STATE OF MINNESOTA

SEVENTY-SIXTH SESSION—1990

SEVENTY-SEVENTH DAY

SAINT PAUL, MINNESOTA, MONDAY, MARCH 26, 1990

The House of Representatives convened at 12:30 p.m. and was called to order by Robert E. Vanasek, Speaker of the House.

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

The members of the House gave the pledge of allegiance to the flag of the United States of America.

The roll was called and the following members were present:

Abrams	Greenfield	Lasley	Orenstein	Segal
Anderson, G.	Gruenes	Lieder	Osthoff	Simoneau
Anderson, R.	Gutknecht	Limmer	Ostrom	Skoglund
Battaglia	Hartle	Long	Otis	Solberg
Bauerly	Hasskamp	Lynch	Ozment	Sparby
Beard	Haukoos	Macklin	Pappas	Stanius
Begich	Hausman	Marsh	Pauly	Steensma
Bennett	Heap	McDonald	Pellow	Sviggum
Bertram	Henry	McEachern	Pelowski	Swenson
Bishop	Himle	McGuire	Peterson	Tjornhom
Blatz	Hugoson	McLaughlin	Poppenhagen	Tompkins
Boo	Jacobs	McPherson	Price	Trimble
Brown	Janezich	Milbert	Pugh	Tunheim
Burger	Jaros	Miller	Quinn	Uphus
Carlson, D.	Jefferson	Morrison	Redalen	Valento
Carlson, L.	Jennings	Munger	Reding	Vellenga
Carruthers	Johnson, A.	Murphy	Rest	Wagenius
Clark	Johnson, R.	Nelson, C.	Rice	Waltman
Cooper	Johnson, V.	Nelson, K.	Richter	Weaver
Dauner	Kahn	Neuenschwander	Rodosovich	Welle
Dawkins	Kalis	O'Connor	Rukavina	Wenzel
Dempsey	Kelly	Ogren	Runbeck	Williams
Dorn	Kelso	Olsen, S.	Sarna	Winter
Forsythe	Kinkel	Olson, E.	Schafer	Spk. Vanasek
Frederick	Knickerbocker	Olson, K.	Scheid	
Frerichs	Kostohryz	Omann	Schreiber	
Girard	Krueger	Onnen	Seaberg	

A quorum was present.

Dille was excused until 2:10 p.m.

The Chief Clerk proceeded to read the Journals of the preceding days. Hasskamp 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. 1930, 2651, 2162, 2393, 2626, 2386, 2025, 2042 and 1855 and S. F. Nos. 1940, 2051, 2207, 1999, 2156, 1831, 2370, 2432, 2439, 1821, 1942, 1952, 1400, 1827, 2299, 1838, 1848, 1958, 2061, 2136 and 2213 have been placed in the members' files.

S. F. No. 1827 and H. F. No. 2027, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Orenstein moved that the rules be so far suspended that S. F. No. 1827 be substituted for H. F. No. 2027 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1848 and H. F. No. 2234, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

O'Connor moved that the rules be so far suspended that S. F. No. 1848 be substituted for H. F. No. 2234 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1940 and H. F. No. 2118, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Greenfield moved that the rules be so far suspended that S. F. No. 1940 be substituted for H. F. No. 2118 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1942 and H. F. No. 1897, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Winter moved that the rules be so far suspended that S. F. No. 1942 be substituted for H. F. No. 1897 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1999 and H. F. No. 2497, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Ogren moved that the rules be so far suspended that S. F. No. 1999 be substituted for H. F. No. 2497 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2207 and H. F. No. 2385, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Olson, E., moved that the rules be so far suspended that S. F. No. 2207 be substituted for H. F. No. 2385 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2213 and H. F. No. 2373, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Olson, K., moved that the rules be so far suspended that S. F. No. 2213 be substituted for H. F. No. 2373 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2299 and H. F. No. 2253, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Clark moved that the rules be so far suspended that S. F. No. 2299 be substituted for H. F. No. 2253 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2432 and H. F. No. 2706, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Blatz moved that the rules be so far suspended that S. F. No. 2432 be substituted for H. F. No. 2706 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2370 and H. F. No. 2133, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Greenfield moved that S. F. No. 2370 be substituted for H. F. No. 2133 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2051 and H. F. No. 2689, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Greenfield moved that S. F. No. 2051 be substituted for H. F. No. 2689 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2061 and H. F. No. 2218, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Seaberg moved that S. F. No. 2061 be substituted for H. F. No. 2218 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2136 and H. F. No. 2381, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Nelson, K., moved that S. F. No. 2136 be substituted for H. F. No.

2381 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2156 and H. F. No. 2268, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Simoneau moved that S. F. No. 2156 be substituted for H. F. No. 2268 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1831 and H. F. No. 1908, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Cooper moved that S. F. No. 1831 be substituted for H. F. No. 1908 and that the House File be indefinitely postponed. The motion prevailed.

REPORTS OF STANDING COMMITTEES

Ogren from the Committee on Taxes to which was referred:

H. F. No. 2478, A bill for an act relating to taxation; updating references to the Internal Revenue Code; amending Minnesota Statutes 1989 Supplement, section 290.01, subdivision 19.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

INCOME, GROSS PREMIUMS, AND FRANCHISE TAXES

Section 1. Minnesota Statutes Second 1989 Supplement, section 60A.15, subdivision 1, is amended to read:

Subdivision 1. [DOMESTIC AND FOREIGN COMPANIES.] (a) On or before April 15, June 15, and December 15 of each year, every domestic and foreign company, including town and farmers' mutual insurance companies and domestic mutual insurance companies, shall pay to the commissioner of revenue installments equal to one-third of the insurer's total estimated tax for the current year. Except as provided in paragraph (b), installments must be based on

a sum equal to two percent of the premiums described in paragraph (c).

(b) For town and farmers' mutual insurance companies and mutual property and casualty insurance companies other than those (i) writing life insurance, or (ii) whose total assets ~~at the end of the preceding calendar year exceed~~ on December 31, 1989, exceeded $1,600,000,000, the installments must be based on an amount equal to the following percentages of the premiums described in paragraph (c):

(1) for premiums paid after December 31, 1988, and before January 1, 1992, one percent; and

(2) for premiums paid after December 31, 1991, one-half of one percent.

(c) Installments under paragraph (a) or (b) are percentages of gross premiums less return premiums on all direct business received by the insurer in this state, or by its agents for it, in cash or otherwise, during such year, excepting premiums written for marine insurance as specified in subdivision 6.

(d) Failure of a company to make payments of at least one-third of either (1) the total tax paid during the previous calendar year or (2) 80 percent of the actual tax for the current calendar year shall subject the company to the penalty and interest provided in this section.

Sec. 2. [268.55] [FOOD SHELF ACCOUNT.]

Subdivision 1. [ESTABLISHMENT.] A food shelf account is established in the state general fund to receive contributions designated on income tax returns and property tax refund forms. The state treasurer shall credit all interest earned on the money to the account.

Subd. 2. [DISTRIBUTION OF MONEY.] The commissioner shall periodically distribute money in the account to qualifying food shelf programs. A food shelf program qualifies under this section if (1) it is a nonprofit corporation as defined under section 501(c)(3) of the Internal Revenue Code of 1986 or it operates a food shelf program and uses a section 501(c)(3) nonprofit corporation as its fiscal agent, and (2) it distributes a standard food order to needy individuals. The standard food order must consist of, at least, a two-day supply or six pounds per person of nutritionally balanced food items. A qualifying food shelf program may not limit food distributions to individuals of a particular religious affiliation, race, or other criteria unrelated to need or to requirements necessary to administration of a fair and orderly distribution system. A qualifying food shelf program may

not use the money received or the food distribution program to foster or advance religious or political views. A qualifying food shelf must have a stable address and directly serve individuals in a defined geographic area that is not also served in substantial part by another food shelf. The commissioner shall resolve questions of whether two food shelves are serving in substantial part the same area.

Subd. 3. [APPLICATION.] In order to receive money from the food shelf account, a program must apply to the commissioner. The application must be in a form prescribed by the commissioner and must contain information specified by the commissioner to verify that the applicant is a qualifying food shelf program and the amount the applicant is entitled to receive under subdivision 4. Applications must be filed at the times and for the periods determined by the commissioner.

Subd. 4. [DISTRIBUTION FORMULA.] The commissioner shall distribute the food shelf account money to qualifying food shelf programs in proportion to the number of individuals served by the program during the prior period of its operation. The commissioner shall gather data from applications or other appropriate sources to determine the proportionate amount each qualifying program is entitled to receive. The commissioner may increase or decrease the qualifying program's proportionate amount if the commissioner determines the increase or decrease is necessary or appropriate to meet changing needs or demands.

Subd. 5. [USE OF MONEY.] Money distributed to food shelf programs under this section must be used to purchase food for distribution to needy individuals and families. No more than one percent of the money expended may be used to pay for other expenses, such as transportation, rent, salaries, administrative expenses, and other nonfood purchases. Recipients must retain records documenting expenditure of the money for a three-year period and comply with any additional requirements imposed by the commissioner.

Subd. 6. [ENFORCEMENT.] The commissioner may undertake any reasonable actions, including but not limited to on-site inspections and auditing of accounts and records, to assure that recipients of money under this section comply with the requirements of the law. The commissioner may contract with an outside organization to audit or otherwise oversee recipients' use of the money. If ineligible expenditures are made by a recipient, the amount must be repaid to the commissioner and deposited in the food shelf account.

Subd. 7. [APPROPRIATION.] (a) The money deposited in the food shelf account is appropriated to the commissioner of jobs and training for distribution to food shelf programs under this section. No more than 15 percent of the money deposited in the account may

be expended for the department's cost of administering the program. The remaining money must be distributed to qualifying food shelf programs.

(b) For each fiscal year, the commissioner may estimate the amounts that will be received during the year by the food shelf account and may distribute the estimated receipts evenly over the fiscal year even though the contributions are not received until the second half of the year.

Sec. 3. Minnesota Statutes 1989 Supplement, section 290.01, subdivision 19, is amended to read:

Subd. 19. [NET INCOME.] The term "net income" means the federal taxable income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through the date named in this subdivision, incorporating any elections made by the taxpayer in accordance with the Internal Revenue Code in determining federal taxable income for federal income tax purposes, and with the modifications provided in subdivisions 19a to 19f.

In the case of a regulated investment company or a fund thereof, as defined in section 851(a) or 851(h) of the Internal Revenue Code, federal taxable income means investment company taxable income as defined in section 852(b)(2) of the Internal Revenue Code, except that:

(1) the exclusion of net capital gain provided in section 852(b)(2)(A) of the Internal Revenue Code does not apply; and

(2) the deduction for dividends paid under section 852(b)(2)(D) of the Internal Revenue Code must be applied by allowing a deduction for capital gain dividends and exempt-interest dividends as defined in sections 852(b)(3)(C) and 852(b)(5) of the Internal Revenue Code.

The net income of a real estate investment trust as defined and limited by section 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

The Internal Revenue Code of 1986, as amended through December 31, 1986, shall be in effect for taxable years beginning after December 31, 1986. The provisions of sections 10104, 10202, 10203, 10204, 10206, 10212, 10221, 10222, 10223, 10226, 10227, 10228, 10611, 10631, 10632, and 10711 of the Omnibus Budget Reconciliation Act of 1987, Public Law Number 100-203, ~~and~~ the provisions of sections 1001, 1002, 1003, 1004, 1005, 1006, 1008, 1009, 1010, 1011, 1011A, 1011B, 1012, 1013, 1014, 1015, 1018, 2004, 3041, 4009, 6007, 6026, 6032, 6137, 6277, and 6282 of the Technical and Miscellaneous Revenue Act of 1988, Public Law Number 100-647, and the provi-

sions of sections 7811, 7816, and 7831 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, shall be effective at the time they become effective for federal income tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1987, shall be in effect for taxable years beginning after December 31, 1987. The provisions of sections 4001, 4002, 4011, 5021, 5041, 5053, 5075, 6003, 6008, 6011, 6030, 6031, 6033, 6057, 6064, 6066, 6079, 6130, 6176, 6180, 6182, 6280, and 6281 of the Technical and Miscellaneous Revenue Act of 1988, Public Law Number 100-647, and the provisions of sections 7815 and 7821 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, shall become effective at the time they become effective for federal tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1988, shall be in effect for taxable years beginning after December 31, 1988. The provisions of sections 7101, 7102, 7104, 7105, 7201, 7202, 7203, 7204, 7205, 7206, 7207, 7210, 7211, 7301, 7302, 7303, 7304, 7601, 7621, 7622, 7641, 7642, 7645, 7647, 7651, and 7652 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, and the provision of section 1401 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Public Law Number 101-73, shall become effective at the time they become effective for federal tax purposes.

Except as otherwise provided, references to the Internal Revenue Code in subdivisions 19a to 19g mean the code in effect for purposes of determining net income for the applicable year.

Sec. 4. Minnesota Statutes Second 1989 Supplement, section 290.05, subdivision 1, is amended to read:

Subdivision 1. The following corporations, individuals, estates, trusts, and organizations shall be exempted from taxation under this chapter, provided that every such person or corporation claiming exemption under this chapter, in whole or in part, must establish to the satisfaction of the commissioner the taxable status of any income or activity:

(a) corporations, individuals, estates, and trusts engaged in the business of mining or producing iron ore and other ores the mining or production of which is subject to the occupation tax imposed by section 298.01; but if any such corporation, individual, estate, or trust engages in any other business or activity or has income from any property not used in such business it shall be subject to this tax computed on the net income from such property or such other business or activity. Royalty shall not be considered as income from the business of mining or producing iron ore within the meaning of this section;

(b) the United States of America, the state of Minnesota or any political subdivision of either agencies or instrumentalities, whether engaged in the discharge of governmental or proprietary functions;

(c) any insurance company that is domiciled in a state or country other than Minnesota that imposes retaliatory taxes, fines, deposits, penalties, licenses, or fees and that does not grant, on a reciprocal basis, exemption from such retaliatory taxes to insurance companies or their agents domiciled in Minnesota. "Retaliatory taxes" means taxes imposed on insurance companies organized in another state or country that result from the fact that an insurance company organized in the taxing jurisdiction and doing business in the other jurisdiction is subject to taxes, fines, deposits, penalties, licenses, or fees in an amount exceeding that imposed by the taxing jurisdiction upon an insurance company organized in the other state or country and doing business to the same extent in the taxing jurisdiction; and

(d) town and farmers' mutual insurance companies and mutual property and casualty insurance companies, other than those (1) writing life insurance or (2) whose total assets ~~at the end of the preceding calendar year exceed~~ on December 31, 1989, exceeded $1,600,000,000.

Sec. 5. Minnesota Statutes Second 1989 Supplement, section 290.06, subdivision 1, is amended to read:

Subdivision 1. [COMPUTATION, CORPORATIONS.] The franchise tax imposed upon corporations shall be computed by applying to their taxable income the rate of ~~9.5~~ 9.9 percent.

Sec. 6. Minnesota Statutes Second 1989 Supplement, section 290.091, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For purposes of the tax imposed by this section, the following terms have the meanings given:

(a) "Alternative minimum taxable income" means the sum of the following for the taxable year:

(1) the taxpayer's federal alternative minimum taxable income as defined in section 55(b)(2) of the Internal Revenue Code;

(2) the taxpayer's itemized deductions allowed in computing federal alternative minimum taxable income, but excluding the ~~portion of the~~ charitable contribution deduction ~~that constitutes an item of tax preference~~ under section ~~57(a)(6)~~ 170 of the Internal Revenue Code;

(3) to the extent not included in federal alternative minimum

taxable income, the amount of interest income as provided by section 290.01, subdivision 19a, clause (1); less the sum of

(i) interest income as defined in section 290.01, subdivision 19b, clause (1);

(ii) an overpayment of state income tax as provided by section 290.01, subdivision 19b, clause (2); and

(iii) the amount of investment interest paid or accrued within the taxable year on indebtedness to the extent that the amount does not exceed net investment income, as defined in section 163(d)(4) of the Internal Revenue Code. Interest does not include amounts deducted in computing federal adjusted gross income.

In the case of an estate or trust, alternative minimum taxable income must be computed as provided in section 59(c) of the Internal Revenue Code.

(b) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, ~~1987~~ 1989.

(c) "Investment interest" means investment interest as defined in section 163(d)(3) of the Internal Revenue Code.

(d) "Tentative minimum tax" equals six percent of alternative minimum taxable income after subtracting the exemption amount determined under subdivision 3.

(e) "Regular tax" means the tax that would be imposed under this chapter (without regard to this section and section 290.032), reduced by the sum of the nonrefundable credits allowed under this chapter.

(f) "Net minimum tax" means the minimum tax imposed by this section.

Sec. 7. Minnesota Statutes Second 1989 Supplement, section 290.0921, subdivision 1, is amended to read:

Subdivision 1. [TAX IMPOSED.] ~~(a)~~ In addition to the taxes computed under this chapter without regard to this section, the franchise tax imposed on corporations includes a tax equal to the excess, if any, for the taxable year of:

(1) ~~seven~~ 5.9 percent of Minnesota alternative minimum taxable income less the credit allowed under section 290.35, subdivision 3; over

(2) the tax imposed under section 290.06, subdivision 1, without regard to this section.

~~(b) If the sum of the corporation's Minnesota sales and receipts, property, and payrolls, as defined in section 290.092, subdivision 4, exceeds $5,000,000, the amount under paragraph (a), clause (1), is the greater of~~

~~(1) $500 or~~

~~(2) the amount otherwise determined.~~

~~The provisions of this paragraph do not apply to corporations subject to tax under section 60A.15, subdivision 1; real estate investment trusts; and regulated investment companies or a fund thereof.~~

Sec. 8. Minnesota Statutes Second 1989 Supplement, section 290.0921, subdivision 3, is amended to read:

Subd. 3. [ALTERNATIVE MINIMUM TAXABLE INCOME.] "Alternative minimum taxable income" is Minnesota net income as defined in section 290.01, subdivision 19, and includes the adjustments and tax preference items in sections 56, 57, 58, and 59(d), (e), (f) and (h) of the Internal Revenue Code. If a corporation files a separate company Minnesota tax return, the minimum tax must be computed on a separate company basis. If a corporation is part of a tax group filing a unitary return, the minimum tax must be computed on a unitary basis. The following adjustments must be made.

(1) For purposes of the depreciation adjustments under section 56(a)(1) and 56(g)(4)(A) of the Internal Revenue Code, the basis for depreciable property placed in service in a taxable year beginning before January 1, 1990, is the adjusted basis for federal income tax purposes, including any modification made in a taxable year under section 290.01, subdivision 19e, or Minnesota Statutes 1986, section 290.09, subdivision 7, paragraph (c).

(2) The alternative tax net operating loss deduction under sections 56(a)(4) and 56(d) of the Internal Revenue Code does not apply.

(3) The special rule for ~~100 percent~~ certain dividends under section 56(g)(4)(C)(ii) of the Internal Revenue Code does not apply.

(4) The special rule for dividends from section 936 companies under section 56(g)(4)(C)(iii) does not apply.

(5) The tax preference for depletion under section 57(a)(1) of the Internal Revenue Code does not apply.

(6) The tax preference for intangible drilling costs under section 57(a)(2) of the Internal Revenue Code must be calculated without

regard to the subtraction under section 290.01, subdivision 19d, clause (4).

(7) The tax preference for tax exempt interest under section 57(a)(5) of the Internal Revenue Code does not apply.

(8) The tax preference for charitable contributions of appreciated property under section 57(a)(6) of the Internal Revenue Code does not apply.

(9) For purposes of calculating the tax preference for accelerated depreciation or amortization on certain property placed in service before January 1, 1987, under section 57(a)(7) of the Internal Revenue Code, the deduction allowable for the taxable year is the deduction allowed under section 290.01, subdivision 19e.

(10) For purposes of calculating the adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code, the term "alternative minimum taxable income" as it is used in section 56(g) of the Internal Revenue Code, means alternative minimum taxable income as defined in this subdivision, determined without regard to the adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code.

(11) For purposes of determining the amount of adjusted current earnings under section 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under section 56(g)(4) of the Internal Revenue Code with respect to (i) the amount of foreign dividend gross-up subtracted as provided in section 290.01, subdivision 19d, clause (1), (ii) the amount of refunds of income, excise, or franchise taxes subtracted as provided in section 290.01, subdivision 19d, clause (10), or (iii) the amount of royalties, fees or other like income subtracted as provided in section 290.01, subdivision 19d, clause (11).

Items of tax preference must not be reduced below zero as a result of the modifications in this subdivision.

Sec. 9. Minnesota Statutes Second 1989 Supplement, section 290.0921, is amended by adding a subdivision to read:

Subd. 3a. [EXEMPTIONS.] Cooperatives taxable under subchapter T of the Internal Revenue Code or organized under chapter 308 or a similar law of another state and corporations subject to tax under section 60A.15, subdivision 1, are exempt from the tax imposed by this section.

Sec. 10. [290.0922] [MINIMUM FEE; CORPORATIONS.]

Subdivision 1. [IMPOSITION.] In addition to the tax imposed by

this chapter without regard to this section, the franchise tax imposed on a corporation for the taxable year includes a tax equal to the following amounts:

If the sum of the corporation's Minnesota property, payrolls, and sales or receipts is:	the tax equals:
less than $1,000,000	$ 100
$1,000,000 to $4,999,999	$ 250
$5,000,000 to $19,999,999	$1,000
$20,000,000 or more	$3,000

Subd. 2. [EXEMPTIONS.] The following entities are exempt from the tax imposed by this section:

(1) corporations subject to tax under section 290.05, subdivision 3;

(2) corporations subject to tax under section 60A.15, subdivision 1;

(3) real estate investment trusts;

(4) regulated investment companies or a fund thereof;

(5) cooperatives taxable under subchapter T of the Internal Revenue Code of 1986 or organized under chapter 308 or a similar law of another state; and

(6) entities having a valid election in effect under section 1362 or 860D(b) of the Internal Revenue Code of 1986, as amended through December 31, 1989.

Subd. 3. [DEFINITION.] "Minnesota sales or receipts," "Minnesota property," and "Minnesota payrolls" have the meanings given in section 290.092, subdivision 4.

Sec. 11. Minnesota Statutes 1988, section 290.431, is amended to read:

290.431 [NONGAME WILDLIFE ~~CHECKOFF~~ AND FOOD SHELF CHECKOFFS.]

Subdivision 1. [CHECKOFF AUTHORIZED.] Every individual who files an income tax return or property tax refund claim form may designate on their original return that $1 or more shall be added to the tax or deducted from the refund that would otherwise be payable by or to that individual and paid either into an account to be established for the management of nongame wildlife or for Minnesota food shelf programs, or both. The commissioner of revenue shall, on the income tax return and the property tax refund

claim form, notify filers of their right to designate that a portion of their tax or refund shall be paid either into the nongame wildlife management account or the food shelf account, or both.

Subd. 2. [DEPOSIT OF MONEY.] The sum of the amounts so designated to be paid shall be credited to the nongame wildlife management account for use by the nongame program of the section of wildlife in the department of natural resources and to the food shelf account established under section 2.

Subd. 3. [NONGAME WILDLIFE ACCOUNT.] All interest earned on money accrued in the nongame wildlife management account shall be credited to the account by the state treasurer. The commissioner of natural resources shall submit a work program for each fiscal year and semiannual progress reports to the legislative commission on Minnesota resources in the form determined by the commission. None of the money provided in this section may be expended unless the commission has approved the work program.

Subd. 4. [STATE PLEDGE.] The state pledges and agrees with all contributors to the nongame wildlife management account to use the funds contributed solely for the management of nongame wildlife projects and further agrees that it will not impose additional conditions or restrictions that will limit or otherwise restrict the ability of the commissioner of natural resources to use the available funds for the most efficient and effective management of nongame wildlife.

The state further pledges that all money given to the food shelf programs will be used for food shelf programs for needy people in Minnesota.

Sec. 12. Minnesota Statutes 1988, section 290.50, is amended by adding a subdivision to read:

Subd. 7. [WITHHOLDING REFUNDS FROM JUDGMENT DEBTORS.] The provisions of this subdivision apply only in a county to be designated by the commissioner of revenue not later than August 1, 1990. It applies only to refunds due with respect to returns filed before December 1, 1993, for 1990, 1991, and 1992 tax years.

Upon the docketing of a judgment in district court in an amount between $25 and $4,000 by a judgment creditor who is an individual, the amount of the judgment shall be withheld from a refund due a person under this section. When the judgment is docketed, the judgment creditor may pay the court administrator a fee of $5 and request the court administrator to forward a certified copy of the judgment, and a fee of $3 from the judgment creditor, to the commissioner of revenue. The court administrator shall also send

the judgment debtor written notice that the judgment has been forwarded to the commissioner pursuant to this subdivision.

Upon receipt of the certified copy of the judgment and the judgment creditor's fee, the commissioner shall withhold the refund due the judgment debtor, up to the amount of the judgment. The refund shall be remitted to the court administrator who forwarded the copy of the judgment to the commissioner. Upon receipt of the refund, the court administrator shall request the judgment creditor to certify the amount of the judgment that remains unsatisfied and shall remit to the judgment creditor the judgment debtor's refund, up to the unsatisfied amount of the judgment. Any additional amount received by the court administrator shall be forwarded to the judgment debtor.

If the refund forwarded to the court administrator is based on a joint return, the portion of the refund that is remitted to the judgment creditor 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 the judgment debtor.

A request for a refund pursuant to this subdivision shall be in effect with respect to any refunds due under this section until the judgment is satisfied or for ten years, whichever is earlier.

A claim for a refund under this subdivision by a judgment creditor is subordinate to claims filed under chapter 270A and subdivision 6.

The commissioner shall report to the chairs of the tax committee in the house of representatives and the senate on the experience with this subdivision and make recommendations for future proceedings under it on or before January 15, 1993.

Sec. 13. Laws 1989, First Special Session chapter 1, article 10, section 45, is amended to read:

Sec. 45. [TEMPORARY ALTERNATIVE MINIMUM TAX EXEMPTION.]

Corporations subject to tax under Minnesota Statutes, sections 60A.15, subdivision 1, and 290.35 or exempt from tax under section 290.092, subdivision 2, are not subject to the tax imposed by Minnesota Statutes, section 290.0921 for taxable years beginning after December 31, 1989 and before January 1, ~~1991~~ 1992.

Sec. 14. [INSTRUCTION TO REVISOR.]

In the next edition of Minnesota Statutes, the revisor of statutes shall substitute the phrase "Internal Revenue Code of 1986, as

amended through December 31, 1989" for the words "Internal Revenue Code of 1986, as amended through December 31, 1988" wherever it occurs in chapters 290, 290A, and 291 except for the use of the phrase in section 290.01, subdivision 19.

Sec. 15. [FEDERAL CHANGES.]

The changes made by sections 7841, 7304(a), 7817, 7110, 7815, 7816, 7811(d) of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, and sections 202, 203, and 204 of Public Law Number 101-140 that affect the computation of gross income as defined in Minnesota Statutes, section 290.01, subdivision 20, the credit for research and experimental expenditures as defined in Minnesota Statutes, section 290.068, subdivision 2, the credit for state death taxes allowable as defined in Minnesota Statutes, section 291.03, subdivision 1, and the federal alternative minimum taxable income as defined in Minnesota Statutes, section 290.091, subdivision 2, shall be in effect at the same time they become effective for federal income and estate tax purposes.

The change made by section 7631 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, that changes the definition of wages subject to withholding in Minnesota Statutes, section 290.92, subdivision 1, paragraph (1), shall be effective for Minnesota for wages paid after December 31, 1990.

Sec. 16. [SEVERABILITY; INSURANCE TAXATION.]

(a) If a provision of Minnesota Statutes, section 60A.15, subdivision 1, providing a reduced insurance premiums tax rate to mutual insurance companies is found by a final nonappealable order of a court of competent jurisdiction to be unconstitutional or to have an unconstitutional effect on the application of the insurance premiums tax to other insurance companies, the legislature intends that the provision granting a reduced rate to be invalid and the otherwise applicable insurance premiums tax rate to apply to all the affected companies.

(b) If a provision of Minnesota Statutes, section 290.05, subdivision 1, clause (d), exempting a mutual insurance company from taxation under the corporate franchise tax is found by a final nonappealable order of a court of competent jurisdiction to be unconstitutional or to have an unconstitutional effect on the application of the corporate franchise tax to other insurance companies, the legislature intends that the exemption to be invalid and the corporate franchise tax to apply to all the affected companies.

Sec. 17. [APPROPRIATION; INITIAL ADMINISTRATIVE EXPENSES.]

Notwithstanding the percentage restriction on administrative expenses in section 2, subdivision 7, $75,000 is appropriated out of the food shelf account to the commissioner of jobs and training for fiscal year 1991. This appropriation replaces the amount permitted to be expended on administration by section 2, subdivision 7, for fiscal year 1991.

Sec. 18. [REPEALER.]

Minnesota Statutes Second 1989 Supplement, section 290.06, subdivision 1a, is repealed.

Sec. 19. [EFFECTIVE DATE.]

Section 1 is effective for premiums paid after December 31, 1989. Sections 4 to 11, 13, and 18 are effective for taxable years beginning after December 31, 1989, except as otherwise provided.

ARTICLE 2

PROPERTY TAXES

Section 1. Minnesota Statutes Second 1989 Supplement, section 103B.3369, subdivision 5, is amended to read:

Subd. 5. [FINANCIAL ASSISTANCE.] The board may award grants to counties only to carry out water resource protection and management programs identified as priorities in comprehensive local water plans. Grants may be used to employ persons and to obtain and use information necessary to:

(1) develop comprehensive local water plans under section 110B.04 that have not received state funding for water resources planning as provided for in Laws 1987, chapter 404, section 30, subdivision 5, clause (a); and

(2) implement comprehensive local water plans.

A basic grant shall be awarded to a county that levies a tax at the rate established under section 275.50, subdivision 5, paragraph (bb), item (i), in an amount equal to $40,000 less the amount raised by that levy. If the amount necessary to develop and implement the local water plan for the county is less than $40,000, the amount of the basic grant shall be the amount that, when added to the levy amount, equals the amount required to develop and implement the plan.

Sec. 2. Minnesota Statutes Second 1989 Supplement, section 103B.3369, subdivision 7, is amended to read:

Subd. 7. [RULES.] The board shall adopt rules that:

(1) establish performance criteria for grant administration for local implementation of state delegated or mandated programs that recognize regional variations in program needs and priorities;

(2) recognize the unique nature of state delegated or mandated programs;

(3) specify that program activities contracted by a county to another local unit of government are eligible for funding; and

(4) ~~require that grants from the board may not exceed the amount matched by participating local units of government; and~~

~~(5)~~ specify a process for the board to establish a base level grant amount that all participating counties may be eligible to receive.

Sec. 3. [134.342] [ALLOCATION OF LEVY AUTHORITY.]

Subdivision 1. [AUTHORITY.] A regional public library system board may adopt a written resolution to assume responsibility for the allocation of the regional library system levy authority throughout the region. If adopted, the board shall furnish a list to the commissioners of revenue and education by July 1 of the levy year, containing the name of each member city, town, and county that will be participating in that regional system.

Subd. 2. [DETERMINATION OF LEVY LIMITATION.] The levy limitation for a regional library system is equal to the sum of the total maximum amount allowable for operating regional library services for all member cities, towns, and counties within the region subject to the levy limitation under section 275.50, subdivision 5, clause (o). If a member city or town of a regional library system is not subject to the levy limitations under sections 275.50 to 275.56, the commissioner of revenue shall determine a levy limitation for the purposes of this section as if the member were subject to the provisions of section 275.50, subdivision 5, clause (o). The commissioner of revenue shall determine the total maximum amount allowable for the regional library system and shall certify the total amount to the regional library board and to the commissioner of education by August 1 of the levy year.

Subd. 3. [ALLOCATION OF AUTHORITY.] A regional public library system board that has resolved to allocate library levy authority among its member cities, towns, and counties shall allocate the amount, up to the total amount certified to the board by the commissioner of revenue, and shall notify each member city, town, and county by August 15 of the levy year of its respective share of the total library levy for the region. Each member city,

town, or county located in the region shall levy the amount negotiated and agreed upon by the board and each member city, town, or county.

The board shall certify to the commissioners of revenue and education by September 1 of the levy year, the levy amount allocated to each member city, town, and county in the regional library system.

Subd. 4. [NON-ALLOCATED REGIONAL LIBRARY LEVY LIMITATION.] A city, town, or county located within a regional library system that does not allocate library levy authority under subdivisions 1 to 3 but is subject to the levy limitations under sections 275.50 to 275.56, shall levy according to section 275.50, subdivision 5, clause (o), to pay the operating costs of a regional library system.

Sec. 4. Minnesota Statutes Second 1989 Supplement, section 272.02, subdivision 4, is amended to read:

Subd. 4. [CONVERSION TO EXEMPT OR TAXABLE USES.] (a) Any property exempt from taxation on January 2 of any year which, due to sale or other reason, loses its exemption prior to December 20 of any year, shall be placed on the current assessment rolls for that year.

The valuation shall be determined with respect to its value on January 2 of such year. The classification shall be based upon the use to which the property was put by the purchaser, or in the event the purchaser has not utilized the property by December 20, the intended use of the property, determined by the county assessor, based upon all relevant facts.

(b) Property subject to tax on January 2 that is acquired by a governmental entity, church, or educational institution before August 1 of the year is exempt for that year if (1) the property is to be used for an exempt purpose under subdivision 1, clauses (1) to (7), and (2) the property is not subject to the filing requirement under section 272.025.

Sec. 5. Minnesota Statutes 1989 Supplement, section 273.11, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] Except as provided in subdivisions 6, 8, ~~and~~ 9, and 11 or section 273.17, subdivision 1, all property shall be valued at its market value. The market value as determined pursuant to this section shall be stated such that any amount under $100 is rounded up to $100 and any amount exceeding $100 shall be rounded to the nearest $100. In estimating and determining such value, the assessor shall not adopt a lower or different standard of value because the same is to serve as a basis of taxation, nor shall

the assessor adopt as a criterion of value the price for which such property would sell at a forced sale, or in the aggregate with all the property in the town or district; but the assessor shall value each article or description of property by itself, and at such sum or price as the assessor believes the same to be fairly worth in money. In assessing any tract or lot of real property, the value of the land, exclusive of structures and improvements, shall be determined, and also the value of all structures and improvements thereon, and the aggregate value of the property, including all structures and improvements, excluding the value of crops growing upon cultivated land. In valuing real property upon which there is a mine or quarry, it shall be valued at such price as such property, including the mine or quarry, would sell for a fair, voluntary sale, for cash. In valuing real property which is vacant, the fact that such property is platted shall not be taken into account. An individual lot of such platted property shall not be assessed in excess of the assessment of the land as if it were unplatted until the lot is improved with a permanent improvement all or a portion of which is located upon the lot, or for a period of three years after final approval of said plat whichever is shorter. When a lot is sold or construction begun, the net tax capacity of that lot or any single contiguous lot fronting on the same street shall be eligible for reassessment. All property, or the use thereof, which is taxable under section 272.01, subdivision 2, or 273.19, shall be valued at the market value of such property and not at the value of a leasehold estate in such property, or at some lesser value than its market value.

Sec. 6. Minnesota Statutes 1988, section 273.11, is amended by adding a subdivision to read:

Subd. 11. [ZONING CHANGES TO RESIDENTIAL HOMESTEAD PROPERTY.] For purposes of property taxation, the market value determined by the assessor for residential homestead property classified under section 273.13, subdivision 22, up to a maximum of five acres of land, shall be based upon its use as residential property regardless of its zoning. A higher market value based upon a commercial, industrial, or other nonresidential zoning of the real property must be disregarded until the property ceases to be classified under section 273.13, subdivision 22.

Sec. 7. Minnesota Statutes 1989 Supplement, section 273.112, subdivision 3, is amended to read:

Subd. 3. Real estate shall be entitled to valuation and tax deferment under this section only if it is:

(a) actively and exclusively devoted to golf, skiing, or archery or firearms range recreational use or uses and other recreational uses carried on at the establishment;

(b) five acres in size or more, except in the case of an archery or firearms range;

(c)(1) operated by private individuals and open to the public; or

(2) operated by firms or corporations for the benefit of employees or guests; or

(3) operated by private clubs having a membership of 50 or more, provided that the club does not discriminate in membership requirements or selection on the basis of sex; and

(d) made available, in the case of real estate devoted to golf, for use without discrimination on the basis of sex during the time when the facility is open to use by the public or by members, except that use for golf may be restricted on the basis of sex no more frequently than one, or part of one, weekend each calendar month for each sex and no more than two, or part of two, weekdays each week for each sex.

If a golf club membership allows use of golf course facilities by more than one adult per membership, the use must be equally available to all adults entitled to use of the golf course under the membership, except that use may be restricted on the basis of sex as permitted in this section. Memberships that permit play during restricted times may be allowed only if the restricted times apply to all adults using the membership. A golf club may not offer a membership or golfing privileges to a spouse of a member that provides greater or less access to the golf course than is provided to that person's spouse under the same or a separate membership in that club, except that the terms of a membership may provide that one spouse may have no right to use the golf course at any time while the other spouse may have either limited or unlimited access to the golf course.

A golf club may have or create an individual membership category which entitles a member for a reduced rate to play during restricted hours as established by the club. The club must have on record a written request by the member for such membership.

A golf club that has food or beverage facilities or services must allow equal access to those services and facilities for both men and women members in all membership categories. Nothing in this paragraph shall be construed to require service or access to facilities to persons under the age of 21 years or require any act which would violate law or ordinance regarding sale, consumption, or regulation of alcoholic beverages.

For purposes of this subdivision and subdivision 7a, discrimination means a pattern or course of conduct and not linked to an isolated incident.

Sec. 8. Minnesota Statutes 1989 Supplement, section 273.124, subdivision 8, is amended to read:

Subd. 8. [HOMESTEAD OWNED BY FAMILY FARM CORPORATION OR PARTNERSHIP.] (a) Each family farm corporation and each partnership operating a family farm is entitled to class 1b under section 273.13, subdivision 22, paragraph (b), or class 2a assessment for ~~one~~ each homestead occupied by a shareholder or partner thereof who is residing on the land and actively engaged in farming of the land owned by the corporation or partnership. Homestead treatment applies even if legal title to the property is in the name of the corporation or partnership and not in the name of the person residing on it. "Family farm corporation" and "family farm" have the meanings given in section 500.24, except that the number of allowable shareholders or partners under this subdivision shall not exceed 12.

(b) In addition to property specified in paragraph (a), any other residences owned by corporations or partnerships described in paragraph (a) which are located on agricultural land and occupied as homesteads by shareholders or partners who are actively engaged in farming on behalf of the corporation or partnership must also be assessed as class 2a property or as class 1b property under section 273.13, subdivision 22, paragraph (b), but the property eligible is limited to the residence itself and as much of the land surrounding the homestead, not exceeding one acre, as is reasonably necessary for the use of the dwelling as a home, and does not include any other structures that may be located on it.

Sec. 9. Minnesota Statutes 1989 Supplement, section 273.124, subdivision 9, is amended to read:

Subd. 9. [HOMESTEAD ESTABLISHED AFTER ASSESSMENT DATE.] Any property that was not used for the purpose of a homestead on the assessment date, but which was used for the purpose of a homestead ~~by~~ on June 1 of a year, constitutes class 1 or class 2a.

Any taxpayer meeting the requirements of this subdivision must notify the county assessor, or the assessor who has the powers of the county assessor pursuant to section 273.063, in writing, prior to June 15 of the year of occupancy in order to qualify under this subdivision.

The county assessor and the county auditor may make the necessary changes on their assessment and tax records to provide for proper homestead classification as provided in this subdivision.

The owner of any property qualifying under this subdivision, which has not been accorded the benefits of this subdivision, regardless of whether or not the notification has been timely filed,

may be entitled to receive homestead classification by proper application as provided in section 270.07 or 375.192.

The county assessor shall publish in a newspaper of general circulation within the county no later than June 1 of each year a notice informing the public of the requirement to file an application for homestead prior to June 15.

Sec. 10. Minnesota Statutes 1988, section 273.124, is amended by adding a subdivision to read:

Subd. 15. [HOMESTEAD ACQUIRED UNDER EMINENT DOMAIN.] If a home classified as a homestead under section 273.13, subdivision 22, is acquired from the owner under eminent domain proceedings, a home purchased by the owner for use as a homestead within six months of the date of acquisition under eminent domain must be classified by the assessor as class 1 homestead property under section 273.13, subdivision 22, for taxes payable in the following year, notwithstanding the provisions of subdivision 9. The homeowner must apply to the assessor for classification under this subdivision within 30 days of the purchase of the home. The homeowner must provide the assessor with the information necessary for the assessor to determine that the property qualifies for homestead under this subdivision. The assessor may require the homeowner to submit an affidavit.

Sec. 11. Minnesota Statutes Second 1989 Supplement, section 273.13, subdivision 22, is amended to read:

Subd. 22. [CLASS 1.] (a) Except as provided in subdivision 23, real estate which is residential and used for homestead purposes is class 1. The market value of class 1a property must be determined based upon the value of the house, garage, and land.

The first $68,000 of market value of class 1a property has a net class rate of one percent of its market value and a gross class rate of 2.17 percent of its market value. The market value of class 1a property that exceeds $68,000 but does not exceed ~~$100,000~~ $115,000 has a class rate of two percent of its market value. The market value of class 1a property that exceeds ~~$100,000~~ $115,000 has a class rate of three percent of its market value.

(b) Class 1b property includes real estate or manufactured homes used for the purposes of a homestead by

(1) any blind person, if the blind person is the owner thereof or if the blind person and the blind person's spouse are the sole owners thereof; or

(2) any person, hereinafter referred to as "veteran," who:

(i) served in the active military or naval service of the United States; and

(ii) is entitled to compensation under the laws and regulations of the United States for permanent and total service-connected disability due to the loss, or loss of use, by reason of amputation, ankylosis, progressive muscular dystrophies, or paralysis, of both lower extremities, such as to preclude motion without the aid of braces, crutches, canes; or a wheelchair; and

(iii) 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 a homestead; or

(3) any person who:

(i) is permanently and totally disabled and

(ii) receives 90 percent or more of total income from

(A) aid from any state as a result of that disability; or

(B) supplemental security income for the disabled; or

(C) workers' compensation based on a finding of total and permanent disability; or

(D) 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

(E) aid under the Federal Railroad Retirement Act of 1937, United States Code Annotated, title 45, section 228b(a)5; or

(F) a pension from any local government retirement fund located in the state of Minnesota as a result of that disability; or

(iii) whose household income as defined in section 290A.03, subdivision 5, is 150 percent or less of the federal poverty level.

Property is classified and assessed pursuant to clause (1) only if the commissioner of jobs and training certifies to the assessor that the owner of the property satisfies the requirements of this subdivision.

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 the person an income. The first $32,000 market value of class 1b property has a net class rate of .4 percent of its market value and a gross class rate of .87 percent of its market value. The remaining market value of class 1b property has a gross or net class rate using the rates for class 1 or class 2a property, whichever is appropriate, of similar market value.

(c) Class 1c property is commercial use real property that abuts a lakeshore line and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 225 days in the year preceding the year of assessment, and that includes a portion used as a homestead by the owner, which includes a dwelling occupied as a homestead by a shareholder of a corporation that owns the resort or a partner in a partnership that owns the resort, even if the title to the homestead is held by the corporation or partnership. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property, excluding the portion used exclusively as a homestead, is used or available for use for residential occupancy and a fee is charged for residential occupancy. Class 1c property has a class rate of .4 percent of the first $32,000 of market value for taxes payable in 1990, .6 percent of the first $32,000 of market value for taxes payable in 1991, .8 percent of the first $32,000 of market value for taxes payable in 1992, and one percent of market value in excess of $32,000 for taxes payable in 1990, 1991, and 1992, and one percent of total market value for taxes payable in 1993 and thereafter with the following limitation: the area of the property must not exceed 100 feet of lakeshore footage for each cabin or campsite located on the property up to a total of 800 feet and 500 feet in depth, measured away from the lakeshore.

Sec. 12. Minnesota Statutes Second 1989 Supplement, section 273.13, subdivision 23, is amended to read:

Subd. 23. [CLASS 2.] (a) Class 2a property is agricultural land including any improvements that is homesteaded. The market value of the house and garage and immediately surrounding one acre of land has the same class rates as class 1a property under subdivision 22. If the market value of the house, garage, and surrounding one acre of land is less than $100,000, the value of the remaining land including improvements equal to the difference between $100,000 and the market value of the house, garage, and surrounding one acre of land has a net class rate of .4 percent of market value and a gross class rate of 1.75 percent of market value. The remaining value of class 2a property over $100,000 of market value that does not exceed 320 acres has a net class rate of 1.3 percent of market value for taxes payable in 1990~~, 1.4 percent of market value for taxes payable in 1991, and 1.5 percent of market value for taxes payable in 1992~~ and thereafter, and a gross class rate of 2.25 percent of market value. The remaining property over the $100,000 market value in excess of 320 acres has a class rate of 1.7 percent of market value for taxes payable

in 1990, ~~1.6 percent of market value for taxes payable in 1991, and 1.5 percent of market value for taxes payable in 1992~~ and thereafter, and a gross tax capacity of 2.25 percent of market value.

(b) Class 2b property is (1) real estate, rural in character and used exclusively for growing trees for timber, lumber, and wood and wood products; and (2) real estate that is nonhomestead agricultural land. Class 2b property has a net class rate of 1.7 percent of market value for taxes payable in 1990, ~~1.6 percent of market value for taxes payable in 1991, and 1.5 percent of market value for taxes payable in 1992~~ and thereafter, and a gross class rate of 2.25 percent of market value.

(c) Agricultural land as used in this section means 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. "Agricultural purposes" as used in this section means the raising or cultivation of agricultural products, and includes the commercial boarding of horses if the commercial boarding of horses is done in conjunction with the raising or cultivation of agricultural products.

(d) Real estate of less than ten acres used principally for raising poultry, livestock, fruit, vegetables or other agricultural products, including the breeding of fish for sale and consumption if the fish breeding occurs on land zoned for agricultural use, shall be considered as agricultural land, if it is not used primarily for residential purposes. The term "agricultural products" as used in the preceding sentence means any of the products identified in section 273.111, subdivision 6, clause (2). ~~"Agricultural purposes" as used in this section means the raising or cultivation of agricultural products.~~

(e) If a parcel used for agricultural purposes is also used for commercial or industrial purposes, including but not limited to:

(1) wholesale and retail sales;

(2) processing of raw agricultural products or other goods;

(3) warehousing or storage of processed goods; and

(4) office facilities for the support of the activities enumerated in clauses (1), (2), and (3),

the assessor shall classify the part of the parcel used for agricultural purposes as class 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use. The grading, sorting, and packaging of raw agricultural products for first sale is considered an agricultural purpose. A greenhouse or other building where

horticultural or nursery products are grown that is also used for the conduct of retail sales must be classified as agricultural if it is primarily used for the growing of horticultural or nursery products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products. Use of a greenhouse or building only for the display of already grown horticultural or nursery products does not qualify as an agricultural purpose.

The assessor shall determine and list separately on the 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. 13. Minnesota Statutes Second 1989 Supplement, section 273.13, subdivision 25, is amended to read:

Subd. 25. [CLASS 4.] (a) Class 4a is residential real estate containing four or more units and used or held for use by the owner or by the tenants or lessees of the owner as a residence for rental periods of 30 days or more. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt under section 272.02, and contiguous property used for hospital purposes, without regard to whether the property has been platted or subdivided. Class 4a property has a class rate of 3.6 percent of market value.

(b) Class 4b includes:

(1) residential real estate containing less than four units, other than seasonal residential, and recreational;

(2) ~~post-secondary student housing not to exceed one acre of land which is owned by a nonprofit corporation organized under chapter 317 and is used exclusively by a sorority or fraternity organization for housing;~~

~~(3)~~ manufactured homes not classified under any other provision;

~~(4)~~ (3) a dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b).

Class 4b property has a class rate of 3.0 percent of market value.

(c) Class 4c property includes:

(1) a structure that is situated on real property that is used for housing for the elderly or for low and moderate income families as defined by Title II of the National Housing Act or the Minnesota housing finance agency law of 1971 or rules promulgated by the

agency pursuant thereto and financed by a local government unit loan, direct federal loan ~~or~~, federally insured loan, or a loan made by the Minnesota housing finance agency pursuant to the provisions of either of those acts and acts amendatory thereof. This clause applies only to (i) property of a nonprofit or limited dividend entity, and (ii) property upon which restrictions are enforced by a public agency or governmental unit to ensure the affordability of rents for persons and families of low and moderate income, restricted to the same income limits as those used for the low income housing credit under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1988. Property is classified as class 4c under this clause for 15 years from the date of the completion of the original construction or substantial rehabilitation, or for the original term of the loan;

(2) a structure that is:

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

(ii) owned by an entity which has entered into a housing assistance payments contract under section 8 which provides assistance for 100 percent of the dwelling units in the structure, other than dwelling units intended for management or maintenance personnel. Property is classified as class 4c under this clause for the term of the housing assistance payments contract, including all renewals, or for the term of its permanent financing, whichever is shorter; and

(3) a qualified low-income building that (i) receives a low-income housing credit under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1988; or (ii) meets the requirements of that section. Classification pursuant to this clause is limited to buildings the construction or rehabilitation of which began after May 1, 1988, and to a term of 15 years.

For all class 4c properties described in clauses (1), (2), and (3) and for class 4d properties described in paragraph (d), the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents. The land on which these structures are situated has the class rate given class 4b property in paragraph (b) if the structure contains fewer than four units, and the class rate given class 4a property in paragraph (a) if the structure contains four or more units.

(4) a parcel of land, not to exceed one acre, and its improvements or a parcel of unimproved land, not to exceed one acre, if it is owned by a neighborhood real estate trust and at least 60 percent of the dwelling units, if any, on all land owned by the trust are leased to or occupied by lower income families or individuals. This clause does not apply to any portion of the land or improvements used for

nonresidential purposes. For purposes of this clause, a lower income family is a family with an income that does not exceed 65 percent of the median family income for the area, and a lower income individual is an individual whose income does not exceed 65 percent of the median individual income for the area, as determined by the United States Secretary of Housing and Urban Development. For purposes of this clause, "neighborhood real estate trust" means an entity which is certified by the governing body of the municipality in which it is located to have the following characteristics: (a) it is a nonprofit corporation organized under chapter 317; (b) it has as its principal purpose providing housing for lower income families in a specific geographic community designated in its articles or bylaws; (c) it limits membership with voting rights to residents of the designated community; and (d) it has a board of directors consisting of at least seven directors, 60 percent of whom are members with voting rights and, to the extent feasible, 25 percent of whom are elected by resident members of buildings owned by the trust; and

(5) except as provided in subdivision 22, paragraph (c), real property devoted to temporary and seasonal residential occupancy for recreation purposes, including real property devoted to temporary and seasonal residential occupancy for recreation purposes and not devoted to commercial purposes for more than 225 days in the year preceding the year of assessment. For ~~this purpose~~ purposes of this clause, property is devoted to a commercial ~~use~~ purpose on a specific day if ~~it~~ any portion of the property is used, or ~~offered~~ available for use for residential occupancy, and a fee is charged for ~~the use~~ residential occupancy. Class 4c also includes commercial use real property used exclusively for recreational purposes in conjunction with class 4c property devoted to temporary and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than 225 days in the year preceding the year of assessment and is located within two miles of the class 4c property with which it is used. Class 4c property classified in this clause ~~and clause (6)~~ also includes the remainder of class 1c resorts; ~~and~~

(6) real property up to a maximum of one acre of land owned by a nonprofit community service oriented organization; provided that the property is not used for a revenue-producing activity for more than six days in the calendar year preceding the year of assessment and the property is not used for residential purposes on either a temporary or permanent basis. For purposes of this clause, a "nonprofit community service oriented organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, fraternal, civic, or educational purposes, and which is exempt from federal income taxation pursuant to section 501(c)(3), (10), or (19) of the Internal Revenue Code of 1986, as amended through December 31, 1988. For purposes of this clause, "revenue-producing activities" shall include but not be limited to property or that portion of the property that is

used as an on-sale intoxicating liquor or nonintoxicating malt liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling alley, a retail store, gambling conducted by organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises. Any portion of the property which is used for revenue-producing activities for more than six days in the calendar year preceding the year of assessment shall be assessed as class 3a. The use of the property for social events open exclusively to members and their guests for periods of less than 24 hours, when an admission is not charged nor any revenues are received by the organization shall not be considered a revenue-producing activity; and

(7) Post-secondary student housing of not more than one acre of land that is owned by a nonprofit corporation organized under chapter 317 and is used exclusively by a student cooperative, sorority, or fraternity for on-campus housing or housing located within two miles of the border of a college campus.

Class 4c property has a class rate of 2.4 percent of market value.

(d)(1) Class 4d property includes any structure:

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

(ii) located in a municipality of less than 10,000 population; and

(iii) financed by a direct loan or insured loan from the farmers home administration. Property is classified under this clause for 15 years from the date of the completion of the original construction or for the original term of the loan.

Classification under this clause is only available to property of a nonprofit or limited dividend entity.

(2) The class rates in paragraph (c), clauses (1), (2), and (3) and ~~this~~ clause (1) apply to the properties described in them, only in proportion to occupancy of the structure by elderly or handicapped persons or low and moderate income families as defined in the applicable laws unless construction of the structure had been commenced prior to January 1, 1984; or the project had been approved by the governing body of the municipality in which it is located prior to June 30, 1983; or financing of the project had been approved by a federal or state agency prior to June 30, 1983. ~~Classification under this clause is only available to property of a nonprofit or limited dividend entity~~ The restrictions contained in this clause apply to all properties financed by a local government unit loan, regardless of

when construction of the project began or when the project was approved.

Class 4d property has a class rate of 1.7 percent of market value for taxes payable in 1990, and two percent of market value for taxes payable thereafter.

(e) Residential rental property that would otherwise be assessed as class 4 property under paragraph (a); paragraph (b), ~~clauses (1) and (2)~~ clause (1); paragraph (c), clause (1), (2), (3), ~~or~~ (4), or (7); or paragraph (d), is assessed at the class rate applicable to it under Minnesota Statutes 1988, section 273.13, if it is found to be a substandard building under section 273.1316.

Sec. 14. Minnesota Statutes Second 1989 Supplement, section 273.371, subdivision 1, is amended to read:

Subdivision 1. [REPORT REQUIRED.] Every electric light, power, gas, water, express, stage, and transportation company and pipeline doing business in Minnesota shall annually file with the commissioner on or before March 31 a report under oath setting forth the information prescribed by the commissioner to enable the commissioner to make valuations, recommended valuations, and equalization required under sections 273.33, 273.35, 273.36, and 273.37. If all the required information is not available on March 31, the company or pipeline shall file the information that is available on or before March 31, and the balance of the information as soon as it becomes available.

Sec. 15. Minnesota Statutes 1988, section 273.42, subdivision 1, is amended to read:

Subdivision 1. The property set forth in section 273.37, subdivision 2, consisting of transmission lines of less than 69 kv and transmission lines of 69 kv and above located in an unorganized township, and distribution lines not taxed as provided in sections 273.38, 273.40 and 273.41 shall be taxed at the average tax capacity rate of taxes levied for all purposes throughout the county after disparity reduction aid is applied, and shall be entered on the tax lists by the county auditor against the owner thereof and certified to the county treasurer at the same time and in the same manner that other taxes are certified, and, when paid, shall be credited as follows: 50 percent to the general revenue fund of the county and 50 percent to the general school fund of the county, except that if there are high voltage transmission lines as defined in section 116C.52, the construction of which was commenced after July 1, 1974 and which are located in unorganized townships within the county, then the distribution of taxes within this subdivision shall be credited as follows: 50 percent to the general revenue fund of the county, 40 percent to the general school fund of the county and ten percent to a utility property tax credit fund, which is hereby established.

Sec. 16. Minnesota Statutes Second 1989 Supplement, section 275.065, subdivision 1, is amended to read:

Subdivision 1. [PROPOSED LEVY.] Notwithstanding any law or charter to the contrary, on or before September 1, each taxing authority, other than a school district, shall adopt a proposed budget and each taxing authority shall certify to the county auditor the proposed property tax levy for taxes payable in the following year. For purposes of this section, "taxing authority" includes all home rule and statutory cities, towns with a population over 5,000, counties, school districts, and special taxing districts. Intermediate school districts that levy a tax under chapter 136D and joint powers boards established under sections 124.491 to 124.496, are special taxing districts for purposes of this section.

Sec. 17. Minnesota Statutes 1988, section 275.065, is amended by adding a subdivision to read:

Subd. 5a. [PUBLIC ADVERTISEMENT.] (a) The taxing authority shall advertise in a newspaper a notice of its intent to adopt a budget and property tax levy at a public hearing. The notice must be published not less than two days nor more than six days before the hearing.

The advertisement must be at least one-eighth page in size of a standard-size or a tabloid-size newspaper, and the headlines in the advertisement stating the notice of proposed property taxes and the notice of public hearing must be in a type no smaller than 24-point. The text of the advertisement must be no smaller than 18-point, except that the property tax amounts and percentages may be in 14-point type. The advertisement must not be placed in the part of the newspaper where legal notices and classified advertisements appear. The advertisement must be published in a newspaper of general paid circulation in the taxing authority. The advertisement must appear in a newspaper that is published at least once per week. The newspaper selected must be one of general interest and readership in the community, and not one of limited subject matter.

(b) The advertisement must be in the following form:

"NOTICE OF

PROPOSED PROPERTY TAXES

(City/County/School District) of .....

The governing body of ..... will soon hold budget hearings and vote on the property taxes for (city/county/school district) services that will be provided in 199-.

The property tax amounts below compare current (city/county/school district) property taxes and the property taxes that would be collected in 199- if the budget now being considered is approved.

199- Property Taxes	Proposed 199- Property Taxes	199- Increase or Decrease
$	$	. . . . %

NOTICE OF PUBLIC HEARING:

All concerned citizens are invited to attend a public hearing and express their opinions on the proposed (city/county/school district) budget and property taxes. The hearing will be held on (Month/Day/Year) at (Time) at (Location, Address).

A continuation of the hearing, if necessary, will be held on (Month/Day/Year) at (Time) at (Location, Address).

Written comments may be directed to (Address)."

Sec. 18. Minnesota Statutes Second 1989 Supplement, section 275.065, subdivision 6, is amended to read:

Subd. 6. [PUBLIC HEARING; ADOPTION OF BUDGET AND LEVY.] Between November 15 and December 20, the governing bodies of the city and county shall each hold a public hearing to adopt its final budget and property tax levy for taxes payable in the following year, and the governing body of the school district shall hold a public hearing to adopt its property tax levy for taxes payable in the following year.

At the hearing, the taxing authority, other than a school district, may amend the proposed budget and property tax levy and must adopt a final budget and property tax levy, and the school district may amend the proposed property tax levy and must adopt a final property tax levy.

The adopted property tax levy must not exceed the proposed levy determined under subdivision 1, except by an amount up to the sum of the following amounts:

(1) the amount of a school district levy whose voters approved a referendum to increase taxes under section 124A.03, subdivision 2, or 124.82, subdivision 3, after the proposed levy was certified;

(2) the amount of a city or county levy approved by the voters under section 275.58 after the proposed levy was certified;

(3) the amount of a levy to pay principal and interest on bonds

issued or approved by the voters under section 475.58 after the proposed levy was certified;

(4) the amount of a levy to pay costs due to a natural disaster occurring after the proposed levy was certified, if that amount is approved by the commissioner of revenue under subdivision 6a; and

(5) the amount of a levy to pay tort judgments against a taxing authority that become final after the proposed levy was certified, if the amount is approved by the commissioner of revenue under subdivision 6a.

At the hearing the percentage increase in property taxes proposed by the taxing authority, if any, and the specific purposes for which property tax revenues are being increased must be discussed. During the discussion, the governing body shall hear comments regarding a proposed increase and explain the reasons for the proposed increase. The public shall be allowed to speak and to ask questions prior to adoption of any measures by the governing body. The governing body, other than the governing body school districts, shall adopt its final property tax levy prior to adopting its final budget.

The hearing must be held after 5:00 p.m. if scheduled on a day other than Saturday. No hearing may be held on a Sunday. The ~~commissioner of revenue~~ county auditor shall provide for the coordination of and approve the hearing dates for all taxing authorities within the county for which the county auditor is home auditor so that a taxing authority does not schedule public meetings on the days scheduled for the hearing by another taxing authority. The county must set its hearing date and notify the county auditor by September 15. The school district must set its hearing date and notify the county auditor after the county in which it is located has set its date, but no later than September 22. A city or town must set its hearing date and notify the county auditor after the county and school district in which it is located have set their dates, but no later than October 1.

This subdivision does not apply to towns and special taxing districts.

Sec. 19. Minnesota Statutes Second 1989 Supplement, section 275.07, subdivision 1, is amended to read:

Subdivision 1. The taxes voted by cities, towns with a population over 5,000, counties, school districts, and special districts shall be certified by the proper authorities to the county auditor on or before five working days after December 20 in each year. Towns with a population under 5,000 must certify the levy adopted by the town board to the county auditor by September 1 each year. If the town board modifies the levy at a special town meeting after September 1,

the town board must recertify its levy to the county auditor on or before five working days after December 20. The taxes certified shall not be adjusted by the aid received under sections 273.1398, subdivisions 2 and 3, and 477A.013, subdivision 5. If a city, town, county, school district, or special district fails to certify its levy by that date, its levy shall be the amount levied by it for the preceding year.

Sec. 20. Minnesota Statutes Second 1989 Supplement, section 275.50, subdivision 5, is amended to read:

Subd. 5. Notwithstanding any other law to the contrary for taxes levied in 1989 payable in 1990 and subsequent years, "special levies" means those portions of ad valorem taxes levied by governmental subdivisions to:

(a) for taxes levied in 1990, payable in 1991 and subsequent years, pay the costs not reimbursed by the state or federal government, of payments made to or on behalf of recipients of aid under any public assistance program authorized by law, and the costs of purchase or delivery of social services. The aggregate amounts levied under this clause for the costs of purchase or delivery of social services and income maintenance programs, other than those identified in section 273.1398, subdivision 1, paragraph (i), are subject to a maximum increase over the amount levied for the previous year of 12 percent for counties within the metropolitan area as defined in section 473.121, subdivision 2, or counties outside the metropolitan area but containing a city of the first class, and 15 percent for other counties. For purposes of this clause, "income maintenance programs" include income maintenance programs in section 273.1398, subdivision 1, paragraph (i), to the extent the county provides benefits under those programs over the statutory mandated standards. Effective with taxes levied in 1990, the portion of this special levy for human service programs identified in section 273.1398, subdivision 1, paragraph (i), is eliminated;

(b) pay the costs of principal and interest on bonded indebtedness except on bonded indebtedness issued under section 471.981, subdivisions 4 to 4c, or to reimburse for the amount of liquor store revenues used to pay the principal and interest due in the year preceding the year for which the levy limit is calculated on municipal liquor store bonds;

(c) pay the costs of principal and interest on certificates of indebtedness, except tax anticipation or aid anticipation certificates of indebtedness, issued for any corporate purpose except current expenses or funding an insufficiency in receipts from taxes or other sources or funding extraordinary expenditures resulting from a public emergency; and to pay the cost for certificates of indebtedness issued pursuant to sections 298.28 and 298.282;

(d) fund the payments made to the Minnesota state armory building commission pursuant to section 193.145, subdivision 2, to retire the principal and interest on armory construction bonds;

(e) provide for the bonded indebtedness portion of payments made to another political subdivision of the state of Minnesota;

(f) pay the amounts required, in accordance with section 275.075, to correct for a county auditor's error of omission but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.50 to 275.56 in the preceding levy year;

(g) pay amounts required to correct for an error of omission in the levy certified to the appropriate county auditor or auditors by the governing body of a city or town with statutory city powers in a levy year, but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.50 to 275.56 in the preceding levy year;

(h) pay amounts required by law to be paid to pay the interest on and to reduce the unfunded accrued liability of public pension funds in accordance with the actuarial standards and guidelines specified in sections 356.215 and 356.216 reduced by 106 percent of the amount levied for that purpose in 1976, payable in 1977. For the purpose of this special levy, the estimated receipts expected from the state of Minnesota pursuant to sections 69.011 to 69.031 or any other state aid expressly intended for the support of public pension funds shall be considered as a deduction in determining the required levy for the normal costs of the public pension funds. No amount of these aids shall be considered as a deduction in determining the governmental subdivision's required levy for the reduction of the unfunded accrued liability of public pension funds;

(i) to compensate the state for the cost of a reassessment ordered by the commissioner of revenue pursuant to section 270.16;

(j) pay the debt service on tax increment financing revenue bonds to the extent that revenue to pay the bonds or to maintain reserves for the bonds is insufficient as a result of the provisions of Laws 1988, chapter 719, article 5;

(k) pay the cost of hospital care under section 261.21;

(l) pay the unreimbursed costs incurred in the previous year to satisfy judgments rendered against the governmental subdivision by a court of competent jurisdiction in any tort action, or to pay the costs of settlements out of court against the governmental subdivi-

sion in a tort action when substantiated by a stipulation for the dismissal of the action filed with the court of competent jurisdiction and signed by both the plaintiff and the legal representative of the governmental subdivision, provided that an appeal for the unreimbursed costs under this clause was approved by the commissioner of revenue under section 275.51, subdivision 3;

(m) pay the expenses reasonably and necessarily incurred in preparing for or repairing the effects of natural disaster including the occurrence or threat of widespread or severe damage, injury, or loss of life or property resulting from natural causes such as earthquake, fire, flood, wind storm, wave action, oil spill, water contamination, air contamination, or drought in accordance with standards formulated by the emergency services division of the state department of public safety, provided that an appeal for the expenses incurred under this clause were approved by the commissioner of revenue under section 275.51, subdivision 3;

(n) pay a portion of the losses in tax receipts to a city due to tax abatements or court actions in the year preceding the current levy year, provided that an appeal for the tax losses was approved by the commissioner of revenue under section 275.51, subdivision 3. This special levy is limited to the amount of the losses times the ratio of the nonspecial levies to total levies for taxes payable in the year the abatements were granted. County governments are not authorized to claim this special levy;

(o) pay the operating cost of regional library services authorized under section 134.34, subject to a maximum increase over the previous year of the greater of (1) 103 percent multiplied by one plus the percentage increase determined for the governmental subdivision under section 275.51, subdivision 3h, clause (b), or (2) six percent. If a governmental subdivision elected to include some or all of its levy for libraries within its adjusted levy limit base in the prior year, but elects to claim the levy as a special levy in the current levy year, the allowable increase is determined by applying the greater percentage determined under clause (1) or (2) to the total amount levied for libraries in the prior levy year. After levy year 1989, the increase must not be determined using a base amount other than the amount that could have been levied as a special levy in the prior year. This limit may be redistributed according to the provisions of section 134.342. In no event shall the special levy be less than the minimum levy required under sections 134.33 and 134.34, subdivisions 1 and 2;

(p) pay the amount of the county building fund levy permitted under section 373.40, subdivision 6;

(q) pay the county's share of the costs levied in 1989, 1990, and 1991 for the Minnesota cooperative soil survey under Minnesota Statutes 1988, section 40.07, subdivision 15;

(r) for taxes levied in 1989, payable in 1990 only, pay the cost incurred for the minimum share required by counties levying for the first time under section 134.34 as required under section 134.341. For taxes levied in 1990, and thereafter, counties levying under this provision must levy under clause (o), and their allowable increase must be determined with reference to the amount levied in 1989 under this paragraph;

(s) for taxes levied in 1989, payable in 1990 only, provide an amount equal to 50 percent of the estimated amount of the reduction in aids to a county under sections 273.1398, subdivision 2, paragraph (d), and 477A.012, subdivision 3, for aids payable in 1990;

(t) for taxes levied in 1990 only by a county in the eighth judicial district, provide an amount equal to the amount of the levy, if any, that is required under Laws 1989, chapter 335, article 3, section 54, subdivision 8;

(u) for taxes levied in 1989, payable in 1990 only, pay the costs not reimbursed by the state or federal government:

(i) for the costs of purchase or delivery of social services. The aggregate amounts levied under this item are subject to a maximum increase over the amount levied in the previous year of 12 percent for counties within the metropolitan area as defined in section 473.121, subdivision 2, or counties outside the metropolitan area but containing a city of the first class, and 15 percent for other counties.

(ii) for payments made to or on behalf of recipients of aid under any public assistance program authorized by law. The aggregate amounts levied under this item are subject to a maximum increase over the amount levied in the previous year of 12 percent and must be used only for the public assistance programs; ~~and~~.

If the amount levied under this paragraph (u) in 1989 is less than the actual expenditures needed for these programs for 1990, the difference between the actual expenditures and the amount levied may be levied in 1990 as a special levy. If the amount levied in 1989 is greater than the actual expenditures needed for these programs for 1990, the difference between the amount levied and the actual expenditures shall be deducted from the 1990 levy limit, payable in 1991;

(v) pay an amount of up to 25 percent of the money sought for distribution and approved under section 115A.557, subdivision 3, paragraph (b), clause (3).;

(w) pay the unreimbursed costs of per diem jail or correctional facilities services paid by the county in the previous 12-month period ending on July 1 of the current year provided that the county

is operating under a department of corrections directive that limits the capacity of county jails or correctional facilities;

(x) for taxes levied in 1990 and 1991, payable in 1991 and 1992 only, pay the operating or maintenance costs of a county jail as authorized in section 641.01 or 641.262, or of a correctional facility as defined in section 241.021, subdivision 1, paragraph (5), to the extent that the county can demonstrate to the commissioner of revenue that the amount has been included in the county budget as a direct result of a rule, minimum requirement, minimum standard, or directive of the department of corrections. If the county utilizes this special levy, any amount levied by the county in the previous levy year for the purposes specified under this clause and included in the county's previous year's levy limitation computed under section 275.51, shall be deducted from the levy limit base under section 275.51, subdivision 3f, when determining the county's current year levy limitation. The county shall provide the necessary information to the commissioner of revenue for making this determination;

(y) for taxes levied in 1990, payable in 1991 only, pay an amount equal to the unreimbursed county costs paid in 1990 for the purpose of grasshopper control on public lands; and, for taxes levied in 1991 payable in 1992 only, pay an amount equal to the unreimbursed county costs paid in 1991 for the purpose of grasshopper control on public lands;

(z) pay the unreimbursed county costs for court-ordered family-based services and court-ordered out-of-home placement for children to the extent that the county can demonstrate to the commissioner of revenue that the estimated amount included in the county's budget for the following levy year is for the purposes specified under this clause. For purposes of this special levy, costs for "family-based services" and "out-of-home placement" means costs resulting from court-ordered targeted family services designed to avoid out-of-home placement and from court-ordered out-of-home placement under the provisions of sections 260.172 and 260.191, which are unreimbursed by the state or federal government, insurance proceeds, or parental or child obligations. Any amount levied under this clause must only be used by the county for the purposes specified in this clause.

If the county uses this special levy and the county levied an amount in the previous levy year, for the purposes specified under this clause, under another special levy or under the levy limitation in section 275.51, the following adjustments must be made:

(i) The amount levied in the previous levy year for the purposes specified under this clause under the levy limitation in section 275.51 must be deducted from the levy limit base under section

275.51, subdivision 3f when determining the current year levy limitation.

(ii) The amount levied in the previous levy year, for the purposes specified under clause (a) or clause (u) must be deducted from the previous year's amount used to calculate the maximum amount allowable under clause (a) in the current levy year; and

(aa) pay the unreimbursed costs of a municipality for the salaries and benefits of peace officers whose primary responsibilities are to investigate controlled substance crimes under chapter 152 or to teach drug abuse resistance education curricula in schools. This special levy is limited to the amount that the city can demonstrate to the commissioner of revenue is included in the city's budget for the following levy year for the purposes specified under this clause.

If the municipality utilizes this special levy, any amount levied by the municipality in the previous levy year for the purpose specified under this clause and included in the municipality's previous year's levy limitation computed under section 275.51, shall be deducted from the levy limit base under section 275.51, subdivision 3f, when determining the municipality's current year levy limitation. The municipality shall provide the necessary information to the commissioner of revenue for making this determination; and

(bb) for a county, provide an amount needed to fund comprehensive local water planning and implementation activities under sections 103B.3361 to 103B.3369 as provided in this clause.

(i) A county may levy an amount not to exceed the water planning and implementation local tax rate times the adjusted net tax capacity of the county for the preceding year. The water planning and implementation local tax rate shall be set by September 1 each year by the commissioner of revenue for taxes payable in the following year. As used in this paragraph, the "adjusted net tax capacity of the county" means the net tax capacity of the county as equalized by the commissioner of revenue based upon the results of an assessment/sales ratio study. That rate shall be the rate, rounded up to the nearest one-tenth of a percent, that, when applied to the adjusted gross tax capacity for all counties, raises the amount specified in this item. The water planning and implementation local tax rate for taxes levied in 1990 shall be the rate that raises $1,740,000 and the rate for taxes levied in 1991 shall be the rate that raises $1,740,000. A county must levy a tax at the rate established under this item to qualify for a grant from the board of water and soil resources under section 103B.3369, subdivision 5, except that if the amount necessary to develop and implement the local water plan for the county is less than $40,000, the levy under this item shall be $20,000, less one-half of the difference between $40,000 and the amount necessary to develop and implement the plan.

(ii) A county may also levy the amount necessary to implement a comprehensive local water plan approved by the board of water and soil resources to the extent that that amount exceeds the sum of the amount levied under item (i) and the amount of any grant to the county from the board under section 103B.3369, subdivision 5.

~~If the amount levied in 1989 is less than the actual expenditures needed for these programs for 1990, the difference between the actual expenditures and the amount levied may be levied in 1990 as a special levy. If the amount levied in 1989 is greater than the actual expenditures needed for these programs for 1990, the difference between the amount levied and the actual expenditures shall be deducted from the 1990 levy limit, payable in 1991.~~

Sec. 21. Minnesota Statutes Second 1989 Supplement, section 275.51, subdivision 3f, is amended to read:

Subd. 3f. [LEVY LIMIT BASE.] (a) The property tax levy limit base for governmental subdivisions for taxes levied in 1988 shall be equal to the total actual levy for taxes payable in 1988 with additions and subtractions as specified in paragraphs (b) and (c).

(b) The amounts to be added to the actual 1988 levy are (1) the amount of local government aid the governmental subdivision was certified to receive in 1988 under sections 477A.011 to 477A.014, (2) its 1988 taconite aids under sections 298.28 and 298.282, and (3) its 1988 wetlands and native prairie reimbursements under Minnesota Statutes 1986, sections 273.115, subdivision 3, and 273.116, subdivision 3.

(c) The amounts to be subtracted from the actual 1988 levy are (1) any special levies claimed for taxes payable in 1988 pursuant to Laws 1987, chapter 268, article 5, section 12, subdivision 4, clauses (1), (2), (3), and (4); and (2) for a governmental subdivision participating in a regional library system receiving grants from the department of education under section 134.34, the amount levied for taxes payable in 1988 for the operating costs of a public library service.

(d) For taxes levied in 1989 and subsequent years, a governmental subdivision's levy limit base is equal to its adjusted levy limit base for the preceding year, provided that for taxes levied in 1989, the amount of the administrative reimbursement aid received in 1988 shall be added to the base.

(e) For taxes levied by a county in 1989, the levy limit base determined under paragraph (d) shall be reduced by an amount equal to 90 percent of the cost of public defender services for felonies and gross misdemeanors and the costs of law clerks in the county that are assumed by the state during calendar year 1990, less 103 percent of one-half the amount of fees collected by the courts in the

county during calendar year 1988. For taxes levied in 1990, the levy limit base determined under paragraph (d) shall be reduced by an amount equal to the cost of public defender services for felonies and gross misdemeanors and the cost of law clerks in the county that are assumed by the state during calendar year 1991, less the amount of fees collected by the courts in the county during calendar year 1989, computed at the rate of $30 for civil and probate filings and $20 for marriage dissolutions.

(f) For taxes levied in 1989 only, by a county that is located in the eighth judicial district, the levy limit base determined under paragraphs (d) and (e) shall be further reduced by an amount equal to 90 percent of the cost of operation of the trial courts in the county during calendar year 1990 that are assumed by the state and for which an appropriation is provided, less 103 percent of the sum of (1) the remaining one-half of the amount of fees and (2) 100 percent of the amount of fines collected by the courts in the county during calendar year 1988. For taxes levied in 1990 only by those counties, the levy limit base determined under paragraphs (d) and (e) shall be further reduced by an amount equal to the cost of operation of the trial courts in the county during the first six months of calendar year 1991 that are assumed by the state less 50 percent of the amount of fines collected by the courts during calendar year 1989.

(g) By October 15, 1989, the board of public defense shall determine and certify to the commissioner of revenue the pro rata share for each county of the state-financed public defense services described in paragraph (e) during the six-month period beginning July 1, 1990. By October 15, 1989, the supreme court shall determine and certify to the department of revenue for each county the pro rata share for each county of the cost of providing law clerks during the three-month period beginning October 1, 1990, plus, for each county located in the eighth judicial district, the cost of operation of the trial courts during calendar year 1990.

By July 15, 1990, the board of public defense shall determine and certify to the department of revenue the pro rata share for each county of the state-financed public defense services described in paragraph (e) during calendar year 1991. By July 15, 1990, the supreme court shall determine and certify to the department of revenue for each county the pro rata share for each county of the cost of providing law clerks during calendar year 1991 plus, for each county located in the eighth judicial district, the cost of operation of the trial courts during the first six months of 1991.

(h) For taxes levied in a county in 1991, the levy limit base shall be reduced by an amount equal to the cost in the county of court reporters, judicial officers, and district court referees and the expenses of law clerks and court reporters as authorized in sections 484.545, subdivision 3, and 486.05, subdivisions 1 and 1a, as

certified by the supreme court pursuant to section 477A.012, subdivision 4.

(i) If a governmental subdivision received an adjustment to its levy limit base for taxes levied in 1988 under section 275.51, subdivision 3j, its levy limit base for taxes levied in 1989 must be reduced by the lesser of (1) the adjustment under section 275.51, subdivision 3j, or (2) the difference between its (i) levy limit for taxes levied in 1988 and its (ii) total actual levy for taxes levied in 1988 minus any special levies claimed for taxes levied in 1988 under section 275.50, subdivision 5.

(j) For taxes levied in 1990, the levy limit base of cities and counties shall be reduced by the amount equal to .6 percent of the city's and county's revenue base determined under sections 477A.012, subdivision 5, and 477A.013, subdivision 7.

Sec. 22. Minnesota Statutes Second 1989 Supplement, section 276.09, is amended to read:

276.09 [SETTLEMENT BETWEEN AUDITOR AND TREASURER.]

On the later of May 20 of each year or 19 calendar days after the postmark date on the envelopes containing real or personal property tax statements, the county treasurer shall make full settlement with the county auditor of all receipts collected for all purposes, from the date of the last settlement up to and including each day mentioned. The county auditor shall, within 30 days after the settlement, send an abstract of it to the state auditor in the form prescribed by the state auditor. At the settlement the treasurer shall make complete returns of the receipts on the current tax list, showing the amount collected on account of the several funds included in the list.

Settlement of receipts from the later of May 20 or the actual settlement date to December 31 of each year must be made as provided in section 276.111.

For purposes of this section, "receipts" includes all tax payments received by the county treasurer on or before the settlement date.

Sec. 23. Minnesota Statutes Second 1989 Supplement, section 276.10, is amended to read:

276.10 [APPORTIONMENT AND DISTRIBUTION OF FUNDS.]

On the settlement day ~~in May of~~ determined in section 276.09 for each year, the county auditor and county treasurer shall distribute all undistributed funds in the treasury. The funds must be appor-

tioned as provided by law, and credited to the state, town, city, school district, special district and each county fund. Within 20 days after the distribution is completed, the county auditor shall report to the state auditor in the form prescribed by the state auditor. The county auditor shall issue a warrant for the payment of money in the county treasury to the credit of the state, town, city, school district, or special districts on application of the persons entitled to receive the payment. The county auditor may apply the tax capacity rate from the year before the year of distribution when apportioning and distributing delinquent tax proceeds, if the composition of the previous year's tax capacity rate between taxing districts is not significantly different than the tax capacity rate that existed for the year of the delinquency.

Sec. 24. Minnesota Statutes Second 1989 Supplement, section 276.11, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] As soon as practical after the ~~May~~ settlement day determined in section 276.09 the county treasurer shall pay to the state treasurer or the treasurer of a town, city, school district, or special district, on the warrant of the county auditor, all receipts of taxes levied by the taxing district and deliver up all orders and other evidences of indebtedness of the taxing district, taking triplicate receipts for them. The treasurer shall file one of the receipts with the county auditor, and shall return one by mail on the day of its receipt to the clerk of the town, city, school district, or special district to which payment was made. The clerk shall keep the receipt in the clerk's office. Upon written request of the taxing district, to the extent practicable, the county treasurer shall make partial payments of amounts collected periodically in advance of the next settlement and distribution. A statement prepared by the county treasurer must accompany each payment. It must state the years for which taxes included in the payment were collected and, for each year, the amount of the taxes and any penalties on the tax. Upon written request of a taxing district, except school districts, the county treasurer shall pay at least 70 percent of the estimated collection within 30 days after the ~~May~~ settlement date determined in section 276.09. Within seven business days after the due date, or 21 calendar days after the postmark date on the envelopes containing real property tax statements, whichever is later, the county treasurer shall pay to the treasurer of the school districts 50 percent of the estimated collections arising from taxes levied by and belonging to the school district. The remaining 50 percent of the estimated collections must be paid to the treasurer of the school district within the next seven business days. The treasurer shall pay the balance of the amounts collected to the state or to a municipal corporation or other body within 60 days after the ~~May~~ settlement date determined in section 276.09. After 45 days interest at an annual rate of eight percent accrues and must be paid to the taxing district. Interest must be paid upon appropriation from the general revenue fund of

the county. If not paid, it may be recovered by the taxing district, in a civil action.

Sec. 25. Minnesota Statutes 1988, section 276.111, is amended to read:

276.111 [DISTRIBUTIONS AND FINAL YEAR-END SETTLEMENT.]

Within seven business days after October 15, the county treasurer shall pay to the school districts 50 percent of the estimated collections arising from taxes levied by and belonging to the school district from ~~May 20~~ the settlement day determined in section 276.09 to October 20. The remaining 50 percent of the estimated tax collections must be paid to the school district within the next seven business days. Within ten business days after November 15, the county treasurer shall pay to the school district 100 percent of the estimated collections arising from taxes levied by and belonging to the school districts from October 20 to November 20.

Within ten business days after November 15, the county treasurer shall pay to each taxing district, except any school district, 100 percent of the estimated collections arising from taxes levied by and belonging to each taxing district from ~~May 20~~ the settlement day determined in section 276.09 to November 20.

On or before January 5, the county treasurer shall make full settlement with the county auditor of all receipts collected from ~~May 20~~ the settlement day determined in section 276.09 to December 31. After subtracting any tax distributions that have been made to the taxing districts in October and November, the treasurer shall pay to each of the taxing districts on or before January 25, the balance of the tax amounts collected on behalf of each taxing district. Interest accrues at an annual rate of eight percent and must be paid to the taxing district if this final settlement amount is not paid by January 25. Interest must be paid upon appropriation from the general revenue fund of the county. If not paid, it may be recovered by the taxing district in a civil action.

Sec. 26. Minnesota Statutes Second 1989 Supplement, section 277.01, subdivision 1, is amended to read:

Subdivision 1. Except as provided in this subdivision, all unpaid personal property taxes shall be deemed delinquent on May 16 next after they become due or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, and thereupon a penalty of eight percent shall attach and be charged upon all such taxes. In the case of unpaid personal property taxes due and owing under section 272.01, subdivision 2, the first half shall become delinquent if not paid before May 16, or 14 days after the postmark date, whichever is later, and thereupon a penalty of

eight percent shall attach on the unpaid first half; and the second half shall become delinquent if not paid before October 16, and thereupon a penalty of eight percent shall attach on the unpaid second half. This section shall not apply to class 2a property.

A county may provide by resolution that in the case of a property owner that has multiple personal property tax statements with the aggregate taxes exceeding $50, payments may be made in installments as provided in this subdivision.

The county treasurer may accept payments of more or less than the exact amount of a tax installment due. If the accepted payment is less than the amount due, payments must be applied first to the penalty accrued for the year the payment is made. Acceptance of partial payment of tax does not constitute a waiver of the minimum payment required as a condition for filing an appeal under section 277.011 or any other law, nor does it affect the order of payment of delinquent taxes under section 280.39.

Sec. 27. Minnesota Statutes Second 1989 Supplement, section 277.02, is amended to read:

277.02 [DELINQUENT LIST FILED IN COURT.]

By June 15 of each year, the county treasurer shall make a list of all personal property taxes remaining delinquent May 16~~,~~ and by November 15 of each year the county treasurer shall make a list of all personal property taxable under section 272.01, subdivision 2, remaining delinquent October 16. The county treasurer shall immediately certify to and file ~~the same~~ each list with the court administrator of the district court of the county~~,~~ ~~and~~. Upon ~~such~~ filing, the list shall be prima facie evidence that all of the provisions of law in relation to the assessment and levy of ~~such~~ taxes have been complied with.

Sec. 28. Minnesota Statutes Second 1989 Supplement, section 277.05, is amended to read:

277.05 [SHERIFF TO FILE LIST OF UNCOLLECTED TAXES.]

If the sheriff is unable, for want of goods and chattels whereon to levy, to collect by a distress, or otherwise, the taxes, or any part thereof, assessed upon the personal property of any persons, the sheriff shall file with the court administrator of the district court, on July 15 following, a list of such taxes~~,~~. The list shall be filed with an affidavit of the sheriff, or of the deputy sheriff entrusted with the collection thereof, stating that the affiant has made diligent search and inquiry for goods and chattels from which to collect such taxes, and is unable to collect the same. The list of such taxes as they apply to manufactured homes shall be filed on December 1 and the list of

such taxes as they apply to property taxable under section 272.01, subdivision 2, shall be filed on December 15. The sheriff shall note on the margin of such list the place to which any delinquent taxpayer may have removed, with the date of removal, if known. At the time of filing the list the sheriff shall also return all the warrants with endorsements thereon showing the doings of the sheriff or deputy in the premises, and the court administrator shall file and preserve the same. On or before ~~September tenth~~ July 25 thereafter, the court administrator shall deliver such list and affidavit to the county treasurer, who shall, by comparison of such list with the tax duplicates in the treasurer's office, ascertain whether or not all personal property taxes reported by the treasurer to the court administrator as delinquent, except those included in such list, have been paid into the treasurer's office, and shall attach to the list a certificate stating whether or not all taxes reported by the treasurer to the court administrator as delinquent and not included in the list have been received, and stating the items of such taxes, if any, as have been received. The court administrator shall deliver such list and affidavit as they apply to manufactured homes on or before December 10 and as they apply to property taxable under section 272.01, subdivision 2, on or before December 24. The treasurer shall deliver such list and affidavit, with the certificate attached, to the county board at its first session thereafter, which shall cancel such taxes as it is satisfied cannot be collected. A copy of the tax list so revised, and also a separate list of the taxes so canceled, shall be included in the records of the proceedings of the board, and published in full, as a part of the proceedings.

Sec. 29. Minnesota Statutes Second 1989 Supplement, section 277.06, is amended to read:

277.06 [CITATION TO DELINQUENTS; DEFAULT JUDGMENT.]

On September 5, or within ten days after the adjournment of the county board, whichever occurs first, the county auditor shall file a copy of such revised list with the court administrator of the district court. The county auditor shall file a copy of the revised list as it applies to manufactured homes on January 20 and a copy of the revised list as it applies to property taxable under section 272.01, subdivision 2, on February 15. Within ten days after the list has been filed, the court administrator shall issue a citation to each delinquent named in the list, stating the amount of tax and penalty, and requiring such delinquent to appear on a day to be set by the district court in the county, appointed to be held at a time not less than 30 days after the issuance of such citation, and show cause, if any there be, why the delinquent should not pay the tax and penalty. The citation shall be delivered for service to the sheriff of the county where such person may at the time reside or be. If such person, after service of the citation, fails to pay such tax, penalty, and costs to the sheriff before the first day of the term, or on such day to show cause

as aforesaid, the court shall direct judgment against the person for the amount of such tax, penalty, and costs. When unable to serve the citation, the sheriff shall return the same to the court administrator, with a return thereto to that effect, and thereupon, or if the court decides that the service of such citation made or attempted to be made, or the issuance thereof by the court administrator, was illegal, the court administrator shall issue another like citation, requiring such delinquent to appear on the first day of the next general term to be held in the county, and show cause as aforesaid, and if the delinquent fails to pay or to show cause, the court shall direct judgment as aforesaid. Whenever the sheriff has been unable to serve any such citation theretofore issued in any year or years, or whenever the court decides that the service of any such citation theretofore made or attempted to be made, or the issuance thereof by the court administrator, was illegal, the court administrator shall issue another like citation requiring such delinquent to appear, as in the case last provided, and with like effect; provided, that all citations other than the first shall be issued only on the request of the county attorney.

Sec. 30. Minnesota Statutes 1988, section 277.15, is amended to read:

277.15 [INTEREST.]

When a judgment has heretofore been entered and docketed, or shall hereafter be entered and docketed, for the recovery of taxes, except in the case of real estate tax judgments provided for in section 279.19, the same shall bear interest until paid at the rate of six percent per annum until January 1, 1981, ~~and~~ at the rate determined under section 549.09 ~~thereafter~~ until December 31, 1990, and at the rate provided in section 279.03, subdivision 1a, on or after January 1, 1991.

Sec. 31. Minnesota Statutes 1989 Supplement, section 278.05, subdivision 4, is amended to read:

Subd. 4. [SALES RATIO STUDIES AS EVIDENCE.] The sales ratio studies published by the department of revenue, or any part of the studies, or any copy of the studies or records accumulated to prepare the studies which is prepared by the commissioner of revenue for use in determining education aids shall be admissible in evidence as a public record without the laying of a foundation if the sales prices used in the study are adjusted for the terms of the sale to reflect market value and are adjusted to reflect the difference in the date of sale compared to the assessment date. The department of revenue sales ratio study shall be prima facie evidence of the level of assessment. Additional evidence relevant to the sales ratio study is also admissible. No sales ratio study received into evidence shall be conclusive or binding on the court and evidence of its reliability or unreliability may be introduced by any party including, but not

limited to, evidence of inadequate adjustment of sale prices for terms of financing, inadequate adjustment of sales prices to reflect the difference in the date of sale compared to the assessment date, and inadequate sample size.

No reduction in value on the grounds of discrimination shall be granted on the basis of a sales ratio study unless

(a) the sales prices are adjusted for the terms of the sale to reflect market value,

(b) the sales prices are adjusted to reflect the difference in the date of sale compared to the assessment date,

(c) there is an adequate sample size, and

(d) the median ratio of the same classification of property in the same county, city, or town as the subject property is lower than 90 percent, except that in the case of a county containing a city of the first class, the median ratio for the county shall be the ratio determined excluding sales from the first class city within the county.

~~If a reduction in value on the grounds of discrimination is granted based on the above criteria, the reduction shall equal the difference between 90 percent and the median ratio determined by the court.~~

Sec. 32. Minnesota Statutes 1989 Supplement, section 279.01, subdivision 1, is amended to read:

Subdivision 1. Except as provided in subdivision 3, on the later of May 16~~,~~ of each year or 14 calendar days after the postmark date on the envelope containing the property tax statement, with respect to property actually occupied and used as a homestead by the owner of the property, a penalty of three percent shall accrue and thereafter be charged upon all unpaid taxes on real estate on the current lists in the hands of the county treasurer, and a penalty of seven percent on nonhomestead property, except that this penalty shall not accrue until the later of June 1 of each year or 29 calendar days after the postmark date on commercial use real property used for seasonal residential recreational purposes and classified as class 1c or 4c, and on other commercial use real property classified as class 3a, provided that over 60 percent of the gross income earned by the enterprise on the class 3a property is earned during the months of May, June, July, and August. Any property owner of such class 3a property who pays the first half of the tax due on the property after May 15 and before the later of June 1 or 29 calendar days after the postmark date shall attach an affidavit to the payment attesting to compliance with the income provision of this subdivision. Thereafter, for both homestead and nonhomestead property, on the first day

of each month, up to and including October 1 following, an additional penalty of one percent for each month shall accrue and be charged on all such unpaid taxes. When the taxes against any tract or lot exceed $50, one-half thereof may be paid prior to the later of May 16 or 14 calendar days after the postmark date on the envelope containing the property tax statement; and, if so paid, no penalty shall attach; the remaining one-half shall be paid at any time prior to October 16 following, without penalty; but, if not so paid, then a penalty of four percent shall accrue thereon for homestead property and a penalty of four percent on nonhomestead property. Thereafter, for homestead property, on the first day of November and December following, an additional penalty of two percent for each month shall accrue and be charged on all such unpaid taxes. Thereafter, for nonhomestead property, on the first day of November and December following, an additional penalty of four percent for each month shall accrue and be charged on all such unpaid taxes. If one-half of such taxes shall not be paid prior to the later of May 16 or 14 calendar days after the postmark date on the envelope containing the property tax statement, the same may be paid at any time prior to October 16, with accrued penalties to the date of payment added, and thereupon no penalty shall attach to the remaining one-half until October 16 following.

A county may provide by resolution that in the case of a property owner that has multiple tracts or parcels with aggregate taxes exceeding $50, payments may be made in installments as provided in this subdivision.

The county treasurer may accept payments of more or less than the exact amount of a tax installment due. If the accepted payment is less than the amount due, payments must be applied first to the penalty accrued for the year the payment is made. Acceptance of partial payment of tax does not constitute a waiver of the minimum payment required as a condition for filing an appeal under section 278.03 or any other law, nor does it affect the order of payment of delinquent taxes under section 280.39.

Sec. 33. Minnesota Statutes 1988, section 279.03, is amended by adding a subdivision to read:

Subd. 1a. [RATE AFTER DECEMBER 31, 1990.] Interest on delinquent property taxes, penalties, and costs unpaid on or after January 1, 1991, shall be payable at the per annum rate determined in section 270.75, subdivision 5. The rate shall be subject to change on January 1 of each year.

Sec. 34. Minnesota Statutes 1988, section 279.03, subdivision 2, is amended to read:

Subd. 2. [COMPOSITE JUDGMENT.] Amounts included in composite ~~judgment, as~~ judgments authorized by section 279.37, subdi-

vision 1, and confessed on or after July 1, 1982, are subject to interest at the rate determined ~~pursuant to~~ under section 549.09. Amounts confessed under this authority after December 31, 1990, are subject to interest at the rate calculated under subdivision 1a. During each calendar year, interest shall accrue on the unpaid balance of the composite judgment from the time it is confessed until it is paid. The rate of interest is subject to change each year in the same manner that section 549.09 or subdivision 1a, whichever is applicable, provides for rate changes ~~on judgments~~. Interest on the unpaid contract balance on judgments confessed before July 1, 1982, is payable at the rate applicable to the judgment at the time that it was confessed.

Sec. 35. Minnesota Statutes 1988, section 281.17, is amended to read:

281.17 [PERIOD FOR REDEMPTION.]

The period of redemption for all lands sold to the state at a tax judgment sale shall be three years from the date of sale to the state of Minnesota if the land is within an incorporated area unless it is: (a) nonagricultural homesteaded land as defined in section 273.13, subdivision 22, (b) homesteaded agricultural land as defined in section 273.13, subdivision 23, paragraph (a), or (c) seasonal recreational land as defined in section 273.13, subdivision 25, paragraph (d)(1) or (c)(4), in which event the period of redemption is five years from the date of sale to the state of Minnesota.

The period of redemption for homesteaded lands as defined in section 273.13, subdivision 22, located in a targeted neighborhood as defined in Laws 1987, chapter 386, article 6, section 4, and sold to the state at a tax judgment sale is ~~two~~ three years from the date of sale. The period of redemption for ~~other~~ all lands located in a targeted neighborhood as defined in Laws 1987, chapter 386, article 6, section 4, except homesteaded lands as defined in section 273.13, subdivision 22, and sold to the state at a tax judgment sale is one year from the date of sale.

The period of redemption for all other lands sold to the state at a tax judgment sale shall be five years from the date of sale.

Sec. 36. Minnesota Statutes 1989 Supplement, section 282.01, subdivision 1, is amended to read:

Subdivision 1. [CLASSIFICATION; ~~USE~~; ~~EXCHANGE~~.] It is the general policy of this state to encourage the best use of tax-forfeited lands, recognizing that some lands in public ownership should be retained and managed for public benefits while other lands should be returned to private ownership. ~~All~~ Parcels of land becoming the property of the state in trust under ~~the provisions of any~~ law ~~now existing or hereafter enacted~~ declaring the forfeiture of lands to the

state for taxes, shall be classified by the county board of the county ~~wherein such~~ in which the parcels lie as conservation or nonconservation. ~~Such~~ In making the classification ~~shall be made with consideration, among other things, to~~ the board shall consider the present use of adjacent lands, the productivity of the soil, the character of forest or other growth, accessibility of lands to established roads, schools, and other public services, their peculiar suitability or desirability for particular uses and the suitability of the forest resources on the land for multiple use, sustained yield management. ~~Such~~ The classification, furthermore, ~~shall aid: to~~ must encourage and foster a mode of land utilization that will facilitate the economical and adequate provision of transportation, roads, water supply, drainage, sanitation, education, and recreation; ~~to~~ facilitate reduction of governmental expenditures; ~~to~~ conserve and develop the natural resources; and ~~to~~ foster and develop agriculture and other industries in the districts and places best suited ~~thereto~~ to them.

In making ~~such~~ the classification the county board may ~~make~~ use ~~of such data and~~ information ~~as may be~~ made available by any office or department of the federal, state, or local governments, or by any other person or agency possessing pertinent information ~~pertinent thereto~~ at the time ~~such~~ the classification is made. ~~Such~~ The lands may be reclassified from time to time as the county board may ~~deem~~ consider necessary or desirable, except ~~as to~~ for conservation lands held by the state free from any trust in favor of any taxing district.

If ~~any such~~ the lands are located within the boundaries of ~~any~~ an organized town, with taxable valuation in excess of $20,000, or incorporated municipality, the classification or reclassification and sale ~~shall~~ must first be approved by the town board of ~~such~~ the town or the governing body of ~~such~~ the municipality ~~insofar as~~ in which the lands are located ~~therein are concerned~~. The town board of the town or the governing body of the municipality ~~will be deemed~~ is considered to have approved the classification or reclassification and sale if the county board is not notified of the disapproval of the classification or reclassification and sale within 90 days of the date the request for approval was transmitted to the town board of the town or governing body of the municipality. If the town board or governing body desires to acquire any parcel lying in the town or municipality by procedures authorized in this subdivision, it ~~shall, within 90 days of the request for classification or reclassification and sale,~~ must file a written application with the county board to withhold the parcel from public sale. The application must be filed within 90 days of the request for classification or reclassification and sale. The county board shall then withhold the parcel from public sale for one year.

Subd. 1a. [CONVEYANCE; GENERALLY.] ~~Any~~ Tax-forfeited lands may be sold by the county board to ~~any~~ an organized or incorporated governmental subdivision of the state for any public

purpose for which ~~such~~ the subdivision is authorized to acquire property or may be released from the trust in favor of the taxing districts ~~upon~~ on application of ~~any~~ a state agency for ~~any~~ an authorized use at not less than their value as determined by the county board. The commissioner of revenue may convey by deed in the name of the state ~~any~~ a tract of tax-forfeited land held in trust in favor of the taxing districts~~,~~ to ~~any~~ a governmental subdivision for ~~any~~ an authorized public use, ~~provided that~~ if an application is submitted to the commissioner ~~with~~ which includes a statement of facts as to the use to be made of the tract and the need therefor and the recommendation of the county board.

Subd. 1b. [CONVEYANCE; TARGETED NEIGHBORHOOD LANDS.] Notwithstanding subdivision 1a, in the case of tax-forfeited lands located in a targeted neighborhood, as defined in section 469.201, subdivision 10, the commissioner of revenue ~~shall~~ may convey by deed in the name of the state any tract of tax-forfeited land held in trust in favor of the taxing districts, to a political subdivision that submits an application to the commissioner of revenue and the county board. The application must include a statement of facts as to the use to be made of the tract, the need therefor, and a resolution, adopted by the governing body of the political subdivision, finding that the conveyance of a tract of tax-forfeited land to the political subdivision is necessary to provide for the redevelopment of land as productive taxable property.

Subd. 1c. [DEED OF CONVEYANCE.] The deed of conveyance ~~shall~~ must be ~~upon~~ on a form approved by the attorney general and ~~shall~~ must be conditioned ~~upon~~ on continued use for the purpose stated in the application~~, provided, however, that~~. If, however, the governing body of ~~such~~ the governmental subdivision by resolution determines that some other public use ~~shall~~ should be made of ~~such~~ the lands, and ~~such~~ the change of use is approved by the county board and an application for ~~such~~ change of use is made to, and approved by, the commissioner, ~~such~~ the changed use may be made ~~of such lands~~ without ~~the necessity of the governing body~~ conveying the lands back to the state and securing a new conveyance ~~from the state to the governmental subdivision~~ for ~~such~~ the new public use.

Subd. 1d. [FAILURE TO USE; CONVEYANCE TO STATE.] ~~Whenever any~~ When a governmental subdivision to which ~~any~~ tax-forfeited land has been conveyed for a specified public use as provided in this section ~~shall fail~~ fails to put ~~such~~ the land to ~~such~~ that use, or to some other authorized public use as provided ~~herein~~ in this section, or ~~shall abandon such~~ abandons that use, the governing body of the subdivision shall authorize the proper officers to convey the ~~same~~ land, or ~~such portion thereof~~ the part of the land not required for an authorized public use, to the state of Minnesota~~, and such~~. The officers shall execute a deed of ~~such~~ conveyance ~~forthwith, which~~ immediately. The conveyance ~~shall be~~ is subject to the approval of the commissioner and ~~in~~ its form must be approved

by the attorney general~~, provided, however, that~~. A sale, lease, transfer, or other conveyance of ~~such~~ tax-forfeited lands by a housing and redevelopment authority, a port authority, an economic development authority, or a city as authorized by chapter 469 ~~shall not be~~ is not an abandonment of ~~such~~ use and ~~such~~ the lands shall not be reconveyed to the state nor shall they revert to the state. A certificate made by a housing and redevelopment authority, a port authority, an economic development authority, or a city referring to a conveyance by it and stating that the conveyance has been made as authorized by chapter 469 may be filed with the county recorder or registrar of titles, and the rights of reverter in favor of the state provided by ~~this~~ subdivision 1e will then terminate. No vote of the people ~~shall be~~ is required for ~~such~~ the conveyance.

Subd. 1e. [REVERSION.] ~~In case any such~~ If the tax-forfeited land ~~shall~~ is not ~~be so~~ conveyed to the state in accordance with subdivision 1d, the commissioner of revenue shall by written instrument, in form approved by the attorney general, declare the ~~same~~ land to have reverted to the state, and shall serve a notice ~~thereof~~ of reversion, with a copy of the declaration, by certified mail upon the clerk or recorder of the governmental subdivision concerned~~, provided, that~~. No declaration of reversion shall be made earlier than five years from the date of conveyance for failure to put ~~such~~ land to ~~such~~ the use specified or from the date of abandonment of ~~such~~ that use if ~~such~~ the lands have been put to ~~such~~ that use. The commissioner shall file the original declaration in the commissioner's office, with verified proof of service ~~as herein required~~. The governmental subdivision may appeal to the district court of the county in which the land lies by filing with the court administrator a notice of appeal, specifying the grounds of appeal and the description of the land involved, mailing a copy ~~thereof~~ of the notice of appeal by certified mail to the commissioner of revenue, and filing a copy ~~thereof~~ for record with the county recorder or registrar of titles, all within 30 days after the mailing of the notice of reversion. The appeal shall be tried by the court in like manner as a civil action. If no appeal is taken as ~~herein~~ provided in this subdivision, the declaration of reversion ~~shall be~~ is final. The commissioner of revenue shall file for record with the county recorder or registrar of titles, of the county within which the land lies, a certified copy of the declaration of reversion and proof of service.

Subd. 1f. [EXCHANGE.] ~~Any~~ A city of the first class ~~now or hereafter having~~ with a population of 450,000, or over, or its board of park commissioners, which has acquired tax-forfeited land for a specified public use ~~pursuant to the terms of~~ under this section, may convey ~~said~~ the land in exchange for other land of substantially equal worth located in ~~said~~ the city ~~of the first class, provided that~~. The land conveyed to ~~said~~ the city ~~of the first class now or hereafter having a population of 450,000, or over~~, or its board of park commissioners, in exchange ~~shall be~~ is subject to the public use and reversionary provisions of this section. The tax-forfeited land so

conveyed ~~shall~~ is thereafter ~~be~~ free ~~and discharged~~ from the public use and reversionary provisions of this section, ~~provided that said~~. The exchange shall in no way affect the ~~mineral or~~ mineral rights of the state of Minnesota, if any, in the lands ~~so~~ exchanged.

Sec. 37. Minnesota Statutes 1988, section 282.01, subdivision 4, is amended to read:

Subd. 4. [CONDUCT OF SALE.] The sale shall be conducted by the county auditor at the county seat of the county in which the parcels lie, provided that, in St. Louis and Koochiching counties, the sale may be conducted in any county facility within the county, and the parcels shall be sold for cash only and at not less than the appraised value, unless the county board of the county shall have adopted a resolution providing for their sale on terms, in which event the resolution shall control with respect thereto. When the sale is made on terms other than for cash only a payment of at least ten percent of the purchase price must be made at the time of purchase, thereupon the balance shall be paid in no more than ten equal annual installments. No standing timber or timber products shall be removed from these lands until an amount equal to the appraised value of all standing timber or timber products on the lands at the time of purchase has been paid by the purchaser; provided, that in case any parcel of land bearing standing timber or timber products is sold at public auction for more than the appraised value, the amount bid in excess of the appraised value shall be allocated between the land and the timber in proportion to the respective appraised values thereof, and no standing timber or timber products shall be removed from the land until the amount of the excess bid allocated to timber or timber products has been paid in addition to the appraised value thereof. The purchaser is entitled to immediate possession, subject to the provisions of any existing valid lease made in behalf of the state.

For sales occurring on or after July 1, 1982, the unpaid balance of the purchase price is subject to interest at the rate determined pursuant to section 549.09. The unpaid balance of the purchase price for sales occurring after December 31, 1990, is subject to interest at the rate determined in section 279.03, subdivision 1a. The interest rate is subject to change each year on the unpaid balance in the manner provided for rate changes in section 549.09 ~~for rate changes on judgments~~ or section 279.03, subdivision 1a, whichever is applicable. Interest on the unpaid contract balance on sales occurring before July 1, 1982, is payable at the rate applicable to the sale at the time that the sale occurred.

Sec. 38. Minnesota Statutes 1988, section 282.261, subdivision 2, is amended to read:

Subd. 2. [INTEREST RATE.] The unpaid balance on any repurchase contract approved by the county board on or after July 1, 1982,

is subject to interest at the rate determined ~~pursuant to~~ under section 549.09. Repurchase contracts approved after December 31, 1990, are subject to interest at the rate determined in section 279.03, subdivision 1a. The interest rate is subject to change each year on the unpaid balance in the manner provided for rate changes in section 549.09 ~~for rate changes on judgments~~ or section 279.03, subdivision 1a, whichever is applicable. Interest on the unpaid contract balance on repurchases approved before July 1, 1982, is payable at the rate applicable to the repurchase contract at the time that it was approved.

Sec. 39. Minnesota Statutes 1989 Supplement, section 375.192, subdivision 2, is amended to read:

Subd. 2. ~~Notwithstanding section 270.07,~~ Upon written application by the owner of the property, ~~if the application seeks a reduction in estimated market value not in excess of $10,000,~~ the county board may grant the reduction or abatement of estimated market valuation or taxes and of any costs, penalties, or interest on them as the board deems just and equitable and order the refund in whole or part of any taxes, costs, penalties, or interest which have been erroneously or unjustly paid. The application must be approved by the county assessor, or, if the property is located in a city of the first or second class having a city assessor, by the city assessor, and by the county auditor before consideration by the county board. ~~The methods of obtaining a reduction or abatement of ad valorem values contained in subdivisions 1 and 2 are in addition to the method provided in section 270.07.~~ No reduction, abatement, or refund of any special assessments made or levied by any municipality for local improvements shall be made unless it is also approved by the board of review or similar taxing authority of the municipality. Before taking action on any reduction or abatement where the reduction of taxes, costs, penalties, and interest exceed $10,000, the county board shall give 20 days' notice to the school board and the municipality in which the property is located. The notice must describe the property involved, the actual amount of the reduction being sought, and the reason for the reduction. If the school board or the municipality object to the granting of the reduction or abatement, the county board must refer the abatement or reduction to the commissioner of revenue with its recommendation. The commissioner shall consider the abatement or reduction under section 270.07, subdivision 1.

An appeal may not be taken to the tax court from any order of the county board made in the exercise of the discretionary authority granted in this section.

Sec. 40. Minnesota Statutes 1989 Supplement, section 410.32, is amended to read:

410.32 [CITIES AUTHORIZED TO ISSUE CAPITAL NOTES FOR CERTAIN EQUIPMENT ACQUISITIONS.]

Notwithstanding any contrary provision of other law or charter, a home rule charter city may, by resolution and without public referendum, issue capital notes subject to the city debt limit to purchase public safety equipment, ambulance and other medical equipment, road construction and maintenance equipment, and other capital equipment having an expected useful life at least as long as the term of the notes. The notes shall be payable in not more than five years and be issued on terms and in the manner the city determines. The total principal amount of the capital notes issued in a fiscal year shall not exceed 0.03 percent of the market value of taxable property in the city for that year. A tax levy shall be made for the payment of the principal and interest on the notes, in accordance with section 475.61, as in the case of bonds. Notes issued under this section shall require an affirmative vote of two-thirds of the governing body of the city. ~~Unless prohibited by its charter~~ Notwithstanding a contrary provision of other law or charter, a home rule charter city may also issue capital notes subject to its debt limit in the manner and subject to the limitations applicable to statutory cities pursuant to section 412.301.

Sec. 41. Minnesota Statutes 1989 Supplement, section 462.396, subdivision 2, is amended to read:

Subd. 2. On or before August 20 each year, the commission shall submit its proposed budget for the ensuing calendar year showing anticipated receipts, disbursements and ad valorem tax levy with a written notice of the time and place of the public hearing on the proposed budget to each county auditor and municipal clerk within the region and those town clerks who in advance have requested a copy of the budget and notice of public hearing. On or before October 1 each year, the commission shall adopt, after a public hearing held not later than September 20, a budget covering its anticipated receipts and disbursements for the ensuing year and shall decide upon the total amount necessary to be raised from ad valorem tax levies to meet its budget. After adoption of the budget and no later than October 1, the secretary of the commission shall certify to the auditor of each county within the region the county share of the tax, which shall be an amount bearing the same proportion to the total levy agreed on by the commission as the net tax capacity of the county bears to the net tax capacity of the region. For taxes levied in 1990, the maximum ~~amount~~ amounts of ~~any levy~~ levies made for the purposes of sections 462.381 to 462.398 ~~shall not exceed 0.00403 percent of market value on all taxable property in the region.~~ are the following amounts, less the sum of regional planning grants from the state planning agency to that region: for Region 1, $180,337; for Region 2, $150,000; for Region 3, $353,110; for Region 5, $195,865; for Region 6E, $197,177; for Region 6W, $150,000; for Region 7E, $158,653; for Region 8, $206,107; for Region 9, $343,572. For taxes levied in 1991 and thereafter, the maximum levy for each region is: (1) 103 percent of (i) the previous year's tax levy, plus (ii) the sum of regional planning grants from the state planning agency

for the previous levy year, minus (2) the sum of regional planning grants from the state planning agency for the current levy year. The auditor of each county in the region shall add the amount of any levy made by the commission within the limits imposed by this subdivision to other tax levies of the county for collection by the county treasurer with other taxes. When collected the county treasurer shall make settlement of the taxes with the commission in the same manner as other taxes are distributed to political subdivisions.

Sec. 42. Minnesota Statutes 1988, section 469.059, subdivision 11, is amended to read:

Subd. 11. [PROCEDURE.] Tax-forfeited lands in an industrial development district that are vested in the state shall be conveyed to the port authority that is developing the district for one dollar per tract. The port authority may use and later resell the land for purposes of sections 469.048 to 469.068.

In conveying tax-forfeited land to a port authority, the state may not retain a possibility of reverter or right of reentry as it does under section 282.01, subdivision ~~1~~ 1e.

The commissioner of revenue shall convey tax-forfeited parcels in an industrial development district to the port authority, if the authority petitions for conveyance under sections 469.048 to 469.068 and pays one dollar per tract.

The attorney general shall approve the form of the deed of conveyance. The port authority shall receive absolute title to the tract, subject only to a reservation of minerals and mineral rights, under section 282.12. The deed of conveyance must not contain a restriction on the use of the premises. The conveyance divests the state of all further right, title, claim or interest in the tracts, except for the reservation of minerals and mineral rights.

Sec. 43. Laws 1989, chapter 326, article 3, section 49, is amended to read:

Sec. 49. [EFFECTIVE DATE.]

Section 9 is effective July 1, 1989, but a well notification is not required to be filed with the commissioner for construction of a well until after December 31, 1989.

Section 14 relating to disclosing wells to buyers and transferees is effective July 1, ~~1990~~ 1991.

~~Section,~~ Sections 31, 32, and 33 are effective July 1, 1990, and limited well contractor licenses and limited well sealing licenses may not be issued until after that date.

Sections 24 and 33 relating to permits required for elevator shafts and elevator shaft contractor licenses are effective July 1, 1990.

Sec. 44. Laws 1989, chapter 353, section 13, is amended to read:

Sec. 13. [EFFECTIVE DATE.]

This act is effective July 1, 1989. Sections 6 and 9 apply to state land and tax-forfeited land sold after March 15, ~~1990~~ 1991.

Sec. 45. Laws 1989, First Special Session chapter 1, article 3, section 32, subdivision 1, is amended to read:

Subdivision 1. [NO VALUATION INCREASE.] (a) Notwithstanding Minnesota Statutes, section 273.11, or any other law to the contrary, the estimated market value of a manufactured home ~~parks~~ park, as defined in section 327.14, subdivision 3, and assessed under section 273.13, subdivision 25, paragraph (a) or (b), for taxes levied in ~~1989~~ 1990, may not exceed 125 percent of its estimated market value for taxes levied in ~~1988~~ 1989.

(b) This subdivision does not apply to increases in value attributable to improvements made to the real estate since the January 2, ~~1988~~ 1989, assessment. It does not apply to property becoming subject to taxation since the January 2, ~~1988~~ 1989, assessment. The limitation in this subdivision applies to any increase in valuation imposed by the local boards of review under section 274.01, the county boards of equalization under section 274.13, and the state board of equalization and the commissioner of revenue under sections 270.11, 270.12, and 270.16.

Sec. 46. Laws 1989, First Special Session chapter 1, article 3, section 32, subdivision 2, is amended to read:

Subd. 2. [NOTICE TO PROPERTY OWNER.] (a) If an assessor has increased the estimated market value of property over that allowed in subdivision 1, the assessor must reduce the estimated market value to the amount allowed under subdivision 1.

~~On or before November 1, 1989, the assessor must mail notices to all owners of property subject to subdivision 1. The notice must state that any increase in the estimated market value of manufactured home park land for taxes levied in 1989 over that for taxes levied in 1988 has been limited by this act.~~ (b) If an assessor has notified owners of property subject to subdivision 1 of an increase in estimated market value for taxes payable in 1991, the assessor must mail notice to the property owners by July 1, 1990. The notice must state that any increase in the estimated market value of manufactured home park land for taxes levied in 1990 over that for taxes levied in 1989 has been limited by this act.

Sec. 47. Laws 1989, First Special Session chapter 1, article 5, section 52, is amended to read:

Sec. 52. [EFFECTIVE DATE.]

Except as otherwise provided, sections 12 to 19, 27, 35, 45, and 47 are effective for taxes levied in 1989, payable in 1990 and subsequent years. Section 49 is effective upon approval by the Itasca county board for taxes levied in 1988, payable in 1989 only. Sections 1, 5, 6, 20, 31, 34, 41, 44, and 51 are effective for taxes levied ~~by cities and towns in 1991, payable in 1992 and thereafter, and for taxes levied by counties~~ in 1992, payable in 1993 and thereafter. Sections 2, 4, 7, 9 to 11, 21 to 26, 28 to 30, 32, 33, 36 to 40, 42, and 43 are effective for taxes levied in ~~1991~~ 1992, payable in ~~1992~~ 1993, and thereafter. Sections 3 and 8 are effective for taxes levied in 1992, payable in 1993 and thereafter. Section 50 is effective for taxes payable in 1989 and 1990 only.

Sec. 48. [CITY OF BAYPORT; LIBRARY LEVY.]

Notwithstanding the limit in Minnesota Statutes, section 275.50, subdivision 5, clause (o), for taxes levied in 1990, payable in 1991, the city of Bayport may levy $156,158 to pay operating costs of the city library. This amount is not subject to the limitations in Minnesota Statutes, sections 275.50 to 275.56. For taxes levied in 1991 and thereafter, payable in 1992 and thereafter, the city may levy as a special levy the amount authorized under Minnesota Statutes, section 275.50, subdivision 5, clause (o). For purposes of determining the maximum levy increase under that section, the amount levied in 1990, payable in 1991, shall be the base amount.

Sec. 49. [LOCAL APPROVAL; EFFECTIVE DATE.]

Section 48 is effective the day after approval by the governing body of the city of Bayport and its compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 50. [REVERSE REFERENDUM.]

If the Bayport city council intends to exercise the authority provided by section 48 in subsequent years, it shall pass a resolution stating the fact before January 1, 1991. The resolution must be published for two successive weeks in the official newspaper of the city or, if there is no official newspaper, in a newspaper of general circulation in the city, together with a notice fixing a date for a public hearing on the matter. The hearing must be held at least two weeks but not more than four weeks after the first publication of the resolution. Following the public hearing, the city may determine to take no further action or adopt a resolution confirming its intention to exercise the authority. That resolution must also be published in

the official newspaper of the city or, if there is no official newspaper, in a newspaper of general circulation in the city. If within 30 days after publication of the resolution a petition signed by voters equal in number to five percent of the votes cast in the city in the last general election requesting a vote on the proposed resolution is filed with the county auditor, the resolution is not effective until it has been submitted to the voters at a general or special election and a majority of votes cast on the question of approving the resolution are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the election. The referendum must be held at a special or general election before December 1, 1991.

Sec. 51. [GOODHUE COUNTY; HISTORICAL SOCIETY LEVY.]

For taxes levied in 1990, payable in 1991, and thereafter Goodhue county may levy $360,000 each year on property in the county and use the proceeds of the levy for the county historical society. This amount is not subject to the limitations in Minnesota Statutes, sections 275.50 to 275.56. If the county utilizes this levy, any amount levied by the county in the previous levy year for the purposes specified under this section and included in the county's previous year's levy limitation computed under section 275.51, shall be deducted from the levy limit base under section 275.51, subdivision 3f, when determining the county's current year levy limitation. The county shall provide the necessary information to the commissioner of revenue for making this determination.

Sec. 52. [LOCAL APPROVAL; EFFECTIVE DATE.]

Section 51 is effective the day after approval by the Goodhue county board and its compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 53. [REVERSE REFERENDUM.]

If the Goodhue county board intends to exercise the authority provided by section 51 in subsequent years, it shall pass a resolution stating the fact before January 1, 1991. The resolution must be published for two successive weeks in the official newspaper of the county or, if there is no official newspaper, in a newspaper of general circulation in the county, together with a notice fixing a date for a public hearing on the matter. The hearing must be held at least two weeks but not more than four weeks after the first publication of the resolution. Following the public hearing, the county may determine to take no further action or adopt a resolution confirming its intention to exercise the authority. That resolution must also be published in the official newspaper of the county or, if there is no official newspaper, in a newspaper of general circulation in the county. If within 30 days after publication of the resolution a petition signed by voters equal in number to five percent of the votes

cast in the county in the last general election requesting a vote on the proposed resolution is filed with the county auditor, the resolution is not effective until it has been submitted to the voters at a general or special election and a majority of votes cast on the question of approving the resolution are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the election. The referendum must be held at a special or general election before December 1, 1991.

Sec. 54. [CITY OF WINDOM; HOSPITAL LEVY.]

For taxes levied in 1990 and 1991, payable in 1991 and 1992, the city of Windom may levy an amount up to $50,000 each year to meet the operating costs of the operating deficit of the municipal hospital. The annual amount levied under this section shall not exceed the amount needed to meet the cost of the operating deficit of the hospital. This amount is not subject to the limitations in Minnesota Statutes, sections 275.50 to 275.56.

Sec. 55. [LOCAL APPROVAL; EFFECTIVE DATE.]

Section 54 is effective the day after approval by the governing body of the city of Windom and its compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 56. [REVERSE REFERENDUM.]

If the Windom city council intends to exercise the authority provided by section 54 in subsequent years, it shall pass a resolution stating the fact before January 1, 1991. The resolution must be published for two successive weeks in the official newspaper of the city or, if there is no official newspaper, in a newspaper of general circulation in the city, together with a notice fixing a date for a public hearing on the matter. The hearing must be held at least two weeks but not more than four weeks after the first publication of the resolution. Following the public hearing, the city may determine to take no further action or adopt a resolution confirming its intention to exercise the authority. That resolution must also be published in the official newspaper of the city or, if there is no official newspaper, in a newspaper of general circulation in the city. If within 30 days after publication of the resolution a petition signed by voters equal in number to five percent of the votes cast in the city in the last general election requesting a vote on the proposed resolution is filed with the county auditor, the resolution is not effective until it has been submitted to the voters at a general or special election and a majority of votes cast on the question of approving the resolution are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the election. The referendum must be held at a special or general election before December 1, 1991.

Sec. 57. [CITY OF JACKSON; HOSPITAL LEVY.]

For taxes levied in 1990 and 1991, payable in 1991 and 1992, the city of Jackson may levy an amount up to $50,000 per year to meet the operating costs of the operating deficit of the municipal hospital. The annual amount levied under this section shall not exceed the amount needed to meet the cost of the operating deficit of the hospital. This amount is not subject to the limitations in Minnesota Statutes, sections 275.50 to 275.56.

Sec. 58. [LOCAL APPROVAL; EFFECTIVE DATE.]

Section 57 is effective the day after approval by the governing body of the city of Windom and its compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 59. [REVERSE REFERENDUM.]

If the Jackson city council intends to exercise the authority provided by section 57 in subsequent years, it shall pass a resolution stating the fact before January 1, 1991. The resolution must be published for two successive weeks in the official newspaper of the city or, if there is no official newspaper, in a newspaper of general circulation in the city, together with a notice fixing a date for a public hearing on the matter. The hearing must be held at least two weeks but not more than four weeks after the first publication of the resolution. Following the public hearing, the city may determine to take no further action or adopt a resolution confirming its intention to exercise the authority. That resolution must also be published in the official newspaper of the city or, if there is no official newspaper, in a newspaper of general circulation in the city. If within 30 days after publication of the resolution a petition signed by voters equal in number to five percent of the votes cast in the city in the last general election requesting a vote on the proposed resolution is filed with the county auditor, the resolution is not effective until it has been submitted to the voters at a general or special election and a majority of votes cast on the question of approving the resolution are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the election. The referendum must be held at a special or general election before December 1, 1991.

Sec. 60. [KOOCHICHING COUNTY; AMBULANCE SERVICE LEVY.]

For taxes levied in 1990, payable in 1991, and thereafter, Koochiching County may levy to pay the costs of ambulance service in a county subordinate service district under Minnesota Statutes, section 375B.09. This amount is not subject to the limitations in Minnesota Statutes, sections 275.50 to 275.56. If the county utilizes this special levy, any amount levied by the county in the previous

levy year for the purposes specified under this clause and included in the county's previous year's levy limitation computed under Minnesota Statutes, section 275.51, shall be deducted from the levy limit base under Minnesota Statutes, section 275.51, subdivision 3f, when determining the county's current year levy limitation. The county shall provide the necessary information to the commissioner of revenue for making this determination.

Sec. 61. [SEASONAL RESORT CLASSIFICATION STUDY.]

The taxes committee of the house of representatives and the taxes and tax laws committee of the senate shall study the class rates that apply to seasonal resort properties.

The study shall include the legislative history and an analysis of the policy objectives of the present classes, and an analysis of the former and current economic circumstances of the seasonal resort and tourism industries.

In addition, the committees shall (1) consider whether the application of the present resort classes results in an equitable distribution of the tax burden among similarly situated competitors based on ability to pay, (2) consider the administrative feasibility of the various classes, (3) identify other policy issues related to property tax burdens of the seasonal resort industry, and (4) recommend alternative methods of assessing seasonal resorts.

In conducting the study, the committees shall consider data available from the department of revenue, the department of trade and economic development, assessors, legislative committees and subcommittees, and other appropriate sources.

The committees shall report their findings and recommendations prior to the third week of the 1991 legislative session.

Sec. 62. [AUTHORITY TO TRANSFER LIGHT RAIL MONEY.]

Notwithstanding any law to the contrary, a regional railroad authority located in the metropolitan area, as defined in Minnesota Statutes, section 473.121, may transfer any available money of the authority, including money in capital accounts, to the county in which the authority is located. The county may spend the amount transferred for social service costs during 1990. The authority under this section to transfer the regional railroad authority levy applies only during calendar year 1990.

Sec. 63. [REPEALER.]

Minnesota Statutes 1989 Supplement, section 375.192, subdivision 1, is repealed.

Sec. 64. [EFFECTIVE DATE.]

Sections 5 and 6 are effective for the 1990 assessment and thereafter.

Sections 3, 8, 10 to 13, 16 to 21, 41, 45, and 46, are effective for taxes levied in 1990, payable in 1991, and thereafter, except as otherwise provided.

Section 4 is effective January 1, 1990, and thereafter.

Section 7 is effective for taxes levied in 1990, payable in 1991, and thereafter. Notwithstanding Minnesota Statutes, section 273.112, subdivision 6, in order to qualify for valuation under Minnesota Statutes, section 273.112, for the 1990 assessment, the taxpayer of the property operated by private clubs under Minnesota Statutes, section 273.112, subdivision 3, clause (c)(3), must submit an affidavit or other written verification to the assessor by July 1, 1990, showing that the bylaws in rules and regulations of the private club meet the eligibility requirements of section 7 by July 1, 1990.

Sections 9, 15, 22 to 29, and 32, are effective for taxes levied in 1989, payable in 1990, and thereafter.

Section 14 is effective for reports filed in 1990, and thereafter.

Sections 30, 33, 34, 37, and 38, are effective January 1, 1991.

Section 31 is effective for appeals filed after the date of final enactment.

Sections 35, 36, 40, 42 to 44, 47, 61, and 62, are effective the day following final enactment.

Sections 39 and 63 are effective for reductions or abatements filed with the county board after June 30, 1990.

Pursuant to Minnesota Statutes, section 645.023, subdivision 1, section 60 is effective without local approval for taxes levied in 1990 and thereafter.

ARTICLE 3

PROPERTY TAX AIDS AND CREDITS

Section 1. Minnesota Statutes Second 1989 Supplement, section 273.1398, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) In this section, the terms defined in this subdivision have the meanings given them.

(b) "Unique taxing jurisdiction" means the geographic area subject to the same set of tax capacity rates.

(c) "Gross tax capacity" means the product of the gross class rates and estimated market values. "Total gross tax capacity" means the gross tax capacities for all property within the unique taxing jurisdiction. The total gross tax capacity used shall be reduced by the sum of (1) the unique taxing jurisdiction's gross tax capacity of commercial industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 6, for the municipality, as defined in section 473F.02, subdivision 8, in which the unique taxing jurisdiction is located, (2) the gross tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the gross tax capacity of transmission lines deducted from a local government's total gross tax capacity under section 273.425. Gross tax capacity cannot be less than zero.

(d) "Net tax capacity" means the product of the appropriate net class rates for the year in which the aid is payable, except that for ~~class 3 utility real and personal property~~ the portion of class 1 residential market value in excess of $100,000 the class rate applied shall be ~~5.38 percent~~ 3.0 percent, and estimated market values for the assessment two years prior to that in which aid is payable. "Total net tax capacity" means the net tax capacities for all property within the unique taxing jurisdiction. The total net tax capacity ~~used~~ shall be increased by (1) the unique taxing jurisdiction's fiscal disparities distribution tax capacity under section 473F.08, subdivision 2, paragraph (b), and reduced by the sum of ~~(1)~~ (2) the unique taxing jurisdiction's net tax capacity of commercial industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 6, for the municipality, as defined in section 473F.02, subdivision 8, in which the unique taxing jurisdiction is located, ~~(2)~~ (3) the net tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and ~~(3)~~ (4) the net tax capacity of transmission lines deducted from a local government's total net tax capacity under section 273.425. For purposes of determining the net tax capacity of property referred to in clauses (1) ~~and~~, (2), and (3), the net tax capacity shall be multiplied by the ratio of the highest class rate for class 3a property for taxes payable in the year in which the aid is payable to the highest class rate for class 3a property in the prior year. Net tax capacity cannot be less than zero.

(e) "Previous net tax capacity" means the product of the appropriate net class rates for the year previous to the year in which the aid is payable, and estimated market values for the assessment two years prior to that in which aid is payable. "Total net tax capacity"

means the net tax capacities for all property within the unique taxing jurisdiction. The total net tax capacity shall be increased by (1) the unique taxing jurisdiction's fiscal disparities distribution tax capacity under section 473F.08, subdivision 2, paragraph (b), and reduced by the sum of (2) the unique taxing jurisdiction's net tax capacity of commercial-industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 6, for the municipality, as defined in section 473F.02, subdivision 8, in which the unique taxing jurisdiction is located, (3) the net tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (4) the net tax capacity of transmission lines deducted from a local government's total net tax capacity under section 273.425. Previous net tax capacity cannot be less than zero.

(f) "Equalized market values" are market values that have been equalized by dividing the assessor's estimated market value for the second year prior to that in which the aid is payable by the assessment sales ratios determined by class in the assessment sales ratio study conducted by the department of revenue pursuant to section 124.2131 in the second year prior to that in which the aid is payable. The equalized market values shall equal the unequalized market values divided by the assessment sales ratio.

~~(f)~~ (g) "Local tax rate" means the quotient derived by dividing the ~~gross~~ taxes levied within a unique taxing jurisdiction for taxes payable in 1989 by the ~~gross tax~~ net capacity of the unique taxing jurisdiction ~~for taxes payable in 1989. For computation of the local tax rate for aid payable in 1991 and subsequent years, gross taxes for taxes payable in 1989 exclude equalized levies as defined in subdivision 2a. For purposes of computation of the local tax rate only, gross taxes shall not be adjusted by inflation or household growth.~~

~~(g) For purposes of calculating the homestead and agricultural credit aid authorized pursuant to subdivision 2, the "subtraction factor" is the product of (i) a unique taxing jurisdiction's local tax rate; (ii) its total net tax capacity; and (iii) 0.9767.~~

(h) For purposes of calculating and allocating homestead and agricultural credit aid authorized pursuant to subdivision 2 and the disparity reduction aid authorized in subdivision 3, "gross taxes levied on all properties" or "gross taxes" means the total gross taxes levied on all properties except that levied on the captured value of tax increment districts as defined in section 469.177, subdivision 2, and that levied on the portion of commercial industrial properties' assessed value or gross tax capacity, as defined in section 473F.02, subdivision 3, subject to the areawide tax as provided in section 473F.08, subdivision 6, in a unique taxing jurisdiction before reduction by any credits for taxes payable in 1989. Gross taxes are before

any reduction for disparity reduction aid. Gross taxes levied cannot be less than zero.

~~For homestead and agricultural credit aid payable in 1991 and subsequent years, "gross taxes" or "gross taxes levied on all properties" shall mean gross taxes payable in 1989, exluding taxes defined as "equalized levies" in subdivision 2a, multiplied by the cost-of-living adjustment factor and the household adjustment factor.~~

(i) "Human services aids" means:

(1) aid to families with dependent children under sections 256.82, subdivision 1, and 256.935, subdivision 1;

(2) medical assistance under sections 256B.041, subdivision 5, and 256B.19, subdivision 1;

(3) general assistance medical care under section 256D.03, subdivision 6;

(4) general assistance under section 256D.03, subdivision 2;

(5) work readiness under section 256D.03, subdivision 2;

(6) emergency assistance under section 256.871, subdivision 6;

(7) Minnesota supplemental aid under section 256D.36, subdivision 1;

(8) preadmission screening and alternative care grants under section 256B.091;

(9) work readiness services under section 256D.051;

(10) case management services under section 256.736, subdivision 13;

(11) general assistance claims processing, medical transportation and related costs; and

(12) medical assistance, medical transportation and related costs.

(j) ~~"Adjustment factor" means one plus the percentage change in (1) the ratio of estimated market value of residential homesteads to the estimated market value of all taxable property within the city or township containing the unique taxing jurisdiction based on the assessment one year prior to the year in which the aid is payable when compared to the same ratio based on the assessment two years~~

~~prior to the year in which the aid is payable. If the market value of farm homesteads exceeds the market value of residential homesteads in the city or township containing the unique taxing jurisdiction, "adjusted factor" means one plus the percentage change in the ratio of the estimated market value of farm homesteads to the estimated market value of all taxable property within the city or township containing the unique taxing jurisdiction based on the assessment one year prior to the year in which the aid is payable when compared to the same ratio based on the assessment two years prior to the year in which the aid is payable. The adjustment factor cannot be less than one. Estimates of market value for the assessment one year prior to the year in which the aid is paid will be made on the basis of the abstract submitted pursuant to section 270.11. Discrepancies between the estimate and actual market values will not result in increased or decreased aid in the year in which the estimates are used to compute aid.~~

~~(k) "Cost of living adjustment factor" means one plus the percentage, if any, by which:~~

~~(1) the consumer price index for the calendar year preceding that in which aid is payable, exceeds~~

~~(2) the consumer price index for calendar year 1989.~~

~~(l) "Consumer price index for any calendar year" means the average of the consumer price index as of the close of the 12 month period ending on May 31 of such calendar year.~~

~~(m) "Consumer price index" means the last consumer price index for all urban consumers published by the department of labor. For purposes of the preceding sentence, the revision of the consumer price index which is most consistent with the consumer price index for calendar year 1989 shall be used.~~

~~(n)~~ "Household adjustment factor" means the number of households for the most recent year preceding that in which the aids are payable divided by the ~~1988~~ number of households for the previous year. The household adjustment factor cannot be less than one.

(k) "Homestead and agricultural credit base" means the previous year's certified homestead and agricultural credit aid determined under subdivision 2.

(l) "Net tax capacity adjustment factor" means (1) the net tax capacity minus previous net tax capacity multiplied by (2) the unique taxing jurisdiction's local tax rate for taxes payable in the year preceding the aid distribution year. The net tax capacity adjustment cannot be less than 0.

Sec. 2. Minnesota Statutes Second 1989 Supplement, section 273.1398, subdivision 2, is amended to read:

Subd. 2. [HOMESTEAD AND AGRICULTURAL CREDIT AID.] (a) Initial homestead and agricultural credit aid for each unique taxing jurisdiction equals the total gross taxes levied on all properties, minus the unique taxing jurisdiction's subtraction factor. The commissioner of revenue may, in computing the amount of the homestead and agricultural credit aid paid in 1990, adjust the gross tax capacity, net tax capacity, and gross taxes of a taxing jurisdiction for taxes payable in 1989 to reflect auditor's errors in computing taxes payable for 1989 in unique taxing jurisdictions within independent school district Nos. 720 and 792. Homestead and agricultural credit aid cannot be less than zero.

(b)(1) The homestead and agricultural credit aid is allocated to each local government levying taxes in the unique taxing jurisdiction in the proportion that the local government's gross taxes bears to the total gross taxes levied within the unique taxing jurisdiction.

(2) The 1990 homestead and agricultural credit aid so determined for school districts for purposes of general education levies pursuant to section 124A.23, subdivisions 2 and 2a, and transportation levies pursuant to section 275.125, subdivisions 5 and 5c, shall be multiplied by the ratio of the adjusted gross tax capacity based upon the 1988 adjusted gross tax capacity to the estimated 1987 adjusted gross tax capacity based upon the 1987 adjusted assessed value.

(3) If a local government's total tax capacity rate for all funds for taxes payable in 1989 varies within the area in which it exercises taxing authority, the local government's allocated homestead and agricultural credit aid must be further allocated between the part of its levy in respect to which the tax capacity rate is constant throughout the area in which it exercises taxing authority and the part of its levy in respect to which the tax capacity rate varies throughout the area in which it exercises taxing authority.

(c) The calendar year 1990 homestead and agricultural credit aid shall be adjusted by the adjustment factor.

(d) Payments under this subdivision to counties in 1990 ~~and subsequent years~~ shall be reduced by the amount provided in section 477A.012, subdivisions 3, paragraph (d), ~~and~~ 4, paragraph (d), and 5.

(e) Payments under this subdivision to ~~cities and~~ towns in 1990 shall be ~~annually~~ reduced by the amount of the homestead and agricultural credit aid adjustment, if any, determined for 1990 under section 477A.013, subdivision 6.

(f) Payments under this subdivision to cities in 1990 shall be

reduced by the amount of the homestead and agricultural credit aid adjustment, if any, determined for 1990 under section 477A.013, subdivisions 6 and 7.

(g) Payments under this subdivision to special taxing districts, excluding hospital districts, in 1990 shall be reduced by an amount equal to one percent of the revenue base. "Revenue base," in this clause, means the amount levied for taxes payable in 1990, before reduction for the homestead and agricultural credit aid under this subdivision, and disparity reduction aid under subdivision 3.

(h) Payments under this subdivision to cities, towns, counties, and special taxing districts in 1991 and subsequent years are equal to the product of (1) the homestead and agricultural credit aid base plus the net tax capacity adjustment factor, and (2) the household adjustment factor.

Sec. 3. Minnesota Statutes 1988, section 273.1398, is amended by adding a subdivision to read:

Subd. 2c. [CITY, TOWN REDUCTION.] (a) For homestead and agricultural credit aid payable in 1991 and subsequent years, if the city or town local tax rate for taxes payable in the preceding year is less than 90 percent of the state weighted average city and town local tax rate for the preceding taxes payable year, then homestead and agricultural credit aid is reduced by an amount equal to two percent of the city or town net tax capacity, not to exceed one-half of the difference between the state weighted average tax capacity rate multiplied by the previous net tax capacity and the city or town tax capacity rate multiplied by the previous net tax capacity.

(b) For purposes of this subdivision, "city and town local tax rate" includes the county local tax rate for property located in the city or town subject to a county levy. If the city is located in more than one county, then a weighted average local tax rate for the part of the county located within the city must be calculated.

(c) "State weighted average city and town local tax rate" means the taxes after disparity reduction aid on all properties located within this state divided by the taxable net tax capacity for all properties located within this state.

Sec. 4. Minnesota Statutes 1989 Supplement, section 275.08, subdivision 1d, is amended to read:

Subd. 1d. If, after computing each local government's adjusted tax capacity rate within a unique taxing jurisdiction pursuant to subdivision 1c, the auditor finds that the total adjusted tax capacity rate of all local governments combined is less than ~~90 percent of gross tax capacity for taxes payable in 1989 and 90~~ 100 percent of

net tax capacity ~~for taxes payable in 1990 and thereafter~~, the auditor shall increase each local government's adjusted tax capacity rate proportionately so the total adjusted tax capacity rate of all local governments combined equals ~~90~~ 100 percent. The total amount of the increase in tax resulting from the increased tax capacity rates must not exceed the amount of disparity aid allocated to the unique taxing district under section 273.1398. The auditor shall certify to the department of revenue the difference between the disparity aid originally allocated under section 273.1398, subdivision 3, and the amount necessary to reduce the total adjusted tax capacity rate of all local governments combined to ~~90~~ 100 percent. Each local government's disparity reduction aid payment under section 273.1398, subdivision 6, must be reduced accordingly.

Sec. 5. Minnesota Statutes Second 1989 Supplement, section 477A.011, subdivision 1a, is amended to read:

Subd. 1a. [CITY.] City means a statutory or home rule charter city. City also means a town having a population of 5,000 or more for purposes of the aid payable under section 477A.013, subdivision 3. Towns ~~and cities of the first class~~ are not eligible to be treated as cities for purposes of aid payable under section 477A.013, subdivision 5 or the aid adjustment under section 477A.013, subdivision 7.

Sec. 6. Minnesota Statutes 1988, section 477A.011, subdivision 17, is amended to read:

Subd. 17. [REVENUE GUARANTEE INCREASE.] "Revenue guarantee increase" is the sum of:

(1) $190 per household for cities of the first class located in the metropolitan area and $190 per household for cities located outside the metropolitan area; and

(2) 15 percent of a city's base revenue guarantee for cities in which the population has declined since the estimate for the third year preceding the most recent estimate. If the city's population has not declined since the estimate for the third year preceding the most recent estimate, but a city's revenue guarantee increase included an amount under this clause in the year prior to the year for which the aid is being calculated, an amount equal to the product of (i) the percent of base revenue increase it received under this clause in the previous year less three percent, and (ii) its base revenue guarantee.

Sec. 7. Minnesota Statutes Second 1989 Supplement, section 477A.011, subdivision 25, is amended to read:

Subd. 25. [NET TAX CAPACITY.] "Net tax capacity" means for aids payable under section 477A.013, subdivision 5, (1) the net tax capacity of a city computed using the ~~net tax capacity~~ class rates in

~~Minnesota Statutes 1988,~~ section 273.13, for taxes payable the year prior to the aid distribution, and based on ~~1988~~ estimated market values for taxes payable the year prior to the aid distribution, plus (2) a city's fiscal disparities distribution tax capacity under section 473F.08, subdivision 2, paragraph (b), for taxes payable ~~in 1989~~ the year prior to the aid distribution. The market value utilized in computing net tax capacity shall be reduced by the sum of (1) a city's market value of commercial industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 2, paragraph (a), (2) the market value of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the market value of transmission lines deducted from a city's total net tax capacity under section 273.425. The net tax capacity will be computed using equalized market values.

Sec. 8. Minnesota Statutes 1988, section 477A.011, is amended by adding a subdivision to read:

Subd. 26. [REVENUE BASE.] "Revenue base" means the amount levied for taxes payable in 1990, before reduction for the homestead and agricultural credit aid under section 273.1398, subdivision 2, equalization aid under section 477A.013, subdivision 5, and disparity reduction aid under section 273.1398, subdivision 3; plus the local government aid under sections 477A.011; 477A.012, subdivisions 1 and 3, determined without regard to subdivision 2; and 477A.013, subdivisions 3 and 6; and taconite aid under sections 298.28, and 298.282, for taxes payable in 1990.

Sec. 9. Minnesota Statutes 1988, section 477A.012, subdivision 1, is amended to read:

Subdivision 1. [AID AMOUNT.] In calendar year ~~1988 and calendar years thereafter~~ 1990, each county government shall receive a distribution equal to the aid amount certified for 1987 pursuant to this subdivision. In calendar year 1991 and subsequent years, each county government shall receive a distribution equal to the aid amount it received in 1990 under this subdivision less the reduction made under subdivision 5.

Sec. 10. Minnesota Statutes 1988, section 477A.012, is amended by adding a subdivision to read:

Subd. 5. [COUNTY AID ADJUSTMENT.] For calendar year 1990, a county's aid amount as calculated under subdivisions 1 and 3 is reduced by an amount equal to .6 percent of its revenue base. The amount of aid computed under this subdivision cannot be less than $0. If the subtraction amount under this subdivision is greater than the amount of aid calculated for any county under subdivisions 1 and 3, the remaining amount shall be subtracted from the county's

homestead and agricultural credit aid under section 273.1398, subdivision 2.

Sec. 11. Minnesota Statutes Second 1989 Supplement, section 477A.013, subdivision 3, is amended to read:

Subd. 3. [CITY AID DISTRIBUTION.] In 1989, a city whose initial aid is greater than $0 will receive the following aid increases in addition to an amount equal to the local government aid it received in 1988 under Minnesota Statutes 1987 Supplement, section 477A.013:

(1) for a city whose expenditure/unlimited aid ratio is at least 1.5, two percent of city revenue;

(2) for a city whose expenditure/unlimited aid ratio is at least 1.4 but less than 1.5, 2.5 percent of city revenue;

(3) for a city whose expenditure/unlimited aid ratio is at least 1.3 but less than 1.4, three percent of city revenue;

(4) for a city whose expenditure/unlimited aid ratio is at least 1.2 but less than 1.3, four percent of city revenue;

(5) for a city whose expenditure/unlimited aid ratio is at least 1.1 but less than 1.2, five percent of city revenue;

(6) for a city whose expenditure/unlimited aid ratio is at least 1.05 but less than 1.1, six percent of city revenue;

(7) for a city whose expenditure/unlimited aid ratio is at least 1.0 but less than 1.05, seven percent of city revenue;

(8) for a city whose expenditure/unlimited aid ratio is at least .95 but less than 1.0, 7.5 percent of city revenue;

(9) for a city whose expenditure/unlimited aid ratio is at least .75 but less than .95, 8.5 percent of city revenue; and

(10) for a city whose expenditure/unlimited aid ratio is less than .75, nine percent of city revenue.

In 1990, a city whose initial aid is greater than $0 will receive an amount equal to the aid it received under this section in the year prior to that for which aids are being calculated plus an aid increase equal to 50 percent of the rates listed in clauses (1) to (10) multiplied by city revenue.

In 1991 ~~and subsequent years~~, a city whose initial aid is greater than $0 will receive an amount equal to the local government aid it

received under this section in the year prior to that for which aids are being calculated plus an aid increase equal to ~~25~~ eight percent of the rates listed in clauses (1) to (10) multiplied by city revenue.

In 1992 and subsequent years, a city will receive an amount equal to the local government aid it received under this section in the previous year.

A city's aid increase under this subdivision is limited to the lesser of (1) 20 percent of its levy for taxes payable in the year prior to that for which aids are being calculated after the adjustments provided in section 273.1398, subdivision 2, or (2) its initial aid amount, or (3) 15 percent of the total local government aid amount received under this section in the previous year, provided that no city will receive an increase that is less than two percent of its 1989 local government aid for aids payable in 1990.

A city whose initial aid is $0 will receive in 1990 an amount equal to 102 percent of the local government aid it received in 1989 under Minnesota Statutes 1988, section 477A.013. A city whose initial aid is $0 will receive in 1991 ~~and subsequent years~~ an amount equal to the aid it received in the previous year under this section. For purposes of this subdivision, the term "local government aid" ~~includes~~ does not include equalization aid ~~for aids payable in 1991 and thereafter~~ amounts under subdivision 5.

Sec. 12. Minnesota Statutes Second 1989 Supplement, section 477A.013, subdivision 5, is amended to read:

Subd. 5. [EQUALIZATION AID.] A city is eligible for equalization aid ~~in 1990 only. The amount of the aid is~~ equal to ~~(1)~~ the aid amount received under this subdivision in 1990 after the adjustments, if any, under subdivisions 6 and 7, plus an equalization aid increase equal to the product of (i) a city's average levy for the three immediately preceding years less the disparity reduction aids allocated to the city pursuant to ~~Minnesota Statutes 1988,~~ section 273.1398, subdivision 3, for the year prior to the aid distribution, and less the equalization aid it received under this subdivision in the year prior to that for which the aid is being calculated, (ii) ~~.36~~ .30, and (iii) one minus the ratio of the net tax capacity per capita to 900; ~~less (2) the local government aid increase for the city under subdivision 3~~. The equalization aid increase under this section is limited to ~~15~~ 12 percent of the total ~~local government~~ aid the city received ~~in 1989~~ under this section in the prior year. The aid under this section cannot be less than zero. For the purposes of this subdivision, "levy" includes a city's levy on fiscal disparities distribution under section 473F.08, subdivision 3, paragraph (a).

If the amount appropriated under section 477A.03, subdivision 1, is insufficient to pay the aid amounts calculated under this subdivision, the commissioner of revenue shall first proportionately

reduce the equalization aid increase for each city so that the sum of the equalization aid amounts paid under this subdivision equals the amount appropriated in section 477A.03, subdivision 1. If the equalization aid increase is reduced to zero and the amount appropriated under section 477A.03, subdivision 1, is still insufficient to pay the aid amounts under this subdivision, the remaining amount of equalization aid for each city will be reduced proportionately so that the sum of the aid paid under this subdivision equals the amount appropriated in section 477A.03, subdivision 1.

Sec. 13. Minnesota Statutes 1988, section 477A.013, is amended by adding a subdivision to read:

Subd. 7. [1990 CITY AID ADJUSTMENT.] For cities only in calendar year 1990, there shall be an amount, equal to .6 percent of a city's revenue base, subtracted from the aid amounts computed under subdivisions 3, 5, and 6. The subtraction will be made first from the local government aid computed under subdivisions 3 and 6. If the subtraction amount under this subdivision is greater than the local government aid computed under subdivisions 3 and 6, the remaining amount will be subtracted from the equalization aid computed under subdivisions 5 and 6. The resulting amounts shall be the city's local government aid and equalization aid for calendar year 1990. The local government aid and equalization aid amount for any city cannot be less than zero. If the subtraction amount under this section is greater than the aid amount for any city computed under subdivisions 3, 5, and 6, the remaining amount shall be subtracted from the city's homestead and agricultural credit aid under section 273.1398, subdivision 2.

Sec. 14. Minnesota Statutes 1988, section 477A.03, subdivision 1, is amended to read:

Subdivision 1. [ANNUAL APPROPRIATION.] A sum sufficient to discharge the duties imposed by sections 477A.011 to 477A.014, except to pay equalization aid amounts under section 477A.013, subdivision 5, is annually appropriated from the general fund to the commissioner of revenue. $21,000,000 is appropriated for fiscal year 1992 from the general fund to the commissioner of revenue to pay the equalization aid amounts for aids payable in 1991 under section 477A.013, subdivision 5. $22,500,000 is appropriated for fiscal year 1993 from the general fund to the commissioner of revenue to pay equalization aid amounts for aids payable in 1992 under section 477A.013, subdivision 5.

Sec. 15. Minnesota Statutes 1988, section 477A.11, subdivision 4, is amended to read:

Subd. 4. "Other natural resources land" means:

(1) any other land presently owned in fee title by the state and

administered by the commissioner, or any tax-forfeited land, other than platted lots within a city, which is owned by the state and administered by the commissioner or by the county in which it is located; and

(2) land leased by the state from the United States of America through the United States Secretary of Agriculture pursuant to Title III of the Bankhead Jones Farm Tenant Act, which land is commonly referred to as land utilization project land that is administered by the commissioner.

Sec. 16. Minnesota Statutes 1988, section 477A.13, is amended to read:

477A.13 [TIME OF PAYMENT, DEDUCTIONS.]

Payments to the counties shall be made from the general fund during the month of July of the year next following certification. There shall be deducted from amounts paid any amounts paid to a county or township during the preceding year pursuant to sections 89.036, 97A.061, subdivisions 1 and 2, and 272.68, subdivision 3 with respect to the lands certified pursuant to section 477A.12.

~~Payments under section 477A.12 must also be reduced by the following percentages of the amounts paid during the preceding year under section 84A.51:~~

~~(1) for the payment made July 15, 1984, 75 percent;~~

~~(2) for the payment made July 15, 1985, 50 percent;~~

~~(3) for the payment made July 15, 1986, 25 percent; and~~

~~(4) for the payment made thereafter, 0 percent.~~

Sec. 17. [SPECIAL TAXING DISTRICTS; HOMESTEAD AND AGRICULTURAL CREDIT AID REDUCTION.]

Subdivision 1. [APPLICATION.] This section applies only to special taxing districts receiving payments of homestead and agricultural credit aid for taxes payable in 1990 of $150,000 or more. The section applies only to the homestead and agricultural aid payments for taxes payable in 1990.

Subd. 2. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given.

(a) "Budget" means the budget adopted by the special taxing district to determine its levy for property taxes payable in 1990. It

includes changes in the budget formally adopted by the governing body of the district before March 15, 1990.

(b) "General fund" means the general fund or equivalent current operating fund of the special taxing district. It does not include a separate fund to pay for capital improvements and equipment or other capital costs.

(c) "Projected unreserved fund balance" means for the district's general fund the sum of the balance at the end of 1989 and the projected revenues for 1990 in its budget, less the budgeted amount of current, general fund expenditures for 1990. Current expenditures include budgeted payments to other public agencies or entities for their operations to the extent that the source of the payment is derived 25 percent or more from the district's property tax levy. Federal aid or other nonproperty tax revenues (other than homestead and agricultural credit aid) must be excluded from computation of the unreserved fund balance, if the revenues are passed through or paid to another entity and the expenditures are also excluded.

(d) "Special taxing district" or "district" means a political subdivision with the authority to levy property taxes, other than a city, county, or school district.

Subd. 3. [REPORTING OF RESERVE FUNDS.] By May 15, 1990, each special taxing district must report to the commissioner of revenue the following amounts: (1) its projected unreserved fund balance, (2) the revenues to be derived from its property tax levy and homestead and agricultural credit aid for taxes payable in 1990, and (3) the general fund expenditures authorized by its budget for 1990.

Subd. 4. [REDUCTION IN AID PAYMENTS.] The commissioner shall reduce the homestead and agricultural credit aid payments in calendar year 1990 to the district by the amount of the excess of the projected unreserved fund balance, over the greater of (1) 50 percent of its levy before reduction for homestead and agricultural credit aid and disparity reduction aid or (2) 20 percent of its general fund expenditures authorized by its 1990 budget. If the commissioner calculates that the sum of the reductions under this subdivision for all districts exceeds $3,000,000, the commissioner shall proportionately reduce the amount for each district so that the total reduction is $3,000,000.

Sec. 18. [REPEALER.]

Minnesota Statutes Second 1989 Supplement, section 273.1398, subdivision 2b, is repealed.

Sec. 19. [EFFECTIVE DATE.]

Sections 4, 6, 7, and 12, are effective for aids paid in 1991 and thereafter. The part of section 5 striking a reference to cities of the first class is effective for aids paid in 1991 and thereafter. The rest of section 5 and section 8 are effective for aids paid in 1990 and thereafter. Sections 14 and 18 are effective the day following final enactment. Section 15 is effective July 1, 1990, and applies to payments due on or after that date.

ARTICLE 4

PROPERTY TAX REFUNDS

Section 1. Minnesota Statutes Second 1989 Supplement, section 290A.04, subdivision 2a, is amended to read:

Subd. 2a. [RENTERS.] A claimant whose rent constituting property taxes exceeds the percentage of the household income stated below must pay an amount equal to the percent of income shown for the appropriate household income level along with the percent to be paid by the claimant of the remaining amount of rent constituting property taxes. The state refund equals the amount of rent constituting property taxes that remain, up to the maximum state refund amount shown below.

Household Income	Percent of Income	Percent Paid by Claimant	Maximum State Refund
$0 to 999	1.0 percent	9 percent	$1,000
1,000 to 1,999	~~1.1~~ 1.0 percent	9 percent	$1,000
2,000 to 2,999	~~1.2~~ 1.0 percent	10 percent	$1,000
3,000 to 3,999	~~1.3~~ 1.0 percent	10 percent	$1,000
4,000 to 4,999	~~1.4~~ 1.1 percent	11 percent	$1,000
5,000 to 5,999	~~1.5~~ 1.2 percent	12 percent	$1,000
6,000 to 6,999	~~1.5~~ 1.2 percent	13 percent	$1,000
7,000 to 7,999	~~1.6~~ 1.3 percent	14 percent	$1,000
8,000 to 8,999	~~1.6~~ 1.3 percent	15 percent	$1,000
9,000 to 9,999	~~1.7~~ 1.4 percent	16 percent	$1,000
10,000 to 10,999	~~1.7~~ 1.4 percent	17 percent	$1,000
11,000 to 11,999	~~1.8~~ 1.5 percent	19 percent	$1,000
12,000 to 12,999	~~1.8~~ 1.5 percent	21 percent	$1,000
13,000 to 13,999	~~1.9~~ 1.6 percent	23 percent	$1,000
14,000 to 14,999	~~2.0~~ 1.7 percent	24 percent	$1,000
15,000 to 15,999	~~2.0~~ 1.8 percent	26 percent	$1,000
16,000 to 16,999	~~2.1~~ 1.8 percent	27 percent	$1,000
17,000 to 17,999	~~2.2~~ 1.9 percent	28 percent	$1,000
18,000 to 18,999	~~2.3~~ 2.0 percent	30 percent	$1,000
19,000 to 19,999	~~2.5~~ 2.2 percent	32 percent	$1,000
20,000 to 20,999	~~2.7~~ 2.4 percent	34 percent	$1,000
21,000 to 21,999	~~2.9~~ 2.6 percent	36 percent	$1,000
22,000 to 22,999	~~3.0~~ 2.7 percent	37 percent	$1,000
23,000 to 23,999	~~3.1~~ 2.8 percent	38 percent	$1,000

24,000 to 24,999	~~3.2~~ 2.9 percent	40 percent	$1,000
25,000 to 25,999	~~3.3~~ 3.0 percent	43 percent	$1,000
26,000 to 26,999	~~3.4~~ 3.1 percent	43 percent	$1,000
27,000 to 27,999	~~3.5~~ 3.2 percent	45 percent	$1,000
28,000 to 28,999	~~3.6~~ 3.3 percent	47 percent	$ 900
29,000 to 29,999	~~3.7~~ 3.4 percent	47 percent	$ 800
30,000 to 30,999	~~3.8~~ 3.5 percent	48 percent	$ 700
31,000 to 31,999	~~3.9~~ 3.5 percent	48 percent	$ 600
32,000 to 32,999	~~4.0~~ 3.5 percent	50 percent	$ 500
33,000 to 33,999	~~4.0~~ 3.5 percent	50 percent	$ 300
34,000 to 34,999	~~4.0~~ 3.5 percent	50 percent	$ 100

The payment made to a claimant is the amount of the state refund calculated under this subdivision. No payment is allowed if the claimant's household income is $35,000 or more.

Sec. 2. Minnesota Statutes 1989 Supplement, section 290A.04, subdivision 5, is amended to read:

Subd. 5. [COMBINED RENTER AND HOMEOWNER REFUND.] In the case of a claimant who is entitled to a refund in a calendar year for claims based both on rent constituting property taxes and property taxes payable, the refund allowable equals the sum of the refunds allowable~~, except that the sum may not exceed the higher of the maximum refund payable either based on rent constituting property taxes or property taxes payable~~.

Sec. 3. Minnesota Statutes Second 1989 Supplement, section 290A.045, subdivision 6, is amended to read:

Subd. 6. [ADMINISTRATION.] Sections 290A.10, 290A.11, 290A.111, 290A.112, 290A.12, 290A.14, 290A.15, 290A.17, 290A.18, and 290A.20, including the penalties imposed on the claimants and tax return preparers in those sections, apply to claims allowed under this section. The commissioner of revenue has the powers granted in those sections to administer the refund under this section.

Sec. 4. Minnesota Statutes 1989 Supplement, section 290A.045, subdivision 7, is amended to read:

Subd. 7. [APPROPRIATION.] ~~$10,000,000~~ $6,000,000 is appropriated for fiscal year 1991 from the general fund to the commissioner of revenue to pay the refund under this section for taxes payable in 1990. ~~$10,000,000~~ $6,000,000 is appropriated for fiscal year 1992 from the general fund to the commissioner of revenue to pay the refund under this section for taxes payable in 1991.

Sec. 5. Minnesota Statutes 1988, section 290A.10, is amended to read:

290A.10 [PROOF OF TAXES PAID.]

Every claimant who files a claim for relief for property taxes payable shall include with the claim a property tax statement or a reproduction thereof in a form deemed satisfactory by the commissioner of revenue indicating that there are no delinquent property taxes on the ~~homestead~~ property. Indication on the property tax statement from the county treasurer that there are no delinquent taxes on the ~~homestead~~ property shall be sufficient proof. Taxes included in a confession of judgment under section 279.37 shall not constitute delinquent taxes as long as the claimant is current on the payments required to be made under section 279.37. In the case of the commercial-industrial equalization refund under section 290A.045, the notice of eligibility from the county treasurer shall be sufficient proof that taxes have been paid.

Sec. 6. Minnesota Statutes 1988, section 290A.19, is amended to read:

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

(a) The owner or managing agent of any property for which rent is paid for occupancy as a homestead shall furnish a certificate of rent constituting property tax to each person who is a renter on December 31, in the form prescribed by the commissioner. If the renter moves prior to December 31, the owner or managing agent has the option to either provide the certificate to the renter at the time of moving, or mail the certificate to the forwarding address if an address has been provided by the renter. The certificate shall be made available to the renter not later than January 31 of the year following the year in which the rent was paid. The owner or managing agent must retain a duplicate of each certificate for a period of three years. The duplicate must be made available to the commissioner or the renter if either requests a copy.

(b) Any owner or managing agent who willfully fails to furnish a certificate to the renter and the commissioner as required by this section is liable to the commissioner for a penalty of $100 for each act or failure to act. The penalty shall be assessed and collected in the manner provided in chapter 290 for the assessment and collection of income tax. If the owner or managing agent willfully furnishes certificates that report total rent constituting property taxes in excess of the amount of actual property taxes paid on the rented part of a property, as determined under this section, the owner or managing agent is liable for a penalty equal to the greater of (1) $100 or (2) 50 percent of the excess that is reported. If the owner or managing agent reports a total amount of rent constituting property taxes that exceeds by ten percent or more the actual property taxes, the report is deemed to be willful.

(c) If the owner or managing agent elects to provide the renter with the certificate at the time of moving, rather than after

December 31, the amount of rent constituting property taxes shall be computed as follows:

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

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

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

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

(f) ~~The owner or managing agent must file a copy of the certificate of rent paid with the commissioner before April 15 of the year following the year in which the rent was paid. The commissioner may require that~~ By February 15 each owner or managing agent shall report to the commissioner on a single form the total property taxes for a property and the allocation of the property taxes as rent constituting property taxes among the renters of the property.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 and 6 are effective for claims based on rent paid in 1990 and thereafter. Section 2 is effective for claims based on rent paid in 1990 and thereafter, and property taxes payable in 1991 and thereafter. Sections 3 to 5 are effective the day following final enactment.

ARTICLE 5

SALES AND LODGING TAXES

Section 1. Minnesota Statutes Second 1989 Supplement, section 297A.01, subdivision 3, is amended to read:

Subd. 3. A "sale" and a "purchase" includes, but is not limited to, each of the following transactions:

(a) Any transfer of title or possession, or both, of tangible personal property, whether absolutely or conditionally, and the leasing of or the granting of a license to use or consume tangible personal property other than manufactured homes used for residential purposes for a continuous period of 30 days or more, for a consideration in money or by exchange or barter;

(b) The production, fabrication, printing or processing of tangible personal property for a consideration for consumers who furnish either directly or indirectly the materials used in the production, fabrication, printing, or processing;

(c) The furnishing, preparing, or serving for a consideration of food, meals or drinks~~, not including~~. "Sale" does not include:

(1) meals or drinks served to patients, inmates, or persons residing at hospitals, sanitariums, nursing homes, senior citizens homes, and correctional, detention, and detoxification facilities,

(2) meals or drinks purchased for and served exclusively to individuals who are 60 years of age or over and their spouses or to the handicapped and their spouses by governmental agencies, nonprofit organizations, agencies, or churches or pursuant to any program funded in whole or part through 42 USCA sections 3001 through 3045, wherever delivered, prepared or served, or

(3) meals and lunches served at public and private schools, universities or colleges. ~~"Sales" also includes meals furnished by employers to employees at less than fair market value, except meals furnished to employees of restaurants, resorts, and hotels, and except meals furnished at no charge to employees of hospitals, nursing homes, boarding care homes, sanitariums, group homes, and correctional, detention, and detoxification facilities, who are required to eat with the patients, residents, or inmates residing in them.~~ Notwithstanding section 297A.25, subdivision 2, taxable food or meals include, but are not limited to, the following:

(i) heated food or drinks;

(ii) sandwiches prepared by the retailer;

(iii) single sales of prepackaged ice cream or ice milk novelties prepared by the retailer;

(iv) hand-prepared or dispensed ice cream or ice milk products including cones, sundaes, and snow cones;

(v) soft drinks and other beverages prepared or served by the retailer;

(vi) gum;

(vii) ice;

(viii) all food sold in vending machines;

(ix) party trays prepared by the retailers; and

(x) all meals and single servings of packaged snack food, single cans or bottles of pop, sold in restaurants and bars;

(d) The granting of the privilege of admission to places of amusement, recreational areas, or athletic events, except a national championship football game sponsored by the national football league, and the privilege of having access to and the use of amusement devices, tanning facilities, reducing salons, steam baths, turkish baths, massage parlors, health clubs, and spas or athletic facilities;

(e) The furnishing for a consideration of lodging and related services by a hotel, rooming house, tourist court, motel or trailer camp and of the granting of any similar license to use real property other than the renting or leasing thereof for a continuous period of 30 days or more;

(f) The furnishing for a consideration of electricity, gas, water, or steam for use or consumption within this state, or local exchange telephone service, intrastate toll service, and interstate toll service, if that service originates from and is charged to a telephone located in this state; the tax imposed on amounts paid for telephone services is the liability of and shall be paid by the person paying for the services. The furnishing for a consideration of access to telephone services by a hotel to its guests is a sale under this clause. Sales by municipal corporations in a proprietary capacity are included in the provisions of this clause. The furnishing of water and sewer services for residential use shall not be considered a sale;

(g) The furnishing for a consideration of cable television services, including charges for basic monthly service, charges for monthly premium service, and charges for any other similar television services;

(h) Notwithstanding subdivision 4, and section 297A.25, subdivision 9, the sales of horses including claiming sales and fees paid for breeding a stallion to a mare. This clause applies to sales and fees with respect to a horse to be used for racing whose birth has been

recorded by the Jockey Club or the United States Trotting Association or the American Quarter Horse Association;

(i) The furnishing for a consideration of parking services, whether on a contractual, hourly, or other periodic basis, except for parking at a meter;

(j) The furnishing for a consideration of services listed in this paragraph:

(i) laundry and dry cleaning services including cleaning, pressing, repairing, altering, and storing clothes, linen services and supply, cleaning and blocking hats, and carpet, drapery, upholstery, and industrial cleaning. Laundry and dry cleaning services do not include services provided by coin operated facilities operated by the customer;

(ii) motor vehicle washing, waxing, and cleaning services, including services provided by coin-operated facilities operated by the customer, and rustproofing, undercoating, and towing of motor vehicles;

(iii) building and residential cleaning, maintenance, and disinfecting and exterminating services;

(iv) services provided by detective agencies, security services, burglar, fire alarm, and armored car services not including services performed within the jurisdiction they serve by off-duty licensed peace officers as defined in section 626.84, subdivision 1;

(v) pet grooming services;

(vi) lawn care, fertilizing, mowing, spraying and sprigging services; garden planting and maintenance; arborist services; tree, bush, and shrub planting, pruning, bracing, spraying, and surgery; and tree trimming for public utility lines.

The services listed in this paragraph are taxable under section 297A.02 if the service is performed wholly within Minnesota or if the service is performed partly within and partly without Minnesota and the greater proportion of the service is performed in Minnesota, based on the cost of performance. In applying the provisions of this chapter, the terms "tangible personal property" and "sales at retail" include taxable services and the provision of taxable services, unless specifically provided otherwise. Services performed by an employee for an employer are not taxable under this paragraph. Services performed by a partnership or association for another partnership or association are not taxable under this paragraph if one of the entities owns or controls more than 80 percent of the voting power of the equity interest in the other entity. Services performed between

members of an affiliated group of corporations are not taxable. For purposes of this section, "affiliated group of corporations" includes those entities that would be classified as a member of an affiliated group under United States Code, title 26, section 1504, and who are eligible to file a consolidated tax return for federal income tax purposes; and

(vii) solid waste collection and disposal services as described in section 297A.45;

(k) A "sale" and a "purchase" includes the transfer of computer software, meaning information and directions that dictate the function performed by data processing equipment. A "sale" and a "purchase" does not include the design, development, writing, translation, fabrication, lease, or transfer for a consideration of title or possession of a custom computer program; and

(l) The granting of membership in a club, association, or other organization if:

(1) the club, association, or other organization makes available for the use of its members sports and athletic facilities (without regard to whether a separate charge is assessed for use of the facilities); and

(2) use of the sports and athletic facilities is not made available to the general public on the same basis as it is made available to members.

Granting of membership includes both one-time initiation fees and periodic membership dues. Sports and athletic facilities include golf courses, tennis, racquetball, handball and squash courts, basketball and volleyball facilities, running tracks, exercise equipment, swimming pools, and other similar athletic or sports facilities. The provisions of this paragraph do not apply to camps or other recreation facilities owned and operated by an exempt organization under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1986, for educational and social activities for young people primarily age 18 and under.

Sec. 2. Minnesota Statutes 1988, section 297A.01, subdivision 15, is amended to read:

Subd. 15. "Farm machinery" means new or used machinery, equipment, implements, accessories, and contrivances used directly and principally in the production for sale, but not including the processing, of livestock, dairy animals, dairy products, poultry and poultry products, fruits, vegetables, forage, grains and bees and apiary products. "Farm machinery" includes

(1) machinery for the preparation, seeding or cultivation of soil for

growing agricultural crops and sod, harvesting and threshing of agricultural products, harvesting or mowing of sod, and certain machinery for dairy, livestock and poultry farms;

(2) barn cleaners, milking systems, grain dryers, automatic feeding systems and similar installations, whether or not the equipment is installed by the seller and becomes part of the real property;

(3) irrigation equipment sold for exclusively agricultural use, including pumps, pipe fittings, valves, sprinklers and other equipment necessary to the operation of an irrigation system when sold as part of an irrigation system, except irrigation equipment which is situated below ground and considered to be a part of the real property; ~~and~~

(4) logging equipment, including chain saws used for commercial logging ~~only if the engine displacement equals or exceeds five cubic inches;~~ and

(5) primary and backup generator units used to generate electricity for the purpose of operating farm machinery, as defined in this subdivision, or providing light or space heating necessary for the production of livestock, dairy animals, dairy products, or poultry and poultry products.

Repair or replacement parts for farm machinery shall not be included in the definition of farm machinery.

Tools, shop equipment, grain bins, feed bunks, fencing material, communication equipment and other farm supplies shall not be considered to be farm machinery. "Farm machinery" does not include motor vehicles taxed under chapter 297B, snowmobiles, snow blowers, lawn mowers except those used in the production of sod for sale, garden-type tractors or garden tillers and the repair and replacement parts for those vehicles and machines.

Sec. 3. Minnesota Statutes 1988, section 297A.25, is amended by adding a subdivision to read:

Subd. 44. [SHIPS USED IN INTERSTATE COMMERCE.] The gross receipts from sales of repair, replacement, and rebuilding parts and materials, and lubricants, for ships or vessels used or to be used principally in interstate or foreign commerce are exempt.

Sec. 4. Minnesota Statutes Second 1989 Supplement, section 297A.44, subdivision 1, is amended to read:

Subdivision 1. (a) Except as provided in paragraphs (b), (c), and (d), all revenues, including interest and penalties, derived from the excise and use taxes imposed by sections 297A.01 to 297A.44 shall

be deposited by the commissioner in the state treasury and credited to the general fund.

(b) All excise and use taxes derived from sales and use of property and services purchased for the construction and operation of an agricultural resource project, from and after the date on which a conditional commitment for a loan guaranty for the project is made pursuant to section 41A.04, subdivision 3, shall be deposited in the Minnesota agricultural and economic account in the special revenue fund. The commissioner of finance shall certify to the commissioner the date on which the project received the conditional commitment. The amount deposited in the loan guaranty account shall be reduced by any refunds and by the costs incurred by the department of revenue to administer and enforce the assessment and collection of the taxes.

(c) All revenues, including interest and penalties, derived from the excise and use taxes imposed on sales and purchases included in section 297A.01, subdivision 3, paragraphs (d) and (l), clauses (1) and (2), must be deposited by the commissioner in the state treasury, and credited as follows:

(1) first to the general obligation special tax bond debt service account in each fiscal year the amount required by section 16A.661, subdivision 3, paragraph (b); and

(2) after the requirements of clause (1) have been met, the balance must be credited to the general fund.

(d) The revenues, including interest and penalties, derived from the taxes imposed on solid waste collection services as described in section 297A.45 shall be deposited by the commissioner in the state treasury and credited to the general fund to be used for funding solid waste reduction and recycling programs. The commissioner of revenue shall require a separate accounting on the sales and use tax return of the revenue from and taxes imposed on services described in section 297A.45, including interest and penalties. The revenue must be separately reported by the commissioner of revenue to the commissioner of finance. The amounts may be adjusted by the commissioner of revenue to reflect audits, amended filings, refunds, or other corrections.

Sec. 5. Minnesota Statutes 1989 Supplement, section 469.190, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] Notwithstanding section 477A.016 or any other law, a statutory or home rule charter city may by ordinance, and a town may by the affirmative vote of the electors at the annual town meeting, or at a special town meeting, impose a tax of up to ~~six~~ three percent on the gross receipts from the furnishing for consideration of lodging at a hotel, motel, rooming

house, tourist court, or resort, other than the renting or leasing of it for a continuous period of 30 days or more. A statutory or home rule charter city may by ordinance impose the tax authorized under this subdivision on the camping site receipts of a municipal campground.

Sec. 6. Minnesota Statutes 1989 Supplement, section 469.190, subdivision 2, is amended to read:

Subd. 2. [EXISTING TAXES.] No statutory or home rule charter city or town may impose a tax under this section upon transient lodging that, when combined with any tax authorized by special law or enacted prior to 1972, exceeds a rate of ~~six~~ three percent.

Sec. 7. Minnesota Statutes Second 1989 Supplement, section 469.190, subdivision 3, is amended to read:

Subd. 3. [DISPOSITION OF PROCEEDS.] Ninety-five percent of the gross proceeds from ~~the first three percent of~~ any tax imposed under subdivision 1 shall be used by the statutory or home rule charter city or town to fund a local convention or tourism bureau for the purpose of marketing and promoting the city or town as a tourist or convention center. This subdivision shall not apply to any statutory or home rule charter city or town that has a lodging tax authorized by special law or enacted prior to 1972 at the time of enactment of this section.

Sec. 8. [LOCAL OPTION TAX; REPEALER.]

If a city or town imposed a tax under Laws 1989, First Special Session chapter 1, article 8, the tax so imposed is repealed on January 1, 1993, or the date the tax is repealed by the city or town, whichever is earlier.

Sec. 9. [BLOOMINGTON LODGING TAX.]

Notwithstanding Minnesota Statutes, section 469.190, 477A.016, or other law, in addition to the tax authorized in Laws 1986, chapter 391, section 4, the governing body of the city of Bloomington may impose a tax of up to one percent on the gross receipts from the furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing of it for a continuous period of 30 days or more, located in the city. The city may agree with the commissioner of revenue that a tax imposed under this section shall be collected by the commissioner together with the tax imposed by Minnesota Statutes, chapter 297A, and subject to the same interest, penalties, and other rules and that its proceeds, less the cost of collection, shall be remitted to the city. The proceeds of the tax must be used to promote tourism within the city. This section is repealed effective for sales made after January 1, 1993.

Sec. 10. [ROSEVILLE LODGING TAX.]

Notwithstanding Minnesota Statutes, section 477A.016, or other law, in addition to a tax authorized in Minnesota Statutes, section 469.190, the governing body of the city of Roseville may impose a tax of up to two percent on the gross receipts from the furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing of it for a continuous period of 30 days or more, located in the city. The city may agree with the commissioner of revenue that a tax imposed under this section shall be collected by the commissioner together with the tax imposed by Minnesota Statutes, chapter 297A, and subject to the same interest, penalties, and other rules and that its proceeds, less the cost of collection, shall be remitted to the city. The proceeds of the tax shall be dedicated to and used to pay the costs of the construction, debt service, operation, and maintenance of a public multiuse speed skating/bandy facility within the city to the extent the costs exceed any revenues derived from the lease, rental, or operation of the facility. This section is repealed effective for sales made after January 1, 1993.

Sec. 11. [EFFECTIVE DATE.]

Sections 1 and 2 are effective for sales after June 30, 1990.

Section 3 is effective for sales after December 31, 1983. The provisions of Minnesota Statutes, section 297A.35, apply to refunds claimed under section 3.

Section 4 is effective for returns filed after December 31, 1990.

Sections 5 to 8 are effective the day following final enactment.

Section 9 is effective the day after the filing of a certificate of local approval by the governing body of the city of Bloomington in compliance with Minnesota Statutes, section 645.021, subdivision 3.

Section 10 is effective the day after the filing of a certificate of local approval by the governing body of the city of Roseville in compliance with Minnesota Statutes, section 645.021, subdivision 3.

ARTICLE 6

TAX INCREMENT FINANCING

Section 1. [273.1399] [REDUCTION IN STATE TAX INCREMENT FINANCING AID PAYMENTS.]

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

(a) "Qualifying captured tax capacity" means the captured tax capacity of a tax increment financing district for which certification was requested after April 30, 1990.

(b) The terms defined in section 469.174 have the meanings given in that section.

Subd. 2. [REPORTING.] The county auditor shall calculate the qualifying captured tax capacity amount for each municipal part of each school district in the county and report the amounts to the commissioner of revenue at the time and in the manner prescribed by the commissioner.

Subd. 3. [CALCULATION OF EDUCATION AIDS.] For each school district containing qualifying captured tax capacity, the commissioner of education shall compute a hypothetical state aid amount that would be paid to the school district if the qualifying captured tax capacity were divided by the sales ratio and included in the school district's adjusted tax capacity for purposes of calculating state aids. The commissioner of education shall notify the commissioner of revenue of the difference between the actual aid paid and the hypothetical aid amounts calculated for each school district, broken down by the municipality that approved the tax increment financing district containing the qualifying captured tax capacity. The resulting amount is the reduction in state tax increment financing aid.

Subd. 4. [LOCAL GOVERNMENT AIDS; HOMESTEAD AND AGRICULTURAL AID CALCULATIONS.] (a) The reduction in state tax increment financing aid for a municipality must be deducted first from the local government aids to be paid to the municipality. If the deduction exceeds the amount of the local government aid, the remainder must be deducted from the homestead and agricultural credit aid to be paid to the municipality.

(b) The amount of qualifying captured tax capacity must be included in adjusted tax capacity for purposes of computing the local government aid of the municipality that approved the tax increment financing district.

Sec. 2. Minnesota Statutes 1988, section 469.129, subdivision 2, is amended to read:

Subd. 2. [REVENUE BONDS.] A city may authorize, issue, and sell revenue bonds under section 469.178, subdivision 4, to refund the principal of and interest on general obligation bonds originally issued to finance a development district, or one or more series of bonds one of which series was originally issued to finance a development district, for the purpose of relieving the city of restrictions on the application of tax increments or for other purposes authorized by law. The refunding bonds shall not be subject to the conditions set

out in section 475.67, subdivisions 11 and 12. Tax increments received by the city with respect to the district may be used to pay the principal of and interest on the refunding bonds and to pay premiums for insurance or other security guaranteeing the payment of their principal and interest when due. Tax increments may be applied in any manner permitted by section 469.176, subdivisions 2 and 4. Bonds may not be issued under this subdivision after May 1, 1990.

Sec. 3. Minnesota Statutes Second 1989 Supplement, section 469.174, subdivision 7, is amended to read:

Subd. 7. [ORIGINAL NET TAX CAPACITY.] (a) Except as provided in paragraph (b), "original net tax capacity" means the tax capacity of all taxable real property within a tax increment financing district as most recently certified by the commissioner of revenue as of the date of the request by an authority for certification by the county auditor, together with subsequent adjustments as set forth in section 469.177, subdivisions 1 and 4. In determining the original net tax capacity the net tax capacity of real property exempt from taxation at the time of the request shall be zero, except for real property which is tax exempt by reason of public ownership by the requesting authority and which has been publicly owned for less than one year prior to the date of the request for certification, in which event the net tax capacity of the property shall be the net tax capacity as most recently determined by the commissioner of revenue.

(b) The original net tax capacity of any designated hazardous substance site or hazardous substance subdistrict shall be determined as of the date the authority certifies to the county auditor that the ~~agency or municipality~~ authority has entered a redevelopment or other agreement for the removal actions or remedial actions specified in a development response action plan, or otherwise provided funds to finance the development response action plan. The original net tax capacity equals (i) the net tax capacity of the parcel or parcels in the site or subdistrict, as most recently determined by the commissioner of revenue, less (ii) the estimated costs of the removal actions and remedial actions as specified in a development response action plan to be undertaken with respect to the parcel or parcels, (iii) but not less than zero.

(c) The original net tax capacity of a hazardous substance site or subdistrict shall be increased by the amount by which it was reduced pursuant to paragraph (b), clause (ii), upon certification by the municipality that the cost of the removal and remedial actions specified in the development response action plan, except for long-term monitoring and similar activities, have been paid or reimbursed.

(d) For purposes of this subdivision, "real property" shall include

any property normally taxable as personal property by reason of its location on or over publicly owned property.

Sec. 4. Minnesota Statutes Second 1989 Supplement, section 469.174, subdivision 10, is amended to read:

Subd. 10. [REDEVELOPMENT DISTRICT.] (a) "Redevelopment district" means a type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that one of the following conditions, reasonably distributed throughout the district, exists:

(1) parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, or other improvements and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance; or

(2) ~~parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, or other improvements and 20 percent of the buildings are structurally substandard and an additional 30 percent of the buildings are found to require substantial renovation or clearance in order to remove such existing conditions as: inadequate street layout, incompatible uses or land use relationships, overcrowding of buildings on the land, excessive dwelling unit density, obsolete buildings not suitable for improvement or conversion, or other identified hazards to the health, safety, and general well-being of the community; or~~

~~(3)~~ the property consists of vacant, unused, underused, inappropriately used, or infrequently used railyards, rail storage facilities, or excessive or vacated railroad rights-of-way.

(b) For purposes of this subdivision, "structurally substandard" shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance.

A building is not structurally substandard if it is in compliance with the building code applicable to new buildings or could be modified to satisfy the building code at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site. The municipality may find that a building is not disqualified as structurally substandard under the preceding sentence on the basis of reasonably available evidence, such as the size, type, and age of the building, the average cost of plumbing, electrical, or structural repairs, or other similar reliable evidence. If the evidence supports a reasonable conclusion that the

building is not disqualified as structurally substandard, the municipality may make such a determination without an interior inspection or an independent, expert appraisal of the cost of repair and rehabilitation of the building.

(c) For purposes of this subdivision, a parcel is not occupied by buildings, streets, utilities, or other improvements unless 15 percent of the area of the parcel contains improvements.

(d) For districts consisting of two or more noncontiguous areas, each area must qualify as a redevelopment district under paragraph (a), clauses (1) to (3), to be included in the district, and the entire area of the district must satisfy paragraph (a).

Sec. 5. Minnesota Statutes 1988, section 469.174, is amended by adding a subdivision to read:

Subd. 10a. [RENEWAL AND RENOVATION DISTRICT.] "Renewal and renovation district" means a type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that:

(1)(i) parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, or other improvements; (ii) 20 percent of the buildings are structurally substandard; (iii) 30 percent of the other buildings require substantial renovation or clearance to remove existing conditions such as: inadequate street layout, incompatible uses or land use relationships, overcrowding of buildings on the land, excessive dwelling unit density, obsolete buildings not suitable for improvement or conversion, or other identified hazards to the health, safety, and general well-being of the community; and

(2) the conditions described in clause (1) are reasonably distributed throughout the geographic area of the district.

Sec. 6. Minnesota Statutes 1988, section 469.174, subdivision 12, is amended to read:

Subd. 12. [ECONOMIC DEVELOPMENT DISTRICT.] "Economic development district" means a type of tax increment financing district which consists of any project, or portions of a project, not meeting the requirements found in the definition of redevelopment district, renewal and renovation district, soils condition district, mined underground space development district, or housing district, but which the authority finds to be in the public interest because:

(1) it will discourage commerce, industry, or manufacturing from moving their operations to another state or municipality; or

(2) it will result in increased employment in the ~~municipality~~ state; or

(3) it will result in preservation and enhancement of the tax base of the ~~municipality~~ state.

Sec. 7. Minnesota Statutes 1988, section 469.174, is amended by adding a subdivision to read:

Subd. 21. [CREDIT ENHANCED BONDS.] "Credit enhanced bonds" means special obligation bonds that are:

(1) payable primarily from tax increments (i) derived from a tax increment financing district within which the activity financed by the bonds is located and (ii) estimated on the date of issuance to be sufficient to pay when due the debt service on the bonds, and

(2) further secured by tax increments (i) derived from one or more tax increment financing districts and (ii) determined by the issuer to be necessary in order to make the marketing of the bonds feasible.

Sec. 8. Minnesota Statutes 1988, section 469.175, subdivision 1a, is amended to read:

Subd. 1a. [INCLUSION OF COUNTY ROAD COSTS.] (a) The county board may require the authority to pay all or a portion of the cost of county road improvements out of increment revenues, if the following conditions occur:

(1) the proposed tax increment financing plan or an amendment to the plan contemplates construction of a development that will, in the judgment of the county, substantially increase the use of county roads requiring construction of road improvements or other road costs; and

(2) ~~the proposed tax increment financing district is a soils condition district; and~~

~~(3)~~ the road improvements or other road costs, in the opinion of the county, would not reasonably be expected to be needed within the reasonably foreseeable future if the tax increment financing plan were not implemented.

(b) If the county elects to use increments to finance the road improvements, the county must notify the authority and municipality within 30 days after receipt of the information on the proposed tax increment district under subdivision 2. The notice must include the estimated cost of the road improvements and schedule for construction and payment of the cost. The authority must include the improvements in the tax increment financing plan. The improve-

ments may be financed with the proceeds of tax increment bonds or the authority and the county may agree that the county will finance the improvements with county funds to be repaid in installments, with or without interest, out of increment revenues. If the cost of the road improvements and other project costs exceed the projected amount of the increment revenues, the county and authority shall negotiate an agreement, modifying the development plan or proposed road improvements that will permit financing of the costs before the tax increment financing plan may be approved.

Sec. 9. Minnesota Statutes 1988, section 469.175, is amended by adding a subdivision to read:

Subd. 1b. [REDEVELOPMENT PROJECT AREAS.] (a) Each redevelopment district must be included in a redevelopment project area. The geographic area of the redevelopment project area must be set forth in the tax increment financing plan for the district and may not be increased in size more than five years after adoption of the tax increment financing plan.

(b) A redevelopment project area must meet, at least, the following minimum requirements.

(1) The geographic area of the project area is contiguous and compact.

(2) Parcels consisting of 50 percent or more of the area (excluding public parks, streets, and other public rights-of-way) of the project area were occupied by buildings, structures or other improvements, as defined in section 469.174, subdivision 10, paragraph (c), during the previous five-year period.

(c) The municipality must find and demonstrate that the project area meets at least two of the following requirements:

(1) the fair market value of properties contained in the area, as determined for purposes of property taxation, has declined by five percent or more over the preceding five-year period;

(2) the area is characterized by one or more of the following: excessive vacant land on which buildings or structures had been located, vacant buildings, substandard buildings and structures, or delinquencies in the payment of property taxes; or

(3) a substantial proportion of the buildings in the area contain residential units and five percent or more of the housing units in the area are contained in buildings meeting the definition of a substandard building under section 273.1316, regardless of whether the building has been cited for violating the provisions of section 273.1316.

Sec. 10. Minnesota Statutes Second 1989 Supplement, section 469.175, subdivision 3, is amended to read:

Subd. 3. [MUNICIPALITY APPROVAL.] A county auditor shall not certify the original net tax capacity of a tax increment financing district until the tax increment financing plan proposed for that district has been approved by the municipality in which the district is located. If an authority that proposes to establish a tax increment financing district and the municipality are not the same, the authority shall apply to the municipality in which the district is proposed to be located and shall obtain the approval of its tax increment financing plan by the municipality before the authority may use tax increment financing. The municipality shall approve the tax increment financing plan only after a public hearing thereon after published notice in a newspaper of general circulation in the municipality at least once not less than ten days nor more than 30 days prior to the date of the hearing. The published notice must include a map of the area of the district from which increments may be collected and, if the project area includes additional area, a map of the project area in which the increments may be expended. The hearing may be held before or after the approval or creation of the project or it may be held in conjunction with a hearing to approve the project. Before or at the time of approval of the tax increment financing plan, the municipality shall make the following findings, and shall set forth in writing the reasons and supporting facts for each determination:

(1) that the proposed tax increment financing district is a redevelopment district, a renewal or renovation district, a mined underground space development district, a housing district, a soils condition district, or an economic development district; if the proposed district is a redevelopment district or a renewal or renovation district, the reasons and supporting facts for the determination that the district meets the criteria of section 469.174, subdivision 10, paragraph (a), clauses (1) ~~to (5)~~ and (2), or subdivision 10a, must be retained and made available to the public by the authority until the district has been terminated.

(2) that the proposed development or redevelopment, in the opinion of the municipality, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and therefore the use of tax increment financing is deemed necessary.

(3) that the tax increment financing plan conforms to the general plan for the development or redevelopment of the municipality as a whole.

(4) that the tax increment financing plan will afford maximum opportunity, consistent with the sound needs of the municipality as

a whole, for the development or redevelopment of the project by private enterprise.

(5) that the municipality elects the method of tax increment computation set forth in section 469.177, subdivision 3, clause (b), if applicable.

When the municipality and the authority are not the same, the municipality shall approve or disapprove the tax increment financing plan within 60 days of submission by the authority, or the plan shall be deemed approved. When the municipality and the authority are not the same, the municipality may not amend or modify a tax increment financing plan except as proposed by the authority pursuant to subdivision 4. Once approved, the determination of the authority to undertake the project through the use of tax increment financing and the resolution of the governing body shall be conclusive of the findings therein and of the public need for the financing.

Sec. 11. Minnesota Statutes 1989 Supplement, section 469.175, subdivision 4, is amended to read:

Subd. 4. [MODIFICATION OF PLAN.] (a) A tax increment financing plan may be modified by an authority, provided that any reduction or enlargement of geographic area of the project or tax increment financing district, increase in amount of bonded indebtedness to be incurred, including a determination to capitalize interest on the debt if that determination was not a part of the original plan, or to increase or decrease the amount of interest on the debt to be capitalized, increase in the portion of the captured net tax capacity to be retained by the authority, increase in total estimated tax increment expenditures or designation of additional property to be acquired by the authority shall be approved upon the notice and after the discussion, public hearing, and findings required for approval of the original plan; provided that if an authority changes the type of district from housing, redevelopment, or economic development to another type of district, this change shall not be considered a modification but shall require the authority to follow the procedure set forth in sections 469.174 to 469.179 for adoption of a new plan, including certification of the net tax capacity of the district by the county auditor. If a redevelopment district or a renewal and renovation district is enlarged, the reasons and supporting facts for the determination that the addition to the district meets the criteria of section 469.174, subdivision 10, paragraph (a), clauses (1) ~~to (5)~~ and (2), or subdivision 10a, must be documented. The requirements of this paragraph do not apply if (1) the only modification is elimination of parcels from the project or district and (2)(A) the current net tax capacity of the parcels eliminated from the district equals or exceeds the net tax capacity of those parcels in the district's original net tax capacity or (B) the authority agrees that, notwithstanding section 469.177, subdivision 1, the original net tax capacity will be reduced by no more than the current net tax

capacity of the parcels eliminated from the district. The authority must notify the county auditor of any modification that reduces or enlarges the geographic area of a district or a project area.

(b) The geographic area of a tax increment financing district may be reduced, but shall not be enlarged after five years following the date of certification of the original net tax capacity by the county auditor or after August 1, 1984, for tax increment financing districts authorized prior to August 1, 1979.

Sec. 12. Minnesota Statutes 1988, section 469.175, is amended by adding a subdivision to read:

Subd. 4a. [REVERSE REFERENDUM.] (a) The municipality's approval of the tax increment financing plan under subdivision 3 or an amendment of the plan that is required by subdivision 4 to be adopted using the procedures for the adoption of an original plan is not effective for a 60-day period following the date of approval by the municipality.

(b) Upon receipt of a petition signed by a qualifying number of qualified voters in the municipality, the adoption of the tax increment financing plan or the amendments to the plan is suspended until a referendum of all qualified voters in the municipality is held. For purposes of this subdivision, a qualifying number of voters means the number equal to the greater of (1) five percent of the voters who voted in the last general election or (2) the lesser of (A) 200 voters or (B) 50 percent of the registered voters in the municipality.

(c) The governing body of the municipality must hold a special election not less than 30 nor more than 90 days after receipt of the petition. If a general or municipal election or another special election is scheduled to occur in the municipality within this time period, the governing body must hold the referendum at the same time. The action of the municipality in approving the plan or amendments to the plan is effective only upon approval of a majority of the voters voting on the question. If creation of a district or expansion of the area of a district is rejected by the voters, the city may not include all or part of the area in another tax increment financing district for a period of two years.

(d) The provisions of this paragraph do not apply to approval of a tax increment financing plan for certification of a new district or amendment of a plan for an existing district, if the municipality submits the proposed plan or amendments to a citizen review board, neighborhood council, committee, or other similar body of residents that are representative of the individuals living in the municipality and in the area affected by the development. The board, council, committee, or other body must have the authority to review,

comment on, and recommend modifications to the plan or amendment.

The provisions of this subdivision do not apply to the approval of a housing district or to the amendment of a plan for an existing housing district, if the initial request for certification of the district was filed after May 1, 1990.

Sec. 13. Minnesota Statutes Second 1989 Supplement, section 469.175, subdivision 7, is amended to read:

Subd. 7. [CREATION OF HAZARDOUS SUBSTANCE SUBDISTRICT; RESPONSE ACTIONS.] (a) An authority which is creating or has created a tax increment financing district may establish within the district a hazardous substance subdistrict upon the notice and after the discussion, public hearing, and findings required for approval of or modification to the original plan. The geographic area of the subdistrict is made up of any parcels in the district designated for inclusion by the municipality or authority that are designated hazardous substance sites, and any additional parcels in the district designated for inclusion that are contiguous to the hazardous substance sites, including parcels that are contiguous to the site except for the interposition of a right-of-way. Before or at the time of approval of the tax increment financing plan or plan modification providing for the creation of the hazardous substance subdistrict, the authority must make the findings under paragraphs (b) to (d), and set forth in writing the reasons and supporting facts for each.

(b) Development or redevelopment of the site, in the opinion of the authority, would not reasonably be expected to occur solely through private investment and tax increment otherwise available, and therefore the hazardous substance district is deemed necessary.

(c) Other parcels that are not designated hazardous substance sites are expected to be developed together with a designated hazardous substance site.

(d) The subdistrict is not larger than, and the period of time during which increments are elected to be received is not longer than, that which is necessary in the opinion of the ~~municipality~~ authority to provide for the additional costs due to the designated hazardous substance site.

(e) Upon request by an authority that has incurred expenses for removal or remedial actions to implement a development response action plan, the attorney general may:

(1) bring a civil action on behalf of the authority to recover the expenses, including administrative costs and litigation expenses, under section 115B.04 or other law; or

(2) assist the authority in bringing an action as described in clause (1), by providing legal and technical advice, intervening in the action, or other appropriate assistance.

The decision to participate in any action to recover expenses is at the discretion of the attorney general.

(f) If the attorney general brings an action as provided in paragraph (e), clause (1), the authority shall certify its reasonable and necessary expenses incurred to implement the development response action plan and shall cooperate with the attorney general as required to effectively pursue the action. The certification by the authority is prima facie evidence that the expenses are reasonable and necessary. The attorney general may deduct litigation expenses incurred by the attorney general from any amounts recovered in an action brought under paragraph (e), clause (1). The authority shall reimburse the attorney general for litigation expenses not recovered in an action under paragraph (e), clause (1), but only from the additional tax increment required to be used as described in section 469.176, subdivision 4e. The authority must reimburse the attorney general for litigation expenses incurred to assist in bringing an action under paragraph (e), clause (2), but only from amounts recovered by the authority in an action or, if the amounts are insufficient, from the additional tax increment required to be used as described in section 469.176, subdivision 4e. All money recovered or paid to the attorney general for litigation expenses under this paragraph shall be paid to the general fund of the state for deposit to the account of the attorney general. For the purposes of this section, "litigation expenses" means attorney fees and costs of discovery and other preparation for litigation.

(g) The authority shall reimburse the pollution control agency for its administrative expenses incurred to review and approve a development action response plan. The authority must reimburse the pollution control agency for expenses incurred for any services rendered to the attorney general to support the attorney general in actions brought or assistance provided under paragraph (e), but only from amounts recovered by the ~~municipality~~ ~~or~~ authority in an action brought under paragraph (e) or from the additional tax increment required to be used as described in section 469.176, subdivision 4e. All money paid to the pollution control agency under this paragraph shall be deposited in the environmental response, compensation and compliance fund.

(h) Actions taken by an authority consistent with a development response action plan are deemed to be authorized response actions for the purpose of section 115B.17, subdivision 12. An authority that takes actions consistent with a development response action plan qualifies for the defenses available under sections 115B.04, subdivision 11, and 115B.05, subdivision 9.

(i) All money recovered by an authority in an action brought under paragraph (e) in excess of the amounts paid to the attorney general and the pollution control agency must be treated as excess increments and be distributed as provided in section 469.176, subdivision 2, clause (4), to the extent the removal and remedial actions were initially financed with increment revenues.

Sec. 14. Minnesota Statutes 1988, section 469.175, is amended by adding a subdivision to read:

Subd. 8. [PAYMENT OF DEBT SERVICE ON CREDIT ENHANCED BONDS.] A tax increment financing plan may provide for the use of the tax increment to pay, or secure payment of, debt service on credit enhanced bonds issued to finance any project located within the boundaries of the municipality, whether or not the tax increment financing district from which the increment is derived is located within the boundaries of the project.

Sec. 15. Minnesota Statutes Second 1989 Supplement, section 469.176, subdivision 1, is amended to read:

Subdivision 1. [DURATION OF TAX INCREMENT FINANCING DISTRICTS.] (a) Subject to the limitations contained in paragraphs (b) to (g), any tax increment financing district as to which bonds are outstanding, payment for which the tax increment and other revenues have been pledged, shall remain in existence at least as long as the bonds continue to be outstanding. The municipality may, at the time of approval of the initial tax increment financing plan, provide for a shorter maximum duration limit than specified in paragraphs (b) to (g). The specified limit applies in place of the otherwise applicable limit.

(b) The tax increment pledged to the payment of the bonds and interest thereon may be discharged and the tax increment financing district may be terminated if sufficient funds have been irrevocably deposited in the debt service fund or other escrow account held in trust for all outstanding bonds to provide for the payment of the bonds at maturity or date of redemption and interest thereon to the maturity or redemption date.

(c) For bonds issued pursuant to section 469.178, subdivisions 2 and 3, the full faith and credit and any taxing powers of the municipality or authority shall continue to be pledged to the payment of the bonds until the principal of and interest on the bonds has been paid in full.

(d) No tax increment shall be paid to an authority for a tax increment financing district after three years from the date of certification of the original net tax capacity of the taxable real property in the district by the county auditor or after August 1, 1982, for tax increment financing districts authorized prior to

August 1, 1979, unless within the three-year period (1) bonds have been issued pursuant to section 469.178, or in aid of a project pursuant to any other law, except revenue bonds issued pursuant to sections 469.152 to 469.165, prior to August 1, 1979, or (2) the authority has acquired property within the district, or (3) the authority has constructed or caused to be constructed public improvements within the district.

(e) No tax increment shall in any event be paid to the authority ~~from a redevelopment district~~ (1) after 25 years from date of receipt by the authority of the first tax increment~~, after 25 years from the date of the receipt for a housing district, after 25 years from the date of the receipt~~ for a mined underground space development district, (2) after 20 years after receipt of the first increment for a redevelopment or housing district, (3) after 15 years after receipt of the first increment for a renewal and renovation district, (4) after 12 years from approval of the tax increment financing plan for a soils condition district, and (5) after eight years from the date of the receipt, or ten years from approval of the tax increment financing plan, whichever is less, for an economic development district.

For tax increment financing districts created prior to August 1, 1979, no tax increment shall be paid to the authority after April 1, 2001, or the term of a nondefeased bond or obligation outstanding on April 1, 1990, secured by increments from the district or project area, whichever time is greater, provided that in no case will a tax increment be paid to an authority after August 1, 2009, from such a district. If a district's termination date is extended beyond April 1, 2001, because bonds were outstanding on April 1, 1990, with maturities extending beyond April 1, 2001, the following restrictions apply. No increment collected from the district may be expended after April 1, 2001, except to pay or defease (i) bonds issued before April 1, 1990, or (ii) bonds issued to refund the principal of the outstanding bonds and pay associated issuance costs, provided the average maturity of the refunding bonds does not exceed the bonds refunded.

(f) Modification of a tax increment financing plan pursuant to section 469.175, subdivision 4, shall not extend the durational limitations of this subdivision.

(g) If a parcel of a district is part of a designated hazardous substance site or a hazardous substance subdistrict, tax increment may be paid to the authority from the parcel for longer than the period otherwise provided by this subdivision. The extended period for collection of tax increment begins on the date of receipt of the first tax increment from the parcel that is more than any tax increment received from the parcel before the date of the certification under section 469.175, subdivision 7, paragraph (b), and received after the date of certification to the county auditor described in section 469.175, subdivision 7, paragraph (b). The extended

period for collection of tax increment is the lesser of: (1) 25 years from the date of commencement of the extended period; or (2) the period necessary to recover the costs of removal actions or remedial actions specified in a development response action plan.

Sec. 16. Minnesota Statutes 1988, section 469.176, subdivision 2, is amended to read:

Subd. 2. [EXCESS TAX INCREMENTS.] (a) In any year in which the tax increment exceeds the amount necessary to pay the costs authorized by the tax increment financing plan, including the amount necessary to cancel any tax levy as provided in section 475.61, subdivision 3, the authority shall use the excess amount to do any of the following: (1) prepay any outstanding bonds, (2) discharge the pledge of tax increment therefor, (3) pay into an escrow account dedicated to the payment of such bond, or (4) return the excess amount to the county auditor who shall distribute the excess amount to the municipality, county, and school district in which the tax increment financing district is located in direct proportion to their respective tax capacity rates. The county auditor must report to the commissioner of education the amount of any excess tax increment distributed to a school district within 30 days of the distribution.

(b) The amounts distributed to a city or county must be deducted from the levy limits of the governmental unit for the following year. In calculating the levy limit base for later years, the amount deducted must be treated as a local government aid payment.

Sec. 17. Minnesota Statutes 1988, section 469.176, subdivision 3, is amended to read:

Subd. 3. [LIMITATION ON ADMINISTRATIVE EXPENSES.] (a) For districts for which certification was requested before August 1, 1979, or after June 30, 1982, no tax increment shall be used to pay any administrative expenses for a project which exceed ten percent of the total tax increment expenditures authorized by the tax increment financing plan or the total tax increment expenditures for the project, whichever is less.

(b) For districts for which certification was requested after July 31, 1979, and before July 1, 1982, no tax increment shall be used to pay administrative expenses for a project which exceeds five percent of the total tax increment expenditures authorized by the tax increment financing plan or the total tax increment expenditures for the project, whichever is less.

(c) For districts for which certification was requested after April 30, 1990, the total amount of revenue derived from tax increments that may be expended for administrative expenses is limited to ten percent of the increments collected in (1) the three years following

the date the first increment was received in the case of an economic development or soils condition district or (2) the six years following the date the first increment was received in case of any other district. If administrative expenses are paid out of the proceeds of tax increment bonds and if the increments collected during the period permitted under this paragraph are insufficient to repay the amounts, the authority or municipality must pay the difference into the bond fund out of other unrestricted moneys. The provisions of this paragraph do not apply to county administrative expenses under subdivision 4h.

Sec. 18. Minnesota Statutes 1989 Supplement, section 469.176, subdivision 4c, is amended to read:

Subd. 4c. [ECONOMIC DEVELOPMENT DISTRICTS.] (a) Revenue derived from tax increment from an economic development district may not be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting of buildings and ancillary facilities, if at least ~~25~~ ten percent of the buildings and facilities (determined on the basis of square footage) are used for ~~the purposes listed in section 144(a)(8) of the Internal Revenue Code of 1986 (determined without regard to the 25 percent restriction in subparagraph (A)). The restrictions under this paragraph apply only to districts located in~~ a purpose other than the manufacturing or production of tangible personal property (including processing resulting in the change in condition of the property) or warehousing, storage, and distribution of property (but excluding retail sales) or tourism facilities, if the tourism facility is not located in a development ~~regions~~ region, as defined in section 462.384, with ~~populations~~ a population in excess of 1,000,000. The percentage of buildings and facilities that may be used for nonqualifying purposes is increased to 25 percent (determined on the basis of square footage), if at least 15 percent of the nonqualifying square footage is directly related to and ancillary to the manufacturing or warehousing facility.

(b) Population must be determined under the provisions of section 477A.011. Tourism facilities are limited to hotel and motel properties (including ancillary restaurants), convention and meeting facilities, amusement parks, recreation facilities, cultural facilities, marinas, and parks. The city must find that the tourism facilities are intended primarily to serve individuals outside of the development region.

(c) If the authority financed the construction of improvements with increment revenues for a site on which the authority expected qualifying manufacturing, warehousing, or tourism property to be constructed and nonqualified property was constructed on the site in excess of the amount permitted under paragraph (a) within five years after the district was created, the developer of the nonqualified property must pay to the authority an amount equal to 90

percent of the benefit resulting from the improvements. The amount required to be paid may not exceed the proportionate cost of the improvements, including capitalized interest, that was financed with increment revenues. The payment is a developer payment under section 469.1765 and must be distributed as provided for excess increments under section 469.176, subdivision 2, paragraph (a), clause (4). "Benefit" has the meaning given in chapter 429.

Sec. 19. Minnesota Statutes Second 1989 Supplement, section 469.176, subdivision 4j, is amended to read:

Subd. 4j. [REDEVELOPMENT DISTRICTS.] (a) At least 90 percent of the revenues derived from tax increments from a redevelopment district or renewal and renovation district must be used to finance the cost of correcting conditions that allow designation of redevelopment and renewal and renovation districts under section 469.174, ~~subdivision 10~~. These costs ~~include~~ are limited to acquiring properties containing structurally substandard buildings or improvements, acquiring adjacent parcels necessary to provide a site of sufficient size to permit development, demolition of structures, clearing of the land or other site preparation, and installation of utilities, roads, sidewalks, and parking facilities for the site. The allocated administrative expenses of the authority may be included in the qualifying costs.

(b) Qualifying costs for a redevelopment district must be expended for activities within the redevelopment project area.

Sec. 20. [469.1763] [VOLUME LIMITATIONS.]

Subdivision 1. [IMPOSITION.] A tax increment financing plan, including an amendment to a plan expanding the area from which tax increments may be collected, may not be approved by a municipality under section 469.175, subdivision 3, unless (1) the total captured tax capacity in the municipality is less than the municipality's final limit under subdivision 2, or (2) the boards of the school district and county in which the proposed district is located each approve the plan.

Subd. 2. [CALCULATION OF LIMITS.] (a) The commissioner of revenue shall calculate the limit of each municipality with captured tax capacity on or before March 15 of each year, based upon the tax capacity for taxes payable during the calendar year. The limit so calculated applies for districts certified during the 12-month period beginning on March 15.

(b) The limit for a municipality must be calculated as follows:

(1) the total tax capacity, including captured tax capacity, of all

cities must be divided by the total population of all cities. The resulting amount is the state per capita tax capacity;

(2) the state per capita tax capacity must be multiplied by the greater of the population of the city or 1,500 and the product multiplied by 12.5 percent. The resulting amount is the initial limit;

(3) the total tax capacity, including captured tax capacity, of the municipality must be divided by the population of the municipality. The resulting amount is the municipality's per capita tax capacity;

(4) the municipality's per capita tax capacity must be divided by the state per capita tax capacity and the resulting amount rounded to the nearest one-tenth;

(5) if the amount determined under clause (4) equals one, the initial limit is the final limit for the municipality;

(6) if the amount determined under clause (4) is less than one, the amount must be subtracted from one and the remainder multiplied by ten. The lesser of the resulting amount or five is the adjustment factor for the municipality. The final limit for the municipality equals the amount calculated under clause (2) except the sum of 12.5 and the adjustment factor must be substituted for 12.5 in the calculation;

(7) if the amount determined under clause (5) is greater than one, the excess of the amount over one must be rounded to the nearest one-tenth and multiplied by five. The lesser of the resulting amount or five is the adjustment factor for the municipality. The final limit for the municipality equals the amount calculated under clause (2), except that 12.5 minus the adjustment factor must be substituted for 12.5 in the calculation.

(c) If more than 25 percent of the housing units in the municipality were constructed before 1940, as reported by the most recent United States census, and if the municipality has a population of 20,000 or more, the limit is 17.5 percent of the state per capita tax capacity multiplied by the population of the municipality.

Subd. 3. [DEFINITION.] For purposes of this section, "population" means population as defined in section 477A.011, subdivision 3.

Sec. 21. [469.1764] [RESTRICTIONS ON POOLING; FIVE-YEAR LIMIT.]

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

(b) "Activities" mean acquisition of property, clearing of land, site

preparation, soils correction, removal of hazardous waste or pollution, installation of utilities, construction of public or private improvements, and other similar activities, but only to the extent that tax increment revenues may be spent for such purposes under other law. Activities do not include allocated administrative expenses, but do include engineering, architectural, and similar costs of the improvements in the district.

(c) "Third party" means an entity other than (1) the person receiving the benefit of assistance financed with tax increments, or (2) the municipality or the development authority or other person substantially under the control of the municipality.

Subd. 2. [EXPENDITURES OUTSIDE DISTRICT.] (a) For each tax increment financing district, an amount equal to at least 85 percent of the revenue derived from tax increments paid by properties in the district must be expended on activities in the district or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities in the district. Not more than 15 percent of the revenue derived from tax increments paid by properties in the district may be expended, through a development fund or otherwise, on activities outside of the district but within the defined geographic area of the project except to pay, or secure payment of, debt service on credit enhanced bonds. The revenue derived from tax increments for the district that are expended on costs under section 469.176, subdivision 4h, paragraph (b), may be deducted first before calculating the percentages that must be expended within and without the district.

(b) Notwithstanding section 469.179, the provisions of this subdivision and subdivision 1 apply to districts and project areas for which certification for the collection of increment was requested before July 1, 1982, including those before August 1, 1979, and districts for which certification was requested after April 30, 1990.

(c) The provisions of this subdivision do not limit expenditure of increments to pay binding obligations entered into before May 1, 1990, or to pay bonds issued before May 1, 1990, or bonds issued pursuant to a binding obligation entered into before May 1, 1990, or subsequent refunding bonds, if the refunding bonds are payable solely from the same tax increment revenues or other nonincrement revenues as the prior bonds.

Subd. 3. [FIVE-YEAR RULE.] (a) Revenues derived from tax increments are considered to have been expended on an activity within the district under subdivision 2 only if one of the following occurs:

(1) before or within five years after certification of the district, the revenues are actually paid to a third party with respect to the activity;

(2) bonds, the proceeds of which must be used to finance the activity, are issued and sold to a third party before or within five years after certification and the revenues are expended to repay the bonds;

(3) binding contracts with a third party are entered into for performance of the activity before or within five years after certification of the district and the revenues are expended under the contractual obligation; or

(4) costs with respect to the activity are paid before or within five years after certification of the district and the revenues are spent to reimburse a party for payment of the costs.

(b) For purposes of this subdivision, bonds include subsequent refunding bonds if one of two tests is met: (1) the proceeds of the refunded bonds were expended on activities within five years after the district was certified or (2) the refunded bonds are issued within five years after the district was certified and the proceeds are expended on activities within a reasonable temporary period within the meaning of the use of that term under section 148(c)(1) of the Internal Revenue Code.

Subd. 4. [USE OF REVENUES FOR DECERTIFICATION.] Beginning with the sixth year following certification of the district, 85 percent of the revenues derived from tax increments paid by properties in the district that remain after the expenditures permitted under subdivision 3 must be used only to pay outstanding bonds, as defined in subdivision 3, clause (2), or contracts, as defined in subdivision 3, clauses (3) and (4). When the outstanding bonds have been defeased and when sufficient money has been set aside to pay contractual obligations as defined in subdivision 3, clause (3), the district must be decertified and the pledge of tax increment discharged.

Subd. 5. [APPLICATION.] Subdivisions 3 and 4 apply to districts for which certification is requested after April 30, 1990.

Sec. 22. [469.1765] [DEVELOPER PAYMENTS.]

(a) If the development agreement or other agreement or arrangement provides for the developer to repay all or a portion of the assistance provided that was financed with revenues derived from tax increments, the developer payments up to the amount of the subsidy must be treated as revenues derived from tax increments for the district and must be expended on qualifying project costs or distributed as excess increments as provided under section 469.176, subdivision 2, paragraph (a), clause (4). A developer includes a beneficiary of assistance financed with revenues derived from tax increments. Assistance includes sales of property at less than the cost of acquisition or fair market value, grants, ground, or other true

leases at less than fair market rent, interest rate subsidies, utility service or connections, roads, or other similar subsidies.

(b) Notwithstanding section 469.179, this subdivision applies to all districts, including districts and housing and redevelopment authority project areas, for which certification was requested before August 1, 1979.

Sec. 23. [469.1766] [LAND SALES.]

Properties acquired with revenues derived from tax increments may not be sold or transferred to a nongovernmental entity for a price less than fair market value. Fair market value must be determined at the time of the sale or transfer.

Sec. 24. Minnesota Statutes 1988, section 469.177, subdivision 8, is amended to read:

Subd. 8. [ASSESSMENT AGREEMENTS.] An authority may, ~~upon entering into a development or redevelopment agreement pursuant to section 469.176, subdivision 5,~~ enter into a written assessment agreement in recordable form with ~~the~~ a developer or redeveloper of property within the tax increment financing district which establishes a minimum market value of the land and completed improvements to be constructed thereon until a specified termination date, which date shall be not later than the date upon which tax increment will no longer be remitted to the authority pursuant to section 469.176, subdivision 1. The assessment agreement shall be presented to the county assessor, or city assessor having the powers of the county assessor, of the jurisdiction in which the tax increment financing district is located. The assessor shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land upon which the improvements are to be constructed and, so long as the minimum market value contained in the assessment agreement appears, in the judgment of the assessor, to be a reasonable estimate, shall execute the following certification upon the agreement:

> The undersigned assessor, being legally responsible for the assessment of the above described property upon completion of the improvements to be constructed thereon, hereby certifies that the market value assigned to the land and improvements upon completion shall not be less than $ . . . . . .

Upon transfer of title of the land to be developed or redeveloped from the authority to the developer or redeveloper, the assessment agreement, together with a copy of this subdivision, shall be filed for record and recorded in the office of the county recorder or filed in the office of the registrar of titles of the county where the real estate or any part thereof is situated. Upon completion of the improvements by the developer or redeveloper, the assessor shall value the property

pursuant to section 273.11, except that the market value assigned thereto shall not be less than the minimum market value contained in the assessment agreement. Nothing herein shall limit the discretion of the assessor to assign a market value to the property in excess of the minimum market value contained in the assessment agreement nor prohibit the developer or redeveloper from seeking, through the exercise of administrative and legal remedies, a reduction in market value for property tax purposes; provided, however, that the developer or redeveloper shall not seek, nor shall the city assessor, the county assessor, the county auditor, any board of review, any board of equalization, the commissioner of revenue, or any court of this state grant a reduction of the market value below the minimum market value contained in the assessment agreement during the term of the agreement filed of record regardless of actual market values which may result from incomplete construction of improvements, destruction, or diminution by any cause, insured or uninsured, except in the case of acquisition or reacquisition of the property by a public entity. Recording or filing of an assessment agreement complying with the terms of this subdivision shall constitute notice of the agreement to any subsequent purchaser or encumbrancer of the land or any part thereof, whether voluntary or involuntary, and shall be binding upon them.

Sec. 25. Minnesota Statutes 1989 Supplement, section 469.177, subdivision 9, is amended to read:

Subd. 9. [DISTRIBUTIONS OF EXCESS TAXES ON CAPTURED NET TAX CAPACITY.] (a) If the amount of tax paid on captured net tax capacity exceeds the amount of tax increment, the county auditor shall distribute the excess to the municipality, county, and school district as follows: each governmental unit's share of the excess equals

(1) the total amount of the excess for the tax increment financing district, multiplied by

(2) a fraction, the numerator of which is the current tax capacity rate of the governmental unit less the governmental unit's tax capacity rate for the year the original tax capacity rate for the district was certified (in no case may this amount be less than zero) and the denominator of which is the sum of the numerators for the municipality, county, and school district.

If the entire increase in the tax capacity rate is attributable to a taxing district, other than the municipality, county, or school district, then the excess must be distributed to the municipality, county, and school district in proportion to their respective tax capacity rates.

The school district's tax rate must be divided into the portion of the tax rate attributable (1) to state equalized levies, and (2)

unequalized levies. Equalized levies mean the levies identified in section 273.1398, subdivision 2a and unequalized levies mean the remainder of the school district's levies. The calculations under clause (2) must determine the amount of excess taxes attributable to each portion of the school district's tax rate. If one of the portions of the change in the school district tax rate is less than zero and the combined change is greater than zero, the combined rate must be used and all the school district's share of excess taxes allocated to that portion of the tax rate.

(b) The amounts distributed shall be deducted in computing the levy limits of the taxing district for the succeeding taxable year. In the case of a school district only the proportion of the excess taxes attributable to unequalized levies that are subject to a fixed dollar amount levy limit shall be deducted from the levy limit.

(c) In the case of distributions to a school district that are attributable to state equalized levies, the county auditor shall report amounts distributed to the commissioner of education in the same manner as provided for excess increments under section 469.176, subdivision 2, and the distribution shall ~~be treated as an excess increment for purposes of section 124.214, subdivision 3~~ be deducted from the school district's state aid payments.

Sec. 26. Minnesota Statutes Second 1989 Supplement, section 469.177, subdivision 10, is amended to read:

Subd. 10. [PAYMENT TO SCHOOL FOR REFERENDUM LEVY.] (a) The provisions of this subdivision apply to tax increment financing districts and projects for which certification was requested before May 1, 1988, that are located in a school district in which the voters have approved new tax capacity rates or an increase in tax capacity rates after the tax increment financing district was certified.

(b) (1) if there are no outstanding bonds on May 1, 1988, to which increment from the district is pledged, or ~~(2)~~ if the referendum is approved after May 1, 1988, and there are no bonds outstanding at the time the referendum is approved, that were issued before May 1, 1988, ~~or (3) if the referendum increasing the tax capacity rate was approved after the most recent issue of bonds to which increment from the district is pledged. If clause (1) or (2) applies,~~ the authority must annually pay to the school district an amount of increment equal to the increment that is attributable to the increase in the tax capacity rate under the referendum.

(2) If clause ~~(3) applies~~ (1) does not apply, upon approval by a majority vote of the governing body of the municipality and the school board, the authority must pay to the school district an amount of increment equal to the increment that is attributable to the increase in the tax capacity rate under the referendum.

(c) The amounts of these increments may be expended and must be treated by the school district in the same manner as provided for the revenues derived from the referendum levy approved by the voters. The provisions of this subdivision apply to projects for which certification was requested before, on, and after August 1, 1979.

Sec. 27. [469.1771] [VIOLATIONS.]

Subdivision 1. [ENFORCEMENT.] (a) The commissioner of revenue and the county auditor shall enforce the provisions of sections 469.174 to 469.179. In addition, the owner of taxable property located in the city, town, school district, or county in which the tax increment financing district is located may bring suit for equitable relief or for damages, as provided in subdivisions 3 and 4, arising out of a failure of a municipality or authority to comply with the provisions of sections 469.174 to 469.179, or related provisions of chapter 469. The prevailing party in a suit filed under the preceding sentence is entitled to costs, including reasonable attorney fees.

(b) Notwithstanding paragraph (a), the responsibility for financial and compliance auditing of political subdivisions' use of tax increment financing remains with the state auditor. The commissioner of revenue may audit an authority's use of tax increment financing. If the state auditor finds evidence that an authority or municipality has violated a provision of the law for which a remedy is provided under this section, the state auditor shall forward the relevant information to the commissioner of revenue.

Subd. 2. [COLLECTION OF INCREMENT.] If an authority includes or retains a parcel of property in a tax increment financing district that does not qualify for inclusion or retention within the district, the authority must pay to the county auditor an amount of money equal to 110 percent of the increment collected from the property for the year or years. The property must be eliminated from the original and captured tax capacity of the district effective for the current property tax assessment year.

Subd. 3. [EXPENDITURE OF INCREMENT.] If an authority expends revenues derived from tax increments, including the proceeds of tax increment bonds, (1) for a purpose that is not a permitted project under section 469.176, (2) for a purpose that is not permitted under section 469.176 for the district from which the increment was received, or (3) on activities outside of the geographic area in which the revenues may be expended under this chapter, the authority must pay to the county auditor an amount equal to 110 percent of the expenditures made in violation of the law.

Subd. 4. [DISPOSITION OF PAYMENTS.] If the authority does not have sufficient increments or other available moneys to make a payment required by this section, the municipality that approved the district must use any available moneys to make the payment

including the levying of property taxes. Moneys received by the county auditor under this section must be distributed as excess increments under section 469.176, subdivision 2, paragraph (a), clause (4). No distributions may be made to the municipality that approved the tax increment financing district.

Subd. 5. [APPLICATION.] This section applies to increments collected from tax increment financing districts and projects for which certification was requested before, on, and after August 1, 1979.

Sec. 28. [469.1781] [REQUIRED EXPENDITURES FOR NEIGHBORHOOD REVITALIZATION.]

(a) The provisions of this section apply to a city of the first class if the following conditions are met:

(1) the city refunded bonds and revenues, derived from increment from a district for which certification was requested before August 1, 1979, were pledged to pay the bonds;

(2) the refunding bonds were issued after April 1, 1988, and before April 1, 1990;

(3) the refunded bonds' obligations were due and payable in full by the calendar year 2002 and the refunding bonds' obligations are payable, in whole or part, during the calendar years 2001 through 2009; and

(4) the city had in place during 1989 an ordinance providing for excess increments to be distributed under section 469.176, subdivision 2, paragraph (a), clause (4) and the city modified the ordinance to eliminate all or part of the distributions of excess increments.

(b) For calendar years 1990 through 2001 inclusive, in each year the city must expend for a neighborhood revitalization program, as established under section 29, an amount of revenues derived from tax increments equal to at least:

(1) the amount of the additional principal and interest payments that would have been due for the year on the refunded bonds, if the bonds had not been refunded; and

(2) the amount of moneys which would have been distributed as excess increments under the city ordinance had it not been modified.

Sec. 29. [469.1831] [NEIGHBORHOOD REVITALIZATION PROGRAMS; FIRST CLASS CITIES.]

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

(b) "Neighborhood action plan" means the plan developed with the participation of neighborhood residents under subdivision 6.

(c) "Neighborhood revitalization program" or "program" means the program developed under subdivision 5.

(d) "Neighborhood revitalization program money" or "program money" means the money derived from tax increments required to be expended on the program under section 28, paragraph (b).

Subd. 2. [ESTABLISHMENT.] A city of the first class may establish a neighborhood revitalization program authorizing the expenditure of neighborhood revitalization program money. The activities of a program must preserve and enhance within the neighborhood private and public physical infrastructure, public health and safety, economic vitality, the sense of community, and social benefits.

Subd. 3. [PURPOSES; QUALIFYING COSTS.] (a) A neighborhood revitalization program may provide for expenditure of program money for the following purposes:

(1) to eliminate blighting influences by acquiring and clearing or rehabilitating properties that, the city finds, have caused or will cause a decline in the value of properties in the area or will increase the probability that properties in the area will be allowed to physically deteriorate;

(2) assist in the development of industrial properties that provide employment opportunities paying a livable income to the residents of the neighborhood and that will not adversely affect the overall character of the neighborhood;

(3) rehabilitate, renovate or replace neighborhood commercial and retail facilities necessary to maintain neighborhood vitality;

(4) eliminate health hazards through the removal of hazardous waste and pollution and return of land to productive use, if the responsible party is unavailable or unable to pay for the cost;

(5) rehabilitate existing housing and encourage homeownership;

(6) construct new housing, where appropriate;

(7) rehabilitate and construct new low income, affordable rental housing;

(8) remove vacant and boarded up houses; and

(9) rehabilitate or construct public facilities necessary to carry out the purpose of the program.

Subd. 4. [PROGRAM MONEY; DISTRIBUTION AND RESTRICTIONS.] (a) Neighborhood revitalization program money may only be expended in accordance with the program for a purpose listed in subdivision 3 or this subdivision. Program money may not be used in those project areas of the city where private investment is occurring without public sector assistance except in cases where program money is being used to remove or rehabilitate structurally substandard or obsolete buildings. Revenues derived from tax increments may only be expended for the purposes otherwise permitted by law, except that notwithstanding any law to the contrary, the city must pay, at least, 25 percent of the program money, including revenues derived from tax increments, each to (1) the county and (2) the school district. The payment must be made to the county and school district within 15 days after the city receives the distribution of increment revenues, provided that the payment for calendar year 1990 may be made at any time during the year.

(b) One-half of the money distributed to the county in a calendar year must be deducted from the county's levy limit for the following calendar year. In calculating the county's levy limit base for later years, the amount deducted must be treated as a local government aid payment.

The city must notify the commissioner of education of the amount of the payment made to the school district for the year. The commissioner shall deduct from the school district's state education aid payments one-half of the amount received by the school district.

The program money paid to the school district must be expended for additional education programs and services in accordance with the program, and the program money paid to the county must be expended for social services in accordance with the program. The amounts expended by the school district may not replace existing services.

(c) The city must expend on housing programs and related purposes as provided by the program, at least, 75 percent of the program money, after deducting the payments to the school district and county.

(d) Notwithstanding any other provisions of law to the contrary, for a city of the first class qualifying under section 469.1781, paragraph (a), program money may be expended anywhere within the city by the authority for a purpose permitted by this section for any political subdivision.

Subd. 5. [NEIGHBORHOOD REVITALIZATION PROGRAM; CONTENTS.] (a) The neighborhood revitalization program must be developed based on the following general principles:

(1) The social needs of neighborhood residents, particularly lower income residents, must be addressed to provide a safe and healthy environment for neighborhood residents, provide for the self sufficiency of families, and increase the economic and social stability of neighborhoods;

(2) The children residing in the neighborhoods must be given the opportunity for a quality education and the needs of each neighborhood must be addressed individually wherever possible; and

(3) The physical structure of the neighborhoods must be enhanced by providing safe and suitable housing and infrastructure to increase the desirability of neighborhoods as places to live.

(b) The neighborhood revitalization program must include the following:

(1) the identification of the neighborhoods that require assistance through the program;

(2) a strategy of the citizen participation required under subdivision 6;

(3) the neighborhood action plans required under subdivision 6;

(4) the activities of participating organizations undertaken to address the general principles; and

(5) an evaluation of the success of the neighborhood action plans.

Subd. 6. [CITIZEN PARTICIPATION REQUIRED.] (a) The neighborhood revitalization program must be developed with the process outlined in this subdivision.

(b) The development of the program must include the preparation of neighborhood action plans. The city must organize neighborhood planning workshops to prepare the neighborhood action plans. The neighborhood workshops must include the participation of, whenever possible, all populations and interests in each neighborhood including renters, homeowners, people of color, business owners, representatives of neighborhood institutions, youth, and the elderly. The neighborhood action plan must be submitted to the policy board established under (c). The city must provide available resources, information and technical assistance to prepare the neighborhood action plans.

(c) Each city that develops a program must establish a policy board whose membership includes members of the city council, county board, school board, and citywide library and park board where they exist appointed by the respective governing bodies; the mayor or designee of the mayor; and a representative from the city's house of representatives delegation and a representative from the city's state senate delegation appointed by the respective delegation. The policy board may also include representatives of citywide community organizations, neighborhood organizations, business owners, labor and neighborhood residents. The elected officials who are members of the policy board may appoint the other members of the board.

(d) The policy board shall review, modify where appropriate, and approve, in whole or in part, the neighborhood action plans and forward its recommendations for final action to the governing bodies represented on the policy board. The governing bodies shall review, modify where appropriate, and give final approval, in whole or in part, to those actions over which they have programmatic jurisdiction.

Subd. 7. [REVIEW OF PROGRAM COMPLIANCE.] The policy board must periodically review the activities funded with program money to determine if the expenditure of the program money is in compliance with the neighborhood revitalization program.

Sec. 30. Laws 1988, chapter 719, article 12, section 30, as amended by Laws 1989, chapter 1, section 11, is amended to read:

Sec. 30. [EFFECTIVE DATES.]

Sections 2, 5, 6, 7, 14, 16, subdivision 4e, 17, and the provisions of section 15 relating to the duration of hazardous substance sites and subdistricts are effective for hazardous substance sites and subdistricts designated and created after the day following final enactment. Except as otherwise specifically provided, sections 1, 3, 4, 8 to 12, 16, and 20 to 23, and the provisions of section 15 applying to soils condition districts are effective for districts and amendments adding geographic area to an existing district for which the request for certification was filed with the county auditor after May 1, 1988. Sections 13, 15, 16, subdivision 4g, 18, 24, and 25, and the provisions of section 21 allowing a change in the fiscal disparities election are effective May 1, 1988, except as otherwise specifically provided. Section 16, subdivision 4h, is effective beginning with administrative costs incurred on January 1, 1990, and notwithstanding Minnesota Statutes, section 469.179, applies to districts and project areas for which certification was requested before August 1, 1979. Section 16, subdivision 4i, is effective for districts for which the request for certification is filed with the county after May 1, 1988, and to all increment collected after January 1, 1990. Sections 26 to 28 are effective upon approval by the city council of the city of

Virginia and compliance with Minnesota Statutes, section 645.021. Section 29 is effective the day following final enactment.

Sec. 31. [REPORT TO THE LEGISLATURE.]

Any city which has approved a neighborhood revitalization program under section 29 must submit to the legislature by February 15, 1992, a report which describes the program, the use of neighborhood revitalization program money, the activities that were funded by program money and the results of the program for the previous two year period.

Sec. 32. [MOORHEAD TAX INCREMENT FINANCING.]

Section 21 does not apply to a tax increment financing district in the city of Moorhead created prior to August 1, 1979, and used to finance a hotel, parking facility, and conference center project.

Sec. 33. [CITY OF MINNEAPOLIS; INDUSTRY SQUARE TAX INCREMENT FINANCE DISTRICT.]

Except as provided in this section, tax increments derived by the city of Minneapolis in 1990 and later years from blighted railroad property located in its industry square redevelopment project must be accumulated and used to assist the development of the blighted railroad property. Blighted railroad property means property classified as railroad property for state tax purposes prior to 1980 that was reclassified and became subject to real estate taxes on or after January 1, 1980.

If the tax increments have been pledged, together with tax increments to be derived from other property, to the payment of bonds now outstanding, the tax increments derived from the other property must be used first to pay the bonds, and the tax increments from the blighted railroad property may be used only if and to the extent the other tax increments are insufficient for this purpose.

Sec. 34. [EFFECTIVE DATE.]

Section 1 is effective for school year 1991-1992 and for homestead and agricultural credit aid and local government aids for taxes payable in 1991. Sections 2, 3, 7, 13, 14, 17, 21, 22, 24, 26, and 28 to 30 are effective May 1, 1990. Sections 4 to 6, 8 to 12, 15, 18, 19, and 23 are effective for districts for which certification is requested after April 30, 1990. Sections 16 and 25 are effective for distributions of excess taxes or tax increments received after December 31, 1990. Section 20 is effective for districts certified after August 1, 1990, and the commissioner of revenue shall calculate the volume limits applicable through March 15, 1991, under section 20, no later than June 15, 1990. Section 27 is effective for violations occurring after

December 31, 1990. Section 32 is effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the city of Moorhead. Section 33 is effective the day following final enactment without the approval of the city of Minneapolis.

ARTICLE 7

TAXPAYERS' BILL OF RIGHTS

Section 1. [270.0602] [BASIS FOR EVALUATION OF DEPARTMENT OF REVENUE EMPLOYEES.]

The department of revenue must not use tax enforcement results to impose individual revenue quotas with respect to employees or their immediate supervisors who are directly involved in assessment or collection activities. The department may, however, use individual performance with regard to number of cases completed and, in the case of collections employees, dollars collected, as factors in evaluating an employee and not be considered as failing to comply with this section.

Sec. 2. [270.0603] [DISCLOSURE OF RIGHTS OF TAXPAYERS.]

Subdivision 1. [IN GENERAL.] The commissioner of revenue shall, as soon as practicable, but not later than 180 days after the date of enactment of this act, prepare a statement that sets forth in simple and nontechnical terms:

(1) the rights and obligations of the department of revenue and the taxpayer during an audit;

(2) the procedures by which a taxpayer may appeal an adverse decision of the department, including administrative and judicial appeals;

(3) the procedures for filing refund claims and filing of taxpayer complaints; and

(4) the procedures that the department may use in enforcing the tax laws, including assessment, jeopardy assessment, levy and distraint, and the filing of liens.

Subd. 2. [TRANSMISSION TO LEGISLATURE.] The commissioner shall provide drafts of the statement required under subdivision 1 to the chairs of the house and senate tax committees for proposed revisions of the statement.

Subd. 3. [DISTRIBUTION.] The statement prepared in accordance with subdivisions 1 and 2 must be distributed by the commis-

sioner to all taxpayers contacted with respect to the determination or collection of a tax, other than the providing of tax forms. Failure to receive the statement does not invalidate the determination or collection action.

Sec. 3. Minnesota Statutes 1988, section 270.07, is amended by adding a subdivision to read:

Subd. 6. [ABATEMENT OF PENALTY.] (a) A request for abatement of penalty under subdivision 1, under section 289A.14, subdivision 4, or under paragraph (c), must be filed with the commissioner within 60 days of the date the notice was mailed to the taxpayer's last known address, stating that a penalty has been imposed.

(b) If the commissioner issues an order denying a request for abatement of penalty, the taxpayer may, except as limited under subdivision 1, file an administrative appeal as provided in section 289A.16 or appeal to tax court as provided in section 271.06.

If the commissioner does not issue an order on the abatement request within 60 days from the date the request is received, the taxpayer may appeal to tax court as provided in section 271.06.

(c) The commissioner shall abate any part of a penalty or additional tax charge under section 289A.026, subdivision 2, or 289A.027, subdivision 4, attributable to erroneous advice given to the taxpayer in writing by an employee of the department acting in an official capacity, if the advice:

(1) was reasonably relied on and was in response to a specific written request of the taxpayer; and

(2) was not the result of failure by the taxpayer to provide adequate or accurate information.

Sec. 4. Minnesota Statutes 1989 Supplement, section 270.10, subdivision 1a, is amended to read:

Subd. 1a. [NOTIFICATION TO TAXPAYER.] At the same time that notice of the assessment, determination, or order of the commissioner is given to a taxpayer, the taxpayer must be notified in writing of the right to appeal to the tax court, and if applicable, to the small claims division. Except in the case of mathematical or clerical errors, the notice must contain a description of the basis for, including applicable law and other factors considered in the determination, and a listing of the amounts of tax due, interest, additions to tax, and penalties. Failure to provide all the required information does not invalidate the notice for purposes of satisfying statutory notice requirements if the notice contains sufficient information to

advise the taxpayer that an assessment, order, or other determination has been made. The taxpayer may request further clarification within the time provided for appealing the determination. In any notice of assessment, determination, or order dealing with property valuation or assessment for property tax purposes by the commissioner of revenue or a local unit of government, the taxpayer must be notified in writing that a taxpayer must appeal to the town or city board of equalization and to the county board of equalization before appealing to the small claims division of the tax court, except for those taxpayers whose original assessments are determined by the commissioner of revenue.

Sec. 5. [270.272] [PROCEDURES INVOLVING IN-PERSON TAXPAYER INTERVIEWS.]

Subdivision 1. [RECORDING OF INTERVIEWS.] (a) In connection with an interview with a taxpayer relating to the audit or collection of a tax, and on advance request of the taxpayer, an employee of the department of revenue shall allow the taxpayer to make an audio recording of the interview at the taxpayer's expense and with the taxpayer's equipment.

(b) An employee of the department may record an interview described in paragraph (a) if the taxpayer is informed of the recording before the interview and a transcript or copy of the recording is made available to the taxpayer on the taxpayer's request, provided the department is reimbursed by the taxpayer for the cost of transcribing or copying the recording.

Subd. 2. [SAFEGUARDS.] (a) Before or at the start of an initial interview, an employee of the department shall provide to the taxpayer in the case of an audit interview an explanation of the audit process and the taxpayer's rights under that process and, in the case of a collection interview, an explanation of the collection process and the taxpayer's rights under that process.

(b) If a taxpayer requests to consult with an attorney, accountant, agent, preparer, or any other person permitted to represent the taxpayer before the department at any time during an interview, except an interview initiated by an administrative subpoena, the interview must be suspended for no more than 30 days.

Subd. 3. [REPRESENTATIVES HOLDING POWER OF ATTORNEY.] An attorney, accountant, agent, preparer, or any other person permitted to represent the taxpayer before the department who has a written power of attorney executed by the taxpayer may represent the taxpayer in an interview described in subdivision 1. The taxpayer may be required to accompany the representative only if an administrative subpoena is issued. In this instance, with the consent of an immediate supervisor and after ten days' notice to the representative, the department employee may notify the taxpayer

directly that the employee believes the representative is unreasonably delaying the examination or investigation process.

Subd. 4. [NOT TO APPLY TO CERTAIN INVESTIGATIONS.] This section does not apply to criminal investigations or investigations relating to the conduct of an employee of the department.

Sec. 6. [270.273] [TAXPAYER ASSISTANCE ORDERS; TAXPAYER'S RIGHTS ADVOCATE.]

Subdivision 1. [AUTHORITY TO ISSUE.] On application filed by a taxpayer with the department of revenue taxpayer's rights advocate, in the form, manner, and in the time prescribed by the commissioner, and after thorough investigation, the taxpayer's rights advocate may issue a taxpayer assistance order if, in the determination of the taxpayer's rights advocate, the manner in which the state tax laws are being administered is creating or will create an unjust and inequitable result for the taxpayer.

Subd. 2. [TERMS OF A TAXPAYER ASSISTANCE ORDER.] A taxpayer assistance order may require the department to release property of the taxpayer levied on, cease any action, or refrain from taking any action to enforce the state tax laws against the taxpayer, until the issue or issues giving rise to the order have been resolved.

Subd. 3. [AUTHORITY TO MODIFY OR RESCIND.] A taxpayer assistance order issued by the taxpayer's rights advocate under this section may be modified or rescinded by the commissioner.

Subd. 4. [SUSPENSION OF RUNNING OF PERIOD OF LIMITATION.] The running of the period of limitation with respect to an action described in subdivision 2 is suspended from the date of the taxpayer assistance order until the expiration date of the order or, if modified, the expiration date of the modified order or, if rescinded, the date of the rescission.

Subd. 5. [INDEPENDENT ACTION OF TAXPAYER'S RIGHTS ADVOCATE.] This section does not prevent the taxpayer's rights advocate from taking action in the absence of an application under subdivision 1.

Subd. 6. [TAXPAYER'S RIGHTS ADVOCATE.] For purposes of this section, the term "taxpayer's rights advocate" includes a designee of the taxpayer's rights advocate. The taxpayer's rights advocate shall represent the interests of taxpayers who have grievances against the department in connection with an audit or collection activity, and shall report directly to the commissioner. A determination of the taxpayer's rights advocate under this section to issue or to not issue a taxpayer assistance order is final, and cannot be appealed to the tax court or any other court.

Sec. 7. [270.274] [REVIEW OF JEOPARDY ASSESSMENT AND LEVY PROCEDURES.]

Subdivision 1. [ADMINISTRATIVE REVIEW.] Within five days after a jeopardy assessment or collection is made to assess or collect a tax administered by the commissioner of revenue, the commissioner shall provide the taxpayer with a written statement of the information relied on in making the assessment or levy. Within 30 days after the written statement is provided or, if not provided, within 35 days after the assessment or levy, the taxpayer may request the commissioner to review the action taken. After a request for review, the commissioner shall determine whether the assessment or levy is reasonable and whether the amount assessed or demanded as a result of the action is appropriate under the circumstances.

Subd. 2. [JUDICIAL REVIEW.] A determination by the commissioner under subdivision 1 is appealable to the tax court in the manner provided by law, and the appeal must be expeditiously heard by the court. If the court determines that the making of the assessment or levy is unreasonable, or that the amount assessed or demanded is inappropriate, the court may order the commissioner to release the levy, abate the assessment, redetermine in whole or in part the amount assessed or demanded, or take other action. A determination by the court under this subdivision is final and may not be appealed by either party.

Subd. 3. [BURDEN OF PROOF.] In a proceeding under subdivision 2, the burden of proving that the assessment or collection of the tax was jeopardized by delay is on the commissioner. Regarding the issue of whether the amount assessed or demanded as a result of the action is appropriate, the commissioner shall provide a written statement explaining the basis for determining the amount, and the burden is on the taxpayer to show that the statement is incorrect or invalid.

Sec. 8. [270.275] [CIVIL DAMAGES FOR FAILURE TO RELEASE LIEN.]

Subdivision 1. [IN GENERAL.] (a) A taxpayer may bring a civil action for damages against the commissioner in district court when an employee or the department has knowingly or negligently:

(1) failed to release a lien as required by section 270.69, subdivision 11; or

(2) failed to release a lien within 30 days after satisfaction of the liability on which the lien is based.

(b) An action under paragraph (a), clause (2), must be preceded by

30 days written notice by the taxpayer to the commissioner and the taxpayer's rights advocate that the lien has not been released. An action under paragraph (a) must be commenced within two years after the date the right of action accrued.

Subd. 2. [DAMAGES.] On a finding of liability on the part of the defendant in an action brought under subdivision 1, the defendant is liable to the plaintiff in an amount equal to the sum of actual, direct economic damages sustained by the plaintiff due to the actions of the defendant, plus the costs of the action. Damages must be paid in accordance with section 3.736, subdivision 7.

Subd. 3. [MITIGATION OF DAMAGES.] Damages awarded must be reduced by the amount of the damages that could reasonably have been mitigated by the plaintiff.

Sec. 9. [270.276] [CIVIL DAMAGES FOR CERTAIN UNAUTHORIZED COLLECTION ACTIONS.]

Subdivision 1. [IN GENERAL.] If in connection with the collection of previously determined delinquent taxes from a taxpayer of a state tax administered by the commissioner of revenue, an employee of the department recklessly or intentionally disregards a state tax law or rule, the taxpayer may bring a civil action for damages against the commissioner in district court within two years after the date the right of action accrues.

Subd. 2. [DAMAGES.] On a finding of liability on the part of the defendant in an action brought under subdivision 1, the defendant is liable to the plaintiff in an amount equal to the lesser of $100,000, or the sum of (1) actual, direct economic damages sustained by the plaintiff as a proximate result of the reckless or intentional actions of the employee and (2) the costs of the action. Damages must be paid in accordance with section 3.736, subdivision 7.

Subd. 3. [LIMITATIONS.] A judgment for damages must not be awarded under subdivision 2 unless the court determines that the plaintiff has exhausted the administrative remedies available to the plaintiff within the department. Damages awarded must be reduced by the amount of the damages that could reasonably have been mitigated by the plaintiff.

Subd. 4. [PENALTIES FOR PROCEDURES INSTITUTED PRIMARILY FOR DELAY.] When it appears to the district court that:

(1) proceedings before it under this section have been instituted or maintained by the taxpayer primarily for delay;

(2) the taxpayer's position in such proceeding is frivolous or groundless; or

(3) the taxpayer unreasonably failed to pursue available administrative remedies,

the district court, in its decision, may require the taxpayer to pay to the department of revenue a penalty not in excess of $25,000. The penalty may be assessed and, upon notice and demand, may be collected in the same manner as a tax.

Sec. 10. Minnesota Statutes 1989 Supplement, section 270.69, subdivision 11, is amended to read:

Subd. 11. [ERRONEOUS LIENS.] After the filing of a notice of lien under this section on the property or rights to property of a person, the person may appeal to the commissioner, in the form and at the time prescribed by the commissioner, alleging an error in the filing of the lien and requesting its release. If the commissioner ~~of revenue~~ determines that the filing of the notice of any lien was erroneous, within 14 days after the determination, the commissioner must issue a certificate of release of the lien. The certificate must include a statement that the filing of the lien was erroneous. In the event that the ~~claim~~ lien is erroneous and is not released within the 14-day period, reasonable attorney fees shall be paid. Damages must be paid in accordance with section 3.736, subdivision 7.

Sec. 11. Minnesota Statutes 1988, section 270.70, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY OF COMMISSIONER.] If any tax payable to the commissioner of revenue or to the department of revenue is not paid when due, such tax may be collected by the commissioner of revenue within five years after the date of assessment of the tax, or if the tax judgment has been filed, within the statutory period of enforcement of a valid tax judgment, by a levy upon all property and rights to property, including any property in the possession of law enforcement officials, of the person liable for the payment or collection of such tax (except that which is exempt from execution pursuant to section 550.37 and amounts received under United States Code, title 29, chapter 19, as amended through December 31, 1989) or property on which there is a lien provided in section 270.69. For this purpose, the term "tax" shall include any penalty, interest and costs properly payable. The term "levy" includes the power of distraint and seizure by any means.

Sec. 12. Minnesota Statutes 1988, section 270.70, subdivision 2, is amended to read:

Subd. 2. [NOTICE AND DEMAND; COLLECTION BY LEVY; JEOPARDY COLLECTION.] Before a levy is made, notice and demand for payment of the amount due ~~shall~~ must be given to the person liable for the payment or collection of the tax at least ~~ten~~ 30 days prior to the levy. If the commissioner has reason to believe that

collection of the tax is in jeopardy, notice and demand for immediate payment of the tax may be made by the commissioner. If the tax is not paid, the commissioner may proceed to collect by levy without regard to the ~~ten day~~ period provided herein. The notice required under this subdivision must be sent to the taxpayer's last known address and must include a brief statement that sets forth in simple and nontechnical terms:

(1) the administrative appeals available to the taxpayer with respect to the levy and sale; and

(2) the alternatives available to the taxpayer that can prevent a levy, including installment payment agreements under section 270.67, subdivision 2.

Sec. 13. Minnesota Statutes 1988, section 270.70, subdivision 4, is amended to read:

Subd. 4. [STAY OF SALE.] (a) Where a jeopardy assessment or any other assessment has been made by the commissioner, the property seized for collection of the tax shall not be sold until the time has expired for filing an appeal of the assessment with the tax court pursuant to chapter 271. If an appeal has been filed, no sale shall be made unless the taxes remain unpaid for a period of more than 30 days after final determination of the appeal by the tax court or by the appropriate judicial forum.

(b) Notwithstanding clause (a), seized property may be sold if

(i) the taxpayer consents in writing to the sale, or

(ii) the commissioner determines that the property is perishable or may become greatly reduced in price or value by keeping, or that such property cannot be kept without great expense.

The tax court has jurisdiction to review a determination made under clause (b)(ii). Review is commenced by motion of the commissioner or the taxpayer. The order of the court in response to the motion is reviewable in the same manner as any other decision of the tax court.

Sec. 14. Minnesota Statutes 1988, section 270.70, subdivision 8, is amended to read:

Subd. 8. [SURRENDER OF PROPERTY SUBJECT TO LEVY.] Any person who fails or refuses to surrender without reasonable cause any property or rights to property subject to levy, upon demand by the commissioner, shall be liable personally to the state of Minnesota in an amount equal to the value of the property or rights not so surrendered, but not exceeding the amount of taxes for

the collection of which such levy has been made. Any amount recovered under this subdivision shall be credited against the tax liability for the collection of which such levy was made. A financial institution need not surrender funds on deposit until ten days after service of the levy.

Sec. 15. Minnesota Statutes 1988, section 270.70, is amended by adding a subdivision to read:

Subd. 17. [UNECONOMICAL LEVY.] No levy may be made on property if the amount of the expenses that the commissioner estimates would be incurred by the department with respect to the levy and sale of the property exceeds the fair market value of the property at the anticipated time of levy.

Sec. 16. Minnesota Statutes 1988, section 270.70, is amended by adding a subdivision to read:

Subd. 18. [LEVY ON APPEARANCE DATE OF SUBPOENA.] No levy may be made on the property of a person on the day on which the person, or an officer or employee of the person, is required to appear in response to a subpoena issued by the commissioner to collect unpaid taxes, unless the commissioner determines that the collection of the tax is in jeopardy.

Sec. 17. Minnesota Statutes 1988, section 270.701, is amended by adding a subdivision to read:

Subd. 6. [RIGHT TO REQUEST SALE OF SEIZED PROPERTY WITHIN 60 DAYS.] The owner of property seized by levy may request that the commissioner offer to sell the property within 60 days after the request, or within a longer period requested by the owner. The request must be complied with unless the commissioner determines and notifies the owner within that period that compliance is not in the best interests of the state of Minnesota. A determination by the commissioner not to comply with the request is appealable to the tax court in the manner provided by law.

Sec. 18. Minnesota Statutes 1988, section 270.709, subdivision 1, is amended to read:

Subdivision 1. [RELEASE OF LEVY.] ~~It shall be lawful for the commissioner to release the levy upon all or part of the property or rights to property levied upon if the commissioner determines that the release will facilitate the collection of the liability, but the release shall not operate to prevent any subsequent levy.~~ The commissioner shall release a levy on all or part of the property or rights to property levied on and shall promptly notify the person on whom the levy was made that the levy has been released if: (1) the liability for which the levy was made is satisfied or has become

unenforceable by lapse of time; (2) release of the levy will facilitate collection of the liability; (3) the taxpayer has entered into an installment payment agreement under section 270.67, subdivision 2, unless the agreement provides otherwise, or unless release of the levy will jeopardize the status of the department as a secured creditor; or (4) the fair market value of the property exceeds the liability, and release of the levy on a part of the property can be made without hindering collection. In the case of tangible personal property essential in carrying on the trade or business of the taxpayer, the commissioner shall provide for an expedited determination under this subdivision. A release of levy under this subdivision does not prevent a subsequent levy on the property released.

Sec. 19. Minnesota Statutes 1988, section 271.12, is amended to read:

271.12 [WHEN ORDER EFFECTIVE.]

No order for refundment by the commissioner of revenue, the appropriate unit of government, or the tax court shall take effect until the time for appeal therefrom or review thereof by all parties entitled thereto has expired. Otherwise every order of the commissioner, the appropriate unit of government, or the tax court shall take effect immediately upon the filing thereof, and no appeal therefrom or review thereof shall stay the execution thereof or extend the time for payment of any tax or other obligation unless otherwise expressly provided by law; provided, that in case an order which has been acted upon, in whole or in part, shall thereafter be set aside or modified upon appeal, the determination upon appeal or review shall supersede the order appealed from and be binding upon all parties affected thereby, and such adjustments as may be necessary to give effect thereto shall be made accordingly; and provided further, the tax court may enjoin enforcement of the order of the commissioner being appealed. If it be finally determined upon such appeal or review that any person is entitled to refundment of any amount which has been paid for a tax or other obligation, such amount, unless otherwise provided by law, shall be paid to the person by the state treasurer, or other proper officer, out of funds derived from taxes of the same kind, if available for the purpose, or out of other available funds, if any, with interest at the rate specified in section 270.76 from the date of payment of the tax, unless a different rate of interest is otherwise provided by law, in which case such other rate shall apply, upon certification by the commissioner of revenue, the appropriate unit of government, the tax court or the supreme court.

If, within 120 days after a decision of the tax court becomes final, the commissioner does not refund the overpayment determined by the court, together with interest, on motion by the taxpayer, the tax court shall have jurisdiction to order the refund of the overpayment and interest, and to award reasonable litigation costs for bringing

the motion. If any tax, assessment, or other obligation be increased upon such appeal or review, the increase shall be added to the original amount, and may be enforced and collected therewith.

Sec. 20. Minnesota Statutes 1988, section 271.19, is amended to read:

271.19 [COSTS AND DISBURSEMENTS.]

Upon the determination of any appeal under this chapter before the tax court, or of any review hereunder by the supreme court, the costs and disbursements may be taxed and allowed in favor of the prevailing party and against the losing party as in civil actions. In any case where a person liable for a tax or other obligation has lost an appeal or review instituted by the person, and the tax court or court shall determine that the person instituted the same merely for the purposes of delay, or that the taxpayer's position in the proceedings is frivolous, additional costs, commensurate with the expense incurred and services performed by the agencies of the state in connection with the appeal, but not exceeding $5,000 in any case, may be allowed against the taxpayer, in the discretion of the tax court or court. Costs and disbursements allowed against any such person shall be added to the tax or other obligation determined to be due, and shall be payable therewith. To the extent described in section 3.761, where an award of costs and attorney fees is authorized under section 3.762, the costs and fees shall be allowed against the state, including expenses incurred by the taxpayer to administratively protest or appeal to the department of revenue the order, decision, or report of the commissioner that is the subject of the tax court proceedings. Costs and disbursements allowed against the state or other public agencies shall be paid out of funds received from taxes or other obligations of the kind involved in the proceeding, or other funds of the agency concerned appropriated and available therefor. Witnesses in proceedings under this chapter shall receive like fees as in the district court, to be paid in the first instance by the parties by whom the witnesses were called, and to be taxed and allowed as herein provided.

Sec. 21. Minnesota Statutes, section 289A.11, as added in 1990 Legislative Session, H. F. No. 2480, article 7, section 23, is amended by adding a subdivision to read:

Subd. 9. [PETITION IN TAX COURT; REFUND OF INTEREST.] Notwithstanding any other law, within one year after a decision of the tax court upholding an assessment of the commissioner of revenue becomes final, if the taxpayer has paid the assessment in full, plus interest calculated by the commissioner, the taxpayer may petition the tax court to reopen the case solely for a determination that the interest paid exceeds the interest legally due, and if so, the amount of the overpayment. A determination of overpayment of interest under this subdivision is a determination of overpayment of

tax under section 271.12, and is reviewable in the same manner as any other decision of the tax court.

Sec. 22. [ALTERNATIVE DISPUTE RESOLUTION; LETTER RULINGS; STUDY.]

The commissioner of revenue shall study the cost, feasibility, and means of implementation of (1) an arbitration procedure for resolving disputes between taxpayers and the department of revenue without court litigation, and (2) publication and dissemination of administrative determinations, decisions, and rulings of the department of revenue, through the use of private letter rulings or otherwise. In preparing the study, the commissioner shall consult with the bar association and society of certified public accountants. The commissioner shall report the results of the study to the legislature by January 7, 1991.

Sec. 23. [EFFECTIVE DATES.]

Section 1 is effective for evaluations occurring on or after August 1, 1990.

Sections 2 and 22 are effective the day following final enactment.

Section 3 is effective for advice given on or after August 1, 1990.

Section 4 is effective for notices of assessment issued on or after August 1, 1990.

Section 5 is effective for interviews occurring on or after August 1, 1990.

Section 6 is effective for taxpayer assistance applications filed on or after August 1, 1990.

Section 7 is effective for jeopardy assessments and levies made on or after August 1, 1990.

Sections 8 and 9 are effective for causes of action arising on or after August 1, 1990.

Section 10 is effective for liens filed on or after August 1, 1990.

Sections 11, 15, and 16 are effective August 1, 1990.

Sections 12, 14, and 18 are effective for levies issued on or after August 1, 1990.

Sections 13 and 17 are effective for property seized on or after August 1, 1990.

Sections 19 and 20 are effective for tax court appeals filed on or after August 1, 1990.

Section 21 is effective for interest payments made on or after August 1, 1990.

ARTICLE 8

MISCELLANEOUS

Section 1. Minnesota Statutes Second 1989 Supplement, section 3.885, subdivision 8, is amended to read:

Subd. 8. [POLITICAL SUBDIVISION REPORTING.] No later than November 15, 1990, the ~~commission~~ commissioner of revenue shall make recommendations to appropriate standing committees of the legislature on any changes in uniform accounting and financial reporting methods necessary to assure public and legislative oversight of expenditures by cities, counties, towns, and special service districts. The recommendations shall consider opportunities for on-line access by appropriate state officers to political subdivision accounts. In preparing these recommendations, the ~~commission~~ commissioner shall consult with the commission, the state auditor, the legislative auditor, and the ~~commissioners~~ commissioner of finance ~~and revenue~~.

Sec. 2. [116J.871] [FINANCIAL ASSISTANCE LIMITATIONS; PREVAILING WAGE.]

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

(b) "Financial assistance" means (i) a grant of $100,000 or more awarded by state agency; (ii) a loan or the guaranty or purchase of a loan of $500,000 or more made by a state agency; or (iii) a reduction, credit or abatement of a tax assessed under chapter 297A where the tax reduction, credit or abatement applies to a geographic area smaller than the entire state.

(c) "Project site" means the location where improvements are made that are financed in whole or in part by the financial assistance; or the location of employees that receive financial assistance in the form of employment and training services as defined in section 268.0111, subdivision 4 or customized training from a technical college.

(d) "State agency means any agency defined under section 16B.01,

subdivision 2, the Greater Minnesota Corporation and the iron range resources and rehabilitation board.

Subd. 2. [PREVAILING WAGE REQUIRED.] A state agency may provide financial assistance to a person only if the person receiving or benefiting from the financial assistance certifies to the commissioner of labor and industry that laborers and mechanics at the project site during construction, installation, remodeling, and repairs for which the financial assistance was provided will be paid the prevailing wage rate as defined in section 177.42, subdivision 6.

Subd. 3. [PREVAILING WAGE; PENALTY.] It is a misdemeanor for a person who has certified that prevailing wages will be paid to laborers and mechanics under subdivision 2 to subsequently fail to pay the prevailing wage. This misdemeanor is punishable by a fine of not more than $700, or imprisonment for not more than 90 days, or both. Each day a violation of this subdivision continues is a separate offense.

Subd. 4. [NOTIFICATION.] A state agency shall notify any person applying for financial assistance from the state agency of the requirements under subdivision 2 and of the penalties under subdivision 3.

Sec. 3. [116J.872] [FINANCIAL ASSISTANCE; CONSIDERATION OF PAYMENT OF PREVAILING WAGE.]

When considering whether a person will be awarded financial assistance, a state agency, the Greater Minnesota Corporation, a political subdivision of the state or a development agency organized or operating under chapter 469 must consider whether the person will pay the prevailing wage to the laborers and mechanics at the project site during the construction, installation, remodeling or repairs for which the financial assistance will be provided.

For the purposes of this section, "Financial assistance" means grants, loans, loan guarantees, interest subsidies, tax credits, property tax deferments or reductions, property acquisition writedowns, subsidized utility connections, and tax abatements provided by government; interest cost savings from tax-exempt bonds and other securities issued by a government agency on behalf of a person; or wage subsidies and other employment and training services as defined under section 268.0111, subdivision 4, provided to or on behalf of a person by a government agency.

Sec. 4. [270.0682] [TAX INCIDENCE REPORTS.]

Subdivision 1. [BIENNIAL REPORT.] The commissioner of revenue shall report to the legislature by March 1 of each odd-numbered year on the overall incidence of the income tax, sales and excise

taxes, and property tax. The report shall present information on the distribution of the tax burden (1) for the entire income distribution, using a system-wide incidence measure such as the Suits index or other appropriate measures of equality and inequality, (2) by income classes, including at a minimum deciles of the income distribution, and (3) by household or family characteristics such as filing status, number of dependents, or other appropriate characteristics.

Subd. 2. [BILL ANALYSES.] At the request of the chair of the house tax committee or the senate committee on taxes, the commissioner of revenue shall prepare an incidence impact analysis of a bill or a proposal to change the tax system. To the extent data is available on the changes in the distribution of the tax burden that are affected by the bill or proposal, the analysis shall report on the incidence effects that would result if the bill were enacted. The report may present information using system-wide measures, such as Suits or other similar indexes, by income classes, taxpayer characteristics, or other relevant categories. The report may include analyses of the effect of the bill or proposal on representative taxpayers. The analysis must include a statement of the incidence assumptions that were used in computing the burdens.

Subd. 3. [INCOME MEASURE.] The incidence analyses shall use the broadest measure of economic income for which reliable data is available. The analyses may be based on permanent or annual incomes, as the commissioner determines appropriate and for which reliable data is available.

Sec. 5. Minnesota Statutes 1988, section 270A.03, subdivision 2, is amended to read:

Subd. 2. "Claimant agency" means any state agency, as defined by section 14.02, subdivision 2, the regents of the University of Minnesota, any district court of the state, any county, any statutory or home rule charter city presenting a claim for a municipal or hospital district, any public agency responsible for child support enforcement, and any public agency responsible for the collection of court-ordered restitution.

Sec. 6. Minnesota Statutes 1988, section 270A.03, subdivision 5, is amended to read:

Subd. 5. "Debt" means a legal obligation of a natural person to pay a fixed and certain amount of money, which equals or exceeds $25 and which is due and payable to a claimant agency. The term includes criminal fines imposed under section 609.10 and restitution. A debt may arise under a contractual or statutory obligation, a court order, or other legal obligation, but need not have been reduced to judgment.

A debt does not include ~~(1)~~ any legal obligation of a current recipient of assistance which is based on overpayment of an assistance grant~~, or (2)~~.

A debt does not include any legal obligation to pay a claimant agency for medical care, including hospitalization if the income of the debtor ~~would have qualified for a low income credit equal to tax liability pursuant to Minnesota Statutes 1984, section 290.06, subdivision 3d, clause (1),~~ at the time when the medical care was rendered~~, provided that, for purposes of this subdivision,~~ does not exceed the following amount:

(1) for an unmarried debtor, an income of $6,400 or less;

(2) for a debtor with one dependent, an income of $8,200 or less;

(3) for a debtor with two dependents, an income of $9,700 or less;

(4) for a debtor with three dependents, an income of $11,000 or less;

(5) for a debtor with four dependents, an income of $11,600 or less; and

(6) for a debtor with five or more dependents, an income of $12,100 or less.

The income amounts in ~~that section~~ this subdivision shall be adjusted for inflation for debts incurred in calendar years ~~1987~~ 1991 and thereafter. The dollar amount of each income level that applied to debts incurred in the prior year shall be increased in the same manner as provided in section 290.06, subdivision 2d, for the expansion of the tax rate brackets.

Sec. 7. Minnesota Statutes 1988, section 282.014, is amended to read:

282.014 [COMPLETION OF SALE AND CONVEYANCE.]

Upon compliance by the purchaser with the provisions of ~~sections 282.011 to 282.015~~ this chapter and with the terms and conditions of the sale, and upon full payment for the land, plus a ~~$20~~ $25 fee in addition to the sale price, the sale shall be complete and a conveyance of the land shall be issued to the purchaser as provided by the appropriate statutes according to the status of the land upon forfeiture.

The conveyance must be forwarded to the county recorder who shall record the conveyance before the auditor issues it to the purchaser.

Sec. 8. Minnesota Statutes 1988, section 296.02, subdivision 1a, is amended to read:

Subd. 1a. [EXCEPTIONS.] The provisions of subdivision 1 do not apply to (1) gasoline purchased by a transit system ~~owned by one or more statutory or home rule charter cities or towns~~ receiving financial assistance under section 174.24 or 473.384, or (2) to sales of compressed natural gas or propane for use in vehicles displaying a valid annual alternate fuel permit.

Sec. 9. Minnesota Statutes 1988, section 296.025, subdivision 1a, is amended to read:

Subd. 1a. [EXCEPTIONS.] The provisions of subdivision 1 do not apply to (1) special fuel purchased by a transit system ~~owned by one or more statutory or home rule charter cities or towns~~ receiving financial assistance under section 174.24 or 473.384, or (2) to sales of compressed natural gas or propane for use in vehicles displaying a valid annual alternate fuel permit.

Sec. 10. Minnesota Statutes 1988, section 296.06, subdivision 2, is amended to read:

Subd. 2. [REQUIREMENTS FOR ISSUANCE.] A distributor's license shall be issued to any responsible person qualifying as a distributor who makes application therefor, and who shall pay to the commissioner at the time thereof and annually thereafter a license fee of ~~$10~~ $25, and who shall further comply with the following conditions:

(1) A written application shall be made in a manner approved by the commissioner, who shall require the applicant or licensee to deposit with the state treasurer securities of the United States government or the state of Minnesota or to execute and file a bond, with a corporate surety approved by the commissioner, to the state of Minnesota in an amount to be determined by the commissioner and in a form to be fixed by the commissioner and approved by the attorney general, and which shall be conditioned for the payment when due of all excise taxes, inspection fees, penalties, and accrued interest arising in the ordinary course of business or by reason of any delinquent money which may be due the state of Minnesota; the bond shall cover all places of business within the state where petroleum products are received by the licensee; and the applicant or licensee shall designate and maintain an agent in this state upon whom service may be had for all purposes of this section.

(2) An initial applicant for a distributor's license shall furnish a bond in a minimum sum of $3,000 for the first year;

(3) The commissioner, on reaching the opinion that the bond given

by a licensee is inadequate in amount to fully protect the state, shall require an additional bond in such amount as the commissioner deems sufficient;

(4) A licensee who desires to be exempt from depositing securities or furnishing such bond, as hereinbefore provided shall furnish an itemized financial statement showing the assets and the liabilities of the applicant and if it shall appear to the commissioner, from the financial statement or otherwise, that the applicant is financially responsible, then the commissioner may exempt such applicant from depositing such securities or furnishing such bond until the commissioner otherwise orders.

(5) The premium on any bond required under clauses (1) and (2), and on any additional bond required under clause (3), shall be paid by the commissioner out of a bond premium fund required to be set up from an appropriation by the legislature from whatever funds are available. All of said bonds required during each license period shall be purchased by the commissioner of administration from the lowest responsible bidder after advertising for competitive bids in the manner prescribed by Laws 1939, chapter 431, article II, as amended. The commissioner of administration shall call for bids within a reasonable period prior to the commencement of license period.

(6) Each license period shall be for one year ending each June 30.

(7) Upon application to the commissioner and compliance by the applicant with the provisions of this subdivision, the commissioner also shall issue a distributor's license to (a) any person engaged in this state in the bulk storage of petroleum products and the distribution thereof by tank car or tank truck or both, and (b) any person holding an unrevoked license as a distributor since January 1, 1947, and (c) any person holding a license and performing a function under the motor fuel tax law of an adjoining state equivalent to that of a distributor under this act, who desires to ship or deliver petroleum products from that state to persons in this state not licensed as distributors in this state and who agrees to assume with respect to all petroleum products so shipped or delivered the liabilities of a distributor receiving petroleum products in this state, provided, however, that any such license shall be issued only for the purpose of permitting such person to receive in this state the petroleum products so shipped or delivered. Except as herein provided, all persons licensed as distributors under this clause shall have the same rights and privileges and be subject to the same duties, requirements and penalties as other licensed distributors.

Sec. 11. Minnesota Statutes 1988, section 296.12, subdivision 1, is amended to read:

Subdivision 1. [SPECIAL FUEL DEALERS' LICENSE RE-

QUIREMENTS.] No person except a licensed distributor shall engage in the business of selling or delivering special fuel as a special fuel dealer without having applied for and secured from the commissioner a special fuel dealer's license. The application shall be made in a manner approved by the commissioner and shall be accompanied by the payment of ~~$10~~ $25, which shall be the license fee. A special fuel dealer's license shall be issued to any responsible person qualifying as a special fuel dealer who makes proper application therefor. The license shall be displayed in a conspicuous manner in the place of business and shall expire annually on November 30.

A special fuel dealer who discontinues, sells or disposes of the business in any manner, at any time, shall surrender the dealer's special fuel dealer's license at the commissioner's office in St. Paul, Minnesota.

Sec. 12. Minnesota Statutes 1988, section 296.12, subdivision 2, is amended to read:

Subd. 2. [BULK PURCHASERS' LICENSE REQUIREMENTS.] No person shall receive special fuel as a bulk purchaser without having applied for and secured from the commissioner a bulk purchaser's license. The application shall be made in a manner approved by the commissioner and shall be accompanied by the payment of ~~$10~~ $25, which shall be the license fee. A bulk purchaser's license shall be issued to any responsible person qualifying as a bulk purchaser who makes proper application therefor. The license shall be displayed in a conspicuous manner in the place of business and shall expire annually on November 30.

A bulk purchaser who discontinues, sells or disposes of the business in any manner, at any time, shall surrender the bulk purchaser's license at the commissioner's office in St. Paul, Minnesota.

Sec. 13. Minnesota Statutes 1988, section 296.17, subdivision 10, is amended to read:

Subd. 10. [LICENSE.] (a) No motor carrier may operate a commercial motor vehicle upon the highways of this state unless and until issued a license pursuant to this section or has obtained a trip permit or temporary authorization as provided in this section.

(b) A license shall be issued to any responsible person qualifying as a motor carrier who makes application therefor and who pays to the commissioner, at the time thereof, a license fee of ~~$20~~ $30. The license is valid for a period of up to two years or until revoked by the commissioner or until surrendered by the motor carrier. All outstanding licenses will expire on March 31 of each even-numbered year beginning with 1984 and may be renewed upon application to

the commissioner and payment of the ~~$20~~ $30 fee. The license, photocopy, or electrostatic copy of it, shall be carried in the cab of every commercial motor vehicle while it is being operated in Minnesota by a licensed motor carrier.

Sec. 14. Minnesota Statutes 1988, section 296.17, subdivision 17, is amended to read:

Subd. 17. [TRIP PERMITS AND TEMPORARY AUTHORIZATIONS.] (a) A motor carrier may obtain a trip permit which shall authorize an unlicensed motor carrier to operate a commercial motor vehicle in Minnesota for a period of five consecutive days beginning and ending on the dates specified on the face of the permit. The fee for the permit shall be ~~$15~~ $25. Fees for trip permits shall be in lieu of the road tax otherwise assessable against the motor carrier on account of the commercial motor vehicle operating therewith, and no reports of mileage shall be required with respect to the vehicle.

The above permit shall be issued in lieu of license if in the course of operations a motor carrier operates on Minnesota highways no more than three times in any one calendar year.

(b) Whenever the commissioner is satisfied that unforeseen or uncertain circumstances have arisen which requires a motor carrier to operate in this state a commercial motor vehicle for which neither a trip permit pursuant to clause (a) of this subdivision nor a license pursuant to subdivisions 7 to 22 has yet been obtained, and if the commissioner is satisfied that prohibition of that operation would cause undue hardship, the commissioner may provide the motor carrier with temporary authorization for the operation of the vehicle. A motor carrier receiving temporary authorization pursuant to this subdivision shall perfect the same either by obtaining a trip permit or a license, as the case may be, for the vehicle at the earliest practicable time.

Sec. 15. Minnesota Statutes 1988, section 297.07, subdivision 5, is amended to read:

Subd. 5. [OFFSET.] Upon audit, ~~if a distributor's return reflects an overpayment, the overpayment may only be offset against an additional tax liability for the month immediately preceding or immediately after the month of overpayment.~~ the commissioner shall offset overpayments and underpayments for the audit period selected by the commissioner. Interest shall be assessed only on an additional net tax liability after the offsets. Any net overpayments shall carry forward to the next audit period. No refunds of tax shall be made except as otherwise provided by law.

Sec. 16. Minnesota Statutes 1988, section 298.015, subdivision 1, is amended to read:

Subdivision 1. [TAX IMPOSED.] A person engaged in the business of mining shall pay to the state of Minnesota for distribution as provided in section 298.018 a net proceeds tax equal to two percent of the net proceeds from mining in Minnesota. The tax applies to all mineral and energy resources mined or extracted within the state of Minnesota except for sand, silica sand, gravel, building stone, crushed rock, limestone, granite, dimension granite, dimension stone, horticultural peat, all clays including kaolin, soil, iron ore, and taconite concentrates. The tax is in addition to all other taxes provided for by law. The tax is due by June 15 of the year succeeding the calendar year covered by the report required by section 298.05.

Sec. 17. Minnesota Statutes 1988, section 298.017, is amended to read:

298.017 [DEDUCTIONS.]

Subdivision 1. [DEDUCTIONS NOT ALLOWED.] For purposes of calculating the net proceeds under section 298.015, the following expenses are not deductible: (1) all sales, marketing, and interest expenses; (2) all insurance expense and taxes, except as specifically provided in this section; (3) all administrative expenses outside of Minnesota; (4) any research expense prior to production; (5) ~~all~~ funds set aside during production years to pay for reclamation expenses after production ends; (6) royalty expenses, depletion allowances, and cost of mining land.

Subd. 2. [DEDUCTIONS ALLOWED.] (a) In calculating the net proceeds for the purpose of determining the tax provided in section 298.015, only those expenses specifically allowed in this subdivision may be deducted from gross proceeds. The carryback or carryforward of deductions shall not be allowed.

(b) Ordinary and necessary expenses actually paid for the mining, production, processing, beneficiation, smelting, or refining of metal or mineral products for:

(1) labor, including wages, salaries, fringe benefits, unemployment and workers' compensation insurance;

(2) machinery, equipment, and supplies, including any sales and use tax paid on it, except that machinery and equipment subject to depreciation shall only be deductible under clause (b)(3);

(3) depreciation as defined and allowed by section 167 of the Internal Revenue Code of 1986, as amended through December 31, 1986; ~~and~~

(4) administrative expenses inside Minnesota; and

(5) reclamation costs actually incurred in Minnesota and paid in a year of production, including the payment of bonds required by the provisions of an environmental permit issued by the state of Minnesota

are deductible.

(c) Ordinary and necessary expenses of transporting metal or mineral products are allowed as a deduction if the costs are included in the sale price of the products.

(d) Expenses of exploration, research, or development in this state for the mining and processing of minerals within Minnesota paid in a production year are deductible in the production year.

(e) Expenses of exploration and development in Minnesota incurred prior to production must be amortized and deducted on a straight-line basis over the first five years of production.

Sec. 18. Minnesota Statutes 1988, section 298.05, is amended to read:

298.05 [MINING COMPANIES TO REPORT ANNUALLY.]

Every person engaged in such mining or production of ores shall, annually, on or before ~~the first day of~~ March 15, file with the commissioner of revenue, under oath, a correct report, in such form and containing such information as the commissioner may require, covering the preceding calendar year.

Sec. 19. Minnesota Statutes 1988, section 298.24, subdivision 1, is amended to read:

Subdivision 1. (a) For concentrate produced in ~~1986 and 1987~~ 1990 there is hereby imposed upon taconite and iron sulphides, and upon the mining and quarrying thereof, and upon the production of iron ore concentrate therefrom, and upon the concentrate so produced, a tax of ~~$1.90~~ $1.975 per gross ton of merchantable iron ore concentrate produced therefrom.

(b) ~~Except as provided in paragraph (c),~~ For concentrates produced in ~~1988~~ 1991 and subsequent years, the tax rate shall be equal to the preceding year's tax rate plus an amount equal to the preceding year's tax rate multiplied by the percentage increase in the implicit price deflator from the fourth quarter of the second preceding year to the fourth quarter of the preceding year. "Implicit price deflator" for the gross national product means the implicit price deflator prepared by the bureau of economic analysis of the United States Department of Commerce.

(c) ~~The provisions of paragraph (b) will not be in effect for concentrates produced in 1988 if the 1988 production is not less than 34,000,000 tons. If the provisions of paragraph (b) are not in effect for concentrates produced in a year, the rate of the tax for that year's production will be the rate of the tax imposed on the previous year's production.~~ The tax shall be imposed on the average of the production for the current year and the previous two years. The rate of the tax imposed will be the current year's tax rate. This clause shall not apply in the case of the closing of a taconite facility if the property taxes on the facility would be higher if this clause and section 298.25 were not applicable.

(d) If the tax or any part of the tax imposed by this subdivision is held to be unconstitutional, a tax of ~~$1.90~~ $1.975 per gross ton of merchantable iron ore concentrate produced shall be imposed.

(e) Consistent with the intent of this subdivision to impose a tax based upon the weight of merchantable iron ore concentrate, the commissioner of revenue may indirectly determine the weight of merchantable iron ore concentrate included in fluxed pellets by subtracting the weight of the limestone, dolomite, or olivine derivatives or other basic flux additives included in the pellets from the weight of the pellets. For purposes of this paragraph, "fluxed pellets" are pellets produced in a process in which limestone, dolomite, olivine, or other basic flux additives are combined with merchantable iron ore concentrate. No subtraction from the weight of the pellets shall be allowed for binders, mineral and chemical additives other than basic flux additives, or moisture.

Sec. 20. Minnesota Statutes 1989 Supplement, section 383.06, is amended to read:

383.06 [PAYMENT OF WARRANTS; ACCOUNTS; HOW KEPT; CERTIFICATES OF INDEBTEDNESS TO RETIRE OUTSTANDING WARRANTS.]

The county treasurer shall pay warrants only from the fund from which they are legally payable. Payments under any special contract shall be kept separate under the name of such contract, and under the general title of the fund from which such payment may be legally made. The treasurer need not keep a specific appropriations account separately, but shall keep a general appropriations account.

~~In any county having a net tax capacity of not less than $150,000,000, exclusive of money and credits,~~ The county board may, by resolution, issue and sell as many certificates of indebtedness as may be needed in anticipation of the collection of taxes levied for any fund named in the tax levy for the purpose of raising money for such fund, but the certificates outstanding for any such separate funds shall not at any time exceed 50 percent of the amount of taxes previously levied for such fund remaining uncollected, and no

certificate shall be issued to become due and payable later than December 31 of the year succeeding the year in which the tax levy was made, and the certificates shall not be sold for less than par and accrued interest ~~and shall not bear a greater rate of interest than six percent per annum~~. No such certificates shall be issued prior to the beginning of the fiscal year for which the taxes so anticipated were intended, except that when taxes shall have been levied for the purpose of paying a deficit in any such fund carried over from any previous year or years certificates of indebtedness in anticipation of collection of the taxes levied for such deficit may be issued at any time after such levy shall have been finally made and certified to the county auditor. Each certificate shall state upon its face for which fund the proceeds thereof shall be used, the total amount of certificates so issued, and the whole amount embraced in the levy for that particular purpose. They shall be numbered consecutively, be in denominations of $100 or a multiple thereof, may have interest coupons attached, shall be otherwise of such form and terms, and may be made payable at such place, as will best aid in their negotiation, and the proceeds of the tax assessed and collected on account of the fund and the full faith and credit of the county shall be irrevocably pledged for the redemption and payment of the certificates so issued. Such certificates shall be payable primarily from the moneys derived from the levy for the years against which such certificates were issued, but shall constitute unlimited general obligations of the county. Moneys derived from the sale of such certificates shall be credited to the fund or funds the taxes for which are so anticipated.

Sec. 21. Minnesota Statutes 1988, section 469.171, is amended by adding a subdivision to read:

Subd. 11. [LIMITATIONS; LAST EIGHT MONTHS OF DURATION.] This subdivision applies only to state tax reductions first authorized by the municipality to be provided to a business within eight months of the expiration of the enterprise zone's designation.

Before agreeing with a business to provide tax reductions, the municipality must submit the proposed tax reductions to the commissioner for approval. The commissioner shall review and analyze the proposal in light of, at least, (1) the proposed investment that the business will make in the zone, (2) the number and quality of new jobs that will be created in the zone, (3) the overall positive impact on economic activity in the zone, and (4) the extent to which the impacts in clauses (1) to (3) are dependent upon providing the state tax reductions to the business. The commissioner shall disapprove the proposal if the commissioner determines the public benefits of increased investment and employment resulting from the tax reductions is disproportionately small relative to the cost of the state tax reductions. If the commissioner disapproves of the proposal, the tax reductions are not allowed to the business.

If the municipality submits the proposal to the commissioner before expiration of the zone designation, the authority to grant the tax reductions continues until the commissioner acts on the proposal.

Sec. 22. Minnesota Statutes 1988, section 500.24, subdivision 4, is amended to read:

Subd. 4. [REPORTS.] (a) The chief executive officer of every pension or investment fund, corporation, or limited partnership, except a family farm corporation or a family farm limited partnership, that holds any interest in agricultural land or land used for the breeding, feeding, pasturing, growing, or raising of livestock, dairy or poultry, or products thereof, or land used for the production of agricultural crops or fruit or other horticultural products, other than a bona fide encumbrance taken for purposes of security, or which is engaged in farming or proposing to commence farming in this state after May 20, 1973, shall file with the commissioner of agriculture a report containing the following information and documents:

(1) The name of the pension or investment fund, corporation, or limited partnership and its place of incorporation, certification, or registration;

(2) The address of the pension or investment plan headquarters or of the registered office of the corporation in this state, the name and address of its registered agent in this state and, in the case of a foreign corporation or limited partnership, the address of its principal office in its place of incorporation, certification, or registration;

(3) The acreage and location listed by quarter-quarter section, township and county of each lot or parcel of land in this state owned or leased by the pension or investment fund, limited partnership, or corporation and used for the growing of crops or the keeping or feeding of poultry or livestock;

(4) The names and addresses of the officers, administrators, directors or trustees of the pension or investment fund, or of the officers, shareholders owning more than ten percent of the stock, including the percent of stock owned by each such shareholder, and the members of the board of directors of the corporation, and the general and limited partners and the percentage of interest in the partnership by each partner;

(5) The farm products which the pension or investment fund, limited partnership, or corporation produces or intends to produce on its agricultural land;

(6) With the first report, a copy of the title to the property where

the farming operations are or will occur indicating the particular exception claimed under subdivision 3, clauses (a) to (r); and

(7) With the first or second report, a copy of the conservation plan proposed by the soil and water conservation district, and with subsequent reports a statement of whether the conservation plan was implemented.

The report of a corporation seeking to qualify hereunder as a family farm corporation, an authorized farm corporation, a family farm partnership, or authorized farm partnership shall contain the following additional information: The number of shares or the partnership interests owned by persons residing on the farm or actively engaged in farming, or their relatives within the third degree of kindred according to the rules of the civil law or their spouses; the name, address and number of shares owned by each shareholder or partnership interests owned by each partner; and a statement as to percentage of gross receipts of the corporation derived from rent, royalties, dividends, interest and annuities. No pension or investment fund, limited partnership, or corporation shall commence farming in this state until the commissioner of agriculture has inspected the report and certified that its proposed operations comply with the provisions of this section.

(b) Every pension or investment fund, limited partnership, or corporation as described in clause (a) shall, prior to April 15 of each year, file with the commissioner of agriculture a report containing the information required in clause (a), based on its operations in the preceding calendar year and its status at the end of the year. A pension or investment fund, limited partnership, or corporation that does not file the report by April 15 must pay a $500 civil penalty. The penalty is a lien on the land being farmed under subdivision 3 until the penalty is paid.

(c) The commissioner or the commissioner's authorized representative may enter into a written agreement with a person required to file a report under this subdivision who, for good cause shown, has failed to make a timely filing. An agreement must be construed as a "no contest" pleading and may encompass a reduction or waiver of the civil penalty for late filing. The agreement is final and conclusive with respect to the civil penalty, except upon a showing of fraud or malfeasance or misrepresentation of a material fact. The matter agreed upon in the agreement may not be reopened or modified by an officer, employee, or agent of the state. The commissioner may enter into an agreement under this paragraph only once for each corporation or partnership.

(d) Failure to file a required report, or the willful filing of false information, shall constitute a gross misdemeanor.

Sec. 23. [SALE OF TAX-FORFEITED LAND; OTTER TAIL COUNTY.]

(a) Notwithstanding Minnesota Statutes, section 282.018, Otter Tail county may sell the tax-forfeited lands bordering public water and described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general.

(c) The lands that may be conveyed are located in Otter Tail county and are described as:

(1) Lot 13, Sylvanus Crest, Clitherall Township;

(2) Lot 14, Sylvanus Crest, Clitherall Township;

(3) Government Lot 8, Section 32, Township 133, Range 43;

(4) A .36 acre tract of land in Government Ten (10) of Section Four (4), Township One Hundred Thirty-four (134) North, Range Thirty-nine (39) West of the 5th P.M., described as follows: Beginning at a point (iron stake) located as follows: Commencing at the northwest corner (iron) of Lot Seventy-one (71) of "Pleasure Park Beach" subdivision, plat of which is on file and of record in the office of Register of Deeds of Otter Tail County, Minn.; thence proceeding South sixty-six degrees ten minutes West (S 66 degrees 10'W) one hundred thirty-two and five tenths (132.5) feet and South sixty-six degrees forty-one minutes West (S 66 degrees 41'W) one hundred fifty (150.0) feet to the point of beginning; thence running by the following four courses and distances, viz: South twenty-four degrees fourteen minutes East (S 24 degrees 14'E) one hundred ninety-nine and six tenths (199.6) feet to an iron stake on the shoreline of Otter Tail Lake; South fifty-five degrees nineteen minutes West (S 55 degrees 19'W) seventy-five (75.0) feet along the shoreline of said lake, to an iron stake; North twenty-four degrees thirty-four minutes West (N 24 degrees 34'W) two hundred fourteen and four tenths (214.4) feet to an iron stake; and North sixty-six degrees forty-one minutes East (N 66 degrees 41'E) seventy-five (75.0) feet to the point of beginning;

(5) All of Lot 1, Except North 10 feet, Quiram's Beach, Star Lake Township;

(6) Lot 1, Silent Acres, Dora Township.

(d) The county has determined that these lands have little or no potential use as a public access or for other types of public ownership and will realize a higher and better use under private ownership.

Sec. 24. [HEAT APPLIED CIGARETTE TAX STAMP REVOLVING ACCOUNT TRANSFER.]

On July 1, 1990, the commissioner of finance shall transfer $60,000 from the heat applied cigarette tax stamp revolving account to the general fund.

Sec. 25. [PRODUCTION TAX REVENUE TRANSFER.]

The amount subtracted under Laws 1989, chapter 335, article 1, section 19, subdivision 4, from the taconite production tax revenues and deposited in the general fund for the costs and expenses incurred by the department of revenue in collecting and distributing taconite production tax revenues for fiscal year 1991 is increased from $55,000 to $75,000.

Sec. 26. [SUPERBOWL COSTS; SPORTS FACILITIES COMMISSION.]

The metropolitan sports facilities commission shall appropriate and use $1,500,000 to pay for the state and commission share of the cost of providing services and facilities required by an agreement or other arrangement with the national football league in connection with hosting the 1992 league championship game.

The commission shall appropriate the funds for this purpose from either its operating or operating reserve account during its 1991 budget year. The metropolitan council and the commission may not require the imposition of a tax or an increase in the rate of a tax imposed under section 473.592 for this purpose.

Sec. 27. [CANCELLATION OF HAYLIFT PROGRAM DEBTS.]

Any remaining balance on a department of agriculture account receivable resulting from operation of the 1989 drought emergency farm haylift program which the department is required to collect is canceled on the effective date of this section.

Sec. 28. [EFFECTIVE DATE.]

Sections 5 and 6 are effective for debts incurred after June 30, 1990. Sections 7, 10 to 14, 24, and 25 are effective July 1, 1990. Sections 20, 23, and 27 are effective the day following final enactment. Section 22 is effective the day following final enactment, but the provision allowing for an agreement concerning reduction or waiver of a civil penalty for late filing applies to a filing due April 15, 1989, or thereafter. Sections 16 and 17 are effective for taxable years beginning after June 30, 1990. Section 18 is effective for taxable years beginning after December 31, 1990. Section 15 is

effective for returns filed after June 30, 1988. Section 21 is effective April 1, 1990."

Delete the title and insert:

"A bill for an act relating to the financing and operation of government in Minnesota; updating references to the Internal Revenue Code; changing the computation of aid to local units of governments; modifying the computation and administration of taxes and property tax refunds; providing tax deductions and exemptions; changing the tax rates; authorizing certain local governments to borrow money; providing a food shelf checkoff; changing definition of debt for the revenue recapture act; providing certain rights and remedies to taxpayers; modifying the requirements for the collection and expenditure of tax increments; repealing the increase in the maximum lodging tax; allowing the sale of certain tax forfeited land in Otter Tail county; allowing the cities of Bayport, Windom, and Jackson and the counties of Goodhue and Koochiching to levy taxes for certain purposes; requiring certain uses of tax increments by the city of Minneapolis; exempting the city of Moorhead from certain requirements; permitting the cities of Bloomington and Roseville to impose lodging taxes; changing truth-in-taxation requirements; requiring payment of the prevailing wage for financial assistance; requiring reports and studies; imposing and transferring powers and duties; changing certain effective dates; increasing certain fees; imposing a minimum fee on corporations; providing for withholding of certain refunds; requiring an appropriation by the metropolitan sports facilities commission; reducing and transferring appropriations; canceling certain debts; appropriating money; amending Minnesota Statutes 1988, sections 270.07, by adding a subdivision; 270.70, subdivisions 1, 2, 4, 8, and by adding subdivisions; 270.701, by adding a subdivision; 270.709, subdivision 1; 270A.03, subdivisions 2 and 5; 271.12; 271.19; 273.11, by adding a subdivision; 273.124, by adding a subdivision; 273.1398, by adding a subdivision; 273.42, subdivision 1; 275.065, by adding a subdivision; 276.111; 277.15; 279.03, subdivision 2, and by adding a subdivision; 281.17; 282.01, subdivision 4; 282.014; 282.261, subdivision 2; 289A.11, as added, by adding a subdivision; 290.431; 290.50, by adding a subdivision; 290A.10; 290A.19; 296.02, subdivision 1a; 296.025, subdivision 1a; 296.06, subdivision 2; 296.12, subdivisions 1 and 2; 296.17, subdivisions 10 and 17; 297.07, subdivision 5; 297A.01, subdivision 15; 297A.25, by adding a subdivision; 298.015, subdivision 1; 298.017; 298.05; 298.24, subdivision 1; 469.059, subdivision 11; 469.129, subdivision 2; 469.171, by adding a subdivision; 469.174, subdivision 12, and by adding subdivisions; 469.175, subdivision 1a, and by adding subdivisions; 469.176, subdivisions 2 and 3; 469.177, subdivision 8; 477A.011, subdivision 17, and by adding a subdivision; 477A.012, subdivision 1, and by adding a subdivision; 477A.013, by adding a subdivision; 477A.03, subdivision 1; 477A.11, subdivision 4; 477A.13; and 500.24, subdivision 4; Minnesota Statutes 1989 Supplement, sec-

tions 270.10, subdivision 1a; 270.69, subdivision 11; 273.11, subdivision 1; 273.112, subdivision 3; 273.124, subdivisions 8 and 9; 275.08, subdivision 1d; 278.05, subdivision 4; 279.01, subdivision 1; 282.01, subdivision 1; 290.01, subdivision 19; 290A.04, subdivision 5; 290A.045, subdivision 7; 375.192, subdivision 2; 383.06; 410.32; 462.396, subdivision 2; 469.175, subdivision 4; 469.176, subdivision 4c; 469.177, subdivision 9; and 469.190, subdivisions 1 and 2; Minnesota Statutes Second 1989 Supplement, sections 3.885, subdivision 8; 60A.15, subdivision 1; 103B.3369, subdivisions 5 and 7; 272.02, subdivision 4; 273.13, subdivisions 22, 23, and 25; 273.1398, subdivisions 1 and 2; 273.371, subdivision 1; 275.065, subdivisions 1 and 6; 275.07, subdivision 1; 275.50, subdivision 5; 275.51, subdivision 3f; 276.09; 276.10; 276.11, subdivision 1; 277.01, subdivision 1; 277.02; 277.05; 277.06; 290.05, subdivision 1; 290.06, subdivision 1; 290.091, subdivision 2; 290.0921, subdivisions 1, 3, and by adding a subdivision; 290A.04, subdivision 2a; 290A.045, subdivision 6; 297A.01, subdivision 3; 297A.44, subdivision 1; 469.174, subdivisions 7 and 10; 469.175, subdivisions 3 and 7; 469.176, subdivisions 1 and 4j; 469.177, subdivision 10; 469.190, subdivision 3; 477A.011, subdivisions 1a and 25; and 477A.013, subdivisions 3 and 5; Laws 1988, chapter 719, article 12, section 30, as amended; Laws 1989, chapters 326, article 3, section 49; and 353, section 13; and Laws 1989, First Special Session chapter 1, articles 3, section 32, subdivisions 1 and 2; 5, section 52; and 10, section 45; proposing coding for new law in Minnesota Statutes, chapters 134; 116J; 268; 270; 273; 290; and 469; repealing Minnesota Statutes 1989 Supplement, sections 290.06, subdivision 1a; and 375.192, subdivision 1; Minnesota Statutes Second 1989 Supplement, 273.1398, subdivision 2b."

With the recommendation that when so amended the bill pass.

The report was adopted.

Wenzel from the Committee on Agriculture to which was referred:

H. F. No. 2673, A bill for an act relating to agriculture; establishing a food advisory committee; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 28A.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [28A.20] [FOOD ADVISORY COMMITTEE.]

Subdivision 1. [ESTABLISHMENT.] A food advisory committee is established to advise the commissioner and the legislature on food issues and food safety.

Subd. 2. [MEMBERSHIP.] (a) The food advisory committee consists of:

(1) the commissioner of agriculture;

(2) the commissioner of health;

(3) a representative of the United States Food and Drug Administration;

(4) a representative of the United States Department of Agriculture;

(5) one person from the University of Minnesota knowledgeable in food and food safety issues;

(6) the chairs of the senate and house of representatives committees on agriculture or a designee of each chair;

(7) four members appointed by the governor who are interested in food and food safety of which:

(i) one person is a health or food professional;

(ii) one person represents a statewide general farm organization;

(iii) one person represents a local food inspection agency; and

(iv) one person represents a food-oriented consumer group; and

(8) four members appointed by the governor who represent the food production, food retailing, or restaurant industry.

(b) Members shall serve without compensation. Members appointed by the governor shall serve four-year terms.

Subd. 3. [ORGANIZATION.] (a) The committee shall meet monthly or as determined by the chair.

(b) The members of the committee shall annually elect a chair and other officers as they determine necessary.

Subd. 4. [STAFF.] The commissioner of state planning shall provide support staff, office space, and administrative services for the committee.

Subd. 5. [DUTIES.] The committee shall:

(1) coordinate educational efforts about various aspects of food safety;

(2) provide advice and coordination to state agencies as requested by the agencies;

(3) serve as a source of information and referral for the public, news media, and others concerned with food safety; and

(4) make recommendations to congress, the legislature, and others about appropriate action to improve food safety in the state.

Sec. 2. Minnesota Statutes 1989 Supplement, section 32.103, is amended to read:

32.103 [INSPECTION OF DAIRIES.]

At such time as the commissioner may deem proper, the commissioner shall cause to be inspected all places where dairy products are made, stored, or served as food for pay, and all places where cows are kept by persons engaged in the sale of milk ~~or cream~~, and shall require the correction of all insanitary conditions and practices found therein.

A refusal or physical threat, ~~refusal,~~ that prevents the completion of an inspection or neglect to obey ~~any~~ a lawful direction of the commissioner, or the commissioner's agent, given ~~in~~ while carrying out ~~the provisions of~~ this section, ~~shall be deemed a misdemeanor.~~ may result in the suspension of the offender's permit or certification. The offender is required to meet with a representative of the offender's plant or marketing organization and a representative of the department of agriculture within 48 hours exclusive of weekends or holidays or the suspension will take effect. A producer may request a hearing before the commissioner or the commissioner's agent if a serious concern exists relative to the retention of the producer's permit or certification to sell milk.

Sec. 3. Minnesota Statutes 1988, section 32.21, subdivision 3, is amended to read:

Subd. 3. [ADULTERATED MILK OR CREAM.] For purposes of this section and section 32.22, milk or cream is adulterated if:

(1) milk is drawn in a filthy or unsanitary place;

(2) milk is drawn from unhealthy or diseased cows;

(3) milk is drawn from cows that are fed garbage or an unwholesome animal or vegetable substance;

(4) milk is drawn from cows within 15 days before calving, or five days after calving;

(5) milk or cream contains a substance that is not a normal constituent of the milk or cream, as determined by laboratory procedures established by rule or except as allowed in this chapter;

(6) milk contains water in excess of that normally present in milk; or

(7) milk or cream contains antibiotics or other bacterial inhibitory substances in amounts above the actionable levels established by rule or under section 32.415.

Sec. 4. Minnesota Statutes 1988, section 32.391, is amended to read:

32.391 [DEFINITIONS; PASTEURIZATION; COOLING AFTER PASTEURIZATION.]

Subdivision 1. [MILK; SKIM MILK; LOWFAT MILK; FLUID MILK PRODUCTS; GOAT MILK; SHEEP MILK.] Milk is defined as the whole, fresh, clean lacteal secretion, practically free from colostrum, obtained by the complete milking of one or more healthy cows. When prepared for market in final package form for beverage use, milk shall contain not less than 8.7 percent milk solids-not-fat and not less than 3.25 percent of milk fat. The name "milk," unqualified, means cow's milk.

Skim milk is milk from which milk fat has been removed so that its milk fat content is less than .25 percent. Skim milk in final package form for beverage use must contain at least nine percent milk solids-not-fat, for a total of at least 9.25 percent milk solids. Skim milk may be homogenized.

Lowfat milk is milk from which milk fat has been removed so that its milk fat content is ~~either one or~~ from one-half to two percent, within limits of good manufacturing practices. Lowfat milk in final package form for beverage use must contain at least ten percent milk solids-not-fat. Lowfat milk may be homogenized.

Milk solids-not-fat may be added to fluid milk products to meet the above standards from the following sources: partially-skimmed milk, skim milk, concentrated partially-skimmed milk, concentrated skim milk, and nonfat dry milk, used alone or in any combination.

"Milk solids-not-fat" is the portion of a milk product that is not water and is not fat as determined by procedures outlined in

Standard Methods For The Examination Of Dairy Products (~~fifteenth~~ current edition).

Fluid milk products shall be taken to mean and include cream, sour cream, half and half, reconstituted half and half, concentrated milk, concentrated milk products, skim milk, nonfat milk, chocolate flavored milk, chocolate flavored drink, chocolate flavored reconstituted milk, chocolate flavored reconstituted drink, buttermilk, cultured buttermilk, cultured milk, vitamin D milk, reconstituted or recombined milk, reconstituted cream, reconstituted skim milk, homogenized milk, and any other fluid milk product made by the addition of any substance to milk or to any of the above enumerated fluid milk products, when the same is declared to be a fluid milk product by rule promulgated by the commissioner.

Goat milk is a whole, fresh, clean lacteal secretion free from colostrum, obtained by the complete milking of one or more healthy goats.

Sheep milk is a whole, fresh, clean lacteal secretion, free from colostrum, obtained by the complete milking of one or more healthy sheep.

Subd. 2. [PASTEURIZATION.] The terms "pasteurization," "pasteurized," and similar terms shall be taken to refer (a) to the process of heating every particle of milk, fluid milk products, ~~or~~ goat milk, or sheep milk, in properly operated equipment approved by the commissioner, to a temperature of at least ~~143~~ 145 degrees Fahrenheit and holding such temperature for at least 30 minutes, or (b) to the process of heating every particle of milk, fluid milk products, ~~or~~ goat milk, or sheep milk, in properly operated equipment approved by the commissioner, to a temperature of at least 161 degrees Fahrenheit and holding such temperature for at least 15 seconds, or (c) to the process of heating every particle of milk, fluid milk products, ~~or~~ goat milk, or sheep milk, in properly operated equipment approved by the commissioner, to such temperatures and holding for such times as the commissioner may prescribe by rule adopted in accordance with law containing standards more stringent than those imposed by this subdivision. Nothing contained in this definition shall be construed as excluding any other process which has been demonstrated to be equally efficient and is approved by the commissioner.

Subd. 3. [COOLING AFTER PASTEURIZATION.] Immediately following pasteurization, all milk, fluid milk products ~~and~~, goat milk, and sheep milk shall be cooled, in properly operated equipment approved by the commissioner, to a temperature of ~~50~~ 45 degrees Fahrenheit or lower, and maintained at ~~50~~ 45 degrees Fahrenheit or lower until delivered; provided, however, that if the milk, fluid milk products, ~~or~~ goat milk, or sheep milk is to be cultured immediately after pasteurization, then such cooling may be

delayed until after the culturing process is completed; provided further that the commissioner may prescribe by rule adopted in accordance with law standards more stringent than those imposed by this subdivision.

Sec. 5. Minnesota Statutes 1988, section 32.393, is amended to read:

32.393 [LIMITATION ON SALE.]

Subdivision 1. [PASTEURIZATION.] No milk, fluid milk products, ~~or~~ goat milk, or sheep milk shall be sold, advertised, offered or exposed for sale or held in possession for sale for the purpose of human consumption in fluid form in this state unless the same has been pasteurized and cooled, as defined in section 32.391; provided, that this section shall not apply to milk, cream, skim milk, ~~or~~ goat milk, or sheep milk occasionally secured or purchased for personal use by any consumer at the place or farm where the milk is produced.

Subd. 2. [LABELS.] All pasteurized milk, fluid milk products, ~~or~~ goat milk, or sheep milk sold, offered or exposed for sale or held in possession for sale shall be labeled or otherwise designated as pasteurized milk, pasteurized fluid milk products, ~~or~~ pasteurized goat milk, or pasteurized sheep milk, and in case of pasteurized fluid milk products the label shall also state the name of the specific product.

Sec. 6. Minnesota Statutes 1988, section 32.394, subdivision 1, is amended to read:

Subdivision 1. Grade A pasteurized milk, fluid milk products and goat milk are Grade A raw milk, fluid milk products and goat milk for pasteurization which have been pasteurized, cooled and prepared for distribution in a dairy plant approved by the commissioner, the bacterial count of which at no time after pasteurization and until delivery exceeds ~~30,000~~ 20,000 bacteria per milliliter~~, standard plate count, as determined by averaging the logarithms of the results of the last four consecutive tests of samples taken on separate days, except that such average may be over 30,000 bacteria per milliliter if the last individual result is 30,000 bacteria per milliliter or lower, and not more than one of the last four coliform counts of which shall exceed 10 per milliliter unless the last individual result is 10 per milliliter or lower; provided, that~~. The coliform count must not exceed ten per milliliter except that bulk tank transport shipments must not exceed 100 per milliliter. The standard plate count standard shall be omitted in the case of sour cream, cultured buttermilk, other cultured fluid milk products and cultured goat milk; provided further that the commissioner may prescribe standards and rules adopted in accordance with law more stringent than those imposed by this subdivision.

Sec. 7. Minnesota Statutes 1988, section 32.394, subdivision 2, is amended to read:

Subd. 2. Grade A raw milk or goat milk for pasteurization purposes is raw milk or goat milk which complies with all the requirements for its production, the bacterial count of which does not exceed ~~200,000~~ 100,000 bacteria per milliliter~~, standard plate count or direct microscopic clump count, as determined by averaging the logarithms of the results of the last four consecutive tests of samples taken on separate days, except that such average may be over 200,000 bacteria per milliliter if the last individual result is 200,000 bacteria per milliliter or lower; provided that~~ prior to commingling with other producer milk at which time the bacteria count must not exceed 300,000 per milliliter prior to pasteurization. The commissioner may prescribe standards and rules adopted in accordance with law more stringent than those imposed by this subdivision.

Sec. 8. Minnesota Statutes 1988, section 32.394, subdivision 4, is amended to read:

Subd. 4. The commissioner shall by rule promulgate identity, production and processing standards for milk, milk products and goat milk which are intended to bear the Grade A label.

In the exercise of the authority to establish requirements for Grade A milk, milk products and goat milk, the commissioner may adopt definitions, standards of identity, and requirements for production and processing ~~recommended by~~ contained in the "Grade A Pasteurized Milk Ordinance" of the United States ~~public~~ department of health ~~service~~ and human services, in a manner provided for and not in conflict with law.

Sec. 9. Minnesota Statutes 1988, section 32.394, is amended by adding a subdivision to read:

Subd. 8c. [GRADE A OR MANUFACTURING GRADE RAW MILK.] Grade A or manufacturing grade raw milk must not have been stored longer than 76 hours when it is picked up at the farm by the receiving plant. The commissioner or an agent of the commissioner may waive the 76-hour time limit in a case of hardship, emergency, or natural disaster. On farms permitted or certified for bulk tank storage, the milk may only be picked up from approved bulk milk tanks in proper working order.

Sec. 10. Minnesota Statutes 1988, section 32.415, is amended to read:

32.415 [MILK FOR MANUFACTURING; QUALITY STANDARDS.]

In order to provide uniform quality standards, producers of milk used for manufacturing purposes shall conform to the standards contained in Subparts D, E, and F of the United States Department of Agriculture Consumer and Marketing Service Recommended Requirements for Milk for Manufacturing Purposes and its Production and Processing, Vol. 37 Federal Register, No. 68, Part II, April 7, 1972, with the following exceptions:

(a) inspections of producers shall begin not later than January 1, 1984;

(b) producers shall comply with the standards not later than July 1, 1985, except as otherwise allowed under the standards; and

(c) the commissioner shall develop methods by which producers can comply with the standards without violation of religious beliefs. The commissioner may adopt rules, including emergency rules, for the purpose of this clause.

The commissioner of agriculture shall perform or contract for the performance of the inspections necessary to implement this section or shall certify dairy industry personnel to perform the inspections.

The commissioner and other employees of the department shall make every reasonable effort to assist producers in achieving the milk quality standards at minimum cost and to use the experience and expertise of the University of Minnesota and the agricultural extension service to assist producers in achieving the milk quality standards in the most cost-effective manner.

The commissioner of agriculture shall consult with producers, processors, and others involved in the dairy industry in order to prepare for the implementation of this section including development of informational and educational materials, meetings, and other methods of informing producers about the implementation of standards under this section.

Sec. 11. Minnesota Statutes 1988, section 32.481, is amended to read:

32.481 [CHEESE.]

Subdivision 1. [DEFINITION.] ~~The term~~ "Cheese" as used in sections 32.481 to 32.485, ~~shall include~~ includes all varieties of cheese, cheese spreads, cheese foods, cheese compounds, or processed cheese, made or manufactured in whole or in part from cow's, goat's, or sheep's milk.

Subd. 2. [REDUCED-FAT CHEESE; LIGHT CHEESE.] "Reduced-fat cheese" or "light cheese" is a product prepared from milk and

other ingredients by the processing procedures set by rule or by an alternate procedure that produces a finished cheese having the same or substantially the same flavor, body, and texture characteristics as the referenced standardized variety on the labels of the reduced-fat cheese.

Reduced-fat cheese must contain at least one-third less than the minimum milkfat content required of the referenced standardized variety. The moisture content of the reduced-fat cheese must not exceed 125 percent of the maximum allowable moisture of the referenced standardized variety. The principal display panel must bear the name "reduced-fat . . . . . cheese" or "light . . . . . cheese," the blank to be filled with the varietal name of the referenced standardized cheese, all in the same size type. The principal display panel must also contain a statement declaring the amount of fat reduction as a percentage or fraction of the referenced standardized variety in a type size not less than one-half that of the name of the reduced-fat cheese. All other label information must be as required by section 32.483 or as required by Code of Federal Regulations, title 21, and as adopted by rule.

Sec. 12. Minnesota Statutes 1988, section 32.529, is amended to read:

32.529 [CITATION; MINNESOTA ~~FILLED~~ ARTIFICIAL DAIRY PRODUCTS ACT.]

Sections 32.53 to 32.534 may be cited as the Minnesota ~~filled~~ artificial dairy products act.

Sec. 13. Minnesota Statutes 1988, section 32.55, is amended by adding a subdivision to read:

Subd. 14. [FROZEN YOGURT; FROZEN LOWFAT YOGURT; FROZEN NONFAT YOGURT.] "Frozen yogurt," "frozen lowfat yogurt," or "frozen nonfat yogurt" means a frozen dairy food made from a mix containing safe and suitable ingredients including, but not limited to, milk products. All or a part of the milk products must be cultured with a characterizing live bacterial culture that contains the lactic acid producing bacteria Lactobacillus bulgaricus and Streptococcus thermopilus and may contain other lactic acid producing bacteria. "Frozen yogurt," "frozen lowfat yogurt," and "frozen nonfat yogurt" must comply with Code of Federal Regulations, title 21, and sections 32.55 to 32.90.

Sec. 14. Minnesota Statutes 1988, section 32.55, is amended by adding a subdivision to read:

Subd. 15. [REDUCED-FAT ICE CREAM; LOWFAT ICE CREAM; NONFAT ICE CREAM.] "Reduced-fat ice cream" means a frozen

food that is made from the same ingredients and in the same manner as ice cream except that: (1) milkfat content is more than two percent but not more than seven percent; (2) total milk solids content per gallon before the addition of bulky flavors is not less than .46 pounds and not less than 1.3 pounds of food solids per gallon; and (3) the weight per gallon is not less than 4.0 pounds. Reduced-fat ice cream must comply with the other requirements for frozen desserts in Code of Federal Regulations, title 21, part 135.

"Lowfat ice cream" means a frozen food that is made from the same ingredients and in the same manner as ice cream except that: (1) milkfat content is more than 0.5 percent but not more than 2.0 percent; (2) total milk solids content per gallon before the addition of bulky flavors is not less than .49 pounds and not less than 1.3 pounds of total food solids per gallon; and (3) the weight per gallon is not less than 4.0 pounds. Lowfat ice cream must comply with the other requirements for frozen desserts in Code of Federal Regulations, title 21, part 135.

"Nonfat ice cream" means a frozen food that is made from the same ingredients and in the same manner as ice cream except that: (1) milkfat content is less than 0.5 percent; (2) total milk solids content per gallon before the addition of bulky flavors is not less than .45 pounds and not less than 1.3 pounds of total food solids per gallon; and (3) the weight per gallon is not less than 4.0 pounds. Nonfat ice cream must comply with the other requirements for frozen desserts in Code of Federal Regulations, title 21, part 135.

Sec. 15. [32.70] [QUALIFICATION FOR WELL CODE VARIANCE AFTER TEMPORARY SUSPENSION OF MILK PRODUCTION.]

Notwithstanding any rule of the department of health or agriculture to the contrary, upon application for variance a dairy farmer who owns and operates a farm that has been licensed to produce grade A milk must not be denied renewal and reissuance of a grade A license solely because milk production on the farm is suspended for a period exceeding 30 days but less than 90 days and the basis for proposed denial of the grade A license is related to a provision of the well code stipulating a minimum setback of the water well from the dairy barn. Upon enactment of this section, the Minnesota water well construction code, Minnesota Rules, chapter 4725, must be amended to conform to this section.

Sec. 16. [32.71] [QUALIFICATION FOR WELL CODE VARIANCE AFTER ADMINISTRATIVE HEARING.]

(a) Notwithstanding any rule of the department of health or agriculture to the contrary, a dairy farm that has, in the past, been qualified for a department of agriculture permit to its operator to produce grade A milk must not be disqualified after a suspension in

production solely because of the location or construction of a well previously used in grade A production if the farm's owner or operator, upon application for variance, can show by a clear preponderance of the evidence that the well remains bacteriologically and chemically at least equal in its safety test results to those of two or more other wells routinely accepted for grade A production, and consents to biannual inspections of the well by either department.

(b) A party applying for, or opposing, a variance sought under this section is be entitled to an administrative hearing under the administrative procedure act, sections 14.57 to 14.69. Upon enactment of this section, the Minnesota water well construction code, Minnesota Rules, chapter 4725, must be amended to conform to this section.

Sec. 17. [APPROPRIATION.] $75,000 is appropriated from the general fund to the legislative advisory committee to be available until June 30, 1991, for emergency food safety costs.

Sec. 18. [EFFECTIVE DATE.]

Sections 15 and 16 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to agriculture; establishing a food advisory committee; making certain changes in the dairy laws; providing for certain variances; changing certain provisions related to water wells; appropriating money; amending Minnesota Statutes 1988, sections 32.21, subdivision 3; 32.391; 32.393; 32.394, subdivisions 1, 2, 4, and by adding a subdivision; 32.415; 32.481; 32.529; 32.55, by adding subdivisions; Minnesota Statutes 1989 Supplement, section 32.103; proposing coding for new law in Minnesota Statutes, chapters 28A and 32."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. No. 2478 was read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 1827, 1848, 1940, 1942, 1999, 2207, 2213, 2299, 2432, 2370, 2051, 2061, 2136, 2156 and 1831 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Seaberg, Heap, Schreiber, Pauly and Valento introduced:

H. F. No. 2800, A bill for an act relating to metropolitan transit; requiring, authorizing, and encouraging assistance to private providers of public transit; amending Minnesota Statutes 1988, section 473.375, subdivision 4; Minnesota Statutes 1989 Supplement, sections 473.375, subdivision 13; and 473.385, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 473.

The bill was read for the first time and referred to the Committee on Transportation.

Hasskamp; Solberg; Battaglia; Carlson, D., and Anderson, R., introduced:

H. F. No. 2801, A bill for an act relating to environment; requiring a bond before challenging a permit or rule of the department of natural resources or the pollution control agency; amending Minnesota Statutes 1988, sections 84.027, by adding a subdivision; and 116.07, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

Tunheim introduced:

H. F. No. 2802, A bill for an act relating to education; appropriating money for the Red Lake Tribal Information Center; authorizing the sale of state bonds.

The bill was read for the first time and referred to the Committee on Appropriations.

Runbeck, Pappas, Swenson and Skoglund introduced:

H. F. No. 2803, A bill for an act relating to crime; amending requirements for insurance identification cards; requiring notice to insurers of convictions for driving while intoxicated; amending Minnesota Statutes 1988, section 169.121, by adding a subdivision; Minnesota Statutes 1989 Supplement, section 65B.482, subdivision 1.

The bill was read for the first time and referred to the Committee on Insurance.

HOUSE ADVISORIES

The following House Advisories were introduced:

Osthoff, Scheid, Jennings, Murphy and Solberg introduced:

H. A. No. 41, A proposal to study mail elections for vacancies in office.

The advisory was referred to the Committee on General Legislation, Veterans Affairs and Gaming.

Clark, Murphy and Rodosovich introduced:

H. A. No. 42, A proposal to study the administrative costs of health plans.

The advisory was referred to the Committee on Health and Human Services.

Clark, Skoglund and Welle introduced:

H. A. No. 43, A proposal to study home health care alternatives for chronically ill, technologically dependent persons.

The advisory was referred to the Committee on Insurance.

Scheid and Osthoff introduced:

H. A. No. 44, A proposal to study mail elections.

The advisory was referred to the Committee on General Legislation, Veterans Affairs and Gaming.

Winter; Skoglund; Johnson, R.; Williams and Peterson introduced:

H. A. No. 45, A proposal to study affordable health coverage.

The advisory was referred to the Committee on Insurance.

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. 1859, A bill for an act relating to transportation; exempting volunteer drivers of private passenger vehicles from certain passenger service rules of the commissioner of transportation; amending Minnesota Statutes 1989 Supplement, section 221.031, subdivision 3a.

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. 1987, A bill for an act relating to housing; establishing a procedure for the allocation of low-income housing tax credits; amending Minnesota Statutes 1988, sections 462A.221, by adding subdivisions; 462A.222, subdivisions 2, 3, and by adding subdivisions; and 462A.223, subdivision 2.

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. 2045, A bill for an act relating to human services; clarifying the definition of mentally retarded person in the Minnesota Commitment Act; increasing the time limit for a court of

appeals decision under the commitment act; amending Minnesota Statutes 1988, sections 253B.02, subdivision 14; 253B.12, subdivision 4; and 253B.23, subdivision 7.

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. 2062, A bill for an act relating to public employment; repealing the exclusion of graduate assistants from coverage under the public employment labor relations act; amending Minnesota Statutes 1988, section 179A.03, subdivision 14.

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. 2058, A bill for an act relating to education; changing names of state board and state director of vocational technical education and local directors of technical colleges; amending Minnesota Statutes 1988, section 136C.02, subdivisions 4 and 5.

H. F. No. 2212, A bill for an act relating to education; revising, updating, and making substantive changes in the laws on the county extension service; amending Minnesota Statutes 1988, sections 38.33; 38.34; 38.35; 38.36; 38.37; and 38.38; proposing coding for new law in Minnesota Statutes, chapter 38.

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. 2336, A bill for an act relating to historical interpretive centers; defining the status of Farmamerica in Waseca county.

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. 2521, A bill for an act relating to health care; increasing the membership of the health care access commission; amending Minnesota Statutes 1989 Supplement, section 62J.02, subdivision 1.

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. 2594, A bill for an act relating to commerce; regulating trade practices; prohibiting contracts from providing an exclusive right to display free newspapers for distribution in any place of public accommodation; proposing coding for new law in Minnesota Statutes, chapter 325E.

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. 2650, A bill for an act relating to cemeteries; allowing transfer of certain cemetery property to a religious corporation; amending Minnesota Statutes 1988, section 306.02, by adding a subdivision.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Waltman moved that the House concur in the Senate amendments to H. F. No. 2650 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2650, A bill for an act relating to cemeteries; allowing transfer of certain cemetery property to a religious corporation; amending Minnesota Statutes 1988, section 306.02, 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 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Girard	Kostohryz	Omann	Seaberg
Anderson, G.	Greenfield	Krueger	Onnen	Segal
Anderson, R.	Gruenes	Lasley	Orenstein	Simoneau
Battaglia	Gutknecht	Lieder	Osthoff	Skoglund
Bauerly	Hartle	Limmer	Ostrom	Solberg
Beard	Hasskamp	Long	Otis	Sparby
Begich	Haukoos	Lynch	Ozment	Stanius
Bennett	Hausman	Macklin	Pappas	Steensma
Bertram	Heap	Marsh	Pauly	Sviggum
Bishop	Henry	McDonald	Pellow	Swenson
Blatz	Himle	McEachern	Pelowski	Tompkins
Boo	Hugoson	McGuire	Peterson	Trimble
Brown	Jacobs	McLaughlin	Poppenhagen	Tunheim
Burger	Janezich	McPherson	Pugh	Uphus
Carlson, D.	Jaros	Milbert	Quinn	Vellenga
Carlson, L.	Jefferson	Morrison	Redalen	Wagenius
Carruthers	Jennings	Munger	Reding	Waltman
Clark	Johnson, A.	Murphy	Rest	Weaver
Cooper	Johnson, R.	Nelson, C.	Richter	Welle
Dauner	Johnson, V.	Nelson, K.	Rodosovich	Wenzel
Dawkins	Kahn	Neuenschwander	Rukavina	Williams
Dempsey	Kalis	O'Connor	Runbeck	Winter
Dorn	Kelly	Ogren	Sarna	Spk. Vanasek
Forsythe	Kelso	Olsen, S.	Schafer	
Frederick	Kinkel	Olson, E.	Scheid	
Frerichs	Knickerbocker	Olson, K.	Schreiber	

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. 2407, A bill for an act relating to health; requiring an asbestos abatement rule change.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Olson, K., moved that the House concur in the Senate amendments to H. F. No. 2407 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2407, A bill for an act relating to health; changing asbestos containment standards; proposing coding for new law in Minnesota Statutes, chapter 326.

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 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Greenfield	Lasley	Orenstein	Segal
Anderson, G.	Gruenes	Lieder	Osthoff	Simoneau
Anderson, R.	Gutknecht	Limmer	Ostrom	Skoglund
Battaglia	Hartle	Long	Otis	Solberg
Bauerly	Hasskamp	Lynch	Ozment	Sparby
Beard	Haukoos	Macklin	Pappas	Stanius
Begich	Hausman	Marsh	Pauly	Steensma
Bennett	Heap	McDonald	Pellow	Sviggum
Bertram	Henry	McEachern	Pelowski	Swenson
Bishop	Himle	McGuire	Peterson	Tompkins
Blatz	Hugoson	McLaughlin	Poppenhagen	Trimble
Boo	Jacobs	McPherson	Price	Tunheim
Brown	Janezich	Milbert	Pugh	Uphus
Burger	Jaros	Miller	Quinn	Valento
Carlson, D.	Jefferson	Morrison	Redalen	Vellenga
Carlson, L.	Jennings	Munger	Reding	Wagenius
Carruthers	Johnson, A.	Murphy	Rest	Waltman
Clark	Johnson, R.	Nelson, C.	Rice	Weaver
Cooper	Johnson, V.	Nelson, K.	Richter	Welle
Dauner	Kahn	Neuenschwander	Rodosovich	Wenzel
Dawkins	Kalis	O'Connor	Rukavina	Williams
Dempsey	Kelly	Ogren	Runbeck	Winter
Dorn	Kelso	Olsen, S.	Sarna	Spk. Vanasek
Forsythe	Kinkel	Olson, E.	Schafer	
Frederick	Knickerbocker	Olson, K.	Scheid	
Frerichs	Kostohryz	Omann	Schreiber	
Girard	Krueger	Onnen	Seaberg	

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

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 2412, 2109, 2026, 2355, 2498, 2068, 2431, 1365, 1971, 394 and 1955.

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. 1866, 2445, 2108, 2181, 409, 1743, 1995, 2064, 2360 and 2421.

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. 2072, 2349, 2147, 2297, 1681, 1499, 2541 and 1937.

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. 1703, 2063, 1976, 1975, 1869, 1675, 1966, 1772, 1946, 2011, 2054 and 1704.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 2412, A bill for an act relating to state government; requiring the state board of investment to invest certain assets currently managed by the commerce department; amending Minnesota Statutes 1988, section 79.251, by adding a subdivision.

The bill was read for the first time.

Simoneau moved that S. F. No. 2412 and H. F. No. 2489, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2109, A bill for an act relating to insurance; regulating cancellations, reductions, and nonrenewals of commercial property and liability insurance; amending Minnesota Statutes 1988, section 60A.38, by adding a subdivision.

The bill was read for the first time.

Carruthers moved that S. F. No. 2109 and H. F. No. 2499, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2026, A bill for an act relating to health; authorizing the creation of a technical advisory task force for emergency dispatch services; requiring the submission of a multidisciplinary report on

training needs of emergency dispatchers operating within 911 systems.

The bill was read for the first time.

Bertram moved that S. F. No. 2026 and H. F. No. 1930, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2355, A bill for an act relating to statutes of limitations; establishing a three-year time limit to bring an action for penalty or forfeiture for violation of certain environmental statutes; amending Minnesota Statutes 1989 Supplement, section 541.07; proposing coding for new law in Minnesota Statutes, chapter 575.

The bill was read for the first time.

Wagenius moved that S. F. No. 2355 and H. F. No. 2184, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2498, A bill for an act relating to occupations and professions; increasing minimum insurance coverage required for abstracters; abolishing requirement of seals by impression; providing for inactive license status; repealing an obsolete provision; amending Minnesota Statutes 1988, sections 386.66; 386.67; and 386.69; repealing Minnesota Statutes 1988, section 386.65, subdivision 3.

The bill was read for the first time.

Kelso moved that S. F. No. 2498 and H. F. No. 2252, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2068, A bill for an act relating to insurance; no-fault auto; clarifying eligibility for economic loss benefits; amending Minnesota Statutes 1988, section 65B.64, subdivision 1; and Minnesota Statutes 1989 Supplement, section 65B.64, subdivision 3.

The bill was read for the first time.

Carruthers moved that S. F. No. 2068 and H. F. No. 2249, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2431, A bill for an act relating to buildings; changing the

definition of public building in the state building code; ratifying the interstate compact on industrialized/modular buildings; amending Minnesota Statutes 1989 Supplement, section 16B.60, subdivision 6; proposing coding for new law in Minnesota Statutes, chapter 16B.

The bill was read for the first time.

Bertram moved that S. F. No. 2431 and H. F. No. 2105, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1365, A bill for an act relating to crimes; requiring prosecutor training in bias-motivated crimes; proposing coding for new law in Minnesota Statutes, chapter 8.

The bill was read for the first time.

Clark moved that S. F. No. 1365 and H. F. No. 1561, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1971, A bill for an act relating to education; establishing an automobile safety awareness week; proposing coding for new law in Minnesota Statutes, chapter 126.

The bill was read for the first time.

Swenson moved that S. F. No. 1971 and H. F. No. 2016, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 394, A bill for an act relating to education; requiring a report on preparation of post-secondary education administrators and faculty.

The bill was read for the first time.

Jaros moved that S. F. No. 394 and H. F. No. 168, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1955, A bill for an act relating to housing; changing the definition of designated home ownership area for the Minnesota rural and urban homesteading program; amending Minnesota Statutes 1989 Supplement, section 462A.057, subdivision 2.

The bill was read for the first time.

Dawkins moved that S. F. No. 1955 and H. F. No. 1924, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1866, A bill for an act relating to Lake Superior; establishing an information and education authority; proposing coding for new law as Minnesota Statutes, chapter 85B.

The bill was read for the first time and referred to the Committee on Appropriations.

S. F. No. 2445, A bill for an act relating to state government; establishing positions in the unclassified service; authorizing the commissioner of jobs and training to establish a position in the unclassified service; amending Minnesota Statutes 1988, section 268.0121, subdivision 3; Minnesota Statutes 1989 Supplement, section 43A.08, subdivision 1.

The bill was read for the first time.

Sparby moved that S. F. No. 2445 and H. F. No. 2628, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2108, A bill for an act relating to liquor; regulating the sale of liqueur-filled candy; authorizing municipalities to issue on-sale wine licenses to bed and breakfast facilities; authorizing removal of partially consumed wine bottles from licensed premises; authorizing additional licenses in the cities of Minneapolis, Brooklyn Center, and Duluth; authorizing the issuance of wine and nonintoxicating malt liquor licenses by the city of St. Paul to its parks and recreation division; authorizing the county board of Anoka county to delegate liquor licensing authority to town boards within the county; authorizing the county board of Itasca county to issue an off-sale or combination license within three miles of an incorporated area; providing for the reporting of wine licenses to the commissioner of public safety; eliminating the requirement for a vote on municipal liquor store continuance upon population change; amending Minnesota Statutes 1988, sections 31.121; 340A.101, subdivision 10; 340A.404, subdivisions 3, 5, and by adding a subdivision; 340A.504, subdivision 1; 340A.601, subdivision 2; Minnesota Statutes 1989 Supplement, sections 340A.404, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 340A.

The bill was read for the first time.

Jacobs moved that S. F. No. 2108 and H. F. No. 2076, now on

General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2181, A bill for an act relating to labor; regulating joint labor-management committees; regulating public employee elections; providing for the selection of arbitrators by mutual agreement; amending Minnesota Statutes 1988, sections 179.02, by adding a subdivision; 179.84, subdivision 1; 179.85; 179A.04, subdivision 3; 179A.12, subdivisions 7 and 11; and Minnesota Statutes 1989 Supplement, section 179A.16, subdivision 4.

The bill was read for the first time.

Dawkins moved that S. F. No. 2181 and H. F. No. 2248, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 409, A bill for an act relating to employment; providing for certain employee leaves of absences; amending Minnesota Statutes 1988, sections 181.940; 181.941; 181.942; 181.943; and 181.944; proposing coding for new law in Minnesota Statutes, chapter 181.

The bill was read for the first time.

McLaughlin moved that S. F. No. 409 and H. F. No. 367, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1743, A bill for an act relating to telephone service; regulating the installation of extended area service in exchanges; requiring the expansion of the metropolitan extended area telephone service, under some circumstances; proposing coding for new law in Minnesota Statutes, chapter 237.

The bill was read for the first time.

Jacobs moved that S. F. No. 1743 and H. F. No. 2327, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1995, A bill for an act relating to insurance; property and casualty; regulating terminations of agents; prescribing a penalty; proposing coding for new law in Minnesota Statutes, chapter 60A.

The bill was read for the first time.

Peterson moved that S. F. No. 1995 and H. F. No. 1902, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2064, A bill for an act relating to commercial transactions; adopting an article of the uniform commercial code that governs funds transfers; amending Minnesota Statutes 1989 Supplement, section 336.1-105; proposing coding for new law in Minnesota Statutes, chapter 336.

The bill was read for the first time.

Scheid moved that S. F. No. 2064 and H. F. No. 2243, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2360, A bill for an act relating to economic development; clarifying the appointing authority for the board of the Minnesota Project Outreach Corporation; requiring duties of the Minnesota Project Outreach Corporation; requiring notification under the capital access program; removing the requirement that employees of the Greater Minnesota Corporation file statements of economic interest; changing the procedure for adopting a neighborhood revitalization program; amending Minnesota Statutes 1989 Supplement, sections 116J.691, subdivisions 1, 2, and 4; 116J.8766, by adding a subdivision; 116O.03, subdivision 11; and 469.203, subdivision 4; repealing Minnesota Statutes 1989 Supplement, section 469.203, subdivision 5.

The bill was read for the first time.

Otis moved that S. F. No. 2360 and H. F. No. 2534, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2421, A bill for an act relating to elections; presidential primary; changing the primary date; providing procedures for conducting the primary; changing the requirements for being a candidate at the primary; allowing voters to prefer uncommitted delegates; allowing write-in votes; providing for voter receipt of ballots; eliminating the provision that the primary winner is the party's endorsed candidate; changing the apportionment of party delegates; requiring provision of certain information to interested persons; amending Minnesota Statutes 1988, sections 204B.06, by adding a subdivision; 204B.11, subdivision 2; Minnesota Statutes 1989 Supplement, sections 207A.01; 207A.02; 207A.03; 207A.04; and 207A.06, subdivisions 1 and 2; proposing coding for new law in

Minnesota Statutes, chapter 207A; repealing Minnesota Statutes 1989 Supplement, section 207A.05.

The bill was read for the first time.

Scheid moved that S. F. No. 2421 and H. F. No. 2325, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2072, A bill for an act relating to Minnesota Statutes; correcting erroneous, ambiguous, and omitted text and obsolete references; eliminating certain redundant, conflicting, and superseded provisions; making miscellaneous technical corrections to statutes and other laws; amending Minnesota Statutes 1988, sections 11A.14, subdivision 5; 15.0597, subdivision 1; 15.50, subdivision 5; 16B.53, subdivision 3; 62C.141; 79A.14; 115.49, subdivision 4; 197.55; 232.21, subdivision 7; 256B.69, subdivision 6; 257.41; 273.1315; 333.135; 336.9-105; 353A.02, subdivision 14; 354.05, subdivision 23; 354.66, subdivision 7; 412.701; 412.711; 459.07; 469.155, subdivision 12; 481.12; 626.556, subdivision 10c; Minnesota Statutes 1989 Supplement, sections 15.50, subdivision 2; 18.022, subdivision 2; 62A.045; 105.41, subdivision 1a; 115C.03, subdivision 9; 124.86, subdivision 2; 127.455; 144.6501, subdivision 10; 163.06, subdivision 6; 168.013, subdivision 1a; 168.33, subdivision 2; 176.421, subdivision 7; 204C.361; 236.02, subdivision 7; 245.462, subdivision 4; 256E.08, subdivision 5; 256H.08; 256H.22, subdivisions 2 and 3; 260.185, subdivision 1; 270B.12, subdivision 7; 273.119, subdivision 1; 273.124, subdivision 13; 319A.20; 336.2A-104; 352.01, subdivision 2b; 352.72, subdivision 1; 352B.30, subdivision 1; 383D.41, subdivisions 1 and 2; 422A.05, subdivision 2a; 469.129, subdivision 1; 501B.61, subdivision 1; 563.01, subdivision 3; 609.605, subdivision 3; Minnesota Statutes Second 1989 Supplement, sections 121.904, subdivision 4a; 245A.14, subdivision 6; and 275.50, subdivision 5; and Laws 1989, chapters 329, article 8, section 15, subdivision 2; 332, section 3, subdivision 3; repealing Minnesota Statutes 1988, sections 11A.19, subdivisions 1 to 8; 43A.192; Minnesota Statutes 1989 Supplement, sections 11A.19, subdivision 9; and 226.01 to 226.06.

The bill was read for the first time.

Milbert moved that S. F. No. 2072 and H. F. No. 2220, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2349, A bill for an act relating to insurance; no-fault automobile; regulating uninsured and underinsured motorist coverages for motorcycles; amending Minnesota Statutes 1989 Supplement, section 65B.49, subdivision 3a.

The bill was read for the first time.

Simoneau moved that S. F. No. 2349 and H. F. No. 2735, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2147, A bill for an act relating to transportation; exempting fertilizer and agricultural chemical retailers from certain regulations on transporting hazardous materials; making certain private carriers subject to driver qualification rules; amending Minnesota Statutes 1988, section 221.033, subdivision 2; Minnesota Statutes 1989 Supplement, section 221.031, subdivision 2a.

The bill was read for the first time.

Cooper moved that S. F. No. 2147 and H. F. No. 2211, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2297, A bill for an act relating to taxation; property; requiring equal access to food or beverage services or facilities for golf clubs under open space property tax treatment; amending Minnesota Statutes 1989 Supplement, section 273.112, subdivision 3.

The bill was read for the first time and referred to the Committee on Taxes.

S. F. No. 1681, A bill for an act relating to occupations and professions; allowing a graduate social work license to be issued without examination to an applicant who was unable to apply before the transition period ended; amending Minnesota Statutes 1988, section 148B.23, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Health and Human Services.

S. F. No. 1499, A bill for an act relating to consumer protection; regulating certain rental-purchase agreements; prescribing the rights and duties of all parties; requiring disclosures; regulating advertising; providing remedies; proposing coding for new law in Minnesota Statutes, chapter 325F.

The bill was read for the first time.

Osthoff moved that S. F. No. 1499 and H. F. No. 1234, now on

General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2541, A bill for an act relating to real property; providing for filing and recording of maps or plats for proposed rights-of-way by local governing bodies; proposing coding for new law in Minnesota Statutes, chapter 505.

The bill was read for the first time.

Dempsey moved that S. F. No. 2541 and H. F. No. 1784, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1937, A bill for an act relating to health; establishing standards for safe levels of lead; requiring education about lead exposure; requiring lead assessments of certain residences; establishing standards for lead abatement; requiring rules; amending Minnesota Statutes 1988, section 116.52, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 144; repealing Minnesota Statutes 1989 Supplement, sections 144.851 to 144.862.

The bill was read for the first time and referred to the Committee on Rules and Legislative Administration.

S. F. No. 1703, A bill for an act relating to natural resources; authorizing the enforcement of certain natural resource laws by conservation officers; amending Minnesota Statutes 1988, section 97A.205.

The bill was read for the first time.

Trimble moved that S. F. No. 1703 and H. F. No. 2709, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2063, A bill for an act relating to health; requiring an environmental impact statement for burning of PCBs; authorizing counties to be compensated for human health risks; requiring permits and local approval before burning PCBs; amending Minnesota Statutes 1988, section 116.36, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 116.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

S. F. No. 1976, A bill for an act relating to education; providing for certain notice and board membership requirements under certain joint powers arrangements; amending Minnesota Statutes 1988, section 124.494, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Education.

S. F. No. 1975, A bill for an act relating to education; providing for the notice of and place for meeting of certain joint powers organizations; proposing coding for new law in Minnesota Statutes, chapter 124.

The bill was read for the first time and referred to the Committee on Education.

S. F. No. 1869, A bill for an act relating to labor; requiring employers to prepare and implement a written program that describes how they will reduce the extent and severity of work-related injuries and illnesses; providing for safety awards by the commissioner of labor and industry; amending Minnesota Statutes 1988, section 182.653, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 182.

The bill was read for the first time.

Beard moved that S. F. No. 1869 and H. F. No. 2398, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1675, A bill for an act relating to game and fish; authorizing the Leech Lake Band of Chippewa Indians to conduct certain types of aquiculture; directing promotion of and commercial licenses to take rough fish from Lake of the Woods; removing certain aquiculture restrictions in private waters if public waters or groundwater is not degraded or public health is not affected; authorizing transportation of minnows by common carrier; providing restrictions for taking crayfish; amending Minnesota Statutes 1988, sections 97A.155, by adding a subdivision; 97A.401, by adding a subdivision; 97C.501, subdivision 1; and 97C.525, by adding a subdivision; Minnesota Statutes 1989 Supplement, section 17.49, subdivision 2, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 17 and 97C.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

S. F. No. 1966, A bill for an act relating to education; expanding open enrollment to bordering states; amending Minnesota Statutes 1988, section 120.062, by adding a subdivision; and Minnesota Statutes 1989 Supplement, section 120.062, subdivision 12.

The bill was read for the first time.

Girard moved that S. F. No. 1966 and H. F. No. 2144, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1772, A bill for an act relating to natural resources; changing the provisions relating to the delineation of wetland or marginal land; exempting land classification agreement lands from certain requirements; establishing Lake of the Woods state forest; amending Minnesota Statutes 1988, section 89.021, subdivision 1, and by adding a subdivision; Minnesota Statutes 1989 Supplement, section 40.46, subdivisions 1 and 2.

The bill was read for the first time.

Tunheim moved that S. F. No. 1772 and H. F. No. 1879, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1946, A bill for an act relating to agriculture; providing for deficiency judgments relating to foreclosure and sale of mortgages on property used in agricultural production; requiring fair market value to be determined by the court; extending period for execution on judgment; amending Minnesota Statutes 1988, sections 500.24, subdivision 4; 582.30, subdivisions 3, 4, 5, and 6.

The bill was read for the first time.

Bertram moved that S. F. No. 1946 and H. F. No. 2658, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2011, A bill for an act relating to health; clarifying variance authority regarding training standards for ambulance attendants; establishing a state emergency medical services advisory council; amending Minnesota Statutes 1989 Supplement, section 144.804, subdivision 1; and proposing coding for new law in Minnesota Statutes, chapter 144.

The bill was read for the first time and referred to the Committee on Health and Human Services.

S. F. No. 2054, A bill for an act relating to courts; staggering the elections of chief judges and assistant chief judges; providing for the adoption of rules by the supreme court governing jury administration; imposing penalties; amending Minnesota Statutes 1988, sections 484.69, subdivision 1, and by adding a subdivision; 593.19; 593.21; 593.31; 593.37, subdivision 2a; 593.40, subdivisions 4, 5, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 593; repealing Minnesota Statutes 1988, sections 484.69, subdivision 2; 593.01; 593.08; 593.131; 593.135; 593.16; 593.33; 593.34; 593.35; 593.36; 593.37, subdivisions 1, 2, and 3; 593.38; 593.39; 593.40, subdivisions 1, 2, and 3; 593.41; 593.42, subdivisions 1, 2, 3, and 5; 593.43; 593.44; 593.45; 593.46; 593.47; and 593.49.

The bill was read for the first time and referred to the Committee on Appropriations.

S. F. No. 1704, A bill for an act relating to natural resources; regulating aquiculture activities and programs; providing for the transportation of minnows by common carrier; regulating the commercial fishing of rough fish on the Lake of the Woods; authorizing conservation officers to seek issuance of and to serve search warrants; amending Minnesota Statutes 1988, sections 97A.155, by adding a subdivision; 97C.501, subdivision 1; and 97C.525, by adding a subdivision; Minnesota Statutes 1989 Supplement, sections 17.49, subdivision 2, and by adding a subdivision; 626.05, subdivision 2; and 626.13; proposing coding for new law in Minnesota Statutes, chapters 17 and 97C.

The bill was read for the first time.

McGuire moved that S. F. No. 1704 and H. F. No. 2351, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

CONSENT CALENDAR

S. F. No. 2048, A bill for an act relating to education; clarifying legislative intent concerning corporal punishment; amending Minnesota Statutes 1989 Supplement, section 127.45.

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:

Abrams	Greenfield	Lasley	Orenstein	Simoneau
Anderson, G.	Gruenes	Lieder	Osthoff	Skoglund
Anderson, R.	Gutknecht	Limmer	Ostrom	Solberg
Battaglia	Hartle	Long	Otis	Sparby
Bauerly	Hasskamp	Lynch	Ozment	Stanius
Beard	Haukoos	Macklin	Pappas	Steensma
Begich	Hausman	Marsh	Pauly	Sviggum
Bennett	Heap	McDonald	Pellow	Swenson
Bertram	Henry	McEachern	Pelowski	Tjornhom
Bishop	Himle	McGuire	Peterson	Tompkins
Blatz	Hugoson	McLaughlin	Poppenhagen	Trimble
Boo	Jacobs	McPherson	Price	Tunheim
Brown	Janezich	Milbert	Pugh	Uphus
Burger	Jaros	Miller	Quinn	Valento
Carlson, D.	Jefferson	Morrison	Redalen	Vellenga
Carlson, L.	Jennings	Munger	Reding	Wagenius
Carruthers	Johnson, A.	Murphy	Rest	Waltman
Clark	Johnson, R.	Nelson, C.	Richter	Weaver
Cooper	Johnson, V.	Nelson, K.	Rodosovich	Welle
Dauner	Kahn	Neuenschwander	Rukavina	Wenzel
Dawkins	Kalis	O'Connor	Runbeck	Williams
Dempsey	Kelly	Ogren	Sarna	Winter
Dorn	Kelso	Olsen, S.	Schafer	Spk. Vanasek
Forsythe	Kinkel	Olson, E.	Scheid	
Frederick	Knickerbocker	Olson, K.	Schreiber	
Frerichs	Kostohryz	Omann	Seaberg	
Girard	Krueger	Onnen	Segal	

The bill was passed and its title agreed to.

S. F. No. 2159, A bill for an act relating to education; delaying the date by which the regent candidate advisory council must submit recommendations to the legislature; amending Minnesota Statutes 1988, section 137.0245, subdivision 4.

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 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Carlson, L.	Hartle	Johnson, V.	McDonald
Anderson, G.	Carruthers	Hasskamp	Kahn	McEachern
Anderson, R.	Clark	Haukoos	Kalis	McGuire
Battaglia	Cooper	Hausman	Kelly	McLaughlin
Bauerly	Dauner	Heap	Kelso	McPherson
Beard	Dawkins	Henry	Kinkel	Milbert
Begich	Dempsey	Himle	Knickerbocker	Miller
Bennett	Dorn	Hugoson	Kostohryz	Morrison
Bertram	Forsythe	Jacobs	Krueger	Murphy
Bishop	Frederick	Janezich	Lasley	Nelson, C.
Blatz	Frerichs	Jaros	Lieder	Nelson, K.
Boo	Girard	Jefferson	Limmer	Neuenschwander
Brown	Greenfield	Jennings	Long	O'Connor
Burger	Gruenes	Johnson, A.	Macklin	Ogren
Carlson, D.	Gutknecht	Johnson, R.	Marsh	Olsen, S.

Olson, E.	Pellow	Richter	Skoglund	Uphus
Olson, K.	Pelowski	Rodosovich	Solberg	Valento
Omann	Peterson	Rukavina	Sparby	Vellenga
Onnen	Poppenhagen	Runbeck	Stanius	Wagenius
Orenstein	Price	Sarna	Steensma	Waltman
Osthoff	Pugh	Schafer	Sviggum	Weaver
Ostrom	Quinn	Scheid	Swenson	Welle
Otis	Redalen	Schreiber	Tjornhom	Wenzel
Ozment	Reding	Seaberg	Tompkins	Williams
Pappas	Rest	Segal	Trimble	Winter
Pauly	Rice	Simoneau	Tunheim	Spk. Vanasek

The bill was passed and its title agreed to.

S. F. No. 2381, A bill for an act relating to highways; substituting new Legislative Route No. 298 in the trunk highway system.

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 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Greenfield	Krueger	Onnen	Schreiber
Anderson, G.	Gruenes	Lasley	Orenstein	Seaberg
Anderson, R.	Gutknecht	Lieder	Osthoff	Segal
Battaglia	Hartle	Limmer	Ostrom	Simoneau
Bauerly	Hasskamp	Lynch	Otis	Skoglund
Beard	Haukoos	Macklin	Ozment	Solberg
Begich	Hausman	Marsh	Pappas	Sparby
Bennett	Heap	McDonald	Pauly	Stanius
Bertram	Henry	McEachern	Pellow	Steensma
Bishop	Himle	McGuire	Pelowski	Sviggum
Blatz	Hugoson	McLaughlin	Peterson	Swenson
Boo	Jacobs	McPherson	Poppenhagen	Tjornhom
Brown	Janezich	Milbert	Price	Tompkins
Burger	Jaros	Miller	Pugh	Trimble
Carlson, D.	Jefferson	Morrison	Quinn	Tunheim
Carruthers	Jennings	Munger	Redalen	Uphus
Clark	Johnson, A.	Murphy	Reding	Valento
Cooper	Johnson, R.	Nelson, C.	Rest	Vellenga
Dauner	Johnson, V.	Nelson, K.	Rice	Wagenius
Dawkins	Kahn	Neuenschwander	Richter	Waltman
Dempsey	Kalis	O'Connor	Rodosovich	Weaver
Dorn	Kelly	Ogren	Rukavina	Welle
Forsythe	Kelso	Olsen, S.	Runbeck	Wenzel
Frederick	Kinkel	Olson, E.	Sarna	Williams
Frerichs	Knickerbocker	Olson, K.	Schafer	Winter
Girard	Kostohryz	Omann	Scheid	Spk. Vanasek

The bill was passed and its title agreed to.

S. F. No. 2039, A bill for an act relating to motor vehicles; exempting certain water well drilling equipment and vehicles from registration and taxation requirements; amending Minnesota Stat-

utes 1988, section 168.012, subdivision 5; Minnesota Statutes 1989 Supplement, section 168.011, subdivision 22.

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

The question was taken on the passage of the bill and the roll was called. There were 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Greenfield	Lasley	Orenstein	Segal
Anderson, G.	Gruenes	Lieder	Osthoff	Simoneau
Anderson, R.	Gutknecht	Limmer	Ostrom	Skoglund
Battaglia	Hartle	Long	Otis	Solberg
Bauerly	Hasskamp	Lynch	Ozment	Sparby
Beard	Haukoos	Macklin	Pappas	Stanius
Begich	Hausman	Marsh	Pauly	Steensma
Bennett	Heap	McDonald	Pellow	Sviggum
Bertram	Henry	McEachern	Pelowski	Swenson
Bishop	Himle	McGuire	Peterson	Tjornhom
Blatz	Hugoson	McLaughlin	Poppenhagen	Tompkins
Boo	Jacobs	McPherson	Price	Trimble
Brown	Janezich	Milbert	Pugh	Tunheim
Burger	Jaros	Miller	Quinn	Uphus
Carlson, D.	Jefferson	Morrison	Redalen	Valento
Carlson, L.	Jennings	Munger	Reding	Vellenga
Carruthers	Johnson, A.	Murphy	Rest	Wagenius
Clark	Johnson, R.	Nelson, C.	Rice	Waltman
Cooper	Johnson, V.	Nelson, K.	Richter	Weaver
Dauner	Kahn	Neuenschwander	Rodosovich	Welle
Dawkins	Kalis	O'Connor	Rukavina	Wenzel
Dempsey	Kelly	Ogren	Runbeck	Williams
Dorn	Kelso	Olsen, S.	Sarna	Winter
Forsythe	Kinkel	Olson, E.	Schafer	Spk. Vanasek
Frederick	Knickerbocker	Olson, K.	Scheid	
Frerichs	Kostohryz	Omann	Schreiber	
Girard	Krueger	Onnen	Seaberg	

The bill was passed and its title agreed to.

S. F. No. 2383, A bill for an act relating to cities; permitting the establishment of boundary commissions; proposing coding for new law in Minnesota Statutes, chapter 465.

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 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Bauerly	Bertram	Brown	Carruthers
Anderson, G.	Beard	Bishop	Burger	Clark
Anderson, R.	Begich	Blatz	Carlson, D.	Cooper
Battaglia	Bennett	Boo	Carlson, L.	Dauner

Dawkins	Johnson, A.	Milbert	Pelowski	Sparby
Dempsey	Johnson, R.	Miller	Peterson	Stanius
Dorn	Johnson, V.	Morrison	Poppenhagen	Steensma
Forsythe	Kahn	Munger	Price	Sviggum
Frederick	Kalis	Murphy	Pugh	Swenson
Frerichs	Kelly	Nelson, C.	Quinn	Tjornhom
Girard	Kelso	Nelson, K.	Redalen	Tompkins
Greenfield	Kinkel	Neuenschwander	Reding	Trimble
Gruenes	Knickerbocker	O'Connor	Rest	Tunheim
Gutknecht	Kostohryz	Ogren	Rice	Uphus
Hartle	Krueger	Olsen, S.	Richter	Valento
Hasskamp	Lasley	Olson, E.	Rodosovich	Vellenga
Haukoos	Lieder	Olson, K.	Rukavina	Wagenius
Hausman	Limmer	Omann	Runbeck	Waltman
Heap	Long	Onnen	Sarna	Weaver
Henry	Lynch	Orenstein	Schafer	Welle
Himle	Macklin	Osthoff	Scheid	Wenzel
Hugoson	Marsh	Ostrom	Schreiber	Williams
Jacobs	McDonald	Otis	Seaberg	Winter
Janezich	McEachern	Ozment	Segal	Spk. Vanasek
Jaros	McGuire	Pappas	Simoneau	
Jefferson	McLaughlin	Pauly	Skoglund	
Jennings	McPherson	Pellow	Solberg	

The bill was passed and its title agreed to.

S. F. No. 1968, A bill for an act relating to pet or companion animals; permitting restrictions to be imposed on persons convicted of mistreating animals; amending Minnesota Statutes 1988, section 343.21, by adding a subdivision.

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 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Forsythe	Johnson, V.	Miller	Pelowski
Anderson, G.	Frederick	Kahn	Morrison	Peterson
Anderson, R.	Frerichs	Kalis	Munger	Poppenhagen
Battaglia	Girard	Kelly	Murphy	Price
Bauerly	Greenfield	Kelso	Nelson, C.	Pugh
Beard	Gruenes	Kinkel	Nelson, K.	Quinn
Bennett	Gutknecht	Knickerbocker	Neuenschwander	Redalen
Bertram	Hartle	Kostohryz	O'Connor	Reding
Bishop	Hasskamp	Krueger	Ogren	Rest
Blatz	Haukoos	Lasley	Olsen, S.	Rice
Boo	Hausman	Lieder	Olson, E.	Richter
Brown	Heap	Limmer	Olson, K.	Rodosovich
Burger	Henry	Long	Omann	Rukavina
Carlson, D.	Himle	Lynch	Onnen	Runbeck
Carlson, L.	Hugoson	Macklin	Orenstein	Sarna
Carruthers	Jacobs	Marsh	Osthoff	Schafer
Clark	Janezich	McDonald	Ostrom	Scheid
Cooper	Jaros	McEachern	Otis	Schreiber
Dauner	Jefferson	McGuire	Ozment	Seaberg
Dawkins	Jennings	McLaughlin	Pappas	Segal
Dempsey	Johnson, A.	McPherson	Pauly	Simoneau
Dorn	Johnson, R.	Milbert	Pellow	Skoglund

Solberg	Sviggum	Trimble	Vellenga	Welle
Sparby	Swenson	Tunheim	Wagenius	Wenzel
Stanius	Tjornhom	Uphus	Waltman	Williams
Steensma	Tompkins	Valento	Weaver	Winter

The bill was passed and its title agreed to.

S. F. No. 1692, A bill for an act relating to public safety; conforming definition of "family or group family day care home" for purposes of fire code enforcement; abolishing nominal reimbursements for local fire chiefs; abolishing certain regulation of fire extinguishers now regulated under state fire code; abolishing regulation regarding "no smoking" signs which are regulated by state fire code; abolishing regulations relating to fire alarm deactivation requests and notices; abolishing state licensing of, and certain regulation regarding, dry cleaning and dyeing establishments, which are also regulated by state fire code; abolishing certain state licensing and inspection regulations for theaters and halls, which are regulated by the state fire code; amending Minnesota Statutes 1988, section 299F.011, subdivision 4a; repealing Minnesota Statutes 1988, sections 299F.34; 299F.36; 299F.38; 299F.453; 299F.454; 299H.211; 299H.22 to 299H.28; and 299I.01 to 299I.24.

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:

Abrams	Greenfield	Lasley	Orenstein	Simoneau
Anderson, G.	Gruenes	Lieder	Osthoff	Skoglund
Anderson, R.	Gutknecht	Limmer	Ostrom	Solberg
Battaglia	Hartle	Long	Otis	Sparby
Bauerly	Hasskamp	Lynch	Ozment	Stanius
Beard	Haukoos	Macklin	Pappas	Steensma
Begich	Hausman	Marsh	Pauly	Sviggum
Bennett	Heap	McDonald	Pellow	Swenson
Bertram	Henry	McEachern	Pelowski	Tjornhom
Bishop	Himle	McGuire	Peterson	Tompkins
Blatz	Hugoson	McLaughlin	Poppenhagen	Trimble
Boo	Jacobs	McPherson	Price	Tunheim
Brown	Janezich	Milbert	Pugh	Uphus
Burger	Jaros	Miller	Quinn	Valento
Carlson, D.	Jefferson	Morrison	Redalen	Vellenga
Carlson, L.	Jennings	Munger	Reding	Wagenius
Carruthers	Johnson, A.	Murphy	Rest	Waltman
Clark	Johnson, R.	Nelson, C.	Richter	Weaver
Cooper	Johnson, V.	Nelson, K.	Rodosovich	Welle
Dauner	Kahn	Neuenschwander	Rukavina	Wenzel
Dawkins	Kalis	O'Connor	Runbeck	Williams
Dempsey	Kelly	Ogren	Sarna	Winter
Dorn	Kelso	Olsen, S.	Schafer	Spk. Vanasek
Forsythe	Kinkel	Olson, E.	Scheid	
Frederick	Knickerbocker	Olson, K.	Schreiber	
Frerichs	Kostohryz	Omann	Seaberg	
Girard	Krueger	Onnen	Segal	

The bill was passed and its title agreed to.

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

RECESS

RECONVENED

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

CONSIDERATION UNDER RULE 1.10

Pursuant to rule 1.10, Simoneau requested immediate consideration of H. F. No. 2651.

H. F. No. 2651 was reported to the House.

The Speaker called Quinn to the Chair.

Bauerly; Bertram; Johnson, R.; Gruenes; Omann; Pelowski and Marsh moved to amend H. F. No. 2651, the first engrossment, as follows:

Page 6, after line 10, insert:

"Subd. 6. St. Cloud, Bemidji, and Winona Campuses 2,500,000

This appropriation is to be used for developing a model for projecting college campus library needs 15 years into the future. The model must take into account anticipated changes in technology affecting publishing, storage, access and reference, electronics, administration, and other related capabilities appropriate to a comprehensive library and the efficient use of its resources. The model must be applied to evaluate the future needs of the library at the St. Cloud, Bemidji, and Winona campuses. A report must be made by

the state board to the education divisions of the senate finance and house appropriations committees by February 1, 1991, describing the model, its application to the needs of the libraries at the St. Cloud, Bemidji, and Winona campuses, and how it might be used as a model by other state universities, the University of Minnesota, community colleges, and technical colleges for evaluating their campus library needs."

Renumber the remaining subdivisions

Adjust the totals accordingly

Page 30, line 45, delete "$419,372,900" and insert "$419,767,900"

The question was taken on the Bauerly et al amendment and the roll was called. There were 43 yeas and 86 nays as follows:

Those who voted in the affirmative were:

Bauerly	Girard	Kinkel	Pauly	Tompkins
Bertram	Gruenes	Limmer	Pelowski	Tunheim
Bishop	Gutknecht	Marsh	Peterson	Uphus
Boo	Hartle	McDonald	Poppenhagen	Valento
Dempsey	Henry	McPherson	Redalen	Waltman
Dille	Hugoson	Miller	Rukavina	Weaver
Forsythe	Jaros	Omann	Schafer	Wenzel
Frederick	Johnson, R.	Onnen	Seaberg	
Frerichs	Johnson, V.	Ozment	Swenson	

Those who voted in the negative were:

Abrams	Hasskamp	Lieder	Orenstein	Skoglund
Anderson, R.	Haukoos	Long	Osthoff	Solberg
Battaglia	Hausman	Lynch	Ostrom	Sparby
Beard	Heap	Macklin	Otis	Stanius
Begich	Himle	McEachern	Pappas	Steensma
Bennett	Jacobs	McGuire	Pellow	Sviggum
Blatz	Janezich	McLaughlin	Pugh	Tjornhom
Brown	Jefferson	Milbert	Quinn	Trimble
Burger	Jennings	Morrison	Reding	Vellenga
Carlson, D.	Johnson, A.	Murphy	Rest	Wagenius
Carlson, L.	Kahn	Nelson, C.	Rice	Welle
Carruthers	Kalis	Nelson, K.	Richter	Williams
Clark	Kelly	Neuenschwander	Rodosovich	Winter
Cooper	Kelso	O'Connor	Runbeck	Spk. Vanasek
Dauner	Knickerbocker	Ogren	Sarna	
Dawkins	Kostohryz	Olsen, S.	Scheid	
Dorn	Krueger	Olson, E.	Segal	
Greenfield	Lasley	Olson, K.	Simoneau	

The motion did not prevail and the amendment was not adopted.

Girard moved to amend H. F. No. 2651, the first engrossment, as follows:

Page 6, after line 10, insert:

"Subd. 6. Southwest Campus 8,709,000

Construct recreation/athletic building and tennis court"

Page 17, line 31, delete "14,580,000" and insert "5,871,000"

Renumber the subdivisions in sequence

Adjust figures accordingly

A roll call was requested and properly seconded.

The question was taken on the Girard amendment and the roll was called. There were 53 yeas and 78 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Knickerbocker	Omann	Steensma
Anderson, G.	Frerichs	Limmer	Onnen	Sviggum
Bennett	Girard	Lynch	Pauly	Swenson
Blatz	Gruenes	Macklin	Pellow	Tompkins
Boo	Gutknecht	Marsh	Redalen	Uphus
Brown	Haukoos	McDonald	Richter	Valento
Burger	Heap	McPherson	Runbeck	Waltman
Cooper	Henry	Miller	Schafer	Weaver
Dempsey	Himle	Nelson, C.	Schreiber	Winter
Dille	Hugoson	Olsen, S.	Seaberg	
Forsythe	Johnson, V.	Olson, K.	Stanius	

Those who voted in the negative were:

Anderson, R.	Hausman	Lieder	Otis	Segal
Battaglia	Jacobs	Long	Ozment	Simoneau
Bauerly	Janezich	McEachern	Pappas	Skoglund
Beard	Jaros	McGuire	Pelowski	Solberg
Begich	Jefferson	McLaughlin	Peterson	Sparby
Bertram	Jennings	Milbert	Poppenhagen	Tjornhom
Carlson, D.	Johnson, A.	Munger	Price	Trimble
Carlson, L.	Johnson, R.	Murphy	Pugh	Tunheim
Carruthers	Kahn	Nelson, K.	Quinn	Vellenga
Clark	Kalis	Neuenschwander	Reding	Wagenius
Dauner	Kelly	O'Connor	Rest	Welle
Dawkins	Kelso	Ogren	Rice	Wenzel
Dorn	Kinkel	Olson, E.	Rodosovich	Williams
Greenfield	Kostohryz	Orenstein	Rukavina	Spk. Vanasek
Hartle	Krueger	Osthoff	Sarna	
Hasskamp	Lasley	Ostrom	Scheid	

The motion did not prevail and the amendment was not adopted.

Valento moved to amend H. F. No. 2651, the first engrossment, as follows:

Page 17, line 31, delete "14,580,000" and insert "6,750,000"

Adjust the figures accordingly

A roll call was requested and properly seconded.

The question was taken on the Valento amendment and the roll was called. There were 54 yeas and 76 nays as follows:

Those who voted in the affirmative were:

Abrams	Gruenes	Kostohryz	Omann	Seaberg
Bennett	Gutknecht	Limmer	Onnen	Stanius
Blatz	Hartle	Lynch	Ozment	Sviggum
Boo	Haukoos	Macklin	Pauly	Swenson
Burger	Heap	Marsh	Pellow	Tjornhom
Dempsey	Henry	McDonald	Poppenhagen	Tompkins
Dille	Himle	McPherson	Redalen	Uphus
Forsythe	Hugoson	Miller	Richter	Valento
Frederick	Jennings	Morrison	Runbeck	Waltman
Frerichs	Johnson, V.	Neuenschwander	Schafer	Weaver
Girard	Knickerbocker	Olsen, S.	Schreiber	

Those who voted in the negative were:

Anderson, G.	Hasskamp	McEachern	Pappas	Solberg
Anderson, R.	Hausman	McGuire	Pelowski	Sparby
Battaglia	Jacobs	McLaughlin	Peterson	Steensma
Bauerly	Janezich	Milbert	Price	Trimble
Beard	Jaros	Munger	Pugh	Tunheim
Begich	Jefferson	Murphy	Quinn	Vellenga
Bertram	Johnson, A.	Nelson, C.	Reding	Wagenius
Brown	Johnson, R.	Nelson, K.	Rest	Welle
Carlson, L.	Kahn	O'Connor	Rice	Wenzel
Carruthers	Kalis	Ogren	Rodosovich	Williams
Clark	Kelly	Olson, E.	Rukavina	Winter
Cooper	Kinkel	Olson, K.	Sarna	Spk. Vanasek
Dauner	Krueger	Orenstein	Scheid	
Dawkins	Lasley	Osthoff	Segal	
Dorn	Lieder	Ostrom	Simoneau	
Greenfield	Long	Otis	Skoglund	

The motion did not prevail and the amendment was not adopted.

Stanius and Marsh moved to amend H. F. No. 2651, the first engrossment, as follows:

Page 13, after line 20, insert:

"Sec. 14. BOARD OF WATER AND SOIL RESOURCES 12,000,000

The appropriation in this section is from the reinvest in Minnesota resources fund. This appropriation is for the RIM reserve program."

Page 15, line 18, delete "4,300,000" and insert "6,410,000"

Page 15, line 22, delete "1,500,000" and insert "2,110,000"

Page 16, line 2, delete "500,000" and insert "2,000,000"

Page 17, line 25, delete "43,930,000" and insert "29,820,000"

Page 17, line 31, delete "14,580,000" and insert "470,000"

Renumber the sections in sequence

Adjust figures accordingly

A roll call was requested and properly seconded.

The question was taken on the Stanius and Marsh amendment and the roll was called. There were 59 yeas and 68 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Johnson, V.	Olson, K.	Schreiber
Bennett	Girard	Knickerbocker	Omann	Seaberg
Bertram	Gruenes	Limmer	Onnen	Stanius
Blatz	Gutknecht	Lynch	Ostrom	Steensma
Boo	Hartle	Macklin	Ozment	Swenson
Burger	Haukoos	Marsh	Pauly	Tjornhom
Clark	Heap	McDonald	Pellow	Tompkins
Cooper	Henry	McPherson	Poppenhagen	Uphus
Dempsey	Himle	Miller	Redalen	Valento
Dille	Hugoson	Morrison	Richter	Waltman
Forsythe	Jennings	Neuenschwander	Runbeck	Weaver
Frederick	Johnson, R.	Olsen, S.	Schafer	

Those who voted in the negative were:

Anderson, G.	Jacobs	McEachern	Pelowski	Solberg
Anderson, R.	Janezich	McGuire	Peterson	Sparby
Battaglia	Jefferson	McLaughlin	Price	Sviggum
Bauerly	Johnson, A.	Milbert	Pugh	Trimble
Beard	Kahn	Murphy	Quinn	Tunheim
Begich	Kalis	Nelson, C.	Reding	Vellenga
Brown	Kelly	Nelson, K.	Rest	Wagenius
Carlson, L.	Kelso	O'Connor	Rice	Welle
Carruthers	Kinkel	Ogren	Rodosovich	Wenzel
Dauner	Kostohryz	Olson, E.	Rukavina	Williams
Dawkins	Krueger	Orenstein	Sarna	Winter
Dorn	Lasley	Osthoff	Scheid	Spk. Vanasek
Greenfield	Lieder	Otis	Segal	
Hausman	Long	Pappas	Simoneau	

The motion did not prevail and the amendment was not adopted.

Dempsey, Miller, Girard and Olson, K., moved to amend H. F. No. 2651, the first engrossment, as follows:

Page 13, after line 20, insert:

"Sec. 14. BOARD OF WATER AND SOIL RESOURCES 1,870,000

This appropriation is for the Wellner-Hageman Dam project located in area two of the Minnesota River Basin Project, Inc. for which the local match has been raised, the land purchased, and the engineering completed."

Page 17, line 31, delete "14,580,000" and insert "12,710,000"

Renumber the sections in sequence

Adjust figures accordingly

A roll call was requested and properly seconded.

The question was taken on the Dempsey et al amendment and the roll was called. There were 53 yeas and 78 nays as follows:

Those who voted in the affirmative were:

Abrams	Girard	Lynch	Pauly	Steensma
Bennett	Gruenes	Macklin	Pellow	Sviggum
Bishop	Gutknecht	Marsh	Poppenhagen	Swenson
Blatz	Haukoos	McDonald	Price	Tompkins
Boo	Heap	McPherson	Redalen	Uphus
Burger	Henry	Miller	Richter	Valento
Dempsey	Himle	Murphy	Runbeck	Waltman
Dorn	Hugoson	Olsen, S.	Schafer	Weaver
Forsythe	Johnson, V.	Olson, K.	Schreiber	Winter
Frederick	Knickerbocker	Omann	Seaberg	
Frerichs	Limmer	Ostrom	Stanius	

Those who voted in the negative were:

Anderson, G.	Carlson, L.	Hasskamp	Kahn	Long
Anderson, R.	Carruthers	Hausman	Kalis	McEachern
Battaglia	Clark	Jacobs	Kelly	McGuire
Bauerly	Cooper	Janezich	Kelso	McLaughlin
Beard	Dauner	Jaros	Kinkel	Milbert
Begich	Dawkins	Jefferson	Kostohryz	Munger
Bertram	Dille	Jennings	Krueger	Nelson, C.
Brown	Greenfield	Johnson, A.	Lasley	Nelson, K.
Carlson, D.	Hartle	Johnson, R.	Lieder	Neuenschwander

O'Connor	Ozment	Rest	Simoneau	Wagenius
Ogren	Pappas	Rice	Skoglund	Welle
Olson, E.	Pelowski	Rodosovich	Solberg	Wenzel
Onnen	Peterson	Rukavina	Tjornhom	Williams
Orenstein	Pugh	Sarna	Trimble	Spk. Vanasek
Osthoff	Quinn	Scheid	Tunheim	
Otis	Reding	Segal	Vellenga	

The motion did not prevail and the amendment was not adopted.

Stanius moved to amend H. F. No. 2651, the first engrossment, as follows:

Page 4, after line 20, insert:

"Subd. 9. Unfunded projects 16,895,000

This appropriation is for unfunded projects for the community college system. The projects must be fully funded according to the agency priority program."

Page 14, delete lines 10 and 11

Page 14, delete lines 28 to 33

Page 17, delete lines 17 to 20

Page 17, delete line 31

Renumber the subdivisions in sequence.

Reletter the paragraphs in sequence

Adjust figures accordingly

A roll call was requested and properly seconded.

The question was taken on the Stanius amendment and the roll was called. There were 54 yeas and 76 nays as follows:

Those who voted in the affirmative were:

Abrams	Forsythe	Heap	Kinkel	McDonald
Bennett	Frederick	Henry	Knickerbocker	McPherson
Blatz	Frerichs	Himle	Lasley	Miller
Boo	Girard	Hugoson	Limmer	Neuenschwander
Burger	Gutknecht	Jaros	Lynch	Olsen, S.
Carlson, D.	Hartle	Jennings	Macklin	Olson, E.
Dempsey	Haukoos	Johnson, V.	Marsh	Omann

Onnen	Poppenhagen	Schafer	Swenson	Valento
Ozment	Redalen	Schreiber	Tjornhom	Weaver
Pauly	Richter	Seaberg	Tompkins	Winter
Pellow	Runbeck	Stanius	Uphus	

Those who voted in the negative were:

Anderson, G.	Greenfield	Long	Pappas	Solberg
Anderson, R.	Gruenes	McEachern	Pelowski	Steensma
Battaglia	Hasskamp	McGuire	Peterson	Sviggum
Bauerly	Hausman	McLaughlin	Price	Trimble
Beard	Jacobs	Milbert	Pugh	Tunheim
Begich	Janezich	Munger	Quinn	Vellenga
Bertram	Jefferson	Murphy	Reding	Wagenius
Bishop	Johnson, A.	Nelson, C.	Rest	Waltman
Brown	Johnson, R.	Nelson, K.	Rice	Welle
Carlson, L.	Kahn	O'Connor	Rodosovich	Wenzel
Carruthers	Kalis	Ogren	Rukavina	Williams
Clark	Kelly	Olson, K.	Sarna	Spk. Vanasek
Cooper	Kelso	Orenstein	Scheid	
Dauner	Kostohryz	Osthoff	Segal	
Dawkins	Krueger	Ostrom	Simoneau	
Dorn	Lieder	Otis	Skoglund	

The motion did not prevail and the amendment was not adopted.

Gruenes moved to amend H. F. No. 2651, the first engrossment, as follows:

Page 6, after line 21, insert:

"Subd. 8. Unfunded Projects 16,895,000

This appropriation is for unfunded projects for the state university system. The projects must be fully funded according to the agency priority program."

Page 14, delete lines 10 and 11

Page 14, delete lines 28 to 33

Page 17, delete lines 17 to 20

Page 17, delete line 31

Renumber the subdivisions in sequence

Reletter the paragraphs in sequence

Adjust figures accordingly

A roll call was requested and properly seconded.

The question was taken on the Gruenes amendment and the roll was called. There were 53 yeas and 77 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Johnson, V.	Ozment	Stanius
Bauerly	Girard	Limmer	Pauly	Steensma
Bennett	Gruenes	Lynch	Pellow	Swenson
Bertram	Gutknecht	Macklin	Pelowski	Tjornhom
Blatz	Hartle	Marsh	Poppenhagen	Tompkins
Boo	Haukoos	McDonald	Redalen	Uphus
Burger	Heap	McPherson	Richter	Valento
Dempsey	Henry	Miller	Runbeck	Weaver
Dorn	Hugoson	Olsen, S.	Schafer	Winter
Forsythe	Jaros	Omann	Schreiber	
Frederick	Johnson, A.	Onnen	Seaberg	

Those who voted in the negative were:

Anderson, G.	Hausman	Long	Ostrom	Skoglund
Anderson, R.	Jacobs	McEachern	Otis	Solberg
Battaglia	Janezich	McGuire	Pappas	Sparby
Beard	Jefferson	McLaughlin	Peterson	Sviggum
Begich	Jennings	Milbert	Price	Trimble
Bishop	Johnson, R.	Munger	Pugh	Tunheim
Brown	Kahn	Murphy	Quinn	Vellenga
Carlson, D.	Kalis	Nelson, C.	Reding	Wagenius
Carlson, L.	Kelly	Nelson, K.	Rest	Waltman
Carruthers	Kelso	Neuenschwander	Rice	Welle
Clark	Kinkel	O'Connor	Rodosovich	Wenzel
Cooper	Knickerbocker	Ogren	Rukavina	Williams
Dauner	Kostohryz	Olson, E.	Sarna	Spk. Vanasek
Dawkins	Krueger	Olson, K.	Scheid	
Greenfield	Lasley	Orenstein	Segal	
Hasskamp	Lieder	Osthoff	Simoneau	

The motion did not prevail and the amendment was not adopted.

Valento moved to amend H. F. No. 2651, the first engrossment, as follows:

Page 17, line 31, delete "14,580,000" and insert "6,750,000"

Page 18, delete lines 4 to 6 and insert:

"subdivision 3d. 9,647,632"

Adjust figures accordingly

A roll call was requested and properly seconded.

The question was taken on the Valento amendment and the roll was called. There were 50 yeas and 80 nays as follows:

Those who voted in the affirmative were:

Bennett	Gutknecht	Kostohryz	Olsen, S.	Schafer
Blatz	Hartle	Limmer	Omann	Schreiber
Boo	Haukoos	Lynch	Onnen	Seaberg
Burger	Heap	Macklin	Ostrom	Stanius
Dempsey	Henry	Marsh	Ozment	Swenson
Forsythe	Himle	McDonald	Pauly	Tjornhom
Frederick	Hugoson	McEachern	Pellow	Tompkins
Frerichs	Jennings	McPherson	Poppenhagen	Uphus
Girard	Johnson, V.	Miller	Redalen	Valento
Gruenes	Knickerbocker	Neuenschwander	Richter	Weaver

Those who voted in the negative were:

Abrams	Dawkins	Krueger	Osthoff	Simoneau
Anderson, G.	Dille	Lasley	Otis	Skoglund
Anderson, R.	Dorn	Lieder	Pappas	Solberg
Battaglia	Greenfield	Long	Pelowski	Sparby
Bauerly	Hasskamp	McGuire	Peterson	Steensma
Beard	Hausman	McLaughlin	Price	Sviggum
Begich	Jacobs	Milbert	Pugh	Trimble
Bertram	Janezich	Munger	Quinn	Tunheim
Bishop	Jefferson	Murphy	Reding	Vellenga
Brown	Johnson, A.	Nelson, C.	Rest	Wagenius
Carlson, D.	Johnson, R.	Nelson, K.	Rice	Waltman
Carlson, L.	Kahn	O'Connor	Rodosovich	Welle
Carruthers	Kalis	Ogren	Rukavina	Wenzel
Clark	Kelly	Olson, E.	Sarna	Williams
Cooper	Kelso	Olson, K.	Scheid	Winter
Dauner	Kinkel	Orenstein	Segal	Spk. Vanasek

The motion did not prevail and the amendment was not adopted.

Frerichs, Omann, Waltman, McDonald and Tompkins moved to amend H. F. No. 2651, the first engrossment, as follows:

Page 11, after line 12, insert:

"Sec. 7. WACONIA SCHOOL DISTRICT

A capital loan in an amount not to exceed $4,935,742 to independent school district No. 110, Waconia, is approved.

Sec. 8. CASS LAKE SCHOOL DISTRICT

A capital loan in an amount not to exceed $9,247,030 to independent school district No. 115, Cass Lake, is approved.

Sec. 9. FARMINGTON SCHOOL DISTRICT

A capital loan in an amount not to exceed $11,569,964 to independent school district No. 192, Farmington, is approved.

Sec. 10. LAKE OF THE WOODS SCHOOL DISTRICT

A capital loan in an amount not to exceed $9,235,922 to independent school district No. 390, Lake of the Woods, is approved.

Sec. 11. PIERZ SCHOOL DISTRICT

A capital loan in an amount not to exceed $1,701,591 to independent school district No. 484, Pierz, is approved.

Sec. 12. DOVER-EYOTA SCHOOL DISTRICT

A capital loan in an amount not to exceed $4,851,744 to independent school district No. 533, Dover-Eyota, is approved."

Page 11, line 14, delete "$4,755,000" and insert "$5,641,725"

Page 11, line 17, delete "$8,577,000" and insert "$10,762,702"

Page 11, line 21, delete "$9,348,000" and insert "$10,783,535"

Page 11, line 24, delete "$3,194,000" and insert "$5,636,066"

Page 11, line 27, delete "$10,756,000" and insert "$12,120,867"

Page 44, line 34, delete "$3,656,000" and insert "$5,751,000"

Renumber the sections in sequence

Adjust figures accordingly

A roll call was requested and properly seconded.

The question was taken on the Frerichs et al amendment and the roll was called. There were 52 yeas and 76 nays as follows:

Those who voted in the affirmative were:

Bennett	Forsythe	Haukoos	Kinkel	McDonald
Bertram	Frederick	Heap	Knickerbocker	McPherson
Boo	Frerichs	Henry	Limmer	Miller
Burger	Girard	Himle	Lynch	Morrison
Dempsey	Gutknecht	Hugoson	Macklin	Olson, K.
Dille	Hartle	Johnson, V.	Marsh	Omann

Onnen	Poppenhagen	Sparby	Tompkins	Weaver
Ozment	Redalen	Stanius	Tunheim	Wenzel
Pauly	Richter	Sviggum	Uphus	
Pellow	Schafer	Swenson	Valento	
Pelowski	Schreiber	Tjornhom	Waltman	

Those who voted in the negative were:

Abrams	Gruenes	Long	Ostrom	Segal
Anderson, G.	Hasskamp	McEachern	Otis	Simoneau
Anderson, R.	Hausman	McGuire	Pappas	Skoglund
Battaglia	Jacobs	McLaughlin	Peterson	Solberg
Bauerly	Janezich	Milbert	Price	Steensma
Beard	Jefferson	Munger	Pugh	Trimble
Begich	Johnson, A.	Murphy	Quinn	Vellenga
Brown	Johnson, R.	Nelson, C.	Reding	Wagenius
Carlson, L.	Kahn	Nelson, K.	Rest	Welle
Carruthers	Kalis	Neuenschwander	Rice	Williams
Clark	Kelly	O'Connor	Rodosovich	Winter
Cooper	Kelso	Ogren	Rukavina	Spk. Vanasek
Dauner	Kostohryz	Olsen, S.	Runbeck	
Dawkins	Krueger	Olson, E.	Sarna	
Dorn	Lasley	Orenstein	Scheid	
Greenfield	Lieder	Osthoff	Seaberg	

The motion did not prevail and the amendment was not adopted.

Sviggum moved to amend H. F. No. 2651, the first engrossment, as follows:

Page 17, after line 38, insert:

"This appropriation is a loan to the cities of St. Paul, Minneapolis, and South St. Paul. These loans are to be repaid with no interest over a period of three years beginning in 1996."

A roll call was requested and properly seconded.

The question was taken on the Sviggum amendment and the roll was called. There were 49 yeas and 79 nays as follows:

Those who voted in the affirmative were:

Abrams	Girard	Limmer	Ozment	Stanius
Bennett	Gruenes	Lynch	Pauly	Sviggum
Blatz	Gutknecht	Macklin	Pellow	Swenson
Boo	Haukoos	Marsh	Poppenhagen	Tjornhom
Burger	Heap	McDonald	Redalen	Tompkins
Dempsey	Henry	McPherson	Richter	Uphus
Dille	Himle	Miller	Runbeck	Valento
Forsythe	Hugoson	Olsen, S.	Schafer	Waltman
Frederick	Johnson, V.	Omann	Schreiber	Weaver
Frerichs	Knickerbocker	Onnen	Seaberg	

Those who voted in the negative were:

Anderson, G.	Greenfield	Lieder	Osthoff	Segal
Anderson, R.	Hasskamp	Long	Ostrom	Simoneau
Battaglia	Hausman	McEachern	Otis	Skoglund
Bauerly	Jacobs	McGuire	Pappas	Solberg
Beard	Janezich	McLaughlin	Pelowski	Sparby
Begich	Jefferson	Milbert	Peterson	Steensma
Bertram	Johnson, A.	Munger	Price	Trimble
Brown	Johnson, R.	Murphy	Pugh	Tunheim
Carlson, D.	Kahn	Nelson, C.	Quinn	Vellenga
Carlson, L.	Kalis	Nelson, K.	Reding	Wagenius
Carruthers	Kelly	Neuenschwander	Rest	Welle
Clark	Kelso	O'Connor	Rice	Wenzel
Cooper	Kinkel	Ogren	Rodosovich	Williams
Dauner	Kostohryz	Olson, E.	Rukavina	Winter
Dawkins	Krueger	Olson, K.	Sarna	Spk. Vanasek
Dorn	Lasley	Orenstein	Scheid	

The motion did not prevail and the amendment was not adopted.

Himle, Sviggum, Frederick, Haukoos, Hartle, Redalen and Frerichs moved to amend H. F. No. 2651, the first engrossment, as follows:

Page 10, line 1, delete "44,112,000" and insert "48,258,000"

Page 10, after line 20, insert:

"Subd. 3. Waseca Campus 4,146,000
Waseca campus and food service improvements"

Page 17, line 25, delete "43,930,000" and insert "39,784,000"

Page 17, line 31, delete "14,580,000" and insert "10,434,000"

Renumber the subdivisions in sequence

Adjust figures accordingly

A roll call was requested and properly seconded.

The question was taken on the Himle et al amendment and the roll was called. There were 57 yeas and 72 nays as follows:

Those who voted in the affirmative were:

Abrams	Burger	Forsythe	Gruenes	Heap
Bennett	Dempsey	Frederick	Gutknecht	Henry
Blatz	Dille	Frerichs	Hartle	Himle
Boo	Dorn	Girard	Haukoos	Hugoson

Jaros	McDonald	Pauly	Runbeck	Tompkins
Johnson, V.	McPherson	Pellow	Schafer	Uphus
Kalis	Miller	Pugh	Schreiber	Valento
Knickerbocker	Olsen, S.	Redalen	Seaberg	Waltman
Limmer	Omann	Reding	Stanius	Weaver
Lynch	Onnen	Richter	Sviggum	
Macklin	Ostrom	Rodosovich	Swenson	
Marsh	Ozment	Rukavina	Tjornhom	

Those who voted in the negative were:

Anderson, G.	Greenfield	Lasley	Olson, K.	Skoglund
Anderson, R.	Hasskamp	Lieder	Orenstein	Solberg
Battaglia	Hausman	Long	Osthoff	Steensma
Bauerly	Jacobs	McEachern	Otis	Trimble
Beard	Janezich	McGuire	Pappas	Tunheim
Begich	Jefferson	McLaughlin	Pelowski	Vellenga
Bertram	Jennings	Milbert	Peterson	Wagenius
Brown	Johnson, A.	Munger	Poppenhagen	Welle
Carlson, D.	Johnson, R.	Murphy	Quinn	Wenzel
Carlson, L.	Kahn	Nelson, C.	Rest	Williams
Carruthers	Kelly	Nelson, K.	Rice	Winter
Clark	Kelso	Neuenschwander	Sarna	Spk. Vanasek
Cooper	Kinkel	O'Connor	Scheid	
Dauner	Kostohryz	Ogren	Segal	
Dawkins	Krueger	Olson, E.	Simoneau	

The motion did not prevail and the amendment was not adopted.

The Speaker resumed the Chair.

Jaros moved to amend H. F. No. 2651, the first engrossment, as follows:

Page 10, delete lines 22 and 23

Page 10, after line 34, insert:

"(g) Duluth Student Center	10,000,000
(h) Crookston Student Center	4,394,000
(i) Waseca Student Center	3,000,000"

Reletter accordingly

A roll call was requested and properly seconded.

The question was taken on the Jaros amendment and the roll was called. There were 33 yeas and 95 nays as follows:

Those who voted in the affirmative were:

Battaglia	Carlson, D.	Kinkel	Olson, K.	Solberg
Bauerly	Dauner	Lieder	Omann	Tunheim
Begich	Frederick	Marsh	Pellow	Uphus
Bennett	Gutknecht	Munger	Richter	Waltman
Boo	Janezich	Murphy	Rodosovich	Williams
Brown	Jaros	Ogren	Rukavina	
Burger	Kalis	Olson, E.	Seaberg	

Those who voted in the negative were:

Abrams	Gruenes	Lasley	Ostrom	Segal
Anderson, G.	Hartle	Limmer	Otis	Simoneau
Anderson, R.	Hasskamp	Long	Ozment	Skoglund
Beard	Haukoos	Lynch	Pappas	Sparby
Bertram	Hausman	Macklin	Pauly	Stanius
Bishop	Heap	McDonald	Pelowski	Steensma
Blatz	Henry	McGuire	Peterson	Sviggum
Carlson, L.	Hugoson	McLaughlin	Poppenhagen	Swenson
Carruthers	Jacobs	McPherson	Price	Tjornhom
Clark	Jefferson	Milbert	Pugh	Tompkins
Cooper	Jennings	Morrison	Quinn	Trimble
Dawkins	Johnson, R.	Nelson, C.	Reding	Valento
Dempsey	Johnson, V.	Nelson, K.	Rest	Vellenga
Dille	Kahn	Neuenschwander	Rice	Wagenius
Dorn	Kelly	O'Connor	Runbeck	Weaver
Forsythe	Kelso	Olsen, S.	Sarna	Welle
Frerichs	Knickerbocker	Onnen	Schafer	Wenzel
Girard	Kostohryz	Orenstein	Scheid	Winter
Greenfield	Krueger	Osthoff	Schreiber	Spk. Vanasek

The motion did not prevail and the amendment was not adopted.

Ozment, Omann, McDonald, Tompkins and Frerichs moved to amend H. F. No. 2651, the first engrossment, as follows:

Page 11, after line 12, insert:

"Sec. 7. WACONIA SCHOOL DISTRICT

A capital loan in an amount not to exceed $1,484,395 to independent school district No. 110, Waconia, is approved.

Sec. 8. FARMINGTON SCHOOL DISTRICT

A capital loan in an amount not to exceed $8,153,144 to independent school district No. 192, Farmington, is approved.

Sec. 9. PIERZ SCHOOL DISTRICT

A capital loan in an amount not to exceed $770,862 to independent school district No. 484, Pierz, is approved.

Sec. 10. DOVER-EYOTA SCHOOL DISTRICT

A capital loan in an amount not to exceed $4,196,465 to independent school district No. 533, Dover-Eyota, is approved."

Page 14, delete lines 10 and 11

Page 14, delete lines 28 to 33

Page 17, delete lines 17 to 20

Page 17, delete line 31

Renumber the sections in sequence

Reletter all paragraphs accordingly

Correct internal references

A roll call was requested and properly seconded.

The question was taken on the Ozment et al amendment and the roll was called. There were 46 yeas and 84 nays as follows:

Those who voted in the affirmative were:

Bennett	Gruenes	Macklin	Pellow	Tjornhom
Blatz	Gutknecht	Marsh	Poppenhagen	Tompkins
Boo	Hartle	McDonald	Redalen	Uphus
Burger	Haukoos	McPherson	Richter	Valento
Carlson, D.	Heap	Miller	Runbeck	Waltman
Dempsey	Henry	Olsen, S.	Schafer	Wenzel
Forsythe	Hugoson	Omann	Schreiber	
Frederick	Johnson, V.	Onnen	Seaberg	
Frerichs	Knickerbocker	Ozment	Stanius	
Girard	Limmer	Pauly	Swenson	

Those who voted in the negative were:

Abrams	Dorn	Lasley	Orenstein	Segal
Anderson, G.	Greenfield	Lieder	Osthoff	Simoneau
Anderson, R.	Hasskamp	Long	Ostrom	Skoglund
Battaglia	Hausman	Lynch	Otis	Solberg
Bauerly	Jacobs	McEachern	Pappas	Sparby
Beard	Janezich	McGuire	Pelowski	Steensma
Begich	Jefferson	McLaughlin	Peterson	Sviggum
Bertram	Jennings	Milbert	Price	Trimble
Bishop	Johnson, A.	Munger	Pugh	Tunheim
Brown	Johnson, R.	Murphy	Quinn	Vellenga
Carlson, L.	Kahn	Nelson, C.	Reding	Wagenius
Carruthers	Kalis	Nelson, K.	Rest	Weaver
Clark	Kelly	Neuenschwander	Rice	Welle
Cooper	Kelso	O'Connor	Rodosovich	Williams
Dauner	Kinkel	Ogren	Rukavina	Winter
Dawkins	Kostohryz	Olson, E.	Sarna	Spk. Vanasek
Dille	Krueger	Olson, K.	Scheid	

The motion did not prevail and the amendment was not adopted.

McPherson moved to amend H. F. No. 2651, the first engrossment, as follows:

Page 16, after line 33, insert:

"Subd. 5. For sealing inactive wells on state-owned land 500,000

This appropriation is for sealing inactive wells identified on state-owned land."

Page 17, line 31, delete "14,580,000" and insert "14,080,000"

Adjust figures accordingly

A roll call was requested and properly seconded.

The question was taken on the McPherson amendment and the roll was called. There were 49 yeas and 83 nays as follows:

Those who voted in the affirmative were:

Bennett	Gutknecht	Limmer	Ozment	Stanius
Blatz	Hartle	Lynch	Pellow	Sviggum
Boo	Haukoos	Macklin	Poppenhagen	Swenson
Burger	Heap	Marsh	Price	Tjornhom
Dempsey	Henry	McDonald	Redalen	Tompkins
Dille	Himle	McPherson	Richter	Uphus
Frederick	Hugoson	Miller	Runbeck	Valento
Frerichs	Johnson, R.	Olsen, S.	Schafer	Waltman
Girard	Johnson, V.	Omann	Schreiber	Weaver
Gruenes	Knickerbocker	Onnen	Seaberg	

Those who voted in the negative were:

Abrams	Dorn	Lasley	Orenstein	Segal
Anderson, G.	Greenfield	Lieder	Osthoff	Simoneau
Anderson, R.	Hasskamp	Long	Ostrom	Skoglund
Battaglia	Hausman	McEachern	Otis	Solberg
Bauerly	Jacobs	McGuire	Pappas	Sparby
Beard	Janezich	McLaughlin	Pauly	Steensma
Begich	Jaros	Milbert	Pelowski	Trimble
Bertram	Jefferson	Morrison	Peterson	Tunheim
Bishop	Jennings	Munger	Pugh	Vellenga
Brown	Johnson, A.	Murphy	Quinn	Wagenius
Carlson, D.	Kahn	Nelson, C.	Reding	Welle
Carlson, L.	Kalis	Nelson, K.	Rest	Wenzel
Carruthers	Kelly	Neuenschwander	Rice	Williams
Clark	Kelso	O'Connor	Rodosovich	Winter
Cooper	Kinkel	Ogren	Rukavina	Spk. Vanasek
Dauner	Kostohryz	Olson, E.	Sarna	
Dawkins	Krueger	Olson, K.	Scheid	

The motion did not prevail and the amendment was not adopted.

Kostohryz; Kalis; Reding; Tunheim; Anderson, G.; Beard; McEachern; Janezich; Jacobs; Wenzel; O'Connor; Sviggum; Bertram; Ozment; Hartle; Kinkel; Solberg; Redalen and Johnson, V., moved to amend H. F. No. 2651, the first engrossment, as follows:

Page 30, line 15, after "artists" insert "who are veterans who live"

The motion prevailed and the amendment was adopted.

Heap, Solberg and Krueger moved to amend H. F. No. 2651, the first engrossment, as amended, as follows:

Page 13, after line 2, insert:

"(i) Each state agency requesting capital improvement money during the 1991-1993 biennium from the legislature shall provide the information required in paragraphs (j), (k), (l), and (m) to the commissioner of administration on a timely basis. The commissioner of administration shall present it to the legislature at the time capital requests are considered. The commissioner of administration shall collect and present the information so that it is easily comparable among programs within an agency and between agencies.

(j) For requests in 1991, each agency shall identify all repairs, remodeling, and new construction by building location for the ten-year period ending December 31, 1990. For 1992, the agency shall provide the same information for the ten-year period ending December 31, 1991.

(k) Each agency shall report the costs of each project for new construction and remodeling as they relate to the total projected operating expenditures of the requesting agency for the next five years. The department of finance shall develop a means to calculate these costs.

(l) As of July 1, 1990, a requesting agency must identify each item of

equipment that was purchased for $200 or more that is still in use. Each item of replacement equipment purchased for $200 or more after June 30, 1990, must be identified, and the date of purchase, duration of normal usage, and a comparison of replacement cost and repair cost must be provided.

(m) A requesting agency must identify each lease of office or other space in which the agency is the lessee as of July 1, 1990. The information must provide the location, the total square feet leased, the cost per square foot, and the owner of the space."

A roll call was requested and properly seconded.

Solberg moved to amend the Heap et al amendment to H. F. No. 2651, the first engrossment, as amended, as follows:

In the Heap et al amendment, Page 2, delete lines 9 to 18

Reletter the remaining paragraph

The motion prevailed and the amendment to the amendment was adopted.

The question recurred on the Heap et al amendment, as amended, and the roll was called. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Dawkins	Jefferson	McEachern	Ostrom
Anderson, G.	Dempsey	Jennings	McGuire	Otis
Anderson, R.	Dille	Johnson, A.	McLaughlin	Ozment
Battaglia	Dorn	Johnson, R.	McPherson	Pappas
Bauerly	Forsythe	Johnson, V.	Milbert	Pauly
Beard	Frederick	Kahn	Miller	Pellow
Begich	Frerichs	Kalis	Morrison	Pelowski
Bennett	Girard	Kelly	Munger	Peterson
Bertram	Greenfield	Kelso	Murphy	Poppenhagen
Bishop	Gruenes	Knickerbocker	Nelson, C.	Price
Blatz	Gutknecht	Kostohryz	Nelson, K.	Pugh
Boo	Hartle	Krueger	Neuenschwander	Quinn
Brown	Hasskamp	Lasley	Ogren	Redalen
Burger	Haukoos	Lieder	Olsen, S.	Reding
Carlson, D.	Hausman	Limmer	Olson, E.	Rest
Carlson, L.	Heap	Long	Olson, K.	Rice
Carruthers	Henry	Lynch	Omann	Richter
Clark	Himle	Macklin	Onnen	Rodosovich
Cooper	Hugoson	Marsh	Orenstein	Runbeck
Dauner	Jacobs	McDonald	Osthoff	Sarna

Schafer	Skoglund	Swenson	Valento	Wenzel
Scheid	Solberg	Tjornhom	Vellenga	Williams
Schreiber	Sparby	Tompkins	Wagenius	Winter
Seaberg	Stanius	Trimble	Waltman	Spk. Vanasek
Segal	Steensma	Tunheim	Weaver	
Simoneau	Sviggum	Uphus	Welle	

The motion prevailed and the amendment, as amended, was adopted.

H. F. No. 2651, A bill for an act relating to public administration; authorizing spending to acquire and to better public land and buildings and other public improvements of a capital nature, with certain conditions; authorizing issuance of state bonds; authorizing the commissioner of finance to make certain covenants to the purchasers of certain bonds or certificates of indebtedness; requiring identification of certain accounts; providing for the reduction and cancellation of certain bond sale authorizations; approving capital loans to certain school districts; not approving capital loans to certain school districts; authorizing certain lease-purchase, lease with option to buy, and rental arrangements by the commissioner of administration; appropriating money; amending Minnesota Statutes 1988, sections 16A.641, subdivision 6; 16A.672, by adding a subdivision; 16B.24, subdivisions 5 and 6; 116.18, subdivision 3d; 136.62, by adding a subdivision; 136A.28, subdivisions 3 and 7; 136C.04, subdivision 4; Minnesota Statutes 1989 Supplement, sections 16A.631; 16A.641, subdivision 7; 16A.69, subdivision 1; 16B.335, subdivision 2; Laws 1979, chapter 280, section 2, as amended; Laws 1989, chapter 329, article 5, section 21, subdivision 8; proposing coding for new law in Minnesota Statutes, chapter 124; repealing Minnesota Statutes 1988, section 16A.651.

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 112 yeas and 21 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Cooper	Hugoson	Kostohryz	Murphy
Anderson, R.	Dawkins	Jacobs	Krueger	Nelson, C.
Battaglia	Dempsey	Janezich	Lasley	Nelson, K.
Bauerly	Dille	Jefferson	Long	O'Connor
Beard	Dorn	Jennings	Lynch	Ogren
Begich	Forsythe	Johnson, A.	Macklin	Olsen, S.
Bennett	Frederick	Johnson, R.	Marsh	Olson, E.
Bertram	Girard	Johnson, V.	McDonald	Olson, K.
Bishop	Greenfield	Kahn	McEachern	Omann
Brown	Gruenes	Kalis	McGuire	Onnen
Carlson, D.	Hartle	Kelly	McLaughlin	Orenstein
Carlson, L.	Hasskamp	Kelso	Milbert	Osthoff
Carruthers	Hausman	Kinkel	Morrison	Ostrom
Clark	Heap	Knickerbocker	Munger	Otis

Ozment	Reding	Schreiber	Sviggum	Weaver
Pappas	Rest	Seaberg	Swenson	Welle
Pelowski	Rice	Segal	Tompkins	Wenzel
Peterson	Richter	Simoneau	Trimble	Williams
Poppenhagen	Rodosovich	Skoglund	Tunheim	Winter
Price	Rukavina	Solberg	Uphus	Spk. Vanasek
Pugh	Sarna	Sparby	Vellenga	
Quinn	Schafer	Stanius	Wagenius	
Redalen	Scheid	Steensma	Waltman	

Those who voted in the negative were:

Abrams	Frerichs	Jaros	Neuenschwander	Valento
Blatz	Gutknecht	Lieder	Pauly	
Boo	Haukoos	Limmer	Pellow	
Burger	Henry	McPherson	Runbeck	
Dauner	Himle	Miller	Tjornhom	

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

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

REPORTS OF STANDING COMMITTEES

Ogren from the Committee on Taxes to which was referred:

H. F. No. 2200, A bill for an act relating to education; starting, developing, adding to, clarifying, and financing elementary and secondary and related education programs and services, including those relating to general education, transportation, special programs, drug prevention and other community programs, facilities, programs of cooperation, other aids and levies, and the department of education; providing for technical rate changes; authorizing bonds and tax levies; appropriating money; amending Minnesota Statutes 1988, sections 120.062, subdivision 9, and by adding a subdivision; 121.148; 121.15, subdivisions 1 and 7; 121.88, subdivision 6; 121.882, subdivision 9, and by adding a subdivision; 121.908, subdivision 3; 121.917, subdivision 4; 122.91, by adding a subdivision; 122.93, by adding a subdivision; 122.94, subdivision 5; 123.33, subdivision 1; 123.35, by adding subdivisions; 123.3514, subdivisions 6 and 6b; 123.37, subdivision 1; 123.38, subdivisions 1 and 2b; 123.39, subdivision 6; 123.58, subdivisions 2 and 6; 123.9361; 123.947; 124.14, subdivision 7; 124.195, subdivision 10, and by adding subdivisions; 124.26, by adding a subdivision; 124.2711, subdivision 2; 124.494, by adding a subdivision; 124A.02, subdivision 1; 124A.036, subdivision 5, and by adding a subdivision; 125.185, by adding a subdivision; 125.231, subdivision 6; 125.60, subdivision 2; 126.12, subdivision 2; 126.666, subdivisions 2 and 4; 126.70, subdivision 2a; 129B.53, subdivision 3; 141.25, subdivisions 7 and 9; 181A.04, by adding a subdivision; 181A.12, subdivision 1; 275.125, subdivision 4; and 471.59, subdivision 2; Minnesota Stat-

utes 1989 Supplement, sections 121.111, subdivisions 1 and 2; 121.15, subdivision 2; 121.612, subdivisions 3 and 5; 121.88, subdivision 9; 121.882, subdivision 2; 122.243, subdivision 2; 122.91, subdivisions 1 and 5; 122.92, subdivision 1; 122.94, subdivision 6; 122.945, subdivision 2; 123.58, subdivision 9; 124.10, subdivision 2; 124.155, subdivision 2; 124.19, subdivision 7; 124.225, subdivisions 1, 3a, and 8k; 124.26, subdivisions 7 and 8; 124.2711, subdivisions 1 and 3; 124.2713; 124.2715; 124.2721; 124.2725, subdivision 8, and by adding a subdivision; 124.38, subdivision 7; 124.573, subdivision 2d; 124.83, subdivision 6; 124.90, subdivision 2; 124A.22, subdivision 2a; 126.22, subdivisions 2 and 3; 128B.03, subdivision 4; 129.128; 141.35; 275.125, subdivisions 5c, 5e, 6h, 6i, 8b, 9a, 9b, 9c, 11d, and 18; Minnesota Statutes Second 1989 Supplement, sections 124.2442, subdivision 1; 124.83, subdivisions 1 and 4; 124A.03, subdivision 2; 124A.26, subdivision 1; Laws 1959, chapter 462, section 3, subdivision 10, as renumbered, as amended; Laws 1984, chapter 463, article 6, section 15, subdivision 2; Laws 1988, chapter 718, article 6, section 23; and Laws 1989, chapter 329, article 5, section 21, subdivision 4; article 11, sections 15, subdivisions 2 and 12; 16, subdivision 2; article 12, sections 9, subdivision 2; and 11; proposing coding for new law in Minnesota Statutes, chapters 121; 122; 124; 125; 126; 129B; and 237; proposing coding for new law as Minnesota Statutes, chapter 124B; repealing Minnesota Statutes 1988, sections 121.15, subdivision 4; 124.43, subdivisions 2, 3, 4, 5, and 6; Minnesota Statutes 1989 Supplement, section 124.43, subdivision 1.

Reported the same back with the following amendments:

Pages 3 to 6, delete section 3

Page 6, line 23, delete "$386" and insert "$376"

Page 6, line 36, delete "6" and insert "5"

Page 16, line 27, delete "any" and after "year" insert "1991"

Page 16, line 28, after "must" insert "not" and delete "in the same manner that special"

Page 16, line 29, delete everything before the period

Page 16, line 36, delete "for previous years"

Page 35, line 10, after "under" insert "section 8"

Page 61, after line 21, insert:

"Sec. 22. [REVERSE REFERENDUM.]

If special school district No. 1, Minneapolis, independent school district No. 625, St. Paul, and independent school district No. 709, Duluth, intend to exercise the authority under sections 14, 16, and 18, respectively, the school district shall pass a resolution stating that fact before January 1, 1991. The resolution must be published for two successive weeks in the official newspaper of the city in which the school district is located, together with a notice fixing a date for a public hearing on the matter. The hearing must be held at least two weeks, but not more than four weeks, after the first publication of the resolution. Following the public hearing, the school district may determine to take no further action, or to adopt a resolution confirming its intent to exercise its authority to issue bonds. That resolution must also be published in the official newspaper of the city in which the school district is located. If within 30 days after publication of the resolution, voters equal in number to eight percent of the votes cast in the school district in the last statewide general election sign a petition requesting a vote on the proposed resolution and file the petition with the county auditor, the resolution is not effective until it has been submitted to the voters at a general or special election and a majority of votes cast on the question of approving the resolution are in the affirmative. The commissioner of education shall prepare a suggested form of the question to be presented at the election. The referendum must be held at a special or general election before December 1, 1991."

Page 126, delete lines 5 to 9

Page 131, after line 9, insert:

"Sec. 30. [REPORT TO LEGISLATURE.]

The commissioner of education shall report to the education committees of the legislature by February 1, 1992, concerning the model plans for parental involvement programs developed by the department of education under section 12B.79 and provide in the report recommendations for implementing the plans."

Renumber the sections in sequence

Correct internal references

Amend the title as follows:

Page 2, line 5, delete "124A.03, subdivision 2;"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Long, from the Committee on Rules and Legislative Administration, pursuant to House Rule No. 1.9, designated the following bills as Special Orders to be acted upon immediately following Special Orders pending for today, Monday, March 26, 1990:

H. F. Nos. 2063 and 2086; S. F. No. 1794; H. F. Nos. 2057, 2138, 2148, 2614, 1854, 2434, 2599 and 84; S. F. Nos. 1789 and 2130; H. F. Nos. 2199 and 2458; S. F. Nos. 2127, 1727 and 1920; H. F. No. 1894; and S. F. Nos. 1150, 1739 and 1698.

SPECIAL ORDERS

Long moved that H. F. No. 2199, No. 36 on Special Orders for today, Monday, March 26, 1990, be acted upon immediately. The motion prevailed.

H. F. No. 2199 was reported to the House.

Johnson, R., moved to amend H. F. No. 2199, the first engrossment, as follows:

Page 3, line 7, delete "reviewed" and insert "received"

The motion prevailed and the amendment was adopted.

Johnson, R., moved to amend H. F. No. 2199, the first engrossment, as amended, as follows:

Page 1, after line 39, insert:

"ARTICLE 1

TECHNICAL CORRECTIONS"

Page 47, after line 4, insert:

"ARTICLE 2

PURCHASE OF PRIOR SERVICE CREDIT

Section 1. [BUY-BACK OF PRIOR SERVICE CREDIT.]

Subdivision 1. [MILITARY AFFAIRS.] A person who was employed by the department of military affairs between April 14, 1967, and December 31, 1974, may purchase service credit from the Minnesota state retirement system for periods of that employment for which allowable service credit has not been obtained.

Subd. 2. [TEACHER.] A person who earned service credit in the teachers retirement association while employed as a teacher by independent school district No. 701 from 1968 to December of 1971 and has earned service credit in the association while employed as a special education teacher by a school district cooperative since July 1, 1974, may purchase credit for prior service as a teacher while employed by Range Center, Inc., from January 1, 1972, to June 30, 1974.

Subd. 3. [ST. CLOUD CITY COUNCIL.] A person who began service as an elected member of the St. Cloud city council on April 20, 1980, and who began participating in the public employees retirement association on February 19, 1989, may purchase credit for prior service as an elected member of the city council from April 20, 1980, to February 18, 1989.

Subd. 4. [AITKIN COUNTY OFFICIAL.] A member of the public employees retirement association with prior service as an elected county official in Aitkin county between January 4, 1971, and December 31, 1975, may purchase allowable service credit in the association for that period of service.

Subd. 5. [ST. LOUIS PARK.] A person who was born on July 31, 1927, who is the city attorney for the city of Brooklyn Park, and who was a member of the city council for the city of St. Louis Park from January 1, 1960 to January 1, 1968, is entitled to purchase credit from the public employees retirement association for that period of service if not otherwise credited as allowable service by the association.

Subd. 6. [PURCHASE.] Notwithstanding Minnesota Statutes, section 352.01, subdivision 11, any member of the Minnesota state retirement system currently employed by the Willmar Regional Treatment Center who left state service to attend the University of Michigan, Ann Arbor, between February 1966 and April 1968 may obtain allowable service credit for that period.

Subd. 7. [PERA.] A basic member of the public employees retirement association who was employed by the city of White Bear Lake from March 1, 1966 to February 1979, employed by the metropolitan transit commission on February 23, 1979, and who received a reduced salary based on service with the metropolitan transit commission between November 4, 1987 and March 1, 1988, may elect to exclude that service from calculation of the highest five

successive years average salary used to determine the person's annuity from the public employees retirement association.

Subd. 8. [PURCHASE PAYMENT AMOUNT.] To purchase credit for prior service under subdivisions 1 to 6 there must be paid to the applicable fund an amount equal to the present value, on the date of payment, of the amount of the additional retirement annuity obtained by the purchase of the additional service credit. To make an exclusion under subdivision 7, there must be paid to the public employees retirement association an amount equal to the difference in the present value, on the date of payment, of the additional retirement annuity obtained by the exclusion of service between November 4, 1987 and March 1, 1988 from calculation of the highest five successive years average salary. Calculation of this amount must be made using the applicable preretirement interest rate specified in Minnesota Statutes, section 356.215, subdivision 4d, and the mortality table adopted for the fund. The calculation must assume continuous future service in the association until, and retirement at, the age at which the minimum requirements of the retirement association for normal retirement or retirement with an annuity unreduced for retirement at an early age, including Minnesota Statutes, section 356.30, are met with the additional service credit purchased. The calculation must also assume a future salary history that includes annual salary increases at the salary increase rate specified in Minnesota Statutes, section 356.215, subdivision 4d. The person requesting the purchase of prior service shall establish in the records of the fund or association sufficient proof of the service for which the purchase of prior service is requested. The manner of the proof of service must be in accordance with procedures prescribed by the executive director of the association.

Subd. 9. [PAYMENT; CREDITING SERVICE.] Payment must be made in one lump sum, unless the executive director of the fund or association agrees to accept payment in installments over a period not to exceed three years from the date of the agreement, with interest at a rate deemed appropriate by the executive director. The period of allowable service may be credited to the account of the person or the period of service excluded from calculation of the high five only after receipt of full payment by the executive director.

Subd. 10. [OPTIONAL EMPLOYER PARTIAL PAYMENT.] Payment is the obligation of the person entitled to purchase credit for the prior service. However, the current or former employer of a person specified in subdivisions 1 to 7 may, at its discretion, pay all or any portion of the payment amount that exceeds an amount equal to the employee contribution rates in effect during the period of prior service applied to the actual salary rates in effect during the period of prior service, plus interest at the rate of six percent a year compounded annually from the date on which the contributions would otherwise have been made to the date on which the payment is made.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment.

ARTICLE 3

OTHER RETIREMENT PROVISIONS

Section 1. Minnesota Statutes 1988, section 3.082, is amended to read:

3.082 [MEMBERS' EMPLOYMENT; CONTINUATION.]

A member of the legislature of the state of Minnesota who held a position, other than a temporary position, in the employ of a private employer in Minnesota at the commencement of service in a legislative session, who applies for reemployment not later than 30 days after the last legislative day in each calendar year, shall be continued in or restored to the position, or to a position of like seniority, status and pay. Retirement benefits under an employer-sponsored pension or retirement plan shall not be reduced because of time spent in legislative service. A private pension or retirement plan may not reduce a retirement benefit otherwise payable to a person because of compensation that the person receives as a member of the legislature.

Sec. 2. Minnesota Statutes 1988, section 352B.01, subdivision 2, is amended to read:

Subd. 2. [MEMBER.] "Member" means:

(a) persons referred to and employed after June 30, 1943, under Laws 1929, chapter 355, as amended or supplemented, currently employed by the state, whose salaries or compensation is paid out of state funds;

(b) a conservation officer employed under section 97A.201, currently employed by the state, whose salary or compensation is paid out of state funds; and

(c) a ~~crime bureau officer who was employed by the crime bureau and was a member of the highway patrolmen's retirement fund on July 1, 1978, whether or not that person has the power of arrest by warrant after that date, or~~ person (1) who is employed by the bureau of criminal apprehension under section 299C.04 as police personnel, with powers of arrest by warrant ~~under section 299C.04, and who is currently employed by the state,~~ and whose salary or compensation is paid out of state funds~~.~~, (2) who was employed by the bureau of criminal apprehension and was a member of the highway patrolmen's retirement fund on July 1, 1978, whether or not that person

has the power of arrest by warrant after that date, who is currently employed by the department of public safety, and whose salary or compensation is paid out of state funds, or (3) who was employed by the bureau of criminal apprehension and was a member of the highway patrolmen's retirement fund on July 1, 1978, who has powers of arrest by warrant, who is currently employed by the department of public safety, and whose salary or compensation is paid out of state funds.

Sec. 3. Laws 1989, chapter 319, article 17, section 18, is amended to read:

Sec. 18. [EFFECTIVE DATE.]

Sections 1 to 15 and 17 are effective July 1, 1989. Section 16 is effective May 29, 1989.

Sec. 4. [MOOSE LAKE FIREFIGHTER RELIEF ASSOCIATION ASSETS.]

Notwithstanding the requirements of Minnesota Statutes, section 424A.02 or any other law, for firefighters' relief association purposes the Moose Lake area fire protection district must be treated as a continuation of the fire department of the city of Moose Lake. Assets of the Moose Lake fire department relief association must be transferred to a relief association now or hereafter established by the district and service of transferred members must be considered continuous for purpose of computing retirement benefits.

Sec. 5. [SURVIVOR BENEFIT COVERAGE IN CERTAIN INSTANCES.]

The surviving spouse of a former state employee who was employed as a correction officer at the St. Cloud state reformatory, who was born on February 25, 1905, and who died on June 14, 1970 is entitled to the surviving spouse benefit specified in Minnesota Statutes 1971, section 352.12, subdivision 2, notwithstanding that the date of death occurred a few months before the April 30, 1971 date of enactment of that provision and that a refund was paid under Minnesota Statutes 1969, section 352.12, subdivision 1. The surviving spouse benefit accrues on the first day of the month next following the date of enactment of this section and is payable upon an application filed with the executive director of the Minnesota state retirement system. The surviving spouse benefit is payable from the correctional employees retirement fund.

Sec. 6. [MAXIMUM SERVICE PENSION AMOUNT.] Notwithstanding Minnesota Statutes, section 424A.02, subdivision 3, the Minnetonka Volunteer Firefighter Relief Association may pay a

maximum service pension amount of $30 per month per year of service.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 5 are effective the day following final enactment. Section 3 is retroactive to May 29, 1989. Section 6 is effective upon approval by the governing body of the city of Minnetonka and upon compliance with Minnesota Statutes, section 645.021, subdivision 3."

Amend the title as follows:

Page 1, line 5, after the semicolon, insert "authorizing certain purchases of prior service credit; forbidding certain reductions in retirement benefits; providing that certain persons are members of the state troopers retirement plan; changing the effective date of a provision governing surviving spouse benefits from the public employees retirement association; providing survivor benefits to certain spouses of deceased former corrections employees; clarifying the status of certain volunteer firefighter relief associations; increasing maximum service pension for the Minnetonka volunteer firefighter relief association;"

Page 1, line 6, after "sections" insert "3.082;"

Page 1, line 7, after the first semicolon, insert "352B.01, subdivision 2;"

Page 1, line 30, after the semicolon, insert "amending Minnesota Statutes 1988, sections 3.082; and 352B.01, subdivision 2; Laws 1989, chapter 319, article 17, section 18;"

Himle moved to amend the Johnson, R., amendment to H. F. No. 2199, the first engrossment, as amended, as follows:

In the Johnson, R., amendment, Page 4, delete lines 3 to 18

Renumber the remaining sections

The motion prevailed and the amendment to the amendment was adopted.

The question recurred on the Johnson, R., amendment, as amended, to H. F. No. 2199, the first engrossment, as amended. The motion prevailed and the amendment, as amended, was adopted.

H. F. No. 2199, A bill for an act relating to retirement; making a variety of technical changes in the laws governing benefits and administration of various statewide and local public pension plans; authorizing certain purchases of prior service credit; forbidding certain reductions in retirement benefits; providing that certain persons are members of the state troopers retirement plan; changing the effective date of a provision governing surviving spouse benefits from the public employees retirement association; providing survivor benefits to certain spouses of deceased former corrections employees; clarifying the status of certain volunteer firefighter relief associations; increasing maximum service pension for the Minnetonka volunteer firefighter relief association; amending Minnesota Statutes 1988, sections 3A.03, subdivision 2; 352.73, by adding a subdivision; 352B.01, subdivision 2; 352B.11, subdivision 4; 352C.09, subdivision 2; 352D.05, subdivision 3; 354.05, subdivision 13; 354.07, subdivision 4; 354.146, subdivision 1; 354.42, subdivisions 2 and 3; 354.46, subdivision 1; 354.52, subdivision 2; 354.55, subdivision 19; 356.302, subdivisions 3 and 4; Minnesota Statutes 1989 Supplement, sections 352.01, subdivision 25; 352.031, subdivisions 2, 3, and by adding a subdivision; 352.115, subdivision 3; 352.116, subdivisions 1, 1a, and by adding a subdivision; 352.93, subdivisions 2a and 3; 352B.08, subdivisions 2a and 3; 352B.11, subdivision 2; 353.01, subdivision 37; 353.29, subdivision 3; 353.30; 353.651, subdivision 4; 354.05, subdivision 38; 354.071, subdivisions 2, 3, and by adding a subdivision; 354.44, subdivision 6; 354.45, subdivision 1a; 354.46, subdivision 2; 354.47, subdivision 1; 354.48, subdivision 3; 354.49, subdivisions 2 and 3; 354.50, subdivision 5; 354.55, subdivision 11; 354.65; 354.66, subdivision 2; 354A.011, subdivision 15a; 354A.095; 354A.31, subdivisions 4, 6, and 7; 354A.32, subdivisions 1 and 1a; 354B.02, subdivisions 2 and 3; 354B.03, subdivisions 1 and 3; 356.371, subdivision 3; 356.86, subdivisions 2, 4, 5, and 6; Laws 1989, chapter 319, article 17, section 18; Laws 1989, chapter 319, article 19, section 7, subdivision 4; repealing Minnesota Statutes 1988, sections 11A.19, subdivisions 1 to 8; 354.05, subdivisions 23, 24, 33, and 34; 354.146, subdivision 2; and 354.62, subdivisions 1, 3, 4, 5, and 6; Minnesota Statutes 1989 Supplement, sections 11A.19, subdivision 9; 353.87, subdivision 5; 354.44, subdivision 7; and 354.62, subdivisions 2 and 7.

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 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Bauerly	Bertram	Burger	Clark
Anderson, G.	Beard	Blatz	Carlson, D.	Cooper
Anderson, R.	Begich	Boo	Carlson, L.	Dauner
Battaglia	Bennett	Brown	Carruthers	Dawkins

Dempsey	Jennings	McPherson	Pellow	Solberg
Dille	Johnson, A.	Milbert	Pelowski	Sparby
Dorn	Johnson, R.	Miller	Peterson	Stanius
Forsythe	Johnson, V.	Morrison	Poppenhagen	Steensma
Frederick	Kahn	Munger	Price	Sviggum
Frerichs	Kalis	Murphy	Pugh	Swenson
Girard	Kelso	Nelson, C.	Quinn	Tjornhom
Greenfield	Kinkel	Nelson, K.	Redalen	Tompkins
Gruenes	Knickerbocker	Neuenschwander	Reding	Trimble
Gutknecht	Kostohryz	O'Connor	Rest	Tunheim
Hartle	Krueger	Ogren	Rice	Uphus
Hasskamp	Lasley	Olsen, S.	Richter	Valento
Haukoos	Lieder	Olson, E.	Rodosovich	Vellenga
Hausman	Limmer	Olson, K.	Rukavina	Wagenius
Heap	Long	Omann	Runbeck	Waltman
Henry	Lynch	Onnen	Sarna	Weaver
Himle	Macklin	Orenstein	Schafer	Welle
Hugoson	Marsh	Ostrom	Schreiber	Wenzel
Jacobs	McDonald	Otis	Seaberg	Williams
Janezich	McEachern	Ozment	Segal	Winter
Jaros	McGuire	Pappas	Simoneau	Spk. Vanasek
Jefferson	McLaughlin	Pauly	Skoglund	

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

Long moved that the remaining bills on Special Orders for today be continued. The motion prevailed.

GENERAL ORDERS

Long moved that the bills on General Orders for today be continued. The motion prevailed.

MOTIONS AND RESOLUTIONS

Trimble moved that the name of Kelly be added as an author on H. F. No. 2346. The motion prevailed.

Skoglund moved that the names of Johnson, A.; Wagenius; Winter and Steensma be added as authors on H. F. No. 2474. The motion prevailed.

Sarna moved that the name of Olsen, S., be added as an author on H. F. No. 2721. The motion prevailed.

Pappas moved that H. F. No. 1884, now on General Orders, be re-referred to the Committee on Appropriations. The motion prevailed.

Dawkins moved that H. F. No. 160 be returned to its author. The motion prevailed.

Dawkins moved that H. F. No. 2301 be returned to its author. The motion prevailed.

Valento moved that H. F. No. 2357 be returned to its author. The motion prevailed.

Abrams moved that H. F. No. 2359 be returned to its author. The motion prevailed.

Quinn moved that H. F. No. 2491 be returned to its author. The motion prevailed.

Blatz moved that H. F. No. 2740 be returned to its author. The motion prevailed.

ADJOURNMENT

Long moved that when the House adjourns today it adjourn until 1:30 p.m., Tuesday, March 27, 1990. The motion prevailed.

Long moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 1:30 p.m., Tuesday, March 27, 1990.

EDWARD A. BURDICK, Chief Clerk, House of Representatives