetings, and shall provide for the giving of notice of annual, regular and special meetings. Notices of special meetings shall include the reasons therefor and an agenda of the items to be considered.

(f) The commission shall elect annually, from among its members, a chairman, a vice chairman and a treasurer. The commission shall appoint an executive director who shall serve at its pleasure, and it shall fix his duties and compensation. The

executive director shall be secretary of the commission. The commission shall make provision for the bonding of such of its officers and employees as it may deem appropriate.

(g) Irrespective of the civil service, personnel or other merit system laws of any party state, the executive director shall appoint or discharge such personnel as may be necessary for the performance of the functions of the commission and shall fix their duties and compensation. The commission bylaws shall provide for personnel policies and programs.

(h) The commission may borrow, accept or contract for the services of personnel from any state, the United States, or any other governmental entity.

(i) The commission may accept for any of its purposes and functions any and all donations and grants of money, equipment, supplies, materials and services, conditional or otherwise, from any governmental entity, and may utilize and dispose of the same.

(j) The commission may establish one or more offices for the transacting of its business.

(k) The commission shall adopt bylaws for the conduct of its business. The commission shall publish its bylaws in convenient form, and shall file a copy of the bylaws and any amendments thereto with the appropriate agency or officer in each of the party states.

(l) The commission annually shall make to the governor and legislature of each party state a report covering its activities for the preceding year. Any donation or grant accepted by the commission or services borrowed shall be reported in the annual report of the commission, and shall include the nature, amount and conditions, if any, of the donation, gift, grant or services borrowed and the identity of the donor or lender. The commission may make additional reports as it may deem desirable.

Committees.

2. (a) To assist in the conduct of its business when the full commission is not meeting, the commission shall have an executive committee of seven members, including the chairman, vice chairman, treasurer and four other members elected annually by the commission. The executive committee, subject to the provisions of this compact and consistent with the policies of the commission, shall function as provided in the bylaws of the commission.

(b) The commission may establish advisory and technical committees, membership on which may include private persons

and public officials, in furthering any of its activities. Such committees may consider any matter of concern to the commission, including problems of special interest to any party state and problems dealing with particular types of taxes.

(c) The commission may establish such additional committees as its bylaws may provide.

Powers.

3. In addition to powers conferred elsewhere in this compact, the commission shall have power to:

(a) Study state and local tax systems and particular types of state and local taxes.

(b) Develop and recommend proposals for an increase in uniformity or compatibility of state and local tax laws with a view toward encouraging the simplification and improvement of state and local tax law and administration.

(c) Compile and publish information as in its judgment would assist the party states in implementation of the compact and taxpayers in complying with state and local tax laws.

(d) Do all things necessary and incidental to the administration of its functions pursuant to this compact.

Finance.

4. (a) The commission shall submit to the governor or designated officer or officers of each party state a budget of its estimated expenditures for such period as may be required by the laws of that state for presentation to the legislature thereof.

(b) Each of the commission's budgets of estimated expenditures shall contain specific recommendations of the amounts to be appropriated by each of the party states. The total amount of appropriations requested under any such budget shall be apportioned among the party states as follows: one-tenth in equal shares; and the remainder in proportion to the amount of revenue collected by each party state and its subdivisions from income taxes, capital stock taxes, gross receipts taxes, sales and use taxes. In determining such amounts, the commission shall employ such available public sources of information as, in its judgment, present the most equitable and accurate comparisons among the party states. Each of the commission's budgets of estimated expenditures and requests for appropriations shall indicate the sources used in obtaining information employed in applying the formula contained in this paragraph.

(c) *The commission shall not pledge the credit of any party state. The commission may meet any of its obligations in whole or in part with funds available to it under paragraph 1(i) of this article, provided that the commission takes specific action setting aside such funds prior to incurring any obligation to be met in whole or in part in such manner. Except where the commission makes use of funds available to it under paragraph 1(i), the commission shall not incur any obligation prior to the allotment of funds by the party states adequate to meet the same.*

(d) *The commission shall keep accurate accounts of all receipts and disbursements. The receipts and disbursements of the commission shall be subject to the audit and accounting procedures established under its bylaws. All receipts and disbursements of funds handled by the commission shall be audited yearly by a certified or licensed public accountant and the report of the audit shall be included in and become part of the annual report of the commission.*

(e) *The accounts of the commission shall be open at any reasonable time for inspection by duly constituted officers of the party states and by any persons authorized by the commission.*

(f) *Nothing contained in this article shall be construed to prevent commission compliance with laws relating to audit or inspection of accounts by or on behalf of any government contributing to the support of the commission.*

Article VII. Uniform Regulations and Forms.

1. *Whenever any two or more party states, or subdivisions of party states, have uniform or similar provisions of law relating to an income tax, capital stock tax, gross receipts tax, sales or use tax, the commission may adopt uniform regulations for any phase of the administration of such law, including assertion of jurisdiction to tax, or prescribing uniform tax forms. The commission may also act with respect to the provisions of article IV of this compact.*

2. *Prior to the adoption of any regulation, the commission shall:*

(a) *As provided in its bylaws, hold at least one public hearing on due notice to all affected party states and subdivisions thereof and to all taxpayers and other persons who have made timely request of the commission for advance notice of its regulation-making proceedings.*

(b) *Afford all affected party states and subdivisions and interested persons an opportunity to submit relevant written*

data and views, which shall be considered fully by the commission.

3. The commission shall submit any regulations adopted by it to the appropriate officials of all party states and subdivisions to which they might apply. Each such state and subdivision shall consider any such regulation for adoption in accordance with its own laws and procedures.

Article VIII. Interstate Audits.

1. Any party state or subdivision thereof desiring to make or participate in an audit of any accounts, books, papers, records or other documents may request the commission to perform the audit on its behalf. In responding to the request, the commission shall have access to and may examine, at any reasonable time, such accounts, books, papers, records, and other documents and any relevant property or stock of merchandise. The commission may enter into agreements with party states or their subdivisions for assistance in performance of the audit. The commission shall make charges, to be paid by the state or local government or governments for which it performs the service, for any audits performed by it in order to reimburse itself for the actual costs incurred in making the audit.

2. The commission may require the attendance of any person within the state where it is conducting an audit or part thereof at a time and place fixed by it within such state for the purpose of giving testimony with respect to any account, book, paper, document, other record, property or stock of merchandise being examined in connection with the audit. If the person is not within the jurisdiction, he may be required to attend for such purpose at any time and place fixed by the commission within the state of which he is a resident, provided that such state has adopted this article.

3. The commission may apply to any court having power to issue compulsory process for orders in aid of its powers and responsibilities pursuant to this article and any and all such courts shall have jurisdiction to issue such orders. Failure of any person to obey any such order shall be punishable as contempt of the issuing court. If the party or subject matter on account of which the commission seeks an order is within the jurisdiction of the court to which application is made, such application may be to a court in the state or subdivision on behalf of which the audit is being made or a court in the state in which the object of the order being sought is situated. The provisions of this paragraph apply only to courts in a state that has adopted this article.

4. The commission may decline to perform any audit requested if it finds that its available personnel or other resources are insufficient for the purpose or that, in the terms

requested, the audit is impracticable of satisfactory performance. If the commission, on the basis of its experience, has reason to believe that an audit of a particular taxpayer, either at a particular time or on a particular schedule, would be of interest to a number of party states or their subdivisions, it may offer to make the audit or audits, the offer to be contingent on sufficient participation therein as determined by the commission.

5. Information obtained by any audit pursuant to this article shall be confidential and available only for tax purposes to party states, their subdivisions or the United States. Availability of information shall be in accordance with the laws of the states or subdivisions on whose account the commission performs the audit, and only through the appropriate agencies or officers of such states or subdivisions. Nothing in this article shall be construed to require any taxpayer to keep records for any period not otherwise required by law.

6. Other arrangements made or authorized pursuant to law for cooperative audit by or on behalf of the party states or any of their subdivisions are not superseded or invalidated by this article.

7. In no event shall the commission make any charge against a taxpayer for an audit.

8. As used in this article, "tax," in addition to the meaning ascribed to it in article II, means any tax or license fee imposed in whole or in part for revenue purposes.

Article IX. Arbitration.

1. Whenever the commission finds a need for settling disputes concerning apportionments and allocations by arbitration, it may adopt a regulation placing this article in effect, notwithstanding the provisions of article VII.

2. The commission shall select and maintain an arbitration panel composed of officers and employees of state and local governments and private persons who shall be knowledgeable and experienced in matters of tax law and administration.

3. Whenever a taxpayer who has elected to employ article IV, or whenever the laws of the party state or subdivision thereof are substantially identical with the relevant provisions of article IV, the taxpayer, by written notice to the commission and to each party state or subdivision thereof that would be affected, may secure arbitration of an apportionment or allocation, if he is dissatisfied with the final administrative determination of the tax agency of the state or subdivision with respect thereto on the ground that it would subject him to double or multiple taxation by two or more party states or subdivisions.

thereof. Each party state and subdivision thereof hereby consents to the arbitration as provided herein, and agrees to be bound thereby.

4. The arbitration board shall be composed of one person selected by the taxpayer, one by the agency or agencies involved, and one member of the commission's arbitration panel. If the agencies involved are unable to agree on the person to be selected by them, such person shall be selected by lot from the total membership of the arbitration panel. The two persons selected for the board in the manner provided by the foregoing provisions of this paragraph shall jointly select the third member of the board. If they are unable to agree on the selection, the third member shall be selected by lot from among the total membership of the arbitration panel. No member of a board selected by lot shall be qualified to serve if he is an officer or employee or is otherwise affiliated with any party to the arbitration proceeding. Residence within the jurisdiction of a party to the arbitration proceeding shall not constitute affiliation within the meaning of this paragraph.

5. The board may sit in any state or subdivision party to the proceeding, in the state of the taxpayer's incorporation, residence or domicile, in any state where the taxpayer does business, or in any place that it finds most appropriate for gaining access to evidence relevant to the matter before it.

6. The board shall give due notice of the times and places of its hearings. The parties shall be entitled to be heard, to present evidence, and to examine and cross-examine witnesses. The board shall act by majority vote.

7. The board shall have power to administer oaths, take testimony, subpoena and require the attendance of witnesses and the production of accounts, books, papers, records, and other documents, and issue commissions to take testimony. Subpoenas may be signed by any member of the board. In case of failure to obey a subpoena, and upon application by the board, any judge of a court of competent jurisdiction of the state in which the board is sitting or in which the person to whom the subpoena is directed may be found, may make an order requiring compliance with the subpoena, and the court may punish failure to obey the order as a contempt. The provisions of this paragraph apply only in states that have adopted this article.

8. Unless the parties otherwise agree the expenses and other costs of the arbitration shall be assessed and allocated among the parties by the board in such manner as it may determine. The commission shall fix a schedule of compensation for members of arbitration boards and of other allowable expenses and costs. No officer or employee of a state or local government who serves as a member of a board shall be entitled to compensation therefor unless he is required on account of his service to forego

the regular compensation attaching to his public employment, but any such board member shall be entitled to expenses.

9. The board shall determine the disputed apportionment or allocation and any matters necessary thereto. The determinations of the board shall be final for purposes of making the apportionment or allocation, but for no other purpose.

10. The board shall file with the commission and with each tax agency represented in the proceeding: the determination of the board; the board's written statement of its reasons therefor; the record of the board's proceedings; and any other documents required by the arbitration rules of the commission to be filed.

11. The commission shall publish the determinations of boards together with the statements of the reasons therefor.

12. The commission shall adopt and publish rules of procedure and practice and shall file a copy of such rules and of any amendment thereto with the appropriate agency or officer in each of the party states.

13. Nothing contained herein shall prevent at any time a written compromise of any matter or matters in dispute, if otherwise lawful, by the parties to the arbitration proceedings.

Article X. Entry Into Force and Withdrawal.

1. This compact shall become effective as to any other state upon its enactment. The commission shall arrange for notification of all party states whenever there is a new enactment of the compact.

2. Any party state may withdraw from this compact by enacting a statute repealing the same. No withdrawal shall affect any liability already incurred by or chargeable to a party state prior to the time of such withdrawal.

3. No proceeding commenced before an arbitration board prior to the withdrawal of a state and to which the withdrawing state or any subdivision thereof is a party shall be discontinued or terminated by the withdrawal, nor shall the board thereby lose jurisdiction over any of the parties to the proceeding necessary to make a binding determination therein.

Article XI. Effect on Other Laws and Jurisdictions.

Nothing in this compact shall be construed to:

(a) Affect the power of any state or subdivision thereof to fix rates of taxation, except that a party state shall be obligated to implement article III 2 of this compact.

(b) *Apply to any tax or fixed fee imposed for the registration of a motor vehicle or any tax on motor fuel, other than a sales tax, provided that the definition of "tax" in article VIII 9 may apply for the purposes of that article and the commission's powers of study and recommendation pursuant to article VI 8 may apply.*

(c) *Withdraw or limit the jurisdiction of any state or local court or administrative officer or body with respect to any person, corporation or other entity or subject matter, except to the extent that such jurisdiction is expressly conferred by or pursuant to this compact upon another agency or body.*

(d) *Supersede or limit the jurisdiction of any court of the United States.*

Article XII. Construction and Severability.

This compact shall be liberally construed so as to effectuate the purposes thereof. The provisions of this compact shall be severable and if any phrase, clause, sentence, or provision of this compact is declared to be contrary to the constitution of any state or of the United States or the applicability thereof to any government, agency, person or circumstance is held invalid, the validity of the remainder of this compact and the applicability thereof to any government, agency, person or circumstance shall not be affected thereby. If this compact shall be held contrary to the constitution of any state participating therein, the compact shall remain in full force and effect as to the remaining party states and in full force and effect as to the state affected as to all severable matters.

Sec. 2. [290.172] [COMMISSIONER OF REVENUE.]

The commissioner of revenue shall represent the state of Minnesota on the multistate tax commission. The commissioner may be represented on the commission by an alternate designated by him. The alternate shall be a deputy or assistant commissioner in the department of revenue.

Sec. 3. [290.173] [MULTISTATE COMPACT ADVISORY COMMITTEE.]

There is hereby established the multistate tax compact advisory committee composed of the commissioner of revenue or the alternate member of the commission designated by him, the attorney general or his designee, and two members of the senate, appointed by the committee on committees, and two members of the house of representatives appointed by the speaker of the house. The chairman shall be the member of the multistate tax commission, representing the state of Minnesota. The committee shall meet at the call of its chairman or at the request of a ma-

majority of its members, but in any event not less than three times in each year. The committee may consider any and all matters relating to recommendations of the multistate tax commission and the activities of the members in representing the state of Minnesota on the commission.

Sec. 4. [290.174] [INTERSTATE AUDITS.]

Article VIII of the multistate tax compact relating to interstate audits shall be in force in and with respect to the state of Minnesota.

Sec. 5. [290.175] [OPTIONAL APPORTIONMENT.]

Notwithstanding the provisions of section 1, the taxpayer may elect to apportion his income to Minnesota pursuant to this chapter, without regard to section 1, article IV.

Sec. 6. [APPROPRIATION.]

There is hereby appropriated \$175,000 to the multistate tax commission for fiscal years 1984 and 1985.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 5 are effective the day following final enactment.

ARTICLE 10

MISCELLANEOUS

Section 1. Minnesota Statutes 1982, section 325D.32, subdivision 9, is amended to read:

Subd. 9. "Basic cost of cigarettes" means (WHICHEVER OF THE TWO FOLLOWING AMOUNTS IS LOWER, NAMELY (1) the gross invoice cost of cigarettes to the wholesaler or retailer (, AS THE CASE MAY BE, OR (2) THE LOWEST REPLACEMENT COST OF CIGARETTES TO THE WHOLESALE OR RETAILER IN THE QUANTITY LAST PURCHASED, PLUS THE FULL FACE VALUE OF ANY STAMPS WHICH MAY BE REQUIRED BY ANY CIGARETTE TAX ACT OF THIS STATE, UNLESS INCLUDED BY THE MANUFACTURER IN HIS LIST PRICE).

Sec. 2. Minnesota Statutes 1982, section 340.14, subdivision 1, is amended to read:

Subdivision 1. [HOURS AND DAYS OF SALE.] No sale of intoxicating liquor shall be made after one a.m. on Sunday,

nor until eight a.m. on Monday, nor between the hours of one a.m. and eight o'clock p.m. on the day of any statewide election. No ("ON-SALE") *on-sale* shall be made between the hours of one a.m. and eight o'clock a.m. on any weekday, *except that no on-sales may be made between the hours of two a.m. and eight o'clock a.m. during that portion of each year when advanced standard time is in effect in the municipality pursuant to section 645.071 unless specifically prohibited by municipal ordinance.* No ("OFF-SALE") *off-sale* shall be made before eight o'clock a.m. or after ten o'clock p.m. of any day. However, in cities of the first class, and in all cities located within a radius of 15 miles of a city of the first class within the same county, ("OFF-SALE") *off-sale* may be made only until eight o'clock p.m. of any day except Friday and Saturday, on which days ("OFF-SALE") *off-sale* may be made until ten o'clock p.m. No ("OFF-SALE") *off-sale* shall be made on New Years Day, January 1; Independence Day, July 4; Thanksgiving Day; or Christmas Day, December 25; but on the evenings preceding such days, if the sale of liquor is not otherwise prohibited on such evenings, ("OFF-SALES") *off-sales* may be made until ten o'clock p.m., except that no ("OFF-SALE") *off-sale* shall be made on December 24 after eight o'clock p.m. It shall be beyond the power of any municipality of this state to authorize or permit the sale of intoxicating liquors when such sale is prohibited by this section, however, any municipality may further limit the hours of sale of intoxicating liquors, provided that such further restricted hours for ("ON-SALE") *on-sale* shall apply to both intoxicating liquors and non-intoxicating malt liquors.

Sec. 3. Minnesota Statutes 1982, section 340.47, subdivision 2, is amended to read:

Subd. 2. [ON FERMENTED MALT BEVERAGES.] An excise tax is hereby assessed, imposed, and levied upon the sale, either directly or indirectly of fermented malt beverages other than for shipment in interstate or foreign commerce. Such tax shall not be imposed or collected upon fermented malt beverages given away by a brewery for consumption only upon the brewery premises, for which no charge of any kind is made or collected; nor shall fermented malt liquors distributed to brewery employees for consumption only upon the brewery premises pursuant to a contract of employment be subject to such tax. Such tax shall be levied and collected at the rate of \$2 per barrel of 31 gallons, containing not more than 3.2 percent of alcohol by weight, and a tax of \$4 per barrel of 31 gallons containing more than 3.2 percent of alcohol by weight, and at a proportional rate for fractional parts thereof. All the receipts from these taxes shall be paid into the general fund by the commissioner of revenue. Any brewer producing and selling within this state fermented malt beverages shall receive a credit of (\$2) \$2.75 per barrel on the first 75,000 barrels, regardless of alcohol content.

Sec. 4. [EFFECTIVE DATE.]

Sections 1 and 2 are effective the day following final enactment. Section 3 is effective July 1, 1983."

Delete the title and insert:

"A bill for an act relating to the operation of government in this state; modifying the definition of gross income; adopting federal definitions of itemized deductions; updating the references to the Internal Revenue Code; extending the duration of the temporary income tax surtax and changing its computation; modifying the deduction of federal income taxes; assigning certain gambling winnings by nonresidents to Minnesota; imposing withholding tax on certain gambling winnings and horse racing purses; repealing certain income tax credits for pollution control expenditures; limiting the subtraction for unemployment compensation; providing for timely payment of withholding income taxes; modifying the dependent care credit; providing for certain studies; changing the refund method for the sales tax on electricity used in agricultural production; clarifying the uses of funds from the non-game wildlife checkoff; making the six percent sales and use tax rate permanent; increasing the motor vehicle excise tax rate to six percent; modifying the enterprise zone law; providing for state tax incentives in enterprise zones; limiting the number of enterprise zones; reducing the corporate income tax rate; eliminating the deduction for certain income and franchise taxes paid by corporations; changing the deduction for corporate capital gains; providing small business investment credits; providing an additional research credit; modifying the definition of market value; requiring additional information on the certificate of value; mandating that homestead affidavits be filed in all counties; requiring that all contracts for deed be recorded; restricting the use of sales ratio studies as evidence; eliminating the agricultural mill rate credit on farm homes; increasing the agricultural mill rate credit on certain property and providing a maximum credit amount; clarifying the property classification for certain timber property; modifying the wetlands credit; modifying the utility property tax credit; changing certain property tax classification ratios; exempting contracts for deed from the mortgage registry tax and providing penalties for failure to file; exempting cities and towns with populations under 5,000 from levy limitations; modifying the method by which levy limitations are calculated; adding a special levy for certain county purposes; establishing a new homestead credit formula for certain homestead property; modifying the property tax refund formula and increasing the maximum credit; changing the payment dates for the property tax refund; altering the sales tax on liquor, wine, and beer; authorizing on-sale liquor sales until 2:00 A.M. during daylight saving time; changing the excise tax credit on fermented malt beverages; delaying the effective date of the rent capitalization method used in assessing

agricultural land; repealing the native prairie credit and reimbursement; repealing the wetlands reimbursement; modifying school district cash flow; establishing school aid payment dates for fiscal year 1985 and thereafter; requiring that property taxes be paid 15 days earlier; altering property tax settlement dates; modifying the local government aids distribution formula for counties, cities, and towns; phasing out attached machinery aids and reduced assessment aids; enacting the multi-state tax compact; changing the definition of basic cost of cigarettes for purposes of the unfair cigarette sales act; appropriating money; amending Minnesota Statutes 1982, sections 116J.42, subdivision 7; 124.2137, subdivision 1; 272.02, subdivision 1; 272.03, subdivision 8; 272.115, subdivision 1; 273.11, subdivision 1; 273.115, subdivisions 1, 2, and 3; 273.13, subdivisions 6, 6a, 7, 8a, 9, 11, 14a, 17, 17b, 17c, 20, and by adding a subdivision; 273.1312, subdivisions 2, 3, 4, and 5; 273.1313, subdivisions 1, 2, 3, and 5; 273.138, by adding a subdivision; 273.139, by adding a subdivision; 275.50, subdivision 2, and by adding subdivisions; 275.51, by adding subdivisions; 275.53, by adding a subdivision; 276.09; 276.10; 276.11; 278.01, subdivisions 1 and 2; 278.03; 278.05, subdivisions 4 and 5; 279.01, subdivision 1; 287.05, subdivision 1; 290.01, subdivisions 19, 20, 20a, as amended; 20b, as amended, and 20f; 290.05, subdivision 6; 290.06, subdivisions 1, 2e, as amended, 11, and 14; 290.067, subdivisions 1 and 2; 290.068, by adding a subdivision; 290.09, subdivisions 1, 2, 3, as amended, 4, 5, 28, and 29; 290.091; 290.14; 290.16, subdivision 4; 290.17, subdivision 2; 290.18, subdivisions 1 and 2; 290.21, subdivisions 1 and 3; 290.23, subdivision 5; 290.31, subdivisions 2 and 3; 290.39, subdivision 2; 290.431; 290.46; 290.92, subdivisions 2a, 6, and by adding subdivisions; 290A.03, subdivisions 3, 6, 8, 11, 13, as amended, and by adding a subdivision; 290A.04, subdivisions 1, 2, 2a, 2b, and 3; 290A.07, subdivision 2a; 290A.16; 290A.18; 290A.19; 297A.02, as amended; 297A.03, subdivision 2, as amended; 297A.14, as amended; 297A.35, subdivision 3; 297B.02, as amended; 325D.32, subdivision 9; 340.14, subdivision 1; 340.47, subdivision 2; 473F.08, subdivision 7a; 477A.011, subdivisions 6, 7, 10, and by adding subdivisions; 477A.012; 477A.013; 477A.014, subdivision 1; and Laws 1981, First Special Session chapter 1, article II, section 25; and Third Special Session chapter 2, article III, section 22, as amended; proposing new law coded in Minnesota Statutes, chapters 116C; 124; 273; 290; 477A; and 507; repealing Minnesota Statutes 1982, sections 273.116; 273.138, subdivisions 1, 2, 3, 4, 5, and 6; 273.139, subdivisions 1 and 2; 273.42, subdivision 2; 273.425; 275.51, subdivisions 3e and 5; 290.01, subdivisions 23, 27, and 28; 290.032, subdivision 5; 290.06, subdivisions 9 and 9a; 290.077, subdivision 2; 290.08, subdivision 25; 290.09, subdivisions 10, 15, 22, and 27; 290.21, subdivision 3a; 290.501; 290A.07, subdivision 3; 340.986; 352C.07; 477A.011, subdivisions 8 and 9; and Laws 1982, chapter 523, article VII, section 3; and Third Special Session chapter 1, article V, section 4."

With the recommendation that when so amended the bill pass.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. No. 1259 was read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Schreiber, Vanasek, Halberg, Minne and Onnen introduced:

H. F. No. 1286, A bill for an act relating to taxation; providing a procedure for temporary updating of income tax references to the Internal Revenue Code in certain instances; proposing new law coded in Minnesota Statutes, chapter 290.

The bill was read for the first time and referred to the Committee on Taxes.

Clark, J.; Vanasek and McKasy introduced:

H. F. No. 1287, A bill for an act relating to crimes; making it unlawful to use or invest proceeds from a pattern of criminal conduct to acquire or maintain an interest in an enterprise or to establish or conduct an enterprise; making it unlawful to acquire or maintain an interest in or to conduct an enterprise through a pattern of criminal conduct; making it unlawful to conspire to engage in such conduct; providing an alternative fine; providing for the rights of innocent persons; providing civil remedies of divestiture, reasonable restrictions on future activities, dissolution or reorganization of any enterprise, revocation or suspension of licenses or permits, and forfeiture of corporation charter or revocation of certificate authorizing a foreign corporation to conduct business within this state; providing for seizure and state disposal of seized and forfeited property; providing that any aggrieved person may institute civil proceedings to seek treble damages, attorney's fees, and punitive damages; providing for discovery; providing for priority of claim; providing penalties; proposing new law coded in Minnesota Statutes, chapter 609.

The bill was read for the first time and referred to the Committee on Judiciary.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 294, A bill for an act relating to manufactured homes; granting the right to make in park sales of homes more than 15 years old; requiring sellers to disclose manufactured home safety features; amending Minnesota Statutes 1982, sections 327C.02, subdivision 5; and 327C.07, subdivision 1, and by adding subdivisions.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

H. F. No. 608, A bill for an act relating to insurance; accident and health; exempting administrators of self insured health plans established by collective bargaining agreement from certain regulatory provisions; amending Minnesota Statutes 1982, section 60A.23, subdivision 8.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Metzen moved that the House concur in the Senate amendments to H. F. No. 608 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 608, A bill for an act relating to insurance; accident and health; exempting administrators of self insured health plans established by collective bargaining agreement from certain regulatory provisions; amending Minnesota Statutes 1982, section 60A.23, subdivision 8.

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

The question was taken on the repassage of the bill and the roll was called. There were 124 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Battaglia	Bennett	Bishop	Burger
Anderson, G.	Beard	Bergstrom	Brandl	Carlson, D.
Anderson, R.	Begich	Berkelman	Brinkman	Carlson, L.

Clark, J.	Haukoos	Marsh	Price	Staten
Clark, K.	Heap	McDonald	Quist	Svigum
Clawson	Heinitz	McEachern	Reif	Swanson
Cohen	Himle	McKasy	Rice	Thiede
Coleman	Hoberg	Metzen	Riveness	Tomlinson
Dempsey	Hoffman	Munger	Rodosovich	Tunheim
Dimler	Hokr	Murphy	Rodriguez, C.	Uphus
Eken	Jacobs	Nelson, D.	Rodriguez, F.	Valan
Elioff	Jennings	Nelson, K.	St. Onge	Valento
Ellingson	Jensen	Neuenschwander	Sarna	Vanasek
Erickson	Johnson	Norton	Schafer	Vellenga
Evans	Kahn	O'Connor	Scheid	Voss
Findlay	Kalis	Ogren	Schoenfeld	Waltman
Fjoslien	Kelly	Olsen	Schreiber	Welch
Forsythe	Knickerbocker	Omann	Seaberg	Welker
Frerichs	Knuth	Onnen	Shaver	Welle
Craba	Kostohryz	Osthoff	Shea	Wenzel
Greenfield	Krueger	Otis	Sherman	Wigley
Cruenes	Kvam	Pauly	Simoneau	Wynia
Gustafson	Larsen	Peterson	Skoglund	Zaffke
Gutknecht	Levi	Piepho	Sparby	Speaker Sieben
Halberg	Ludeman	Piper	Stadum	

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

Mr. Speaker:

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

H. F. No. 166, A bill for an act relating to local government; providing for prosecution of certain gross misdemeanors; authorizing agreements between cities and counties for the prosecution of certain offenses by county attorneys; authorizing counties pursuant to agreement with cities to engage attorneys for prosecution of misdemeanors, petty misdemeanors, and violations of municipal ordinances, charters, and regulations; establishing a formula for disposition of fine proceeds; authorizing cities to pay certain witness expenses; amending Minnesota Statutes 1982, sections 169.129; 299D.03, subdivision 5; 357.13, subdivision 1; 357.23; 388.051; 388.09; 388.18, subdivision 5; 487.25, subdivision 10; 487.33, subdivisions 1 and 5; 574.34; and 609.487, by adding a subdivision; proposing new law coded in Minnesota Statutes, chapter 487.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Brinkman moved that the House concur in the Senate amendments to H. F. No. 166 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 166, A bill for an act relating to local government; providing for prosecution of certain gross misdemeanors; authorizing agreements between cities and counties for the prosecution of certain offenses by county attorneys; authorizing counties pursuant to agreement with cities to engage attorneys for prosecution of misdemeanors, petty misdemeanors, and violations of municipal ordinances, charters, and regulations; establishing a formula for disposition of fine proceeds; authorizing cities to pay certain witness expenses; amending Minnesota Statutes 1982, sections 169.121, subdivision 3; 169.129; 299D.03, subdivision 5; 357.13, subdivision 1; 388.051; 388.09; 388.18, subdivision 5; 481.17; 487.25, subdivision 10; 487.33, subdivisions 1 and 5; 488A.03, subdivision 10; 488A.10, subdivision 11; and 574.34; proposing new law coded in Minnesota Statutes, chapter 487.

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

The question was taken on the repassage of the bill and the roll was called. There were 123 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, B.	Erickson	Kelly	Otis	Skoglund
Anderson, G.	Evans	Knickerbocker	Pauly	Sparby
Anderson, R.	Findlay	Knuth	Peterson	Stadum
Battaglia	Fjoslien	Kostobryz	Piepho	Staten
Beard	Forsythe	Krueger	Piper	Sviggum
Begich	Frerichs	Kvam	Price	Swanson
Bennett	Graba	Larsen	Quist	Thiede
Bergstrom	Greenfield	Levi	Reif	Tomlinson
Berkelman	Gruenes	Ludeman	Rice	Tunheim
Bishop	Gustafson	Marsh	Riveness	Uphus
Brandl	Gutknecht	McDonald	Radosovich	Valan
Brinkman	Halberg	McEachern	Rodriguez, C.	Valento
Burger	Haukoos	McKasy	Rodriguez, F.	Vanasek
Carlson, D.	Heap	Metzen	St. Onge	Vellenga
Carlson, L.	Heinitz	Murphy	Sarna	Waltman
Clark, J.	Himle	Nelson, D.	Schafer	Welch
Clark, K.	Hoberg	Nelson, K.	Scheid	Welker
Clawson	Hoffman	Neuenschwander	Schoenfeld	Welle
Cohen	Hokr	Norton	Schreiber	Wenzel
Coleman	Jacobs	O'Connor	Seaberg	Wigley
Dempsey	Jennings	Ogren	Segal	Wynia
Dimler	Jensen	Olsen	Shaver	Zaffke
Eken	Johnson	Omann	Shea	Speaker Sieben
Elioff	Kahn	Onnen	Sherman	
Ellingson	Kalis	Osthoff	Simoneau	

Those who voted in the negative were:

Voss

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

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

Mr. Speaker:

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

H. F. No. 606, A bill for an act relating to civil commitment; clarifying the definition of person mentally ill and dangerous to the public; clarifying the commissioner's duty to review the correspondence rights of patients; providing for informal admissions of persons under 16 years of age; providing for special emergency admissions of chemically dependent persons; clarifying the role of examiners in certain instances; removing the 60-day hearing requirement for mentally retarded persons; providing for involuntary return to a facility after revocation of provisional discharges; providing for 60-day hearings for persons committed as mentally ill and dangerous; changing the time limitation on certain special review board petitions; authorizing the commissioner to accept admissions to regional centers from the Indian Health Service; amending Minnesota Statutes 1982, sections 253B.02, subdivisions 5, 13, 17, and 18; 253B.03, subdivision 2; 253B.04, subdivision 1; 253B.05, subdivision 2, and by adding a subdivision; 253B.06; 253B.07, subdivisions 1, 3, and 4; 253B.12, subdivisions 1, 3, 4, and by adding a subdivision; 253B.13, subdivision 1; 253B.15, subdivisions 5, 6, and 7; 253B.18, subdivisions 2, 3, 5, and 13; 253B.19, subdivision 5; 253B.22, subdivision 1; 253B.23, by adding a subdivision; and Laws 1982, chapter 581, section 26; proposing new law coded in Minnesota Statutes, chapter 253B.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Clawson moved that the House concur in the Senate amendments to H. F. No. 606 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 606, A bill for an act relating to civil commitment; clarifying the definition of person mentally ill and dangerous to the public; clarifying the commissioner's duty to review the correspondence rights of patients; providing for informal admissions of persons under 16 years of age; providing for special emergency admissions of chemically dependent persons; clarifying the role of examiners in certain instances; providing for involuntary return to a facility after revocation of provisional discharges; providing for 60-day hearings for persons committed as mentally ill and dangerous; changing the time limitation on certain special review board petitions; authorizing the

commissioner to accept admissions to regional centers from the Indian Health Service; amending Minnesota Statutes 1982, sections 253B.02, subdivisions 5, 13, 17, and 18; 253B.03, subdivisions 2 and 6; 253B.04, subdivision 1; 253B.05, subdivision 2, and by adding a subdivision; 253B.06; 253B.07, subdivisions 1, 3, and 4; 253B.12, subdivision 1; 253B.13, subdivision 1; 253B.15, subdivisions 5, 6, and 7; 253B.18, subdivisions 2, 3, 5, and 13; 253B.19, subdivision 5; 253B.22, subdivision 1; 253B.23, by adding a subdivision; and Laws 1982, chapter 581, section 26; proposing new law coded in Minnesota Statutes, chapter 253B.

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

The question was taken on the repassage of the bill and the roll was called. There were 122 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, B.	Findlay	Knuth	Pauly	Stadum
Anderson, G.	Fjoslien	Kostohryz	Peterson	Staten
Battaglia	Forsythe	Krueger	Piepho	Sviggum
Beard	Frerichs	Kvam	Piper	Swanson
Begich	Graba	Larsen	Price	Thiede
Bennett	Greenfield	Levi	Quist	Tomlinson
Bergstrom	Gruenes	Ludeman	Reif	Tunheim
Berkelman	Gustafson	Marsh	Rice	Uphus
Bishop	Gutknecht	McDonald	Rivness	Valan
Brandl	Halberg	McEachern	Rodosovich	Valento
Brinkman	Haukoos	McKasy	Rodriguez, C.	Vanasek
Burger	Hcap	Metzen	Rodriguez, F.	Vellenga
Carlson, D.	Heinitz	Munger	St. Onge	Voss
Carlson, L.	Himle	Murphy	Sarna	Waltman
Clark, J.	Hoberg	Nelson, D.	Schafer	Welch
Clark, K.	Hoffman	Nelson, K.	Scheid	Welker
Clawson	Hokr	Neuenschwander	Schreiber	Welle
Cohen	Jacobs	Norton	Seaberg	Wenzel
Coleman	Jennings	O'Connor	Segal	Wigley
Dimler	Jensen	Ogren	Shaver	Wynia
Eken	Johnson	Olsen	Shea	Zaffke
Elioff	Kahn	Omman	Sherman	Speaker Sieben
Ellingson	Kalis	Onnen	Simoneau	
Erickson	Kelly	Osthoff	Skoglund	
Evans	Knickerbocker	Otis	Sparby	

Those who voted in the negative were:

Anderson, R.

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

Mr. Speaker:

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

H. F. No. 290, A bill for an act relating to health maintenance organizations; authorizing a local governmental unit to operate as a health maintenance organization; requiring the establishment of an advisory body to the organization; amending Minnesota Statutes 1982, sections 62D.02, subdivision 4, and by adding a subdivision; 62D.03, subdivisions 1 and 4; 62D.05, subdivision 1; and 62D.06, subdivision 1.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Staten moved that the House concur in the Senate amendments to H. F. No. 290 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 290, A bill for an act relating to health maintenance organizations; authorizing a local governmental unit to operate as a health maintenance organization; requiring the establishment of an advisory body to the organization; requiring a report to the legislature; amending Minnesota Statutes 1982, sections 62D.02, subdivision 4, and by adding a subdivision; 62D.03, subdivisions 1 and 4; 62D.05, subdivision 1; and 62D.06, subdivision 1.

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

The question was taken on the repassage of the bill and the roll was called. There were 113 yeas and 7 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Ellingson	Knickerbocker	Osthoff	Sherman
Anderson, G.	Erickson	Knuth	Otis	Simoneau
Anderson, R.	Evans	Kostohryz	Pauly	Skoglund
Battaglia	Findlay	Krueger	Peterson	Sparby
Beard	Fjoslien	Kvam	Piepho	Stadum
Begich	Forsythe	Larsen	Piper	Staten
Bennett	Graba	Levi	Price	Sviggum
Bergstrom	Greenfield	Marsh	Quist	Swanson
Berkelman	Gruenes	McDonald	Reif	Tomlinson
Bishop	Gustafson	McEachern	Rice	Tunheim
Brandl	Gutknecht	McKasy	Riveness	Uphus
Brinkman	Halberg	Metzen	Rodosovich	Valan
Burger	Haukoos	Munger	Rodriguez, C.	Vanasek
Carlson, D.	Heap	Murphy	Rodriguez, F.	Vellenga
Carlson, L.	Heinitz	Nelson, D.	St. Onge	Voss
Clark, J.	Himle	Nelson, K.	Sarna	Waltman
Clark, K.	Hoberg	Neuenschwander	Scheid	Welch
Clawson	Jacobs	Norton	Schoenfeld	Wenzel
Cohen	Jensen	O'Connor	Schreiber	Wynia
Coleman	Johnson	Ogren	Seaberg	Zaffke
Dimler	Kahn	Olsen	Segal	Speaker Sieben
Eken	Kalis	Omann	Shaver	
Elioff	Kelly	Onnen	Shea	

Those who voted in the negative were:

Frerichs
Jennings

Ludeman
Schafer

Welker

Welle

Wigley

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

Mr. Speaker:

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

H. F. No. 463, A bill for an act relating to municipal planning and zoning; authorizing the establishment of a joint planning board; requiring the filing of copies of certain documents; amending Minnesota Statutes 1982, sections 462.3585; and 462.36, subdivision 1.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Pauly moved that the House concur in the Senate amendments to H. F. No. 463 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 463, A bill for an act relating to municipal planning and zoning; requiring the filing of copies of certain documents; amending Minnesota Statutes 1982, section 462.36, subdivision 1.

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

The question was taken on the repassage of the bill and the roll was called. There were 120 yeas and 3 nays as follows:

Those who voted in the affirmative were:

Anderson, B.
Anderson, G.
Anderson, R.
Battaglia
Beard
Begich
Bennett
Bergstrom
Berkelman
Bishop
Brandt
Brinkman

Burger
Carlson, D.
Carlson, L.
Clark, J.
Clark, K.
Clawson
Cohen
Coleman
Dimler
Eken
Elioff
Ellingson

Erickson
Evans
Findlay
Fjoslien
Forsythe
Frerichs
Graba
Greenfield
Gruenes
Gustafson
Gutknecht
Halberg

Haukoos
Heap
Heinitz
Himle
Hoberg
Hoffman
Hokr
Jacobs
Jennings
Jensen
Johnson
Kalis

Kelly
Knickerbocker
Knuth
Kostohryz
Krueger
Kvam
Larsen
Levi
Ludeman
Marsh
McEachern
McKasy

Metzen	Osthoff	Rodriguez, C.	Simoneau	Valento
Munger	Otis	Rodriguez, F.	Skoglund	Vanasek
Murphy	Pauly	St. Onge	Sparby	Vellenga
Nelson, D.	Peterson	Sarna	Stadum	Voss
Nelson, K.	Piepho	Scheid	Staten	Waltman
Neuenschwander	Piper	Schoenfeld	Swiggum	Welch
Norton	Price	Schreiber	Swanson	Welle
O'Connor	Quist	Seaberg	Thiede	Wenzel
Ogren	Reif	Segal	Tomlinson	Wigley
Olsen	Rice	Shaver	Tunheim	Wynia
Omarn	Riveness	Shea	Uphus	Zaffke
Onnen	Rodosovich	Sherman	Valan	Speaker Sieben

Those who voted in the negative were:

McDonald Schafer Welker

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

Mr. Speaker:

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

H. F. No. 1092, A bill for an act relating to motor vehicles; allowing the holder of personalized license plates to retain the same number after the personalized plates have been damaged, lost, or stolen; amending Minnesota Statutes 1982, section 168.12, subdivision 2a.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Norton moved that the House concur in the Senate amendments to H. F. No. 1092 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1092, A bill for an act relating to motor vehicles; allowing the holder of personalized license plates to retain the same number after the personalized plates have been damaged, lost, or stolen; amending Minnesota Statutes 1982, section 168.12, subdivision 2a.

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

The question was taken on the repassage of the bill and the roll was called. There were 122 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Evans	Knickerbocker	Otis	Stadum
Anderson, G.	Findlay	Knuth	Pauly	Staten
Anderson, R.	Fjoslien	Kostohryz	Peterson	Sviggum
Battaglia	Forsythe	Krueger	Piepho	Swanson
Beard	Frerichs	Kvam	Piper	Thiede
Begich	Graba	Larsen	Price	Tomlinson
Bennett	Greenfield	Levi	Quist	Tunheim
Bergstrom	Gruenes	Ludeman	Reif	Uphus
Berkelman	Gustafson	Marsh	Rice	Valan
Bishop	Gutknecht	McDonald	Riveness	Valento
Brandl	Halberg	McEachern	Rodosovich	Vanasek
Brinkman	Haukoos	McKasy	Rodriguez, C.	Vellenga
Burger	Heap	Metzen	Rodriguez, F.	Voss
Carlson, D.	Heinitz	Munger	St. Onge	Waltman
Carlson, L.	Himle	Murphy	Sarna	Welch
Clark, J.	Hoberg	Nelson, D.	Schafer	Welker
Clark, K.	Hoffman	Nelson, K.	Scheid	Welle
Clawson	Hokr	Neuenschwander	Schoenfeld	Wenzel
Cohen	Jacobs	Norton	Schreiber	Wigley
Coleman	Jennings	O'Connor	Seaberg	Wynia
Dimler	Jensen	Ogren	Segal	Zaffke
Eken	Johnson	Olsen	Sherman	Speaker Sieben
Elioff	Kahn	Omann	Simoneau	
Ellingson	Kalis	Onnen	Skoglund	
Erickson	Kelly	Osthoff	Sparby	

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

Mr. Speaker:

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

H. F. No. 1147, A bill for an act relating to local government; permitting the cities of Richfield and Bloomington to implement an energy conservation program; authorizing the financing of a residential energy conservation program; requiring a report to the legislature.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Riveness moved that the House concur in the Senate amendments to H. F. No. 1147 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1147, A bill for an act relating to local government; permitting the cities of Richfield and Bloomington to implement an energy conservation program; authorizing the financing of a residential energy conservation program; requiring a report to the legislature.

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

The question was taken on the repassage of the bill and the roll was called. There were 112 yeas and 9 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Erickson	Kalis	Omann	Sherman
Anderson, G.	Evans	Kelly	Onnen	Simoneau
Anderson, R.	Findlay	Knickerbocker	Osthoff	Skoglund
Battaglia	Fjoslien	Knuth	Otis	Sparby
Beard	Forsythe	Kostohryz	Pauly	Stadum
Beigich	Frerichs	Krueger	Peterson	Staten
Bennett	Graba	Kvam	Piper	Swanson
Bergstrom	Greenfield	Larsen	Price	Tomlinson
Berkelman	Gruenes	Levi	Quist	Tunheim
Bishop	Gustafson	Marsh	Reif	Uphus
Brandl	Gutknecht	McDonald	Rice	Valan
Brinkman	Halberg	McEachern	Riveness	Vanasek
Burger	Haukoos	McKasy	Rodosovich	Vellenga
Carlson, L.	Heap	Metzen	Rodriguez, C.	Voss
Clark, J.	Heinitz	Munger	Rodriguez, F.	Waltman
Clark, K.	Himle	Murphy	St. Onge	Welch
Clawson	Hoberg	Nelson, D.	Sarna	Wenzel
Cohen	Hoffman	Nelson, K.	Scheid	Wigley
Coleman	Hokr	Neuenschwander	Schoenfeld	Wynia
Dimler	Jacobs	Norton	Seaberg	Speaker Sieben
Eken	Jensen	O'Connor	Segal	
Elioff	Johnson	Ogren	Shaver	
Ellingson	Kahn	Olsen	Shea	

Those who voted in the negative were:

Jennings	Piepho	Schreiber	Valento	Zaffke
Ludeman	Schafer	Sviggum	Welker	

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

Mr. Speaker:

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

H. F. No. 798, A bill for an act relating to tax-forfeited land; authorizing the sale of a certain tract within the city of Orono.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Burger moved that the House concur in the Senate amendments to H. F. No. 798 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 798, A bill for an act relating to public land; authorizing the sale of certain tracts of tax-forfeited land within the city of Orono and St. Louis County; authorizing sale of a certain tract of trust fund land in Itasca County.

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

The question was taken on the repassage of the bill and the roll was called. There were 121 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Findlay	Knuth	Peterson	Stadum
Anderson, G.	Fjoslien	Kostohryz	Picpho	Staten
Anderson, R.	Forsythe	Krueger	Piper	Sviggun
Battaglia	Frerichs	Kvam	Price	Swanson
Beard	Graba	Larsen	Quist	Thiede
Begich	Greenfield	Levi	Reif	Tomlinson
Bennett	Gruenes	Ludeman	Rice	Tunheim
Bergstrom	Gustafson	Marsh	Riveness	Uphus
Berkelman	Gutknecht	McDonald	Rodosovich	Valan
Bishop	Halberg	McEachern	Rodriguez, C.	Valento
Brandl	Haukoos	McKasy	Rodriguez, F.	Vanasek
Brinkman	Heap	Metzen	St. Onge	Vellenga
Burger	Heinitz	Murphy	Sarna	Voss
Carlson, L.	Himle	Nelson, D.	Schafer	Waltman
Clark, J.	Hoberg	Nelson, K.	Scheid	Welch
Clark, K.	Hoffman	Neuenschwander	Schoenfeld	Welker
Clawson	Hokr	Norton	Schreiber	Wenzel
Cohen	Jacobs	O'Connor	Seaberg	Wigley
Coleman	Jennings	Ogren	Segal	Wynia
Dimler	Jensen	Olsen	Shaver	Zaffke
Eken	Johnson	Omann	Shea	Speaker Sieben
Elioff	Kahn	Onnen	Sherman	
Ellingson	Kalis	Osthoff	Simoneau	
Erickson	Kelly	Otis	Skoglund	
Evans	Knickerbocker	Pauly	Sparby	

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

Mr. Speaker:

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

H. F. No. 749, A bill for an act relating to the city of Fergus Falls; authorizing the city to issue general obligations to finance a solid waste disposal facility.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Anderson, R., moved that the House concur in the Senate amendments to H. F. No. 749 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 749, A bill for an act relating to the city of Fergus Falls; authorizing the city to issue general obligations to finance a solid waste disposal facility.

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

The question was taken on the repassage of the bill and the roll was called. There were 121 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Findlay	Knuth	Pauly	Sparby
Anderson, G.	Fjoslien	Kostohryz	Peterson	Stadum
Anderson, R.	Forsythe	Krueger	Piepho	Staten
Battaglia	Frerichs	Kvam	Piper	Swanson
Beard	Graba	Larsen	Price	Thiede
Begich	Greenfield	Levi	Quist	Tomlinson
Bennett	Gruenes	Ludeman	Reif	Tunheim
Bergstrom	Gustafson	Marsh	Rice	Uphus
Berkelman	Gutknecht	McDonald	Riveness	Valan
Bishop	Halberg	McEachern	Rodosovich	Valento
Brandl	Haukoos	McKasy	Rodriguez, C.	Vanasek
Brinkman	Heap	Metzen	Rodriguez, F.	Vellenga
Burger	Heinitz	Munger	St. Onge	Voss
Carlson, D.	Himle	Murphy	Sarna	Waltman
Carlson, L.	Hoberg	Nelson, D.	Schafer	Welch
Clark, J.	Hoffman	Nelson, K.	Scheid	Welker
Clark, K.	Hokr	Neuenschwander	Schoenfeld	Wenzel
Clawson	Jacobs	Norton	Schreiber	Wigley
Cohen	Jennings	O'Connor	Seaberg	Wynia
Coleman	Jensen	Ogren	Segal	Zaffke
Dimler	Johnson	Olsen	Shaver	Speaker Sieben
Eken	Kahn	Omann	Shea	
Elioff	Kalis	Onnen	Sherman	
Erickson	Kelly	Osthoff	Simoneau	
Evans	Knickerbocker	Otis	Skoglund	

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

Mr. Speaker:

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

H. F. No. 491, A bill for an act relating to administrative rulemaking; providing for consideration of and participation

by small business; proposing new law coded in Minnesota Statutes, chapter 14.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Otis moved that the House concur in the Senate amendments to H. F. No. 491 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 491, A bill for an act relating to administrative rule-making; providing for consideration of and participation by small business; proposing new law coded in Minnesota Statutes, chapter 14.

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

The question was taken on the repassage of the bill and the roll was called. There were 118 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, B.	Erickson	Kelly	Osthoff	Simoneau
Anderson, G.	Evans	Knickerbocker	Otis	Skoglund
Anderson, R.	Findlay	Knuth	Pauly	Sparby
Battaglia	Fjoslien	Kostohryz	Peterson	Stadum
Beard	Forsythe	Krueger	Piepho	Staten
Begich	Frerichs	Kvam	Piper	Sviggum
Bennett	Graba	Larsen	Price	Swanson
Bergstrom	Greenfield	Levi	Quist	Tomlinson
Berkelman	Gruenes	Ludeman	Reif	Tunheim
Bishop	Gustafson	Marsh	Rice	Uphus
Brandl	Gutknecht	McDonald	Rodosovich	Valan
Brinkman	Halberg	McEachern	Rodriguez, C.	Valento
Burger	Haukoos	McKasy	Rodriguez, F.	Vanasek
Carlson, D.	Heap	Metzen	St. Onge	Vellenga
Carlson, L.	Heinitz	Murphy	Sarna	Voss
Clark, J.	Himle	Nelson, D.	Schafer	Waltman
Clark, K.	Hoberg	Nelson, K.	Scheid	Welch
Clawson	Hoffman	Neuenschwander	Schoenfeld	Wenzel
Cohen	Hokr	Norton	Schreiber	Wigley
Coleman	Jacobs	O'Connor	Seaberg	Wynia
Dimler	Jensen	Ogren	Segal	Zaffke
Eken	Johnson	Olsen	Shaver	Speaker Sieben
Elioff	Kahn	Omann	Shea	
Ellingson	Kalis	Onnen	Sherman	

Those who voted in the negative were:

Welker

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

Mr. Speaker:

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

H. F. No. 140, A bill for an act relating to public utilities; requiring public utilities to consider customer schedule needs when reading nonaccessible meters; proposing new law coded in Minnesota Statutes, chapter 216B.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Skoglund moved that the House concur in the Senate amendments to H. F. No. 140 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 140, A bill for an act relating to public utilities; requiring public utilities to consider customer schedule needs when reading nonaccessible meters; proposing new law coded in Minnesota Statutes, chapter 216B.

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

The question was taken on the repassage of the bill and the roll was called. There were 121 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Erickson	Kahn	Ogren	Schreiber
Anderson, G.	Evans	Kalis	Olsen	Seaberg
Anderson, R.	Findlay	Kelly	Omann	Segal
Battaglia	Fjoslien	Knickerbocker	Onnen	Shaver
Beard	Forsythe	Knuth	Osthoff	Shea
Begich	Frerichs	Kostohryz	Otis	Sherman
Bennett	Graba	Krueger	Pauly	Simoneau
Bergstrom	Greenfield	Kvam	Peterson	Skoglund
Berkelman	Gruenes	Larsen	Piepho	Sparby
Bishop	Gustafson	Levi	Piper	Stadum
Brandl	Gutknecht	Ludeman	Price	Staten
Brinkman	Halberg	Marsh	Quist	Swanson
Burger	Haukoos	McDonald	Reif	Thiede
Carlson, D.	Heap	McEachern	Rice	Tomlinson
Carlson, L.	Heinitz	McKasy	Riveness	Tunheim
Clark, J.	Himle	Metzen	Rodosovich	Uphus
Clark, K.	Hoberg	Munger	Rodriguez, C.	Valan
Clawson	Hoffman	Murphy	Rodriguez, F.	Valento
Cohen	Hokr	Nelson, D.	St. Onge	Vanasek
Coleman	Jacobs	Nelson, K.	Sarna	Vellenga
Eken	Jennings	Neuenschwander	Schafer	Voss
Elioff	Jensen	Norton	Scheid	Waltman
Ellingson	Johnson	O'Connor	Schoenfeld	Welch

Welker
Wenzel

Wigley

Wynia

Zaffke

Speaker Sieben

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

Mr. Speaker:

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

H. F. No. 745, A bill for an act relating to the administrative procedure act; requiring certain notices to be sent to the legislative commission to review administrative rules; clarifying the duties of the revisor of statutes with respect to approving the form of administrative rules; increasing the time period for adopting a rule when reviews by other agencies are necessary; establishing a deadline for agency action with respect to rules adopted without public hearing; clarifying other provisions of the act; amending Minnesota Statutes 1982, sections 14.07; 14.08; 14.12; 14.14, subdivision 1; 14.15, subdivisions 1, 3, and 4; 14.17; 14.18; 14.19; 14.21; 14.22; 14.26; 14.32; 14.47, subdivisions 1, 5, and 8; and 14.52.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Berkelman moved that the House concur in the Senate amendments to H. F. No. 745 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 745, A bill for an act relating to the administrative procedure act; requiring certain notices to be sent to the legislative commission to review administrative rules; clarifying the duties of the revisor of statutes with respect to approving the form of administrative rules; increasing the time period for adopting a rule when reviews by other agencies are necessary; establishing a deadline for agency action with respect to rules adopted without public hearing; clarifying other provisions of the act; amending Minnesota Statutes 1982, sections 14.07; 14.08; 14.12; 14.14, subdivision 1; 14.15, subdivisions 1, 3 and 4; 14.17; 14.18; 14.19; 14.21; 14.22; 14.26; 14.32; 14.47, subdivisions 1, 5, and 8; and 14.52.

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

The question was taken on the repassage of the bill and the roll was called. There were 122 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Findlay	Knuth	Pauly	Sparby
Anderson, G.	Fjoslien	Kostohryz	Peterson	Stadum
Anderson, R.	Forsythe	Krueger	Piepho	Staten
Battaglia	Frerichs	Kvam	Piper	Swiggum
Beard	Graba	Larsen	Price	Swanson
Begich	Greenfield	Levi	Quist	Thiede
Bennett	Gruenes	Ludeman	Reif	Tomlinson
Bergstrom	Gustafson	Marsh	Rice	Tunheim
Berkelman	Gutknecht	McDonald	Riveness	Uphus
Bishop	Halberg	McEachern	Rodosovich	Valan
Brandl	Haukoos	McKasy	Rodriguez, C.	Valento
Brinkman	Heap	Metzen	Rodriguez, F.	Vanasek
Burger	Heinitz	Munger	St. Onge	Vellenga
Carlson, L.	Himle	Murphy	Sarna	Voss
Clark, J.	Hoberg	Nelson, D.	Schafer	Waltman
Clark, K.	Hoffman	Nelson, K.	Scheid	Welch
Clawson	Hokr	Neuenschwander	Schoenfeld	Welker
Cohen	Jacobs	Norton	Schreiber	Wenzel
Coleman	Jennings	O'Connor	Seaberg	Wigley
Dimler	Jensen	Ogren	Segal	Wynia
Eken	Johnson	Olsen	Shaver	Zaffke
Elioff	Kahn	Omann	Shea	Speaker Sieben
Ellingson	Kalis	Onnen	Sherman	
Erickson	Kelly	Osthoff	Simoneau	
Evans	Knickerbocker	Otis	Skoglund	

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

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 989.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 641.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 989, A bill for an act relating to collection and dissemination of data; classifying government data as public, private, and nonpublic; clarifying issues relating to classifications of data, access to data, the effect of death of individuals on classifications, and the temporary classification of data; refining provisions of the data practice act; amending Minnesota Stat-

utes 1982, sections 13.02, subdivision 8, and by adding a subdivision; 13.03, subdivisions 3 and 4, and by adding subdivisions; 13.04, subdivision 2; 13.05, subdivisions 3, 7, 9, and 10, and by adding a subdivision; 13.06, subdivisions 1 and 6; 13.31, subdivision 2; 13.41, by adding a subdivision; 13.43, subdivision 2; 13.44; 13.46, subdivision 2, and by adding subdivisions; 13.67; 144.335, subdivision 2; and 253B.03, subdivision 8; proposing new law coded in Minnesota Statutes, chapter 13.

The bill was read for the first time.

Ellingson moved that S. F. No. 989 and H. F. No. 894, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 641, A bill for an act relating to insurance and the operation of motor vehicles; prohibiting reparation obligors from prorating the disability and income loss benefits on a daily basis; prohibiting unsafe operation of motorcycles; regulating the crime of driving without the required security; providing penalties; amending Minnesota Statutes 1982, sections 65B.44, subdivision 3; 65B.67, subdivision 2, and by adding a subdivision; and 169.974, subdivision 5; repealing Minnesota Statutes 1982, section 65B.67, subdivision 3.

The bill was read for the first time and referred to the Committee on Judiciary.

CONSIDERATION UNDER RULE 1.10

Pursuant to rule 1.10, Rice requested immediate consideration of H. F. No. 1283.

SUSPENSION OF RULES

Pursuant to Article IV, Section 19, of the Constitution of the state of Minnesota, Rice moved that the rule therein be suspended and an urgency be declared so that H. F. No. 1283 be given its third reading and be placed upon its final passage. The motion prevailed.

Rice moved that the rules of the House be so far suspended that H. F. No. 1283 be given its third reading and be placed upon its final passage. The motion prevailed.

H. F. No. 1283 was reported to the House.

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

Sherman, Gruenes, Piepho, Marsh, Halberg and Ludeman moved to amend H. F. No. 1283, as follows:

Page 12, line 18, delete "103,534,600 103,304,900" and insert "105,690,600 107,742,200"

The question was taken on the amendment and the roll was called. There were 36 yeas and 78 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Halberg	Ludeman	Schafer	Waltman
Bergstrom	Heinitz	Marsh	Shea	Wenzel
Carlson, D.	Himle	Olsen	Sherman	Wigley
Evans	Hoberg	Omann	Stadum	Zaffke
Findlay	Jennings	Onnen	Sviggum	
Fjoslien	Johnson	Osthoff	Thiede	
Gruenes	Knickerbocker	Piepho	Uphus	
Gutknecht	Kvam	Reif	Valan	

Those who voted in the negative were:

Battaglia	Elioff	Larsen	Quinn	Sparby
Beard	Ellingson	Levi	Quist	Staten
Begich	Graba	McDonald	Rice	Swanson
Berkelman	Greenfield	Munger	Rodosovich	Tomlinson
Brandl	Gustafson	Murphy	Rodriguez, C.	Tunheim
Brinkman	Haukoos	Nelson, D.	Rodriguez, F.	Valento
Burger	Heap	Nelson, K.	Rose	Vanasek
Carlson, L.	Hoffman	Neuenschwander	St. Onge	Vellenga
Clark, J.	Jacobs	Norton	Sarna	Voss
Clark, K.	Jensen	O'Connor	Scheid	Welch
Clawson	Kahn	Ogren	Schoenfeld	Welker
Cohen	Kalis	Otis	Schreiber	Welle
Coleman	Kelly	Pauly	Seaberg	Wynia
DenOuden	Knuth	Peterson	Segal	Speaker Sieben
Dimler	Kostohryz	Piper	Shaver	
Eken	Krueger	Price	Skoglund	

The motion did not prevail and the amendment was not adopted.

Himle moved to amend H. F. No. 1283, as follows:

Page 28, after line 17, insert:

"(c) When adding new programs, each system should consider the impact additional instructional costs will have on tuition."

The motion did not prevail and the amendment was not adopted.

Welker moved to amend H. F. No. 1283, as follows:

Page 16, delete lines 18 to 47

A roll call was requested and properly seconded.

The question was taken on the amendment and the roll was called. There were 30 yeas and 80 nays as follows:

Those who voted in the affirmative were:

Burger	Fjoslien	Kvam	Piepho	Valan
Carlson, D.	Graba	Ludeman	Schafer	Voss
DenOuden	Gutknecht	Marsh	Sherman	Waltman
Dimler	Jennings	McDonald	Stadum	Welker
Evans	Johnson	McKasy	Svigum	Wigley
Findlay	Krueger	Omann	Uphus	Zafke

Those who voted in the negative were:

Anderson, B.	Ellingson	Kostohryz	Pauly	Segal
Anderson, R.	Forsythe	Larsen	Peterson	Shaver
Battaglia	Greenfield	McEachern	Piper	Skoglund
Beard	Gruenes	Metzen	Price	Sparby
Begich	Gustafson	Munger	Quinn	Swanson
Bennett	Heap	Murphy	Quist	Thiede
Berkelman	Heinitz	Nelson, D.	Reif	Tomlinson
Brandl	Hinle	Nelson, K.	Riveness	Tunheim
Brinkman	Hoberg	Neuenschwander	Rodosovich	Valento
Carlson, L.	Hoffman	Norton	Rodriguez, F.	Vanasek
Clark, J.	Jacoba	O'Connor	Rose	Vellenga
Clark, K.	Jensen	Ogren	St. Onge	Welch
Cohen	Kahn	Olsen	Sarna	Welle
Coleman	Kalis	Onnen	Scheid	Wenzel
Eken	Knickerbocker	Osthoff	Schoenfeld	Wynia
Elioff	Knuth	Otis	Seaberg	Speaker Sieben

The motion did not prevail and the amendment was not adopted.

Schafer moved to amend H. F. No. 1283, as follows:

Page 17, line 23, delete "50,438,000 53,368,800" and insert "48,788,000 51,118,800"

Page 20, delete lines 26 and 27

Renumber accordingly

The motion did not prevail and the amendment was not adopted.

McDonald moved to amend H. F. No. 1283, as follows:

Page 17, after line 7, insert:

"It is the intent of the Legislature that no funds from these appropriations be expended to support or fund in any way through the use of university facilities, or otherwise, Pro Marx-

ist or Communist classes whose purposes is to promote or to place in a favorable light the ideology of Marxist-Leninism or Communism."

A roll call was requested and properly seconded.

Vanasek moved to lay the McDonald amendment to H. F. No. 1283 on the table. The motion prevailed and the amendment was laid on the table.

Sviggum moved to amend H. F. No. 1283, as follows:

Page 16, line 23, delete the period and insert "and to encourage more physicians to practice in the rural areas of Minnesota."

Page 16, line 33, after "1983." insert "The study should also include plans for increasing the number of doctors in rural areas in need of doctors as identified by the higher education coordinating board."

Page 16, line 37, delete the period and insert "and the rural physician problem."

The motion did not prevail and the amendment was not adopted.

H. F. No. 1283, A bill for an act relating to the organization and operation of state government; appropriating money for education and related purposes to the department of education, higher education coordinating board, state university board, state community college board, University of Minnesota, and the Mayo medical foundation, with certain conditions; establishing a state board of vocational technical education; providing it and certain independent and intermediate school districts operating vocational technical schools with certain powers and duties; changing the authority and duties of the above named agencies, or one or more of them, or certain of their advisory councils with respect to governance, duration of existence, disposition of property, employment and compensation of personnel, tuition, institutional closings, gifts, appropriations, parking fees, scholarships, grants-in-aid, planning, hospital charges, and related educational matters; amending Minnesota Statutes 1982, sections 43A.18, subdivision 4; 120.17, subdivision 7a; 121.212, subdivision 2; 121.931, subdivision 7; 121.934, subdivision 2; 123.742, by adding a subdivision; 123.743; 124.48; 125.05, by adding a subdivision; 136.03; 136.034; 136.11, subdivision 1; 136.144; 136.62, by adding a subdivision; 136.63, subdivision 1a; 136.67, by adding a subdivision; 136A.121; 136A.14; 136A.141; 136A.143; 136A.15; 136A.16; 136A.17; 136A.26; 136A.29, subdivisions 2 and 9; 136A.42; and 158.05; proposing new law coded in Minnesota Statutes, chapters 136 and 136A; propos-

ing new law coded as Minnesota Statutes, chapter 135A; and 136C; repealing Minnesota Statutes 1982, sections 121.11, subdivision 1; 121.217; 121.902, subdivision 1a; 121.936, subdivision 6; 124.53; 136A.144; 136A.145; 136A.146; 136A.161; 136A.18; 136A.19; 136A.20; 136A.21; and 136A.22.

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

The question was taken on the passage of the bill and the roll was called. There were 107 yeas and 18 nays as follows:

Anderson, B.	Ellingson	Knuth	Peterson	Skoglund
Anderson, G.	Erickson	Kostohryz	Piepho	Sparby
Anderson, R.	Evans	Krueger	Piper	Staten
Battaglia	Fjoslien	Larsen	Price	Swanson
Beard	Forsythe	Levi	Quinn	Thiede
Begich	Frerichs	Marsh	Quist	Tomlinson
Bennett	Graba	McEachern	Reif	Tunheim
Bergstrom	Greenfield	McKasy	Rice	Valan
Berkelman	Gruenes	Metzen	Riveness	Valento
Bishop	Gustafson	Munger	Rodosovich	Vanasek
Brandl	Gutknecht	Murphy	Rodriguez, C.	Vellenga
Brinkman	Halberg	Nelson, D.	Rodriguez, F.	Voss
Burger	Haukoos	Nelson, K.	Rose	Welch
Carlson, D.	Heap	Neuenschwander	St. Orige	Welle
Carlson, L.	Himle	Norton	Sarna	Wenzel
Clark, J.	Hoberg	O'Connor	Scheid	Wigley
Clark, K.	Hoffman	Ogren	Schoenfeld	Wynia
Clawson	Jacobs	Omamn	Schreiber	Zaffke
Cohen	Jensen	Onnen	Seaberg	Speaker Sieben
Coleman	Kahn	Osthoff	Segal	
Eken	Kalis	Otis	Shaver	
Elioff	Kelly	Pauly	Shea	

Those who voted in the negative were:

DenOuden	Hokr	Kvam	Sherman	Waltman
Dimler	Jennings	Ludeman	Stadum	Welker
Findlay	Johnson	Olsen	Swiggum	
Heinitz	Knickerbocker	Schafer	Uphus	

The bill was passed and its title agreed to.

SPECIAL ORDERS

Eken moved that the bills on Special Orders for today be continued one day. The motion prevailed.

GENERAL ORDERS

Eken moved that the bills on General Orders for today be continued one day. The motion prevailed.

MOTIONS AND RESOLUTIONS

Knickerbocker moved that H. F. No. 701 be returned to its author. The motion prevailed.

Erickson; Munger; Carlson, L.; Haukoos and Frerichs introduced:

House Resolution No. 11, A house resolution commending Philip C. Helland upon his retirement for his lifetime of service to the people of Minnesota.

The resolution was referred to the Committee on Rules and Legislative Administration.

ADJOURNMENT

Eken moved that when the House adjourns today it adjourn until 2:00 p.m., Monday, May 9, 1983. The motion prevailed.

Eken moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 2:00 p.m., Monday, May 9, 1983.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

