

STATE OF MINNESOTA

SEVENTY-FOURTH SESSION - 1985

FORTY-SEVENTH DAY

SAINT PAUL, MINNESOTA, MONDAY, APRIL 29, 1985

The House of Representatives convened at 2:00 p.m. and was called to order by David M. Jennings, Speaker of the House.

Prayer was offered by Rabbi Leigh Lerner, Mount Zion Temple, St. Paul, Minnesota.

The roll was called and the following members were present:

Anderson, G.	Ellingson	Kvam	Pappas	Skoglund
Anderson, R.	Erickson	Levi	Pauly	Solberg
Backlund	Fjoslien	Lieder	Peterson	Sparby
Battaglia	Forsythe	Long	Piepho	Stanis
Beard	Frederick	Marsh	Piper	Staten
Becklin	Frederickson	McDonald	Popenhagen	Sviggum
Begich	Frerichs	McEachern	Price	Thiede
Bennett	Greenfield	McKasy	Quinn	Thorson
Bishop	Gruenes	McLaughlin	Quist	Tjornhom
Blatz	Gutknecht	McPherson	Redalen	Tomlinson
Boerboom	Halberg	Metzen	Rees	Tompkins
Boo	Hartinger	Miller	Rest	Tunheim
Brandl	Hartle	Minne	Rice	Uphus
Brinkman	Haukoos	Munger	Richter	Valan
Brown	Heap	Murphy	Riveness	Valento
Burger	Himle	Nelson, K.	Rodosovich	Vanasek
Carlson, D.	Jacobs	Neuenschwander	Rose	Vellenga
Carlson, J.	Jennings, L.	Norton	Sarna	Voss
Carlson, L.	Johnson	O'Connor	Schafer	Waltman
Clark	Kahn	Ogren	Scheid	Welle
Clausnitzer	Kalis	Olsen, S.	Schoenfeld	Wenzel
Cohen	Kelly	Olson, E.	Schreiber	Wynia
Dempsey	Kiffmeyer	Omman	Seaberg	Zaffke
DenOuden	Knickerbocker	Onnen	Segal	Spk. Jennings, D.
Dimler	Knuth	Osthoft	Shaver	
Dyke	Kostohryz	Otis	Sherman	
Elloff	Krueger	Ozment	Simoneau	

A quorum was present.

Jaros and Nelson, D., were excused.

The Chief Clerk proceeded to read the Journals of the preceding days. Erickson moved that further reading of the Journals be dispensed with and that the Journals 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. 756, 264, 889 and 634 and S. F. Nos. 274, 453, 814, 1356, 1388, 83, 1077, 1374, 115, 927, 1071, 1214, 1238, 459, 781, 954, 986, 1140, 1148, 1254, 661, 1329, 896, 1193, 1353, 1357, 901, 1203, 335, 1244, 1278 and 1347 have been placed in the members' files.

S. F. No. 274 and H. F. No. 934, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Long moved that S. F. No. 274 be substituted for H. F. No. 934 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 781 and H. F. No. 806, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Kelly moved that S. F. No. 781 be substituted for H. F. No. 806 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1278 and H. F. No. 1558, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Knickerbocker moved that S. F. No. 1278 be substituted for H. F. No. 1558 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1353 and H. F. No. 1497, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Battaglia moved that S. F. No. 1353 be substituted for H. F. No. 1497 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1356 and H. F. No. 1431, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Bishop moved that S. F. No. 1356 be substituted for H. F. No. 1431 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 335 and H. F. No. 708, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

McDonald moved that the rules be so far suspended that S. F. No. 335 be substituted for H. F. No. 708 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 459 and H. F. No. 1023, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Vanasek moved that the rules be so far suspended that S. F. No. 459 be substituted for H. F. No. 1023 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 661 and H. F. No. 947, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Zaffke moved that the rules be so far suspended that S. F. No. 661 be substituted for H. F. No. 947 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 896 and H. F. No. 921, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Zaffke moved that the rules be so far suspended that S. F. No. 896 be substituted for H. F. No. 921 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 814 and H. F. No. 897, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Gruenes moved that the rules be so far suspended that S. F. No. 814 be substituted for H. F. No. 897 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 901 and H. F. No. 912, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Clausnitzer moved that the rules be so far suspended that S. F. No. 901 be substituted for H. F. No. 912 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 954 and H. F. No. 1033, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Kostohryz moved that the rules be so far suspended that S. F. No. 954 be substituted for H. F. No. 1033 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 986 and H. F. No. 1130, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Sviggun moved that the rules be so far suspended that S. F. No. 986 be substituted for H. F. No. 1130 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1071 and H. F. No. 1161, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

McKasy moved that the rules be so far suspended that S. F. No. 1071 be substituted for H. F. No. 1161 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1077 and H. F. No. 1001, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Backlund moved that the rules be so far suspended that S. F. No. 1077 be substituted for H. F. No. 1001 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1140 and H. F. No. 1513, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

McDonald moved that the rules be so far suspended that S. F. No. 1140 be substituted for H. F. No. 1513 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1148 and H. F. No. 1421, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

McKasy moved that the rules be so far suspended that S. F. No. 1148 be substituted for H. F. No. 1421 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1203 and H. F. No. 492, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Pappas moved that the rules be so far suspended that S. F. No. 1203 be substituted for H. F. No. 492 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1214 and H. F. No. 959, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Marsh moved that the rules be so far suspended that S. F. No. 1214 be substituted for H. F. No. 959 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1238 and H. F. No. 785, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Pauly moved that the rules be so far suspended that S. F. No. 1238 be substituted for H. F. No. 785 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1244 and H. F. No. 1307, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Seaberg moved that the rules be so far suspended that S. F. No. 1244 be substituted for H. F. No. 1307 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1254 and H. F. No. 1262, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Himle moved that the rules be so far suspended that S. F. No. 1254 be substituted for H. F. No. 1262 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1329 and H. F. No. 1000, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Tjornhom moved that the rules be so far suspended that S. F. No. 1329 be substituted for H. F. No. 1000 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1347 and H. F. No. 1498, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Neuenschwander moved that the rules be so far suspended that S. F. No. 1347 be substituted for H. F. No. 1498 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1357 and H. F. No. 1405, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Halberg moved that the rules be so far suspended that S. F. No. 1357 be substituted for H. F. No. 1405 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1388 and H. F. No. 1578, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Bishop moved that the rules be so far suspended that S. F. No. 1388 be substituted for H. F. No. 1578 and that the House File be indefinitely postponed. The motion prevailed.

REPORTS OF STANDING COMMITTEES

Forsythe from the Committee on Appropriations to which was referred:

H. F. No. 88, A bill for an act relating to education; providing for aids to education, aids to libraries, state payments for teacher retirement contributions, and the distribution of tax revenues; granting certain powers and duties to school boards, school districts, the state board of education, the board of teaching, and the higher education coordinating board; modifying certain components of foundation aid; modifying the basic maintenance mill rate; modifying computation of pupil units; repealing revenue equity; modifying the computation of summer program aid, transportation aid, special education aid, secondary vocational aid, and other aids; establishing an aid and levy formula for excellence in teaching and curriculum; providing for measurement of pupil progress; establishing mastery learning pilot projects; requiring assessment of new teachers; appropriating money; amending Minnesota Statutes 1984, sections 120.06, subdivision 1; 120.10, subdivision 1; 120.11; 120.15; 120.17, subdivision 3, and by adding a subdivision; 121.88; 121.882, subdivision 2, and by adding a subdivision; 121.904, subdivisions 4a and 4c; 121.912, subdivision 1; 122.86, subdivision 1; 123.36, subdivision 1; 123.58, by adding a subdivision; 123.705, subdivision 1; 123.742, subdivision 7, and by adding subdivisions; 123.7431, subdivision 1; 124.09; 124.14, subdivision 4; 124.17, by adding subdivisions; 124.19, subdivision 1; 124.195, subdivision 9; 124.2138, subdivision 2; 124.223; 124.225, subdivisions 1, 3, 4b, 7a, 7b, 8a, 8b, and 10; 124.247, subdivision 3; 124.26, subdivisions 1 and 6; 124.271, subdivision 2b, and by adding a subdivision; 124.2711, subdivision 1; 124.272, subdivision 3; 124.273, subdivision 1b; 124.32, subdivisions 1b, 1d, 2, 5, and 10; 124.48, by adding a subdivision; 124.573, subdivision 2; 124.574, subdivision 2b; 124.646, subdivision 1; 124A.02, subdivisions 6, 7, 8, 9, 16, and by adding a subdivision; 124A.03, subdivisions 3, 4, and by adding a subdivision; 124A.033, subdivisions 2 and 3, and by adding a subdivision; 124A.037; 124A.06, subdivisions 1 and 3a; 124A.08, subdivisions 3a and 5; 124A.10, subdivision 3a; 124A.12, subdivision 3a; 124A.14, subdivision 5a; 124A.16, subdivisions 2 and 4; 125.05, subdivisions 1 and 5; 125.12, by adding a subdivision; 125.17, by adding a subdivision; 125.185, subdivision 4; 125.60, subdivisions 3 and 7; 126.64, subdivision 2; 129B.17; 129B.20; 129B.21; 129B.35; 129B.36; 129B.38, subdivision 1; 129B.39; 129B.40; 134.31, subdivisions 2 and 3; 134.35; 134.351, subdivision 1; 136D.27; 136D.74, subdivision 2; 136D.87; 275.125, subdivisions

5b, 5d, 8, and 8a, and by adding subdivisions; 354.06, subdivision 1; 354.43, subdivision 3; 354A.12, subdivision 2; 355.208; 355.-209; 355.287; 355.288; 355.46, subdivision 3; and Laws 1973, chapter 683, section 26, subdivision 17, as amended; proposing coding for new law in Minnesota Statutes, chapters 121; 123; 124; 126; 129B; 134; 136A; repealing Minnesota Statutes 1984, sections 120.17, subdivision 1a; 120.172, subdivision 3; 122.84; 122.85; 122.89; 123.3511; 123.3512; 123.3513; 124.201, subdivisions 3, 4, and 5; 124.2138, subdivision 2; 124.225, subdivisions 4a, 8c, 8d, 8e, 8f, 8g, and 8h; 124.247, subdivision 6; 124.271, subdivisions 2 and 2a; 124.273, subdivisions 2b and 5; 124.32, subdivision 9a; 124A.03, subdivision 5; 124A.035, subdivision 6; 124A.037; 125.611, subdivisions 3, 4, 5, 6, and 7; 126.64, subdivision 1; 129B.03; 129B.33; 129B.34; 275.125, subdivision 2j; 354.-43, subdivisions 1, 4, and 5; 354A.12, subdivision 3; 355.46, subdivisions 1, 2, and 5; and 355.47.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“ARTICLE 1

FOUNDATION AID

Section 1. Minnesota Statutes 1984, section 124.09, is amended to read:

124.09 [SCHOOL ENDOWMENT FUND, APPORTIONMENT.]

The school endowment fund shall be apportioned semiannually by the state board, on the first Monday in March and October in each year, to districts whose schools have been in session at least nine months. The apportionment shall be in proportion to the number of pupils (BETWEEN THE AGES OF FIVE AND TWENTY-ONE YEARS WHO SHALL HAVE BEEN) in average daily membership during the preceding year; provided, that apportionment shall not be paid to a district for pupils for whom tuition is received by the district.

Sec. 2. Minnesota Statutes 1984, section 124.17, is amended by adding a subdivision to read:

Subd. 1a. [AFDC PUPIL UNITS.] In addition to the pupil units counted under subdivision 1, pupil units shall be counted as provided in this subdivision, beginning with the 1986-1987 school year.

Each pupil in subdivision 1 from a family receiving aid to families with dependent children or its successor program who is

enrolled in the school district on October 1 shall be counted as an additional five-tenths pupil unit.

Sec. 3. Minnesota Statutes 1984, section 124.17, is amended by adding a subdivision to read:

Subd. 4. [DECLINE PUPIL UNITS.] For each school district which experiences a seven percent or greater decline in the number of resident secondary pupils in average daily membership from the last year to the current year, each resident secondary pupil in average daily membership in the current year shall be weighted fifteen-hundredths of a pupil unit in addition to other weightings. No district shall receive more than \$375,000 in additional foundation revenue for any year as a result of the additional pupil weightings allowed under this subdivision.

Sec. 4. Minnesota Statutes 1984, section 124.2138, subdivision 2, is amended to read:

Subd. 2. [TRANSPORTATION LEVY EQUITY.] (1) If the transportation levy for fiscal year 1985 in any district, or for fiscal year 1986 (AND THEREAFTER) in a nonagricultural district, of 1.75 mills times the adjusted assessed valuation of the district exceeds the transportation aid computation under section 124.225, subdivisions 8b, 8i, 8j, and 8k, an amount shall be deducted as provided in this subdivision from special state aids of chapter 124 receivable for the same fiscal year, and from state payments on behalf of the district for the same fiscal year authorized in sections 354.43, subdivision 1; 354A.12, subdivision 2; and 355.46, subdivision 3, clause (b), to the extent that those special state aids and state payments have not been reduced pursuant to section 124A.037. However, aid authorized in sections 124.2137 and 124.646 shall not be reduced.

(2) The amount of the deduction shall equal the difference between:

(a) 1.75 mills times the adjusted assessed valuation of the district for the levy attributable to that fiscal year, and

(b) the sum of the district's transportation aid computation pursuant to section 124.225, subdivisions 8b, 8i, 8j, and 8k, less the amount of any aid reduction due to an insufficient appropriation as provided in section 124.225, subdivision 8a.

However, for fiscal year 1985, the amount of the deduction shall be one-sixth of the difference between clauses (a) and (b); and for fiscal year 1986, the amount of the deduction shall be one-third of the difference between clauses (a) and (b); FOR FISCAL YEAR 1987, THE AMOUNT OF THE DEDUCTION SHALL BE ONE-HALF OF THE DIFFERENCE BETWEEN CLAUSES (A) AND (B); FOR FISCAL YEAR 1988, THE

AMOUNT OF THE DEDUCTION SHALL BE TWO-THIRDS OF THE DIFFERENCE BETWEEN CLAUSES (A) AND (B); AND FOR FISCAL YEAR 1989, THE AMOUNT OF THE DEDUCTION SHALL BE FIVE-SIXTHS OF THE DIFFERENCE BETWEEN CLAUSES (A) AND (B)).

Sec. 5. Minnesota Statutes 1984, section 124A.02, subdivision 6, is amended to read:

Subd. 6. [BASIC FOUNDATION REVENUE.] A district's basic foundation revenue for each school year shall equal the formula allowance times its total pupil units *plus its decline pupil units* for that school year.

Sec. 6. Minnesota Statutes 1984, section 124A.02, subdivision 7, is amended to read:

Subd. 7. [BASIC MAINTENANCE MILL RATE.] "Basic maintenance mill rate" means the mill rate applicable to the adjusted assessed valuation of a district, used in the computation of basic foundation aid for a particular school year and of the basic maintenance levy for use in that school year. (THE BASIC MAINTENANCE MILL RATE SHALL BE .024 FOR THE 1982 PAYABLE 1983 LEVIES AND FOR FOUNDATION AID FOR THE 1983-1984 SCHOOL YEAR.) The basic maintenance mill rate shall be .024 for the 1983 payable 1984 levies and for foundation aid for the 1984-1985 school year. The basic maintenance mill rate shall be .0235 for the 1984 payable 1985 levies and for foundation aid for the 1985-1986 school year. *The basic maintenance mill rate for 1985 payable 1986 levies and each year thereafter, and for foundation aid for the 1986-1987 school year and each year thereafter, shall be established as provided in section 11.*

Sec. 7. Minnesota Statutes 1984, section 124A.02, subdivision 8, is amended to read:

Subd. 8. [EQUALIZING FACTOR.] "Equalizing factor" means a number equal to the minimum EARC valuation per (ACTUAL AND AFDC) *total* pupil unit which disqualifies a district from earning any basic foundation aid. The equalizing factor for each school year and for levies for use in that school year equals the ratio, rounded to the nearest dollar, of the foundation aid formula allowance for that school year to the basic maintenance mill rate for that school year. (HOWEVER, THE EQUALIZING FACTOR FOR DISCRETIONARY AND REPLACEMENT AIDS FOR THE 1982-1983 SCHOOL YEAR SHALL BE \$61,565.)

Sec. 8. Minnesota Statutes 1984, section 124A.02, subdivision 9, is amended to read:

Subd. 9. [FORMULA ALLOWANCE.] "Foundation aid formula allowance" or "formula allowance" means the amount of revenue per pupil unit used in the computation of foundation aid for a particular school year and in the computation of permissible levies for use in that school year. (THE FORMULA ALLOWANCE SHALL BE \$1,475 FOR THE 1982 PAYABLE 1983 LEVIES AND FOR FOUNDATION AID FOR THE 1983-1984 SCHOOL YEAR.) The formula allowance shall be \$1,475 for the 1983 payable 1984 levies and for foundation aid for the 1984-1985 school year. The formula allowance shall be \$1,585 for the 1984 payable 1985 levies and for foundation aid for the 1985-1986 school year. *The formula allowance shall be \$1,675 for the 1985 payable 1986 levies and for foundation aid for the 1986-1987 school year.*

Sec. 9. Minnesota Statutes 1984, section 124A.02, subdivision 16, is amended to read:

Subd. 16. [PUPIL UNITS, AFDC.] *For the 1984-1985 and 1985-1986 school years, "AFDC pupil units" means 98.5 percent of the pupil units identified in Minnesota Statutes 1980, section 124.17, subdivision 1, clauses (4) and (5) in the 1980-1981 school year.*

For the 1986-1987 school year and each year thereafter, "AFDC pupil units" means pupil units identified in section 124.17, subdivision 1a.

Sec. 10. Minnesota Statutes 1984, section 124A.02, is amended by adding a subdivision to read:

Subd. 16a. [PUPIL UNITS; DECLINE.] "*Decline pupil units*" means pupil units identified in section 3.

Sec. 11. Minnesota Statutes 1984, section 124A.03, is amended by adding a subdivision to read:

Subd. 1a. [ESTABLISHMENT OF BASIC MAINTENANCE MILL RATE.] (a) *The commissioner of revenue shall establish the basic maintenance mill rate and certify it to the commissioner of education by August 1 of each year for levies payable in the following year. The established basic maintenance mill rate shall be a rate, rounded up to the nearest tenth of a mill, which when applied to the adjusted assessed valuation of taxable property for each school district under section 124A.03, subdivision 1 or 3, as applicable, raises the total amount specified in this section. The amount levied by a school district to replace aids subtracted pursuant to section 124A.037 must not be included in the computation of the mill rate.*

(b) *The basic maintenance mill rate for the 1985 payable 1986 levies and for foundation aid for the 1986-1987 school year*

shall be established at a rate that raises a total of \$617,000,000. The basic maintenance mill rate computed by the commissioner of revenue must not be recomputed due to changes or corrections made in a school district's adjusted assessed valuation after the mill rate has been certified to the department of education pursuant to paragraph (a).

Sec. 12. Minnesota Statutes 1984, section 124A.03, subdivision 3, is amended to read:

Subd. 3. [BASIC MAINTENANCE LEVY; DISTRICTS OFF THE FORMULA.] In any year when the amount of the maximum levy limitation under subdivision 1 for any district, exceeds the product of the district's foundation aid formula allowance for the year in which the levy is recognized as revenue times the estimated number of total pupil units *plus decline pupil units* for that district for that school year, the levy limitation for that district under subdivision 1 shall be limited to the greater of the dollar amount of the levy the district certified in 1977 under Minnesota Statutes 1978, section 275.125, subdivision 2a, clause (1), or the following difference but not to exceed the levy limitation under subdivision 1:

(a) the (SUM OF (I) THE) product of the district's foundation aid formula allowance for the school year in which the levy is recognized as revenue, times the estimated number of total pupil units for that district for that school year, (PLUS (II) THE AMOUNT BY WHICH SPECIAL STATE AIDS OF CHAPTER 124 RECEIVABLE FOR THE SAME SCHOOL YEAR, EXCLUDING AID AUTHORIZED IN SECTIONS 124.2137 AND 124.646, ARE ESTIMATED TO BE REDUCED PURSUANT TO SECTION 124.2138, SUBDIVISION 1, PLUS)

((III) THE AMOUNT BY WHICH STATE PAYMENTS ON BEHALF OF THE DISTRICT FOR THE SAME SCHOOL YEAR AUTHORIZED IN SECTIONS 354.43, SUBDIVISION 1; 354A.12, SUBDIVISION 2; AND 355.46, SUBDIVISION 3, CLAUSE (B), ARE ESTIMATED TO BE REDUCED PURSUANT TO SECTION 124.2138, SUBDIVISION 1,) less

(b) the estimated amount of any payments which would reduce the district's foundation aid entitlement as provided in section 124A.035, subdivision 4 in the school year in which the levy is recognized as revenue.

A levy made by a district pursuant to this subdivision shall be construed to be the levy made by that district pursuant to subdivision 1, for purposes of statutory cross-reference.

Sec. 13. Minnesota Statutes 1984, section 124A.03, subdivision 4, is amended to read:

Subd. 4. [SUMMER INSTRUCTIONAL PROGRAM LEVY.] In (1984) 1985 and each year thereafter, a district may levy for summer *instructional* programs an amount equal to the following product:

(a) The district's estimated (TOTAL) summer program *instructional* revenue allowance as defined in section 124A.033, subdivision 2, for the summer program session to be held in the calendar year after the calendar year when the levy is certified, times

(b) the lesser of

(1) one, or

(2) the ratio of

(i) the quotient derived by dividing the adjusted assessed valuation of the district in the second preceding year by the total pupil units in the district in the current regular school year, to

(ii) 50 percent of the equalizing factor for the current regular school year.

Sec. 14. Minnesota Statutes 1984, section 124A.033, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For the purposes of computing foundation aid for summer programs and inter-session classes of flexible school year programs, the following phrases shall have the meanings given them.

(1) "Summer program pupil units" means full-time equivalent pupil units for summer programs and inter-session classes of flexible school year programs computed under the provisions of section 124.17.

(2) "Summer program instructional revenue allowance" means an amount equal to the product of the number of summer program pupil units in a district, times the foundation aid formula allowance as defined in section 124A.02 for the preceding regular school year.

(3) ("SUMMER EDUCATIONAL IMPROVEMENT REVENUE ALLOWANCE" MEANS AN AMOUNT EQUAL TO THE PRODUCT OF 0.005, TIMES THE NUMBER OF ACTUAL PUPIL UNITS IN THE DISTRICT IN THE PRECEDING REGULAR SCHOOL YEAR, TIMES THE FOUNDATION AID FORMULA ALLOWANCE AS DEFINED IN SECTION 124A.02 FOR THE PRECEDING REGULAR SCHOOL YEAR.)

(4) "TOTAL SUMMER PROGRAM REVENUE ALLOWANCE" MEANS AN AMOUNT EQUAL TO THE SUM OF A DISTRICT'S SUMMER PROGRAM INSTRUCTIONAL REVENUE ALLOWANCE AND SUMMER EDUCATIONAL IMPROVEMENT REVENUE ALLOWANCE.)

(5) "Summer program aid" means aid for summer programs and inter-session classes of flexible school year programs.

Sec. 15. Minnesota Statutes 1984, 124A.033, subdivision 3, is amended to read:

Subd. 3. [SUMMER PROGRAM AID; 1985 SUMMER.] In fiscal year 1986 (AND EACH YEAR THEREAFTER), a district shall receive summer program aid equal to the difference between:

(1) the product of

(a) the ratio of the district's actual levy to its permitted levy, pursuant to section 124A.03, subdivision (3) 4, certified in (THE CALENDAR YEAR BEFORE THE SUMMER PROGRAM IS OFFERED) 1984; times

(b) the district's total summer program revenue allowance; and

(2) the levy certified by the district pursuant to section 124A.03, subdivision (3) 4, in (THE CALENDAR YEAR BEFORE THE SUMMER PROGRAM IS OFFERED) 1984.

Sec. 16. Minnesota Statutes 1984, section 124A.033, is amended by adding a subdivision to read:

Subd. 3a. [SUMMER INSTRUCTIONAL PROGRAM AID; 1986 SUMMER AND THEREAFTER.] *In fiscal year 1987 and each year thereafter, a district shall receive summer instructional program aid equal to the difference between:*

(1) *the product of*

(a) *the ratio of the district's actual levy to its permitted levy, pursuant to section 124A.03, subdivision 4, certified in the calendar year before the summer program is offered; times*

(b) *the district's summer instructional program revenue allowance; and*

(2) *the levy certified by the district pursuant to section 124A.03, subdivision 4, in the calendar year before the summer program is offered.*

Sec. 17. Minnesota Statutes 1984, section 124A.037, is amended to read:

124A.037 [BASIC MAINTENANCE LEVY EQUITY.]

(1) If the amount of the maximum levy limitation under section 124A.03, subdivision 1, for fiscal year 1985 for any district, or for fiscal year 1986 (OR AFTER) for a nonagricultural district exceeds the district's basic foundation revenue for the corresponding fiscal year, an amount shall be deducted as provided in this subdivision from special state aids of chapter 124 receivable for the same fiscal year, and from state payments on behalf of the district for the same fiscal year authorized in sections 354.43, subdivision 1; 354A.12, subdivision 2; and 355.46, subdivision 3, clause (b). However, the aid authorized in sections 124.2137 and 124.646 shall not be reduced.

(2) The amount of the deduction shall equal the difference between:

(a) the sum of the amount of the district's maximum levy limitation under section 124A.03, subdivision 1, plus the amount of any reductions to that levy limitation pursuant to sections 124A.03, subdivision 3, and 275.125, subdivision 9, and

(b) the district's basic foundation revenue.

However, for fiscal year 1985, the amount of the deduction shall be one-sixth of the difference between clauses (a) and (b); and for fiscal year 1986, the amount of the deduction shall be one-third of the difference between clauses (a) and (b) (; FOR FISCAL YEAR 1987, THE AMOUNT OF THE DEDUCTION SHALL BE ONE-HALF OF THE DIFFERENCE BETWEEN CLAUSES (A) AND (B); FOR FISCAL YEAR 1988, THE AMOUNT SHALL BE TWO-THIRDS OF THE DIFFERENCE BETWEEN CLAUSES (A) AND (B); AND FOR FISCAL YEAR 1989, THE AMOUNT OF THE DEDUCTION SHALL BE FIVE-SIXTHS OF THE DIFFERENCE BETWEEN CLAUSES (A) AND (B)).

Sec. 18. Minnesota Statutes 1984, section 124A.06, subdivision 1, is amended to read:

Subdivision 1. [COST DIFFERENTIAL TIER ALLOWANCE.] "Cost differential tier allowance" means the amount of revenue per actual pupil unit used to compute the cost differential tier aid for a school year and levy for use in the same school year. A district's cost differential tier allowance shall be the result of the following computation:

(a) Divide the amount of aid the district would have received for the 1980-81 school year if Minnesota Statutes 1983 Supple-

ment, (1979 SUPPLEMENT, SECTION 124.224, AS AMENDED BY) section 124.2124, subdivision 1, had been effective for the 1980-1981 school year by the actual pupil units in the district in the 1980-1981 school year.

(b) For the 1984-1985 school year, multiply the result in clause (a) by one. For the 1985-1986 school year and school years thereafter, multiply the result in clause (a) by two.

(c) Divide the formula allowance for the school year by \$1265.

(d) Multiply the result in clause (b) by the result in clause (c).

(e) Subtract 1.25 from the training and experience index, and multiply the difference by \$300 for the 1984-1985 school year, or \$400 for the 1985-1986 school year and thereafter.

(f) Select the greater of the result in clause (e) or zero.

(g) Add the results of clauses (d) and (f).

Sec. 19. Minnesota Statutes 1984, section 124A.06, subdivision 3a, is amended to read:

Subd. 3a. [COST DIFFERENTIAL TIER LEVY.] (IN 1983 AND EACH YEAR THEREAFTER,) A district may levy for its cost differential tier revenue an amount not to exceed the lesser of its cost differential tier revenue or the result of the following computation:

(i) Divide the adjusted assessed valuation for the year preceding the year the levy is certified, by the total pupil units for the year to which the levy is attributable.

(ii) Divide the result in clause (i) by the equalizing factor for the school year to which the levy is attributable.

(iii) Multiply the result in clause (ii) by the district's cost differential tier revenue for the school year to which the levy is attributable.

Sec. 20. Minnesota Statutes 1984, section 124A.08, subdivision 3a, is amended to read:

Subd. 3a. [SECOND TIER LEVY.] (IN 1983 AND EACH YEAR THEREAFTER,) A district may levy for its second tier revenue an amount not to exceed the lesser of its second tier revenue or the result of the following computation:

(i) Divide the adjusted assessed valuation for the year preceding the year the levy is certified, by the total pupil units for the year to which the levy is attributable.

(ii) Divide the result in clause (i) by the equalizing factor for the school year to which the levy is attributable.

(iii) Multiply the result in clause (ii) by the district's second tier revenue for the school year to which the levy is attributable.

Sec. 21. Minnesota Statutes 1984, section 124A.08, subdivision 5, is amended to read:

Subd. 5. [SECOND TIER LEVY FUND BALANCE.] (BEGINNING WITH THE 1983 PAYABLE 1984 LEVY,) For a district (WHERE THE) *for which the commissioner projects a net unappropriated operating fund balance as of the June 30 (BEFORE) after the levy is certified (EXCEEDS) in excess of \$500 per total pupil unit in the year (WHEN) for which the levy is (CERTIFIED) attributable,* the second tier levy shall be reduced by the amount of the excess times the lesser of (a) one, or (b) the ratio of the district's EARC valuation for the preceding year per total pupil unit in the school year for which the levy is attributable, to the equalizing factor. *The reduction shall be corrected for the difference between the projected balance and the actual balance in the next levy after an actual fund balance is available.* (BEGINNING WITH THE 1984-1985 SCHOOL YEAR,) The second tier aid for the year when (THAT) *the* levy is used shall be reduced by any amount of the excess which is not subtracted from the levy.

Sec. 22. Minnesota Statutes 1984, section 124A.10, subdivision 3a, is amended to read:

Subd. 3a. [THIRD TIER LEVY.] (IN 1983 AND EACH YEAR THEREAFTER,) A district may levy for its third tier revenue an amount not to exceed the lesser of its third tier revenue or the result of the following computation:

(i) Divide the adjusted assessed valuation for the year preceding the year the levy is certified, by the total pupil units for the year to which the levy is attributable.

(ii) Divide the result in clause (i) by 75 percent of the equalizing factor for the school year to which the levy is attributable.

(iii) Multiply the result in clause (ii) by the district's third tier revenue for the school year to which the levy is attributable.

Sec. 23. Minnesota Statutes 1984, section 124A.12, subdivision 3a, is amended to read:

Subd. 3a. [FOURTH TIER LEVY.] (IN 1983 AND EACH YEAR THEREAFTER,) A district may levy for its fourth tier revenue an amount not to exceed the lesser of its fourth tier revenue or the result of the following computation:

(i) Divide the adjusted assessed valuation for the year preceding the year the levy is certified, by the total pupil units for the year to which the levy is attributable.

(ii) Divide the result in clause (i) by 50 percent of the equalizing factor for the school year to which the levy is attributable.

(iii) Multiply the result in clause (ii) by the fourth tier revenue for the school year to which the levy is attributable.

Sec. 24. Minnesota Statutes 1984, section 124A.14, subdivision 5a, is amended to read:

Subd. 5a. [FIFTH TIER LEVY.] (IN 1983 AND EACH YEAR THEREAFTER,) A district may levy for its fifth tier revenue an amount not to exceed the lesser of its fifth tier revenue or the result of the following computation:

(i) Divide the adjusted assessed valuation for the year preceding the year the levy is certified, by the total pupil units for the year to which the levy is attributable.

(ii) Divide the result in clause (i) by 50 percent of the equalizing factor for the school year to which the levy is attributable.

(iii) Multiply the result in clause (ii) by the fifth tier revenue for the school year to which the levy is attributable.

Sec. 25. Minnesota Statutes 1984, section 124A.16, subdivision 2, is amended to read:

Subd. 2. [TOTAL REVENUE PER ACTUAL PUPIL UNIT.] The total revenue per actual pupil unit permitted from the tiers specified in section 124A.06, 124A.08, 124A.10, 124A.12, and 124A.14 shall equal the sum of the previous formula amount plus the greater of:

(a) the minimum increase; or

(b) 25 percent of the difference between the total tier allowance and the previous formula amount in the 1984-1985 school year, 50 percent of the difference in the 1985-1986 school year, (75) 87.5 percent of the difference in the 1986-1987 school year, or 100 percent of the difference in the 1987-1988 school year and subsequent school years.

Sec. 26. Minnesota Statutes 1984, section 124A.16, subdivision 4, is amended to read:

Subd. 4. [UNIT REVENUE BEFORE REDUCTION.] The permitted total revenue per actual pupil unit specified in subdivision 2 shall be determined prior to the reduction according to section (124A.03, SUBDIVISION 3) 124A.08, subdivision 5.

Sec. 27. [124A.20] [EDUCATIONAL OVERBURDEN AID TO CERTAIN DISTRICTS.]

If the maximum levy amount authorized in section 275.125, subdivision 6f, for any district exceeds an amount equal to ten mills times the adjusted assessed valuation of the district, that district shall not make a levy under that section. However, that district shall receive state aid in the amount of the authorized levy, as computed according to the provisions of section 275.125, subdivision 6f.

Sec. 28. Minnesota Statutes 1984, section 126.64, subdivision 2, is amended to read:

Subd. 2. [DISTRICT OF ATTENDANCE.] The district receiving a pupil selected to participate in the program of excellence program shall count the pupil as a resident pupil unit as defined in section 124.17 for purpose of determining aids and levies. *The district of residence shall not count such a pupil as a resident pupil unit while the pupil attends school in another district.*

Sec. 29. Minnesota Statutes 1984, section 275.125, is amended by adding a subdivision to read:

Subd. 6f. [LEVY FOR AFDC CONCENTRATION.] *Each year a district where the number of pupils from families receiving aid to families with dependent children or its successor program equals six percent or more of the total actual pupil units in the district may make a levy under the provisions of this subdivision. The amount of the levy shall not exceed the following computation:*

(a) *compute the number of pupils from families receiving aid to families with dependent children or its successor program enrolled in the school district on October 1 in the school year to which the levy is attributable as a percent of actual pupil units in the district determined according to section 124.17, subdivision 1, for that same year. The district shall round this computation down to the nearest whole percent.*

(b) *multiply each pupil from a family receiving aid to families with dependent children by an amount equal to one-tenth for*

each percent over five computed in paragraph (a), but not to exceed six-tenths for each pupil.

(c) multiply the result in paragraph (b) by the foundation aid formula allowance for the school year to which the levy is attributable.

Sec. 30. Minnesota Statutes 1984, section 298.28, subdivision 1, is amended to read:

Subdivision 1. [DISTRIBUTION FROM GENERAL FUND.] The proceeds of the taxes collected under section 298.24, except the tax collected under section 298.24, subdivision 2, shall, upon certificate of the commissioner of revenue to the general fund of the state, be paid by the commissioner of revenue as follows:

(1) 2.5 cents per gross ton of merchantable iron ore concentrate, hereinafter referred to as "taxable ton," to the city or town in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. If the mining, quarrying, and concentration, or different steps in either thereof are carried on in more than one taxing district, the commissioner shall apportion equitably the proceeds of the part of the tax going to cities and towns among such subdivisions upon the basis of attributing 40 percent of the proceeds of the tax to the operation of mining or quarrying the taconite, and the remainder to the concentrating plant and to the processes of concentration, and with respect to each thereof giving due consideration to the relative extent of such operations performed in each such taxing district. His order making such apportionment shall be subject to review by the tax court at the instance of any of the interested taxing districts, in the same manner as other orders of the commissioner.

(2) 12.5 cents per taxable ton, less any amount distributed under clause (8), to the taconite municipal aid account in the apportionment fund of the state treasury, to be distributed as provided in section 298.282.

(3) 29 cents per taxable ton plus the increase provided in paragraph (c) to qualifying school districts to be distributed as follows:

(a) Six cents per taxable ton to the school districts in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. The commissioner shall follow the apportionment formula prescribed in clause (1).

(b) 23 cents per taxable ton, less any amount distributed under part (d), shall be distributed to a group of school districts

comprised of those school districts wherein the taconite was mined or quarried or the concentrate produced or in which there is a qualifying municipality as defined by section 273.134 in direct proportion to school district tax levies as follows: each district shall receive that portion of the total distribution which its certified levy for the prior year, computed pursuant to sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125, comprises of the sum of certified levies for the prior year for all qualifying districts, computed pursuant to sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125, comprises of the sum of certified levies for the prior year for all qualifying districts, computed pursuant to sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125. For purposes of distributions pursuant to this part, certified levies for the prior year computed pursuant to sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125 shall not include the amount of any increased levy authorized by referendum pursuant to section 124A.03, subdivision 2.

(c) On July 15, in years prior to 1988, an amount equal to the increase derived by increasing the amount determined by clause (3)(b) in the same proportion as the increase in the steel mill products index over the base year of 1977 as provided in section 298.24, subdivision 1, clause (a), shall be distributed to any school district described in clause (3)(b) where a levy increase pursuant to section 124A.03, subdivision 2, is authorized by referendum, according to the following formula. On July 15, 1988 and subsequent years, the increase over the amount established for the prior year shall be determined according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1, paragraph (a). Each district shall receive the product of:

(i) \$150 times the pupil units identified in section 124.17, subdivision 1, clauses (1) and (2), enrolled in the second previous year or the 1983-1984 school year, *whichever is greater*, less the product of (TWO) $1 \frac{3}{4}$ mills times the district's taxable valuation in the second previous year; times

(ii) the lesser of:

(A) one, or

(B) the ratio of the amount certified pursuant to section 124A.03, subdivision 2, in the previous year, to the product of (TWO) $1 \frac{3}{4}$ mills times the district's taxable valuation in the second previous year.

If the total amount provided by clause (3)(c) is insufficient to make the payments herein required then the entitlement of \$150

per pupil unit shall be reduced uniformly so as not to exceed the funds available. Any amounts received by a qualifying school district in any fiscal year pursuant to clause (3) (c) shall not be applied to reduce foundation aids which the district is entitled to receive pursuant to section 124A.02 or the permissible levies of the district. Any amount remaining after the payments provided in this paragraph shall be paid to the commissioner of finance who shall deposit the same in the taconite environmental protection fund and the northeast Minnesota economic protection trust fund as provided in section 298.28, subdivision 1, clause 10.

(d) There shall be distributed to any school district the amount which the school district was entitled to receive under section 298.32 in 1975.

(4) 19.5 cents per taxable ton to counties to be distributed as follows:

(a) 15.5 cents per taxable ton shall be distributed to the county in which the taconite is mined or quarried or in which the concentrate is produced, less any amount which is to be distributed pursuant to part (b). The commissioner shall follow the apportionment formula prescribed in clause (1).

(b) If an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a county other than the county in which the mining and the concentrating processes are conducted, one cent per taxable ton of the tax distributed to the counties pursuant to part (a) and imposed on and collected from such taxpayer shall be distributed by the commissioner of revenue to the county in which the power plant is located.

(c) Four cents per taxable ton shall be paid to the county from which the taconite was mined, quarried or concentrated to be deposited in the county road and bridge fund. If the mining, quarrying and concentrating, or separate steps in any of those processes are carried on in more than one county, the commissioner shall follow the apportionment formula prescribed in clause (1).

(5) (a) 17.75 cents per taxable ton, less any amount required to be distributed under part (b), to the taconite property tax relief account in the apportionment fund in the state treasury, to be distributed as provided in sections 273.134 to 273.136.

(b) If an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a county other than the county in which the mining and the concentrating processes are conducted, .75 cent per taxable ton of the tax imposed and collected from such taxpayer shall be distributed by the commissioner of revenue to

the county and school district in which the power plant is located as follows: 25 percent to the county and 75 percent to the school district.

(6) One cent per taxable ton to the state for the cost of administering the tax imposed by section 298.24.

(7) Three cents per taxable ton shall be deposited in the state treasury to the credit of the iron range resources and rehabilitation board account in the special revenue fund for the purposes of section 298.22. The amount determined in this clause shall be increased in 1981 and subsequent years prior to 1988 in the same proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1 and shall be increased in 1988 and subsequent years according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1. The amount distributed pursuant to this clause shall be expended within or for the benefit of a tax relief area defined in section 273.134. No part of the fund provided in this clause may be used to provide loans for the operation of private business unless the loan is approved by the governor and the legislative advisory commission.

(8) (a) .20 cent per taxable ton shall be paid to the range association of municipalities and schools, for the purpose of providing an area wide approach to problems which demand coordinated and cooperative actions and which are common to those areas of northeast Minnesota affected by operations involved in mining iron ore and taconite and producing concentrate therefrom, and for the purpose of promoting the general welfare and economic development of the cities, towns and school districts within the iron range area of northeast Minnesota.

(b) 1.5 cents per taxable ton shall be paid to the northeast Minnesota economic protection trust fund.

(9) the amounts determined under clauses (4)(a), (4)(c), (5), and (8)(b) shall be increased in 1979 and subsequent years prior to 1988 in the same proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1. Those amounts shall be increased in 1988 and subsequent years in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1.

(10) the proceeds of the tax imposed by section 298.24 which remain after the distributions in clauses (1) to (9) and parts (a) and (b) of this clause have been made shall be divided between the taconite environmental protection fund created in section 298.223 and the northeast Minnesota economic protection trust fund created in section 298.292 as follows: Two-thirds to the taconite environmental protection fund and one-third to the northeast Minnesota economic protection trust fund. The pro-

ceeds shall be placed in the respective special accounts in the general fund.

(a) There shall be distributed to each city, town, school district, and county the amount that they received under section 294.26 in calendar year 1977; provided, however, that the amount distributed in 1981 to the unorganized territory number 2 of Lake County and the town of Beaver Bay based on the between-terminal trackage of Erie Mining Company will be distributed in 1982 and subsequent years to the unorganized territory number 2 of Lake County and the towns of Beaver Bay and Stony River based on the miles of track of Erie Mining Company in each taxing district.

(b) There shall be distributed to the iron range resources and rehabilitation board the amounts it received in 1977 under section 298.22.

On or before October 10 of each calendar year each producer of taconite or iron sulphides subject to taxation under section 298.24 (hereinafter called "taxpayer") shall file with the commissioner of revenue an estimate of the amount of tax which would be payable by such taxpayer under said law for such calendar year; provided such estimate shall be in an amount not less than the amount due on the mining and production of concentrates up to September 30 of said year plus the amount becoming due because of probable production between September 30 and December 31 of said year, less any credit allowable as hereinafter provided. The commissioner of revenue shall annually on or before October 10 report an estimated distribution amount to each taxing district and the officers with whom such report is so filed shall use the amount so indicated as being distributable to each taxing district in computing the permissible tax levy of such county or city in the year in which such estimate is made, and payable in the next ensuing calendar year, except that one cent per taxable ton of the amount distributed under clause (4) (c) shall not be deducted in calculating the permissible levy. In any calendar year in which a general property tax levy subject to sections 275.50 to 275.59 has been made, if the taxes distributable to any such county or city are greater than the amount estimated by the commissioner to be paid to any such county or city in such year, the excess of such distribution shall be held in a special fund by the county or city and shall not be expended until the succeeding calendar year, and shall be included in computing the permissible levies under sections 275.50 to 275.59, of such county or city payable in such year. If the amounts distributable to any such county or city after final determination by the commissioner of revenue under this section are less than the amounts by which a taxing district's levies were reduced pursuant to this section, such county or city may issue certificates of indebtedness in the amount of the shortage, and may include in its next tax levy, in excess of the limitations of sec-

tions 275.50 to 275.59 an amount sufficient to pay such certificates of indebtedness and interest thereon, or, if no certificates were issued, an amount equal to such shortage.

There is hereby annually appropriated to such taxing districts as are stated herein, to the taconite property tax relief account and to the taconite municipal aid account in the apportionment fund in the state treasury, to the department of revenue, to the iron range resources and rehabilitation board, to the range association of municipalities and schools, to the taconite environmental protection fund, and to the northeast Minnesota economic protection trust fund, from any fund or account in the state treasury to which the money was credited, an amount sufficient to make the payment or transfer. The payment of the amount appropriated to such taxing districts shall be made by the commissioner of revenue on or before May 15 annually.

Sec. 31. [REDUCTIONS FOR REVENUE EQUITY.]

Pursuant to Minnesota Statutes, sections 124.2138 and 124A.037, aid payments shall be reduced in fiscal year 1986 by approximately \$4,222,600.

Sec. 32. [LEVY ADJUSTMENT.]

The commissioner shall adjust the 1984 payable 1985 levy limitations for school districts as a result of the provisions of section 3 of this article. The adjustment shall be a positive or negative amount equal to the difference between the amount the district levied in 1984 and the amount the district would have certified for the 1984 levies if the provision in section 3 of this article had been in effect at the time the 1984 payable 1985 levy was made. The adjustment shall be added to or subtracted from the district's levy limitation for 1985 taxes payable in 1986.

Sec. 33. [APPROPRIATION.]

Subdivision 1. [TO DEPARTMENT OF EDUCATION.] There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

Subd. 2. [FOUNDATION AID.] For foundation aid there is appropriated:

\$693,829,300 1986,

\$874,649,000 1987.

The appropriation for 1986 includes \$81,869,500 for aid for fiscal year 1985 payable in fiscal year 1986, and \$611,959,800 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for 1987 includes \$105,419,300 for aid for fiscal year 1986 payable in fiscal year 1987, and \$769,229,700 for aid for fiscal year 1987 payable in fiscal year 1987.

Subd. 3. [SUMMER PROGRAMS.] For summer program aid pursuant to section 124A.033, subdivision 3, and for summer instructional program aid pursuant to section 124A.033, subdivision 3a, there is appropriated:

\$7,878,600 1986,

\$3,028,900 1987.

The appropriation for fiscal year 1986 is for aid for programs in summer 1985. The appropriation for fiscal year 1987 is for aid for programs in summer 1986.

Subd. 4. For educational overburden levy aid to certain districts pursuant to section 27, there is appropriated:

\$472,400 1987.

This appropriation is for aid for fiscal year 1987 payable in fiscal year 1987, based upon a 100 percent aid entitlement of \$555,765.

Subd. 5. [CANCELLATION.] Any unexpended balance remaining from the appropriations in this section for 1986 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated.

Sec. 34. [REPEALER.]

Subdivision 1. [JULY 1, 1985.] Minnesota Statutes 1984, section 124.201, subdivisions 3, 4 and 5; 126.64, subdivision 1; section 124A.03, subdivision 5; section 124A.035, subdivision 6; and section 275.125, subdivision 2j, are repealed.

Subd. 2. [JUNE 30, 1986.] Minnesota Statutes 1984, sections 124.2138, subdivision 2; and 124A.037 are repealed.

Sec. 35. [EFFECTIVE DATE.]

Subdivision 1. Section 34, subdivision 2, is effective June 30, 1986.

Subd. 2. Section 30 is effective July 15, 1985.

ARTICLE 2

TRANSPORTATION AID

Section 1. Minnesota Statutes 1984, section 124.223, is amended to read:

124.223 [TRANSPORTATION AID AUTHORIZATION.]

School transportation and related services for which state transportation aid is authorized are:

(1) [TO AND FROM SCHOOL; BETWEEN SCHOOLS.] Transportation or board of resident elementary pupils who reside one mile or more from the public schools which they could attend; transportation or board of resident secondary pupils who reside two miles or more from the public schools which they could attend; transportation to, from, or between the schools the resident pupils attend pursuant to a program approved by the commissioner of education; transportation of resident elementary pupils who reside one mile or more from a nonpublic school actually attended; transportation of resident secondary pupils who reside two miles or more from a nonpublic school actually attended; but with respect to transportation of pupils to nonpublic schools actually attended, only to the extent permitted by sections 123.76 to 123.79;

(2) [OUTSIDE DISTRICT.] Transportation to and from or board and lodging in another district, of resident pupils of a district without a secondary school; the pupils may attend a classified secondary school in another district and shall receive board and lodging in or transportation to and from a district having a classified secondary school at the expense of the district of the pupil's residence;

(3) [SECONDARY VOCATIONAL CENTERS.] Transportation to and from a state board approved secondary vocational center for secondary vocational classes for resident pupils of any of the districts who are members of or participating in programs at that center;

(4) [HANDICAPPED.] Transportation or board and lodging of a handicapped pupil when that pupil cannot be transported on a regular school bus, the conveying of handicapped pupils between home and school and within the school plant, necessary transportation of handicapped pupils from home or from school to other buildings, including hospitals and treatment centers where special instruction or services required by section 120.17 are provided, within or outside the district where services are provided, and necessary transportation for resident handicapped pupils required by section 120.17, subdivision 4a. Transportation of handicapped pupils between home and school shall

not be subject to the requirement in clause (1) that elementary pupils reside at least one mile from school and secondary pupils reside at least two miles from school in order for the transportation to qualify for aid;

(5) [BOARD AND LODGING; NONRESIDENT HANDICAPPED.] When necessary, board and lodging for nonresident handicapped pupils in a district maintaining special classes;

(6) [SHARED TIME.] Transportation from one educational facility to another within the district for resident pupils enrolled on a shared time basis in educational programs approved by the commissioner of education, and necessary transportation required by section 120.17, subdivision 9 for resident handicapped pupils who are provided special instruction and services on a shared time basis;

(7) [FARIBAULT STATE SCHOOLS.] Transportation for residents to and from the Minnesota school for the deaf or the Minnesota braille and sight-saving school;

(8) [SUMMER SCHOOL.] Services described in clauses (1) to (7) and clauses (9) and (10) when provided in conjunction with a (STATE BOARD APPROVED) summer (SCHOOL) program *eligible for aid and levy under sections 124A.03 and 124A.033*;

(9) [COOPERATIVE ACADEMIC AND VOCATIONAL.] Transportation to, from or between educational facilities located in any of two or more school districts jointly offering academic classes approved by the commissioner or secondary vocational classes not provided at a secondary vocational center which are approved by the commissioner for resident pupils of any of these districts; and

(10) [NONPUBLIC SUPPORT SERVICES.] Necessary transportation within district boundaries between a nonpublic school and a public school or a neutral site for nonpublic school pupils who are provided pupil support services pursuant to section 123.935.

Sec. 2. Minnesota Statutes 1984, section 124.225, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of this section, the terms defined in this subdivision have the meanings given to them.

(a) "FTE" means a transported full time equivalent pupil whose transportation is authorized for aid purposes by section 124.223.

(b) "Authorized cost for regular transportation" means the sum of:

(1) all expenditures for transportation in the regular category, as defined in clause (e) (1), for which aid is authorized in section 124.223, plus

(2) an amount equal to one year's depreciation on the district's school bus fleet and mobile units computed on a straight line basis at the rate of 12-1/2 percent per year of the cost of the fleet, plus

(3) an amount equal to one year's depreciation on district school buses reconditioned by the department of corrections computed on a straight line basis at the rate of 33-1/3 percent per year of the cost to the district of the reconditioning, plus

(4) (BEGINNING IN FISCAL YEAR 1984,) an amount equal to one year's depreciation on the district's type three school buses, as defined in section 169.44, subdivision 15, which were purchased after July 1, 1982 for authorized transportation of pupils, with the prior approval of the commissioner, computed on a straight line basis at the rate of 20 percent per year of the cost of the type three school buses.

(c) "Adjusted authorized predicted cost per FTE" means the authorized cost predicted by a multiple regression formula determined by the department of education, and adjusted pursuant to subdivision 7a.

(d) "Aid entitlement per FTE" means the adjusted authorized predicted cost per FTE, inflated pursuant to subdivision 7b.

(e) "Transportation category" means a category of transportation service provided to pupils. *For the 1984-1985 and 1985-1986 school years*, each category includes transportation provided during the regular school year and in conjunction with a (STATE BOARD APPROVED) summer (SCHOOL) program *eligible for aid and levy under sections 124A.03 and 124A.033*. For purposes of this section, transportation categories *for the 1984-1985 and 1985-1986 school years* are as follows:

(1) Regular transportation is transportation services provided under section 124.223, clauses (1) and (2), excluding transportation between schools under section 124.223, clause (1);

(2) (DURING-DAY TRANSPORTATION IS TRANSPORTATION SERVICES BETWEEN SCHOOLS PROVIDED UNDER SECTION 124.223, CLAUSE (1), AND TRANSPORTATION SERVICES PROVIDED UNDER SECTION 124.223, CLAUSES (3) AND (9), AND TRANSPORTATION SER-

VICES PROVIDED UNDER SECTION 124.223, CLAUSE (6), EXCLUDING TRANSPORTATION PROVIDED FOR PUPILS ATTENDING SHARED TIME SPECIAL EDUCATION CLASSES;)

((3) HANDICAPPED TRANSPORTATION IS TRANSPORTATION SERVICES FOR PUPILS ATTENDING SHARED TIME SPECIAL EDUCATION CLASSES PROVIDED UNDER SECTION 124.223, CLAUSE (6), AND TRANSPORTATION SERVICES PROVIDED UNDER SECTION 124.223, CLAUSE (4), EXCLUDING BOARD AND LODGING AND EXCLUDING TRANSPORTATION TO AND FROM BOARD AND LODGING FACILITIES;)

((4) BOARD AND LODGING IS SERVICES PROVIDED, IN LIEU OF TRANSPORTATION, UNDER SECTION 124.223, CLAUSES (4) AND (5);)

((5) TO AND FROM BOARD AND LODGING FACILITY TRANSPORTATION IS TRANSPORTATION SERVICES TO AND FROM BOARD AND LODGING FACILITIES PROVIDED UNDER SECTION 124.223, CLAUSES (4) AND (7);)

((6) NONPUBLIC HEALTH, GUIDANCE AND COUNSELING TRANSPORTATION IS TRANSPORTATION SERVICES PROVIDED UNDER SECTION 124.223, CLAUSE (10);)

((7)) Nonregular transportation is transportation services provided between schools under section 124.223, clause (1); and transportation services provided under section 124.223, clauses (3), (4), (5), (6), (7), (9), and (10).

For the purposes of this section, transportation categories for the 1986-1987 school year and thereafter are as follows:

(1) *Regular transportation is transportation services provided during the regular school year under section 124.223, clauses (1) and (2), excluding transportation between schools under section 124.223, clause (1);*

(2) *Nonregular transportation is transportation services provided between schools under section 124.223, clause (1); and transportation services provided under section 124.223, clauses (3), (4), (5), (6), (7), (8), (9), and (10).*

(f) "Pupil weighting factor" means the ratio of the actual district average cost per FTE in a particular transportation category in the base year to the actual district average cost per FTE in the regular transportation category in the base year.

(g) "Weighted FTE's" means the number of FTE's in each transportation category multiplied by the pupil weighting factor for that category.

(h) "Mobile unit" means a vehicle or trailer designed to provide facilities for educational programs and services, including diagnostic testing, guidance and counseling services and health services. A mobile unit located off nonpublic school premises is a neutral site as defined in section 123.932, subdivision 9.

((I)) "PERCENT EXCESS HANDICAPPED FTE'S TRANSPORTED" MEANS THE RESULT OF THE FOLLOWING COMPUTATION FOR THE CURRENT YEAR:)

(ONE, MINUS THE PRODUCT OF)

((1)) THE RATIO OF THE NUMBER OF FTE PUPILS TRANSPORTED IN THE HANDICAPPED CATEGORY IN THE STATE TO THE NUMBER OF FTE PUPILS TRANSPORTED IN THE HANDICAPPED CATEGORY IN THE DISTRICT; TIMES)

((2)) THE RATIO OF THE NUMBER OF FTE PUPILS TRANSPORTED IN THE REGULAR CATEGORY IN THE DISTRICT TO THE NUMBER OF FTE PUPILS TRANSPORTED IN THE REGULAR CATEGORY IN THE STATE.)

((J)) (i) "Current year" means the school year for which aid will be paid.

((K)) (j) "Base year" means the second school year preceding the school year for which aid will be paid.

((L)) (k) "Base cost" means the authorized regular transportation cost per FTE in the base year in the regular transportation category, excluding summer school transportation.

((M)) (l) "Predicted base cost" means the base cost as predicted by subdivision 3.

Sec. 3. Minnesota Statutes 1984, section 124.225, subdivision 3, is amended to read:

Subd. 3. [FORMULA.] For each school year, the state shall pay to each school district for all pupil transportation and related services for which the district is authorized by law to receive state aid an amount determined according to this section. The department of education shall conduct multiple regression analysis (USING THE TERMS SPECIFIED IN SUBDIVISION 4A FOR THE 1982-1983 AND 1983-1984 SCHOOL YEARS, AND) using the terms specified in subdivision 4b for (THE 1984-1985

SCHOOL YEAR AND) each school year (THEREAFTER) to predict the base cost for each district. Each year a formula shall be derived based upon the regression analysis, (BUT EXCLUDING THE FACTOR DESCRIBED IN SUBDIVISION 4A, CLAUSE (9), IN THE FORMULA FOR THE 1983-1984 SCHOOL YEAR. EACH YEAR THE FORMULA) and shall be used to determine a predicted base cost for each district. The amount determined for each district shall be adjusted according to the provisions of subdivisions 7a and 7b.

Sec. 4. Minnesota Statutes 1984, section 124.225, subdivision 4b, is amended to read:

Subd. 4b. [FORMULA TERMS, 1984-1985 AND AFTER.] To predict the logarithm of the base cost for each district pursuant to subdivision 3 for (THE 1984-1985 SCHOOL YEAR AND) each *school* year (THEREAFTER), the multiple regression formula shall use the following terms for each district:

(1) The logarithm of the lesser of (a) the number of authorized FTE's per square mile transported by the district in the regular transportation category, or (b) 200;

(2) Whether the district is nonrural, based upon criteria established by the department of education; and

(3) The logarithm of the percentage of all FTE's transported in the regular category using buses that are not owned by the district.

Sec. 5. Minnesota Statutes 1984, section 124.225, subdivision 7a, is amended to read:

Subd. 7a. [BASE YEAR SOFTENING FORMULA.] ((1) FOR FISCAL YEAR 1983, EACH DISTRICT'S PREDICTED BASE COST DETERMINED ACCORDING TO SUBDIVISION 3 SHALL BE ADJUSTED AS PROVIDED IN THIS CLAUSE TO DETERMINE ADJUSTED AUTHORIZED PREDICTED COST PER FTE FOR THE BASE SCHOOL YEAR.)

((A) IF THE PREDICTED BASE COST EXCEEDS THE BASE COST, THE PREDICTED BASE COST SHALL BE DECREASED BY 50 PERCENT OF THE FIRST \$40 OF DIFFERENCE BETWEEN THE BASE COST AND THE PREDICTED BASE COST; 70 PERCENT OF THE NEXT \$40 OF DIFFERENCE; AND 90 PERCENT OF ANY DIFFERENCE WHICH EXCEEDS \$80, TO DETERMINE THE ADJUSTED AUTHORIZED PREDICTED COST PER FTE.)

((B) IF THE PREDICTED BASE COST IS LESS THAN THE BASE COST, THE PREDICTED BASE COST SHALL BE INCREASED BY 50 PERCENT OF THE FIRST \$40 OF

DIFFERENCE BETWEEN THE BASE COST AND THE PREDICTED BASE COST; 70 PERCENT OF THE NEXT \$40 OF DIFFERENCE; AND 90 PERCENT OF ANY DIFFERENCE WHICH EXCEEDS \$80, TO DETERMINE THE ADJUSTED AUTHORIZED PREDICTED COST PER FTE.)

((2) FOR FISCAL YEAR 1984 AND EACH YEAR THEREAFTER,) Each district's predicted base cost determined for each school year according to subdivision 3 shall be adjusted as provided in this clause to determine the district's adjusted authorized predicted cost per FTE for that year.

(a) If the base cost of the district is within five percent of the predicted base cost, the district's adjusted authorized predicted cost per FTE shall be equal to the base cost.

(b) If the base cost of the district is more than five percent greater than the predicted base cost, the district's adjusted authorized predicted cost per FTE shall be equal to 105 percent of the predicted base cost, plus 40 percent of the difference between (i) the base cost, and (ii) 105 percent of the predicted base cost. However, in no case shall a district's adjusted authorized predicted cost per FTE be less than 80 percent of base cost.

(c) If the base cost of the district is more than five percent less than the predicted base cost, the district's adjusted authorized predicted cost per FTE shall be equal to 95 percent of the predicted base cost, minus 40 percent of the difference between (i) 95 percent of predicted base cost, and (ii) the base cost. However, in no case shall a district's adjusted authorized predicted cost per FTE be more than 120 percent of base cost.

Sec. 6. Minnesota Statutes 1984, section 124.225, subdivision 7b, is amended to read:

Subd. 7b. [INFLATION FACTORS.] The adjusted authorized predicted cost per FTE determined for a district under subdivision 7a for the base year shall be increased by (22 PERCENT TO DETERMINE THE DISTRICT'S AID ENTITLEMENT PER FTE FOR THE 1982-1983 SCHOOL YEAR, BY 11.7 PERCENT TO DETERMINE THE DISTRICT'S AID ENTITLEMENT PER FTE FOR THE 1983-1984 SCHOOL YEAR, AND BY) 10.3 percent to determine the district's aid entitlement per FTE for the 1984-1985 school year, *by 8.8 percent to determine the district's aid entitlement per FTE for the 1985-1986 school year, and by 6.9 percent to determine the district's aid entitlement per FTE for the 1986-1987 school year.*

Sec. 7. Minnesota Statutes 1984, section 124.225, subdivision 8a, is amended to read:

Subd. 8a. [AID.] (FOR THE 1982-1983 AND 1983-1984 SCHOOL YEARS, A DISTRICT'S TRANSPORTATION AID

SHALL BE EQUAL TO THE SUM OF ITS BASIC TRANSPORTATION AID PURSUANT TO SUBDIVISION 8B, ITS EXCESS HANDICAPPED TRANSPORTATION AID PURSUANT TO SUBDIVISION 8C, ITS HANDICAPPED BOARD AND LODGING AID PURSUANT TO SUBDIVISION 8D, ITS TO AND FROM BOARD AND LODGING AID PURSUANT TO SUBDIVISION 8E, ITS NONPUBLIC SUPPORT SERVICES TRANSPORTATION AID PURSUANT TO SUBDIVISION 8F, ITS DURING DAY TRANSPORTATION AID PURSUANT TO SUBDIVISION 8G, AND ITS CLOSED-SCHOOL TRANSPORTATION AID PURSUANT TO SUBDIVISION 8H, MINUS THE AMOUNT RAISED BY TWO MILLS TIMES THE ADJUSTED ASSESSED VALUATION WHICH IS USED TO COMPUTE THE TRANSPORTATION LEVY LIMITATION FOR THE LEVY ATTRIBUTABLE TO THAT SCHOOL YEAR. FOR THE 1983-1984 SCHOOL YEAR TRANSPORTATION AID FOR A DISTRICT WHICH CONTRACTED FOR PUPIL TRANSPORTATION SERVICES IN THE 1981-1982 SCHOOL YEAR SHALL BE REDUCED BY AN AMOUNT EQUAL TO \$18 TIMES THE NUMBER OF FTE PUPILS TRANSPORTED ON CONTRACTED SCHOOL BUSES IN THE BASE YEAR IN THE REGULAR TRANSPORTATION CATEGORY. A DISTRICT MAY LEVY LESS THAN THE AMOUNT RAISED BY TWO MILLS. TRANSPORTATION AID SHALL BE COMPUTED AS IF THE DISTRICT HAD LEVIED THE AMOUNT RAISED BY TWO MILLS. AID FOR THE 1982-1983 AND 1983-1984 SCHOOL YEARS SHALL ALSO BE REDUCED BY THE FOLLOWING AMOUNT: THE PRODUCT OF)

((A) THE NUMBER OF NONHANDICAPPED SECONDARY PUPILS TRANSPORTED IN THE BASE YEAR WHO LIVE BETWEEN ONE AND TWO MILES FROM THE PUBLIC SCHOOL WHICH THEY COULD ATTEND OR THE NONPUBLIC SCHOOL ACTUALLY ATTENDED, TIMES)

((B) 1.5, DIVIDED BY THE AVERAGE DISTANCE TO SCHOOL FOR ALL FTE'S TRANSPORTED IN THE DISTRICT IN THE REGULAR TRANSPORTATION CATEGORY IN THE BASE YEAR, TIMES)

((C) THE DISTRICT'S AID ENTITLEMENT PER FTE DETERMINED ACCORDING TO SUBDIVISION 7B, TIMES THE RATIO OF AVERAGE DAILY MEMBERSHIP USED IN SUBDIVISION 8B.)

For (THE 1984-1985) *each* school year (AND THEREAFTER,) a district's transportation aid shall be equal to the sum of its basic transportation aid pursuant to subdivision 8b, its nonregular transportation aid pursuant to subdivision 8i, and its nonregular transportation levy equalization aid pursuant to subdivision 8j, minus its contracted services and reduction pursuant to subdivision 8k, minus the amount raised by 1.75 mills times the

adjusted assessed valuation which is used to compute the transportation levy limitation for the levy attributable to that school year. A district may levy less than the amount raised by 1.75 mills. Transportation aid shall be computed as if the district had levied the amount raised by 1.75 mills.

If the total appropriation for transportation aid for any fiscal year is insufficient to pay all districts the full amount of aid earned, the department of education shall reduce each district's aid in proportion to the number of resident pupils in average daily membership in the district to the state total average daily membership, and shall reduce the aid entitlement of off-formula districts in the same proportion.

Sec. 8. Minnesota Statutes 1984, section 124.225, subdivision 8b, is amended to read:

Subd. 8b. [BASIC AID COMPUTATION.] (FOR THE 1982-1983 AND 1983-1984 SCHOOL YEARS, A DISTRICT'S BASIC TRANSPORTATION AID PURSUANT TO THIS SECTION FOR THE SCHOOL YEAR SHALL EQUAL THE DISTRICT'S AID ENTITLEMENT PER FTE DETERMINED ACCORDING TO SUBDIVISION 7B TIMES THE TOTAL NUMBER OF AUTHORIZED WEIGHTED FTE'S TRANSPORTED IN THE REGULAR AND HANDICAPPED TRANSPORTATION CATEGORIES IN THE DISTRICT IN THE BASE YEAR TIMES THE RATIO OF AVERAGE DAILY MEMBERSHIP IN THE DISTRICT IN THE CURRENT YEAR TO THE AVERAGE DAILY MEMBERSHIP IN THE DISTRICT IN THE BASE YEAR.)

(FOR THE 1984-1985 SCHOOL YEAR AND THEREAFTER,) A district's basic transportation aid pursuant to this section for each school year shall equal the district's aid entitlement per FTE determined according to subdivision 7b, times the total number of authorized FTE'S transported in the regular category in the district in the current school year.

Sec. 9. Minnesota Statutes 1984, section 124.225, subdivision 10, is amended to read:

Subd. 10. [DEPRECIATION.] Any school district which owns school buses or mobile units shall transfer annually from the unappropriated fund balance account in its transportation fund to the appropriated fund balance account for bus purchases in its transportation fund at least an amount equal to 12-1/2 percent of the original cost of each type one or type two bus or mobile unit until the original cost of each type one or type two bus or mobile unit is fully amortized, plus 20 percent of the original cost of each type three bus included in the district's authorized cost under the provisions of subdivision 1, clause (b)(4), until the original cost of each type three bus is fully amortized, plus 33-1/3

percent of the cost to the district as of July 1 of each year for school bus reconditioning done by the department of corrections until the cost of the reconditioning is fully amortized; provided, if the district's transportation aid is reduced pursuant to subdivision 8a because the appropriation for that year is insufficient, this amount shall be reduced in proportion to the reduction pursuant to subdivision 8a as a percentage of the sum of

(1) the district's total transportation aid without the reduction pursuant to subdivision 8a, plus

(2) for *each fiscal year* (YEARS 1983 AND 1984,) an amount equal to (TWO MILLS TIMES THE ADJUSTED ASSESSED VALUATION WHICH IS USED TO COMPUTE THE LEVY LIMITATION FOR THE LEVY ATTRIBUTABLE TO THAT YEAR, OR FOR FISCAL YEAR 1985 AND THEREAFTER) 1.75 mills times the adjusted assessed valuation of the district for the preceding year. (ANY SCHOOL DISTRICT MAY TRANSFER ANY AMOUNT FROM THE UNAPPROPRIATED FUND BALANCE ACCOUNT IN ITS TRANSPORTATION FUND TO ANY OTHER OPERATING FUND OR TO THE APPROPRIATED FUND BALANCE ACCOUNT FOR BUS PURCHASE IN ITS TRANSPORTATION FUND.)

Sec. 10. Minnesota Statutes 1984, section 275.125, subdivision 5b, is amended to read:

Subd. 5b. [TRANSPORTATION LEVY OFF-FORMULA ADJUSTMENT.] (IN FISCAL YEAR 1983 AND 1984 IF THE TRANSPORTATION LEVY IN A DISTRICT ATTRIBUTABLE TO EACH FISCAL YEAR OF TWO MILLS TIMES THE ADJUSTED ASSESSED VALUATION OF THE DISTRICT EXCEEDS THE TRANSPORTATION AID COMPUTATION UNDER SECTION 124.225, SUBDIVISIONS 8B, 8C, 8D, 8E, 8F, 8G, AND 8H, THE DISTRICT'S TRANSPORTATION LEVY LIMITATION SHALL BE ADJUSTED AS PROVIDED IN THIS SUBDIVISION. IN THE YEAR FOLLOWING EACH OF THOSE FISCAL YEARS, THE DISTRICT'S TRANSPORTATION LEVY SHALL BE REDUCED BY AN AMOUNT EQUAL TO THE DIFFERENCE BETWEEN (1) TWO MILLS TIMES THE ADJUSTED ASSESSED VALUATION OF THE DISTRICT, AND (2) THE SUM OF THE DISTRICT'S TRANSPORTATION AID COMPUTATION PURSUANT TO SECTION 124.225, SUBDIVISIONS 8B, 8C, 8D, 8E, 8F, 8G, AND 8H, LESS THE AMOUNT OF ANY AID REDUCTION DUE TO AN INSUFFICIENT APPROPRIATION AS PROVIDED IN SECTION 124.225, SUBDIVISION 8A.)

In fiscal year 1985 and each fiscal year thereafter, if the basic transportation levy in a district attributable to a particular fiscal year of 1.75 mills times the adjusted assessed valuation of the district exceeds the transportation aid computation under section 124.225, subdivisions 8b, 8i, 8j, and 8k, the district's levy

limitation shall be adjusted as provided in this subdivision. In the year following each fiscal year, the district's transportation levy shall be reduced by an amount equal to the difference between (1) 1.75 mills times the adjusted assessed valuation of the district, and (2) the sum of the district's transportation aid computation pursuant to section 124.225, subdivisions 8b, 8i, 8j, and 8k, and the amount of any subtraction made from special state aids pursuant to section 124.2138, subdivision 2, less the amount of any aid reduction due to an insufficient appropriation as provided in section 124.225, subdivision 8a.

(FOR THE LEVIES CERTIFIED IN 1983 and 1984, THE FOLLOWING ADDITIONAL AMOUNT SHALL BE SUBTRACTED:)

(THE PRODUCT OF)

((A) THE NUMBER OF NONHANDICAPPED SECONDARY PUPILS TRANSPORTED IN THE BASE YEAR WHO LIVE BETWEEN ONE AND TWO MILES FROM THE PUBLIC SCHOOL WHICH THEY COULD ATTEND OR THE NONPUBLIC SCHOOL ACTUALLY ATTENDED, TIMES)

((B) 1.5, DIVIDED BY THE AVERAGE DISTANCE TO SCHOOL FOR ALL FTE'S TRANSPORTED IN THE DISTRICT IN THE REGULAR TRANSPORTATION CATEGORY IN THE BASE YEAR, TIMES)

((C) THE DISTRICT'S AID ENTITLEMENT PER FTE DETERMINED ACCORDING TO SECTION 124.225, SUBDIVISION 7B, TIMES THE RATIO OF AVERAGE DAILY MEMBERSHIP IN THE DISTRICT IN THE CURRENT YEAR TO AVERAGE DAILY MEMBERSHIP IN THE DISTRICT IN THE BASE YEAR.)

Sec. 11. Minnesota Statutes 1984, section 275.125, subdivision 5d, is amended to read:

Subd. 5d. [EXCESS TRANSPORTATION LEVY.] A school district may also make an excess transportation levy pursuant to this clause, which shall be the sum of:

(a) the district's actual cost in the school year after the year in which the excess transportation levy is certified for transportation to and from school of secondary pupils who live more than one mile but less than two miles from the public school which they could attend or from a nonpublic school actually attended, plus

(b) the district's actual cost in the school year after the year in which the excess transportation levy is certified for transportation costs or other related services which are necessary be-

cause of extraordinary traffic hazards, *excluding the costs in paragraph (a); plus*

(c) *the amount necessary to eliminate any projected deficit in the appropriated fund balance account for bus purchases in its transportation fund as of June 30 in the school year beginning in the calendar year following the calendar year the levy is certified; plus*

(d) *an amount equal to the aid subtraction computed pursuant to section 124.225, subdivision 8k, for the school year beginning in the year the levy is certified; except that for the 1983 payable 1984 levy, this amount shall be based upon the aid subtraction for the 1984-1985 school year. These amounts shall be placed in the transportation fund and used for any lawful purpose (.); plus*

(e) *an amount equal to the lesser of*

(1) *the difference for the school year beginning in the year in which the levy is certified between (A) the district's actual cost of transporting nonpublic pupils to and from school under section 124.223, clause (1), and (B) the product of the number of full time equivalent nonpublic pupils transported in the regular category in the district, times the district's aid entitlement per FTE determined according to section 124.225, subdivision 7b; or*

(2) *the difference for the school year beginning in the year in which the levy is certified between (A) the district's actual cost of transporting public and nonpublic pupils to and from school under section 124.223, clause (1), and (B) the product of the number of FTE public and nonpublic pupils transported in the regular category in the district, times the district's aid entitlement per FTE pupil transported determined according to section 124.225, subdivision 7b;*

(f) *an amount equal to the lesser of:*

(1) *the difference for the school year beginning in the year in which the levy is certified between (A) the district's actual cost of transporting pupils to and from school under section 124.223, clause (1), who are transported to schools outside their normal attendance area under the provisions of a plan for desegregation mandated by the state board of education or under court order, and (B) the product of the FTE number of those same pupils transported in the regular category in the district, times the district's aid entitlement per FTE determined according to section 124.225, subdivision 7b; or*

(2) *the difference for the school year beginning in the year in which the levy is certified between (A) the district's actual*

cost of transporting all pupils to and from school under section 124.223, clause (1), and (B) the sum of

(i) the product of the total number of FTE pupils transported in the regular category in the district, times the district's aid entitlement per FTE pupil transported determined according to section 124.225, subdivision 7b, and

(ii) the amount which the district is permitted to levy under clause (e) of this subdivision.

Levies authorized by this subdivision shall be computed according to procedures established by the commissioner.

Sec. 12. [APPROPRIATIONS.]

Subdivision 1. [TO DEPARTMENT OF EDUCATION.] There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

Subd. 2. [TRANSPORTATION AID.] For transportation aid there is appropriated:

\$88,800,600 1986,

\$95,384,400 1987.

(a) The appropriation for 1986 includes \$12,284,400 for aid for fiscal year 1985 payable in fiscal year 1986 and \$76,516,200 for fiscal year 1986 payable in fiscal year 1986.

(b) The appropriation for 1987 includes \$13,502,900 for aid for fiscal year 1986 payable in fiscal year 1987 and \$81,881,500 for fiscal year 1987 payable in fiscal year 1987.

(c) The appropriations are based on aid entitlements of \$90,019,100 for fiscal year 1986 and \$96,331,200 for fiscal year 1987.

Subd. 3. [INTERDISTRICT TRANSPORTATION AID; PROGRAMS OF EXCELLENCE.] For transportation of pupils to programs of excellence pursuant to Minnesota Statutes 1984, section 126.62, subdivision 6, there is appropriated:

\$17,000 1986,

\$17,000 1987.

This aid shall be paid at 100 percent of the entitlement for the current fiscal year.

Subd. 4. [TRANSPORTATION AID FOR CHOICE PROGRAMS.] *For transportation of pupils who choose to attend school pursuant to Article 5, section 4, there is appropriated:*

\$50,000 1987.

The commissioner shall allocate this appropriation among school districts based upon criteria adopted by the state board of education under section 123.3514, subdivision 6. This money shall be available until June 30, 1987.

Subd. 5. [CANCELLATION.] *Any unexpended balance remaining from the appropriations in this section for 1986 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If an appropriation amount attributable to either year for any purposes indicated is insufficient, the aid for that year shall be prorated among all qualifying districts in the manner prescribed in Minnesota Statutes, section 124.225, subdivision 8a.*

Sec. 13. [REPEALER.]

Minnesota Statutes 1984, section 124.225, subdivisions 4a, 8c, 8d, 8e, 8f, 8g, and 8h are repealed.

ARTICLE 3

SPECIAL AND COMPENSATORY EDUCATION

Section 1. Minnesota Statutes 1984, section 120.17, subdivision 3, is amended to read:

Subd. 3. [RULES OF THE STATE BOARD.] The state board shall promulgate rules relative to qualifications of essential personnel, courses of study or training, methods of instruction and training, pupil eligibility, (SIZE OF CLASSES,) rooms, equipment, supervision, parent consultation and any other rules and standards it deems necessary, for instruction of handicapped children. These rules shall provide standards and procedures appropriate for the implementation of and within the limitations of subdivisions 3a and 3b. These rules shall also provide standards for the discipline, control, management and protection of handicapped children. *The state board shall not adopt rules establishing either staff to student ratios for students in need of special education services, or maximum numbers of pupils that may be assigned to licensed personnel who are employed as special education teachers. State board rules codified as 3525.1700 in the 1983 Minnesota Rules are repealed, effective the day after final enactment of this section.* The state board shall, according to section 14.05, subdivision 4, notify a district applying for a variance from the rules within 45 calendar days of receiving the request

whether the request for the variance has been granted or denied. If a request is denied, the board shall specify the program standards used to evaluate the request and the reasons for denying the request.

Sec. 2. Minnesota Statutes 1984, section 120.17, is amended by adding a subdivision to read:

Subd. 3d. [PLACEMENT IN SPECIAL EDUCATION CO-OPERATIVE.] Notwithstanding other law, a school district may place a pupil who is determined to be handicapped, in an appropriate existing program in a multi-district special education cooperative to which that district belongs, for purposes of complying with the requirements of that pupil's individualized education plan. The placement shall be considered to satisfy the requirement of placing that pupil in the least restrictive environment.

Sec. 3. Minnesota Statutes 1984, section 124.273, subdivision 1b, is amended to read:

Subd. 1b. [(1983-1984) TEACHERS SALARIES.] (FOR THE 1983-1984 SCHOOL YEAR, AND EACH YEAR THEREAFTER,) The department shall pay a school district 65 percent of the salary, but this amount shall not exceed \$15,000 for the regular school year, calculated from the date of hire, of one full time equivalent teacher for each 45 pupils of limited English proficiency enrolled in the district, or a pro rata amount thereof for increments of fewer than 45 pupils. Notwithstanding the foregoing, the department shall pay 65 percent of the salary, but this amount shall not exceed \$7,500, calculated from the date of hire, of one-half of a full time equivalent teacher to a district with 22 or fewer pupils of limited English proficiency enrolled.

Sec. 4. Minnesota Statutes 1984, section 124.32, subdivision 1b, is amended to read:

Subd. 1b. [(1983-1984) TEACHERS SALARIES.] (BEGINNING IN THE 1983-1984 SCHOOL YEAR AND EACH YEAR THEREAFTER,) (a) The state shall pay to any district for the employment in its educational program for handicapped children 70 percent of the salary of essential personnel but this amount shall not exceed \$20,000 for the normal school year for each full time person employed, except for the personnel under paragraph (b), or a pro rata amount for a part time person or a person employed for a limited time, whether the essential personnel are employed by a district alone or jointly with another district.

(b) The state shall pay to any district for the employment in its educational program for learning disabled and speech impaired handicapped children 70 percent of the salary of essential

personnel licensed and teaching in those handicapped areas, but this amount shall not exceed \$17,500 for the normal school year for each full time person employed, or a pro rata amount for a part time person or a person employed for a limited time, whether the essential personnel are employed by a district alone or jointly with another district.

Sec. 5. Minnesota Statutes 1984, section 124.32, subdivision 1d, is amended to read:

Subd. 1d. [CONTRACT SERVICES.] (1) (EXCEPT FOR THE 1982-1983 SCHOOL YEAR,) For special instruction or training and services provided for any pupil pursuant to section 120.17, subdivision 2, clause (h), by contract with public, private or voluntary agencies other than Minnesota school districts, the state shall pay each district 60 percent of the difference between the amount of the contract and the foundation aid formula allowance of the district for that pupil or a pro rata portion of the foundation aid formula allowance for pupils who receive services by contract on less than a full time basis.

(2) (EXCEPT FOR THE 1982-1983 SCHOOL YEAR,) For special instruction or training and services provided for a pupil by such a contract as part of a summer school program, the state shall pay each district 60 percent of the difference between the amount of the contract and the summer school revenue allowance of the district attributable to that pupil.

Sec. 6. Minnesota Statutes 1984, section 124.32, subdivision 2, is amended to read:

Subd. 2. [SUPPLY AND EQUIPMENT AID.] (EXCEPT FOR THE 1982-1983 SCHOOL YEAR,) The state shall pay each district for supplies and equipment purchased or rented for use in the instruction of handicapped children an amount equal to one-half of the sum actually expended by the district but not to exceed an average of \$50 in any one school year for each handicapped child receiving instruction.

Sec. 7. Minnesota Statutes 1984, section 124.32, subdivision 5, is amended to read:

Subd. 5. [RESIDENTIAL AID.] When a handicapped child is placed in a residential facility approved by the commissioner and established primarily to serve handicapped children and when the child's educational program is approved by the commissioner, the state shall pay aid to the resident district under the provisions of this subdivision. (EXCEPT FOR THE 1981-1982 REGULAR SCHOOL YEAR,) The aid shall be an amount not to exceed (60) 56 percent of the difference between the instructional costs charged to the resident district and the foun-

dation aid formula allowance, for each handicapped child placed in a residential facility. (EXCEPT FOR 1982 SUMMER SCHOOL PROGRAMS,) The aid for summer school programs for each handicapped child placed in a residential facility shall be an amount not to exceed (60) 56 percent of the difference between the instructional costs charged to the resident district and the summer school revenue allowance in the resident district attributable to that child. Aid for these programs shall be paid on a reimbursement basis by October 31 following completion of the program. No aid shall be paid pursuant to this subdivision for tuition charged a resident district pursuant to section 120.17, subdivision 7a, for a child placed at the Minnesota School for the Deaf or the Minnesota Braille and Sight-Saving School.

The following types of facilities may be approved by the commissioner:

(a) A residential facility operated by the state or public school district and designed to serve the low incidence handicapped, the multiple handicapped, or the most severely handicapped children within the state.

(b) A private, nonsectarian residential facility designed to provide educational services for handicapped children within the state.

(c) A state hospital or private nonsectarian residential center designed to provide care and treatment for handicapped children.

Sec. 8. Minnesota Statutes 1984, section 124.32, subdivision 10, is amended to read:

Subd. 10. [SUMMER SCHOOL.] (THE STATE SHALL PAY AID FOR SUMMER SCHOOL PROGRAMS FOR HANDICAPPED CHILDREN ON THE BASIS OF THE SECTIONS OF MINNESOTA STATUTES PROVIDING AID FOR HANDICAPPED CHILDREN FOR THE PRECEDING SCHOOL YEAR.) *The state shall pay to any district for the employment in its summer school educational program for handicapped children, 70 percent of the salary of essential personnel. However, this amount shall not exceed \$3,333 for essential personnel employed in areas other than learning disabilities and speech impairment and shall not exceed \$2,917 for essential personnel employed in learning disabilities and speech impairment areas. By March 15 of each year, districts shall submit separate applications for program and budget approval for summer school programs. The review of these applications shall be as provided in subdivision 7. By May 1 of each year, the commissioner shall approve, disapprove or modify the applications and notify the districts of the action and of the estimated amount of aid for*

the summer school programs. Aid for these programs shall be paid by November 15 after the summer when the programs are conducted.

Sec. 9. Minnesota Statutes 1984, section 275.125, is amended by adding a subdivision to read:

Subd. 8c. [SPECIAL EDUCATION LEVY.] A district, excluding intermediate school district Nos. 287, 916, and 917, may levy an amount which may not exceed the lesser of:

(1) 1.0 mill times the adjusted assessed valuation of the district for the year preceding the year the levy is certified, or

(2) 100 percent of salaries paid to special education essential personnel in that district minus the amount of state aid and any federal aid, if applicable, paid to that district for salaries of these essential personnel under sections 124.273 and 124.32, for the year to which the levy is attributable.

For purposes of this subdivision, a special education cooperative or an intermediate school district shall allocate the unreimbursed portions of salaries of essential personnel which are attributable to each of the member districts of the cooperative or the intermediate district.

Special education cooperatives and intermediate school districts which allocate the unreimbursed portions of salaries of special education essential personnel among member districts, for purposes of the member districts making a levy under this subdivision, shall provide information to the state department of education on the amount of unreimbursed costs of salaries they allocated to the member districts.

Sec. 10. [SPECIAL EDUCATION LEVY, 1985.]

In addition to the levy authorized in section 8, in 1985 only, a district, excluding intermediate school district Nos. 287, 916, and 917, may levy an amount which may not exceed the lesser of:

(1) 1.0 mill times the 1984 adjusted assessed valuation of the district, or

(2) 100 percent of salaries paid to special education essential personnel in that district in fiscal year 1986, minus the amount of state aid and any federal aid, if applicable, paid to that district for salaries of these essential personnel under sections 124.273 and 124.32 for fiscal year 1986.

For purposes of this subdivision, a special education cooperative or an intermediate school district shall allocate the portions

of unreimbursed salaries of essential personnel which are attributable to each of the member districts of the cooperative or the intermediate school district.

Special education cooperatives and intermediate school districts which allocate the unreimbursed portions of salaries of special education essential personnel among member districts, for purposes of the member districts making a levy under this subdivision, shall provide information to the state department of education on the amount of unreimbursed costs of salaries they allocated to the member districts.

Sec. 11. [OCCUPATIONAL THERAPY STUDY.]

By February 1, 1986, the department of education shall conduct a study and make recommendations to the house and senate education committees, house education finance division, and senate education aids subcommittee on the fiscal impact and educational effectiveness of providing state aid for occupational therapy in special education programs.

Sec. 12. [SPECIAL EDUCATION REPORT.]

The department of education shall prepare (1) guidelines for prereferral to special education, (2) criteria for determining the presence of a specific learning disability as a handicapping condition, and (3) entrance and exit criteria for specific learning disability programs in school districts. The department shall report the guidelines and criteria and its recommendations to the education committees of the legislature by January 15, 1986.

Sec. 13. [APPROPRIATIONS.]

Subdivision 1. [TO DEPARTMENT OF EDUCATION.] There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

Subd. 2. [SPECIAL EDUCATION AID.] For special education aid there is appropriated:

\$135,899,600 1986,

\$138,989,500 1987.

The appropriation for 1986 includes \$20,369,000 for aid for fiscal year 1985 payable in fiscal year 1986, and \$115,530,600 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for 1987 includes \$20,319,000 for aid for fiscal year 1986 payable in fiscal year 1987 and \$118,620,500 for aid for fiscal year 1987, payable in fiscal year 1987.

The appropriations are based on aid entitlements of \$135,849,500 for fiscal year 1986 and \$139,482,000 for fiscal year 1987.

Subd. 3. [SUMMER SCHOOL SPECIAL EDUCATION AID.] *For special education aid for summer school programs there is appropriated:*

\$3,977,200 1986;

\$4,160,000 1987.

The appropriation for 1986 is for 1985 summer school programs.

The appropriation for 1987 is for 1986 summer school programs.

Subd. 4. [RESIDENTIAL FACILITIES AID.] *For aid pursuant to section 124.32, subdivision 5, there is appropriated:*

\$1,158,800 1986;

\$1,205,200 1987.

Subd. 5. [LIMITED ENGLISH PROFICIENCY PUPILS PROGRAM AID.] *For aid to educational programs for pupils of limited English proficiency pursuant to section 124.273 there is appropriated:*

\$2,547,300 1986;

\$2,648,200 1987.

The appropriation for 1986 includes \$431,100 for aid for fiscal year 1985 payable in fiscal year 1986, and \$2,116,200 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for 1987 includes \$373,500 for aid for fiscal year 1986 payable in fiscal year 1987 and \$2,274,700 for aid for fiscal year 1987, payable in fiscal year 1987.

The appropriations are based on aid entitlements of \$2,489,700 for fiscal year 1986 and \$2,676,100 for fiscal year 1987.

Subd. 6. [AMERICAN INDIAN LANGUAGE AND CULTURE PROGRAM AID.] *For grants to American Indian language and culture education programs pursuant to section 126.54, subdivision 1, there is appropriated:*

\$585,200 1986;

\$588,300 1987.

The appropriation for 1986 includes \$85,200 for aid for fiscal year 1985 payable in fiscal year 1986 and \$500,000 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for 1987 includes \$88,300 for aid for fiscal year 1986 payable in fiscal year 1987 and \$500,000 for aid for fiscal year 1987, payable in fiscal year 1987.

The appropriations are based on aid entitlements of \$588,235 for fiscal year 1986 and \$588,235 for fiscal year 1987.

Subd. 7. [HEARING IMPAIRED SUPPORT SERVICES AID.] *For payment of support services for hearing impaired persons pursuant to section 121.201 there is appropriated:*

\$65,000 1986;

\$30,000 1987.

The appropriations are based on aid entitlements of \$60,000 for fiscal year 1986 and \$30,000 for fiscal year 1987. \$5,000 of the appropriation for fiscal year 1986 shall be used by the department of education to conduct a study on hearing impaired support services.

Subd. 8. [CANCELLATION.] *Any unexpended balances remaining from the appropriations in this section for 1986 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated.*

Subd. 9. [PRORATION.] *If the appropriation amount in subdivision 2, 3, 4, 5, 6, or 7 of this section attributable to either year for the purpose indicated is insufficient, the aid for that year shall be prorated among all qualifying districts and the state shall not be obligated for any amount in excess of the appropriations in this section for these purposes.*

Sec. 14. [APPROPRIATIONS FOR DEFICIENCIES.]

Subdivision 1. [HEARING IMPAIRED SUPPORT SERVICES AID.] *There is appropriated from the general fund to the department of education the sum of \$15,000 for fiscal year 1985 for the payment of a deficiency in funds available for payment of hearing impaired support services aid in that fiscal year. This sum shall be added to the sum appropriated for fiscal year 1985 for this purpose in Laws 1983, chapter 314, article 3, section 19, subdivision 8.*

Subd. 2. [SPECIAL EDUCATION AID.] *There is appropriated from the general fund to the department of education*

the sum of \$3,295,900 for fiscal year 1984 and \$10,115,100 for fiscal year 1985 for the payment of deficiencies in funds available for payment of special education aid in those fiscal years. These appropriations shall be added to the sums appropriated for fiscal years 1984 and 1985 for this purpose in Laws 1983, chapter 314, article 3, section 19, subdivision 2.

Subd. 3. [FUTURE DEFICIENCIES.] Beginning with fiscal year 1986 and each year thereafter, the legislature does not intend to appropriate any moneys to fund special education deficiencies which may occur in fiscal year 1986 and subsequent years.

Sec. 15. [REPEALER.]

Minnesota Statutes 1984, section 120.17, subdivision 1a, section 120.172, subdivision 3, section 124.273, subdivisions 2b and 5, and section 124.32, subdivision 9a are repealed.

Sec. 16. [EFFECTIVE DATE.]

Section 2 and section 14, subdivisions 1 and 2 are effective the day following final enactment.

ARTICLE 4

COMMUNITY AND ADULT EDUCATION

Section 1. Minnesota Statutes 1984, section 121.88, is amended to read:

121.88 [(DISTRICT) COMMUNITY EDUCATION PROGRAMS: (CITIZENS) ADVISORY COUNCIL.]

Subdivision 1. [AUTHORIZATION.] The board of education of each school district of the state is hereby authorized to initiate a community education program in its district and to provide for the general supervision of (SAID) the program. Each board may, as it considers appropriate, employ community education directors and coordinators to further the purposes of the community education program. The salaries of the directors and coordinators shall be paid by the board.

Subd. 2. [ADVISORY COUNCIL.] Each board shall provide for a citizens advisory council to consist of members who represent: the various service organizations; churches; private schools; local government; park, recreation or forestry services of municipal or local government units located in whole or in part within the boundaries of the school district; and any other groups participating in the community education program in the school district.

Subd. 3. [COOPERATION.] The council shall function in cooperation with the community education director in an advisory capacity in the interest of promoting the goals and objectives of section 121.85 to 121.88.

Subd. 4. [DUPLICATION POLICY.] Each council shall adopt a policy to reduce and eliminate program duplication within the district.

Subd. 5. [SUMMER (SCHOOL) PROGRAMS.] Notwithstanding any law to the contrary, during the summer a school district may offer community education programs to elementary and secondary pupils. The district may use community education revenue received pursuant to section 124.271 and 275.125, subdivision 8 and charge fees for the cost of the programs.

Subd. 6. [PROGRAMS FOR HANDICAPPED ADULTS.] A school board may offer, as part of a community education program, a program for handicapped adults. Boards are encouraged to offer programs cooperatively with other districts and organizations. Programs may not be limited to district residents. Programs may include:

(1) *services enabling the adults to participate in community activities or community education classes;*

(2) *classes specifically for handicapped adults;*

(3) *outreach activities to identify adults needing service;*

(4) *activities to increase public awareness of the roles of handicapped people;*

(5) *activities to enhance the role of handicapped people in the community; and*

(6) *other direct and indirect services and activities benefiting handicapped adults.*

Subd. 7. [PROGRAM APPROVAL.] To be eligible for handicapped adult program revenue a program and budget must receive approval from the community education section in the department of education. Approval may be for one or two years. For programs offered cooperatively, the request for approval must include an agreement on the method by which local money is to be derived and distributed. The department may not exceed the amount appropriated when approving programs and budgets. A request for approval must include all of the following:

(1) *characteristics of the people to be served;*

(2) *description of the program services and activities;*

- (3) *program budget and amount of aid requested;*
- (4) *participation by handicapped adults in developing the program;*
- (5) *assessment of the needs of handicapped adults; and*
- (6) *cooperative efforts with community organizations.*

Sec. 2. Minnesota Statutes 1984, section 121.882, subdivision 2, is amended to read:

Subd. 2. [PROGRAM CHARACTERISTICS.] Early childhood and family education programs are programs for children in the period of life from birth to kindergarten and for the parents *including expectant parents* of such children. The programs may include the following:

- (1) programs to educate parents about the physical, mental, and emotional development of children;
- (2) programs to enhance the skills of parents in providing for their children's learning and development;
- (3) learning experiences for children and parents;
- (4) activities designed to detect children's physical, mental, emotional, or behavioral problems that may cause learning problems;
- (5) educational materials which may be borrowed for home use;
- (6) information on related community resources; or
- (7) other programs or activities.

The programs shall not include activities for children that do not require substantial involvement of the children's parents.

Sec. 3. Minnesota Statutes 1984, section 121.882, is amended by adding a subdivision to read:

Subd. 2a. [SUBSTANTIAL PARENTAL INVOLVEMENT.] *The requirement of substantial parental involvement in subdivision 2 means that:*

- (a) *parents must be physically present much of the time in classes with their children or in concurrent classes;*

(b) parenting education or family education must be an integral part of every early childhood and family education program;

(c) early childhood and family education appropriations must not be used for traditional day care or nursery school, or similar programs; and

(d) the form of parent involvement common to kindergarten, elementary school, or early childhood special education programs such as parent conferences, newsletters, and notes to parents is not substantial enough to qualify a program under subdivision 2.

Sec. 4. Minnesota Statutes 1984, section 124.26, subdivision 1, is amended to read:

Subdivision 1. [COMPENSATION.] For evening schools and continuing education programs, the state shall pay aids *only for programs approved by the commissioner of education. The total aid for all programs approved by the commissioner shall not exceed the amount appropriated for this purpose. The aid shall be paid on a current funding basis. (EXCEPT FOR THE 1982-1983 SCHOOL YEAR.)* Aid shall be 90 percent of the compensation paid each teacher for services in the programs up to \$8,000 per year as approved in the current year application. Aid may also be paid for an alternative method of providing programs if the method is determined by the commissioner of education to be cost-effective. Not more than two and one-half percent of the amount appropriated for evening schools and continuing education programs may be for alternative programs. All classes shall be tuition free when taught by teachers subsidized under this section. No charge for registration, materials and supplies may be made except a security deposit for the return of materials, supplies, and equipment. Evening school and continuing education programs are defined as those public day or evening school programs which are established for persons over 16 years of age not in attendance at (THE) full time elementary or secondary schools and which qualify such persons for the high school diploma, the high school equivalency certificate or for academic achievement at the secondary level.

Sec. 5. Minnesota Statutes 1984, section 124.26, subdivision 6, is amended to read:

Subd. 6. [APPLICATIONS; PRORATION.] By August 1 of each fiscal year, the commissioner shall approve or disapprove all applications for funding for that year pursuant to (SUBDIVISION 1) *this section* that were received by the preceding June 1, and shall notify the applicant districts of the decision. In any fiscal year when the total amount requested by districts for approved programs exceeds the amount appropriated, the com-

missioner shall, to the extent possible, fully fund the programs which were approved by August 1, and shall (PRORATE) *allocate* any remaining funds among programs which are approved after August 1.

Sec. 6. Minnesota Statutes 1984, section 124.271, subdivision 2b, is amended to read:

Subd. 2b. [AID (; 1985 AND AFTER).] (1) Each fiscal year a district which is operating a community education program in compliance with rules promulgated by the state board shall receive community education aid. For fiscal year 1985, the aid shall be an amount equal to the difference obtained by subtracting

(a) an amount equal to .8 mill times the adjusted assessed valuation used to compute the community education levy limitation for the levy attributable to that school year, from

(b) the greater of

(i) \$7,000, or

(ii) \$5 times the population of the district.

For fiscal year 1986 (AND EACH FISCAL YEAR THEREAFTER), the aid shall be an amount equal to the difference obtained by subtracting

(a) an amount equal to .8 mill times the adjusted assessed valuation used to compute the community education levy limitation for the levy attributable to that school year, from

(b) the greater of

(i) \$7,000, or

(ii) (\$5.25) \$5.00 times the population of the district.

For fiscal year 1987 and each fiscal year thereafter, the aid shall be an amount equal to the difference obtained by subtracting

(a) an amount equal to one mill times the adjusted assessed valuation used to compute the community education levy limitation for the levy attributable to that school year, from

(b) the greater of

(i) \$7,000, or

(ii) \$5.00 times the population of the district.

(2) However, for any district which certifies less than the maximum permissible levy under the provisions of section 275.125, subdivision 8, clause (1), the district's community education aid under clause (1) of this subdivision shall be reduced by multiplying the aid amount computed pursuant to clause (1) of this subdivision by the ratio of the district's actual levy under section 275.125, subdivision 8, clause (1), to its maximum permissible levy under section 275.125, subdivision 8, clause 1. For purposes of computing the aid reduction pursuant to this clause, the amount certified pursuant to section 275.125, subdivision 8, clause (1), shall not reflect reductions made pursuant to section 275.125, subdivision 9.

(3) In addition to the amount in clause (1), in fiscal year 1985 a district which makes a levy for community education programs pursuant to section 275.125, subdivision 8, shall receive additional aid of 50 cents per capita.

Sec. 7. Minnesota Statutes 1984, section 124.271, is amended by adding a subdivision to read:

Subd. 7. [HANDICAPPED ADULT PROGRAMS.] A district or group of districts offering an approved program for handicapped adults shall receive aid equal to the lesser of \$25,000 or one-half of the amount of the approved budget. A district or group of districts shall provide the remaining half from other public or private sources, the levy authorized in section 275.125, subdivision 8, clause (4), or combinations of sources.

Sec. 8. Minnesota Statutes 1984, section 124.2711, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION OF MAXIMUM REVENUE.] (BEGINNING) For fiscal year 1986 (AND EACH YEAR THEREAFTER) the "maximum revenue" for early childhood and family education programs for a school year means the amount of revenue equal to the product of five percent of the foundation aid formula allowance for the current school year, times the greater of (a) 150, or (b) the number of people under five years of age residing in the district on September 1 of the preceding school year.

Beginning for fiscal year 1987 and each year thereafter the "maximum revenue" for early childhood and family education programs for a school year means the amount of revenue equal to the product of four percent of the foundation aid formula allowance for the current school year, times the greater of (a) 150, or (b) the number of people under five years of age residing in the district on September 1 of the preceding school year.

Sec. 9. Minnesota Statutes 1984, section 275.125, subdivision 8, is amended to read:

Subd. 8. [COMMUNITY EDUCATION LEVY.] (1) Each year, a district which has established a community education advisory council pursuant to section 121.88, may levy *the following amounts for its community education program. In 1984 a district may levy* the amount raised by .8 mill times the most recent adjusted assessed valuation of the district, but no more than the greater of

- (a) (\$5.25) \$5.00 times the population of the district, or
- (b) \$7,000.

In 1985 and each year thereafter, a district may levy the amount raised by one mill times the most recent adjusted assessed valuation of the district, but no more than the greater of

- (a) \$5.00 times the population of the district, or
- (b) \$7,000.

(2) In addition to the levy authorized in clause (1), in 1983 a district may levy an additional amount for community education programs equal to the difference obtained by subtracting

- (a) the sum in fiscal year 1984 of

- (i) the district's estimated maximum permissible revenue for fiscal year 1985 from community education aid under section 124.271, subdivision 2b, clause (1), and

- (ii) the community education levy authorized in clause (1) of this subdivision, from

- (b) the sum in fiscal year 1983 of

- (i) the district's maximum permissible revenue from community education aid under *Minnesota Statutes 1984*, section 124.271, subdivision 2, excluding any reductions from community education aid made pursuant to Laws 1981, Third Special Session chapter 2, article 2, section 2, clause (mm), and Laws 1982, Third Special Session chapter 1, article 3, section 6, and

- (ii) the maximum community education levy authorized in this subdivision for the district for the levy made in 1981, payable in 1982, before any reduction in the levy pursuant to subdivision 9.

(3) In (1984 AND EACH YEAR THEREAFTER, IN) addition to the levy authorized in clause (1), a district may levy an amount equal to the amount the district was entitled to levy pursuant to clause (2) in 1983.

(4) *In addition to the levy amounts authorized in this subdivision a district having an approved program and budget may levy for a handicapped adult program. The levy amount may not exceed the lesser of one-half of the amount of the approved budget for the program for the fiscal year beginning in the year after the levy is certified or \$25,000 for one program. In the case of a program offered by a group of districts, the levy amount shall be divided among the districts according to the agreement submitted to the department. The proceeds of the levy shall be used only for a handicapped adult program or, if the program is subsequently not offered, for community education programs. For programs not offered, the department of education shall reduce the community education levy authorized in 1986 by the amount levied in 1985 for handicapped adult programs.*

(5) The levies authorized in this subdivision shall be used for community education, including nonvocational adult programs, recreation and leisure time activity programs, and programs authorized by sections 121.85 to 121.88 (AND 129B.06 TO 129B.09,) and section 121.882. A school district may levy pursuant to this subdivision only after it has filed a certificate of compliance with the commissioner of education. The certificate of compliance shall certify that the governing boards of the county, municipality and township in which the school district or any part thereof is located have been sent 15 working days written notice of a meeting and that a meeting has been held to discuss methods of increasing mutual cooperation between such bodies and the school board. The failure of a governing board of a county, municipality or township to attend the meeting shall not affect the authority of the school district to levy pursuant to this subdivision.

((5)) (6) The population of the district for purposes of this subdivision is the population determined as provided in section 275.14 or as certified by the department of education from the most recent federal census.

Sec. 10. Minnesota Statutes 1984, section 275.125, subdivision 8b, is amended to read:

Subd. 8b. [EARLY CHILDHOOD AND FAMILY EDUCATION LEVY.] A district may levy for its early childhood and family education program. The amount levied shall not exceed the lesser of:

(a) (.4) .5 mill times the adjusted assessed valuation of the district for the year preceding the year the levy is certified, or

(b) the maximum revenue as defined in section 124.2711, subdivision 1, for the school year for which the levy is attributable.

Sec. 11. Minnesota Statutes 1984, section 275.125, is amended by adding a subdivision to read:

Subd. 8c. [1985 LEVY FOR HANDICAPPED ADULT PROGRAMS.]

In addition to the levy authorized in Minnesota Statutes, section 275.125, subdivision 8, clause (4), as amended by section 9 of this article, a district may levy in 1985 for a handicapped adult program in the 1985-1986 school year according to this subdivision. The additional levy amount may not exceed the lesser of one-half of the program budget or \$25,000. In the case of a program offered by a group of districts, the levy amount shall be divided among the districts according to their agreement. The proceeds of the levy shall be used only for a handicapped adult program or, if the program is subsequently not offered, for community education programs. For programs not offered, the department of education shall reduce the community education levy authorized in 1986 by the amount levied in 1985 for handicapped adult programs.

Sec. 12. [LEVY ADJUSTMENT.]

The commissioner shall adjust the 1984 payable 1985 community education levy limitations for school districts according to the provisions of this section. The adjustment shall be a positive or negative amount equal to the difference between the amount the district levied pursuant to section 275.125, subdivision 8, and the amount the district would have certified if the provisions of section 9 in this article amending section 275.125, subdivision 8, with respect to the 1984 payable 1985 levy had been in effect at the time the 1984 payable 1985 levy was made. The adjustment shall be added to or subtracted from the district's levy limitation for 1985 taxes payable in 1986.

Sec. 13. [EVALUATION STUDY.]

The department of education shall conduct a thorough study of the pilot early childhood and family education programs administered by the council on quality education and the early childhood and family education programs authorized under Minnesota Statutes 1984, section 129B.06 to 129B.09. The study shall examine at least the following: the extent of participation in the programs; the cost-effectiveness of the programs; the involvement of the local advisory councils in assisting the districts in administering the programs; inter-district cooperation in providing programs; adequacy of funding; administration by the department of education; and the impact on strengthening families and helping young children develop their physical and cognitive skills. By March 1, 1986, the department of education shall report the results of its study to the education committees of the legislature.

Sec. 14. [APPROPRIATIONS.]

Subdivision 1. [TO DEPARTMENT OF EDUCATION.] There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

Subd. 2. [ADULT EDUCATION AID.] For adult education aid pursuant to section 124.26 there is appropriated:

\$1,560,800 1986,

\$1,500,000 1987.

The amount appropriated for fiscal year 1986 includes \$285,800 for aid for fiscal year 1985 payable in fiscal year 1986, and \$1,275,000 for aid for fiscal year 1986 payable in fiscal year 1986.

The amount appropriated for fiscal year 1987 includes \$225,000 for aid for fiscal year 1986 payable in fiscal year 1987, and \$1,275,000 for aid for fiscal year 1987 payable in fiscal year 1987.

The appropriations are based on aid entitlements of \$1,500,000 for fiscal year 1986 and \$1,500,000 for fiscal year 1987.

Subd. 3. [COMMUNITY EDUCATION AID.] For community education aid pursuant to section 124.271 there is appropriated:

\$1,467,800 1986,

\$ 548,500 1987.

The amount appropriated for fiscal year 1986 includes \$424,200 for aid for fiscal year 1985 payable in fiscal year 1986, and \$1,043,600 for aid for fiscal year 1986 payable in fiscal year 1986.

The amount appropriated for fiscal year 1987 includes \$184,200 for aid for fiscal year 1986 payable in fiscal year 1987, and \$364,300 for aid for fiscal year 1987 payable in fiscal year 1987.

The appropriations are based on aid entitlements of \$1,227,800 for fiscal year 1986 and \$428,600 for fiscal year 1987.

Subd. 4. [EARLY CHILDHOOD AND FAMILY EDUCATION AID.] For early childhood and family education aid pursuant to section 124.2711 there is appropriated:

\$5,245,100 1986,

\$4,891,600 1987.

The amount appropriated for fiscal year 1986 is for aid for fiscal year 1986 payable in fiscal year 1986.

The amount appropriated for fiscal year 1987 includes \$925,600 for aid for fiscal year 1986 payable in fiscal year 1987, and \$3,966,000 for aid for fiscal year 1987 payable in fiscal year 1987.

The appropriations are based on aid entitlements of \$6,170,700 for fiscal year 1986 and \$4,665,900 for fiscal year 1987.

Subd. 5. [HANDICAPPED ADULT.] For handicapped adult program aid under section 7 there is appropriated:

\$250,000 1986,

\$350,000 1987.

Of the amount appropriated in fiscal year 1987, \$100,000 shall be for new programs beginning in that year.

The appropriations are based on entitlements of \$250,000 for fiscal year 1986 and \$350,000 for fiscal year 1987.

Subd. 6. [CANCELLATION AND PRORATION.] Any unexpended balance remaining from the appropriations in this section for 1986 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amount attributable to either year for the purpose indicated is insufficient, the aid for that year shall be prorated among all qualifying districts, and the state shall not be obligated for any amount in excess of the appropriations in this section for these purposes.

Sec. 15. [APPROPRIATION FOR DEFICIENCY.]

There is appropriated from the general fund to the department of education the sum of \$399,600 for fiscal year 1985 for the payment of a deficiency in funds available for the payment of adult education aid in that fiscal year. This sum shall be added to the sum appropriated for fiscal year 1985 for this purpose in Laws 1983, chapter 314, article 4, section 11, subdivision 2.

Sec. 16. [REPEALER.]

Minnesota Statutes 1984, section 124.271, subdivisions 2 and 2a, and section 129B.03 are repealed.

Sec. 17. [EFFECTIVE DATE.]

Section 15 is effective the day following final enactment.

ARTICLE 5

CHOICE IN EDUCATION

Section 1. [123.3514] [POST-SECONDARY ENROLLMENT OPTIONS ACT.]

Subdivision 1. [CITATION.] This section may be cited as the "post-secondary enrollment options act."

Subd. 2. [PURPOSE.] The purpose of this section is to promote rigorous academic pursuits and to provide a wider variety of academic options to high school students by encouraging and enabling secondary pupils to enroll full-time or part-time in nonsectarian academic courses in post-secondary institutions in Minnesota or in a state which has a reciprocity agreement with Minnesota.

Subd. 3. [AUTHORIZATION; NOTIFICATION.] Beginning with the 1985-1986 school year and each year thereafter, notwithstanding any other law to the contrary, a parent or guardian of an 11th or 12th grade pupil may apply to a post-secondary institution in Minnesota or in a state which has a reciprocity agreement with Minnesota to allow the pupil to enroll in nonsectarian academic courses offered at that post-secondary institution. A pupil attending a post-secondary institution under this section shall not be included in the institution's student enrollment. If a post-secondary institution accepts a secondary pupil for enrollment under this section, that institution shall send written notice to the pupil and the pupil's resident district within ten days of acceptance. The notice shall indicate the course or courses and hours of enrollment of that pupil.

Subd. 4. [CREDITS.] A school district shall grant academic credit to a pupil enrolled in a nonsectarian academic course offered by a post-secondary education institution in Minnesota or in a state which has a reciprocity agreement with Minnesota, or a nonprofit public agency other than the district under subdivision 3, if the pupil successfully completes the course attended and passes an examination approved by the district. If no comparable course is offered by the district, the state board of education shall determine the number of credits which shall be granted to a pupil who successfully completes and passes the course. If a comparable course is offered by the district, the local school board shall grant a comparable number of credits to the pupil. If there is a dispute between the district and the pupil regarding the number of credits granted for a particular course, the pupil may appeal the school board's decision to the state board of education. The state board's decision regarding the number of credits shall be final.

The credits granted to a pupil shall be counted toward the graduation requirements and subject area requirements of the

school district. Evidence of successful completion of each class and credits granted shall be included in the pupil's secondary school record.

Subd. 5. [FINANCIAL ARRANGEMENTS.] The resident district of the pupil attending a post-secondary institution under this section shall pay to the higher education coordinating board, an amount equal to the difference between the formula allowance plus the total tier revenue allowance attributable to that pupil and an amount computed by multiplying the formula allowance plus the total tier revenue allowance attributable to that pupil by a ratio. The ratio to be used is the total number of hours that that pupil is enrolled in courses in the secondary school during the regular school year over 1050 hours. The resident school district shall pay this amount to the higher education coordinating board within ten days after receiving written notice under subdivision 3. The payment to the higher education coordinating board for any pupil shall not exceed the actual tuition cost for that pupil enrolled at the post-secondary institution. The resident district of the pupil shall reimburse the pupil for the cost of the pupil's textbooks and other materials required for the post-secondary coursework. In no case shall the tuition costs, textbooks and materials exceed the total revenue allowance attributable to that pupil.

The higher education coordinating board shall establish a fund for disbursing the moneys received from the school districts under this subdivision to the post-secondary institutions at which pupils are enrolled under this section. Payments based on the average tuition costs of the respective post-secondary systems shall be forwarded to the individual institutions in which secondary pupils were enrolled under this section each term following institutional documentation of the number of full time equivalent secondary pupils enrolled under this section as of census date.

Subd. 6. [TRANSPORTATION.] A parent or guardian of a pupil attending a post-secondary institution under this section, may apply to the pupil's district of residence for reimbursement for transporting the pupil between the secondary school in which the pupil is enrolled and the post-secondary institution that the pupil attends. The state board of education shall adopt rules to establish criteria for providing state aid to districts to reimburse the parent or guardian for the necessary transportation costs, which shall be based on financial need.

Sec. 2. [EVALUATION.]

The department of education and the higher education coordinating board shall collect and evaluate information about the implementation of the program established under section 4 of this article. By January 15, 1987, the commissioner of education shall

submit a report to the education committees of the legislature on the implementation of this program.

Sec. 3. [REPEALER.]

Minnesota Statutes 1984, sections 123.3511, 123.3512 and 123.3513 are repealed. The repealer of these sections shall not affect any current obligations of school districts or post-secondary institutions relating to pupils enrolled in post-secondary courses under these sections prior to the 1985-1986 school year.

ARTICLE 6

OTHER AIDS AND LEVIES

Section 1. Minnesota Statutes 1984, section 123.705, subdivision 1, is amended to read:

Subdivision 1. [AID AMOUNTS.] The department of education shall pay each school district for the cost of screening services provided pursuant to sections 123.701 to 123.705. The payment shall not exceed (\$15 PER CHILD SCREENED IN FISCAL YEAR 1983, \$15 PER CHILD SCREENED IN FISCAL YEAR 1984, AND) \$15.60 per child screened in fiscal year 1985, \$7.00 per child screened in fiscal year 1986 and \$8.15 per child screened in fiscal year 1987.

Sec. 2. Minnesota Statutes 1984, section 124.247, subdivision 3, is amended to read:

Subd. 3. [AID.] A district which establishes a program for gifted and talented students shall receive for the purpose of this program an amount equal to (\$16.18 IN THE 1982-1983 SCHOOL YEAR, \$18.25 IN THE 1983-1984 SCHOOL YEAR, AND) \$19.00 in the 1984-1985 school year, times the number of gifted and talented students in the district. *In the 1985-1986 school year and later school years, a district shall receive the greater of \$40 per gifted and talented student or \$500.* No more than five percent of the students enrolled in the district shall be counted as gifted and talented for the purpose of aid computations pursuant to this subdivision. No more than five percent of the moneys received by a district pursuant to this subdivision may be expended for the purpose of administration of the program for gifted and talented students.

Sec. 3. [124.248] [ADVISORY COUNCIL FOR THE GIFTED AND TALENTED.]

Subdivision 1. [ADVISORY COUNCIL.] The Minnesota advisory council for the gifted and talented is established. By August 1, 1985, the members shall be appointed by the commissioner of education. The members of the advisory council on the gifted and talented created by the state board of education may serve

as the first members of the advisory council established by this section. The chairs of the house and senate education committees or their designees are ex officio members of the council. Members shall be reimbursed for their expenses as provided in section 15.059, subdivision 6. Appointments of the members shall not be subject to the provisions of section 15.059.

Subd. 2. [STUDY.] The advisory council, with the aid of the department of education, shall conduct a study of gifted and talented education in Minnesota. The study shall include:

(1) a report of the current status of gifted and talented education in Minnesota;

(2) a review of current research and literature on education of the gifted and talented;

(3) a review of gifted and talented programs in other states;

(4) the recommended roles for the state, for ECSU's, higher education institutions, for local school districts and communities in education of gifted and talented learners;

(5) recommended ways to expand educational opportunities for all gifted and talented learners, but especially those outside the metro area;

(6) possible funding structures for gifted and talented education; and

(7) the development of suggested guidelines in the education of the gifted and talented, including identification, program development, staff development, parent and community involvement, and evaluation.

Subd. 3. [REPORT.] The advisory council is to report to the education committees of the legislature by February 1, 1986.

Sec. 4. Minnesota Statutes 1984, section 124.272, subdivision 3, is amended to read:

Subd. 3. [COOPERATION PLAN.] To receive aid or to levy pursuant to section 275.125, subdivision 8a a district shall submit to the commissioner of education an application for aid by August 15. The application shall contain the following:

(a) a three-year plan to improve the district curriculum, which gives priority to offering of any of the following: a three-year mathematics sequence in grades 10 to 12, a three-year science sequence in grades 10 to 12, a two-year foreign language sequence, elementary and secondary courses in computer usage, or other programs recommended by the state board;

(b) an assurance that the proposed curriculum in clause (a) has been developed in conjunction with the planning, evaluation, and reporting process of section 123.741;

(c) a copy of the cooperation agreement;

(d) a description of the proposed increase in curriculum offerings resulting from the agreement;

(e) the estimated instructional cost of the cooperation plan for the following fiscal year; (AND)

(f) *the attributable administrative cost, which may not exceed five percent of the instructional costs, of the cooperation plan for the following fiscal year; and*

(g) other information required by the commissioner.

Sec. 5. Minnesota Statutes 1984, section 124.573, subdivision 2, is amended to read:

Subd. 2. [SALARIES, EQUIPMENT AND TRAVEL.] (EXCEPT FOR THE 1982-1983 SCHOOL YEAR,) The state shall pay to any district or cooperative center (45) 44 percent of the salaries paid to essential, licensed personnel in that school year for services rendered in that district's or center's secondary vocational education programs. (EXCEPT FOR THE 1982-1983 SCHOOL YEAR,) The state shall pay (45) 44 percent of the costs of necessary travel between instructional sites by secondary vocational education teachers and (45) 44 percent of the costs of necessary travel by secondary vocational education teachers accompanying students to and from vocational student organization meetings held within the state for educational purposes. (FOR THE 1981-1982 SCHOOL YEAR, THE STATE SHALL PAY 45 PERCENT OF THE COSTS OF NECESSARY EQUIPMENT FOR THESE PROGRAMS.) No secondary vocational equipment aid shall be paid for the 1982-1983 school year and thereafter. The commissioner may withhold all or any portion of this aid for a secondary vocational education program which receives funds from any other source. In no event shall a district or center receive a total amount of state aid pursuant to this section which, when added to funds from other sources, will provide the program an amount for salaries, equipment and travel which exceeds 100 percent of the amount of its expenditures for salaries, equipment and travel in the program.

Sec. 6. Minnesota Statutes 1984, section 124.574, subdivision 2b, is amended to read:

Subd. 2b. [SALARIES.] For the 1983-1984 school year and each year thereafter, the state shall pay to any district or cooperative center 70 percent of the salaries, *but this amount shall*

not exceed \$18,000 for the regular school year, paid to essential licensed personnel in that school year for services rendered in that district or center's secondary vocational education programs for handicapped children.

Sec. 7. Minnesota Statutes 1984, section 124.646, subdivision 1, is amended to read:

Subdivision 1. [SCHOOL LUNCH AID COMPUTATION.]

(a) For the (1983-1984) *1985-1986* school year, school districts participating in the national school lunch program shall be paid by the state in the amount of 7.5 cents for each full paid student lunch served to students in the district.

(b) For the (1984-1985) *1986-1987* school year, school districts participating in the national school lunch program shall be paid by the state in the amount of 7.5 cents for each full paid student lunch served to students in the district.

Sec. 8. Minnesota Statutes 1984, section 125.60, subdivision 7, is amended to read:

Subd. 7. [APPLICATION PROCEDURES; LIMITS.] (NO SCHOOL BOARD SHALL GRANT AN EXTENDED LEAVE OF ABSENCE PURSUANT TO THIS SECTION WITHOUT APPLYING FOR AND RECEIVING AUTHORIZATION FROM THE COMMISSIONER OF EDUCATION.) The commissioner of education shall establish procedures for applications and shall approve or disapprove applications *for extended leaves beginning before the 1984-1985 school year* pursuant to this subdivision within the limits of the appropriation for the purposes of sections 354.094 and 354A.091. Each application shall state whether or not the teacher requesting the extended leave of absence pursuant to this section intends to pay the employee contribution and requests state payment of the employer contribution into the teacher's retirement fund pursuant to section 354.094 or 354A.091 in order to receive retirement service credit for years spent on leave. The commissioner shall approve no more than 250 applications for extended leaves beginning in the 1983-1984 school year for teachers who intend to pay employee contributions and request state payment of employer contributions.

If more than 250 applications for extended leaves beginning in any school year are received by March 15 of the preceding school year, the commissioner may decide which applications to approve according to the order of receipt, a method ensuring participation by teachers from the maximum possible number of districts, random allotment or any combination of these methods. Applications received by the commissioner after March 15 shall be considered for approval according to the order of receipt within the limits prescribed by this subdivision.

The commissioner shall not approve any applications for extended leaves beginning in the 1984-1985 or any subsequent school year for teachers who intend to pay employee contributions and request state payment of employer contributions. There is no limit on the number of applications which may be approved *by school districts* for extended leaves for teachers who do not intend to pay employee contributions or who do not request state payment of employer contributions.

Sec. 9. Minnesota Statutes 1984, section 136D.27, is amended to read:

136D.27 [TAX LEVIES, CERTIFICATES OF INDEBTEDNESS.]

(a) The joint school board may each year, for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred for area vocational technical schools, certify to each participating school district the tax levy specified in section 275.125, subdivision 13, clause (2). Additional tax levies may be certified which shall not in any year exceed .6 mills on each dollar of adjusted assessed valuation for special education and .7 mills on each dollar of adjusted assessed valuation for expenses for secondary vocational education. *These additional tax levies also may be used to fund academic programs for low-incidence populations.*

(b) Each participating school district shall include such tax levies in the next tax roll which it shall certify to the county auditor or auditors, and shall remit the collections of such levies to the board promptly when received. Such levies shall not be included in computing the limitations upon the levy of any district under sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125. The board may, any time after such levies have been certified to the participating school districts, issue and sell certificates of indebtedness in anticipation of the collection of such levies, but in aggregate amounts such as will not exceed the portion of the levies which is then not collected and not delinquent.

Sec. 10. Minnesota Statutes 1984, section 136D.74, subdivision 2, is amended to read:

Subd. 2. [TAX LEVY.] (a) The intermediate school board may in each year for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred certify to each county auditor of each county in which said intermediate school district shall lie, as a single taxing district, the tax levy specified in section 275.125, subdivision 13, clause (2). Additional tax levies may be certified which shall not in any year exceed .6 mills on each dollar of adjusted assessed valuation

for expenses for special education and .5 mills on each dollar of adjusted assessed valuation for expenses for secondary vocational education. *These additional tax levies also may be used to fund academic programs for low-incidence populations.*

(b) Said annual tax levies shall be certified pursuant to section 124.02. Upon such certification the county auditor or auditors and other appropriate county officials shall levy and collect such levies and remit the proceeds of collection thereof to the intermediate school district as in the case with independent school districts. Such levies shall not be included in computing the limitations, if any, upon the levy of the intermediate district or any of the participating districts under sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125.

Sec. 11. Minnesota Statutes 1984, section 136D.87, is amended to read:

136D.87 [TAX LEVIES, CERTIFICATES OF INDEBTEDNESS.]

(a) The joint school board may each year, for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred for area vocational technical schools, certify to each participating school district the tax levy specified in section 275.125, subdivision 13, clause (2). Additional tax levies may be certified which shall not in any year exceed .6 mills on each dollar of adjusted assessed valuation for expenses for special education and .5 mills on each dollar of adjusted assessed valuation for expenses for secondary vocational education. *These additional tax levies also may be used to fund academic programs for low-incidence populations.*

(b) Each participating school district shall include such tax levies in the next tax roll which it shall certify to the county auditor or auditors, and shall remit the collections of such levies to the board promptly when received. Such levies shall not be included in computing the limitations upon the levy of any district under sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125. The board may, any time after such levies have been certified to the participating school districts, issue and sell certificates of indebtedness in anticipation of the collection of such levies, but in aggregate amounts such as will not exceed the portion of the levies which is then not collected and not delinquent.

Sec. 12. Minnesota Statutes 1984, section 275.125, subdivision 8a, is amended to read:

Subd. 8a. [INTERDISTRICT COOPERATION LEVY.] Each year, a district which is eligible for aid pursuant to section

124.272, subdivision 2, may levy the amount of the estimated instructional and administrative costs of the interdistrict cooperation plan for the year to which the levy is attributable, but the levy shall not exceed the lesser of: (1) \$50 times the actual pupil units for that school year; (2) \$50,000; or (3) one mill times the adjusted assessed valuation of the district for the preceding year. The proceeds of the levy may only be used to pay for instructional costs and administrative costs, which may not exceed five percent of the instructional costs, incurred in providing the program offerings resulting from the cooperation plan.

Sec. 13. Minnesota Statutes 1984, section 275.125, is amended by adding a subdivision to read:

Subd. 11d. [CAPITAL LEVY FOR SURPLUS SCHOOL USED AS COMMUNITY CENTER.] In addition to levies for other purposes, a school district may levy not more than \$5.00 per district resident. This levy may be made only if the district has a surplus school building that is used substantially for public nonschool purposes. The proceeds of the levy may only be spent on the building, and then only for a capital expenditure purpose otherwise allowed in this section.

Sec. 14. [TECHNOLOGY LEVY; MID STATE EDUCATIONAL COOPERATIVE.]

In 1985 only, independent school district Nos. 482, 484, 485, 486, and 487, which are each members of the Mid State educational cooperative, may each make a levy in an amount not to exceed one mill times the adjusted assessed valuation of the district to fund the technology demonstration site proposal of the cooperative. However, the total levy for all members of the cooperative shall not exceed \$65,000.

Sec. 15. [TECHNOLOGY LEVY; FOUR SIBLEY COUNTY SCHOOL DISTRICTS.]

In 1985 only, independent school district Nos. 731, 732, 733, and 735 may each make a levy in an amount not to exceed one mill times the adjusted assessed valuation of the district to fund an interactive educational interlink among the districts. However, the total levy for all four districts shall not exceed \$75,000.

Sec. 16. [TECHNOLOGY LEVY; SOUTHWEST MINNESOTA TELECOMMUNICATIONS PROJECT.]

In 1985 only, independent school district Nos. 504, 505, 511, 581, 582, 583, 669, 670, 671, and 918 may each make a levy in an amount not to exceed one mill times the adjusted assessed valuation of the district to fund a two-way interactive telecommunication

tions system among the districts. However, the total levy for all the districts shall not exceed \$100,000.

Sec. 17. [SOUTHWEST MINNESOTA TELECOMMUNICATIONS PROJECT.]

Subdivision 1. [APPROPRIATION.] \$100,000 is appropriated in fiscal year 1986 from the general fund to the department of education to make a grant to the fiscal agent for the southwest Minnesota telecommunications project to complete a two-way interactive telecommunications system between the project's ten-member independent school districts to be used for the purposes in subdivision 2.

Subd. 2. [PURPOSES.] The purposes of the two-way interactive television network to be funded by the grant in subdivision 1 are:

(1) to offer an expanded curriculum to member schools including courses for the academically talented;

(2) to allow the districts to be in compliance with proposed department of education curriculum requirements;

(3) to allow these districts to retain their independence and continue to enjoy the benefits that a school adds to the community;

(4) to provide a convenient method of sharing teachers and other resources across school district boundary lines without the waste of time and expense of teacher or student travel;

(5) to provide a vehicle for adult education through linkage with area AVTI's, Southwest State University, and Worthington Junior College;

(6) to provide a vehicle for in-service opportunities for teachers, other professionals, business leaders including farmers, and public officials; and

(7) to serve as a model for other school district cooperatives who may be interested in the construction and implementation of a similar system.

Sec. 18. [MID STATE EDUCATIONAL COOPERATIVE.]

\$65,000 is appropriated in fiscal year 1986 to the department of education to fund the technology demonstration site proposal of the Mid State educational cooperative. The appropriation is available until June 30, 1987. The grant is for use during the 1985-1986 and 1986-1987 school years.

Sec. 19. [INTERACTIVE CABLE FOR FOUR SIBLEY COUNTY SCHOOL DISTRICTS.]

\$75,000 is appropriated in fiscal year 1986 from the general fund to the department of education. The appropriation is for a grant to the Arlington/Gaylord/Gibbon/Winthrop cable communications commission for an interactive educational interlink between independent school district Nos. 731, 732, 733, and 735.

Sec. 20. [SHERBURNE-WRIGHT EDUCATIONAL TECHNOLOGY COOPERATIVE.]

Subdivision 1. [APPROPRIATION.] \$65,000 is appropriated in fiscal year 1986 from the general fund to the department of education to make a grant to the fiscal agent for the Sherburne-Wright educational technology cooperative to complete a two-way interactive telecommunications system between the project's member school districts to be used for the purposes in subdivision 3.

Subd. 2. [LEVY.] In 1985 only, school districts which are members of the Sherburne-Wright educational technology cooperative may each make a levy in an amount not to exceed 1 mill times the adjusted assessed valuation of the district. However, the total amount levied by all members of the cooperative shall not exceed \$65,000.

Subd. 3. [PURPOSES.] The purposes of the two-way interactive television network to be funded by the grant in subdivision 1 and the levy in subdivision 2 are:

(1) to offer an expanded curriculum to member schools including courses for the academically talented;

(2) to allow the districts to be in compliance with proposed department of education curriculum requirements;

(3) to allow these districts to retain their independence and continue to enjoy the benefits that a school adds to the community;

(4) to provide a convenient method of sharing teachers and other resources across school district boundary lines without the waste of time and expense of teacher or student travel;

(5) to provide a vehicle for adult education through linkage with area AVTI's and St. Cloud State University;

(6) to provide a vehicle for in-service opportunities for teachers, other professionals, business leaders including farmers, and public officials; and

(7) to serve as a model for other school district cooperatives who may be interested in the construction and implementation of a similar system.

Sec. 21. [JORDAN GRANT.]

Because of recent sexual abuse investigations and allegations, and resulting court actions in independent school district No. 717, Jordan, which has resulted in a loss of pupil units during the 1984-1985 school year, the legislature shall make a grant to that school district for fiscal year 1986 to compensate for that loss.

Sec. 22. [EXCESS CAPITAL LEVY FOR DOVER-EYOTA DISTRICT.]

Notwithstanding the levy limits in Minnesota Statutes, chapter 275, and in addition to all other levies authorized by law, independent school district No. 533, Dover-Eyota, may levy in 1985 only an amount not to exceed \$91,000. The proceeds of the levy may be used for any purpose for which the levies made under Minnesota Statutes, section 275.125, subdivisions 11a, 11b, 11c, and 12 may be used.

Sec. 23. [APPROPRIATIONS.]

Subdivision 1. [TO DEPARTMENT OF EDUCATION.] There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

Subd. 2. [ABATEMENT AID.] For abatement aid pursuant to section 124.214, subdivision 2, there is appropriated:

\$5,656,000 1986,

\$5,921,600 1987.

Subd. 3. [EDUCATIONAL COOPERATIVE SERVICE UNITS.] For educational cooperative service units, there is appropriated:

\$718,700 1986,

\$747,500 1987.

The appropriation for aid for fiscal year 1986 includes \$104,300 for aid for fiscal year 1985 payable in fiscal year 1986 and \$614,400 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for aid for fiscal year 1987 includes \$108,500 for aid for fiscal year 1986 payable in fiscal year 1987 and \$639,000 for aid for fiscal year 1987 payable in fiscal year 1987.

The appropriations are based on aid entitlements of \$722,900 for fiscal year 1986 and \$751,800 for fiscal year 1987.

Funds from this appropriation shall be transmitted to ECSU boards of directors for general operations in the amount of \$65,718 per ECSU for fiscal year 1986, and \$68,345 per ECSU for fiscal year 1987; however, the ECSU whose boundaries coincide with the boundaries of development region 11 and the ECSU whose boundaries encompass development regions six and eight shall each receive \$131,436 for fiscal year 1986 and \$136,690 for fiscal year 1987 for general operations.

Subd. 4. [SCHOOL LUNCH AND FOOD STORAGE AID.] *For school lunch aid pursuant to section 124.646, and for food storage and transportation costs for USDA donated commodities there is appropriated:*

\$4,625,000 1986,

\$4,625,000 1987.

Any unexpended balance remaining from the appropriations in this subdivision shall be prorated among participating schools based on the number of fully paid lunches served during that school year in order to meet the state revenue matching requirement of the USDA National School Lunch Program.

If the appropriation amount attributable to either year is insufficient, the rate of payment for each fully paid student lunch shall be reduced and the aid for that year shall be prorated among participating schools so as not to exceed the total authorized appropriations for that year.

Subd. 5. [CHEMICAL USE PROGRAMS.] *For aid for chemical dependency programs authorized pursuant to section 124.246, there is appropriated:*

\$153,900 1986.

The appropriation for fiscal year 1986 includes \$153,900 for aid for fiscal year 1985 payable in fiscal year 1986.

Subd. 6. [EXTENDED LEAVES OF ABSENCE.] *To meet the state's obligation prescribed in Minnesota Statutes 1984, sections 354.094 and 354A.091, there is appropriated:*

\$938,000 1986,

\$602,000 1987.

Subd. 7. [PART-TIME TEACHING.] To meet the state's obligation prescribed in Minnesota Statutes 1984, sections 354.66 and 354A.094, there is appropriated:

\$118,000 1986.

Subd. 8. [NONPUBLIC AIDS.] For programs for non-public educational aid pursuant to sections 123.931 to 123.947, there is appropriated:

\$6,763,400 1986,

\$7,184,100 1987.

The appropriation for aid for fiscal year 1986 includes \$960,700 for aid for fiscal year 1985 payable in fiscal year 1986 and \$5,802,700 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for fiscal year 1987 includes \$1,024,000 for aid for fiscal year 1986 payable in fiscal year 1987 and \$6,106,100 for aid for fiscal year 1987 payable in fiscal year 1987.

The appropriations are based on aid entitlements of \$6,826,700 for fiscal year 1986 and \$7,247,100 for fiscal year 1987.

Subd. 9. [GIFTED AND TALENTED ADVISORY COUNCIL.] For the Minnesota advisory council for the gifted and talented established in section 124.248, there is appropriated:

\$35,000 1986.

Of this amount, \$30,000 is for a study of gifted and talented education in Minnesota and \$5,000 is for council expenses.

Subd. 10. [GIFTED AND TALENTED AID.] For gifted and talented aid pursuant to section 124.247, there is appropriated:

\$1,282,600 1986,

\$1,395,500 1987.

The appropriation for aid for fiscal year 1986 includes \$99,100 for aid for fiscal year 1985 payable in fiscal year 1986 and \$1,183,500 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for aid for fiscal year 1987 includes \$208,900 for aid for fiscal year 1986 payable in fiscal year 1987 and \$1,186,600 for aid for fiscal year 1987 payable in fiscal year 1987.

The appropriations are based on aid entitlements of \$1,392,400 for fiscal year 1986 and \$1,396,000 for fiscal year 1987.

Subd. 11. [CAPITAL EXPENDITURE EQUALIZATION AID.] For capital expenditure equalization aid pursuant to section 124.245, subdivision 1, there is appropriated:

\$249,600 1986,

\$256,700 1987.

The appropriation for fiscal year 1986 includes \$34,900 for aid for fiscal year 1985 payable in fiscal year 1986 and \$214,700 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for fiscal year 1987 includes \$37,900 for aid for fiscal year 1986 payable in fiscal year 1987 and \$218,800 for aid for fiscal year 1987 payable in fiscal year 1987.

The appropriations are based on aid entitlements of \$252,600 for fiscal year 1986 and \$257,400 for fiscal year 1987.

Any unexpended balance remaining from the appropriation in this subdivision for either year may be expended for special purpose capital expenditure equalization aid pursuant to section 124.245, subdivision 1a.

Subd. 12. [SPECIAL PURPOSE CAPITAL EXPENDITURE EQUALIZATION AID.] For special purpose capital expenditure equalization aid pursuant to section 124.245, subdivision 1a, there is appropriated:

\$45,800 1986,

\$50,800 1987.

The appropriation for fiscal year 1986 includes \$6,400 for aid for fiscal year 1985 payable in fiscal year 1986 and \$39,400 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for fiscal year 1987 includes \$7,000 for aid for fiscal year 1986 payable in fiscal year 1987 and \$43,800 for aid for fiscal year 1987 payable in fiscal year 1987.

The appropriations are based on aid entitlements of \$46,400 for fiscal year 1986 and \$51,500 for fiscal year 1987.

Any unexpended balance remaining from the appropriation in this subdivision for either year may be expended for capital expenditure equalization aid pursuant to section 124.245, subdivision 1.

Subd. 13. [HAZARDOUS SUBSTANCE CAPITAL EXPENDITURE EQUALIZATION AID.] For hazardous substance capital expenditure equalization aid pursuant to section 124.245, subdivision 1c, there is appropriated:

\$42,100 1986,

\$50,200 1987.

The appropriation for fiscal year 1986 includes \$6,200 for aid for fiscal year 1985 payable in fiscal year 1986 and \$35,900 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for fiscal year 1987 includes \$6,400 for aid for fiscal year 1986 payable in fiscal year 1987 and \$43,800 for aid for fiscal year 1987 payable in fiscal year 1987.

The appropriations are based on aid entitlements of \$42,300 for fiscal year 1986 and \$51,500 for fiscal year 1987.

Any unexpended balance remaining from the appropriation in this subdivision for either year may be expended for capital expenditure equalization aid pursuant to section 124.245, subdivision 1.

Subd. 14. [PRESCHOOL HEALTH SCREENING AID.] For preschool health screening aid pursuant to sections 123.701 and 123.705, there is appropriated:

\$450,000 1986,

\$450,100 1987.

The appropriation for fiscal year 1986 includes \$121,000 for aid for fiscal year 1985 payable in fiscal year 1986 and \$329,000 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for fiscal year 1987 includes \$58,100 for aid for fiscal year 1986 payable in fiscal year 1987 and \$392,000 for aid for fiscal year 1987 payable in fiscal year 1987.

The appropriations are based on aid entitlements of \$387,100 for fiscal year 1986 and \$461,200 for fiscal year 1987.

Subd. 15. [SECONDARY VOCATIONAL EDUCATION AID.] For secondary vocational education aid pursuant to section 124.573, there is appropriated:

\$22,174,500 1986,

\$22,796,700 1987.

The appropriation for 1986 includes \$3,422,400 for aid for fiscal year 1985 payable in fiscal year 1986. This amount also includes \$18,752,100 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for 1987 includes \$3,309,200 for aid for fiscal year 1986 payable in fiscal year 1987. This amount also includes \$19,487,500 for aid for fiscal year 1987 payable in fiscal year 1987.

The appropriations are based on aid entitlements of \$22,061,300 for fiscal year 1986 and \$22,926,400 for fiscal year 1987.

For the purposes of this subdivision, money appropriated for secondary vocational education programs may not be expended for the purpose of discontinuing or converting existing senior secondary industrial arts education programs.

Subd. 16. [AID FOR SECONDARY VOCATIONAL EDUCATION PROGRAMS FOR HANDICAPPED CHILDREN.] *For secondary vocational programs for handicapped children pursuant to section 124.574, there is appropriated:*

\$3,434,700 1986,

\$3,458,800 1987.

The appropriation for 1986 includes \$551,700 for aid for fiscal year 1985 payable in fiscal year 1986. This amount also includes \$2,883,000 for aid for fiscal year 1986 payable in fiscal year 1986. This appropriation is based on the assumption that the state will spend for this purpose an amount at least equal to \$230,000 in fiscal year 1986 of federal money received for vocational education programs pursuant to the Vocational Education Act of 1963, as amended.

The appropriation for 1987 includes \$508,800 for aid for fiscal year 1986 payable in fiscal year 1987. This amount also includes \$2,950,000 for aid for fiscal year 1987 payable in fiscal year 1987. This appropriation is based on the assumption that the state will spend for this purpose an amount at least equal to \$230,000 in fiscal year 1987 of federal money received for vocational education programs pursuant to the Vocational Education Act of 1963, as amended.

The appropriations are based on aid entitlements of \$3,391,800 for fiscal year 1986 and \$3,470,600 for fiscal year 1987.

Subd. 17. [INTERDISTRICT COOPERATION AID.] *For aid for interdistrict cooperation programs pursuant to section 124.272, there is appropriated:*

\$1,494,300 1986,

\$2,085,000 1987.

The appropriation for fiscal year 1986 includes \$187,100 for aid for fiscal year 1985 payable in fiscal year 1986 and \$1,307,200 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for fiscal year 1987 includes \$230,700 for aid for fiscal year 1986 payable in fiscal year 1987 and \$1,854,300 for aid for fiscal year 1987 payable in fiscal year 1987.

The appropriations are based on aid entitlements of \$1,537,900 for fiscal year 1986 and \$2,181,500 for fiscal year 1987.

Subd. 18. [MAXIMUM EFFORT SCHOOL LOAN FUND.] *There is appropriated from the general fund to the maximum effort school loan fund the sum of \$2,390,300 for the fiscal year ending June 30, 1986, and \$2,585,300 for the fiscal year ending June 30, 1987. Any unexpended balance of this appropriation for fiscal year 1986 shall not cancel but shall be available for the second year of the biennium.*

These appropriations shall be placed in the loan repayment account of the maximum effort school loan fund for the payment of the principal and interest on school loan bonds, as provided in section 124.46, to the extent that money in the fund is not sufficient to pay when due the full amount of principal and interest due on school loan bonds. The purpose of these appropriations is to ensure that sufficient money is available in the fund to prevent a statewide property tax levy as would otherwise be required pursuant to section 124.46, subdivision 3. Notwithstanding section 124.39, subdivision 5, any amount of the appropriation made in this section which is not needed to pay when due the principal and interest due on school loan bonds shall not be transferred to the debt service loan account of the maximum effort school loan fund but instead shall cancel and revert to the general fund.

Subd. 19. [INDIAN EDUCATION.] *For certain Indian education programs identified in Laws 1984, chapter 463, article 6, section 13, subdivision 12, there is appropriated:*

\$24,400 1986.

The appropriation is for aid for fiscal year 1985 payable in fiscal year 1986.

Subd. 20. [JORDAN GRANT.] *There is appropriated \$36,570 for fiscal year 1986 for the purposes of section 21.*

Subd. 21. [NONCANCELLATION; FUNDING RESTRICTION.] *Any unexpended balances remaining from the*

appropriations in subdivision 7 for fiscal year 1986 shall not cancel but shall be available for the second year of the biennium. Notwithstanding Minnesota Statutes 1984, sections 354.43 and 354A.12, the state's obligations prescribed in Minnesota Statutes 1984, sections 354.094, 354.66, 354A.091, and 354A.094 shall not be financed out of standing appropriations for the state's obligations pursuant to Minnesota Statutes 1982, chapter 354 or 354A.

Subd. 22. [CANCELLATION AND PRORATION.] Except as provided in subdivision 7, any unexpended balance remaining from the appropriations in this section for 1986 shall cancel and shall not be available for the second year of the biennium. If the appropriation amount attributable to either year for the purpose indicated is insufficient, the aid for that year shall be prorated among all qualifying districts and the state shall not be obligated for any amount in excess of the appropriations in this section for these purposes.

Sec. 24. [APPROPRIATIONS FOR DEFICIENCIES.]

Subdivision 1. [CHEMICAL USE PROGRAMS.] There is appropriated for fiscal year 1985 the sum of \$12,825 for the payment of a deficiency in funds available for payment of chemical use program aid in that fiscal year. This sum shall be added to the sum appropriated for fiscal year 1985 for this purpose in Laws 1983, chapter 314, article 6, section 34, subdivision 13.

Subd. 2. [ABATEMENT AID.] There is appropriated from the general fund to the department of education the sum of \$1,798,453 for fiscal year 1985 for the payment of a deficiency in funds available for payment of abatement aid in that fiscal year. This sum shall be added to the sums appropriated for fiscal year 1985 for this purpose in Laws 1983, chapter 314, article 6, section 34, subdivision 3, and Laws 1984, chapter 463, article 6, section 18, subdivision 1.

Subd. 3. [CAPITAL EXPENDITURE EQUALIZATION AID.] There is appropriated from the general fund to the department of education the sum of \$18,735 for fiscal year 1985 for the payment of a deficiency in funds available for payment of capital expenditure aid in that fiscal year. This sum shall be added to the sum appropriated for fiscal year 1985 for this purpose in Laws 1983, chapter 314, article 6, section 34, subdivision 4.

Subd. 4. [SECONDARY VOCATIONAL EDUCATION AID.] There is appropriated from the general fund to the department of education the sum of \$1,105,000 for fiscal year 1985 for the payment of a deficiency in funds available for payment of secondary vocational education aid in that fiscal year. This sum shall be added to the sum appropriated for fiscal year 1985 for this purpose in Laws 1983, chapter 314, article 5, section 18, subdivision 10.

Subd. 5. [AID FOR SECONDARY VOCATIONAL EDUCATION PROGRAMS FOR HANDICAPPED CHILDREN.] There is appropriated from the general fund to the department of education the sum of \$505,543 for fiscal year 1984 and \$821,915 for fiscal year 1985 for the payment of deficiencies in funds available for payment of aid for secondary vocational education programs for handicapped children in those fiscal years. These appropriations shall be added to the sums appropriated for fiscal years 1984 and 1985 for this purpose in Laws 1983, chapter 314, article 5, section 18, subdivision 11.

Sec. 25. [REPEALER.]

Minnesota Statutes 1984, section 125.611, subdivisions 3, 4, 5, 6, and 7 are repealed.

Sec. 26. [EFFECTIVE DATE.]

Section 24, the section containing appropriations for deficiencies, is effective the day following final enactment.

ARTICLE 7

MISCELLANEOUS

Section 1. Minnesota Statutes 1984, section 120.06, subdivision 1, is amended to read:

Subdivision 1. [AGE LIMITATIONS; PUPILS.] All schools supported in whole or in part by state funds are public schools. Admission to a public school, except an area vocational technical institute, is free to any person who resides within the district which operates the school, who is under 21 years of age, and who satisfies the minimum age requirements imposed by this section. Notwithstanding the provisions of any law to the contrary, the conduct of all students under 21 years of age attending a public secondary school shall be governed by a single set of reasonable rules and regulations promulgated by the local board of education. No person shall be admitted to any public school (AFTER SEPTEMBER 1, 1971,) (1) as a kindergarten student, unless he is at least five years of age on September 1 of the calendar year in which the school year for which he seeks admission commences; or (2) as a first grade student, unless he is at least six years of age on September 1 of the calendar year in which the school year for which he seeks admission commences or has completed kindergarten; except that any school board may establish a policy for admission of selected pupils at an earlier age.

Sec. 2. Minnesota Statutes 1984, section 120.10, subdivision 1, is amended to read:

Subdivision 1. [AGES AND TERM.] Every child between seven and 16 years of age *and every child under the age of seven who is enrolled in kindergarten or grades above* shall attend a public school, or a private school, during the entire time that the school is in session during any school year. No child shall be required to attend a public school more than 200 days or their equivalent, during any school year. *A parent may withdraw a child under the age of seven from school at any time.*

Sec. 3. Minnesota Statutes 1984, section 120.11, is amended to read:

120.11 [SCHOOL BOARDS AND TEACHERS, DUTIES.]

It shall be the duty of each board through its clerk or other authorized agent or employee, to report the names of children (BETWEEN SIX AND 16 YEARS OF AGE) *required to attend school*, with excuses, if any, granted in such district, to the superintendent or principals thereof, within the first week of school. Subsequent excuses granted shall be forthwith reported in the same manner. The clerk or principal shall provide the teachers in the several schools under his supervision, with the necessary information for the respective grades of school, relating to the list of pupils with excuses granted. On receipt of the list of such pupils of school age and the excuses granted, the clerk or principals shall report the names of children not excused, who are not attending school, with the names and addresses of their parents, to the district superintendent within five days after receiving the report.

Sec. 4. Minnesota Statutes 1984, section 120.15, is amended to read:

120.15 [CLASSES FOR TRUANTS.]

A board may maintain ungraded classes for (THE) instruction of children (BETWEEN SEVEN AND 16 YEARS OF AGE) *who are required to attend school and* who are habitually truant or not in attendance.

All such children shall be deemed delinquent and the board may compel their attendance at such ungraded classes, or any department of the public schools, as the board may determine, and cause them to be brought before the juvenile court of the county for appropriate discipline.

Sec. 5. [121.161] [SHARED SERVICE AGREEMENTS.]

The commissioner may make a shared service agreement with another public agency. The agreement must be of mutual benefit to the state, the department, and the other agency. The term of the agreement must not be more than three years. The commis-

sioner and the other agency need not consult the legislative advisory committee before making the agreement.

Charges by the department and the other agency must be on an actual cost basis, and the receipts are dedicated to the operation of the department or agency receiving them and are appropriated for that purpose.

Sec. 6. Minnesota Statutes 1984, section 121.912, subdivision 1, is amended to read:

Subdivision 1. [LIMITATIONS.] (a) No school district shall permanently transfer money from an operating fund to a nonoperating fund except as provided in this subdivision or section 7.

(b) Permanent transfers may be made from an operating fund to any other fund to correct for prior fiscal years' errors discovered after the books have been closed for that year.

(c) Permanent transfers may be made from the general fund to eliminate deficits in another fund when that other fund is being discontinued.

(d) When a district discontinues operation of a district-owned bus fleet or a substantial portion of a fleet, permanent transfers may be made from the fund balance account entitled "pupil transportation fund appropriated for bus purchases" to the capital expenditure fund, with the approval of the commissioner. The levy authorized pursuant to section 275.125, subdivision 11a, shall be reduced by an amount equal to the amount transferred.

(e) Any school district may transfer any amount from the unappropriated fund balance account in its transportation fund to any other operating fund or to the appropriated fund balance account for bus purchases in its transportation fund.

Sec. 7. [121.9121] [EXCEPTIONS FOR PERMANENT FUND TRANSFERS.]

Subdivision 1. [STATE BOARD AUTHORIZATION.] *Notwithstanding sections 123.36, subdivisions 10 and 13; 475.61, subdivision 4; or any other law, rule or UFARS standard which may prohibit permanent transfers of money between funds or accounts, the state board may authorize a board to transfer money from any fund or account to another fund or account according to this section.*

Subd. 2. [APPLICATION.] *A board requesting authority to transfer money shall apply to the state board and provide information requested. The application shall indicate the law or*

rule prohibiting the desired transfer. It shall be signed by the superintendent and approved by the school board.

Subd. 3. [ADVISORY COUNCIL.] The state board shall submit each application to the advisory council on uniform financial accounting and reporting standards for its recommendations. The advisory council shall develop and maintain guidelines for reviewing and approving requests.

Subd. 4. [APPROVAL STANDARD.] The state board may approve a request only when an event has occurred in a district that could not have been foreseen by the district. The event shall relate directly to the fund or account involved and to the amount to be transferred.

Subd. 5. [APPROVAL.] The state board shall use the advisory council guidelines and recommendation when it approves, disapproves, or modifies a request. It shall take action on a request within 60 days of receiving the request. If the state board action is different from the action recommended by the advisory council, the state board shall provide written reasons for the difference.

Subd. 6. [PROCEDURES.] The state board and advisory council may prepare forms and adopt procedures necessary to implement this section.

Subd. 7. [REPORT TO LEGISLATURE.] By January 15 each year the state board shall report to the education committees of the legislature about the requests for transfers, action taken for each request, and the reasons for the action. The report shall include the recommendations of the advisory council.

Sec. 8. Minnesota Statutes 1984, section 122.86, subdivision 1, is amended to read:

Subdivision 1. [CREATION.] In order to provide for comprehensive and coherent planning for the delivery of educational services pursuant to sections 122.86 to (122.89) 122.88, each educational cooperative service unit shall establish an educational planning task force. In the event an area has not established an ECSU by September 1, 1977, the commissioner shall establish a task force for that area.

Sec. 9. Minnesota Statutes 1984, section 123.33, is amended by adding a subdivision to read:

Subd. 5a. [LOCATION OF MEETINGS.] *The location of the school board meetings shall be designated by the school board. Under certain circumstances, the school board may deem a location in an adjacent school district as suitable and accessible for a particular board meeting, but must give adequate notice to the residents of the district of the time and location of that meeting.*

Sec. 10. Minnesota Statutes 1984, section 123.36, subdivision 1, is amended to read:

Subdivision 1. When funds are available therefor, the board may locate and acquire necessary sites of school houses or enlargements, or additions to existing schoolhouse sites by lease, purchase or condemnation under the right of eminent domain; it may erect schoolhouses thereon; it may erect or purchase garages for district owned school buses. (IN ANY CITY, THE SCHOOL SITES, WHEN PRACTICABLE, SHALL CONTAIN AT LEAST ONE BLOCK AND IF OUTSIDE OF ANY CITY, TWO ACRES; AND WHEN ANY SCHOOLHOUSE SITES SHALL CONTAIN LESS THAN SUCH AMOUNT, THE BOARD MAY ACQUIRE OTHER LAND ADJACENT TO OR NEAR SUCH SITE TO MAKE, WITH SUCH SITE, ALL OR PART OF SUCH AMOUNT.) When property is taken by eminent domain by authority of this subdivision when needed by the school district for such purposes, the fact that the property so needed has been acquired by the owner under the power of eminent domain or is already devoted to public use, shall not prevent its acquisition by the school district. The board may sell or exchange schoolhouses or sites, and execute deeds of conveyance thereof.

Sec. 11. Minnesota Statutes 1984, section 123.58, is amended by adding a subdivision to read:

Subd. 11. [ANNUAL MEETING.] Each ECSU shall conduct a meeting at least annually for districts that have entered into an agreement under section 471.59 and for districts cooperatively offering educational services to elementary and secondary pupils within the area served by the ECSU. The purpose of the meeting shall be to discuss issues of mutual concern and to facilitate coordination and cooperation in providing educational opportunities. The governing board formed under each cooperative agreement or each school board participating in a cooperative program, for programs having no governing board, shall designate at least one person to attend this meeting.

Sec. 12. Minnesota Statutes 1984, section 124.14, subdivision 4, is amended to read:

Subd. 4. A reduction of aid under this section may be appealed to the state board of education and its decision shall be final. Public schools shall at all times be open to the inspection of the state board, and the accounts and records of any district shall be open to inspection by the state auditor, the state board, or the commissioner for the purpose of audits conducted under this section. *Each district shall keep for a minimum of three years at least the following: (1) identification of the annual session days held, together with a record of the length of each session day, (2) a record of each student's daily attendance, with entrance and withdrawal dates, and (3) identification of the students transported who are reported for transportation aid.*

Sec. 13. Minnesota Statutes 1984, section 124.48, is amended by adding a subdivision to read:

Subd. 1a. [TASK FORCE.] The Minnesota Indian scholarship advisory task force is established. Members shall be appointed by the state board. Members shall be reimbursed for expenses as provided in section 15.059, subdivision 6. The state board shall determine the membership terms and duration of the task force. The task force shall provide advice and counsel to the state board in the awarding of scholarships to eligible American Indian students, and in the administration of the state board's duties regarding the awarding of American Indian post-secondary preparation grants to school districts.

Sec. 14. Minnesota Statutes 1984, section 125.05, subdivision 5, is amended to read:

Subd. 5. [PROVISIONAL LICENSES (; PROHIBITED).] (THE BOARD OF TEACHING SHALL GRANT NO NEW PROVISIONAL LICENSES BY JANUARY 15, 1984, THE STATE BOARD AND COMMISSIONER OF EDUCATION SHALL SUBMIT A REPORT TO THE EDUCATION COMMITTEES OF THE LEGISLATURE WITH RECOMMENDATIONS ON PROVISIONAL LICENSES.) *The board of teaching may grant provisional licenses, which shall be valid for two years, in fields where licenses were not issued previously, or in fields where a shortage of licensed teachers exists. A shortage shall be defined as a lack of or an inadequate supply of licensed personnel within a given licensure area in a school district that has notified the board of teaching of such a shortage and has applied to the board of teaching for provisional licenses for that district's licensed staff.*

Sec. 15. Minnesota Statutes 1984, section 125.12, is amended by adding a subdivision to read:

Subd. 2a. [EMPLOYMENT IN SUPERVISORY POSITIONS.] Notwithstanding other law, a teacher as defined in section 179A.03 does not have a right to employment in a district as an assistant superintendent, as a principal defined in section 179A.03, as a confidential or supervisory employee defined in section 179A.03, or in a position that is a promotion from the position currently held, based on seniority, seniority date, or order of employment by the district; provided that this provision shall not alter the reinstatement rights of an individual who is placed on leave from an assistant superintendent, principal or assistant principal, or supervisory or confidential employee position pursuant to chapter 125.

Sec. 16. Minnesota Statutes 1984, section 125.17, is amended by adding a subdivision to read:

Subd. 2a. [EMPLOYMENT IN SUPERVISORY POSITIONS.] Notwithstanding other law, a teacher as defined in section 179A.03 does not have a right to employment in a district as an assistant superintendent, as a principal defined in section 179A.03, as a confidential or supervisory employee defined in section 179A.03, or in a position that is a promotion from the position currently held, based on seniority, seniority date, or order of employment by the district; provided that this provision shall not alter the reinstatement rights of an individual who is placed on leave from an assistant superintendent, principal or assistant principal, or supervisory or confidential employee position pursuant to chapter 125.

Sec. 17. Minnesota Statutes 1984, section 125.60, subdivision 3, is amended to read:

Subd. 3. [REINSTATEMENT.] Except as provided in subdivisions 6a and 6b, a teacher on an extended leave of absence pursuant to this section shall have the right to be reinstated to a position for which the teacher is licensed at the beginning of any school year which immediately follows a year of the extended leave of absence, unless the teacher fails to give the required notice of intention to return or is discharged or placed on unrequested leave of absence or the contract is terminated pursuant to section 125.12 or 125.17 while the teacher is on the extended leave. The board shall not be obligated to reinstate any teacher who is on an extended leave of absence pursuant to this section, unless the teacher advises the board of the intention to return before February 1 in the school year preceding the school year in which the teacher wishes to return or by February 1 in the calendar year in which the leave is scheduled to terminate. The board shall notify the commissioner within 30 days of being notified that a teacher intends to return from an extended leave.

Sec. 18. [EXPERIMENTAL SCHOOL EXPIRATION DATE.]

Laws 1973, chapter 683, section 26, subdivision 17, as amended by Laws 1975, chapter 432, section 88, as amended by Laws 1977, chapter 447, article VII, section 28, as amended by Laws 1981, chapter 358, article VI, section 42, is amended to read:

Subd. 17. The provisions of this section shall expire July 1, (1985) 1989. At any time the experimental school may be terminated upon unanimous vote of the officers of the committee and 30 days notice to the board of District No. 309, whereupon the board of District No. 309 shall resume the care management and control of the entire district on July 1 following. Prior to December 1 of each year the committee shall submit to the legislature a report of the experimental school established by this section. Such report shall document the success or failure of the experimental school.

Sec. 19. [K-3 CLASS SIZE STUDY.]

The department of education shall conduct a study on reducing certain class sizes of grades kindergarten through three to a ratio of 15 to 1 in Minnesota. The study shall address at least the following: determination of the number of teachers which would be required to reduce class sizes to a ratio of 15 students to one teacher in those grades in the areas of reading, writing, and mathematics; examining the feasibility of individual school districts to reduce class sizes to a ratio of 15 students to one teacher; and evaluating the existing research on the impact of reducing class sizes.

Sec. 20. [REPEALER.]

Minnesota Statutes 1984, sections 122.84, 122.85, and 122.89 are repealed.

Sec. 21. [EFFECTIVE DATE.]

Sections 6 and 7 are effective the day following final enactment.

ARTICLE 8

EDUCATIONAL IMPROVEMENT

Section 1. [121.509] [POLICY.]

It is the intent of the legislature that proficiency assessments required by sections 1 to 9 measure the progress of each pupil in mastering basic skills rather than the pupil's performance relative to the pupil's classmates. Proficiency assessments shall be used to determine whether pupils need assistance to master basic skills, and if so, the appropriate content and mode of the assistance. To use these proficiency assessments effectively, the school districts are encouraged to assess their pupils early in the school year.

Sec. 2. [121.510] [ADOPTION OF PROFICIENCY STANDARDS.]

Subdivision 1. The board of each school district shall adopt standards of proficiency in basic skills for pupils attending school within its school district. Standards shall be adopted for reading comprehension, writing, and computation skills, in the English language, and other skills, if any, which the board concludes are necessary to succeed in school and life experiences. The standards will permit individual achievement to be ascertained and evaluated and shall be directly related to the district's instructional program.

Subd. 2. The school board shall invite parents, administrators, teachers, counselors, and, with respect to secondary schools, pupils to participate in the consideration of the standards of proficiency to be adopted.

Subd. 3. The standards shall be adopted: by January 1, 1987, for grades 9 through 12; by June 30, 1987, for grades 6 through 8; and by January 1, 1988, for grades 2 through 5. Proficiency assessments based on these standards shall begin in the school year following adoption.

Sec. 3. [121.511] [SEPARATE STANDARDS.]

Separate standards of proficiency shall be established for reading comprehension, writing, computation skills, and each additional skill which a school board designates. A separate assessment shall be made of the pupil's proficiency in each skill.

Sec. 4. [121.512] [ASSESSMENT MATERIALS.]

For students with diagnosed learning disabilities, as well as for students participating in the regular school program, proficiency assessments may be part of the classroom experience, and teaching materials may be used as assessment materials.

The school board shall periodically screen the assessment materials for racial, cultural, and sexual bias.

Sec. 5. [121.513] [ASSESSMENT SCHEDULE.]

Progress toward proficiency in basic skills shall be assessed in the English language during the regular instructional program at least once during the 2nd through 5th grades, once during the 6th through 8th grades, and twice during the 9th through 12th grades.

Sec. 6. [121.514] [REMEDICATION; PARENT CONFERENCE.]

Subdivision 1. Additional instruction shall be provided to a pupil who does not demonstrate sufficient progress toward the mastery of any of the basic skills. The additional instruction shall continue until the pupil attains the proficiency standards or is no longer enrolled in school. The instruction may be provided in summer school programs.

Subd. 2. (a) If a pupil does not demonstrate sufficient progress toward mastery of basic skills and will not be able to attain the prescribed standards upon exit from the 5th, 8th, or 12th grade, whichever is applicable, the principal shall arrange a conference among the parent or guardian of the pupil and a licensed

employee familiar with the pupil's progress to discuss the results of the proficiency assessment and recommended actions to further the pupil's progress.

(b) The conference to discuss the results of the assessment may be conducted on an individual or group basis among the parents or guardians of the pupils, the licensed employees, and the pupils. If the conference is conducted on a group basis, a pupil or the parent or guardian may request, and shall be granted, a conference on an individual basis without having to attend the group conference.

(c) A secondary pupil shall attend the conference. An elementary pupil shall attend the conference unless the principal and the parent or guardian agree that the pupil's presence would not be in the pupil's best interest.

(d) The pupil and the parent or guardian shall be requested in writing to attend the conference. The notice shall be written in the primary language of the parent or guardian whenever practicable. If the conference is to be conducted on a group basis, the notice shall specify the right of the pupil or the parent or guardian to request and be granted a conference on an individual basis without having to attend the group conference.

(e) At the conference, the instructional program which shall be provided to assist the pupil to master basic skills shall be described. If the parent or guardian does not attend the conference, this information shall be communicated to the parent or guardian by other means within ten days of the date of the conference.

Sec. 7. [121.515]

If a pupil of limited English proficiency, as determined under section 126.262, subdivision 2, does not possess sufficient English language skills to be fairly assessed for basic skills proficiency in the English language, the district shall defer the assessment. The deferment shall be for a period of at least six months but shall not be longer than 24 months. During the deferment period the pupil shall complete at least six months of instruction in reading, writing, and comprehension in the English language.

However, a pupil of limited English proficiency shall be assessed for basic skills in the English language upon the pupil's own request or upon the request of the pupil's parent or guardian.

Nothing in this section shall preclude a district from conducting an assessment of a pupil in both English and in the native language of the pupil.

Sec. 8. [121.516] [DIFFERENTIAL STANDARDS FOR LEARNING DISABLED STUDENTS.]

Subdivision 1. Differential standards and assessment procedures may be adopted for pupils who:

(a) are enrolled in special education programs and for whom individualized education programs have been developed under section 120.17, and

(b) have diagnosed learning handicaps or disabilities.

Subd. 2. If an individualized education team determines that a pupil does not demonstrate evidence of the ability to attain the district's regular proficiency standards with available and appropriate education services and support, the team shall develop differential proficiency standards, or modify general differential standards adopted by the board, appropriate to the needs and potential of the pupil.

Subd. 3. The determination and the development of differential proficiency standards shall be part of the process of developing, reviewing, and revising a pupil's individualized education program.

Subd. 4. If one or more differential standards are developed for a pupil enrolled in special education, the standards may be maintained throughout the pupil's school experience, whether or not the pupil continues to be enrolled in special education.

Subd. 5. Differential standards and assessment procedures adopted under this section shall permit the pupil for whom they are adopted to attain the standards within the time the state is required by state or federal law to provide an education to the pupil.

Subd. 6. Nothing in this subdivision shall be construed to require differential proficiency standards for a pupil that a team determines can attain the district's regular proficiency standards with appropriate and available educational services and support.

Sec. 9. [121.517] [ASSESSMENT FRAMEWORK; STATE BOARD OF EDUCATION.]

Subdivision 1. The state board of education shall prepare and distribute to all school districts a framework for assessing pupil proficiency in reading comprehension, writing, and computation skills. The framework shall include a range of assessment items in each skill area. The assessment framework shall be provided solely to assist each school district in the development of its own pupil assessments as required by section 3.

Subd. 2. The framework shall be distributed by: September 1, 1986, for assessments of students in the 9th through 12th

grades; January 1, 1987, for assessments of students in the 6th through 8th grades; and July 1, 1987, for assessments of students in the 2nd through 5th grades.

Subd. 3. Nothing in this section shall be construed to authorize or permit the state board of education to adopt statewide minimum proficiency standards for high school graduation or for any other purpose.

Sec. 10. Minnesota Statutes 1984, section 123.7431, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] Each school district which completes the planning, evaluation, and reporting process pursuant to the requirements of sections 123.741 and 123.742 and which receives approval from the commissioner of education is eligible to receive state aid. An eligible school district shall receive \$1 times average daily membership for the (APPLICABLE) 1984-1985 school year (.), and no district which is eligible for aid shall receive less than \$1,500 for that year.

An eligible district shall receive \$1.04 times average daily membership for the 1985-1986 school year, and no district which is eligible for aid shall receive less than \$1,560 for that year. An eligible district shall receive \$1.08 times average daily membership for the 1986-1987 school year, and no district which is eligible for aid shall receive less than \$1,620 for that year.

Sec. 11. Minnesota Statutes 1984, section 124.19, subdivision 1, is amended to read:

Subdivision 1. [INSTRUCTIONAL TIME.] Every district which receives special state aid shall maintain school in session (OR), provide instruction in other districts, in state university laboratory school or in the university laboratory school, or provide staff development opportunities for at least 175 days, not including summer school, or the equivalent in a district operating a flexible school year program. Pupil instruction shall be conducted at least 170 out of the 175 days. The remaining five days shall be used for parent-teacher conferences, teachers' workshops, staff development, or additional pupil instruction. For kindergarten classes, up to ten days out of the 175 may be devoted to parent-teacher conferences, teachers' workshops, staff development, or additional pupil instruction as part of the required minimum number of days. In both cases, up to three days of the state aid may be used to provide teachers' access to small group or individual staff development activities during released time or nonschool days. A district which holds school for the required minimum number of days and is otherwise qualified is entitled to special state aid as provided by law. If school is not held for the required minimum number of days, special state aid shall be reduced by the ratio that the difference between 175

days and the number of days school is held bears to 175 days, multiplied by 60 percent of the product of the foundation aid formula allowance times its pupil units for that year. However, districts maintaining school for fewer than the required minimum number of days do not lose special state aid, if the circumstances causing loss of school days below the required minimum number of days are beyond the control of the board and, if proper evidence is submitted and a good faith attempt made to make up time lost due to these circumstances. The loss of school days resulting from a lawful employee strike shall not be considered a circumstance beyond the control of the board. Days devoted to teachers' institutes or other meetings authorized or called by the commissioner may not be included as part of the required minimum number of days of school. (NOT MORE THAN FIVE DAYS MAY BE DEVOTED TO PARENT-TEACHER CONFERENCES OR TEACHERS' WORKSHOPS AS PART OF THE REQUIRED MINIMUM NUMBER OF DAYS, EXCEPT THAT, FOR KINDERGARTEN CLASSES, NOT MORE THAN TEN DAYS MAY BE DEVOTED TO PARENT-TEACHER CONFERENCES OR TEACHERS' WORKSHOPS AS PART OF THE REQUIRED MINIMUM NUMBER OF DAYS.)

Sec. 12. Minnesota Statutes 1984, section 124.195, subdivision 9, is amended to read:

Subd. 9. [PAYMENT PERCENTAGE FOR CERTAIN AIDS.] The following aids shall be paid at 100 percent of the entitlement for the current fiscal year: school lunch aid, according to section 124.646; hearing impaired support services aid, according to section 121.201; *aid for excellence in teaching and curriculum, according to section 14 of this article; handicapped adult programs aid, according to article 4, section 7; inter-district transportation aid, according to section 126.62, subdivision 6; and educational improvement aids, according to (SECTIONS 121.601, 129B.33, 129B.34, AND) section 129B.36.*

Sec. 13. [124.248] [EDUCATIONAL IMPROVEMENT.]

Subdivision 1. [PROGRAMS.] Aid for educational improvement programs shall be paid as provided in this section. The proceeds of this aid and the levy authorized by section 275.125, subdivision 7f, may be used for expenditures for staff development, curriculum development, parent or community involvement, experimental educational delivery systems, and other measures designed to improve education in the district.

Subd. 2. [REVENUE.] A district's educational improvement revenue allowance shall be an amount equal to the product of 0.005, times the number of actual pupil units in the district, times the foundation aid formula allowance as defined in section 124A.02.

Subd. 3. [AID.] In fiscal year 1987 and each year thereafter, a district shall receive educational improvement aid equal to the difference between:

(1) the product of

(a) the ratio of the district's actual levy to its permitted levy, pursuant to section 275.125, subdivision 7f; times

(b) the district's educational improvement revenue allowance; and

(2) the levy certified by the district pursuant to section 275.125, subdivision 7f.

Sec. 14. [124.253] [AID FOR EXCELLENCE IN TEACHING AND CURRICULUM.]

Subdivision 1. [MAXIMUM REVENUE.] The maximum revenue a district may receive for an excellence in teaching and curriculum program is \$125 times the number of full-time equivalent licensed staff, including teaching, supervisory, and support staff, in the district's elementary and secondary programs in that school year. No district shall receive less than \$3,000. For a district that does not have contracts executed according to section 21, the maximum revenue is reduced by 40 percent. For districts that have entered into contracts according to section 21, the 40 percent portion of the maximum revenue shall not exceed the cost of the contracts.

Subd. 2. [AID.] An eligible district shall receive aid equal to:

(1) the difference between the maximum revenue, according to subdivision 1, and the permitted levy attributable to the same school year, according to section 275.125, subdivision 8c; times

(2) the ratio of the district's actual levy to its permitted levy.

Subd. 3. [USE OF REVENUE.] The proceeds of the aid authorized by this section and the levy authorized by section 275.125, subdivision 8c, shall be used only for an excellence in teaching and curriculum program and shall be used only in the proportions set forth in section 18.

Sec. 15. [124.275] [ARTS EDUCATION AID.]

Subdivision 1. [PURPOSES.] Each school district shall receive arts education aid for arts education programs such as creative dramatics, dance, creative writing, music, visual arts, and film and video arts. Districts are encouraged to offer cooper-

ative programs and share staff with other districts when appropriate to maximize the use of the aid.

Subd. 2. [GUIDELINES.] Each district may determine how to use its arts education aid. A district is encouraged to use the following guidelines in the order listed:

(1) develop a long-range, comprehensive arts education plan, develop an arts curriculum, and implement arts programs for grades kindergarten through six;

(2) provide professional development for teachers to increase their arts skill level and to enable them to provide improved opportunities for pupils to learn in, about, and through the arts; and

(3) provide arts enrichment activities for pupils in grades kindergarten through six.

(4) increase the number of elementary arts teachers, with a goal of at least one full-time art teacher and one full-time music teacher for 400 pupils in grades kindergarten to six;

Subd. 3. [AID AMOUNT.] Arts education aid shall equal the greater of: \$2.40 times the number of pupils in grades kindergarten to six in average daily membership in the district, or \$500.

Sec. 16. Minnesota Statutes 1984, section 125.05, subdivision 1, is amended to read:

Subdivision 1. [QUALIFICATIONS.] The authority to license teachers as defined in section 125.03 is vested in the board of teaching except that the authority to license supervisory and support personnel is vested in the state board of education. Licenses shall be issued to such persons as the board of teaching or the state board of education finds to be competent for their respective positions. Qualifications of teachers and other professional employees except supervisory and support personnel shall be determined by the board of teaching under the rules which it promulgates. *When legislation requires teachers to have taken certain courses or preparation, the board of teaching shall establish in its rules whether such courses shall be taken before obtaining an initial license or may be taken as in-service education. By July 1, 1987, the board of teaching shall adopt and field test a plan to assess subject knowledge in the teaching fields of candidates for initial licensure. By July 1, 1987, the board of teaching shall also develop and field test a plan to evaluate the teaching skills of beginning teachers prior to granting continuing licensure.* Licenses under the jurisdiction of the board of teaching shall be issued through the licensing section of the department of education. Licenses under the jurisdiction of the

state board of education shall be issued through the licensing section of the department of education.

Sec. 17. Minnesota Statutes 1984, section 125.185, subdivision 4, is amended to read:

Subd. 4. The board shall develop and create rules for the licensure of public school teachers and interns, and from time to time it shall revise or supplement the rules for licensure of public school teachers subject to the provisions of chapter 14. It shall be the duty of the board to establish rules for the approval of teacher education programs; provided these rules shall encourage teacher educators to obtain periodic classroom teaching experience. *In establishing the rules for teacher education program approval, the board shall consider the policy recommendations of a special task force to be convened in cooperation with the higher education coordinating board.* The board shall also grant licenses to interns and to candidates for original licenses and receive recommendations from local committees as established by the board for the renewal of teaching licenses, grant life licenses to those who qualify according to requirements established by the board, and suspend or revoke licenses pursuant to sections 125.09 and 214.10. Notwithstanding any law or rule to the contrary, the board shall not establish any expiration date for application for life licenses. With regard to vocational education teachers the board of teaching shall adopt and maintain as its rules the rules of the state board of education and the state board of vocational technical education.

Sec. 18. [126.56] [SUMMER SCHOLARSHIPS FOR ACADEMIC ENRICHMENT.]

Subdivision 1. [ESTABLISHMENT.] A scholarship program is established to enable secondary pupils to attend summer programs sponsored by post-secondary institutions.

Subd. 2. [ELIGIBLE PUPILS.] To be eligible for a scholarship, a pupil shall meet all of the following:

- (1) is a resident of Minnesota;*
- (2) attends an eligible program;*
- (3) has completed grades 7 through 11;*
- (4) demonstrates leadership or involvement in the community;*
- (5) has earned at least a B average during the semester or quarter prior to application, or ranked in the upper one-third of the class for the school year prior to application, as applicable; and*
- (6) demonstrates need for financial assistance.*

Subd. 3. [FINANCIAL NEED.] Need for financial assistance shall be based on family income, family size, and special necessary expenditures of the family. The need shall also be directly related to the actual charges made by the institution sponsoring the summer program. The higher education coordinating board shall determine the financial need of each pupil and shall award scholarships within the limits of the appropriation for this section. If the amount appropriated is insufficient to make a full award to each applicant, the board shall allocate the amount appropriated in the manner it determines.

Subd. 4. [ELIGIBLE PROGRAMS.] A scholarship may be used only for an eligible program. Each program shall be approved by the state board of education and the higher education coordinating board. A program shall be sponsored by a post-secondary institution that (a) is accredited by the north central association of colleges, (b) offers at least an associate or baccalaureate degree program approved under section 136A.65, subdivision 1, and (c) is located in Minnesota.

It shall provide academic instruction in curricular areas such as communications, humanities, social studies, social science, science, mathematics, art, or foreign language. The program shall not be offered for credit to post-secondary students. It shall not provide remedial instruction enabling a pupil to achieve at the pupil's grade level or enabling a pupil to achieve skills needed for entry into a post-secondary program. The program shall not have as its primary emphasis athletic skills, recreation, physical education, crafts, hobbies, or leisure activities. The program shall not contain any religious activities of any nature. Additional requirements for eligibility may be established by the state board of education and the higher education coordinating board.

Subd. 5. [ADVISORY COMMITTEE.] An advisory committee of 11 members shall assist the academic excellence foundation, state board of education, and higher education coordinating board in planning, implementing, and evaluating the scholarship program. The committee shall consist of the executive director of the higher education coordinating board or a representative, the commissioner of education or a representative, two secondary school administrators and two secondary teachers appointed by the commissioner of education, the executive director of the academic excellence foundation, a private college representative appointed by the president of the Minnesota private college council, a community college representative appointed by the community college chancellor, a state university representative appointed by the state university chancellor, and a University of Minnesota representative appointed by the president of the University of Minnesota.

Subd. 6. [INFORMATION.] The academic excellence foundation shall assemble and distribute information about scholarships and eligible programs.

Subd. 7. [ADMINISTRATION.] The state board of education and the higher education coordinating board shall determine the time and manner for scholarship applications, awards, and program approval.

Subd. 8. [EXEMPTION FROM RULEMAKING.] Sections 14.01 to 14.47 shall not apply to the provisions of this section.

Sec. 19. [126.70] [PLANNING FOR EXCELLENCE IN TEACHING AND CURRICULUM.]

Subdivision 1. [DEVELOPMENT OF PLAN.] Each school district is encouraged to develop and adopt a written comprehensive plan for excellence in teaching and curriculum. The plan shall be prepared in consultation with the curriculum advisory committee appointed according to section 123.741, subdivision 3. The district plan shall be submitted to the department of education for approval.

Subd. 2. [CONTENTS OF THE PLAN.] The plan shall include:

(1) whether the school board intends to offer contracts under the excellence in teaching program;

(2) procedures the district will use to analyze and identify teaching and curricular needs;

(3) short-term and long-term needs for identified areas of need;

(4) integration with in-service and curricular efforts already in progress;

(5) integration of areas listed under section 20, subdivision 2;

(6) goals to be achieved and the means to be used; and

(7) procedures for evaluating progress.

Subd. 3. [MODEL PLANS.] In consultation with the instructional effectiveness advisory task force, advisory committee on technology in education, educational cooperative service units, and other appropriate agencies, the department of education shall develop model plans by August 31, 1985, for districts to use in developing their plans.

Sec. 20. [126.71] [EXCELLENCE IN TEACHING AND CURRICULUM.]

Subdivision 1. [ELIGIBILITY.] Each district that has an approved plan for excellence in teaching and curriculum is eligible for the revenue described in section 14.

Subd. 2. [USE OF REVENUE.] Sixty percent of the revenue for excellence in teaching and curriculum shall be used for at least two of the following purposes:

(1) to provide instructional effectiveness education according to section 121.609;

(2) to provide in-service education for elementary and secondary teachers to improve the use of technology in education;

(3) to provide subject area in-service education emphasizing the academic content of curricular areas determined by the district to be a priority area;

(4) to increase the involvement of parents, business, and the community in education;

(5) for experimental delivery systems;

(6) for in-service education to increase the effectiveness of principals and administrators;

(7) for in-service education or curriculum development for programs for gifted and talented pupils;

(8) for in-service education or curriculum development for cooperative efforts to increase curriculum offerings, as set forth in section 124.272; or

(9) for improving curriculum, according to the needs identified under the planning, evaluation, and reporting process set forth in section 123.741.

The revenue shall not be used to provide direct instruction to pupils.

Subd. 3. [ADDITIONAL USE OF REVENUE.] Forty percent of the revenue for excellence in teaching and curriculum shall be used for contracts for the excellence in teaching program.

Sec. 21. [126.72] [EXCELLENCE IN TEACHING PROGRAM.]

Subdivision 1. [AUTHORIZATION.] As part of a program for excellence in teaching and curriculum, a school board may use up to 40 percent of the revenue for excellence in teaching and

curriculum for short-term, limited contracts with classroom teachers employed by the district.

Subd. 2. [PURPOSE.] *The school board shall determine the needs of its classroom teachers and the need for changes in its curriculum. In determining these needs, the school board shall obtain the recommendations from classroom teachers, staff responsible for curriculum, and the curriculum advisory committee. It shall consider assessment results, other test results, and the district improvement plan portion of the report adopted according to section 123.741, subdivision 6. Contracts executed under this section shall relate directly to the identified needs.*

Subd. 3. [SELECTION COMMITTEE.] *A committee of six members appointed by the school board shall recommend teachers to receive contracts. Three members of the committee shall be classroom teachers. Three members shall be administrators, parents, members of the school board, or members of the community. The committee shall consider only classroom teachers who have background, knowledge, or expertise needed to perform duties in the areas of need identified by the school board. Years of service in the district shall not be a factor for consideration by the committee. No teacher shall have a right to a contract under this section based on seniority or order of employment in the district. The committee shall recommend to the school board names of individual teachers. The number of individual teachers recommended shall be approximately the number designated by the school board to meet the identified needs. The school board may award contracts to any of the recommended teachers but not to any others. The board may request the committee to recommend additional names of teachers.*

Subd. 4. [SHORT-TERM, LIMITED CONTRACTS.] *Contracts executed under this section shall provide classroom teachers any one or a combination of the following:*

- (1) released time during the school day;*
- (2) additional hours in a school day; or*
- (3) additional days or weeks of employment during the summer.*

Contracts executed under this section shall terminate within one year of the date of execution. During the term of a contract under this section a teacher may be discharged for cause from duties under this contract; a hearing shall be held on the discharge upon request of the teacher. A teacher has no rights in a subsequent year to a contract under this subdivision.

Subd. 5. [APPLICATION OF OTHER LAWS.] *Section 125.12 or 125.17 shall not apply to the initial award, the renewal,*

or the termination of contracts under this section. The provisions of this section concerning short-term, limited contracts shall not be construed to alter any aspect of other contracts executed by a school board.

Subd. 6. [ELIGIBILITY FOR REVENUE.] To be eligible for the excellence in teaching portion of revenue under section 14, the district shall file with the department of education a statement signed by the chair of the school board verifying that contracts under this section will be awarded. The statement shall indicate the number of contracts, whether duties are performed before, during, or after the school day or during the summer, the total cost of all contracts, and a general description of the duties. The statement shall also describe how the recommendations required by subdivision 2 were obtained. Any problems associated with implementing this section may be included.

Sec. 22. Minnesota Statutes 1984, section 129B.17, is amended to read:

129B.17 [(AUTHORIZATION) COMPREHENSIVE ARTS PLANNING PROGRAM.]

The department of education shall prescribe the form and manner of application (FOR RECIPIENTS OF) by school districts to be designated as a site to participate in the comprehensive arts (IN EDUCATION) planning (GRANTS) program. Up to 30 sites may be selected. The (STATE BOARD) department of education shall (AWARD GRANTS) designate sites in consultation with the Minnesota alliance for arts in education and the Minnesota state arts board.

Sec. 23. Minnesota Statutes 1984, section 129B.20, is amended to read:

129B.20 [(CRITERIA FOR GRANT APPROVAL) COMPREHENSIVE ARTS PLANNING PROGRAM SITES.]

Subdivision 1. [FUNDING.] (UP TO 30 GRANTS OF \$1,000 EACH MAY BE APPROVED FOR PROGRAMS WHICH INCLUDE:) Each site shall receive \$1,250 each year for two years. Before receiving money for the second year, a long-range plan for arts education must be submitted to the department.

Subd. 2. [CRITERIA.] The department of education, in consultation with the Minnesota alliance for arts in education, shall establish criteria for site selection. Criteria shall include at least the following:

(1) (A NEEDS ASSESSMENT OF ARTS EDUCATION AND PLANNING IN THE SCHOOL DISTRICT) *a willingness by the district to designate a program chair for comprehensive*

arts planning with sufficient authority to implement the program;

(2) (CREATION OF A COMMUNITY-BASED ARTS EDUCATION TEAM OF EIGHT INDIVIDUALS FROM THE) *a willingness by the district to create a committee comprised of school district and (THE) community people whose function (WILL BE) is to promote comprehensive arts education in the (SCHOOL) district;*

(3) (PARTICIPATION BY) *commitment on the part of committee members (OF THE ARTS EDUCATION TEAM) to participate in training offered by the department of education;*
(AND)

(4) (ESTABLISHMENT OF AN EVALUATION COMPONENT) *a commitment by the committee to conduct a needs assessment of arts education;*

(5) *commitment by the committee to evaluate its involvement in the program;*

(6) *a willingness by the district to adopt a long-range plan for arts education in the district;*

(7) *no previous involvement of the district in the comprehensive arts planning program; and*

(8) *location of the district to assure representation of urban, suburban, and rural districts and distribution of sites throughout the states.*

Subd. 3. [PROGRAM ACCOUNTS.] A district receiving funds shall maintain a separate account for the receipt and disbursement of all funds relating to the program. The funds shall be spent only for the purpose of arts education programs, including teacher release time.

Subd. 4. [ADDITIONAL FUNDING.] A district receiving funds may receive funds for the program from private sources and from other governmental agencies, including any state or federal funds available for arts education.

Sec. 24. Minnesota Statutes 1984, section 129B.21, is amended to read:

129B.21 [DEPARTMENT RESPONSIBILITY.]

The department of education, in cooperation with the Minnesota alliance for arts in education and the Minnesota state arts board, shall (:)

((1)) provide *materials*, training, and assistance to the arts education (TEAMS) *committees* in the school districts (;)

((2) PROVIDE CONSULTATION AND TECHNICAL ASSISTANCE TO DISTRICTS WHICH RECEIVE ARTS IN EDUCATION PLANNING GRANTS; AND)

((3) SUBMIT A REPORT TO THE EDUCATION COMMITTEES OF THE SENATE AND HOUSE OF REPRESENTATIVES BY JANUARY 1, 1985. THE REPORT SHALL INCLUDE THE STATUS AND IMPLEMENTATION OF COMPREHENSIVE ARTS IN EDUCATION PLANNING GRANTS AND THE DEPARTMENT'S PLANS TO PROMOTE ARTS EDUCATION IN THE SCHOOLS). *The department may contract with the Minnesota alliance for arts in education for its involvement in providing services, including staff assistance, to the program.*

Sec. 25. Minnesota Statutes 1984, section 129B.35, is amended to read:

129B.35 [REGIONAL COORDINATORS.]

The (MINNESOTA EDUCATIONAL COMPUTING CONSORTIUM) *department of education* shall *contract to provide* regional instructional computing coordinators with expertise in the use of technology in education. The (MINNESOTA EDUCATIONAL COMPUTING CONSORTIUM AND THE) department (OF EDUCATION) *and school districts within an ECSU region* shall agree on the services to be provided by the regional coordinators. Among other responsibilities, the regional coordinators shall serve as onsite consultants to districts (PARTICIPATING IN) *attempting to implement recently approved technology utilization (PLANNING) plans and inservice training.*

Sec. 26. Minnesota Statutes 1984, section 129B.36, is amended to read:

129B.36 [TECHNOLOGY DEMONSTRATION SITES.]

Subdivision 1. [SITE DESIGNATION.] By (JANUARY 15, 1984) *July 1, 1985*, the (STATE BOARD) *commissioner*, in consultation with the advisory committee, shall (DESIGNATE FROM EIGHT TO TEN DISTRICTS AS) *determine the level of funding for the existing technology demonstration sites (AND AWARD EACH DISTRICT A GRANT FOR USE DURING THE 1983-1984 AND 1984-1985 SCHOOL YEARS) which are eligible for continuation grants for use during the 1985-1986 and 1986-1987 school years. Grantees must continue matching the grant award in the manner agreed for the previous biennium.*

Subd. 2. ([CRITERIA FOR SELECTION.] IN CONSULTATION WITH THE DEPARTMENT OF EDUCATION, AP-

PROPRIATE REGIONAL MANAGEMENT INFORMATION CENTERS, AND THE MINNESOTA EDUCATIONAL COMPUTING CONSORTIUM, THE ADVISORY COMMITTEE SHALL DEVELOP SELECTION CRITERIA FOR REVIEW BY THE STATE BOARD. THE STATE BOARD SHALL ESTABLISH SELECTION CRITERIA TO BE DISTRIBUTED TO DISTRICTS BY OCTOBER 1, 1983. CRITERIA SHALL INCLUDE AT LEAST THE FOLLOWING:)

((A) EXEMPLARY PROGRAM OF TECHNOLOGY UTILIZATION EXISTING IN THE DISTRICT;)

((B) EVIDENCE OF WILLINGNESS BY DISTRICT STAFF AND THE COMMUNITY TO INCORPORATE TECHNOLOGY FULLY INTO THE CURRICULUM TO DEMONSTRATE NEW INSTRUCTIONAL METHODS;)

((C) WILLINGNESS TO MATCH THE GRANT AWARDED TO THE DISTRICT; AND)

((D) WILLINGNESS TO SHARE EDUCATIONAL EXPERIENCES WITH OTHER INTERESTED PARTIES.)

(FOR TWO OF THE SITES, CRITERIA MAY INCLUDE PARTICIPATION OF MINNESOTA HIGH TECHNOLOGY BUSINESS OR INDUSTRY. CLAUSE (A) MAY BE EXCLUDED AS A FACTOR IN SELECTION OF THE TWO SITES, ONE OF WHICH MAY BE A RURAL DISTRICT.)

(SUBD. 3. [SITES THROUGHOUT THE STATE.] TO THE EXTENT POSSIBLE, THE SELECTED SITES SHALL BE GEOGRAPHICALLY WELL DISTRIBUTED WITH REPRESENTATION FROM URBAN, SUBURBAN, AND RURAL AREAS.)

(SUBD. 4.) [GRANT AWARDS.] Applications for grants shall be submitted to the (STATE BOARD) *commissioner* by (DECEMBER 1, 1983) *August 1, 1985* in the form and manner prescribed by the department. Grants shall be awarded by (JANUARY 15, 1984) *September 1, 1985*.

Subd. (5) 3. [RECIPIENT DUTIES AND USE OF MONEY.] A district selected for a grant shall work cooperatively with the advisory committee, department of education, (MINNESOTA EDUCATIONAL COMPUTING CONSORTIUM,) higher education institutions in the area, and business and industry, as appropriate. (A DISTRICT SELECTED FOR A GRANT SHALL HAVE A TECHNOLOGY UTILIZATION PLAN ACCORDING TO SECTION 129B.33.) The district shall conduct at least (ONE WORKSHOP) *four workshops* each school year of the grant to demonstrate to other districts and interested parties its use of technology in education. Grant mon-

ey may be used for equipment, consultants, curriculum development, and teacher training.

Subd. (6) 4. [PRIVATE FUNDING.] The advisory committee shall seek funding and in-kind contributions from private sources to supplement state money for the purpose of awarding grants. Private contributions may be made directly to the technology demonstration sites.

Subd. (7) 5. [EVALUATION OF SITES.] The advisory committee shall evaluate the technology demonstration sites. It may contract with independent evaluators for this purpose.

Sec. 27. Minnesota Statutes 1984, section 129B.38, subdivision 1, is amended to read:

Subdivision 1. [AID AMOUNT.] A district that purchases or leases courseware packages that qualify as high quality according to section 129B.37 shall receive state aid. The aid shall be equal to the lesser of:

(a) (\$1.60) \$1.00 times average daily membership for the (1982-1983) 1984-1985 school year; or

(b) 25 percent of the actual expenditures of the district for purchase or lease of the courseware packages between (JANUARY 1, 1984) July 1, 1985, and May 31, (1985) 1987.

Sec. 28. Minnesota Statutes 1984, section 129B.39, is amended to read:

129B.39 [PURCHASE OF COURSEWARE PACKAGE DUPLICATION RIGHTS.]

Rights to duplication of courseware packages may be purchased, and volume purchase agreements may be established by the department of education, if the department determines that the courseware packages qualify as high quality according to section 129B.37, and if the courseware packages are available to the state at a lower cost than if purchased by school districts individually. The department shall (MAKE THE COURSEWARE PACKAGES AVAILABLE TO THE MINNESOTA EDUCATIONAL COMPUTING CONSORTIUM FOR DISTRIBUTION TO DISTRICTS) *contract with any Minnesota company that submits the lowest bid and that has the capability to duplicate and distribute courseware packages obtained by the department under this section.* The materials shall be available to districts without cost except for nominal costs of reproduction and distribution.

Sec. 29. Minnesota Statutes 1984, section 129B.40, is amended to read:

129B.40 [COURSEWARE PACKAGE DEVELOPMENT.]

Subdivision 1. [NEW COURSEWARE PACKAGES.] The (MINNESOTA EDUCATIONAL COMPUTING CONSORTIUM, IN CONSULTATION WITH THE) department of education (, IS AUTHORIZED TO DEVELOP AND) *may contract with various organizations, commercial or nonprofit, for the design and development of courseware packages which will meet the needs of (SCHOOLS) school districts and which otherwise are unavailable or too expensive for individual districts or the state to purchase. The (MINNESOTA EDUCATIONAL COMPUTING CONSORTIUM) department may:*

(a) contract with school districts, private entrepreneurs, and other public or private agencies for the development of a specified courseware package;

(b) assist entrepreneurs to develop their own ideas for courseware packages that could be used in school districts, by providing funds for that purpose;

(c) secure copyrights for those materials in which it has a whole or part interest;

(d) (SELL DEVELOPED) *contract to distribute* courseware packages (AT COST) to school districts (IN MINNESOTA AND AT COMMERCIAL RATES ELSEWHERE) *at cost under section 129B.39; and*

(e) (SELL OR) contract for the marketing of courseware packages.

The department of education shall evaluate whether the courseware packages qualify as high quality according to the criteria and procedures established in section 129B.37.

Courseware packages developed according to this subdivision shall become the property of the (MINNESOTA EDUCATIONAL COMPUTING CONSORTIUM) *department of education. Revenue from the sale of these courseware packages shall be annually appropriated from the general fund to the department of education and shall be used to develop additional courseware packages according to this section and to evaluate the other commercial courseware under section 129B.37.*

Subd. 2 [DISTRIBUTION.] (THE MINNESOTA EDUCATIONAL COMPUTING CONSORTIUM MAY) *Any company with which the department contracts to develop courseware packages must sell those courseware packages to Minnesota school districts at cost and may sell to school districts in other states and to the general public at commercial rates. Each contract with a developer who shares in the profits of distribution*

shall include a provision requiring sale of the courseware packages at cost to Minnesota school districts.

Sec. 30. [129B.61] [MASTERY LEARNING THROUGH INDIVIDUALIZED LEARNING PLANS ACT.]

Sections 31 to 35 may be cited as the "mastery learning through individualized learning plans act."

Sec. 31. [129B.62] [LEGISLATIVE FINDINGS; PURPOSE.]

The legislature finds that mastery learning is a process for managing learning that enhances mastery of clearly defined educational objectives for all learners, because all learners have the capacity to achieve defined levels of mastery with appropriate time and instruction. The legislature is committed to the goal of providing optimal educational outcomes in reading through mastery learning, using individualized learning plans and encouraging parental involvement. The legislature recognizes that, because of recent developments, technology exists to assist teachers in managing a mastery learning system in reading. The legislature further recognizes that reading is a cognitive skill upon which most subsequent learning is based and that individual learner characteristics need not necessarily be a limitation on that learner's level of mastery of this basic skill. Therefore, the purposes of this legislation are to:

(1) offer mastery learning programs in reading that take into account the entry reading level of each student and provide individualized instruction and appropriate learning time based on that level;

(2) provide design models of individualized student learning plans that demonstrate the use of mastery management programs in reading;

(3) encourage continuous progress in learning reading that uses variable class-size groupings;

(4) recognize that sequential, measurable learning in reading for all students can occur in a program that is planned for mastery, taught for mastery, and managed for mastery.

Sec. 32. [129B.63] [GRADE LEVEL PARTICIPATION.]

The demonstration mastery learning reading programs that are designated under section 33 shall be available for students in grades kindergarten through three.

Sec. 33. [129B.64] [SITE DESIGNATION.]

By March 15, 1986, the commissioner of education shall designate 15 districts as demonstration sites for mastery learning through individualized learning plans. By September 1, 1986, the commissioner shall pay to each designated district a grant for use during the 1986-1987 school year.

Sec. 34. [129B.65] [ADVISORY COMMITTEE.]

By August 15, 1985, the commissioner of education shall appoint a 15-member advisory committee to assist in the implementation of sections 31 to 35. Representation on the advisory committee shall include a technology in curriculum specialist from the state department, an instructional effectiveness specialist from the state department, a reading specialist from the state department, two representatives from post-secondary teacher education programs, two district level reading curriculum specialists, a state department testing specialist, a superintendent, an elementary school principal, two school boards, a parent, and two teachers. Appointments to this advisory committee are not subject to section 15.0597.

Sec. 35. [129B.66] [GRANTS; APPLICATION PROCESS.]

Subdivision 1. [DEVELOPMENT OF PLAN.] Each school is encouraged to develop and adopt a written plan for providing a program for mastery learning through individualized learning plans. This plan shall be developed in consultation with the curriculum advisory committee for planning, evaluation, and reporting appointed pursuant to section 123.741, subdivision 3.

Subd. 2. [PRELIMINARY PROPOSAL.] By September 15, 1985, each school district is encouraged to submit a brief preliminary proposal that indicates its intent to submit a detailed plan for implementing a program under this section. The proposal shall include an outline of the district's plan and shall be on forms provided by the department of education.

Subd. 3. [SELECTION OF FINALISTS; PLANNING AID.] By October 15, 1985, the commissioner, in consultation with the advisory committee, shall select 30 districts to submit detailed plans for implementing demonstration programs of mastery learning under this section. By November 1, 1985, the commissioner shall pay planning aid in the amounts of \$1,000 to those selected districts with 600 pupil units or less, and \$1,500 to those selected districts with more than 600 pupil units.

Subd. 4. [DESIGN COMPONENTS.] The design of the programs developed by the 30 districts selected under subdivision 3 shall demonstrate concise, measurable objectives/learner outcomes in reading that clearly describe the criterion for mastery learning in reading. Each program design must include a process for:

(1) *the identification of specific skills stated as measurable objectives/learner outcomes;*

(2) *diagnostic preassessment that determines each student's present entry level of reading skills;*

(3) *development of an individualized plan for each participating student based on the diagnostic assessment, including the utilization of different instructional strategies and groupings to achieve the stated mastery of the measurable reading objectives/learner outcomes;*

(4) *diagnostic assessment of progress during instruction and reteaching; and*

(5) *post-instruction measurement evaluation to determine whether the identified reading skills have been mastered.*

Subd. 5. [MANDATORY PLAN COMPONENTS.] *In addition to the components of the design of the program specified in subdivision 4, the program plan must include:*

(1) *sufficient allowance of time for teachers to identify specific skills and measurable objectives/learner outcomes;*

(2) *sufficient allowance of time for the development or acquisition of a locally-developed, state-developed, or a commercially-developed mastery management system;*

(3) *a demonstration of how the participating schools will reduce reading class sizes by providing variable class size groupings;*

(4) *a demonstration of how a skill-based computerized management system shall be used to develop individualized student learning plans in reading, diagnose individual student levels of learning, retest to ascertain progress toward mastery of objectives, and post-test to determine the extent of final mastery of the objectives;*

(5) *a plan for in-service staff development that addresses all components of the mastery learning model, including parent communication and involvement and the reteaching component; and*

(6) *a procedure for involving parents, in the process of developing individualized instruction plans for mastery in reading and keeping them informed of the progress of their children, as well as suggestions on how the parents can assist in the individualized learning plan.*

Subd. 6. [OPTIONAL COMPONENTS OF THE PLAN.] *In addition to the required components of the plan specified in subdivision 5, a district's plan may include:*

- (1) *plans for all-day kindergarten;*
- (2) *plans for coordination with early childhood and family education programs;*
- (3) *plans for program expansion to grades four through six;*
- (4) *plans for use of volunteers;*
- (5) *summer learning opportunities;*
- (6) *a process for integrating the assessment of student affective levels;*
- (7) *inclusion of foreign languages in the mastery reading program;*
- (8) *plans for utilizing peer-tutoring in the program; and*
- (9) *the feasibility of establishing a demonstration/laboratory school to be operated by the school district and to be used for teacher training purposes.*

Subd. 7. [SELECTION CRITERIA.] The commissioner of education, in consultation with the advisory committee, shall establish selection criteria for approving plans, to be distributed to the school districts by November 1, 1985.

Subd. 8. [GEOGRAPHIC DISTRIBUTION OF SITES.] To the extent possible, the selected sites shall be geographically well distributed with representation from urban, suburban, and rural areas. Some of the sites selected shall be exemplary programs already in existence.

Subd. 9. [DIFFERENTIATED STAFFING; TWO SITES.] At least two of the sites approved by the state board shall include plans for adopting differentiated staffing models that utilize master teachers and nonlicensed personnel such as teachers' aides or paraprofessionals.

Subd. 10. [APPROVAL OF PLANS; GRANT AWARDS.] The districts shall submit a plan and application for a grant by February 1, 1986 in the form and manner prescribed by the department. Grant recipients shall be designated by March 15, 1986.

Subd. 11. [EVALUATION OF SITES.] The commissioner of education shall make a preliminary evaluation of the designated sites and report to the education committees of the legislature on the results of the preliminary evaluation by February 1, 1987. By December 1, 1987 and each year thereafter, the commissioner of education shall make an annual evaluation report on the program to the education committees of the legislature.

Sec. 36. [136A.043] [DATA ON TEACHER EDUCATION STUDENTS AND GRADUATES.]

The higher education coordinating board in consultation with the board of teaching shall collect and publish annual data from teacher preparation institutions on the characteristics of students admitted to and graduating from teacher education programs. The board shall establish the reporting format in consultation with teacher preparation institutions and the board of teaching.

Sec. 37. [136A.122] [SCHOLARSHIP FOR EXCELLENCE PROGRAM.]

Subdivision 1. [ESTABLISHED.] A scholarship for excellence program is established. The Minnesota higher education coordinating board shall administer the program.

Subd. 2. [PURPOSE.] The purpose of the scholarship for excellence program is to encourage and reward superior academic achievement by outstanding Minnesota resident scholars with \$1,000 renewable stipends to students and \$1,000 payments to their secondary schools funded by voluntary contributions made by checkoff by state taxpayers.

Subd. 3. [APPLICATION.] A full-time Minnesota resident student in the 11th or 12th grade may apply for an initial scholarship for excellence which may be renewed by application for up to three additional years if the student maintains minimum performance standards required by the board. The application must be made by April 1 each year on a form supplied by the board.

Subd. 4. [NUMBER, AMOUNT.] The board shall determine by July 1 each year how many initial \$1,000 scholarships and \$1,000 renewal scholarships shall be awarded. The determination must be based on the criteria for academic excellence established by the board, the number of applicants, and the available amount in the scholarship fund.

Subd. 5. [NOTICE, AWARD.] The board shall notify each scholar of the scholarship award or renewal by August 1 each year. The board shall require verification of registration for full time enrollment from the scholar by October 1. When the board receives the necessary verification, the board shall send the stipend to the student. Awards made under this program may be used for up to six years following the initial award notification but may not be used for graduate work.

Subd. 6. [RENEWAL.] A scholarship recipient under this section may apply to renew a scholarship up to three times after

the initial award, providing that the renewals are made within a six year period after the initial award notification.

Subd. 7. [PAYMENTS TO SCHOOLS.] The state shall pay \$1,000 to the high school the recipient attended for at least two of the previous three years before the initial award notification.

Subd. 8. [ADMINISTRATIVE COSTS.] The board may use up to one percent or at least \$35,000 of the amount appropriated annually under section 40 to administer the scholarship for excellence program.

Subd. 9. [SOURCE.] The board shall award the scholarships under this section from the amount appropriated to it annually under section 40.

Subd. 10. [CRITERIA.] The board shall establish criteria for awarding scholarships for excellence and for renewing them. The criteria may include procedures designed by the board to determine academic excellence. The scholarships shall be awarded to secondary students who will become full-time post-secondary students at eligible institutions in Minnesota and who are identified by using the academic excellence criteria.

Subd. 11. [EFFECT ON OTHER AWARDS.] The board must not count an award made under this section in determining the amount of need-based scholarships, grants-in-aid or student loans to the student.

Sec. 38. Minnesota Statutes 1984, section 275.125, is amended by adding a subdivision to read:

Subd. 7f. [EDUCATIONAL IMPROVEMENT LEVY.] In 1985 and each year thereafter, a district may levy for educational improvement programs an amount equal to the following product:

(a) the district's educational improvement revenue allowance as defined in section 124.248, subdivision 2, times

(b) the lesser of

(1) one, or

(2) the ratio of

(i) the quotient derived by dividing the adjusted assessed valuation of the district in the second preceding year by the total pupil units in the district in the school year to which the levy is attributable, to

(ii) *the equalizing factor for the school year to which the levy is attributable.*

Sec. 39. Minnesota Statutes 1984, section 275.125, is amended by adding a subdivision to read:

Subd. 8c. [TEACHING AND CURRICULUM LEVY.] A district may levy for its excellence in teaching and curriculum program. The amount levied shall not exceed the lesser of:

(1) .1 mill times the adjusted assessed valuation of the district for the preceding the year the levy is certified; or

(2) the maximum revenue, as defined in section 124.248, subdivision 4, for the fiscal year to which the levy is attributable.

If the school district does not file the statement required by section 21, subdivision 6, before the levy limits for the district are certified according to subdivision 10, the department shall reduce the levy limitation for this subdivision by the amount the district levied the previous year for contracts under section 21.

Sec. 40. [290.432] [SCHOLARSHIP FOR EXCELLENCE CHECKOFF.]

Effective with returns filed for taxable years beginning after December 31, 1984, every person who files an income tax return or property tax refund claim form may designate that \$1 or more shall be deducted from the refund that would otherwise be payable to that person and paid into a fund to be established to provide scholarships to reward academic excellence in Minnesota students and to reward the secondary schools that educated those students. 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 refund shall be paid into the scholarship for excellence fund. The sum of the amounts designated to be paid shall be annually appropriated from the general fund to the higher education coordinating board.

Sec. 41. [REPORT TO LEGISLATURE].

By January 15, 1987, the department of education shall submit a report and recommendations to the legislature about the issues reported by school districts under section 21, subdivision 6.

Sec. 42. [USE OF 1985 SUMMER REVENUE.]

Notwithstanding any law to the contrary, a district may use the 1985 summer educational improvement revenue allowance during the school year as well as during the summer.

Sec. 43. [LEVY REDUCTION IF PLAN NOT APPROVED.]

If a district plan is not approved according to section 14 and if the district levied under Minnesota Statutes, section 275.125, subdivision 8c, for an excellence in teaching and curriculum program, the department of education shall reduce the 1986 or 1987 levy limit, as applicable, for Minnesota Statutes, section 275.125, subdivision 8c, or for Minnesota Statutes, section 124A.03, subdivision 1, by the amount the district levied for the program in 1985 or 1986.

Sec. 44. [COMPUTERIZED MASTERY MANAGEMENT SYSTEM.]

The department of education shall develop, contract for the development, or purchase the state rights to a computerized mastery management system that may be utilized for individualized learning plan models to be implemented under sections 31 to 35. The computer models shall have a common management system and be able to utilize several banks of learner outcomes and objectives that reflect content found in major textbooks. The department shall also develop, contract for the development, or purchase the state rights to support and resource materials to be used in conjunction with the computerized mastery management system for reading. In future years, the department is encouraged to develop and acquire a similar system and supporting materials for mathematics.

Sec. 45. [TEACHER EDUCATION CURRICULUM.]

Subdivision 1. [ADVISORY TASK FORCE.] The higher education coordinating board and the board of teaching, shall jointly appoint an advisory task force on changes in teacher education programs needed to adapt to state educational priorities, changing roles for teachers, and economic and social trends that will affect educational needs. Members shall include, but not be limited to, representatives of the commissioner of education, council on quality education, board of teaching, higher education coordinating board, teachers, school boards, administrators, and teacher education students and faculty.

Subd. 2. [DUTIES.] The advisory task force shall make recommendations to the higher education coordinating board, the board of teaching, and teacher education institutions on teacher education curricula to meet contemporary and anticipated conditions. The advisory task force shall also make recommendations to the board of teaching concerning program outcomes and outcome measures to be used in the evaluation and approval of teacher education programs. The measures shall include evidence that program graduates are capable of performing effectively as teachers in the schools. In developing its proposals, the advisory task force shall consider and coordinate efforts with Minnesota

Statutes, sections 121.608 to 121.609, 129B.31 to 129B.35, and 129B.41 to 129B.47, and learning improvement initiatives within the department of education.

Subd. 3. [REPORTS.] The task force shall submit its report to the higher education coordinating board and the board of teaching by November 1, 1986. The higher education coordinating board and the board of teaching shall transmit the task force report to the education committees of the legislature with recommendations by January 1, 1987.

Sec. 46. [PLAN FOR MENTOR TEACHERS.]

Subdivision 1. [PURPOSE.] The commissioner of education shall prepare a plan for the use of experienced teachers, called mentors, to assist in the continued development of beginning teachers. The purposes of the plan shall be to provide a link between preservice teacher education and employment as a teacher, to reduce the attrition of new teachers, to create a career development option for experienced teachers, and to improve instructional effectiveness in the schools.

Subd. 2. [FACTORS.] The plan shall include the following factors and others identified by the commissioner of education:

- (1) selection of mentor teachers;*
- (2) requirements for district and school participation;*
- (3) compensation of teachers and districts;*
- (4) funding and administrative requirements;*
- (5) relationships between mentor teachers and preservice teacher education institutions and faculty;*
- (6) training of mentor teachers;*
- (7) implications for seniority and other collective bargaining agreements;*
- (8) implications for school management; and*
- (9) implications for teacher licensure.*

Subd. 3. [REPORT.] The plan shall be submitted for approval by the education and finance committees of the legislature by January 1, 1986.

Subd. 4. [PILOT IMPLEMENTATION.] The plan shall be implemented on a pilot basis during the 1986-1987 school year.

A preliminary evaluation of the pilot shall be submitted to the education and finance committees of the legislature by January 1, 1987.

Sec. 47. [ALTERNATIVE TEACHER EDUCATION PROGRAMS.]

Subdivision 1. [PURPOSE.] The purposes of this section are to support innovation in teacher education, to involve the schools more closely in the preparation of new teachers, and to encourage talented college graduates to enter the field of teaching.

Subd. 2. [GRANTS FOR INNOVATIVE PROGRAMS.] The board of teaching shall award grants for innovative teacher education programs. Such grants shall be awarded upon the basis of competitive proposals.

Subd. 3. [ELIGIBLE PROGRAMS.] Proposals shall be eligible under this section if they are designed to prepare college graduates to teach through structured internships in participating schools or by other methods. Programs shall be conducted jointly by an approved teacher education institution and one or more school districts.

Subd. 4. [ADVISORY TASK FORCE.] The board of teaching shall name an advisory task force to recommend selection criteria and evaluate proposals. The advisory task force shall include at least one representative from the higher education coordinating board.

Subd. 5. [EVALUATION.] The board of teaching shall evaluate the programs in cooperation with the higher education coordinating board. The evaluation should assess the effectiveness of the programs in comparison with traditional teacher education programs.

Sec. 48. [TASK FORCE ON AN ACADEMIC HIGH SCHOOL LEAGUE.]

Subdivision 1. [ESTABLISHMENT.] A task force on an academic high school league is established. The task force shall consist of 15 members appointed by the academic excellence foundation. The foundation shall appoint at least one member from the state committee of the north central association and one member from the advisory committee for programs of excellence. The task force shall terminate by June 30, 1986.

Subd. 2. [DUTIES.] The task force shall study and make recommendations about establishing an academic high school league. The study shall include at least the following issues:

(1) *the utilization of high schools designated under the provisions of Minnesota Statutes, section 126.62, program of excellence, to create a league;*

(2) *the utilization of high schools accredited by the north central association to create a league; and*

(3) *the annual activities of the league including competition among schools, recognition of achievements, and the relationship of the activities to the Minnesota high school league.*

Subd. 3. [EXPENSES.] *The compensation on task force members, removal, and vacancies shall be as provided in Minnesota Statutes, section 15.059, subdivisions 3 and 4.*

Subd. 4. [REPORT.] *The task force shall report its finding and recommendations to the academic excellence foundation and the education committees of the legislature by February 1, 1986.*

Subd. 5. [APPROPRIATION.] *There is appropriated \$5,000 from the general fund to the academic excellence foundation for expenses related to the operation of the task force specified in this section. The sum shall be available until June 30, 1986.*

Sec. 49. [INDUSTRIAL TECHNOLOGY PROGRAM.]

The commissioner of education shall develop a curriculum for the industrial technology program that incorporates the instructional competencies found in secondary industrial arts and secondary vocational trade and industrial occupations programs.

Sec. 50. [APPROPRIATIONS; DEPARTMENT OF EDUCATION.]

Subdivision 1. [TO DEPARTMENT OF EDUCATION.] *There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.*

Subd. 2. [EDUCATIONAL IMPROVEMENT.] *For educational improvement aid pursuant to section 124.248, subdivision 3, there is appropriated:*

\$2,982,100 1987.

Subd. 3. [COUNCIL ON QUALITY EDUCATION.] *For the council on quality education venture fund grants pursuant to Minnesota Statutes, sections 129B.01 to 129B.05, there is appropriated:*

\$122,400 1986.

This amount is for grants for fiscal year 1985 payable in fiscal year 1986.

Subd. 4. [PROGRAMS OF EXCELLENCE.] *For programs of excellence pursuant to Minnesota Statutes, section 126.62, there is appropriated:*

\$25,000 1986,

\$25,000 1987.

Subd. 5. [TEST ITEM BANK.] *For the test item bank established pursuant to Minnesota Statutes, section 123.742, subdivision 5, there is appropriated:*

\$200,000 1986,

\$200,000 1987.

Subd. 6. [ACADEMIC EXCELLENCE FOUNDATION.] *For the academic excellence foundation, there is appropriated:*

\$54,000 1986,

\$54,000 1987.

Subd. 7. [TECHNOLOGY DEMONSTRATION SITES.] *For grants to technology demonstration sites, there is appropriated:*

\$1,090,000 1986,

\$1,090,000 1987.

Up to \$435,000 of the total amount of these appropriations for both years may be used for travel expenses, evaluation, and costs of administration. No grant to any site shall exceed a total of \$175,000 for the biennium. Thirteen sites shall be funded. The Woodland Cooperative and the Mankato/St. Peter KIDS projects shall not receive grants.

Subd. 8. [COURSEWARE PACKAGE DEVELOPMENT.] *For courseware package development pursuant to Minnesota Statutes, section 129B.40, courseware package evaluation pursuant to Minnesota Statutes, section 129B.37, purchase of courseware duplication rights pursuant to Minnesota Statutes, section 129B.39, and technology regional coordinators pursuant to Minnesota Statutes, section 129B.35, there is appropriated:*

\$649,000 1986,

\$649,000 1987.

Subd. 9. [PURCHASE OR LEASE OF COURSEWARE.] *For aid for purchase or lease of courseware pursuant to Minnesota Statutes, section 129B.38, there is appropriated:*

\$351,000 1986,

\$351,000 1987.

Any unexpended balance of this appropriation for fiscal year 1986 shall not cancel, but shall be available for fiscal year 1987.

Subd. 10. [INSTRUCTIONAL EFFECTIVENESS.] *For instructional effectiveness training pursuant to Minnesota Statutes, section 121.609, subdivision 5, for instructional effectiveness regional services pursuant to Minnesota Statutes, section 121.609, subdivision 4, and for instructional effectiveness training and evaluation pursuant to Minnesota Statutes, section 121.609, subdivision 3, there is appropriated:*

\$1,050,000 1986,

\$765,000 1987.

It is the expectation of the legislature that in-service training for instructional effectiveness will be paid for by school districts beginning with fiscal year 1987.

Subd. 11. [MENTOR TEACHING PLAN.] *For development of a mentor teacher plan pursuant to section 46, there is appropriated:*

\$100,000 1986.

Subd. 12. [MENTOR TEACHER PLAN PILOT.] *For implementation of the mentor teacher plan on a pilot basis pursuant to section 46, subdivision 4, there is appropriated:*

\$500,000 1987.

Subd. 13. [PLANNING AID.] *For planning aid pursuant to section 35, subdivision 3, there is appropriated:*

\$40,000 1986.

Subd. 14. [MASTERY LEARNING GRANT AWARDS AND EVALUATION.] *For mastery learning demonstration project grants pursuant to section 35, subdivision 10, there is appropriated:*

\$1,945,000 1987.

The department may use up to \$20,000 of the appropriation for the costs of administering the program and up to \$50,000 for evaluating the program.

Subd. 15. [MASTERY MANAGEMENT SYSTEMS; SUPPORT MATERIALS.] *For development or purchase of rights to a computerized mastery management system and support materials pursuant to section 44, there is appropriated:*

\$125,000 1986.

Subd. 16. [AID FOR EXCELLENCE IN TEACHING AND CURRICULUM.] *For aid for excellence in teaching and curriculum, pursuant to section 14, there is appropriated:*

\$2,800,000 1987.

Subd. 17. [PER PROCESS AID.] *For aid pursuant to Minnesota Statutes, section 123.7431, subdivision 1, there is appropriated:*

\$1,044,000 1986,

\$1,085,700 1987.

Subd. 18. [COMPREHENSIVE ARTS PLANNING PROGRAMS.] *For comprehensive arts planning programs there is appropriated:*

\$100,000 1986,

\$100,000 1987.

Up to \$62,500 each year may be used to provide technical assistance to the districts involved. Technical assistance costs may include workshops, leadership conferences, and planning materials expenses, and the costs of consultants or staff to administer the assistance.

The unencumbered balance remaining from fiscal year 1986 shall not cancel but shall be available for fiscal year 1987.

Subd. 19. [ARTS EDUCATION.] *For arts education aid to school districts there is appropriated:*

\$900,000 1986,

\$900,000 1987.

Each fiscal year, 100 percent of the aid shall be paid to school districts. The unencumbered balance remaining from fiscal year 1986 shall not cancel but shall be available for fiscal year 1987.

Sec. 51. [APPROPRIATIONS; HIGHER EDUCATION COORDINATING BOARD.]

Subdivision 1. [TO HIGHER EDUCATION COORDINATING BOARD.] There is appropriated from the general fund to the higher education coordinating board the sums indicated in this section for the fiscal years ending June 30 in the years designated. Any unexpended balance remaining from the appropriations for fiscal year 1986 shall not cancel, and shall be available for fiscal year 1987.

Subd. 2. [SUMMER PROGRAM SCHOLARSHIPS.] For scholarship awards for 1986 and 1987 summer programs, pursuant to Minnesota Statutes, section 126.56, there is appropriated:

\$500,000 1986.

Of this appropriation, the amount required may be used for the higher education coordinating board's costs of administering the program.

Subd. 3. [DATA COLLECTION ON TEACHER EDUCATION STUDENTS.] For data collection and reporting on characteristics of teacher education students pursuant to section 36, there is appropriated:

\$25,000 1986.

A portion of this appropriation may be used to defray the costs of teacher preparation institutions in providing requested data.

Subd. 4. [CURRICULUM TASK FORCE.] For the task force on teacher education curriculum and related expenses, there is appropriated:

\$75,000 1986,

\$75,000 1987.

Sec. 52. [APPROPRIATIONS; BOARD OF TEACHING.]

Subdivision 1. [TO BOARD OF TEACHING.] There is appropriated from the general fund to the board of teaching the amounts indicated in this section for the fiscal years ending June 30 in the year designated. Any unexpended balance remaining from the appropriations for 1986 shall not cancel and shall be available for fiscal year 1987.

Subd. 2. [SUBJECT TESTS.] For development and implementation of a plan to test the subject knowledge of beginning teachers, there is appropriated:

\$150,000 1986.

Subd. 3. [LICENSURE ASSESSMENT OF TEACHING PERFORMANCE.] For development and implementation of a plan to evaluate the teaching skills of beginning teachers for purposes of state licensure, there is appropriated:

\$150,000 1986,

\$200,000 1987.

A portion of these appropriations may be used for consultants and contracted services by higher education institutions.

Subd. 4. [MODEL PROGRAMS.] For model teacher preparation programs pursuant to section 47, there is appropriated:

\$110,000 1986,

\$110,000 1987.

Sec. 53. [REPEALER.]

Section 19 is repealed June 30, 1987.

Minnesota Statutes 1984, sections 124.247, subdivision 6; 129B.33; and 129B.34 are repealed.

Sec. 54. [EFFECTIVE DATE.]

Section 14 is effective for the 1986-1987 school year and thereafter.

ARTICLE 9

LIBRARIES

Section 1. Minnesota Statutes 1984, section 123.742, subdivision 7, is amended to read:

Subd. 7. [(CURRICULUM) PROVIDING INFORMATION TO SCHOOLS.] The department may provide (AVAILABLE CURRICULUM) library information services for improving teaching and administrative practices at public and nonpublic elementary, secondary and post-secondary vocational schools. The information may be provided upon the request of a school district or an educational cooperative service unit (WITH WHICH THE DEPARTMENT HAS A WRITTEN AGREEMENT). The department may collect reasonable fees not to exceed its actual costs for this service. The department may also accept money from any public or private source to defray the cost of this service.

Sec. 2. Minnesota Statutes 1984, section 123.742, is amended by adding a subdivision to read:

Subd. 7a. [PROVIDING OTHER INFORMATION.] The department may provide library information and services it considers appropriate and necessary to any state agency, governmental unit, nonprofit organization, or private entity. The department may collect reasonable fees not to exceed its actual costs for providing the information and services. The department may also accept money from any public or private source to defray the cost of providing the information and services.

Sec. 3. Minnesota Statutes 1984, section 123.742, is amended by adding a subdivision to read:

Subd. 9. [OPEN APPROPRIATION.] The fees charged and money accepted by the department under sections 1 and 2 shall be deposited in the state treasury and credited to a special account. Money in the account is appropriated to the department to defray the costs of providing the information and services.

Sec. 4. Minnesota Statutes 1984, section 134.31, subdivision 2, is amended to read:

Subd. 2. The department of education shall give advice and instruction to the managers of any public library or to any governing body maintaining a library or empowered to do so by law upon any matter pertaining to the organization, maintenance, or administration of libraries. The department may also give advice and instruction, as requested, to (THE MANAGERS OF ANY LIBRARY IN A) post-secondary educational (INSTITUTION) institutions, state agencies, governmental units, nonprofit organizations, or private entities. It shall assist, to the extent possible, in the establishment and organization of library service in those areas where adequate services do not exist, and may aid in improving previously established library services.

Sec. 5. Minnesota Statutes 1984, section 134.31, subdivision 3, is amended to read:

Subd. 3. The department may provide, for any library in the state, books, journals, audiovisual items, (REFERENCE) information services or resource materials it deems appropriate and necessary and shall encourage the sharing of library resources and the development of interlibrary cooperation.

Sec. 6. [134.341] [COUNTY FINANCIAL SUPPORT.]

In order to ensure the availability of public library service to every person in the state, beginning January 1, 1988, every county is encouraged to provide financial support for public library services at no less than minimum amounts as specified

in sections 134.33 and 134.34 and is encouraged to participate in the designated regional public library system to which it is assigned by the state board of education pursuant to section 134.34, subdivision 3. Each county board of commissioners in participating counties shall appoint at least one county resident to serve as a representative to the regional public library system board and may appoint more than one representative under terms and conditions of the regional public library system contract.

Sec. 7. Minnesota Statutes 1984, section 134.35, is amended to read:

134.35 [REGIONAL LIBRARY BASIC SYSTEM SUPPORT GRANTS; DISTRIBUTION FORMULA.]

Subdivision 1. [GRANT APPLICATION.] Any regional public library system which qualifies according to the provisions of section 134.34 may apply for an annual grant for regional library basic system support. The amount of each grant for each fiscal year shall be calculated as provided in this section.

Subd. 2. (FIFTY-FIVE) *Sixty* percent of the available grant funds shall be distributed to provide all qualifying systems an equal amount per capita. Each system's allocation pursuant to this subdivision shall be based on the population it serves.

Subd. 3. Fifteen percent of the available grant funds shall be distributed to provide all qualifying systems an equal amount per square mile. Each system's allocation pursuant to this subdivision shall be based on the area it serves.

Subd. 4. (THE SUM OF \$35,000) *Seven and one-half per-* cent of the available grant funds shall be paid to each system as a base grant for basic system services.

Subd. 5. (AFTER THE ALLOCATIONS MADE PURSUANT TO SUBDIVISIONS 2, 3 AND 4, ANY REMAINING AVAILABLE GRANT FUNDS FOR BASIC SYSTEM SUPPORT) *Seventeen and one-half percent of the available grant funds* shall be distributed to those regional public library systems which contain counties whose adjusted assessed valuations per capita were below the state average adjusted assessed valuation per capita for the second year preceding the fiscal year for which the grant is made. Each system's entitlement shall be calculated as follows:

(a) Subtract the adjusted assessed valuation per capita for each eligible county or participating portion of a county from the statewide average adjusted assessed valuation per capita;

(b) Multiply the difference obtained in clause (a) for each eligible county or participating portion of a county by the population of that eligible county or participating portion of a county;

(c) For each regional public library system, determine the sum of the results of the computation in clause (b) for all eligible counties or portions thereof in that system;

(d) Determine the sum of the result of the computation in clause (b) for all eligible counties or portions thereof in all regional public library systems in the state;

(e) For each system, divide the result of the computation in clause (c) by the result of the computation in clause (d) to obtain the allocation factor for that system;

(f) Multiply the allocation factor for each system as determined in clause (e) times the amount of the remaining grant funds to determine each system's dollar allocation pursuant to this subdivision.

Sec. 8. Minnesota Statutes 1984, section 134.351, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] The state board of education, upon the advice of the advisory council to the office of (PUBLIC LIBRARIES AND INTERLIBRARY COOPERATION) *library development and services*, may approve the establishment of multi-county, multi-type library systems and the geographic boundaries of those systems.

Sec. 9. [APPROPRIATION.]

Subdivision 1. [BASIC SUPPORT GRANTS.] For basic support grants for public libraries there is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

\$4,799,800 1986,

\$4,977,500 1987.

The appropriation for 1986 includes \$695,000 for aid for fiscal year 1985 payable in fiscal year 1986, and \$4,104,800 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for 1987 includes \$724,400 for aid for fiscal year 1986 payable in fiscal year 1987 and \$4,253,100 for aid for fiscal year 1987 payable in fiscal year 1987.

The appropriations are based on aid entitlements of \$4,829,200 for fiscal year 1986 and \$5,003,600 for fiscal year 1987.

Subd. 2. [MULTI-COUNTY LIBRARY SYSTEMS.] For grants pursuant to sections 134.353 and 134.354 to multi-county, multi-type library systems there is appropriated:

\$205,100 1986,

\$213,000 1987.

The appropriation for 1986 includes \$30,000 for aid for fiscal year 1985 payable in fiscal year 1986, and \$175,100 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for 1987 includes \$30,900 for fiscal year 1986 payable in fiscal year 1987, and \$182,100 for aid for fiscal year 1987 payable in fiscal year 1987.

The appropriations are based on aid entitlements of \$206,000 for fiscal year 1986, and \$214,200 for fiscal year 1987.

Sec. 10. [EFFECTIVE DATE.]

Section 6 is effective July 1, 1986.

ARTICLE 10

CASH FLOW

Section 1. Minnesota Statutes 1984, section 121.904, subdivision 4a, is amended to read:

Subd. 4a. [LEVY RECOGNITION.] (a) "School district tax settlement revenue" means the current, delinquent, and manufactured home property tax receipts collected by the county and distributed to the school district, including distributions made pursuant to section 279.37, subdivision 7, and excluding the amount levied pursuant to section 275.125, subdivision 9a, and Laws 1976, chapter 20, section 4.

(b) In June of each year, the school district shall recognize as revenue, in the fund for which the levy was made, the lesser of:

(1) the June and July school district tax settlement revenue received in that calendar year; or

(2) the sum of the state aids and credits enumerated in section 124.155, subdivision 2 which are for the fiscal year payable in that fiscal year plus (32) 24 percent of the amount of the levy

certified in the prior calendar year according to section 275.125, subdivision 2d, plus or minus auditor's adjustments, not including levy portions that are assumed by the state; or

(3) (THIRTY-TWO) *Twenty-four* percent of the amount of the levy certified in the prior calendar year, plus or minus auditor's adjustments, not including levy portions that are assumed by the state, which remains after subtracting, by fund, the amounts levied for the following purposes:

(i) reducing or eliminating projected deficits in the appropriated fund balance accounts for unemployment insurance and bus purchases;

(ii) statutory operating debt pursuant to section 275.125, subdivision 9a, and Laws 1976, chapter 20, section 4; and

(iii) retirement and severance pay pursuant to section 275.125, subdivision 6a, and Laws 1975, chapter 261, section 4; and

(iv) amounts levied for bonds issued and interest thereon, amounts levied for debt service loans and capital loans, and amounts levied pursuant to section 275.125, subdivision 14a.

(c) In July of each year, the school district shall recognize as revenue that portion of the school district tax settlement revenue received in that calendar year and not recognized as revenue for the previous fiscal year pursuant to clause (b).

(d) All other school district tax settlement revenue shall be recognized as revenue in the fiscal year of the settlement. Portions of the school district levy assumed by the state, including prior year adjustments and the amount to fund the school portion of the reimbursement made pursuant to section 273.425, shall be recognized as revenue in the fiscal year beginning in the calendar year for which the levy is payable.

Sec. 2. Minnesota Statutes 1984, section 121.904, subdivision 4c, is amended to read:

Subd. 4c. [PROPERTY TAX SHIFT REDUCTION.] (a) (FOR THE PURPOSE OF THIS SUBDIVISION, "COMBINED FUND BALANCE" MEANS THE SUM OF THE FUND BALANCE DETERMINED BY THE COMMISSIONER OF FINANCE PURSUANT TO SECTION 9 OF THIS ARTICLE, AFTER TRANSFERS TO THE EDUCATION AIDS INCREASE ACCOUNT, PLUS THE BALANCE IN THE EDUCATION AIDS INCREASE ACCOUNT.)

((B) IF THE COMBINED FUND BALANCE EXCEEDS \$58,000,000,) *If the most recent forecasts of general fund revenues and expenditures prepared by the commissioner of finance*

pursuant to chapter 16A as of December 1, 1985, indicate a projected general fund balance for the biennium ending June 30, 1987 in excess of \$10,000,000, the levy recognition percent specified in subdivision 4a, clause (b)(2) and (b)(3), shall be reduced for taxes payable in (1985) 1986 and thereafter according to the provisions of this subdivision.

((C)) (b) The levy recognition percent shall equal the result of the following computation: (32) 24 percent, times the ratio of

(1) the statewide total amount of levy recognized in June (1985) 1986 pursuant to subdivision 4a, clause (b), reduced by the amount of the (COMBINED) *projected general fund balance (IN EXCESS OF \$50,000,000)*, to

(2) the statewide total amount of the levy recognized in June (1985) 1986 pursuant to subdivision 4a, clause (b).

The result shall be rounded up to the nearest whole percent. However, in no case shall the levy recognition percent be reduced below (24 PERCENT) zero.

Sec. 3. [CERTIFICATION AND NOTICE OF PERCENT.]

The commissioner of finance shall certify to the commissioner of education the levy recognition percent computed under section 2 of this article by January 5, 1986. The commissioner of education shall notify school districts of any change in the levy recognition percent by January 15, 1986.

Sec. 4. [TRANSFER IN FISCAL YEAR 1985 FOR ADDITIONAL AIDS.]

The commissioner of finance shall transfer from the general fund to the education aids appropriations specified by the commissioner of education, the amounts needed to finance the additional payments required because of the reduction pursuant to section 2 of this article of the levy recognition percent in Minnesota Statutes, section 121.904, subdivision 4c. Payments to a school district of additional state aids resulting from a reduction in the levy recognition percent pursuant to section 2 of this article, shall be added to the cash metering system, according to Minnesota Statutes, section 124.195, after January 15, 1986, and shall be paid in a manner consistent with the percent specified in that section.

Sec. 5. Laws 1984, chapter 463, article 9, section 9, is amended to read:

Sec. 9. [EDUCATION AIDS INCREASE ACCOUNT.]

Subdivision 1. [ESTABLISHMENT.] There is established an education aids increase account in the general fund of the

state treasury for the deposit of funds to insure adequate funding for increases in aids to (SCHOOL DISTRICTS FOR THE BIENNIUM BEGINNING JULY 1, 1985) *education.*

(SUBD. 2. [INITIAL TRANSFER.] THE COMMISSIONER OF FINANCE SHALL TRANSFER \$23,000,000 TO THE EDUCATION AIDS INCREASE ACCOUNT ON JULY 1, 1984.)

Subd. (3) 2. [(CONTINGENT) TRANSFERS.] (IF FORECASTS OF GENERAL FUND REVENUES AND EXPENDITURES PREPARED BY THE COMMISSIONER OF FINANCE PURSUANT TO CHAPTER 16A PRIOR TO DECEMBER 1, 1984, INDICATE A PROJECTED GENERAL FUND BALANCE FOR THE BIENNIUM ENDING JUNE 30, 1985, THE COMMISSIONER SHALL TRANSFER THE AMOUNT OF THE BALANCE TO THE EDUCATION AIDS INCREASE ACCOUNT; HOWEVER, IN NO CASE SHALL THE CUMULATIVE TOTAL OF ALL TRANSFERS ACCORDING TO THIS SUBDIVISION EXCEED \$27,000,000.) Transfers to the education aids increase account shall remain in the account until (EXPENDED) *appropriated.*

Subd. (4) 3. [EXPIRATION OF ACCOUNT.] The education aids increase account shall expire on June 30, 1987. Any unexpended moneys in the education aids increase account on June 30, 1987, shall be transferred to the general fund.

Sec. 6. [APPROPRIATION FOR EDUCATION AIDS INCREASE.]

\$50,000,000 is appropriated from the education aids increase account to the general fund for the purpose of paying education aids in fiscal years 1986 and 1987.

ARTICLE 11

TEACHER RETIREMENT

Section 1. [124.2161] [TEACHER RETIREMENT AND F.I.C.A. AID AND LEVY; DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] For the purposes of sections 1 and 2 and section 275.125, the following terms have the meanings given them.

Subd. 2. [F.I.C.A.] "F.I.C.A." means employer contribution obligations under the Federal Insurance Contribution Act.

Subd. 3. [TEACHER RETIREMENT OBLIGATIONS.] "Teacher Retirement Obligations" means a school district's obligations for employer contributions to a teacher retirement fund

as required by sections 354.42, subdivisions 3 and 5, and 354A-12, subdivision 2, excluding contributions on behalf of teachers employed at an area vocational technical institute, and excluding contributions based upon salaries paid from sources other than normal school operating funds as defined in section 354.05, subdivision 27.

Subd. 4. [F.I.C.A. OBLIGATIONS.] "*F.I.C.A. Obligations*" means a school district's obligations for F.I.C.A. as required by sections 355.208 and 355.287, excluding contributions on behalf of teachers employed at an area vocational technical institute, and excluding contributions based upon salaries paid from sources other than normal school operating funds as defined in section 354.05, subdivision 27.

Subd. 5. [TEACHER RETIREMENT INFLATION FACTOR.] "*Teacher Retirement Inflation Factor*" means a factor to be multiplied by a district's teacher retirement obligations for the base year. For the base year of fiscal year 1985, the teacher retirement inflation factor shall be 1.0816. For base years after fiscal year 1985, the teacher retirement inflation factor shall be equal to the foundation aid formula allowance for the current year, divided by the foundation aid formula allowance for the base year.

Subd. 6. [F.I.C.A. INFLATION FACTOR.] "*F.I.C.A. Inflation Factor*" means a factor to be multiplied by a district's F.I.C.A. obligations for the base year. For the base year of fiscal year 1985, the F.I.C.A. inflation factor shall be 1.1221. For base years after fiscal year 1985, the F.I.C.A. inflation factor shall be equal to the foundation aid formula allowance for the current year, divided by the foundation aid formula allowance for the base year.

Subd. 7. [BASE YEAR.] "*Base year*" means the second fiscal year preceding the fiscal year for which a district's aid and levy are computed under the provisions of this section and section 124.2162.

Subd. 8. [CURRENT YEAR.] "*Current year*" means the fiscal year for which a district's aid and levy are computed under the provisions of this section and section 124.2162.

Sec. 2. [124.2162] [TEACHER RETIREMENT AID AND LEVY.]

Subdivision 1. [TEACHER RETIREMENT AND F.I.C.A. REVENUE ALLOWANCE.] "*Teacher Retirement and F.I.C.A. Revenue Allowance*" for a district is the quotient of (a) the sum of (1) teacher retirement obligations in the base year, multiplied by the teacher retirement inflation factor, and (2) F.I.C.A. obligations in the base year, multiplied by the F.I.C.A. inflation fac-

tor, divided by (b) the number of actual pupil units in the district in the base year.

Subd. 2. [REVENUE.] For a district for each fiscal year, the teacher retirement and F.I.C.A. revenue is the teacher retirement and F.I.C.A. revenue allowance under subdivision 1 times the district's actual pupil units for the current school year.

Subd. 3. [LEVY.] Each year a district may levy for teacher retirement and F.I.C.A. obligations the amount permitted under section 275.125, subdivision 6f.

Subd. 4. [AID.] Each year beginning with fiscal year 1987, the state shall pay to school districts teacher retirement and F.I.C.A. aid equal to the district's revenue under subdivision 2 minus its levy limitation under subdivision 3.

Subd. 5. [ALLOCATION AMONG CENTERS.] Each year school districts that are members of a center under section 123.-351 shall equitably allocate among the members their teacher retirement and F.I.C.A. obligations to make the computations in this section. A center shall notify the department of its allocation by September 1 of each year. If no allocation is received in the department by September 1, the department shall make the allocations and notify the center and its members by October 1.

Sec. 3. Minnesota Statutes 1984, section 275.125, is amended by adding a subdivision to read:

Subd. 6f. [LEVY FOR FISCAL 1987.] A school district may make a levy for teacher retirement and F.I.C.A. obligations under sections 1 and 2 for the fiscal year beginning in the year after the levy is certified. The levy must not exceed the district's teacher retirement and F.I.C.A. revenue under section 2, subdivision 2, multiplied by a fraction. The numerator of the fraction is the district's adjusted assessed valuation for the year before the year the levy is certified, divided by the district's total pupil units for the school year that corresponds to the fiscal year for which the levy is made. The denominator of the fraction is \$360,000.

Sec. 4. Minnesota Statutes 1984, section 354.06, subdivision 1, is amended to read:

Subdivision 1. The management of the fund shall be vested in a board of eight trustees which shall be known as the board of trustees of the teachers retirement fund. It shall be composed of the following persons: the commissioner of education, the commissioner of finance, (THE COMMISSIONER OF COMMERCE) a representative of the Minnesota school boards association, four members of the fund who shall be elected by the members of the fund and one retiree who shall be elected by the

retirees of the fund. The five elected members of the board of trustees shall be chosen by mail ballot in a manner which shall be fixed by the board of trustees of the fund. In every odd numbered year there shall be elected two members of the fund to the board of trustees for terms of four years commencing on the first of July next succeeding their election. In every odd numbered year there shall be elected one retiree of the fund to the board of trustees for a term of two years commencing on the first of July next succeeding the election. Each election shall be completed by June first of each succeeding odd numbered year. In the case of elective members, any vacancy shall be filled by appointment by the remainder of the board, and the appointee shall serve until the members or retirees of the fund at the next regular election have elected a trustee to serve for the unexpired term caused by the vacancy. No member or retiree shall be appointed by the board, or elected by the members of the fund as a trustee if the person is not a member or retiree of the fund in good standing at the time of the appointment or election. It shall be the duty of the board of trustees to faithfully administer the law without prejudice and consistent with the expressed intent of the legislature. They shall act as trustees with a fiduciary obligation to the state of Minnesota which created the fund, the taxpayers which aid in financing it and the teachers who are its beneficiaries.

Sec. 5. Minnesota Statutes 1984, section 354.43, subdivision 3, is amended to read:

Subd. 3. Each school district, state university, community college and any other employing authority of members of the fund shall be obligated for employer contributions in accordance with the provisions of sections 354.42, subdivisions 3 and 5, and 355.46, subdivision 3, as provided in this section. With respect to state employees, each department and agency shall pay the amounts required by section 354.42, subdivisions 3 and 5 from the accounts and funds from which each department or agency receives its revenue, including appropriations from the general fund and from any other fund, now or hereafter existing, for the payment of salaries and in the same proportion as it pays therefrom the amounts of the salaries. The payments shall be charged as an administrative cost by these units of state government. (FOR OTHER REPORTING UNITS, THAT PORTION OF THE EMPLOYER CONTRIBUTIONS BASED ON SALARIES PAID FROM SOURCES OTHER THAN NORMAL SCHOOL OPERATING FUNDS AS DEFINED IN SECTION 354.05, SUBDIVISION 27 SHALL BE REMITTED TO THE TEACHERS RETIREMENT ASSOCIATION. THE REMITTANCE SHALL BE ACCOMPANIED BY A SATISFACTORY CERTIFICATION WHICH SHOWS THE TOTAL OF ALL SALARIES PAID WHICH ARE SUBJECT TO TEACHERS RETIREMENT DEDUCTIONS. THE CERTIFICATION SHALL ALSO SHOW THE TOTAL AMOUNT OF SALARIES PAID FROM NORMAL SCHOOL OPERATING FUNDS AND THE TOTAL AMOUNT OF SALARIES PAID FROM SOURCES OTHER THAN NOR-

MAL SCHOOL OPERATING FUNDS AS DEFINED IN SECTION 354.05, SUBDIVISION 27. FOR EACH INDIVIDUAL SALARY INCLUDED IN THE TOTAL OF ALL SALARIES PAID FROM SOURCES OTHER THAN NORMAL SCHOOL OPERATING FUNDS AS DEFINED IN SECTION 354.05, SUBDIVISION 27, THE CERTIFICATION SHALL SHOW EACH PERSON'S NAME, HIS SALARY OR RELATED PORTION OF SALARY AND REMITTANCE OF EMPLOYER CONTRIBUTIONS RELATED TO THE SALARY FOR EACH PERSON INCLUDED IN THE ACTUAL REMITTANCE.)

Sec. 6. Minnesota Statutes 1984, section 354A.12, subdivision 2, is amended to read :

Subd. 2. [EMPLOYER CONTRIBUTIONS.] Notwithstanding any law to the contrary, levies for teachers retirement fund associations in cities of the first class, including levies for any employer social security taxes for teachers covered by the Duluth teachers retirement fund association or the Minneapolis teachers retirement fund association or the St. Paul teachers retirement fund association, are disallowed (AND THE STATE SHALL ASSUME THE TOTAL EMPLOYER OBLIGATION).

The (STATE) *employing units* shall make the following employer contributions to teachers retirement fund associations :

(a) For any coordinated member of a teachers retirement fund association in a city of the first class, the (STATE) *employing unit* shall pay the employer social security taxes in accordance with section 355.46, subdivision 3, clause (b) ;

(b) For any coordinated member of one of the following teachers retirement fund associations in a city of the first class, the (STATE) *employing unit* shall make a contribution to the respective retirement fund association in an amount equal to the designated percentage of the salary of the coordinated member as provided below :

Duluth teachers retirement	
fund association	5.79 percent

Minneapolis teachers retirement	
fund association	4.50 percent

St. Paul teachers retirement	
fund association	4.50 percent

(c) For any basic member of one of the following teachers retirement fund associations in a city of the first class, the (STATE) *employing unit* shall make a contribution to the respective retirement fund in an amount equal to the designated percentage of the salary of the basic member as provided below :

Minneapolis teachers retirement fund association	13.35 percent
St. Paul teachers retirement fund association	12.63 percent

The (STATE) employer contributions shall be remitted directly to each teachers retirement fund association each month (IN ACCORDANCE WITH THE PROCEDURES DESCRIBED IN SECTION 354.43, SUBDIVISIONS 1 AND 5).

(ONCE EACH MONTH THE EXECUTIVE SECRETARY OF EACH TEACHERS RETIREMENT FUND ASSOCIATION SHALL DETERMINE THE AMOUNT OF MONEY NECESSARY AND PRESENTLY NEEDED TO MEET THE STATE OBLIGATION AS PROVIDED IN THIS SUBDIVISION BY APPLYING THE PERCENTAGE OF PAYROLL FIGURE TO THE ESTIMATED PAYROLL AMOUNTS FOR THE CURRENT MONTH AND SHALL CERTIFY THE AMOUNT TO THE COMMISSIONER OF FINANCE. THE MONEYS REQUIRED TO MEET THE AMOUNTS CERTIFIED BY EACH EXECUTIVE SECRETARY OF A TEACHERS RETIREMENT FUND ASSOCIATION SHALL BE REMITTED DIRECTLY TO THE APPLICABLE TEACHERS RETIREMENT FUND ASSOCIATION FROM THE GENERAL FUND EACH MONTH. IF SUBSEQUENT ACTUAL EXPERIENCE DEVIATES FROM THE ANTICIPATED EXPERIENCE UPON WHICH THE AMOUNT CERTIFIED WAS DETERMINED, THE ALLOCATION TO THE FIRST CLASS CITY TEACHERS RETIREMENT FUND ASSOCIATION INVOLVED NEXT FOLLOWING THE DISCOVERY OF THE DEVIATION SHALL BE ADJUSTED. IF THE STATE MAKES AN EXCESS EMPLOYER CONTRIBUTION TO A TEACHERS RETIREMENT FUND ASSOCIATION AS THE RESULT OF A FALSE OR WRONGFUL CERTIFICATION, THE STATE SHALL BE ENTITLED TO RECOVER THE EXCESS EMPLOYER CONTRIBUTION BY ANY APPROPRIATE MEANS, INCLUDING RECOVERY FROM FUTURE STATE ALLOCATIONS, STATE AID OR OTHER FUNDS PAYABLE TO THE SCHOOL DISTRICT IN WHICH THE ASSOCIATION IS LOCATED. IF AN EMPLOYEE OF THAT SCHOOL DISTRICT IS RESPONSIBLE FOR THE FALSE OR WRONGFUL CERTIFICATION, ANY EXCESS EMPLOYER CONTRIBUTION RECOVERED BY THE STATE SHALL BE THE OBLIGATION OF THE SCHOOL DISTRICT.)

Sec. 7. Minnesota Statutes 1984, section 355.208, is amended to read:

355.208 [EMPLOYER CONTRIBUTIONS.]

Contributions required under the agreement or modification entered into pursuant to section 355.207 to be made by political

subdivisions employing teachers, and payments required by section 355.49, which shall apply to political subdivisions employing teachers, shall be paid by the (STATE) *political subdivisions*.

Sec. 8. Minnesota Statutes 1984, section 355.209, is amended to read:

355.209 [EMPLOYEE CONTRIBUTIONS; DEDUCTION FROM WAGES.]

After the date the agreement or modification is entered into pursuant to section 355.207, there shall be paid as a deduction from wages an employee contribution in an amount equal to the tax that would be imposed by the Federal Insurance Contribution Act if such service constituted employment within the meaning of that act. Contributions so made shall be paid into the contribution fund in partial discharge of the liability of the (STATE AND EACH) political subdivision in respect thereto. Failure to deduct such contribution shall not relieve the employee (OR THE STATE) or the political subdivision of liability therefor.

Sec. 9. Minnesota Statutes 1984, section 355.287, is amended to read:

355.287 [EMPLOYER CONTRIBUTIONS.]

Contributions required under the agreement or modification entered into pursuant to section 355.286 to be made by political subdivisions employing teachers, and payments required by section 355.49, which shall apply to political subdivisions employing teachers, shall be paid by the (STATE) *political subdivision*.

Sec. 10. Minnesota Statutes 1984, section 355.288, is amended to read:

355.288 [EMPLOYEE CONTRIBUTIONS; DEDUCTION FROM WAGES.]

After the date the agreement or modification is entered into pursuant to section 355.286, there shall be paid as a deduction from wages an employee contribution in an amount equal to the tax that would be imposed by the Federal Insurance Contribution Act if such service constituted employment within the meaning of that act. Contributions so made shall be paid into the contribution fund in partial discharge of the liability of the (STATE AND EACH) political subdivision in respect thereto. Failure to deduct such contribution shall not relieve the employee (OR THE STATE) or the political subdivision of liability therefor.

Sec. 11. Minnesota Statutes 1984, section 355.46, subdivision 3, is amended to read:

Subd. 3. [SOCIAL SECURITY CONTRIBUTIONS.] The employer taxes due with respect to employment by educational employees who have made their selection pursuant to section 218(d) (6) (C) of the Social Security Act, shall be paid in the following manner:

(a) (CONTRIBUTIONS REQUIRED FOR RETROACTIVE COVERAGE SHALL BE MADE IN THE MANNER PROVIDED IN SUBDIVISION 2.)

((B)) Contributions required to be made for current service by political subdivisions employing educational employees and payments required by section 355.49 shall be paid by the (STATE) *political subdivision*. The (STATE'S OBLIGATION FOR SERVICES PERFORMED SUBSEQUENT TO THE DATE OF THE AGREEMENT OR MODIFICATION SHALL BE PAID BY THE COMMISSIONER OF EMPLOYEE RELATIONS AT SUCH TIMES AND IN SUCH AMOUNTS AS MAY BE DETERMINED BY THE STATE AGENCY TO BE NECESSARY) *state shall make payments for services rendered prior to July 1, 1986.*

((C)) (b) Contributions required to be made with respect to educational employees of state departments and institutions and payments required by section 355.49 shall be paid by the departments and institutions in accordance with the provisions of sections 355.49 and 355.50.

Sec. 12. [APPROPRIATIONS.]

Subdivision 1. [TO AGENCIES INDICATED.] The sums indicated in this section are appropriated from the general fund to the agencies and for the purposes indicated, to be available for the fiscal years ending June 30 in the years indicated.

Subd. 2. [TO DEPARTMENT OF EDUCATION.] To the department of education to make the aid payments required by section 2, there is appropriated.

\$194,241,300 1987.

Subd. 3. [TO COMMISSIONER OF FINANCE.] To the commissioner of finance for payment of the state's obligation prescribed in Minnesota Statutes, sections 354.43, 354.55, subdivision 5, 355.46, 355.49, and 354A.12, subdivision 2, there is appropriated:

\$214,725,900 1986.

Sec. 13. [REPEALER; JULY 1, 1986.]

Minnesota Statutes 1984, sections 354.43, subdivisions 1, 4, and 5; 354A.12, subdivision 3; 355.46, subdivisions 1, 2, and 5; and 355.47, are repealed.

Sec. 14. [EFFECTIVE DATES.]

Subdivision 1. Sections 5 to 12 are effective July 1, 1985, for covered employees of area vocational technical institutes and July 1, 1986, for all other covered employees of school districts.

Subd. 2. Section 13 is effective July 1, 1986."

Delete the title and insert:

"A bill for an act relating to education; providing for aids to education, aids to libraries, state payments for teacher retirement contributions, and the distribution of tax revenues; granting certain powers and duties to school boards, school districts, the state board of education, the board of teaching, and the higher education coordinating board; modifying certain components of foundation aid; modifying the basic maintenance mill rate; modifying computation of pupil units; repealing revenue equity; modifying the computation of summer program aid, transportation aid, special education aid, secondary vocational aid, and other aids; establishing an aid and levy formula for excellence in teaching and curriculum; providing for measurement of pupil progress; establishing mastery learning pilot projects; requiring state board of teaching to field test plans for assessment of new teachers; appropriating money; amending Minnesota Statutes 1984, sections 120.06, subdivision 1; 120.10, subdivision 1; 120.11; 120.15; 120.17, subdivision 3, and by adding a subdivision; 121.88; 121.882, subdivision 2, and by adding a subdivision; 121.904, subdivisions 4a and 4c; 121.912, subdivision 1; 122.86, subdivision 1; 123.33, by adding a subdivision; 123.36, subdivision 1; 123.58, by adding a subdivision; 123.705, subdivision 1; 123.742, subdivision 7, and by adding subdivisions; 123.7431, subdivision 1; 124.09; 124.14, subdivision 4; 124.17, by adding subdivisions; 124.19, subdivision 1; 124.195, subdivision 9; 124.2138, subdivision 2; 124.223; 124.225, subdivisions 1, 3, 4b, 7a, 7b, 8a, 8b, and 10; 124.247, subdivision 3; 124.26, subdivisions 1 and 6; 124.271, subdivision 2b, and by adding a subdivision; 124.2711, subdivision 1; 124.272, subdivision 3; 124.273, subdivision 1b; 124.32, subdivisions 1b, 1d, 2, 5, and 10; 124.48, by adding a subdivision; 124.573, subdivision 2; 124.574, subdivision 2b; 124.646, subdivision 1; 124A.02, subdivisions 6, 7, 8, 9, 16, and by adding a subdivision; 124A.03, subdivisions 3, 4, and by adding a subdivision; 124A.033, subdivisions 2 and 3, and by adding a subdivision; 124A.037; 124A.06, subdivisions 1 and 3a; 124A.08, subdivisions 3a and 5; 124A.10, subdivision 3a; 124A.12, subdivision 3a; 124A.14, subdivision 5a; 124A.16, subdivisions 2 and 4; 125.05, subdivisions 1 and 5; 125.12, by adding a subdivision; 125.17, by adding a subdivision; 125.185, subdivision 4; 125.60, subdivisions 3 and 7; 126.64, subdivision 2; 129B.17; 129B.20; 129B.21; 129B.35; 129B.36; 129B.38, subdivision 1; 129B.39; 129B.40; 134.31, subdivisions 2 and 3; 134.35; 134.351, subdivision 1; 136D.27; 136D.74, subdivision 2; 136D.87; 275.125, subdivisions 5b, 5d, 8, 8a, and 8b,

and by adding subdivisions; 298.28, subdivision 1; 354.06, subdivision 1; 354.43, subdivision 3; 354A.12, subdivision 2; 355.-208; 355.209; 355.287; 355.288; 355.46, subdivision 3; and Laws 1973, chapter 683, section 26, subdivision 17, as amended; Laws 1984, chapter 463, article 9, section 9; proposing coding for new law in Minnesota Statutes, chapters 121; 123; 124; 124A; 126; 129B; 134; 136A; and 290; repealing Minnesota Statutes 1984, sections 120.17, subdivision 1a; 120.172, subdivision 3; 122.84; 122.85; 122.89; 123.3511; 123.3512; 123.3513; 124.201, subdivisions 3, 4, and 5; 124.2138, subdivision 2; 124.225, subdivisions 4a, 8c, 8d, 8e, 8f, 8g, and 8h; 124.247, subdivision 6; 124.271, subdivisions 2 and 2a; 124.273, subdivisions 2b and 5; 124.32, subdivision 9a; 124A.03, subdivision 5; 124A.035, subdivision 6; 124A.037; 125.611, subdivisions 3, 4, 5, 6, and 7; 126.64, subdivision 1; 129B.03; 129B.33; 129B.34; 275.125, subdivision 2j; 354.43, subdivisions 1, 4, and 5; 354A.12, subdivision 3; 355.46, subdivisions 1, 2, and 5; and 355.47."

With the recommendation that when so amended the bill pass.

The report was adopted.

Forsythe from the Committee on Appropriations to which was referred:

H. F. No. 322, A bill for an act relating to education; directing the commissioner of education to form an advisory committee on nonpublic schools; amending Minnesota Statutes 1984, section 123.935, by adding a subdivision.

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

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 939, A bill for an act relating to solid waste and sewage sludge management; restricting land disposal of solid waste in the metropolitan area; providing for the financing of resource recovery facilities in the metropolitan area by local governments and the metropolitan council; imposing restrictions on publicly funded resource recovery facilities; changing provisions relating to designation plans, local disposal fees, metropolitan sludge and sludge ash facilities, and metropolitan county plans and ordinances; defining terms; allocating and appropriating money from the metropolitan landfill contingency action and abatement funds; amending Minnesota Statutes 1984, sections 115A.03, subdivision 27, and by adding subdivisions;

115A.84, subdivisions 3 and 4; 115A.919; 400.04, subdivision 1; 473.153, subdivisions 5, 6b, and 7; 473.803, subdivisions 1b and 3; 473.811, subdivisions 5, 5a, and by adding a subdivision; 473.823, subdivision 6; 473.831; 473.840, subdivision 2; 473.842, by adding subdivisions; 473.843, subdivision 7; and 473.844, subdivisions 2 and 5; Laws 1984, chapter 644, section 81, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 115A and 473.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 115A.03, is amended by adding a subdivision to read:

Subd. 25a. "Recyclable materials" means materials that are separated from mixed municipal solid waste, by the generator or during collection, for the purpose of recycling. Recyclable materials includes paper, glass, metals, automobile oil, and batteries.

Sec. 2. Minnesota Statutes 1984, section 115A.03, is amended by adding a subdivision to read:

Subd. 25b. "Recycling" means the process of collecting and preparing recyclable materials for reuse in their original form or for use in manufacturing processes.

Sec. 3. Minnesota Statutes 1984, section 115A.03, subdivision 27, is amended to read:

Subd. 27. "Resource recovery" means the reclamation for sale, use, or reuse of materials, substances, energy, or other products contained within or derived from waste.

Sec. 4. Minnesota Statutes 1984, section 115A.15, subdivision 2, is amended to read:

Subd. 2. [DUTIES OF COMMISSIONER.] The commissioner of administration shall develop policies to (REDUCE THE VOLUME OF WASTE GENERATED BY) *require state agencies and the state legislature to separate all recyclable and reusable commodities wherever feasible.* The commissioner shall develop and institute procedures for the separation, collection, and storage of used commodities wherever feasible in state agencies and shall establish policies for the reuse, sale, or disposition of recovered materials and surplus property. The commissioner shall promote and publicize the waste reduction and waste separation and recovery procedures on an ongoing basis to all state employees. The commissioner shall issue guidelines for the procurement of recyclable commodities and commodities contain-

ing recycled materials that include definitions of recycled materials, the percentage of recycled materials to be contained in each commodity and performance specifications. To the extent practicable, the guidelines shall be written so as to give preference to recyclable commodities and commodities containing recycled materials. The commissioner shall inform state agencies whenever recycled commodities are available for purchase. The commissioner shall investigate opportunities for the inclusion of and may include local governments and regional agencies in administrative state programs to reduce waste, and to separate and recover recyclable and reusable commodities.

Sec. 5. Minnesota Statutes 1984, section 115A.81, is amended to read:

Subdivision 1. [SCOPE.] The terms used in sections 115A.80 to (115A.89) *115A.893* have the meanings given them in this section.

Subd. 2. [DESIGNATION.] "Designation" means a requirement by a waste management district or county that all or any portion of the *mixed municipal* solid waste that is generated within its boundaries or any service area thereof and deposited within the state be delivered to a resource recovery facility identified by the district or county.

Subd. 3. [REVIEWING AUTHORITY.] "*Reviewing authority*" means the agency responsible for reviewing and approving a designation plan under section 115A.84, subdivision 3, and a designation ordinance under section 115A.86, subdivision 2.

Sec. 6. Minnesota Statutes 1984, section 115A.84, subdivision 3, is amended to read:

Subd. 3. [PLAN APPROVAL.] A district or county planning a designation for waste generated wholly within the metropolitan area defined in section 473.121 shall submit its designation plan to the metropolitan council for review and approval or disapproval. Other districts or counties shall submit the designation plan to the waste management board for review and approval or disapproval. The reviewing authority shall complete its review and make its decision within (90) 120 days following submission of the plan for review. The reviewing authority shall approve the designation plan if the plan satisfies the requirements of subdivision 2. *The reviewing authority may attach conditions to its approval that relate to matters required in a designation ordinance under section 115A.86, subdivision 1, paragraph (a), clauses (1) to (4), and paragraph (b). Amendments to plans must be submitted for review in accordance with this subdivision.*

Sec. 7. Minnesota Statutes 1984, section 115A.84, subdivision 4, is amended to read:

Subd. 4. [EXCLUSION OF CERTAIN MATERIALS.] When it approves the designation plan, the reviewing authority shall exclude from the designation materials that the reviewing authority determines will be processed at another resource recovery facility if:

(1) the other resource recovery facility is substantially completed or will be substantially completed within 18 months of the time that the designation plan is approved by the reviewing authority; and

(2) the other facility has or will have contracts for purchases of its product; and

(3) the materials are or will be under contract for delivery to the other facility at the time the other facility is completed.

In order to qualify for the exclusion of materials under this subdivision, the operator or owner of the other resource recovery facility shall file with the reviewing authority and the district or county or counties a written description of the facility, its intended location, its waste supply sources, purchasers of its products, its design capacity and other information that the reviewing authority and the district or county or counties may reasonably require. The information must be filed as soon as it becomes available but not later than *30 days following* the date when the county or district submits its designation plan for approval.

The reviewing authority may revoke the exclusion granted under this subdivision when it approves the designation ordinance under section 115A.86 if in its judgment the excluded materials will not be processed at the other facility.

Sec. 8. Minnesota Statutes 1984, section 115A.86, subdivision 1, is amended to read:

Subdivision 1. [DESIGNATION ORDINANCE.] (a) The district or county shall prepare a designation ordinance to implement a designation. The designation ordinance must: (1) define the geographic area and the types and quantities of solid waste subject to designation; (2) specify the point or points of delivery of the solid waste; (3) require that the designated solid waste be delivered to the specified point or points of delivery; (4) *require the designated facility to accept all designated solid waste delivered to the specified point or points of delivery, unless the facility has notified waste collectors in the designated area that the facility is inoperative*; (5) set out the procedures and principles to be followed by the county or district in establishing and amending any rates and charges at the designated facility; and ((5)) (6) state any additional regulations governing waste collectors or other matters necessary to implement the designation.

(b) The designation ordinance must provide an exception for: (1) materials that are exempt or excluded from the designation under section 115A.83 or 115A.84, subdivision 4; and (2) materials otherwise subject to the designation for which negotiated contractual arrangements exist that will require and effect the delivery of the waste to the facility for the term of the contract.

Sec. 9. [115A.893] [PETITION FOR EXCLUSION.]

Any person proposing to own or operate a resource recovery facility using waste materials subject to a designation ordinance may petition the county for exclusion of the materials from the designation ordinance. In order to qualify for the exclusion of materials under this section, the petitioner shall submit with the petition a written description of the proposed facility, its intended location, its waste supply sources, purchasers of its products, its design capacity, and other information that the district or county may reasonably require. The district or county, after appropriate notice and hearing, shall issue a written decision with findings of fact and conclusions on all material issues. The district or county shall grant the petition if it determines that: (a) the materials will be processed at another resource recovery facility, and (b) the exclusion can be implemented without impairing the financial viability of the designated facility or impairing contractual obligations or preventing the performance of contracts by the facility owner or operator, the district or county, or users of the facility. Any person aggrieved by the decision of the county may appeal to the reviewing authority. The review is confined to the record. The decision of the reviewing authority must be based on the standards stated in this section. If the reviewing authority approves the petition, the designation ordinance must be amended in conformance with the decision of the reviewing authority. The petition may be amended during the proceedings by agreement between the petitioner and the district or county.

Sec. 10. [115A.918] [DEFINITIONS.]

Subdivision 1. [SCOPE.] The definitions in this section apply to this section and sections 115A.919 and 115A.921.

Subd. 2. [CLOSURE.] "Closure" means actions that will prevent, mitigate, or minimize the threat to public health and the environment posed by a closed solid waste disposal facility including application of final cover; grading and seeding of final cover; installation of an adequate monitoring system, if necessary; and construction of ground and surface water diversion structures.

Subd. 3. [OPERATOR.] "Operator" means:

(1) *the permittee of a mixed municipal solid waste disposal facility that has an agency permit; or*

(2) *the person in control of a mixed municipal solid waste disposal facility that does not have an agency permit.*

Subd. 4. [POSTCLOSURE, POSTCLOSURE CARE.] *"Postclosure" and "postclosure care" mean actions taken for the care, maintenance, and monitoring of a solid waste disposal facility after closure that will prevent, mitigate, or minimize the threat to public health and environment posed by the closed facility.*

Subd. 5. [RESPONSE.] *"Response" has the meaning given it in section 115B.02, subdivision 18.*

Sec. 11. Minnesota Statutes 1984, section 115A.919, is amended to read:

115A.919 [COUNTY FEE AUTHORITY.]

A county may impose a fee, *by cubic yard of waste or its equivalent*, on operators of facilities for the disposal of mixed municipal solid waste located within the county. The fee in the metropolitan area may not exceed 25 cents per cubic yard *or its equivalent*. The revenue from the fees shall be credited to the county general fund and shall be used only for landfill abatement purposes, or costs of closure, postclosure care, and response actions or for purposes of mitigating and compensating for the local risks, costs, and other adverse effects of facilities.

Waste residue from energy and resource recovery facilities at which solid waste is processed for the purpose of extracting, reducing, converting to energy, or otherwise separating and preparing solid waste for reuse shall be exempt from one-half the amount of the fee imposed by a county under this section if there is at least an 85 percent volume reduction in the solid waste processed. Before any fee is reduced, the verification procedures of section 473.843, subdivision 1, paragraph (c), must be followed and submitted to the appropriate county.

Sec. 12. [115A.95] [RECYCLABLE MATERIALS.]

A resource recovery facility that is burning waste, or converting waste to energy or to materials for combustion, and is owned or operated by a public agency or supported by public funds or by obligations issued by a public agency may not accept recyclable materials except for transfer to a recycler.

Sec. 13. Minnesota Statutes 1984, section 116.07, subdivision 4h, is amended to read:

Subd. 4h. [FINANCIAL RESPONSIBILITY RULES.] The agency shall adopt rules requiring the operator or owner of a solid waste disposal facility to submit to the agency proof of the operator's or owner's financial capability to provide reasonable and necessary response during the operating life of the facility and for 20 years after closure, and to provide for the closure of the facility and postclosure care required under agency rules. Proof of financial responsibility is required of the operator or owner of a facility receiving an original permit or a permit for expansion after adoption of the rules. Within 180 days of the effective date of the rules *or by January 1, 1987, whichever is later*, proof of financial responsibility is required of an operator or owner of a facility with a remaining capacity of more than five years or 500,000 cubic yards that is in operation at the time the rules are adopted. Compliance with the rules is a condition of obtaining or retaining a permit to operate the facility.

Sec. 14. Minnesota Statutes 1984, section 400.04, subdivision 1, is amended to read:

Subdivision 1. [GENERAL.] Any county may conduct a solid waste management program which may include activities authorized by sections 400.01 to 400.17 and such other activities as are necessary and convenient to effectively carry out the purposes of sections 400.01 to 400.17. *A county that enters into a joint powers agreement under section 471.59 with a metropolitan county as defined in section 473.121, subdivision 4, to accomplish a solid waste management purpose may exercise the powers of the metropolitan county for the purpose of solid waste management under the joint powers agreement.*

Sec. 15. Minnesota Statutes 1984, section 473.149, is amended by adding a subdivision to read:

Subd. 6. [COST AND FINANCING ANALYSIS.] *By January 1, 1987, and each odd-numbered year thereafter, the council shall report to the legislature on the operating, capital, and debt service costs of solid waste facilities in the metropolitan area; changes in the costs; the methods used to pay the costs; and the resultant allocation of costs among users of the facilities and the general public. The report must present the cost and financing analysis in the aggregate and broken down by county and by major facility.*

Sec. 16. Minnesota Statutes 1984, section 473.153, subdivision 1, is amended to read:

Subdivision 1. [FACILITIES REQUIRED.] Except as provided in subdivision 7 and section 115A.33, all (SEWAGE SLUDGE DISPOSAL FACILITIES AND) facilities for the disposal of solid waste generated by the metropolitan waste control commission shall be established and operated in accordance with this section and section 473.516. The council and

the commission shall establish the facilities needed for the disposal of (SEWAGE SLUDGE AND) solid waste generated by the commission. The council and the commission shall establish at least one facility.

Sec. 17. Minnesota Statutes 1984, section 473.153, subdivision 2, is amended to read :

Subd. 2. [CANDIDATE SITE SELECTION.] The council shall select candidate sites for the disposal of the commission's (SEWAGE SLUDGE AND) solid waste, together with appropriate surrounding buffer areas. The council shall select at least (FOUR) *three* candidate sites by September 1, 1983. The council shall evaluate sites for candidacy on the basis of at least the following factors : local land use and land use controls, the protection of agriculture and natural resources, existing and future development patterns, transportation facilities, distance from the points of generation, and the intrinsic suitability of sites compared with other potential sites. Notwithstanding any plan, charter provision, law, ordinance, regulation, or other requirement of the council, counties, or local units of government, no land shall be excluded from consideration for candidacy except land determined by the agency to be intrinsically unsuitable. No site shall be selected for candidacy unless the agency certifies its intrinsic suitability for the use intended, based on preliminary environmental analysis and on-site surveys and investigations conducted by the council. The council shall provide to the agency data relating to the intrinsic suitability of the sites to be proposed as candidate sites as soon as available. The council shall propose at least six locations as candidate sites and the director of the agency shall issue a notice indicating which of those sites the director recommends be certified as intrinsically suitable. The director shall publish notice of a consolidated hearing on the recommendation. Notice shall be published in the state register and newspapers of general circulation in the metropolitan area and shall be sent by mail to local government units containing a proposed candidate site. The hearing shall be conducted by the state office of administrative hearings in a manner consistent with the completion of the proceedings and the administrative law judge's report to the agency in the time allowed by this section. The hearing shall afford all interested persons an opportunity to testify and present evidence on the subject of the hearing. The subject of the hearing shall be limited to information submitted by the council and additional information on the proposed sites which is relevant to the agency's decision on intrinsic suitability. The rulemaking and contested case procedures of chapter 14 shall not apply to this hearing. The report of the administrative law judge shall contain findings of fact, conclusions, and recommendations on the subject of the hearing. The agency shall make a final determination as to the intrinsic suitability of each proposed site and shall certify them accordingly within 90 days of the council's proposal of a site. The agency shall not be required to promulgate rules pursuant to chapter 14 on criteria and standards to govern

its certification of intrinsic suitability under this section. No action of the agency shall be held invalid by reason of the agency's failure to notify any of the entities listed in this subdivision. In selecting candidate sites, the council shall prefer land which is capable of being returned to its existing use or the use anticipated in a plan of a metropolitan agency, county, or local unit of government use after closure of a disposal facility.

Sec. 18. Minnesota Statutes 1984, section 473.153, subdivision 5, is amended to read:

Subd. 5. [ENVIRONMENTAL REVIEW.] An environmental impact statement must be completed on the environmental effects of the council's decisions required by subdivision 6. The statement must be prepared and reviewed in accordance with chapter 116D and the rules issued pursuant thereto, except as otherwise required by this section. The statement must not address or reconsider alternatives eliminated from consideration pursuant to subdivisions 1 and 2 and must not address the matters (TO BE DECIDED) *subject to decision* by the council pursuant to subdivision 6b.

Sec. 19. Minnesota Statutes 1984, section 473.153, subdivision 6b, is amended to read:

Subd. 6b. [CERTIFICATION OF NEED.] No new facility for disposing of ash and other waste generated by the commission shall be permitted in the metropolitan area without a certification of need issued by the council indicating the council's determination:

(a) that the disposal of waste with concentrations of hazardous materials is necessary; and

(b) that (THE) additional ash disposal capacity (PLANNED FOR THE FACILITY) is needed.

The council shall certify need only to the extent that there are no feasible and prudent methods of reducing the concentrations of hazardous materials in the waste and no feasible and prudent alternatives to (THE) ash disposal (FACILITY), including large-scale composting and co-composting of sludge, which would minimize adverse impact upon natural resources. Methods and alternatives that are speculative or conjectural shall not be deemed to be feasible and prudent. Economic considerations alone shall not justify the certification of need or the rejection of methods or alternatives, including large-scale composting and co-composting of sludge as an alternative to incineration. In its certification the council shall not consider alternatives which have been eliminated from consideration by the selection of sites pursuant to (SUBDIVISIONS) *subdivision 2* (AND 6).

Sec. 20. Minnesota Statutes 1984, section 473.153, subdivision 7, is amended to read:

Subd. 7. [EXEMPTIONS.] Nothing in this section shall be construed to preclude the commission from continuing to use existing sewage sludge disposal facilities. In addition, to the same extent and upon the same conditions as sewage sludge may be applied on private property pursuant to section 473.516, subdivisions 3 and 4, the commission may use any site of *less than 500 acres* owned by the commission for the purpose of land-spreading sewage sludge (FOR A PERIOD NO LONGER THAN FOUR YEARS). Any property currently used by the commission and permitted by the agency for disposing of the commission's solid waste may continue to be used for that purpose by the commission, as permitted by the agency (, FOR A PERIOD NOT TO EXCEED FOUR YEARS).

Sec. 21. Minnesota Statutes 1984, section 473.803, subdivision 1b, is amended to read:

Subd. 1b. [LAND DISPOSAL ABATEMENT PROPOSAL.] By April 1, 1982, after considering the council's disposal abatement report submitted to the counties pursuant to section 473.149, subdivision 2a, each county shall submit to the council a proposal to reduce to the greatest feasible and prudent extent the need for and practice of land disposal of mixed municipal solid waste. The proposal must address at least waste reduction, separation, and resource recovery. The proposal must include objectives, immediately and over specified time periods, for reducing the land disposal of mixed municipal solid waste generated within the county. The proposal must describe specific functions to be performed and activities to be undertaken by the county and cities and towns within the county to achieve the objectives and must describe the estimated cost, proposed manner of financing, and timing of the functions and activities. The proposal must include alternatives which could be used to achieve the objectives if the proposed functions and activities are not established. By August 1, 1984, each county shall provide the council with an analysis of the solid waste generated in the county, by classification of generators and by composition.

Subd. 1bb. [COUNTY ABATEMENT PLAN.] Each county shall revise its master plan to include a land disposal abatement element to implement the council's land disposal abatement plan adopted under section 473.149, subdivision 2d, and shall submit the revised plan to the council for review under subdivision 2 within nine months after the adoption of the council's metropolitan abatement plan. The county plan must (EMBODY AND BE CONSISTENT WITH AT LEAST) *implement the local abatement objectives for the county and cities within the county as stated in the council's plan. The county abatement plan must include specific and quantifiable county objectives, based on the council's objectives, for abating to the greatest*

feasible and prudent extent the need for and practice of land disposal of mixed municipal solid waste and of specific components of the solid waste stream generated in the county, stated in annual increments through the date specified in section 34 and in two five-year increments thereafter. The plan must include measurable performance standards for local abatement of solid waste through resource recovery and waste reduction and separation programs and activities for the county as a whole and for statutory or home rule charter cities of the first, second, and third class, respectively, in the county, stated in annual increments through the date specified in section 34 and in two five-year increments thereafter. The performance standards must implement the metropolitan and county abatement objectives. The plan must include standards and procedures to be used by the county in determining annually under subdivision 3 whether a city within the county has implemented the plan and has satisfied the performance standards for local abatement. The master plan revision required by this subdivision must be prepared in consultation with the advisory committee established pursuant to subdivision 4.

Sec. 22. Minnesota Statutes 1984, section 473.803, subdivision 3, is amended to read:

Subd. 3. [ANNUAL REPORT.] Each metropolitan county shall prepare and submit annually to the council for its approval a report containing information, as the council may prescribe in its policy plan, concerning solid waste generation and management within the county. The report shall include a statement of progress in achieving the land disposal abatement objectives for the county and classes of cities in the county as stated in the council's policy plan and county master plan. *The report must list cities that have not satisfied the county performance standards for local abatement required by subdivision 1bb.* The report must include a schedule of rates and charges in effect or proposed for the use of any solid waste facility owned or operated by or on its behalf, together with a statement of the basis for such charges.

Sec. 23. Minnesota Statutes 1984, section 473.811, subdivision 5, is amended to read:

Subd. 5. [ORDINANCES; SOLID WASTE COLLECTION AND TRANSPORTATION.] Each metropolitan county may adopt ordinances governing the collection of solid waste. *A county may adopt, but may not be required to adopt, an ordinance that requires the separation from mixed municipal waste, by generators before collection, of materials that can readily be separated for use or reuse as substitutes for raw materials or for transformation into a usable soil amendment.* Each local unit of government within the metropolitan area shall adopt an ordinance governing the collection of solid waste within its boundaries. If the county within which it is located has adopted (AN) a collection ordinance, the local unit shall adopt either the county

ordinance by reference or a more strict ordinance. *If the county within which it is located has adopted a separation ordinance, the ordinance applies in all local units within the county that have failed to meet the local abatement performance standards, as stated in the most recent annual county report.* Ordinances of counties and local government units may establish reasonable conditions respecting but shall not prevent the transportation of solid waste by a licensed collector through and between counties and local units, except as required for the enforcement of any designation of a facility by the council pursuant to section 473.827. A licensed collector or a metropolitan county or local government unit may request review by the council of an ordinance adopted under this subdivision. The council shall approve or disapprove the ordinance within 60 days of the submission of a request for review. The ordinance shall remain in effect unless it is disapproved. Ordinances of counties and local units of government shall provide for the enforcement of any designation of facilities by the council under section 473.827. Nothing in this subdivision shall be construed to limit the authority of the local government unit to regulate and license collectors of solid waste or to require review or approval by the council for ordinances regulating collection.

Sec. 24. Minnesota Statutes 1984, section 473.811, subdivision 5a, is amended to read:

Subd. 5a. [ORDINANCES; SOLID WASTE FACILITIES.] Each metropolitan county shall by ordinance establish and from time to time revise rules, regulations, and standards for solid waste facilities within the county, relating to location, sanitary operation, periodic inspection and monitoring, maintenance, termination and abandonment, and other pertinent matters. *The county ordinance may require facilities accepting mixed municipal solid waste for disposal to install scales.* The county ordinance shall require permits or licenses for solid waste facilities and shall require that such facilities be registered with a county office.

Sec. 25. Minnesota Statutes 1984, section 473.811, is amended by adding a subdivision to read:

Subd. 11. [EXEMPTION FROM LEVY LIMIT.] *Any levy to pay the increased costs to a statutory or home rule charter city or town of implementing waste reduction and source separation programs and facilities consistent with the applicable county master plan adopted under section 473.803 is in addition to any other taxes authorized by law and must be disregarded in the calculation of limits imposed by chapter 275.*

Sec. 26. Minnesota Statutes 1984, section 473.823, subdivision 6, is amended to read:

Subd. 6. [COUNCIL; CERTIFICATION OF NEED.] No new mixed municipal solid waste disposal facility or capacity shall be permitted in the metropolitan area without a certificate of need issued by the council indicating the council's determination that the additional disposal capacity planned for the facility is needed in the metropolitan area. The council shall amend its policy plan, adopted pursuant to section 473.149, to include standards and procedures for certifying need *that conform to the certification standards stated in this subdivision.* The standards and procedures shall be based on the council's disposal abatement plan adopted pursuant to section 473.149, subdivision 2d, the council's solid waste disposal facilities development schedule adopted under section 473.149, subdivision 2e, and the provisions of any master plans of counties (ADOPTED PURSUANT TO SECTION 473.803, SUBDIVISION 1B AND) *that have been approved by the council under section 473.803, subdivision 2, and that are consistent with the council's abatement plan and development schedule.* Prior to its adoption of standards and procedures for certifying need, the council may issue a temporary certificate of need for expansion of an existing waste disposal facility that shall be effective only until the council has adopted standards and procedures for certifying need and has either issued or denied issuance of a certificate of need for the facility pursuant to its standards and procedures. Prior to its adoption of standards and procedures for certifying need, the council may issue a temporary certificate of need for expansion of an existing waste disposal facility which would otherwise be closed due to reaching its permitted capacity, and neither the owner of said facility nor an affiliate of the owner has another owned and permitted waste disposal facility in the metro area to use pending adoption of standards by the council. Said temporary certificate of need shall be effective only until the council has adopted standards and procedures for certifying need and has either issued or denied issuance of a certificate of need for the facility pursuant to its standards and procedures. An affiliate is defined to mean a corporation, partnership, sole proprietor, or other entity which controls, is controlled by, or under common control with the owner. The council shall certify need only to the extent that there are no feasible and prudent alternatives to the disposal facility, including waste reduction, source separation and resource recovery which would minimize adverse impact upon natural resources. Alternatives that are speculative or conjectural shall not be deemed to be feasible and prudent. Economic considerations alone shall not justify the certification of need or the rejection of alternatives. In its certification the council shall not consider alternatives which have been eliminated from consideration by the adoption of the inventory pursuant to section 473.149, subdivision 2b, or the selection of sites under section 473.833, subdivision 3.

Sec. 27. Minnesota Statutes 1984, section 473.831, is amended to read:

473.831 [DEBT OBLIGATIONS; SOLID WASTE (DISPOSAL).]

Subdivision 1. [GENERAL OBLIGATION BONDS.] The council may by resolution authorize the issuance of general obligation bonds of the council to provide funds for the (ENVIRONMENTAL ANALYSIS AND ACQUISITION OF PERMANENT OR TEMPORARY RIGHT, TITLE, OR INTEREST IN REAL PROPERTY, INCLUDING EASEMENTS AND DEVELOPMENT RIGHTS, FOR SITES AND SURROUNDING BUFFER AREAS FOR SOLID WASTE DISPOSAL FACILITIES PURSUANT TO THIS SECTION AND SECTIONS 473.833 AND 473.840) *purposes specified in subdivision 2 and (TO PROVIDE FUNDS)* for refunding obligations issued under this section. The bonds shall be sold, issued, and secured in the manner provided in chapter 475 for general obligation bonds, and the council shall have the same power and duties as a municipality and its governing body in issuing bonds under chapter 475, except as otherwise provided in this chapter. No election shall be required, and the net debt limitations in chapter 475 shall not apply. The council shall have the power to levy ad valorem taxes for debt service of the council's solid waste bonds upon all taxable property within the metropolitan area, without limitation of rate or amount and without affecting the amount or rate of taxes which may be levied by the council for other purposes or by any local government unit in the area. Each of the county auditors shall annually assess and extend upon the tax rolls in his county the portion of the taxes levied by the council in each year which is certified to him by the council. The principal amount of bonds issued pursuant to this section shall not exceed \$15,000,000.

Subd. 2. [USE OF PROCEEDS.] The proceeds of bonds issued under subdivision 1 shall be used by the council (, FOR THE PURPOSES PROVIDED IN SUBDIVISION 1 AND):

(a) *to provide funds for the environmental analysis of solid waste disposal sites; and*

(b) *to make grants to metropolitan counties to pay: (1) the cost of the environmental review of sites, (2) the acquisition of development rights for all or part of the period that the development limitation imposed by section 473.806 is in effect, (AND) (3) the acquisition of (ALL PROPERTY OR) permanent or temporary right, title, or interests in property, including easements and development rights, for solid waste disposal sites and surrounding buffer areas required to be acquired by the county, pursuant to sections 473.833 and 473.840, by the council's policy plan and development schedule adopted pursuant to section 473.149, subdivision 2e, and (4) the acquisition and improvement of resource recovery facilities.*

If the council is required by law or regulation to prepare environmental analyses on one or more solid waste disposal sites and surrounding buffer areas, the council may use the proceeds of the bonds issued under subdivision 1 to contract for consultant

services in the preparation of such analyses only upon a finding that equivalent expertise is not available among its own staff.

Sec. 28. Minnesota Statutes 1984, section 473.840, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] (a) "Qualifying property" is a parcel of real property any part of which is located within the site or buffer area of a candidate site (SELECTED) under section 473.153, (SUBDIVISION 2, FOR PURPOSES OF ENVIRONMENTAL REVIEW UNDER SUBDIVISION 5 OF THAT SECTION,) or a site included in the metropolitan inventory adopted under section 473.149, subdivision 2b, for the purposes of environmental review under section 473.83, subdivision 2a.

(b) An "eligible owner" is a person who: (1) owns the entire parcel of qualifying property; (2) owned the entire parcel of property at the time the site was selected as a candidate site or included in the metropolitan inventory; (3) since the site was selected or included in the inventory, has for at least six months offered to sell the entire parcel on the open market through a licensed real estate agent; and (4) has not previously entered a contract under subdivision 4 for the sale of any or all of the parcel.

Sec. 29. Minnesota Statutes 1984, section 473.842, is amended by adding a subdivision to read:

Subd. 1a. [CLOSURE.] "Closure" means actions that will prevent, mitigate, or minimize the threat to public health and the environment posed by a closed solid waste disposal facility including application of final cover; grading and seeding of final cover; installation of an adequate monitoring system, if necessary; and construction of ground and surface water diversion structures.

Sec. 30. Minnesota Statutes 1984, section 473.842, is amended by adding a subdivision to read:

Subd. 4a. [POSTCLOSURE, POSTCLOSURE CARE.] "Postclosure" and "postclosure care" mean actions taken for the care, maintenance, and monitoring of a solid waste disposal facility after closure that will prevent, mitigate, or minimize the threat to public health and environment posed by the closed facility.

Sec. 31. Minnesota Statutes 1984, section 473.843, subdivision 7, is amended to read:

Subd. 7. [ADMINISTRATIVE EXPENSES.] Any amount expended by the commissioner of revenue from a general fund

appropriation to enforce and administer this section must be reimbursed to the general fund, and the amount necessary to make the reimbursement is appropriated, *one-half* from the landfill abatement fund and *one-half* from the landfill contingency action fund, to the commissioner of finance for transfer to the general fund.

Sec. 32. Minnesota Statutes 1984, section 473.844, subdivision 2, is amended to read:

Subd. 2. [ALLOCATION.] (a) Up to ten percent of the money in the fund may be appropriated to the agency for transfer to the metropolitan council for grants under subdivision 1, clause (3).

(b) Up to five percent of the money in the fund may be appropriated to the agency for transfer to the metropolitan council for technical assistance and (GRANT) administration of grants and loans and municipal cost recovery payments under this section.

Sec. 33. Minnesota Statutes 1984, section 473.844, subdivision 5, is amended to read:

Subd. 5. [LANDFILL ABATEMENT COST RECOVERY.] By January 31, 1986, and each January 31 afterwards, the (DIRECTOR OF THE AGENCY) council shall pay each statutory and home rule charter city and town in the metropolitan area: (1) an amount not to exceed 50 cents per household, as defined in section 477A.011, subdivision 3a, for qualifying landfill abatement and resource recovery expenses incurred in the previous calendar year; and (2) \$4 per ton of recyclable material collected and recycled from residential sources within the city or town. To qualify under (THIS SUBDIVISION) clauses (1) and (2), the landfill abatement and resource recovery must be included in the applicable county master plan or approved by the metropolitan council, and the city or town must certify its expenses (FOR THE LANDFILL ABATEMENT AND RESOURCE RECOVERY). To qualify under clause (2), the city or town must certify, in the manner and form determined by the council, the tons collected and recycled. The amounts necessary to make these payments are appropriated from the metropolitan landfill abatement fund to the director of the agency for transfer to the council.

Sec. 34. [473.848] [RESTRICTION ON DISPOSAL.]

After January 1, 1990, waste disposal facilities located in the metropolitan area may not accept mixed municipal solid waste for disposal unless the waste has been transferred to the disposal facility from a resource recovery facility identified by the council. For purposes of this section, mixed municipal solid waste

does not include street sweepings, construction debris, mining waste, foundry sand, and other materials, if they are not capable of being processed by resource recovery as determined by the council.

Sec. 35. Laws 1984, chapter 644, section 81, subdivision 2, is amended to read:

Subd. 2. [REIMBURSEMENT.] Any amount expended by the agency and metropolitan council from the appropriations in subdivision 1 shall be reimbursed to the general fund (, AND). The amount necessary to make the reimbursement of the appropriation in subdivision 1, clause (1) is appropriated from the landfill abatement fund to the commissioner of finance for transfer to the general fund, and the amount necessary to make the reimbursement of the appropriation in subdivision 1, clause (2) is appropriated from the landfill contingency action fund to the commissioner of finance for transfer to the general fund.

Sec. 36. [ANOKA COUNTY; RESOURCE RECOVERY.]

Subdivision 1. [SERVICE CHARGES; EXPENDITURES.] *Anoka county may exercise the powers of a county under Minnesota Statutes, section 400.08, in addition to the powers that the county may exercise under other law. The county may expend funds for resource recovery purposes under section 473.801 to 473.845.*

Subd. 2. [LEASE OR SALE OF PROPERTY.] *Anoka county may sell or lease any facilities or property or property rights to accomplish the purposes specified by sections 473.149, 473.151, and 473.801 to 473.823, 473.827, 473.831, 473.833, and 473.834. The property may be sold or leased in the manner provided by section 458.196, or may be sold or leased in the manner and on the terms and conditions determined by the county board. Each metropolitan county may convey to or permit the use of the property by a local government unit, with or without compensation, without submitting the matter to the voters of the county. No real property or property rights acquired under this section may be disposed of in any manner unless and until the county has submitted to the agency and the metropolitan council for review and comment the terms on and the use for which the property will be disposed of. The agency and the council shall review and comment on the proposed disposition within 60 days after each has received the data relating thereto from the county.*

Subd. 3. [APPLICATION.] *This section applies to Anoka county the day after compliance with Minnesota Statutes, section 645.021, subdivision 3.*

Sec. 37. [RECOMMENDATIONS ON FINANCIAL RESPONSIBILITY.]

By January 1, 1986, the legislative commission on waste management shall recommend to the legislature mechanisms that will enable owners and operators of solid waste land disposal facilities to comply with the requirements of the financial responsibility rules adopted under section 116.07, subdivision 4h.

Sec. 38. [ALTERNATIVE METHODS FOR CONTROLLING WASTE FLOW.]

The state planning agency shall report to the legislature by January 1, 1986, recommending a practical alternative or alternatives to designation that would assure the development and effective operation of resource recovery facilities. The alternative or alternatives must be capable of producing waste management systems that: (a) rely on price controls, including fees and taxes combined with subsidies, or other methods, rather than regulation, to influence the flow of waste; (b) relieve resource recovery facilities from competition with landfills while allowing competition among resource recovery facilities; and (c) provide fair and orderly processes for bringing facilities that are or may be protected by designation into the competitive system without impairment of contract or bond obligations. The report must compare the costs and benefits of designation and the alternative flow control methods and must evaluate the effect of designation and the alternatives on: the economic and financial structure of resource recovery facilities; the allocation of costs of facilities; the economic effect on taxpayers, local governments and waste collectors and disposers; the public health and the environment; the mix of vendors and facility technologies; and other similar matters. The report should take into consideration differences in local circumstances that may affect the practicality and the costs, benefits, and other effects of alternative flow control methods. The state planning agency shall request proposals and contract for the preparation of the report with qualified consultants who are based outside of the state and free of involvement in waste management projects in the state.

Sec. 39. [APPROPRIATION.]

Subdivision 1. [ABATEMENT FUNDS.] The following amounts are appropriated from the metropolitan landfill abatement fund to the pollution control agency for the purposes stated:

(a) for transfer to the metropolitan council for expenditure under section 473.844, subdivision 1, clause (1),

\$ \$

(b) for transfer to the metropolitan council for expenditure under section 473.844, subdivision 1, clause (2),

\$ \$

(c) for transfer to the metropolitan council for expenditure under section 473.844, subdivision 1, clause (3),

\$ \$

(d) for transfer to the metropolitan council for expenditure under section 473.844, subdivision 1, clause (4),

\$ \$

Any unencumbered balances remaining in the first year do not cancel but are available for the second year of the biennium for the same purpose.

Subd. 2. [CONTINGENCY.] The appropriations in this section are contingent upon payment of the general fund reimbursements required in Laws 1984, chapter 644, section 81, subdivision 2, as amended, and subdivision 3, and the appropriations in sections 473.843, subdivision 7, and 473.844, subdivision 5. If in any year the amount remaining in the abatement fund after these payments is insufficient for the appropriations in this section, the appropriation in clause ... is reduced accordingly.

Subd. 3. [REPORT.] The sum of \$ is appropriated from the general fund to the state planning agency for the report required by section 38.

Sec. 40. [APPLICATION.]

Sections 18 to 34 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 41. Minnesota Statutes 1984, section 115A.85, subdivision 2, is amended to read:

Subd. 2. [HEARING.] The district or county shall hold a public hearing to take testimony on the designation. Notice of the hearing must be published in a newspaper of general circulation in the area for two successive weeks ending at least 15 days before the date of the hearing and must be mailed to political subdivisions, landfill operators, and licensed solid waste collectors who may be adversely affected by or expected to use the facility. The notification must: (1) describe the area in which the designation will apply and the plans for the use of the solid waste; (2) specify the point or points of delivery of the solid waste; (3) estimate the types and quantities of solid waste subject to the designation; (AND) (4) estimate the fee to be charged for the use of the facilities and for any products of the facilities; and (5) notify licensed solid waste collectors of their right to seek just compensation under subdivision 5. A designation or contract

for use is not invalid by reason of the failure of the district or county to provide written notice to an entity listed in this subdivision.

Sec. 42. Minnesota Statutes 1984, section 115A.85, is amended by adding a subdivision to read:

Subd. 5. [JUST COMPENSATION.] (a) If a licensed collector who entered into a contract before 1985 is directly affected adversely, by a designation ordinance, the person may seek compensation by submitting a request to the district or county within 90 days after the close of the hearing under subdivision 2. The request shall include a statement of the amount of compensation requested. If a person does not submit a request for compensation within this time limit or if the person enters into a contract with the district or county concerning compensation, the person is not entitled to compensation under this subdivision.

(b) For a licensed solid waste collector, the district or county shall compensate the collector for additional costs incurred as a result of complying with the designation ordinance. Compensation for a licensed solid waste collector is limited to the value of the remaining contract or agreement under which the collector is furnishing collection services at the time the designation ordinance takes effect at the rates in effect at that time adding reasonably anticipated inflationary increases and deducting existing escalator clauses or reduced cost resulting from the imposition of the required use order. Additional costs include but are not limited to:

(1) Increased travel expenses resulting from increased travel distances and time.

(2) Increased travel expenses resulting from restructuring collection routes.

(3) Increased operational expenses.

(c) A district or county shall provide procedures so that any person adversely affected by the district's or county's decision concerning compensation may appeal that decision to district court.

Sec. 43. [EFFECTIVE DATE.]

Sections 41 and 42 are effective the day following final enactment.

Sec. 44. [EFFECT ON PENDING DESIGNATIONS.]

If the 90-day period for contract negotiations in section 115A.85, subdivision 4, has not expired as of June 30, 1985, the district or county shall, within 30 days after final enactment, mail the notice required under section 115A.85, subdivision 2, to affected licensed solid waste collectors and shall be subject to the provisions of section 115A.85, subdivision 5."

Delete the title and insert:

"A bill for an act relating to solid waste and sewage sludge management; restricting land disposal of solid waste in the metropolitan area; providing for the financing of resource recovery facilities in the metropolitan area by local governments and the metropolitan council; imposing restrictions on publicly funded resource recovery facilities; changing provisions relating to designation plans, local disposal fees, metropolitan sludge and sludge ash facilities, and metropolitan county plans and ordinances; defining terms; allocating and appropriating money from the metropolitan landfill contingency action and abatement funds; amending Minnesota Statutes 1984, sections 115A.03, subdivision 27, and by adding subdivisions; 115A.15, subdivision 2; 115A.81; 115A.84, subdivisions 3 and 4; 115A.85, subdivision 2, and by adding a subdivision; 118A.86, subdivision 1; 115A.919; 116.07, subdivision 4h; 400.04, subdivision 1; 473.149, by adding a subdivision; 473.153, subdivisions 1, 2, 5, 6b, and 7; 473.803, subdivisions 1b and 3; 473.811, subdivisions 5, 5a, and by adding a subdivision; 473.823, subdivision 6; 473.831; 473.840, subdivision 2; 473.842, by adding subdivisions; 473.843, subdivision 7; and 473.844, subdivisions 2 and 5; Laws 1984, chapter 644, section 81, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 115A and 473."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Rules and Legislative Administration.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 88 and 322 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 274, 781, 1278, 1353, 1356, 335, 459, 661, 896, 814, 901, 954, 986, 1071, 1077, 1140, 1148, 1203, 1214, 1238, 1244, 1254, 1329, 1347, 1357 and 1388 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced :

Hartinger introduced :

H. F. No. 1628, A bill for an act relating to crime victims; making the battered women's council permanent; providing funds for the battered women program; appropriating money; amending Minnesota Statutes 1984, section 517.08, subdivision 1c.

The bill was read for the first time and referred to the Committee on Crime and Family Law.

Kelly, Tomlinson, Vellenga, Valento and Bennett introduced :

H. F. No. 1629, A bill for an act relating to health; creating a public corporation to provide health care services and research; providing that subsidiaries govern St. Paul Ramsey Medical Center and a physicians and dentists association; proposing coding for new law in Minnesota Statutes, chapter 246A; repealing Minnesota Statutes 1984, section 383A.41.

The bill was read for the first time and referred to the Committee on Local and Urban Affairs.

Knickerbocker, Hartle and Wynia introduced :

H. F. No. 1630, A bill for an act relating to insurance; life; providing for the payment of a fee to the commissioner for valuing policies; amending Minnesota Statutes 1984, section 60A.14, subdivision 1.

The bill was read for the first time and referred to the Committee on Financial Institutions and Insurance.

Clark, Omann, Gruenes, Redalen and McLaughlin introduced :

H. F. No. 1631, A bill for an act relating to utilities; providing for access by disabled persons to telephone service; amending Minnesota Statutes 1984, section 237.01, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 237.

The bill was read for the first time and referred to the Committee on Regulated Industries and Energy.

Kelly, Frederickson, McDonald, Welle and Simoneau introduced:

H. F. No. 1632, A bill for an act relating to the state treasurer; transferring most of the duties of the state treasurer to the commissioner of finance and other state officials; transferring personnel positions from the office of state treasurer to the department of finance; abolishing the state treasurer's revolving fund for cashing checks; amending Minnesota Statutes 1984, sections 6.60; 7.06; 7.09, subdivisions 1, 3, and 4; 7.10; 7.12, subdivision 1; 7.19; 7.193, subdivisions 1 and 2; 7.20; 9.031, subdivisions 1, 2, 3, 6, 7, 8, 10, and 12; 10.24; 10.25; 10.26; 10.27; 10A.31, subdivisions 6, 7, 8, 9, and 10; 10A.32, subdivisions 2 and 3; 11A.04; 11A.07, subdivision 4; 11A.10, subdivisions 1 and 4; 11A.15, subdivision 3; 11A.20, subdivision 1; 12.24, subdivision 2; 15.16, subdivision 3; 15.73, subdivision 3; 15A.081, subdivision 6; 16A.055, subdivision 1; 16A.125, subdivisions 5 and 6; 16A.127, subdivision 7; 16A.13, subdivisions 1 and 2a; 16A.131, subdivision 1; 16A.27, subdivision 1; 16A.275; 16A.40; 16A.42, subdivision 2; 16A.45, subdivisions 1 and 2; 16A.47; 16A.58; 16A.672, subdivisions 1, 2, and 3; 16B.05, subdivision 2; 18.434, subdivision 2; 31.15; 32.394, subdivision 8; 32A.05, subdivision 4; 32A.09, subdivision 6; 35.08; 35.09, subdivision 3; 42.06, subdivision 4; 42.09, subdivision 3; 43A.08, subdivisions 1 and 1a; 43A.37, subdivision 1; 46.041, subdivision 1; 47.54, subdivision 1; 48.67; 49.24, subdivisions 7, 13, and 16; 51A.51, subdivisions 1, 2, 3, 3a, and 5; 52.06, subdivision 1; 52.20, subdivision 5; 53.03, subdivisions 1 and 6; 56.02; 60A.15, subdivision 8; 60A.17, subdivisions 1a, 7a, and 13; 60A.199, subdivision 2; 60B.47, subdivisions 1 and 2; 69.54; 69.55; 69.56; 72B.04, subdivision 10; 79.34, subdivision 1; 82.34, subdivisions 1 and 5; 84.153, subdivision 5; 84.415, subdivision 5; 84A.04; 84A.11; 84A.23; 84A.33; 84A.40; 84A.52; 88.063, subdivision 3; 89.036; 89.43; 90.173; 92.06, subdivision 4; 92.21, subdivision 1; 92.23; 92.24; 93.08, subdivision 2; 93.17; 93.19, subdivisions 1 and 2; 93.20, subdivisions 7, 9, 19, and 31; 93.22; 93.283, subdivisions 5 and 6; 94.346, subdivision 2; 94.53; 97.49, subdivision 1; 97.85, subdivision 1; 98.50, subdivision 10; 115.77, subdivision 2; 115A.54, subdivision 3; 115A.57, subdivision 1; 115A.58, subdivisions 2 and 4; 116.16, subdivisions 4 and 8; 116.17, subdivisions 2 and 4; 116J.64, subdivisions 6, 7, and 10; 117.135, subdivision 2; 121.28; 124.12, subdivision 2; 124.42, subdivision 8; 124.43, subdivision 5; 124.46, subdivision 2; 124.62, subdivision 3; 124A.031, subdivision 2; 125.08; 128A.07; 136.40, subdivision 3; 136C.211; 136C.212; 136C.223; 136C.41, subdivision 5; 136C.42, subdivision 3; 136C.43, subdivisions 2, 4, and 5; 141.25, subdivision 5; 141.26, subdivision 3; 144.09; 144.10; 145.125, subdivision 2; 156.02, subdivision 2; 156.072, subdivision 2; 156A.07, subdivision 2; 161.04, subdivision 2; 161.05; 161.06, subdivision 1; 161.07; 161.36, subdivision 5; 161.41, subdivision 3; 162.16; 163.051, subdivision 2; 167.50, subdivision 2; 167.51, subdivision 2; 168.33, subdivision 2; 168.67; 168C.11, subdivision 1; 174.50, subdivision 3; 174.51, subdivisions 2, 4, and 5; 176.129, subdivisions 1, 7, and 8; 176.134, subdivision 1; 176.181, subdivisions 2 and 5; 176.421, subdivision 4; 176.581, subdivision 2;

176.591, subdivisions 2 and 3; 176.602; 177.27, subdivision 5; 186.04; 190.11; 193.23, subdivision 1; 204B.11, subdivision 1; 214.06, subdivision 1; 214.13, subdivision 1; 222.025; 223.175, subdivision 4; 237.11; 240.10; 240.15, subdivision 6; 240.22; 241.08, subdivision 1; 241.09, subdivision 1; 241.10; 241.13, subdivision 1; 241.27, subdivision 4; 243.48, subdivision 1; 246.15, subdivision 1; 246.16; 246.18; 246.21; 246.41, subdivision 2; 246.51, subdivision 1; 248.07, subdivision 12; 256.01, subdivision 11; 256.89; 256.90; 256.92; 256B.041, subdivision 5; 256B.20; 260.311, subdivisions 4 and 6; 268.05, subdivisions 2 and 3; 268.15, subdivision 3; 270.45; 271.12; 272.68, subdivision 1; 273.02, subdivision 6; 276.11; 280.29; 282.19; 282.226; 282.33, subdivision 1; 282.36; 284.28, subdivisions 8 and 9; 287.11; 287.25; 291.32, subdivision 1; 293.06; 293.08; 293.09; 293.11; 296.06, subdivision 2; 296.421, subdivision 3; 298.39; 298.396; 298.64; 299.08; 299D.03, subdivision 5; 299F.17, subdivision 1; 299F.22; 299F.60, subdivision 4; 300.19; 300.49, subdivision 1; 302A.771; 303.07, subdivision 1; 303.16, subdivision 2; 303.19, subdivision 2; 303.25, subdivision 3; 308.84; 308.905; 325A.06, subdivision 3; 332.15, subdivision 4; 340.11, subdivision 21; 340.461, subdivision 2; 340.62; 340.63, subdivision 2; 341.10; 345.515; 349.212, subdivision 2; 349.52, subdivisions 2 and 3; 351.11; 352.01, subdivision 3; 352.04, subdivision 4; 352.05; 352B.01, subdivision 4; 352B.02, subdivision 1; 352B.03, subdivision 2; 353.05; 353.27, subdivision 4; 354.06, subdivision 3; 354.07, subdivision 4; 354.52, subdivisions 4 and 5; 355.04, subdivision 5; 357.021, subdivision 2a; 360.017, subdivision 2; 360.305, subdivisions 1, 2, and 5; 361.03, subdivision 5; 361.27, subdivision 2; 385.05; 385.20; 424.165, subdivisions 1 and 2; 458A.03, subdivision 3; 462A.17, subdivision 3; 462A.18, subdivisions 1 and 2; 473.606, subdivision 1; 475A.04, subdivisions 1, 2, and 4; 475A.06, subdivisions 2, 4, and 5; 481.01; 490.102, subdivision 6; 490.123, subdivision 2; 508.75; 508.77; 508.82; 508A.22, subdivision 3; 508A.77; 508A.82; 517.08, subdivision 1c; 525.161; 525.841; 574.261; 609.101; 626.85, subdivisions 2 and 3; and 626.861, subdivisions 2 and 3; proposing coding for new law in Minnesota Statutes, chapter 7; repealing Minnesota Statutes 1984, sections 7.01; 7.013; 7.02; 7.03; 7.04; 7.05; 7.13; 7.14; 7.15; 7.16; 7.17; 7.18; 10.18; 10.19; 10.20; 10.21; 10.22; 10.23; 16A.42, subdivision 3; 46.15; 48.87; 69.031, subdivision 2; 124.471; 349.212, subdivision 3; 360.301; 360.302; 360.304; 360.306; 360.388; and 360.389.

The bill was read for the first time and referred to the Committee on Governmental Operations.

HOUSE ADVISORIES

The following House Advisory was introduced:

Redalen and Jacobs introduced:

H. A. No. 25, A proposal to study state contracts for long distance telephone service.

The advisory was referred to the Committee on Regulated Industries and Energy.

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. 428, A bill for an act relating to the city of Eden Prairie; authorizing one annual one-day liquor license.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 1388, A resolution memorializing the President, Congress, and the Secretary of Agriculture to require certain minimum levels of solids-not-fat in fluid milk marketed for direct human consumption.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House Files, herewith returned:

H. F. No. 468, A bill for an act relating to state departments and agencies; clarifying the duties of the state demographer; amending Minnesota Statutes 1984, sections 275.14; 368.01, subdivision 1a; and 368.015.

H. F. No. 580, A bill for an act relating to economic development; providing for the election of certain community development corporation directors; amending Minnesota Statutes 1984, section 116M.04, subdivision 6.

H. F. No. 602, A bill for an act relating to alcoholic beverages; allowing certain extensions of credit; amending Minnesota Statutes 1984, sections 340.031, subdivision 2; and 340.405.

H. F. No. 698, A bill for an act relating to intoxicating liquor; authorizing the city of North Mankato to issue one short-term, on-sale liquor license.

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. 454, A bill for an act relating to motor vehicles; providing defense to charge of operating motor vehicle without valid registration; amending Minnesota Statutes 1984, sections 168.09, by adding a subdivision; and 168.11, by adding a subdivision.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

McKasy moved that the House concur in the Senate amendments to H. F. No. 454 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 454, A bill for an act relating to motor vehicles; providing defense to charge of operating motor vehicle without valid registration; amending Minnesota Statutes 1984, sections 168.09, by adding a subdivision; and 168.11, by adding a subdivision.

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, G.	Brown	Erickson	Haukoos	Krueger
Anderson, R.	Burger	Fjoslien	Heap	Kvam
Backlund	Carlson, J.	Forsythe	Himle	Levi
Battaglia	Carlson, L.	Frederick	Jacobs	Lieder
Beard	Clark	Frederickson	Johnson	Long
Becklin	Clausnitzer	Frerichs	Kahn	Marsh
Begich	Cohen	Greenfield	Kalis	McDonald
Bennett	Dempsey	Gruenes	Kelly	McEachern
Blatz	DenOuden	Gutknecht	Kiffmeyer	McKasy
Boo	Dimler	Halberg	Knickerbocker	McPherson
Brandl	Dyke	Hartinger	Knuth	Metzen
Brinkman	Elioff	Hartle	Kostohryz	Miller

Minne	Ozment	Rice	Simoneau	Uphus
Munger	Pappas	Richter	Skoglund	Valan
Murphy	Pauly	Riveness	Solberg	Valento
Nelson, K.	Peterson	Rodosovich	Sparby	Vanasek
Neuenschwander	Piepho	Sarna	Stanis	Vellenga
Norton	Piper	Schafer	Staten	Voss
O'Connor	Poppenhagen	Scheid	Svigum	Waltman
Ogren	Price	Schoenfeld	Thiede	Welle
Olsen, S.	Quinn	Schreiber	Thorson	Wenzel
Olson, E.	Quist	Seaberg	Tjornhom	Wynia
Onnen	Redalen	Segal	Tomlinson	Zaffke
Osthoff	Rees	Shaver	Tompkins	Spk. Jennings, D.
Otis	Rest	Sherman	Tunheim	

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. 204, A bill for an act relating to higher education; creating a student advisory council to the higher education coordinating board; amending Minnesota Statutes 1984, section 136A.02, subdivisions 1 and 1a, and by adding a subdivision.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Piepho moved that the House concur in the Senate amendments to H. F. No. 204 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 204, A bill for an act relating to higher education; creating a student advisory council to the higher education coordinating board; requiring, as nearly as possible, one-sixth of the terms of voting members of the higher education coordinating board to expire each year; amending Minnesota Statutes 1984, section 136A.02, subdivisions 1 and 1a, and by adding a subdivision.

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 1 nay as follows :

Those who voted in the affirmative were:

Anderson, G.	Erickson	Kvam	Pappas	Skoglund
Anderson, R.	Fjoslien	Levi	Pauly	Solberg
Backlund	Forsythe	Lieder	Peterson	Sparby
Battaglia	Frederick	Long	Piepho	Stanius
Beard	Frederickson	Marsh	Piper	Staten
Begich	Frerichs	McDonald	Poppenhagen	Sviggum
Bennett	Greenfield	McEachern	Price	Thiede
Blatz	Gruenes	McLaughlin	Quinn	Thorson
Boerboom	Gutknecht	McPherson	Quist	Tjornhom
Boo	Halberg	Metzen	Redalen	Tomlinson
Brandl	Hartinger	Miller	Rest	Tompkins
Brinkman	Hartle	Minne	Rice	Tunheim
Brown	Haukoos	Munger	Richter	Uphus
Burger	Heap	Murphy	Riveness	Valan
Carlson, D.	Himle	Nelson, K.	Rodosovich	Valento
Carlson, J.	Jacobs	Neuenschwander	Rose	Vanasek
Carlson, L.	Jennings, L.	Norton	Sarna	Vellenga
Clark	Johnson	O'Connor	Schafer	Voss
Clausnitzer	Kahn	Ogren	Schoenfeld	Waltman
Cohen	Kalis	Olsen, S.	Schreiber	Welle
Dempsey	Kelly	Olson, E.	Seaberg	Wenzel
DenOuden	Kiffmeyer	Omann	Segal	Wynia
Dimler	Knickerbocker	Onnen	Shaver	Zaffke
Dyke	Kostohryz	Otis	Sherman	Spk. Jennings, D.
Elioff	Krueger	Ozment	Simoneau	

Those who voted in the negative were:

Rees

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. 256, A bill for an act relating to motor vehicles; defining terms; regulating van-type motor homes; amending Minnesota Statutes 1984, sections 168.011, subdivision 25, and by adding subdivisions; and 168.27, subdivisions 2 and 10.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Bennett moved that the House concur in the Senate amendments to H. F. No. 256 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 256, A bill for an act relating to motor vehicles; defining terms; regulating van-type motor homes; amending

Minnesota Statutes 1984, sections 168.011, subdivision 25, and by adding subdivisions; and 168.27, subdivisions 2 and 10.

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 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Elioff	Kostohryz	Otis	Sherman
Anderson, R.	Ellingson	Kvam	Ozment	Simoneau
Backlund	Erickson	Levi	Pappas	Skoglund
Battaglia	Fjoslien	Lieder	Pauly	Solberg
Beard	Forsythe	Long	Peterson	Sparby
Becklin	Frederick	Marsh	Piepho	Stanis
Begich	Frederickson	McDonald	Piper	Staten
Bennett	Frerichs	McEachern	Poppenhagen	Sviggum
Bishop	Greenfield	McKasy	Price	Thiede
Blatz	Gruenes	McLaughlin	Quinn	Thorson
Bor-boom	Gutknecht	McPherson	Quist	Tjornhom
Boo	Halberg	Metzen	Redalen	Tomlinson
Brandl	Hartinger	Miller	Rees	Tompkins
Brinkman	Hartle	Minne	Rest	Tunheim
Brown	Haukoos	Munger	Rice	Uphus
Burger	Heap	Murphy	Richter	Valan
Carlson, D.	Himle	Nelson, K.	Riveness	Valento
Carlson, J.	Jacobs	Neuenschwander	Rodosovich	Vanasek
Carlson, L.	Jennings, L.	Norton	Rose	Vellenga
Clark	Johnson	O'Connor	Sarna	Voss
Clausnitzer	Kahn	Ogren	Schafer	Waltman
Cohen	Kalis	Olsen, S.	Scheid	Welle
Dempsey	Kelly	Olson, E.	Schoenfeld	Wenzel
DenOuden	Kiffmeyer	Omman	Seaberg	Wynia
Dimler	Knickerbocker	Onnen	Segal	Zaffke
Dyke	Knuth	Osthoff	Shaver	Spk. Jennings, D.

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. 907, A bill for an act relating to Ramsey county; providing for the creation, organization, powers, and duties of a personnel system; providing penalties; amending Minnesota Statutes 1984, sections 383.405; and 383A.41, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 383A; repealing Minnesota Statutes 1984, sections 383A.28; 383A.29; 383A.30; and 383A.31.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Valento moved that the House concur in the Senate amendments to H. F. No. 907 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 907, A bill for an act relating to Ramsey county; providing for the creation, organization, powers, and duties of a personnel system; providing penalties; amending Minnesota Statutes 1984, sections 383.405; and 383A.41, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 383A; repealing Minnesota Statutes 1984, sections 383A.28; 383A.29; 383A.30; and 383A.31.

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 127 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Ellingson	Levi	Pappas	Skoglund
Anderson, R.	Erickson	Lieder	Peterson	Solberg
Backlund	Fjoslien	Long	Piepho	Sparby
Battaglia	Forsythe	Marsh	Piper	Stanisus
Beard	Frederick	McDonald	Poppenhagen	Staten
Becklin	Frederickson	McEachern	Price	Svigum
Begich	Frerichs	McKasy	Quinn	Thiede
Bennett	Greenfield	McLaughlin	Quist	Thorson
Blatz	Gruenes	McPherson	Redalen	Tjornhom
Boerboom	Gutknecht	Metzen	Rees	Tomlinson
Boo	Halberg	Miller	Rest	Tompkins
Brandl	Hartinger	Minne	Rice	Tunheim
Brinkman	Hartle	Munger	Richter	Uphus
Brown	Haukoos	Murphy	Riveness	Valan
Burger	Heap	Nelson, K.	Rodosovich	Valento
Carlson, D.	Himle	Neuenschwander	Rose	Vanasek
Carlson, J.	Jacobs	Norton	Sarna	Vellenga
Carlson, L.	Jennings, L.	O'Connor	Schafer	Waltman
Clark	Johnson	Ogren	Scheid	Welle
Clausnitzer	Kahn	Olsen, S.	Schoenfeld	Wenzel
Cohen	Kalis	Olson, E.	Schreiber	Wynia
Dempsey	Kelly	Omann	Seaberg	Zafke
DenOuden	Kiffmeyer	Onnen	Segal	Spk. Jennings, D.
Dimler	Kostohryz	Osthoff	Shaver	
Dyke	Krueger	Otis	Sherman	
Elioff	Kvam	Ozment	Simoneau	

Those who voted in the negative were:

Knuth Voss

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. 565, A bill for an act relating to soil and water conservation; changing powers and duties of the state board; amending Minnesota Statutes 1984, section 40.03, subdivision 4.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Welle moved that the House concur in the Senate amendments to H. F. No. 565 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 565, A bill for an act relating to soil and water conservation; changing powers and duties of the state board; amending Minnesota Statutes 1984, section 40.03, subdivision 4.

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 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dyke	Kelly	O'Connor	Rivencas
Anderson, R.	Elioff	Kiffmeyer	Ogren	Rodosovich
Backlund	Ellingson	Knickerbocker	Olsen, S.	Rose
Battaglia	Erickson	Knuth	Olson, E.	Sarna
Beard	Fjoslien	Kostohryz	Omann	Schafer
Becklin	Forsythe	Kvam	Onnen	Scheid
Begich	Frederick	Levi	Osthoft	Schoenfeld
Bennett	Frederickson	Lieder	Otis	Schreiber
Bishop	Frerichs	Long	Ozment	Seaberg
Blatz	Greenfield	Marsh	Pappas	Segal
Bocrboom	Gruenes	McDonald	Pauly	Shaver
Boo	Gutknecht	McEachern	Peterson	Sherman
Brandl	Halberg	McKasy	Piepho	Simoneau
Brinkman	Hartinger	McLaughlin	Piper	Skoglund
Brown	Hartle	McPherson	Popenhagen	Solberg
Burger	Haukoos	Metzen	Price	Sparby
Carlson, D.	Heap	Miller	Quinn	Stanisus
Carlson, J.	Himle	Minne	Quist	Staten
Carlson, L.	Jacobs	Munger	Redalen	Sviggum
Clausnitzer	Jennings, L.	Murphy	Rees	Thiede
Cohen	Johnson	Nelson, K.	Rest	Thorsen
Dempsey	Kahn	Neuenschwander	Rice	Tjornhom
Dimler	Kalis	Norton	Richter	Tomlinson

Tompkins	Valan	Vellenga	Welle	Zaffke
Tunheim	Valento	Voss	Wenzel	Spk. Jennings, D.
Uphus	Vanasek	Waltman	Wynia	

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. 1235, A bill for an act relating to state lands; authorizing conveyance of certain state trail lands no longer needed for trails; amending Laws 1981, chapter 190, section 3.

PATRICK E. FLAHAVEN, Secretary of the Senate

Zaffke moved that the House concur in the Senate amendments to H. F. No. 1235 and that the bill be repassed as amended by the Senate.

Wenzel moved that the House refuse to concur in the Senate amendments to H. F. No. 1235, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses.

A roll call was requested and properly seconded.

The question was taken on the Wenzel motion and the roll was called. There were 80 yeas and 41 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Erickson	McEachern	Pappas	Sherman
Battaglia	Fjoslien	McLaughlin	Peterson	Simoneau
Beard	Greenfield	Metzen	Piper	Skoglund
Becklin	Gruenes	Minne	Price	Solberg
Begich	Jacobs	Murphy	Quinn	Sparby
Boo	Jennings, L.	Nelson, K.	Rees	Staten
Brandl	Johnson	Neuenschwander	Rest	Thiede
Brinkman	Kahn	Norton	Rice	Tomlinson
Brown	Kalis	O'Connor	Richter	Tunheim
Carlson, D.	Kelly	Ogren	Riveness	Uphus
Carlson, L.	Knuth	Olsen, S.	Rodosovich	Vanasek
Clark	Kostohryz	Olson, E.	Rose	Vellenga
Clausnitzer	Lieder	Omann	Scheid	Voss
Cohen	Long	Osthoff	Schoenfeld	Welle
Dimler	Marsh	Otis	Seaberg	Wenzel
Elioff	McDonald	Ozment	Segal	Wynia

Those who voted in the negative were:

Anderson, R.	Dyke	Knickerbocker	Redalen	Tompkins
Backlund	Forsythe	Levi	Sarna	Valan
Bennett	Frederick	McKasy	Schafer	Valento
Blatz	Frederickson	McPherson	Schreiber	Waltman
Boerboom	Frerichs	Miller	Shaver	Zaffke
Burger	Hartle	Onnen	Stanius	
Carlson, J.	Haukoos	Piepho	Sviggum	
Dempsey	Heap	Poppenhagen	Thorson	
DenOuden	Kiffmeyer	Quist	Tjornhom	

The motion prevailed.

POINT OF ORDER

Levi raised a point of order pursuant to section 114, paragraphs 4, 5 and 6, of "Mason's Manual of Legislative Procedure" relating to asking questions of members. The Speaker ruled the point of order not well taken.

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. 1382, A bill for an act relating to courts; providing for transcript fees; amending Minnesota Statutes 1984, section 486.06.

PATRICK E. FLAHAVEN, Secretary of the Senate

Cohen moved that the House refuse to concur in the Senate amendments to H. F. No. 1382, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 1358 and 1398.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 721, 1087 and 1447.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 86 and 944.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 921 and 1291.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 615, 825, 1220 and 1249.

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. 616.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 863, 1208, 1308 and 1404.

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. 650.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 904 and 1234.

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. 1411.

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. 658.

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. 580.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 1358, A bill for an act relating to local government; providing for the maintenance of town cartways; amending Minnesota Statutes 1984, section 164.08, by adding a subdivision.

The bill was read for the first time.

Quist moved that S. F. No. 1358 and H. F. No. 1435, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1398, A bill for an act relating to deposit and investment of public funds; modifying the collateral requirements for public deposits; amending Minnesota Statutes 1984, sections 118.005, subdivision 1; 118.01; 475.66, subdivision 1; and 475.76, subdivision 1.

The bill was read for the first time.

Schreiber moved that S. F. No. 1398 and H. F. No. 1375, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 721, A bill for an act relating to the city of Plymouth; permitting the establishment of a port authority; amending Laws 1984, chapter 397, section 1.

The bill was read for the first time.

Clausnitzer moved that S. F. No. 721 and H. F. No. 743, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1087, A bill for an act relating to drainage; authorizing the construction of roads rather than bridges or culverts in certain instances; amending Minnesota Statutes 1984, section 106.471, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 106.

The bill was read for the first time.

Hartle moved that S. F. No. 1087 and H. F. No. 1170, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1447, A bill for an act relating to the city of Breckenridge; permitting the establishment of a port authority; authorizing the port authority to exercise the powers of a municipal housing and redevelopment authority.

The bill was read for the first time.

Valan moved that S. F. No. 1447 and H. F. No. 1468, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 86, A bill for an act relating to agriculture; changing requirements for certain adulterated milk or cream; providing a penalty; amending Minnesota Statutes 1984, section 32.21.

The bill was read for the first time.

Uphus moved that S. F. No. 86 and H. F. No. 135, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 944, A bill for an act relating to education; authorizing the sale of computers and related products by the state university board, state board for community colleges, and state board of vocational technical education; requiring contracts with private vendors for service, maintenance, and support; amending Minnesota Statutes 1984, sections 136.24; and 136C.04, by adding a subdivision; proposing coding for new law in Minnesota Statutes 1984, chapter 136.

The bill was read for the first time.

Carlson, L., moved that S. F. No. 944 and H. F. No. 1338, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 921, A bill for an act relating to consumer protection; regulating prepayments of certain funeral and burial goods and services; amending Minnesota Statutes 1984, section 149.11.

The bill was read for the first time.

Frerichs moved that S. F. No. 921 and H. F. No. 1106, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1291, A bill for an act relating to the town of Harmony; allocating money from state transfer funds to replace bridge.

The bill was read for the first time.

Redalen moved that S. F. No. 1291 and H. F. No. 1417, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 615, A bill for an act relating to Lake of the Woods county; authorizing the issuance of bonds for the construction of

jetties and related public improvements; and authorizing the levy of special assessments.

The bill was read for the first time.

Tunheim moved that S. F. No. 615 and H. F. No. 584, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 825, A bill for an act relating to the city of Crystal; regulating the holding of public offices by council members; providing for the adoption of emergency ordinances.

The bill was read for the first time.

Carlson, L., moved that S. F. No. 825 and H. F. No. 997, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1220, A bill for an act relating to the city of Wadena; permitting the establishment of a port authority.

The bill was read for the first time.

Richter moved that S. F. No. 1220 and H. F. No. 1309, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1249, A bill for an act relating to horse racing; making certain technical and clarifying amendments; providing for certain name changes; modifying certain license revocation and suspension procedures; modifying the amounts deducted by the licensee for purses; appropriating money; amending Minnesota Statutes 1984, sections 240.01, subdivision 10; 240.02, subdivision 5; 240.03; 240.04; 240.05, subdivision 2; 240.06, subdivision 2; 240.08, subdivisions 1 and 5; 240.09, subdivisions 2, 3, and 6; 240.13, subdivisions 5 and 6; 240.14, subdivision 1; 240.15, subdivisions 5 and 6; 240.16, subdivisions 1 and 6; 240.18; 240.22; 240.24; 240.25, subdivisions 1 and 4; 240.29; 541.20; and 541.21; repealing Minnesota Statutes 1984, section 624.02.

The bill was read for the first time.

Kostohryz moved that S. F. No. 1249 and H. F. No. 1281, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 616, A bill for an act relating to the city of Warroad; permitting the establishment of a port authority.

The bill was read for the first time.

Tunheim moved that S. F. No. 616 and H. F. No. 594, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 863, A bill for an act relating to commerce; modifying the definition of credit card to include other types of instruments; prescribing criminal penalties for financial transaction card fraud; amending Minnesota Statutes 1984, sections 325G.02, subdivisions 2 and 4; 325G.03; 325G.04; 325G.041; 325G.05; 609.52, subdivisions 1 and 2; and 609.625, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 609.

The bill was read for the first time.

Seaberg moved that S. F. No. 863 and H. F. No. 1076, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1208, A bill for an act relating to the city of Gaylord; authorizing the issuance of general obligation bonds to finance the acquisition and betterment of municipal buildings.

The bill was read for the first time.

Schafer moved that S. F. No. 1208 and H. F. No. 1308, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1308, A bill for an act relating to Olmsted county; providing for sales, leases, and conveyances; providing certain exceptions to public bidding requirements.

The bill was read for the first time.

Frerichs moved that S. F. No. 1308 and H. F. No. 1266, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1404, A bill for an act relating to local government; expanding the authority of counties to make electronic funds transfers; amending Minnesota Statutes 1984, section 385.07; and proposing coding for new law in Minnesota Statutes, chapter 385.

The bill was read for the first time.

Ozment moved that S. F. No. 1404 and H. F. No. 1460, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 650, A bill for an act relating to crimes; increasing the penalty for an offense committed against a transit provider or operator when violence or a threat of violence is not involved; amending Minnesota Statutes 1984, section 609.855, subdivisions 3 and 4.

The bill was read for the first time.

Valento moved that S. F. No. 650 and H. F. No. 788, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 904, A bill for an act relating to local government; granting the cities of Red Wing and Hastings the authority to establish a port authority; authorizing each port authority to exercise the power of a municipal housing and redevelopment authority; authorizing the cities to impose restrictions and limitations upon the powers and procedures of the port authority; permitting each city to choose the name of the port authority; providing for removal of port authority commissioners; requiring local approval.

The bill was read for the first time.

Swiggum moved that S. F. No. 904 and H. F. No. 942, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1234, A bill for an act relating to the city of Saint Paul; permitting the city to issue temporary on-sale wine licenses to nonprofit charitable, religious, or veterans organizations.

The bill was read for the first time.

Osthoff moved that S. F. No. 1234 and H. F. No. 1171, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1411, A bill for an act relating to the city of Bemidji; permitting the city to contribute to a community seed capital fund.

The bill was read for the first time.

Thorson moved that S. F. No. 1411 and H. F. No. 1503, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 658, A bill for an act relating to wild animals; altering certain provisions regarding taking and possession, and penal-

ties related thereto; amending Minnesota Statutes 1984, sections 97.55, subdivision 16; 98.46, subdivision 5; 98.52, by adding a subdivision; 100.273, subdivisions 6 and 9; and 100.29, subdivision 8; repealing Minnesota Statutes 1984, section 97.55, subdivision 4.

The bill was read for the first time.

Thiede moved that S. F. No. 658 and H. F. No. 623, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 580, A bill for an act relating to the city of Lakeville; appropriating money to return a forfeiture.

The bill was read for the first time and referred to the Committee on Appropriations.

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

REPORTS OF STANDING COMMITTEES

Levi from the Committee on Rules and Legislative Administration to which was referred:

House Concurrent Resolution No. 8, A house concurrent resolution designating the "Red Ribbon" to commemorate Minnesota citizens who are still missing in action or are being held against their will in Asian countries.

Reported the same back with the recommendation that the resolution be adopted.

The report was adopted.

REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Levi, from the Committee on Rules and Legislative Administration, pursuant to Rule 1.9, designated the following bills as Special Orders following the Special Orders pending for today, Monday, April 29, 1985:

H. F. Nos. 1001, 800, 957, 229, 237, 607, 1040, 1369, 1097, 1227 and 442.

CONSENT CALENDAR

S. F. No. 783 was reported to the House.

Olson, E., moved to amend S. F. No. 783, the second engrossment, as follows:

Page 2, after line 9, insert *"Notwithstanding any contrary provision, the department of natural resources is required to maintain the fire department in the Itasca Park complex at its present location."*

The motion prevailed and the amendment was adopted.

S. F. No. 783, A bill for an act relating to natural resources; authorizing additions to and deletions from certain state parks; amending Laws 1980, chapter 489, section 1, subdivision 4, and by adding a subdivision.

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

The question was taken on the passage of the bill and the roll was called. There were 124 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Ejoslien	Levi	Pauly	Skoglund
Backlund	Frederick	Lieder	Peterson	Solberg
Battaglia	Frederickson	Long	Piepho	Sparby
Beard	Frerichs	Marsh	Piper	Stanisus
Becklin	Greenfield	McDonald	Poppenhagen	Staten
Begich	Gruenes	McEachern	Price	Sviggunm
Bennett	Gutknecht	McKasy	Quinn	Thiede
Blatz	Halberg	McLaughlin	Quist	Thorson
Boerboom	Hartinger	McPherson	Redalen	Tjornhom
Boo	Hartle	Metzen	Rees	Tomlinson
Brandl	Haukoos	Minne	Rest	Tompkins
Brinkman	Heap	Munger	Rice	Tunheim
Brown	Himle	Murphy	Richter	Uphus
Carlson, J.	Jacobs	Nelson, K.	Riveness	Valan
Carlson, L.	Jennings, L.	Neuenschwander	Rodosovich	Valento
Clark	Johnson	Norton	Rose	Vanasek
Clausnitzer	Kahn	O'Connor	Schafer	Vellenga
Cohen	Kalis	Ogren	Scheid	Voss
Dempsey	Kelly	Olsen, S.	Schoenfeld	Waltman
DenOuden	Kiffmeyer	Olson, E.	Schreiber	Welle
Dimler	Knickerbocker	Omann	Seaberg	Wenzel
Dyke	Kauth	Onnen	Segal	Wynia
Elioff	Kostohryz	Osthoff	Shaver	Zaffke
Ellingson	Krueger	Ozment	Sherman	Spk. Jennings, D.
Erickson	Kvam	Pappas	Simoneau	

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

S. F. No. 143, A bill for an act relating to real property; changing effective dates for provisions relating to validation of foreclosure sales; amending Minnesota Statutes 1984, section 582.27.

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 126 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Ellingson	Levi	Peterson	Sparby
Backlund	Erickson	Lieder	Piepho	Stanius
Battaglia	Fjoslien	Long	Piper	Staten
Beard	Forsythe	Marsh	Poppenhagen	Sviggun
Becklin	Frederick	McDonald	Price	Thiede
Begich	Frederickson	McEachern	Quinn	Thorson
Bennett	Frerichs	McKasy	Quist	Tjornhom
Bishop	Greenfield	McLaughlin	Redalen	Tomlinson
Blatz	Gruenes	McPherson	Rees	Tompkins
Boerboom	Gutknecht	Metzen	Rest	Tunheim
Boo	Halberg	Miller	Rice	Uphus
Brandl	Hartering	Minne	Richter	Valan
Brinkman	Haukoos	Munger	Riveness	Valento
Brown	Himle	Murphy	Rodosovich	Vanasek
Burger	Jacobs	Nelson, K.	Rose	Vellenga
Carlson, D.	Jennings, L.	Neuenschwander	Sarna	Voss
Carlson, J.	Johnson	Norton	Schafer	Waltman
Carlson, L.	Kahn	O'Connor	Schoenfeld	Welle
Clark	Kalis	Ogren	Schreiber	Wenzel
Clausnitzer	Kelly	Olsen, S.	Seaberg	Wynia
Cohen	Kiffmeyer	Olson, E.	Segal	Zaffke
Dempsey	Knickerbocker	Omman	Shaver	Spk. Jennings, D.
DenOuden	Knuth	Onnen	Sherman	
Dimler	Kostohryz	Ozment	Simoneau	
Dyke	Krueger	Pappas	Skoglund	
Elioff	Kvam	Pauly	Solberg	

The bill was passed and its title agreed to.

S. F. No. 1119, A bill for an act relating to local government; increasing the amount that a county board may credit to the sheriff's contingency fund; amending Minnesota Statutes 1984, section 387.212.

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 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Battaglia	Begich	Blatz	Brandl
Anderson, R.	Beard	Bennett	Boerboom	Brinkman
Backlund	Becklin	Bishop	Boo	Brown

Burger	Hartle	McPherson	Price	Staten
Carlson, D.	Haukoos	Metzen	Quinn	Sviggum
Carlson, J.	Heap	Miller	Quist	Thiede
Carlson, L.	Himle	Minne	Redalen	Thorson
Clark	Jacobs	Munger	Rees	Tjornhom
Clausnitzer	Jennings, L.	Murphy	Rice	Tomlinson
Cohen	Johnson	Nelson, K.	Richter	Tompkins
Dempsey	Kahn	Neuenschwander	Rivenness	Tunheim
DenOuden	Kalis	Norton	Rodosovich	Uphus
Dimler	Kelly	O'Connor	Rose	Valan
Dyke	Kiffmeyer	Ogren	Sarna	Valento
Elioff	Knickerbocker	Olsen, S.	Schafer	Vanasek
Ellingson	Knuth	Olson, E.	Scheid	Vellenga
Erickson	Kostohryz	Omman	Schoenfeld	Voss
Fjoslien	Krueger	Onnen	Schreiber	Waltman
Forsythe	Kvam	Osthoff	Seaberg	Welle
Frederick	Levi	Otis	Segal	Wenzel
Frederickson	Lieder	Ozment	Shaver	Wynia
Frerichs	Long	Pappas	Sherman	Zaffke
Greenfield	Marsh	Pauly	Simoneau	Spk. Jennings, D.
Gruenes	McDonald	Peterson	Skoglund	
Gutknecht	McEachern	Piepho	Solberg	
Halberg	McKasy	Piper	Sparby	
Hartinger	McLaughlin	Poppenhagen	Stanius	

The bill was passed and its title agreed to.

CONSIDERATION UNDER RULE 1.10

Pursuant to rule 1.10, Schreiber requested immediate consideration of H. F. No. 756.

H. F. No. 756 was reported to the House.

The Speaker called Halberg to the Chair.

CALL OF THE HOUSE

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

Anderson, G.	Carlson, J.	Gutknecht	Levi	Olsen, S.
Anderson, R.	Carlson, L.	Halberg	Lieder	Olson, E.
Backlund	Clark	Hartinger	Long	Omman
Battaglia	Clausnitzer	Hartle	Marsh	Onnen
Beard	Cohen	Haukoos	McDonald	Osthoff
Becklin	Dempsey	Heap	McKasy	Otis
Begich	DenOuden	Himle	McLaughlin	Ozment
Bennett	Dimler	Jacobs	McPherson	Pappas
Bishop	Dyke	Jennings, L.	Metzen	Pauly
Blatz	Elioff	Kalis	Miller	Peterson
Boerboom	Erickson	Kelly	Minne	Piepho
Boo	Fjoslien	Kiffmeyer	Murphy	Piper
Brandl	Forsythe	Knickerbocker	Nelson, K.	Poppenhagen
Brinkman	Frederick	Knuth	Neuenschwander	Price
Brown	Frederickson	Kostohryz	Norton	Quinn
Burger	Frerichs	Krueger	O'Connor	Quist
Carlson, D.	Gruenes	Kvam	Ogren	Redalen

Rees	Scheid	Skoglund	Tjornhom	Vanasek
Rest	Schoenfeld	Solberg	Tomlinson	Vellenga
Richter	Schreiber	Sparby	Tompkins	Waltman
Riveness	Seaberg	Stanis	Tunheim	Welle
Rodosovich	Shaver	Svigum	Uphus	Wenzel
Rose	Sherman	Thiede	Valan	
Schafer	Simoneau	Thorson	Valento	

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

Schreiber moved to amend H. F. No. 756, the first engrossment, as follows:

Page 15, line 3, delete "or"

Page 15, line 4, delete "*or mentally*" and insert "*, or (d) in the case of an individual, other than the taxpayer or the taxpayer's spouse, who is mentally retarded, who is not a dependent for purposes of the credits provided by section 290.06, subdivision 3f, and for whom the taxpayer provides the chief support*"

Page 15, line 5, delete "*retarded*"

Page 16, after line 5, insert:

"Sec. 10. Minnesota Statutes 1984, 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. 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 with respect to 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 FARM LOSSES CONTAINED IN SECTION 290.09, SUBDIVISION 29.)

((8)) The first taxable year 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, or where the straight line method provided in section 168(b)(3) is used, the last taxable year in which an amount of allowable depreciation for that property under section 168 is obtained, the remaining depreciable basis in those assets for Minnesota purposes that is attributable to the basis reduction made for federal purposes under section 48(q) of the Internal Revenue Code of 1954 to reflect the investment tax credit shall be allowed as a deduction. No amount shall be allowed as a deduction under section 196 of the Internal Revenue Code of 1954."

Renumber the sections

Page 17, line 28, delete "11" and insert "12"

Page 75, line 9, delete "9, 12 to 18, 20 to 45, 48, and 49" and insert "10, 13 to 19, 21 to 46, 49, and 50"

Page 75, line 11, delete "19" and insert "20"

Page 75, line 12, delete "46" and insert "47"

Page 75, line 14, delete "50" and insert "51"

Page 132, line 9, after the period insert "*A foreign sales corporation is deemed not to be doing business within this state for purposes of section 290.02.*"

Further, amend the title:

Page 1, line 42, delete "and 20e" and insert ", 20e, and 20f"

The motion prevailed and the amendment was adopted.

Schreiber moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 151, line 2, after the stricken language insert: "*The property tax to be paid on that portion of class 3b property consisting of the dwelling and surrounding one acre as otherwise determined by law and which is located in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington, less any reduction received pursuant to sections 273.123 and 473H.10, shall be reduced by an amount equal to one percent of the market value of the property, provided that the amount of the reduction shall not exceed the lesser of \$700 or 60 percent of the gross tax.*"

Page 151, line 4, after "law" insert "*and which is located in the 80 non-metropolitan counties,*"

Page 151, line 6, delete "50" and insert "49"

Page 151, line 7, after "reduction" insert "*for property located in the non-metropolitan counties*" and after the period insert "*For purposes of this subdivision, if property is located in a municipality that is partly within and partly outside the seven metropolitan counties, the entire municipality shall be considered to be in one of the non-metropolitan counties.*"

Page 153, after line 4, insert: "*The property tax to be paid on that portion of class 3c property as otherwise determined by law and which is located in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington, less any reduction received pursuant to sections 273.123 and 473H.10, shall be reduced by an amount equal to one percent of the market value of the property, provided that the amount of the reduction shall not exceed the lesser of \$700 or 60 percent of the gross tax.*"

Page 153, line 6, after "law" insert "*and which is located in the 80 non-metropolitan counties*"

Page 153, line 7, delete "50" and insert "49"

Page 153, line 9, after "reduction" insert "*for property located in the non-metropolitan counties*"

Page 154, after line 35, insert: "*For purposes of this subdivision, if property is located in a municipality that is partly within and partly outside the seven metropolitan counties, the entire municipality shall be considered to be in one of the non-metropolitan counties.*"

Page 158, line 23, after "reduced" insert "*as follows: if the property is located in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington, it shall be reduced by an amount equal to one percent of the market value of the property, provided that the amount of the reduction shall not exceed the lesser of \$700 or 60 percent of the tax; or if the property is located in the 80 non-metropolitan counties, it shall be reduced*"

Page 158, line 23, delete "50" and insert "49"

Page 158, line 25, after the period insert "*For purposes of this subdivision, if property is located in a municipality that is partly within and partly outside the seven metropolitan counties, the entire municipality shall be considered to be in one of the non-metropolitan counties.*"

Page 191, line 10, delete "*greater*" and insert "*lesser*"

Page 203, lines 35 and 36, delete "\$1,250" and insert "\$1,125"

Page 204, lines 1 to 22, delete "\$1,250" and insert "\$1,125"

Page 204, line 23, delete "\$1,230" and insert "\$1,105"

Page 204, line 24, delete "\$1,205" and insert "\$1,080"

Page 204, line 26, delete "\$1,175" and insert "\$1,050"

Page 204, line 28, delete "\$1,145" and insert "\$1,020"

Page 204, line 30, delete "\$1,115" and insert "\$990"

Page 204, line 32, delete "\$1,085" and insert "\$960"

Page 204, line 34, delete "\$1,055" and insert "\$930"

Page 204, line 36, delete "\$1,025" and insert "\$900"

Page 205, line 2, delete "\$925" and insert "\$800"

Page 205, line 3, delete "\$825" and insert "\$700"

Page 205, line 4, delete "\$725" and insert "\$600"

Page 205, line 5, delete "\$625" and insert "\$500"

Page 205, line 6, delete "\$525" and insert "\$400"

Page 205, line 7, delete "\$425" and insert "\$300"

Page 205, line 8, delete "\$325" and insert "\$200"

Page 205, line 9, delete "\$225" and insert "\$100"

Page 205, line 10, delete "\$125" and insert "\$50"

Page 207, line 1, strike "two years" and insert "*one year*"

Further, amend the title:

Page 1, line 18, delete "increase" and insert "changes"

A roll call was requested and properly seconded.

Vanasek moved that H. F. No. 756, as amended, be re-referred to the Committee on Taxes.

A roll call was requested and properly seconded.

The question was taken on the Vanasek motion and the roll was called. There were 63 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jacobs	Minne	Piper	Solberg
Battaglia	Jennings, L.	Munger	Price	Sparby
Beard	Kahn	Murphy	Quinn	Staten
Begich	Kalis	Nelson, K.	Rest	Tomlinson
Brandl	Kelly	Neuenschwander	Rice	Tunheim
Brinkman	Knuth	Norton	Riveness	Vanasek
Brown	Kostohryz	O'Connor	Rodosovich	Vellenga
Carlson, L.	Krueger	Ogren	Sarna	Voss
Clark	Lieder	Olson, E.	Scheid	Welle
Cohen	Long	Osthoff	Schoenfeld	Wenzel
Elioff	McEachern	Otis	Segal	Wynia
Ellingson	McLaughlin	Pappas	Simoneau	
Greenfield	Metzen	Peterson	Skoglund	

Those who voted in the negative were:

Anderson, R.	Dimler	Heap	Onnen	Sherman
Backlund	Dyke	Himle	Ozment	Stanius
Becklin	Erickson	Johnson	Pauly	Sviggum
Bennett	Fjoslien	Kiffmeyer	Piepho	Thiede
Bishop	Forsythe	Knickerbocker	Poppenhagen	Thorson
Blatz	Frederick	Kvam	Quist	Tjornhom
Boerboom	Frederickson	Levi	Redalen	Tompkins
Boo	Frerichs	Marsh	Rees	Uphus
Burger	Gruenes	McDonald	Richter	Valan
Carlson, D.	Gutknecht	McKasy	Rose	Valento
Carlson, J.	Halberg	McPherson	Schafer	Waltman
Clausnitzer	Hartinger	Miller	Schreiber	Zaffke
Dempsey	Hartle	Olsen, S.	Seaberg	Spk. Jennings, D.
DenOuden	Haukoos	Omann	Shaver	

The motion did not prevail.

The Speaker resumed the Chair.

The question recurred on the Schreiber amendment and the roll was called.

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

There were 70 yeas and 61 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Bennett	Boerboom	Carlson, D.	Dempsey
Backlund	Bishop	Boo	Carlson, J.	DenOuden
Becklin	Blatz	Burger	Clausnitzer	Dimler

Dyke	Hartle	McDonald	Quist	Swiggum
Erickson	Haukoos	McKasy	Redalen	Thiede
Fjoslien	Heap	McPherson	Rees	Thorson
Forsythe	Himle	Miller	Richter	Tjornhom
Frederick	Jacobs	Olsen, S.	Rose	Tompkins
Frederickson	Johnson	Omann	Schafer	Uphus
Frerichs	Kiffmeyer	Onnen	Schreiber	Valan
Gruenes	Knickerbocker	Ozment	Seaberg	Valento
Gutknecht	Kvam	Pauly	Shaver	Waltman
Halberg	Levi	Piepho	Sherman	Zaffke
Hartinger	Marsh	Poppenhagen	Stanius	Spk. Jennings, D.

Those who voted in the negative were:

Anderson, G.	Jennings, L.	Munger	Price	Sparby
Battaglia	Kahn	Murphy	Quinn	Staten
Beard	Kalis	Nelson, K.	Rest	Tomlinson
Begich	Kelly	Neuenschwander	Rice	Tunheim
Brandl	Knuth	Norton	Riveness	Vellenga
Brinkman	Kostohryz	O'Connor	Rodosovich	Voss
Brown	Krueger	Ogren	Sarna	Welle
Carlson, L.	Lieder	Olson, E.	Scheid	Wenzel
Clark	Long	Osthoff	Schoenfeld	Wynia
Cohen	McEachern	Otis	Segal	
Elioff	McLaughlin	Pappas	Simoneau	
Ellingson	Metzen	Peterson	Skoglund	
Greenfield	Minne	Piper	Solberg	

The motion prevailed and the amendment was adopted.

Schoenfeld and Redalen moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 66, line 18, after the period insert: "A gain realized on a sale of agricultural production property, other real property, or equipment, used in a farm business that was owned and operated by the taxpayer shall be exempt from taxation under this chapter, if the taxpayer was insolvent at the time of the sale and the proceeds of the sale were used solely to discharge indebtedness secured by a mortgage, lien or other security interest on the property sold. For purposes of this section, "insolvent" means insolvent as defined in section 108 (d) (3) of the Internal Revenue Code of 1954, as amended through December 31, 1984."

The motion prevailed and the amendment was adopted.

Omann offered an amendment to H. F. No. 756, the first engrossment, as amended.

POINT OF ORDER

Schreiber raised a point of order pursuant to rule 5.10 that the Omann amendment was out of order. The Speaker ruled the Schreiber point of order well taken and the Omann amendment out of order.

Voss appealed the decision of the Chair.

A roll call was requested and properly seconded.

The vote was taken on the question "Shall the decision of the Speaker stand as the judgment of the House?" and the roll was called.

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

There were 67 yeas and 54 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Dyke	Himle	Pauly	Svigum
Backlund	Erickson	Johnson	Piepho	Thiede
Becklin	Fjoslien	Kiffmeyer	Poppenhagen	Thorson
Bennett	Forsythe	Knickerbocker	Quist	Tjornhom
Bishop	Frederick	Kvam	Redalen	Tompkins
Blatz	Frederickson	Levi	Rees	Uphus
Boerboom	Frerichs	Marsh	Richter	Valan
Boo	Gruenes	McDonald	Rose	Valento
Burger	Gutknecht	McKasy	Schafer	Waltman
Carlson, J.	Halberg	McPherson	Schreiber	Zaffke
Clausnitzer	Hartinger	Miller	Seaberg	Spk. Jennings, D.
Dempsey	Hartle	Olsen, S.	Shaver	
DenOuden	Haukoos	Onnen	Sherman	
Dimler	Heap	Ozment	Stanis	

Those who voted in the negative were:

Anderson, G.	Greenfield	Metzen	Pappas	Simoneau
Battaglia	Kahn	Minne	Peterson	Solberg
Beard	Kalis	Murphy	Piper	Sparby
Begich	Kelly	Nelson, K.	Price	Staten
Brinkman	Knuth	Neuenschwander	Quinn	Tomlinson
Brown	Kostohryz	Norton	Rice	Vanasek
Carlson, L.	Krueger	O'Connor	Riveness	Voss
Clark	Lieder	Ogren	Rodosovich	Welle
Cohen	Long	Olson, E.	Sarna	Wenzel
Elioff	McEachern	Osthoft	Scheid	Wynia
Ellingson	McLaughlin	Otis	Schoenfeld	

So it was the judgment of the House that the decision of the Speaker should stand.

Brandl moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 134, delete lines 34 to 36 and insert:

"Section 1. Minnesota Statutes 1984, section 16A.15, subdivision 6, is amended to read:

Subd. 6. [BUDGET RESERVE ACCOUNT.] A budget reserve account is created in the general fund in the state treasury. The commissioner of finance on July 1, 1983, shall transfer \$250,000,000 to the budget reserve account. The commissioner of

finance on July 1, 1984, shall transfer an additional \$125,000,000 to the budget reserve account in the general fund. *The commissioner of finance on July 1, 1985, shall transfer an additional \$125,000,000 to the budget reserve account in the general fund.* The amounts transferred shall remain in the budget reserve account until expended under subdivision 1."

Delete pages 135 to 137

Page 138, delete lines 1 to 19

Further, amend the title:

Page 2, line 29, delete "16A;"

A roll call was requested and properly seconded.

The question was taken on the Brandl amendment and the roll was called.

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

There were 58 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Metzen	Peterson	Solberg
Battaglia	Jennings, L.	Minne	Piper	Sparby
Beard	Kahn	Munger	Price	Staten
Begich	Kalis	Murphy	Quinn	Tomlinson
Brandl	Kelly	Nelson, K.	Rest	Tunheim
Brinkman	Knuth	Neuenschwander	Rice	Vanasek
Brown	Kostohryz	Norton	Riveness	Vellenga
Carlson, L.	Krueger	O'Connor	Rodosovich	Voss
Clark	Lieder	Ogren	Schoenfeld	Welle
Cohen	Long	Olson, E.	Segal	Wynia
Elioff	McEachern	Otis	Simoneau	
Ellingson	McLaughlin	Pappas	Skoglund	

Those who voted in the negative were:

Anderson, R.	Dimler	Heap	Omann	Sherman
Backlund	Dyke	Himle	Onnen	Stanis
Becklin	Erickson	Jacobs	Ozment	Svigum
Bennett	Fjoslien	Johnson	Pauly	Thiede
Bishop	Forsythe	Kiffmeyer	Piepho	Thorson
Blatz	Frederick	Knickerbocker	Poppenhagen	Tjornhom
Boerboom	Frederickson	Kvam	Redalen	Tompkins
Boo	Frerichs	Levi	Rees	Uphus
Burger	Gruenes	Marsh	Richter	Valan
Carlson, D.	Gutknecht	McDonald	Rose	Valento
Carlson, J.	Halberg	McKasy	Schafer	Waltman
Clausnitzer	Hartinger	McPherson	Schreiber	Wenzel
Dempsey	Hartle	Miller	Seaberg	Zaffke
DenOuden	Haukoos	Olsen, S.	Shaver	Spk. Jennings, D.

The motion did not prevail and the amendment was not adopted.

Tomlinson moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Pages 2 to 75, delete Article 1 and insert:

"ARTICLE 1

Section 1. Minnesota Statutes 1984, section 10A.31, subdivision 1, is amended to read:

Subdivision 1. Every individual resident of Minnesota who files an income tax return or a renter and homeowner property tax refund return with the commissioner of revenue may designate on their original return that \$2 shall be paid from the general fund of the state into the state elections campaign fund. If a husband and wife file a joint return, each spouse may designate that \$2 shall be paid. (AN INDIVIDUAL WHO IS 18 YEARS OF AGE OR OLDER, WHO IS A RESIDENT OF MINNESOTA, AND WHO IS A DEPENDENT OF ANOTHER INDIVIDUAL WHO FILES A TAX RETURN OR A RENTER AND HOMEOWNER PROPERTY TAX REFUND RETURN, MAY DESIGNATE THAT \$2 SHALL BE PAID FROM THE GENERAL FUND OF THE STATE INTO THE STATE ELECTIONS CAMPAIGN FUND.) No individual shall be allowed to designate \$2 more than once in any year.

Sec. 2. Minnesota Statutes 1984, section 10A.31, subdivision 3, is amended to read:

Subd. 3. The commissioner of the department of revenue shall provide on the first page of the income tax form and the renter and homeowner property tax refund return a space for the (FILING) individual (AND ANY ADULT DEPENDENT OF THAT INDIVIDUAL) to indicate (WHETHER OR NOT) he wishes to allocate \$2 (\$4 if filing a joint return) from the general fund of the state to finance the election campaigns of state candidates. The form shall also contain language prepared by the commissioner which permits the individual to direct the state to allocate the \$2 (or \$4 if filing a joint return) to: (i) one of the major political parties; (ii) any minor political party as defined in section 10A.01, subdivision 13, which qualifies under the provisions of subdivision 3a; or (iii) all qualifying candidates as provided by subdivision 7. (THE DEPENDENT ON THE TAX RETURN OR THE RENTER AND HOMEOWNER PROPERTY TAX REFUND RETURN SHALL SIGN A STATEMENT WHICH AUTHORIZES THE DESIGNATION OF \$2.) The renter and homeowner property tax refund return shall include instructions that the individual filing the return may designate \$2 on the return only if he has not designated \$2 on the income tax return.

Sec. 3. Minnesota Statutes 1984, section 13.04, subdivision 2, is amended to read:

Subd. 2. [INFORMATION REQUIRED TO BE GIVEN INDIVIDUAL.] An individual asked to supply private or confidential data concerning himself shall be informed of: (a) the purpose and intended use of the requested data within the collecting state agency, political subdivision, or statewide system; (b) whether he may refuse or is legally required to supply the requested data; (c) any known consequence arising from his supplying or refusing to supply private or confidential data; and (d) the identity of other persons or entities authorized by state or federal law to receive the data. This requirement shall not apply when an individual is asked to supply investigative data, pursuant to section 13.82, subdivision 5, to a law enforcement officer.

The commissioner of revenue may place the notice required under this subdivision in the individual income tax or property tax refund instructions instead of on those forms.

Sec. 4. Minnesota Statutes 1984, section 41.55, is amended to read:

41.55 [ELIGIBILITY.]

A family farm security loan approval may be granted if the following criteria are satisfied:

(a) That the applicant is a resident of the state of Minnesota;

(b) That the applicant has sufficient education, training, or experience in the type of farming for which he wishes the loan and continued participation in a farm management program, approved by the commissioner, for at least the first ten years of the family farm security loan;

(c) That the applicant, his dependents and spouse have total net worth valued at less than \$75,000 and has demonstrated a need for the loan;

(d) That the applicant intends to purchase farm land to be used by the applicant for agricultural purposes;

(e) That the applicant is credit worthy according to standards prescribed by the commissioner (;)

((F) THAT THE SELLER HAS NOT ACQUIRED THE FARM LAND FOR PURPOSES OF OBTAINING THE INCOME TAX EXEMPTION ALLOWED BY SECTIONS 41.58 AND LAWS 1976, CHAPTER 210, SECTION 12).

Sec. 5. Minnesota Statutes 1984, section 117.55, is amended to read:

117.55 [PAYMENTS NOT CONSIDERED INCOME FOR TAX OR PUBLIC ASSISTANCE PURPOSES.]

No payments received under sections 117.50 to 117.56 shall be considered (AS INCOME FOR THE PURPOSES OF CHAPTER 290, OR) for purposes of determining the eligibility or the extent of eligibility of any person for public assistance based on need under the laws of the state of Minnesota.

Sec. 6. Minnesota Statutes 1984, section 270.68, subdivision 4, is amended to read:

Subd. 4. [CONFESSION OF JUDGMENT.] (a) The commissioner may, within 3-1/2 years after any return or report is filed, notwithstanding section 541.09, enter judgment on any confession of judgment contained in the return or report after ten days notice served upon the taxpayer by mail at the address shown in his return or report. The judgment shall be entered by the clerk of court of any county upon the filing of a photocopy or similar reproduction of that part of the return or report containing the confession of judgment along with a statement of the commissioner or his agent that the tax has not been paid. *The commissioner may prescribe the words for the confession of judgment statement contained in the return or report.*

(b) Notwithstanding any other provision of the law to the contrary, the commissioner may, within five years after a written agreement is signed by the taxpayer and the commissioner under the provisions of section 270.67, subdivision 2, enter judgment on the confession of judgment contained within the agreement after ten days notice served upon the taxpayer at the address shown in the agreement. Such judgment shall be entered by the clerk of court of any county upon the filing of the agreement or a certified copy thereof along with a statement of the commissioner or his agent that the tax has not been paid.

Sec. 7. Minnesota Statutes 1984, 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 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 290.088, WITHOUT REGARD TO) sections 290.18, subdivision 1, 290.089, and 290.09; and

(c) For estates and trusts, the deduction allowed by section 290.088, without regard to section 290.18, subdivision 1.

Sec. 8. Minnesota Statutes 1984, 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.

(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)) (ii) 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 shall be effective at the same time that they become effective for federal income tax purposes. The Payment-in-Kind Tax Treatment Act of 1983, Public Law Number 98-4, shall be effective at the same time that it becomes effective for federal income tax purposes.

((V)) (iii) The Internal Revenue Code of 1954, as amended through January 15, 1983, shall be in effect for taxable years beginning after December 31, 1982.

((VI)) (iv) The Internal Revenue Code of 1954, as amended through December 31, (1983) 1984, (SHALL BE) is in effect for taxable years beginning after December 31, (1983) 1984.

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

Sec. 9. Minnesota Statutes 1984, section 290.01, subdivision 20a, 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) 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;

(3) (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);)

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

((5)) EXPENSES AND DEPRECIATION ATTRIBUTABLE TO SUBSTANDARD BUILDINGS DISALLOWED BY SECTION 290.101;)

((6)) 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;)

((7)) 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;)

((8)) (4) 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;

((9)) (5) 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;

((10)) 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;)

((11)) 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 EQUITY INVESTMENT CREDIT CONTAINED IN SECTION 290.069, SUBDIVISION 4, AND TO PROPERTY ACQUIRED IN EXCHANGE FOR THE RELEASE OF THE TAXPAYER'S MARITAL RIGHTS CONTAINED IN SECTION 290.14, CLAUSE (7);)

((12)) (6) For an estate or trust, 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;

((13)) (7) To the extent deducted in computing the estate or trust's federal taxable income, interest, taxes and other expenses which are not allowed under section 290.10, clause (9) or (10); and

((14)) THE DEDUCTION FOR TWO EARNER MARRIED COUPLES PROVIDED IN SECTION 221 OF THE INTERNAL REVENUE CODE OF 1954;)

((15)) (8) 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 (;)

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

((17)) THE AMOUNT OF CONTRIBUTIONS TO AN INDIVIDUAL RETIREMENT ACCOUNT, INCLUDING A QUALIFIED VOLUNTARY EMPLOYEE CONTRIBUTION, SIMPLIFIED EMPLOYEE PENSION PLAN, OR SELF EMPLOYED RETIREMENT PLAN WHICH IS ALLOWED UNDER SECTIONS 311 AND 312 OF PUBLIC LAW NUMBER

97-34, SECTION 238 OF PUBLIC LAW NUMBER 97-248, AND SECTION 103(D)(1)(B) OF PUBLIC LAW NUMBER 97-448 TO THE EXTENT THOSE CONTRIBUTIONS WERE NOT AN ALLOWABLE DEDUCTION PRIOR TO THE ENACTMENT OF THAT LAW; PROVIDED THAT AN INDIVIDUAL ON WHOSE BEHALF STOCK WORTH LESS THAN \$300 IS CONTRIBUTED DURING THE TAXABLE YEAR TO A TAX CREDIT EMPLOYEE STOCK OWNERSHIP PLAN THAT SATISFIES THE REQUIREMENTS OF SECTIONS 44G AND 409A OF THE INTERNAL REVENUE CODE OF 1954 SHALL NOT BE REQUIRED, AS A CONSEQUENCE OF THAT CONTRIBUTION, TO INCLUDE CONTRIBUTIONS TO ANOTHER PLAN OR ACCOUNT IN GROSS INCOME UNDER THIS CLAUSE TO THE EXTENT THE CONTRIBUTIONS DO NOT EXCEED THE DIFFERENCE BETWEEN THE VALUE OF THE STOCK CONTRIBUTED DURING THE TAXABLE YEAR AND \$1,500; AND)

((18) 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, PROVIDED THAT EMPLOYEE CONTRIBUTIONS TO POLICE AND FIRE RELIEF ASSOCIATIONS THAT PREVIOUSLY WERE NOT INCLUDED WITHIN GROSS INCOME AS CONTRIBUTIONS TO ORGANIZATIONS QUALIFIED UNDER SECTION 501 (C)(4) OF THE INTERNAL REVENUE CODE OF 1954 SHALL NOT BE INCLUDED IN GROSS INCOME UNDER THIS CLAUSE).

Sec. 10. Minnesota Statutes 1984, section 290.01, subdivision 20b, 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)) (4) 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, (II) AS A RETIREMENT OR SURVIVOR'S BENEFIT MADE FROM A PLAN QUALIFYING UNDER SECTION 401, 403, 404, 405, 408, 409 OR 409A OF THE INTERNAL REVENUE CODE OF 1954, 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 THE PRECEDING SENTENCE, "FEDERAL ADJUSTED GROSS INCOME" SHALL NOT INCLUDE RAILROAD RETIREMENT OR SOCIAL SECURITY BENEFIT AMOUNTS PROVIDED IN SECTIONS 86 AND 72(R) OF THE INTERNAL REVENUE CODE OF 1954. 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) 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;)

((8)) (5) *Pension income as provided by section 290.08, subdivision 26;*

(6) 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;

((9) 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;)

((10)) (7) 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)) (5);

((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;)

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

((13)) (9) For an estate or trust, the amount of any income or gain which is not assignable to Minnesota under the provisions of section 290.17;

((14)) 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 NECES-

SARY 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;)

((15)) (10) 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;

((16)) (11) 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 *Minnesota Statutes 1984, section 290.01*, subdivision 20a, clause (18). The provisions of this clause shall apply before the provisions of clause ((6)) (5) apply and an amount subtracted under this clause may not be subtracted under clause ((6)) (5);

((17)) (12) To the extent included in federal adjusted gross income, distributions from an individual retirement account which represent a return of contributions if the contributions were included in gross income pursuant to *Minnesota Statutes 1984, section 290.01*, subdivision 20a, clause (17). The distribution shall be allocated first to return of contributions included in gross income until the amount of the contributions has been exhausted; and

((18)) (13) To the extent included in federal adjusted gross income, social security benefits as defined and as provided in section 86 of the Internal Revenue Code of 1954, railroad retirement benefits as provided in section 72(r) of the Internal Revenue Code of 1954, and sick pay paid under the Railroad Unemployment Insurance Act as provided in section 105(i) of the Internal Revenue Code of 1954, provided that any amount subtracted under this clause may not be subtracted under clause ((6)) (5);

(14) *The amount paid to others not to exceed \$650 for each dependent in grades K to 6 and \$1,000 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, "text-books" 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, extra-curricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs; and

(15) *For the taxpayer, each dependent of the taxpayer, and, in the case of a joint return, the taxpayer's spouse, \$1,000 for each of the following that is satisfied: (a) the individual is deaf, (b) the individual is a quadriplegic, or (c) in the case of a dependent only, the individual is blind. For purposes of this clause, an individual is blind if his central visual acuity does not exceed 20/200 in the better eye with correcting lenses, or if his visual acuity is greater than 20/200 but is accompanied by a limitation in the field of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees. An individual is deaf if the average loss in the speech frequencies (500-2000 Hertz) in the better ear, unaided, is 92 decibels, American National Standards Institute, or worse. Quadriplegic means an individual who has a congenital or traumatic partial or total loss of all four limbs or who has a disability that substantially impairs the functioning of all four limbs.*

Sec. 11. Minnesota Statutes 1984, section 290.01, subdivision 20d, is amended to read:

Subd. 20d. [MODIFICATION FOR AMOUNTS TRANSFERRED TO SURPLUS.] Amounts transferred from a reserve or other account, if in effect transfers to surplus, shall, for corporate taxpayers, to the extent that the amounts were accumulated through deductions from gross income or entered into the computation of taxable net income during any taxable year, be treated as gross income for the year in which the transfer occurs, but only to the extent that the amounts resulted in a reduction of the tax imposed by this chapter and amounts received as refunds on account of taxes deducted from gross income during any taxable year shall be treated as gross income for the year in which actually received, but only to the extent that such amounts resulted in a reduction of the tax imposed by this chapter.

Sec. 12. Minnesota Statutes 1984, section 290.032, subdivision 2, is amended to read:

Subd. 2. The amount of tax imposed by subdivision 1 shall be computed in the same way as the tax imposed under section 402(e) of the Internal Revenue Code of 1954, as amended through December 31, 1983, except that the initial separate tax shall be an amount equal to ten times the tax which would be imposed by section (290.03) 290.06, subdivision 2c, if the recipient was an *unmarried* individual (REFERRED TO IN SUCH SECTION) and the taxable net income, excluding the credits allowed in section 290.06, subdivision 3f, was an amount equal to one-tenth of the excess of

(i) the total taxable amount of the lump sum distribution for the year, over

(ii) the minimum distribution allowance, and except that references in section 402(e) of the Internal Revenue Code of 1954, as amended through December 31, 1983, to paragraph (1)(A) thereof shall instead be references to subdivision 1 of this section.

The amount of any distribution from a qualified pension or profit sharing plan which is received as a lump sum distribution shall be reduced to the extent of any contribution :

(1) not previously allowed as a deduction by reason of a change in federal law which was not adopted by Minnesota for a taxable year beginning in 1974 or thereafter; or

(2) designated as an employee contribution but which the employing unit picks up and which is treated as an employer contribution and which was taxed on the Minnesota return but not the federal return in the year the contribution was made.

Sec. 13. Minnesota Statutes 1984, section 290.06, subdivision 2c, is amended to read :

Subd. 2c. [(SCHEDULE) *SCHEDULES OF RATES FOR INDIVIDUALS, ESTATES, AND TRUSTS.*] (a) The income taxes imposed by this chapter upon *married* individuals (, ESTATES AND TRUSTS, OTHER THAN THOSE TAXABLE AS CORPORATIONS, SHALL) *filing joint returns must* be computed by applying to their taxable net income the following schedule of rates :

(1) On the first (\$500, ONE AND SIX-TENTHS) \$2,700, *two* percent;

(2) On (THE SECOND \$500, TWO AND TWO-TENTHS) *all over \$2,700, but not over \$5,700, 3.5* percent;

(3) On (THE NEXT \$1,000, THREE AND FIVE-TENTHS) *all over \$5,700, but not over \$9,600, 5.3* percent;

(4) On (THE NEXT \$1,000, FIVE AND EIGHT-TENTHS) *all over \$9,600, but not over \$13,800, 6.9 percent;*

(5) On (THE NEXT \$1,000, SEVEN AND THREE-TENTHS) *all over \$13,800, 9.3 percent (;)*

((6) ON THE NEXT \$1,000, EIGHT AND EIGHT-TENTHS PERCENT;)

((7) ON THE NEXT \$2,000, TEN AND TWO-TENTHS PERCENT;)

((8) ON THE NEXT \$2,000, ELEVEN AND FIVE-TENTHS PERCENT;)

((9) ON THE NEXT \$3,500, TWELVE AND EIGHT-TENTHS PERCENT;)

((10) ON ALL OVER \$12,500, AND NOT OVER \$20,000, FOURTEEN PERCENT;)

((11) ON ALL OVER \$20,000 AND NOT OVER \$27,500, FIFTEEN PERCENT;)

((12) ON ALL OVER \$27,500, SIXTEEN PERCENT).

(b) *The income taxes imposed by this chapter upon unmarried individuals, married individuals filing separate returns, estates, and trusts must be computed by applying to taxable net income the following schedule of rates:*

(1) *On the first \$3,000, 2.4 percent;*

(2) *On all over \$3,000, but not over \$6,800, 5.4 percent;*

(3) *On all over \$6,800, but not over \$12,000, 8.3 percent;*

(4) *On all over \$12,000, 9.0 percent.*

(c) In lieu of a tax computed according to the rates set forth in (CLAUSE) *paragraph (a) or (b) of this subdivision, the tax of any individual taxpayer whose taxable net income for the taxable year is less than (\$40,000 SHALL) an amount determined by the commissioner must be computed in accordance with tables prepared and issued by the commissioner of revenue based on income brackets of not more than \$100. The amount of tax for each bracket shall be computed at the rates set forth in this subdivision, provided that the commissioner may disregard a fractional part of a dollar unless it amounts to 50 cents or more, in which case it may be increased to \$1.*

((C)) (d) An individual who is not a Minnesota resident for the entire year must compute his Minnesota income tax as provided in (CLAUSE) *paragraph (a) or (b)*. After the application of the nonrefundable credits provided in this chapter, the tax liability must then be multiplied by a fraction in which:

(1) The numerator is the individual's Minnesota gross income, computed as if the provisions of section 290.17, subdivision 2, or 290.171 applied; and

(2) the denominator is the individual's federal adjusted gross income.

Sec. 14. Minnesota Statutes 1984, section 290.06, subdivision 2d, is amended to read:

Subd. 2d. [INFLATION ADJUSTMENT OF BRACKETS.] For taxable years beginning after December 31, (1980) 1985, the taxable net income brackets in subdivision 2c shall be adjusted for inflation. For the purpose of making the adjustment as provided in this subdivision all of the *rate* brackets provided in subdivision 2c shall be the (ADJUSTED) *rate* brackets as they existed for taxable years beginning after December 31, (1979) 1984 and before January 1, (1981) 1986. The commissioner shall determine (: (A)) the percentage increase in the revised consumer price index for all urban consumers (FOR THE MINNEAPOLIS-ST. PAUL METROPOLITAN AREA) prepared by the United States department of labor. He shall then determine the percent change from August, (1980) 1985, to, in (1981) 1986, August, (1981) 1986, and in each subsequent year, from August of the preceding year to August of the current year (; AND (B) THE PERCENTAGE INCREASE IN AVERAGE MINNESOTA GROSS INCOME FROM TAX YEAR 1980 TO, IN 1981, TAX YEAR 1981, AND IN EACH SUBSEQUENT TAX YEAR BETWEEN THE PREVIOUS TAX YEAR AND THE CURRENT TAX YEAR. THE PERCENT INCREASES IN MINNESOTA GROSS INCOME SHALL BE ESTIMATED USING THE BEST AVAILABLE DATA SOURCES AND REASONABLE FORECASTING PROCEDURES). The determination of the commissioner pursuant to this (SECTION) *subdivision* shall not be considered a "rule" and shall not be subject to the administrative procedures act contained in chapter 14.

The dollar amount in each taxable net income bracket for the prior year in subdivision 2c shall be multiplied by a figure calculated as one plus 100 percent of the consumer price index increase (OR 100 PERCENT OF THE MINNESOTA GROSS INCOME INCREASE, WHICHEVER IS SMALLER). The product of the calculation shall yield the inflation adjusted tax brackets for each succeeding year. If the product exceeds a whole dollar amount, it shall be rounded to the nearest whole dollar.

No later than October 1 of each year, the commissioner shall announce (BOTH PERCENTAGE INCREASES AND) the

(SPECIFIC) percentage that will be used to adjust the tax rate brackets the maximum standard deduction amount, and the personal credit amounts.

Sec. 15. Minnesota Statutes 1984, section 290.06, subdivision 3f, is amended to read:

Subd. 3f. [CREDITS AGAINST TAX.] Subject to the provisions of subdivision 3g the taxes due under the computation in accordance with this section shall be credited with the following amounts:

(1) In the case of an unmarried individual (\$68) *or a married individual filing separately, \$72;*

(2) In the case of (A) married (INDIVIDUAL, \$136. IF THE SPOUSES FILE SEPARATE, COMBINED OR JOINT RETURNS THE PERSONAL CREDITS MAY BE TAKEN BY EITHER OR DIVIDED BETWEEN THEM) *individuals filing a joint return, \$144;*

(3) In the case of an individual, (\$68) \$72 for each person ((OTHER THAN A SPOUSE) DEPENDENT UPON AND RECEIVING HIS CHIEF SUPPORT FROM THE TAXPAYER. ONE TAXPAYER ONLY SHALL BE ALLOWED THIS CREDIT WITH RESPECT TO ANY GIVEN DEPENDENT. A PAYMENT TO A DIVORCED OR SEPARATED SPOUSE, OTHER THAN A PAYMENT FOR SUPPORT OF MINOR CHILDREN UNDER A TEMPORARY ORDER OR FINAL DECREE OF DISSOLUTION OR LEGAL SEPARATION, SHALL NOT BE CONSIDERED A PAYMENT BY THE OTHER SPOUSE FOR THE SUPPORT OF ANY DEPENDENT) *who was claimed by the individual as a dependent on the individual's federal income tax return as provided in sections 151(e) and 152 of the Internal Revenue Code of 1954, as amended through December 31, 1984.*

(4)(a) In the case of an unmarried individual *or a married individual filing separately* who has attained the age of 65 before the close of his taxable year, an additional (\$68) \$72;

(b) In the case of an unmarried individual *or a married individual filing separately* who is blind at the close of the taxable year, an additional (\$68) \$72;

(c) In the case of (A) married (INDIVIDUAL) *individuals filing a joint return*, an additional (\$68) \$72 for each spouse who has attained the age of 65 before the close of the individual's taxable year, and an additional (\$68) \$72 for each spouse who is blind at the close of the individual's taxable year. (IF THE SPOUSES FILE SEPARATE, COMBINED OR JOINT RETURNS, THESE CREDITS MAY BE TAKEN BY EITHER OR DIVIDED BETWEEN THEM);

((D) IN THE CASE OF AN INDIVIDUAL, ANOTHER \$68 FOR EACH PERSON, OTHER THAN A SPOUSE, WHO IS BLIND AND DEPENDENT UPON AND RECEIVING HIS CHIEF SUPPORT FROM THE TAXPAYER;)

((E) FOR THE PURPOSES OF SUBPARAGRAPHS (B), (C) AND (D) OF PARAGRAPH (4), AN INDIVIDUAL IS BLIND IF HIS CENTRAL VISUAL ACUITY DOES NOT EXCEED 20/200 IN THE BETTER EYE WITH CORRECTING LENSES, OR IF HIS VISUAL ACUITY IS GREATER THAN 20/200 BUT IS ACCOMPANIED BY A LIMITATION IN THE FIELDS OF VISION SUCH THAT THE WIDEST DIAMETER OF THE VISUAL FIELD SUBTENDS AN ANGLE NO GREATER THAN 20 DEGREES.)

((F) IN THE CASE OF AN UNMARRIED INDIVIDUAL WHO IS DEAF AT THE CLOSE OF THE TAXABLE YEAR, AN ADDITIONAL \$68.)

((G) IN THE CASE OF A MARRIED INDIVIDUAL, AN ADDITIONAL \$68 \$70 FOR EACH SPOUSE WHO IS DEAF AT THE CLOSE OF THE TAXABLE YEAR. IF THE SPOUSES FILE SEPARATE, COMBINED OR JOINT RETURNS, THESE CREDITS MAY BE TAKEN BY EITHER OR DIVIDED BETWEEN THEM.)

((H) IN THE CASE OF AN INDIVIDUAL, AN ADDITIONAL \$68 FOR EACH PERSON (OTHER THAN A SPOUSE) WHO IS DEAF AND DEPENDENT UPON AND RECEIVING HIS CHIEF SUPPORT FROM THE TAXPAYER.)

((I) FOR THE PURPOSES OF SUBPARAGRAPHS (F), (G) AND (H) OF PARAGRAPH (4), AN INDIVIDUAL IS DEAF IF THE AVERAGE LOSS IN THE SPEECH FREQUENCIES (500-2000 HERTZ) IN THE BETTER EAR, UNAIDED, IS 92 DECIBELS, AMERICAN NATIONAL STANDARDS INSTITUTE, OR WORSE.)

(5) ((A) IN THE CASE OF AN UNMARRIED INDIVIDUAL WHO IS A QUADRIPLÉGIC AT THE CLOSE OF THE TAXABLE YEAR, AN ADDITIONAL \$68;)

((B) IN THE CASE OF A MARRIED INDIVIDUAL, AN ADDITIONAL \$68 FOR EACH SPOUSE WHO IS A QUADRIPLÉGIC AT THE CLOSE OF THE TAXABLE YEAR. IF THE SPOUSES FILE SEPARATE, COMBINED OR JOINT RETURNS, THESE CREDITS MAY BE TAKEN BY EITHER OR DIVIDED BETWEEN THEM;)

((C) IN THE CASE OF AN INDIVIDUAL, ANOTHER \$68 FOR EACH PERSON, OTHER THAN A SPOUSE, WHO

IS QUADRIPLLEGIC AND DEPENDENT UPON AND RECEIVING HIS CHIEF SUPPORT FROM THE TAXPAYER; AND)

((D) FOR THE PURPOSES OF SUBPARAGRAPHS (A), (B) AND (C) OF PARAGRAPH 5, "QUADRIPLLEGIC" MEANS AN INDIVIDUAL WHO HAS A CONGENITAL OR TRAUMATIC PARTIAL OR TOTAL LOSS OF ALL FOUR LIMBS OR WHO HAS A DISABILITY THAT SUBSTANTIALLY IMPAIRS THE FUNCTIONING OF ALL FOUR LIMBS.)

((6)) In the case of an insurance company, it shall receive a credit on the tax computed as above equal in amount to any taxes based on premiums paid by it during the period for which the tax under this chapter is imposed by virtue of any law of this state, other than the surcharge on premiums imposed by sections 69.54 to 69.56.

Sec. 16. Minnesota Statutes 1984, section 290.06, subdivision 3g, is amended to read:

Subd. 3g. [INFLATION ADJUSTMENT OF CREDITS.] For taxable years beginning after December 31, (1980) 1985, the credits provided for individuals in subdivision 3f shall be adjusted for inflation. The dollar amount of each credit for the prior year in subdivision 3f shall be increased in the same manner as provided in subdivision 2d for the expansion of the taxable net income brackets.

Sec. 17. Minnesota Statutes 1984, section 290.068, subdivision 1, is amended to read:

Subdivision 1. [CREDIT ALLOWED.] In addition to the deduction provided in section 290.09, a (CREDIT) corporation shall be allowed a credit against the tax imposed by this chapter for the taxable year equal to

(a) 12.5 percent of the first \$2 million of the excess (if any) of

- (1) the qualified research expenses for the taxable year, over
- (2) the base period research expenses; and

(b) 6.25 percent on all of such excess expenses over \$2 million.

Sec. 18. Minnesota Statutes 1984, section 290.068, subdivision 3, is amended to read:

Subd. 3. [LIMITATION; CARRYBACK AND CARRY-OVER.] (a) ((1)) The credit for the taxable year shall not exceed the liability for tax. "Liability for tax" for purposes of this section means the tax imposed under this chapter for the taxable year reduced by the sum of the nonrefundable credits allowed under this chapter.

((2) IN THE CASE OF AN INDIVIDUAL WHO)

((A) OWNS AN INTEREST IN AN UNINCORPORATED BUSINESS,)

((B) IS A PARTNER IN A PARTNERSHIP,)

((C) IS A BENEFICIARY OF AN ESTATE OR TRUST, OR)

((D) IS A SHAREHOLDER IN AN S CORPORATION,)

(THE CREDIT ALLOWED FOR THE TAXABLE YEAR SHALL NOT EXCEED THE LESSER OF THE AMOUNT DETERMINED UNDER CLAUSE (1) FOR THE TAXABLE YEAR OR AN AMOUNT (SEPARATELY COMPUTED WITH RESPECT TO SUCH PERSON'S INTEREST IN THE TRADE OR BUSINESS OR ENTITY) EQUAL TO THE AMOUNT OF TAX ATTRIBUTABLE TO THAT PORTION OF A PERSON'S TAXABLE INCOME WHICH IS ALLOCABLE OR APPORTIONABLE TO THE PERSON'S INTEREST IN THE TRADE OR BUSINESS OR ENTITY.)

(b) If the amount of the credit determined under this section for any taxable year exceeds the limitation under clause (a), the excess shall be a research credit carryback to each of the three preceding taxable years and 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. The amount of the unused credit which may be added under this clause shall not exceed the taxpayer's liability for tax less the research credit for the taxable year.

For the purposes of sections 290.46 and 290.50, if the claim for refund relates to an overpayment attributable to a research and experimental expenditure credit 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 in which the research and experimental expenditure credit arises which results in the carryback. With respect to any portion of a credit carryback from a taxable year attributable to a loss carryback

from a subsequent taxable year, the period of limitation shall be that period which ends with the expiration of the 15th day of (THE 46TH MONTH, OR, IN THE CASE OF A CORPORATION,) the 45th month following the end of the subsequent taxable year. In any case in which a taxpayer is entitled to a refund in a carryback year due to the carryback of a research and experimental expenditure credit, interest shall be computed only from the end of the taxable year in which the credit arises. With respect to any portion of a credit carryback from a taxable year attributable to a loss carryback from a subsequent taxable year, interest shall be computed from the end of the subsequent taxable year.

Sec. 19. Minnesota Statutes 1984, section 290.068, subdivision 4, is amended to read:

Subd. 4. [(ESTATES AND TRUSTS;) PARTNERSHIPS.] In the case of (ESTATES AND TRUSTS, AND) partnerships, the credit shall be allocated to *corporate partners* in the same manner provided by section (44F) 30(f) (2) of the Internal Revenue Code.

Sec. 20. Minnesota Statutes 1984, section 290.069, subdivision 5, is amended to read:

Subd. 5. [CARRYOVER; OTHER CONDITIONS.] If the amount of the allowable credit pursuant to subdivision 2 or 3 for the taxable year exceeds the taxpayer's tax liability or if the limitation contained in subdivision 4, clause (a) (3) applies, the unused credit for the taxable year is a carryover to each of the succeeding five taxable years. The entire amount of the unused credit must be carried to the earliest of the taxable years to which it may be carried. "Tax liability" means the tax imposed by this chapter reduced by the sum of the nonrefundable credits allowed under this chapter except the credit allowed by section 290.068. The credits allowed by (SUBDIVISIONS 2 AND 3) *this section* 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, 3, and 4 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.

Sec. 21. Minnesota Statutes 1984, section 290.069, subdivision 6, is amended to read:

Subd. 6. [REPEALER.] This section is repealed effective for contributions made to a small business office or to an inno-

vation center public corporation as provided in subdivision 3, for technology transferred as described in subdivision 2 *in taxable years beginning after December 31, 1985*, and for investments made as described in subdivision 4 in taxable years beginning after December 31, (1985) 1984.

Sec. 22. Minnesota Statutes 1984, section 290.08, subdivision 26, is amended to read:

Subd. 26. [PENSION INCOME EXCLUSION.] (a) ([EXCLUSION.]) Gross income shall not include the (TAXPAYER'S) *individual's* pension income. The maximum amount of this exclusion is the greater of the following two amounts:

(1) \$11,000 reduced by the amount of the (TAXPAYER'S) *individual's* federal adjusted gross income in excess of \$17,000 excluding social security benefits and railroad retirement benefits to the extent included in federal adjusted gross income; or

(2) \$11,000 reduced by the sum of *the individual's*

(A) social security benefits,

(B) railroad retirement benefits, and

(C) the excess over \$23,000 of federal adjusted gross income, but excluding social security benefits and railroad retirement benefits to the extent included in federal adjusted gross income.

(3) Notwithstanding clauses (1) and (2), in the case of an involuntary lump sum distribution of pension or retirement benefits to volunteer firefighters, the maximum amount of the exclusion is \$11,000. This amount is not subject to reduction for other income of the taxpayer.

(4) Pension income consisting of severance pay qualifies only for the exclusion computed according to paragraph (a), clause (1).

(b) ([DEFINITIONS.]) *In the case of a married couple filing a joint return, the exclusion applies to the pension income, social security and railroad retirement benefits, and federal adjusted gross income of each spouse and must be computed separately for each spouse.*

(c) For purposes of this subdivision the following terms have the meanings given:

(1) "Internal Revenue Code" means the Internal Revenue Code of 1954, as amended through December 31, 1983.

(2) "Federal adjusted gross income" is the federal adjusted gross income referred to in section 290.01, subdivision 20, for the current taxable year, and includes the ordinary income portion of a lump sum distribution as defined in section 402(e) of the Internal Revenue Code.

(3) "Pension income" means to the extent included in the taxpayer's federal adjusted gross income the amount received by the taxpayer

(A) 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,

(B) 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

(C) severance pay distributed to an individual upon discontinuance of the individual's employment due to termination of business operations by the individual's employer, if 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.

(4) "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.

Sec. 23. Minnesota Statutes 1984, section 290.089, subdivision 2, is amended to read:

Subd. 2. [ITEMIZED DEDUCTIONS.] 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 \$650 FOR EACH DEPENDENT IN GRADES K TO 6 AND \$1,000 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 AT-

TENDANCE 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, EXTRA-CURRICULAR ACTIVITIES INCLUDING SPORTING EVENTS, MUSICAL OR DRAMATIC EVENTS, SPEECH ACTIVITIES, DRIVER'S EDUCATION, OR SIMILAR PROGRAMS;)

((B) ADD THE AMOUNT OF MINNESOTA AND OTHER STATES' ESTATE OR INHERITANCE TAXES WHICH WERE ALLOWED AS A DEDUCTION UNDER SECTION 290.077, SUBDIVISION 4, ON INCOME IN RESPECT OF A DECEDENT;)

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

((E)) (c) Subtract income taxes paid to any other state or to any province or territory of Canada (;)

((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;)

((H) SUBTRACT THE AMOUNT OF CHARITABLE CONTRIBUTIONS DEDUCTED UNDER SECTION 170 OF THE

INTERNAL REVENUE CODE THAT (I) EXCEEDS THE FOLLOWING LIMITATIONS: (A) AN OVERALL LIMIT OF 30 PERCENT OF THE TAXPAYER'S MINNESOTA GROSS INCOME WHICH, FOR PURPOSES OF THIS PARAGRAPH, SHALL INCLUDE THE ORDINARY INCOME PORTION OF A LUMP SUM DISTRIBUTION AS DEFINED IN SECTION 402(E) OF THE INTERNAL REVENUE CODE; AND (B) THE AGGREGATE OF CONTRIBUTIONS TO ORGANIZATIONS DESCRIBED IN SECTION 290.21, SUBDIVISION 3, CLAUSE (C) SHALL NOT EXCEED 20 PERCENT OF THE TAXPAYER'S MINNESOTA GROSS INCOME; OR (II) WAS DEDUCTED AS A CARRYOVER UNDER SECTION 170(D) OF THE INTERNAL REVENUE CODE).

Sec. 24. Minnesota Statutes 1984, section 290.089, subdivision 3, is amended to read:

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 *or the aggregate gross in the case of a husband and wife filing a joint return*, up to a maximum deduction of (\$2,268) *\$2,400*.

In the case of a (HUSBAND AND WIFE) married individual filing a separate return, the standard deduction is ten percent of the gross income of the taxpayer, up to a maximum of \$1,200, except that the standard deduction shall not be allowed (TO EITHER) if the net income of (ONE OF) the (SPOUSES) spouse 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. The commissioner shall then round the maximum amount of the standard deduction to the nearest hundred dollar amount. When adjusting the maximum amount of standard deduction for inflation, the commissioner shall use the actual dollar amount of the maximum amount of the standard deduction prior to rounding the dollar amounts.

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

Sec. 25. Minnesota Statutes 1984, 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, 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 (\$30,000) \$35,000 of nonfarm gross income, or nonfarm taxable net income in the case of a corporation, provided however that in any case where nonfarm income exceeds (\$30,000) \$35,000, the maximum allowable amount of (\$30,000) \$35,000 shall be reduced by an amount equal to the nonfarm income in excess of (\$30,000) \$35,000 multiplied by (THREE) 3.5. 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, 1983, 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, 1983. 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, 1983, 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

(\$30,000) \$35,000 of nonfarm gross income, or nonfarm taxable net income in the case of a corporation, provided however that in any case where nonfarm income exceeds (\$30,000) \$35,000, the maximum allowable amount of (\$30,000) \$35,000 shall be reduced by an amount equal to the nonfarm income in excess of (\$30,000) \$35,000 multiplied by (THREE) 3.5. For taxable years beginning after December 31, (1984) 1985, the (\$30,000) \$35,000 amount in this subdivision shall be adjusted for inflation in the manner provided in section 290.06, subdivision 2d. The commissioner shall round that amount to the nearest hundred dollar amount. When adjusting the amount for inflation, the commissioner shall use the actual dollar amount of the maximum allowable amount of nonfarm income prior to rounding. Carry-back or carryover deductions will be subject to the maximum amount in effect for the year to which the deduction is carried.

(d) [SHAREHOLDERS SEPARATE ENTITIES.] For purposes of this subdivision, individual shareholders of an S 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. During this extended period, married individuals who elected to file separate returns or a combined return may change their election and file a joint return.

(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.

Sec. 26. Minnesota Statutes 1984, section 290.095, subdivision 9, is amended to read:

Subd. 9. [SPECIAL PERIOD OF LIMITATION WITH RESPECT TO NET OPERATING LOSS CARRYBACKS.] For the purposes of sections 290.46 and 290.50 if the claim for refund relates to an overpayment attributable to a net operating loss carryback under this section or as the result in the case of an individual of an adjustment of "federal adjusted gross income" because of the carryback under section 172 of the Internal Revenue Code of 1954, as amended through December 31, 1983 in lieu of the period of limitation prescribed in sections 290.46 and 290.50, the period 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 net operating loss which results in such carryback or adjustment of "federal adjusted gross income." During this extended period, *for taxable years beginning before January 1, 1985*, married individuals who elected to file separate returns or a combined return may change their election and file a joint return.

Sec. 27. Minnesota Statutes 1984, section 290.095, subdivision 11, is amended to read:

Subd. 11. [CARRYBACK OR CARRYOVER ADJUSTMENTS.] (a) For individuals the amount of a net operating loss that may be carried back or carried over shall be the same dollar amount allowable in the determination of federal adjusted gross income. For estates and trusts the amount of a net operating loss that may be carried back or carried over shall be the same dollar amount allowable in the determination of federal taxable income.

(b) The following adjustments to the amount of the net operating loss that may be carried back or carried over must be made for:

(1) Nonassignable income or losses as required by section 290.17, subdivision 2.

(2) Modifications required because of the restrictions on farm losses as provided in section 290.09, subdivision 29.

(3) Adjustments to the determination of federal adjusted gross income that must be made because of changes in the Internal Revenue Code that have not yet been adopted by the legislature by updating the reference to the Internal Revenue Code contained in section 290.01, subdivision 20.

(4) (MODIFICATIONS TO INCOME CONTAINED IN FEDERAL ADJUSTED GROSS INCOME ACCORDING TO THE PROVISIONS OF SECTION 290.01, SUBDIVISION 20C.)

((5)) Gains or losses which result from the sale or other disposition of property having a higher adjusted basis for Minnesota income tax purposes than for federal income tax purposes subject to the limitations contained in section 290.01, subdivision 20b, clauses (2) and ((4)) (3).

((6)) (5) Interest, taxes, and other expenses not allowed under section 290.10, clause ((9) OR SECTION 290.101) (8).

((7)) (6) The modification for accelerated cost recovery system depreciation as provided in section 290.01, subdivision 20f.

(c) (1) The net operating loss carryback or carryover applied as a deduction in the taxable year to which the net operating loss is carried back or carried over shall be equal to the net operating loss carryback or carryover applied in the taxable year in arriving at federal adjusted gross income (or federal taxable income for trusts and estates) subject to the modifications contained in clause (b) and to the following modifications:

(A) Increase the amount of carryback or carryover applied in the taxable year by the amount of losses and interest, taxes and other expenses not assignable or allowable to Minnesota incurred in the taxable year.

(B) Decrease the amount of carryback or carryover applied in the taxable year by the amount of income not assignable to Minnesota earned in the taxable year (AND THE AMOUNT OF FEDERAL JOBS CREDIT EARNED IN THE TAXABLE YEAR).

(C) A taxpayer who is not a resident of Minnesota during any part of the taxable year and who has no income assignable to Minnesota during the taxable year shall apply no net operating loss carryback or carryover in the taxable year.

(2) The provisions of section 172(b) of the Internal Revenue Code of 1954 as amended through December 31, 1983 (relating to carrybacks and carryovers) shall apply. The net operating loss carryback or carryover to the next consecutive taxable year shall be the net operating loss carryback or carryover as calculated in clause (c)(1) less the amount applied in the earlier taxable year(s). No additional net operating loss carryback or carryover shall be allowed if the entire amount has been used to offset Minnesota income in a year earlier than was possible on the federal return. A net operating loss carryback or carryover that was allowed to offset federal income in a year earlier than was possible on the Minnesota return shall still be allowed to offset Minnesota income but only if the loss was assignable to Minnesota in the year the loss occurred.

(d) A net operating loss shall be allowed to be carried back or carried forward only to the extent that loss was assignable to Minnesota in the year the loss occurred or in the year to which the loss was carried over, whichever would allow more of the loss to be allowed for Minnesota purposes.

(e) If a taxpayer has a net operating loss for federal purposes and the provisions of the farm loss limitation as provided in section 290.09, subdivision 29 apply, the limitations applying to the farm losses that are carried back or carried over are applied first and the net operating loss that is carried back or carried over is limited to the excess, if any, that the net operating loss exceeds the farm loss limitation.

Sec. 28. Minnesota Statutes 1984, section 290.10, is amended to read:

290.10 [NONDEDUCTIBLE ITEMS.]

In computing the net income no deduction shall in any case be allowed for:

- (1) Personal, living or family expenses;
- (2) Amounts paid out for new buildings or for permanent improvements or betterments made to increase the value of any property or estate, except as otherwise provided in this chapter;
- (3) Amounts expended in restoring property or in making good the exhaustion thereof for which an allowance is or has been made;
- (4) Premiums paid on any life insurance policy covering the life of the taxpayer or of any other person;
- (5) The shrinkage in value, due to the lapse of time, of a life or terminable interest of any kind in property acquired by gift, devise, bequest or inheritance;
- (6) Losses from sales or exchanges of property, directly or indirectly, between related taxpayers as defined and as provided in section 267 of the Internal Revenue Code of 1954, as amended through December 31, 1983;
- (7) In computing net income, no deduction shall be allowed under section 290.09, subdivision 2, relating to expenses incurred or under section 290.09, subdivision 3, relating to interest accrued as provided in section 267 of the Internal Revenue Code of 1954, as amended through December 31, 1983;
- (8) ((A) CONTRIBUTIONS BY EMPLOYEES UNDER THE FEDERAL RAILROAD RETIREMENT ACT AND THE FEDERAL SOCIAL SECURITY ACT; (B) PAYMENTS TO MINNESOTA OR FEDERAL PUBLIC EMPLOYEE RETIREMENT FUNDS; (C) THREE-FOURTHS (75 PERCENT) OF THE AMOUNT OF TAXES IMPOSED ON SELF EMPLOYMENT INCOME UNDER SECTION 1401 OF THE INTERNAL REVENUE CODE OF 1954, AS AMENDED THROUGH DECEMBER 31, 1983, PROVIDED THAT EFFECTIVE FOR TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1989, NO DEDUCTION IS ALLOWED FOR SELF EMPLOYMENT TAXES WHERE THE TAXPAYER CLAIMED A DEDUCTION FOR THOSE TAXES UNDER SECTION 164(F) OF THE INTERNAL REVENUE CODE OF 1954, AS AMENDED THROUGH DECEMBER 31, 1983;)

((9)) Expenses, interest and taxes connected with or allocable against the production or receipt of all income not included in the measure of the tax imposed by this chapter;

((10)) IN SITUATIONS WHERE THIS CHAPTER PROVIDES FOR A SUBTRACTION FROM GROSS INCOME OF A SPECIFIC DOLLAR AMOUNT OF AN ITEM OF INCOME ASSIGNABLE TO THIS STATE, AND WITHIN THE MEASURE OF THE TAX IMPOSED BY THIS CHAPTER, THAT PORTION OF THE FEDERAL INCOME TAX LIABILITY ASSESSED UPON SUCH INCOME SUBTRACTED, AND ANY EXPENSES ATTRIBUTABLE TO EARNING SUCH INCOME, SHALL NOT BE DEDUCTIBLE IN COMPUTING NET INCOME;)

((11)) (9) Amounts paid or accrued for such taxes and carrying charges as, under rules prescribed by the commissioner, are chargeable to capital account with respect to property, if the taxpayer elects, in accordance with such rules, to treat such taxes or charges as so chargeable;

((12)) (10) No deduction or credit shall be allowed for any amount paid or incurred during the taxable year in carrying on any trade or business if the trade or business (or the activities which comprise the trade or business) consists of trafficking in controlled substances (within the meaning of schedule I and II of the federal Controlled Substances Act) which is prohibited by federal law or the law of Minnesota.

Sec. 29. Minnesota Statutes 1984, section 290.12, subdivision 2, is amended to read:

Subd. 2. [ADJUSTMENTS.] In computing the amount of gain or loss under subdivision 1 proper adjustment shall be made for any expenditure, receipt, loss, or other item properly chargeable to capital account by the taxpayer during his ownership thereof. The basis shall be diminished by the amount of the deductions for exhaustion, wear and tear, obsolescence, amortization, depletion, and the allowance for amortization of bond premium if an election to amortize was made in accordance with section 290.09, subdivision 13, which could, during the period of his ownership thereof, have been deducted by the taxpayer under this chapter in respect of such property. (THE BASIS SHALL ALSO BE DIMINISHED BY THE AMOUNT OF DEPRECIATION RELATING TO A SUBSTANDARD BUILDING DISALLOWED BY SECTION 290.101.) In addition, if the property was acquired before January 1, 1933, the basis, if other than the fair market value as of such date, shall be diminished by the amount of exhaustion, wear and tear, obsolescence, amortization, or depletion actually sustained before such date. In respect of any period since December 31, 1932, during which property was held by a person or an organization not subject to income taxation under this chapter, proper adjustment shall

be made for exhaustion, wear and tear, obsolescence, amortization, and depletion of such property to the extent sustained. For the purpose of determining the amount of these adjustments the taxpayer who sells or otherwise disposes of property acquired by gift shall be treated as the owner thereof from the time it was acquired by the last preceding owner who did not acquire it by gift, and the taxpayer who sells or otherwise disposes of property acquired by gift through an inter vivos transfer in trust shall be treated as the owner from the time it was acquired by the grantor.

No adjustment shall be made:

(1) for taxes or other carrying charges described in section 290.10, clause ((11)) (9), or

(2) for expenditures described in section 290.09, subdivision 16 (relating to circulation expenditures), for which deductions have been taken by the taxpayer in determining taxable income for the taxable year or prior years.

Sec. 30. Minnesota Statutes 1984, 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 dece-

dent'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, 1983, 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, 1983, 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 290.089 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, 1983.

(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 EXCHANGE 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, 1983 (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. 31. Minnesota Statutes 1984, 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, 1983 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 section (290.-10(9)) 290.10(8) (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, 1983, 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, 1983.

Sec. 32. Minnesota Statutes 1984, section 290.37, subdivision 1, is amended to read:

Subdivision 1. [PERSONS MAKING RETURNS.] (a) The commissioner of revenue shall annually determine the gross income levels at which individuals, trusts, and estates shall be required to file a return for each taxable year. An individual who is not a Minnesota resident for any part of the year is not required to file a Minnesota income tax return if the individual's Minnesota gross income computed under section 290.06, subdivision 2c, clause ((C)(1)) (d)(1) is less than the filing requirements for an individual who is a full year resident of Minnesota with the same marital status and number of personal credits.

The decedent's final income tax return, and all other income tax returns for prior years where the decedent had gross income in excess of the minimum amount at which an individual is required to file and did not file, shall be filed by his or her personal representative, if any. If there is no personal representative, the return or returns shall be filed by the transferees as defined in section 290.29, subdivision 3, who receive any property of the decedent.

The trustee or other fiduciary of property held in trust shall file a return with respect to the taxable net income of such trust if that exceeds an amount determined by the commissioner if such trust belongs to the class of taxable persons.

Every corporation shall file a return. The return in this case shall be signed by an officer of the corporation.

The receivers, trustees in bankruptcy, or assignees operating the business or property of a taxpayer shall file a return with respect to the taxable net income of such taxpayer if that exceeds an amount on which a tax at the rates herein provided would exceed the specific credits allowed.

(b) Such return shall (1) (BE VERIFIED OR) contain a written declaration that it is (MADE UNDER THE PENALTIES OF CRIMINAL LIABILITY FOR WILLFULLY MAKING A FALSE RETURN) *correct and complete*, and (2) shall contain *language prescribed by the commissioner providing a confession of judgment for the amount of the tax shown due thereon to the extent not timely paid.*

(c) For purposes of this subdivision the term "gross income" shall mean gross income as defined in section 61 of the Internal Revenue Code of 1954, as amended through December 31, 1983, modified and adjusted in accordance with the provisions of sections 290.01, subdivision 20b, clauses (1), ((6)), (6) and ((10)) (7), 290.08, and 290.17.

Sec. 33. Minnesota Statutes 1984, section 290.38, is amended to read:

290.38 [(JOINT) RETURNS OF (HUSBAND AND WIFE) MARRIED PERSONS.]

A husband and wife (MAY MAKE A SINGLE RETURN JOINTLY EVEN THOUGH ONE OF THE SPOUSES HAS NEITHER GROSS INCOME NOR DEDUCTIONS) *must file a joint Minnesota income tax return if they filed a joint federal income tax return.* If a joint return is made the tax shall be computed on the aggregate income and the liability with respect to the tax shall be joint and several. If (BOTH) *the husband and wife have (GROSS INCOME) elected to file separate federal income tax returns* they (MAY ELECT TO EITHER FILE A SINGLE RETURN JOINTLY OR MAY) *must file Minnesota separate income tax returns (PURSUANT TO THIS SECTION OR AS PROVIDED IN SECTION 290.39, SUBDIVISION 2).* This election to file a joint or separate returns (MAY) *must be changed (WITHIN THE PERIOD PROVIDED FOR THE ASSESSMENT OF ADDITIONAL TAXES ON SAID RETURN OR RETURNS) if they change their election for federal purposes.* In the event taxpayers desire to change their election, such change shall be done in the manner and on such form as the commissioner shall prescribe by (REGULATION) *rule.*

(NO JOINT RETURN SHALL BE MADE IF THE HUSBAND AND WIFE HAVE DIFFERENT TAXABLE YEARS; EXCEPT THAT IF SUCH TAXABLE YEARS BEGIN ON THE SAME DAY AND END ON DIFFERENT DAYS BECAUSE OF THE DEATH OF EITHER OR OF BOTH, THEN THE JOINT RETURN MAY BE MADE WITH RESPECT TO

THE TAXABLE YEAR OF EACH. THE ABOVE EXCEPTION SHALL NOT APPLY IF THE SURVIVING SPOUSE REMARRIES BEFORE THE CLOSE OF HIS TAXABLE YEAR OR IF THE TAXABLE YEAR OF EITHER SPOUSE IS A FRACTIONAL PART OF A YEAR UNDER SECTION 290.32) *For purposes of this section, marital status shall be determined under section 143(a) of the Internal Revenue Code of 1954, as amended through December 31, 1984.*

In the case of the death of one spouse or both spouses the joint return with respect to the decedent may be made only by the personal representative of his estate; except that in the case of the death of one spouse the joint return may be made by the surviving spouse with respect to both himself and the decedent if (a) no return for the taxable year has been made by the decedent, (b) no personal representative has been appointed, and (c) no personal representative is appointed before the last day prescribed by law for filing the return of the surviving spouse. If a personal representative of the estate of the decedent is appointed after the joint return has been filed by the surviving spouse, the personal representative may disaffirm such joint return by filing, within one year after the last day prescribed by law for filing the return of the surviving spouse, a separate return for the taxable year of the decedent with respect to which the joint return was made, in which case the return made by the survivor shall constitute his separate return *provided that the election has been also disaffirmed for federal purposes.*

(IF HUSBAND AND WIFE DETERMINE THEIR FEDERAL INCOME TAX ON A JOINT RETURN BUT DETERMINE THEIR MINNESOTA INCOME TAXES SEPARATELY, THEY SHALL DETERMINE THEIR MINNESOTA GROSS INCOME SEPARATELY AS IF THEIR FEDERAL ADJUSTED GROSS INCOMES HAD BEEN DETERMINED SEPARATELY.)

Sec. 34. Minnesota Statutes 1984, section 290.41, subdivision 2, is amended to read:

Subd. 2. [BY PERSONS, CORPORATIONS, COOPERATIVES, GOVERNMENTAL ENTITIES OR SCHOOL DISTRICTS.] Every person, corporation, or cooperative, the state of Minnesota and its political subdivisions, and every city, county and school district in Minnesota, making payments in the regular course of a trade or business during the taxable year to any person or corporation of \$600 or more on account of rents or royalties, or of \$10 or more on account of interest, or \$10 or more on account of dividends or patronage dividends, or \$600 or more on account of either wages, salaries, commissions, fees, prizes, awards, pensions, annuities, or any other fixed or determinable gains, profits or income, not otherwise reportable under section 290.92, subdivision 7, or on account of earnings of \$10 or more distributed to its members by savings, building and loan associa-

tions or credit unions chartered under the laws of this state or the United States, (a) shall make a return (except in cases where a valid agreement to participate in the combined federal and state information reporting system has been entered into, and such return is therefore filed only with the commissioner of internal revenue pursuant to the applicable filing and informational reporting requirements of the Internal Revenue Code of 1954 as amended through December 31, 1983) in respect to such payments in excess of the amounts specified, giving the names and addresses of the persons to whom such payments were made, the amounts paid to each, and (b) shall make a return in respect to the total number of such payments and total amount of such payments, for each category of income specified, which were in excess of the amounts specified. This subdivision shall not apply to the payment of interest or dividends to a person who was a nonresident of Minnesota for the entire year.

A person, corporation, or cooperative required to file returns under this subdivision on interest, dividends, or patronage dividend payments with respect to more than 50 payees for any calendar year must file all of these returns on magnetic media unless the person establishes to the satisfaction of the commissioner that compliance with this requirement would be an undue hardship.

(UPON REQUEST FROM THE COMMISSIONER, ANY PUBLIC PENSION PLAN AS DEFINED IN SECTION 356.61 IN WHICH THE EMPLOYER PICKS UP THE EMPLOYEE CONTRIBUTIONS UNDER SECTION 356.62 SHALL FURNISH THE COMMISSIONER, ON MAGNETIC MEDIA TO THE EXTENT POSSIBLE, WITH THE NAME, ADDRESS, AND SOCIAL SECURITY NUMBER OF EACH EMPLOYEE WHO PARTICIPATED IN THE PLAN DURING THAT CALENDAR YEAR FOR WHICH PICKED UP CONTRIBUTIONS WERE MADE.)

Sec. 35. Minnesota Statutes 1984, section 290.50, subdivision 5, is amended to read:

Subd. 5. [OVERPAYMENTS; CREDITS AND REFUNDS.]
(a) If the amount allowable as a credit under section 290.92, subdivision 12 (relating to credit for tax withheld at source) or an amount determined to be an overpayment under section 290.93, subdivision 9, or 290.936 exceeds the taxes imposed by this chapter against which such credit is allowable the amount of such excess shall be considered an overpayment. An amount paid as tax shall constitute an overpayment even if in fact there was no tax liability with respect to which such amount was paid.

(b) Notwithstanding any other provision of law to the contrary, in the case of any overpayment the commissioner, within the applicable period of limitations, may credit the amount of such overpayment against any liability in respect of Minnesota

income tax on the part of the person who made the overpayment or against any liability in respect to Minnesota income tax on the part of either spouse who shall have filed a joint (OR COMBINED) return for the taxable year in which the overpayment was made and shall refund any balance of more than one dollar to such person if the taxpayer shall so request.

The commissioner is authorized to prescribe rules providing for the crediting against the estimated income tax for any taxable year of the amount determined by the commissioner to be an overpayment of the income tax for a preceding taxable year.

Sec. 36. Minnesota Statutes 1984, section 290.50, subdivision 6, is amended to read:

Subd. 6. [WITHHOLDING OF REFUNDS FROM CHILD SUPPORT DEBTORS.] Upon a finding by a court of this state that a person obligated to pay child support is delinquent in making payments, the amount of child support unpaid and owing including attorneys fees and costs incurred in ascertaining or collecting child support shall be withheld from a refund due the person under this section. The public agency responsible for child support enforcement or the parent or guardian of a child for whom the support, attorneys fees and costs are owed may petition the district or county court for an order providing for the withholding of the amount of child support, attorneys fees and costs unpaid and owing as determined by court order. The person from whom the refund may be withheld shall be notified of the petition pursuant to the rules of civil procedure prior to the issuance of an order pursuant to this subdivision. The order may be granted on a showing to the court that required support payments, attorneys fees and costs have not been made when they were due.

On order of the court, the money shall be withheld by the commissioner from the refund due to the person obligated to pay and the amount withheld shall be remitted to the public agency responsible for child support enforcement or to the parent or guardian petitioning on behalf of the child, provided that any delinquent tax obligations of the taxpayer owed to the revenue department shall be satisfied first. Any amount received by the responsible public agency or the petitioning parent or guardian in excess of the amount of public assistance expended for the benefit of the child to be supported, or the amount of any support, attorneys fees and costs that had been the subject of the claim pursuant to this subdivision which has been paid by the taxpayer prior to the diversion of the refund, shall be remitted to the person entitled to the money. (IF THE REFUND IS BASED ON A JOINT OR COMBINED RETURN, THE PORTION OF THE REFUND THAT SHALL BE REMITTED TO THE PETITIONER SHALL BE THE PROPORTION OF THE TOTAL REFUND THAT EQUALS THE PROPORTION OF THE TOTAL FEDERAL ADJUSTED GROSS INCOME OF

THE SPOUSES THAT IS THE FEDERAL ADJUSTED GROSS INCOME OF THE SPOUSE WHO IS DELINQUENT IN MAKING THE CHILD SUPPORT PAYMENTS.) A petition filed pursuant to this subdivision shall be in effect with respect to any refunds due under this section until the support money, attorneys fees and costs have been paid in full or the court orders the commissioner to discontinue withholding the money from the refund due the person obligated to pay the support, attorneys fees and costs. If a petition is filed pursuant to this subdivision and a claim is made pursuant to chapter 270A with respect to the same individual's refund and notices of both are received prior to the time when payment of the refund is made on either claim, the claim relating to the liability that accrued first in time shall be paid first; any amount of the refund remaining shall then be applied to the other claim. The provisions of section 290.61 shall not prohibit the exchange of information among the department, the petitioner, and the court to the extent necessary to accomplish the intent of this subdivision.

Sec. 37. Minnesota Statutes 1984, 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 290.089, subdivision 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 num-

ber 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) ADMINISTRATIVE RULES.] The commissioner may, by (REGULATIONS) rule, 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, 1983, 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, 1983 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. 38. Minnesota Statutes 1984, section 290.92, subdivision 18, is amended to read:

Subd. 18. [RETURNS; CONFESSION OF JUDGMENT.] Any return that is required to be filed with the commissioner of revenue under this section shall (a) contain a written declaration that it is (MADE UNDER THE PENALTIES OF CRIMINAL LIABILITY FOR WILFULLY MAKING A FALSE RETURN) *correct and complete*, and (b) shall contain *language prescribed by the commissioner providing a confession of judgment for the amount of the tax shown due thereon to the extent not timely paid*.

Sec. 39. Minnesota Statutes 1984, section 290.92, subdivision 21, is amended to read:

Subd. 21. [EXTENSION OF WITHHOLDING TO UNEMPLOYMENT COMPENSATION BENEFITS.] For purposes of this section, any supplemental unemployment compensation benefit paid to an individual to the extent includable in such individual's Minnesota (ADJUSTED) gross income, shall be treated as if it were a payment of wages by an employer to an employee for a payroll period.

Sec. 40. Minnesota Statutes 1984, section 290.93, subdivision 10, is amended to read:

Subd. 10. [UNDERPAYMENT OF ESTIMATED TAX.]

(1) In the case of any underpayment of estimated tax by an individual, except as provided in paragraph (4) or (5), there may be added to and become a part of the taxes imposed by this chapter, for the taxable year an amount determined at the rate specified in section 270.75 upon the amount of the underpayment for the period of the underpayment.

(2) For purposes of the preceding paragraph, the amount of underpayment shall be the excess of

(a) The amount of the installment which would be required to be paid if the estimated tax were equal to 80 percent (66-2/3 percent in the case of farmers referred to in subdivision 5(2) of this section) of the taxes shown on the return for the taxable year or the taxes for such year if no return was filed, over

(b) The amount, if any, of the installment paid on or before the last day prescribed for such payment.

(3) The period of the underpayment shall run from the date the installment was required to be paid to whichever of the following dates is the earlier

(a) The 15th day of the fourth month following the close of the taxable year.

(b) With respect to any portion of the underpayment, the date on which such portion is paid. For purposes of this subparagraph, a payment of estimated tax on any installment date shall be considered a payment of any previous underpayment only to the extent such payment exceeds the amount of the installment determined under paragraph (2) (a) for such installment date.

(4) The addition to the tax with respect to any underpayment of any installment shall not be imposed if the total amount of all payments of estimated tax made on or before the last date prescribed for the payment of such installment equals or exceeds the amount which would have been required to be paid on or before such date if the estimated tax were whichever of the following is the lesser

(a) The total tax liability shown on the return of the individual for the preceding taxable year (if a return showing a liability for such taxes was filed by the individual for the preceding taxable year of 12 months), or

(b) An amount equal to the tax computed, at the rates applicable to the taxable year, on the basis of the taxpayer's *marital* status and with respect to the personal credits for the taxable year, but otherwise on the basis of the facts shown on his return for, and the law applicable to the preceding taxable year, or

(c) An amount equal to 80 percent (66-2/3 percent in the case of farmers referred to in subdivision 5(2) of this section) of the tax for the taxable year (after deducting personal credits) computed by placing on an annualized basis the taxable income for the months in the taxable year ending before the month in which the installment is required to be paid. For purposes of this subparagraph, the taxable income shall be placed on an annualized basis by

(i) Multiplying by 12 (or in the case of a taxable year of less than 12 months, the number of months in the taxable year) the taxable income computed for the months in the taxable year ending before the month in which the installment is required to be paid.

(ii) Dividing the resulting amount by the number of months in the taxable year ending before the month in which such installment date falls, or

(d) An amount equal to 90 percent of the tax computed, at the rates applicable to the taxable year, on the basis of the actual taxable income for the months in the taxable year ending before the month in which the installment is required to be paid.

(5) No addition to the tax shall be imposed under this subdivision for any taxable year if:

(a) the individual did not have any liability for tax for the preceding taxable year,

(b) the preceding taxable year was a taxable year of 12 months, and

(c) the individual was a resident of Minnesota throughout the preceding taxable year.

(6) For the purposes of applying this subdivision, the estimated tax shall be computed without any reduction for the amount which the individual estimates as his credit under section 290.92, subdivision 12 (relating to tax withheld at source on wages), and the refundable credits contained in sections 290.06, subdivision 13, 290.067, and any other refundable credits which are allowed against income tax liability, and the amount of such credits for the taxable year shall be deemed a payment of estimated tax, and an equal part of such amounts shall be deemed paid on each installment date (determined under subdivisions 6 and 7 of this section) for such taxable year, unless the taxpayer establishes the dates on which all amounts were actually withheld, in which case the amounts so withheld shall be deemed payments of estimated tax on the dates on which such amounts were actually withheld.

Sec. 41. Minnesota Statutes 1984, 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, 1983; 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), (2), (4) (, (9), (10),) and ((14)) (5);

(ii) all nontaxable income;

(iii) recognized net long term capital gains;

(iv) dividends (AND INTEREST) excluded from federal adjusted gross income under (SECTIONS) *section* 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 this chapter; or

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

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

Sec. 42. [REPEALER.]

Minnesota Statutes 1984, sections 41.58, subdivision 3; 41.59, subdivisions 2 and 3; 290.01, subdivisions 20c and 26; 290.06, subdivisions 3e, 11, 16, 17, 18, and 19; 290.077, subdivision 4; 290.08, subdivisions 23 and 24; 290.088; 290.089, subdivision 6; 290.101; 290.18, subdivisions 2 and 4; 290.39, subdivision 2; 290.41, subdivision 5; 290.431; 290.9726, subdivisions 5; and Laws 1982, chapter 523, article 7, section 3, are repealed.

Sec. 43. [APPROPRIATION.]

\$700,000 is appropriated from the general fund for fiscal year 1987 to the nongame wildlife management account.

Sec. 44. [EFFECTIVE DATE.]

Sections 1 to 40 and 42 are effective for taxable years beginning after December 31, 1984, except as otherwise provided in those sections. Section 41 is effective for claims based on rent paid in 1985 and for property taxes payable in 1986. For any carryback to a taxable year beginning before January 1, 1985, "\$35,000" shall be substituted for "\$30,000" each place it appears in the second paragraph of Minnesota Statutes, section 290.09, subdivision 29, clause (c)."

Further amend the title:

Page 1, line 29, after the first semicolon insert "270.68;"

Page 1, line 42, after "subdivisions" insert "19,"

Page 1, line 43, delete "290.05, subdivision 3;"

Page 1, line 44, after "3f," insert "and"

Page 1, line 44, delete ", 11, and by adding a" insert a semicolon

Page 1, line 45, delete "subdivision; 290.067, subdivision 1;" insert "290.068, subdivisions 1, 3 and 4;"

Page 1, line 46, delete "subdivision 4" insert "subdivisions 5 and 6"

Page 2, line 1, delete ", and by adding a subdivision"

Page 2, line 2, delete "subdivision 2" insert "subdivisions 2 and 3"

Page 2, line 2, delete "subdivisions 1 and 7; 290.091;" insert "subdivision 29;"

Page 2, line 3, delete "7,"

Page 2, line 5, delete "subdivisions 3 and" insert "subdivision"

Page 2, line 5, after the second semicolon insert "290.23, subdivision 5;"

Page 2, line 7, delete "290.39, subdivision 1a;"

Page 2, line 9, delete "and 19" insert "18, and 21"

Page 2, line 10, delete "subdivision 9" insert "subdivisions 9 and 10"

Page 2, line 23, delete "298.40, by"

Page 2, line 24, delete "by adding a subdivision;"

Page 2, line 28, delete "290;"

Page 2, line 32, delete "62E.03, subdivision 2;"

Page 2, line 36, delete "2f, 3d, 3e, 14" insert "3e, 11"

Page 2, line 37, delete "290.067, subdivisions 2 and 4"

Page 2, line 39, after the semicolon insert "290.088;"

Page 2, line 39, delete "subdivisions 1, 3, 4"

Page 2, line 40, delete "5, and 6; 290.09, subdivision 29;" insert "subdivision 6;"

Page 2, line 41, delete "subdivision" insert "subdivisions 2 and"

Page 2, line 43, after the first semicolon insert "290.431; 290.-9726, subdivision 5;"

A roll call was requested and properly seconded.

The Speaker called Halberg to the Chair.

The question was taken on the Tomlinson amendment and the roll was called.

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

There were 55 yeas and 73 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jacobs	Minne	Pappas	Skoglund
Battaglia	Jennings, L.	Munger	Peterson	Solberg
Begich	Kahn	Murphy	Piper	Sparby
Brandl	Kelly	Nelson, K.	Price	Staten
Brown	Knuth	Neuenschwander	Quinn	Tomlinson
Carlson, L.	Kostohryz	Norton	Rest	Tunheim
Clark	Krueger	O'Connor	Rice	Vanasek
Cohen	Lieder	Ogren	Riveness	Vellenga
Elioff	Long	Olson, E.	Rodosovich	Voss
Ellingson	McEachern	Osthoff	Scheid	Welle
Greenfield	McLaughlin	Otis	Simoneau	Wynia

Those who voted in the negative were:

Anderson, R.	Carlson, J.	Gutknecht	Marsh	Poppenhagen
Backlund	Clausnitzer	Halberg	McDonald	Quist
Beard	Dempsey	Hartinger	McKasy	Redalen
Becklin	DenOuden	Hartle	McPherson	Rees
Bennett	Dimler	Haukoos	Metzen	Richter
Bishop	Dyke	Heap	Miller	Rose
Blatz	Erickson	Himle	Olsen, S.	Sarna
Boerboom	Forsythe	Johnson	Omann	Schafer
Boo	Frederick	Kiffmeyer	Onnen	Schreiber
Brinkman	Frederickson	Knickerbocker	Ozment	Seaberg
Burger	Frerichs	Kvam	Pauly	Shaver
Carlson, D.	Cruenes	Levi	Piepho	Sherman

Stanius	Thorson	Uphus	Waltman	Zaffke
Sviggum	Tjornhom	Valan	Wenzel	Spk. Jennings, D.
Thiede	Toumpkins	Valento		

The motion did not prevail and the amendment was not adopted.

Neuenschwander, Riveness and Clark moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 22, line 31, after "returns" insert "*and upon a single individual who is either a surviving spouse or a head of household, as defined in section 2(a) and 2(b) of the Internal Revenue Code of 1954, as amended through December 31, 1984*"

A roll call was requested and properly seconded.

The question was taken on the Neuenschwander et al. amendment and the roll was called.

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

There were 61 yeas and 66 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jennings, L.	Murphy	Quinn	Staten
Battaglia	Kahn	Nelson, K.	Rest	Tomlinson
Beard	Kelly	Neuenschwander	Rice	Tunheim
Begich	Knuth	Norton	Riveness	Vanasek
Brandl	Kostohryz	O'Connor	Rodosovich	Vellenga
Brinkman	Krueger	Ogren	Sarna	Voss
Brown	Lieder	Olson, E.	Scheid	Welle
Carlson, L.	Long	Omann	Schoenfeld	Wenzel
Clark	McEachern	Osthoff	Segal	Wynia
Cohen	McLaughlin	Otis	Simoneau	
Elioff	Metzen	Pappas	Skoglund	
Ellingson	Minne	Peterson	Solberg	
Greenfield	Munger	Piper	Sparby	

Those who voted in the negative were:

Anderson, R.	Carlson, J.	Frederickson	Jacobs	Miller
Backlund	Clausnitzer	Frerichs	Johnson	Onnen
Becklin	Dempsey	Gruenes	Kiffmeyer	Ozment
Bennett	DenOuden	Gutknecht	Knickerbocker	Pauly
Bishop	Dimler	Halberg	Kvam	Piepho
Blatz	Dyke	Hartinger	Levi	Poppenhagen
Boerboom	Erickson	Hartle	Marsh	Redalen
Boo	Fjoslien	Haukoos	McDonald	Rees
Burger	Forsythe	Heap	McKasy	Richter
Carlson, D.	Frederick	Himle	McPherson	Rose

Schafer
Schreiber
Seaberg
Shaver

Sherman
Stanis
Sviggum

Thiede
Thorson
Tompkins

Uphus
Valan
Valento

Waltman
Zaffke
Spk. Jennings, D.

The motion did not prevail and the amendment was not adopted.

Ogren moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 8, line 2, after “((4))” reinstate the stricken language

Page 8, line 3, reinstate the stricken language

Page 8, line 14, after “((8))” insert “(4)”

Page 8, line 18, delete “(4)” insert “(5)”

Page 9, line 6, delete “(5)” insert “(6)”

Page 9, line 10, delete “(6)” insert “(7)”

Page 9, line 16, delete “(7)” insert “(8)”

Pages 40 to 44, delete sections 26 and 27 and insert:

“Sec. 26. Minnesota Statutes 1984, 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,) bees, poultry, and fur-bearing animals and wildlife, and all operations incident thereto, including but not limited to the common use of “hedging.” *Income, gains, expenses, and losses do not “arise from a farm” if the items are incurred or received in connection with the breeding, raising, feeding, training, or caring for horses.*

(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 (\$30,000) \$35,000 of nonfarm gross income, or nonfarm taxable net income in the case of a corporation, provided how-

ever that in any case where nonfarm income exceeds (\$30,000) \$35,000, the maximum allowable amount of (\$30,000) \$35,000 shall be reduced by an amount equal to the nonfarm income in excess of (\$30,000) \$35,000 multiplied by (THREE) 3.5. 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, 1983, 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, 1983. 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, 1983, 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 (\$30,000) \$35,000 of nonfarm gross income, or nonfarm taxable net income in the case of a corporation, provided however that in any case where nonfarm income exceeds (\$30,000) \$35,000, the maximum allowable amount of (\$30,000) \$35,000 shall be reduced by an amount equal to the nonfarm income in excess of (\$30,000) \$35,000 multiplied by (THREE) 3.5. For taxable years beginning after December 31, (1984) 1985, the (\$30,000) \$35,000 amount in this subdivision shall be adjusted for inflation in the manner provided in section 290.06, subdivision 2d. The commissioner shall round that amount to the nearest hundred dollar amount. When adjusting the amount for inflation, the commissioner shall use the actual dollar amount of the maximum allowable amount of nonfarm income prior to rounding. Carryback or carryover deductions will be subject to the maximum amount in effect for the year to which the deduction is carried.

(d) [SHAREHOLDERS SEPARATE ENTITIES.] For purposes of this subdivision, individual shareholders of an S 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. During this extended period, married individuals who elected to file separate returns or a combined return may change their election and file a joint return.

(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."

Page 50, lines 16 to 18, reinstate the stricken language

Page 50, line 26, delete "(3)" insert "(4)"

Page 50, line 31, delete "(4)" insert "(5)"

Page 50, line 33, delete "(5)" insert "(6)"

Page 52, lines 4 to 11, reinstate the stricken language

Page 72, line 15, delete "(3), and"

Page 72, line 15, after "((14))" insert "and (5)"

Page 74, line 9, delete "290.09, subdivision 29;"

Page 74, delete section 49

Renumber the remaining sections

Page 75, line 9, delete "45, 48, and 49" insert "43 and 46"

Page 75, line 12, delete "46" insert "44"

Page 75, line 14, delete "50" insert "48"

Page 75, line 15, after the period insert "*For any carryback to a taxable year beginning before January 1, 1985, "\$35,000" shall be substituted for "\$30,000" each place it appears in the second paragraph of Minnesota Statutes, section 290.09, subdivision 29, clause (c).*

Further, amend the title:

Page 2, line 2, delete "subdivisions 1 and 7" insert "subdivision 29"

Page 2, line 3, delete "7,"

Page 2, line 40, delete "290.09, subdivision 29;"

A roll call was requested and properly seconded.

The question was taken on the Ogren amendment and the roll was called.

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

There were 58 yeas and 66 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gruenes	Minne	Peterson	Simoneau
Battaglia	Jennings, L.	Munger	Piper	Solberg
Beard	Kahn	Murphy	Price	Sparby
Begich	Kelly	Nelson, K.	Quinn	Staten
Brinkman	Knuth	Neuenschwander	Rest	Tomlinson
Brown	Kostohryz	Norton	Rice	Tunheim
Carlson, L.	Krueger	Ogren	Riveness	Vanasek
Clark	Lieder	Olson, E.	Rodosovich	Voss
Cohen	Long	Omann	Sarna	Welle
Elioff	McEachern	Osthoff	Scheid	Wenzel
Ellingson	McLaughlin	Otis	Schoenfeld	
Greenfield	Metzen	Pappas	Segal	

Those who voted in the negative were:

Anderson, R.	Dyke	Jacobs	Pauly	Thiede
Backlund	Erickson	Johnson	Picpho	Thorson
Becklin	Fjoslien	Kiffmeyer	Poppenhagen	Tjornhom
Bennett	Forsythe	Knickerbocker	Redalen	Tompkins
Bishop	Frederick	Kvam	Rees	Uphus
Blatz	Frederickson	Levi	Richter	Valan
Boerboom	Frerichs	Marsh	Rose	Valento
Boo	Gutknecht	McDonald	Schafer	Waltman
Burger	Halberg	McKasy	Schreiber	Zaffke
Carlson, J.	Hartinger	McPherson	Seaberg	Spk. Jennings, D.
Clausnitzer	Hartle	Miller	Shaver	
Dempsey	Haukoos	Olsen, S.	Sherman	
DenOuden	Heap	Onnen	Stanisus	
Dimler	Himle	Ozment	Svigum	

The motion did not prevail and the amendment was not adopted.

McLaughlin and Clark moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 74, line 6, delete "3d,"

Further amend the title:

Page 2, line 36, delete "3d,"

A roll call was requested and properly seconded.

The question was taken on the McLaughlin and Clark amendment and the roll was called.

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

There were 59 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jennings, L.	Murphy	Price	Solberg
Battaglia	Kahn	Nelson, K.	Quinn	Sparby
Beard	Kelly	Neuenschwander	Rest	Staten
Begich	Knuth	Norton	Rice	Tomlinson
Brandl	Kostohryz	O'Connor	Riveness	Tunheim
Brown	Krueger	Ogren	Rodosovich	Vanasek
Carlson, L.	Lieder	Olson, E.	Sarna	Vellenga
Clark	Long	Osthoff	Scheid	Voss
Cohen	McLaughlin	Otis	Schoenfeld	Welle
Elioff	Metzen	Pappas	Segal	Wenzel
Ellington	Minne	Peterson	Simoneau	Wynia
Greenfield	Munger	Piper	Skoglund	

Those who voted in the negative were:

Anderson, R.	DenOuden	Haukoos	Olsen, S.	Shaver
Backlund	Dimler	Heap	Omann	Sherman
Becklin	Dyke	Himle	Onnen	Stanisus
Bennett	Erickson	Jacobs	Ozment	Sviggum
Bishop	Fjoslien	Johnson	Pauly	Thiede
Blatz	Forsythe	Kiffmeyer	Piepho	Thorson
Boerboom	Frederick	Knickerbocker	Poppenhagen	Tjornhom
Boo	Frederickson	Kvam	Redalen	Tompkins
Brinkman	Frerichs	Levi	Rees	Uphus
Burger	Gruenes	Marsh	Richter	Valan
Carlson, D.	Gutknecht	McDonald	Rose	Valento
Carlson, J.	Halberg	McKasy	Schafer	Waltman
Clausnitzer	Hartinger	McPherson	Schreiber	Zafike
Dempsey	Hartle	Miller	Seaberg	

The motion did not prevail and the amendment was not adopted.

Scheid and Cohen moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 31, line 25, delete "\$18" and insert "\$12"

Page 31, line 25, delete "\$250" and insert "\$500"

Page 31, line 26, delete "\$36" and insert "\$24"

Page 31, line 27, strike "24,001" and insert "\$35,000"

A roll call was requested and properly seconded.

The question was taken on the Scheid and Cohen amendment and the roll was called.

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

There were 58 yeas and 68 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jacobs	Nelson, K.	Quinn	Sparby
Battaglia	Jennings, L.	Neuenschwander	Rest	Staten
Beard	Kahn	Norton	Rice	Tomlinson
Brandl	Kelly	O'Connor	Riveness	Tunheim
Brinkman	Knuth	Ogren	Rodosovich	Vanasek
Brown	Kostohryz	Olson, E.	Sarna	Vellenga
Carlson, L.	Krueger	Osthoff	Scheid	Voss
Clark	Lieder	Otis	Schoenfeld	Welle
Cohen	Long	Pappas	Segal	Wenzel
Elioiff	McLaughlin	Peterson	Simoneau	Wynia
Ellingson	Minne	Piper	Skoglund	
Greenfield	Murphy	Price	Solberg	

Those who voted in the negative were:

Anderson, R.	Dimler	Heap	Ozment	Stanis
Backlund	Dyke	Himle	Pauly	Sviggum
Becklin	Erickson	Johnson	Piepho	Thiede
Bennett	Fjoslien	Kiffmeyer	Poppenhagen	Thorson
Bishop	Forsythe	Knickerbocker	Quist	Tjornhom
Blatz	Frederick	Kvam	Redalen	Tompkins
Boerboom	Frederickson	Levi	Rees	Uphus
Boo	Frerichs	Marsh	Richter	Valan
Burger	Gruenes	McDonald	Rose	Valento
Carlson, D.	Gutknecht	McKasy	Schafer	Waltman
Carlson, J.	Halberg	McPherson	Schreiber	Zaffke
Clausnitzer	Hartinger	Miller	Seaberg	Spk. Jennings, D.
Dempsey	Hartle	Omann	Shaver	
DenOuden	Haukoos	Onnen	Sherman	

The motion did not prevail and the amendment was not adopted.

Skoglund and Clark moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 8, line 4, reinstate everything after the stricken "(5)"

Page 8, reinstate line 5

Renumber the clauses

Page 10, lines 29 and 30, reinstate the stricken language

Page 10, line 31, reinstate everything before the stricken period

Page 50, line 32, reinstate the stricken language

Page 54, line 2, to page 55, line 4, delete section 33

Page 72, line 15, delete "(3), and" and before the semicolon insert ", and (5)"

Page 74, line 9, delete "290.101 ;"

Page 75, line 9, delete "45, 48, and 49" and insert "44, 47, and 48"

Page 75, line 12, delete "46" and insert "45"

Page 75, line 14, delete "50" and insert "49"

Renumber the sections

Amend the title as follows:

Page 2, line 3, delete "290.12,"

Page 2, line 4, delete "subdivision 2 ;"

Page 2, line 40, delete "290.101 ;"

A roll call was requested and properly seconded.

The question was taken on the Skoglund and Clark amendment and the roll was called.

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

There were 54 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jennings, L.	Nelson, K.	Quinn	Solberg
Battaglia	Kahn	Neuenschwander	Rest	Sparby
Beard	Kalis	Norton	Rice	Staten
Begich	Kostohryz	O'Connor	Riveness	Tunheim
Brandl	Krueger	Ogren	Rodosovich	Vanasek
Brown	Lieder	Olson, E.	Sarna	Vellenga
Carlson, L.	Long	Osthoff	Scheid	Voss
Clark	McLaughlin	Otis	Schoenfeld	Welle
Elioff	Minne	Peterson	Segal	Wenzel
Ellingson	Munger	Piper	Simoneau	Wynia
Greenfield	Murphy	Price	Skoglund	

Those who voted in the negative were:

Anderson, R.	Bennett	Boo	Carlson, D.	Dempsey
Backlund	Blatz	Brinkman	Carlson, J.	DenOuden
Becklin	Boerboom	Burger	Clausnitzer	Dimler

Dyke	Hartle	McKasy	Quist	Sviggum
Erickson	Haukoos	McPherson	Redalen	Thiede
Fjoslien	Himle	Metzen	Rees	Thorson
Forsythe	Jacobs	Miller	Richter	Tjornhom
Frederick	Johnson	Olsen, S.	Rose	Tompkins
Frederickson	Kiffmeyer	Omann	Schafer	Uphus
Frerichs	Knickerbocker	Onnen	Schreiber	Valan
Grucnes	Kvam	Ozment	Scaberg	Valento
Gutknecht	Levi	Pauly	Shaver	Waltman
Halberg	Marsh	Piepho	Sherman	Zaffke
Hartinger	McDonald	Poppenhagen	Stanisus	Spk. Jennings, D.

The motion did not prevail and the amendment was not adopted.

Vanasek, Cohen, Osthoff, Segal and Metzen moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 12, line 32, delete "*senior citizens income subtraction*" and insert "*pension income*"

Page 13, line 13, after "*((12))*" insert "*(8)*" and restore the stricken language

Page 13, lines 14 and 15, restore the stricken language

Page 13, line 16, delete "*(8)*" insert "*(9)*"

Page 14, line 7, delete "*(9)*" insert "*(10)*"

Page 14, line 10, delete "*(10)*" insert "*(11)*"

Page 14, line 19, delete "*(11)*" insert "*(12)*"

Page 14, line 27, after "*((18))*" insert "*(13)*" and restore the stricken language

Page 14, lines 28 to 35, restore the stricken language

Page 14, line 35, after "*(6)*" insert a semicolon

Page 14, line 36, delete "*(12)*" insert "*(14)*"

Page 15, line 17, delete "*(13)*" insert "*(15)*"

Page 15, line 20, delete "*(14)*" insert "*(16)*"

Page 15, line 23, delete "*(15)*" insert "*(16)*"

Page 15, line 23, delete "*(15)*" insert "*(17)*"

Pages 33 to 35, delete section 23

Renumber the sections

Page 75, line 9, delete "45, 48, and 49" insert "44, 47, and 48"

Page 75, line 12, delete "46" insert "45"

Page 75, line 14, delete "50" insert "49"

Further amend the title:

Page 2, line 1, delete "subdivision 26, and"

A roll call was requested and properly seconded.

The question was taken on the Vanasek et al. amendment and the roll was called.

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

There were 64 yeas and 64 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Gruenes	Metzen	Peterson	Solberg
Battaglia	Jacobs	Minne	Piper	Sparby
Beard	Jennings, L.	Munger	Price	Staten
Begich	Kahn	Murphy	Quinn	Tjornhom
Brandl	Kalis	Nelson, K.	Rest	Tomlinson
Brinknan	Kelly	Neuenschwander	Rice	Tunheim
Brown	Knuth	Norton	Riveness	Vanasek
Carlson, L.	Kostohryz	O'Connor	Rodosovich	Vellenga
Clark	Kruoger	Ogren	Sarna	Voss
Cohen	Lieder	Olsen, S.	Scheid	Welle
Elioff	Long	Olson, E.	Schoenfeld	Wenzel
Ellingson	McEachern	Osthoft	Segal	Wynia
Greenfield	McLaughlin	Otis	Skoglund	

Those who voted in the negative were:

Becklin	Dyke	Himle	Ozment	Sherman
Bennett	Erickson	Johnson	Pauly	Stanisus
Bishop	Fjoslien	Kiffmeyer	Piepho	Svigum
Blatz	Forsythe	Knickerbocker	Poppenhagen	Thiede
Boerboom	Frederick	Kvam	Quist	Thorson
Boo	Frederickson	Levi	Redalen	Tompkins
Burger	Frerichs	Marsh	Rees	Uphus
Carlson, D.	Gutknecht	McDonald	Richter	Valan
Carlson, J.	Halberg	McKasy	Rose	Valento
Clausnitzer	Hartinger	McPherson	Schafer	Waltman
Dempsey	Hartle	Miller	Schreiber	Zaffke
DenOuden	Haukoos	Omann	Seaberg	Spk. Jennings, D.
Dimler	Heap	Onuen	Shaver	

The motion did not prevail and the amendment was not adopted.

Clark moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 106, line 13, in both places strike "August" and insert "May"

Page 106, line 16, strike "August" and insert "May"

Page 112, after line 15, insert:

"Sec. 43. [APPROPRIATION.]

There is appropriated to the commissioner of revenue from the general fund for fiscal year 1985 the amounts required to make the property tax refund payments to renters in fiscal years 1986 and 1987. Notwithstanding the provisions of Minnesota Statutes 1984, section 16A.28, this appropriation is available until June 30, 1987."

Renumber the remaining section

Page 112, line 18, after the period, insert "*The portion of section 12 changing the payment date is effective for claims based on rent paid during calendar year 1985 and thereafter.*"

A roll call was requested and properly seconded.

The question was taken on the Clark amendment and the roll was called.

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

There were 54 yeas and 68 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Munger	Piper	Solberg
Battaglia	Jacobs	Murphy	Price	Sparby
Beard	Jennings, L.	Nelson, K.	Rest	Staten
Begich	Kahn	Norton	Riveness	Tomlinson
Brandl	Kelly	O'Connor	Rodosovich	Tunheim
Brown	Knuth	Ogren	Sarna	Vanasek
Carlson, L.	Kostohryz	Olsen, S.	Scheid	Vellenga
Clark	Lieder	Olson, E.	Schoenfeld	Voss
Cohen	Long	Osthoff	Segal	Welle
Elioff	McLaughlin	Otis	Simoneau	Wenzel
Ellingson	Minne	Peterson	Skoglund	

Those who voted in the negative were:

Anderson, R.	Bennett	Boo	Carlson, D.	Dempsey
Backlund	Blatz	Brinkman	Carlson, J.	DenOuden
Becklin	Boerboom	Burger	Clausnitzer	Dyke

Erickson	Hcap	McKasy	Redalen	Thiede
Fjoslien	Himle	McPherson	Rees	Thorson
Forsythe	Johnson	Miller	Richter	Tjornhom
Frederick	Kalis	Omann	Rose	Tompkins
Frederickson	Kiffmeyer	Onnen	Schafer	Uphus
Frerichs	Knickerbocker	Ozment	Schreiber	Valan
Gruenes	Krueger	Pauly	Seaberg	Valento
Gutknecht	Kvam	Piepho	Shaver	Waltman
Halberg	Levi	Poppenhagen	Sherman	Spk. Jennings, D.
Hartle	Marsh	Quinn	Stanius	
Haukoos	McDonald	Quist	Sviggum	

The motion did not prevail and the amendment was not adopted.

Clark moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 106, line 12, after "renter" insert "*and who is disabled or who has attained the age of 65 shall receive full payment after May 1 and prior to May 15 or 60 days after receipt of the application, whichever is later and who is not disabled or who is not 65 years old*"

Page 106, line 16, after "from" insert "*May 15 in the case of disabled and seniors and*"

Page 106, line 16, after "15" insert "*in the case of non-disabled and non-seniors*"

Page 112, after line 15, insert:

"Sec. 23. [APPROPRIATION.]

There is appropriated to the commissioner of revenue from the general fund for fiscal year 1985 the amounts required to make the May property tax refund payments to renters in fiscal years 1986 and 1987. Notwithstanding the provisions of Minnesota Statutes 1984, section 16A.28, this appropriation is available until June 30, 1987."

Page 112, line 18, after the period insert "*The portion of section 12 changing the payment date is effective for claims based on rent paid during calendar year 1985 and thereafter."*

A roll call was requested and properly seconded.

The question was taken on the Clark amendment and the roll was called.

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

There were 59 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jennings, L.	Murphy	Piper	Solberg
Battaglia	Kahn	Nelson, K.	Price	Sparby
Beard	Kelly	Neuenschwander	Rest	Staten
Begich	Kostohryz	Norton	Rice	Tomlinson
Brandl	Krueger	O'Connor	Riveness	Tunheim
Brown	Lieder	Ogren	Rodosovich	Vanasek
Carlson, L.	Long	Olson, S.	Sarna	Vellenga
Clark	McEachern	Olson, E.	Scheid	Voss
Cohen	McLaughlin	Omman	Schoenfeld	Welle
Elioff	Metzen	Osthoff	Segal	Wenzel
Ellingson	Minne	Otis	Simoneau	Wynia
Greenfield	Munger	Peterson	Skoglund	

Those who voted in the negative were:

Anderson, R.	Dimler	Heap	Miller	Shaver
Backlund	Dyke	Himle	Onnen	Sherman
Becklin	Erickson	Jacobs	Ozment	Stanis
Bennett	Fjoslien	Johnson	Pauly	Sviggum
Bishop	Forsythe	Kalis	Piepho	Thiede
Blatz	Frederick	Kiffmeyer	Poppenhagen	Thorson
Boo	Frederickson	Knickerbocker	Quist	Tjornhom
Brinkman	Frerichs	Knuth	Redalen	Tompkins
Burger	Gruenes	Kvam	Rees	Uphus
Carlson, D.	Gutknecht	Levi	Richter	Valan
Carlson, J.	Halberg	Marsh	Rose	Valento
Clausnitzer	Hartinger	McDonald	Schafer	Waltman
Dempsey	Hartle	McKasy	Schreiber	Zaffke
DenOuden	Haukoos	McPherson	Seaberg	Spk. Jennings, D.

The motion did not prevail and the amendment was not adopted.

Otis moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 30, after line 32, insert:

"Sec. 20. Minnesota Statutes 1984, section 290.06, is amended by adding a subdivision to read:

Subd. 21. [POST SECONDARY TUITION.] (a) A credit is allowed equal to 50 percent of the amount paid during the taxable year for tuition to a qualified post-secondary institution either for the taxpayer or for a dependent of a taxpayer. The maximum amount of the tuition qualifying for the credit is limited to \$1,000 for each student. The credit is not allowable for tuition paid by the taxpayer, if the taxpayer was claimed as a dependent for the taxable year. The amount of tuition to which the credit may apply must be reduced to the extent the taxpayer or student was reimbursed for or received funds for payment of the tuition from scholarships or grants that were not included in taxable income of either the student or the taxpayer. To qualify

for the credit the student must be enrolled in a program leading to a degree at a qualified post-secondary institution and the tuition must have been paid for the student's enrollment in the program.

(b) For purposes of this subdivision, the following terms have the meanings given:

(1) "Tuition" means tuition or other fees paid for the privilege of enrolling in a class or course of study for credit at a qualified post-secondary institution. Tuition does not include amounts paid for textbooks, instructional materials, equipment, social activities or living expenses.

(2) "Qualified post-secondary institution" means an accredited university, college, community college, or vocational-technical institute, or other institution providing an accredited course of post-secondary instruction.

(3) "Degree" includes a certificate of the completion of a course of study at a vocational technical institute.

(c) If the amount of credit which a claimant is eligible to receive under this subdivision exceeds the tax liability, the excess amount of the credit shall be refunded by the commissioner of revenue.

(d) The amount necessary to pay the credits allowed in excess of tax liability under this subdivision is annually appropriated to the commissioner of revenue from the general fund."

Renumber the sections

Page 75, line 9, delete "45, 48, and 49" insert "46, 49, and 50"

Page 75, line 12, delete "46" insert "47"

Page 75, line 14, delete "50" insert "51"

Further amend the title:

Page 1, line 44, delete "a"

Page 1, line 45, delete the first "subdivision" insert "subdivisions"

A roll call was requested and properly seconded.

The question was taken on the Otis amendment and the roll was called.

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

There were 62 yeas and 68 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jacobs	Minne	Price	Sparby
Battaglia	Jennings, L.	Munger	Quinn	Staten
Beard	Kahn	Nelson, K.	Rest	Tomlinson
Begich	Kalis	Neuenschwander	Rice	Tunheim
Brandl	Kelly	Norton	Riveness	Vanasek
Brinkman	Knuth	O'Connor	Rodosovich	Vellenga
Brown	Kostohryz	Ogren	Sarna	Voss
Carlson, L.	Krueger	Olson, E.	Scheid	Welle
Clark	Lieder	Osthoff	Schoenfeld	Wenzel
Cohen	Long	Otis	Segal	Wynia
Elioff	McEachern	Pappas	Simoneau	
Ellingson	McLaughlin	Peterson	Skoglund	
Greenfield	Metzen	Piper	Solberg	

Those who voted in the negative were:

Anderson, R.	Dimler	Himle	Ozment	Stanius
Backlund	Dyke	Johnson	Pauly	Sviggum
Becklin	Erickson	Kiffmeyer	Piepho	Thiede
Bennett	Fjoslien	Knickerbocker	Poppenhagen	Thorson
Bishop	Forsythe	Kvam	Quist	Tjornhom
Blatz	Frederick	Levi	Redalen	Tompkins
Boerboom	Frederickson	Marsh	Rees	Uphus
Boo	Gruenes	McDonald	Richter	Valan
Burger	Gutknecht	McKasy	Rose	Valento
Carlson, D.	Halberg	McPherson	Schafer	Waltman
Carlson, J.	Hartinger	Miller	Schreiber	Zafke
Clausnitzer	Hartle	Olsen, S.	Seaberg	Spk. Jennings, D.
Dempsey	Haukoos	Omann	Shaver	
DenOuden	Heap	Onnen	Sherman	

The motion did not prevail and the amendment was not adopted.

Wenzel moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 123, after line 6, insert:

"Section 1. Minnesota Statutes 1984, 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, 290.20, 290.35, or 290.36, 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) *ten percent.*"

Page 134, line 29, delete "*5, 7, and 10*" and insert "*6, 8, and 11*"

Page 134, line 30, delete "*8 and 9*" and insert "*9 and 10*"

Page 134, line 32, delete "*6*" and insert "*7*"

Renumber the sections

Amend the title as follows:

Page 1, line 44, after "subdivisions" insert "1,"

A roll call was requested and properly seconded.

The question was taken on the Wenzel amendment and the roll was called.

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

There were 37 yeas and 83 nays as follows:

Those who voted in the affirmative were:

Battaglia	Cohen	Lieder	Otis	Staten
Beard	Elioff	Long	Peterson	Tunheim
Begich	Ellingson	McEachern	Piper	Uphus
Brandl	Gutknecht	Metzen	Quinn	Welle
Brinkman	Kalis	Minne	Scheid	Wenzel
Brown	Kelly	Murphy	Schoenfeld	
Carlson, L.	Knickerbocker	O'Connor	Solberg	
Clausnitzer	Krueger	Osthoff	Sparby	

Those who voted in the negative were:

Anderson, G.	Burger	Fjoslien	Hartle	Kvam
Anderson, R.	Carlson, D.	Forsythe	Haukoos	Levi
Backlund	Carlson, J.	Frederick	Himle	Marsh
Becklin	Clark	Frederickson	Jacobs	McDonald
Bennett	Dempsey	Frerichs	Johnson	McKasy
Bishop	DenOuden	Greenfield	Kahn	McLaughlin
Blatz	Dimler	Gruenes	Kiffmeyer	McPherson
Boerboom	Dyke	Halberg	Knuth	Miller
Boo	Erickson	Hartinger	Kostohryz	Neuenschwander

Norton	Poppenhagen	Rodosovich	Simoneau	Valan
Olsen, S.	Price	Rose	Skoglund	Valento
Omann	Quist	Sarna	Stanis	Vanasek
Onnen	Redalen	Schafer	Sviggum	Voss
Ozment	Rees	Schreiber	Thiede	Waltman
Pappas	Rest	Segal	Thorson	Spk. Jennings, D.
Pauly	Richter	Shaver	Tomlinson	
Piepho	Riveness	Sherman	Tompkins	

The motion did not prevail and the amendment was not adopted.

Vanasek moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 92, line 12, delete "2, 4, 5" insert "3, 5, 6"

Page 92, line 15, delete "3 and 6" insert "2 and 4"

Page 92, line 18, delete "1985" insert "1986"

Page 92, line 19, delete "1986" insert "1985"

A roll call was requested and properly seconded.

The question was taken on the Vanasek amendment and the roll was called.

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

There were 51 yeas and 72 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Kalis	Nelson, K.	Price	Tomlinson
Battaglia	Kelly	Neuenschwander	Rest	Tunheim
Beard	Knuth	Norton	Rice	Vanasek
Begich	Kostohryz	O'Connor	Rodosovich	Vellenga
Brinkman	Long	Ogren	Sarna	Voss
Carlson, L.	McEachern	Olson, E.	Scheid	Welle
Clark	McLaughlin	Osthoff	Schoenfeld	Wenzel
Cohen	Metzen	Otis	Segal	
Elioff	Minne	Pappas	Simoneau	
Greenfield	Munger	Peterson	Skoglund	
Jennings, L.	Murphy	Piper	Sparby	

Those who voted in the negative were:

Anderson, R.	Boo	DenOuden	Frederickson	Haukoos
Backlund	Brown	Dimler	Frerichs	Heap
Becklin	Burger	Dyke	Gruenes	Himle
Bennett	Carlson, D.	Erickson	Gutknecht	Jacobs
Bishop	Carlson, J.	Fjoslien	Halberg	Johnson
Blatz	Clausnitzer	Forsythe	Hartinger	Kiffmeyer
Boerboom	Dempsey	Frederick	Hartle	Knickerbocker

Krueger	Olsen, S.	Redalen	Sherman	Valan
Kvam	Omamn	Rees	Stanis	Valento
Levi	Onnen	Richter	Sviggunn	Waltman
Marsh	Ozment	Riveness	Thiede	Zaffke
McDonald	Pauly	Rose	Thorson	Spk. Jennings, D.
McKasy	Piepho	Schreiber	Tjornhom	
McPherson	Poppenhagen	Seaberg	Tompkins	
Miller	Quist	Shaver	Uphus	

The motion did not prevail and the amendment was not adopted.

Voss moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 76, line 33, delete "5.5" and insert "5"

Page 77, line 17, delete "5.5" and insert "5"

Page 78, line 9, delete "5.5" and insert "5"

A roll call was requested and properly seconded.

POINT OF ORDER

Olsen, S., raised a point of order pursuant to section 112, paragraph 6, of "Mason's Manual of Legislative Procedure" relating to the reading of papers. The Speaker pro tempore Halberg ruled the point of order not well taken.

The Speaker resumed the Chair.

The question recurred on the Voss amendment and the roll was called. There were 64 yeas and 68 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jennings, L.	Minne	Peterson	Skoglund
Battaglia	Kahn	Munger	Piper	Solberg
Beard	Kalis	Murphy	Price	Sparby
Begich	Kelly	Nelson, K.	Quinn	Staten
Brandl	Knuth	Neuenschwander	Rest	Tomlinson
Brinkman	Kostohryz	Norton	Rice	Tunheim
Brown	Krueger	O'Connor	Riveness	Vanasek
Carlson, L.	Lieder	Ogren	Rodosovich	Vellenga
Clark	Long	Olson, E.	Sarna	Voss
Cohen	McDonald	Omamn	Scheid	Welle
Elioff	McEachern	Osthoff	Schoenfeld	Wenzel
Ellingson	McLaughlin	Otis	Segal	Wynia
Greenfield	Metzen	Pappas	Simoneau	

Those who voted in the negative were:

Anderson, R.	Bennett	Boerboom	Carlson, D.	Dempsey
Backlund	Bishop	Boo	Carlson, J.	DenOuden
Becklin	Blatz	Burger	Clausnitzer	Dimler

Dyke	Hartle	McKasy	Rees	Thorson
Erickson	Haukoos	McPherson	Richter	Tjornhom
Fjoslien	Heap	Miller	Rose	Tompkins
Forsythe	Himle	Olsen, S.	Schafer	Uphus
Frederick	Jacobs	Onnen	Schreiber	Valan
Frederickson	Johnson	Ozment	Seaberg	Valento
Frerichs	Kiffmeyer	Pauly	Shaver	Waltman
Gruenes	Knickerbocker	Piepho	Sherman	Zaffke
Gutknecht	Kvam	Poppenhagen	Sianius	Spk. Jennings, D.
Halberg	Levi	Quist	Sviggum	
Hartinger	Marsh	Redalen	Thiede	

The motion did not prevail and the amendment was not adopted.

Wenzel moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 76, line 36, to page 77, line 5, delete section 4

Page 78, line 11, strike everything after the period

Page 78, lines 12 to 14, strike the old language and delete the new language

Page 87, line 36, before the period insert “;

(ee) *The gross receipts from sales of capital equipment and special tooling*”

Page 89, line 13, to page 90, line 9, delete section 10

Page 92, line 9, after “sections” insert “297A.02, subdivision 2,”

Page 92, line 12, delete “5,” and insert “7,” delete “11,”

Page 92, line 13, delete “14” and insert “12”

Page 92, line 15, delete “6” and insert “5”

Page 92, lines 16 and 19, delete “7” and insert “6”

Page 92, line 16, delete “pertaining to” and insert “striking”

Page 92, delete lines 20 to 24

Page 92, line 25, delete “June 1.” and delete “, 12,” and delete “14” and insert “12”

Renumber the sections

Amend the title as follows :

Page 2, line 19, delete “ , 2,”

Page 2, after line 48, insert “297.02, subdivision 2;”

A roll call was requested and properly seconded.

The question was taken on the Wenzel amendment and the roll was called.

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

There were 40 yeas and 85 nays as follows :

Those who voted in the affirmative were :

Battaglia	Cohen	Krueger	Peterson	Skoglund
Beard	Dimler	Long	Piper	Solberg
Begich	Elioff	Metzen	Price	Sparby
Brandl	Ellingson	Munger	Quinn	Tunheim
Brinkman	Kahn	Murphy	Rodosovich	Vanasek
Brown	Kalis	Nelson, K.	Scheid	Vellenga
Carlson, L.	Kelly	Osthoff	Segal	Wenzel
Clark	Kostohryz	Otis	Simoneau	Wynia

Those who voted in the negative were :

Anderson, G.	Fjoslien	Knickerbocker	Pauly	Sherman
Anderson, R.	Forsythe	Knuth	Piepho	Stanius
Backlund	Frederick	Kvam	Poppenhagen	Staten
Becklin	Frederickson	Levi	Quist	Svigum
Bennett	Frerichs	Lieder	Redalen	Thiede
Bishop	Greenfield	Marsh	Rees	Thorson
Blatz	Gruenes	McDonald	Rest	Tjornhom
Boerboom	Gutknecht	McKasy	Rice	Tomlinson
Boo	Halberg	McPherson	Richter	Tompkins
Burger	Hartinger	Miller	Riveness	Uphus
Carlson, D.	Hartle	Neuenschwander	Rose	Valan
Carlson, J.	Haukoos	Norton	Sarna	Valento
Clausnitzer	Heap	Olsen, S.	Schafer	Voss
Dempsey	Himle	Omman	Schoenfeld	Waltman
DenOuden	Jacobs	Onnen	Schreiber	Welle
Dyke	Johnson	Ozment	Seaberg	Zaffke
Erickson	Kiffmeyer	Pappas	Shaver	Spk. Jennings, D.

The motion did not prevail and the amendment was not adopted.

Brinkman ; Jennings, L. ; Neuenschwander ; Ogren ; Vanasek ; Lieder ; Schoenfeld ; Brown ; Krueger ; Olson, E. ; Anderson, G., and Wenzel offered an amendment to H. F. No. 756, the first engrossment, as amended.

POINT OF ORDER

Schreiber raised a point of order pursuant to rule 5.10 that the Brinkman et al. amendment was out of order. The Speaker ruled the Schreiber point of order well taken and the Brinkman et al. amendment out of order.

Voss appealed the decision of the Chair.

A roll call was requested and properly seconded.

The vote was taken on the question "Shall the decision of the Speaker stand as the judgment of the House?" and the roll was called.

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

There were 67 yeas and 55 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Dyke	Himle	Pauly	Sviggum
Backlund	Erickson	Johnson	Piepho	Thiede
Becklin	Fjoslien	Kiffmeyer	Poppenhagen	Thorson
Bennett	Forsythe	Knickerbocker	Quist	Tjornhom
Bishop	Frederick	Kvam	Redalen	Tompkins
Blatz	Frederickson	Levi	Rees	Uphus
Boerboom	Frerichs	Marsh	Richter	Valan
Boo	Gruenes	McDonald	Rose	Valento
Burger	Gutknecht	McKasy	Schafer	Waltman
Carlson, J.	Halberg	McPherson	Schreiber	Zaffke
Clausnitzer	Hartinger	Miller	Seaberg	Spk. Jennings, D.
Dempsey	Hartle	Olsen, S.	Shaver	
DenOuden	Haukoos	Onnen	Sherman	
Dimler	Heap	Ozment	Stanisus	

Those who voted in the negative were:

Anderson, G.	Greenfield	McLaughlin	Peterson	Simoneau
Battaglia	Jacobs	Metzen	Piper	Solberg
Beard	Kahn	Minne	Price	Sparby
Begich	Kalis	Murphy	Quinn	Staten
Brinkman	Kelly	Nelson, K.	Rice	Tomlinson
Brown	Knuth	Norton	Riveness	Tunheim
Carlson, L.	Kostohryz	O'Connor	Rodosovich	Vanasek
Clark	Krueger	Ogren	Sarna	Vellenga
Cohen	Lieder	Olson, E.	Scheid	Voss
Elioff	Long	Osthoff	Schoenfeld	Wenzel
Ellingson	McEachern	Otis	Segal	Wynia

So it was the judgment of the House that the decision of the Speaker should stand.

Jennings, L., offered an amendment to H. F. No. 756, the first engrossment, as amended.

POINT OF ORDER

Schreiber raised a point of order pursuant to rule 5.10 that the Jennings, L., amendment was out of order. The Speaker ruled the Schreiber point of order well taken and the Jennings, L., amendment out of order.

Norton appealed the decision of the Chair.

A roll call was requested and properly seconded.

The vote was taken on the question "Shall the decision of the Speaker stand as the judgment of the House?" and the roll was called.

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

There were 67 yeas and 53 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Dimler	Heap	Pauly	Sviggum
Backlund	Dyke	Himle	Piepho	Thiede
Becklin	Erickson	Kiffmeyer	Poppenhagen	Thorson
Bennett	Fjoslien	Knickerbocker	Quist	Tjornhom
Bishop	Forsythe	Kvam	Redalen	Tompkins
Blatz	Frederick	Levi	Rees	Uphus
Boerboom	Frederickson	Marsh	Richter	Valan
Boo	Frerichs	McDonald	Rose	Valento
Burger	Gruenes	McKasy	Schafer	Waltman
Carlson, D.	Gutknecht	McPherson	Schreiber	Zaffke
Carlson, J.	Halberg	Miller	Seaberg	Spk. Jennings, D.
Clausnitzer	Hartinger	Olsen, S.	Shaver	
Dempsey	Hartle	Onnen	Sherman	
DenOuden	Haukoos	Ozment	Stanis	

Those who voted in the negative were:

Anderson, G.	Ellingson	McEachern	Peterson	Skoglund
Battaglia	Greenfield	McLaughlin	Price	Sparby
Beard	Jacobs	Metzen	Quinn	Tomlinson
Begich	Jennings, L.	Minne	Rice	Tunheim
Brandl	Kahn	Murphy	Riveness	Vanasek
Brinkman	Kelly	Nelson, K.	Rodosovich	Vellenga
Brown	Knuth	Norton	Sarna	Voss
Carlson, L.	Kostohryz	O'Connor	Scheid	Wenzel
Clark	Krueger	Ogren	Schoenfeld	Wynia
Cohen	Lieder	Osthoff	Segal	
Elioff	Long	Otis	Simoneau	

So it was the judgment of the House that the decision of the Speaker should stand.

Ogren; Vanasek; Lieder; Jennings, L.; Brinkman; Schoenfeld; Krueger; Piper; Tunheim; Brown; Anderson, G.; Wenzel and Olson, E., moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 173, after line 8, insert:

"Sec. 42. [FARM CRISIS CREDIT.]

Subdivision 1. [CREDIT.] For taxes payable in 1985 and 1986 only, the county auditor shall reduce the tax on all agricultural land classified pursuant to section 273.13, subdivision 4 or 6, excluding the homestead dwelling and surrounding one acre of land, by an amount equal to 25 percent of the net tax payable on the property after reductions of the tax pursuant to sections 124.2187, 273.123, 273.13, 273.135, 273.1391, and 473H.10. The credit must be applied against the first one-half property tax payment which is due on or before May 15 or if the taxpayer has already made the May 15, 1985 payment, it shall be applied against the October 15, 1985 payment. For taxes payable in 1985, the county auditor shall notify each affected taxpayer by May 10, 1985, of the revised May 15, 1985, payment amount on each piece of qualifying property. This credit applies to the land and buildings and structures located on it, except for all dwellings and one acre of land for each dwelling.

Subd. 2. [CERTIFICATIONS.] The county auditor shall certify to the commissioner of revenue at the times required by the commissioner the amounts computed under subdivision 1. The commissioner of revenue shall review the certifications to determine their accuracy. He may make necessary changes in a certification or return it to the county auditor for corrections.

Subd. 3. [LIMITATION.] The amount of the reduction provided under this section which any taxpayer can receive on all agricultural property which he owns must not exceed \$2,000. In the case of property owned by more than one person, the maximum amount of the reduction applies to the total of all the owners.

Subd. 4. [REIMBURSEMENT.] Revenue lost as a result of the reduction of property taxes pursuant to this section shall be paid to local taxing jurisdictions according to the provisions of sections 273.13, subdivision 15a, and 273.1392.

Subd. 5. [APPROPRIATION.] There is established in the treasury of the state a separate account known as the agriculture property tax reduction fund. The commissioner of finance shall transfer from the unexpended balance of the general fund for fiscal year 1985 an amount required to make the payments under subdivision 4. The commissioner of finance shall de-

termine the appropriate amounts required to accomplish the purposes of subdivision 4 and transfer these amounts to the commissioners of revenue and education. Funds in the agriculture property tax reduction fund are annually appropriated to the commissioner of finance."

Page 173, line 14, delete "42" and insert "43"

Page 173, line 20, delete "and 41" and insert "to 42"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 24, after the first semicolon insert "providing a property tax credit in 1985 and 1986 for certain agricultural property;"

A roll call was requested and properly seconded.

The question was taken on the Ogren et al. amendment and the roll was called.

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

There were 58 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Minne	Piper	Sparby
Battaglia	Jacobs	Munger	Price	Staten
Beard	Jennings, L.	Murphy	Quinn	Tomlinson
Begich	Kahn	Neuenschwander	Rest	Tunheim
Brandl	Kalis	Norton	Rice	Vanasek
Brinkman	Kelly	O'Connor	Rodosovich	Vellenga
Brown	Knuth	Ogren	Sarna	Voss
Carlson, L.	Krueger	Olson, E.	Scheid	Welle
Clark	Lieder	Osthoff	Schoenfeld	Wenzel
Cohen	Long	Otis	Segal	Wynia
Elioff	McEachern	Pappas	Simoneau	
Ellingson	McLaughlin	Peterson	Solberg	

Those who voted in the negative were:

Anderson, R.	Clausnitzer	Gruenes	Kostohryz	Onnen
Backlund	Dempsey	Gutknecht	Kvam	Ozment
Becklin	DenOuden	Halberg	Levi	Pauly
Bennett	Dimler	Hartinger	Marsh	Poppenhagen
Bishop	Dyke	Hartle	McDonald	Quist
Blatz	Erickson	Haukoos	McKasy	Redalen
Boerboom	Fjoslien	Heap	McPherson	Rees
Boo	Forsythe	Himle	Metzen	Richter
Burger	Frederick	Johnson	Miller	Rivencas
Carlson, D.	Frederickson	Kiffmeyer	Olsen, S.	Rose
Carlson, J.	Frerichs	Knickerbocker	Omann	Schreiber

Seaberg
Shaver
Sherman

Stanis
Swiggum
Thiede

Thorson
Tjornhom
Tompkins

Uphus
Valan
Valento

Waltman
Zaffke
Spk. Jennings, D.

The motion did not prevail and the amendment was not adopted.

Schoenfeld; Lieder; Brown; Jennings, L.; Piper; Neuen-schwander and McEachern moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 173, after line 8, insert:

"Sec. 42. [DEFERRAL OF 1985 TAXES ON AGRICULTURAL HOMESTEADS.]

Notwithstanding the provisions of Minnesota Statutes, section 279.01, or any other law to the contrary, taxes otherwise due on May 15, 1985, on class 3b or class 3cc or class 3 agricultural property may be paid at any time before October 16, 1985, and no penalty shall be charged upon that tax if paid by October 15, 1985. If the deferred tax is not paid by October 15, 1985, a penalty of eight percent shall attach on October 16, 1985. Penalties shall attach to all taxes unpaid after October 15, 1985, pursuant to Minnesota Statutes, section 279.01.

By May 10, 1985, the county treasurer shall mail a notice regarding the availability of this deferral, in a form prepared by the commissioner of revenue, to each owner of class 3b or 3cc agricultural property who is responsible for payment of tax on the property. If notification to the taxpayer is made after the taxpayer has made the May 15, 1985 payment, the amount of this deferred payment shall be refunded to the qualifying taxpayer.

Sec. 43. [TEMPORARY STATE REIMBURSEMENT.]

Subdivision 1. [PAYMENT TO TAXING DISTRICTS.]
Payment from the budget reserve account in the general fund shall be made for the purpose of temporarily replacing the revenue, receipt of which is deferred as a result of the property tax deferral provided in section 42.

The county auditor shall certify by May 20, 1985, the amount of taxes deferred. The commissioner may review the certification to determine its accuracy and may correct the certification or return it to the county auditor for corrections. On May 30, 1985, the commissioner of revenue shall pay to each taxing district, other than school districts, the amount of tax, receipt of which was deferred. The amount of deferred tax receipts otherwise payable to school districts shall be certified to the department of education by the department of revenue and paid by the commissioner of education on May 29, 1985. The amount received by a school district pursuant to this subdivision shall be recog-

nized as revenue in the same manner as if it were property tax revenue received through the May 20, 1985, settlement. Payments received pursuant to this section shall not be considered to be borrowing for purposes of any prohibition on borrowing by a school district or other taxing district to meet debt service payments.

Subd. 2. [REPAYMENT TO STATE.] By October 31, 1985, the county auditor shall reimburse the state for all payments made to taxing districts within the county pursuant to subdivision 1. The county treasurer shall make settlement with the county auditor on October 21, 1985, for the deferred tax payments made by October 15, 1985, under section 42. The county auditor shall apportion the receipts among the taxing districts and issue a warrant to the county treasurer who shall pay to the state treasurer the amount of state reimbursement which each taxing district received pursuant to subdivision 1. Any shortfall shall be deducted from the amounts apportioned to the taxing districts on that settlement date and paid to the state treasurer. Payments made to the state treasurer under this section shall be deposited in the budget reserve account of the general fund.

Subd. 3. [APPROPRIATION.] Notwithstanding the provisions of Minnesota Statutes, section 16A.15, subdivision 6, there is appropriated from the budget reserve account of the general fund for fiscal year 1985 to the commissioner of revenue and the commissioner of education the amounts necessary to make the payments required by this section."

Page 173, line 14, delete "42" and insert "44"

Page 173, line 20, delete "and 41" and insert "to 43"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 24, after the first semicolon insert "allowing deferred payments of first half property taxes on agricultural homesteads in 1985; providing for loans of state funds to taxing districts;"

A roll call was requested and properly seconded.

The question was taken on the Schoenfeld et al. amendment and the roll was called.

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

There were 54 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Ellingson	Munger	Piper	Solberg
Battaglia	Greenfield	Murphy	Price	Sparby
Beard	Kahn	Neuenschwander	Quinn	Staten
Begich	Kalis	Norton	Rest	Tomlinson
Brandl	Kelly	Ogren	Rice	Tunheim
Brinkman	Kostohryz	Olson, E.	Rodosovich	Vanasek
Brown	Krueger	Omann	Scheid	Voss
Carlson, L.	Lieder	Osthoff	Schoenfeld	Welle
Clark	Long	Otis	Segal	Wenzel
Cohen	McLaughlin	Pappas	Simoneau	Wynia
Elioff	Minne	Peterson	Skoglund	

Those who voted in the negative were:

Anderson, R.	Dimler	Heap	Miller	Seaberg
Backlund	Dyke	Himle	Olsen, S.	Shaver
Becklin	Erickson	Jacobs	Onnen	Sherman
Bennett	Fjoslien	Johnson	Pauly	Stanis
Bishop	Forsythe	Kiffmeyer	Piepho	Sviggum
Blatz	Frederick	Knickerbocker	Poppenhagen	Thiede
Boerboom	Frederickson	Knuth	Quist	Thorson
Boo	Frerichs	Kvam	Redalen	Tjornhom
Burger	Gruenes	Levi	Rees	Tompkins
Carlson, D.	Gutknecht	Marsh	Richter	Valan
Carlson, J.	Halberg	McDonald	Riveness	Valento
Clausnitzer	Hartinger	McKasy	Rose	Waltman
Dempsey	Hartle	McPherson	Schafer	Zaffke
DenOuden	Haukoos	Metzen	Schreiber	Spk. Jennings, D.

The motion did not prevail and the amendment was not adopted.

Tomlinson moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 150, line 35, reinstate the stricken language after the period

Page 150, line 36, reinstate the stricken language before the stricken "14" and after the stricken "14" insert "20" and reinstate the stricken language after the stricken "14"

Page 151, lines 1 and 2, reinstate the stricken language

Page 151, line 7, after the period insert *"For taxes payable in 1987 and thereafter, the maximum amount of the reduction must be adjusted by the average statewide percentage increase, if any, in the property tax on residential homestead properties between the two preceding years. The revised maximum amount shall be rounded to the nearest \$10. The commissioner of revenue shall determine and announce the revised maximum amount on December 15 of each year preceding the payment date."*

Page 153, line 1, reinstate the stricken "The"

Page 153, line 2, reinstate the stricken language

Page 153, line 3, reinstate the stricken "subject to the" and after the stricken "rates" insert "20 percent rate" and reinstate the stricken "shall be adjusted"

Page 153, line 4, reinstate the stricken language

Page 153, line 9, after the period insert *"For taxes payable in 1987 and thereafter, the maximum amount of the reduction must be adjusted by the average statewide percentage increase, if any, in the property tax on residential homestead properties between the two preceding years. The revised maximum amount shall be rounded to the nearest \$10. The commissioner of revenue shall determine and announce the revised maximum amount on December 15 of each year preceding the payment date."*

Page 158, line 25, after the period insert *"For taxes payable in 1987 and thereafter, the maximum amount of the reduction must be adjusted by the average statewide percentage increase, if any, in the property tax on residential homestead properties between the two preceding years. The revised maximum amount shall be rounded to the nearest \$10. The commissioner of revenue shall determine and announce the revised maximum amount on December 15 of each year preceding the payment date."*

Renumber the remaining section

A roll call was requested and properly seconded.

The question was taken on the Tomlinson amendment and the roll was called.

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

There were 63 yeas and 68 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jacobs	Minne	Piper	Solberg
Battaglia	Jennings, L.	Munger	Price	Sparby
Beard	Kahn	Murphy	Quinn	Staten
Begich	Kalis	Nelson, K.	Rest	Tomlinson
Brandl	Kelly	Neuenschwander	Rice	Tunheim
Brinkman	Knuth	Norton	Riveness	Vanasek
Brown	Kostohryz	O'Connor	Rodosovich	Vellenga
Carlson, L.	Krueger	Ogren	Sarna	Voss
Clark	Lieder	Olson, E.	Scheid	Welle
Cohen	Long	Osthoff	Schoenfeld	Wenzel
Elioff	McEachern	Otis	Segal	Wynia
Ellingson	McLaughlin	Pappas	Simoneau	
Greenfield	Metzen	Peterson	Skoglund	

Those who voted in the negative were:

Anderson, R.	Dimler	Heap	Onnen	Stanisus
Backlund	Dyke	Himle	Ozment	Sviggum
Becklin	Erickson	Johnson	Pauly	Thiede
Bennett	Fjoslien	Kiffmeyer	Piepho	Thorson
Bishop	Forsythe	Knickerbocker	Poppenhagen	Tjornhom
Blatz	Frederick	Kvam	Redalen	Tompkins
Boerboom	Frederickson	Levi	Rees	Uphus
Boo	Frerichs	Marsh	Richter	Valan
Burger	Gruenes	McDonald	Rose	Valento
Carlson, D.	Gutknecht	McKasy	Schafer	Waltman
Carlson, J.	Halberg	McPherson	Schreiber	Zaffke
Clausnitzer	Hartinger	Miller	Seaberg	Spk. Jennings, D.
Dempsey	Hartle	Olsen, S.	Shaver	
DonOuden	Haukoos	Omann	Sherman	

The motion did not prevail and the amendment was not adopted.

Scheid and Brandl moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 205, line 25, delete "\$100" insert "\$30"

Page 209, after line 15, insert:

"Sec. 11. [APPROPRIATION.]

An amount sufficient to pay the refunds provided by section 5 is appropriated from the general fund for fiscal year 1985."

Renumber the remaining sections

Page 209, line 24, after the period insert "Section 11 is effective the day following final enactment."

A roll call was requested and properly seconded.

The question was taken on the Scheid and Brandl amendment and the roll was called.

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

There were 56 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Brown	Ellingson	Kelly	McLaughlin
Battaglia	Carlson, L.	Greenfield	Knuth	Metzen
Beard	Clark	Jennings, L.	Krueger	Minne
Begich	Cohen	Kahn	Lieder	Murphy
Brandl	Elioff	Kalis	Long	Nelson, K.

Neuenschwander	Pappas	Rivness	Simoneau	Tunheim
Norton	Peterson	Rodosovich	Skoglund	Vanasek
O'Connor	Piper	Sarna	Soiberg	Vellenga
Ogren	Price	Scheid	Sparby	Voss
Olson, E.	Rest	Schoenfeld	Staten	Welle
Osthoff	Rice	Segal	Tomlinson	Wenzel
Otis				

Those who voted in the negative were:

Anderson, R.	Dimler	Heap	Omann	Shaver
Backlund	Dyke	Himle	Onnen	Sherman
Becklin	Erickson	Jacobs	Ozment	Stanisus
Bennett	Fjoslien	Johnson	Pauly	Svigum
Bishop	Forsythe	Kiffmeyer	Piepho	Thiede
Blatz	Frederick	Knickerbocker	Poppenhagen	Thorson
Boerboom	Frederickson	Kvam	Quist	Tjornhom
Boo	Frerichs	Levi	Redalen	Tompkins
Burger	Gruenes	Marsh	Rees	Uphus
Carlson, D.	Gutknecht	McDonald	Richter	Valan
Carlson, J.	Halberg	McKasy	Rose	Valento
Clausnitzer	Hartinger	McPherson	Schafer	Waltman
Dempsey	Hartle	Miller	Schreiber	Zaffke
DenOuden	Haukoos	Olsen, S.	Seaberg	Spk. Jennings, D.

The motion did not prevail and the amendment was not adopted.

Wenzel, Kalis, Krueger, Schoenfeld and Olson, E., moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 173, after line 12, insert:

"Sec. 43. [STATE PAID REFUND FOR TAXES PAYABLE IN 1985 AND 1986.]

For taxes payable in 1985 and 1986, a property tax refund is allowed to owners of property classified under section 273.13, subdivision 6, or agricultural property classified class 3cc. The refund for each year is equal to the lesser of (1) property taxes payable after the reductions under sections 124.2137, 273.123, 273.13, 273.135, 273.1391, and 473H.10; or (2) \$500.

On or before May 25, 1985, and March 1, 1986, the county auditor shall certify to the department of revenue the properties within the county eligible for the refund under this section, the name and mailing address of each taxpayer, and the property tax payable for the taxable year by each taxpayer after the reductions under sections 124.2137, 273.123, 273.13, 273.135, 273.1391, and 473H.10.

The commissioner may make changes in the certifications necessary to determine their accuracy or return a certification to the county auditor for corrections.

In cases where property classified under section 273.13, subdivision 6, or agricultural property classified class 3cc lies in more than one county, only the county auditor of the county in which the dwelling is located shall certify the information to the commissioner of revenue. The county auditor shall obtain from the county auditor of the counties in which the balance of the property is located the information required to be provided under this section.

On or before June 15, 1985, and May 1, 1986, the department of revenue shall determine the amount of the refund to be paid to each taxpayer for taxes payable that year and pay to each taxpayer one-half of the amount. The remaining half must be paid on or before October 1.

For purposes of chapter 290A.03, subdivision 13, "property taxes payable" means property taxes payable without regard to the refund under this section.

There is appropriated from the general fund for fiscal year 1985 to the commissioner of revenue the amount necessary to make the payments provided in this section. Notwithstanding the provisions of Minnesota Statutes 1984, this appropriation is available until June 30, 1987.

Sec. 44. [STATE PAID REFUND FOR TAXES PAID IN 1984.]

Owners of property classified under section 273.13, subdivision 6, or agricultural property classified class 3cc for taxes payable in both 1984 and 1985 are allowed a property tax refund for taxes paid in 1984. The refund is equal to the lesser of (1) property taxes paid in 1984 after the reductions under sections 124.2137, 273.123, 273.13, 273.135, 273.1391, 473H.10, and the refund allowed under chapter 290A; or (2) \$500.

Taxpayers eligible for the credit must apply to the commissioner of revenue for the refund on or before December 31, 1985. The application must be in the form prescribed by the commissioner and be accompanied by copies of the 1984 property tax statement, property tax refund form on taxes payable in 1984, and proof of classification under section 273.13, subdivision 6, class 3cc agricultural property for taxes payable in 1985.

There is appropriated from the general fund for fiscal year 1985 to the commissioner of revenue the amount necessary to make the payments provided in this section. Notwithstanding Minnesota Statutes 1984, section 16A.28, this appropriation is available until expended."

Page 173, line 20, delete "and 41" and insert ", 41, 43, and 44"

Renumber the remaining section

Amend the title as follows:

Page 1, line 15, after "ratios;" insert "providing state paid refunds for homestead agricultural property for certain years;"

A roll call was requested and properly seconded.

The question was taken on the Wenzel et al. amendment and the roll was called.

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

There were 37 yeas and 80 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Elioff	Olson, E.	Rice	Tunheim
Battaglia	Ellingson	Osthoff	Rodosovich	Vanasek
Beard	Greenfield	Otis	Scheid	Voss
Begich	Kalis	Peterson	Schoenfeld	Welle
Brinkman	Krueger	Piper	Simoneau	Wenzel
Brown	Lieder	Price	Solberg	
Carlson, L.	Norton	Quinn	Sparby	
Clark	Ogren	Rest	Staten	

Those who voted in the negative were:

Anderson, R.	Dyke	Kahn	Onnen	Segal
Backlund	Erickson	Kelly	Ozment	Shaver
Becklin	Fjoslien	Kiffmeyer	Pappas	Sherman
Bennett	Forsythe	Knickerbocker	Pauly	Stanius
Bishop	Frederick	Knuth	Piepho	Sviggum
Blatz	Frederickson	Kvam	Poppenhagen	Thiede
Boerboom	Frerichs	Levi	Quist	Thorson
Boo	Gruenes	Long	Redalen	Tjornhom
Brandl	Gutknecht	Marsh	Rees	Tomlinson
Burger	Hartinger	McDonald	Richter	Tompkins
Carlson, D.	Hartle	McPherson	Riveness	Uphus
Carlson, J.	Haukoos	Metzen	Rose	Valan
Clausnitzer	Heap	Miller	Sarna	Valento
Dempsey	Himle	Murphy	Schafer	Waltman
DenOuden	Jacobs	Olsen, S.	Schreiber	Zaffke
Dimler	Johnson	Omann	Seaberg	Spk. Jennings, D.

The motion did not prevail and the amendment was not adopted.

Scheid, Rest, Segal, Brown and Metzen moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 157, line 18, reinstate the old language and delete the new language

Page 157, lines 23, 26, and 27, reinstate the stricken language and delete the new language

Page 157, line 30, delete "30" and reinstate the stricken "28"

Page 157, line 36, delete "21" and reinstate the stricken "20"

Page 158, line 1, reinstate the stricken language

Page 158, lines 4, 5, and 6, delete the new language and reinstate the stricken language

Page 158, after line 14, insert:

"Sec. 20. Minnesota Statutes 1984, section 273.13, is amended by adding a subdivision to read:

Subd. 9a. [SMALL BUSINESS PROPERTY TAX CREDIT.] Effective for taxes payable in 1986 and thereafter, the property taxes payable on commercial and industrial property constituting class 4c as determined by law must be reduced by an amount equal to ten percent of the tax imposed on the first \$60,000 of market value.

The property tax statement mailed pursuant to section 276.04 to a taxpayer whose taxes are reduced under this subdivision must state the amount of the reduction in dollars and identify it as "state paid small business property tax credit."

Page 158, after line 25, insert:

"Sec. 22. Minnesota Statutes 1984, section 273.13, subdivision 15a, is amended to read:

Subd. 15a. [GENERAL FUND, REPLACEMENT OF REVENUE.] (1) Payment from the general fund shall be made, as provided herein, for the purpose of replacing revenue lost as a result of the reduction of property taxes provided in subdivisions 6, 7, 9a, and 14a.

(2) Each county auditor shall certify, not later than May 1 of each year to the commissioner of revenue the amount of reduction resulting from subdivisions 6, 7, 9a, and 14a in his county. This certification 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.

(3) Based on current year tax data reported in the abstracts of tax lists, the commissioner of revenue shall annually determine the taxing district distribution of the amounts certified under

clause (2). The commissioner of revenue shall pay to each taxing district, other than school districts, its total payment for the year in equal installments on or before July 15, August 15, September 15, October 15, November 15, and December 15 of each year."

Page 168, line 35, after the semicolon insert "*small business property tax credit under section 273.13, subdivision 9a;*"

Page 173, after line 12, insert:

"Sec. 45. [APPROPRIATION.] *There is established in the treasury of the state a separate account known as the small business property tax credit account. The commissioner of finance shall transfer from the unexpended balance of the general fund for fiscal year 1985 an amount sufficient to meet the requirements of subdivision 9a. Funds in the small business property tax credit account are annually appropriated to the commissioner of finance. The commissioner of finance shall determine the appropriate amounts required to accomplish the purposes of subdivision 9a and transfer such amounts to the commissioners of revenue and education for payments required under subdivision 9a.*"

Page 173, line 14, delete "38" and insert "40" and delete "42" and insert "44"

Page 173, line 19, delete "39" and insert "41"

Page 173, line 20, delete "40 and 41" and insert "42 and 43"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 24, after the first semicolon insert "providing a state paid small business property tax credit;"

Page 1, line 33, after "14a," insert "15a,"

Page 1, line 34, delete "and" and after "21" insert ", and by adding a subdivision"

A roll call was requested and properly seconded.

The question was taken on the Scheid et al. amendment and the roll was called.

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

There were 50 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Greenfield	Murphy	Price	Skoglund
Battaglia	Jennings, L.	Neuenschwander	Quinn	Solberg
Beard	Kahn	Norton	Rest	Sparby
Brandl	Kelly	O'Connor	Riveness	Staten
Brown	Knuth	Olson, E.	Rodostovich	Tomlinson
Carlson, L.	Lieder	Osthoff	Sarna	Tunheim
Clark	Long	Otis	Scheid	Vellenga
Cohen	McLaughlin	Pappas	Schoenfeld	Voss
Elioff	Metzen	Peterson	Segal	Wenzel
Ellingson	Minne	Piper	Simoneau	Wynia

Those who voted in the negative were:

Anderson, R.	Dimler	Heap	Omann	Shaver
Backlund	Dyke	Himle	Onnen	Sherman
Becklin	Erickson	Jacobs	Ozment	Stanisus
Bennett	Fjoslien	Johnson	Pauly	Sviggum
Bishop	Forsythe	Kiffmeyer	Piepho	Thiede
Blatz	Frederick	Knickerbocker	Poppenhagen	Thorson
Boerboom	Frederickson	Krueger	Quist	Tjornhom
Boo	Frerichs	Kvam	Redalen	Tompkins
Burger	Gruenes	Levi	Rees	Uphus
Carlson, D.	Gutknecht	Marsh	Richter	Valan
Carlson, J.	Halberg	McDonald	Rose	Valento
Clausnitzer	Hartinger	McPherson	Schafer	Waltman
Dempsey	Hartle	Miller	Schreiber	Zaffke
DenOuden	Haukoos	Olsen, S.	Seaberg	Spk. Jennings, D.

The motion did not prevail and the amendment was not adopted.

Long, Cohen and Nelson, K., moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 149, line 35, delete "28" and insert "26"

Page 153, line 1, delete "28" and insert "26"

A roll call was requested and properly seconded.

The question was taken on the Long et al. amendment and the roll was called.

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

There were 32 yeas and 87 nays as follows:

Those who voted in the affirmative were:

Battaglia	Carlson, L.	Ellingson	Kostohryz	McEachern
Begich	Cohen	Jennings, L.	Krueger	Metzen
Brinkman	Elioff	Knuth	Long	Minne

Munger
Murphy
O'Connor
Ogren

Otis
Peterson
Piper
Price

Riveness
Rodosovich
Sarna

Skoglund
Solberg
Tunheim

Vanasek
Vellenga
Wenzel

Those who voted in the negative were:

Anderson, G.	Forsythe	Kiffmeyer	Piepho	Sviggum
Anderson, R.	Frederick	Knickerbocker	Poppenhagen	Thiede
Backlund	Frederickson	Kvam	Quist	Thorson
Becklin	Frerichs	Levi	Redalen	Tjornhom
Bennett	Greenfield	Lieder	Rees	Tomlinson
Bishop	Gruenes	Marsh	Richter	Tompkins
Boerboom	Gutknecht	McDonald	Rose	Uphus
Boo	Halberg	McLaughlin	Schafer	Valan
Brown	Hartinger	McPherson	Schoenfeld	Valento
Burger	Hartle	Miller	Schreiber	Voss
Carlson, D.	Haukoos	Norton	Seaberg	Waltman
Carlson, J.	Heap	Olsen, S.	Segal	Welle
Clausnitzer	Himle	Olson, E.	Shaver	Wynia
Dempsey	Jacobs	Onnen	Sherman	Zaffke
DenOuden	Johnson	Osthoff	Simoneau	Spk. Jennings, D.
Dyke	Kahn	Ozment	Sparby	
Erickson	Kalis	Pappas	Stanisus	
Fjoslien	Kelly	Pauly	Staten	

The motion did not prevail and the amendment was not adopted.

Knuth moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 139, line 29, reinstate the stricken language

Page 139, line 30, reinstate the stricken language

Page 143, lines 4 and 5, reinstate the stricken language

Page 146, line 18 to page 147, line 35, delete sections 6 to 9

Page 168, lines 35 and 36, reinstate the stricken language

Page 171, line 5 to page 172, line 14, delete section 39

Page 173, line 10, delete everything after "sections"

Page 173, line 11, delete everything before "273.1311;"

Page 173, after line 12, insert:

"Sec. 43. [APPROPRIATION.]

An amount sufficient to fund the wetlands and native prairie credits for fiscal years 1986 and 1987 is appropriated from the

general fund for fiscal year 1985. Notwithstanding the provisions of Minnesota Statutes 1984, section 16A.28, this appropriation is available until June 30, 1987."

Page 173, line 14, delete "38, and 42" and insert "36 and 39"

Page 173, delete line 19

Page 173, line 20, delete everything before "Sections" and delete "40 and 41" and insert "37 and 38"

Renumber the remaining sections

Amend the title as follows:

Page 1, line 31, delete everything after "11;"

Page 1, line 32, delete everything before "273.13"

Page 2, line 33, delete everything after "7;"

Page 2, line 34, delete everything before "273.1311;"

A roll call was requested and properly seconded.

The question was taken on the Knuth amendment and the roll was called.

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

There were 61 yeas and 68 nays as follows:

Those who voted in the affirmative were:

Andersop, G.	Jennings, L.	Minne	Price	Tomlinson
Battaglia	Kahn	Munger	Quinn	Tunheim
Beard	Kalis	Murphy	Rest	Uphus
Begich	Kelly	Nelson, K.	Rice	Vanasek
Brandl	Knuth	Neuenschwander	Riveness	Vellenga
Brinkman	Kostohryz	Norton	Rodosovich	Voss
Brown	Krueger	O'Connor	Sarna	Welle
Carlson, L.	Lieder	Ogren	Schoenfeld	Wenzel
Clark	Long	Olson, E.	Segal	Wynia
Cohen	Marsh	Otis	Simoneau	
Elioff	McEachern	Pappas	Skoglund	
Ellingson	McLaughlin	Peterson	Solberg	
Greenfield	Metzen	Piper	Staton	

Those who voted in the negative were:

Anderson, R.	Bennett	Boerboom	Carlson, D.	Dempsey
Backlund	Bishop	Boo	Carlson, J.	DenOuden
Becklin	Blatz	Burger	Clausnitzer	Dimler

Dyke	Hartle	McKasy	Redalen	Thiede
Erickson	Haukoos	McPherson	Rees	Thorson
Fjoslien	Heap	Miller	Richter	Tjornhom
Forsythe	Hinle	Olsen, S.	Rose	Tompkins
Frederick	Jacobs	Omann	Schafer	Valan
Frederickson	Johnson	Onnen	Schreiber	Valento
Frerichs	Kiffmeyer	Ozment	Seaberg	Waltman
Gruenes	Knickerbocker	Pauly	Shaver	Zaffke
Gutknecht	Kvam	Piepho	Sherman	Spk. Jennings, D.
Halberg	Levi	Poppenhagen	Stanis	
Hartinger	McDonald	Quist	Sviggum	

The motion did not prevail and the amendment was not adopted.

Krueger moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 145, after line 11, insert:

"(17) The commissioner of agriculture shall determine which land in the state qualifies for tax exemption under this clause. To qualify, land must be used for field windbreaks, farmstead shelter belts, wildlife tree plantings, living snow fences, or other tree plantings made specifically for conservation purposes; and the planting, maintenance, and renovation of the shelter belt must be in accordance with rules of the state soil and water conservation board. The commissioner of agriculture must re-determine the eligibility of enrolled lands for tax exemption upon the request of the county auditor or as determined by rule. Each time the commissioner of agriculture makes the required determination, the commissioner of agriculture shall notify the county auditor of each county in which the enrolled lands are located."

The motion did not prevail and the amendment was not adopted.

Minne, Begich, Elioff, Battaglia and Solberg moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 151, line 5, delete "273.135,"

Page 153, line 7, delete " , 273.135,"

Page 165, line 25 to page 166, line 36, delete sections 31 and 32

Page 167, line 10 to page 168, line 30, delete sections 34 and 35

Page 173, after line 12, insert:

"Sec. 39. [APPROPRIATION.]

There is established in the treasury of the state a separate account known as the Taconite Homestead Credit reduction fund. The commissioner of finance shall transfer from the unexpended balance of the general fund for fiscal year 1985 an amount required to make the payments sufficient to pay the additional cost to the state due to payment of homestead credit prior to reduction pursuant to section 273.135 for taxes payable in 1986 only. The commissioner of finance shall determine the appropriate amount required to accomplish the purposes herein and transfer these amounts to the commissioners of revenue and education. Funds in the Taconite Homestead Credit reduction fund are appropriated to the commissioner of finance."

Page 173, line 14, delete "38" and insert "34"

Page 173, line 14, delete "42" and insert "38"

Page 173, line 19, delete "39" and insert "35"

Page 173, line 20, delete "40 and 41" and insert "36 and 37"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 35, delete "subdivisions 1, 2, and 5" and insert "subdivision 1"

Page 1, line 36, delete "subdivisions 1, 2, and 4" and insert "subdivision 1"

A roll call was requested and properly seconded.

The question was taken on the Minne et al. amendment and the roll was called.

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

There were 62 yeas and 67 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Brown	Jacobs	Krueger	Munger
Battaglia	Carlson, L.	Jennings, L.	Lieder	Murphy
Beard	Clark	Kahn	Long	Nelson, K.
Begich	Cohen	Kalis	McEachern	Neuenschwander
Boo	Elioff	Kelly	McLaughlin	Norton
Brandl	Ellingson	Knuth	Metzen	O'Connor
Brinkman	Greenfield	Kostohryz	Minne	Ogren

Olson, E.	Quinn	Schoenfeld	Sparby	Vellenga
Otis	Rest	Segal	Staten	Voss
Pappas	Rice	Simoneau	Tomlinson	Welle
Peterson	Riveness	Skoglund	Tunheim	Wenzel
Piper	Rodosovich	Solberg	Vanasek	Wynia
Price	Sarna			

Those who voted in the negative were:

Anderson, R.	Dyke	Himle	Ozment	Sviggum
Backlund	Erickson	Johnson	Pauly	Thiede
Becklin	Fjoslien	Kiffmeyer	Piepho	Thorson
Bennett	Forsythe	Knickerbocker	Poppenhagen	Tjornhom
Bishop	Frederick	Kvam	Quist	Tompkins
Blatz	Frederickson	Levi	Rees	Uphus
Boerboom	Frerichs	Marsh	Richter	Valan
Burger	Gruenes	McDonald	Rose	Valento
Carlson, D.	Gutknecht	McKasy	Schafer	Waltman
Carlson, J.	Halberg	McPherson	Schreiber	Zaffke
Clausnitzer	Hartinger	Miller	Seaberg	Spk. Jennings, D.
Dempsey	Hartle	Olsen, S.	Shaver	
DenOuden	Haukoos	Omann	Sherman	
Dimler	Heap	Onnen	Stanius	

The motion did not prevail and the amendment was not adopted.

Wenzel moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 157, line 26, delete "30" and insert "25"

Page 157, line 27, delete "42" and insert "40"

Page 157, line 30, delete "30" and insert "25"

Page 157, after line 33, insert:

"The reduction in revenue resulting from the application of the reduced classification ratios provided in this clause must be certified by the county auditor and reviewed by the commissioner as provided in section 273.13, subdivision 15a. Each taxing district, other than school districts, must be reimbursed for the revenue lost under this clause pursuant to section 273.13, subdivision 15a. Each school district must be reimbursed for the revenue lost under this clause pursuant to section 273.1392."

Beginning with fiscal year 1988, the amounts necessary to pay the reimbursements are annually appropriated to the commissioner of revenue and the commissioner of education."

Page 173, after line 12, insert:

"Sec. 43. [APPROPRIATION.]

An amount sufficient to pay the reimbursement provided in section 273.13, subdivision 9, clause 3, for fiscal years 1986 and 1987 is appropriated from the general fund for fiscal year 1985. Notwithstanding the provisions of Minnesota Statutes 1984, section 16A.28, this appropriation is available until June 30, 1987."

A roll call was requested and properly seconded.

The question was taken on the Wenzel amendment and the roll was called.

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

There were 30 yeas and 75 nays as follows:

Those who voted in the affirmative were:

Battaglia	Kalis	Minne	Peterson	Schoenfeld
Begich	Kelly	Murphy	Piper	Skoglund
Brown	Krueger	Neuenschwander	Rice	Sparby
Carlson, L.	Lieder	O'Connor	Rodosovich	Tunheim
Elioff	McLaughlin	Olson, E.	Sarna	Uphus
Gutknecht	Metzen	Osthoff	Scheid	Wenzel

Those who voted in the negative were:

Anderson, R.	Dyke	Johnson	Pappas	Shaver
Backlund	Erickson	Kahn	Pauly	Sherman
Beard	Fjoslien	Kiffmeyer	Piepho	Stanisus
Becklin	Forsythe	Knickerbocker	Poppenhagen	Sviggum
Bennett	Frederick	Kvam	Price	Thiede
Blatz	Frederickson	Levi	Quist	Thorson
Boerboom	Frerichs	Marsh	Redalen	Tjornhom
Boo	Gruenes	McEachern	Rees	Tomlinson
Brandl	Halberg	McKasy	Rest	Tompkins
Carlson, D.	Hartinger	McPherson	Richter	Valan
Carlson, J.	Hartle	Miller	Riveness	Valento
Clausnitzer	Haukoos	Olsen, S.	Rose	Waltman
Dempsey	Heap	Omann	Schafer	Wynia
DenOuden	Himle	Onnen	Schreiber	Zaffke
Dimler	Jacobs	Ozment	Seaberg	Spk. Jennings, D.

The motion did not prevail and the amendment was not adopted.

Wenzel moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 149, line 34, delete "20" and insert "19", reinstate the stricken "of its" and delete the new language

Page 149, line 35, delete the new language before the period

Page 150, after line 2, insert:

“(c) The reduction in revenue resulting from the application of the reduced classification ratio provided in paragraph (b) for class 3 property devoted to temporary and seasonal residential occupancy for recreational purposes must be certified by the county auditor and reviewed by the commissioner as provided in section 273.13, subdivision 15a. Each taxing district, other than school districts, must be reimbursed for the revenue lost under this paragraph pursuant to section 273.13, subdivision 15a. Each school district must be reimbursed for the revenue lost under this paragraph pursuant to section 273.1392.

Beginning with fiscal year 1988, the amounts necessary to pay the reimbursements are annually appropriated to the commissioner of revenue and the commissioner of education.”

Page 173, after line 12, insert:

“Sec. 43. [APPROPRIATION.]

An amount sufficient to pay the reimbursement provided in section 273.13, subdivision 4, paragraph (c), for fiscal years 1986 and 1987 is appropriated from the general fund for fiscal year 1985. Notwithstanding the provisions of Minnesota Statutes 1984, section 16A.28, this appropriation is available until June 30, 1987.”

Renumber the remaining section

The motion did not prevail and the amendment was not adopted.

Brandl moved to amend H. F. No. 756, the first engrossment, as amended, as follows:

Page 138, line 21 to page 140, line 33, delete sections 1 to 3

Page 146, line 18 to page 173, line 21, delete sections 6 to 43 and insert:

“Sec. 3. Minnesota Statutes 1984, section 273.13, subdivision 6, is amended to read:

Subd. 6. [CLASS 3B.] Agricultural land, except as provided by class 1, which is used for the purposes of a homestead shall constitute class 3b and shall be valued and assessed as follows: the first \$60,000 of market value shall be valued and assessed at 14 percent; the remaining market value shall be valued and assessed at 19 percent. 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 124.2137, 273.123, and 473H.10 shall be reduced by 54 percent of the tax. The amount of the reduction shall not exceed (\$650) \$700. 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.

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

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. 4. Minnesota Statutes 1984, 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 as follows: the first \$30,000 of market value shall be valued and assessed at 17 percent; the next \$30,000 of market value shall be valued and assessed at 19 percent; and the remaining market value shall be valued and assessed at 30 percent. The maximum amounts of the market value of the homestead brackets subject to the 17 percent and 19 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 sections 273.123 and 473H.10 shall be reduced by 54 percent of the tax imposed on the first \$67,000 of market value. The amount of the reduction shall not exceed (\$650) \$700.

Class 3cc property shall include real estate or manufactured homes used for the purposes of a homestead by (a) any blind person, if the blind person is the owner thereof or if 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, anky-

losis, 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 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) receives 90 percent or more 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. Property shall be classified and assessed pursuant to clause (a) only if the commissioner of human services certifies to the assessor that the owner of the property satisfies the requirements of this subdivision. The commissioner of human services shall provide a copy of the certification to the commissioner of revenue. Class 3cc property shall be valued and assessed as follows: in the case of agricultural land, including a manufactured home, used for a homestead, the first \$30,000 of market value shall be valued and assessed at five percent, the next \$30,000 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 \$30,000 of market value shall be valued and assessed at five percent, the next \$30,000 of market value shall be valued and assessed at 19 percent, and the remaining market value shall be valued and assessed at 30 percent. 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 19 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, shall be reduced by 54 percent of the tax imposed on the first \$67,000 of market value. The amount of the reduction shall not exceed (\$650) \$700.

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 owner shall apply for it to the assessor by July 1 of the year when the treatment is initially sought. After initial qualification for the homestead treatment, additional applications for subsequent years are not required.

Sec. 5. Minnesota Statutes 1984, 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 to the value of all buildings and appurtenances thereto owned and used by the occupant for the purposes of a homestead, 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 54 percent of the amount of the tax in respect of the value not in excess of \$67,000 as otherwise determined by law, but not by more than (\$650) \$700.

Sec. 6. [APPROPRIATION.] *There is established in the treasury of the state a separate account known as the property tax relief fund. The commissioner of finance shall transfer from the unexpended balance of the general fund for fiscal year 1985 an amount sufficient to meet the requirements of this article. Funds in the property tax relief fund are annually appropriated to the commissioner of finance. The commissioner of finance shall determine the appropriate amounts needed to meet requirements of this article and shall transfer such amounts to the commissioners of revenue and education for payments required under this article.*

Sec. 7. [EFFECTIVE DATE.]

Section 2, paragraph (d), and the amendment to section 272.02, subdivision 1, clause (8) in section 1 are effective beginning with taxes assessed in 1986 payable in 1987.

Sections 3 to 5 are effective beginning with taxes assessed in 1985 payable in 1986."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 11, delete everything after "towns;"

Page 1, delete lines 12 to 14

Page 1, line 15, delete "ratios" and insert "increasing the maximum homestead credit"

Page 1, line 16, delete "providing for studies;"

Page 1, line 28, delete "124.2137, subdivision 1;"

Page 1, line 29, delete "124A.02, subdivision 7;"

Page 1, line 31, delete everything after the first semicolon

Page 1, line 32, delete everything before "273.13" and delete "4,"

Page 1, line 33, delete "5a.", "6a.", "7b, 7c, 7d, 8a, 9," and delete "16, 17, 17b,"

Page 1, delete lines 34 to 36

Page 1, line 37, delete "273.42, subdivision 2;"

Page 2, line 29, delete "124A;"

Page 2, line 33, delete everything after the first semicolon

Page 2, delete line 34

Page 2, delete "273.1315;"

A roll call was requested and properly seconded.

The question was taken on the Brandl amendment and the roll was called.

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

There were 59 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Brandl	Clark	Greenfield	Kelly
Battaglia	Brinkman	Cohen	Jennings, L.	Knuth
Beard	Brown	Elioff	Kahn	Kostohryz
Begich	Carlson, L.	Ellingson	Kalis	Krueger

Lieder	Nelson, K.	Pappas	Sarna	Tunheim
Long	Neuenschwander	Peterson	Segal	Vanasek
McEachern	Norton	Piper	Simoneau	Vellenga
McLaughlin	O'Connor	Price	Skoglund	Voss
Metzen	Ogren	Quinn	Solberg	Welle
Minne	Olson, E.	Rest	Sparby	Wenzel
Munger	Osthoff	Rice	Staten	Wynia
Murphy	Otis	Rodosovich	Tomlinson	

Those who voted in the negative were:

Anderson, R.	Dimler	Heap	Omann	Shaver
Backlund	Dyke	Himle	Onnen	Sherman
Becklin	Erickson	Jacobs	Ozment	Stanius
Bennett	Fjoslien	Johnson	Pauly	Sviggum
Bishop	Forsythe	Kiffmeyer	Piepho	Thiede
Blatz	Frederick	Knickerbocker	Poppenhagen	Thorson
Boerboom	Frederickson	Kvam	Quist	Tjornhom
Boo	Frerichs	Levi	Redalen	Tompkins
Burger	Gruenes	Marsh	Rees	Uphus
Carlson, D.	Gutknecht	McDonald	Richter	Valan
Carlson, J.	Halberg	McKasy	Rose	Valento
Clausnitzer	Hartinger	McPherson	Schafer	Waltman
Dempsey	Hartle	Miller	Schreiber	Zaffke
DenOuden	Haukoos	Olsen, S.	Seaberg	Spk. Jennings, D.

The motion did not prevail and the amendment was not adopted.

H. F. No. 756, as amended, was read for the third time.

POINT OF ORDER

Norton raised a point of order pursuant to section 101, of "Mason's Manual of Legislative Procedure" relating to limiting debate to the question before the house. The Speaker ruled the point of order not well taken.

H. F. No. 756, A bill for an act relating to taxation; simplifying Minnesota income tax law by increasing conformity to federal income tax law; changing income tax rates, rate brackets, credits, and deductions; providing for computation of interest on overpayments; providing for timely payment of certain taxes; changing the estate tax; changing corporate income tax provisions; rescheduling payments and reducing the budget reserve; reducing sales tax rates and providing sales tax exemptions; authorizing lodging taxes for towns; reducing the basic maintenance mill rate; changing the computation of or eliminating certain property tax credits; changing property tax exemptions, classes, and classification ratios; changing the taxation of telephone companies; providing for studies; imposing duties on the commissioner of revenue and commissioner of natural resources; providing for changes in the levy limit base; changing property tax provisions relating to collection of property tax, confessions of judgment, and sale of tax forfeit lands; changing property tax refund benefit schedules, eligible claimants, and definition of property taxes payable; changing local government

aids; appropriating money; amending Minnesota Statutes 1984, sections 10A.31, subdivisions 1 and 3; 13.04, subdivision 2; 16A.15, subdivision 6; 41.55; 60A.15, subdivision 12; 60A.199, subdivision 8; 92.46, subdivision 1; 117.55; 124.2137, subdivision 1; 124A.02, subdivision 7; 270A.07, subdivision 5; 271.12; 272.02, subdivision 1; 272.03, subdivision 1; 273.111, subdivision 11; 273.115, subdivisions 2 and 3; 273.116, subdivisions 2 and 3; 273.13, subdivisions 4, 5a, 6, 6a, 7, 7b, 7c, 7d, 8a, 9, 14a, 16, 17, 17b, 17c, 17d, 19, 20, and 21; 273.133, by adding a subdivision; 273.135, subdivisions 1, 2, and 5; 273.1391, subdivisions 1, 2, and 4; 273.1392; 273.40; 273.42, subdivision 2; 275.50, by adding a subdivision; 275.51, subdivision 3h; 277.03; 277.10; 279.37, subdivisions 1, 3, 4, 8, and by adding a subdivision; 281.23, subdivision 1; 281.29; 282.01, subdivision 7a; 282.021; 282.261, by adding a subdivision; 290.01, subdivisions 20, 20a, 20b, 20d, 20e, and 20f; 290.032, subdivision 2; 290.05, subdivision 3; 290.06, subdivisions 2c, 2d, 3f, 3g, 11, and by adding a subdivision; 290.067, subdivision 1; 290.069, subdivision 4; 290.07, subdivision 1; 290.08, subdivision 26, and by adding a subdivision; 290.089, subdivision 2; 290.09, subdivisions 1 and 7; 290.091; 290.095, subdivisions 3, 7, 9, and 11; 290.10; 290.12, subdivision 2; 290.14; 290.17, subdivision 2; 290.175; 290.18, subdivision 2; 290.21, subdivisions 3 and 4; 290.34, subdivision 1, and by adding a subdivision; 290.37, subdivision 1; 290.38; 290.39, subdivision 1a; 290.41, subdivision 2; 290.50, subdivisions 1, 5, and 6; 290.92, subdivisions 2a, 6, 11, 13, and 19; 290.93, subdivision 9; 290.932, subdivision 1; 290.933, subdivision 1; 290.936; 290A.03, subdivisions 3 and 13; 290A.04, subdivisions 1, 2, 3, and by adding a subdivision; 290A.06; 290A.07, subdivisions 2a and 3; 290A.10; 290A.19; 291.005, subdivision 1; 291.03, subdivision 1; 291.075; 291.09, subdivisions 1a, 2a, and 3a; 291.11, subdivision 1; 291.15, subdivisions 1 and 3; 291.18; 291.215, subdivision 1; 291.32; 294.09, subdivision 1; 295.34, subdivision 1; 297A.01, subdivisions 15 and 16; 297A.02, subdivisions 1, 2, and 3; 297A.03, subdivision 2; 297A.14; 297A.25, subdivision 1; 297A.26, subdivision 1, and by adding a subdivision; 297A.27, subdivision 1; 297A.35, subdivision 1; 298.09, subdivision 4; 298.40, by adding a subdivision; 299.05; 299F.26, subdivision 1; 473.556, subdivision 4; 477A.011, subdivision 3, and by adding subdivisions; 477A.013; 477A.018; 524.3-1202; amending Laws 1984, chapter 644, section 85; proposing coding for new law in Minnesota Statutes, chapters 16A; 124A; 270; 290; and 297A; repealing Minnesota Statutes 1984, sections 41.58, subdivision 3; 41.59, subdivisions 2 and 3; 55.10, subdivision 2; 62E.03, subdivision 2; 270.75, subdivision 7; 273.115, subdivisions 1, 5, 6, and 7; 273.116, subdivisions 1, 5, 6, and 7; 273.1311; 273.1315; 290.01, subdivisions 20c and 26; 290.012; 290.06, subdivisions 2f, 3d, 3e, 14, 15, 16, 17, 18, and 19; 290.067, subdivisions 2 and 4; 290.068, subdivision 6; 290.077, subdivision 4; 290.08, subdivisions 23 and 24; 290.089, subdivisions 1, 3, 4, 5, and 6; 290.09, subdivision 29; 290.101; 290.18, subdivision 4; 290.21, subdivision 8; 290.34, subdivision 2; 290.39, subdivision 2; 290.41, subdivision 5; 290A.04, subdivisions 2a and 2b; 291.015; 291.03, subdivisions 3, 4, 5, 6, and 7; 291.05; 291.051; 291.06; 291.065; 291.07; 291.08; 291.09,

subdivision 5; 291.111; 291.131, subdivisions 5 and 6; 291.132; 291.15, subdivision 2; 291.18; 291.20; 291.29, subdivision 5; 295.34, subdivision 2; 297A.15, subdivision 5; 297A.26, subdivision 3; 297A.275; 385.36; 477A.011, subdivision 10; and 477A.0131; repealing Laws 1982, chapter 523, article 7, section 3.

The bill, as amended, was placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 100 yeas and 32 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dimler	Kalis	Onnen	Segal
Anderson, R.	Dyke	Kiffmeyer	Ozment	Shaver
Backlund	Ellingson	Knickerbocker	Pauly	Sherman
Beard	Erickson	Knuth	Peterson	Sparby
Becklin	Fjoslien	Kostohryz	Piepho	Stanius
Bennett	Forsythe	Krueger	Poppenhagen	Swiggum
Bishop	Frederick	Kvam	Price	Thiede
Blatz	Frederickson	Levi	Quinn	Thorson
Boerboom	Frerichs	Lieder	Quist	Tjornhom
Boo	Gruenes	Marsh	Redalen	Tompkins
Brinkman	Gutknecht	McDonald	Rees	Tunheim
Brown	Halberg	McEachern	Rest	Uphus
Burger	Hartinger	McKasy	Richter	Valan
Carlson, D.	Hartle	McPherson	Riveness	Valento
Carlson, J.	Haukoos	Metzen	Rodosovich	Vanasek
Carlson, L.	Heap	Miller	Rose	Waltman
Clausnitzer	Himle	Nelson, K.	Schafer	Welle
Cohen	Jacobs	Olsen, S.	Schoenfeld	Wenzel
Dempsey	Jennings, L.	Olson, E.	Schreiber	Zaffke
DenOuden	Johnson	Omann	Seaberg	Spk. Jennings, D.

Those who voted in the negative were:

Battaglia	Kelly	Norton	Rice	Tomlinson
Begich	Long	O'Connor	Sarna	Vellenga
Brandl	McLaughlin	Ogren	Scheid	Voss
Clark	Minne	Osthoff	Simoneau	Wynia
Elioff	Munger	Otis	Skoglund	
Greenfield	Murphy	Pappas	Solberg	
Kahn	Neuenschwander	Piper	Staten	

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

CALL OF THE HOUSE LIFTED

Levi moved that the call of the House be dispensed with. The motion prevailed and it was so ordered.

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

SPECIAL ORDERS

Levi moved that the bills on Special Orders for today be continued one day. The motion prevailed.

GENERAL ORDERS

Levi moved that the bills on General Orders for today be continued one day. The motion prevailed.

ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1382:

Cohen, Halberg and Dempsey.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 535:

Sherman, Vellenga and Clausnitzer.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 186:

Sherman, Elioff and Gruenes.

MOTIONS AND RESOLUTIONS

Blatz moved that the name of Hartinger be added as an author on H. F. No. 143. The motion prevailed.

Johnson moved that the name of Jennings, L., be added as an author on H. F. No. 723. The motion prevailed.

Kostohryz moved that the name of Nelson, D., be added as an author on H. F. No. 1033. The motion prevailed.

McLaughlin moved that the name of Clark be added as an author on H. F. No. 1620. The motion prevailed.

Redalen moved that the name of McDonald be added as an author on H. F. No. 1623. The motion prevailed.

Jacobs moved that the name of Osthoff be added as an author on H. F. No. 1624. The motion prevailed.

Redalen moved that the name of McDonald be added as an author on H. F. No. 1627. The motion prevailed.

Shaver moved that H. F. No. 1490 be recalled from the Committee on Local and Urban Affairs and be re-referred to the Committee on Taxes. The motion prevailed.

POINT OF ORDER

Voss raised a point of order pursuant to rule 5.4, paragraph 3, relating to votes required to re-refer bills. The Speaker ruled the point of order well taken and the Shaver motion to re-refer H. F. No. 1490 did not prevail.

Gruenes moved that S. F. No. 568 be recalled from the Committee on Appropriations and together with H. F. No. 322, now on Technical General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

Wenzel moved that H. F. No. 664 be returned to its author. The motion prevailed.

House Concurrent Resolution No. 8 was reported to the House.

HOUSE CONCURRENT RESOLUTION NO. 8

A house concurrent resolution designating the "Red Ribbon" to commemorate Minnesota citizens who are still missing in action or are being held against their will in Asian countries.

Whereas, the State of Minnesota is proud of the veterans of this nation's wars; and

Whereas, 8,800 Americans including 121 Minnesotans remain unaccounted for from the Korean conflict and 2,483 Americans including 49 Minnesotans remain unaccounted for from the Vietnam conflict; *Now, Therefore*,

Be It Resolved by the House of Representatives of the State of Minnesota, the Senate concurring, that an official symbol is established in memory of those Americans who are missing and unaccounted for. The symbol established is a "Red Ribbon" and that the Red Ribbon will be displayed in all public buildings and other appropriate locations on the national day of recognition as designated by the Congress of the United States.

Be It Further Resolved that the Chief Clerk is directed to prepare enrolled copies of this resolution, to be authenticated by his signature and those of the Speaker, the President of the Senate, and the Secretary of the Senate, and present them to representatives of the various Minnesota veterans organizations.

Fjoslien moved that House Concurrent Resolution No. 8 be now adopted. The motion prevailed and House Concurrent Resolution No. 8 was adopted.

ADJOURNMENT

Levi moved that when the House adjourns today it adjourn until 2:00 p.m., Wednesday, May 1, 1985. The motion prevailed.

Levi moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 2:00 p.m., Wednesday, May 1, 1985.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

