

STATE OF MINNESOTA

SEVENTY-SEVENTH SESSION—1991

FORTY-SECOND DAY

SAINT PAUL, MINNESOTA, MONDAY, APRIL 29, 1991

The House of Representatives convened at 2:30 p.m. and was called to order by Robert E. Vanasek, Speaker of the House.

Prayer was offered by Monsignor James D. Habiger, House Chaplain.

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	Frederick	Kelso	Ogren	Simoneau
Anderson, I.	Frerichs	Kinkel	Olsen, S.	Skoglund
Anderson, R.	Garcia	Knickerbocker	Olson, K.	Smith
Anderson, R. H.	Girard	Koppendrayner	Omann	Solberg
Battaglia	Goodno	Krinkie	Onnen	Sparby
Bauerly	Greenfield	Krueger	Orenstein	Stanius
Beard	Gruenes	Lasley	Orfield	Steensma
Begich	Gutknecht	Leppik	Osthoff	Sviggum
Bertram	Hanson	Lieder	Ostrom	Swenson
Bettermann	Hartle	Limmer	Ozment	Thompson
Bishop	Hasskamp	Long	Pauly	Trimble
Blatz	Haukoos	Lourey	Pellow	Tunheim
Bodahl	Hausman	Lynch	Pelowski	Uphus
Boo	Heir	Macklin	Peterson	Valento
Brown	Henry	Mariani	Pugh	Vellenga
Carlson	Hufnagle	Marsh	Reding	Wagenius
Carruthers	Hugoson	McEachern	Rest	Waltman
Clark	Jacobs	McGuire	Rice	Weaver
Cooper	Janezich	McPherson	Rodovich	Wejzman
Dauner	Jaros	Milbert	Rukavina	Welker
Davids	Jefferson	Morrison	Runbeck	Welle
Dawkins	Jennings	Munger	Sarna	Wenzel
Dempsey	Johnson, A.	Murphy	Schafer	Winter
Dille	Johnson, R.	Nelson, K.	Scheid	Spk. Vanasek
Dorn	Johnson, V.	Nelson, S.	Schreiber	
Erhardt	Kahn	Newinski	Seaberg	
Farrell	Kalis	O'Connor	Segal	

A quorum was present.

Olson, E., and Tompkins were excused.

The Chief Clerk proceeded to read the Journals of the preceding

days. Frederick 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 STANDING COMMITTEES

Kalis from the Committee on Transportation to which was referred:

H. F. No. 159, A bill for an act relating to transportation; authorizing department of transportation to assist towns in financing engineering and approach work for bridge projects under certain conditions; amending Minnesota Statutes 1990, section 161.39, subdivision 5.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1990, section 161.082, subdivision 2a, is amended to read:

Subd. 2a. (a) An amount equal to 25 percent of the county turnback account must be expended, within counties having two or more towns, on town road bridge structures that are ten feet or more in length and on town road culverts that replace existing town road bridges. In addition, if the present bridge structure is less than ten feet in length but a hydrological survey indicates that the replacement bridge structure or culvert must be ten feet or more in length, then the bridge or culvert is eligible for replacement funds. The expenditures on bridge structures and culverts may be on a matching basis, and if on a matching basis, not more than 90 percent of the cost of a bridge structure or culvert may be paid from the county turnback account. When bridge approach construction work exceeds \$10,000 in costs, the town shall be eligible for financial assistance from the town bridge account. Financial assistance shall be limited to 90 percent of the cost of the bridge approach work that is in excess of \$10,000 and shall be requested by resolution of the county board.

(b) An amount equal to 47.5 percent of the county turnback account must be set aside as a town road account and distributed as provided in section 162.081.”

Delete the title and insert:

“A bill for an act relating to transportation; authorizing certain assistance for bridge approaches from the town bridge account;

amending Minnesota Statutes 1990, section 161.082, subdivision 2a."

With the recommendation that when so amended the bill pass.

The report was adopted.

Vellenga from the Committee on Judiciary to which was referred:

H. F. No. 587, A bill for an act relating to security guards; requiring the registration of certain employees of private detectives and protective agents, and proprietary employers; precluding local regulation of private detectives and protective agents; providing penalties; amending Minnesota Statutes 1990, sections 326.32, subdivisions 13 and 14; 326.3341; 326.336, subdivisions 1 and 2; 326.3361, subdivisions 1, 2, and 3; 326.3381, subdivisions 1a, 2, and 3; 326.3386, subdivision 2; and 326.3388; proposing coding for new law in Minnesota Statutes, chapter 326.

Reported the same back with the following amendments:

Page 3, line 18, after "an" insert "exclusive"

Page 3, line 19, before the semicolon insert "or an attorney"

Page 4, line 16, delete "or gross misdemeanor assault"

Page 6, after line 30, insert:

"Upon denial of a registration application, the board shall notify the applicant of the denial and the facts and circumstances that constitute the denial. The board shall advise the applicant of the right to a contested case hearing under chapter 14."

With the recommendation that when so amended the bill pass.

The report was adopted.

Skoglund from the Committee on Financial Institutions and Insurance to which was referred:

H. F. No. 603, A bill for an act relating to consumer protection; regulating consumer credit information procedures; providing for the regulation of credit service organizations; providing penalties;

proposing coding for new law in Minnesota Statutes, chapters 325G and 332.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. [332.52] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 1 to 9.

Subd. 2. [BUYER.] “Buyer” means any individual who is solicited to purchase or who purchases the services of a credit services organization.

Subd. 3. [CREDIT SERVICES ORGANIZATION.] (a) “Credit services organization” means any person that, with respect to the extension of credit by others, sells, provides, performs, or represents that the person will sell, provide, or perform, in return for the payment of money or other valuable consideration, any of the following services:

- (1) improve a buyer’s credit record, history, or rating;
- (2) obtain an extension of credit for a buyer; or
- (3) provide advice or assistance to a buyer with regard to either clause (1) or (2).

(b) “Credit services organization” does not include:

(1) any person authorized to make loans or extensions of credit under the laws of this state or the United States, if the person is subject to regulation and supervision by this state or the United States or a lender approved by the United States Secretary of Housing and Urban Development for participation in any mortgage insurance program under the National Housing Act;

(2) any bank, savings bank, or savings and loan institution whose deposits or accounts are eligible for insurance by the Federal Deposit Insurance Corporation or a subsidiary of the bank, savings bank, or savings and loan institution;

(3) any credit union, federal credit union, or out-of-state credit union doing business in this state;

(4) any nonprofit organization exempt from taxation under section

501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1990;

(5) any person licensed as a prorating agency under the laws of this state if the person is acting within the course and scope of that license;

(6) any person licensed as a real estate broker by this state if the person is acting within the course and scope of that license;

(7) any person licensed as a collection agency under the laws of this state if the person is acting within the course and scope of that license;

(8) any person licensed to practice law in this state if the person renders services within the course and scope of practice as an attorney;

(9) any broker-dealer registered with the Securities and Exchange Commission or the Commodity Futures Trading Commission if the broker-dealer is acting within the course and scope of that regulation; or

(10) any consumer reporting agency as defined in the federal Fair Credit Reporting Act, United States Code, title 15, sections 1681 to 1681t, as amended through December 31, 1990.

Subd. 4. [EXTENSION OF CREDIT.] "Extension of credit" means the right, offered or granted primarily for personal, family, or household purposes, to defer payment of debt or to incur debt and defer its payment.

Sec. 2. [332.53] [WAIVER OF RIGHTS.]

Any waiver by a buyer of sections 1 to 9 is void. Any attempt by a credit services organization to have a buyer waive rights provided under sections 1 to 9 is a violation of sections 1 to 9. In any proceeding involving sections 1 to 9, the burden of proving an exemption or an exception from a definition is upon the person claiming it.

Sec. 3. [332.54] [REGISTRATION; FEES.]

Subdivision 1. [FILING.] It is unlawful for any credit services organization to offer, advertise, or execute or cause to be executed by a consumer any contract in this state unless the credit services organization at the time of the offer, advertisement, sale, or execution of a contract has been properly registered with the commissioner. The commissioner may charge the credit services

organization a reasonable fee not exceeding \$100 to cover the costs of filing.

Subd. 2. [DISCLOSURE.] The registration must contain the following information:

(1) the name and address of the credit services organization;

(2) the name and address of the registered agent authorized to accept service of process on behalf of the credit services organization;

(3) the name and address of any person who directly or indirectly owns or controls a ten percent or greater interest in the credit services organization;

(4) the name and address of the surety company that issued the bond required under section 4; and

(5) full disclosure of any litigation or unresolved complaint filed within the preceding five years with the state, any other state, or the United States relating to the operation of the credit services organization, or a notarized statement that there has been no litigation or unresolved complaint filed within the preceding five years with the state, any other state, or the United States relating to the operation of the credit services organization.

Subd. 3. [ADDITIONAL INFORMATION.] The credit services organization must attach to the registration statement a copy of the contract which the credit services organization intends to execute with its consumers and evidence of the required bond.

Subd. 4. [UPDATE OF INFORMATION.] The credit services organization must update the registration statement required under this section not later than 90 days after the date from which a change in the information required in the statement occurs.

Subd. 5. [BUYER INSPECTION.] Each credit services organization registering under this section must maintain a copy of the registration statement in its files. The credit services organization must allow a buyer to inspect the registration statement on request.

Sec. 4. [332.55] [BOND.]

A credit services organization must submit to the commissioner at the time of registration, a surety bond of \$10,000 to be approved by the attorney general and in which an insurance company, which is authorized by the state of Minnesota to transact the business of fidelity and surety insurance, is a surety. The credit services organization must be the obligor. The bond must benefit the state of

Minnesota and any person who may have a cause of action against the obligor arising out of the obligor's activities as a credit services organization. The commissioner may accept a deposit in cash, or securities that may be legally purchased by savings banks or for trust funds of an aggregate market value equal to the bond requirement, in lieu of the surety bond. The cash or securities must be deposited with the state treasurer.

Sec. 5. [332.56] [PROHIBITED ACTS.]

Subdivision 1. [REQUIREMENTS; PROHIBITIONS.] A credit services organization, its salespersons, agents, and representatives, and independent contractors who sell or attempt to sell the services of a credit services organization may not do any of the following:

(1) charge or receive any money or other valuable consideration prior to full and complete performance of the services the credit services organization has agreed to perform for the buyer;

(2) charge or receive any money or other valuable consideration solely for referral of the buyer to a retail seller who will or may extend credit to the buyer if the credit that is or will be extended to the buyer is upon substantially the same terms as those available to the general public;

(3) make, counsel, or advise any buyer to make, any statement with respect to a buyer's credit worthiness, credit standing, or credit capacity that is untrue or misleading or that should be known by the exercise of reasonable care to be untrue or misleading to a credit reporting agency or to any person who has extended credit to a buyer or to whom a buyer is applying for an extension of credit; or

(4) make or use any untrue or misleading representations in the offer or sale of the services of a credit services organization or engage, directly or indirectly, in any act, practice, or course of business that operates or would operate as fraud or deception upon any person in connection with the offer or sale of the services of a credit services organization.

Subd. 2. [SALESPERSONS; AGENTS.] If a credit services organization is in compliance with subdivision 1, clause (1), the salesperson, agent, or representative who sells the services of that organization is not required to obtain a surety bond.

Sec. 6. [332.57] [DISCLOSURE STATEMENT.]

Subdivision 1. [REQUIREMENT.] Before the execution of a contract or agreement between the buyer and a credit services organization or before the receipt by the credit services organization of any money or other valuable consideration, whichever occurs first, the

credit services organization shall provide the buyer with a statement in writing containing all of the information required by subdivision 2. The credit services organization shall maintain on file for a period of two years an exact copy of the statement, personally signed by the buyer, acknowledging receipt of a copy of the statement.

Subd. 2. [CONTENTS.] The disclosure statement required under subdivision 1 must be printed in boldface and in at least ten point type and must include the following statement:

“CONSUMER CREDIT FILE RIGHTS UNDER MINNESOTA
AND FEDERAL LAW

You have a right to obtain a copy of your credit report from a credit bureau. You may be charged a reasonable fee. There is no fee, however, if you have been turned down for credit, employment, insurance, or a rental dwelling because of information in your credit report within the preceding 30 days. The credit bureau must provide someone to help you interpret the information in your credit file.

You have a right to dispute inaccurate information by contacting the credit bureau directly. However, neither you nor any “credit repair” company or credit services organization has the right to have accurate, current, and verifiable information removed from your credit bureau report. Under the federal Fair Credit Reporting Act, the credit bureau must remove accurate, negative information from your report only if it is over seven years old. Bankruptcy can be reported for ten years.

You have a right to sue a credit repair company that violates Minnesota’s credit services organization act. This law prohibits deceptive practices by credit repair companies and gives you a right to cancel your contract for any reason within five working days from the date you signed it.

Credit bureaus are required to follow reasonable procedures to ensure that creditors report information accurately. However, mistakes may occur.

You may, on your own, notify a credit bureau in writing that you dispute the accuracy of information in your credit file. The credit bureau must then reinvestigate and modify or remove inaccurate information. The credit bureau may not charge any fee for this service. Any pertinent information and copies of any documents you have concerning an error should be given to the credit bureau.

If reinvestigation does not resolve the dispute to your satisfaction, you may send a brief statement to the credit bureau to keep in your file, explaining why you think the record is inaccurate. The credit

bureau must include your statement about disputed information with any reports it issues about you."

Sec. 7. [332.58] [CONTRACT.]

Subdivision 1. [REQUIREMENTS.] Each contract between the buyer and a credit services organization for the purchase of the services of the credit services organization must be in writing, dated, and signed by the buyer and must include the following:

(1) a conspicuous statement in boldface type, in immediate proximity to the space reserved for the signature of the buyer, as follows: "If you, the buyer, have been denied credit within the last 30 days, you may obtain a free copy of the consumer credit report from the consumer reporting agency. You also have the right to dispute inaccurate information in a report. You may cancel this contract at any time prior to midnight of the fifth day after the date of the transaction. See the attached notice of cancellation form for an explanation of this right";

(2) the terms and conditions of payment, including the total of all payments to be made by the buyer, whether to the credit services organization or to some other person;

(3) a full and detailed description of the services to be performed by the credit services organization for the buyer, including all guarantees and all promises of full or partial refunds, and the estimated date by which the services are to be performed or the estimated length of time for performing the services;

(4) the credit services organization's principal business address and the name and address of its agent in this state authorized to receive service of process; and

(5) with respect to the previous calendar year or the time period the credit services organization has been in business, whichever is shorter, the percentage of the credit services organization's customers for whom the credit services organization has fully and completely performed the services the credit services organization agreed to perform for the buyer.

Subd. 2. [NOTICE OF CANCELLATION.] The contract must be accompanied by a completed form in duplicate, captioned "Notice of Cancellation" that must be attached to the contract, is easily detachable, and contains in boldface type the following statement written in the same language as used in the contract:

"Notice of Cancellation

You may cancel this contract without any penalty or obligation within five days from the date the contract is signed.

If you cancel this contract, any payment made by you under this contract will be returned within ten days following receipt by the seller of your cancellation notice.

To cancel this contract, mail or deliver a signed dated copy of this cancellation notice, or any other written notice to(name of seller)..... at(address of seller).....,(place of business)..... not later than midnight(date).....

I hereby cancel this transaction,

.....(date).....

...(purchaser's signature)..."

Subd. 3. [BUYER'S COPY.] The credit services organization shall give to the buyer a copy of the completed contract and all other documents the credit services organization requires the buyer to sign at the time that they are signed.

Sec. 8. [332.59] [VIOLATIONS.]

Any person who violates sections 1 to 7 is guilty of a misdemeanor. The commissioner of commerce may bring a civil action or proceeding against a person who violates any provision of sections 1 to 7. A violation of sections 1 to 7 is a violation of section 325F.69, subdivision 1, and the provisions of section 8.31 apply. Sections 1 to 9 do not limit or restrict the right of any person to pursue any appropriate remedy for a violation of sections 1 to 9.

Sec. 9. [332.60] [DAMAGES.]

A buyer suffering damages as a result of a violation of sections 1 to 7 by a credit services organization may bring an action for recovery of damages. Judgment must be entered for actual damages, but in no case shall the amount be less than the amount paid by the buyer to the credit services organization, plus reasonable attorney fees and costs. An award may also be entered for punitive damages. The remedies provided under sections 1 to 9 are in addition to any other procedures or remedies for any violation or conduct otherwise provided by law."

Amend the title as follows:

Page 1, line 6, delete "chapters 325G and" and insert "chapter"

With the recommendation that when so amended the bill pass.

The report was adopted.

Kalis from the Committee on Transportation to which was referred:

H. F. No. 612, A bill for an act relating to railroads; allowing access over railroad right-of-way to landlocked adjoining properties; amending Minnesota Statutes 1990, section 219.35.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 219.35, is amended to read:

219.35 [CROSSINGS AND DRAINS.]

Persons owning lands abutting upon a railroad may construct, at their own expense, crossings under, over, or across the railroad and drains under and across the railroad at places and in ways that do not obstruct or impair the use of the railroad. ~~These crossings and drains must be maintained and kept in repair by the railroad company.~~ Before constructing them, the owner of the land shall serve on the nearest station agent of the company a notice, stating in detail the work which the landowner desires to perform, and the company may construct that work; but the crossings and drains may not be opened for the use of the landowner until the landowner pays the reasonable cost of construction. These crossings and drains must be maintained and kept in repair by the railroad company; however, the railroad may require reimbursement from the abutting landowners of its reasonable and accountable maintenance and repair costs when the crossing is initiated by the landowners and agreed to in advance by the railroad company. The railroad company shall ensure, allow, and not prohibit reasonable egress and ingress across a crossing except as may be required for maintenance of the crossing or for normal operation of the railroad.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment."

With the recommendation that when so amended the bill pass and be placed on the Consent Calendar.

The report was adopted.

Osthoff from the Committee on General Legislation, Veterans Affairs and Gaming to which was referred:

H. F. No. 635, A bill for an act relating to elections; setting certain redistricting goals and deadlines; authorizing certain actions by voters; amending Minnesota Statutes 1990, sections 204B.135; 204B.14, subdivision 3, and by adding a subdivision; and 375.025, subdivision 2.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1990, section 124A.03, subdivision 2, is amended to read:

Subd. 2. [REFERENDUM LEVY.] (a) The levy authorized by section 124A.23, subdivision 2, may be increased in the amount approved by the voters of the district at a referendum called for the purpose. The referendum may be called by the school board or shall be called by the school board upon written petition of qualified voters of the district. The referendum must be held on the first Tuesday after the first Monday in November. The ballot shall state the maximum amount of the increased levy as a percentage of net tax capacity, the amount that will be raised by that local tax rate in the first year it is to be levied, and that the local tax rate shall be used to finance school operations. The ballot shall designate the specific number of years for which the referendum authorization shall apply. The ballot may contain a textual portion with the information required in this subdivision and a question stating substantially the following:

“Shall the increase in the levy proposed by (petition to) the board of, School District No. ..., be approved?”

If approved, the amount provided by the approved local tax rate applied to the net tax capacity for the year preceding the year the levy is certified shall be authorized for certification for the number of years approved, if applicable, or until revoked or reduced by the voters of the district at a subsequent referendum.

(b) The school board shall prepare and deliver by first class mail at least 15 days but no more than 30 days prior to the day of the

referendum to each taxpayer at the address listed on the school district's current year's assessment roll, a notice of the referendum and the proposed levy increase. For the purpose of giving mailed notice under this subdivision, owners shall be those shown to be owners on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer. Every property owner whose name does not appear on the records of the county auditor or the county treasurer shall be deemed to have waived this mailed notice unless the owner has requested in writing that the county auditor or county treasurer, as the case may be, include the name on the records for this purpose. The notice must project the anticipated amount of increase in annual dollars and annual percentage for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the school district.

The notice must include the following statement: "In 1989 the legislature reduced property taxes for education by increasing the state share of funding for education. However, state aid for cities and townships was reduced by a corresponding amount. As a result, property taxes for cities and townships may increase. Passage of this referendum will result in an increase in your property taxes."

(c) A referendum on the question of revoking or reducing the increased levy amount authorized pursuant to paragraph (a) may be called by the school board and shall be called by the school board upon the written petition of qualified voters of the district. A levy approved by the voters of the district pursuant to paragraph (a) must be made at least once before it is subject to a referendum on its revocation or reduction for subsequent years. Only one revocation or reduction referendum may be held to revoke or reduce a levy for any specific year and for years thereafter.

(d) A petition authorized by paragraph (a) or (c) shall be effective if signed by a number of qualified voters in excess of 15 percent of the registered voters of the school district on the day the petition is filed with the school board. A referendum invoked by petition shall be held on the date specified in paragraph (a).

(e) The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this subdivision.

(f) At least 15 days prior to the day of the referendum, the district shall submit a copy of the notice required under paragraph (b) to the commissioner of education. Within 15 days after the results of the referendum have been certified by the school board, or in the case of a recount, the certification of the results of the recount by the canvassing board, the district shall notify the commissioner of education of the results of the referendum.

(g) Any referendum under this section authorized by law to be held on a day other than the first Tuesday after the first Monday in November must be conducted by mail in accordance with section 204B.46. Notwithstanding paragraph (b) to the contrary, in the case of a referendum conducted by mail under this paragraph, the notice required by paragraph (b) shall be prepared and delivered by first class mail at least 20 days before the referendum.

Sec. 2. Minnesota Statutes 1990, section 202A.14, subdivision 1, is amended to read:

Subdivision 1. [TIME AND MANNER OF HOLDING; POST-PONEMENT.] At 7:30 p.m. on the ~~fourth~~ first Tuesday in ~~February~~ after the first Monday in March in every state general election year there shall be held for every election precinct a party caucus in the manner provided in sections 202A.14 to 202A.19, except that in the event of severe weather a major political party may request the secretary of state to postpone caucuses. If a major political party makes a request, or upon the secretary of state's own initiative, after consultation with all major political parties and on the advice of the federal weather bureau and the department of transportation, the secretary of state may declare precinct caucuses to be postponed for a week in counties where weather makes travel especially dangerous. The secretary of state shall submit a notice of the postponement to news media covering the affected counties by 6:00 p.m. on the scheduled day of the caucus. A postponed caucus may also be postponed pursuant to this subdivision.

Sec. 3. Minnesota Statutes 1990, section 203B.02, is amended by adding a subdivision to read:

Subd. 1a. [EXPERIMENTAL PROCEDURES.] A county board may authorize any eligible voter in the county to vote by absentee ballot without qualification by submitting a written request to the county auditor between August 1, 1991, and November 30, 1992, notwithstanding the provisions of subdivision 1. The county auditor shall notify the secretary of state immediately after the adoption of such a resolution of authorization by the county board.

The application for absentee ballots must include the voter's name, residence address in the county, address to which the ballots are to be mailed, the date of the request, and the voter's signature.

The county auditor shall maintain a record of the number of applications for absentee ballots submitted under this subdivision. No later than January 15, 1993, the secretary of state shall prepare a report to the legislature on the implementation of this subdivision.

Assistance to voters in marking absentee ballots is subject to section 204C.15, subdivision 1.

Sec. 4. Minnesota Statutes 1990, section 204B.135, is amended to read:

204B.135 [REDISTRICTING OF ELECTION DISTRICTS.]

Subdivision 1. [CITIES WITH WARDS.] A city that elects its council members by wards may not redistrict those wards in a year ending in one or before the legislature has been redistricted in a year ending in two. The wards must be redistricted within 45 days after the legislature has been redistricted or by May 10 at least 19 weeks before the state primary election in the year ending in two, whichever is first.

Subd. 2. [OTHER ELECTION DISTRICTS.] For purposes of this subdivision, "local government election district" means a county district, park and recreation district, school district, or soil and water conservation district. Local government election districts, other than city wards covered by subdivision 1, may not be redistricted until precinct boundaries are reestablished under section 204B.14, subdivision 3, paragraph (c), or by May 10 in a year ending in two, whichever comes first. Election districts covered by this subdivision must be redistricted within 65 days of the time when the legislature has been redistricted or by June 1 at least 15 weeks before the state primary election in the year ending in two, whichever comes first.

Subd. 3. [VOTERS RIGHTS.] (a) An eligible voter may apply to the district court for either a writ of mandamus requiring the redistricting of wards or local government election districts or to revise any plan adopted by the governing body responsible for redistricting of wards or local government election districts.

(b) If a city adopts a ward redistricting plan at least 19 weeks before the primary in a year ending in two, an application for revision of the plan that seeks to affect elections held in the year ending in two must be filed with the district court within three weeks but no later than 18 weeks before the state primary election in the year ending in two, notwithstanding any charter provision. If a city adopts a ward redistricting plan less than 19 weeks before the state primary in a year ending in two, an application for revision of the plan that seeks to affect elections held in the year ending in two must be filed with the district court no later than one week after the plan has been adopted, notwithstanding any charter provision.

(c) If a plan for redistricting of a local government election district is adopted at least 15 weeks before the state primary election in a year ending in two, an application for revision of the plan that seeks to affect elections held in the year ending in two must be filed with the district court within three weeks but no later than 14 weeks before the state primary election in the year ending in two. If a plan for redistricting of a local government election district is adopted

less than 15 weeks before the state primary election in a year ending in two, an application for revision of the plan that seeks to affect elections held in the year ending in two must be filed with the district court no later than one week after the plan has been adopted.

Subd. 4. [SPECIAL ELECTIONS; LIMITATIONS.] No municipality or school district may conduct a special election during the 19 weeks before the state primary election in the year ending in two, except for special elections conducted on the date of the school district general election. A school district special election required by any other law may be deferred until the date of the next school district general election, the state primary election, or the state general election.

Sec. 5. Minnesota Statutes 1990, section 204B.14, is amended by adding a subdivision to read:

Subd. 1a. [LEGISLATIVE POLICY.] It is the intention of the legislature to complete congressional and legislative redistricting activities in time to permit counties and municipalities to begin the process of reestablishing precinct boundaries as soon as possible after the adoption of the congressional and legislative redistricting plans but in no case later than 25 weeks before the state primary election in the year ending in two.

Sec. 6. Minnesota Statutes 1990, section 204B.14, subdivision 3, is amended to read:

Subd. 3. [BOUNDARY CHANGES; PROHIBITIONS; EXCEPTION.] Notwithstanding other law or charter provisions to the contrary, during the period from January 1 in any year ending in seven to the time when the legislature has been redistricted in a year ending in two, no changes may be made in the boundaries of any election precinct except as provided in this subdivision.

(a) If a city annexes an unincorporated area located in the same county as the city and adjacent to the corporate boundary, the annexed area may be included in an election precinct immediately adjacent to it.

(b) A municipality or county may establish new election precincts lying entirely within the boundaries of any existing precinct and shall assign names to the new precincts which include the name of the former precinct.

(c) Precinct boundaries must be reestablished within 45 days of the time when the legislature has been redistricted, or by May 10 at least 19 weeks before the state primary election in a year ending in two, whichever comes first. The adoption of reestablished precinct

boundaries becomes effective on the date of the state primary election in the year ending in two.

Precincts must be arranged so that no precinct lies in more than one legislative district.

Sec. 7. Minnesota Statutes 1990, section 204B.14, subdivision 4, is amended to read:

Subd. 4. [BOUNDARY CHANGE PROCEDURE.] Any change in the boundary of an election precinct shall be adopted at least 90 days before the date of the next election and shall not take effect until notice of the change has been posted in the office of the municipal clerk or county auditor for at least 60 days. Except in the case of the combination or separation of municipalities for election purposes under subdivision 8, the municipal clerk or county auditor shall notify each affected registered voter of the change in election precinct boundaries at least ~~30~~ 14 days prior to the first election held after the change takes effect.

The county auditor must publish a notice illustrating or describing the congressional, legislative, and county commissioner district boundaries in the county in one or more qualified newspapers in the county at least 14 days prior to the first day to file affidavits of candidacy for the state general election in the year ending in two.

Alternate dates for adopting changes in precinct boundaries, posting notices of boundary changes, and notifying voters affected by boundary changes pursuant to this subdivision may be established in the manner provided in the rules of the secretary of state.

Sec. 8. Minnesota Statutes 1990, section 204B.14, subdivision 6, is amended to read:

Subd. 6. [PRECINCT BOUNDARIES TO FOLLOW PHYSICAL FEATURES.] The boundaries of election precincts shall follow visible, clearly recognizable physical features. If it is not possible to establish the boundary between any two adjacent precincts along such features, the boundary around the two precincts combined shall be established in the manner provided in the rules of the secretary of state to comply with the provisions of this subdivision. The maps required by subdivision 5 shall clearly indicate which boundaries do not follow visible, clearly recognizable physical features.

For the purposes of this subdivision, "visible, clearly recognizable physical feature" means a street, road, boulevard, parkway, river, stream, shoreline, drainage ditch, railway right-of-way, or any other line which is clearly visible from the ground. A street or other roadway which has been platted but not graded is not a visible,

clearly recognizable physical feature for the purposes of this subdivision.

Sec. 9. [204B.145] [DUTIES OF SECRETARY OF STATE.]

The secretary of state shall conduct conferences with the county auditors, municipal clerks, and school district clerks to instruct them on the procedures for redistricting of election districts and establishment of election precincts in the year ending in one.

Sec. 10. Minnesota Statutes 1990, section 204B.16, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY; LOCATION.] The governing body of each municipality and of each county with precincts in unorganized territory shall designate by ordinance or resolution a polling place for each election precinct. Polling places must be designated and ballots must be distributed so that no one is required to go to more than one polling place to vote in a school district and municipal election held on the same day. The polling place for a precinct in a municipality city or in a school district located in whole or in part in the metropolitan area defined by section 473.121 shall be located within the boundaries of the precinct or within 1,500 3,000 feet of one of those boundaries unless a single polling place is designated for a city pursuant to subdivision 2 or a school district pursuant to section 205A.11. The polling place for a precinct may be located up to 3,000 feet outside one of the boundaries of the precinct if necessary to locate a polling place that is accessible to and usable by elderly and handicapped individuals as required in subdivision 5. The polling place for a precinct in unorganized territory may be located outside the precinct at a place which is convenient to the voters of the precinct. If no suitable place is available within ~~the~~ a town or within a school district located outside the metropolitan area defined by section 473.121, then the polling place for a town or school district may be located outside the town or school district within five miles of one of the boundaries of the town or school district.

Sec. 11. Minnesota Statutes 1990, section 204B.16, subdivision 2, is amended to read:

Subd. 2. [SINGLE POLLING PLACE PERMITTED.] The governing body of any city of the third or fourth class having more than one precinct or of any city with territory in more than one county may by ordinance or resolution designate a single, accessible, centrally located polling place where all the voters of the city shall cast their ballots. A single polling place may also be established for two precincts combined in the manner provided in section 204B.14, subdivision 6. A single board of election judges may be appointed to serve at this polling place. The number of election judges appointed shall be determined by considering the number of voters in the

entire city as if they were voters in a single precinct. Separate ballot boxes shall be provided and separate returns made for each precinct in the city.

Sec. 12. Minnesota Statutes 1990, section 204B.45, is amended by adding a subdivision to read:

Subd. 1a. [EXPERIMENTAL MAIL BALLOTING; AUTHORIZATION.] The secretary of state may authorize Ramsey and Kittson counties to conduct elections entirely by mail on an experimental basis. A request from a county board seeking authorization to conduct an experimental mail election must be submitted to the secretary of state at least 90 days prior to the election. The county auditor must pay all costs related to mailing the ballots to and from the voters.

The secretary of state shall prepare a report to the legislature on the implementation of this subdivision by January 15, 1993.

Sec. 13. Minnesota Statutes 1990, section 205.84, subdivision 2, is amended to read:

Subd. 2. [REDEFINING WARD BOUNDARIES.] The governing body of the city may by ordinance redefine ward boundaries after a municipal general election. The council shall hold a public hearing on the proposed ordinance before its adoption. One week's published notice of the hearing shall be given. ~~Within six months~~ After the official certification of ~~each~~ the federal decennial or special census, the governing body of the city shall either confirm the existing ward boundaries as conforming to the standards of subdivision 1 or redefine ward boundaries to conform to those standards as provided in section 204B.135, subdivision 1. If the governing body of the city fails to take either action within the time required, no further compensation shall be paid to the mayor or council member until the wards of the city are either reconfirmed or redefined as required by this section. An ordinance establishing new ward boundaries ~~shall apply to the first election held at least six months after pursuant to section 204B.135, subdivision 1, becomes effective on the date of the state primary election in the year ending in two. Ward boundaries established at other times become effective 90 days after the adoption of the ordinance.~~

Sec. 14. Minnesota Statutes 1990, section 205A.12, subdivision 6, is amended to read:

Subd. 6. [REDEFINING ELECTION DISTRICT BOUNDARIES.] The school board may by resolution redefine district boundaries after a school district general election. The board shall hold a public hearing on the proposed resolution before its adoption. One week's published notice of the hearing must be given. ~~Within six months~~ After the official certification of ~~each~~ the federal decennial or special

census, the school board shall either confirm the existing election district boundaries as conforming to the standards of subdivision 4 or redefine election district boundaries to conform to those standards as provided in section 204B.135, subdivision 2. If the school board fails to take either action within the time required, no further compensation may be paid to the school board members until the districts are either reconfirmed or redefined as required by this section. A resolution establishing ~~original or new~~ election district boundaries ~~apply to the first election held at least six months after pursuant to section 204B.135, subdivision 2,~~ becomes effective on the date of the state primary election in the year ending in two. Election district boundaries established at other times become effective 90 days after the adoption of the resolution.

Sec. 15. Minnesota Statutes 1990, section 375.025, subdivision 2, is amended to read:

Subd. 2. [VOTERS RIGHTS.] Any qualified voter may apply to the district court of the county for a writ of mandamus (a) requiring the county to be redistricted if the county board has not redistricted the county within the time specified in subdivision 1, or (b) to revise ~~any arbitrary action or abuse of discretion by the county board in redistricting the county the redistricting plan.~~ Any application for revision of a redistricting plan filed with the county auditor more than 15 weeks before the state primary in a year ending in two that seeks to affect elections held in a year ending in two must be filed with the district court within three weeks but no later than 14 weeks before the state primary in the year ending in two. If a plan for redistricting a county is filed less than 14 weeks before the state primary in a year ending in two, any application for revision of the plan that seeks to affect an election in the year ending in two shall be filed with the district court within 30 days after the filing of the redistricting plan with within one week after the plan has been filed with the county auditor. The district court may direct the county board to show cause why it has not redistricted the county or why the redistricting plan prepared by it should not be revised. On hearing the matter it may allow the county board additional time in which to redistrict the county or to correct errors in the redistricting plan. If it appears to the court that the county board has not been sufficiently diligent in performing its redistricting duties, the court may appoint a redistricting commission to redistrict the county in accordance with the standards set forth in subdivision 1 and any other conditions the court shall deem advisable and appropriate. If a redistricting commission is appointed, the county board shall be without authority to redistrict the county.

Sec. 16. Minnesota Statutes 1990, section 375.025, subdivision 4, is amended to read:

Subd. 4. [REDISTRICTING PLAN; ELECTION FOLLOWING REDISTRICTING.] A redistricting plan whether prepared by the

county board or the redistricting commission shall be filed in the office of the county auditor. A redistricting plan shall be effective on the 31st day after filing unless a later effective date is specified but no plan shall be effective for the next election of county commissioners unless the plan is filed with the county auditor not less than 30 days before the first date candidates may file for the office of county commissioner. One commissioner shall be elected in each district who, at the time of the election, is a resident of the district. A person elected may hold the office only while remaining a resident of the commissioner district. The county board or the redistricting commission shall determine the number of members of the county board who shall be elected for two-year terms and for four-year terms to provide staggered terms on the county board. Thereafter, all commissioners shall be elected for four years. When a county is redistricted, there shall be a new election of commissioners in all the districts at the next general election except that if the change made in the boundaries of a district is less than ~~ten~~ five percent of the average of all districts of the county, the commissioner in office at the time of the redistricting shall serve for the full period for which elected.

Sec. 17. [APPROPRIATION.]

\$..... is appropriated from the general fund to the secretary of state to implement and administer sections 1 to 16. This appropriation is available for the biennium ending June 30, 1993."

Delete the title and insert:

"A bill for an act relating to elections; authorizing a mail levy referendum; authorizing certain experimental procedures; setting certain redistricting goals and deadlines; authorizing certain actions by voters; limiting certain special elections; setting times and procedures for certain boundary changes; imposing duties on the secretary of state; changing requirements for polling places; appropriating money; amending Minnesota Statutes 1990, sections 124A.03, subdivision 2; 202A.14, subdivision 1; 203B.02, by adding a subdivision; 204B.135; 204B.14, subdivisions 3, 4, and 6, and by adding a subdivision; 204B.16, subdivisions 1 and 2; 204B.45, by adding a subdivision; 205.84, subdivision 2; 205A.12, subdivision 6; and 375.025, subdivisions 2 and 4; proposing coding for new law in Minnesota Statutes, chapter 204B."

With the recommendation that when so amended the bill pass.

The report was adopted.

Vellenga from the Committee on Judiciary to which was referred:

H. F. No. 675, A bill for an act relating to court actions; providing immunity from liability arising out of the use of breathalyzers in liquor establishments; prohibiting the use of the breathalyzer test as evidence; proposing coding for new law in Minnesota Statutes, chapter 604.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [604.09] [BREATH ALCOHOL TESTING DEVICES IN LIQUOR ESTABLISHMENTS.]

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

(b) "Breath alcohol testing device" means a device that tests for alcohol concentration by using a breath sample.

(c) "Licensed premises" has the meaning given in section 340A.101, subdivision 15.

(d) "Liquor licensee" means a person licensed under sections 340A.403 to 340A.407 or 340A.414, and includes an agent or employee of a licensee.

Subd. 2. [IMMUNITY FROM LIABILITY.] (a) Subject to subdivision 3, a liquor licensee who administers or makes available a breath alcohol testing device in the licensed premises is immune from any liability arising out of the result of the test.

(b) Subject to subdivision 3, a designer, manufacturer, distributor, or seller of a breath alcohol testing device is immune from any products liability or other cause of action arising out of the result of a test by the breath alcohol testing device in a licensed premises.

Subd. 3. [IMMUNITY REQUIREMENTS.] Subdivision 2 applies only if:

(1) a conspicuous notice is posted in the licensed premises:

(i) informing patrons of the immunity provisions of subdivision 2 and notifying them that the test is made available solely for their own informal use and information; and

(ii) informing patrons of the alcohol-related driving penalties under sections 169.121 to 169.123, 169.129, and 609.21;

(2) the type of breath alcohol testing device is certified by the commissioner of public safety under subdivision 7; and

(3) the breath alcohol testing device test results are indicated as follows:

(i) the breath alcohol testing device shows a white light and gives a reading of alcohol concentration if alcohol concentration is less than .05;

(ii) the breath alcohol testing device shows a yellow light and gives a reading of alcohol concentration if alcohol concentration is .05 or more but less than .08;

(iii) the breath alcohol testing device shows an orange light and gives a reading of alcohol concentration if alcohol concentration is .08 or more but less than .10, and displays a message that states "You are close to the legal limit and your driving may be impaired"; or

(iv) the breath alcohol testing device shows a red light if alcohol concentration is .10 or greater but does not give a reading of alcohol concentration, and displays a message that states that the person fails the test.

Subd. 4. [EVIDENCE.] Evidence regarding the result of a test by a breath alcohol testing device in a licensed premises is not admissible in any civil or criminal proceeding.

Subd. 5. [DRAMSHOP.] This section does not affect liability under section 340A.801.

Subd. 6. [PREPARATION OF NOTICE.] The commissioner of public safety shall prepare and make available to liquor licensees the notices described in subdivision 3.

Subd. 7. [RULES; CERTIFICATION.] The commissioner of public safety shall adopt any rules reasonably required to implement this section, including performance and maintenance standards for breath alcohol testing devices. The commissioner shall certify breath alcohol testing devices that meet the performance standards. The costs of rulemaking and certification must be borne by the manufacturers of the breath alcohol testing devices."

Amend the title as follows:

Page 1, line 5, after the semicolon insert "providing rulemaking authority;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Simoneau from the Committee on Appropriations to which was referred:

H. F. No. 700, A bill for an act relating to education; providing for general education revenue; transportation; special programs; community service programs; facilities and equipment; other aids and levies; miscellaneous education related programs; library programs; education agency services; art education programs; maximum effort school loan programs; authorizing bonding; appropriating money; amending Minnesota Statutes 1990, sections 120.08, subdivision 3; 120.101, subdivisions 5, 9, and by adding a subdivision; 120.17, subdivisions 3b and 7a; 120.181; 121.11, subdivision 12; 121.148, subdivision 1; 121.15, subdivisions 7 and 9; 121.155; 121.585, subdivision 3; 121.611, subdivision 2; 121.88, subdivisions 9 and 10; 121.882, subdivisions 2, 6, and by adding a subdivision; 121.904, subdivisions 4a and 4e; 121.912, by adding a subdivision; 122.22, subdivisions 7a and 9; 122.23, subdivisions 2 and 3; 122.242, subdivision 9; 122.531, by adding subdivisions; 122.535, subdivision 6; 123.33, subdivision 1; 123.34, subdivision 9; 123.35, subdivisions 8, 17, and by adding a subdivision; 123.3514, subdivisions 3, 4, and by adding a subdivision; 123.38, subdivision 2b; 123.702; 123.951; 124.17, subdivisions 1 and 1b; 124.175; 124.19, subdivisions 1, 7, and by adding a subdivision; 124.195, subdivisions 9 and 12; 124.223, subdivisions 1 and 8; 124.225, subdivisions 1, 3a, 7a, 7b, 7d, 8a, 8k, 10, and by adding a subdivision; 124.26, subdivisions 1c and 2; 124.261; 124.2711, subdivisions 1 and 3; 124.2721, subdivisions 2 and 3; 124.2725, subdivision 6; 124.273, subdivision 1b; 124.311, subdivision 4; 124.32, subdivisions 1b and 10; 124.332, subdivisions 1 and 2; 124.431, by adding a subdivision; 124.573, subdivisions 2b and 3a; 124.574, subdivision 2b; 124.575, subdivisions 1, 2, 3, and 4; 124.646; 124.83, subdivision 4; 124.86, subdivision 2; 124A.03; 124A.04; 124A.22, subdivisions 2, 4, 5, 8, 9, and by adding subdivisions; 124A.23, subdivisions 1, 4, and 5; 124A.24; 124A.26, subdivision 1; 124A.29, subdivision 1; 124A.30; 124C.03, subdivision 2; 125.12, subdivisions 3, 6b, and by adding subdivisions; 125.17, subdivision 2, and by adding subdivisions; 125.185, subdivisions 4 and 4a; 125.231; 126.22, subdivisions 2, 3, and 4; 126.23; 126.266, subdivision 2; 126.661, subdivision 5, and by adding a subdivision; 126.663, subdivision 2; 126.666, subdivision 2, and by adding subdivisions; 126.67, subdivision 2b; 126.70, subdivisions 1, 2, and 2a; 127.29, by adding a subdivision; 129C.10; 136D.27, subdivision 1; 136D.72, subdivision 1; 136D.74, subdivision 2; 136D.76, subdivision 2; 136D.87, subdivision 1; 141.25, subdivision 8; 141.26, subdivision 5; 145.926; 148.191, subdivision 2; 171.29, subdivision 2; 245A.03, subdivision 2; 260.015, subdivision 19; 268.08, subdivision 6; 275.06; 275.125, subdivisions 4, 5, 5b, 5c, 8b, 11d; 298.28,

subdivision 4; Laws 1989, chapter 329, article 6, section 53, as amended; proposing coding for new law in Minnesota Statutes, chapters 3; 120; 121; 123; 124; 125; 134; 373; 473; repealing Minnesota Statutes 1990, sections 3.865; 3.866; 120.011; 121.111; 122.531, subdivision 5; 123.351, subdivision 10; 123.706; 123.707; 123.744; 124.225, subdivisions 3, 4b, 7c, 8b, 8i, 8j; 124.252; 124.575; 124C.01, subdivision 2; 124C.41, subdivisions 6 and 7; 126.70, subdivisions 2 and 2a; 275.125, subdivision 8c; and Laws 1988, chapter 703, article 1, section 23, as amended; Laws 1989, chapter 293, section 82; Laws 1989, chapter 329, articles 4, section 40; 9, section 30; and 12, section 8; Laws 1990, chapter 562, article 6, section 36.

Reported the same back with the following amendments:

Page 7, line 35, delete "the sum of"

Page 9, after line 9, insert:

"A district's referendum authority is first applied to the referendum tiers beginning with tier one referendum revenue."

Page 9, after line 23, insert:

"If a district's levy for tier two or tier three revenue is less than its maximum required levy limits, aid shall be proportionately reduced."

Page 9, line 24, before "A" insert "(a)"

Page 9, after line 26, insert:

"(b) For fiscal year 1993, a district's referendum equalization aid is equal to one-third of the amount calculated in clause (a)."

"(c) For fiscal year 1994, a district's referendum equalization aid is equal to two-thirds of the amount calculated in clause (a)."

Page 9, line 30, delete "revenue according to subdivision 1h" and insert "aid and levy according to subdivisions 1i and 1j"

Page 12, line 22, delete the new language

Page 12, delete lines 23 and 24

Page 12, line 26, delete "or constant"

Page 13, line 15, after the period insert "Cells of the matrix in lanes beyond the master's degree plus 30 credits lane must receive

the same ratio as the cells in the master's degree plus 30 credits lane."

Page 24, line 22, delete "Section" and insert "Sections 6," and after "1j" insert ", 12, and 13"

Page 47, line 4, after the first "of" insert "Minnesota resident"

Page 47, line 5, before "secondary" insert "Minnesota resident"

Page 62, line 4, delete "17" and insert "18"

Page 62, line 12, delete "Act of 1990" and insert "Vocational and Applied Technology Education Act Amendments of 1990, Public Law Number 101-392"

Page 67, line 2, delete "\$11,666,000" and insert "\$11,326,000"

Page 67, line 3, delete "\$15,951,000" and insert "\$15,891,000"

Page 67, line 5, delete "\$10,598,000" and insert "\$10,258,000"

Page 67, line 6, delete "\$1,870,000" and insert "\$1,811,000"

Page 82, delete lines 30 to 36

Page 83, delete lines 1 to 31

Page 90, delete lines 32 to 36

Page 91, delete lines 1 and 2

Page 91, delete lines 6 to 8

Page 93, line 3, delete "7" and insert "8"

Page 93, after line 11, insert:

"Subd. 11. [ECFE K-3 GRANTS.] For grants for early childhood family education programs for children who are in grades kindergarten through three and their families:

\$400,000 1992

These grants must be used to provide continued funding to those grant sites that received funding under Laws 1990, chapter 562, article 4, section 11."

Page 104, line 28, delete "26" and insert "19"

Page 105, line 20, delete "26" and insert "19"

Page 112, line 26, delete "capital loan or energy"

Page 114, line 20, after "whether" insert "all or some specified portion of"

Page 114, line 26, delete "capital"

Page 125, line 28, after the comma insert "it is the intent of the legislature that"

Page 125, line 31, delete "must"

Page 126, line 9, delete everything after "(3)" and insert "deposit the amount of state education aid calculated under clauses (1) and (2) in a separate account in the state treasury."

Notwithstanding any law to the contrary, the state treasurer shall use the revenue deposited in the account under clause (3) to pay to independent school district No. 793 that amount of state education aid, plus a proportionate share of the interest earned on the account, representing partial or total satisfaction of any final judgment entered against independent school district No. 483 in the case of independent school district No. 843, Motley v. Tom Nelson, in his official capacity as commissioner of education, file numbers C8-90-9736 and C6-90-2671, after all time for appeal from the judgment has expired. The treasurer shall pay any remaining revenue plus proportionate interest to independent school district No. 483. For independent school district No. 793 or independent school district No. 483 to receive payment, the attorney representing the district shall submit to the state treasurer a certified copy of the judgment and an affidavit stating that the judgment is a final judgment and the time for appeal from the judgment has expired."

Page 126, delete line 10

Page 126, line 22, delete "1" and insert "13"

Page 129, after line 20, insert:

"Sec. 32. [EARLY RECOGNITION OF COOPERATION REVENUE.]

Independent school district Nos. 543, Deer Creek, and 819, Wadena, may recognize cooperation revenue received for fiscal year 1993 according to Minnesota Statutes, section 124.2725, subdivision 6, in fiscal year 1992."

Page 188, after line 31, insert:

"Section 1. Minnesota Statutes 1990, section 128A.05, subdivision 3, is amended to read:

Subd. 3. [OUT-OF-STATE ADMISSIONS.] An applicant from another state who can benefit from attending either academy may be admitted to the academy if the admission does not prevent an eligible Minnesota resident from being admitted. The ~~commissioner~~ state board of education must get reimbursed from the other state for the costs of the out-of-state admission. The commissioner may make an agreement with the appropriate authority in the other state to get reimbursed. Money received from another state must be paid to the state treasurer and ~~deposited by the treasurer in~~ credited to the general fund operation account of the academy for the deaf and the academy for the blind. Money in the account is annually appropriated to the department of education for the Faribault academies."

Page 201, after line 13, insert:

"ARTICLE 14 CONFORMING CHANGES

Section 1. Minnesota Statutes 1990, section 121.904, subdivision 4a, is amended to read:

Subd. 4a. [LEVY RECOGNITION.] (a) "School district tax settlement revenue" means the current, delinquent, and manufactured home property tax receipts collected by the county and distributed to the school district, including distributions made pursuant to section 279.37, subdivision 7, and excluding the amount levied pursuant to sections 124.2721, subdivision 3; ~~124.575, subdivision 3;~~ and 275.125, subdivision 9a; and Laws 1976, chapter 20, section 4.

(b) In June of each year, the school district shall recognize as revenue, in the fund for which the levy was made, the lesser of:

(1) the June and July school district tax settlement revenue received in that calendar year; or

(2) the sum of the state aids and credits enumerated in section 124.155, subdivision 2, which are for the fiscal year payable in that fiscal year plus 31.0 percent of the amount of the levy certified in the prior calendar year according to section 124A.03, subdivision 2, plus or minus auditor's adjustments, not including levy portions that are assumed by the state; or

(3) 31.0 percent of the amount of the levy certified in the prior calendar year, plus or minus auditor's adjustments, not including

levy portions that are assumed by the state, which remains after subtracting, by fund, the amounts levied for the following purposes:

(i) reducing or eliminating projected deficits in the reserved fund balance accounts for unemployment insurance and bus purchases;

(ii) statutory operating debt pursuant to section 275.125, subdivision 9a, and Laws 1976, chapter 20, section 4; and

(iii) retirement and severance pay pursuant to sections 124.2725, subdivision 15, 124.4945, and 275.125, subdivisions 4 and 6a, and Laws 1975, chapter 261, section 4; and

(iv) amounts levied for bonds issued and interest thereon, amounts levied for debt service loans and capital loans, amounts levied for down payments under section 124.82, subdivision 3, and amounts levied pursuant to section 275.125, subdivision 14a.

(c) In July of each year, the school district shall recognize as revenue that portion of the school district tax settlement revenue received in that calendar year and not recognized as revenue for the previous fiscal year pursuant to clause (b).

(d) All other school district tax settlement revenue shall be recognized as revenue in the fiscal year of the settlement. Portions of the school district levy assumed by the state, including prior year adjustments and the amount to fund the school portion of the reimbursement made pursuant to section 273.425, shall be recognized as revenue in the fiscal year beginning in the calendar year for which the levy is payable.

Sec. 2. Minnesota Statutes 1990, section 121.904, subdivision 4e, is amended to read:

Subd. 4e. [COOPERATION LEVY RECOGNITION.] (a) A cooperative district is a district or cooperative that receives revenue according to section 124.2721 ~~or 124.575~~.

(b) In June of each year, the cooperative district shall recognize as revenue, in the fund for which the levy was made, the lesser of:

(1) the sum of the state aids and credits enumerated in section 124.155, subdivision 2, that are for the fiscal year payable in that fiscal year; or

(2) 31.0 percent of the difference between

(i) the sum of the amount of levies certified in the prior year according to ~~sections~~ section 124.2721, subdivision 3; and ~~124.575, subdivision 3~~; and

(ii) the amount of transition aid paid to the cooperative unit according to section 273.1392 for the fiscal year to which the levy is attributable.

Sec. 3. Minnesota Statutes 1990, section 124.155, subdivision 2, is amended to read:

Subd. 2. [ADJUSTMENT TO AIDS.] The amount specified in subdivision 1 shall be used to adjust the following state aids and credits in the order listed:

(a) general education aid authorized in sections 124A.23 and 124B.20;

(b) secondary vocational aid authorized in section 124.573;

(c) special education aid authorized in section 124.32;

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

(e) aid for pupils of limited English proficiency authorized in section 124.273;

(f) transportation aid authorized in section 124.225;

(g) community education programs aid authorized in section 124.2713;

(h) adult education aid authorized in section 124.26;

(i) early childhood family education aid authorized in section 124.2711;

(j) capital expenditure aid authorized in sections 124.243, 124.244, and 124.83;

(k) education district aid according to section 124.2721;

(l) ~~secondary vocational cooperative aid according to section 124.575;~~

~~(m)~~ homestead credit under section 273.13 for taxes payable in 1989 and additional homestead and agricultural credit guarantee under section 273.1398, subdivision 5, for taxes payable in 1990 and thereafter;

~~(n)~~ (m) agricultural credit under section 273.132 for taxes payable in 1989 and additional homestead and agricultural credit guarantee

under section 273.1398, subdivision 5, for taxes payable in 1990 and thereafter;

~~(e)~~ (n) homestead and agricultural credit aid and disparity reduction aid authorized in section 273.1398, subdivision 2; and

~~(p)~~ (o) attached machinery aid authorized in section 273.138, subdivision 3.

The commissioner of education shall schedule the timing of the adjustments to state aids and credits specified in subdivision 1, as close to the end of the fiscal year as possible.

Sec. 4. Minnesota Statutes 1990, section 124.195, subdivision 11, is amended to read:

Subd. 11. [NONPUBLIC AIDS.] The state shall pay aid according to sections 123.931 to 123.947 for pupils attending nonpublic schools by October 31 of each fiscal year. If a payment advance to meet cash flow needs is requested by a district and approved by the commissioner, the state shall pay basic transportation aid according to section 124.225, ~~subdivision 8b~~ attributable to pupils attending nonpublic schools by October 31. This subdivision applies to both the final adjustment payment for the prior fiscal year and the payment for the current fiscal year, as established in subdivision 10.

Sec. 5. Minnesota Statutes 1990, section 124.2721, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] An education district is eligible for education district revenue if the department certifies that it meets the requirements of sections 122.91, subdivisions 3 and 4, and 122.945. The pupil units of a school district that is a member of intermediate district No. 287, 916, or 917 may not be used to obtain revenue under this section. The pupil units of a school district may not be used to obtain revenue under this section ~~and section 124.575.~~

Sec. 6. Minnesota Statutes 1990, section 124.2725, subdivision 13, is amended to read:

Subd. 13. [REVENUE FOR EXTENDED COOPERATION.] If the state board disapproves of the plan according to section 122.243, subdivision 1, or if a second referendum fails under section 122.243, subdivision 2, cooperation and combination revenue shall equal \$60 times the actual pupil units. Cooperation and combination aid must be reduced by an amount equal to the aid paid under subdivision 6 plus the difference between the aid paid under subdivision 5 for the first two years of the agreement and the aid that would have been paid if the revenue had been \$60 times the actual pupil units. If the aid is insufficient to recover the entire amount, the department of

education shall reduce other aids due the district to recover the entire amount. The cooperation and combination levy shall be reduced by an amount equal to the difference between the levy for the first two years of the agreement and the levy that would have been authorized if the revenue had been \$60 times the actual pupil units. A district that receives revenue under this subdivision may not also receive revenue according to ~~sections~~ section 124.2721 and 124.575.

Sec. 7. Minnesota Statutes 1990, section 124A.29, subdivision 1, is amended to read:

Subdivision 1. [GENERAL STAFF DEVELOPMENT PROGRAMS.] Of a district's basic revenue under section 124A.22, subdivision 2, an amount equal to \$10 times the number of actual pupil units shall be reserved and may be used only to provide staff development programs, according to section 126.70, ~~subdivisions~~ subdivision 1 and 2a. The school board shall determine which programs to provide, the manner in which they will be provided, and the extent to which other money may be used for the programs.

Sec. 8. Minnesota Statutes 1990, section 136D.27, subdivision 2, is amended to read:

Subd. 2. [PROHIBITED LEVIES.] Notwithstanding section 136D.24 or any other law to the contrary, the joint school board may not certify, either itself, to any participating district, or to any cooperating school district, any levies for any purpose, except the levies authorized by subdivision 1, sections 124.83, subdivision 4, 127.05, 275.125, ~~subdivisions~~ subdivision 8e and 14a, 275.48, and 475.61, and for the joint school board's obligations under section 268.06, subdivision 25, for which a levy is authorized by section 275.125, subdivision 4.

Sec. 9. Minnesota Statutes 1990, section 136D.27, subdivision 3, is amended to read:

Subd. 3. [PROHIBITED STATE AIDS.] Notwithstanding section 136D.24 or any law to the contrary, the department of education shall not pay, unless explicitly authorized by statute, any state aid, grant, credit, or other money to the joint school board, except the aid, credit, or money authorized by sections 121.201, 123.3514, ~~124.252,~~ 124.32, 124.573, 124.574, and 124.646, 124.83, and chapter 273.

Sec. 10. Minnesota Statutes 1990, section 136D.74, subdivision 2a, is amended to read:

Subd. 2a. [PROHIBITED LEVIES.] Notwithstanding subdivisions 2 and 4, section 136D.73, subdivision 3, or any other law to the contrary, the intermediate school board may not certify, either itself,

to any participating district, or to any cooperating school district, any levies for any purpose, except the levies authorized by subdivision 1, sections 124.83, subdivision 4, 127.05, 275.125, ~~subdivisions 8e and~~ subdivision 14a, 275.48, and 475.61, and for the intermediate school board's obligations under section 268.06, subdivision 25, for which a levy is authorized by section 275.125, subdivision 4.

Sec. 11. Minnesota Statutes 1990, section 136D.74, subdivision 2b, is amended to read:

Subd. 2b. [PROHIBITED STATE AIDS.] Notwithstanding subdivision 4 or any law to the contrary, the department of education shall not pay, unless explicitly authorized, any state aid, grant, credit, or other money to the intermediate school board, except the aid, credit, or money authorized by sections 121.201, 123.3514, ~~124.252,~~ 124.32, 124.573, 124.574, and 124.646, 124.83, and chapter 273.

Sec. 12. Minnesota Statutes 1990, section 136D.87, subdivision 2, is amended to read:

Subd. 2. [PROHIBITED LEVIES.] Notwithstanding section 136D.84 or any other law to the contrary, the joint school board may not certify, either itself, to any participating district, or to any cooperating school district, any levies for any purpose, except the levies authorized by subdivision 1, sections 124.83, subdivision 4, 127.05, 275.125, ~~subdivisions 8e and~~ subdivision 14a, 275.48, and 475.61, and for the joint school board's obligations under section 268.06, subdivision 25, for which a levy is authorized by section 275.125, subdivision 4.

Sec. 13. Minnesota Statutes 1990, section 136D.87, subdivision 3, is amended to read:

Subd. 3. [PROHIBITED STATE AIDS.] Notwithstanding section 136D.24 or any law to the contrary, the department of education shall not pay, unless explicitly authorized, any state aid, grant, credit, or other money to the joint school board, except for aid, credit, or money authorized by sections 121.201, 123.3514, ~~124.252,~~ 124.32, 124.573, 124.574, and 124.646, 124.83, and chapter 273.

Sec. 14. Minnesota Statutes 1990, section 273.1398, subdivision 6, is amended to read:

Subd. 6. [PAYMENT.] The commissioner shall certify the aids provided in subdivisions 2, 2b, 3, and 5 before December 1, 1989, and October 1 thereafter of the year preceding the distribution year to the county auditor of the affected local government and pay them to local governments other than school districts at the times provided in section 477A.015 for payment of local government aid to taxing jurisdictions. The disparity reduction credit provided in subdivision

4 must be paid to taxing jurisdictions other than school districts at the time provided in section 473H.10, subdivision 3. Aids and credit reimbursements to school districts must be certified to the commissioner of education and paid under section 273.1392. Except for education districts and secondary cooperatives that receive revenue according to section 124.2721 or ~~124.575~~, payment shall not be made to any taxing jurisdiction that has ceased to levy a property tax.

Sec. 15. Minnesota Statutes 1990, section 275.125, subdivision 8e, is amended to read:

Subd. 8e. [INTERDISTRICT COOPERATION LEVY.] (a) This subdivision does not apply to special school district No. 1, independent school district No. 11, 625, or 709, or to a district that is a member of intermediate school district No. 287, 916, or 917.

(b) A district may levy each year under this subdivision if it:

(1) is a member of an education district, under sections 122.91 to 122.95, and the education district of which the district is a member does not receive revenue under section 124.2721; or

(2) has a written cooperation agreement with other districts to expand curricular offerings in mathematics in grades 10 to 12, science in grades 10 to 12, foreign languages for two years, computer usage, or other programs recommended by the state board.

(c) The levy must not exceed \$50 times the actual pupil units, the cost of the agreement to expand curricular offerings, or \$50,000, whichever is the smallest.

(d) ~~A district that is a member of a secondary vocational cooperative that levies under section 124.575, may levy the difference between (1) the smallest amount under paragraph (c), and (2) the amount levied under section 124.575.~~

(e) The proceeds of the levy may be used only to pay for instructional and administrative costs incurred in providing the curricular offerings under this section. A district may not spend more than five percent of the amount of the levy for administration.

Sec. 16. [EFFECTIVE DATE.]

Sections 1, 2, 3, 5, 6, 14, and 15 are effective July 1, 1992."

Renumber the sections in sequence

Correct internal references

Amend the title as follows:

Page 1, line 24, after "123.951;" insert "124.155, subdivision 2;"

Page 1, line 27, after "9" insert ", 11,"

Page 1, line 31, after "subdivisions" insert "1," and after "2" insert a comma

Page 1, line 32, delete "subdivision 6" and insert "subdivisions 6 and 13"

Page 1, line 45, delete ", 3,"

Page 2, line 4, after the first semicolon insert "128A.05, subdivision 3;"

Page 2, line 5, delete everything before the first semicolon and insert "subdivisions 1, 2, and 3"

Page 2, line 6, delete everything before the first semicolon and insert "subdivisions 2, 2a, and 2b"

Page 2, line 7, delete everything before the first semicolon and insert "subdivisions 1, 2, and 3"

Page 2, line 10, after "6;" insert "273.1398, subdivision 6;"

Page 2, line 11, after "8b," insert "8e, and"

With the recommendation that when so amended the bill pass.

The report was adopted.

Kalis from the Committee on Transportation to which was referred:

H. F. No. 823, A bill for an act relating to transportation; clarifying parking provisions for physically disabled persons; authorizing special license plates for motorcycles; amending Minnesota Statutes 1990, sections 168.021, subdivision 1; 169.345, subdivision 1; and 169.346, subdivision 2.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 168.021, subdivision 1, is amended to read:

Subdivision 1. [SPECIAL PLATES; APPLICATION FOR ISSUANCE.] (a) When a motor vehicle registered under section 168.017, a motorcycle, or a self-propelled recreational vehicle, is owned or primarily operated by a permanently physically disabled person or a custodial parent or guardian of a permanently physically disabled minor, the owner may apply for and secure from the registrar of motor vehicles two license plates with attached emblems, one plate to be attached to the front, and one to the rear of the vehicle. Application for the plates must be made at the time of renewal or first application for registration. When the owner first applies for the plates, the owner must submit a physician's statement on a form developed by the commissioner under section 169.345, or proof of physical disability provided for in that section.

(b) The owner of a motor vehicle may apply for and secure a set of special plates for a motor vehicle if:

(1) the owner employs a permanently physically disabled person who would qualify for special plates under this section; and

(2) the owner furnishes the motor vehicle to the physically disabled person for the exclusive use of that person in the course of employment.

Sec. 2. Minnesota Statutes 1990, section 169.345, subdivision 1, is amended to read:

Subdivision 1. [SCOPE OF PRIVILEGE.] A vehicle that prominently displays the certificate authorized by this section, or that bears license plates issued under section 168.021, may be parked by or for a physically disabled person:

(1) in a designated parking space for disabled persons, as provided in section 169.346; and

(2) in a metered parking space without obligation to pay the meter fee and without time restrictions unless (i) time restrictions are separately posted on official signs or (ii) the time restrictions on the parking meter allow parking for not more than 15 minutes.

For purposes of this subdivision, a certificate is prominently displayed if it is displayed on the dashboard in the left-hand corner of the front windshield of the vehicle with no part of the certificate obscured.

Notwithstanding clauses (1) and (2), this section does not permit parking in areas prohibited by sections 169.32 and 169.34, in

designated no parking spaces, or in parking spaces reserved for specified purposes or vehicles. A local governmental unit may, by ordinance, prohibit parking on any street or highway to create a fire lane, or to accommodate heavy traffic during morning and afternoon rush hours and these ordinances also apply to physically disabled persons.

Sec. 3. Minnesota Statutes 1990, section 169.346, subdivision 2, is amended to read:

Subd. 2. [SIGNS; PARKING SPACES TO BE FREE OF OBSTRUCTIONS.] (a) Parking spaces for physically disabled persons must be designated and identified by the posting of signs incorporating the international symbol of access in white on blue indicating that the parking space is reserved for disabled persons with vehicles displaying the required certificate, license plates, or insignia, and indicating that violators are subject to a fine of up to \$200. For the purpose of this subdivision, parking spaces clearly identified as reserved for physically disabled persons by permanently posted signs that do not meet all design standards are considered designated and reserved for physically disabled persons. A sign posted for the purpose of this section must be visible from inside a vehicle parked in the space, be kept clear of snow or other obstructions which block its visibility, and be nonmovable or only movable by authorized persons.

(b) The owner or manager of the property on which the designated parking space is located shall ensure that the space is kept free of obstruction. If the owner or manager allows the space to be blocked by snow, merchandise, or similar obstructions for 24 hours after receiving a warning from a peace officer, the owner or manager is guilty of a misdemeanor and subject to a fine of up to \$500.

Sec. 4. Minnesota Statutes 1990, section 169.71, subdivision 4, is amended to read:

Subd. 4. No person shall drive or operate any motor vehicle required to be registered in the state of Minnesota upon any street or highway under the following conditions:

(a) when the windshield is composed of, covered by, or treated with any material which has the effect of making the windshield more reflective or in any other way reducing light transmittance through the windshield;

(b) when any window on the vehicle is composed of, covered by, or treated with any material that has a highly reflective or mirrored appearance;

(c) when any side window or rear window is composed of or treated

with any material so as to obstruct or substantially reduce the driver's clear view through the window or has a light transmittance of less than 50 percent plus or minus three percent in the visible light range or a luminous reflectance of more than 20 percent plus or minus three percent; or

(d) when any material has been applied after August 1, 1985, to any motor vehicle window without an accompanying permanent marking which indicates the percent of transmittance and the percent of reflectance afforded by the material. The marking must be in a manner so as not to obscure vision and be readable when installed on the vehicle.

This subdivision does not apply to glazing materials which:

(a) have not been modified since the original installation, nor to original replacement windows and windshields, that were originally installed or replaced in conformance with Federal Motor Vehicle Safety Standard 205;

(b) are required to satisfy prescription or medical needs of the driver of the vehicle or a passenger if the driver or passenger is in possession of the prescription or a physician's statement of medical need; or

(c) are applied to:

(1) the rear windows of a pickup truck as defined in section 168.011, subdivision 29;

(2) the rear windows or the side windows on either side behind the driver's seat of a van as defined in section 168.011, subdivision 28;

(3) the side and rear windows of a vehicle used to transport human remains by a funeral establishment holding a permit under section 149.08; or

(4) the side and rear windows of a limousine as defined in section 168.011, subdivision 35.

Sec. 5. [EFFECTIVE DATE.]

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

Delete the title and insert:

"A bill for an act relating to transportation; clarifying parking provisions for physically disabled persons; authorizing special license plates for motorcycles; authorizing tinted windshields for

medical reasons; amending Minnesota Statutes 1990, sections 168.021, subdivision 1; 169.345, subdivision 1; 169.346, subdivision 2; and 169.71, subdivision 4.”

With the recommendation that when so amended the bill pass.

The report was adopted.

Vellenga from the Committee on Judiciary to which was referred:

H. F. No. 927, A bill for an act relating to the environment; establishing maximum content levels of mercury in batteries; prohibiting certain batteries; prohibiting the disposal of rechargeable batteries in mixed municipal solid waste; requiring a notice to consumers; amending Minnesota Statutes 1990, sections 115A.9155, subdivision 2; 325E.125, subdivision 2, and by adding subdivisions; and 325E.1251; proposing coding for new law in Minnesota Statutes, chapter 115A.

Reported the same back with the following amendments:

Page 4, line 15, delete “authorized to”

Page 4, delete lines 16 to 18

Page 4, line 19, delete everything before “immune”

Page 6, line 17, delete “retailer or distributor” and insert “person who first purchases rechargeable batteries or appliances powered by rechargeable batteries for importation into the state for resale”

With the recommendation that when so amended the bill pass.

The report was adopted.

Ogren from the Committee on Taxes to which was referred:

H. F. No. 1086, A bill for an act relating to taxation; property; modifying the newspaper publication requirements for truth-in-taxation; amending Minnesota Statutes 1990, section 275.065, subdivision 5a.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
HOMESTEAD CREDIT TRUST

Section 1. [16A.711] [HOMESTEAD CREDIT TRUST.]

Subdivision 1. [CREATION.] The commissioner shall deposit to the credit of the homestead credit trust fund all money available to the credit of the trust. The commissioner shall maintain the trust as a separate fund to be used only to pay money, as provided by law, to individuals or local governments for property tax relief or to repay advances made by the general fund, as provided under subdivision 4.

Subd. 2. [APPROPRIATION.] The money to be paid by law from the homestead credit trust is appropriated annually.

Subd. 3. [ESTIMATES; REDUCTION OF PAYMENTS.] (a) At the beginning of each fiscal year the commissioner, in consultation with the commissioner of revenue, shall estimate for the fiscal year:

(1) the amount of revenues to be deposited in the trust under section 297A.44 or other law; and

(2) the payments authorized by law to be made out of the trust.

If the estimated payments exceed the estimated receipts of the trust, the appropriations from the trust to each program are proportionately reduced, unless otherwise provided by law.

If the estimated receipts of the trust exceed the estimated payments by \$1,000,000 or more, the appropriation from the trust to each intergovernmental aid program is increased proportionately. The aid paid to each local government under the program shall be increased proportionately unless otherwise provided by law.

(b) If as a result of changes in economic conditions or if information becomes available that indicates changes either in receipts or payments from the trust, the commissioner may at other times estimate the amount of receipts or payments and reduce or restore the appropriations under paragraph (a).

Subd. 4. [GENERAL FUND ADVANCES.] If the money in the trust is insufficient to make payments on the dates provided by law, but the commissioner estimates receipts for the fiscal year will be sufficient, the commissioner shall advance money from the general fund to the trust necessary to make the payments. On or before the close of the biennium the trust shall repay the advances with

interest, calculated at the rate of earnings on invested treasurer's cash, to the general fund.

Sec. 2. [HOMESTEAD CREDIT TRUST; FISCAL YEARS 1992 AND 1993 APPROPRIATIONS.]

Subdivision 1. [APPROPRIATIONS.] (a) The amounts necessary to make the following fiscal year 1992 and 1993 payments are appropriated to the commissioner of revenue from the homestead credit trust:

(1) homestead and agricultural credit aid to counties, cities, towns, and special taxing districts under section 273.1398;

(2) disparity reduction aid to counties, cities, towns, and special taxing districts under section 273.1398;

(3) local government aid and equalization aid under chapter 477A;

(4) additional homestead and agricultural guarantee under section 273.1398, subdivision 5;

(5) the special property tax refund under section 290A.04, subdivision 2h; and

(6) for fiscal year 1993, aid authorized by the 1992 legislature following the study under section 15.

(b) \$47,000,000 is appropriated to the commissioner of education from the homestead credit trust for additional general education aid in fiscal year 1993. The commissioner of education shall use these funds to reduce the general education tax rate under section 124A.23, subdivision 1.

Subd. 2. [CONTINGENT REDUCTIONS.] If the commissioner of finance, in consultation with the commissioner of revenue, estimates that the receipts of the homestead credit trust will be insufficient to pay the appropriations under subdivision 1, the appropriations under paragraph (a), clause (5), and paragraph (b) shall be paid in full and the appropriations under paragraph (a), clauses (1) to (4), reduced as provided by chapter 477A.

Sec. 3. [273.1381] [COUNTIES ELECTING OUT OF HOMESTEAD CREDIT TRUST.]

(a) If a county does not impose the county option sales and use tax under section 297A.021 for the fiscal year, no payments may be made out of the homestead credit trust to the county or to a city, town, or special taxing district located in the county for the fiscal year, except as provided in paragraph (b).

(b) If a city or special taxing district is located in two or more counties and one or more of the counties imposes the county option sales tax and one or more of the counties does not, the city, town, or special taxing district's aid payments from the homestead credit trust equal the amount of the aid multiplied by a fraction, (1) the numerator of which is the net tax capacity of the taxing district in counties imposing the tax and (2) the denominator is the total net tax capacity of the taxing district.

(c) If a county does not impose the county option sales and use tax under section 297A.021 for the fiscal year, no special property tax refund under section 290A.04, subdivision 2h, shall be paid to owners of property in the county.

Sec. 4. Minnesota Statutes 1990, section 273.1398, subdivision 6, is amended to read:

Subd. 6. [PAYMENT.] The commissioner shall certify the aids provided in subdivisions 2, 2b, 3, and 5 before ~~December 1, 1989, and~~ October 1 thereafter of the year preceding the distribution year to the county auditor of the affected local government and pay them to local governments other than school districts at the times provided in section 477A.015 for payment of local government aid to taxing jurisdictions. The amounts certified shall not be reduced due to the failure of the county to impose the local option sales and use tax provided in section 297A.021. The disparity reduction credit provided in subdivision 4 must be paid to taxing jurisdictions other than school districts at the time provided in section 473H.10, subdivision 3. Aids and credit reimbursements to school districts must be certified to the commissioner of education and paid under section 273.1392. Except for education districts and secondary cooperatives that receive revenue according to section 124.2721 or 124.575, payment shall not be made to any taxing jurisdiction that has ceased to levy a property tax.

Sec. 5. Minnesota Statutes 1990, section 273.1398, subdivision 7, is amended to read:

Subd. 7. [APPROPRIATION.] An amount sufficient to pay the aids and credits provided under this section for school districts, intermediate school districts, or any group of school districts levying as a single taxing entity is annually appropriated from the general fund to the commissioner of revenue.

Sec. 6. Minnesota Statutes 1990, section 477A.011, subdivision 27, as amended by Laws 1991, chapter 2, article 8, section 2, is amended to read:

Subd. 27. [REVENUE BASE.] "Revenue base" means the amount levied for taxes payable in ~~1991~~ the current year, including the levy on the fiscal disparity distribution under section 473F.08, subdivi-

sion 3, paragraph (a), and 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, 3, and 5, determined without regard to subdivision 2; and 477A.013, subdivisions 1, 3, 6, and 7; and the estimated taconite aids used to determine levy limits for taxes payable in 1991 under section 275.51, subdivision 3i. For the cut in the December 1991 aid payments and for adjustments under section 477A.013, subdivision 1a, the revenue base is less the special levies under section 275.50, subdivision 5, clause (a).

Sec. 7. Minnesota Statutes 1990, section 477A.011, subdivision 28, as amended by Laws 1991, chapter 2, article 8, section 3, is amended to read:

Subd. 28. [REDUCTION PERCENTAGE.] "Reduction percentage" means the equal percentage reduction in each county and city revenue base that was necessary to reduce 1990 aid payments by \$28,000,000 under sections 477A.012, subdivision 5, and 477A.013, subdivision 7, and, in addition, the equal percentage reduction in each county, city, town, and special taxing district revenue base that is necessary to reduce the July 20, 1991, aid payments under sections 477A.012, subdivisions 1, 3, and 5; 477A.013, subdivisions 1, 3, 5, 6, and 7; and 273.1398, subdivisions 2 and 3, by a combined amount of \$50,000,000 and the December 1991 payments by a combined amount of \$25,000,000. For reductions under section 477A.013, subdivision 1a, the reduction percentage means the equal percentage reduction in each county, city, town, and special taxing district revenue base that is necessary to reduce the aid payments under sections 273.1398, subdivisions 2 and 3; 477A.012, subdivisions 1, 3, and 5; and 477A.013, subdivisions 1, 3, 5, 6, and 7, by a combined amount equal to the difference between the payments provided for under these sections and the estimated appropriations for these purposes under section 2.

Sec. 8. Minnesota Statutes 1990, section 477A.012, subdivision 6, as added by Laws 1991, chapter 2, article 8, section 5, is amended to read:

Subd. 6. [1991 COUNTY AID ADJUSTMENT.] A county's July 20, 1991, payment of local government aid and homestead and agricultural credit aid is reduced by the product of its revenue base and the reduction percentage. The aid reduction is first applied to a county's local government aid in its scheduled July 20, 1991, aid payment. If the aid reduction is greater than the local government aid amount in its scheduled July 20, 1991, aid payment, the remaining amount is then applied to the county's homestead and agricultural credit aid, and then, if necessary, to its disparity reduction aid. The July 20, 1991, local government aid, homestead

and agricultural credit aid, and disparity reduction aid payment to a county after this reduction cannot be less than \$0.

A county's December 1991 payment of local government aid, homestead and agricultural credit aid, and disparity reduction aid is reduced by the product of its revenue base and the reduction percentage as determined in section 477A.011, subdivision 28. The aid reduction is first applied to a county's local government aid in its scheduled December 1991 aid payment. If the aid reduction is greater than the local government aid amount in its scheduled December 1991 aid payment, the remaining amount is then applied to the county's homestead and agricultural credit aid, and then, if necessary, to its disparity reduction aid. The December 1991 local government aid, homestead and agricultural credit aid, and disparity reduction aid payment to a county after this reduction cannot be less than \$0.

Sec. 9. Minnesota Statutes 1990, section 477A.014, is amended by adding a subdivision to read:

Subd. 1a. [ADJUSTMENTS FOR HOMESTEAD CREDIT TRUST REVENUES.] If the amount appropriated under section 2 for homestead and agricultural credit aid and disparity reduction aid under section 273.1398, and local government aid under sections 477A.011 to 477A.013, except aid under section 477A.012, subdivision 2, is less than or greater than the amounts certified to be paid by the commissioner of revenue, the aids will be reduced or increased in the following manner unless otherwise provided for in law.

Each city's, county's, town's, and special taxing district's aids will be reduced or increased by the product of its revenue base and the reduction percentage. In the case of an aid reduction, the reduction is first applied to the local government aid amount under chapter 477A. If the aid reduction is greater than the local government aid amount, the remaining reduction amount is then applied to the local government's homestead and agricultural credit aid, and then if necessary, to its disparity reduction aid. In the case of an aid increase, the increase will be added to the local government aid amount. The aid reduction or increase will be split equally between the July 20 and December aid payments each year.

If the commissioner estimates an additional reduction or increase in appropriations for these programs after the July 20 aid payment but before the December payment, the December aid payments to local governments for these programs will be reduced or increased proportionately.

Sec. 10. Minnesota Statutes 1990, section 477A.013, subdivision 8, as added by Laws 1991, chapter 2, article 8, section 8, is amended to read:

Subd. 8. [1991 CITY, OR TOWN AID ADJUSTMENT.] A city or town's July 20, 1991, payment of local government aid, equalization aid, homestead and agricultural credit aid, and disparity reduction aid is reduced by the product of its revenue base, and the reduction percentage, as determined in section 477A.011, subdivision 28. The aid reduction is first applied to a city or town's local government aid amount in its scheduled July 20, 1991, aid payment. If the aid reduction is greater than the local government aid amount in its scheduled July 20, 1991, aid payment, the remaining amount is then applied to the city or town's equalization aid, and then, if necessary, to its homestead and agricultural credit aid, and then, if necessary, to its disparity reduction aid. The July 20, 1991, local government aid, equalization aid, homestead and agricultural credit aid, and disparity reduction aid payment to a city or town after this reduction cannot be less than \$0.

A city's or town's December 1991 payment of local government aid, equalization aid, homestead and agricultural credit aid, and disparity reduction aid is reduced by the product of its revenue base, and the reduction percentage, as determined in section 477A.011, subdivision 28. The aid reduction is first applied to a city's or town's local government aid amount in its scheduled December 1991 aid payment. If the aid reduction is greater than the local government aid amount in its scheduled December 1991 aid payment, the remaining amount is then applied to the city's or town's equalization aid, and then, if necessary, to its homestead and agricultural credit aid, and then, if necessary, to its disparity reduction aid. The December 1991 local government aid, equalization aid, homestead and agricultural credit aid, and disparity reduction aid payment to a city or town after this reduction cannot be less than \$0.

Sec. 11. Minnesota Statutes 1990, section 477A.0135, as added by Laws 1991, chapter 2, article 8, section 9, is amended to read:

477A.0135 [SPECIAL TAXING DISTRICTS; 1991 AID REDUCTION.]

A special taxing district's July 20, 1991, payment of homestead and agricultural credit aid, and disparity reduction aid is reduced by the product of its revenue base and the reduction percentage, as determined in section 477A.011, subdivision 28. The aid reduction is first applied to a special taxing district's homestead and agricultural credit aid amount in its scheduled July 20, 1991, aid payment. If the aid reduction is greater than the homestead and agricultural credit aid amount in its scheduled July 20, 1991, aid payment, the remaining amount is then applied to the special taxing district's disparity reduction aid. The July 20, 1991, homestead and agricultural credit aid and disparity reduction aid payment to a special taxing district after this reduction cannot be less than \$0.

A special taxing district's December 1991 payment of homestead

and agricultural credit aid, and disparity reduction aid is reduced by the product of its revenue base and the reduction percentage, as determined in section 477A.011, subdivision 28. The aid reduction is first applied to a special taxing district's homestead and agricultural credit aid amount in its scheduled December 1991 aid payment. If the aid reduction is greater than the homestead and agricultural credit aid amount in its scheduled December 1991 aid payment, the remaining amount is then applied to the special taxing district's disparity reduction aid. The December 1991 homestead and agricultural credit aid and disparity reduction aid payment to a special taxing district after this reduction cannot be less than \$0.

Sec. 12. Minnesota Statutes 1990, section 477A.014, subdivision 1, as amended by Laws 1991, chapter 2, article 8, section 10, is amended to read:

Subdivision 1. [CALCULATIONS AND PAYMENTS.] The commissioner of revenue shall make all necessary calculations and make payments pursuant to sections 477A.012, 477A.013, and 477A.03 directly to the affected taxing authorities annually. In addition, the commissioner shall notify the authorities of their aid amounts, as well as the computational factors used in making the calculations for their authority, and those statewide total figures that are pertinent, before August 15 of the year preceding the aid distribution year, except that for aid payable in 1990 the commissioner of revenue must notify the authorities of their aid amounts as well as the computational factors used in the calculation before October 23, 1989. The commissioner shall reduce the July 20, 1991, payment of local government aid, equalization aid, homestead and agricultural credit aid, and disparity reduction aid to counties, cities, towns, and special taxing districts by a combined amount of \$50,000,000. The commissioner shall reduce the December 1991 payment of local government aid, equalization aid, homestead and agricultural credit aid, and disparity reduction aid to counties, cities, towns, and special districts by a combined amount of \$25,000,000.

Sec. 13. Minnesota Statutes 1990, section 477A.015, is amended to read:

477A.015 [PAYMENT DATES.]

The commissioner of revenue shall make the payments of local government aid to affected taxing authorities in two installments on July 20 and by December 15 31 annually.

The commissioner may pay all or part of the payment due ~~on~~ in December ~~15~~ at any time after August 15 upon the request of a city that requests such payment as being necessary for meeting its cash flow needs.

Sec. 14. Minnesota Statutes 1990, 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 is annually appropriated from the ~~general fund~~ homestead credit trust to the commissioner of revenue. For aids payable in 1991 and ~~thereafter~~ 1992, the total amount of equalization aid paid under section 477A.013, subdivision 5, is limited to \$19,485,684.

Sec. 15. [STUDY OF INTERGOVERNMENTAL AID ALTERNATIVES.]

Subdivision 1. [STUDY COMMISSION.] (a) A legislative commission for the study of intergovernmental aid is established. The commission consists of 18 members, nine from the house of representatives and nine from the senate. The chair of the house committee on taxes shall, in consultation with the speaker, appoint the members of the commission from the house. The chair of the senate committee on taxes and tax laws, in consultation with the senate majority leader, shall appoint the members of the commission from the senate. The membership of the commission from each house shall reflect partisan and geographic balance.

(b) The commission shall use existing legislative staff and may hire additional staff or enter into contracts in order to complete the study under subdivision 2.

Subd. 2. [STUDY REQUIRED.] The legislative commission on planning and fiscal policy shall prepare for submission to the legislature by February 1, 1992, a study of and alternative proposals for restructuring the intergovernmental aid and property tax relief paid out of the homestead credit trust. The purpose of the study and consideration of alternatives is to:

- (1) increase accountability for state and local fiscal decisions;
- (2) equalize the access of local governments to resources relative to the need for and cost of delivering local services;
- (3) minimize or compensate for spillovers in the cost and benefits of local services; and
- (4) increase predictability and stability of local access to resources provided by non-property tax sources.

The commission shall prepare the study and alternatives in consultation with the executive branch and representatives of counties, cities, towns, and special taxing districts.

Subd. 3. [TERMINATION.] The commission terminates upon completion of the study required under subdivision 2.

Subd. 4. [APPROPRIATION.] \$300,000 is appropriated from the homestead credit trust for fiscal year 1992 to pay the cost of the study under subdivision 2.

Sec. 16. [REPEALER.]

Minnesota Statutes 1990, sections 273.1398, 477A.011, 477A.012, 477A.013, 477A.014, 477A.015, 477A.016, 477A.017, and 477A.03, are repealed, effective for property taxes payable in 1993.

Sec. 17. [EFFECTIVE DATE.]

Sections 1 to 15 are effective the day following final enactment.

ARTICLE 2

LOCAL OPTION TAXES

Section 1. Minnesota Statutes 1990, section 297A.02, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] Except as otherwise provided in this chapter, there is imposed an excise tax of ~~six~~ 4.5 percent of the gross receipts from sales at retail made by any person in this state.

Sec. 2. Minnesota Statutes 1990, section 297A.02, subdivision 2, is amended to read:

Subd. 2. [MACHINERY AND EQUIPMENT.] Notwithstanding the provisions of subdivision 1, the rate of the excise tax imposed upon sales of special tooling is ~~four~~ 2.5 percent and upon sales of farm machinery is ~~two~~ 0.5 percent.

Sec. 3. Minnesota Statutes 1990, section 297A.02, subdivision 3, is amended to read:

Subd. 3. [LIQUOR AND BEER SALES.] Notwithstanding the provisions of subdivision 1, the rate of the excise tax imposed upon sales of intoxicating liquor, as defined in section 340A.101, subdivision 14, and nonintoxicating malt liquor, as defined in section 340A.101, subdivision 19, shall be ~~8.5~~ seven percent. Nonintoxicating malt liquor is subject to taxation under this subdivision only when sold at an on-sale or off-sale municipal liquor store or other establishment licensed to sell any type of intoxicating liquor.

Sec. 4. [297A.021] [COUNTY LOCAL OPTION SALES TAX.]

Subdivision 1. [AUTHORIZATION.] (a) Notwithstanding section 477A.016, a county may, by resolution, impose a local sales and use tax at a rate of two percent on all sales at retail in the county.

(b) If the county imposes the tax under paragraph (a), the tax on retail sales and use of electricity billed to residences in the county shall be imposed at a rate of 0.165 cents per kilowatt hour. This rate must be annually adjusted as provided in section 297A.02, subdivision 5. This rate is in lieu of the tax rate under paragraph (a).

(c) The rate imposed under paragraph (a) applies to the purchase or acquisition of motor vehicles and is included in the rate imposed by section 297B.02.

Subd. 2. [TIMING.] (a) To impose the tax under subdivision 1, the county board must adopt the authorizing resolution by May 1 and notify the commissioner in writing no later than May 15. The tax applies to sales made after the next June 30. The tax continues in effect until the county board, by resolution, rescinds the tax. If the county board rescinds the tax, the tax remains effective for sales made through the next June 30 following the first May 1 after passage of the board's rescission resolution and the tax is repealed after that June 30. If the county board rescinds the tax, the county must notify the commissioner in writing by May 15 or the action is ineffective.

(b) In 1991, a county may impose the tax under this section by adopting a resolution by June 7, 1991, and notifying the commissioner by June 10, 1991. The tax so adopted is effective for sales made after June 30, 1991.

Subd. 3. [PUBLICATION IN STATE REGISTER.] The commissioner of revenue shall publish in the state register by June 1 of each year a list of the counties imposing the local option sales tax under this section. For 1991, the commissioner shall publish the list as soon as practical after receipt of the notices under subdivision 2.

Subd. 4. [ADMINISTRATION AND COLLECTION.] The tax imposed under this section shall be collected and administered by the commissioner in the manner provided by this chapter and chapters 289A and 297B.

Sec. 5. Minnesota Statutes 1990, section 297A.14, is amended by adding a subdivision to read:

Subd. 3. [COUNTY USE TAX.] For each county imposing a sales tax under section 297A.021, a use tax is imposed. This tax applies in the same manner and to the same items as the tax under subdivision 1, except that the county is substituted for the state of Minnesota and section 297A.021 is substituted for section 297A.02.

Sec. 6. Minnesota Statutes 1990, section 297A.259, is amended to read:

297A.259 [LOTTERY TICKETS; IN LIEU TAX.]

Sales of state lottery tickets are exempt from the tax imposed under section 297A.02. The state lottery division in the department of gaming must on or before the 20th day of each month transmit to the commissioner of revenue an amount equal to the gross receipts from the sale of lottery tickets for the previous month multiplied by the combined tax rate under ~~section~~ sections 297A.02, subdivision 1, and 297A.021, subdivision 1. The resulting payment is in lieu of the sales tax that otherwise would be imposed by this chapter. The commissioner shall deposit the money transmitted in the general fund as provided by section 297A.44 and the money must be treated as other proceeds of the sales tax. Gross receipts for purposes of this section mean the proceeds of the sale of tickets before deduction of a commission or other compensation paid to the vendor or retailer for selling tickets.

Sec. 7. Minnesota Statutes 1990, section 297A.44, subdivision 1, is amended to read:

Subdivision 1. (a) Except as provided in paragraphs (b), (c), and (d), and subdivision 4, 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.

Sec. 8. Minnesota Statutes 1990, section 297A.44, is amended by adding a subdivision to read:

Subd. 4. [COUNTY LOCAL OPTION TAX.] The commissioner shall deposit all revenues, including interest and penalties, derived from the county local option excise tax imposed under sections 297A.021 and 297A.14 in the homestead credit trust fund.

Sec. 9. Minnesota Statutes 1990, section 297B.09, is amended by adding a subdivision to read:

Subd. 3. [HOMESTEAD CREDIT TRUST SHARE.] Notwithstanding subdivision 1, the commissioner of revenue shall deposit in the homestead credit trust all revenues, including interest and penalties, derived from the portion of the tax under this chapter attributable to the county local option excise tax under section 297A.021 in the homestead credit trust fund.

Sec. 10. [451.10] [MUNICIPAL FRANCHISE FEES.]

Subdivision 1. [AUTHORITY.] A municipality may require a public utility furnishing natural, manufactured, or mixed gas, or electricity in the municipality to obtain a license or franchise in accordance with the ordinances or regulations of the municipality and to pay a franchise fee, not exceeding three percent, based on the gross operating revenues or gross earnings from the utility's operations in the municipality.

Subd. 2. [EXEMPTION.] The gross earnings or operating revenues from the utility's operations in the municipality do not include revenue derived from the sale of natural, manufactured or mixed gas, or electricity by the public utility to another public utility for resale.

Subd. 3. [DEFINITIONS.] "Public utility" has the meaning given in section 216B.02, except it also includes (1) a municipality or cooperative electric association organized under chapter 308A, and (2) a public utility whose total natural gas business consists of supplying natural, manufactured or mixed gas to no more than 650 customers within the municipality.

"Municipality" means a statutory or home rule charter city or a county for earnings derived from service provided in the unincorporated area of the county.

Subd. 4. [PREEMPTION.] (a) The provisions of this section are the exclusive authority for municipalities to impose fees on electric-ity or gas utility franchises or licenses. This section does not affect the validity of an ordinance or rule imposing a fee or charge enacted before June 1, 1991, and such an ordinance or rule remains effective, except that the municipality may not increase the rate of the charge after June 1, 1991.

(b) This section shall not be construed to preempt the regulation of public utilities under other state or federal law.

Sec. 11. Minnesota Statutes 1990, section 469.190, subdivision 3, is amended to read:

Subd. 3. [DISPOSITION USE OF PROCEEDS.] Ninety-five per-cent of The gross proceeds from any of a tax imposed under subdivision 1 shall may 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, or county for any purpose otherwise permitted by law. 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. 12. Minnesota Statutes 1990, section 469.190, subdivision 7, is amended to read:

Subd. 7. [COLLECTION.] The statutory or home rule charter city, town, or county may agree with the commissioner of revenue that a tax imposed pursuant to this section shall be collected by the commissioner together with the tax imposed by 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.

Sec. 13. Laws 1980, chapter 511, section 1, subdivision 2, is amended to read:

Subd. 2. Notwithstanding Minnesota Statutes, Section 477A.01, Subdivision 18, or any other law, ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance, impose an additional sales tax of up to one percent on sales transactions which are described in Minnesota Statutes, Section 297A.01, Subdivision 3, Clause (c). The imposition of this tax shall not be subject to voter referendum under either state law or city charter provisions. The tax imposed pursuant to this subdivision shall terminate no later than December 31, 1992.

Sec. 14. Laws 1990, chapter 604, article 6, section 9, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] 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 the metropolitan sports area defined in Minnesota Statutes, section 473.551, subdivision 5 by the Bloomington convention bureau only to market and promote the city as a tourist or convention center. If the duties of the convention bureau as they existed on January 1, 1991, are assigned to another agency, the tax shall cease.

Sec. 15. [REVISOR'S INSTRUCTION.]

In the next edition of Minnesota Statutes, the revisor of statutes shall recodify Minnesota Statutes, section 469.190 to reflect the fact that the revenue from a lodging tax is no longer restricted to economic development purposes.

Sec. 16. [EFFECTIVE DATE.]

Sections 1 to 12 are effective for sales made after June 30, 1991. Section 13 is effective the day after approval in compliance with Minnesota Statutes, section 645.021, subdivision 3, by the city council of Duluth. Section 14 takes effect the day after the governing body of the city of Bloomington complies with Minnesota Statutes, section 645.021, subdivision 3.

ARTICLE 3

PROPERTY TAXES

Section 1. [117.57] [AUTHORITIES; RAILROAD PROPERTIES.]

Subdivision 1. [EMINENT DOMAIN.] The power of eminent domain of an authority, as defined in section 469.174, subdivision 2, extends to railroad properties located within the authority's limits, provided:

(1) the railroad property is not a line of track for which abandonment is required under federal law, or if it is a line of track for which abandonment is required under federal law, abandonment has been approved;

(2) some part of the property contains land pollution as defined in section 116.06, or contains a release or threatened release of petroleum, as provided in chapter 115C, or contains a release or threatened release of a pollutant, contaminant, hazardous substance, or hazardous waste, as provided in chapter 115B; and

(3) the authority intends to develop the property and has a plan for its cleanup and development within five years in order to maximize its market value.

Upon a showing by the petitioner in condemnation proceedings that the conditions described in clauses (1) to (3) exist, then the public use to which the authority would put the property is adjudged a superior public use to railroad use or any other past, present, or proposed future use, regardless of whether the property is held in trust, was previously acquired by condemnation, or is owned by a railroad.

Subd. 2. [RELATION TO STATE RAIL BANK.] Nothing in this section shall supersede the provisions of section 222.63.

Subd. 3. [RELATION TO REGIONAL RAILROAD AUTHORITIES.] An authority shall not be adjudged to have a superior public use to that of a regional railroad authority as defined in section 398A.01.

Sec. 2. Minnesota Statutes 1990, section 124A.03, subdivision 2, is amended to read:

Subd. 2. [REFERENDUM LEVY.] (a) The levy authorized by section 124A.23, subdivision 2, may be increased in the amount approved by the voters of the district at a referendum called for the purpose. The referendum may be called by the school board or shall be called by the school board upon written petition of qualified voters of the district. Unless the referendum is conducted by mail under paragraph (g), the referendum must be held on the first Tuesday after the first Monday in November. The ballot shall state the maximum amount of the increased levy as a percentage of net tax capacity, the amount that will be raised by that local tax rate in the first year it is to be levied, and that the local tax rate shall be used to finance school operations. The ballot may state that existing levy authority is expiring. In this case, the ballot may also compare the proposed levy authority to the existing expiring levy authority, and express the proposed increase as the amount, if any, over the expiring authority. The ballot shall designate the specific number of years for which the referendum authorization shall apply. The ballot

may contain a textual portion with the information required in this subdivision and a question stating substantially the following:

"Shall the increase in the levy proposed by (petition to) the board of, School District No. ..., be approved?"

If approved, the amount provided by the approved local tax rate applied to the net tax capacity for the year preceding the year the levy is certified shall be authorized for certification for the number of years approved, if applicable, or until revoked or reduced by the voters of the district at a subsequent referendum.

(b) The school board shall prepare and deliver by first class mail at least 15 days but no more than 30 days prior to the day of the referendum to each taxpayer at the address listed on the school district's current year's assessment roll, a notice of the referendum and the proposed levy increase. For the purpose of giving mailed notice under this subdivision, owners shall be those shown to be owners on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer. Every property owner whose name does not appear on the records of the county auditor or the county treasurer shall be deemed to have waived this mailed notice unless the owner has requested in writing that the county auditor or county treasurer, as the case may be, include the name on the records for this purpose. The notice must project the anticipated amount of increase in annual dollars and annual percentage for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the school district.

The notice for a referendum may state that an existing referendum levy is expiring and project the anticipated amount of increase over the existing referendum levy, if any, in annual dollars and annual percentage for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the school district.

The notice must include the following statement: "In 1989 the legislature reduced property taxes for education by increasing the state share of funding for education. However, state aid for cities and townships was reduced by a corresponding amount. As a result, property taxes for cities and townships may increase. Passage of this referendum will result in an increase in your property taxes."

(c) A referendum on the question of revoking or reducing the increased levy amount authorized pursuant to paragraph (a) may be called by the school board and shall be called by the school board upon the written petition of qualified voters of the district. A levy approved by the voters of the district pursuant to paragraph (a) must be made at least once before it is subject to a referendum on its revocation or reduction for subsequent years. Only one revocation or

reduction referendum may be held to revoke or reduce a levy for any specific year and for years thereafter.

(d) A petition authorized by paragraph (a) or (c) shall be effective if signed by a number of qualified voters in excess of 15 percent of the registered voters of the school district on the day the petition is filed with the school board. A referendum invoked by petition shall be held on the date specified in paragraph (a).

(e) The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this subdivision.

(f) At least 15 days prior to the day of the referendum, the district shall submit a copy of the notice required under paragraph (b) to the commissioner of education. Within 15 days after the results of the referendum have been certified by the school board, or in the case of a recount, the certification of the results of the recount by the canvassing board, the district shall notify the commissioner of education of the results of the referendum.

(g) Any referendum under this section held on a day other than the first Tuesday after the first Monday in November must be conducted by mail in accordance with section 204B.46. Notwithstanding paragraph (b) to the contrary, in the case of a referendum conducted by mail under this paragraph, the notice required by paragraph (b) shall be prepared and delivered by first class mail at least 20 days before the referendum.

Sec. 3. Minnesota Statutes 1990, section 124A.03, is amended by adding a subdivision to read:

Subd. 2a. [SCHOOL REFERENDUM LEVY; MARKET VALUE.] Notwithstanding the provisions of subdivision 2, a school referendum levy approved after the day of final enactment, shall be levied against the market value of all taxable property. Any referendum levy amount subject to the requirements of this subdivision shall be certified separately to the county auditor under section 275.07.

The ballot shall state the maximum amount of the increased levy as a percentage of market value, the amount that will be raised by that new school referendum tax rate in the first year it is to be levied, and that the new school referendum tax rate shall be used to finance school operations.

If approved, the amount provided by the new school referendum tax rate applied to the market value for the year preceding the year the levy is certified, shall be authorized for certification for the number of years approved, if applicable, or until revoked or reduced by the voters of the district at a subsequent referendum.

All other provisions of subdivision 2 that do not conflict with this subdivision shall apply to referendum levies under this subdivision.

Sec. 4. Minnesota Statutes 1990, section 273.11, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] Except as provided in subdivisions 1a, 6, 8, and 9, 11, and 12, 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. The assessor shall take into account the effect on the market value of property of environmental factors in the vicinity of the property. 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 valuation 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, that lot ~~or any single contiguous lot fronting on the same street~~ shall be eligible for revaluation. 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. 5. Minnesota Statutes 1990, section 273.11, is amended by adding a subdivision to read:

Subd. 1a. [GENERAL AND ROUTINE MAINTENANCE.] General and routine maintenance of structures classified under section 273.13, subdivisions 22 and 23, shall not be subject to assessment and shall be disregarded in establishing market value, provided that it is owned by the same taxpayer in the current and previous

years' assessment. For purposes of this subdivision, "general and routine maintenance" includes, but is not limited to, the following items:

- (1) roof repair, including replacement;
- (2) siding repair, including replacement;
- (3) window repair, including replacement;
- (4) paint, stain, wallpaper, and floor coverings;
- (5) smoke detection, security, and sprinkler systems;
- (6) plumbing repair, including replacement;
- (7) electrical rewiring; and

(8) any maintenance necessary to bring the structure into conformance with building codes and minimum housing standards. General and routine maintenance does not include any structural changes made to the improvement such as adding square footage, changing interior walls, adding a bathroom, or adding a fireplace.

Sec. 6. Minnesota Statutes 1990, section 273.11, is amended by adding a subdivision to read:

Subd. 11. [VALUATION OF RESTORED WETLAND.] Wetlands restored by a federal, state, or local government, or by a nonprofit organization, must be valued by county assessors at its wetland value. The commissioner of revenue shall establish guidelines for the assessors by October 1, 1991, in determining an appropriate market value for this property for its use as wetlands. Any other potential use of this land must be disregarded in establishing the market value. The property owner shall notify the county assessor of the county in which the property is located that the property has been granted wetland status and provide any necessary documentation that the assessor requires to verify the property's wetland status.

For purposes of this subdivision, "wetlands" means lands transitional between terrestrial and aquatic systems where the water table is usually at or near the surface or the land is covered by shallow water. For purposes of this definition, wetlands must have the following three attributes:

- (1) have a predominance of hydric soils;
- (2) are inundated or saturated by surface or ground water at a frequency and duration sufficient to support a prevalence of hydro-

phytic vegetation typically adapted for life in saturated soil conditions; and

(3) under normal circumstances support a prevalence of such vegetation.

Sec. 7. Minnesota Statutes 1990, section 273.11, is amended by adding a subdivision to read:

Subd. 12. [LOW-INCOME HOUSING.] In addition to the normal market value determination, a special market value for properties classified under section 273.13, subdivision 25, paragraph (c), clauses (1)(ii), (3), and (4), which have applied for treatment under this subdivision, shall be determined by capitalizing the net operating income derived from actual restricted rents and standardized expenses which are from time to time determined by the housing finance agency for like projects. Net operating incomes must be greater than zero. The special market value shall be used to compute the taxes owing only on that portion of the structure occupied by low-income, elderly, or handicapped persons or low- and moderate-income families as defined in the applicable laws. Management of properties valued under this subdivision must demonstrate annually to the assessor that tax savings realized by use of this method of valuation have inured to the tenants. The tax savings shall be used for reduced rents, improved maintenance, capital improvements, or capital reserves. Capital reserves must be in accordance with agreements approved by the governmental regulatory authority. After the first year, certification that the funds have been spent as required shall be made by an independent auditor performing the financial audit or review on the property as required by the regulatory authority. If it is determined from the audit that the benefit has not inured to the tenants, the independent auditor shall notify the county assessor and the assessor shall impose additional property taxes in the amount of triple the difference between the taxes determined in accordance with this subdivision and the amount it would pay if it were valued according to subdivision 1 and classified according to section 273.13, subdivision 25, paragraph (a) or (b), as appropriate for those years in which the benefit of the tax savings did not inure to the tenants.

Sec. 8. Minnesota Statutes 1990, section 273.112, subdivision 1, is amended to read:

Subdivision 1. This section may be cited as the "Minnesota ~~open~~ space recreational property tax law."

Sec. 9. Minnesota Statutes 1990, section 273.112, subdivision 2, is amended to read:

Subd. 2. The present general system of ad valorem property taxation in the state of Minnesota does not provide an equitable

basis for the taxation of certain private ~~outdoor~~ recreational, open space and park land property and has resulted in excessive taxes on some of these lands. Therefore, it is hereby declared that the public policy of this state would be best served by equalizing tax burdens upon private ~~outdoor~~, recreational, open space and park land within this state through appropriate taxing measures to encourage private development of these lands which would otherwise have to be provided by governmental authority.

Sec. 10. Minnesota Statutes 1990, 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 or an establishment actively and exclusively devoted to indoor fitness, health, social, recreation, and related uses in which the establishment is owned and operated by a nonprofit corporation;

(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 facilities and services for both men and women members in all membership categories at all times. 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 that 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. 11. Minnesota Statutes 1990, section 273.112, subdivision 4, is amended to read:

Subd. 4. The value of any real estate described in subdivision 3 shall upon timely application by the owner, in the manner provided in subdivision 6, be determined solely with reference to its appropriate private ~~outdoor~~, recreational, open space and park land classification and value notwithstanding sections 272.03, subdivision 8, and 273.11. In determining such value for ad valorem tax purposes the assessor shall not consider the value such real estate would have if it were converted to commercial, industrial, residential or seasonal residential use.

Sec. 12. Minnesota Statutes 1990, section 273.12, is amended to read:

273.12 [ASSESSMENT OF REAL PROPERTY.]

It shall be the duty of every assessor and board, in estimating and determining the value of lands for the purpose of taxation, to consider and give due weight to every element and factor affecting the market value thereof, including its location with reference to roads and streets and the location of roads and streets thereon or over the same, and to take into consideration a reduction in the acreage of each tract or lot sufficient to cover the amount of land actually used for any improved public highway and the reduction in area of land caused thereby, provided, that in determining the

market value of vacant land, the fact that such land 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. It shall be the duty of every assessor and board, in estimating and determining the value of lands for the purpose of taxation, to consider and give due weight to lands which are comparable in character, quality, and location, to the end that all lands similarly located and improved will be assessed upon a uniform basis and without discrimination and, for agricultural lands, to consider and give recognition to its earning potential as measured by its free market rental rate.

Notwithstanding the provisions of this or any other section, no additional value shall be assessed for unmined mineral value except for iron ore or taconite.

Sec. 13. Minnesota Statutes 1990, section 273.124, subdivision 1, is amended to read:

Subdivision 1. [GENERAL RULE.] Residential real estate that is occupied and used for the purposes of a homestead by its owner, who must be a Minnesota resident, is a residential homestead.

Agricultural land, as defined in section 273.13, subdivision 23, that is occupied and used as a homestead by its owner, who must be a Minnesota resident, is an agricultural homestead.

Dates for establishment of a homestead and homestead treatment provided to particular types of property are as provided in this section.

The assessor shall require proof, by affidavit or otherwise, of the facts upon which classification as a homestead may be determined.

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

In the case of property owned by a married couple in joint tenancy or tenancy in common, the assessor must not deny homestead treatment in whole or in part if only one of the spouses is occupying the property and the other spouse is absent due to divorce or separation, or is a resident of a nursing home or a boarding care facility.

If property is owned in joint tenancy or tenancy in common by parents and children who occupy the property for purposes of a homestead, the assessor must not deny homestead treatment in whole or in part because a parent or a child ceases to occupy the property. For purposes of this paragraph, "parents" and "children" include relationships by marriage.

If an individual is purchasing property with the intent of claiming it as a homestead, and is required by the terms of the financing agreement to have ~~one or both parents~~ a relative shown on the deed as ~~coowners~~ a coowner, the assessor shall allow a full homestead classification ~~and extend full homestead credit~~. This provision only applies to first time purchasers, whether married or single, or to a person who had previously been married and is purchasing as a single individual for the first time. For purposes of this paragraph, "relative" means a parent, stepparent, grandparent, brother, sister, uncle, or aunt. The relationship may be by blood or marriage. The application for homestead benefits must be on a form prescribed by the commissioner and must contain the data necessary for the assessor to determine if full homestead benefits are warranted.

Sec. 14. Minnesota Statutes 1990, section 273.124, subdivision 7, is amended to read:

Subd. 7. [LEASED BUILDINGS OR LAND.] For purposes of class 1 determinations, homesteads include:

(a) buildings and appurtenances owned and used by the occupant as a permanent residence which are located upon land the title to which is vested in a person or entity other than the occupant;

(b) all buildings and appurtenances located upon land owned by the occupant and used for the purposes of a homestead together with the land upon which they are located, if all of the following criteria are met:

- (1) the occupant is using the property as a permanent residence;
- (2) the occupant is paying the property taxes and any special assessments levied against the property;
- (3) the occupant has signed a lease which has an option to purchase the buildings and appurtenances;

(4) the term of the lease is at least five years; and

(5) the occupant has made a down payment of at least \$5,000 in cash if the property was purchased by means of a contract for deed or subject to a mortgage;

(c) buildings and appurtenances, together with the land upon which they are located, leased by the occupant under a lease-purchase program administered by the Minnesota housing finance agency or a city, provided the occupant's income is no greater than 60 percent of the county or area median income. For purposes of this subdivision, "city" has the meaning given in section 462C.02, subdivision 6;

(d) buildings and appurtenances, together with the land upon which they are located, leased by the occupant under the community lending model lease-purchase mortgage loan program administered by the federal national mortgage association, provided the occupant's income is no greater than 60 percent of the county or area median income; and

(e) federally acquired building and appurtenances, together with the land upon which they are located that is leased to a nonprofit corporation organized under chapter 317A that qualifies for tax exempt status under United States Code, title 26, section 501(c), or a housing and redevelopment authority authorized under sections 469.001 to 469.047. The purpose of the lease must be to allow the nonprofit corporation to provide homeownership opportunities or transitional housing for homeless persons. If the property is purchased from the federal government by the nonprofit corporation for the purpose of continuing to provide transitional housing after the expiration of the lease, the property shall continue to be eligible for homestead treatment under this subdivision.

Any taxpayer meeting ~~all~~ the requirements of ~~this~~ paragraph ~~(b)~~, ~~(c)~~, ~~(d)~~, or ~~(e)~~ must notify the county assessor, or the assessor who has the powers of the county assessor pursuant to section 273.063, in writing, as soon as possible after signing the lease agreement and occupying the buildings as a homestead.

Sec. 15. Minnesota Statutes 1990, section 273.124, subdivision 14, is amended to read:

Subd. 14. [AGRICULTURAL HOMESTEADS; SPECIAL PROVISIONS.] (a) Real estate of less than ten acres that is the homestead of its owner must be classified as class 2a under section 273.13, subdivision 23, paragraph (a), if:

(1) the parcel on which the house is located is contiguous to ~~agricultural land~~ on at least two sides to (i) agricultural land, (ii)

land owned or administered by the United States Fish and Wildlife Service, or (iii) land administered by the department of natural resources on which in lieu taxes are paid under sections 477A.11 to 477A.14;

(2) its owner also owns a noncontiguous parcel of agricultural land that is at least 20 acres;

(3) the noncontiguous land is located not farther than two townships or cities, or a combination of townships or cities from the homestead; and

(4) the agricultural use value of the noncontiguous land and farm buildings is equal to at least 50 percent of the market value of the house, garage, and one acre of land.

Homesteads initially classified as class 2a under the provisions of this subdivision shall remain classified as class 2a, irrespective of subsequent changes in the use of adjoining properties, as long as the homestead remains under the same ownership, the owner owns a noncontiguous parcel of agricultural land that is at least 20 acres, and the agricultural use value qualifies under clause (4).

(b) Noncontiguous land shall be included as part of a homestead under section 273.13, subdivision 23, paragraph (a), only if the homestead is classified as class 2a and the detached land is located in the same township or city, or not farther than two townships or cities or combination thereof from the homestead.

(c) Agricultural land used for purposes of a homestead and actively farmed by a person holding a vested remainder interest in it must be classified as a homestead under section 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other dwellings on the land used for purposes of a homestead by persons holding vested remainder interests who are actively engaged in farming the property, and up to one acre of the land surrounding each homestead and reasonably necessary for the use of the dwelling as a home, must also be assessed class 2a.

Sec. 16. Minnesota Statutes 1990, 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. For taxes payable in 1992, the

market value of class 1a property that exceeds \$68,000 but does not exceed \$110,000 has a class rate of two percent of its market value; and the market value of class 1a property that exceeds \$110,000 has a class rate of ~~three~~ 2.5 percent of its market value. For taxes payable in 1993 and thereafter, the market value of class 1a property that exceeds \$68,000 has a class rate of two percent.

(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

(G) a pension from a local union if the pension is guaranteed by the federal government; or

(iii) (4) any person who is permanently and totally disabled and 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 under clause (4) only if the government agency or income-providing source certifies, upon the request of the property owner, that the property owner satisfies the disability requirements of this subdivision.

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 .45 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. 17. Minnesota Statutes 1990, section 273.13, subdivision 24, is amended to read:

Subd. 24. [CLASS 3.] (a) Commercial and industrial property and utility real and personal property, except class 5 property as identified in subdivision 31, clause (1), is class 3a. It has a class rate of 3.3 percent of the first \$100,000 of market value for taxes payable in 1990, 3.2 percent for taxes payable in 1991, 3.1 percent for taxes payable in 1992, and three percent for taxes payable in 1993 and thereafter, and 5.06 percent of the market value over \$100,000. In the case of state-assessed commercial, industrial, and utility property owned by one person or entity, only one parcel has a reduced class rate on the first \$100,000 of market value. In the case of other commercial, industrial, and utility property owned by one person or entity, only one parcel in each county has a reduced class rate on the first \$100,000 of market value.

(b) Employment property defined in section 469.166, during the period provided in section 469.170, shall constitute class 3b and has a class rate of 2.3 percent of the first \$50,000 of market value and 3.6 percent of the remainder, except that for employment property located in a border city enterprise zone designated pursuant to section 469.168, subdivision 4, paragraph (c), the class rate of the first \$100,000 of market value and the class rate of the remainder is determined under paragraph (a), unless the governing body of the city designated as an enterprise zone determines that a specific parcel shall be assessed pursuant to the first clause of this sentence. The governing body may provide for assessment under the first clause of the preceding sentence only for property which is located in an area which has been designated by the governing body for the receipt of tax reductions authorized by section 469.171, subdivision 1.

(c) Class 3c property includes airport hangars that are:

(1)(i) owned by a private individual, association, or corporation, or
(ii) leased by a private individual, association, or corporation in
connection with a business conducted for profit other than an
aviation-related business; and

(2) located at an airport owned by a city, town, county, or group of
cities, towns, or counties, except an airport owned or operated by the
metropolitan airports commission or by a city of over 50,000
population according to the most recent federal census.

Class 3c property has a class rate of 3.1 percent for taxes payable in 1992, and three percent for taxes payable in 1993, and thereafter.

Sec. 18. Minnesota Statutes 1990, 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 for taxes payable in 1992, and 3.35 percent of market value for taxes payable in 1993 and thereafter.

(b) Class 4b includes:

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

(2) manufactured homes not classified under any other provision;

(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 for taxes payable in 1992, and 2.75 percent of market value for taxes payable in 1993 and thereafter.

(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 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 property of a nonprofit or limited dividend entity. 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;

(i) situated on real property that is used for housing for the elderly or for low- and moderate-income families as defined in Title II, as amended through December 31, 1990, of the National Housing Act

and financed by a direct federal loan or federally insured loan made pursuant to Title II of the act; or

(ii) situated on real property that is used for housing the elderly or for low- and moderate-income families as defined by the Minnesota housing finance agency law of 1971, as amended, or rules promulgated by the agency pursuant thereto and financed by a loan made by the Minnesota housing finance agency pursuant to the provisions of the act.

This clause applies only to property of a nonprofit or limited dividend entity. 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 and receives public financing, except financing provided under sections 469.174 to 469.179, which contains terms restricting the rents. Classification pursuant to this clause is limited to a term of 15 years, or the original term of the financing.

For all properties described in clauses (1), (2), and (3) and in paragraph (d), the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents. Properties described in clauses (1)(ii), (3), and (4) may apply annually to the assessor for valuation under section 273.11, subdivision 12. The land on which these structures are situated has the class rate given in paragraph (b) if the structure contains fewer than four units, and the class rate given in paragraph (a) if the structure contains four or more units. This clause applies only to the property of a nonprofit or limited dividend entity.

(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 317A; (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 purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property is used, or available for use for residential occupancy, and a fee is charged for 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 also includes the remainder of class 1c resorts;

(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;

(7) post-secondary student housing of not more than one acre of land that is owned by a nonprofit corporation organized under chapter 317A 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; and

(8) manufactured home parks as defined in section 327.14, subdivision 3.

Class 4c property has a class rate of 2.3 percent of market value, except that (i) manufactured home park property under clause (8) has a class rate of 3 percent of market value for taxes payable in 1991 and 2.3 percent of market value for taxes payable in 1992, and thereafter, and (ii) property devoted to noncommercial seasonal residential for recreational purposes has a class rate of 2.0 percent of market value for taxes payable in 1993 and thereafter.

(d) 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.

The class rates in paragraph (c), clauses (1), (2), and (3) and this

clause 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.

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); paragraph (c), clause (1), (2), (3), or (4), 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. Residential rental property that would otherwise be assessed as class 4 property under paragraph (d) is assessed at 2.3 percent of market value if it is found to be a substandard building under section 273.1316.

Sec. 19. Minnesota Statutes 1990, section 273.13, subdivision 31, is amended to read:

Subd. 31. [CLASS 5.] Class 5 property includes:

(1) tools, implements, and machinery of an electric generating, transmission, or distribution system or a pipeline system transporting or distributing water, gas, crude oil, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings, which are fixtures;

(2) unmined iron ore and low-grade iron-bearing formations as defined in section 273.14; and

(3) ~~vacant land; and~~

(4) all other property not otherwise classified.

Class 5 property has a class rate of 5.06 percent of market value.

Sec. 20. Minnesota Statutes 1990, section 273.13, subdivision 32, is amended to read:

Subd. 32. [TARGET CLASS RATE.] All classes of property with a class rate of 5.06 percent have a target class rate of four percent. At the time of submission of the biennial budget under section 16A.11,

the governor shall recommend the effective class rate for taxes payable in the following two calendar years by designating a "phase-in percentage," equal to the proportion of the effective class rate that will be based on the target class rate of four percent, with the remaining proportion based on the class rate of 5.06 percent. The governor shall identify and include within the budget funding for the increased expenditures for homestead and agricultural credit aid over the amount of expenditures for homestead and agricultural credit aid provided in Laws 1989, First Special Session chapter 1, that are estimated to result from the recommendation. At that time, the governor may propose alternative programs other than homestead and agricultural credit aid to prevent other taxpayers' taxes from increasing as a result of the governor's recommended increase in the phase-in percentage. The effective net class rate is the sum of the products of:

(1) the phase-in percentage adopted by the legislature multiplied by four percent; and

(2) 100 percent minus the phase-in percentage multiplied by 5.06 percent.

The phase-in percentage in any year cannot be less than it was in the prior year. The phase-in percentage is ~~ten percent~~ for taxes payable in 1991 ~~is ten percent provided that the governor may recommend an alternative phase-in percentage for taxes payable in 1991,~~ 19.8 percent for taxes payable in 1992, and 29.2 percent for taxes payable in 1993.

Beginning in 1991, the commissioner of revenue shall annually set the effective class rate to use for taxes payable in the following year as provided in this subdivision and announce it by June 1. For purposes of any aid, levy limitation, debt limit, or salary limitation, and property tax administration, net tax capacity must be computed with reference to the effective class rate for the properties affected by this subdivision.

Sec. 21. Minnesota Statutes 1990, section 273.13, is amended by adding a subdivision to read:

Subd. 33. [UNIMPROVED PROPERTY.] Real property that is not improved with a structure and that is not used as part of a commercial or industrial activity must be classified and assessed according to its highest and best use permitted under the local zoning ordinance. If the ordinance permits more than one use, the land must be classified and assessed according to the highest and best use permitted under the ordinance. If no such ordinance exists, the assessor shall consider the most likely potential use of the vacant land based upon the use made of surrounding land or land in proximity to the vacant land.

Sec. 22. Minnesota Statutes 1990, section 275.065, subdivision 1a, is amended to read:

Subd. 1a. [OVERLAPPING JURISDICTIONS.] In the case of a taxing authority lying in two or more counties, the home county auditor shall certify the proposed levy to the other county auditor by September 20 for taxes levied in 1990; and thereafter 1991, and the proposed local tax rate by September 5 for taxes levied in 1991, 1992 and thereafter, ~~for counties containing a city of the first class.~~ The home county auditor must estimate the levy or rate in preparing the notices required in subdivision 3, if the other county has not certified the appropriate information. If requested by the home county auditor, the other county auditor must furnish an estimate to the home county auditor.

Sec. 23. Minnesota Statutes 1990, section 275.065, subdivision 3, is amended to read:

Subd. 3. [NOTICE OF PROPOSED PROPERTY TAXES.] (a) The county auditor shall prepare and the county treasurer shall deliver on or before November 10 each year, by first class mail to each taxpayer at the address listed on the county's current year's assessment roll, a notice of proposed property taxes and, in the case of a town, final property taxes.

(b) The commissioner of revenue shall prescribe the form of the notice.

(c) The notice must inform taxpayers that it contains the amount of property taxes each taxing authority other than a town proposes to collect for taxes payable the following year as required in paragraph (d) or (e) and, for a town, the amount of its final levy. It must clearly state that each taxing authority, other than a town or special taxing district, will hold a public meeting to receive public testimony on the proposed budget and proposed or final property tax levy, or, in case of a school district, on the current budget and proposed property tax levy. It must clearly state the time and place of each taxing authority's meeting and an address where comments will be received by mail. It must state the time and place for the continuation of the hearing if the hearing is not completed on the original date.

(d) ~~Except as provided in paragraph (e),~~ For taxes levied in 1990 and 1991, the notice must state by county, city or town, and school district:

(1) the total proposed or, for a town, final property tax levy for taxes payable the following year after reduction for state aid;

(2) the percentage increase or decrease from the actual property tax levy for taxes payable in the current year; and

(3) for counties, cities, and towns, the increase or decrease in population from the second previous calendar year to the immediately prior calendar year, and for school districts, the increase or decrease in the number of pupils in average daily membership from the second previous school year to the immediately prior school year as determined by the commissioner of education. The data used to determine the increase or decrease in population under this clause must be the data used for purposes of the population adjustment to the levy limit base of the county, city, or town under section 275.51, subdivision 6.

For purposes of this paragraph, "proposed property taxes after reduction for state aid" means the taxing authority's levy certified under section 275.07, subdivision 1.

(e) ~~In the case of a county containing a city of the first class, or taxing authority lying wholly within a county or counties containing a city of the first class, for taxes levied in 1991, and thereafter,~~ and for all counties For taxes levied in 1992 and thereafter, the notice must state for each parcel:

(1) the market value of the property as defined under section 272.03, subdivision 8, for property taxes payable in the following year and for taxes payable the current year;

(2) by county, city or town, school district, the sum of the special taxing districts, and as a total of the taxing authorities, including special taxing districts, the proposed or, for a town, final net tax on the property for taxes payable the following year and the actual tax for taxes payable the current year; and

(3) the increase or decrease in the amounts in clause (2) from taxes payable in the current year to proposed or, for a town, final taxes payable the following year, expressed as a dollar amount and as a percentage.

(f) The notice must clearly state that the proposed or final taxes do not include the following:

(1) special assessments;

(2) levies approved by the voters after the date the proposed taxes are certified, including bond referenda, school district levy referenda, and levy limit increase referenda;

(3) amounts necessary to pay cleanup or other costs due to a

natural disaster occurring after the date the proposed taxes are certified; and

(4) amounts necessary to pay tort judgments against the taxing authority that become final after the date the proposed taxes are certified.

Sec. 24. Minnesota Statutes 1990, section 275.065, subdivision 5a, is amended to read:

Subd. 5a. [PUBLIC ADVERTISEMENT.] (a) A city that has a population of more than 1,000 as determined by the state demographer under section 116K.04, subdivision 4, county, or school district shall advertise in a newspaper a notice of its intent to adopt a budget and property tax levy or, in the case of a school district, a property tax levy to review its current budget and proposed property taxes payable in the following year, at a public hearing. The notice must be published not less than two business days nor more than six business days before the hearing.

The advertisement must be at least one-eighth one-quarter 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 22-point. The text of the advertisement must be no smaller than 18-point 14-point, except that the property tax amounts and percentages may be in 14-point 12-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 an official newspaper of general circulation in the taxing authority. The newspaper selected must be one of general interest and readership in the community, and not one of limited subject matter. The advertisement must appear in a newspaper that is published at least once per week.

(b) The advertisement must be in the following form, except that the notice for a school district must not may include references to the current budget hearings or to adoption of a budget in regard to proposed property taxes:

“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 services that will be provided

in 199___/school district services that will be provided in 199___ and 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 or in the case of a school district, its current budget and proposed property taxes, payable in the following year. 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)."

(c) A city with a population of 1,000 or less may advertise by posted notice as defined in section 645.12, subdivision 1. The advertisement must be posted at the time provided in paragraph (a). It must be in the form required in paragraph (b).

Sec. 25. Minnesota Statutes 1990, 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 review its current budget and 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 property tax levy certified under section 275.07 by a city, county, or school district must not exceed the proposed levy deter-

mined 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;

(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; and

(6) the amount of an increase in levy limits certified to the taxing authority by the commissioner of revenue or the commissioner of education after the proposed levy was certified.

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 county auditor shall provide for the coordination of hearing dates for all taxing authorities within the county.

By August 1, the county auditor shall notify the clerk of each school district within the county of the dates that the county board has designated for its hearing and any continuation under subdivision 3. By August 15, each school board shall certify to the county auditors of the counties in which the school district is located the dates on which it elects to hold its hearings and any continuations under subdivision 3. If a school board does not certify the dates by

August 15, the auditor will assign the hearing date. The dates elected or assigned must not conflict with the county hearing dates. By August 20, the county auditor shall notify the clerks of the cities within the county of the dates on which the county and school districts have elected to hold their hearings. At the time a city certifies its proposed levy under subdivision 1 it shall certify the dates on which it elects to hold its hearings and any continuations under subdivision 3. The city must not select dates that conflict with those elected by or assigned to the counties and school districts in which the city is located.

The hearing dates so elected or assigned must be designated on the notices required under subdivision 3.

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

Sec. 26. Minnesota Statutes 1990, section 275.08, subdivision 1b, is amended to read:

Subd. 1b. The amounts certified under section 275.07 after adjustment under section 275.07, subdivision 3, by an individual local government unit, except for any amounts certified under section 124A.03, subdivision 2a, and section 275.60, shall be divided by the total gross tax capacity of all taxable properties within the local government unit's taxing jurisdiction for tax payable in 1989 and by the total net tax capacity of all taxable properties within the local government unit's taxing jurisdiction, for taxes payable in 1990 and thereafter. The resulting ratio, the local government's local tax rate, multiplied by each property's gross tax capacity for taxes payable in 1989 and net tax capacity for taxes payable in 1990 and subsequent years shall be each property's total tax for that local government unit before reduction by any credits.

Any amount certified to the county auditor under section 124A.03, subdivision 2a, or under section 275.60, shall be divided by the total estimated market value of all taxable properties within the taxing district. The resulting ratio, the taxing district's new referendum tax rate, multiplied by each property's estimated market value shall be each property's new referendum tax before reduction by any credits.

Sec. 27. [275.59] [LEVY OR BOND REFERENDUM; BALLOT NOTICE.]

Notwithstanding any general or special law or any charter provisions, any question submitted to the voters by any local governmental subdivision at a general or special election after the day of final enactment, authorizing a property tax levy or tax rate increase, including the issuance of debt obligations payable in whole

or in part from property taxes, must include on the ballot the following notice in bold-face type.

“BY VOTING “YES” ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE.”

For purposes of this section, “local governmental subdivision” includes counties, home rule and statutory cities, towns, school districts, and all special taxing districts. This statement is in addition to any general or special laws or any charter provisions that govern the contents of a ballot question.

Sec. 28. [275.60] [REFERENDUM LEVY; MARKET VALUE.]

Any levy required to be approved and approved by the voters at a general or special election after the day of final enactment, including school district referenda under section 124A.03, subdivision 29, shall be levied against the market value of all taxable property within the governmental subdivision. Any levy amount subject to the requirements of this section shall be certified separately to the county auditor under section 275.07.

The ballot shall state the maximum amount of the increased levy as a percentage of market value and the amount that will be raised by the new referendum tax rate in the first year it is to be levied.

Sec. 29. [276.035] [DISCOUNT FOR PREPAYMENT.]

Subdivision 1. [DISCOUNT ALLOWED; AMOUNT.] The county treasurer shall allow a percentage discount to a taxpayer who pays property taxes on qualifying property in full on or before May 15 or ten days after the postmark date on the envelope containing the property tax statement, whichever is later. The discount applies to payment of current taxes only, after all delinquent taxes, interest, and penalties have been paid.

The percentage discount is one-fourth of the percentage rate determined under section 270.75, subdivision 5. The commissioner of revenue shall determine and notify county treasurers by January 1 of the discount percentage for taxes payable in the current year.

Subd. 2. [DEFINITIONS.] For purposes of this section:

(1) “Taxes” means only real property taxes and property taxes due under section 273.19, after reduction for any credits, if the taxes exceed \$50. Except as provided in this subdivision “taxes” does not include taxes on personal property, special assessments, or payments or special assessments imposed in lieu of taxes; and

(2) "Qualifying property" means property classified under section 273.13, subdivisions 22, 23, and 25.

Subd. 3. [DISTRIBUTION.] The amount of the taxes collected after application of the discount must be apportioned among and distributed to the local taxing jurisdiction by the county auditor and treasurer as part of the settlement under sections 276.09 to 276.11.

Sec. 30. Minnesota Statutes 1990, section 276.04, subdivision 2, is amended to read:

Subd. 2. [CONTENTS OF TAX STATEMENTS.] (a) The treasurer shall provide for the printing of the tax statements. The commissioner of revenue shall prescribe the form of the property tax statement and its contents. The statement must contain a tabulated statement of the dollar amount due to each taxing authority from the parcel of real property for which a particular tax statement is prepared. The dollar amounts due the county, township or municipality and school district must be separately stated. The amounts due other taxing districts, if any, may be aggregated. The dollar amounts, including the dollar amount of any special assessments, may be rounded to the nearest even whole dollar. For purposes of this section whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar. The statement shall include the following sentence, printed in upper case letters in boldface print: "THE STATE OF MINNESOTA DOES NOT RECEIVE ANY PROPERTY TAX REVENUES. THE STATE OF MINNESOTA REDUCES YOUR PROPERTY TAX BY PAYING CREDITS AND REIMBURSEMENTS TO LOCAL UNITS OF GOVERNMENT."

(b) The property tax statements for manufactured homes and sectional structures taxed as personal property shall contain the same information that is required on the tax statements for real property.

(c) Real and personal property tax statements must contain the following information in the order given in this paragraph. The information must contain the current year tax information in the right column with the corresponding information for the previous year in a column on the left:

(1) the property's estimated market value as defined in section 272.03, subdivision 8;

(2) the property's gross tax, calculated by multiplying the property's ~~gross~~ net tax capacity times the total local tax rate and adding to the result the sum of the aids enumerated in ~~clause~~ clauses (3) and (4);

(3) a total of the following aids:

(i) education aids payable under chapters 124 and 124A;

(ii) local government aids for cities, towns, and counties under chapter 477A; and

(iii) disparity reduction aid under section 273.1398;

(4) for homestead residential and agricultural properties, the homestead and agricultural credit aid apportioned to the property. This amount is obtained by multiplying apportioning the total local tax rate by homestead and agricultural credit aid under section 273.1398, subdivision 2, to all property types which qualified for either homestead or agricultural credit for taxes payable in 1989, based upon the difference between the property's gross and net tax capacities under section 273.13. This amount must be separately stated and identified as "homestead and agricultural credit." For purposes of comparison with the previous year's amount for the statement for taxes payable in 1990, the statement must show the homestead credit for taxes payable in 1989 under section 273.13, and the agricultural credit under section 273.132 for taxes payable in 1989. For taxes payable in 1992, the statement shall indicate that this item may be different than the amount shown on the previous year's statement due to a change in the way the credit is calculated;

(5) any credits received under sections 273.119; 273.123; 273.135; 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit received under section 273.135 must be separately stated and identified as "taconite tax relief"; and

(6) the net tax payable in the manner required in paragraph (a);
and

(7) any additional amount of tax authorized under sections 124A.03, subdivision 2a, and 275.60. These amounts shall be listed as "voter approved referenda levies."

The commissioner of revenue shall certify to the county auditor the actual or estimated aids enumerated in clauses (3) and (4) that local governments will receive in the following year for each unique taxing jurisdiction as defined in section 273.1398, subdivision 1. In the case of a county containing a city of the first class, for taxes levied in 1991, and for all counties For taxes levied in 1992 and thereafter, the commissioner must certify this amount by September 1.

(d) Property tax statements must notify taxpayers that a discount is available for prepayment of the entire tax amount in the case of qualifying property as defined under section 276.035, subdivision 2, clause (2). It must state that payment must be made by the later of

May 15 or ten days after the postmark date on the envelope containing the property tax statement.

Sec. 31. Minnesota Statutes 1990, section 279.03, subdivision 1a, is amended to read:

Subd. 1a. [RATE AFTER DECEMBER 31, 1990.] (a) Except as provided in paragraph (b), 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. If the rate so determined is less than ten percent, the rate of interest shall be ten percent. The maximum per annum rate shall be 14 percent if the rate specified under section 270.75, subdivision 5, exceeds 14 percent. The rate shall be subject to change on January 1 of each year.

(b) If a person is the owner of one or more parcels of property on which taxes are delinquent, and the aggregate tax capacity of that property exceeds five percent of the total tax capacity of the school district in which the property is located, or the owner of one or more parcels of property owes more than 25 percent of the prior year's school district levy, interest on the delinquent property taxes, penalties, and costs unpaid after January 1, 1992, shall be payable at twice the rate determined under paragraph (a) for the year.

Sec. 32. Minnesota Statutes 1990, 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) clause (5), in for 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 three years from the date of sale. The period of redemption for 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, except that the period of redemption for nonhomesteaded agricultural land as defined in section 273.13, subdivision 23, paragraph (b), shall be two years from the date of sale if at that time, that property is owned by a person who owns one or more parcels of property on which taxes are delinquent, and the aggregate tax capacity of that property exceeds five percent of the total tax capacity of the school district in which the property is located, or the owner of one or more parcels of that property owes more than 25 percent of the prior year's school district levy.

Sec. 33. Minnesota Statutes 1990, section 430.102, subdivision 3, is amended to read:

Subd. 3. [ANNUAL IMPROVEMENT ASSESSMENT PROCEDURE; APPEALS.] When the council has acted on the estimate of costs, the city engineer, with the assistance of the city assessor, shall prepare an assessment roll. The roll must list separately the amounts to be specially assessed against benefited and assessable property in the district in proportion to the benefits, descriptions of the property, and the names of the owners of the property to the extent they are available to the engineer. The assessment roll must be filed in the office of the city clerk and be available there for inspection.

The city council shall meet to consider objections to the amounts of special assessments at least ten days after a notice of hearing has been mailed to the named owners of the tracts, parcels, and lots of property proposed to be assessed. The notice must give the time, place, and purpose of the meeting, but may refer to the assessment roll for further particulars. When the city council has approved the amounts of the special assessments in the assessment roll or has changed them, the city clerk shall certify a copy of the assessment roll, with any changes, to the county auditor to be extended on the tax lists of the county. The special assessments must be collected with and in the same manner as other taxes on property for the current year.

Within 20 days after the adoption of the assessment, an aggrieved person may appeal to the district court as provided in section 430.03 except that no commissioners will be appointed to consider the amount of benefits. If the court finds that the assessment is not arbitrary, unreasonable, or made under a demonstrable mistake of fact or erroneous theory of law, it shall confirm the proceedings; If the court finds that the assessment is valid but for the inclusion of one or more items of cost, it shall reduce the assessment by the amount erroneously included and confirm the assessment as reduced. Otherwise the court shall remand the matter to the city council for reconsideration and reassessment of the benefits after notice and hearing like those for the original assessments under this

subdivision. Objections to the assessment are waived unless appealed under this paragraph.

Sec. 34. Minnesota Statutes 1990, section 430.102, subdivision 4, is amended to read:

Subd. 4. [COSTS AND ANNUAL IMPROVEMENTS DEFINED.] For the purposes of this chapter, with respect to pedestrian malls, "annual improvements" means any reconstruction, replacement, or repair of trees and plantings, furniture, roadway fixtures, sidewalks, shelters, and other facilities of a pedestrian mall, snow removal, sweeping, furnishing overhead or underground heating ~~for snow removal or for enjoyment of pedestrians~~, and any other local improvement benefiting properties within the district. For the purposes of this chapter, with respect to annual improvements to and operation and maintenance of pedestrian malls, "costs" means costs of annual improvements, fees of consultants employed by the city council to assist in the planning of annual improvements, premiums on public liability insurance insuring the city and users of the pedestrian mall and on property damage insurance for pedestrian mall facilities, reasonable and necessary costs to the city for the time of city officials, the advisory board, and employees spent in connection with annual improvements to and operating and maintaining a pedestrian mall and levying and collecting special assessments and special taxes for the mall, publication costs, and other costs incurred or to be incurred in connection with annual improvements to and operation and maintenance of pedestrian malls.

Sec. 35. Minnesota Statutes 1990, section 473F.01, is amended to read:

473F.01 [PURPOSE; USE OF PROCEEDS.]

Subdivision 1. [PURPOSE.] The legislature finds it desirable to improve the revenue raising and distribution system in the seven county Twin Cities area to accomplish the following objectives:

(1) To provide a way for local governments to share in the resources generated by the growth of the area, without removing any resources which local governments already have;

(2) To increase the likelihood of orderly urban development by reducing the impact of fiscal considerations on the location of business and residential growth and of highways, transit facilities and airports;

(3) To establish incentives for all parts of the area to work for the growth of the area as a whole;

(4) To provide a way whereby the area's resources can be made

available within and through the existing system of local governments and local decision making;

(5) To help communities in different stages of development by making resources increasingly available to communities at those early stages of development and redevelopment when financial pressures on them are the greatest; and

(6) To encourage protection of the environment by reducing the impact of fiscal considerations so that flood plains can be protected and land for parks and open space can be preserved; and

(7) ~~To provide for the distribution to municipalities of additional revenues generated within the area or from outside sources pursuant to other legislation.~~

Subd. 2. [USE OF PROCEEDS.] Except as provided in section 473F.08, subdivision 3a, the proceeds from the areawide tax imposed under this chapter must be used by a local governmental unit in the same manner and for the same purposes as the proceeds from other ad valorem taxes levied by the local governmental unit.

Sec. 36. Minnesota Statutes 1990, section 473F.02, subdivision 3, is amended to read:

Subd. 3. "Commercial-industrial property" means the following categories of property, as defined in section 273.13, excluding that portion of such property (1) which may, by law, constitute the tax base for a tax increment pledged pursuant to under section 469.042 or 469.162, certification of which was requested prior to August 1, 1979, to the extent and while such tax increment is so pledged; or (2) ~~which may, by law, constitute the tax base for tax revenues set aside and paid over for credit to a sinking fund pursuant to direction of the city council in accordance with Laws 1963, chapter 881, as amended, to the extent that such revenues are so treated in any year; or (3) which is exempt from taxation pursuant to under section 272.02:~~

(a) That portion of class 3 property defined in Minnesota Statutes 1971, section 273.13, consisting of stocks of merchandise and furniture and fixtures used therewith; manufacturers' materials and manufactured articles; and tools, implements and machinery, whether fixtures or otherwise.

(b) That portion of class 4 property defined in Minnesota Statutes 1971, section 273.13, which is ~~either used or zoned for use~~ for any commercial or industrial purpose, except for such property which is, or, in the case of property under construction, will when completed be used exclusively for residential occupancy and the provision of services to residential occupants thereof. Property shall be considered as used exclusively for residential occupancy only if each of not

less than 80 percent of its occupied residential units is, or, in the case of property under construction, will when completed be occupied under an oral or written agreement for occupancy over a continuous period of not less than 30 days.

If the classification of property prescribed by section 273.13 is modified by legislative amendment, the references in this subdivision shall be to such successor class or classes of property, or portions thereof, as embrace the kinds of property designated in this subdivision.

Sec. 37. Minnesota Statutes 1990, section 473F.02, subdivision 8, is amended to read:

Subd. 8. "Municipality" means a city, town, or township located in whole or part within the area, but not the cities of New Prague or Northfield. If a municipality is located partly within and partly without the area, the references in sections 473F.01 to 473F.13 to property or any portion thereof subject to taxation or taxing jurisdiction within the municipality are to such property or portion thereof as is located in that portion of the municipality within the area, *except that the fiscal capacity of such a municipality shall be computed upon the basis of the valuation and population of the entire municipality.*

A municipality shall be excluded from the area if its municipal comprehensive zoning and planning policies conscientiously exclude most commercial-industrial development, for reasons other than preserving an agricultural use. The metropolitan council and the commissioner of revenue shall jointly make this determination annually and shall notify those municipalities that are ineligible to participate in the tax base sharing program provided in this chapter for the following year.

Sec. 38. Minnesota Statutes 1990, section 473F.02, subdivision 12, is amended to read:

Subd. 12. "Market value" of real and personal property within a municipality means the "actual market value" assessor's estimated market value of all real and personal property within the municipality, determined in the manner and with respect to the property described for school districts in section 475.53, subdivision 4, *except that no adjustment shall be made for property on which taxes are paid into the state treasury under gross earnings tax laws applicable to common carrier railroads.* For purposes of sections 473F.01 to 473F.13, the commissioner of revenue shall annually make determinations and reports with respect to each municipality which are comparable to those it makes for school districts under section 124.2131, subdivision 1, in the same manner and at the same times as are prescribed by the subdivision. The commissioner of revenue shall annually determine, for each municipality, information com-

parable to that required by section 475.53, subdivision 4, for school districts, as soon as practicable after it becomes available. The commissioner of revenue shall then compute the equalized market value of property within each municipality using the aggregate sales ratios from the department of revenue's sales ratio study.

Sec. 39. Minnesota Statutes 1990, section 473F.02, subdivision 13, is amended to read:

Subd. 13. "Valuation" means the market value of real and personal property within a municipality as defined in subdivision 12.

Sec. 40. Minnesota Statutes 1990, section 473F.05, is amended to read:

473F.05 [GROSS NET TAX CAPACITY YEARS.]

On or before August 5 of each year, the assessors within each county in the area shall determine and certify to the county auditor the gross net tax capacity in that year of commercial-industrial property subject to taxation within each municipality in the county, determined without regard to section 469.177, subdivision 3.

Sec. 41. Minnesota Statutes 1990, section 473F.06, is amended to read:

473F.06 [INCREASE IN GROSS NET TAX CAPACITY.]

On or before July 15 of each year, the auditor of each county in the area shall determine the amount, if any, by which the gross net tax capacity determined in the preceding year ~~pursuant to under~~ section 473F.05, of commercial-industrial property subject to taxation within each municipality in the auditor's county exceeds the gross net tax capacity in 1971 of commercial-industrial property subject to taxation within that municipality. If a municipality is located in two or more counties within the area, the auditors of those counties shall certify the data required by section 473F.05 to the county auditor who is responsible under other provisions of law for allocating the levies of that municipality between or among the affected counties. That county auditor shall determine the amount of the net excess, if any, for the municipality under this section, and certify that amount under section 473F.07. Notwithstanding any other provision of sections 473F.01 to 473F.13 to the contrary, in the case of a municipality which is designated on July 24, 1971, as a redevelopment area ~~pursuant to under~~ section 401(a)(4) of the Public Works and Economic Development Act of 1965, Public Law Number 89-136, the increase in its gross net tax capacity of commercial-industrial property for purposes of this section shall be determined in each year ~~subsequent to the termination of such designation~~ by using as a base the gross net tax capacity of commercial-industrial property in that

municipality in the 1989 assessment year following that in which such designation is terminated, rather than the gross net tax capacity of such property in 1971. The increase in gross total net tax capacity determined by this section shall be reduced by the amount of any decreases in the gross net tax capacity of commercial-industrial property resulting from any court decisions, court related stipulation agreements, or abatements for a prior year, and only in the amount of such decreases made during the 12-month period ending on May 1 of the current assessment year, where such decreases, if originally reflected in the determination of a prior year's gross net tax capacity under section 473F.05, would have resulted in a smaller contribution from the municipality in that year. An adjustment for such decreases shall be made only if the municipality made a contribution in a prior year based on the higher gross net tax capacity of the commercial-industrial property.

Sec. 42. Minnesota Statutes 1990, section 473F.07, is amended to read:

473F.07 [COMPUTATION OF AREAWIDE TAX BASE.]

Subdivision 1. Each county auditor shall certify the determinations ~~pursuant to~~ under sections 473F.05 and 473F.06 to the administrative auditor ~~on or before~~ August 1 of each year.

The administrative auditor shall determine an amount equal to 40 percent of the sum of the amounts certified pursuant to under section 473F.06, and divide that sum by 2-1/2. The resulting amount shall be known as the "areawide gross net tax capacity for(year)."

Subd. 2. The commissioner of revenue shall certify to the administrative auditor, on or before August 10 of each year, the population of each municipality for the ~~second~~ preceding year, the proportion of that population which resides within the area, the average fiscal capacity of all municipalities in the area for the preceding year, and the fiscal capacity of each municipality in the area for the preceding year.

Subd. 3. The administrative auditor shall determine, for each municipality, the product of (a) its population, and (b) the proportion which the average fiscal capacity of municipalities for the preceding year bears to the fiscal capacity of that municipality for the preceding year, ~~and (c) two~~. The product shall be the areawide tax base distribution index for that municipality, ~~provided that (a) if the product in the case of any municipality is less than its population, its index shall be increased to its population, and (b) If a municipality is located partly within and partly without the area its index shall be that which is otherwise determined hereunder, multiplied by the proportion which its population residing within the area bears to its total population as of the preceding year.~~

Subd. 4. The administrative auditor shall determine the proportion which the index of each municipality bears to the sum of the indices of all municipalities and shall then multiply this proportion in the case of each municipality, by the areawide net tax capacity, provided that if the distribution net tax capacity for a municipality is less than 95 percent of the municipality's previous year distribution net tax capacity, and the municipality's fiscal capacity is less than twice the average fiscal capacity for the area, the municipality's distribution net tax capacity will be increased to 95 percent of the previous year net tax capacity and the distribution net tax capacity of other municipalities in the area will be proportionately reduced.

Subd. 5. The ~~product~~ result of the ~~multiplication~~ procedure prescribed by subdivision 4 shall be known as the "areawide ~~gross~~ net tax capacity for(year) attributable to(municipality)." The administrative auditor shall certify such product to the auditor of the county in which the municipality is located on or before August 15.

Sec. 43. Minnesota Statutes 1990, section 473F.08, subdivision 2, is amended to read:

Subd. 2. The net tax capacity of a governmental unit is its net tax capacity, as determined in accordance with other provisions of law including section 469.177, subdivision 3, subject to the following adjustments:

(a) There shall be subtracted from its net tax capacity, in each municipality in which the governmental unit exercises ad valorem taxing jurisdiction, an amount which bears the same proportion to 40 percent of the amount certified in that year ~~pursuant to section under sections 473F.06 in respect to that and 473F.07 for the~~ municipality as the total preceding year's net tax capacity of commercial-industrial property which is subject to the taxing jurisdiction of the governmental unit within the municipality, determined without regard to section 469.177, subdivision 3, bears to the total preceding year's net tax capacity of commercial-industrial property within the municipality, determined without regard to section 469.177, subdivision 3;

(b) There shall be added to its net tax capacity, in each municipality in which the governmental unit exercises ad valorem taxing jurisdiction, an amount which bears the same proportion to the areawide net tax capacity for the year attributable to that municipality as the total preceding year's net tax capacity of residential property which is subject to the taxing jurisdiction of the governmental unit within the municipality bears to the total preceding year's net tax capacity of residential property of the municipality.

Sec. 44. Minnesota Statutes 1990, section 473F.08, subdivision 5, is amended to read:

Subd. 5. On or before August 25 of each year, the county auditor shall certify to the administrative auditor that portion of the levy of each governmental unit determined ~~pursuant to~~ under subdivision 3, clause (a). The administrative auditor shall ~~then determine~~ the areawide tax rate sufficient to yield an amount equal to the sum of such levies from the areawide ~~gross~~ net tax capacity. On or before September 1 of each year, the administrative auditor shall certify the areawide tax rate to each of the county auditors.

Sec. 45. Minnesota Statutes 1990, section 473F.08, subdivision 6, is amended to read:

Subd. 6. The areawide tax rate determined in accordance with subdivision 5 shall apply ~~in the taxation of to each item of~~ commercial-industrial property subject to taxation within a municipality, including property located within any tax increment financing district, as defined in section 469.174, subdivision 9, to that portion of the net tax capacity of the item which bears the same proportion to its total net tax capacity as 40 percent of the amount determined ~~pursuant to section under sections 473F.06 in respect to the municipality in which the property and~~ 473F.07 is taxable bears to the amount determined ~~pursuant to~~ under section 473F.05. The tax rate determined in accordance with subdivision 4 shall apply in the taxation of the remainder of the net tax capacity of the item.

Sec. 46. Minnesota Statutes 1990, section 473F.09, is amended to read:

473F.09 [ADJUSTMENTS IN DATES.]

If, by reason of the enactment of any other law, the date by which the commissioner of revenue is required to certify to the county auditors the records of proceedings affecting the ~~gross~~ net tax capacity of property is advanced to a date earlier than June 30, the dates specified in sections 473F.07 and 473F.10 may be modified in the years to which such other law applies in the manner and to the extent prescribed by the administrative auditor.

Sec. 47. Minnesota Statutes 1990, section 473F.13, subdivision 1, is amended to read:

Subdivision 1. If a ~~qualifying~~ municipality is dissolved, is consolidated with all or part of another municipality, annexes territory, has a portion of its territory detached from it, or is newly incorporated, the secretary of state shall immediately certify that fact to the commissioner of revenue. The secretary of state shall also certify to the commissioner of revenue the current population of the new,

enlarged, or successor municipality, if determined by the Minnesota municipal board incident to consolidation, annexation, or incorporation proceedings. The population so certified shall govern for purposes of sections 473F.01 to 473F.13 until the metropolitan council files its first population estimate as of a later date with the commissioner of revenue. If an annexation of unincorporated land occurs without proceedings before the Minnesota municipal board, the population of the annexing municipality as previously determined shall continue to govern for purposes of sections 473F.01 to 473F.13 until the metropolitan council files its first population estimate as of a later date with the commissioner of revenue.

Sec. 48. Laws 1990, chapter 604, article 3, section 46, subdivision 1, is amended to read:

Subdivision 1. [LIMITED VALUATION INCREASE.] (a) Notwithstanding Minnesota Statutes, section 273.11, or any other law to the contrary, the estimated market value of a manufactured home park, as defined in section 327.14, subdivision 3, and assessed under section 273.13, subdivision 25, for taxes levied in 1990, may not exceed 133-1/3 percent of its estimated market value for taxes levied in 1989 as limited by Laws 1989, First Special Session chapter 1, article 3, section 32, subdivision 1. The excess market value, including value added by the January 2, 1991, assessment, must be entered equally in the next two succeeding 1991 and 1992 assessment years.

(b) This subdivision does not apply to increases in value attributable to improvements made to the real estate since the January 2, 1989, assessment. It does not apply to property becoming subject to taxation since the January 2, 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. 49. [BUFFALO-RED RIVER WATERSHED DISTRICT; PAYMENT OF HOMESTEAD AND AGRICULTURAL CREDIT AID; APPROPRIATING MONEY.]

\$153,787 is appropriated from the general fund to the commissioner of revenue for distribution to the Buffalo-Red River watershed district as restoration of reduced homestead and agricultural credit aid for 1990.

Sec. 50. [RED LAKE WATERSHED DISTRICT; PAYMENT OF HOMESTEAD AND AGRICULTURAL CREDIT AID; APPROPRIATING MONEY.]

\$185,777 is appropriated from the general fund to the commis-

sioner of revenue for distribution to the Red Lake watershed district as restoration of reduced homestead and agricultural credit aid for 1990.

Sec. 51. [LAKEFIELD; SCHOOL DISTRICT LEVY REFERENDUM.]

Independent school district No. 325, Lakefield, may conduct one levy referendum authorized by section 124A.03, subdivision 2, before November 1991. The referendum must be conducted by mail as provided in that section. Only one levy referendum may be conducted in 1991 by the district.

Sec. 52. [MANKATO; SCHOOL DISTRICT LEVY REFERENDUM.]

Independent school district No. 77, Mankato, may conduct one levy referendum authorized by section 124A.03, subdivision 2, before November 1991. The referendum must be conducted by mail as provided in that section. Only one such levy referendum may be conducted in 1991 by the district.

Sec. 53. [WAYZATA; SCHOOL DISTRICT LEVY REFERENDUM.]

Independent school district No. 284, Wayzata, may conduct one levy referendum authorized by section 124A.03, subdivision 2, before November 1991. The referendum must be conducted by mail as provided in that section. Only one levy referendum may be conducted in 1991 by the district.

Sec. 54. [REPEALER.]

Minnesota Statutes 1990, sections 473F.02, subdivisions 9, 11, 16, 17, 18, 19, and 20; 473F.12; and 473F.13, subdivisions 2 and 3, are repealed.

Sec. 55. [APPLICABILITY.]

Sections 35 to 47 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 56. [EFFECTIVE DATE.]

Sections 2, 3, and 26 to 28 are effective for referenda held after the day of final enactment.

Sections 4 to 7, 12 to 15, 17 to 25, 29 to 31, 35 to 47, and 54 are effective for taxes levied in 1991, payable in 1992, and thereafter.

Sections 8 to 11 are effective for taxes levied in 1992, payable in 1993, and thereafter.

Section 16 is effective for taxes levied in 1991 and thereafter, payable in 1992 and thereafter. The commissioner of revenue may extend the filing date of the declaration required under Minnesota Statutes, section 273.1315, for a reasonable time to allow persons to file for class 1b certification as allowed under section 11, subdivision 22, clause (b)(3)(G), for taxes payable in 1992, and the date the commissioner notifies assessors of qualifying parcels for taxes payable in 1992 may be extended accordingly.

Section 32 is effective for taxes deemed delinquent after December 31, 1991.

Sections 33, 34, 49, and 50 are effective the day following final enactment.

Section 48 is effective for the 1991 and 1992 assessment year.

Section 51 is effective the day after the governing body of independent school district No. 325, Lakefield, complies with Minnesota Statutes, section 645.021, subdivision 3.

Section 52 is effective the day after the governing body of independent school district No. 77, Mankato, complies with Minnesota Statutes, section 645.021, subdivision 3.

Section 53 is effective the day after the governing body of independent school district No. 284, Wayzata, complies with Minnesota Statutes, section 645.021, subdivision 3.

ARTICLE 4

LEVY LIMITS

Section 1. Minnesota Statutes 1990, section 275.125, is amended by adding a subdivision to read:

Subd. 6j. [LEVY FOR CRIME RELATED COSTS.] Each school district may make an annual levy on all taxable property located within the school district for the purposes specified in this subdivision. The maximum amount which may be levied for all costs under this subdivision shall be equal to \$1 multiplied by the population of the school district. For purposes of this subdivision, "population" of the school district means the same as contained in section 275.14. The proceeds of the levy must be used for reimbursing the cities and counties who contract with the school district for the following purposes: (1) to pay the costs incurred for the salaries, benefits, and transportation costs of peace officers and sheriffs for liaison services

in the district's middle and secondary schools, (2) to teach drug abuse resistance education curricula in the elementary schools, and (3) to pay the costs incurred for the salaries and benefits of peace officers and sheriffs whose primary responsibilities are to investigate controlled substance crimes under chapter 152. The school district must initially attempt to contract for these services with the police department of each city or the sheriff department of the county within the school district containing the school receiving the services. If a local police department or a county sheriff's department does not wish to provide the necessary services, the district may contract for these services with any other police or sheriff's department located entirely or partially within the school district's boundaries. The levy authorized under this subdivision is not included in determining the school district's levy limitations and must be disregarded in computing any overall levy limitations under sections 275.50 to 275.56 of the participating cities or counties.

Sec. 2. Minnesota Statutes 1990, section 275.50, subdivision 5, is amended to read:

Subd. 5. Notwithstanding any other law to the contrary for taxes levied in 1990 payable in 1991 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) (k), 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) (k), 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 Minnesota Statutes 1988, section 273.1398, subdivision 1, paragraph (i), is eliminated. For taxes levied in 1991, the maximum increase shall be calculated based on the sum of the amounts levied in 1990 under this clause and Minnesota Statutes 1990, section 275.50, subdivision 5, clause (aa);

(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, provided that an appeal for the levy under this clause was approved by the commissioner of revenue under section 275.51, subdivision 3j;

(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, provided that an appeal for the levy under this clause was approved by the commissioner of revenue under section 275.51, subdivision 3j;

(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, provided that an appeal for the levy under this clause was approved by the commissioner of revenue under section 275.51, subdivision 3j;~~

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

~~(l) (j) 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 subdivision 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 j;~~

~~(m) (k) 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 j;~~

~~(n) (l) 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 j. 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) (m) 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 (a). 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) (n) pay the amount of the county building fund levy permitted under section 373.40, subdivision 6. For taxes levied in 1991, this amount is limited to the amount levied under this clause in 1990;

(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 273.1308, 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, as amended by Laws 1990, chapter 604, article 9, section 14;

(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.

(iii) 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.

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) (o) 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 a county jail as authorized in section 641.01 or 641.262, or a correctional facility as defined in section 241.021, subdivision 1, paragraph (5);

(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 1989 and 1990 for the purpose of grasshopper control; and, (p) 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;

(z) for a county, provide an amount needed to fund comprehensive

local water implementation activities under sections 103B.3361 to 103B.3369 as provided in this clause.

A county may levy an amount not to exceed the water implementation local tax rate times the adjusted net tax capacity of the county for the preceding year. The water implementation local tax rate shall be set by August 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 thousandth of a percent, that, when applied to the adjusted net tax capacity for all counties, raises the amount specified in this clause. The water implementation local tax rate for taxes levied in 1990 shall be the rate that raises \$1,500,000 and the rate for taxes levied in 1991 shall be the rate that raises \$1,500,000. A county must levy a tax at the rate established under this clause to qualify for a grant from the board of water and soil resources under section 103B.3369, subdivision 5.

(aa) 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 (v) 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

~~(bb) (g) pay the amounts allowed as special levies under Laws 1989, First Special Session chapter 1, article 5, section 50, and subdivisions 5a and 5b;~~

(r) an amount equal to one-half of the estimated aid payments the county or city was not eligible to receive in the previous year from the homestead credit trust due to the failure of the county to impose the county option sales and use tax, as provided in section 297A.021;

(s) for taxes levied in 1991, payable in 1992 only, provide an amount equal to 50 percent of the estimated amount of the reduction in aids payable in 1992 to a county located in the third or sixth judicial district for public defense services in juvenile and misdemeanor cases under section 477A.012, subdivision 7; and

(t) for taxes levied in 1991, payable in 1992 only, provide an amount equal to 50 percent of the estimated amount of reduction in aids payable in 1992 to a county for the cost of jury fees under section 477A.012, subdivision 7.

Sec. 3. Minnesota Statutes 1990, section 275.50, subdivision 5a, is amended to read:

Subd. 5a. [SPECIAL LEVIES; LOCAL.] "Special levies" also includes those portions of ad valorem taxes levied by the following governmental subdivisions for the years and purposes given in the cited laws, provided that the amount levied in 1991 does not exceed the amount levied in 1990 under this subdivision:

(1) Goodhue county for the county historical society as provided in Laws 1990, chapter 604, article 3, section 50;

(2) the city of Windom for a municipal hospital as provided in Laws 1990, chapter 604, article 3, section 51;

(3) Koochiching county for ambulance service as provided in Laws 1990, chapter 604, article 3, section 52;

(4) Douglas county for solid waste management as provided in Laws 1990, chapter 604, article 3, section 53;

(5) the city of Bemidji and Beltrami county to pay bonds for an airport terminal as provided in Laws 1990, chapter 604, article 3, section 57;

(6) Ramsey county to pay bonds for a facility for the arts and sciences as provided in Laws 1990, chapter 604, article 3, section 58;

(7) the city of Rosemount for an armory as provided in Laws 1990, chapter 604, article 3, section 59;

(8) the cities of Maple Grove, Brooklyn Park, Brooklyn Center, and Coon Rapids for peace officer salaries and benefits as provided in Laws 1990, chapter 604, article 3, section 60; and

(9) a city described in and for debt service as provided in Laws 1990, chapter 604, article 3, section 61; and

(10) Itasca county for economic development under Laws 1989, First Special Session chapter 1, article 5, section 50.

Sec. 4. Minnesota Statutes 1990, section 275.50, subdivision 5b, is amended to read:

Subd. 5b. [SPECIAL LEVIES; LOCAL; ~~1991~~ 1992 ONLY.] For taxes levied in ~~1990~~ 1991 only, payable in ~~1991~~ 1992 only, special levies also includes those portions of ad valorem taxes levied by the following governmental ~~subdivision~~ subdivisions for the purposes given in the cited laws:

~~(1) the city of Bayport for operating costs of a city library as provided in Laws 1990, chapter 604, article 3, section 49;~~

~~(2) Mille Lacs county for expenditures made from reserve funds as provided in Laws 1990, chapter 604, article 3, section 54;~~

~~(3) Becker county for expenditures made from reserve funds as provided in Laws 1990, chapter 604, article 3, section 55; and~~

~~(4) Goodhue county for a levy limit base reduction as provided in Laws 1990, chapter 604, article 3, section 56.~~

(1) Pope county for solid waste management as provided in section 14;

(2) Swift county for social services as provided in section 15;

(3) Mille Lacs county for social services as provided in section 16;

(4) Coon Creek watershed as provided in section 18;

(5) Kanaranzi-Little Rock watershed district as provided in section 19; and

(6) Greater River Regional Library as provided in section 21.

Sec. 5. Minnesota Statutes 1990, 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 1991 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 first be increased by the product of (1) the amount deducted under this paragraph for taxes levied in 1989 and (2) the adjustments under subdivision 3h, paragraphs (a) and (b) for taxes levied in 1989, and then 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 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.

(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 (c) 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 (c) 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) (b) 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.

(c) For taxes levied in 1991 in a county that is located in the third or sixth judicial districts, the levy limit base shall be reduced by an amount equal to the cost of public defense services in juvenile and misdemeanor cases in the county as certified by the board of public defense under section 477A.012, subdivision 7.

(d) For taxes levied in 1991, the county's levy limit base shall be reduced by an amount equal to the cost in the county of jury fees as

certified to by the supreme court under section 477A.012, subdivision 7.

(e) For taxes levied in 1991, the levy limit base shall be increased by the amounts levied in 1990 under Minnesota Statutes 1990, section 275.50, subdivision 5, clauses (h), (o), (q), (v), (x), and (z).

Sec. 6. Minnesota Statutes 1990, section 275.51, subdivision 3h, is amended to read:

Subd. 3h. [ADJUSTED LEVY LIMIT BASE.] For taxes levied in ~~1989~~ 1991 and thereafter, the adjusted levy limit base is equal to the levy limit base computed ~~pursuant to~~ under subdivision 3f, increased by:

(a) three percent for taxes levied in 1989 and subsequent years the percentage increase in the assessor's estimated market value due to new construction of all taxable real and personal property within the governmental subdivision for the current assessment year over the previous assessment year; and

(b) a percentage equal to (1) one-half of the greater of the percentage increases in population or in number of households, if any, for cities and towns and (2) the lesser of the percentage increase in population or the number of households, if any, for counties, using figures derived pursuant to subdivision 6;

(c) the amount of a permanent increase in the levy limit base approved at a general or special election held during the 12-month period ending four working days after December 20 of the levy year under section 275.58, subdivisions 1 and 2;

(d) for levy year 1989, for a county which incurred costs since October 1978, for the litigation of federal land claims under United States Code, title 18, section 1162; United States Code, title 25, section 331; and United States Code, title 28, section 1360; an amount of up to the actual costs incurred by the county for this purpose. This adjustment shall not exceed \$250,000;

(e) for levy year 1989, an amount of \$1,724,000 for Ramsey county for implementing the local government pay equity act under sections 471.991 to 471.999. Furthermore, in levy years 1990 and 1991, an additional amount of \$862,000 shall be added to Ramsey county's adjusted levy limit base under this clause for each of the two years; and

(f) for levy year 1989, an amount equal to the decrease in a county's 50 percent share of the powerline taxes extended between taxes payable years 1988 and 1989 under section 273.42, subdivi-

sion 1. The adjustment shall be determined by the department of revenue.

For taxes levied in 1989, the adjusted levy limit base is reduced by an amount equal to 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.

For taxes levied in 1990, the adjusted levy limit base of a city is reduced by an amount equal to the percent of the city's revenue base used in determining aid reductions under section 477A.013, subdivision 7. For taxes levied in 1990, the adjusted levy limit base of a county is reduced by one-half of the amount equal to the percent of the county's revenue base used in determining aid reductions under section 477A.012, subdivision 5.

For taxes levied in 1991, the adjusted levy limit base is reduced by an amount equal to the amount of aid reduction in aids payable in 1992 under 273.1398, 477A.012, and 477A.013 due to Laws 1990, chapter 604, article 4, section 19.

For taxes levied in 1991, the adjusted levy limit base is reduced by an amount equal to the result of the following computation:

the amount of the governmental subdivision's levy in 1991 under section 275.50, subdivision 5, clauses (b), (c), (d), and (e), less the greater of

(1) the amount levied under the comparable special levy authority in 1990, or

(2) the amount levied under the special levy authority in 1991 for qualified bonds. Qualified bonds are bonds, certificates of indebtedness, or other debt issued or sold before May 20, 1991, approved by the voters in an election held before May 20, 1991, or bonds issued to construct correctional facilities in Washington and St. Louis counties.

The amount of this adjustment shall not be less than zero.

Sec. 7. Minnesota Statutes 1990, section 275.51, subdivision 3j, is amended to read:

Subd. 3j. [APPEALS.] (a) A county may appeal to the commissioner of revenue for an adjustment in its levy limit base. If the county can provide evidence satisfactory to the commissioner that its levy for taxes payable in 1989 under Minnesota Statutes 1988, section 275.50, subdivision 5, paragraph (a), included a levy for the cost of administration of the programs listed in that paragraph, the commissioner may permit the county to increase its levy limit base

under this section by the amount determined by the commissioner to have been levied for that purpose, provided that the total adjustment shall not be in excess of three percent of the total expense for income maintenance programs within the county. The commissioner's decision is final.

(b) A governmental subdivision subject to the limitations in this section may appeal to the commissioner of revenue for authorization to levy for the special levies as contained in section 275.50, subdivision 5, clauses ~~(4)~~, ~~(m)~~, and ~~(n)~~ (f), (g), (h), (j), (k), and (l). If the governmental subdivision can provide evidence satisfactory to the commissioner that it incurred costs for the specified purposes of those levies, the commissioner may allow the governmental subdivision to levy under section 275.50, subdivision 5, clause ~~(4)~~, ~~(m)~~, or ~~(n)~~ (f), (g), (h), (j), (k), or (l), by the amount determined by the commissioner. The commissioner's decision is final.

(c) A county may appeal to the commissioner of revenue for an adjustment to its levy limit base for taxes levied in 1989. If the county can provide evidence satisfactory to the commissioner that the percentage adjustments to the costs, fees, or fines described in subdivision 3f, paragraph (c) or (f), do not provide accurate adjustments for that county, the commissioner may permit the county to increase its levy limit base by the amount determined by the commissioner. The commissioner's decision is final.

(d) A county may appeal to the commissioner of revenue for an increase in its levy base for the 12 or 15 percent limit under section 275.50, subdivision 5, clause (u), item (i), for the portion of the amount of its payable 1989 special levy under Minnesota Statutes 1988, section 275.50, subdivision 5, clause (a), for the income maintenance programs that was actually used to finance social services and social services administration subject to the 18 percent limit under Minnesota Statutes 1988, section 275.50, subdivision 5, clause (a), for payable 1989. If the county can provide evidence satisfactory to the commissioner in support of this claim, the commissioner may permit the county to increase its levy base for the 12 or 15 percent limit under section 275.50, subdivision 5, clause (u), item (i), in the amount determined by the commissioner. The commissioner's decision is final.

(e) A county may appeal to the commissioner of revenue for an adjustment in its special levy for 1990 under section 275.50, subdivision 5, clause (u), item (ii), if the difference between the county share of costs not reimbursed by the state or federal government of payments made in 1989 to or on behalf of recipients of aid under any public assistance program authorized by law and the amount levied in 1988 to pay those costs is greater than 30 percent of the 1989 costs. The adjustment may not exceed the amount of the difference between the county share of these costs and the amount levied in 1988 to pay these costs.

Sec. 8. Minnesota Statutes 1990, section 275.54, subdivision 3, is amended to read:

Subd. 3. [ADJUSTMENTS AFTER ANNEXATION.] If the area included within the governmental subdivision is increased due to annexation in the 12 months prior to the most recent population estimate for the calendar year preceding the current levy year and the state demographer prepares a population estimate for the annexed area under section 116K.04, subdivision 4, paragraph (11), the governmental subdivision's adjusted levy limit base under section 275.51, subdivision 3h, must be adjusted in the following manner:

(a) A percentage will be calculated equal to the percentage increase in population in the governmental subdivision due to annexation determined by dividing the population of the annexed area by the population of the governmental subdivision excluding the annexed area, using population estimates for the calendar year preceding the current levy year.

(b) The governmental subdivision's adjusted levy limit base under section 275.51, subdivision 3h, after giving effect to ~~paragraphs~~ paragraph (a) ~~and (b)~~ of subdivision 3h, but before any other paragraphs in section 275.51, subdivision 3h, shall be increased by the percentage calculated in paragraph (a) of this subdivision.

For purposes of section 275.51, subdivision 3f, the term "adjusted levy limit base" includes the adjustment made under this subdivision for the preceding year.

Sec. 9. Minnesota Statutes 1990, section 398A.04, subdivision 8, is amended to read:

Subd. 8. [TAXATION.] Before deciding to exercise the power to tax, the authority shall give six weeks published notice in all municipalities in the region. If a number of voters in the region equal to five percent of those who voted for candidates for governor at the last gubernatorial election present a petition within nine weeks of the first published notice to the secretary of state requesting that the matter be submitted to popular vote, it shall be submitted at the next general election. The question prepared shall be:

"Shall the regional rail authority have the power to impose a property tax?

Yes
No"

If a majority of those voting on the question approve or if no petition is presented within the prescribed time the authority may

levy a tax at any annual rate not exceeding 0.04835 percent of market value of all taxable property situated within the municipality or municipalities named in its organization resolution. Its recording officer shall file in the office of the county auditor of each county in which territory under the jurisdiction of the authority is located a certified copy of the board of commissioners' resolution levying the tax, and each county auditor shall assess and extend upon the tax rolls of each municipality named in the organization resolution the portion of the tax that bears the same ratio to the whole amount that the net tax capacity of taxable property in that municipality bears to the net tax capacity of taxable property in all municipalities named in the organization resolution. Collections of the tax shall be remitted by each county treasurer to the treasurer of the authority. For taxes levied in 1991, the amount levied for light rail transit purposes under this subdivision shall not exceed 75 percent of the amount levied in 1990 for light rail transit purposes under this subdivision.

Sec. 10. Minnesota Statutes 1990, section 473.3994, is amended by adding a subdivision to read:

Subd. 9. [LIGHT RAIL TRANSIT OPERATING COSTS.] (a) Before submitting an application for federal assistance for light rail transit facilities in the metropolitan area, a regional railroad authority must provide to the metropolitan council estimates of the amount of operating subsidy which will be required to operate light rail transit in the corridor to which the federal assistance would be applied. The information provided to the council must indicate the amount of operating subsidy estimated to be required in each of the first ten years of operation of the light rail transit facility.

(b) The council must review and evaluate the information provided under paragraph (a) with regard to the effect of operating the light rail transit facility on the currently available mechanisms for financing transit in the metropolitan area.

(c) The council must present its evaluation to the transportation and taxes committees of the house and senate, to the appropriations committee of the house and the finance committee of the senate, to the local government and metropolitan affairs committee of the house, and to the metropolitan affairs committee of the senate.

Sec. 11. Minnesota Statutes 1990, section 477A.012, is amended by adding a subdivision to read:

Subd. 7. [AID OFFSET FOR 1992 COURT AND PUBLIC DEFENDER COSTS.] (a) There shall be deducted from the payment to a county under this section an amount representing the cost to the state for assumption of the cost of jury fees and, in the case of a county located in the third or sixth judicial districts, of public

defense services in juvenile and misdemeanor cases. The amount of the deduction is computed as provided in this subdivision.

(b) By June 30, 1991, the supreme court shall determine and certify to the department of revenue for each county, except counties located in the eighth judicial district, the cost for each county of jury fees during the fiscal year beginning on July 1, 1992.

(c) By June 30, 1991, the board of public defense shall determine and certify to the department of revenue the pro rata share for each county in the third or sixth judicial district of the cost of the state-financed public defense services in juvenile and misdemeanor cases in the third or sixth judicial district during the fiscal year beginning on July 1, 1992.

(d) One-half of the amount computed under paragraphs (b) and (c) for each county shall be deducted from each local government aid payment to the county under section 477A.015 in 1992 and each subsequent year. If the amount computed under paragraph (b) exceeds the amount payable to a county under subdivision 1, the excess shall be deducted from the aid payable to the county under section 273.1398, subdivision 2, and then, if necessary, from the disparity reduction aid under section 273.1398, subdivision 3.

Sec. 12. [BECKER COUNTY; LEVY LIMIT BASE ADJUSTMENT.]

For taxes payable in 1992, the levy limit base for Becker county computed under Minnesota Statutes, section 275.51, subdivision 3f, shall be increased by an amount of \$900,000, which is equal to expenditures that Becker county made from reserve funds in calendar years 1987 and 1988, including federal revenue sharing funds.

Sec. 13. [BECKER COUNTY; DELAY OF EXCESS LEVY PENALTY FROM TAXES PAYABLE IN 1990.]

Notwithstanding Minnesota Statutes, section 275.51, subdivision 4, 275.55, subdivision 1, or any other law, the penalty imposed on Becker county for exceeding its levy limitation for taxes payable in 1990 is delayed until calendar year 1992. If the actual amount levied by Becker county for taxes payable in 1992 is less than its levy limitation for taxes payable in 1992 as adjusted by section 12, the commissioner of revenue shall decrease the 1990 excess levy subject to a penalty by the difference between the payable 1992 levy limitation and the payable 1992 actual levy, up to the full amount of the excess levy.

Sec. 14. [POPE COUNTY; SOLID WASTE MANAGEMENT LEVY.]

Subdivision 1. For taxes levied in 1990, payable in 1991, and thereafter, Pope county may levy the amount necessary to pay the principal and interest on department of energy and economic development loans made to the Pope-Douglas solid waste board on June 10, 1985, and June 15, 1986, for solid waste management purposes. The levy must be made as provided under Minnesota Statutes, section 400.11.

The levy authority under this section is a special levy and is not subject to the limitations in Minnesota Statutes, sections 275.50 to 275.56.

The levy authority under this section expires when the principal and interest has been paid.

Subd. 2. Pursuant to Minnesota Statutes, section 645.023, subdivision 1 is effective without local approval for taxes levied in 1990 and thereafter.

Sec. 15. [INCREASE IN SOCIAL SERVICES SPECIAL LEVY FOR SWIFT COUNTY.]

Subdivision 1. The amount levied by Swift county for taxes levied in 1991 under Minnesota Statutes 1990, section 275.50, subdivision 5, clause (a), is limited to 115 percent of the sum of (1) the amount levied under that clause in the previous year, plus (2) the amount levied under Minnesota Statutes 1990, section 275.50, subdivision 5, clause (aa), in the previous year, plus (3) \$250,000.

Subd. 2. Subdivision 1 is effective the day following approval by the Swift county board and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 16. [INCREASE IN SOCIAL SERVICES SPECIAL LEVY FOR MILLE LACS COUNTY.]

Subdivision 1. The amount levied by Mille Lacs county for taxes levied in 1991 under Minnesota Statutes 1990, section 275.50, subdivision 5, clause (a), is limited to 115 percent of the sum of (1) the amount levied under this clause in the previous year, plus (2) the amount levied under Minnesota Statutes 1990, section 275.50, subdivision 5, clause (aa), in the previous year, plus (3) the amount levied by Mille Lacs county for social services in 1990, payable in 1991, under Laws 1990, chapter 604, article 3, section 54.

Subd. 2. Subdivision 1 is effective the day following approval by the Mille Lacs county board and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 17. [GOODHUE COUNTY; EXCESS LEVY PENALTY ABATEMENT.]

Subdivision 1. The excess levy amount of \$500,000, which Goodhue county levied in 1990, for taxes payable in 1991, shall be exempt from the penalties imposed under sections 275.51, subdivision 4, and 275.55.

Subd. 2. Subdivision 1 is effective the day after approval by the Goodhue county board and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 18. [COON CREEK WATERSHED DISTRICT; WATER MAINTENANCE AND REPAIR FUND.]

Subdivision 1. [CREATION OF FUNDS; TAX LEVY.] The Coon Creek watershed district may, in addition to its other powers, establish a water maintenance and repair fund. The fund must be kept distinct from all other funds of the district. The fund must be maintained by an annual ad valorem tax levy on the net tax capacity of all taxable property within the Coon Creek watershed district sufficient to raise not more than \$30,000 in taxes payable in 1992, and not more than \$30,000 in each year thereafter. The board of managers of the district shall adopt each year, by resolution, the amount to be raised by the levy for the fund for the ensuing year. This amount must be levied, collected, and distributed to the district in accordance with Minnesota Statutes, section 103D.915, in addition to any other money levied, collected, and distributed to the district.

Subd. 2. [PURPOSE OF FUND.] The water maintenance and repair fund may be used for maintenance, repair, restoration, upkeep, and rehabilitation of public ditches, drains, dams, sewers, rivers, streams, watercourses, and water bodies, natural or artificial, lying wholly or partly within the district.

Subd. 3. [WORKS; MUNICIPALITIES.] Works to be undertaken and paid for from the water maintenance and repair fund must be ordered by the board of managers of the district. Before the commencement of works is ordered, affected municipalities must be notified in writing by the district of the proposed works and estimated costs. Within 30 days following receipt of the written notice, an affected municipality may notify the district in writing that it will perform the works ordered by the district. If the municipality undertakes the works, it must be paid by the district from the water maintenance and repair fund. If the municipality fails to perform the works, the district may have the works performed in any other manner authorized by law.

Sec. 19. [TAX LEVY; KANARANZI-LITTLE ROCK WATERSHED DISTRICT.]

Notwithstanding any law to the contrary, in addition to the levy authorized in Minnesota Statutes, section 103D.905, subdivision 3, and Laws 1989, chapter 275, the Kanaranzi-Little Rock watershed district administrative fund under Minnesota Statutes, section 103D.905 consists of an additional levy for the costs of administration of the PL-566 Upland Conservation Program. The levy must be a percentage on the net tax capacity of all taxable property within the Kanaranzi-Little Rock watershed district sufficient to raise not more than \$30,000 for taxes payable in 1992, and not more than \$30,000 in each year thereafter. The board of managers of the district shall adopt each year, by resolution, the amount to be raised by the levy for the fund for the ensuing year. This amount must be levied, collected, and distributed to the district in accordance with Minnesota Statutes, section 103D.915, in addition to any other money levied, collected, and distributed to the district.

Sec. 20. [FEDERAL FUNDING; LIGHT RAIL TRANSIT.]

(a) By January 1, 1993, the regional transit board and the commissioner of transportation shall, in consultation with the regional rail authority, prepare a joint application for federal assistance for light rail transit facilities in the metropolitan area. The application must be reviewed and approved by the metropolitan council before it is submitted by the board and the commissioner. The board and the commissioner must consult with the council in preparing the application. The application may provide for metropolitan regional railroad authorities to design or construct light rail transit facilities under contract with the commissioner.

(b) Until the application described in paragraph (a) of this section is submitted, no political subdivision in the metropolitan area may on its own seek federal assistance for light rail transit planning or construction.

Sec. 21. [GREATER RIVER REGIONAL LIBRARY SPECIAL LEVY.]

The amount levied in 1991, payable in 1992, by member local governments of the Greater River Regional Library under section 275.50, subdivision 5, clause (m), may be increased by an additional 2 percent over the amount authorized in that clause if the city library board of the city of Paynesville and the city of Staples vote by August 1, 1991, to join that regional library system.

Sec. 22. [AUTHORITY TO TRANSFER LIGHT RAIL MONEY.]

Notwithstanding any law to the contrary, a metropolitan county regional railroad authority may transfer any available money of the authority, including money in capital accounts, to its county to be expended to meet social service costs during 1991. The authority

under this section to transfer a regional railroad authority's levy applies only during calendar year 1991.

Sec. 23. [SPECIAL TAXING DISTRICTS 1992 LEVY LIMITS.]

Notwithstanding any other general or special law or any charter provision, for taxes levied in 1991, payable in 1992 only, the amount levied by a special taxing district is limited to the sum of (1) the amount levied by the special taxing district in 1990, and (2) the increase, if any, in the amount levied by the special taxing district in 1991 for bonds issued or sold before May 20, 1991, and the amount levied for bonds in 1990. For purposes of this section, "special taxing district" shall be defined by the commissioner of revenue.

Sec. 24. [APPLICATION.]

Sections 10, 20, and 22 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 25. [EFFECTIVE DATE.]

Sections 1 to 9 are effective for taxes levied in 1991, payable in 1992, and thereafter. Section 11 is effective for aids payable in 1992 and subsequent years. Sections 12 and 13 are effective the day after local approval by the Becker county board and compliance with Minnesota Statutes, section 645.021, subdivision 3.

ARTICLE 5

INCOME TAX AND FEDERAL UPDATE

Section 1. [268.55] [FOODSHELF ACCOUNT.]

Subdivision 1. [ESTABLISHMENT.] A foodshelf 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 board established under subdivision 6 shall periodically distribute money in the account to qualifying foodshelf programs. A foodshelf program qualifies under this section if it is a nonprofit corporation as defined under section 501(c)(3) of the Internal Revenue Code of 1986, and distributes a standard food order without charge 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 foodshelf 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 administra-

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

Subd. 3. [APPLICATION.] In order to receive money from the foodshelf account, a program must apply to the board. The application must be in a form prescribed by the board and must contain information specified by the board to verify that the applicant is a qualifying foodshelf 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 board.

Subd. 4. [DISTRIBUTION FORMULA.] The board shall distribute the foodshelf account money to qualifying foodshelf programs either (1) in proportion to the number of individuals served by the program during the prior period of its operation or (2) in proportion to the share of contributions to the foodshelf account from taxpayers who reside in the geographic service area of the foodshelf. The board shall gather data from applications or other appropriate sources to determine the proportionate amount each qualifying program is entitled to receive. The board may increase or decrease the qualifying program's proportionate amount if it determines the increase or decrease is necessary or appropriate to meet changing needs or demands.

Subd. 5. [USE OF MONEY.] Money distributed to foodshelf programs under this section must be used to provide client services to needy individuals and families. Qualified expenditures include purchases of food or personal care items, expenditures for vouchers for those items, and expenditures for transportation of food. No more than five percent of the money expended may be used to pay for other expenses, such as rent, salaries, and other administrative expenses. Recipients must retain records documenting expenditure of the money for a three-year period and comply with any additional requirements imposed by the board.

Subd. 6. [CREATION AND OPERATION OF BOARD.] There is created a foodshelf account distribution board consisting of 11 members to be appointed by the governor. At least eight of the members must be employed by or provide volunteer services to a foodshelf. At least one member shall be appointed from each congressional district, and the remaining members shall be appointed at large. The governor shall designate the chair. A vice-chair and secretary shall be elected by the board members. The membership terms, compensation, removal of members, and filling of vacancies on the board shall be as provided in section 15.0575.

The board shall distribute money in the foodshelf account as provided in this section.

Subd. 7. [ENFORCEMENT.] The board 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 board 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 board and deposited in the foodshelf account.

Subd. 8. [APPROPRIATION.] (a) The money deposited in the foodshelf account is appropriated to the chair of the foodshelf account distribution board for distribution to foodshelf programs under this section and for administration of the distribution.

(b) For each fiscal year, the board may estimate the amounts that will be received during the year by the foodshelf 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. 2. Minnesota Statutes 1990, section 270A.03, subdivision 7, is amended to read:

Subd. 7. "Refund" means an individual income tax refund or political contribution refund, pursuant to chapter 290, or a property tax credit or refund, pursuant to chapter 290A.

For purposes of this chapter, lottery prizes, as set forth in section 349A.08, subdivision 8, shall be treated as refunds.

Sec. 3. Minnesota Statutes 1990, section 289A.12, is amended by adding a subdivision to read:

Subd. 14. [REGULATED INVESTMENT COMPANIES; REPORTING EXEMPT-INTEREST DIVIDENDS.] (a) A regulated investment company paying \$10 or more in exempt-interest dividends to an individual who is a resident of Minnesota must make a return indicating the amount of the exempt-interest dividends, the name, address, and social security number of the recipient, and any other information that the commissioner specifies. A copy of the return must be provided to the shareholder and the commissioner no later than 30 days after the close of the taxable year. The copy of the return provided to the shareholder must include a clear statement, in the form prescribed by the commissioner, that the exempt-interest dividends must be included in the computation of Minnesota taxable income. The commissioner may require regulated investment companies with 500 or more Minnesota resident share-

holders to file returns on magnetic media in a format and form prescribed by the commissioner.

(b) This subdivision applies to regulated investment companies required to register under chapter 80A.

(c) For purposes of this subdivision, the following definitions apply.

(1) "Exempt-interest dividends" mean exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code of 1986, as amended through December 31, 1990, but does not include the portion of exempt-interest dividends that are not required to be added to federal taxable income under section 290.01, subdivision 19a, clause (1)(ii).

(2) "Regulated investment company" means regulated investment company as defined in section 851(a) of the Internal Revenue Code of 1986, as amended through December 31, 1990, or a fund of the regulated investment company as defined in section 851(h) of the Internal Revenue Code of 1986, as amended through December 31, 1990.

Sec. 4. Minnesota Statutes 1990, section 289A.18, subdivision 2, is amended to read:

Subd. 2. [WITHHOLDING RETURNS, ENTERTAINER WITHHOLDING RETURNS, RETURNS FOR WITHHOLDING FROM PAYMENTS TO OUT-OF-STATE CONTRACTORS, AND WITHHOLDING RETURNS FROM PARTNERSHIPS AND ~~SMALL BUSINESS S~~ CORPORATIONS.] Withholding returns are due on or before the last day of the month following the close of the quarterly period. However, if the return shows timely deposits in full payment of the taxes due for that period, the return may be filed on or before the tenth day of the second calendar month following the period. An employer, in preparing a quarterly return, may take credit for monthly deposits previously made for that quarter. Entertainer withholding tax returns are due within 30 days after each performance. Returns for withholding from payments to out-of-state contractors are due within 30 days after the payment to the contractor. Returns for withholding by partnerships are due on or before the due date specified for filing partnership returns. Returns for withholding by ~~small business S~~ corporations are due on or before the due date specified for filing corporate franchise tax returns.

Sec. 5. Minnesota Statutes 1990, section 289A.19, subdivision 1, is amended to read:

Subdivision 1. [~~INDIVIDUAL INCOME, FIDUCIARY INCOME, ENTERTAINMENT TAX, AND INFORMATION RETURNS.~~]

When, in the commissioner's judgment, good cause exists, the commissioner may extend the time for filing ~~individual and~~ fiduciary income tax returns, entertainment tax returns, and information returns for not more than six months. If an extension to file the federal ~~individual or~~ fiduciary income tax return or information return has been granted under section 6081 of the Internal Revenue Code of 1986, as amended through December 31, 1989, the time for filing the state return is extended for that period. The commissioner may require the taxpayer to file a tentative return when the regularly required return is due, and to pay a tax on the basis of the tentative return at the times required for the payment of taxes on the basis of the regularly required return from the taxpayer.

Sec. 6. Minnesota Statutes 1990, section 289A.20, is amended by adding a subdivision to read:

Subd. 5. [PAYMENT OF FRANCHISE TAX ON LIFO RECAPTURE.] If a corporation is subject to LIFO recapture under section 1363(d) of the Internal Revenue Code of 1986, as amended through December 31, 1990, any increase in the tax imposed by section 290.06, subdivision 1, by reason of the inclusion of the LIFO recapture amount in its income is payable in four equal installments.

The first installment must be paid on or before the due date, determined without regard to extensions, for filing the return for the first taxable year for which the corporation was subject to the LIFO recapture. The three succeeding installments must be paid on or before the due date, determined without regard to extensions, for filing the corporations' return for the three succeeding taxable years.

For purposes of computing interest on underpayments, the last three installments must not be considered underpayments until after the payment due date specified in this subdivision.

Sec. 7. Minnesota Statutes 1990, section 289A.25, subdivision 10, is amended to read:

Subd. 10. [SPECIAL RULE FOR FARMERS AND FISHERMEN, AND SEAFARERS.] For purposes of this section, if an individual is a farmer or fisherman as defined in section 6654(f)(2) of the Internal Revenue Code of 1986, as amended through December 31, 1989, or a seafarer whose wages are subject to United States Code, title 46, section 11108, as amended through December 31, 1990, for a taxable year, only one installment is required for the taxable year, the due date of which is January 15 of the following taxable year, the amount of which is equal to the required annual payment determined under subdivision 5 by substituting "66-2/3 percent" for "90 percent," and subdivision 9 shall be applied by substituting "March 1" for "Janu-

ary 31," and by treating the required installment described as the fourth required installment.

Sec. 8. Minnesota Statutes 1990, section 289A.30, subdivision 1, is amended to read:

Subdivision 1. [~~INDIVIDUAL AND FIDUCIARY INCOME, CORPORATE FRANCHISE TAX.~~] Where good cause exists, the commissioner may extend the time for payment of the amount determined as ~~an individual or a fiduciary income tax or corporate franchise tax~~ by the taxpayer, or an amount determined as a deficiency, for a period of not more than six months from the date prescribed for the payment of the tax.

Sec. 9. Minnesota Statutes 1990, section 289A.38, subdivision 9, is amended to read:

Subd. 9. [REPORT MADE OF CHANGE OR CORRECTION OF FEDERAL RETURN.] If a taxpayer is required to make a report under subdivision 7, and does report the change or files a copy of the amended return, the commissioner may recompute and reassess the tax due, including a refund (1) within one year after the report or amended return is filed with the commissioner, notwithstanding any period of limitations to the contrary, or (2) within any other applicable period stated in this section, whichever period is longer. The period provided for the carryback of any amount of loss or credit is also extended as provided in this subdivision, notwithstanding any law to the contrary. If the commissioner has completed a field audit of the taxpayer, and, but for this subdivision, the commissioner's time period to adjust the tax has expired, the additional tax due or refund is limited to only those changes that are required to be made to the return which relate to the changes made on the federal return. This subdivision does not apply to sales and use tax.

For purposes of this subdivision and section 289A.42, subdivision 2, a "field audit" is the physical presence of examiners in the taxpayer's or taxpayer's representative's office conducting an examination of the taxpayer with the intention of issuing an assessment or notice of change in tax or which results in the issuing of an assessment or notice of change in tax. The examination may include inspecting a taxpayer's place of business, tangible personal property, equipment, computer systems and facilities, pertinent books, records, papers, vouchers, computer printouts, accounts, and documents.

Sec. 10. Minnesota Statutes 1990, section 289A.38, subdivision 10, is amended to read:

Subd. 10. [INCORRECT DETERMINATION OF FEDERAL ADJUSTED GROSS INCOME.] Notwithstanding any other provision of this chapter, if a taxpayer whose ~~gross~~ net income is determined

under section 290.01, ~~subdivisions 20 and 20e~~ subdivision 19, omits from income an amount that will under the Internal Revenue Code of 1986, as amended through December 31, 1989, extend the statute of limitations for the assessment of federal income taxes, or otherwise incorrectly determines the taxpayer's federal adjusted gross income resulting in adjustments by the Internal Revenue Service, then the period of assessment and determination of tax will be that under the Internal Revenue Code of 1986, as amended through December 31, 1989. When a change is made to federal income during the extended time provided under this subdivision, the provisions under subdivisions 7 to 9 regarding additional extensions apply.

Sec. 11. Minnesota Statutes 1990, section 289A.42, subdivision 2, is amended to read:

Subd. 2. [FEDERAL EXTENSIONS.] When a taxpayer who consents to an extension of time for the assessment of federal income taxes must notify the commissioner within 90 days of the execution of the consent, the period in which the commissioner may recompute the tax is also extended, notwithstanding any period of limitations to the contrary, as follows:

(1) for the periods provided in section 289A.38, subdivisions 8 and 9;

(2) for six months following the expiration of the extended federal period of limitations when no change is made by the federal authority. If no change is made by the federal authority, and, but for this subdivision, the commissioner's time period to adjust the tax has expired, and if the commissioner has completed a field audit of the taxpayer, no additional changes resulting in additional tax due or a refund may be made. For purposes of this subdivision, "field audit" has the meaning given it in section 289A.38, subdivision 9.

Sec. 12. Minnesota Statutes 1990, section 289A.50, subdivision 1, is amended to read:

Subdivision 1. [GENERAL RIGHT TO REFUND.] (a) Subject to the requirements of this section and section 289A.40, a taxpayer who has paid a tax in excess of the taxes lawfully due and who files a written claim for refund will be refunded or credited the overpayment of the tax determined by the commissioner to be erroneously paid.

(b) The claim must specify the name of the taxpayer, the date when and the period for which the tax was paid, the kind of tax paid, the amount of the tax that the taxpayer claims was erroneously paid, the grounds on which a refund is claimed, and other information relative to the payment and in the form required by the commissioner. An income tax, estate tax, or corporate franchise tax

return, or amended return claiming an overpayment constitutes a claim for refund.

(c) When, in the course of an examination, and within the time for requesting a refund, the commissioner determines that there has been an overpayment of tax, the commissioner shall refund or credit the overpayment to the taxpayer and no demand is necessary. If the overpayment exceeds \$1, the amount of the overpayment must be refunded to the taxpayer. If the amount of the overpayment is less than \$1, the commissioner is not required to refund. In these situations, the commissioner does not have to make written findings or serve notice by mail to the taxpayer.

(d) If the amount allowable as a credit for withholding ~~or~~ estimated taxes, or dependent care exceeds the tax against which the credit is allowable, the amount of the excess is considered an overpayment. The refund allowed by section 290.06, subdivision 23, is also considered an overpayment.

(e) If the entertainment tax withheld at the source exceeds by \$1 or more the taxes, penalties, and interest reported in the return of the entertainment entity or imposed by section 290.9201, the excess must be refunded to the entertainment entity. If the excess is less than \$1, the commissioner need not refund that amount.

(f) If the surety deposit required for a construction contract exceeds the liability of the out-of-state contractor, the commissioner shall refund the difference to the contractor.

(g) An action of the commissioner in refunding the amount of the overpayment does not constitute a determination of the correctness of the return of the taxpayer.

(h) There is appropriated from the general fund to the commissioner of revenue the amount necessary to pay refunds allowed under this section.

Sec. 13. Minnesota Statutes 1990, section 289A.60, subdivision 2, is amended to read:

Subd. 2. [PENALTY FOR FAILURE TO MAKE AND FILE RETURN.] If a taxpayer fails to make and file a return other than an income tax return of an individual, within the time prescribed or an extension, a penalty is added to the tax. The penalty is three percent of the amount of tax not paid on or before the date prescribed for payment of the tax including any extensions if the failure is for not more than 30 days, with an additional five percent of the amount of tax remaining unpaid during each additional 30 days or fraction of 30 days, during which the failure continues, not exceeding 23 percent in the aggregate.

If a taxpayer fails to file a return, other than an income tax return of an individual, within 60 days of the date prescribed for filing of the return (determined with regard to any extension of time for filing), the addition to tax under this subdivision must not be less than the lesser of: (1) \$200; or (2) the greater of (a) 25 percent of the amount required to be shown as tax on the return without reduction for any payments made or refundable credits allowable against the tax, or (b) \$50.

If a taxpayer fails to file an individual income tax return within six months after the date prescribed for filing of the return, a penalty of ten percent of the amount of tax not paid by the end of that six-month period is added to the tax.

Sec. 14. Minnesota Statutes 1990, section 289A.60, subdivision 12, is amended to read:

Subd. 12. [PENALTIES RELATING TO PROPERTY TAX REFUNDS.] (a) If the commissioner determines that a property tax refund claim is or was excessive and was filed with fraudulent intent, the claim must be disallowed in full. If the claim has been paid, the amount disallowed may be recovered by assessment and collection.

(b) If it is determined that a property tax refund claim is excessive and was negligently prepared, ten percent of the corrected claim must be disallowed. If the claim has been paid, the amount disallowed must be recovered by assessment and collection.

(c) An owner or managing agent who knowingly fails to give a certificate of rent constituting property tax to a renter, as required by section 290A.19, paragraph (a), is liable to the commissioner for a penalty of \$100 for each failure.

(d) If the owner or managing agent knowingly gives rent certificates that report total rent constituting property taxes in excess of the amount of actual rent constituting property taxes paid on the rented part of a property, 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. An overstatement of rent constituting property taxes is presumed to be knowingly made if it exceeds by ten percent or more the actual rent constituting property taxes.

(e) ~~A claim filed after the original or extended due date will be reduced by five percent of the amount otherwise allowable, plus an additional five percent for each month of delinquency, not exceeding a total reduction of 25 percent, which may be canceled or reduced by the commissioner if the delinquency is due to reasonable cause. In any event, No claim is allowed if the initial claim is filed more than one year after the original due date for filing the claim.~~

Sec. 15. Minnesota Statutes 1990, 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, 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 provisions 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, and the provisions of section 11702 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, 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, and the provisions of sections 11701 and 11703 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, shall become effective at the time they become effective for federal tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1989, shall be in effect for taxable years beginning after December 31, 1989. The provisions of sections 11321, 11322, 11324, 11325, 11403, 11404, 11410, and 11521 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1990, shall be in effect for taxable years beginning after December 31, 1990.

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. 16. Minnesota Statutes 1990, section 290.01, subdivision 19a, is amended to read:

Subd. 19a. [ADDITIONS TO FEDERAL TAXABLE INCOME.] For individuals, estates, and trusts, there shall be added to federal taxable income:

(1)(i) interest income on obligations of any state other than Minnesota or a political or governmental subdivision, municipality, or governmental agency or instrumentality of any state other than Minnesota exempt from federal income taxes under the Internal Revenue Code or any other federal statute, and

(ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code, except the portion of the exempt-interest dividends derived from interest income on obligations of the state of

Minnesota or its political or governmental subdivisions, municipalities, governmental agencies or instrumentalities, but only if the portion of the exempt-interest dividends from such Minnesota sources paid to all shareholders represents 95 percent or more of the exempt-interest dividends that are paid by the regulated investment company as defined in section 851(a) of the Internal Revenue Code, or the fund of the regulated investment company as defined in section 851(h) of the Internal Revenue Code, making the payment; and

(2) the amount of income taxes paid or accrued within the taxable year under this chapter and income taxes paid to any other state or to any province or territory of Canada, to the extent allowed as a deduction under section 63(d) of the Internal Revenue Code, but the addition may not be more than the amount by which the itemized deductions as allowed under section 63(d) of the Internal Revenue Code exceeds the amount of the standard deduction as defined in section 63(c) of the Internal Revenue Code. For the purpose of this paragraph, the disallowance of itemized deductions under section 68 of the Internal Revenue Code of 1986, income taxes is the last itemized deductions disallowed; and

(3) the capital gain amount of a lump sum distribution to which the special tax under section 1122(h)(3)(B)(ii) of the Tax Reform Act of 1986, Public Law Number 99-514, applies; and

(4) the amount of income taxes paid or accrued within the taxable year under this chapter and income taxes paid to any other state or any province or territory of Canada, to the extent allowed as a deduction in determining federal adjusted gross income. For the purpose of this paragraph, income taxes do not include the taxes imposed by sections 290.0922, subdivision 1, paragraph (b), 290.9727, 290.9728, and 290.9729.

Sec. 17. Minnesota Statutes 1990, section 290.01, subdivision 19d, is amended to read:

Subd. 19d. [CORPORATIONS; MODIFICATIONS DECREASING FEDERAL TAXABLE INCOME.] For corporations, there shall be subtracted from federal taxable income after the increases provided in subdivision 19c:

(1) the amount of foreign dividend gross-up added to gross income for federal income tax purposes under section 78 of the Internal Revenue Code;

(2) the decrease in salary expense for federal income tax purposes due to claiming the federal jobs credit under section 51 of the Internal Revenue Code;

(3) any dividend (not including any distribution in liquidation) paid within the taxable year by a national or state bank to the United States, or to any instrumentality of the United States exempt from federal income taxes, on the preferred stock of the bank owned by the United States or the instrumentality;

(4) amounts disallowed for intangible drilling costs due to differences between this chapter and the Internal Revenue Code in taxable years beginning before January 1, 1987, as follows:

(i) to the extent the disallowed costs are represented by physical property, an amount equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09, subdivision 7, subject to the modifications contained in subdivision 19e; and

(ii) to the extent the disallowed costs are not represented by physical property, an amount equal to the allowance for cost depletion under Minnesota Statutes 1986, section 290.09, subdivision 8;

(5) the deduction for capital losses pursuant to sections 1211 and 1212 of the Internal Revenue Code, except that:

(i) for capital losses incurred in taxable years beginning after December 31, 1986, capital loss carrybacks shall not be allowed;

(ii) for capital losses incurred in taxable years beginning after December 31, 1986, a capital loss carryover to each of the 15 taxable years succeeding the loss year shall be allowed;

(iii) for capital losses incurred in taxable years beginning before January 1, 1987, a capital loss carryback to each of the three taxable years preceding the loss year, subject to the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed; and

(iv) for capital losses incurred in taxable years beginning before January 1, 1987, a capital loss carryover to each of the five taxable years succeeding the loss year to the extent such loss was not used in a prior taxable year and subject to the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed;

(6) an amount for interest and expenses relating to income not taxable for federal income tax purposes, if (i) the income is taxable under this chapter and (ii) the interest and expenses were disallowed as deductions under the provisions of section 171(a)(2), 265 or 291 of the Internal Revenue Code in computing federal taxable income;

(7) in the case of mines, oil and gas wells, other natural deposits, and timber for which percentage depletion was disallowed pursuant to subdivision 19c, clause (11), a reasonable allowance for depletion based on actual cost. In the case of leases the deduction must be

apportioned between the lessor and lessee in accordance with rules prescribed by the commissioner. In the case of property held in trust, the allowable deduction must be apportioned between the income beneficiaries and the trustee in accordance with the pertinent provisions of the trust, or if there is no provision in the instrument, on the basis of the trust's income allocable to each;

(8) for certified pollution control facilities placed in service in a taxable year beginning before December 31, 1986, and for which amortization deductions were elected under section 169 of the Internal Revenue Code of 1954, as amended through December 31, 1985, an amount equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09, subdivision 7;

(9) the amount included in federal taxable income attributable to the credits provided in Minnesota Statutes 1986, section 273.1314, subdivision 9, or Minnesota Statutes, section 469.171, subdivision 6;

(10) amounts included in federal taxable income that are due to refunds of income, excise, or franchise taxes based on net income or related minimum taxes paid by the corporation to Minnesota, another state, a political subdivision of another state, the District of Columbia, or a foreign country or possession of the United States to the extent that the taxes were added to federal taxable income under section 290.01, subdivision 19c, clause (1), in a prior taxable year;

(11) the following percentage of royalties, fees, or other like income accrued or received from a foreign operating corporation or a foreign corporation which is part of the same unitary business as the receiving corporation:

Taxable Year

Beginning After..... Percentage

December 31, 1988..... 50 percent

December 31, 1990..... 80 percent; ~~and~~

(12) income or gains from the business of mining as defined in section 290.05, subdivision 1, clause (a), that are not subject to Minnesota franchise tax; and

(13) the amount of handicap access expenditures in the taxable year which are not allowed to be deducted or capitalized under section 44(d)(7) of the Internal Revenue Code of 1986.

Sec. 18. Minnesota Statutes 1990, section 290.06, subdivision 2c, is amended to read:

Subd. 2c. [SCHEDULES OF RATES FOR INDIVIDUALS, ESTATES, AND TRUSTS.] (a) The income taxes imposed by this

chapter upon married individuals filing joint returns and surviving spouses as defined in section 2(a) of the Internal Revenue Code of 1986 as amended through December 31, 1989, must be computed by applying to their taxable net income the following schedule of rates:

if taxable income is:	the tax is:
not over \$19,000	6 percent
over \$19,000	\$1,140 plus 8 percent of the excess over \$19,000

plus an amount computed using the following schedule of rates:

if taxable income is:	the tax is:
over \$75,500, but not over \$165,000	0.5 percent of the excess over \$75,500
over \$165,000	\$447.50

- (1) On the first \$19,910, 6 percent;
- (2) All over \$19,910, but not over \$79,120, 8 percent;
- (3) All over \$79,120, but not over \$100,000, 8.5 percent;
- (4) All over \$100,000, 9 percent.

Married individuals filing separate returns, estates, and trusts must compute their income tax by applying the above rates to their taxable income, except that the income brackets will be one-half of the above amounts. In the case of married individuals filing separately, the additional 0.5 percent tax provided in this subdivision shall be applied to taxable income over \$37,750, but not over \$127,500.

(b) The income taxes imposed by this chapter upon unmarried individuals must be computed by applying to taxable net income the following schedule of rates:

if taxable income is:	the tax is:
not over \$13,000	6 percent
over \$13,000	\$780 plus 8 percent of the excess over \$13,000

plus an amount computed using the following schedule of rates:

if taxable income is:	the tax is:
over \$42,700, but not over \$93,000	0.5 percent of the excess over \$42,700
over \$93,000	\$251.50

- (1) On the first \$13,620, 6 percent;

- (2) On all over \$13,620, but not over \$44,750, 8 percent;
- (3) On all over \$44,750, but not over \$56,560, 8.5 percent;
- (4) On all over \$56,560, 9 percent.

(c) The income taxes imposed by this chapter upon unmarried individuals qualifying as a head of household as defined in section 2(b) of the Internal Revenue Code of 1986, as amended through December 31, 1989, must be computed by applying to taxable net income the following schedule of rates:

if taxable income is:	the tax is:
not over \$16,000	6 percent
over \$16,000	\$960 plus 8 percent of the excess over \$16,000

plus an amount computed using the following schedule of rates:

if taxable income is:	the tax is:
over \$64,300, but not over \$135,000	0.5 percent of the excess over \$64,300
over \$135,000	\$353.50

- (1) On the first \$16,770, 6 percent;
- (2) On all over \$16,770, but not over \$67,390, 8 percent;
- (3) On all over \$67,390, but not over \$85,150, 8.5 percent;
- (4) On all over \$85,170, 9 percent.

(d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax of any individual taxpayer whose taxable net income for the taxable year is less than an amount determined by the commissioner must be computed in accordance with tables prepared and issued by the commissioner of revenue based on income brackets of not more than \$100. The amount of tax for each bracket shall be computed at the rates set forth in this subdivision, provided that the commissioner may disregard a fractional part of a dollar unless it amounts to 50 cents or more, in which case it may be increased to \$1.

(e) An individual who is not a Minnesota resident for the entire year must compute the individual's Minnesota income tax as provided in this subdivision. After the application of the nonrefundable credits provided in this chapter, the tax liability must then be multiplied by a fraction in which:

- (1) The numerator is the individual's Minnesota source federal

adjusted gross income as defined in section 62 of the Internal Revenue Code of 1986, as amended through December 31, 1989, less the deduction allowed by section 217 of the Internal Revenue Code of 1986, as amended through December 31, 1990, after applying the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

(2) the denominator is the individual's federal adjusted gross income as defined in section 62 of the Internal Revenue Code of 1986, as amended through December 31, 1989 1990, increased by the addition required for interest income from non-Minnesota state and municipal bonds under section 290.01, subdivision 19a, clause (1).

Sec. 19. Minnesota Statutes 1990, section 290.06, subdivision 2d, is amended to read:

Subd. 2d. [INFLATION ADJUSTMENT OF BRACKETS.] (a) For taxable years beginning after December 31, 1990 1991, the minimum and maximum dollar amounts for each rate bracket for which a tax is imposed in subdivision 2c shall be adjusted for inflation by the percentage determined under paragraph (b). For the purpose of making the adjustment as provided in this subdivision all of the rate brackets provided in subdivision 2c shall be the rate brackets as they existed for taxable years beginning after December 31, 1987 1990, and before January 1, 1991 1992. The rate applicable to any rate bracket must not be changed. The dollar amounts setting forth the tax shall be adjusted to reflect the changes in the rate brackets. The rate brackets as adjusted must be rounded to the nearest \$10 amount. If the rate bracket ends in \$5, it must be rounded up to the nearest \$10 amount.

(b) The commissioner shall adjust the rate brackets and by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code of 1986, as amended through December 31, 1989 1990, except that in section 1(f)(3)(B) the word "1989" "1990" shall be substituted for the word "1987." For 1991, the commissioner shall then determine the percent change from the 12 months ending on August 31, 1989 1990, to the 12 months ending on August 31, 1990 1991, and in each subsequent year, from the 12 months ending on August 31, 1989 1990, to the 12 months ending on August 31 of the year preceding the taxable year. The determination of the commissioner pursuant to this subdivision shall not be considered a "rule" and shall not be subject to the administrative procedure act contained in chapter 14.

No later than December 15 of each year, the commissioner shall announce the specific percentage that will be used to adjust the tax rate brackets.

Sec. 20. Minnesota Statutes 1990, section 290.06, subdivision 22, is amended to read:

Subd. 22. [CREDIT FOR TAXES PAID TO ANOTHER STATE.] (a) A taxpayer who is liable for taxes on or measured by net income to another state or province or territory of Canada, as provided in paragraphs (b) through (f), upon income allocated or apportioned to Minnesota, is entitled to a credit for the tax paid to another state or province or territory of Canada if the tax is actually paid in the taxable year or a subsequent taxable year. A taxpayer who is a resident of this state pursuant to section 290.01, subdivision 7, clause (2), and who is subject to income tax as a resident in the state of the individual's domicile is not allowed this credit unless the state of domicile does not allow a similar credit.

(b) For an individual, estate, or trust, the credit is determined by multiplying the tax payable under this chapter by the ratio derived by dividing the income subject to tax in the other state or province or territory of Canada that is also subject to tax in Minnesota while a resident of Minnesota by the taxpayer's federal adjusted gross income, as defined in section 62 of the Internal Revenue Code of 1986, as amended through December 31, 1989, modified by the addition required by section 290.01, subdivision 19a, clause (1), and the subtraction allowed by section 290.01, subdivision 19b, clause (1), to the extent the income is allocated or assigned to Minnesota under sections 290.081 and 290.17.

(c) If the taxpayer is an athletic team that apportions all of its income under section 290.17, subdivision 5, paragraph (c), the credit is determined by multiplying the tax payable under this chapter by the ratio derived from dividing the total net income subject to tax in the other state or province or territory of Canada by the taxpayer's Minnesota taxable income.

(d) The credit determined under paragraph (b) or (c) shall not exceed the amount of tax so paid to the other state or province or territory of Canada on the gross income earned within the other state or province or territory of Canada subject to tax under this chapter, nor shall the allowance of the credit reduce the taxes paid under this chapter to an amount less than what would be assessed if such income amount was excluded from taxable net income.

(e) In the case of the tax assessed on a lump sum distribution under section 290.032, the credit allowed under paragraph (a) is the tax assessed by the other state or province or territory of Canada on the lump sum distribution that is also subject to tax under section 290.032, and shall not exceed the tax assessed under section 290.032. To the extent the total lump sum distribution defined in section 290.032, subdivision 1, includes lump sum distributions received in prior years or is all or in part an annuity contract, the reduction to the tax on the lump sum distribution allowed under

section 290.032, subdivision 2, includes tax paid to another state that is properly apportioned to that distribution.

(f) If a Minnesota resident reported an item of income to Minnesota and is assessed tax in such other state or province or territory of Canada on that same income after the Minnesota statute of limitations has expired, the taxpayer shall receive a credit for that year under paragraph (a), notwithstanding any statute of limitations to the contrary. The claim for the credit must be submitted within one year from the date the taxes were paid to the other state or province or territory of Canada. The taxpayer must submit sufficient proof to show entitlement to a credit.

(g) For the purposes of this subdivision, a resident shareholder of a corporation having a valid election in effect under section 1362 of the Internal Revenue Code of 1986, as amended through December 31, 1990, must be considered to have paid a tax imposed on the shareholder in an amount equal to the shareholder's pro rata share of any net income tax paid by the S corporation to a state that does not measure the income of the shareholder of the S corporation by reference to the income of the S corporation. For the purposes of the preceding sentence, the term "net income tax" means any tax imposed on or measured by a corporation's net income.

Sec. 21. Minnesota Statutes 1990, section 290.06, subdivision 23, is amended to read:

Subd. 23. [CONTRIBUTIONS TO POLITICAL PARTIES AND CANDIDATES.] (a) A taxpayer may claim a credit refund equal to the amount of the taxpayer's contributions made in the calendar year to candidates and to any political party. The maximum credit refund for an individual must not exceed \$50 and, for a married couple filing jointly, must not exceed \$100. A credit for refund of a contribution is allowed only if the taxpayer files a form required by the commissioner and attaches to the form a copy of an official credit refund receipt form issued by the candidate or party. A claim must be filed with the commissioner not sooner than September 1 of the calendar year in which the contribution is made and no later than April 15 of the calendar year following the calendar year in which the contribution is made. A taxpayer may file only one claim per calendar year. Amounts paid by the commissioner after June 15 of the calendar year following the calendar year in which the contribution is made must include interest at the rate specified in section 270.76.

(b) No credit refund is allowed under this subdivision for a contribution to any candidate who has not signed an agreement to limit campaign expenditures as provided in section 10A.322, or 10A.43, and for whom voluntary spending limits are specified in section 10A.25 or 10A.43. This subdivision does not limit the campaign expenditure of a candidate who does not sign an agree-

ment but accepts a contribution for which the contributor improperly claims a credit refund.

(c) For purposes of this subdivision, "political party" means a major political party as defined in section 200.02, subdivision 7, or a minor political party qualifying for inclusion on the income tax or property tax refund form under section 10A.31, subdivision 3a. A "major or minor party" includes the aggregate of the party organization within each house of the legislature, the state party organization, and the party organization within congressional districts, counties, legislative districts, municipalities, and precincts. "Candidate" means a candidate as defined in section 10A.01, subdivision 5, but does not include a candidate for judicial office. Beginning January 1, 1991, "candidate" also means a candidate for the United States Senate or United States House of Representatives from Minnesota. "Contribution" means a gift of money.

(d) ~~The commissioner shall include a copy of the credit form with the instructions for the long and short individual taxation forms.~~ The commissioner shall make copies of the form available to the public and candidates upon request.

(e) The following data collected or maintained by the commissioner under this subdivision are private: the identities of individuals claiming a credit refund, the identities of candidates to whom those individuals have made contributions, and the amount of each contribution.

(f) The amount necessary to pay claims for the credit refund provided in this section is appropriated from the general fund to the commissioner of revenue.

Sec. 22. Minnesota Statutes 1990, section 290.06, is amended by adding a subdivision to read:

Subd. 24. [MILITARY PAY CREDIT.] An individual is allowed a credit against the tax imposed under subdivision 2c equal to ten percent of the amount of the taxpayer's compensation for service in the armed forces of the United States or the United Nations. The maximum amount of this credit is the lesser of \$100 or the taxpayer's liability for tax under subdivision 2c. Compensation does not include a pension, retired pay, or similar income.

Sec. 23. Minnesota Statutes 1990, section 290.06, is amended by adding a subdivision to read:

Subd. 25. [SEED CAPITAL FUND CREDIT.] (a) A taxpayer is allowed a credit against the tax imposed by subdivision 1 equal to ten percent of the amount of a qualified investment in the regional seed capital program, established and operated by the Greater

Minnesota Corporation, during the taxable year. The maximum amount of this credit is \$1,000.

(b) The credit for the taxable year may not exceed the liability for tax. If the amount of the credit exceeds the liability for tax for the taxable year, the balance of the credit is a carryover credit to each of the next three taxable years. The entire amount of the credit is a credit carryover to the earliest of the taxable years to which it may be carried and then to each successive year to which the credit may be carried. In no case may the sum of credits allowed in a taxable year exceed the liability for tax.

(c) For purposes of this subdivision, the following terms have the meanings given.

(1) "Liability for tax" means the tax imposed under subdivision 1, reduced by the sum of nonrefundable credits allowed under this chapter.

(2) "Qualified investment" means the amount of an investment in the regional seed capital fund that receives a credit entitlement certificate from the Greater Minnesota Corporation under paragraph (d).

(d) The sum of the credits for investment in the fund under this subdivision may not exceed \$200,000 in fiscal year 1992 and \$100,000 in fiscal year 1993. In order to administer and enforce this limit, the corporation shall provide to investors in the fund, on a first-come first-served basis, credit entitlement certificates up to the annual limit.

Sec. 24. Minnesota Statutes 1990, section 290.067, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT OF CREDIT.] A taxpayer may take as a credit against the tax due from the taxpayer and a spouse, if any, under this chapter an amount equal to the dependent care credit for which the taxpayer is eligible pursuant to the provisions of section 21 of the Internal Revenue Code subject to the limitations provided in subdivision 2 except that in determining whether the child qualified as a dependent, income received as an aid to families with dependent children grant or allowance to or on behalf of the child must not be taken into account in determining whether the child received more than half of the child's support from the taxpayer.

If the taxpayer is not required and does not file a federal individual income tax return for the tax year, no credit is allowed for any amount paid to any person unless:

(1) the name, address, and taxpayer identification number of the person are included on the return claiming the credit; or

(2) if the person is an organization described in section 501(c)(3) of the Internal Revenue Code and exempt from tax under section 501(a) of the Internal Revenue Code, the name and address of the person are included on the return claiming the credit.

In the case of a failure to provide the information required under the preceding sentence, the preceding sentence does not apply if it is shown that the taxpayer exercised due diligence in attempting to provide the information required.

In the case of a nonresident, part-year resident, or a person whose tax is computed under section 200.06, subdivision 2e, paragraph (f) who has earned income not subject to tax under this chapter, the credit determined under section 21 of the Internal Revenue Code must be allocated based on the ratio by which the earned income of the claimant and the claimant's spouse from Minnesota sources bears to the total earned income of the claimant and the claimant's spouse.

Sec. 25. Minnesota Statutes 1990, section 290.067, subdivision 2a, is amended to read:

Subd. 2a. [INCOME.] (a) For purposes of this section, "income" means the sum of the following:

(1) ~~the greater of~~ federal adjusted gross income as defined in section 62 of the Internal Revenue Code ~~or zero~~; and

(2) the sum of the following amounts to the extent not included in clause (1):

(i) all nontaxable income;

(ii) the amount of a passive activity loss that is not disallowed as a result of section 469, paragraph (i) or ~~(4)~~ (m) of the Internal Revenue Code and the amount of passive activity loss carryover allowed under section 469(b) of the Internal Revenue Code;

(iii) an amount equal to the total of any discharge of qualified farm indebtedness of a solvent individual excluded from gross income under section 108(g) of the Internal Revenue Code;

(iv) cash public assistance and relief;

(v) any pension or annuity (including railroad retirement benefits, all payments received under the federal Social Security Act, supplemental security income, and veterans benefits), which was not

exclusively funded by the claimant or spouse, or which was funded exclusively by the claimant or spouse and which funding payments were excluded from federal adjusted gross income in the years when the payments were made;

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

(vii) workers' compensation;

(viii) nontaxable strike benefits;

(ix) the gross amounts of payments received in the nature of disability income or sick pay as a result of accident, sickness, or other disability, whether funded through insurance or otherwise;

(x) ~~the ordinary income portion of~~ a lump sum distribution under section 402(e)(3) of the Internal Revenue Code; ~~and~~

(xi) contributions made by the claimant to an individual retirement account, including a qualified voluntary employee contribution; simplified employee pension plan; self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal Revenue Code; and

(xii) nontaxable scholarship or fellowship grants.

In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" means federal adjusted gross income reflected in the fiscal year ending in the next calendar year. Federal adjusted gross income may not be reduced by the amount of a net operating loss carryback or carryforward or a capital loss carryback or carryforward allowed for the year.

(b) "Income" does not include:

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

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

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

(d) relief granted under chapter 290A; and

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

Sec. 26. [290.0671] [MINNESOTA WORKING FAMILY CREDIT.]

Subdivision 1. [CREDIT ALLOWED.] An individual is allowed a credit against the tax imposed by this chapter equal to 25 percent of the credit for which the individual is eligible under section 32 of the Internal Revenue Code, as amended through December 31, 1990.

For a nonresident, part-year resident, or person who has earned income not subject to tax under this chapter, the credit determined under section 32 of the Internal Revenue Code of 1986, as amended through December 31, 1990, must be allocated based on the percentage of the total earned income of the claimant and the claimant's spouse that is derived from Minnesota sources.

Subd. 2. [CREDIT NAME.] The credit allowed by this section shall be known as the "Minnesota working family credit."

Subd. 3. [REDUCTION BY ALTERNATIVE MINIMUM TAX LIABILITY.] The amount of the credit allowed must be reduced by the amount of the taxpayer's liability under section 290.091, determined before the credit allowed by this section is subtracted from regular tax liability.

Subd. 4. [CREDIT REFUNDABLE.] If the amount of credit which the claimant is eligible to receive under this section exceeds the claimant's tax liability under chapter 290, the commissioner shall refund the excess to the claimant.

Subd. 5. [CALCULATION ASSISTANCE.] Upon request of the individual and submission of the necessary information, in the form prescribed by the commissioner, the department of revenue shall calculate the credit on behalf of the individual.

Subd. 6. [APPROPRIATION.] An amount sufficient to pay the refunds required by this section is appropriated to the commissioner from the general fund.

Sec. 27. Minnesota Statutes 1990, section 290.0802, subdivision 1, is amended to read:

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

(a) "Adjusted gross income" means federal adjusted gross income as used in section 22(d) of the Internal Revenue Code for the taxable year, plus the ordinary income portion of a lump sum distribution as defined in section 402(e) of the Internal Revenue Code, and less any

pension, annuity, or disability benefits ~~paid under the Railroad Retirement Act of 1974 that are~~ included in federal gross income but are not subject to state taxation other than the subtraction allowed under section 290.01, subdivision 19b, clause (4).

(b) "Disability income" means disability income as defined in section 22(c)(2)(B)(iii) of the Internal Revenue Code.

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

(d) "Nontaxable retirement and disability benefits" means the amount of pension, annuity, or disability benefits that would be included in the reduction under section 22(c)(3) of the Internal Revenue Code and pension, annuity, or disability benefits ~~paid under the Railroad Retirement Act of 1974 that are~~ included in federal gross income but are not subject to state taxation other than the subtraction allowed under section 290.01, subdivision 19b, clause (4).

(e) "Qualified individual" means a qualified individual as defined in section 22(b) of the Internal Revenue Code.

Sec. 28. Minnesota Statutes 1990, section 290.091, subdivision 1, is amended to read:

Subdivision 1. [IMPOSITION OF TAX.] In addition to all other taxes imposed by this chapter a tax is imposed on individuals, estates, and trusts equal to the excess (if any) of

(a) an amount equal to ~~six~~ seven percent of alternative minimum taxable income after subtracting the exemption amount, over

(b) the regular tax for the taxable year.

Sec. 29. Minnesota Statutes 1990, 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 Minnesota charitable contribution deduction and non-Minnesota

charitable deductions to the extent they are included in federal alternative minimum taxable income under section 57(a)(6) 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, 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.

(g) "Minnesota charitable contribution deduction" means a charitable contribution deduction under section 170 of the Internal Revenue Code to or for the use of an entity described in section 290.21, subdivision 3, clauses (a) to (e).

Sec. 30. Minnesota Statutes 1990, section 290.0922, is amended by adding a subdivision to read:

Subd. 4. [PARTNER'S PRO RATA SHARE.] For the purposes of this section, a partner's pro rata share of a partnership's property, payroll, and sales or receipts is not included in the property, payroll, and sales or receipts of the partner.

Sec. 31. Minnesota Statutes 1990, section 290.17, subdivision 1, is amended to read:

Subdivision 1. [SCOPE OF ALLOCATION RULES.] (a) The income of resident individuals is not subject to allocation outside this state. The allocation rules apply to nonresident individuals, estates, trusts, nonresident partners of partnerships, nonresident shareholders of corporations having a valid election in effect under section 1362 of the Internal Revenue Code of 1986, as amended through December 31, 1989, and all corporations not having such an election in effect. If a partnership or corporation would not otherwise be subject to the allocation rules, but conducts a trade or business that is part of a unitary business involving another legal entity that is subject to the allocation rules, the partnership or corporation is subject to the allocation rules.

(b) Expenses, losses, and other deductions (referred to collectively in this paragraph as "deductions") must be allocated along with the item or class of gross income to which they are definitely related for purposes of assignment under this section or apportionment under section 290.191, 290.20, 290.35, or 290.36. Deductions not definitely related to any item or class of gross income are assigned to the taxpayer's domicile.

(c) ~~The application of the allocation rules as they apply to income, gains, losses, deductions, or credits of (1) a partner's distributable share from a partnership under section 290.31, subdivision 4; (2) a shareholder's distributable share from an S corporation provided in section 1366 of the Internal Revenue Code of 1986, as amended through December 31, 1989; (3) a beneficiary's distributable share from an estate or trust as provided in section 290.23, subdivision 9; or (4) the shareholders of regulated investment companies, real estate investment trusts, and real estate mortgage investment conduits as provided in subchapter M of the Internal Revenue Code of 1986, as amended through December 31, 1989, shall be determined by the resident status of the partner, beneficiary, or shareholder at the end of the taxable year of the partnership, estate or trust, or corporation. In the case of an individual who is a resident for only part of a taxable year, the individual's income, gains, losses, and deductions from the distributive share of a partnership, S corporation, trust, or estate are not subject to allocation outside this state to the extent of the distributive share multiplied by a ratio, the numerator of which is the number of days the individual was a resident of this state during the tax year of the partnership, S corporation, trust, or estate, and the denominator of which is the~~

number of days in the taxable year of the partnership, S corporation, trust, or estate.

Sec. 32. Minnesota Statutes 1990, section 290.17, subdivision 2, is amended to read:

Subd. 2. [INCOME NOT DERIVED FROM CONDUCT OF A TRADE OR BUSINESS.] The income of a taxpayer subject to the allocation rules that is not derived from the conduct of a trade or business must be assigned in accordance with paragraphs (a) to (f):

(a)(1) Subject to paragraphs (a)(2) and (a)(3), income from labor or personal or professional services is assigned to this state if, and to the extent that, the labor or services are performed within it; all other income from such sources is treated as income from sources without this state.

Severance pay shall be considered income from labor or personal or professional services.

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

(i) The amount of income to be assigned to Minnesota for an individual who is a nonresident salaried athletic team employee shall be determined by using a fraction in which the denominator contains the total number of days in which the individual is under a duty to perform for the employer, and the numerator is the total number of those days spent in Minnesota; and

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

(3) For purposes of this section, amounts received by a nonresident from the United States, its agencies or instrumentalities, the Federal Reserve Bank, the state of Minnesota or any of its political or governmental subdivisions, or a Minnesota volunteer firefighters' relief association, by way of payment as a pension, public employee retirement benefit, or any combination of these, or as a retirement or survivor's benefit made from a plan qualifying under section 401, 403, 408, or 409, or as defined in section 403(b) or 457 of the Internal Revenue Code of 1986, as amended through December 31, 1989, are not considered income derived from carrying on a trade or business

or from performing personal or professional services in Minnesota, and are not taxable under this chapter.

(b) Income or gains from tangible property located in this state that is not employed in the business of the recipient of the income or gains must be assigned to this state.

(c) Except upon the sale of a partnership interest or the sale of stock of an S corporation, income or gains from intangible personal property not employed in the business of the recipient of the income or gains must be assigned to this state if the recipient of the income or gains is a resident of this state or is a resident trust or estate.

Gain on the sale of a partnership interest is allocable to this state in the ratio of the original cost of partnership tangible property in this state to the original cost of partnership tangible property everywhere, determined at the time of the sale. If more than 50 percent of the value of the partnership's assets consists of intangibles, gain or loss from the sale of the partnership interest is allocated to this state in accordance with the sales factor of the partnership for its first full tax period immediately preceding the tax period of the partnership during which the partnership interest was sold.

Gain on the sale of stock held in an S corporation is allocable to this state in an amount equal to the gain on the sale of the stock multiplied by the ratio that was used to compute the amount of S corporation income assignable to Minnesota in the tax year preceding the year of sale.

Gain on the sale of goodwill or income from a covenant not to compete that is connected with a business operating all or partially in Minnesota is allocated to this state to the extent that the income from the business in the year preceding the year of sale was assignable to Minnesota under subdivision 3.

(d) Income from the operation of a farm shall be assigned to this state if the farm is located within this state and to other states only if the farm is not located in this state.

(e) Income from winnings on Minnesota pari-mutuel betting tickets, the Minnesota state lottery, and lawful gambling as defined in section 349.12, subdivision 24, conducted within the boundaries of the state of Minnesota shall be assigned to this state.

(f) All items of gross income not covered in paragraphs (a) to (e) and not part of the taxpayer's income from a trade or business shall be assigned to the taxpayer's domicile.

Sec. 33. Minnesota Statutes 1990, section 290.431, is amended to read:

290.431 [~~NONGAME WILDLIFE~~ FOODSHELF CHECKOFF]

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 into an account to be established for the management of nongame wildlife the foodshelf account. 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 into the nongame wildlife management foodshelf account.

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 foodshelf account.

Subd. 3. [INTEREST.] All interest earned on money accrued in the nongame wildlife management foodshelf 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 foodshelf 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 foodshelf programs for needy people in Minnesota.

Subd. 5. [INFORMATION ON SOURCE.] The commissioner shall annually report to the foodshelf account distribution board the amount of the contributions to that account designated on the tax returns of residents of each county.

Sec. 34. Minnesota Statutes 1990, section 290.92, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (1) [WAGES.] For purposes of this section, the term "wages" means the same as that term is defined in section 3401(a) and (f) of the Internal Revenue Code of 1986, as

amended through December 31, 1988 1990, except wages shall not include agricultural labor as defined in section 3121(g) of the Internal Revenue Code of 1986, as amended through December 31, 1990.

(2) [PAYROLL PERIOD.] For purposes of this section the term "payroll period" means a period for which a payment of wages is ordinarily made to the employee by the employee's employer, and the term "miscellaneous payroll period" means a payroll period other than a daily, weekly, biweekly, semimonthly, monthly, quarterly, semiannual, or annual payroll period.

(3) [EMPLOYEE.] For purposes of this section the term "employee" means any resident individual performing services for an employer, either within or without, or both within and without the state of Minnesota, and every nonresident individual performing services within the state of Minnesota, the performance of which services constitute, establish, and determine the relationship between the parties as that of employer and employee. As used in the preceding sentence, the term "employee" includes an officer of a corporation, and an officer, employee, or elected official of the United States, a state, or any political subdivision thereof, or the District of Columbia, or any agency or instrumentality of any one or more of the foregoing.

(4) [EMPLOYER.] For purposes of this section the term "employer" means any person, including individuals, fiduciaries, estates, trusts, partnerships, and corporations transacting business in or deriving any income from sources within the state of Minnesota for whom an individual performs or performed any service, of whatever nature, as the employee of such person, except that if the person for whom the individual performs or performed the services does not have legal control of the payment of the wages for such services, the term "employer," except for purposes of paragraph (1), means the person having legal control of the payment of such wages. As used in the preceding sentence, the term "employer" includes any corporation, individual, estate, trust, or organization which is exempt from taxation under section 290.05 and further includes, but is not limited to, officers of corporations who have legal control, either individually or jointly with another or others, of the payment of the wages.

(5) [NUMBER OF WITHHOLDING EXEMPTIONS CLAIMED.] For purposes of this section, the term "number of withholding exemptions claimed" means the number of withholding exemptions claimed in a withholding exemption certificate in effect under subdivision 5, except that if no such certificate is in effect, the number of withholding exemptions claimed shall be considered to be zero.

Sec. 35. Minnesota Statutes 1990, section 290.92, subdivision 4b, is amended to read:

Subd. 4b. [WITHHOLDING BY PARTNERSHIPS.] (a) A partnership shall deduct and withhold a tax as provided in paragraph (b) ~~when the partnership pays or credits amounts to any of its for nonresident individual partners on account of based on their distributive shares of partnership income for a taxable year of the partnership.~~

(b) The amount of tax withheld is determined by multiplying the partner's distributive share allocable to Minnesota under section 290.17; ~~paid or credited during the taxable year by the highest rate used to determine the income tax liability for an individual under section 290.06, subdivision 2e~~ nine percent, except that the amount of tax withheld may be determined ~~based on tables provided by the commissioner if the partner submits a withholding exemption certificate under subdivision 5.~~

(c) The commissioner may reduce or abate the tax withheld under this subdivision if the partnership had reasonable cause to believe that no tax was due under this section.

(d) Notwithstanding paragraph (a), a partnership is not required to deduct and withhold tax for a nonresident partner if:

(1) the partner elects to have the tax due paid as part of the partnership's composite return under section 290.39, subdivision 5;

(2) the partner has Minnesota assignable federal adjusted gross income from the partnership of less than \$1,000; or

(3) the partnership is liquidated or terminated, the income was generated by a transaction related to the termination or liquidation, and no cash or other property was distributed in the current or prior taxable year; or

(4) the distributive shares of partnership income are attributable to:

(i) income required to be recognized because of discharge of indebtedness;

(ii) income recognized because of a sale, exchange, or other disposition of real estate, depreciable property, or property described in section 179 of the Internal Revenue Code of 1986, as amended through December 31, 1989; or

(iii) income recognized on the sale, exchange, or other disposition of any property that has been the subject of a basis reduction

pursuant to section 108, 734, 743, 754, or 1017 of the Internal Revenue Code of 1986, as amended through December 31, 1989,

to the extent that the income does not include cash received or receivable or, if there is cash received or receivable, to the extent that the cash is required to be used to pay indebtedness by the partnership or a secured debt on partnership property.

(e) For purposes of subdivision 6a, and sections 289A.09, subdivision 2, 289A.20, subdivision 2, paragraph (c), 289A.50, 289A.56, 289A.60, and 289A.63, a partnership is considered an employer.

(f) To the extent that income is exempt from withholding under paragraph (d), clause (4), the commissioner has a lien in an amount up to the amount that would be required to be withheld with respect to the income of the partner attributable to the partnership interest, but for the application of paragraph (d), clause (4). The lien arises under section 270.69 from the date of assessment of the tax against the partner, and attaches to that partner's share of the profits and any other money due or to become due to that partner in respect of the partnership. Notice of the lien may be sent by mail to the partnership, without the necessity for recording the lien. The notice has the force and effect of a levy under section 270.70, and is enforceable against the partnership in the manner provided by that section. Upon payment in full of the liability subsequent to the notice of lien, the partnership must be notified that the lien has been satisfied.

Sec. 36. Minnesota Statutes 1990, section 290.92, subdivision 4c, is amended to read:

Subd. 4c. [WITHHOLDING BY SMALL BUSINESS S CORPORATIONS.] (a) A corporation having a valid election in effect under section 290.9725 shall deduct and withhold a tax as provided in paragraph (b) ~~when it pays or credits amounts to any of its for~~ nonresident individual shareholders ~~as dividends or as their share of~~ the corporations's ~~undistributed taxable~~ income for the taxable year.

(b) The amount of tax withheld is determined by multiplying the amount of ~~dividends or undistributed~~ income allocable to Minnesota under section 290.17; ~~paid or credited to a nonresident shareholder during the taxable year by the highest rate used to determine the income tax liability of an individual under section 290.06, subdivision 2e~~ nine percent, except that the amount of tax withheld may be determined ~~based on tables provided by the commissioner if the shareholder submits a withholding exemption certificate under~~ subdivision 5.

(c) Notwithstanding paragraph (a), a corporation is not required to deduct and withhold tax for a nonresident shareholder, if:

(1) the shareholder elects to have the tax due paid as part of the corporation's composite return under section 290.39, subdivision 5;

(2) the shareholder has Minnesota assignable federal adjusted gross income from the corporation of less than \$1,000; or

(3) the corporation is liquidated or terminated, the income was generated by a transaction related to the termination or liquidation, and no cash or other property was distributed in the current or prior taxable year.

(d) For purposes of subdivision 6a, and sections 289A.09, subdivision 2, 289A.20, subdivision 2, paragraph (c), 289A.50, 289A.56, 289A.60, and 289A.63, a corporation is considered an employer.

Sec. 37. Minnesota Statutes 1990, section 290.92, subdivision 12, is amended to read:

Subd. 12. [WITHHELD AMOUNT, CREDIT AGAINST TAX.] (a) ~~The amount deducted and withheld as tax under subdivision 2a, or 3, 4b, or 4c or section 290.923, subdivision 2, during any a calendar year upon the wages, partnership income, or "S" corporation income of any individual or person receiving royalty payments shall be allowed as a credit to the recipient of the income against the taxes imposed by this chapter or by chapter 298, for a taxable year beginning in such calendar year. If more than one taxable year begins in such calendar year, such amount shall be allowed as a credit against the taxes for the last taxable year so beginning.~~

(b) The amount deducted and withheld under subdivisions 4b and 4c and under section 290.923, subdivision 2, for partnership, S corporation, or royalty income must be allowed as a credit to the recipient of the income against the taxes imposed by this chapter for the tax year the income is subject to tax under this chapter.

Sec. 38. Minnesota Statutes 1990, section 290.92, subdivision 26, is amended to read:

Subd. 26. [EXTENSION OF WITHHOLDING TO CERTAIN PAYMENTS WHERE IDENTIFYING NUMBER NOT FURNISHED OR INACCURATE.] (a) If, in the case of any reportable payment, (1) the payee fails to furnish the payee's social security account number to the payor, or (2) the commissioner notifies the payor that the social security account number furnished by the payee is incorrect, then the payor shall deduct and withhold from the payment a tax equal to ~~ten~~ nine percent of the payment.

(b)(1) In the case of any failure described in clause (a)(1), clause (a) shall apply to any reportable payment made by the payor during the

period during which the social security account number has not been furnished.

(2) In any case where there is a notification described in clause (a)(2), clause (a) shall apply to any reportable payment made by the payor (i) after the close of the 30th day after the day on which the payor received the notification, and (ii) before the payee furnishes another social security account number.

(3)(i) Unless the payor elects not to have this subparagraph apply with respect to the payee, clause (a) shall also apply to any reportable payment made after the close of the period described in paragraph (1) or (2) (as the case may be) and before the 30th day after the close of the period.

(ii) If the payor elects the application of this subparagraph with respect to the payee, clause (a) shall also apply to any reportable payment made during the 30-day period described in paragraph (2).

(iii) The payor may elect a period shorter than the grace period set forth in subparagraph (i) or (ii) as the case may be.

(c) The provisions of section 3406 of the Internal Revenue Code of 1986, as amended through December 31, 1989, shall apply and shall govern when withholding shall be required and the definition of terms. The term "reportable payment" shall include only those payments for personal services. No tax shall be deducted or withheld under this subdivision with respect to any amount for which withholding is otherwise required under this section. For purposes of this section, payments which are subject to withholding under this subdivision shall be treated as if they were wages paid by an employer to an employee and amounts deducted and withheld under this subdivision shall be treated as if deducted and withheld under subdivision 2a.

(d) Whenever the commissioner notifies a payor under this subdivision that the social security account number furnished by any payee is incorrect, the commissioner shall at the same time furnish a copy of the notice to the payor, and the payor shall promptly furnish the copy to the payee. If the commissioner notifies a payor under this subdivision that the social security account number furnished by any payee is incorrect and the payee subsequently furnishes another social security account number to the payor, the payor shall promptly notify the commissioner of the other social security account number furnished.

Sec. 39. Minnesota Statutes 1990, section 290.92, subdivision 27, is amended to read:

Subd. 27. [PARI-MUTUEL WINNINGS.] Any holder of a class A,

B, or D license issued by the Minnesota racing commission shall deduct and withhold ~~ten~~ nine percent of the payment of winnings which are subject to withholding as Minnesota withholding tax. For purposes of this subdivision, the term "winnings which are subject to withholding" has the meaning given in section 3402(q)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1989. For purposes of the provisions of this section, a payment to any person of winnings which are subject to withholding must be treated as if the payment was a wage paid by an employer to an employee. Every individual who is to receive a payment of winnings which are subject to withholding shall furnish the license holder with a statement, made under the penalties of perjury, containing the name, address, and social security account number of the person receiving the payment and of each person entitled to any portion of such payment. The license holder is liable for the payment of the tax required to be withheld under this subdivision and subdivision 28 but is not liable to any person for the amount of the payment.

Sec. 40. Minnesota Statutes 1990, section 290.923, is amended by adding a subdivision to read:

Subd. 11. [EXEMPTION FROM DEDUCTION AND WITHHOLDING.] A person or entity whose shares or certificates of beneficial interest are traded on the New York Stock Exchange or publicly traded on any recognized stock exchange and which issues federal 1099 or K1 forms to its shareholders or certificate holders and provides the 1099 or K1 information to the department of revenue, is exempt from deduction and withholding under this section.

Sec. 41. Minnesota Statutes 1990, section 290A.03, subdivision 3, is amended to read:

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

(a) federal adjusted gross income as defined in the Internal Revenue Code; and

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

(i) all nontaxable income;

(ii) the amount of a passive activity loss that is not disallowed as a result of section 469, paragraph (i) or ~~(4)~~ (m) of the Internal Revenue Code and the amount of passive activity loss carryover allowed under section 469(b) of the Internal Revenue Code;

(iii) an amount equal to the total of any discharge of qualified farm

indebtedness of a solvent individual excluded from gross income under section 108(g) of the Internal Revenue Code;

(iv) cash public assistance and relief;

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

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

(vii) workers' compensation;

(viii) nontaxable strike benefits;

(ix) the gross amounts of payments received in the nature of disability income or sick pay as a result of accident, sickness, or other disability, whether funded through insurance or otherwise;

(x) a lump sum distribution under section 402(e)(3) of the Internal Revenue Code;

(xi) contributions made by the claimant to an individual retirement account, including a qualified voluntary employee contribution; simplified employee pension plan; self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal Revenue Code; and

(xii) nontaxable scholarship or fellowship grants.

In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" shall mean federal adjusted gross income reflected in the fiscal year ending in the calendar year. Federal adjusted gross income shall not be reduced by the amount of a net operating loss carryback or carryforward or a capital loss carryback or carryforward allowed for the year.

(2) "Income" does not include

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

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

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

(d) relief granted under this chapter; or

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

(3) The sum of the following amounts may be subtracted from income:

(a) for the claimant's first dependent, the exemption amount multiplied by 1.4;

(b) for the claimant's second dependent, the exemption amount multiplied by 1.3;

(c) for the claimant's third dependent, the exemption amount multiplied by 1.2;

(d) for the claimant's fourth dependent, the exemption amount multiplied by 1.1;

(e) for the claimant's fifth dependent, the exemption amount; and

(f) if the claimant or claimant's spouse was disabled or attained the age of 65 prior to June 1 of the year for which the taxes were levied or rent paid, the exemption amount.

For purposes of this subdivision, the "exemption amount" means the exemption amount under section 151(d) of the Internal Revenue Code of 1986, as amended through December 31, 1989, for the taxable year for which the income is reported.

Sec. 42. Minnesota Statutes 1990, section 290A.03, subdivision 7, is amended to read:

Subd. 7. [DEPENDENT.] "Dependent" means any person who is considered a dependent under sections 151 and 152 of the Internal Revenue Code of 1986, as amended through December 31, 1989. In the case of a son, stepson, daughter, or stepdaughter of the claimant, amounts received as an aid to families with dependent children grant or allowance to or on behalf of the child must not be taken into account in determining whether the child received more than half of

the child's support from the claimant. "Dependent" includes a parent of the claimant or spouse who lives in the claimant's homestead.

Sec. 43. Minnesota Statutes 1990, section 290A.05, is amended to read:

290A.05 [COMBINED HOUSEHOLD INCOME.]

If a person occupies a homestead with another person or persons not related to the person as husband and wife, excluding dependents, roomers or boarders on contract, and has property tax payable with respect to the homestead, the household income of the claimant or claimants for the purpose of computing the refund allowed by section 290A.04 shall include the total income received by the other persons residing in the homestead. For purposes of this section, "dependent" includes a parent of the claimant or spouse who lives in the claimant's homestead and does not have an ownership interest in the homestead. If a person occupies a homestead with another person or persons not related as husband and wife or as dependents, the property tax payable or rent constituting property tax shall be reduced as follows.

If the other person or persons are residing at the homestead under rental or lease agreement, the amount of property tax payable or rent constituting property tax shall be that portion not covered by the rental agreement.

Sec. 44. Minnesota Statutes 1990, section 290A.091, is amended to read:

290A.091 [CLAIMS OF TENANTS IN LEASEHOLD COOPERATIVES.]

The cooperative manager of a leasehold cooperative shall furnish a statement to each tenant by March 31 of the year in which the property tax is payable showing each unit's share of the gross property tax and each unit's share of any property tax credits. Each tenant may apply for a property tax refund under this chapter as a homeowner based on each tenant's share of property taxes. The tenant may not include any rent constituting property taxes paid on that unit. For the purposes of this section, a leasehold cooperative is formed on the day that leasehold cooperative status is granted by the appropriate county official.

Sec. 45. [FEDERAL CHANGES.]

The changes made by sections 11301, 11302, 11303, 11304, 11305, 11343, 11344, 11531, 11601, 11602, 11701, 11702, 11703, and 11704 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, which affect the definition of net income of insurance

companies as defined in Minnesota Statutes, section 290.35, the definition of alternative minimum taxable income as defined in Minnesota Statutes, sections 290.091, subdivision 2, and 290.0921, subdivision 3, grantor as defined in Minnesota Statutes, section 290.25, federal gross estate as defined in Minnesota Statutes, section 291.005, gross income as defined in Minnesota Statutes, section 290.01, subdivision 20, and the definition of wages as defined in Minnesota Statutes, section 290.92, subdivision 1, shall be effective at the same time they become effective for federal tax purposes.

The waiver of estimated tax penalties provided by section 11307 of the Revenue Reconciliation Act of 1990 shall also apply to Minnesota to the extent the underpayment was created or increased by the changes made by sections 11301, 11302, 11303, and 11305.

Sec. 46. [ESTIMATED TAXES; EXCEPTIONS.]

No addition to tax, penalties, or interest may be made under Minnesota Statutes, section 289A.25, for any period before September 15, 1991, with respect to an underpayment of estimated tax, to the extent that the underpayment was created or increased by the increase in tax rates under this article.

Sec. 47. [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, 1990" for the words "Internal Revenue Code of 1986, as amended through December 31, 1989" wherever the phrase occurs in chapters 289A, 290, 290A, and 291, except for section 290.01, subdivision 19.

Sec. 48. [REPEALER.]

Minnesota Statutes 1990, section 289A.19, subdivision 6, is repealed.

Sec. 49. [EFFECTIVE DATE.]

Sections 2, 3, 10, 12, 14, except paragraph (e), 35 to 39, and 41 are effective July 1, 1991. Sections 14, paragraph (e), and 48 are effective beginning for refunds based on property taxes payable in 1991 and for refunds based on rent constituting property taxes paid in 1990. Section 21 is effective for contributions made on or after the date of enactment. Sections 29 and 30 are effective for taxable years beginning after December 31, 1989. Sections 42 to 44 are effective for refunds based on rents paid in 1991 and property taxes payable in 1992 and applications for leasehold cooperative status filed with the county after December 31, 1990. Except where otherwise spe-

cifically provided, the rest of this article is effective for taxable years beginning after December 31, 1990.

ARTICLE 6 CORPORATIONS

Section 1. Minnesota Statutes 1990, section 289A.18, subdivision 1, is amended to read:

Subdivision 1. [INDIVIDUAL INCOME, FIDUCIARY INCOME, CORPORATE FRANCHISE, AND ENTERTAINMENT TAXES; PARTNERSHIP AND S CORPORATION RETURNS; INFORMATION RETURNS.] The returns required to be made under sections 289A.08 and 289A.12 must be filed at the following times:

(1) returns made on the basis of the calendar year must be filed on April 15 following the close of the calendar year, except that returns of corporations must be filed on March 15 following the close of the calendar year;

(2) returns made on the basis of the fiscal year must be filed on the 15th day of the fourth month following the close of the fiscal year, except that returns of corporations must be filed on the 15th day of the third month following the close of the fiscal year;

(3) returns for a fractional part of a year must be filed on the 15th day of the fourth month following the end of the month in which falls the last day of the period for which the return is made, except that the returns of corporations must be filed on the 15th day of the third month following the end of the month in which falls the last day of the period for which the return is made;

(4) in the case of a final return of a decedent for a fractional part of a year, the return must be filed on the 15th day of the fourth month following the close of the 12-month period that began with the first day of that fractional part of a year;

(5) in the case of the return of a cooperative association, returns must be filed on or before the 15th day of the ninth month following the close of the taxable year;

(6) if a corporation has been divested from a unitary group and files a return for a fractional part of a year in which it was a member of a unitary business that files a combined report under section 290.34, subdivision 2, the divested corporation's return must be filed on the 15th day of the third month following the close of the common accounting period that includes the fractional year; ~~and~~

(7) returns of entertainment entities must be filed on April 15 following the close of the calendar year; and

(8) returns required to be filed under section 289A.08, subdivision 4, must be filed on the 15th day of the fifth month following the close of the taxable year.

Sec. 2. Minnesota Statutes 1990, section 289A.26, subdivision 1, is amended to read:

Subdivision 1. [MINIMUM LIABILITY.] A corporation subject to taxation under chapter 290 (excluding section 290.92) or an entity subject to taxation under section 290.05, subdivision 3, must make payment of estimated tax for the taxable year if its tax liability so computed can reasonably be expected to exceed \$500, or in accordance with rules prescribed by the commissioner for an affiliated group of corporations electing to file one return as permitted under section 289A.08, subdivision 3.

Sec. 3. Minnesota Statutes 1990, section 289A.26, subdivision 6, is amended to read:

Subd. 6. [PERIOD OF UNDERPAYMENT.] The period of the underpayment runs from the date the installment was required to be paid to the earlier of the following dates:

(1) the 15th day of the third month following the close of the taxable year for corporations and the 15th day of the fifth month following the close of the taxable year for entities subject to tax under section 290.05, subdivision 3; or

(2) with respect to any part of the underpayment, the date on which that part is paid. For purposes of this clause, a payment of estimated tax shall be credited against unpaid required installments in the order in which those installments are required to be paid.

Sec. 4. Minnesota Statutes 1990, section 290.01, subdivision 19d, is amended to read:

Subd. 19d. [CORPORATIONS; MODIFICATIONS DECREASING FEDERAL TAXABLE INCOME.] For corporations, there shall be subtracted from federal taxable income after the increases provided in subdivision 19c:

(1) the amount of foreign dividend gross-up added to gross income for federal income tax purposes under section 78 of the Internal Revenue Code;

(2) ~~the decrease in~~ amount of salary expense not allowed for

federal income tax purposes due to claiming the federal jobs credit under section 51 of the Internal Revenue Code;

(3) any dividend (not including any distribution in liquidation) paid within the taxable year by a national or state bank to the United States, or to any instrumentality of the United States exempt from federal income taxes, on the preferred stock of the bank owned by the United States or the instrumentality;

(4) amounts disallowed for intangible drilling costs due to differences between this chapter and the Internal Revenue Code in taxable years beginning before January 1, 1987, as follows:

(i) to the extent the disallowed costs are represented by physical property, an amount equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09, subdivision 7, subject to the modifications contained in subdivision 19e; and

(ii) to the extent the disallowed costs are not represented by physical property, an amount equal to the allowance for cost depletion under Minnesota Statutes 1986, section 290.09, subdivision 8;

(5) the deduction for capital losses pursuant to sections 1211 and 1212 of the Internal Revenue Code, except that:

(i) for capital losses incurred in taxable years beginning after December 31, 1986, capital loss carrybacks shall not be allowed;

(ii) for capital losses incurred in taxable years beginning after December 31, 1986, a capital loss carryover to each of the 15 taxable years succeeding the loss year shall be allowed;

(iii) for capital losses incurred in taxable years beginning before January 1, 1987, a capital loss carryback to each of the three taxable years preceding the loss year, subject to the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed; and

(iv) for capital losses incurred in taxable years beginning before January 1, 1987, a capital loss carryover to each of the five taxable years succeeding the loss year to the extent such loss was not used in a prior taxable year and subject to the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed;

(6) an amount for interest and expenses relating to income not taxable for federal income tax purposes, if (i) the income is taxable under this chapter and (ii) the interest and expenses were disallowed as deductions under the provisions of section 171(a)(2), 265 or 291 of the Internal Revenue Code in computing federal taxable income;

(7) in the case of mines, oil and gas wells, other natural deposits,

and timber for which percentage depletion was disallowed pursuant to subdivision 19c, clause (11), a reasonable allowance for depletion based on actual cost. In the case of leases the deduction must be apportioned between the lessor and lessee in accordance with rules prescribed by the commissioner. In the case of property held in trust, the allowable deduction must be apportioned between the income beneficiaries and the trustee in accordance with the pertinent provisions of the trust, or if there is no provision in the instrument, on the basis of the trust's income allocable to each;

(8) for certified pollution control facilities placed in service in a taxable year beginning before December 31, 1986, and for which amortization deductions were elected under section 169 of the Internal Revenue Code of 1954, as amended through December 31, 1985, an amount equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09, subdivision 7;

(9) the amount included in federal taxable income attributable to the credits provided in Minnesota Statutes 1986, section 273.1314, subdivision 9, or Minnesota Statutes, section 469.171, subdivision 6;

(10) amounts included in federal taxable income that are due to refunds of income, excise, or franchise taxes based on net income or related minimum taxes paid by the corporation to Minnesota, another state, a political subdivision of another state, the District of Columbia, or a foreign country or possession of the United States to the extent that the taxes were added to federal taxable income under section 290.01, subdivision 19c, clause (1), in a prior taxable year;

(11) the following percentage of royalties, fees, or other like income accrued or received from a foreign operating corporation or a foreign corporation which is part of the same unitary business as the receiving corporation:

Taxable Year

Beginning After..... Percentage

December 31, 1988..... 50 percent

December 31, 1990..... 80 percent; and

(12) income or gains from the business of mining as defined in section 290.05, subdivision 1, clause (a), that are not subject to Minnesota franchise tax; and

(13) the amount of qualified research expenses not allowed for federal income tax purposes under section 280C(c) of the Internal Revenue Code, but only to the extent that the amount exceeds the amount of the credit allowed under section 290.068.

Sec. 5. Minnesota Statutes 1990, section 290.014, subdivision 2, is amended to read:

Subd. 2. [NONRESIDENT INDIVIDUALS.] ~~Income of~~ Except as provided in section 290.015, a nonresident individual is subject to tax under this chapter and a nonresident individual is subject to the return filing requirements under and to tax as provided in this chapter to the extent that the income of the nonresident individual is:

(1) allocable to this state under section 290.17, 290.191, or 290.20;

(2) taxed to the individual under the Internal Revenue Code of 1986, as amended through December 31, 1989, (or not taxed under the Internal Revenue Code by reason of its character but of a character which is taxable under this chapter) in the individual's capacity as a beneficiary of an estate with income allocable to this state under section 290.17, 290.191, or 290.20 and the income, taking into account the income character provisions of section 662(b) of the Internal Revenue Code of 1986, as amended through December 31, 1989, would be allocable to this state under section 290.17, 290.191, or 290.20 if realized by the individual directly from the source from which realized by the estate;

(3) taxed to the individual under the Internal Revenue Code of 1986, as amended through December 31, 1989, (or not taxed under the Internal Revenue Code by reason of its character but of a character that is taxable under this chapter) in the individual's capacity as a beneficiary or grantor or other person treated as a substantial owner of a trust with income allocable to this state under section 290.17, 290.191, or 290.20 and the income, taking into account the income character provisions of section 652(b), 662(b), or 664(b) of the Internal Revenue Code of 1986, as amended through December 31, 1989, would be allocable to this state under section 290.17, 290.191, or 290.20 if realized by the individual directly from the source from which realized by the trust;

(4) taxed to the individual under the Internal Revenue Code of 1986, as amended through December 31, 1989, (or not taxed under the Internal Revenue Code by reason of its character but of a character which is taxable under this chapter) in the individual's capacity as a limited or general partner in a partnership with income allocable to this state under section 290.17, 290.191, or 290.20 and the income, taking into account the income character provisions of section 702(b) of the Internal Revenue Code of 1986, as amended through December 31, 1989, would be allocable to this state under section 290.17, 290.191, or 290.20 if realized by the individual directly from the source from which realized by the partnership; or

(5) taxed to the individual under the Internal Revenue Code of

1986, as amended through December 31, 1989, (or not taxed under the Internal Revenue Code by reason of its character but of a character which is taxable under this chapter) in the individual's capacity as a shareholder of a corporation having a valid election in effect under section 1362 of the Internal Revenue Code of 1986, as amended through December 31, 1989, and income allocable to this state under section 290.17, 290.191, or 290.20 and the income, taking into account the income character provisions of section 1366(b) of the Internal Revenue Code of 1986, as amended through December 31, 1989, would be allocable to this state under section 290.17, 290.191, or 290.20 if realized by the individual directly from the source from which realized by the corporation.

Sec. 6. Minnesota Statutes 1990, section 290.014, subdivision 3, is amended to read:

Subd. 3. [TRUSTS AND ESTATES.] Except as provided in section 290.015, a trust or estate, whether resident or nonresident, is subject to the return filing requirements under and to tax as provided in this chapter and the income of a trust or estate is subject to tax under this chapter to the extent that the income of the trust or estate is:

(1) allocable to this state under section 290.17, 290.191, or 290.20;

(2) taxed to the trust or estate under the Internal Revenue Code of 1986, as amended through December 31, 1989, (or not taxed under the Internal Revenue Code by reason of its character but of a character which is taxable under this chapter) in its capacity as a beneficiary of a trust or estate with income allocable to this state under section 290.17, 290.191, or 290.20 and the income, taking into account the income character provisions of section 662(b) of the Internal Revenue Code of 1986, as amended through December 31, 1989, would be allocable to this state under section 290.17, 290.191, or 290.20 if realized by the trust or beneficiary estate directly from the source from which realized by the distributing estate;

(3) taxed to the trust or estate under the Internal Revenue Code of 1986, as amended through December 31, 1989, (or not taxed under the Internal Revenue Code by reason of its character but of a character which is taxable under this chapter) in its capacity as a beneficiary or grantor or other person treated as a substantial owner of a trust with income allocable to this state under section 290.17, 290.191, or 290.20 and the income, taking into account the income character provisions of section 652(b), 662(b), or 664(b) of the Internal Revenue Code of 1986, as amended through December 31, 1989, would be allocable to this state under section 290.17, 290.191, or 290.20 if realized by the beneficiary trust or estate directly from the source from which realized by the distributing trust;

(4) taxed to the trust or estate under the Internal Revenue Code of

1986, as amended through December 31, 1989, (or not taxed under the Internal Revenue Code by reason of its character but of a character which is taxable under this chapter) in its capacity as a limited or general partner in a partnership with income allocable to this state under section 290.17, 290.191, or 290.20 and the income, taking into account the income character provisions of section 702(b) of the Internal Revenue Code of 1986, as amended through December 31, 1989, would be allocable to this state under section 290.17, 290.191, or 290.20 if realized by the trust or estate directly from the source from which realized by the partnership; or

(5) taxed to the trust or estate under the Internal Revenue Code of 1986, as amended through December 31, 1989, (or not taxed under the Internal Revenue Code by reason of its character but of a character which is taxable under this chapter) in its capacity as a shareholder of a corporation having a valid election in effect under section 1362 of the Internal Revenue Code of 1986, as amended through December 31, 1989, and income allocable to this state under section 290.17, 290.191, or 290.20 and the income, taking into account the income character provisions of section 1366(b) of the Internal Revenue Code of 1986, as amended through December 31, 1989, would be allocable to this state under section 290.17, 290.191, or 290.20 if realized by the trust or estate directly from the source from which realized by the corporation.

Sec. 7. Minnesota Statutes 1990, section 290.014, subdivision 4, is amended to read:

Subd. 4. [PARTNERSHIPS.] Except as provided in section 290.015, a partnership is not subject to tax under this chapter but is subject to the return filing requirements under and to tax as provided in this chapter and its partners are subject to tax under this chapter on their shares of partnership income to the extent that if the income of the partnership is:

(1) allocable to this state under section 290.17, 290.191, or 290.20;

(2) taxed to the partnership under the Internal Revenue Code of 1986, as amended through December 31, 1989, (or not taxed under the Internal Revenue Code by reason of its character but of a character which is taxable under this chapter) in its capacity as a beneficiary of an estate with income allocable to this state under section 290.17, 290.191, or 290.20 and the income, taking into account the income character provisions of section 662(b) of the Internal Revenue Code of 1986, as amended through December 31, 1989, would be allocable to this state under section 290.17, 290.191, or 290.20 if realized by the partnership directly from the source from which realized by the estate;

(3) taxed to the partnership under the Internal Revenue Code of 1986, as amended through December 31, 1989, (or not taxed under

the Internal Revenue Code by reason of its character but of a character which is taxable under this chapter) in its capacity as a beneficiary or grantor or other person treated as a substantial owner of a trust with income allocable to this state under section 290.17, 290.191, or 290.20 and the income, taking into account the income character provisions of section 652(b), 662(b), or 664(b) of the Internal Revenue Code of 1986, as amended through December 31, 1989, would be allocable to this state under section 290.17, 290.191, or 290.20 if realized by the partnership directly from the source from which realized by the trust; or

(4) *taxed to the partnership under the Internal Revenue Code of 1986, as amended through December 31, 1989, (or not taxed under the Internal Revenue Code by reason of its character but of a character which is taxable under this chapter) in its capacity as a limited or general partner in a partnership with income allocable to this state under section 290.17, 290.191, or 290.20 and the income, taking into account the income character provisions of section 702(b) of the Internal Revenue Code of 1986, as amended through December 31, 1989, would be allocable to this state under section 290.17, 290.191, or 290.20 if realized by the second tier partnership directly from the source from which realized by the first tier partnership.*

Sec. 8. Minnesota Statutes 1990, section 290.014, subdivision 5, is amended to read:

Subd. 5. [CORPORATIONS.] ~~A corporation having a valid election in effect under section 1362 of the Internal Revenue Code of 1986, as amended through December 31, 1989, is not subject to tax under this chapter, except as provided in section 290.0725, but its shareholders are, and it is subject to the return filing requirements. Except as provided in section 290.015, corporations are subject to the return filing requirements and to tax under as provided in this chapter if the corporation so exercises its franchise as to engage in such contacts with this state as to cause part of the income of the corporation to be:~~

(1) allocable to this state under section 290.17, 290.191, 290.20, 290.35, or 290.36;

(2) *taxed to the corporation under the Internal Revenue Code of 1986, as amended through December 31, 1989, (or not taxed under the Internal Revenue Code by reason of its character but of a character which is taxable under this chapter) in its capacity as a beneficiary of an estate with income allocable to this state under section 290.17, 290.191, or 290.20 and the income, taking into account the income character provisions of section 662(b) of the Internal Revenue Code of 1986, as amended through December 31, 1989, would be allocable to this state under section 290.17, 290.191, or 290.20 if realized by the corporation directly from the source from which realized by the estate;*

(3) taxed to the corporation under the Internal Revenue Code of 1986, as amended through December 31, 1989, (or not taxed under the Internal Revenue Code by reason of its character but of a character which is taxable under this chapter) in its capacity as a beneficiary or grantor or other person treated as a substantial owner of a trust with income allocable to this state under section 290.17, 290.191, or 290.20 and the income, taking into account the income character provisions of section 652(b), 662(b), or 664(b) of the Internal Revenue Code of 1986, as amended through December 31, 1989, would be allocable to this state under section 290.17, 290.191, or 290.20 if realized by the corporation directly from the source from which realized by the trust; or

(4) taxed to the corporation under the Internal Revenue Code of 1986, as amended through December 31, 1989, (or not taxed under the Internal Revenue Code by reason of its character but of a character which is taxable under this chapter) in its capacity as a limited or general partner in a partnership with income allocable to this state under section 290.17, 290.191, or 290.20 and the income, taking into account the income character provisions of section 702(b) of the Internal Revenue Code of 1986, as amended through December 31, 1989, would be allocable to this state under section 290.17, 290.191, or 290.20 if realized by the corporation directly from the source from which realized by the partnership.

Sec. 9. Minnesota Statutes 1990, section 290.05, subdivision 3, is amended to read:

Subd. 3. (a) An organization exempt from taxation under subdivision 2 shall, nevertheless, be subject to tax under this chapter to the extent provided in the following provisions of the Internal Revenue Code:

(i) section 527 (dealing with political organizations);

(ii) section 528 (dealing with certain homeowners associations);
and

(iii) sections 511 to 515 (dealing with unrelated business income);
and

(iv) section 521 (dealing with farmers' cooperatives); but

notwithstanding this subdivision, shall be considered an organization exempt from income tax for the purposes of any law which refers to organizations exempt from income taxes.

(b) The tax shall be imposed on the taxable income of political organizations or homeowner associations or the unrelated business taxable income, as defined in section 512 of the Internal Revenue

Code, of organizations defined in section 511 of the Internal Revenue Code, provided that the tax is not imposed on advertising revenues from a newspaper published by an organization described in section 501(c)(4) of the Internal Revenue Code. The tax shall be at the corporate rates. The tax shall only be imposed on income and deductions assignable to this state under sections 290.17 to 290.20. To the extent deducted in computing federal taxable income, the deductions contained in section 290.21 shall not be allowed in computing Minnesota taxable net income.

Sec. 10. Minnesota Statutes 1990, section 290.06, subdivision 21, is amended to read:

Subd. 21. [ALTERNATIVE MINIMUM TAX; FACTORS TAX.] (a) A corporation is allowed a credit for alternative minimum tax previously paid for any taxable year in which the corporation has no tax liability under section 290.092, subdivision 1, and has an alternative minimum tax credit carryover from a previous year. The credit allowable in any taxable year equals the lesser of (1) the excess of the tax under subdivision 1 for the taxable year over the amount computed under section 290.092, subdivision 1, clause (1), for the taxable year, or (2) the alternative minimum tax credit carryover to the taxable year.

(b) The tax imposed under section 290.092, subdivision 1, for the taxable year is an alternative minimum tax credit carryover to each of the five taxable years succeeding the taxable year. The entire amount of the alternative minimum tax credit must be carried to the earliest taxable year to which the amount may be carried. The unused portion of the credit must be carried to the following taxable year. No credit may be carried to a taxable year more than five years after the taxable year in which the alternative minimum tax under section 290.092, subdivision 1, was incurred.

(c) For taxable years beginning after December 31, 1989, qualification for a credit and computation of the amount of the credit for alternative minimum tax under paragraph (a) must be determined by computing the alternative minimum tax that would apply if section 290.092 were in effect for the taxable year.

(d) An acquiring corporation may carry over this credit from a transferor or distributor corporation in a corporate acquisition. The provisions of section 381 of the Internal Revenue Code apply in determining the amount of the carryover, if any.

Sec. 11. Minnesota Statutes 1990, section 290.068, subdivision 1, is amended to read:

290.068 [CREDIT FOR INCREASING RESEARCH AND EXPERIMENTAL EXPENDITURES ACTIVITIES.]

Subdivision 1. [CREDIT ALLOWED.] A corporation, other than a corporation with a valid election in effect under section 1362 of the Internal Revenue Code of 1986, as amended through December 31, 1989, is allowed a credit against the portion of the franchise tax computed under section 290.06, subdivision 1, for the taxable year equal to:

- (a) 5 percent of the first \$2 million of the excess (if any) of
 - (1) the qualified research expenses for the taxable year, over
 - (2) the base ~~period research expenses~~ amount; and
- (b) 2.5 percent on all of such excess expenses over \$2 million.

Sec. 12. Minnesota Statutes 1990, section 290.068, subdivision 2, is amended to read:

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

(a) "Qualified research expenses" means (i) qualified research expenses and basic research payments as defined in section 41(b) and (e) of the Internal Revenue Code, except it ~~shall~~ does not include expenses incurred for qualified research or basic research conducted outside the state of Minnesota pursuant to section 41(d) and (e) of the Internal Revenue Code; ~~or~~ and (ii) contributions to a nonprofit corporation established and operated pursuant to the provisions of chapter 317A for the purpose of promoting the establishment and expansion of business in this state, provided the contributions are invested by the nonprofit corporation for the purpose of providing funds for small, technologically innovative enterprises in Minnesota during the early stages of their development.

(b) "Qualified research" means qualified research as defined in section 41(d) of the Internal Revenue Code, except that the term ~~shall~~ does not include qualified research conducted outside the state of Minnesota.

(c) "~~Base period research expenses amount~~" means base period research expenses amount as defined in section 41(c) of the Internal Revenue Code, except that "~~December 31, 1981~~" shall be substituted for "June 30, 1981" in subparagraph (B) of paragraph (2) the average annual gross receipts must be calculated using Minnesota sales or receipts under section 290.191 and the definitions contained in clauses (a) and (b) shall apply.

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

Sec. 13. Minnesota Statutes 1990, section 290.068, subdivision 5, is amended to read:

Subd. 5. [ADJUSTMENTS; ACQUISITIONS AND DISPOSITIONS.] If a taxpayer acquires or disposes of the major portion of a trade or business or the major portion of a separate unit of a trade or business in a transaction with another taxpayer, the taxpayer's qualified research expenses and base period shall be amount are adjusted in the same manner provided by section 41(f)(3) of the Internal Revenue Code, ~~except that "December 31, 1980" shall be substituted for "June 30, 1980."~~

Sec. 14. Minnesota Statutes 1990, section 290.0921, subdivision 8, is amended to read:

Subd. 8. [CARRYOVER CREDIT.] (a) A corporation is allowed a credit against qualified regular tax for qualified alternative minimum tax previously paid. The credit is allowable only if the corporation has no tax liability under this section for the taxable year and if the corporation has an alternative minimum tax credit carryover from a previous year. The credit allowable in a taxable year equals the lesser of

(1) the excess of the qualified regular tax for the taxable year over the amount computed under subdivision 1, paragraph (a), clause (1), for the taxable year or

(2) the carryover credit to the taxable year.

(b) For purposes of this subdivision, the following terms have the meanings given.

(1) "Qualified alternative minimum tax" equals the amount determined under subdivision 1 for the taxable year. ~~In computing the amount of alternative minimum tax~~

(i) ~~the adjustment under section 56(e)(3) of the Internal Revenue Code must not be made;~~

(ii) ~~the full amount of the charitable contribution deduction under section 290.21, subdivision 3, must be deducted in computing Minnesota alternative minimum taxable income; and~~

(iii) ~~in the case of a corporation subject to an occupation tax under section 298.01 the tax preference for depletion under section 57(a)(1) of the Internal Revenue Code must be deducted in computing Minnesota alternative minimum taxable income.~~

(2) "Qualified regular tax" means the tax imposed under section 290.06, subdivision 1.

(c) The qualified alternative minimum tax for a taxable year is an alternative minimum tax credit carryover to each of the taxable years succeeding the taxable year. The entire amount of the credit must be carried to the earliest taxable year to which the amount may be carried. Any unused portion of the credit must be carried to the following taxable year. No credit may be carried to a taxable year in which alternative minimum tax was paid.

(d) An acquiring corporation may carry over this credit from a transferor or distributor corporation in a corporate acquisition. The provisions of section 381 of the Internal Revenue Code apply in determining the amount of the carryover, if any.

Sec. 15. Minnesota Statutes 1990, section 290.0922, subdivision 1, is amended to read:

Subdivision 1. [IMPOSITION.] (a) In addition to the tax imposed by this chapter without regard to this section, the franchise tax imposed on a corporation required to file under section 290.37, other than a corporation having a valid election in effect under section 1362 of the Internal Revenue Code of 1986, as amended through December 31, 1989, 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 \$500,000	\$0
\$ 500,000 to \$ 1,000,000 \$ <u>999,999</u>	\$100
\$ 1,000,000 to \$ 4,999,999	\$300
\$ 5,000,000 to \$ 9,999,999	\$1,000
\$10,000,000 to \$19,999,999	\$2,000
\$20,000,000 or more	\$5,000

(b) A tax is imposed annually beginning in 1990 on a corporation required to file a return under section 290.41, subdivision 1, that has a valid election in effect for the taxable year under section 1362 of the Internal Revenue Code of 1986, as amended through December 31, 1989, and on a partnership required to file a return under section 290.41, subdivision 1, other than a partnership that derives over 80 percent of its income from farming. The tax imposed under this paragraph is due on or before the due date of the return due under section 290.41, subdivision 1, for the calendar year following the calendar year in which the tax is imposed. The commissioner shall prescribe the return to be used for payment of this tax. The tax under this paragraph is equal to the following amounts:

If the sum of the S corporation's or partnership's Minnesota property, payrolls, and sales or receipts is:

the tax equals:

less than \$500,000	\$0
\$ 500,000 to \$ 1,000,000 <u>\$ 999,999</u>	\$100
\$ 1,000,000 to \$ 4,999,999	\$300
\$ 5,000,000 to \$ 9,999,999	\$1,000
\$10,000,000 to \$19,999,999	\$2,000
\$20,000,000 or more	\$5,000

Sec. 16. Minnesota Statutes 1990, section 290.17, subdivision 5, is amended to read:

Subd. 5. ~~[SPECIAL RULES RULE.]~~ Notwithstanding subdivisions 3 and 4, all income from the operation of the following types of businesses must be allocated as follows:

(a) ~~All income from the operation of a farm is assigned to this state if the farm is located within this state and no such income is assigned to this state if the farm is located without this state.~~

(b) ~~For an athletic teams team when the visiting team does not share in the gate receipts, all of the team's income is assigned to the state in which the team's operation is based.~~

Sec. 17. Minnesota Statutes 1990, section 290.191, subdivision 6, is amended to read:

Subd. 6. [DETERMINATION OF RECEIPTS FACTOR FOR FINANCIAL INSTITUTIONS.] (a) For purposes of this section, the rules in this subdivision and subdivisions 7 and 8 apply in determining the receipts factor for financial institutions.

(b) "Receipts" for this purpose means gross income, including net taxable gain on disposition of assets, including securities and money market instruments, when derived from transactions and activities in the regular course of the taxpayer's trade or business.

(c) "Money market instruments" means federal funds sold and securities purchased under agreements to resell, commercial paper, banker's acceptances, and purchased certificates of deposit and similar instruments to the extent that the instruments are reflected as assets under generally accepted accounting principles.

(d) "Securities" means United States Treasury securities, obligations of United States government agencies and corporations, obligations of state and political subdivisions, corporate stock and other securities, participations in securities backed by mortgages held by United States or state government agencies, loan-backed securities

and similar investments to the extent the investments are reflected as assets under generally accepted accounting principles.

(e) Receipts from the lease or rental of real or tangible personal property, including both finance leases and true leases, must be attributed to this state if the property is located in this state. Tangible personal property that is characteristically moving property, such as motor vehicles, rolling stock, aircraft, vessels, mobile equipment, and the like, is considered to be located in a state if:

(1) the operation of the property is entirely within the state; or

(2) the operation of the property is in two or more states, but the principal base of operations from which the property is sent out is in the state.

(f) Interest income and other receipts from assets in the nature of loans that are secured primarily by real estate or tangible personal property must be attributed to this state if the security property is located in this state under the principles stated in paragraph (e).

(g) Interest income and other receipts from consumer loans not secured by real or tangible personal property that are made to residents of this state, whether at a place of business, by traveling loan officer, by mail, by telephone or other electronic means, must be attributed to this state.

(h) Interest income and other receipts from commercial loans and installment obligations that are unsecured by real or tangible personal property or secured by intangible property must be attributed to this state if the proceeds of the loan are to be applied in this state. If it cannot be determined where the funds are to be applied, the income and receipts are attributed to the state in which the office of the borrower from which the application would be made in the regular course of business is located. If this cannot be determined, the transaction is disregarded in the apportionment formula.

(i) Interest income and other receipts from a participating financial institution's portion of participation and syndication loans must be attributed under paragraphs (e) to (h). A participation loan is an arrangement in which a lender makes a loan to a borrower and then sells, assigns, or otherwise transfers all or a part of the loan to a purchasing financial institution. A syndication loan is a ~~multibank~~ loan transaction involving multiple financial institutions in which all the lenders are named as parties to the loan documentation, are known to the borrower, and have privity of contract with the borrower.

(j) Interest income and other receipts including service charges from financial institution credit card and travel and entertainment

credit card receivables and credit card holders' fees must be attributed to the state to which the card charges and fees are regularly billed.

(k) Merchant discount income derived from financial institution credit card holder transactions with a merchant must be attributed to the state in which the merchant is located. In the case of merchants located within and outside the state, only receipts from merchant discounts attributable to sales made from locations within the state are attributed to this state. It is presumed, subject to rebuttal, that the location of a merchant is the address shown on the invoice submitted by the merchant to the taxpayer.

(l) Receipts from the performance of fiduciary and other services must be attributed to the state in which the benefits of the services are consumed. If the benefits are consumed in more than one state, the receipts from those benefits must be apportioned to this state pro rata according to the portion of the benefits consumed in this state. If the extent to which the benefits of services are consumed in this state is not readily determinable, the benefits of the services shall be deemed to be consumed at the location of the office of the customer from which the services were ordered in the regular course of the customer's trade or business. If the ordering office cannot be determined, the benefits of the services shall be deemed to be consumed at the office of the customer to which the services are billed.

(m) Receipts from the issuance of travelers checks and money orders must be attributed to the state in which the checks and money orders are purchased.

(n) Receipts from investments of a financial institution in securities of this state, its political subdivisions, agencies, and instrumentalities must be attributed to this state.

(o) Receipts from a financial institution's interest in any property described in section 290.015, subdivision 3, paragraph (b), is not included in the numerator or the denominator of the receipts factor provided the financial institution's activities within this state with respect to any interest in the property are limited in the manner provided in section 290.015, subdivision 3, paragraph (b). If a financial institution is subject to tax under this chapter, its interest in property described in section 290.015, subdivision 3, paragraph (b), is included in the receipts factor in the same manner as assets in the nature of securities or money market instruments are included under paragraph (n) and subdivision 7. and from money market instruments must be apportioned to this state based on the ratio that total deposits from this state, its residents, including any business with an office or other place of business in this state, its political subdivisions, agencies, and instrumentalities bear to the total deposits from all states, their residents, their political subdivisions, agencies, and instrumentalities. In the case of an unregu-

lated financial institution subject to this section, these receipts are apportioned to this state based on the ratio that its gross business income, excluding such receipts, earned from sources within this state bears to gross business income, excluding such receipts, earned from sources within all states. For purposes of this subdivision, deposits made by this state, its residents, its political subdivisions, agencies, and instrumentalities must be attributed to this state, whether or not the deposits are accepted or maintained by the taxpayer at locations within this state.

(o) A financial institution's interest in property described in section 290.015, subdivision 3, paragraph (b), is included in the receipts factor in the same manner as assets in the nature of securities or money market instruments are included in paragraph (n).

Sec. 18. Minnesota Statutes 1990, section 290.191, subdivision 8, is amended to read:

Subd. 8. [DEPOSIT; DEFINITION.] (a) "Deposit," as used in subdivision 7, has the meanings in this subdivision.

(b) "Deposit" means the unpaid balance of money or its equivalent received or held by a financial institution in the usual course of business and for which it has given or is obligated to give credit, either conditionally or unconditionally, to a commercial, checking, savings, time, or thrift account whether or not advance notice is required to withdraw the credited funds, or which is evidenced by its certificate of deposit, thrift certificate, investment certificate, or certificate of indebtedness, or other similar name, or a check or draft drawn against a deposit account and certified by the financial institution, or a letter of credit or a traveler's check on which the financial institution is primarily liable. However, without limiting the generality of the term "money or its equivalent," any such account or instrument must be regarded as evidencing the receipt of the equivalent of money when credited or issued in exchange for checks or drafts or for a promissory note upon which the person obtaining the credit or instrument is primarily or secondarily liable, or for a charge against a deposit account, or in settlement of checks, drafts, or other instruments forwarded to the bank for collection.

(c) "Deposit" means trust funds received or held by the financial institution, whether held in the trust department or held or deposited in any other department of the financial institution.

(d) "Deposit" means money received or held by a financial institution, or the credit given for money or its equivalent received or held by a financial institution, in the usual course of business for a special or specific purpose, regardless of the legal relationship so established. Under this paragraph, "deposit" includes, but is not limited to, escrow funds, funds held as security for an obligation due

to the financial institution or others, including funds held as dealers reserves, or for securities loaned by the ~~bank~~ financial institution, funds deposited by a debtor to meet maturing obligations, funds deposited as advance payment on subscriptions to United States government securities, funds held for distribution or purchase of securities, funds held to meet its acceptances or letters of credit, and withheld taxes. It does not include funds received by the financial institution for immediate application to the reduction of an indebtedness to the receiving financial institution, or under condition that the receipt of the funds immediately reduces or extinguishes the indebtedness.

(e) "Deposit" means outstanding drafts, including advice or another such institution, cashier's checks, money orders, or other officer's checks issued in the usual course of business for any purpose, but not including those issued in payment for services, dividends, or purchases or other costs or expenses of the financial institution itself.

(f) "Deposit" means money or its equivalent held as a credit balance by a financial institution on behalf of its customer if the entity is engaged in soliciting and holding such balances in the regular course of its business.

(g) Interinstitution fund transfers are not deposits.

Sec. 19. Minnesota Statutes 1990, section 290.191, subdivision 11, is amended to read:

Subd. 11. [FINANCIAL INSTITUTIONS; PROPERTY FACTOR.]

(a) For financial institutions, the property factor includes, as well as tangible property, intangible property as set forth in this subdivision.

(b) Intangible personal property must be included at its tax basis for federal income tax purposes.

(c) Goodwill must not be included in the property factor.

(d) Coin and currency located in this state must be attributed to this state.

(e) Lease financing receivables must be attributed to this state if and to the extent that the property is located within this state.

(f) Assets in the nature of loans that are secured by real or tangible personal property must be attributed to this state if and to the extent that the security property is located within this state.

(g) Assets in the nature of consumer loans and installment

obligations that are unsecured or secured by intangible property must be attributed to this state if the loan was made to a resident of this state.

(h) Assets in the nature of commercial loan and installment obligations that are unsecured by real or tangible personal property or secured by intangible property must be attributed to this state if the proceeds of the loan are to be applied in this state. If it cannot be determined where the funds are to be applied, the assets must be attributed to the state in which there is located the office of the borrower from which the application would be made in the regular course of business. If this cannot be determined, the transaction is disregarded in the apportionment formula.

(i) A participating financial institution's portion of participation and syndication loans must be attributed under paragraphs (e) to (h).

(j) Financial institution credit card and travel and entertainment credit card receivables must be attributed to the state to which the credit card charges and fees are regularly billed.

(k) Receivables arising from merchant discount income derived from financial institution credit card holder transactions with a merchant are attributed to the state in which the merchant is located. In the case of merchants located within and without the state, only receivables from merchant discounts attributable to sales made from locations within the state are attributed to this state. It is presumed, subject to rebuttal, that the location of a merchant is the address shown on the invoice submitted by the merchant to the taxpayer.

(l) Assets in the nature of securities and money market instruments are apportioned to this state based upon the ratio that total deposits from this state, its residents, its political subdivisions, agencies and instrumentalities bear to the total deposits from all states, their residents, their political subdivisions, agencies and instrumentalities. In the case of an unregulated financial institution, the assets are apportioned to this state based upon the ratio that its gross business income earned from sources within this state bears to gross business income earned from sources within all states. For purposes of this subsection, deposits made by this state, its residents, its political subdivisions, agencies, and instrumentalities are attributed to this state, whether or not the deposits are accepted or maintained by the taxpayer at locations within this state.

(m) A financial institution's interest in any property described in section 290.015, subdivision 3, paragraph (b), is ~~not included in the numerator or the denominator of the property factor provided the financial institution's activities within this state with respect to any interest in such property are limited in the manner provided in~~

section 290.015, subdivision 3, paragraph (b). If a financial institution is subject to tax under this chapter, its interest in property described in section 290.015, subdivision 3, paragraph (b), is included in the property factor in the same manner as assets in the nature of securities or money market instruments are included under paragraph (1).

Sec. 20. Minnesota Statutes 1990, section 290.35, subdivision 3, is amended to read:

Subd. 3. [CREDIT.] An insurance company shall receive a credit against the tax computed under section 290.06, subdivision 1, equal to any taxes based on premiums paid by it that are attributable to the period for which the tax under this chapter is imposed by virtue of any law of this state, other than the surcharge on premiums imposed by sections 69.54 to 69.56.

Sec. 21. Minnesota Statutes 1990, section 290.9727, subdivision 1, is amended to read:

Subdivision 1. [TAX IMPOSED.] For a corporation electing S corporation status pursuant to section 1362 of the Internal Revenue Code of 1986, as amended through December 31, 1989, after December 31, 1986, and having a recognized built-in gain as defined in section 1374 of the Internal Revenue Code of 1986, as amended through December 31, 1989, there is imposed a tax on the taxable income of such S corporation, as defined in this section, at the rate prescribed by section 290.06, subdivision 1. This ~~section~~ subdivision does not apply to any corporation having an S election in effect for each of its taxable years. An S corporation and any predecessor corporation must be treated as one corporation for purposes of the preceding sentence.

Sec. 22. Minnesota Statutes 1990, section 290.9727, is amended by adding a subdivision to read:

Subd. 1a. [ASSET TRANSFERS.] In the case of the transfer of assets from a C corporation to an S corporation as described in section 1374(d)(8) of the Internal Revenue Code of 1986, as amended through December 31, 1990, a tax is imposed on the taxable income of the S corporation, as defined in this section, at the rate prescribed in section 290.06, subdivision 1.

Sec. 23. Minnesota Statutes 1990, section 290.9727, subdivision 3, is amended to read:

Subd. 3. [TAXABLE NET INCOME.] For purposes of this section, taxable net income means the lesser of:

- (1) the recognized built-in gains of the S corporation for the

taxable year, as determined under section 1374 of the Internal Revenue Code of 1986, as amended through December 31, 1989, subject to the modifications provided in section 290.01, subdivisions ~~19e and~~ subdivision 19f, that are allocable to this state under section 290.17, 290.191, or 290.20; or

(2) the amount of the S corporation's federal taxable income, as determined under section 1374(d)(4) of the Internal Revenue Code of 1986, as amended through December 31, 1989, subject to the provisions of section 290.01, subdivisions 19c to 19f, that is allocable to this state under section 290.17, 290.191, or 290.20, less the deduction for charitable contributions in section 290.21, subdivision 3.

Sec. 24. Minnesota Statutes 1990, section 290.9727, is amended by adding a subdivision to read:

Subd. 5. [CREDIT CARRYFORWARD.] Any credit carryforward allowed under this chapter and arising in a taxable year in which the corporation was a C corporation is allowed as a credit against the tax imposed by this section.

Sec. 25. Laws 1990, chapter 604, article 2, section 22, is amended to read:

Sec. 22. [EFFECTIVE DATE.]

Section 1 is effective for premiums paid after December 31, 1989. The provisions of section 12 are effective for taxable years beginning after December 31, 1990 for insurance companies domiciled in a state or country other than Minnesota that imposes retaliatory taxes, fines, deposits, penalties, licenses, or fees. Section 14 is effective the day following final enactment. The remainder of this article is effective for taxable years beginning after December 31, 1989, except as otherwise provided.

Sec. 26. [REPEALER.]

Minnesota Statutes 1990, sections 290.068, subdivision 6; 290.069, subdivisions 2a, 4a, and 4b; 290.17, subdivision 7; and 290.191, subdivision 7, are repealed.

Sec. 27. [EFFECTIVE DATE.]

Sections 9, 15 to 19, 21 to 24, and 26 are effective for taxable years beginning after December 31, 1990. Sections 10 and 14 are effective the day following final enactment. Sections 1, 2, 3, and 20 are effective for taxable years beginning after December 31, 1989. Section 25 is effective for taxable years beginning after December 31, 1989.

ARTICLE 7
SALES AND USE TAX

Section 1. Minnesota Statutes 1990, section 84.82, is amended by adding a subdivision to read:

Subd. 10. [PROOF OF SALES TAX PAYMENT.] A person applying for initial registration of a snowmobile must provide a snowmobile purchaser's certificate, showing a complete description of the snowmobile, the seller's name and address, the full purchase price of the snowmobile, and the trade-in allowance, if any. The certificate must include information showing either (1) that the sales and use tax under chapter 297A was paid or (2) the purchase was exempt from tax under chapter 297A. The commissioner of public safety, in consultation with the commissioner and the commissioner of revenue, shall prescribe the form of the certificate.

Sec. 2. Minnesota Statutes 1990, section 289A.11, subdivision 1, is amended to read:

Subdivision 1. [RETURN REQUIRED.] Except as provided in section 289A.18, subdivision 4, for the month in which taxes imposed by sections 297A.01 to 297A.44 are payable, or for which a return is due, a return for the preceding reporting period must be filed with the commissioner in the form the commissioner prescribes. The return must be verified by a written declaration that it is made under the criminal penalties for making a false return, and in addition must contain a confession of judgment for the amount of the tax shown due to the extent not timely paid. A person making sales at retail at two or more places of business may file a consolidated return subject to rules prescribed by the commissioner.

Notwithstanding this subdivision, a person who is not required to hold a sales tax permit under chapter 297A and who makes annual purchases of less than \$5,000 that are subject to the use tax imposed by section 297A.14, may file an annual use tax return on a form prescribed by the commissioner. If a person who qualifies for an annual use tax reporting period is required to obtain a sales tax permit or makes use tax purchases in excess of \$5,000 during the calendar year, the reporting period must be considered ended at the end of the month in which the permit is applied for or the purchase in excess of \$5,000 is made and a return must be filed for the preceding reporting period.

Sec. 3. Minnesota Statutes 1990, section 289A.18, subdivision 4, is amended to read:

Subd. 4. [SALES AND USE TAX RETURNS.] Sales and use tax returns must be filed on or before the 20th day of the month following the close of the preceding reporting period, except that

annual use tax returns provided for under section 289A.11, subdivision 1, must be filed by April 15 following the close of the calendar year. In addition, on or before June 20 of a year, a retailer who has a May liability of \$1,500 or more must file a return with the commissioner for one-half of the estimated June liability, in addition to filing a return for the May liability. On or before August 20 of a year, the retailer must file a return showing the actual June liability.

Sec. 4. Minnesota Statutes 1990, section 289A.20, subdivision 4, is amended to read:

Subd. 4. [SALES AND USE TAX.] (a) The taxes imposed by chapter 297A are due and payable to the commissioner monthly on or before the 20th day of the month following the month in which the taxable event occurred or following another reporting period as the commissioner prescribes, except that use taxes due on an annual use tax return as provided under section 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

(b) A vendor having a liability of \$1,500 or more in May of a year must remit the June liability in the following manner:

(1) On or before June 20 of the year, the vendor must remit the actual May liability and one-half of the estimated June liability to the commissioner.

(2) On or before August 20 of the year, the vendor must pay any additional amount of tax not remitted in June.

(c) When a retailer located outside of a city that imposes a local sales and use tax collects use tax to be remitted to that city, the retailer is not required to remit the tax until the amount collected reaches \$10.

Sec. 5. Minnesota Statutes 1990, 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. "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, non-profit 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. 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 world 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.~~ Telephone service includes private communication service, as defined in United States Code, title 26, section 4252(d), and paging 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. The sale of natural gas to be used as a fuel in vehicles propelled by natural gas shall not be considered a sale for the purposes of this section;

(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;

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

(viii) massages, except when provided by a licensed health care facility or professional or upon written referral from a licensed health care facility or professional for treatment of illness, injury, or disease;

(ix) the furnishing for consideration of space or services for the storage of yachts, ships, boats or other watercraft, including charges for slip and marina rental, boat docking, and similar services; and

(x) the furnishing for consideration of lodging, board and care services for animals in kennels and other similar arrangements, but excluding veterinary and horse boarding services.

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. 6. Minnesota Statutes 1990, section 297A.01, subdivision 8, is amended to read:

Subd. 8. "Sales price" means the total consideration valued in money, for a retail sale whether paid in money or otherwise, excluding therefrom any amount allowed as credit for tangible personal property taken in trade for resale, without deduction for the cost of the property sold, cost of materials used, labor or service

cost, interest, or discount allowed after the sale is consummated, the cost of transportation incurred prior to the time of sale, any amount for which credit is given to the purchaser by the seller, or any other expense whatsoever. A deduction may be made for charges ~~for services that are part of the sale, including charges~~ up to 15 percent in lieu of tips, if the consideration for such charges is separately stated; ~~but~~ No deduction shall be allowed for charges for services that are part of a sale as defined in subdivision 3, clauses (b) to (l). A deduction may also be made for interest, financing, or carrying charges, charges for labor or services used in installing or applying the property sold or transportation charges if the transportation occurs after the retail sale of the property only if the consideration for such charges is separately stated. There shall not be included in "sales price" cash discounts allowed and taken on sales or the amount refunded either in cash or in credit for property returned by purchasers.

Sec. 7. Minnesota Statutes 1990, section 297A.01, subdivision 10, is amended to read:

Subd. 10. [RETAILER.] "Retailer" includes every person engaged in making sales at retail as herein defined. For isolated and occasional sales of trade or business equipment that are taxable because the sale was arranged or assisted by an agent or broker, the retailer is the agent or broker.

Sec. 8. Minnesota Statutes 1990, section 297A.01, subdivision 15, is amended to read:

Subd. 15. [FARM MACHINERY.] "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;

(4) logging equipment, including chain saws used for commercial logging; 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; and

(6) aquaculture production equipment.

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. 9. Minnesota Statutes 1990, section 297A.01, is amended by adding a subdivision to read:

Subd. 19. [AQUACULTURE PRODUCTION EQUIPMENT.] "Aquaculture production equipment" means new or used machinery, equipment, implements, accessories, and contrivances used directly and principally in aquaculture production. Aquaculture production equipment includes: augers and blowers, automatic feed systems, manual feeding equipment, shockers, gill nets, trap nets, seines, box traps, round nets and traps, net pens, dip nets, net washers, floating net supports, floating access walkways, net supports and walkways, growing tanks, holding tanks, troughs, raceways, transport tanks, egg taking equipment, egg hatcheries, egg incubators, egg baskets and troughs, egg graders, egg counting equipment, fish counting equipment, fish graders, fish pumps and loaders, fish elevators, air blowers, air compressors, oxygen generators, oxygen regulators, diffusers and injectors, air supply equipment, oxygenation columns, water coolers and heaters, heat exchangers, water filter systems, water purification systems, waste collection equipment, feed mills, portable scales, feed grinders, feed mixers, feed carts and trucks, power feed wagons, fertilizer spreaders, fertilizer tanks, forage collection equipment, land levelers, loaders, post hole diggers, disc, harrow, plow, and water diversion devices.

Sec. 10. Minnesota Statutes 1990, section 297A.02, is amended by adding a subdivision to read:

Subd. 5. [RESIDENTIAL ELECTRICITY.] (a) An excise tax, in lieu of the tax under subdivision 1, is imposed upon retail sales or use of electricity billed to residences in this state at a rate of 0.371 cents per kilowatt hour.

(b) The rates of tax imposed under paragraph (a), and section 297A.021, subdivision 1, paragraph (b) must be annually adjusted for inflation. The commissioner of public service shall by November 1 of each year prepare an estimate of the percentage increase in the average statewide, retail price of a kilowatt hour of electricity during the preceding 12-month period. The tax rate for the next calendar year is the rate for the current year multiplied by the sum of one plus the percentage increase (stated as a decimal) determined by the commissioner of public service. The rates for a calendar year apply to electricity metered during the calendar year. The commissioner shall publish the annual rates in the State Register by December 1. Determination of the rates under this subdivision is not subject to the administrative procedures act.

Sec. 11. Minnesota Statutes 1990, section 297A.02, is amended by adding a subdivision to read:

Subd. 6. [LUXURY ITEMS.] An additional tax is imposed on the retail sale of boats, passenger vehicles, aircraft, jewelry, and furs equal to 25 percent of the tax liability imposed under sections 4001 through 4011 of the Internal Revenue Code of 1986, as amended through December 31, 1990.

Sec. 12. [297A.135] [RENTAL MOTOR VEHICLE TAX.]

Subdivision 1. [TAX IMPOSED.] A tax of \$5 is imposed on the lease or rental in this state on a daily or weekly basis of a passenger automobile as defined in section 168.011, subdivision 7, a van as defined in section 168.011, subdivision 28, or a pickup truck as defined in section 168.011, subdivision 29. The tax does not apply if the term of the lease or rental is longer than 28 days. It applies whether or not the vehicle is licensed in the state.

Subd. 2. [SALES AND USE TAX.] The tax imposed in subdivision 1 is not included in the sales price for purposes of determining the sales and use tax imposed in this chapter or any sales and use tax imposed on the transaction under a special law.

Subd. 3. [ADMINISTRATION.] The tax imposed in subdivision 1 must be reported and paid to the commissioner of revenue with the taxes imposed in this chapter. It is subject to the same interest, penalty, and other provisions provided for sales and use taxes under chapter 289A and this chapter. The commissioner has the same powers to assess and collect the tax that are given the commissioner in chapters 270 and 289A and this chapter to assess and collect sales and use tax.

Sec. 13. Minnesota Statutes 1990, section 297A.15, is amended by adding a subdivision to read:

Subd. 7. [REFUND; APPROPRIATION.] The tax on the gross receipts from the sale of building and construction materials exempt under section 297A.25, subdivision 11, paragraph (c), must be imposed and collected at the rate under section 297A.02, subdivision 1, as if the sale were taxable.

On application of the county, the commissioner shall refund to the county the tax paid on the building and construction materials. The application must be in the form and contain the information required by the commissioner to verify the sales tax paid. The contractor or subcontractor must furnish to the county an itemized statement of the building materials purchased and the sales taxes paid. A contractor or subcontractor is not entitled to a refund under section 297A.25, subdivision 11, paragraph (c), or this subdivision.

The amount required to make the refunds is annually appropriated to the commissioner. Interest must be paid on the refunds at the rate in section 270.76 from 60 days after the date the refund claim is filed with the commissioner.

Sec. 14. Minnesota Statutes 1990, section 297A.21, subdivision 1, is amended to read:

Subdivision 1. [RETAILER MAINTAINING PLACE OF BUSINESS IN MINNESOTA.] "Retailer maintaining a place of business in this state", or any like term, shall mean any retailer having or maintaining within this state, directly or by a subsidiary, an office, place of distribution house, sales house or sample room or place, warehouse, or other place of business, or any agent operating within having any representative, agent, salesperson, canvasser, or solicitor operating in this state under the authority of the retailer or its subsidiary, whether such place of business or agent is located in the state permanently or temporarily, or whether or not such retailer or subsidiary is authorized to do business within this state for any purpose, including the repairing, selling, delivering, installing, or soliciting of orders for the retailer's goods or services, or the leasing of tangible personal property located in this state, whether the place of business or agent, representative, salesperson, canvasser, or solicitor is located in the state permanently or temporarily, or whether or not the retailer or subsidiary is authorized to do business within this state.

Sec. 15. Minnesota Statutes 1990, section 297A.21, subdivision 4, is amended to read:

Subd. 4. [REQUIRED REGISTRATION BY OUT-OF-STATE RETAILER NOT MAINTAINING PLACE OF BUSINESS IN MINNESOTA.] (a) A retailer making retail sales from outside this state to

a destination within this state and not maintaining a place of business in this state shall file an application for a permit pursuant to section 297A.04 and shall collect and remit the use tax as provided in section 297A.16 if the retailer engages in the regular or systematic soliciting of sales from potential customers in this state by:

(1) the distribution, by mail or otherwise, without regard to the state from which such distribution originated or in which the materials were prepared, of catalogs, periodicals, advertising flyers, or other written solicitations of business to customers in this state;

(2) display of advertisements on billboards or other outdoor advertising in this state;

(3) advertisements in newspapers published in this state;

(4) advertisements in trade journals or other periodicals the circulation of which is primarily within this state;

(5) advertisements in a Minnesota edition of a national or regional publication or a limited regional edition in which this state is included of a broader regional or national publication which are not placed in other geographically defined editions of the same issue of the same publication;

(6) advertisements in regional or national publications in an edition which is not by its contents geographically targeted to Minnesota but which is sold over the counter in Minnesota or by subscription to Minnesota residents;

(7) advertisements broadcast on a radio or television station located in Minnesota; or

(8) any other solicitation by telegraphy, telephone, computer data base, cable, optic, microwave, or other communication system.

(b) The location within or without this state of vendors independent of the retailer which provide products or services to the retailer in connection with its solicitation of customers within this state, including such products and services as creation of copy, printing, distribution, and recording, is not to be taken into account in the determination of whether the retailer is required to collect use tax. Paragraph (a) shall be construed without regard to the state from which distribution of the materials originated or in which they were prepared.

(c) A retailer not maintaining a place of business in this state shall be presumed, subject to rebuttal, to be engaged in regular solicitation within this state if it ~~(1)~~ engages in any of the activities

in paragraph (a) and (1) makes 100 or more retail sales from outside this state to destinations within this state during a period of 12 consecutive months, or (2) makes ten or more retail sales totaling more than \$100,000 from outside this state to destinations within this state during a period of 12 consecutive months.

(d) A retailer not maintaining a place of business in this state shall not be required to collect use tax imposed by any local governmental unit or subdivision of this state and this section does not subject such a retailer to any regulation of any local unit of government or subdivision of this state.

Sec. 16. Minnesota Statutes 1990, section 297A.211, subdivision 2, is amended to read:

Subd. 2. (a) Such persons, when properly registered as retailers, may make purchases in this state, or import property into this state, without payment of the sales or use taxes imposed by this chapter at the time of purchase or importation, provided that such purchases or importations come within the provisions of this section and are made in strict compliance with the rules of the commissioner.

(b) Any person described in subdivision 1 may elect to pay directly to the commissioner any sales or use tax that may be due under this chapter for the acquisition of mobile transportation equipment and parts and accessories attached or to be attached to such equipment registered under section 168.187.

(c) The total cost of such equipment and parts and accessories attached or to be attached to such equipment shall be multiplied by a fraction, the numerator of which is the Minnesota mileage operated during the past calendar year within the state of Minnesota as reported on the current pro rata application provided for in section 168.187 and the denominator is the total mileage operated during the past calendar year reported on the current pro rata registration application. The amount so determined shall be multiplied by the tax rate to disclose the tax due.

In computing the tax under this section "sales price" does not include the amount of any tax, except any manufacturer's or importer's excise tax, imposed by the United States upon or with respect to retail sales, whether imposed on the retailer or the consumer.

(d) Each such retailer shall make a return and remit to the commissioner the tax due for the preceding calendar month in accordance with the provisions of sections 289A.11 and 289A.20, subdivision 4.

Sec. 17. Minnesota Statutes 1990, section 297A.24, is amended to read:

297A.24 [TAXES IN OTHER STATES.]

Subdivision 1. [STATE TAX.] If any article of tangible personal property or any item enumerated in section 297A.14 has already been subjected to a tax by any other state in respect of its sale, storage, use or other consumption in an amount less than the tax imposed by sections 297A.01 to 297A.44, then as to the person who paid the tax in such other state, the provisions of section 297A.14 shall apply only at a rate measured by the difference between the rate herein fixed sum of the rates imposed under sections 297A.02 and 297A.021 and the rate by which the previous tax was computed. If such tax imposed in such other state was equal to or greater than the tax imposed in this state, then no tax shall be due from such person under section 297A.14.

Subd. 2. [COUNTY TAX.] If an item was subject to tax in one county under section 297A.021 and is used, stored, or consumed in another county imposing the tax under section 297A.021, no tax shall apply under section 297A.14.

Sec. 18. Minnesota Statutes 1990, section 297A.25, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] The items contained in ~~subdivisions 2 to 30~~ this section are specifically exempted from the taxes imposed by sections 297A.01 to 297A.44.

Sec. 19. Minnesota Statutes 1990, section 297A.25, subdivision 10, is amended to read:

Subd. 10. [PUBLICATIONS MATERIALS.] The gross receipts from the sale of and storage, use or other consumption in Minnesota of tangible personal property ~~(except as provided in section 297A.14)~~ which is used or consumed in producing any publication regularly issued at average intervals not exceeding three months, and any such publication are exempt. For purposes of this subdivision, "publication" as used herein shall include, without limiting the foregoing, a legal qualified newspaper as defined by section ~~331.02~~ 331A.02, and any supplements or enclosures with or part of said newspaper; and the gross receipts of any advertising contained therein or therewith shall be exempt. For this purpose, advertising in any such publication shall be deemed to be a service and not tangible personal property, and persons or their agents who publish or sell such newspapers shall be deemed to be engaging in a service with respect to gross receipts realized from such newsgathering or publishing activities by them, including the sale of advertising. The term "publication" shall not include magazines and periodicals sold over the counter. Machinery, equipment, implements, tools, accesso-

ries, appliances, contrivances, furniture and fixtures used in such publication and fuel, electricity, gas or steam used for space heating or lighting, are not exempt.

Sec. 20. Minnesota Statutes 1990, section 297A.25, subdivision 11, is amended to read:

Subd. 11. [SALES TO GOVERNMENT.] (a) The gross receipts from all sales, including sales in which title is retained by a seller or a vendor or is assigned to a third party under an installment sale or lease purchase agreement under section 465.71, of tangible personal property to, and all storage, use or consumption of such property by, the United States and its agencies and instrumentalities, the University of Minnesota, state universities, community colleges, technical colleges, state academies, the Minnesota center for arts education, and political subdivisions of the state are exempt. Sales exempted by this subdivision include sales under section 297A.01, subdivision 3, paragraph (f), but do not include sales under section 297A.01, subdivision 3, paragraph (j), clause (vii).

(b) Except as provided in paragraph (c), this exemption shall not apply to building, construction or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration, or repair of a building or facility.

(c) The gross receipts from all sales of building and construction materials purchased by a county, or by a contractor or subcontractor, as part of a lump sum contract or similar type of contract covering both labor and materials for use in the construction of a county correctional facility, are exempt. The tax must be paid and then refunded to the county as provided in section 297A.15, subdivision 7. For purposes of this paragraph "correctional facility" means a jail authorized under section 641.01, or 641.262, or a correctional facility as defined in section 241.021, subdivision 1, paragraph (5). It includes testing facilities, communication centers, sheriff's offices, evidence and interrogation rooms, law enforcement administrative areas, and parking, storage, and maintenance facilities contained within or connected or adjacent to the facility.

(d) This exemption does not apply to construction materials purchased by tax exempt entities or their contractors to be used in constructing buildings or facilities which will not be used principally by the tax exempt entities. This exemption does not apply to the leasing of a motor vehicle as defined in section 297B.01, subdivision 5, except for leases entered into by the United States or its agencies or instrumentalities.

Sec. 21. Minnesota Statutes 1990, section 297A.25, subdivision 12, is amended to read:

Subd. 12. [OCCASIONAL SALES.] The gross receipts from the isolated or occasional sale of tangible personal property in Minnesota not made in the normal course of business of selling that kind of property, and the storage, use, or consumption of property acquired as a result of such a sale are exempt. This exemption does not apply to sales of tangible personal property primarily used in a trade or business if the sale was arranged or assisted by a broker or agent.

Sec. 22. Minnesota Statutes 1990, section 297A.25, is amended by adding a subdivision to read:

Subd. 46. [SACRAMENTAL WINE.] The gross receipts from the sale of wine for sacramental purposes in religious ceremonies, as described in section 340A.316, if the wine is purchased from a nonprofit religious organization meeting the requirements of subdivision 16 or from the holder of a sacramental wine license as provided in section 340A.316 are exempt.

Sec. 23. [297A.2501] [SEVERABILITY RULES; EXEMPTIONS.]

Subdivision 1. [SEVERABILITY; PUBLICATIONS AND COMMUNICATIONS MEDIA.] If the tax on the sale or use of (1) magazines, periodicals, or other printed material, (2) capital equipment, or (3) communications or related services is found to be unconstitutional as a result of the exemption of other elements of the press or communications media or the failure to exempt the press or communication media, the legislature intends the exemption to be invalid and the tax be imposed as widely as necessary to uphold the constitutionality of the tax and ensure the receipt of state revenue.

Subd. 2. [EFFECT OF INVALIDITY OF EXEMPTION.] If an exemption is found invalid, the court shall impose the tax retroactively for the time period that is the subject of the challenge to the tax. After the court's order is final and nonappealable, the commissioner of revenue shall collect unpaid taxes for the period in which the exemption was held invalid from the seller regardless of whether taxes were collected from the purchasers of the goods and services.

Subd. 3. [COORDINATION; OTHER SEVERABILITY PROVISIONS.] The provisions of this section govern to the extent inconsistent with section 645.20.

Sec. 24. Minnesota Statutes 1990, section 297A.255, subdivision 5, is amended to read:

Subd. 5. There is specifically exempted from the provisions of this chapter the purchase or use of aircraft previously registered in the

state of Minnesota by a corporation or partnership when the transfer constitutes a transfer within the meaning of section 351 or 721 of the Internal Revenue Code of 1986, as amended through December 31, 1989.

Sec. 25. Minnesota Statutes 1990, section 297A.257, subdivision 2, is amended to read:

Subd. 2. [SALES TAX EXEMPTION.] (a) Purchase and use of capital equipment is exempt from the sales and use tax imposed by this chapter if the capital equipment is placed in service in connection with the construction of a new or an expansion of an existing manufacturing facility in a distressed county or in the taconite tax relief area defined in section 273.134. Purchase or use of equipment for use in an existing plant qualifies under this section and section 297A.01, subdivision 16, as an expansion if either:

(1) the production capacity of the plant is increased by at least 20 percent as a result or if the total capital investments made within a 12-month period exceed \$25,000,000; or

(2) it meets the requirements of section 297A.01, subdivision 16.

Purchases of capital equipment are exempt under this section only to the extent that the purchases of capital equipment for the project during the calendar year exceed \$100,000. The county is a distressed county for purposes of this subdivision if it was designated as a distressed county for the time period during which the contract to purchase the equipment was executed.

A county meeting only the criteria in paragraph (a), clause (3), of subdivision 1 is a distressed county for purposes of this subdivision if it was designated as a distressed county for the time period during which sales and use tax on capital equipment purchased became due and payable.

(b) Machinery and equipment qualifies for the exemption under this section, regardless of whether it was purchased by the owner, contractor, subcontractor, or builder.

Sec. 26. Minnesota Statutes 1990, section 297A.257, subdivision 2a, is amended to read:

Subd. 2a. [EXEMPTION FOR CONSTRUCTION MATERIALS.] Construction materials and supplies are exempt from the tax imposed under this chapter, regardless of whether purchased by the owner or a contractor, subcontractor, or builder, if:

(a)(1) the materials and supplies are used or consumed in con-

structing a new manufacturing facility or expanding an existing one in a distressed county; and

(2) the total capital investment made within a three-year period exceeds \$75,000,000; or

~~(b)~~(1) the materials and supplies are used or consumed in constructing a new manufacturing facility or expanding an existing one within the taconite tax relief area defined in section 273.134; and

(2) the total capital investment made within a three-year period exceeds \$50,000,000.

A county is a distressed county for purposes of a project qualifying under this subdivision if it was designated as a distressed county at the time the initial contract to purchase the materials and supplies was executed.

Sec. 27. Minnesota Statutes 1990, section 297B.02, is amended by adding a subdivision to read:

Subd. 4. [LUXURY CARS.] An additional tax is imposed on the sale of a passenger vehicle equal to 25 percent of the tax liability imposed under sections 4001 and 4004 of the Internal Revenue Code of 1986, as amended through December 31, 1990.

Sec. 28. Laws 1990, chapter 604, article 6, section 11, is amended to read:

Sec. 11. [EFFECTIVE DATE.]

Sections 1 to 3 are effective for sales after June 30, 1990.

Section 4 is effective for sales after December 31, ~~1983~~ 1982. The provisions of Minnesota Statutes, section 297A.35, apply to refunds claimed under section 4.

Section 5 is effective for transactions occurring on or after December 1, 1989.

Sections 6 to 8 are effective February 1, 1990. Any tax increase adopted by action of a city council after February 1, 1990, under Minnesota Statutes, section 469.190, that results in a tax rate that exceeds three percent is ineffective the day following final enactment of this act.

Section 9 is effective the day following final enactment.

Section 10 is effective the day following final enactment, but only

if the legislature authorizes the issuance of bonds for the construction of the facility during its 1990 session.

Sec. 29. Laws 1986, chapter 462, section 31, is amended to read:

Sec. 31. [AUTHORITY FOR TAXATION.]

Notwithstanding Minnesota Statutes, section 477A.016, or any other law, and supplemental to the tax imposed by Laws 1982, chapter 523, article 25, section 1, the city of St. Paul may impose, by ordinance, a tax, at a rate not greater than ~~two~~ three percent, on the gross receipts from the furnishing for consideration of lodging at a hotel, rooming house, tourist court, motel, or resort, other than the renting or leasing of space for a continuous period of 30 days or more. The tax does not apply to the furnishing of lodging by a business having less than 50 lodging rooms. The tax shall be collected by and its proceeds paid to the city. Ninety-five percent of the revenues generated by this tax shall be used to fund a convention bureau to market and promote the city as a tourist or convention center.

Sec. 30. [ROCHESTER; SALES AND EXCISE TAXES.]

Subdivision 1. [SALES TAX.] Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Rochester may, by ordinance, impose an additional sales tax of up to one-half percent on sales transactions taxable pursuant to Minnesota Statutes, chapter 297A, that occur within the city.

Subd. 2. [EXCISE TAX.] Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Rochester may, by ordinance, impose an excise tax of up to \$20 per motor vehicle, as defined by ordinance, purchased or acquired from any person engaged within the city in the business of selling motor vehicles at retail.

Subd. 3. [COLLECTION.] The commissioner of revenue may enter into appropriate agreements with the city of Rochester to provide for collection by the state on behalf of the city of a tax imposed by the city of Rochester pursuant to subdivision 1 or 2. The commissioner may charge the city of Rochester from the proceeds of any tax a reasonable fee for its collection. These taxes shall be subject to the same interest, penalties, and other rules as the taxes in chapter 297A.

Subd. 4. [ALLOCATION OF REVENUES.] Revenues received from taxes authorized by subdivisions 1 and 2 shall be used to pay the costs of collecting the taxes, capital and administrative costs of capital improvements for fire station, city hall, and public library facilities for which the city voters at the general election held on

November 6, 1990, approved the issuance of general obligation bonds, and to pay debt service on the bonds. The total capital and administrative expenditures payable from bond proceeds and revenues received from the taxes authorized by subdivisions 1 and 2, excluding investment earnings thereon, shall not exceed \$28,760,000 for the several purposes.

Subd. 5. [TERMINATION OF TAXES.] The taxes imposed pursuant to subdivisions 1 and 2 shall terminate on the first day of the second month next succeeding a determination by the city council that sufficient funds have been received from the taxes and bond proceeds to finance capital and administrative costs of \$28,760,000 for improvements for fire station, city hall, and public library facilities and to prepay or retire at maturity the principal, interest, and premium due on any bonds issued for the improvements. Any funds remaining after completion of the improvements and retirement or redemption of the bonds may be placed in the general fund of the city.

Subd. 6. [BONDS.] The city of Rochester, pursuant to the approval of the city voters at the general election held on November 6, 1990, may issue general obligation bonds of the city in an amount not to exceed \$28,760,000 for fire station, city hall, and public library facilities. The debt represented by the bonds shall not be included in computing any debt limitation applicable to the city, and the levy of taxes required by Minnesota Statutes, section 475.61, to pay the principal of and interest on the bonds shall not be subject to any levy limitation or be included in computing or applying any levy limitation applicable to the city. The amount of any special levy for debt service for payment of principal and interest on the bonds shall not include the amount of estimated collection of revenues from the taxes imposed pursuant to subdivisions 1 and 2 that are pledged for the payment of those obligations.

Subd. 7. [EFFECTIVE DATE.] This section is effective the day after compliance by the governing body of the city of Rochester with Minnesota Statutes, section 645.021, subdivision 3, except that the taxes which may be imposed in subdivisions 1 and 2 shall not become effective until the taxes authorized by Laws 1983, chapter 342, article 19, as amended by Laws 1989, chapter 233, have expired or are terminated by the city council.

Sec. 31. [CITY OF MANKATO; SALES TAX.]

Subdivision 1. [SALES TAX AUTHORIZED.] Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Mankato may, by ordinance, impose an additional sales tax of up to one-half percent on sales transactions taxable pursuant to Minnesota Statutes, chapter 297A, that occur within the city.

Subd. 2. [EXCISE TAX.] Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Mankato may, by ordinance, impose an excise tax of up to \$20 per motor vehicle, as defined by ordinance, purchased or acquired from any person engaged within the city in the business of selling motor vehicles at retail.

Subd. 3. [USE OF REVENUES.] Revenues received from taxes authorized by subdivisions 1 and 2 shall be used by the city to pay the cost of collecting the tax and to pay all or a portion of the expenses of constructing and operating facilities as part of an urban revitalization project in downtown Mankato known as Riverfront 2000. Authorized expenses include, but are not limited to, acquiring property and paying relocation expenses related to the development of Riverfront 2000 and related facilities, and securing or paying debt service on bonds or other obligations issued to finance the construction of Riverfront 2000 and related facilities. For purposes of this section, "Riverfront 2000 and related facilities" means a civic-convention center, an arena, a riverfront park, and all publicly owned real or personal property that the governing body of the city determines will be necessary to facilitate the use of these facilities, including but not limited to, parking, skyways, pedestrian bridges, lighting, and landscaping.

Subd. 4. [EXPIRATION OF TAXING AUTHORITY AND EXPENDITURE LIMITATION.] The authority granted by subdivisions 1 and 2 to the city to impose a sales tax and an excise tax shall expire when the principal and interest on any bonds or obligations issued to finance construction of Riverfront 2000 and related facilities have been paid or at an earlier time as the city shall, by ordinance, determine. The total capital, administrative, and operating expenditures payable from bond proceeds and revenues received from the taxes authorized by subdivisions 1 and 2, excluding investment earnings on bond proceeds and revenues, shall not exceed \$25,000,000 for Riverfront 2000 and related facilities.

Subd. 5. [BONDS.] The city of Mankato may issue general obligation bonds of the city in an amount not to exceed \$25,000,000 for Riverfront 2000 and related facilities, without election under Minnesota Statutes, chapter 475, on the question of issuance of the bonds or a tax to pay them. The debt represented by bonds issued for Riverfront 2000 and related facilities shall not be included in computing any debt limitations applicable to the city of Mankato, and the levy of taxes required by section 475.61 to pay principal of and interest on the bonds shall not be subject to any levy limitation or be included in computing or applying any levy limitation applicable to the city.

Subd. 6. [REFERENDUM.] The city may impose the tax under this section only upon obtaining the approval of a majority of the electors voting on this question at a general or special election. The

city council shall submit the question to the voters. Notice of the election shall be given in a manner provided by law.

Subd. 7. [COLLECTION.] A sales tax imposed under subdivision 1 or 2 shall be reported and paid to the commissioner of revenue with the state sales taxes, and be subject to the same penalties, interest, and enforcement provisions. The proceeds of the tax, less refunds and a proportionate share of the cost of collection, shall be remitted at least quarterly to the city. The commissioner shall deduct from the proceeds remitted an amount that equals the indirect statewide cost as well as the direct and indirect department costs necessary to administer, audit, and collect the tax. The amount deducted shall be deposited in the state general fund.

Subd. 8. [LOCAL APPROVAL.] This section is effective for the city of Mankato the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the city of Mankato.

Subd. 9. [EFFECTIVE DATE OF TAX.] A tax permitted by subdivisions 1 and 2 must be imposed and its rate fixed on or before December 31, 1992.

Sec. 32. [CITY OF NORTH MANKATO; SALES TAX.]

Subdivision 1. [SALES TAX AUTHORIZED.] Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of North Mankato may, by ordinance, impose an additional sales tax of up to one-half percent on sales transactions taxable pursuant to Minnesota Statutes, chapter 297A, that occur within the city.

Subd. 2. [EXCISE TAXES.] Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of North Mankato may, by ordinance, impose an excise tax of up to \$20 per motor vehicle, as defined by ordinance, purchased or acquired from any person engaged within the city in the business of selling motor vehicles at retail.

Subd. 3. [USE OF REVENUES.] Revenues received from taxes authorized by subdivisions 1 and 2 shall be used by the city of North Mankato to pay the cost of collecting the taxes and all or a portion of the expenses of constructing a fire station, an expansion and remodeling of their existing municipal building, and related facilities. Authorized expenses include, but are not limited to, acquiring property and paying relocation expenses related to the construction of the facilities, securing or paying debt service on bonds or other obligations issued to finance the construction of a fire station, expansion and remodeling of the municipal building, and related facilities. For purposes of this section, "related facilities" means all publicly owned real or personal property that the governing body of

the city determines will be necessary to facilitate the use of the fire station and municipal building, including parking, lighting, and landscaping.

Subd. 4. [EXPIRATION OF TAXING AUTHORITY AND EXPENDITURE LIMITATION.] The authority granted by subdivisions 1 and 2 to the city to impose a sales tax shall expire when the principal and interest on any bonds or other obligations issued to finance construction of the fire hall and expansion and remodeling of the municipal building and related facilities have been paid or at an earlier time as the city shall, by ordinance, determine. The total capital and administrative expenditures payable from bond proceeds and revenues received from the taxes authorized by subdivisions 1 and 2, excluding investment earnings on bond proceeds and revenues, shall not exceed \$2,000,000.

Subd. 5. [BONDS.] The city of North Mankato may issue general obligation bonds of the city in an amount not to exceed \$2,000,000 for constructing a fire station, an expansion and remodeling of their existing municipal building, and related facilities. The debt represented by the bonds shall not be included in computing any debt limitation applicable to the city, and the levy of taxes required by section 475.61, to pay the principal of and interest on the bonds shall not be subject to any levy limitation or be included in computing or applying any levy limitation applicable to the city.

Subd. 6. [COLLECTION.] A sales tax imposed under subdivision 1 or 2 shall be reported and paid to the commissioner of revenue with the state sales taxes, and be subject to the same penalties, interest, and enforcement provisions. The proceeds of the tax, less refunds and a proportionate share of the cost of collection, shall be remitted at least quarterly to the city. The commissioner shall deduct from the proceeds remitted an amount that equals the indirect statewide cost as well as the direct and indirect department costs necessary to administer, audit, and collect the tax. The amount deducted shall be deposited in the state general fund.

Subd. 7. [REFERENDUM.] The city may impose the tax under this section only upon obtaining the approval of a majority of the election voting on the question at a general or special election. The city council shall submit the question to the voters. Notice of the election shall be given in a manner provided by law.

Subd. 8. [LOCAL APPROVAL.] This section is effective for the city of North Mankato the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the city of North Mankato.

Subd. 9. [EFFECTIVE DATE OF TAX.] A tax permitted by subdivisions 1 and 2 must be imposed and its rate fixed on or before December 31, 1992.

Sec. 33. [WINONA LODGING TAX.]

Subdivision 1. [TAX.] Notwithstanding Minnesota Statutes, section 469.190, 477A.016, or any other law, the city of Winona may by ordinance impose a tax of up to six 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. The city may by ordinance impose the tax authorized under this subdivision on the camping site receipts of a municipal campground. The proceeds of the tax may be used for any lawful city purpose. A tax under this section is in lieu of any tax under Minnesota Statutes, section 469.190. The city may agree with the commissioner of revenue that a tax imposed pursuant to this section shall be collected by the commissioner together with the tax imposed by 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.

Subd. 2. [LOCAL APPROVAL.] Subdivision 1 takes effect the day after the governing body of the city of Winona complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 34. [REFUNDS.]

No refunds may be paid under section 22 unless the claimant can demonstrate to the commissioner of revenue that the refunds will be paid to those who paid the tax.

Sec. 35. [REPEALER.]

(a) Minnesota Statutes 1990, section 297A.257, subdivisions 1, 2b, and 3, are repealed.

(b) Laws 1986, chapter 399, article 1, section 5, is repealed.

Sec. 36. [EFFECTIVE DATE.]

Section 1 is effective for snowmobiles registered after September 1, 1991. Sections 2 to 5, 7 to 11, 17, 21, and 27 are effective for purchases made after June 30, 1991. Section 25, paragraph (b), is effective for projects begun during the time a county was designated as distressed under section 297A.257, or in the taconite tax relief area, if the capital equipment was placed in service after August 1, 1990. Sections 6, 14, 16, 19, 25, except paragraph (b), 26, 28, and 35 are effective July 1, 1991. Section 12 is effective for leases or rentals of motor vehicles after June 30, 1991. Section 15 is effective retroactive to July 1, 1989. Section 22 is effective for sales of wine after December 31, 1987. Section 24 is effective retroactive to July 1, 1990. Section 18 is effective the day following final enactment. Section 29 is effective upon compliance by the city of St. Paul with

Minnesota Statutes, section 645.021, subdivision 3. Sections 13 and 20 are effective for sales after May 1, 1991.

ARTICLE 8

SPECIAL TAXES

Section 1. Minnesota Statutes 1990, section 43A.316, subdivision 9, is amended to read:

Subd. 9. [INSURANCE TRUST FUND.] The insurance trust fund in the state treasury consists of deposits of the premiums received from employers participating in the plan and transfers from the public employees insurance reserve holding account established by section 353.65, subdivision 7. All money in the fund is appropriated to the commissioner to pay insurance premiums, approved claims, refunds, administrative costs, and other related service costs. Premiums paid by employers to the fund are exempt from the tax imposed by sections 60A.15 and 60A.198. The commissioner shall reserve an amount of money to cover the estimated costs of claims incurred but unpaid. The state board of investment shall invest the money according to section 11A.24. Investment income and losses attributable to the fund must be credited to the fund.

Sec. 2. Minnesota Statutes 1990, section 60A.19, subdivision 8, is amended to read:

Subd. 8. [INSURANCE FROM UNLICENSED FOREIGN COMPANIES.] Any person, firm, or corporation desiring to obtain insurance upon any property, interests, or risks of any nature other than life insurance in this state in companies not authorized to do business therein shall give bond to the commissioner of commerce in such sum as the commissioner shall deem reasonable, with satisfactory resident sureties, conditioned that the obligors, on the expiration of a license to obtain such insurance, shall pay to the commissioner of revenue, for the use of the state, a tax of two percent upon the gross premiums paid by the licensee. Thereupon the commissioner of commerce shall issue such license, good for one year, and all insurance procured thereunder shall be lawful and valid and the provisions of all policies thereof shall be deemed in accordance, and construed as if identical in effect, with the standard policy prescribed by the laws of this state and the insurers may enter the state to perform any act necessary or proper in the conduct of the business. This bond may be enforced by the commissioner of commerce in the commissioner's name in any district court. The licensee shall file with the commissioner of commerce on June 30 and December 31 annually a verified statement of the aggregate premiums paid and returned premiums received on account of such insurance.

The commissioner of revenue, or duly authorized agents, may conduct investigations, inquiries, and hearings to enforce the tax imposed by this subdivision and, in connection with those investigations, inquiries, and hearings, the commissioner and duly authorized agents have all the powers conferred by section 270.06.

Sec. 3. Minnesota Statutes 1990, section 69.54, is amended to read:

69.54 [SURCHARGE ON PREMIUMS TO RESTORE DEFICIENCY IN SPECIAL FUND.]

Subdivision 1. [SURCHARGE.] The commissioner shall order and direct a surcharge to be collected of two percent of the fire, lightning, and sprinkler leakage gross premiums, less return premiums, on all direct business received by any licensed foreign or domestic fire insurance company on property in this city of the first class, or by its agents for it, in cash or otherwise. This surcharge shall be due and payable from these companies to the state treasurer on March 31, May 31, and October 31 of each calendar year, and if not paid within 30 days after these dates, a penalty of ten percent shall accrue thereon and thereafter this sum and penalty shall draw interest at the rate of one percent per month until paid.

Subd. 2. [ENFORCEMENT.] The commissioner, or duly authorized agents, may conduct investigations, inquiries, and hearings to enforce the surcharge imposed by subdivision 1 and, in connection with those investigations, inquiries, and hearings, the commissioner and duly authorized agents have the powers conferred upon the commissioner and examiners by section 270.06.

Sec. 4. Minnesota Statutes 1990, section 270.60, is amended to read:

270.60 [TAX REFUND AGREEMENTS WITH INDIANS.]

Subdivision 1. [TAXES PAID BY INDIANS.] The commissioner of revenue is authorized to enter into a tax refund agreement with the governing body of any Sioux or Chippewa reservation in Minnesota. The agreement may provide for a mutually agreed upon amount as a refund to the governing body of any sales or excise tax paid by the Indian residents of a reservation into the state treasury, or for an amount which measures the economic value of an agreement by the council to pay the equivalent of the state sales tax on items included in the sales tax base but exempt on the reservation, notwithstanding any other law which limits the refundment of taxes.

Subd. 2. [CIGARETTE TAXES.] The commissioner of revenue is also authorized to enter into a tax refund agreement with the governing body of any federally recognized Indian reservation in

Minnesota, for refund of a mutually agreed upon amount of the cigarette taxes collected from sales on reservations or trust lands of an Indian tribe to the established governing body of the tribe having jurisdiction over the reservation or trust land on which the sale is made.

Subd. 3. [APPROPRIATION.] There is annually appropriated from the general fund to the commissioner of revenue the amounts necessary to make the refunds provided in this section.

Sec. 5. Minnesota Statutes 1990, section 287.22, is amended to read:

287.22 [EXCEPTIONS.]

The tax imposed by section 287.21 shall not apply to:

A. Any executory contract for the sale of land under which the vendee is entitled to or does take possession thereof, or any assignment or cancellation thereof.

B. Any mortgage or any assignment, extension, partial release, or satisfaction thereof.

C. Any will.

D. Any plat.

E. Any lease.

F. Any deed, instrument, or writing in which the United States or any agency or instrumentality thereof is the grantor, assignor, transferor, conveyor, grantee or assignee.

G. Deeds for cemetery lots.

H. Deeds of distribution by personal representatives.

I. Deeds to or from coowners partitioning undivided interests in the same piece of property.

J. Any deed or other instrument of conveyance issued pursuant to a land exchange under section 92.121 and related laws.

Sec. 6. Minnesota Statutes 1990, section 295.01, subdivision 10, is amended to read:

Subd. 10. [TELEPHONE COMPANY.] The term "telephone company" as used in this chapter means any person, firm, association or

corporation, excluding municipal telephone companies, owning or operating any telephone line or telephone exchange for hire wholly or partly within this state, including radio and other advancements in the art of telephony and sellers of telephone services, but excluding resellers and cellular radio. "Resellers of telephone services" as used in this chapter means any person, firm, association, or corporation that:

(1) resells telecommunications services purchased from telephone companies as defined in this chapter;

(2) does not own, operate, manage, or control transmission facilities that have the technological capability to provide telecommunication services; and

(3) incurs costs equal to at least 50 percent of its gross revenues for the telephone services purchased from telephone companies that own, operate, manage, or control transmission facilities.

Sec. 7. Minnesota Statutes 1990, section 295.34, subdivision 1, is amended to read:

Subdivision 1. Except as provided in subdivision 2, every telephone company shall file a return with the commissioner of revenue on or before April 15 of each year, and submit payment therewith, of the following percentages of its gross earnings, including long distance access charges, of the preceding calendar year derived from business within this state:

(a) for gross earnings from service to rural subscribers and from exchange business of all cities of the fourth class and statutory cities having a population of 10,000 or less

~~for calendar years beginning before December 31, 1988, four percent,~~

~~for calendar year 1989, three percent, provided that the estimated tax payments made on March 15 and June 15, 1989, pursuant to section 295.365, must be made as if the tax were imposed at a rate of four percent,~~

~~for calendar year 1990 years 1991 and 1992, 1.5 percent,~~

~~for calendar year 1991 1993, one 1.25 percent, provided the estimated tax payments on March 15 and June 15, 1993, under section 295.365, must be made as if the tax were imposed at a rate of 1.5 percent, and~~

~~for calendar years beginning after December 31, 1991 1993, exempt; and~~

(b) for gross earnings derived from all other business

for calendar years beginning before December 31, 1988, seven percent,

for calendar year 1989, 5.5 percent, provided that the estimated tax payments made on March 15 and June 15, 1989, pursuant to section 295.365, must be made as if the tax were imposed at a rate of seven percent,

for calendar year 1990 years 1991 and 1992, three percent,

for calendar year 1991 1993, 2.5 2.75 percent, provided that the estimated tax payments on March 15 and June 15, 1993, under section 295.365 must be made as if the tax were imposed at a rate of three percent, and

for calendar years beginning after December 31, 1991 1993, exempt.

A tax shall not be imposed on the gross earnings of a telephone company from business originating or terminating outside of Minnesota, except that the gross earnings tax is imposed on all long distance access charges allocated to interstate service received in payment from a telephone company before December 31, 1989.

The tax imposed is in lieu of all other taxes, except the taxes imposed by chapter 290, property taxes assessed beginning in 1989, payable in 1990, and sales and use taxes imposed as a result of chapter 297A. All money paid by a company for connecting fees and switching charges to any other company shall be reported as earnings by the company to which they are paid. For the purposes of this section, the population of any statutory city shall be considered as that stated in the latest federal census.

(c) For the period January 1, 1984 through December 31, 1986, all money paid by a company for connecting fees and switching charges, including carriers access charges except that portion paid for directory assistance and billing and collection services, to any other company must be reported as earnings by the company to which they are paid, but are not deemed to be earnings of the collecting and paying company.

(d) Gross earnings include customer access charges. Customer access charges are not gross earnings from business originating or terminating outside of Minnesota for purposes of the gross earnings tax. Customer access charges include the flat rate monthly charges received by a telephone company from its customers, that are authorized by the Federal Communications Commission and that

compensate a telephone company for the cost of a local telephone plant to the extent attributable to interstate service.

Sec. 8. [295.367] [SURTAX ON 900 PAY-PER-CALL SERVICES.]

Subdivision 1. [TAX IMPOSED.] A tax of 50 cents for each call placed to a 900 service after September 1, 1991, is imposed on the billing agency for the service.

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

(b) "900 service" means pay-per-call 900 information services provided through a telephone exchange, commonly accessed by dialing 1-900, 1-960, 1-976, or other similar prefix.

(c) "Billing agency" means the person or entity responsible for billing and collection of the charges for 900 services from the purchaser of the service.

Subd. 3. [PAYMENT; ADMINISTRATION.] (a) If the billing agency is a telephone company, the tax must be paid, collected, and administered at the times and in the manner provided for the gross earnings tax, and the tax shall be considered a tax imposed under sections 295.34 to 295.366.

(b) If the billing agency is not a telephone company, the tax shall be paid, collected, and administered as if the tax were a sales tax imposed under section 297A.02 and all the rules applicable under chapters 270B, 289A, and 297A apply to the tax.

Sec. 9. Minnesota Statutes 1990, section 296.026, subdivision 2, is amended to read:

Subd. 2. [PROPANE PERMIT FEES IMPOSED.] The fees for annual alternate fuel permits for vehicles propelled by propane are based on each vehicle's mileage in the preceding year and are as follows:

Gross Vehicle Weight	Fee
Under 6,000 pounds	\$8.80 per 1,000 miles
6,001 – 12,000 pounds	\$10.60 per 1,000 miles
12,001 – 18,000 pounds	\$18.80 per 1,000 miles
18,001 – 26,000 pounds	\$27.10 per 1,000 miles
26,001 – 36,000 pounds	\$31.80 per 1,000 miles
Over 36,000 pounds	\$40.00 per 1,000 miles

A log with validating receipts pertaining to the vehicle's out of state mileage may be supplied to the commissioner of public safety

at the time of permit application to be subtracted from the actual mileage for the purpose of calculating the permit fee. If no true cumulative mileage figures are available for the preceding year, the fee charged under this section must be based on 15,000 miles driven within the state.

The fee for a permit required by this section must be calculated based on the number of unexpired months remaining in the registration year of the vehicle as measured from the date of the occurrence of the event requiring the permit.

Sec. 10. Minnesota Statutes 1990, section 296.026, is amended by adding a subdivision to read:

Subd. 2a. [NATURAL GAS PERMIT FEES IMPOSED.] The fees for annual alternate fuel permits for vehicles propelled by natural gas is \$25 for passenger automobiles, pickup trucks, and vans, as defined in section 168.011, and \$50 for all other vehicles, except that the permit fee for vehicles owned or operated by a public utility that sells natural gas as a vehicle fuel is \$75. This subdivision is repealed effective July 1, 1997, and all vehicles propelled by natural gas after June 30, 1997, must be taxed in the manner provided in subdivision 2. This fee is in lieu of and no other fees may be collected by the state, a local government, or other authority for a franchise to provide natural gas service for the sale of natural gas to be used as a fuel in vehicles propelled by natural gas.

Sec. 11. Minnesota Statutes 1990, section 296.026, is amended by adding a subdivision to read:

Subd. 2b. [MILEAGE CALCULATIONS.] A log with validating receipts pertaining to the vehicle's out-of-state mileage may be supplied to the commissioner of public safety at the time of permit application to be subtracted from the actual mileage for the purpose of calculating the permit fee. If no true cumulative mileage figures are available for the preceding year, the fee must be based on 15,000 miles driven within the state for a fee determined under subdivision 2 or 7,500 miles driven within the state for a fee determined under subdivision 2a.

The fee for a permit required by this section must be calculated based on the number of unexpired months remaining in the registration year of the vehicle as measured from the date of the occurrence of the event requiring the permit.

Sec. 12. Minnesota Statutes 1990, section 296.026, subdivision 7, is amended to read:

Subd. 7. [FEES IN LIEU OF GAS TAX.] The permit fees collected under ~~subdivision~~ subdivisions 2 and 2a are in lieu of the gasoline

excise tax imposed by sections 296.02 and 296.025. Compressed natural gas or propane sold as fuel for motor vehicles displaying valid annual alternate fuel permit stickers is not subject to any additional tax at the time of sale. All alternate fuel permit fees collected by the department of public safety must be deposited in the state treasury and credited to the highway user tax distribution fund.

Sec. 13. [296.165] [UNTAXED GASOLINE AND SPECIAL FUEL; SEIZURE AND FORFEITURE.]

Subdivision 1. [SEIZURE.] The commissioner or authorized designees may seize gasoline or special fuel being transported for delivery in violation of section 296.06, subdivision 1, and any vehicle or other method of conveyance used for transporting the gasoline or special fuel. Property seized under this subdivision is subject to forfeiture as provided in subdivisions 2 and 3.

Subd. 2. [INVENTORY.] Within two days after the seizure of gasoline or special fuel, the person making the seizure shall deliver an inventory of the property seized to the person from whom the seizure was made, if known, and file a copy with the office of the commissioner. Within ten days after the date of service of the inventory, the person from whom the property was seized or any person claiming an interest in the property may file with the commissioner a demand for a judicial determination of whether the property was lawfully subject to seizure and forfeiture. The commissioner, within 30 days of demand for a judicial determination, shall begin an action in the district court of the county where the seizure was made to determine the issue of forfeiture. The action must be brought in the name of the state and prosecuted by the county attorney or by the attorney general. The court shall hear the action without a jury and shall try and determine the issues of fact and law involved. When a judgment of forfeiture is entered, the commissioner may, unless the judgment is stayed pending an appeal, either (1) cause the forfeited property to be destroyed; or (2) cause it to be sold at public auction as provided by law. Proceeds of a sale, after deducting the expense of keeping the gasoline or special fuel and costs of the sale, must be paid into the state treasury. The commissioner shall reimburse designees for costs incurred. If a demand for judicial determination is made and no action is commenced as provided in this subdivision, the property must be released by the commissioner and redelivered to the person entitled to it. If no demand is made, the property seized must be considered forfeited to the state by operation of law and may be disposed of by the commissioner as provided where there has been a judgment of forfeiture. When the commissioner is satisfied that a person from whom property is seized under this chapter was acting in good faith and without intent to evade the tax, the commissioner shall release the property seized, without further legal proceedings.

Subd. 3. [CONVEYANCES.] (a) The commissioner or authorized designees shall file with the court a separate complaint against the vehicle or conveyance, describing it and charging its use in the specified violation, and specifying substantially the time and place of the unlawful use. A copy of the complaint must be served on the defendant or person in charge of the vehicle or conveyance at the time of seizure, if any. The court shall issue an order directed to any person known or believed to have a right or title to, interest in, or lien on the vehicle or conveyance and to persons unknown claiming a right, title, interest, or lien:

(1) describing the vehicle or conveyance and stating that it was seized and that a complaint against it, charging the specified violation, has been filed with the court;

(2) requiring the persons to file with the court administrator of the court their answer to the complaint, setting forth any claim they may have to a right or title to, interest in, or lien on the vehicle or conveyance, within ten days after the service of the order; and

(3) notifying them in substance that if they fail to file their answer within that time the vehicle or conveyance will be ordered sold by the commissioner.

(b) The court shall cause the order to be served on:

(1) the registered owner;

(2) any person who has duly filed a conditional sales contract, mortgage, or other lien instrument covering the property unless it has been released or satisfied;

(3) any other person known or believed to have a right, title, interest in, or lien upon, the vehicle or conveyance as in the case of a summons in a civil action; and

(4) on unknown persons by publication, as provided for service of summons in a civil action.

(c) If no answer is filed within the time prescribed, the court shall, on affidavit by the court administrator of the court setting forth that fact, order the vehicle or conveyance forfeited and direct that it be sold by the commissioner or the commissioner's agents. The proceeds of the sale, after deducting the expense of keeping the vehicle or conveyance and costs of the sale, including any costs incurred pursuant to paragraph (f), must be paid into the state treasury. The commissioner shall reimburse designees for costs incurred.

(d) If an answer is filed within the time provided, the court shall fix a time for hearing at least ten but no more than 30 days after the

time for filing the answer expires. At the hearing, the matter must be heard and determined by the court, without a jury, as in other civil actions. If the court finds that the vehicle or conveyance, or any part of it, was used in a violation as specified in the complaint, it shall order the vehicle or conveyance forfeited and direct that it be sold, as provided in this section, unless the owner shows to the satisfaction of the court that the vehicle was being used without the owner's consent or that, when giving the consent, the owner had no notice or knowledge or reason to believe that the vehicle or conveyance was intended to be used in a violation. After deducting the expense of keeping the vehicle or conveyance and costs of the sale, the officer making the sale shall pay, according to their priority, all liens established at the hearing as being bona fide and existing without the lienor having any notice or knowledge at the time the lien was created that the vehicle or conveyance was being used or was intended to be used in connection with any violation, and shall pay the balance of the proceeds into the state treasury. The commissioner shall reimburse designees for costs incurred. A sale under this section frees the conveyance sold from all liens.

(e) At any time after seizure and before the hearing, the vehicle or conveyance must be returned to the owner or person having a legal right to its possession on execution by that person of a valid bond to the state of Minnesota, with corporate surety, of at least \$100 but not more than double the value of the vehicle or conveyance seized, to be approved by the court in which the case is triable, or a judge of that court. The bond must guarantee compliance with the order and judgment of the court, and, if ordered by the court, payment of the full value of the vehicle or conveyance at the time of seizure.

(f) If the seized vehicle or conveyance is owned or operated by a for-hire common or contract motor carrier, and was being used without knowledge of the violation, the commissioner shall return the vehicle or conveyance to its owner or operator as soon as possible without need for court order, and shall provide to such owner or operator reasonable compensation for the time during which the vehicle or conveyance is held pursuant to seizure.

Sec. 14. Minnesota Statutes 1990, section 297.01, subdivision 7, is amended to read:

Subd. 7. "Distributor" means any and each of the following:

(1) any person engaged in the business of selling cigarettes in this state and who manufactures or who brings, or causes to be brought, into this state from without the state any packages of cigarettes for sale to subjobbers or retailers;

(2) any person engaged in the business without this state who ships or transports cigarettes to retailers in this state, to be sold by those retailers;

(3) any person who is on direct purchase from a cigarette manufacturer and applies cigarette stamps ~~or indicia~~ on at least 50 percent of cigarettes sold by that person.

A distributor who also sells at retail must maintain a separate inventory, substantiated with invoices for cigarettes that were acquired for retail sale.

A distributor may transfer another state's stamped cigarettes to another distributor for the purpose of resale in the other state.

Sec. 15. Minnesota Statutes 1990, section 297.03, subdivision 1, is amended to read:

Subdivision 1. [STAMP PUT ON BY DISTRIBUTOR.] Except as otherwise provided in this section payment of the tax imposed by section 297.02 shall be evidenced by stamps affixed to each package. Before delivering, or causing to be delivered, any package to any person in this state, every distributor shall firmly affix to each package of cigarettes appropriate stamps in amounts equal to the tax on those cigarettes as provided for in section 297.02.

Sec. 16. Minnesota Statutes 1990, section 297.03, subdivision 2, is amended to read:

Subd. 2. [TIME OF AFFIXING STAMP.] The commissioner may require, in all cases where cigarettes are shipped into this state by any licensed distributor from without this state, that the appropriate stamp shall be affixed to the package at the time the same enters this state.

Sec. 17. Minnesota Statutes 1990, section 297.03, subdivision 4, is amended to read:

Subd. 4. [STAMPS; DESIGN, PRINTING.] The commissioner shall adopt the design of ~~the two stamps and.~~ One stamp shall be designed for application to cigarette packages destined for retail sale on an Indian reservation which is a party to an agreement pursuant to section 270.60, subdivision 2, and only to those packages. A second stamp shall be designed for all other cigarette packages subject to the provisions of this chapter. The commissioner shall arrange for the printing thereof in such amounts and denominations as the commissioner deems necessary.

Sec. 18. Minnesota Statutes 1990, section 297.03, subdivision 6, is amended to read:

Subd. 6. [TAX METER MACHINES; STAMPING MACHINES.]
(a) ~~Before July 1, 1990, the commissioner may authorize any person licensed as a distributor to stamp packages with a tax meter~~

machine, approved by the commissioner, which shall be provided by the distributor. The commissioner may provide for the use of such a machine by the distributor, supervise and check its operation, provide for the payment of the tax on any package so stamped, subject to the discount provided in subdivision 5.

(b) After June 30, 1990, The commissioner shall require any person licensed as a distributor to stamp packages with a heat-applied tax stamping machine, approved by the commissioner, which shall be provided by the distributor. The commissioner shall supervise and check the operation of the machines and shall provide for the payment of the tax on any package so stamped, subject to the discount provided in subdivision 5. The commissioner may sell heat-applied stamps on a credit basis under conditions prescribed by the commissioner. The stamps shall be sold by the commissioner at a price which includes the tax after giving effect to the discount provided in subdivision 5. The commissioner shall recover the actual costs of the stamps from the distributor.

(e) (b) If the commissioner finds that a stamping machine is not affixing a legible stamp on the package, the commissioner may order the distributor to immediately cease the stamping process until the machine is functioning properly.

(d) (c) The commissioner shall annually establish the maximum amount of heat applied stamps that may be purchased each month. Notwithstanding any other provisions of this chapter, the tax due on the return will be based upon actual heat applied stamps purchased during the reporting period.

Sec. 19. Minnesota Statutes 1990, section 297.07, subdivision 5, is amended to read:

Subd. 5. [OFFSET.] Upon audit, if a distributor's return reflects an overage, the overage shall be offset against a shortage, if any, in the month immediately preceding the month of the overage. If any overage remains after that offset, the remainder may only be offset against a shortage, if any, in the month immediately following the month of the overage or, if the commissioner determines that the overage was attributable to a mistake by the distributor with no intent to defraud, the commissioner may permit the overage to be offset against a shortage in any month or months during the 12-month period immediately following the month when the overage was discovered upon audit.

Sec. 20. Minnesota Statutes 1990, section 297.08, subdivision 1, is amended to read:

Subdivision 1. [CONTRABAND DEFINED.] The following are declared to be contraband:

(1) All packages which do not have stamps affixed to them as provided in sections 297.01 to 297.13 and all devices for the vending of cigarettes in which such unstamped packages are found, including all contents contained within the devices.

(2) Any device for the vending of cigarettes and all packages of cigarettes contained therein, where the device does not afford at least partial visibility of contents. Where any package exposed to view does not carry the stamp required by sections 297.01 to 297.13, it shall be presumed that all packages contained in the device are unstamped and contraband.

(3) Any device for the vending of cigarettes to which the commissioner or authorized agents have been denied access for the inspection of contents. In lieu of seizure, the commissioner or an agent may seal the device to prevent its use until inspection of contents is permitted.

(4) Any device for the vending of cigarettes which does not carry the name and address of the owner, plainly marked and visible from the front of the machine.

(5) Any device including, but not limited to, motor vehicles, trailers, snowmobiles, airplanes, and boats used with the knowledge of the owner or of a person operating with the consent of the owner for the storage or transportation of more than 5,000 cigarettes which are contraband under this subdivision. When cigarettes are being transported in the course of interstate commerce, or are in movement from either a public warehouse to a distributor upon orders from a manufacturer or distributor, or from one distributor to another, the cigarettes are not contraband, notwithstanding the provisions of clause (1).

(6) All packages obtained in violation of section 297.11, subdivision 6.

(7) All packages offered for sale or held as inventory in violation of section 297.11, subdivision 7.

Sec. 21. Minnesota Statutes 1990, section 297.11, subdivision 1, is amended to read:

Subdivision 1. ~~[COUNTERFEITING, TAMPERING WITH TAX METER.]~~ No person shall, with intent to defraud the state, make, alter, forge, or counterfeit any license or stamp provided for in sections 297.01 to 297.13 or have in possession any forged, spurious, or altered stamps, ~~or tamper with or reset any tax meter machine~~ with the intent, or with the result, of depriving the state of the tax imposed by sections 297.01 to 297.13.

Sec. 22. Minnesota Statutes 1990, section 297.11, is amended by adding a subdivision to read:

Subd. 6. [PROHIBITION AGAINST SALES BY UNLICENSED SELLERS.] No retailer or subjobber shall purchase cigarettes from any person who is not licensed under section 297.04 as a cigarette distributor or subjobber.

Sec. 23. Minnesota Statutes 1990, section 297.11, is amended by adding a subdivision to read:

Subd. 7. [SALE OF PACKAGES WITH INDIAN STAMP.] No retailer doing business off of an Indian reservation shall offer for sale or possess as inventory packages affixed with the stamp designed for Indian reservations.

Sec. 24. [297.385] [PROHIBITION.]

Subdivision 1. [SALES BY UNLICENSED SELLERS.] No retailer or subjobber shall purchase tobacco products from any person who is not licensed under section 297.33 as a tobacco products distributor or subjobber.

Subd. 2. [SEIZURE.] Tobacco products purchased in violation of subdivision 1 may be seized by the commissioner or authorized agents or by any sheriff or other police officer, with or without process, and shall be subject to forfeiture as provided in section 297.08, subdivision 3.

Sec. 25. Minnesota Statutes 1990, section 297.43, is amended by adding a subdivision to read:

Subd. 10. [STATUTE OF LIMITATIONS.] Notwithstanding section 628.26, or other provision of the criminal laws of this state, an indictment may be found and filed or a complaint filed upon a criminal offense specified in this chapter, in the proper court within six years after the offense is committed.

Sec. 26. Minnesota Statutes 1990, section 297C.03, subdivision 6, is amended to read:

Subd. 6. [INFORMATIONAL RETURNS.] Manufacturers, wholesalers, and importers licensed to ship distilled spirits or wine into Minnesota shall file with the commissioner a monthly informational report on a form prescribed by the commissioner. No payment of any tax is required to be remitted with this report. The report must be filed on or before the tenth day following the end of each calendar month, regardless of whether or not any shipments were made into Minnesota during the previous month, unless the commissioner determines that a longer filing period is appropriate for a particular

manufacturer, wholesaler, or importer. A person failing to file this ~~monthly~~ report is subject to the provisions of section 297C.14, subdivision 8.

Sec. 27. Minnesota Statutes 1990, section 297C.10, is amended by adding a subdivision to read:

Subd. 3. [PHYSICAL INVENTORY.] The commissioner of revenue or the commissioner's authorized agents may, upon request but not more than twice annually, require a brewer, manufacturer, wholesaler, or retailer to furnish a physical inventory of all wine and distilled spirits in stock. The inventory must contain the information that the commissioner requests and must be certified by an officer of the corporation.

Sec. 28. Minnesota Statutes 1990, section 297D.01, subdivision 3, is amended to read:

Subd. 3. ~~"Dealer"~~ "Tax obligor" or "obligor" means a person who in violation of Minnesota law manufactures, produces, ships, transports, or imports into Minnesota or in any manner acquires or possesses more than 42-1/2 grams of marijuana, or seven or more grams of any controlled substance, or ten or more dosage units of any controlled substance which is not sold by weight. A quantity of marijuana or other controlled substance is measured by the weight of the substance whether pure or impure or dilute, or by dosage units when the substance is not sold by weight, in the ~~dealer's~~ tax obligor's possession. A quantity of a controlled substance is dilute if it consists of a detectable quantity of pure controlled substance and any excipients or fillers.

Sec. 29. Minnesota Statutes 1990, section 297D.02, is amended to read:

297D.02 [ADMINISTRATION.]

The commissioner of revenue shall administer this chapter. Payments required by this chapter must be made to the commissioner on the form provided by the commissioner. ~~Dealers~~ Tax obligors are not required to give their name, address, social security number, or other identifying information on the form. The commissioner shall collect all taxes under this chapter.

Sec. 30. Minnesota Statutes 1990, section 297D.04, is amended to read:

297D.04 [TAX PAYMENT REQUIRED FOR POSSESSION.]

No ~~dealer~~ tax obligor may possess any marijuana or controlled substance upon which a tax is imposed by section 297D.08 unless the

tax has been paid on the marijuana or other controlled substance as evidenced by a stamp or other official indicia.

Sec. 31. Minnesota Statutes 1990, section 297D.05, is amended to read:

297D.05 [NO IMMUNITY.]

Nothing in this chapter may in any manner provide immunity for a ~~dealer~~ tax obligor from criminal prosecution pursuant to Minnesota law.

Sec. 32. Minnesota Statutes 1990, section 297D.07, is amended to read:

297D.07 [MEASUREMENT.]

For the purpose of calculating the tax under section 297D.08, a quantity of marijuana or other controlled substance is measured by the weight of the substance whether pure or impure or dilute, or by dosage units when the substance is not sold by weight, in the ~~dealer's~~ tax obligor's possession. A quantity of a controlled substance is dilute if it consists of a detectable quantity of pure controlled substance and any excipients or fillers.

Sec. 33. Minnesota Statutes 1990, section 297D.09, subdivision 1, is amended to read:

Subdivision 1. [PENALTIES.] Any ~~dealer~~ tax obligor violating this chapter is subject to a penalty of 100 percent of the tax in addition to the tax imposed by section 297D.08. The penalty will be collected as part of the tax.

Sec. 34. Minnesota Statutes 1990, section 297D.09, subdivision 1a, is amended to read:

Subd. 1a. [CRIMINAL PENALTY; SALE WITHOUT AFFIXED STAMPS.] In addition to the tax penalty imposed, a ~~dealer~~ tax obligor distributing or possessing marijuana or controlled substances without affixing the appropriate stamps, labels, or other indicia is guilty of a crime and, upon conviction, may be sentenced to imprisonment for not more than seven years or to payment of a fine of not more than \$14,000, or both.

Sec. 35. Minnesota Statutes 1990, section 297D.11, is amended to read:

297D.11 [PAYMENT DUE.]

Subdivision 1. [STAMPS AFFIXED.] When a dealer tax obligor purchases, acquires, transports, or imports into this state marijuana or controlled substances on which a tax is imposed by section 297D.08, and if the indicia evidencing the payment of the tax have not already been affixed, the dealer tax obligor shall have them permanently affixed on the marijuana or controlled substance immediately after receiving the substance. Each stamp or other official indicia may be used only once.

Subd. 2. [PAYABLE ON POSSESSION.] Taxes imposed upon marijuana or controlled substances by this chapter are due and payable immediately upon acquisition or possession in this state by a dealer tax obligor.

Sec. 36. Minnesota Statutes 1990, section 297D.12, subdivision 1, is amended to read:

Subdivision 1. [ASSESSMENT PROCEDURE.] An assessment for a dealer tax obligor not possessing valid stamps or other official indicia showing that the tax has been paid shall be considered a jeopardy assessment or collection, as provided in section 270.70. The commissioner shall assess a tax and applicable penalties based on personal knowledge or information available to the commissioner; mail the taxpayer at the taxpayer's last known address or serve in person, a written notice of the amount of tax and penalty; demand its immediate payment; and, if payment is not immediately made, collect the tax and penalty by any method prescribed in chapter 270, except that the commissioner need not await the expiration of the times specified in chapter 270.

Sec. 37. Minnesota Statutes 1990, section 297D.13, subdivision 1, is amended to read:

Subdivision 1. [DISCLOSURE PROHIBITED.] Notwithstanding any law to the contrary, neither the commissioner nor a public employee may reveal facts contained in a report or return required by this chapter or any information obtained from a dealer tax obligor; nor can any information contained in such a report or return or obtained from a dealer tax obligor be used against the dealer tax obligor in any criminal proceeding, unless independently obtained, except in connection with a proceeding involving taxes due under this chapter from the dealer tax obligor making the return.

Sec. 38. Minnesota Statutes 1990, section 297D.13, subdivision 3, is amended to read:

Subd. 3. [STATISTICS.] This section does not prohibit the commissioner from publishing statistics that do not disclose the identity of dealers tax obligors or the contents of particular returns or reports.

Sec. 39. Minnesota Statutes 1990, section 297D.14, is amended to read:

297D.14 [INVESTIGATORY POWERS.]

For the purpose of determining the correctness of any return, determining the amount of tax that should have been paid, determining whether or not the ~~dealer~~ tax obligor should have made a return or paid taxes, or collecting any taxes under this chapter, the commissioner may examine, or cause to be examined, any books, papers, records, or memoranda, that may be relevant to making such determinations, whether the books, papers, records, or memoranda, are the property of or in the possession of the ~~dealer~~ tax obligor or another person. The commissioner may require the attendance of any person having knowledge or information that may be relevant, compel the production of books, papers, records, or memoranda by persons required to attend, take testimony on matters material to the determination, and administer oaths or affirmations. Upon demand of the commissioner or any examiner or investigator, the court administrator of any court shall issue a subpoena for the attendance of a witness or the production of books, papers, records, and memoranda. The commissioner may also issue subpoenas. Disobedience of subpoenas issued under this chapter is punishable by the district court of the district in which the subpoena is issued, or, if the subpoena is issued by the commissioner, by the district court of the district in which the party served with the subpoena is located, in the same manner as contempt of district court.

Sec. 40. [325D.405] [INVESTIGATIONS.]

The commissioner or duly authorized agents may conduct investigations to determine compliance with the provisions of sections 325D.30 to 325D.42 and, in connection with such investigations, the commissioner and duly authorized agents have all the powers conferred upon the commissioner by section 270.06.

Sec. 41. Laws 1987, chapter 268, article 11, section 12, is amended to read:

Sec. 12. [EFFECTIVE DATE.]

Sections 1 to 3 and 6 to 11, paragraph (a), are effective for all tax years after December 31, 1986. Section 11, paragraph (b), is effective beginning calendar year ~~1992~~ 1994.

Sec. 42. [REPEALER.]

Minnesota Statutes 1990, section 296.028, is repealed.

Sec. 43. [EFFECTIVE DATE.]

Section 1 is effective retroactive to August 1, 1990. Sections 6, 26, and 27 are effective July 1, 1991. Section 7 is effective for calendar years beginning after December 31, 1990. Sections 5, 13, and 19 are effective the day following final enactment. Section 25 is effective for offenses committed after June 30, 1988.

ARTICLE 9

TAX INCREMENT FINANCING

Section 1. Minnesota Statutes 1990, section 273.1399, subdivision 1, is amended to read:

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

(a) "Qualifying captured tax capacity" means the following amounts:

(1) the captured tax capacity of a new or the expanded part of an existing economic development or soils condition tax increment financing district, other than a qualified manufacturing district, for which certification was requested after April 30, 1990; and

(2) the captured tax capacity of a qualified manufacturing district, multiplied by the following percentage based on the number of years that have elapsed since the district was first certified (measured from January 2 immediately preceding certification of the original tax capacity). In no case may the final amounts be less than zero or greater than the total captured tax capacity of the district:

<u>Number of Years</u>	<u>Percentage</u>
<u>1</u>	<u>0</u>
<u>2</u>	<u>20</u>
<u>3</u>	<u>40</u>
<u>4</u>	<u>60</u>
<u>5</u>	<u>80</u>
<u>6 or more</u>	<u>100;</u>

(3) the captured tax capacity of a new or the expanded part of an existing tax increment financing district, other than an economic development or soils condition district, for which certification was requested after April 30, 1990, multiplied by the following percentage based on the number of years that have elapsed since the district was first certified (measured from January 2 immediately preceding certification of the original tax capacity). In no case may the final amounts be less than zero or greater than the total captured tax capacity of the district.

Number of years	Renewal and Renovation Districts	All other Districts
0 to 5	0	0
6	12.5	6.25
7	25	12.5
8	37.5	18.75
9	50	25
10	62.5	31.25
11	75	37.5
12	87.5	43.75
13	100	50
14	100	56.25
15	100	62.5
16	100	68.75
17	100	75
18	100	81.25
19	100	87.5
20	100	93.75
21 or more	100	100

In the case of a hazardous substance subdistrict, the number of years must be measured from the date of certification of the subdistrict for purposes of the additional captured tax capacity resulting from the reduction in the subdistrict's or site's original tax capacity.

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

(c) "Qualified manufacturing district" means an economic development district that qualifies under section 469.176, subdivision 4c, paragraph (a), without regard to clauses (2) and (4), for which certification was requested after June 30, 1991, located in a home rule charter or statutory city that (1) has a population under 10,000 according to the last federal census and (2) is wholly located outside of a metropolitan statistical area as determined by the United States Office of Management and Budget.

Sec. 2. Minnesota Statutes 1990, section 273.1399, subdivision 3, is amended to read:

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 equalized levies as defined in section 273.1398, subdivision 2a, and associated 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.

Sec. 3. Minnesota Statutes 1990, section 469.012, subdivision 8, is amended to read:

Subd. 8. [INTEREST REDUCTION PROGRAM; LIMITATIONS.] In developing the interest reduction program authorized by subdivision 7 the authority shall consider:

(1) the availability and affordability of other governmental programs;

(2) the availability and affordability of private market financing; and

(3) the need for additional affordable mortgage credit to encourage the construction and enable the purchase of housing units within the jurisdiction of the authority.

The authority shall adopt rules for the interest reduction program. Interest reduction assistance shall not be provided if the authority determines that financing for the purchase of a housing unit or for the construction or rehabilitation of housing units is otherwise available from private lenders upon terms and conditions that are affordable by the applicant, as provided by the authority in its rules.

For the purposes of this subdivision an "assisted housing unit" is a housing unit which is rented or to be rented and which is a part of a rental housing development where the financing for the rental housing development is assisted with interest reduction assistance provided by the authority during the calendar year. If interest reduction assistance is provided for construction period interest for a rental housing development, the housing units in the housing development shall be considered assisted housing units for a period after occupancy of the housing units which is equal to the period during which interest reduction assistance is provided to assist the construction financing of the rental housing development. In any calendar year when an authority provides interest reduction assistance for assisted housing units (1) at least 20 percent of the total assisted housing units within the jurisdiction of the authority shall be held available for rental to families or individuals with an adjusted gross income which is equal to or less than 80 percent of the median family income, and (2) at least an additional 55 percent of the total assisted housing units within the jurisdiction of the authority shall be held available for rental to individuals or families with an annual adjusted gross income which is equal to or less than

66 times 120 percent of the monthly fair market rent for the unit established by the United States Department of Housing and Urban Development. At least 80 percent of the aggregate dollar amount of funds appropriated by an authority within any calendar year to provide interest reduction assistance for financing of construction, rehabilitation, or purchase of single family housing, as that term is defined in section 462C.02, subdivision 4, shall be appropriated for housing units that are to be sold to or occupied by families or individuals with an adjusted gross income which is equal to or less than 110 percent of median family income. For the purposes of this subdivision, "median family income" means the median family income established by the United States Department of Housing and Urban Development for the nonmetropolitan county or the standard metropolitan statistical area, as the case may be. The adjusted gross income ~~may~~ must be adjusted by the authority for family size. The limitations imposed upon assisted housing units by this subdivision do not apply to interest reduction assistance for a rental housing development located in a targeted area as defined in section 462C.02. An authority that establishes a program pursuant to this subdivision shall by January 2 each year report to the commissioner of trade and economic development a description of the program established and a description of the recipients of interest reduction assistance.

Sec. 4. Minnesota Statutes 1990, 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 in aid of the project containing the district 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 (1) after 25 years from date of receipt by the authority of the first tax increment for a mined underground space development district, redevelopment district, or housing district, (2) after 15 years after receipt by the authority of the first increment for a renewal and renovation district, (3) after 12 years from approval of the tax increment financing plan for a soils condition district, and (4) 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 certifica-

tion under section ~~469.175~~ 469.174, subdivision 7, paragraph (b), and received after the date of certification to the county auditor described in section ~~469.175~~ 469.174, 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.

(h) If a parcel located in the district has delinquent property taxes when the district terminates under the duration limits under this subdivision, the payment of the parcel's delinquent taxes made after decertification of the district are tax increments to the extent the nonpayment of property taxes caused the outstanding bonds or contractual obligations pledged to be paid by the district to be paid by sources other than tax increments or to go unpaid. The county auditor shall pay the appropriate amount to the district. The authority shall provide the county auditor with information regarding the payment of outstanding bonds or contractual obligations and any other information necessary to administer the payment, as requested by the county auditor.

Sec. 5. Minnesota Statutes 1990, section 469.1763, subdivision 1, is amended to read:

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

(b) "Activities" means 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.

Sec. 6. Minnesota Statutes 1990, section 469.1763, subdivision 2, is amended to read:

Subd. 2. [EXPENDITURES OUTSIDE DISTRICT.] (a) For each tax increment financing district, an amount equal to at least 75 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 or to pay, or secure payment of, debt service on credit enhanced bonds. Not more than 25 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) In the case of a housing district, a housing project, as defined in section 469.174, subdivision 11, is an activity in the district.

(c) All administrative expenses are for activities outside of the district.

Sec. 7. Minnesota Statutes 1990, section 469.1763, subdivision 3, is amended to read:

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 spent to repay the bonds, and the proceeds of the bonds either are, on the date of issuance, reasonably expected to be spent before the end of the later of (i) the five-year period, or (ii) a reasonable temporary period within the meaning of the use of that term under section 148(c)(1) of the Internal Revenue Code, or are deposited in a reasonably required reserve or replacement fund;~~

(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 spent 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, including interest on unreimbursed costs.

(b) For purposes of this subdivision, bonds include subsequent refunding bonds if ~~one of two tests is met: (1) the proceeds of the~~

original refunded bonds were spent on activities within five years after the district was certified or (2) the original 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(e)(1) of the Internal Revenue Code meet the requirements of paragraph (a), clause (2).

Sec. 8. Minnesota Statutes 1990, section 469.1763, subdivision 4, is amended to read:

Subd. 4. [USE OF REVENUES FOR DECERTIFICATION.] (a) Beginning with the sixth year following certification of the district, 75 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:

(1) outstanding bonds, as defined in subdivision 3, paragraphs (a), clause (2), and (b) or;

(2) contracts, as defined in subdivision 3, paragraph (a), clauses (3) and (4); or

(3) credit enhanced bonds to which the revenues derived from tax increments are pledged, but only to the extent that revenues of the district for which the credit enhanced bonds were issued are insufficient to pay the bonds and to the extent that the increments from the unrestricted 25 percent share are insufficient.

(b) When the outstanding bonds have been defeased and when sufficient money has been set aside to pay contractual obligations as defined in subdivision 3, paragraph (a), clauses (3) and (4), the district must be decertified and the pledge of tax increment discharged.

Sec. 9. Minnesota Statutes 1990, section 469.1763, is amended by adding a subdivision to read:

Subd. 5. [CREDIT ENHANCED BONDS.] Except as otherwise provided in this section, revenues derived from tax increments may be used to pay debt service on credit enhanced bonds issued to finance activities outside of the district from which the revenues are derived, regardless of when the district is created. For purposes of this subdivision, "district" includes a project area for which certification to collect increments was made before August 1, 1979.

Sec. 10. Minnesota Statutes 1990, section 469.177, subdivision 1, is amended to read:

Subdivision 1. [ORIGINAL NET TAX CAPACITY.] (a) Upon or

after adoption of a tax increment financing plan, the auditor of any county in which the district is situated shall, upon request of the authority, certify the original net tax capacity of the tax increment financing district as described in the tax increment financing plan and shall certify in each year thereafter the amount by which the original net tax capacity has increased or decreased as a result of a change in tax exempt status of property within the district, reduction or enlargement of the district or changes pursuant to subdivision 4.

(b) In the case of a mined underground space development district the county auditor shall certify the original net tax capacity as zero, plus the net tax capacity, if any, previously assigned to any subsurface area included in the mined underground space development district pursuant to section 272.04.

(c) For districts approved under section 469.175, subdivision 3, or parcels added to existing districts after May 1, 1988, if the classification under section 273.13 of property located in a district changes to a classification that has a different assessment ratio, the original net tax capacity of that property must be redetermined at the time when its use is changed as if the property had originally been classified in the same class in which it is classified after its use is changed.

(d) The amount to be added to the original net tax capacity of the district as a result of previously tax exempt real property within the district becoming taxable ~~shall be equal to equals~~ the net tax capacity of the real property as most recently assessed pursuant to section 273.18 or, if that assessment was made more than one year prior to the date of title transfer rendering the property taxable, the net tax capacity assessed by the assessor at the time of the transfer. If substantial taxable improvements were made to a parcel after certification of the district and if the property later becomes tax exempt, in whole or part, as a result of the authority acquiring the property through foreclosure or exercise of remedies under a lease or other revenue agreement, the amount to be added to the original net tax capacity of the district as a result of the property again becoming taxable is the amount of the parcel's value that was included in original net tax capacity when the parcel was first certified. The amount to be added to the original net tax capacity of the district as a result of enlargements ~~thereof shall be equal to equals~~ the net tax capacity of the added real property as most recently certified by the commissioner of revenue as of the date of modification of the tax increment financing plan pursuant to section 469.175, subdivision 4.

(e) For districts approved under section 469.175, subdivision 3, or parcels added to existing districts after May 1, 1988, if the net tax capacity of a property increases because the property no longer qualifies under the Minnesota agricultural property tax law, section

273.111; the Minnesota open space property tax law, section 273.112; or the metropolitan agricultural preserves act, chapter 473H, or because platted, unimproved property is improved or three years pass after approval of the plat under section 273.11, subdivision 1, the increase in net tax capacity must be added to the original net tax capacity.

(f) Each year the auditor shall also add to the original net tax capacity of each economic development district an amount equal to the original net tax capacity for the preceding year multiplied by the average percentage increase in the net tax capacity market value of all property included in the economic development district during the five years prior to certification of the district.

(g) The amount to be subtracted from the original net tax capacity of the district as a result of previously taxable real property within the district becoming tax exempt, or a reduction in the geographic area of the district, shall be the amount of original net tax capacity initially attributed to the property becoming tax exempt or being removed from the district. If the net tax capacity of property located within the tax increment financing district is reduced by reason of a court-ordered abatement, stipulation agreement, voluntary abatement made by the assessor or auditor or by order of the commissioner of revenue, the reduction shall be applied to the original net tax capacity of the district when the property upon which the abatement is made has not been improved since the date of certification of the district and to the captured net tax capacity of the district in each year thereafter when the abatement relates to improvements made after the date of certification. The county auditor may specify reasonable form and content of the request for certification of the authority and any modification thereof pursuant to section 469.175, subdivision 4.

Sec. 11. Minnesota Statutes 1990, section 469.177, subdivision 8, is amended to read:

Subd. 8. [ASSESSMENT AGREEMENTS.] An authority may enter into a written assessment agreement ~~in recordable form~~ with a developer or redeveloper of property within the tax increment financing district ~~which establishes any person establishing a minimum market value of the land and completed, existing improvements, or 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 in a district, if the property is owned or will be owned by the person. The minimum market value established by an assessment agreement may be fixed, or increase or decrease in later years from the initial minimum market value. An assessment agreement terminates on the earliest of the date on which conditions in the assessment agreement for termination are satisfied, the termination date specified in the~~

agreement, or the date when tax increment is no longer paid to the authority under 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 and the property that is the subject of the agreement 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 values assigned to the land and improvements upon completion shall not be less than \$..... are reasonable.

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 each 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 under section 273.11, except that the market value assigned thereto shall not be less than the minimum market value contained in established by the assessment agreement. Nothing herein shall limit the discretion of The assessor to may assign a market value to the property in excess of the minimum market value contained in established by the assessment agreement nor prohibit. The developer or redeveloper from seeking owner of the property may seek, 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, but no 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 shall grant a reduction of the market value below the minimum market value contained in established by 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 constitutes notice of the agreement to any subsequent purchaser or encumbrancer of the land or any part thereof, whether voluntary or involuntary anyone who acquires any interest in the land or improvements that is

subject to the assessment agreement, and shall be the agreement is binding upon them.

Sec. 12. Minnesota Statutes 1990, section 469.1771, subdivision 2, is amended to read:

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 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. This subdivision does not apply to a failure to decertify a district required by at the end of the duration limits under section 469.176, subdivision 1 limit specified in the tax increment financing plan.

Sec. 13. Minnesota Statutes 1990, section 469.1771, subdivision 4, is amended to read:

Subd. 4. [LIMITATIONS.] (a) If the increments are pledged to repay bonds that were issued before the lawsuit was filed under this section, the damages under this section may not exceed the greatest greater of (1) the damages under subdivision 2 or 3, (2) ten percent of the expenditures or revenues derived from increment, or (3) (2) the amount of available revenues after paying debt services due on the bonds.

(b) The court may abate all or part of the amount if it determines the action was taken in good faith and would work an undue hardship on the municipality.

Sec. 14. Minnesota Statutes 1990, section 469.179, is amended by adding a subdivision to read:

Subd. 3. [ACT AMENDMENTS; EFFECTIVE DATE PRESUMPTIONS.] (a) This subdivision establishes presumptions as to the effective dates of acts amending sections 469.174 to 469.178. These rules supplement the rules under section 645.02. The rules in paragraphs (b) and (c) apply unless the act specifies a different intent as to the time of its application.

(b) If the act is effective on a date either specified by the act itself or under section 645.02, the act is effective for districts for which requests for certification are made after the specified date.

(c) If the act is effective for districts for which requests for certification are made after a specified date either under paragraph (b) or the terms of the act, the following rules apply:

(1) in the case of a district where the first request for certification is made after the specified date, the act applies in full and to the entire area of the district; and

(2) in the case of a district where the first request for certification was made on or before the specified date, the act applies only to the area of the district added by tax increment financing plan amendments for which certification is requested after the specified date.

Sec. 15. Laws 1989, First Special Session chapter 1, article 14, section 16, is amended to read:

Sec. 16. [MOORHEAD TAX INCREMENT FINANCING.]

In the case of 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 project, the date "April 1, ~~1992~~ 1994" must be substituted for "April 1, 1990" in Minnesota Statutes, section 469.176, subdivision 1, paragraph (e), each place it occurs.

Sec. 16. [FERGUS FALLS TAX INCREMENT FINANCING.]

Notwithstanding the provisions of Minnesota Statutes, section 469.177, subdivision 1, to the contrary, the net tax capacity of a tax increment financing district in the city of Fergus Falls shall be increased as a result of tax exempt property becoming taxable only by the tax capacity of the parcel at the time of its certification as part of the district, if:

(1) the property was acquired for private development;

(2) development of the property was substantially completed by April 1, 1991; and

(3) the property became taxable no later than 15 months after substantial completion of the development.

To determine the tax capacity at the time of certification, the county auditor shall use the market value assigned under Minnesota Statutes, section 273.18, and the class rates in effect at the time the property is added to the district's original net tax capacity.

Sec. 17. [EFFECTIVE DATE.]

Sections 1, 2, 9, and 14 are effective the day following final enactment. Section 3 is effective for interest reduction assistance authorized after July 1, 1991. Section 4, paragraph (h), is effective for delinquent property taxes paid after April 1, 1991. Section 4, paragraph (d), is effective for districts for which certification is requested after June 30, 1991. Sections 4, paragraph (g), 5, 6, 7, and

8 are effective for districts for which certification was requested after April 30, 1990. Sections 10 and 11 are effective the day following final enactment and apply to all tax increment financing districts regardless of when certification was requested. Sections 12 and 13 are effective for violations occurring after December 31, 1990. Section 15 is effective the day after compliance with Minnesota Statutes, section 645.021, by the governing body of the city of Moorhead. Section 16 is effective the day after compliance with Minnesota Statutes, section 645.021, by the governing body of the city of Fergus Falls.

ARTICLE 10

MINING TAXES

Section 1. Minnesota Statutes 1990, section 289A.01, is amended to read:

289A.01 [APPLICATION OF CHAPTER.]

This chapter applies to taxes administered by or paid to the commissioner under chapters 290, 290A, 291, and 297A, and sections 298.01 and 298.015.

Sec. 2. Minnesota Statutes 1990, section 289A.02, is amended by adding a subdivision to read:

Subd. 6. [MINING COMPANY.] "Mining company" means a person engaged in the business of mining or producing ores in Minnesota subject to the taxes imposed by section 298.01 or 298.015.

Sec. 3. Minnesota Statutes 1990, section 289A.08, is amended by adding a subdivision to read:

Subd. 15. [MINING COMPANIES.] A mining company must file an annual return signed by a person designated by the mining company.

Sec. 4. Minnesota Statutes 1990, section 289A.18, subdivision 1, is amended to read:

Subdivision 1. [INDIVIDUAL INCOME, FIDUCIARY INCOME, CORPORATE FRANCHISE, AND ENTERTAINMENT TAXES; PARTNERSHIP AND S CORPORATION RETURNS; INFORMATION RETURNS; MINING COMPANY RETURNS.] The returns required to be made under sections 289A.08 and 289A.12 must be filed at the following times:

(1) returns made on the basis of the calendar year must be filed on April 15 following the close of the calendar year, except that returns

of corporations must be filed on March 15 following the close of the calendar year;

(2) returns made on the basis of the fiscal year must be filed on the 15th day of the fourth month following the close of the fiscal year, except that returns of corporations must be filed on the 15th day of the third month following the close of the fiscal year;

(3) returns for a fractional part of a year must be filed on the 15th day of the fourth month following the end of the month in which falls the last day of the period for which the return is made, except that the returns of corporations must be filed on the 15th day of the third month following the end of the month in which falls the last day of the period for which the return is made;

(4) in the case of a final return of a decedent for a fractional part of a year, the return must be filed on the 15th day of the fourth month following the close of the 12-month period that began with the first day of that fractional part of a year;

(5) in the case of the return of a cooperative association, returns must be filed on or before the 15th day of the ninth month following the close of the taxable year;

(6) if a corporation has been divested from a unitary group and files a return for a fractional part of a year in which it was a member of a unitary business that files a combined report under section 290.34, subdivision 2, the divested corporation's return must be filed on the 15th day of the third month following the close of the common accounting period that includes the fractional year; ~~and~~

(7) returns of entertainment entities must be filed on April 15 following the close of the calendar year; and

(8) returns of mining companies must be filed on May 1 following the close of the calendar year.

Sec. 5. Minnesota Statutes 1990, section 289A.19, subdivision 2, is amended to read:

Subd. 2. [CORPORATE FRANCHISE AND MINING COMPANY TAXES.] The commissioner may grant an extension of up to seven months for filing the return of a corporation subject to tax under chapter 290 or a mining company if:

(1) the corporation or mining company files a tentative return when the regularly required return is due;

(2) the corporation or mining company pays the tax on the basis of the tentative return and the amount of tax, determined without

regard to any prepayment of tax, shown on the tentative return, or the amount of tax paid on or before the regular due date of the return, is at least 90 percent of the amount shown on the corporation's or mining company's regularly required return;

(3) the balance due shown on the regularly required return is paid on or before the extended due date of the return; and

(4) interest on any balance due is paid at the rate specified in section 270.75 from the regular due date of the return until the tax is paid.

Sec. 6. Minnesota Statutes 1990, section 289A.20, subdivision 1, is amended to read:

Subdivision 1. [INDIVIDUAL INCOME, FIDUCIARY INCOME, MINING COMPANY, CORPORATE FRANCHISE, AND ENTERTAINMENT TAXES.] (a) Individual income, fiduciary, mining company, and corporate franchise taxes must be paid to the commissioner on or before the date the return must be filed under section 289A.18, subdivision 1, or the extended due date as provided in section 289A.19, unless an earlier date for payment is provided.

Notwithstanding any other law, a taxpayer whose unpaid liability for income or corporate franchise taxes, as reflected upon the return, is \$1 or less need not pay the tax.

(b) Entertainment taxes must be paid on or before the date the return must be filed under section 289A.18, subdivision 1.

Sec. 7. Minnesota Statutes 1990, section 289A.31, subdivision 1, is amended to read:

Subdivision 1. [INDIVIDUAL INCOME, FIDUCIARY INCOME, MINING COMPANY, CORPORATE FRANCHISE, AND ENTERTAINMENT TAXES.] (a) Individual income, fiduciary income, mining company, and corporate franchise taxes, and interest and penalties, must be paid by the taxpayer upon whom the tax is imposed, except in the following cases:

(1) The tax due from a decedent for that part of the taxable year in which the decedent died during which the decedent was alive and the taxes, interest, and penalty due for the prior years must be paid by the decedent's personal representative, if any. If there is no personal representative, the taxes, interest, and penalty must be paid by the transferees, as defined in section 289A.38, subdivision 13, to the extent they receive property from the decedent;

(2) The tax due from an infant or other incompetent person must

be paid by the person's guardian or other person authorized or permitted by law to act for the person;

(3) The tax due from the estate of a decedent must be paid by the estate's personal representative;

(4) The tax due from a trust, including those within the definition of a corporation, as defined in section 290.01, subdivision 4, must be paid by a trustee; and

(5) The tax due from a taxpayer whose business or property is in charge of a receiver, trustee in bankruptcy, assignee, or other conservator, must be paid by the person in charge of the business or property so far as the tax is due to the income from the business or property.

(b) Entertainment taxes are the joint and several liability of the entertainer and the entertainment entity. The payor is liable to the state for the payment of the tax required to be deducted and withheld under section 290.9201, subdivision 7, and is not liable to the entertainer for the amount of the payment.

Sec. 8. Minnesota Statutes 1990, section 289A.35, is amended to read:

289A.35 [ASSESSMENTS.]

The commissioner shall make determinations, corrections, and assessments with respect to state taxes, including interest, additions to taxes, and assessable penalties. The commissioner may audit and adjust the taxpayer's computation of federal taxable income ~~to make it conform with the provisions of section 290.01, subdivisions 19 to 19g, or the~~ items of federal tax preferences, or federal credit amounts to make them conform with the provisions of chapter 290 or section 298.01. If a taxpayer fails to file a required return, the commissioner, from information in the commissioner's possession or obtainable by the commissioner, may make a return for the taxpayer. The return will be prima facie correct and valid. If a return has been filed, the commissioner shall examine the return and make any audit or investigation that is considered necessary. The commissioner may use statistical or other sampling techniques consistent with generally accepted accounting principles in examining returns or records and making assessments.

Sec. 9. Minnesota Statutes 1990, section 289A.38, subdivision 12, is amended to read:

Subd. 12. [REQUEST FOR EARLY AUDIT FOR INDIVIDUAL INCOME, FIDUCIARY INCOME, MINING COMPANY, AND CORPORATE FRANCHISE TAXES.] (a) Tax must be assessed

within 18 months after written request for an assessment has been made in the case of income received (1) during the lifetime of a decedent, (2) by the decedent's estate during the period of administration, (3) by a trustee of a terminating trust or other fiduciary who, because of custody of assets, would be liable for the payment of tax under section 289A.31, subdivision 4, or (4) by a mining company or a corporation. A proceeding in court for the collection of the tax must begin within two years after written request for the assessment (filed after the return is made and in the form the commissioner prescribes) by the personal representative or other fiduciary representing the estate of the decedent, or by the trustee of a terminating trust or other fiduciary who, because of custody of assets, would be liable for the payment of tax under section 289A.31, subdivision 4, or by the corporation. Except as provided in section 289A.42, subdivision 1, an assessment must not be made after the expiration of 3-1/2 years after the return was filed, and an action must not be brought after the expiration of four years after the return was filed.

(b) Paragraph (a) only applies in the case of a mining company or a corporation if:

(1) the written request notifies the commissioner that the corporation contemplates dissolution at or before the expiration of the 18-month period;

(2) the dissolution is begun in good faith before the expiration of the 18-month period; and

(3) the dissolution is completed within the 18-month period.

Sec. 10. Minnesota Statutes 1990, section 289A.56, subdivision 2, is amended to read:

Subd. 2. [CORPORATE FRANCHISE, MINING COMPANY, INDIVIDUAL AND FIDUCIARY INCOME, AND ENTERTAINER TAX OVERPAYMENTS.] Interest must be paid on an overpayment refunded or credited to the taxpayer from the date of payment of the tax until the date the refund is paid or credited. For purposes of this subdivision, the prepayment of tax made by withholding of tax at the source or payment of estimated tax before the due date is considered paid on the last day prescribed by law for the payment of the tax by the taxpayer. A return filed before the due date is considered as filed on the due date.

When the amount of tax withheld at the source or paid as estimated tax or allowable as other refundable credits, or withheld from compensation of entertainers, exceeds the tax shown on the original return by \$10, the amount refunded bears interest from 90 days after (1) the due date of the return of the taxpayer, or (2) the date on which the original return is filed, whichever is later, until the date the refund is paid to the taxpayer. Where the amount to be

refunded is less than \$10, no interest is paid. However, to the extent that the basis for the refund is a net operating loss carryback, interest is computed only from the end of the taxable year in which the loss occurs.

Sec. 11. Minnesota Statutes 1990, section 289A.60, subdivision 4, is amended to read:

Subd. 4. [SUBSTANTIAL UNDERSTATEMENT OF LIABILITY; PENALTY.] The commissioner of revenue shall impose a penalty for substantial understatement of any tax payable to the commissioner, except a tax imposed under chapter 297A.

There must be added to the tax an amount equal to 20 percent of the amount of any underpayment attributable to the understatement. There is a substantial understatement of tax for the period if the amount of the understatement for the period exceeds the greater of: (1) ten percent of the tax required to be shown on the return for the period; or (2)(a) \$10,000 in the case of a mining company or a corporation, other than an S corporation as defined in section 290.9725, when the tax is imposed by chapter 290, or (b) \$5,000 in the case of any other taxpayer, and in the case of a mining company or a corporation any tax not imposed by chapter 290 or section 298.01 or 298.015. The term "understatement" means the excess of the amount of the tax required to be shown on the return for the period, over the amount of the tax imposed that is shown on the return. The amount of the understatement shall be reduced by that part of the understatement that is attributable to the tax treatment of any item by the taxpayer if there is or was substantial authority for the treatment, or any item with respect to which the relevant facts affecting the item's tax treatment are adequately disclosed in the return or in a statement attached to the return. The special rules in cases involving tax shelters provided in section 6662(d)(2)(C) of the Internal Revenue Code of 1986, as amended through December 31, 1989, shall apply and shall apply to a tax shelter the principal purpose of which is the avoidance or evasion of state taxes. The commissioner may abate all or any part of the addition to the tax provided by this section on a showing by the taxpayer that there was reasonable cause for the understatement, or part of it, and that the taxpayer acted in good faith. The additional tax and penalty shall bear interest at the rate specified in section 270.75 from the time the tax should have been paid until paid.

Sec. 12. Minnesota Statutes 1990, section 298.01, subdivision 3, is amended to read:

Subd. 3. [OCCUPATION TAX; OTHER ORES.] Every person engaged in the business of mining or producing ores in this state, except iron ore or taconite concentrates, shall pay an occupation tax to the state of Minnesota as provided in this subdivision. The tax is determined in the same manner as the tax imposed by section

290.02, except that sections 290.05, subdivision 1, clause (a), and 290.17, subdivision 4, do not apply. The tax is in addition to all other taxes and is due and payable on or before June 15 of the year succeeding the calendar year covered by the report required by section 298.05.

Sec. 13. Minnesota Statutes 1990, section 298.01, is amended by adding a subdivision to read:

Subd. 3d. [ALTERNATIVE MINIMUM TAX CREDIT.] A credit is allowed against qualified regular tax for qualified alternative minimum tax previously paid. The amount of the credit allowed under this subdivision is determined under section 290.0921, subdivision 8. For purposes of calculating this credit, the following terms have the meanings given:

(a) "Qualified alternative minimum tax" means the amount determined under subdivision 3 and section 290.0921, subdivision 1.

(b) "Qualified regular tax" means the tax imposed under subdivision 3 and section 290.06, subdivision 1.

Sec. 14. Minnesota Statutes 1990, section 298.01, subdivision 4, is amended to read:

Subd. 4. [OCCUPATION TAX; IRON ORE; TACONITE CONCENTRATES.] A person engaged in the business of mining or producing of iron ore or taconite concentrates in this state shall pay an occupation tax to the state of Minnesota. The tax is determined in the same manner as the tax imposed by section 290.02, except that sections 290.05, subdivision 1, clause (a), and 290.17, subdivision 4, do not apply. The tax is in addition to all other taxes and is due and payable on or before June 15 of the year succeeding the calendar year covered by the report required by section 298.05.

Sec. 15. Minnesota Statutes 1990, section 298.01, is amended by adding a subdivision to read:

Subd. 4e. [ALTERNATIVE MINIMUM TAX CREDIT.] (a) A credit is allowed against the tax imposed by subdivision 4 for the increases in occupation taxes paid in 1988, 1989, and 1990 attributable to the alternative minimum tax imposed under section 290.092 and Minnesota Statutes 1986, section 298.40. The amount of the credit allowed under this paragraph is determined under section 290.06, subdivision 21.

(b) A credit is allowed against qualified regular tax for qualified alternative minimum tax previously paid. The amount of the credit allowed under this paragraph is determined under section 290.0921,

subdivision 8. For purposes of calculating this credit, the following terms have the meanings given:

(1) "Qualified alternative minimum tax" means the amount determined under subdivision 4d and section 290.0921, subdivision 1.

(2) "Qualified regular tax" means the tax imposed under subdivision 4 and section 290.06, subdivision 1.

Sec. 16. Minnesota Statutes 1990, 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, clay, 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 1990, section 298.16, is amended to read:

298.16 [TAXES TO BE CREDITED TO GENERAL FUND.]

~~All taxes imposed and collected under the provisions of sections 298.01 to 298.15 shall and~~ 298.015 must be paid into the state treasury and credited to the general fund.

Sec. 18. Minnesota Statutes 1990, section 298.21, is amended to read:

298.21 [PERSON.]

For all purposes of sections 298.01 to ~~298.16~~ 298.018, the word "person" ~~shall be construed to include~~ means individuals, copartnerships, fiduciaries, estates, trusts, partnerships, companies, joint stock companies, corporations, and all associations, however and for whatever purpose organized.

Sec. 19. Minnesota Statutes 1990, section 298.27, is amended to read:

298.27 [COLLECTION AND PAYMENT OF TAX.]

The taxes provided by section 298.24 shall be paid directly to each eligible county and the iron range resources and rehabilitation board. The commissioner of revenue shall notify each producer of the amount to be paid each recipient prior to February 8. Every person subject to taxes imposed by section 298.24 shall file a correct report covering the preceding year. The report must contain the information required by the commissioner. The report required by section 298.05 shall be filed on or before February 1. A remittance equal to 90 percent of the total tax required to be paid hereunder shall be paid on or before February 15. On or before February 25, the county auditor shall make distribution of the payment received by the county in the manner provided by section 298.28. The balance due shall be paid on or before April 15 following the production year, and shall be distributed by the county auditor as provided in section 298.28 by May 15. Reports shall be made and hearings held upon the determination of the tax in accordance with procedures established by the commissioner of revenue. The commissioner of revenue shall have authority to make reasonable rules as to the form and manner of filing reports necessary for the determination of the tax hereunder, and by such rules may require the production of such information as may be reasonably necessary or convenient for the determination and apportionment of the tax. All the provisions of the occupation tax law with reference to the assessment and determination of the occupation tax, including all provisions for appeals from or review of the orders of the commissioner of revenue relative thereto, but not including provisions for refunds, are applicable to the taxes imposed by section 298.24 except in so far as inconsistent herewith. If any person subject to section 298.24 shall fail to make the report provided for in this section at the time and in the manner herein provided, the commissioner of revenue shall in such case, upon information possessed or obtained, ascertain the kind and amount of ore mined or produced and thereon find and determine the amount of the tax due from such person. There shall be added to the amount of tax due a penalty for failure to report on or before February 1, which penalty shall equal ten percent of the tax imposed and be treated as a part thereof.

If any person responsible for making a partial tax payment at the time and in the manner herein provided fails to do so, there shall be imposed a penalty equal to ten percent of the amount so due, which penalty shall be treated as part of the tax due.

In the case of any underpayment of the partial tax payment required herein, there may be added and be treated as part of the tax due a penalty equal to ten percent of the amount so underpaid.

If any portion of the taxes provided for in section 298.24 is not paid before the fifteenth day of April of the year in which due and payable, a penalty of ten percent of such unpaid portion shall immediately accrue, and thereafter one percent per month shall be added to such tax and penalty while such tax remains unpaid.

Sec. 20. [REPEALER.]

Minnesota Statutes 1990, sections 298.05; 298.06; 298.07; 298.08; 298.09; 298.10; 298.11; 298.12; 298.13; 298.14; 298.15; 298.19; and 298.20 are repealed.

Sec. 21. [EFFECTIVE DATE.]

Sections 1 to 12, 14, and 16 to 20 are effective for ores mined after December 31, 1990. Sections 13 and 15 are effective for ores mined after December 31, 1989.

ARTICLE 11

PROPERTY TAX ADMINISTRATIVE AND TECHNICAL

Section 1. Minnesota Statutes 1990, section 18.022, subdivision 2, is amended to read:

Subd. 2. [COST.] (a) To defray the cost of the activities under subdivision 1, the governing body of the political subdivision may levy a tax which, except when levied by a county, must not exceed a ~~gross local tax rate of .55 percent or a net local tax rate of .68~~ 0.01596 percent of taxable market value in any year in excess of ~~charter local tax rate limitations, but not in any event more than 50~~ cents per capita, except that the levy for the grasshopper control program under sections 18.0223 to 18.0227 is not subject to the 50 cents per capita limitation. The political subdivision may make the levy, where necessary, separate from the general levy ~~and at any time of the year.~~

(b) If, because of the prevalence of Dutch elm disease, the governing body of such a political subdivision is unable to defray the cost of control activities authorized by this section within the limits set by this subdivision, the limits set by this subdivision are increased to a ~~gross local tax rate of 1.1 percent or a net local tax rate of 1.36~~ 0.03216 percent of taxable market value, but not ~~in any event~~ more than one dollar per capita.

Sec. 2. Minnesota Statutes 1990, section 270.11, subdivision 6, is amended to read:

Subd. 6. [CHANGE OF NET TAX CAPACITIES MARKET VALUES.] The commissioner of revenue shall raise or lower the ~~net tax capacity~~ market value of any real or personal property, including the power to raise or lower the ~~net tax capacity~~ market value of the real or personal property of any individual, copartnership, company, association, or corporation; provided, that before any such assessment against the property of any individual, copartnership, company, association, or corporation is so raised, notice of an intention to

raise such ~~net tax capacity~~ market value and of the time and place at which a hearing thereon will be held shall be given to such person, by mail, addressed to the person at the place of residence listed upon the assessment book, at least five days before the day of such hearing.

All relevant and material evidence concerning the ~~net tax capacity~~ market value of the real or personal property shall be submitted at the hearing, and the hearing shall not be a "contested case" within the meaning of section 14.02, subdivision 3. The person notified of the hearing, or any other person having an interest in the property, may present evidence and argument bearing upon the ~~net tax capacity~~ market value of the property.

Sec. 3. Minnesota Statutes 1990, section 270.12, subdivision 2, is amended to read:

Subd. 2. The board shall meet annually between April 15 and June 30 at the office of the commissioner of revenue and examine and compare the returns of the assessment of the property in the several counties, and equalize the same so that all the taxable property in the state shall be assessed at its market value, subject to the following rules:

(1) The board shall add to the aggregate valuation of the real property of every county, which the board believes to be valued below its market value in money, such percent as will bring the same to its market value in money;

(2) The board shall deduct from the aggregate valuation of the real property of every county, which the board believes to be valued above its market value in money, such percent as will reduce the same to its market value in money;

(3) If the board believes the valuation for a part of a class determined by a range of market value under clause (8), a class, or classes of the real property of any town or district in any county, or the valuation for a part of a class, a class, or classes of the real property of any county not in towns or cities, should be raised or reduced, without raising or reducing the other real property of such county, or without raising or reducing it in the same ratio, the board may add to, or take from, the valuation of a part of a class, a class, or classes in any one or more of such towns or cities, or of the property not in towns or cities, such percent as the board believes will raise or reduce the same to its market value in money;

(4) The board shall add to the aggregate valuation of any class of personal property of any county, town, or city, which the board believes to be valued below the market value thereof, such percent as will raise the same to its market value in money;

(5) The board shall take from the aggregate valuation of any class of personal property in any county, town or city, which the board believes to be valued above the market value thereof, such percent as will reduce the same to its market value in money;

(6) The board shall not reduce the aggregate valuation of all the property of the state, as returned by the several county auditors, more than one percent on the whole valuation thereof;

(7) When it would be of assistance in equalizing values the board may require any county auditor to furnish statements showing assessments of real and personal property of any individuals, firms, or corporations within the county. The board shall consider and equalize such assessments and may increase the assessment of individuals, firms, or corporations above the amount returned by the county board of equalization when it shall appear to be undervalued, first giving notice to such persons of the intention of the board so to do, which notice shall fix a time and place of hearing. The board shall not decrease any such assessment below the valuation placed by the county board of equalization; and

(8) In equalizing values pursuant to this section, the board shall utilize a 12-month assessment/sales ratio study conducted by the department of revenue containing only sales that are filed in the county auditor's office under section 272.115, by November 1 of the previous year and that occurred between October 1 of the year immediately preceding the previous year and September 30 of the previous year. If the methodology is consistent with the most recent Standard on Assessment Sales Ratio Studies published by the assessment standards committee of the International Association of Assessing Officers for adequacy of sample size, the assessment/sales ratio study must separate the values of residential property into five market value categories as follows:

- (1) under \$30,000 market value;
- (2) \$30,000 to under \$68,000 market value;
- (3) \$68,000 to under \$110,000 market value;
- (4) \$110,000 to under \$175,000 market value; and
- (5) \$175,000 or greater market value.

The sales prices used in the study must be discounted for terms of financing. The board shall use the median ratio as the statistical measure of the level of assessment for any particular category of property; and

- (9) The board shall receive from each county the estimated market

values on the assessment date falling within the study period for all parcels by magnetic tape or other medium as prescribed by the commissioner of revenue.

Sec. 4. Minnesota Statutes 1990, section 270.12, is amended by adding a subdivision to read:

Subd. 5. [EQUALIZATION ORDERS.] The board of equalization may, pursuant to its responsibilities under subdivisions 2 and 3, issue orders to ensure that the results of local and county boards of equalization are consistent with the objective of state equalization. The board may issue, at its discretion, a supplemental order to amend, supersede, or correct a prior order of the board or an order of a local or county board. The supplemental order must be issued within 60 days of the order to be changed. The board may issue to a local or county board of equalization, within ten business days of the receipt of minutes of a local or county board of equalization, an order explaining the action that the state board believes will be necessary to effect the objective of state equalization.

Sec. 5. Minnesota Statutes 1990, 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~~ July 1 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~~ July 1, 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~~ July 1 of the year is exempt for that assessment 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. 6. Minnesota Statutes 1990, section 272.025, subdivision 1, is amended to read:

Subdivision 1. Except as provided in subdivision 3, a taxpayer claiming an exemption from taxation on property described in section 272.02, subdivision 1, clauses (1) to (7), (10), (11), (13), (15), (16), and (18), except churches and houses of worship and property

solely used for educational purposes by academies, colleges, universities or seminaries of learning and property owned by the state of Minnesota or any political subdivision thereof, shall file a statement of exemption with the assessor of the assessment district in which the property is located, ~~or~~. In the case of a taxpayer claiming an exemption from taxation on property described in section 272.02, subdivision 1, clause (9), the taxpayer shall file a statement of exemption with the commissioner or revenue, on or before February 15 of each year for which the taxpayer claims an exemption. In case of sickness, absence or other disability or for good cause, the assessor may extend the time for filing the statement of exemption for a period not to exceed 60 days. The commissioner of revenue shall prescribe the form and contents of the statement of exemption.

Sec. 7. Minnesota Statutes 1990, section 272.31, is amended to read:

272.31 [LIEN OF REAL ESTATE TAXES.]

The taxes assessed upon real property shall be a perpetual lien thereon, and on all structures and standing timber thereon and on all minerals therein, from ~~and including January 2 in the year in which they are levied, until they are paid; but, the property is assessed. As between grantor and grantee, such lien shall not attach until the first Monday of January of the year next thereafter.~~

Sec. 8. Minnesota Statutes 1990, section 272.67, subdivision 6, is amended to read:

Subd. 6. A certified copy of every ordinance, amendment, and order adopted or entered ~~pursuant to~~ under this section shall be filed with the county auditor before it becomes effective. For the purposes of taxation, if the ordinance, amendment, or order is certified on or before August 1 of a levy year, it may be implemented that same levy year. If the ordinance, amendment, or order is certified after August 1 of a levy year, it may not be implemented until the following levy year. The amount of taxes levied each year by each city shall be certified to the county auditor in the manner now or hereafter provided by law. Taxes levied for payment of bonds and judgments and interest thereon shall continue to be spread upon all taxable property within the boundaries of the city in proportion to the ~~gross net~~ tax capacity thereof. The remaining amount of the taxes levied each year shall be allocated by the county auditor to the urban service district and the rural service district in amounts proportionate to the current benefit ratio times the current ratio between the market values of all taxable property within the urban service district and all taxable property within the rural service district. Within each district, the amount so allocated shall be spread upon all taxable property in proportion to the net tax capacity thereof.

Sec. 9. Minnesota Statutes 1990, section 273.111, subdivision 6, is amended to read:

Subd. 6. Real property shall be considered to be in agricultural use provided that annually: (1) at least 33 1/3 percent of the total family income of the owner is derived therefrom, or the total production income including rental from the property is \$300 plus \$10 per tillable acre; and (2) it is devoted to the production for sale of livestock, dairy animals, dairy products, poultry and poultry products, fur bearing animals, horticultural and nursery stock which is under sections 18.44 to 18.61, fruit of all kinds, vegetables, forage, grains, bees and apiary products by the owner, slough, wasteland, and woodland contiguous to or surrounded by land described in subdivision 3 shall be considered to be in agricultural use if under the same ownership and management agricultural products as defined in section 273.13, subdivision 23, paragraph (e).

Sec. 10. Minnesota Statutes 1990, section 273.124, subdivision 13, is amended to read:

Subd. 13. [SOCIAL SECURITY NUMBER REQUIRED FOR HOMESTEAD APPLICATION.] Every property owner applying for homestead classification must furnish to the county assessor that owner's social security number. If the social security number is not provided, the county assessor shall classify the property as nonhomestead. The social security numbers of the property owners are private data on individuals as defined by section 13.02, subdivision 12, but, notwithstanding that section, the private data may be disclosed to the commissioner of revenue.

At the request of the commissioner, each county must give the commissioner a list that includes the name and social security number of each property owner applying for homestead classification.

If, in comparing the lists supplied by the counties, the commissioner finds that a property owner is claiming more than one homestead, the commissioner shall notify the appropriate counties. Within 90 days of the notification, the county assessor shall investigate to determine if the homestead classification was properly claimed. If the property owner does not qualify, the county assessor shall notify the county auditor who will determine the amount of homestead benefits that had been improperly allowed. For the purpose of this section, "homestead benefits" means the tax reduction resulting from the classification as a homestead under section 273.13, the homestead credit under section 273.1398 for taxes payable in 1990 and thereafter, the taconite homestead credit under section 273.135, and the supplemental homestead credit, and the tax reduction resulting from the agricultural credit under section 273.1398 for taxes payable in 1990 and thereafter under section 273.1391. The county auditor shall send a notice to the owners of the

affected property, demanding reimbursement of the homestead benefits plus a penalty equal to ~~25~~ 50 percent of the homestead benefits. The property owners may appeal the county's determination by filing a notice of appeal with the Minnesota tax court within 60 days of the date of the notice from the county.

If the amount of homestead benefits and penalty is not paid within 60 days, and if no appeal has been filed, the county auditor shall certify the amount to the succeeding year's tax list to be collected as part of the property taxes.

Any amount of homestead benefits recovered from the property owner must be transmitted to the commissioner by the end of each calendar quarter. Any amount recovered attributable to taconite homestead credit shall be transmitted to the St. Louis county auditor to be deposited in the taconite property tax relief account. The amount of penalty collected must be deposited in the county general fund.

The commissioner will provide suggested homestead applications to each county. If a property owner has applied for more than one homestead and the county assessors cannot determine which property should be classified as homestead, the county assessors will refer the information to the commissioner. The commissioner shall make the determination and notify the counties within 60 days.

In addition to lists of homestead properties, the commissioner may ask the counties to furnish lists of all properties and the record owners.

Sec. 11. Minnesota Statutes 1990, 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 \$110,000, the value of the remaining land including improvements equal to the difference between \$110,000 and the market value of the house, garage, and surrounding one acre of land has a net class rate of .45 percent of market value and a gross class rate of 1.75 percent of market value. The remaining value of class 2a property over \$110,000 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 and thereafter, and a gross class rate of 2.25 percent of market value. The remaining property over the \$110,000 market value in excess of 320 acres has a class rate of 1.7 percent of market value for taxes payable in 1990, and 1.6 percent of market value for taxes payable in 1991, and thereafter, and a gross class rate 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, and 1.6 percent of market value for taxes payable in 1991, 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 state or 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 or cultivating agricultural use products, shall be considered as agricultural land, if it is not used primarily for residential purposes.

(e) The term "agricultural products" as used in the preceding sentence means any of the products identified in section 273.111, this subdivision 6, clause (2) includes:

(1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing animals, horticultural and nursery stock described in sections 18.44 to 18.61, fruit of all kinds, vegetables, forage, grains, bees, and apiary products by the owner;

(2) fish bred for sale and consumption if the fish breeding occurs on land zoned for agricultural use;

(3) the commercial boarding of horses if the boarding is done in conjunction with raising or cultivating agricultural products as defined in clause (1); and

(4) property used for equestrian activities excluding racing which is owned and operated by nonprofit organizations.

(f) 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. 12. Minnesota Statutes 1990, section 273.1398, subdivision 6, is amended to read:

Subd. 6. [PAYMENT.] The commissioner shall certify the aids provided in subdivisions 2, 2b, 3, and 5 before December 1, 1989, and October 1 thereafter of the year preceding the distribution year to the county auditor of the affected local government ~~and pay them.~~ The aids provided in subdivisions 2, 2b, 3, and 5 must be paid to local governments other than school districts at the times provided in section 477A.015 for payment of local government aid to taxing jurisdictions, except that the first one-half payment of disparity reduction aid provided in subdivision 3 must be paid on or before August 31. The disparity reduction credit provided in subdivision 4 must be paid to taxing jurisdictions other than school districts at the time provided in section 473H.10, subdivision 3. Aids and credit reimbursements to school districts must be certified to the commissioner of education and paid under section 273.1392. Except for education districts and secondary cooperatives that receive revenue according to section 124.2721 or 124.575, payment shall not be made to any taxing jurisdiction that has ceased to levy a property tax.

Sec. 13. Minnesota Statutes 1990, section 276.041, is amended to read:

276.041 [FILING TO RECEIVE NOTICE OF DELINQUENT TAXES.]

Fee owners, vendees, mortgagees, lienholders, escrow agents, and lessees of real property may file their names and current mailing addresses with the county auditor in the county where the land is located for the purpose of receiving notices affecting the land that are issued under sections 276.04, 281.23, and 279.091. A person filing shall pay a filing fee of \$15 to the county auditor for each parcel. The filing expires after three years. The county auditor shall give a copy of the list of names and addresses to the county treasurer. Taxpayers of record with the county auditor and mortgagees who remit taxes on their behalf shall receive tax statements and other notices and are not required to file and pay fees under this section.

Sec. 14. Minnesota Statutes 1990, section 277.01, is amended to read:

277.01 [WHEN TAX IS DELINQUENT; PENALTY.]

Subdivision 1. Except as provided in this subdivision and subdivision 3, 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, or 273.19, the first half shall become delinquent if not paid before May 16 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 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 taxed under section 274.19, subdivision 8, paragraph (c).

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.

Subd. 3. [IMPROVEMENTS TO REAL PROPERTY.] Personal property taxes assessed upon improvements made to real property taxed under section 272.01, subdivision 2, or 273.19, if unpaid, become delinquent on May 16 or 21 days after the postmark date on

the envelope containing the property tax statement, whichever is later. If the tax against the improvements exceeds \$50, one-half may be paid before May 16 and the remaining one-half must be paid at any time before the following October 16, without penalty. Section 279.01, subdivision 1, otherwise governs imposition of penalties.

Sec. 15. Minnesota Statutes 1990, section 278.01, subdivision 1, is amended to read:

Subdivision 1. [DETERMINATION OF VALIDITY.] Any person having any estate, right, title, or interest in or lien upon any parcel of land, who claims that such property has been partially, unfairly, or unequally assessed in comparison with other property in the (1) city, or (2) county, or (3) in the case of a county containing a city of the first class, the portion of the county excluding the first class city, or that the parcel has been assessed at a valuation greater than its real or actual value, or that the tax levied against the same is illegal, in whole or in part, or has been paid, or that the property is exempt from the tax so levied, may have the validity of the claim, defense, or objection determined by the district court of the county in which the tax is levied or by the tax court by serving two copies one copy of a petition for such determination upon the county auditor, one copy on the county attorney, ~~and~~ one copy on the county treasurer, and three copies on the county assessor. In counties where the office of county treasurer has been combined with the office of county auditor, the petitioner must serve the number of copies required by the county. The petitioner must file the copies with proof of service, in the office of the court administrator of the district court before the 16th day of May of the year in which the tax becomes payable. ~~The county auditor~~ assessor shall immediately forward one copy of the petition to the appropriate governmental authority in a home rule charter or statutory city or town in which the property is located if that city or town employs its own certified assessor. A copy of the petition shall also be ~~sent~~ forwarded by the assessor to the school board of the school district in which the property is located. A petition for determination under this section may be transferred by the district court to the tax court. An appeal may also be taken to the tax court under chapter 271 at any time following receipt of the valuation notice required by section 273.121 but prior to May 16 of the year in which the taxes are payable.

Sec. 16. Minnesota Statutes 1990, section 279.01, subdivision 1, is amended to read:

Subdivision 1. Except as provided in subdivision 3, on May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, a penalty shall accrue and thereafter be charged upon all unpaid taxes on real estate on the current lists in the hands of the county treasurer. The penalty shall be at a rate of three percent on homestead property and seven percent on nonhomestead property. This penalty shall not accrue

until June 1 of each year, or 21 days after the postmark date on the envelope containing the property tax statements, whichever is later, 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 June 1, or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, 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 provided that if the due date was extended beyond May 15 as the result of any delay in mailing property tax statements no additional penalty shall accrue if the tax is paid by the extended due date. If the tax is not paid by the extended due date, then all penalties that would have accrued if the due date had been May 15 shall be charged. When the taxes against any tract or lot exceed \$50, one-half thereof may be paid prior to May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later; 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 May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, 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.

This section applies to payment of personal property taxes assessed against improvements to leased property, except as provided by section 277.01, subdivision 3.

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. 17. Minnesota Statutes 1990, section 279.01, subdivision 2, is amended to read:

Subd. 2. ~~In the case of any tax on class 1b, 2a, and 1a homestead property paid within 30 days after the due date specified in this section or after the 30-day extension as specified in subdivision 3,~~ The county board may, with the concurrence of the county treasurer, delegate to the county treasurer the power to abate the penalty provided for late payment of taxes in the current year. Notwithstanding section 270.07, if any county board so elects, the county treasurer may abate the penalty on finding that the imposition of the penalty would be unjust and unreasonable.

Sec. 18. Minnesota Statutes 1990, section 279.06, is amended to read:

279.06 [COPY OF LIST AND NOTICE.]

Subdivision 1. [LIST AND NOTICE.] Within five days after the filing of such list, the court administrator shall return a copy thereof to the county auditor, with a notice prepared and signed by the court administrator, and attached thereto, which may be substantially in the following form:

State of Minnesota)
) ss.
County of)

District Court

..... Judicial District.

The state of Minnesota, to all persons, companies, or corporations who have or claim any estate, right, title, or interest in, claim to, or lien upon, any of the several parcels of land described in the list hereto attached:

The list of taxes and penalties on real property for the county of remaining delinquent on the first Monday in January, 19....., has been filed in the office of the court administrator

of the district court of said county, of which that hereto attached is a copy. Therefore, you, and each of you, are hereby required to file in the office of said court administrator, on or before the 20th day after the publication of this notice and list, your answer, in writing, setting forth any objection or defense you may have to the taxes, or any part thereof, upon any parcel of land described in the list, in, to, or on which you have or claim any estate, right, title, interest, claim, or lien, and, in default thereof, judgment will be entered against such parcel of land for the taxes on such list appearing against it, and for all penalties, interest, and costs. Based upon said judgment, the land shall be sold to the state of Minnesota on the second Monday in May, 19... 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~~ subdivisions 22, paragraph (c), and 25, paragraph (d)(1) or (c)(4), clause (5), 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 all other lands sold to the state at a tax judgment sale shall be five years from the date of sale.

Inquiries as to the proceedings set forth above can be made to the county auditor of county whose address is

(Signed)

Court Administrator of the District Court of the County

of

(Here insert list.)

The list referred to in the notice shall be substantially in the following form:

List of real property for the county of, on which taxes remain delinquent on the first Monday in January, 19...:

Town of (Fairfield),
Township (40), Range (20),

Names (and
Current Filed
Addresses) for the
Taxpayers and
Fee Owners and
in Addition Those
Parties Who
Have Filed Their
Addresses

Pursuant to
section 276.041

Subdivision of
Section

Section

Tax
Parcel
Number

Total Tax
and
Penalty
\$ cts.

John Jones
(825 Fremont
Fairfield, MN
55000)

S.E. 1/4 of S.W.
1/4

10

23101

2.20

Bruce Smith
(2059 Hand
Fairfield, MN
55000) and
Fairfield State
Bank (100 Main
Street Fairfield,
MN 55000)

That part of N.E.
1/4 of S.W. 1/4
desc. as follows:
Beg. at the S.E.
corner of said
N.E. 1/4 of S.W.
1/4; thence N.
along the E. line
of said N.E. 1/4 of
S.W. 1/4 a
distance of 600
ft.; thence W.
parallel with the
S. line of said
N.E. 1/4 of S.W.
1/4 a distance of
600 ft.; thence S.
parallel with said
E. line a distance
of 600 ft. to S.
line of said N.E.
1/4 of S.W. 1/4;
thence E. along
said S. line a
distance of 600 ft.
to the point of
beg.

21

33211

3.15

As to platted property, the form of heading shall conform to
circumstances and be substantially in the following form:

City of (Smithtown)
Brown's Addition, or Subdivision

Names (and
Current Filed
Addresses) for the
Taxpayers and
Fee Owners and
in Addition Those
Parties Who have
Filed Their
Addresses
Pursuant to
section 276.041

	Lot	Block	Tax Parcel Number	Total Tax and Penalty \$ cts
John Jones (825 Fremont Fairfield, MN 55000)	15	9	58243	2.20
Bruce Smith (2059 Hand Fairfield, MN 55000) and Fairfield State Bank (100 Main Street Fairfield, MN 55000)	16	9	58244	3.15

The names, descriptions, and figures employed in parentheses in the above forms are merely for purposes of illustration.

The name of the town, township, range or city, and addition or subdivision, as the case may be, shall be repeated at the head of each column of the printed lists as brought forward from the preceding column.

Errors in the list shall not be deemed to be a material defect to affect the validity of the judgment and sale.

Subd. 2. [FORM OF LIST AND NOTICE.] Notwithstanding the provisions of subdivision 1, the commissioner of revenue shall prescribe the form of the list and notice required under subdivision 1. The form shall contain the information required under subdivision 1, but shall be organized and presented in a manner easily read and understood. The print must be easily read and contain standard use of capital and lower-case letters. The court administrator shall use the form prescribed by the commissioner for purposes of this section. The notices published and mailed by the county auditor must also be in the form prescribed by the commissioner.

Sec. 19. Minnesota Statutes 1990, 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 subdivisions~~ 22, ~~paragraph (c), and~~ 25, ~~paragraph (d)(1) or (c)(4), clause (5),~~ 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 three years from the date of sale. The period of redemption for 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. 20. Minnesota Statutes 1990, section 282.01, subdivision 1, is amended to read:

Subdivision 1. [CLASSIFICATION.] 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. Parcels of land becoming the property of the state in trust under law declaring the forfeiture of lands to the state for taxes shall be classified by the county board of the county in which the parcels lie as conservation or nonconservation. In making the classification 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. The classification, furthermore, 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; facilitate reduction of governmental expenditures; conserve and develop the natural resources; and foster and develop agriculture and other industries in the districts and places best suited to them.

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

If the lands are located within the boundaries of an organized town, with taxable valuation in excess of \$20,000, or incorporated municipality, the classification or reclassification and sale must first be approved by the town board of the town or the governing body of the municipality in which the lands are located. The town board of the town or the governing body of the municipality 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 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. A clerical error made by county officials does not serve to eliminate the request of the town board or governing body if the board or governing body has forwarded the application to the county auditor.

Sec. 21. Minnesota Statutes 1990, section 375.192, subdivision 2, is amended to read:

Subd. 2. Upon written application by the owner of the property, 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 county board may also grant the abatement of penalties for taxes paid within 30 days of the due date, regardless of the classification of the property. The application must include the social security number of the applicant. The social security number is private data on individuals as defined by section 13.02, subdivision 12. 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. If the application is for abatement of penalty or interest, the application must be approved by the county treasurer and county auditor. 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. 22. Minnesota Statutes 1990, section 414.031, subdivision 6, is amended to read:

Subd. 6. [EFFECTIVE DATE OF ANNEXATION.] The annexation shall be effective as of the date fixed in the annexation order or on such later date as is fixed in the annexation order. A copy of the annexation order must be delivered immediately by the executive director of the Minnesota municipal board to the appropriate county auditor or auditors. For the purposes of taxation, if the annexation becomes effective on or before August 1 of a levy year, the municipality may levy on the annexed area beginning with that same levy year. If the annexation becomes effective after August 1 of a levy year, the town may continue to levy on the annexed area for that levy year, and the municipality may not levy on the annexed area until the following levy year.

Sec. 23. Minnesota Statutes 1990, section 414.0325, subdivision 4, is amended to read:

Subd. 4. [EFFECTIVE DATE OF ANNEXATION.] The board's order shall be effective upon the issuance of the order or at such later time as is provided by the board in its order. A copy of the annexation order must be delivered immediately by the executive director of the Minnesota municipal board to the appropriate county auditor or auditors. For the purposes of taxation, if the annexation becomes effective on or before August 1 of a levy year, the municipality may levy on the annexed area beginning with that same levy year. If the annexation becomes effective after August 1 of a levy year, the town may continue to levy on the annexed area for that levy year, and the municipality may not levy on the annexed area until the following levy year.

Sec. 24. Minnesota Statutes 1990, section 414.033, subdivision 7, is amended to read:

Subd. 7. Any annexation ordinance provided for in this section must be filed with the board, the township, the county auditor and the secretary of state and is final on the date the ordinance is approved by the board. A copy of the annexation ordinance must be delivered immediately by the governing body of the municipality to the appropriate county auditor or auditors. For the purposes of taxation, if the annexation becomes effective on or before August 1 of a levy year, the municipality may levy on the annexed area beginning with that same levy year. If the annexation becomes effective after August 1 of a levy year, the town may continue to levy on the annexed area for that levy year, and the municipality may not levy on the annexed area until the following levy year.

Sec. 25. Minnesota Statutes 1990, section 414.06, subdivision 4, is amended to read:

Subd. 4. [EFFECTIVE DATE OF DETACHMENT.] The detachment shall be effective upon the issuance of the board's order, or at such later date, as provided by the board in its order. A copy of the detachment order must be delivered immediately by the executive director of the Minnesota municipal board to the appropriate county auditor or auditors. For the purposes of taxation, if the detachment becomes effective on or before August 1 of a levy year, the town or towns acquiring the detached area may levy on it beginning with that same levy year. If the detachment becomes effective after August 1 of a levy year, the municipality may continue to levy on the detached area for that levy year, and the town or towns acquiring the detached area may not levy on it until the following levy year.

Sec. 26. Minnesota Statutes 1990, section 414.061, subdivision 3, is amended to read:

Subd. 3. [EFFECTIVE DATE.] The concurrent detachment and annexation shall be effective upon the issuance of the board's order, or at such later date as provided by the board in its order. A copy of the annexation order must be delivered immediately by the executive director of the Minnesota municipal board to the appropriate county auditor or auditors. For the purposes of taxation, if the annexation becomes effective on or before August 1 of a levy year, the municipality acquiring the detached area of another municipality may levy on it beginning with that same levy year. If the annexation becomes effective after August 1 of a levy year, the municipality losing the detached area may continue to levy on it for that levy year, and the municipality acquiring the detached area may not levy on it until the following levy year.

Sec. 27. Minnesota Statutes 1990, section 477A.014, subdivision 1, as amended by Laws 1991, chapter 2, article 8, section 10, is amended to read:

Subdivision 1. [CALCULATIONS AND PAYMENTS.] The commissioner of revenue shall make all necessary calculations and make payments pursuant to sections 477A.012, 477A.013, and 477A.03 directly to the affected taxing authorities annually. In addition, the commissioner shall notify the authorities of their aid amounts, as well as the computational factors used in making the calculations for their authority, and those statewide total figures that are pertinent, before August 15 1 of the year preceding the aid distribution year; ~~except that for aid payable in 1990 the commissioner of revenue must notify the authorities of their aid amounts as well as the computational factors used in the calculation before October 23, 1989.~~ The commissioner shall reduce the July 20, 1991, payment of local government aid, equalization aid, homestead and agricultural credit aid, and disparity reduction aid to counties, cities, towns, and special taxing districts by a combined amount of \$50,000,000.

Sec. 28. Minnesota Statutes 1990, section 477A.014, subdivision 4, is amended to read:

Subd. 4. [COSTS BILLED TO COMMISSIONER OF REVENUE.] The commissioner of state planning shall annually bill the commissioner of revenue for one-half of the costs incurred by the state planning agency in the preparation of materials required by section 116K.04, subdivision 4, clause (10). ~~The commissioner of revenue shall deduct these amounts from the next payments to be made to appropriate local units of government. Amounts deducted must be credited to the general fund. The state auditor shall annually bill the commissioner of revenue for the costs of the services provided by the government information division and the parts of the constitutional office that are related to the government information function, not to exceed \$218,000. The commissioner of administration shall annually bill the commissioner of revenue for the costs of the local government records program and the intergovernmental information systems activity, not to exceed \$205,800. The commissioner of employee relations shall annually bill the commissioner of revenue for the costs of administering the local government pay equity function, not to exceed \$55,000.~~

Sec. 29. Minnesota Statutes 1990, section 477A.014, is amended by adding a subdivision to read:

Subd. 5. [DEDUCTION FROM AID PAYMENTS.] The commissioner of revenue shall deduct the amounts certified under subdivision 4 from the aid payments to be made to appropriate local units of government in the next aid payment year. Amounts deducted must be credited to the general fund.

Sec. 30. Minnesota Statutes 1990, section 515A.1-105, subdivision 1, is amended to read:

Subdivision 1. [HOMESTEAD.] (a) Each unit together with its common element interest constitutes for all purposes a separate parcel of real estate.

(b) If a declaration is recorded prior to ~~ten~~ 30 days before any installment of real estate taxes becomes payable, the local taxing authority shall split the taxes so payable on the condominium among the units. Interest and penalties which would otherwise accrue shall not begin to accrue until at least 30 days after the split is accomplished.

(c) A unit used for residential purposes together with not more than two units used for vehicular parking and their common element interests shall be treated the same as any other real estate in determining whether homestead exemptions or classifications shall apply.

Sec. 31. [REPEALER.]

Minnesota Statutes 1990, section 273.137, is repealed.

Laws 1989, chapter 277, article 4, section 2, is repealed.

Sec. 32. [EFFECTIVE DATES.]

Sections 1, 4, 10, 13, 18 to 20, and 31 are effective the day following final enactment. Sections 2, 5, 14, 16, 17, and 22 to 26 are effective for taxes levied in 1991, payable in 1992 and thereafter. Sections 3, 21, and 30 are effective July 1, 1991. Sections 6, 7, 9, and 11 are effective for taxes levied in 1992, payable in 1993 and thereafter. Sections 8 and 27 to 29 are effective for aids payable in 1992 and thereafter. Section 12 is effective for aids payable in 1991 and thereafter. Section 15 is effective for tax petitions filed for taxes payable in 1992 and thereafter.

ARTICLE 12

FIRE AID

Section 1. Minnesota Statutes 1990, section 69.011, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] Unless the language or context clearly indicates that a different meaning is intended, the following words and terms shall for the purposes of this chapter and chapters 423, 423A, 424 and 424A have the meanings ascribed to them:

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

(b) "Municipality" means any home rule charter or statutory city, organized town or park district subject to chapter 398, and the University of Minnesota.

(c) "Minnesota Firetown Premium Report" means a form prescribed by the commissioner containing space for reporting by insurers of fire, lightning, sprinkler leakage and extended coverage premiums received upon risks located or to be performed in this state less return premiums and dividends.

(d) "Firetown" means the area serviced by any municipality having a qualified fire department or a qualified incorporated fire department having a subsidiary volunteer firefighters' relief association.

(e) "~~Net tax capacity~~" "Market value" means latest available ~~net tax capacity~~ market value of all property in a taxing jurisdiction, whether the property is subject to taxation, or exempt from ad valorem taxation obtained from information which appears on abstracts filed with the commissioner of revenue or equalized by the state board of equalization.

(f) "Minnesota Aid to Police Premium Report" means a form prescribed by the commissioner for reporting by each fire and casualty insurer of all premiums received upon direct business received by it in this state, or by its agents for it, in cash or otherwise, during the preceding calendar year, with reference to insurance written for insuring against the perils contained in auto insurance coverages as reported in the Minnesota business schedule of the annual financial statement which each insurer is required to file with the commissioner in accordance with the governing laws or rules less return premiums and dividends.

(g) "Peace officer" means any person:

(1) whose primary source of income derived from wages is from direct employment by a municipality or county as a law enforcement officer on a full-time basis of not less than 30 hours per week;

(2) who has been employed for a minimum of six months prior to December 31 preceding the date of the current year's certification ~~pursuant to~~ under subdivision 2, clause (b);

(3) who is sworn to enforce the general criminal laws of the state and local ordinances;

(4) who is licensed by the peace officers standards and training board and is authorized to arrest with a warrant; and

(5) who is a member of a local police relief association to which section 69.77 applies or the public employees police and fire fund.

(h) "Full-time equivalent number of peace officers providing contract service" means the integral or fractional number of peace officers which would be necessary to provide the contract service if all peace officers providing service were employed on a full-time basis as defined by the employing unit and the municipality receiving the contract service.

(i) "Retirement benefits other than a service pension" means any disbursement authorized ~~pursuant to~~ under section 424A.05, subdivision 3, clauses (2), (3) and (4).

(j) "Municipal clerk, municipal clerk-treasurer or county auditor" means the person who was elected or appointed to the specified position or, in the absence of the person, another person who is designated by the applicable governing body. In a park district the clerk is the secretary of the board of park district commissioners. In the case of the University of Minnesota, the clerk is that official designated by the board of regents.

Sec. 2. Minnesota Statutes 1990, section 69.011, subdivision 3, is amended to read:

Subd. 3. [FAILURE TO FILE CERTIFICATE DEEMED WAIVER.] ~~If the certificate a certification required by this section is not filed with the commissioner within the time prescribed by this section the municipality or nonprofit fire fighting corporation shall be deemed to have relinquished its rights for the year to the benefits under this chapter by the due date prescribed by this section, the commissioner shall notify the municipality or the nonprofit fire fighting corporation that a portion or all of its current year aid will be forfeited if it is not paid within ten days. The amount of aid forfeited is equal to the amount of state police aid or state fire aid determined for the municipality or fire fighting corporation for the current year, multiplied by five percent for each week or fraction of a week that this certification is late. The penalty will be computed beginning ten days after the postmark date of the commissioner's notification as required under this subdivision. All forfeited aid amounts revert to the general fund in the state treasury. Failure to receive the certificate form cannot be used as a defense for not filing.~~

Sec. 3. Minnesota Statutes 1990, section 69.021, subdivision 4, is amended to read:

Subd. 4. [DETERMINATION OF QUALIFIED STATE AID RECIPIENTS; CERTIFICATION TO COMMISSIONER OF REVENUE.] The commissioner shall determine which municipalities and independent nonprofit firefighting corporations are qualified to receive fire state aid and which municipalities and counties are

qualified to receive ~~police state peace officer aid~~. The commissioner shall determine qualification upon receipt of (1) the fire department personnel and equipment certification or the police department and qualified peace officers certificate, whichever is applicable, required ~~pursuant to~~ under section 69.011, (2) the financial compliance report required ~~pursuant to~~ under section 6.495, and (3) any other relevant information which comes to the attention of the commissioner. Upon completion of the determination, on or before September 1, the commissioner shall calculate ~~pursuant to~~ under subdivision 6 the amount of ~~fire state aid and police~~ (a) state peace officer aid which each county, or municipality, or ~~independent nonprofit firefighting corporation~~ is to receive and (b) fire state aid which each municipality or nonprofit firefighting corporation is to receive. The commissioner shall certify to the commissioner of finance the name of each county, or municipality, and the amount of state aid which each county or municipality is to receive, in the case of state peace officer aid; and the name of each municipality or independent nonprofit firefighting corporation and the amount of state aid which each municipality or independent nonprofit firefighting corporation is to receive, in the case of fire state aid.

Sec. 4. Minnesota Statutes 1990, section 69.021, subdivision 6, is amended to read:

Subd. 6. [CALCULATION OF APPORTIONMENT OF STATE PEACE OFFICERS AID TO COUNTIES.] With respect to firefighters, one-half of the state aid available shall be distributed to the counties in proportion to their population as shown by the last official statewide federal census. The remaining one-half of the state aid available shall be distributed to the counties in proportion to their net tax capacity, excluding mineral values.

In the case of incorporated or municipal fire departments furnishing fire protection to cities, towns, or townships in other counties as evidenced by valid fire service contracts filed with the commissioner and county auditor the distribution to the respective counties shall be adjusted proportionately to take into consideration the crossover fire protection service. Necessary adjustments shall be made to subsequent apportionments.

The state aid available in respect to peace officers shall not exceed the amount of tax collected and shall be distributed to the counties in proportion to the total number of active peace officers, as defined in section 69.011, subdivision 1, clause (g), in each county who are employed either by municipalities maintaining police departments or by the county. Any necessary adjustments shall be made to subsequent apportionments.

Sec. 5. Minnesota Statutes 1990, section 69.021, subdivision 7, is amended to read:

Subd. 7. [APPORTIONMENT OF AID TO MUNICIPALITIES AND RELIEF ASSOCIATIONS.] (1) The commissioner shall apportion the state aid relative to the premiums reported on the Minnesota Firetown Premium Reports filed pursuant to under this chapter to each municipality and/or firefighters' relief association in the same manner that state aid is apportioned to the counties, one-half in proportion to the population as shown in the last official statewide federal census for each fire town and one-half in proportion to the net tax capacity market value of the each fire towns in the county for which aid is proportioned town, including the market value of tax exempt property, but excluding the market value of minerals. In the case of incorporated or municipal fire departments furnishing fire protection to other cities, towns, or townships as evidenced by valid fire service contracts filed with the commissioner, the distribution shall be adjusted proportionately to take into consideration the crossover fire protection service. Necessary adjustments shall be made to subsequent apportionments.

In the case of municipalities or independent fire departments qualifying for the aid, the commissioner shall calculate the state aid for the municipality or relief association on the basis of the population and the net tax capacity market value of the area furnished fire protection service by the fire department as evidenced by duly executed and valid fire service agreements filed with the commissioner. If one or more fire departments are furnishing contracted fire service to a city, town, or township, only the population and net tax capacity market value of the area served by each fire department shall be considered in calculating the state aid and the fire departments furnishing service shall enter into an agreement apportioning among themselves the percent of the population and the net tax capacity market value of each service area. The agreement shall be in writing and filed with the commissioner in duplicate. The commissioner shall forward one copy of the agreement to the county auditor of the county wherein the fire department is located and retain one copy.

The aid shall be paid to the treasurer of the municipality where the fire department is located and the treasurer of the municipality shall within 30 days transmit the aid to the relief association if the relief association has filed a financial report with the treasurer of the municipality and has met all other statutory provisions pertaining to the aid apportionment.

The commissioner is hereby empowered to may make rules to permit the administration of the provisions of this section.

(2) The commissioner shall apportion the state police peace officer aid to each municipality and to the county in the following manner:

(a) For all municipalities maintaining police departments and the county, the state aid shall be distributed in proportion to the total

number of peace officers, as determined ~~pursuant to~~ under section 69.011, subdivision 1, clause (g), and subdivision 2, clause (b), employed by each municipality and by the county for 12 calendar months and the proportional or fractional number who were employed less than 12 months;

(b) For each municipality which contracts with the county for police service, a proportionate amount of the state aid distributed to the county based on the full-time equivalent number of peace officers providing contract service shall be credited against the municipality's contract obligation;

(c) For each municipality which contracts with another municipality for police service, a proportionate amount of the state aid distributed to the municipality providing contract service based on the full-time equivalent number of peace officers providing contract service on a full-time equivalent basis shall be credited against the contract obligation of the municipality receiving contract service;

(d) No municipality entitled to receive ~~police state~~ peace officer aid shall be apportioned less ~~police state~~ peace officer aid for any year under Laws 1976, chapter 315, than the amount which was apportioned to it for calendar year 1975 based on premiums reported to the commissioner for calendar year 1974; provided, the amount of ~~police state~~ peace officer aid to other municipalities within the county and to the county shall be adjusted in proportion to the total number of peace officers in the municipalities and the county, so that the amount of ~~police state~~ peace officer aid apportioned shall not exceed the amount of ~~police state~~ peace officer aid available for apportionment.

Sec. 6. Minnesota Statutes 1990, section 69.021, subdivision 8, is amended to read:

Subd. 8. [~~POPULATION AND TAX CAPACITY~~ MARKET VALUE.] In computations requiring the use of population figures only official statewide federal census figures are to be used. Increases or decreases in population disclosed by reason of any special census shall not be taken into consideration.

In calculations requiring the use of ~~net tax capacity~~ market value figures, only the latest available ~~net tax capacity~~ market value figures are to be used.

Sec. 7. Minnesota Statutes 1990, section 69.021, subdivision 9, is amended to read:

Subd. 9. [APPEAL.] In the event that any fire or police department feels itself to be aggrieved, it may request the commissioner to review and adjust the apportionment of funds within the county in

the case of state peace officer aid, and within the state in the case of fire state aid, and the decision of the commissioner shall be subject to appeal, review, and adjustment by the district court in the county in which the fire or police department is located.

Sec. 8. [EFFECTIVE DATE.]

Sections 1 to 7 are effective for aids payable in 1991 and thereafter.

ARTICLE 13

DELINQUENT TAXES ON PERSONAL PROPERTY

Section 1. [277.20] [LIEN FOR PERSONAL PROPERTY TAX.]

Subdivision 1. [CREATION OF LIEN.] Except for property exempt under subdivision 3, the tax assessed on personal property or manufactured homes and collectible under this chapter is a lien on all the real and personal property within this state of the person liable for the payment of the tax. The lien arises on January 2 of the year in which the tax is assessed and continues until the tax is paid. For purposes of this section and section 277.21, "tax" also includes penalty, interest, recording fees, sheriff fees, and court costs that may accrue on the unpaid tax.

Subd. 2. [FILING OF LIEN FOR ENFORCEABILITY.] The lien imposed by subdivision 1 is not enforceable against any purchaser, mortgagee, pledgee, holder of a uniform commercial code security interest, mechanic's lienor, or judgment lien creditor until a notice of lien has been filed by the county treasurer in the office of the county recorder of the county in which the property is situated, or in the case of personal property belonging to an individual who is not a resident of this state, or that is a corporation, partnership, or other organization, in the office of the secretary of state. Priority of a lien created under this article shall be determined in accordance with the provisions of section 507.34. Liens filed in the office of the county recorder shall be filed with the state tax liens filed pursuant to section 270.69, and the index shall indicate the name of the county for which the lien was filed. If the land is registered, the notice of lien shall be filed in the office of the registrar of titles of the county in which the property is registered. Notwithstanding any other law to the contrary, the county treasurer is exempt from the payment of fees when the lien is offered for filing or recording; the fee for filing or recording the lien must be paid at the time the release of lien is offered for filing or recording. Notwithstanding any law to the contrary, the fee for filing or recording the lien or the release of lien is \$15.

Subd. 3. [EXEMPT PROPERTY.] The lien imposed on personal

property by this section, even though properly filed, is not enforceable against the personal property listed as exempt in sections 550.37, 550.38, and 550.39, but manufactured homes otherwise exempt under section 550.37, subdivision 12, are subject to lien under this section.

Subd. 4. [PERIOD OF LIMITATIONS.] Notwithstanding any other law to the contrary, the lien imposed by this section is enforceable from the time the lien arises and for ten years from the date of filing the notice of lien. The notice of lien must be filed by the county treasurer within five years after the date of assessment of the tax. A notice of lien filed in one county may be transcribed to any other county within ten years after the date of its filing, but the transcription does not extend the period during which the lien is enforceable. A notice of lien may be renewed by the county treasurer before the expiration of the ten-year period for an additional ten years. The taxpayer must receive written notice of the renewal.

Subd. 5. [ENFORCEABILITY OF LIEN.] The lien imposed by this section is enforceable by levy as authorized in section 277.21, or by judgment lien foreclosure as authorized in chapter 550.

Subd. 6. [NOTICE OF MORTGAGE FORECLOSURE OR CONTRACT TERMINATION.] If a lien has been filed by the county treasurer against real property under this section, and, after the recording of the lien, a mortgage foreclosure upon the real property is commenced under chapter 580, or a termination of contract of sale of the real property is commenced under section 559.21, notice of the mortgage foreclosure or termination of contract of sale must be mailed to the county treasurer at least 25 days before the foreclosure, sale, or date of termination. Notice need not be given under this subdivision if the lien has been filed within 30 days or less before the foreclosure, sale, or date of termination. The notice must contain the following information: (1) the name and address of the taxpayer; (2) a copy of the notice of mortgage foreclosure or contract for deed cancellation; (3) a copy of the lien filed by the county treasurer; (4) the total unpaid balance of the mortgage or contract for deed; and (5) a legal description of the property. Upon a request of a party providing notice under this subdivision, the county treasurer shall send to the party within one business day of receiving the notice a receipt for the notice.

Subd. 7. [FILING ENTITLEMENT.] Execution of notices of liens or of other notices affecting personal property tax liens by the county treasurer or a delegate entitles them to be filed, and no other attestation, certification, or acknowledgment is necessary.

Subd. 8. [LIEN SEARCH FEES.] Upon request of a person, the filing officer shall issue a certificate showing whether there is on file, on the date and hour stated in the certificate, any notice of lien or certificate or notice affecting any lien filed after December 31,

1991, naming a particular person, and giving the date and hour of filing of each notice or certificate naming the person. The fee for a certificate is as provided by section 336.9-407 or 357.18, subdivision 1, clause (3). Upon request, the filing officer shall furnish a copy of any notice of lien, or notice or certificate affecting a lien, for a fee of \$1 per page.

Sec. 2. [277.21] [LEVY AND DISTRAINT.]

Subdivision 1. [COLLECTION AUTHORITY OF THE COUNTY TREASURER.] If a tax assessed on personal property or manufactured homes and collectible under this chapter is not paid when due, the county treasurer shall, as soon as practicable, take action the county treasurer considers necessary and reasonable to collect the delinquent tax. By mutual agreement, the county treasurer may use the services of the district court or the central collection unit of the county to effect collection. In addition, by inclusion and not limitation, the county treasurer may request a writ of execution to enforce any tax judgment or may levy and seize property under authority granted by this section. Taxes may be collected by the county treasurer within five years after the date of assessment of the tax, or if a lien has been filed, within the period the lien is enforceable, 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 of the person liable for the payment of the tax. However, the right to levy does not extend to property that is exempt from execution under sections 550.37, 550.38, and 550.39, but manufactured homes otherwise exempt per section 550.37, subdivision 12, are subject to levy and sale under this section. The term "levy" includes the power of distraint and seizure by any means. For this purpose, the term "tax" includes penalty, interest, and costs properly payable.

Subd. 2. [NOTICE AND DEMAND; JEOPARDY COLLECTION.] Before a levy is made, notice and demand for payment of the amount due must be given to the person liable for the payment or collection of the tax at least ten days before the levy. If the county treasurer 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 county treasurer. If the tax is not paid, the county treasurer may proceed to collect by levy without regard to the ten-day period or the due date.

If collection of tax on personal property or manufactured homes is in jeopardy because of removal from the county or other reasons before the time that the taxes are calculated for the property for the current tax year, the county auditor shall immediately determine the amount of tax by applying the latest available levy rate and market value and shall notify the county treasurer of the amount of tax in jeopardy. The county treasurer may levy and seize the property without regard to prior notice or due date.

The notice required under this subdivision must be sent to the taxpayer's last known address and must include a brief statement that states 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 an installment payment agreement under section 277.23.

Subd. 3. [MANNER OF EXECUTION AND SALE.] In making the execution of the levy and in collecting the taxes due, the county treasurer has all of the powers in chapter 550 and in any other law for purposes of effecting an execution against property in this state. The sale of property levied upon, and the time and manner of redemption therefrom, must be consistent with authority granted to the commissioner of revenue to collect state taxes under sections 270.70 to 270.709. The seal of the court, subscribed by the court administrator, as provided in section 550.04, is not required. The levy for collection of taxes may be made, whether or not a legal action for collection of the taxes has been commenced.

Subd. 4. [STAY OF SALE.] (a) If a jeopardy assessment or other assessment has been made, the property seized for collection of the tax may not be sold until the time has expired for filing an appeal of the assessment with the tax court under chapter 277. If an appeal has been filed, no sale may 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 paragraph (a), seized property may be sold if:

(1) the taxpayer consents in writing to the sale; or

(2) the county treasurer determines that the property is perishable or may become greatly reduced in price or value by keeping, or that the property cannot be kept without great expense.

Subd. 5. [PROBATE COURT JURISDICTION.] If a levy has been made to collect taxes under this section and the property seized is properly included in a formal proceeding commenced under sections 524.3-401 to 524.3-505 and maintained under full supervision of the court, the property may not be sold until the probate proceedings are completed or until the court so orders.

Subd. 6. [BOND OR SECURITY TO RELEASE A SEIZURE.] The property seized must be returned to the owner if the owner gives a surety bond equal to the appraised value of the owner's interest in the property, or deposits with the county treasurer security in a form and amount that is necessary to ensure payment of the liability, but not more than twice the liability.

Subd. 7. [INJUNCTION.] Notwithstanding any other provision to the contrary, if a levy or sale under this section would irreparably injure rights in property that the court determines to be superior to rights of the taxing districts in the property, the district court may grant an injunction to prohibit the enforcement of the levy or to prohibit a sale.

Subd. 8. [PERSONAL LIABILITY.] A person who fails or refuses to surrender without reasonable cause any property or rights to property subject to levy, upon demand by the county treasurer, is personally liable to the treasurer 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 the levy has been made. Any amount recovered under this subdivision must be credited against the tax liability for the collection of which the levy was made.

Subd. 9. [PENALTY.] In addition to the personal liability imposed by subdivision 8, if a person required to surrender property or rights to property fails or refuses to surrender the property or rights to property without reasonable cause, the person is liable for a penalty equal to 25 percent of the amount recoverable under subdivision 8. No part of the penalty may be credited against the tax liability for the collection of which the levy was made.

Subd. 10. [PERSON DEFINED.] The term "person" as used in subdivision 8 includes an officer or employee of a corporation or a member or employee of a partnership who, as an officer, employee, or member is under a duty to surrender the property or rights to property or to discharge the obligation. The county attorney shall take appropriate action against any person who has failed to comply with subdivision 8 or 9.

Subd. 11. [OPTIONAL REMEDY.] An action taken by the county treasurer under this section does not constitute an election to pursue a remedy to the exclusion of any other remedy.

Subd. 12. [EQUITABLE RELIEF.] Upon the seizure of property of a person, that person may, upon giving 48-hours notice to the county treasurer and to the court, bring a claim for equitable relief before the district court for the release of the property to the taxpayer upon terms and conditions the court considers equitable.

Subd. 13. [LEVY AND SALE BY SHERIFF.] If a tax collectible under this chapter is not paid as provided in subdivision 1 or 2, the county treasurer may, within the time prescribed for collection in subdivision 1, delegate authority by issuing a warrant to the sheriff of a county in the state of Minnesota directing the sheriff as the county treasurer's agent to levy on and sell the real and personal property of the person liable for the payment of the tax and to return

the warrant and pay to the county treasurer the money collected within 120 days from the date of the warrant.

The sheriff shall proceed under authority of the warrant to levy on and seize any property and rights to property in the county belonging to the person liable for the payment of the tax, except that the right to levy and seizure does not extend to property that is exempt from execution under sections 550.37, 550.38, and 550.39, but manufactured homes otherwise exempt under section 550.37, subdivision 12, are subject to levy under this section. The sheriff shall sell so much of the property levied on as is necessary to satisfy the amount of the warrant and the sheriff's costs.

Sales procedures, and the time and manner of redemption from them, must be consistent with the procedures in sections 270.701 to 270.709 for warrants issued by the commissioner of revenue. The sale proceeds, less the sheriff's costs, must be turned over to the county treasurer who issued the warrant. The proceeds must be applied as provided in section 270.708.

Subd. 14. [PRIORITY OF LEVY.] Notwithstanding section 52.12, a levy by the county treasurer made under this section on a taxpayer's funds on deposit in a financial institution located in this state, has priority over an unexercised right of setoff of the financial institution to apply the levied funds toward the balance of an outstanding loan or loans owed by the taxpayer to the financial institution. A claim by the financial institution that it exercised its right to setoff before the levy must be substantiated by evidence of the date of the setoff, and must be verified by the sworn statement of a responsible corporate officer of the financial institution. Furthermore, for purposes of determining the priority of a levy made under this section, the levy must be treated as if it were an execution made under chapter 550.

Subd. 15. [EFFECT OF HONORING LEVY.] A person in possession of, or obligated with respect to, property or rights to property subject to levy on which a levy has been made who, upon demand by the county treasurer or agent, surrenders the property or rights to property, or pays a liability under subdivision 8, must be discharged from any obligation or liability to the person liable for the payment or collection of the delinquent tax with respect to the property or rights to property so surrendered or paid.

Subd. 16. [NOTICE OF LEVY.] Notwithstanding any other law to the contrary, the notice of a levy authorized by this section may be served by mail or by delivery by an employee or agent of the county treasurer.

Sec. 3. [277.22] [ADJUSTMENT OF TAX LIABILITY.]

If the amount of tax determined under section 277.21, subdivision

2, is greater than the corrected tax computed by applying the proper value and levy rate, the excess must be refunded to the person paying the tax. If the amount paid is less, the deficiency must be collected in the same manner as other personal property taxes not collected.

Sec. 4. [277.23] [CONFESSION OF JUDGMENT FOR HOMESTEAD.]

Subdivision 1. [PROCEDURE.] The owner or another person having an interest in a manufactured home classified and taxed as a homestead may confess judgment and pay the delinquent personal property tax on the manufactured home in installments in the general manner provided in section 279.37 for real property tax. The provisions of section 279.37 apply to these confessions of judgment and installment payments, except as otherwise provided in this section. A down payment must be tendered of 20 percent of the amount of taxes, costs, penalty, and interest accrued to the date of tender. The balance of the judgment must be paid in four equal annual installments, plus interest on the unpaid balance as provided in this chapter.

The confession of judgment must be substantially in the following form:

"To the court administrator of the district court of county:

Name of taxpayer:

Location of manufactured home (county):

Description of property:

<u>Tax Year</u> <u>(start with the most</u> <u>recent tax year in</u> <u>which you owe taxes)</u>	<u>Amount due</u> <u>(total of delinquent</u> <u>taxes, costs, interest,</u> <u>and penalty)</u>
<u>.....</u>	<u>.....</u>
<u>.....</u>	<u>.....</u>
<u>.....</u>	<u>.....</u>
<u>.....</u>	<u>.....</u>
<u>.....</u>	<u>.....</u>
<u>.....</u>	<u>.....</u>

I am the owner of the manufactured home described above.

I offer to confess judgment on the following amount of the delinquent taxes on the property named above:

Amount to be paid: \$.....

I direct the court to enter judgment for that amount.

I waive all irregularities in the tax proceedings affecting these taxes, and I waive any defense or objection I may have to them.

I agree to pay 20 percent of the total amount now.

Amount paid now: \$.....

I agree to pay the balance of the amount in four equal annual installments. I agree to pay each installment on or before December 31 of each year after the year in which I file this form.

I agree to pay interest as provided in Minnesota Statutes, chapter 277. I agree that the interest is payable annually on the installments remaining unpaid.

I agree to pay current taxes each year before they become delinquent, unless I contest the taxes under Minnesota Statutes, chapter 277. If I do contest them, I agree to pay the amount decided by the tax court within 30 days after the court enters its final judgment in the proceedings.

Date:

Signature of taxpayer:"

Upon receipt of the signed confession of judgment and the required payment, the county treasurer shall file the confession of judgment with the court administrator of the district court. When entered by the court administrator, the judgment has the same force and effect of other civil judgments in personam.

Subd. 2. [BILLING.] The county treasurer shall give notice by mail before December 1 of each year to the person making a confession of judgment at the address given in it of the payment due under the confession on the following December 31. If the county treasurer has not received the installment payment by December 31, the treasurer shall give notice by certified mail at the last known address of the person making the confession of judgment, without regard to the county or state of the person's residency. This notice must state that the property is subject to levy and sale if payment is not made for the preceding December 31 within 60 days. Failure to send or receive the notice does not postpone any payment or excuse any default under the confession of judgment. Proof of mailing must be made by the certificate of the county treasurer filed in the treasurer's office.

Subd. 3. [FEES.] The party making a confession of judgment shall pay the county treasurer a fee as set by the county board to defray the costs of processing the confession of judgment and making the

annual billings required. Fees as set by the county board must be paid to the court administrator of the court for entry of judgment and for the entry of each full or partial release of the confession of judgment. Fees must be credited to the general revenue fund of the county.

Sec. 5. [277.24] [UNCOLLECTED TAXES.]

If at any time in the collection proceedings the county treasurer is satisfied that the tax cannot be collected for any reason or finds that the collection costs are excessive in comparison to the amount of tax involved, the treasurer may cancel the taxes due. A list of canceled taxes must be kept by the treasurer for a period of six years. The list must identify the taxpayer, the amount of uncollectible liability, and the reason for uncollectibility.

Sec. 6. [REPEALER.]

Minnesota Statutes 1990, sections 272.50; 272.51; 272.52; 272.53; 277.02; 277.05; 277.06; 277.07; 277.08; 277.09; 277.10; 277.11; 277.12; and 277.13, are repealed.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 6 are effective January 1, 1992.

ARTICLE 14
COLLECTIONS

Section 1. Minnesota Statutes 1990, section 270.274, subdivision 1, is amended to read:

Subdivision 1. [ADMINISTRATIVE REVIEW.] Within five days after a jeopardy assessment or jeopardy 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.

Sec. 2. Minnesota Statutes 1990, section 270.66, subdivision 3, is amended to read:

Subd. 3. [AGENCIES SHALL MAINTAIN RECORDS.] Notwith-

standing any provision to the contrary, every person, organization, or corporation doing business (hereafter called vendor) with the state of Minnesota or any of its departments, agencies, or educational institutions including the University of Minnesota (all hereafter called agency) shall provide that agency with either their social security number, federal taxpayer identification number, or Minnesota tax identification number. The agency shall maintain records of this information, and shall make these records available, on request, to the commissioner for the sole purpose of identifying people who have not filed state tax returns or who have not paid uncontested state tax liabilities (hereafter called delinquent taxpayer). When an agency is notified by the commissioner that a vendor is a delinquent taxpayer, payments shall not be made by the agency to the vendor until the commissioner notifies the agency that the vendor no longer is a delinquent taxpayer. Furthermore, if the vendor has an uncontested delinquent tax liability, the setoff provided in subdivision 1 may be implemented. The commissioner shall determine that a vendor no longer is a delinquent taxpayer when the vendor has filed all delinquent state tax returns, paid all uncontested state tax liabilities or entered into an agreement with the commissioner which provides for the payment of these liabilities.

Sec. 3. Minnesota Statutes 1990, section 270.68, subdivision 1, is amended to read:

Subdivision 1. [LEGAL ACTION.] In addition to all other methods authorized by law for the collection of tax, if any tax payable to the commissioner of revenue or to the department of revenue, including penalties and interest thereon, is not paid within 60 days after it is required by law to be paid, the commissioner of revenue may proceed under this subdivision. Within five years after the date of assessment of the tax, or, if the action is to renew or enforce a judgment, at any time before the judgment's expiration, the commissioner may bring an action at law against the person liable for the payment or collection of the tax, in the name of the state, for the recovery of the tax and interest and penalties due in respect thereof. The action shall be brought in the district court of the judicial district in which lies the county of the residence or principal place of business within this state of the taxpayer, or, in the case of an estate or trust, of the place of its principal administration, and for this purpose the place named as such in the return, if any, made by the taxpayer shall be conclusive against the taxpayer in this matter. If no place is named in the return, the action may be commenced in Ramsey county. The action shall be commenced by filing with the court administrator a statement showing the name and address of the taxpayer, if known, an itemized summary of the taxable periods and the type of tax, the tax due and unpaid and the interest and penalties due with respect thereto under the provisions of law applicable to the tax, and shall contain a prayer that the court adjudge the taxpayer to be indebted on account of the taxes, interest, and penalties in the amount specified in the statement; a copy of the statement shall be furnished

to the court administrator therewith. The court administrator shall mail a copy of the statement by certified mail to the taxpayer at the address given in the return, if any; and to the taxpayer's last known address, within five days after the same is filed, except that, if the taxpayer's address is not known, notice shall be made by posting a copy of the statement for ten days in the place in the courthouse where public notices are regularly posted. To litigate the claim, or any part of it, the taxpayer shall serve an answer upon the commissioner on or before the 20th day after the date of mailing the statement; or, if notice has been given by posting, on or before the 20th day after the expiration of the period during which the notice was required to be posted. If no answer is served within the specified time, the court administrator, upon the filing of an affidavit of default, shall enter judgment for the state in the amount prayed for, plus costs of \$10. If an answer is filed, the issues raised shall stand for trial as soon as possible after the filing of the answer, and the court shall determine the issues and direct judgment accordingly; and, if the taxes, interest, or penalties are sustained to any extent over the amount rendered by the taxpayer, shall assess \$10 costs against the taxpayer. The court shall disregard all technicalities and matters of form not affecting the substantial merits. The commissioner may call upon the county attorney or the attorney general to conduct the proceedings on behalf of the state. If a proceeding is referred to a county attorney, and the county attorney fails to issue or cause to be issued an indictment or criminal complaint within 30 days after the referral by the commissioner, the attorney general may conduct the proceeding. Execution shall be issued upon the judgment at the request of the commissioner, and the execution shall, in all other respects, be governed by the laws applicable to executions issued on judgments. Only the homestead and household goods of the judgment debtor shall be exempt from seizure and sale upon the execution.

In addition to the procedure in this subdivision, legal action may be commenced by the commissioner in district court in the same manner or venue as any other civil action.

Sec. 4. Minnesota Statutes 1990, section 270.69, is amended by adding a subdivision to read:

Subd. 13. [FORTY-FIVE DAY RULE.] A notice of tax lien filed under this section has priority over a security interest arising under article 9 of the Uniform Commercial Code, codified as sections 336.9-101 to 336.9-508, that is perfected before the date of filing of the lien imposed by this section, but only if:

(1) the perfected security interest secures property acquired by the taxpayer or advances made by the secured party after the notice of tax lien is filed; and

(2) the property is acquired or the advance is made after the 45th

day following the day on which the notice of tax lien is filed, or after the secured party has actual notice or knowledge of the tax lien filing, whichever is earlier.

Sec. 5. Minnesota Statutes 1990, section 270.70, subdivision 10, is amended to read:

Subd. 10. [PERSON DEFINED.] The term "person" as used in subdivision 8 includes an officer or employee of a corporation or a member or employee of a partnership who, as such officer, employee or member is under a duty to surrender the property or rights to property or to discharge the obligation. The personal liability imposed by subdivision 8 and the penalty imposed by subdivision 9 may, after demand to honor a levy has been made, be assessed by the commissioner within 60 days after service of the levy demand. An assessing tax order under this subdivision shall be appealable to the tax court without payment of the tax, penalty, or interest in the manner provided by law, but an appeal shall not preclude the commissioner from exercising any collection action the commissioner deems necessary to preserve the interests of the state while the matter is pending.

Sec. 6. Minnesota Statutes 1990, section 270.75, subdivision 4, is amended to read:

Subd. 4. There shall be added to the amount of any underpayment of estimated income tax, computed pursuant to chapter ~~290~~ 289A, an amount in lieu of interest. The amount in lieu of interest for that taxable year shall be the amount determined in subdivision 5 for January 1 on which begins the taxable year or precedes the beginning of the taxable year. The amount in lieu of interest does not bear interest after the due date of the return for that taxable year.

Sec. 7. Minnesota Statutes 1990, section 289A.37, subdivision 1, is amended to read:

Subdivision 1. [ORDER OF ASSESSMENT; NOTICE AND DEMAND TO TAXPAYER.] (a) When a return has been filed and the commissioner determines that the tax disclosed by the return is different than the tax determined by the examination, the commissioner shall send an order of assessment to the taxpayer. When no return has been filed, the commissioner may make a return for the taxpayer under section 289A.35 or may send an order of assessment under this subdivision. The order must explain the basis for the assessment and must explain the taxpayer's appeal rights. An order of assessment is final when made but may be reconsidered by the commissioner under section 289A.65.

(b) An amount of unpaid tax shown on the order must be paid to the commissioner: (1) within 60 days after notice of the amount and demand for its payment have been mailed to the taxpayer by the

commissioner; or (2) if an administrative appeal is filed under section 289A.65, within 60 days following the determination of the appeal.

Sec. 8. Minnesota Statutes 1990, section 289A.42, subdivision 1, is amended to read:

Subdivision 1. [EXTENSION AGREEMENT.] If before the expiration of time prescribed in sections 289A.38 and 289A.40 for the assessment of tax or the filing of a claim for refund, both the commissioner and the taxpayer have consented in writing to the assessment or filing of a claim for refund after that time, the tax may be assessed or the claim for refund filed at any time before the expiration of the agreed upon period. The period may be extended by later agreements in writing before the expiration of the period previously agreed upon. The taxpayer and the commissioner may also agree to extend the period for collection of the tax.

Sec. 9. Minnesota Statutes 1990, section 289A.60, is amended by adding a subdivision to read:

Subd. 20. [PENALTY FOR PROMOTING ABUSIVE TAX SHELTERS.] Any person who:

(1)(i) organizes or assists in the organization of a partnership or other entity, an investment plan or arrangement, or any other plan or arrangement, or (ii) participates in the sale of any interest in an entity or plan or arrangement referred to in clause (i); and

(2) makes or furnishes in connection with the organization or sale a statement with respect to the allowability of a deduction or credit, the excludability of income, or the securing of any other tax benefit by reason of holding an interest in the entity or participating in the plan or arrangement that the person knows or has reason to know is false or fraudulent concerning any material matter, shall pay a penalty equal to the greater of \$1,000 or 20 percent of the gross income derived or to be derived by the person from the activity.

The penalty imposed by this subdivision is in addition to any other penalty provided by this section. The penalty must be collected in the same manner as any delinquent income tax. In a proceeding involving the issue of whether or not any person is liable for this penalty, the burden of proof is upon the commissioner.

Sec. 10. Minnesota Statutes 1990, section 290.92, is amended by adding a subdivision to read:

Subd. 6b. [JEOPARDY ASSESSMENTS.] The commissioner, on having reason to believe that the collection of the tax under this section, section 290.923, or chapter 289A will be jeopardized by

delay, may immediately assess the tax, whether or not the time prescribed by law for making and filing the return and paying the tax has expired.

Sec. 11. [REPEALER.]

Minnesota Statutes 1990, sections 290.48, subdivisions 5 and 8; and 297A.39, subdivision 9, are repealed.

Sec. 12. [EFFECTIVE DATES.]

Sections 1, 2, 5, 6 to 9, and 11 are effective the day following final enactment.

Sections 3 and 10 are effective on the effective date of Laws 1990, chapter 480, article 1, section 45, in order that repealed provisions authorizing ordinary civil actions for the collection of taxes and jeopardy withholding tax assessments are replaced, with no lapse in time during which the repealed provisions and these sections are enforceable.

Section 4 is effective for liens filed on or after July 1, 1991.

ARTICLE 15

ELECTRONIC FUNDS TRANSFERS

Section 1. Minnesota Statutes 1990, section 115B.24, subdivision 2, is amended to read:

Subd. 2. [DECLARATIONS OF ESTIMATED TAX.] For 1983, every generator of hazardous waste required to pay a tax pursuant to section 115B.22 shall make a declaration of estimated hazardous waste generated for the last six months of calendar year 1983 if the tax can reasonably be estimated to exceed \$500. The declaration of the estimated tax shall be filed by October 15, 1983. The amount of estimated tax with respect to which a declaration is required shall be paid in two equal installments by October 15, 1983 and January 15, 1984. For 1984 and subsequent years, every generator of hazardous waste required to pay a tax pursuant to section 115B.22 shall make a declaration of estimated hazardous waste generated for the calendar year if the tax can reasonably be expected to be in excess of \$1,000. The declaration of estimated tax shall be filed by March 15. The amount of estimated tax with respect to which a declaration is required shall be paid in four equal installments on or before the 15th day of March, June, September, and December.

An amendment of a declaration may be filed in any interval between installment dates prescribed above but only one amendment may be filed in each interval. If an amendment of a declaration

is filed, the amount of each remaining installment shall be the amount which would have been payable if the new estimate had been made when the first estimate for the calendar year was made, increased or decreased, as the case may be, by the amount computed by dividing

(1) the difference between (A) the amount of estimated tax required to be paid before the date on which the amendment was made, and (B) the amount of estimated tax which would have been required to be paid before that date if the new estimate had been made when the first estimate was made, by

(2) the number of installments remaining to be paid on or after the date on which the amendment is made.

The commissioner of revenue may grant a reasonable extension of time for filing any declaration but the extension shall not be for more than six months.

If the aggregate amount of estimated tax payments made during a fiscal year ending June 30 is equal to or exceeds \$80,000, all estimated tax payments in the subsequent calendar year must be paid by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the estimated tax payment is due. If the date the estimated tax payment is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the estimated tax payment is due.

Sec. 2. Minnesota Statutes 1990, section 289A.20, subdivision 1, is amended to read:

Subdivision 1. [INDIVIDUAL INCOME, FIDUCIARY INCOME, CORPORATE FRANCHISE, AND ENTERTAINMENT TAXES.] (a) Individual income, fiduciary, and corporate franchise taxes must be paid to the commissioner on or before the date the return must be filed under section 289A.18, subdivision 1, or the extended due date as provided in section 289A.19, unless an earlier date for payment is provided.

Notwithstanding any other law, a taxpayer whose unpaid liability for income or corporate franchise taxes, as reflected upon the return, is \$1 or less need not pay the tax.

A corporation required to make estimated tax payments by means of an electronic funds transfer must also make the payment with the return in accordance with section 289A.26, subdivision 2a.

(b) Entertainment taxes must be paid on or before the date the return must be filed under section 289A.18, subdivision 1.

Sec. 3. Minnesota Statutes 1990, section 289A.20, subdivision 2, is amended to read:

Subd. 2. [WITHHOLDING FROM WAGES, ENTERTAINER WITHHOLDING, WITHHOLDING FROM PAYMENTS TO OUT-OF-STATE CONTRACTORS, AND WITHHOLDING BY PARTNERSHIPS AND SMALL BUSINESS CORPORATIONS.] (a) A tax required to be deducted and withheld during the quarterly period must be paid on or before the last day of the month following the close of the quarterly period, unless an earlier time for payment is provided. A tax required to be deducted and withheld from compensation of an entertainer and from a payment to an out-of-state contractor must be paid on or before the date the return for such tax must be filed under section 289A.18, subdivision 2. Taxes required to be deducted and withheld by partnerships and S corporations must be paid on or before the date the return must be filed under section 289A.18, subdivision 2.

(b)(1) Unless clause (2) applies, if during any calendar month, other than the last month of the calendar quarter, the aggregate amount of the tax withheld during that quarter under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, exceeds \$500, the employer shall deposit the aggregate amount with the commissioner within 15 days after the close of the calendar month. (2) If at the close of any eighth-monthly period the aggregate amount of undeposited taxes is \$3,000 or more, the employer, or person withholding tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, shall deposit the undeposited taxes with the commissioner within three banking days after the close of the eighth-monthly period. For purposes of this clause, the term "eighth-monthly period" means the first three days of a calendar month, the fourth day through the seventh day of a calendar month, the eighth day through the 11th day of a calendar month, the 12th day through the 15th day of a calendar month, the 16th day through the 19th day of a calendar month, the 20th day through the 22nd day of a calendar month, the 23rd day through the 25th day of a calendar month, or the part of a calendar month following the 25th day of the month.

(c) The commissioner may prescribe by rule other return periods or deposit requirements. In prescribing the reporting period, the commissioner may classify payors according to the amount of their tax liability and may adopt an appropriate reporting period for the class that the commissioner judges to be consistent with efficient tax collection. In no event will the duration of the reporting period be more than one year.

(d) If less than the correct amount of tax is paid to the commis-

sioner, proper adjustments with respect to both the tax and the amount to be deducted must be made, without interest, in the manner and at the times the commissioner prescribes. If the underpayment cannot be adjusted, the amount of the underpayment will be assessed and collected in the manner and at the times the commissioner prescribes.

(e) If the aggregate amount of the tax withheld during a fiscal year ending June 30 under section 290.92, subdivision 2a or 3, is equal to or exceeds \$240,000, the employer must remit each required deposit in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the deposit is due. If the date the deposit is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the deposit is due.

Sec. 4. Minnesota Statutes 1990, section 289A.20, subdivision 4, is amended to read:

Subd. 4. [SALES AND USE TAX.] (a) The taxes imposed by chapter 297A are due and payable to the commissioner monthly on or before the 20th day of the month following the month in which the taxable event occurred or following another reporting period as the commissioner prescribes.

(b) A vendor having a liability of \$1,500 or more in May of a year must remit the June liability in the following manner:

(1) On or before June 20 of the year, the vendor must remit the actual May liability and one-half of the estimated June liability to the commissioner.

(2) On or before August 20 of the year, the vendor must pay any additional amount of tax not remitted in June.

(c) When a retailer located outside of a city that imposes a local sales and use tax collects use tax to be remitted to that city, the retailer is not required to remit the tax until the amount collected reaches \$10.

(d) A vendor having a liability of \$240,000 or more during a fiscal year ending June 30 must remit all liabilities in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the tax is due. If the date the tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the

payment date must be on or before the funds transfer business day next following the date the tax is due.

Sec. 5. Minnesota Statutes 1990, section 289A.26, is amended by adding a subdivision to read:

Subd. 2a. [ELECTRONIC FUNDS TRANSFER PAYMENTS.] If the aggregate amount of estimated tax payments made during a calendar year is equal to or exceeds \$80,000, all estimated tax payments in the subsequent calendar year must be paid by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the estimated tax payment is due. If the date the estimated tax payment is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the estimated tax payment is due.

Sec. 6. Minnesota Statutes 1990, section 296.14, subdivision 1, is amended to read:

Subdivision 1. [CONTENTS; PAYMENT OF TAX; SHRINKAGE ALLOWANCE.] On or before the 23rd day of each month, every person who is required to pay gasoline tax or inspection fee on petroleum products and every distributor shall file in the office of the commissioner at St. Paul, Minnesota, a report in a manner approved by the commissioner showing the number of gallons of petroleum products received by the reporter during the preceding calendar month, and such other information as the commissioner may require. The number of gallons of gasoline shall be reported in United States standard liquid gallons (231 cubic inches), except that the commissioner may upon written application therefor and for cause shown permit the distributor to report the number of gallons of such gasoline as corrected to a 60 degree Fahrenheit temperature. If such application is granted, all gasoline covered in such application and as allowed by the commissioner must continue to be reported by the distributor on the adjusted basis for a period of one year from the date of the granting of the application. The number of gallons of petroleum products other than gasoline shall be reported as originally invoiced.

Each report shall show separately the number of gallons of aviation gasoline received by the reporter during such calendar month.

Each report shall be accompanied by remittance covering inspection fees on petroleum products and gasoline tax on gasoline received by the reporter during the preceding month; provided that in computing such tax a deduction of three percent of the quantity of gasoline received by a distributor shall be made for evaporation and

loss; provided further that at the time of remittance the distributor shall submit satisfactory evidence that one-third of such three percent deduction shall have been credited or paid to dealers on quantities sold to them. The report and remittance shall be deemed to have been filed as herein required if postmarked on or before the 23rd day of the month in which payable.

Each report shall contain a confession of judgment for the amount of the tax shown due thereon to the extent not timely paid.

If the aggregate remittances made during a fiscal year ending June 30 equal or exceed \$240,000, all remittances in the subsequent calendar year must be made by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the remittance is due. If the date the remittance is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the remittance is due.

Sec. 7. Minnesota Statutes 1990, section 297.03, subdivision 6, is amended to read:

Subd. 6. [TAX METER MACHINES; STAMPING MACHINES.]

(a) Before July 1, 1990, the commissioner may authorize any person licensed as a distributor to stamp packages with a tax meter machine, approved by the commissioner, which shall be provided by the distributor. The commissioner may provide for the use of such a machine by the distributor, supervise and check its operation, provide for the payment of the tax on any package so stamped, subject to the discount provided in subdivision 5.

(b) After June 30, 1990, the commissioner shall require any person licensed as a distributor to stamp packages with a heat-applied tax stamping machine, approved by the commissioner, which shall be provided by the distributor. The commissioner shall supervise and check the operation of the machines and shall provide for the payment of the tax on any package so stamped, subject to the discount provided in subdivision 5. The commissioner may sell heat-applied stamps on a credit basis under conditions prescribed by the commissioner. The stamps shall be sold by the commissioner at a price which includes the tax after giving effect to the discount provided in subdivision 5. The commissioner shall recover the actual costs of the stamps from the distributor. A distributor having a liability of \$240,000 or more during a fiscal year ending June 30 must remit all liabilities purchased on a credit basis in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the tax is due. If the date the tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause

(4), the payment date must be on or before the funds transfer business day next following the date the tax is due.

(c) If the commissioner finds that a stamping machine is not affixing a legible stamp on the package, the commissioner may order the distributor to immediately cease the stamping process until the machine is functioning properly.

(d) The commissioner shall annually establish the maximum amount of heat applied stamps that may be purchased each month. Notwithstanding any other provisions of this chapter, the tax due on the return will be based upon actual heat applied stamps purchased during the reporting period.

Sec. 8. Minnesota Statutes 1990, section 297.35, subdivision 1, is amended to read:

Subdivision 1. On or before the 18th day of each calendar month every distributor with a place of business in this state shall file a return with the commissioner showing the quantity and wholesale sales price of each tobacco product (1) brought, or caused to be brought, into this state for sale; and (2) made, manufactured, or fabricated in this state for sale in this state, during the preceding calendar month. Every licensed distributor outside this state shall in like manner file a return showing the quantity and wholesale sales price of each tobacco product shipped or transported to retailers in this state to be sold by those retailers, during the preceding calendar month. Returns shall be made upon forms furnished and prescribed by the commissioner and shall contain such other information as the commissioner may require. Each return shall be accompanied by a remittance for the full tax liability shown therein, less 1.5 percent of such liability as compensation to reimburse the distributor for expenses incurred in the administration of sections 297.31 to 297.39.

A distributor having a liability of \$240,000 or more during a calendar year must remit all liabilities in the subsequent fiscal year ending June 30 by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the tax is due. If the date the tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the tax is due.

Sec. 9. Minnesota Statutes 1990, section 297C.03, subdivision 1, is amended to read:

Subdivision 1. [MANNER AND TIME OF PAYMENT; PENALTIES; DEPOSIT OF TAX PROCEEDS.] The tax on wines and distilled spirits on which the excise tax has not been previously paid

must be paid to the commissioner by persons liable for the tax on or before the 18th day of the month following the month in which the first sale is made in this state by a licensed manufacturer or wholesaler. Every person liable for the tax on wines or distilled spirits imposed by section 297C.02 must file with the commissioner on or before the 18th day of the month following first sale in this state by a licensed manufacturer or wholesaler a return in the form prescribed by the commissioner, and must keep records and render reports required by the commissioner. The commissioner may certify to the commissioner of public safety any failure to pay taxes when due as a violation of a statute relating to the sale of intoxicating liquor for possible revocation or suspension of license.

A person liable for an excise tax of \$240,000 or more during a fiscal year ending June 30 must remit all excise tax liabilities in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the excise tax is due. If the date the excise tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the excise tax is due.

Sec. 10. Minnesota Statutes 1990, section 297C.04, is amended to read:

297C.04 [PAYMENT OF TAX; MALT LIQUOR.]

The commissioner may by rule provide a reporting method for paying and collecting the excise tax on fermented malt beverages. The tax is imposed upon the first sale or importation made in this state by a licensed brewer or importer. The rules must require reports to be filed with and the excise tax to be paid to the commissioner on or before the 18th day of the month following the month in which the importation into or the first sale is made in this state, whichever first occurs. The rules must also require payments in June of 1987 and subsequent years according to the provisions of section 297C.05, subdivision 2.

A distributor who has title to or possession of fermented malt beverages upon which the excise tax has not been paid and who knows that the tax has not been paid, shall file a return with the commissioner on or before the 18th day of the month following the month in which the distributor obtains title or possession of the fermented malt beverages. The return must be made on a form furnished and prescribed by the commissioner, and must contain all information that the commissioner requires. The return must be accompanied by a remittance for the full unpaid liability shown on it.

A licensed brewer, importer, or distributor having an excise tax

liability of \$240,000 or more during a fiscal year ending June 30 must remit all excise tax liabilities in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the excise tax is due. If the date the excise tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the excise tax is due.

Sec. 11. Minnesota Statutes 1990, section 349.212, subdivision 4, is amended to read:

Subd. 4. [PULL-TAB AND TIPBOARD TAX.] (a) There is imposed a tax on the sale of each deal of pull-tabs and tipboards sold by a licensed distributor. The rate of the tax is two percent of the ideal gross of the pull-tab or tipboard deal. The sales tax imposed by chapter 297A on the sale of the pull-tabs and tipboards by the licensed distributor is imposed on the retail sales price less the tax imposed by this subdivision. The retail sale of pull-tabs or tipboards by the organization is exempt from taxes imposed by chapter 297A and is exempt from all local taxes and license fees except a fee authorized under section 349.16, subdivision 4.

(b) The liability for the tax imposed by this section is incurred when the pull-tabs and tipboards are delivered by the distributor to the customer, to a common or contract carrier for delivery to the customer, or when received by the customer's authorized representative at the distributor's place of business, regardless of the distributor's method of accounting or the terms of the sale.

The tax imposed by this subdivision is imposed on all sales of pull-tabs and tipboards, except the following:

- (1) sales to the governing body of an Indian tribal organization for use on an Indian reservation;
- (2) sales to distributors licensed under this chapter;
- (3) sales to distributors licensed under the laws of another state or of a province of Canada, as long as all statutory and regulatory requirements are met in the other state or province; and
- (4) sales of promotional tickets as defined in section 349.12.

(c) Pull-tabs and tipboards sold to an organization that sells pull-tabs and tipboards under the exemption from licensing in section 349.214, subdivision 2, paragraph (b), are exempt from the tax imposed by this subdivision. A distributor must require an organization conducting exempt gambling to show proof of its

exempt status before making a tax-exempt sale of pull-tabs or tipboards to such an organization. A distributor shall identify, on all reports submitted to the commissioner, all sales of pull-tabs and tipboards that are exempt from tax under this subdivision.

(d) A distributor having a liability of \$240,000 or more during a fiscal year ending June 30 must remit all liabilities in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the tax is due. If the date the tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the tax is due.

Sec. 12. Minnesota Statutes 1990, section 473.843, subdivision 3, is amended to read:

Subd. 3. [PAYMENT OF FEE.] On or before the 20th day of each month each operator shall pay the fee due under this section for the previous month, using a form provided by the commissioner of revenue.

An operator having a fee of \$240,000 or more during a fiscal year ending June 30 must pay all fees in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the fee is due. If the date the fee is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the fee is due.

Sec. 13. [EFFECTIVE DATE.]

Sections 1 to 12 are effective for payments due in the calendar year beginning January 1, 1992, based upon payments made in the fiscal year ending June 30, 1991.

ARTICLE 16

UNIFORM RECORDING OF STATE AND FEDERAL TAX LIENS

Section 1. Minnesota Statutes 1990, section 268.161, subdivision 1, is amended to read:

Subdivision 1. [LIEN.] (a) Any contributions, benefit overpayments, or reimbursements due under this chapter and interest and penalties imposed with respect thereto, shall become a lien upon all

the property, within this state, both real and personal, of the person liable therefor, from the date of assessment of the contribution, benefit overpayment, or reimbursement. The term "date of assessment" means the date a report was due or the payment due date of the notice of benefits charged to a reimbursable account.

(b)(1) The lien imposed by this section is not enforceable against any purchaser, mortgagee, pledgee, holder of a uniform commercial code security interest, mechanic's lien, or judgment lien creditor, until a notice of lien has been filed by the commissioner in the office of the county recorder of the county in which the property is situated, or in the case of personal property belonging to an individual who is not a resident of the state, or which is a corporation, partnership, or other organization, in the office of the secretary of state. When the filing of the notice of lien is made in the office of the county recorder, the fee for filing and indexing shall be as prescribed in sections 272.483 and 272.484.

(2) Notices of liens, lien renewals, and lien releases, in a form prescribed by the commissioner of jobs and training, may be filed with the county recorder or the secretary of state by mail, personal delivery, or by electronic transmission by the commissioner or a delegate into the computerized filing system of the secretary of state authorized under section 336.9-411. If received through the computerized filing system, the secretary of state shall transmit the notice electronically to the office of the county recorder, if that is the place of filing, in the county or counties shown on the computer entry. The filing officer, whether the county recorder or the secretary of state, shall endorse and index a printout of the notice in the same manner as if the notice had been mailed or delivered.

(3) County recorders and the secretary of state shall enter information relative to lien notices, renewals, and releases filed in their offices into the central data base of the secretary of state. For notices filed electronically with the county recorders, the date and time of receipt of the notice and county recorder's file number, and for notices filed electronically with the secretary of state, the secretary of state's recording information, must be entered by the filing officer into the central data base before the close of the working day following the day of the original data entry by the department of jobs and training.

(c) The lien imposed on personal property by this section, even though properly filed, is not enforceable against a purchaser with respect to tangible personal property purchased at retail or as against the personal property listed as exempt in sections 550.37, 550.38 and 550.39.

(d) A notice of tax lien filed pursuant to this section has priority over any security interest arising under chapter 336, article 9, which

is perfected prior in time to the lien imposed by this section, but only if:

(1) the perfected security interest secures property not in existence at the time the notice of tax lien is filed; and

(2) the property comes into existence after the 45th day following the day on which the notice of tax lien is filed, or after the secured party has actual notice or knowledge of the tax lien filing, whichever is earlier.

(e) The lien imposed by this section shall be enforceable from the time the lien arises and for ten years from the date of filing the notice of lien. A notice of lien may be renewed by the commissioner before the expiration of the ten-year period for an additional ten years. The delinquent employer must receive notice of the renewal.

(f) The lien imposed by this section shall be enforceable by levy as authorized in subdivision 8 or by judgment lien foreclosure as authorized in chapter 550.

Sec. 2. Minnesota Statutes 1990, section 270.69, subdivision 2, is amended to read:

Subd. 2. [FILING OF LIENS NECESSARY FOR ENFORCEABILITY AGAINST CERTAIN PERSONS; METHODS OF FILING; FEES.] (a) The lien imposed by subdivision 1 is not enforceable against any purchaser, mortgagee, pledgee, holder of a uniform commercial code security interest, mechanic's lienor, or judgment lien creditor whose interest has been duly perfected or is entitled to protection under applicable provisions of state law, until a notice of lien has been filed by the commissioner of revenue in the office of the county recorder of the county in which real property is situated, or in the case of personal property belonging to an individual who is not a resident of this state or to a corporation, partnership, or other organization, in the office of the secretary of state, or in the case of personal property belonging to a resident individual, in the office of the county recorder of the county of residence of the individual. ~~Notwithstanding any other law to the contrary, the department of revenue is exempt from the payment of fees at the time the lien is offered for filing or recording. The fee for filing or recording the lien must be paid at the time the release of lien is offered for filing or recording. Notwithstanding any law to the contrary, the fee for filing or recording the lien or the release of lien is \$15.~~

(b)(1) Notices of liens, and lien releases, transcriptions, and renewals, in a form prescribed by the commissioner of revenue, may be filed with the county recorder or the secretary of state by mail, personal delivery, or by electronic transmission by the commissioner or a delegate into the computerized filing system of the secretary of state authorized under section 336.9-411. If received

through the computerized filing system, the secretary of state shall transmit the notice electronically to the office of the county recorder, if that is the place of filing, in the county or counties shown on the computer entry. The filing officer, whether the county recorder or the secretary of state, shall endorse and index a printout of the notice in the same manner as if the notice had been mailed or delivered.

(2) County recorders and the secretary of state shall enter information relative to lien notices, transcriptions, renewals, and releases filed in their offices into the central data base of the secretary of state. For notices filed electronically with the county recorders, the date and time of receipt of the notice and county recorder's file number, and for notices filed electronically with the secretary of state, the secretary of state's recording information, must be entered by the filing officer into the central data base before the close of the working day following the day of the original data entry by the department of revenue.

The filing and indexing of all notices must be in accordance with the filing and indexing of notices of federal liens, certificates of release, and refiled notices under section 272.483.

(c) Notwithstanding any other law to the contrary, the department of revenue is exempt from payment of fees when a lien, lien renewal, or lien transcription is offered for recording. The recording fees must be paid along with the release fee for the month in which the release of lien is recorded, after receipt of a monthly statement from a county recorder or the secretary of state. The department of revenue shall add the recording fees to the delinquent tax liability of the taxpayer. Notwithstanding any other law to the contrary, the fee for filing or recording a notice of lien, or lien release, transcription, or renewal is \$15.

(d) There is appropriated to the commissioner of revenue an amount representing the cost of payment of recording fees to the county recorders and the secretary of state. The commissioner shall keep a separate accounting of the costs and of payments for recording fees remitted by taxpayers, and make the records available to the legislature upon request.

Sec. 3. Minnesota Statutes 1990, section 270.69, subdivision 8, is amended to read:

Subd. 8. [FILING ENTITLEMENT.] Execution of notices of liens or of other notices affecting state tax liens by the original or facsimile signature of the commissioner of revenue or a delegate entitles them to be filed, and no other attestation, certification, or acknowledgment is necessary. For purposes of this subdivision, transmission of notices under subdivision 2, paragraph (b), clause (1), constitutes execution.

Sec. 4. Minnesota Statutes 1990, section 270.69, subdivision 9, is amended to read:

Subd. 9. [LIEN SEARCH FEES.] Upon request of any person, the filing officer shall issue a certificate showing whether there is ~~on file~~ recorded in that filing office, on the date and hour stated in the certificate, any notice of lien or certificate or notice affecting any lien filed on or after ~~June 30, 1979~~ ten years before the date of the search certificate, naming a particular person, and giving the date and hour of filing of each notice or certificate naming the person. The fee for a certificate shall be as provided by section 336.9-407 or 357.18, subdivision 1, clause (3). Upon request, the filing officer shall furnish a copy of any notice of state lien, or notice or certificate affecting a state lien, for a fee of 50 cents per page.

Sec. 5. Minnesota Statutes 1990, section 272.479, is amended to read:

272.479 [SCOPE.]

This section and sections 272.481 to ~~272.487~~ 272.488 apply only to federal tax liens and to other federal liens notices of which under any act of Congress or any regulation adopted pursuant thereto are required or permitted to be filed in the same manner as notices of federal tax liens.

Sec. 6. Minnesota Statutes 1990, section 272.482, is amended to read:

272.482 [EXECUTION OF NOTICES AND CERTIFICATES.]

~~Certification~~ Execution of notices of liens, certificates, or other notices affecting federal liens by the secretary of the treasury of the United States or a delegate, or by any official or entity of the United States responsible for filing or certifying of notice of any other lien, entitles them to be filed and no other attestation, certification, or acknowledgment is necessary. For purposes of this section, transmission of notices under section 272.488, subdivision 1, constitutes execution.

Sec. 7. Minnesota Statutes 1990, section 272.483, is amended to read:

272.483 [DUTIES OF FILING OFFICER.]

(a) If a notice of federal lien, a refiling of a notice of federal lien, or a notice of revocation of any certificate described in clause (b) is presented to a filing officer who is:

(1) the secretary of state, the secretary shall cause the notice to be

marked, held, and indexed in accordance with the provisions of section 336.9-403, clause (4) of the uniform commercial code as if the notice were a financing statement within the meaning of that code alphabetically and numerically; or

(2) any other officer described in section 272.481, the officer shall endorse identification thereon and the date and time of receipt and forthwith file it alphabetically or enter it in an alphabetical index showing the name and address of the person named in the notice, the date and time of receipt, the file number of the lien, and the total amount appearing on the notice of lien.

(b) If a certificate of release, nonattachment, discharge, or subordination of any lien is presented to the secretary of state for filing the secretary shall:

(1) cause a certificate of release or nonattachment to be marked, held, and indexed as if the certificate were a termination statement within the meaning of the uniform commercial code, but the notice of lien to which the certificate relates may not be removed from the files until ten years and 30 days after the filing date of the lien; and

(2) cause a certificate of discharge or subordination to be marked, held, and indexed as if the certificate were a release of collateral within the meaning of the uniform commercial code.

(c) If a refiled notice of federal lien referred to in clause (a) or any of the certificates or notices referred to in clause (b) is presented for filing to any other filing officer specified in section 272.481, the officer shall permanently attach the refiled notice or the certificate to the original notice of lien and enter the refiled notice or the certificate with the date of filing in any alphabetical lien index on the line where the original notice of lien is entered.

(d) Upon request of any person, the filing officer shall issue a certificate showing whether there is on file recorded in that filing office, on the date and hour stated therein, any notice of lien or certificate or notice affecting any lien filed on or after July 1, 1971 ten years and 30 days before the date of the search certificate, naming a particular person, and if a notice or certificate is on file, giving the date and hour of filing of each notice or certificate. The fee for a certificate shall be that provided by section 336.9-407 or 357.18, subdivision 1, clause (3). Upon request, the filing officer shall furnish a copy of any notice of federal lien, or notice or certificate affecting a federal lien, for a fee of 50 cents per page.

Sec. 8. Minnesota Statutes 1990, section 272.485, is amended to read:

272.485 [UNIFORMITY OF APPLICATION AND CONSTRUCTION.]

Sections 272.481 to ~~272.487~~ 272.488 shall be so applied and construed as to effectuate its general purpose to make uniform the law with respect to the subject of sections 272.481 to 272.487 among those states which enact it.

Sec. 9. Minnesota Statutes 1990, section 272.486, is amended to read:

272.486 [SHORT TITLE.]

Section 272.479 and sections 272.481 to ~~272.487~~ 272.488 may be cited as the Uniform Federal Lien Registration Act.

Sec. 10. [272.488] [COMPUTERIZED FILING OF TAX LIENS AND NOTICES.]

Subdivision 1. [FILING OF NOTICES.] Notices of federal tax liens, certificates, or revocations of certificates of release of federal tax liens, and refiled notices of any of those items, in a form prescribed by the Internal Revenue Service, may be filed with the county recorder or the secretary of state by mail, personal delivery, or by electronic transmission by the Secretary of the Treasury of the United States or a delegate into the computerized filing system of the secretary of state authorized under section 336.9-411. If received through the computerized filing system, the secretary of state shall transmit the notice electronically to the office of the county recorder, if that is the place of filing, in the county or counties shown on the computer entry. The filing officer, whether the county recorder or the secretary of state, shall endorse and index a printout of the notice in the same manner as if the notice had been mailed or delivered.

Subd. 2. [ENTRY OF INFORMATION.] County recorders and the secretary of state shall enter information relative to lien notices, releases, revocations of release, and refillings of any of those items into the central data base of the secretary of state. For notices filed electronically with the county recorders, the date and time of receipt of the notice and county recorder's file number, and for notices filed electronically with the secretary of state, the secretary of state's recording information, must be entered by the filing officer into the central data base before the close of the working day following the day of the original data entry by the Internal Revenue Service.

Sec. 11. Minnesota Statutes 1990, section 336.9-411, is amended to read:

336.9-411 [COMPUTERIZED FILING SYSTEM.]

(a) The secretary of state shall develop and implement a statewide computerized filing system to accumulate and disseminate information relative to lien statements, financing statements, state and federal tax lien notices, and other uniform commercial code documents. The computerized filing system must allow information to be entered and retrieved from the computerized filing system by county recorders, the department of revenue, the department of jobs and training, and the Internal Revenue Service.

(b) County recorders shall enter information relative to lien statements, financing statements, state and federal tax lien notices, and other uniform commercial code documents filed in their offices into a central data base maintained by the secretary of state. The information must be entered under the rules of the secretary of state. This requirement does not apply to tax lien notices filed under sections 268.161, subdivision 1, paragraph (b), clause (2); 270.69, subdivision 2, paragraph (b), clause (2); and 272.488, subdivision 1, but does apply to entry of the date and time of receipt and county recorder's file number of those notices.

(c) The secretary of state may allow private parties to have electronic-view-only access to the computerized filing system and to other computerized records maintained by the secretary of state on a fee basis. If the computerized filing system allows a form of electronic access to information regarding the obligations of debtors, the access must be available 24 hours a day, every day of the year.

(d) The secretary of state shall adopt rules to implement the computerized filing system. The secretary of state may adopt permanent and emergency rules. The rules must:

(1) allow filings to be made at the offices of all county recorders and the secretary of state's office as required by section 336.9-401;

(2) establish a central data base for all information relating to liens and security interests that are filed at the offices of county recorders and the secretary of state;

(3) provide procedures for entering data into a central data base;

(4) allow the offices of all county recorders and the secretary of state's office to add, modify, and delete information in the central data base as required by the uniform commercial code;

(5) allow the offices of all county recorders and the secretary of state's office to have access to the central data base for review and search capabilities;

(6) allow the offices of all county recorders to have electronic-view-

only access to the computerized business information records on file with the secretary of state;

(7) require the secretary of state to maintain the central data base;

(8) provide security and protection of all information in the central data base and monitor the central data base to ensure that unauthorized entry is not allowed;

(9) require standardized information for entry into the central data base;

(10) prescribe an identification procedure for debtors and secured parties that will enhance lien and financing statement searches; and

(11) prescribe a procedure for phasing-in or converting from the existing filing system to a computerized filing system.

(e) The secretary of state, county recorders, and their employees and agents shall not be liable for any loss or damages arising from errors in or omissions from information entered into the computerized filing system as a result of the electronic transmission of tax lien notices under sections 268.161, subdivision 1, paragraph (b), clause (2); 270.69, subdivision 2, paragraph (b), clause (2); and 272.488, subdivision 1.

Sec. 12. Minnesota Statutes 1990, section 357.18, subdivision 2, is amended to read:

Subd. 2. Notwithstanding the provisions of any general or special law to the contrary, the fees prescribed by this section shall govern the filing or recording of all instruments in the office of the county recorder other than uniform commercial code documents, and documents filed or recorded pursuant to sections 270.69, subdivision 2, paragraph (c), 272.481 to 272.487 272.488, and 386.77.

Sec. 13. Minnesota Statutes 1990, section 386.46, is amended to read:

386.46 [DISPOSAL OF OBSOLETE RECORDS.]

Documents, filed or recorded by the county recorder, including sheriffs certificates, land title patents, incorporations, official bonds, mechanics liens, affidavits, probate court orders, district court orders, satisfactions, warranty deeds, quitclaim deeds, lis pendens, assignments and miscellaneous documents, but still in possession because uncalled for by their owner for ten years after the filing or recording, may be destroyed by the county recorder. State and Federal liens, except federal estate and gift tax liens, may be destroyed ten years and 30 days, and state liens may be destroyed

ten years after their filing or last extension and stricken from the indexes.

Sec. 14. Minnesota Statutes 1990, section 508.25, is amended to read:

508.25 [RIGHTS OF PERSON HOLDING CERTIFICATE OF TITLE.]

Every person receiving a certificate of title pursuant to a decree of registration and every subsequent purchaser of registered land who receives a certificate of title in good faith and for a valuable consideration shall hold it free from all encumbrances and adverse claims, excepting only the estates, mortgages, liens, charges, and interests as may be noted in the last certificate of title in the office of the registrar, and also excepting any of the following rights or encumbrances subsisting against it, if any:

(1) liens, claims, or rights arising or existing under the laws or the constitution of the United States, which this state cannot require to appear of record;

(2) the lien of any real property tax or special assessment for which the land has not been sold at the date of the certificate of title;

(3) any lease for a period not exceeding three years when there is actual occupation of the premises thereunder;

(4) all rights in public highways upon the land;

(5) the right of appeal, or right to appear and contest the application, as is allowed by this chapter;

(6) the rights of any person in possession under deed or contract for deed from the owner of the certificate of title;

(7) any outstanding mechanics lien rights which may exist under sections 514.01 to 514.17; and

(8) any lien for state taxes.

~~No existing or future liens or judgments arising under the laws of this state for the nonpayment of any amounts due under chapter 268 or any tax administered by the commissioner of revenue may encumber title to lands registered under this chapter unless filed under the terms of this chapter.~~

Sec. 15. Minnesota Statutes 1990, section 508A.25, is amended to read:

508A.25 [RIGHTS OF PERSON HOLDING CPT.]

Every person holding a CPT issued pursuant to sections 508A.01 to 508A.85 who has acquired title in good faith and for a valuable consideration shall hold the same free from all encumbrances and adverse claims, excepting only estates, mortgages, liens, charges, and interests as may be noted by separate memorials in the latest CPT in the office of the registrar, and also excepting the memorial provided in section 508A.351 and any of the following rights or encumbrances subsisting against the same, if any:

(1) Liens, claims, or rights arising or existing under the laws or the constitution of the United States, which this state cannot require to appear of record;

(2) The lien of any real property tax or special assessment for which the land has not been sold at the date of the CPT;

(3) Any lease for a period not exceeding three years when there is actual occupation of the premises under it;

(4) All rights in public highways upon the land;

(5) The rights of any person in possession under deed or contract for deed from the owner of the CPT;

(6) Any liens, encumbrances, and other interests that may be contained in the examiner's supplemental directive issued pursuant to section 508A.22, subdivision 2;

(7) Any claims that may be made pursuant to section 508A.17 within five years from the date the examiner's supplemental directive is filed on the CPT; and

(8) Any outstanding mechanics lien rights which may exist under sections 514.01 to 514.17; and

(9) any lien for state taxes.

Sec. 16. [REPEALER.]

Minnesota Statutes 1990, section 272.487, is repealed.

Sec. 17. [EFFECTIVE DATE.]

Sections 1 to 3, 6, 10, 11, 14, and 15 are effective for liens and notices affecting liens filed on or after January 1, 1992. Sections 4, 5, 7 to 9, 12, 13, and 16 are effective the day following final enactment.

ARTICLE 17
PAYMENT DATES

Section 1. Minnesota Statutes 1990, section 274.19, subdivision 3, is amended to read:

Subd. 3. [TAX STATEMENTS; PENALTIES; COLLECTIONS.] Not later than ~~July 15~~ June 1 in the year of assessment the county treasurer shall mail to the taxpayer a statement of tax due on a manufactured home. The taxes are due on ~~the last day of August~~ July 15. Taxes remaining unpaid after the due date are delinquent, and a penalty of eight percent must be assessed and collected as part of the unpaid taxes. On ~~September 30~~ August 15 the county treasurer shall make a list of taxes remaining unpaid and shall certify the list immediately to the court administrator of district court. The court administrator shall issue warrants to the sheriff for collection.

Sec. 2. Minnesota Statutes 1990, section 275.065, subdivision 3, is amended to read:

Subd. 3. [NOTICE OF PROPOSED PROPERTY TAXES.] (a) The county auditor shall prepare and the county treasurer shall deliver on or before November 10 each year, by first class mail to each taxpayer at the address listed on the county's current year's assessment roll, a notice of proposed property taxes and, in the case of a town, final property taxes.

(b) The commissioner of revenue shall prescribe the form of the notice.

(c) The notice must inform taxpayers that it contains the amount of property taxes each taxing authority other than a town proposes to collect for taxes payable the following year as required in paragraph (d) ~~or~~ (e) and, for a town, the amount of its final levy. It must clearly state that each taxing authority, other than a town or special taxing district, will hold a public meeting to receive public testimony on the proposed budget and proposed or final property tax levy, or, in the case of a school district, on the proposed property tax levy. It must clearly state the time and place of each taxing authority's meeting and an address where comments will be received by mail. It must state the time and place for the continuation of the hearing if the hearing is not completed on the original date.

(d) ~~Except as provided in paragraph (e),~~ For taxes levied in ~~1990 and 1991 and thereafter,~~ the notice must state by county, city or town, and school district:

(1) the total proposed or, for a town, final property tax levy for taxes payable the following year after reduction for state aid;

(2) the percentage increase or decrease from the actual property tax levy for taxes payable in the current year; and

(3) for counties, cities, and towns, the increase or decrease in population from the second previous calendar year to the immediately prior calendar year, and for school districts, the increase or decrease in the number of pupils in average daily membership from the second previous school year to the immediately prior school year as determined by the commissioner of education. The data used to determine the increase or decrease in population under this clause must be the data used for purposes of the population adjustment to the levy limit base of the county, city, or town under section 275.51, subdivision 6.

For purposes of this paragraph, "proposed property taxes after reduction for state aid" means the taxing authority's levy certified under section 275.07, subdivision 1.

~~(e) In the case of a county containing a city of the first class, or taxing authority lying wholly within a county or counties containing a city of the first class, for taxes levied in 1991, and thereafter, and for all counties for taxes levied in 1992 and thereafter, the notice must state for each parcel:~~

~~(1) the market value of the property as defined under section 272.03, subdivision 8, for property taxes payable in the following year and for taxes payable the current year;~~

~~(2) by county, city or town, school district, the sum of the special taxing districts, and as a total of the taxing authorities, including special taxing districts, the proposed or, for a town, final net tax on the property for taxes payable the following year and the actual tax for taxes payable the current year; and~~

~~(3) the increase or decrease in the amounts in clause (2) from taxes payable in the current year to proposed or, for a town, final taxes payable the following year, expressed as a dollar amount and as a percentage.~~

~~(4) The notice must clearly state that the proposed or final taxes do not include the following:~~

~~(1) special assessments;~~

~~(2) levies approved by the voters after the date the proposed taxes are certified, including bond referenda, school district levy referenda, and levy limit increase referenda;~~

~~(3) amounts necessary to pay cleanup or other costs due to a~~

natural disaster occurring after the date the proposed taxes are certified; and

(4) amounts necessary to pay tort judgments against the taxing authority that become final after the date the proposed taxes are certified.

Sec. 3. Minnesota Statutes 1990, section 275.065, subdivision 6, is amended to read:

Subd. 6. ~~[PUBLIC HEARING HEARINGS; 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. In three consecutive weeks beginning the second Monday in October, the governing bodies of the city and county shall hold public hearings to adopt their respective final budgets and property tax levies 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.

(a) In the week beginning with the second Monday in October, each county shall hold its public hearing.

(b) In the week beginning with the third Monday in October, each school district shall hold its public hearing.

(c) In the week beginning with the fourth Monday in October, each city shall hold its public hearing.

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 property tax levy certified under section 275.07 by a city, county, or school district 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~~ 275.581 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;

(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; and

(6) the amount of an increase in levy limits certified to the taxing authority by the ~~commissioner of revenue or the~~ commissioner of education after the proposed levy was certified.

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 county auditor shall provide for the coordination of hearing dates for all taxing authorities within the county.

By August 1, the county auditor shall notify the clerk of each school district within the county of the dates that the county board has designated for its hearing and any continuation under subdivision 3. By August 15, each school board shall certify to the county auditors of the counties in which the school district is located the dates on which it elects to hold its hearings and any continuations under subdivision 3. If a school board does not certify the dates by August 15, the auditor will assign the hearing date. The dates elected or assigned must not conflict with the county hearing dates. By August 20, the county auditor shall notify the clerks of the cities within the county of the dates on which the county and school districts have elected to hold their hearings. At the time a city certifies its proposed levy under subdivision 1 it shall certify the dates on which it elects to hold its hearings and any continuations under subdivision 3. The city must not select dates that conflict with those elected by or assigned to the counties and school districts in which the city is located.

The hearing dates so elected or assigned must be designated on the notices required under subdivision 3.

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

Sec. 4. Minnesota Statutes 1990, section 275.07, subdivision 1, is amended to read:

Subdivision 1. The taxes voted by cities, 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 November 15 in each year. A town 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 November 15. 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. 5. Minnesota Statutes 1990, section 275.07, subdivision 4, is amended to read:

Subd. 4. [REPORT TO COMMISSIONER.] On or before September 15 for taxes levied in 1990, and thereafter, the county auditor shall report to the commissioner of revenue the proposed levy certified by local units of government under section 275.065, subdivision 1. On or before January 15 December 1, for taxes levied in 1989 1991 and thereafter, the county auditor shall report to the commissioner of revenue the final levy certified by local units of government under subdivision 1. The levies must be reported in the manner prescribed by the commissioner. The reports must show a total levy and the amount of each special levy.

Sec. 6. Minnesota Statutes 1990, section 276.04, subdivision 3, is amended to read:

Subd. 3. [MAILING OF TAX STATEMENTS.] The county treasurer shall mail to taxpayers statements of their personal property taxes due not later than April 15 March 31 for property taxes payable in 1990 1991 and March 31 February 1 for property taxes payable in 1992 and thereafter, except in the case of manufactured homes and sectional structures taxed as personal property. Statements of the real property taxes due shall be mailed not later than April 15 March 31 for property taxes payable in 1990 1991 and March 31 February 1 for property taxes payable in 1992 and thereafter. The validity of the tax shall not be affected by failure of

the treasurer to mail the statement. The taxpayer is defined as the owner who is responsible for the payment of the tax.

Sec. 7. Minnesota Statutes 1990, section 276.10, is amended to read:

276.10 [APPORTIONMENT AND DISTRIBUTION OF FUNDS.]

~~On the settlement day 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 apportioned 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 local tax rate from the year before the year of distribution when apportioning and distributing delinquent tax proceeds, if the composition of the previous year's local tax rate between taxing districts is not significantly different from the local tax rate that existed for the year of the delinquency.

Sec. 8. Minnesota Statutes 1990, section 276.11, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] ~~As soon as practical after the settlement day determined in section 276.09, On or before April 15, August 14, and December 15,~~ 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 settlement date determined in section 276.09. Within seven business days after the due date, or 28 calendar days after the postmark date on the envelopes containing~~

real or personal property tax statements, whichever is latest, 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, unless The school district elects to receive 50 percent of the estimated collections arising from taxes levied by and belonging to the school district after making a proportionate reduction to reflect any loss in collections as the result of any delay in mailing tax statements. In that case, 50 Fifty percent of those adjusted, the estimated collections from the November 15 payment shall be paid by the county treasurer to the treasurer of the school district within seven business days of the due date. The remaining 50 percent of the estimated collections must be paid to the treasurer of the school district within the next seven business days of the later of the dates in the preceding sentence, unless the school district elects to receive the remainder of its estimated collections after a proportionate reduction has been made to reflect any loss in collections as the result of any delay in mailing tax statements. In that case, the remaining 50 percent of those adjusted, estimated collections shall be paid by the county treasurer to the treasurer of the school district within 14 days of the due date. The treasurer shall pay the balance of the amounts collected to the state or to a municipal corporation or, other body or, in the case of school districts, any additional amounts remaining after the advanced distributions received under this section, within 60 45 days after the settlement date determined in section 276.09 distribution dates of April 30, August 14, or December 15. After 45 days the time for payment by the treasurer elapses, 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. 9. Minnesota Statutes 1990, 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 March 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, or 273.19, the first half shall become delinquent if not paid before May March 16 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 on the unpaid first half; and the second half shall become delinquent if not paid before October July 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. 10. Minnesota Statutes 1990, section 278.01, is amended to read:

278.01 [DEFENSE OR OBJECTION TO TAX ON LAND; SERVICE AND FILING.]

Subdivision 1. [DETERMINATION OF VALIDITY.] Any person having any estate, right, title, or interest in or lien upon any parcel of land, who claims that such property has been partially, unfairly, or unequally assessed in comparison with other property in the (1) city, or (2) county, or (3) in the case of a county containing a city of the first class, the portion of the county excluding the first class city, or that the parcel has been assessed at a valuation greater than its real or actual value, or that the tax levied against the same is illegal, in whole or in part, or has been paid, or that the property is exempt from the tax so levied, may have the validity of the claim, defense, or objection determined by the district court of the county in which the tax is levied or by the tax court by serving two copies of a petition for such determination upon the county auditor, one copy on the county attorney, and one copy on the county treasurer. In counties where the office of county treasurer has been combined with the office of county auditor, the petitioner must serve the number of copies required by the county. The petitioner must file the copies with proof of service, in the office of the court administrator of the district court before the 16th day of May March of the year in which the tax becomes payable. The county auditor shall immediately forward one copy of the petition to the appropriate governmental authority in a home rule charter or statutory city or town in which the property is located if that city or town employs its own certified assessor. A copy of the petition shall also be sent to the school board of the school district in which the property is located. A petition for determination under this section may be transferred by the district court to the tax court. An appeal may also be taken to the tax court under chapter 271 at any time following receipt of the valuation notice required by section 273.121 but prior to May March 16 of the year in which the taxes are payable.

Subd. 2. [HOMESTEADS.] Any person having any estate, right,

title or interest in or lien upon any parcel which is classified as homestead under the provisions of section 273.13, subdivision 22 or 23, who claims that said parcel has been assessed at a valuation which exceeds by ten percent or more the valuation which the parcel would have if it were valued at the average assessment/sales ratio for real property in the same class, in that portion of the county in which that parcel is located, for which the commissioner is able to establish and publish a sales ratio study as determined by the applicable real estate assessment/sales ratio study published by the commissioner of revenue, may have the validity of the claim, defense, or objection determined by the district court of the county in which the tax is levied or by the tax court by serving two copies of a petition for such determination upon the county auditor and one copy each on the county treasurer and the county attorney and filing the same, with proof of such service, in the office of the court administrator of the district court before the 16th day of ~~May~~ March of the year in which such tax becomes payable. The county auditor shall immediately forward one copy of the petition to the appropriate governmental authority in a home rule charter or statutory city or town in which the property is located if that city or town employs its own certified assessor. A copy of the petition shall also be sent to the school board of the school district in which the property is located. A petition for determination under this section may be transferred by the district court to the tax court.

Subd. 3. [EXCEPTION.] The procedures established by this section are not available to contest the validity or amount of any special assessment made pursuant to chapters 429, 430, any special law or city charter.

Sec. 11. Minnesota Statutes 1990, section 278.03, is amended to read:

278.03 [PAYMENT OF TAX.]

If the proceedings instituted by the filing of the petition have not been completed before the 16th day of ~~May~~ March next following the filing, the petitioner shall pay to the county treasurer 50 percent of the tax levied for such year against the property involved, unless permission to continue prosecution of the petition without such payment is obtained as herein provided. If the proceedings instituted by the filing of the petition have not been completed by the next ~~October 16, or, in the case of class 1b agricultural homestead, class 2a agricultural homestead, and class 2b(2) agricultural nonhomestead property,~~ November 16, the petitioner shall pay to the county treasurer 50 percent of the unpaid balance of the taxes levied for the year against the property involved if the unpaid balance is \$2,000 or less and 80 percent of the unpaid balance if the unpaid balance is over \$2,000, unless permission to continue prosecution of the petition without payment is obtained as herein provided. The petitioner, upon ten days notice to the county attorney and to the county

auditor, given at least ten days prior to the 16th day of ~~May~~ March or the 16th day of ~~October~~, or, in the case of class 1b agricultural homestead, class 2a agricultural homestead, and class 2b(2) agricultural nonhomestead property, the 16th day of November, may apply to the court for permission to continue prosecution of the petition without payment; and, if it is made to appear

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

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

(3) that it would work a hardship upon petitioner to pay the taxes due,

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

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

Sec. 12. Minnesota Statutes 1990, section 278.05, subdivision 5, is amended to read:

Subd. 5. Any time after the filing of the petition and before the trial of the issues raised thereby, when the defense or claim presented is that the property has been partially, unfairly, or unequally assessed, or that the parcel has been assessed at a valuation greater than its real or actual value, or that a parcel which is classified as homestead under the provisions of section 273.13, subdivision 22 or 23, has been assessed at a valuation which exceeds by ten percent or more the valuation which the parcel would have if it were valued at the average assessment/sales ratio for real property in the same class in that portion of the county in which the parcel is located, for which the commissioner is able to establish and publish a sales ratio study, the attorney representing the state, county, city or town in the proceedings may serve on the petitioner, or the petitioner's attorney, and file with the court administrator of the district court, an offer to reduce the valuation of any tract or tracts to a valuation set forth in the offer. If, within ten days thereafter, the petitioner, or the attorney, gives notice in writing to the county

attorney, or the attorney for the city or town, that the offer is accepted, the official notified may file the offer with proof of notice, and the court administrator shall enter judgment accordingly. Otherwise, the offer shall be deemed withdrawn and evidence thereof shall not be given; and, unless a lower valuation than specified in the offer is found by the court, no costs or disbursements shall be allowed to the petitioner, but the costs and disbursements of the state, county, city or town, including interest at six percent on the tax based on the amount of the offer from and after the 16th day of October, or, in the case of class 1b agricultural homestead, class 2a agricultural homestead, and class 2b(2) agricultural nonhomestead property, the 16th day of November, of the year the taxes are payable, shall be taxed in its favor and included in the judgment and when collected shall be credited to the county revenue fund, unless the taxes were paid in full before the 16th day of October, or, in the case of class 1b agricultural homestead, class 2a agricultural homestead, and class 2b(2) agricultural nonhomestead property, the 16th day of November, of the year in which the taxes were payable, in which event interest shall not be taxable.

Sec. 13. Minnesota Statutes 1990, section 279.01, is amended by adding a subdivision to read:

Subd. 1a. [DUE DATES.] All taxes on real property are due in three equal installments, to be paid on March 15 or 20 calendar days after the postmark date on the envelope containing the property tax statement, whichever is later, July 15, and November 15.

Sec. 14. Minnesota Statutes 1990, section 279.01, is amended by adding a subdivision to read:

Subd. 2a. [PENALTIES.] Late payments of real property tax incur a penalty. The rate of the penalty increases with each successive month that the payment is late and is dependent upon the class of property taxed. The following is the schedule of penalties for late payment of property tax:

<u>Property</u>	<u>March</u> <u>16</u>	<u>April</u> <u>1</u>	<u>May</u> <u>1</u>	<u>June</u> <u>1</u>	<u>July</u> <u>1</u>	<u>July</u> <u>16</u>	<u>Aug.</u> <u>1</u>
<u>Class 1 and</u> <u>class 2:</u>							
<u>1st Installment</u> <u>(March 15)</u>	<u>4%</u>	<u>5%</u>	<u>6%</u>	<u>7%</u>	<u>8%</u>	<u>—</u>	<u>8%</u>
<u>2nd Installment</u> <u>(July 15)</u>						<u>4%</u>	<u>5%</u>
<u>3rd Installment</u> <u>(November 15)</u>							

Class 3 and
class 4:1st Installment
(March 15)8% 9% 10% 11% 12% — 12%2nd Installment
(July 15)8% 9%3rd Installment
(November 15)

<u>Sept.</u> <u>1</u>	<u>Oct.</u> <u>1</u>	<u>Nov.</u> <u>1</u>	<u>Nov.</u> <u>16</u>	<u>Dec.</u> <u>1</u>	<u>The first business day in January</u>
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Class 1 and
class 2:1st Installment
(March 15)8% 8% 8% — 8% 10%2nd Installment
(July 15)6% 7% 8% — 8% 10%3rd Installment
(November 15)4% 8% 10%Class 3 and
class 4:1st Installment
(March 15)12% 12% 12% — 12% 14%2nd Installment
(July 15)10% 11% 12% — 12% 14%3rd Installment
(November 15)8% 12% 14%

Sec. 15. Minnesota Statutes 1990, section 279.01, is amended by adding a subdivision to read:

Subd. 3a. [EXTENDED DUE DATES.] Notwithstanding subdivision 2a, if any of the due dates provided in subdivision 1a are extended as a result of a delay in mailing property tax statements, no penalty accrues if the tax is paid by the extended due date. If the tax is not paid by the extended due date, then all penalties that would have accrued if the due date had not been extended must be charged.

Sec. 16. [REPEALER.]

Minnesota Statutes 1990, sections 276.09; 276.111; and 279.01, subdivisions 1, 2, and 3, are repealed.

Sec. 17. [EFFECTIVE DATE.]

Sections 1 to 16 are effective for taxes levied in 1991, payable in 1992.

ARTICLE 18

AMBULANCE AND EMERGENCY SERVICES PERSONNEL

Section 1. Minnesota Statutes 1990, section 171.06, is amended by adding a subdivision to read:

Subd. 2b. [SURTAX IMPOSED.] A surtax of \$2 is imposed on classified drivers license and classified under 21 drivers licenses in subdivision 2. This surtax does not apply to duplicate drivers licenses. The surtax must be paid into the state treasury and credited to the emergency medical services personnel account established in section 2.

Sec. 2. Minnesota Statutes 1990, section 353D.01, is amended to read:

353D.01 [PUBLIC EMPLOYEES DEFINED CONTRIBUTION PLAN.]

Subdivision 1. [ESTABLISHMENT.] The public employees defined contribution plan is administered by the public employees retirement association under supervision of the association board of trustees. To assist it in governing the operations of the plan, the board may appoint an advisory committee of not more than nine members who are representative of the employers and employees who participate in the plan.

Subd. 1a. [EMERGENCY MEDICAL SERVICES PERSONNEL ACCOUNT.] A separate account is created in the general fund to be known as the emergency medical services personnel account. The account consists of all funds deposited in the general fund from the drivers license surtax, and all funds forfeited under sections 8 and 9. Investment earnings on money in the account must be credited to the account.

Subd. 1b. [APPROPRIATION.] Money from the emergency medical services account is appropriated on January 1 each year to the public employees retirement association to fund the ambulance service personnel incentive program as provided in section 353D.031.

Subd. 2. [ELIGIBILITY.] (a) Except as provided in section 353D.11, eligibility to participate in the retirement plan is open to:

(1) an elected local government official of a governmental subdivision who elects to participate in the plan who is not a member of

the public employees retirement association within the meaning of section 353.01, subdivision 7; ~~and to;~~

(2) basic and advanced life support emergency medical service personnel employed by or providing services for any public ambulance service or privately operated ambulance service that receives an operating subsidy from a governmental entity that elects to participate; and

(3) a person who qualifies to have an ambulance service personnel incentive payment made on the person's behalf under section 353D.031.

(b) For purposes of this chapter, an elected local government official includes a person appointed to fill a vacancy in an elective office. Elected local government official does not include an elected county sheriff. Except as provided in section 353D.11, elected local government officials and first response personnel and emergency medical service personnel who are currently covered by a public or private pension plan because of their employment or provision of services are not eligible to participate in the plan.

Sec. 3. Minnesota Statutes 1990, section 353D.02, is amended to read:

353D.02 [ELECTION OF COVERAGE.]

~~Eligible~~ (a) Elected local government officials eligible under section 353D.01, subdivision 2, paragraph (a), clause (1), may elect to participate in the plan after being elected or appointed to a public office by filing an application to participate on a form prescribed by the executive director of the association. Participation begins on the first day of the month after the application is received in the association's office or on the date when the term of office commences, whichever date is later. An election to participate in the plan is irrevocable during incumbency in office.

~~Each~~ (b) For personnel eligible under section 353D.01, subdivision 2, paragraph (a), clause (2), a public ambulance service or privately operated ambulance service that receives an operating subsidy from a governmental entity with eligible personnel may elect to participate in the plan. If a service elects to participate, its eligible personnel may elect to participate or to decline to participate. An individual's election must be made within 30 days of the service's election to participate or 30 days of the date on which the individual was employed by the service or began to provide service for it, whichever date is later. An election by a service or an individual is irrevocable.

(c) A person eligible under section 353D.01, subdivision 2, para-

graph (a), clause (3), may elect to participate in the plan. The person must elect to participate or decline to participate by June 30, 1994, or by June 30 of the fiscal year after June 30, 1994, which the person first becomes qualified to have an ambulance service personnel incentive payment made on the person's behalf under section 353D.031.

Sec. 4. [353D.021] [PUBLIC EMPLOYEES RETIREMENT ASSOCIATION TO PROVIDE PLAN INFORMATION TO CERTAIN AMBULANCE ATTENDANTS.]

The public employees retirement association shall undertake all practical efforts to inform ambulance attendants, ambulance drivers, and ambulance service medical directors on an ongoing basis about the ambulance service personnel incentive program and their eligibility to elect to participate in this plan. The commissioner of health and the executive director of the state board of investment shall provide all reasonable assistance to the public employees retirement association in preparing relevant information on the incentive program and the plan.

Sec. 5. Minnesota Statutes 1990, section 353D.03, is amended to read:

353D.03 [FUNDING OF PLAN.]

(a) An eligible elected local government official eligible under section 353D.01, subdivision 2, paragraph (a), clause (1), who elects to participate in the public employees defined contribution plan shall contribute an amount equal to five percent of salary as defined in section 353.01, subdivision 10. A participating elected local government official's governmental subdivision shall contribute a matching amount.

(b) A public ambulance service or privately operated ambulance service that receives an operating subsidy from a governmental entity that elects to participate in the plan shall fund benefits for its qualified personnel eligible under section 353D.01, subdivision 2, paragraph (a), clause (2), who individually elect to participate, except that personnel who are paid for their services may elect to make member contributions in an amount not to exceed the service's contribution on their behalf. Ambulance service contributions on behalf of salaried employees must be a fixed percentage of salary. An ambulance service making contributions for volunteer or largely uncompensated personnel may assign a unit value for each call or each period of alert duty for the purpose of calculating ambulance service contributions. ambulance service contributions. An ambulance service with personnel for whom funding is provided under the paragraph that has ambulance attendants, ambulance drivers, and ambulance service medical directors qualified to have an ambulance service personnel incentive payment made on the person's behalf

under section 353D.031 may discontinue that funding if the ambulance service has given its participating personnel at least 18 months notice of its intent to discontinue its funding of the plan.

Sec. 6. [353D.031] [AMBULANCE SERVICE PERSONNEL INCENTIVE PROGRAM.]

Subdivision 1. [ADMINISTRATION.] The money credited in the emergency medical services personnel account must be allocated annually by the executive director of the public employees retirement association.

Subd. 2. [ELIGIBILITY FOR ALLOCATION.] (a) The money credited in the emergency medical services personnel account must be annually allocated on the basis of the number of qualified personnel and their credited service during the previous year ending June 30.

(b) The amount of revenue paid to the emergency medical services account since the effective date of this section or the date of the last allocation, whichever applies, plus any net investment income credited to the account, must be determined.

(c) The number of qualified personnel must be determined. Qualified personnel are ambulance attendants, ambulance drivers, and ambulance service medical directors who:

(1) are employed by or serving an ambulance service that is licensed as such by the state of Minnesota;

(2) perform all or a predominant portion of services in Minnesota or on behalf of Minnesota residents, as certified by the chief administrative officer of the ambulance service;

(3) are currently certified by the department of health as an ambulance attendant, ambulance driver, or ambulance service medical director and are certified as active by the chief administrative officer of the ambulance service;

(4) for the year in question, would be considered a volunteer attendant under section 144.8091, subdivision 2, except that the salary limit is \$3,000 for calendar year 1992, and is \$3,000 multiplied by the cumulative percentage increase in the national consumer price index for all urban wage earners published by the federal Department of Labor since December 31, 1992;

(5) for an ambulance service medical director, meets the salary limit set forth in clause (4) based only on the person's hourly stipends or salary for service as a medical director; and

(6) has credit for no more than 20 years of service.

(d) The amount of credited service by qualified personnel in the form of units must be determined. A year of service by a qualified person after the person elects to participate in the plan, or after January 1, 1992, whichever is later, is equal to two units. If a qualified person has service that would have qualified before the date of election of participation or January 1, 1992, whichever is later, the person must receive an additional one-fifth of a unit per year of that service for a maximum of five years, except that the person cannot receive credit for any year in which contributions were made by an ambulance service on the person's behalf under sections 353D.03 and 353D.04.

Subd. 3. [ALLOCATION.] The money available for allocation must be divided by the total number of units associated with qualified personnel to determine the dollar value of a unit. A qualified person is entitled to have deposited on the person's behalf in the person's individual account an amount equal to the dollar value of a unit multiplied by the person's number of units credited for that year under subdivision 2, paragraph (d).

Sec. 7. Minnesota Statutes 1990, section 353D.05, is amended to read:

353D.05 [INVESTMENT OF FUNDS.]

Subdivision 1. [INVESTMENT.] Employing unit contributions under section 353D.03 and ambulance service personnel incentive allocation under section 353D.031, after the deduction of an amount for administrative expenses, and individual participant contributions must be remitted to the state board of investment for investment in the Minnesota supplemental investment fund established by section 11A.17.

Subd. 2. [INVESTMENT OPTIONS.] (a) An individual participant may elect to purchase shares in the income share account, the growth share account, the money market account, the bond market account, the guaranteed return account, or the common stock index account established by section 11A.17, or a combination of those accounts. The participant may elect to purchase shares in a combination of those accounts by specifying the percentage of the total contributions and ambulance service personnel incentive allocation to be used to purchase shares in each of the accounts.

(b) Twice in a calendar year, a participant may indicate in writing a choice of options for subsequent purchases of shares. After a choice is made, until the participant makes a different written indication, the executive director of the association shall purchase shares in the supplemental investment fund or funds specified by the participant. If no initial option is indicated by a participant, the executive

director shall invest all contributions made by or on behalf of a participant in the income share account. A choice of investment options is effective no later than the first pay date occurring more than 30 days after receipt of the written choice of options.

(c) One month before the start of a new guaranteed investment contract, a participant may elect to transfer all or a portion of the participant's shares previously purchased in the income share, growth share, common stock index, bond market, or money market accounts to the new guaranteed investment contract in the guaranteed return account. If a partial transfer is made, a minimum of \$200 must be transferred and a minimum balance of \$200 must remain in the previously selected investment options. Upon expiration of a guaranteed investment contract, the participant's shares attributable to that contract must be transferred to a new guaranteed investment contract unless the executive director is otherwise directed by the participant. Shares in the guaranteed return account may not be withdrawn from the fund or transferred to another account until the guaranteed investment contract has expired, unless the participant qualifies for a benefit payment under section 353D.07.

(d) Twice in a calendar year, a participant or former participant may also change the investment options selected for all or a portion of the individual's previously purchased shares in accounts other than the guaranteed return account. If a partial transfer of previously purchased shares is selected, a minimum of \$200 must be transferred and a minimum balance of \$200 must remain in the previously selected investment option. A change under this paragraph is effective as soon as cash flow to an account permits, but not later than six months from the requested change.

Subd. 3. [ADMINISTRATIVE EXPENSES.] The public employees retirement association may deduct an amount; ~~set annually by the executive director of the association, but not to exceed two percent of the employing unit contributions to the plan,~~ to defray the expenses of the association in administering the plan. The amount must be set annually by the executive director of the association, but not to exceed two percent of the total amount of the employing unit contributions to the plan and the ambulance service personnel incentive allocation received by the plan.

Sec. 8. [353D.051] [VESTING FOR INCENTIVE ALLOCATION.]

(a) Sixty months of service credit, accumulated after the date on which the person elects to participate in the plan, are required for vesting of retirement benefits under section 353D.07, other than on account of death, that are derived from ambulance service personnel incentive allocations under section 353D.031. These 60 months must be accumulated within 120 months of the first month of service credit earned after the date on which the person elects to participate

in the plan. No minimum period of service is required for vesting of benefits under section 353D.07, on account of death, that are derived from ambulance service personnel incentive allocations under section 353D.031, once the person has elected to participate in the plan. Upon completion of 60 months of service under the plan with one or more participating ambulance services, a participant terminating active service is entitled to receive the value of the participant's individual account as provided in section 353D.07.

(b) Amounts derived from ambulance service personnel incentive allocations under section 353D.031 that are credited to a person's account are forfeited at the end of the 120th month after the first month of service credit earned after the date on which the person elects to participate in the plan, if the person does not have 60 months of service credit at that time. Funds forfeited must be added to the emergency medical services personnel account for the subsequent January 1 allocation under section 353D.031.

Sec. 9. Minnesota Statutes 1990, section 353D.06, is amended to read:

353D.06 [REPORTING.]

The executive director of the public employees retirement association shall prescribe the reporting forms required from employing units and the election forms required from participants. Reporting forms must contain names, identification numbers, amount of contribution by and on behalf of each participant, and such other data as is required to keep an accurate record of the account value of each participant and to determine eligibility for aid allocations of ambulance service personnel incentive amounts under section 353D.031.

In the event an ambulance service fails to provide required information within 60 days after the public employees retirement association sends the service a notice that the information is overdue, its members forfeit the service units credited and its members are not entitled to the ambulance service personnel incentive amount allocated for that year. Ambulance services that provide fraudulent information are subject to criminal prosecution.

Sec. 10. [353D.091] [FEDERAL REQUIREMENTS.]

Subdivision 1. [PLAN TAX QUALIFICATION AND STATUS.] The public employees retirement association shall seek a determination from the Internal Revenue Service regarding the tax qualification status of the incentive program and from the United States Department of Labor regarding whether the incentive program must comply with federal Employee Retirement Income Security Act (ERISA) requirements.

Subd. 2. [REPORT TO LEGISLATURE.] The executive director shall immediately report the results of each determination to the chairs of the senate governmental operations committee, house governmental operations committee, and legislative commission on pensions and retirement.

Subd. 3. [IMPLEMENTATION DELAY.] The association shall not credit participants with service units nor transfer money from the emergency medical services personnel account under section 353D.031, subdivision 1, into individual accounts unless written notification is received from (1) the Internal Revenue Service that implementation of the incentive program does not jeopardize the tax-exempt status of the defined contribution plan or a public pension plan under section 356.30, subdivision 3, and (2) the United States Department of Labor that the incentive program need not comply with federal ERISA requirements, including any requirements for tax-deferred treatment of contributions and interest earned on contributions.

Subd. 4. [RULES AND POLICIES.] If the incentive program receives favorable determinations from both the Internal Revenue Service and the United States Department of Labor, the association shall formulate and adopt rules or policies in accordance with the restrictions and standards of the Internal Revenue Code and rules and regulations of the Internal Revenue Service.

Sec. 11. [EFFECTIVE DATE.]

If the requirements under section 10 are met by June, 1992, sections 1 to 5 and 9 are effective July 1, 1992, and section 6 is effective January 1, 1993. If not, sections 1 to 10 are inoperative.

ARTICLE 19

MISCELLANEOUS

Section 1. Minnesota Statutes 1990, section 13.51, subdivision 2, is amended to read:

Subd. 2. [INCOME PROPERTY ASSESSMENT DATA.] The following data collected by political subdivisions from individuals or business entities concerning income properties are classified as private or nonpublic data pursuant to section 13.02, subdivisions 9 and 12:

(a) detailed income and expense figures for the current year plus the previous three years;

(b) average vacancy factors for the previous three years;

(c) verified net rentable areas or net usable areas, whichever is appropriate;

(d) anticipated income and expenses for the current year; ~~and~~

(e) projected vacancy factor for the current year; and

(f) lease information.

Sec. 2. Minnesota Statutes 1990, section 14.03, subdivision 3, is amended to read:

Subd. 3. [RULEMAKING PROCEDURES.] The definition of a rule in section 14.02, subdivision 4, does not include:

(1) rules concerning only the internal management of the agency or other agencies that do not directly affect the rights of or procedures available to the public;

(2) rules of the commissioner of corrections relating to the placement and supervision of inmates serving a supervised release term, the internal management of institutions under the commissioner's control, and rules adopted under section 609.105 governing the inmates of those institutions;

(3) rules of the division of game and fish published in accordance with section 97A.051;

(4) rules relating to weight limitations on the use of highways when the substance of the rules is indicated to the public by means of signs;

(5) opinions of the attorney general;

(6) the systems architecture plan and long-range plan of the state education management information system provided by section 121.931;

(7) the data element dictionary and the annual data acquisition calendar of the department of education to the extent provided by section 121.932; ~~or~~

(8) the occupational safety and health standards provided in section 182.655; or

(9) revenue notices and tax information bulletins of the commissioner of revenue.

Sec. 3. Minnesota Statutes 1990, section 116.07, subdivision 4h, is amended to read:

Subd. 4h. [FINANCIAL RESPONSIBILITY RULES.] (a) The agency shall adopt rules requiring the operator or owner of a solid waste disposal facility to submit to the agency proof of the operator's or owner's financial capability to provide reasonable and necessary response during the operating life of the facility and for 20 years after closure, and to provide for the closure of the facility and postclosure care required under agency rules. Proof of financial responsibility is required of the operator or owner of a facility receiving an original permit or a permit for expansion after adoption of the rules. Within 180 days of the effective date of the rules or by July 1, 1987, whichever is later, proof of financial responsibility is required of an operator or owner of a facility with a remaining capacity of more than five years or 500,000 cubic yards that is in operation at the time the rules are adopted. Compliance with the rules is a condition of obtaining or retaining a permit to operate the facility.

(b) The agency shall amend the rules adopted under paragraph (a) to allow a municipality, as defined in section 475.51, subdivision 2, including a sanitary district, that owns or operates a solid waste disposal facility that was in operation on May 15, 1989, to meet its financial responsibility for all or a portion of the contingency action portion of the reasonable and necessary response costs at the facility through its authority to issue bonds, provided that the method developed in the rules will ensure that when funds are needed for a contingency action, sufficient bonds can and will be issued by the municipality to meet its responsibility. The rules must include at least:

(1) a requirement that the governing body of the municipality enact an ordinance that clearly accepts responsibility for the costs of contingency action at the facility and that reserves, during the operating life of the facility and for 20 years after closure, a portion of the debt limit of the municipality, as established under section 475.53 or other law, that is equal to the total contingency action costs calculated under the rules;

(2) a requirement that the municipality assure that all collectors that haul to the facility implement a plan for reducing solid waste by using volume-based pricing, recycling incentives, or other means;

(3) a requirement that when a municipality opts under the rules to meet a portion of its financial responsibility by relying on its authority to issue bonds, it shall also begin setting aside funds that will cover a portion of the potential contingency action costs at the facility, the amount to be determined by the agency for each facility based on at least the amount of waste deposited in the disposal

facility each year, and the likelihood and potential timing of conditions arising at the facility that will necessitate response action; and

(4) a requirement that a municipality have and consistently maintain an investment grade bond rating as a condition of using bonding authority to meet financial responsibility under this section.

(c) Counties shall comply with existing financial responsibility rules until those rules are amended under paragraph (b), and, after that time, counties shall comply with the amended rules. The method for proving financial responsibility developed under paragraph (b) may not be applied to a new solid waste disposal facility or to expansion of an existing facility, unless the expansion is a vertical expansion. Vertical expansions of qualifying existing facilities are limited to a period of not more than three years.

Sec. 4. Minnesota Statutes 1990, section 138.17, subdivision 1a, is amended to read:

Subd. 1a. [RECORDS INSPECTION.] Government records which a state agency, political subdivision, or statewide system lists on a records disposition application or records schedule, or on which archival assistance or advice is requested, may be inspected by state archives' employees if state archives gives prior notice. Employees of the archives shall have access to the records for the purpose of determining the historical or other continuing value of the records, regardless of the records' classification pursuant to chapter 13 or 270B. Employees of the archives shall be liable to the penalties set forth for improper disclosure by them of private, confidential, nonpublic, or protected nonpublic data inspected for this purpose.

Sec. 5. [270.0604] [REVENUE NOTICES.]

Subdivision 1. [AUTHORITY.] The commissioner of revenue may make, adopt, and publish interpretive revenue notices. A "revenue notice" is a policy statement that has been published pursuant to subdivision 5 and that provides interpretation, details, or supplementary information concerning the application of law or rules. Revenue notices are published for the information and guidance of taxpayers, the department of revenue, and others concerned.

Subd. 2. [EFFECT.] Revenue notices do not have the force and effect of law and have no precedential effect, but may be relied on by taxpayers until revoked or modified. A notice may be expressly revoked or modified by the department, by the issuance of a revenue notice, but may not be revoked or modified retroactively to the detriment of the taxpayers. A change in the law or an interpretation of the law occurring after the revenue notice is issued, whether in the form of a statute, court decision, administrative rule, or revenue

notice, results in revocation or modification of the notice to the extent that the change affects the notice.

Subd. 3. [RETROACTIVITY.] Revenue notices are generally interpretive of existing law and therefore are retroactive to the effective date of the applicable law provision unless otherwise stated in the notice.

Subd. 4. [ISSUANCE.] The issuance of revenue notices is at the discretion of the commissioner of revenue. The commissioner shall establish procedures governing the issuance of revenue notices and tax information bulletins.

Subd. 5. [PUBLICATION.] The commissioner shall publish the revenue notices in the State Register and in any other manner that makes them accessible to the general public. The commissioner may charge a reasonable fee for publications.

Subd. 6. [APPLICABILITY.] This section does not apply to property tax law.

Sec. 6. [270.0605] [TAX INFORMATION BULLETINS.]

The commissioner of revenue may issue tax information bulletins. "Tax information bulletins" are informational guides to enable taxpayers to become more familiar with Minnesota tax laws and their rights and responsibilities under the tax laws. Nothing contained in the tax information bulletins supersedes, alters, or otherwise changes any provisions of the Minnesota tax law, administrative rules, court decisions, or revenue notices.

Sec. 7. Minnesota Statutes 1990, section 270.067, subdivision 1, is amended to read:

Subdivision 1. [STATEMENT OF PURPOSE.] State governmental policy objectives are sought to be achieved both by direct expenditure of governmental funds and by the granting of special and selective tax relief or tax expenditures. Both direct expenditures of governmental funds and tax expenditures have an effect on the ability of the state and local governments to lower tax rates or to increase expenditures. As a result, tax expenditures should receive a regular and comprehensive review by the legislature as to (a) their total cost, (b) their effectiveness in achieving their objectives, (c) their effect on the fairness and equity of the distribution of the tax burden, and (d) the public and private cost of administering tax expenditure financed programs. This section is intended to facilitate a regular review of the state and local tax expenditure budget by the legislature by providing for the preparation of a regular biennial tax expenditure budget.

Sec. 8. Minnesota Statutes 1990, section 270.067, subdivision 2, is amended to read:

Subd. 2. [PREPARATION; SUBMISSION.] The commissioner of revenue shall prepare a tax expenditure budget for the state every four years. The tax expenditure budget report shall be submitted to the legislature as a supplement to the governor's budget and at the same time as provided for submission of the budget pursuant to section 16A.11, subdivision 1, ~~except that the next such report shall be submitted in 1993, and every four years thereafter.~~

Sec. 9. Minnesota Statutes 1990, section 270B.09, is amended to read:

270B.09 [CONTRACTS WITH THE STATE; SETOFF]

The commissioner may disclose to the department of finance or any state agency making payment to a vendor as described in section 270.66 or 290.97 whether the vendor has an uncontested delinquent tax liability owed to the commissioner and the amount of any liability. The commissioner may also disclose taxpayer identity information to the department of finance and to the University of Minnesota, solely for vendor setoff purposes.

Sec. 10. Minnesota Statutes 1990, section 290.611, subdivision 1, is amended to read:

Subdivision 1. No person who prepares, aids in the preparation, processes, transmits, consults with respect to or reviews a state or federal tax return for another person, corporation, partnership, association or other taxpayer shall divulge any particulars of such return, except to authorized employees of the department of revenue or of the Internal Revenue Service in the course of an examination, without the written permission of such person, corporation, partnership, association or other taxpayer or the legally appointed representative of such taxpayer if such taxpayer is deceased, incompetent or otherwise unable to give such consent. The provisions of this subdivision shall not apply to disclosure by an employee of the department of revenue or of the Internal Revenue Service to other employees of such department or service where such disclosure is necessary for the effective administration of the tax laws of the state or the federal government.

Sec. 11. Minnesota Statutes 1990, section 325D.32, is amended by adding a subdivision to read:

Subd. 5a. [INTEGRATED WHOLESALER.] "Integrated wholesaler" means a corporation that offers, in-house, a diversified range of services including advertising, accounting, store planning, engineering, and distribution in conjunction with the wholesale distri-

bution of grocery, perishable, and other products including cigarettes to retail grocery stores and which derives less than ten percent of its gross sales from the sale of cigarettes. Except as provided in subdivision 11, paragraph (b), the term "wholesaler" as used in this section also applies to "integrated wholesaler."

Sec. 12. Minnesota Statutes 1990, section 325D.32, subdivision 10, is amended to read:

Subd. 10. (a) "Cost to wholesaler" means the basic cost of the cigarettes, prior to deducting manufacturer's timely payment and stamping discounts and any other discounts or rebates, plus the cost of doing business by the wholesaler, as defined in sections 325D.30 to 325D.42.

(b) In the absence of proof of a lesser or higher cost, the cost of doing business by the wholesaler is presumed to be four percent of the basic cost of the cigarettes, plus cartage to the retail outlet, if furnished or paid for by the wholesaler; in the absence of proof of a lesser or higher cost. Such cartage cost is presumed to be one-half of one percent of the basic cost of the cigarettes in the absence of proof of a lesser or higher cost. A manufacturer's timely payment and stamping discounts and any other discounts or rebates shall not be deducted in determining the cost of doing business by a wholesaler who is not an integrated wholesaler, whether it is determined under the percentage formula set forth in this paragraph or proof of actual cost.

(c) A wholesaler electing to sell cigarettes at a price other than that presumed by law must submit to the commissioner documentation substantiating the actual cost of the cigarettes before selling at actual cost. For purposes of this paragraph "actual cost" means basic cost as defined in subdivision 9 plus the wholesaler's cost of doing business. The commissioner shall review the documents submitted and, if necessary, request additional documentation to verify the accuracy of the cost computations. If, within 15 days of submission of the documentation, the commissioner has not notified the wholesaler of any deficiencies in the cost computations, the wholesaler may begin selling at actual cost. The cost computations are effective for a period of not more than 12 months beginning 15 days after submission of the documentation. Fifteen days before expiration of the 12-month period, the wholesaler must submit new cost documentation for review by the commissioner to continue selling at less than the price presumed by law. New cost documentation must also be submitted to the commissioner on the last day of a month in which the basic cost of cigarettes increases.

Sec. 13. Minnesota Statutes 1990, section 325D.415, is amended to read:

325D.415 [CIGARETTE DISTRIBUTOR FEES.]

A cigarette distributor as defined in section 297.01, subdivision 7, shall pay to the commissioner an annual fee as follows:

(1) a fee of \$2,500 is due from those distributors whose annual cigarette tax collections exceed \$2,000,000; and

(2) a fee of \$1,200 is due from those distributors whose annual cigarette tax collections are \$2,000,000 or less.

The annual fee must be paid by December 31 of each year. If the fee is not paid when due, the commissioner shall revoke or refuse to issue or renew the license under chapter 297. The annual fee must be deposited into the general fund, and is annually appropriated to the commissioner of revenue to be used for the administration and enforcement of sections 325D.30 to 325D.415.

Sec. 14. [373.42] [MANDATE EXCEPTIONS.]

Upon submission of resolutions adopted by five or more counties representing 30 percent or more of Minnesota's population according to the last decennial census, the state auditor must determine, within 30 days following notification, whether sufficient funds are available for those counties to fulfill the requirements of a new or existing program imposed by the legislature, a state agency, or a judicial authority without incurring a civil liability, criminal penalty, or administrative sanction.

The state auditor must separately determine whether the full or partial suspension of administrative requirements reduces program costs to the level of available funding. For purposes of this section, administrative requirements include rules, reporting requirements, and administrative or procedural requirements.

Notwithstanding any law or rule to the contrary, if the state auditor finds that revenues are insufficient to fund administrative requirements, a county board may, by resolution, order suspension of those administrative requirements. If the auditor finds that revenues are insufficient to fund program benefits, the county board may additionally order suspension of the program benefits. For purposes of this section, program benefits means total cost less the cost of administrative requirements.

The legislative commission on planning and fiscal policy may order the reinstatement of program benefits by a majority vote of its members.

Sec. 15. Minnesota Statutes 1990, section 462C.03, subdivision 10, is amended to read:

Subd. 10. Notwithstanding any provision of this chapter, not more

than 20 percent of the aggregate dollar amount of tax-exempt bond proceeds and any other funds appropriated by any city within any calendar year to make or purchase loans providing single family housing or dwelling units for sale within multifamily housing developments described in section 462C.05, subdivision 3, shall be appropriated to provide single family housing for persons or families, including renters of the single family housing, whose gross income exceeds the limit in section 462C.03, subdivision 2. If 20 percent of the total amount of tax-exempt bond funds so appropriated by the city in any calendar year is expended for housing not within the limit, no additional funds may be expended pursuant to any other similar appropriation until the remaining 80 percent is expended for housing within the limit. Notwithstanding subdivision 2, the city may use taxable bond proceeds for single family housing for persons and families with adjusted gross incomes of up to 175 percent of the median family income as estimated by the United States Department of Housing and Urban Development for the nonmetropolitan county or standard metropolitan statistical area, whichever is appropriate.

Sec. 16. [471.593] [CITIZENS BUDGET ADVISORY COMMITTEES.]

(a) This section may be cited as the "citizen budget advisory committee act."

The governing body of a home rule or statutory city may appoint a citizen budget advisory committee to:

(1) forward proposals for more efficient delivery of city services including the coordination and consolidation of various city programs and services where appropriate;

(2) study the budgetary effects that locally provided services required under state law have on the city's budget;

(3) work cooperatively with city council members and staff in addressing any other funding and program concerns the citizen advisory council may determine are appropriate; and

(4) undertake outreach efforts to communicate to city residents potential changes to existing programs.

(b) The number of members, the length of their terms, and the duration of a committee shall be set by the city. Members of a committee shall represent a cross-section of city geographical areas, housing, and income levels. The committee may determine the frequency of meetings. The first meeting may coincide with the beginning of the local budget development process. City staff shall provide background rationale and explanation of:

(1) revenue sources and formulas as they pertain to local expenditures;

(2) the history of local revenues and expenditures;

(3) cost-saving mechanisms already in place; and

(4) the impact of projected revenue cuts.

Meetings shall be open to the public and notice provided. The committee may issue a report upon completion of the budget process. Nothing in this section shall preclude a committee from studying issues not described in this section, if authority is granted to it by the city.

Sec. 17. Laws 1974, chapter 285, section 4, as amended by Laws 1989, chapter 328, article 4, section 6, is amended to read:

Sec. 4. [ISSUANCE OF BONDS.]

To finance the programs authorized in section 2, 2a, and 3 of this act, the governing body of the city may by resolution authorize, issue, and sell general obligation bonds of the city ~~in accordance with the provisions of Minnesota Statutes, Chapter 475~~ without submission of the question to the electors of the city, notwithstanding any provision of the city charter or local ordinance. ~~Minnesota Statutes, chapter 475, applies to the issuances of bonds.~~ The total amount of all bonds outstanding for the programs shall not exceed \$25,000,000. The amount of all bonds issued shall be ~~included in~~ excluded from the net indebtedness of the city for the purpose of any charter or statutory debt limitation.

Sec. 18. [PENNINGTON COUNTY; THIEF RIVER FALLS; STUDENT HOUSING.]

Subdivision 1. Pennington county or the city of Thief River Falls may construct and own student housing in the county or city. The county or city may incur debt as provided by Minnesota Statutes, chapter 475, to finance the cost of the student housing, which is a purpose like other purposes stated in Minnesota Statutes, section 475.52. Payment of the debt may be secured by either or both the pledge of revenue from the housing or the pledge of the full faith and credit of the county or city. An election is not necessary to authorize obligations issued under the authority provided by this section.

Subd. 2. Subdivision 1 takes effect separately for Pennington county and the city of Thief River Falls upon compliance with Minnesota Statutes, section 645.021, subdivision 3, by their respective governing bodies.

Subd. 3. Property taxes may not be levied under this section until the 1992 levy, payable in 1993 and thereafter.

Sec. 19. [EFFECTIVE DATE.]

Sections 1, 4, 9, and 10 are effective the day following final enactment. Sections 2, 3, 5, and 6 are effective July 1, 1991. Section 16 is effective the day following final enactment.

Amend the title accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

Vellenga from the Committee on Judiciary to which was referred:

H. F. No. 1099, A bill for an act relating to civil actions; increasing penalties for retaliation by employers under the child abuse and vulnerable adults reporting acts; amending Minnesota Statutes 1990, sections 626.556, subdivision 4a; and 626.557, subdivision 17.

Reported the same back with the following amendments:

Page 1, line 18, delete "\$50,000" and insert "\$10,000"

Page 2, line 17, delete "\$50,000" and insert "\$10,000"

With the recommendation that when so amended the bill pass.

The report was adopted.

Osthoff from the Committee on General Legislation, Veterans Affairs and Gaming to which was referred:

H. F. No. 1147, A bill for an act relating to public employment; transferring certain state employees from the unclassified to the classified service; requiring rules for evaluating the performance of arbitrators; establishing deadlines for certain steps in the arbitration process; establishing a procedure for setting the dates for meetings of arbitration panels; amending Minnesota Statutes 1990, sections 16B.88, subdivision 1; 43A.08, subdivision 1a, and by adding a subdivision; 43A.18, subdivision 4; 116K.04, subdivision 5; 144A.52, subdivision 1; 179A.05, subdivision 6; 179A.16, subdivisions 4, 6, and 7; 196.23, subdivision 1; 240A.02, subdivision 3; 241.01, subdivision 3a; 241.43, subdivisions 1 and 2; 299A.30,

subdivision 1; 349A.02, subdivision 4; 446A.03, subdivision 5; Laws 1984, chapter 654, article 2, section 152, subdivision 3; and Laws 1987, chapter 386, article 1, section 11; repealing Minnesota Statutes 1990, sections 116J.615, subdivision 3; and 352D.02, subdivision 1b.

Reported the same back with the following amendments:

Page 8, line 5, before "At" insert "All professional employees as defined in section 179A.03, subdivision 13, whose primary responsibilities are in marketing are in the unclassified service. All other employees of the division are in the classified service."

With the recommendation that when so amended the bill pass.

The report was adopted.

Vellenga from the Committee on Judiciary to which was referred:

H. F. No. 1170, A bill for an act relating to human rights; lengthening the statute of limitations for human rights act violations; amending Minnesota Statutes 1990, sections 363.06, subdivision 3; and 363.116.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 363.06, is amended by adding a subdivision to read:

Subd. 3b. Notwithstanding the provisions of subdivision 3, a claim of an unfair discriminatory practice may be brought as a civil action pursuant to section 363.14, subdivision 1, clause (a), within two years after the occurrence of the unfair discriminatory practice provided that:

(1) the claim was filed in a charge with a local commissioner or filed in a charge with the commissioner within the time specified in subdivision 3; or

(2) the claim is one of sexual harassment.

Under clauses (1) and (2), the running of the statute of limitations period is suspended during the time the parties are voluntarily engaged in a dispute resolution process, as provided in subdivision 3."

Delete the title and insert:

“A bill for an act relating to human rights; lengthening the statute of limitations for certain human rights act violations; amending Minnesota Statutes 1990, section 363.06, by adding a subdivision.”

With the recommendation that when so amended the bill pass.

The report was adopted.

Vellenga from the Committee on Judiciary to which was referred:

H. F. No. 1173, A bill for an act relating to natural resources; amending certain provisions concerning mineral exploration, exploratory boring, and data acquired in connection therewith; amending Minnesota Statutes 1990, sections 13.793, subdivision 2; 103I.601, subdivision 4; and 103I.605, subdivision 4.

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

The report was adopted.

Vellenga from the Committee on Judiciary to which was referred:

H. F. No. 1215, A bill for an act relating to agriculture; providing for enforcement of agricultural laws; imposing penalties; proposing coding for new law in Minnesota Statutes, chapter 17.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. [17.981] [DEFINITION.]

As used in sections 1 to 4, “person” means an individual, corporation, association, cooperative, or partnership.

Sec. 2. [17.982] [CRIMINAL AND ADMINISTRATIVE PENALTIES.]

Subdivision 1. [CRIMINAL PENALTIES.] A person who violates this chapter or chapter 17A, 18, 21, 27, 28, 30, 31, 31A, 32, or 34, for which a penalty has not been prescribed is guilty of a misdemeanor.

Subd. 2. [ADMINISTRATIVE PENALTIES.] (a) The commissioner may, in addition to or as an alternative to misdemeanor prosecution, impose an administrative penalty on a person who violates a chapter listed in subdivision 1. For a first violation, the commissioner may impose an administrative penalty of not more than \$1,000 for each violation. For a second or succeeding violation, the commissioner may impose an administrative penalty of not more than \$1,500 for each violation. Each day a violation continues is a separate violation.

(b) In determining the amount of the administrative penalty the commissioner may consider:

- (1) the willfulness of the violation;
- (2) the gravity of the violation;
- (3) the person's history of past violations;
- (4) the number of violations;
- (5) the economic benefit from the violation; and
- (6) other factors identified in the commissioner's citation.

(c) For a second or succeeding violation, the commissioner shall determine the amount of a penalty by considering the factors in paragraph (b) and:

- (1) similarity between the violations;
- (2) time elapsed since the last violation; and
- (3) the person's response to the most recent violation.

Sec. 3. [17.983] [ADMINISTRATIVE PENALTIES AND ENFORCEMENT.]

Subdivision 1. [ADMINISTRATIVE PENALTIES; CITATION.] If a person has violated this chapter or chapter 17A, 18, 21, 27, 28, 30, 31, 31A, 32, or 34, the commissioner may issue a written citation to the person by personal service or by certified mail. The citation shall describe the nature of the violation and the statute or rule alleged to have been violated; state the time for correction; and the amount of any proposed fine. The citation must advise the person to notify the commissioner in writing within 30 days if the person wishes to appeal the citation. If the person fails to appeal the citation, the citation is the final order and not subject to further review.

Subd. 2. [FAILURE TO CORRECT.] If a person fails to correct a violation within the time prescribed by the commissioner, the commissioner shall notify the person by certified mail of the failure to correct and the penalty amount assessed. The notice must state that the person must notify the commissioner in writing within 30 days if the person wishes to appeal the penalty. If the person fails to appeal the penalty in writing within 30 days of receipt of the notice, the penalty is a final order and not subject to further review.

Subd. 3. [CONTESTED CASE.] If a person appeals a citation or a penalty assessment within the time limits in subdivisions 1 and 2, the commissioner, within 40 days after receiving the appeal, shall initiate a contested proceeding under chapter 14. The report of the administrative law judge is the final decision of the commissioner of agriculture.

Sec. 4. [17.984] [INVESTIGATION.]

Subdivision 1. [AUTHORITY.] The commissioner may, upon presenting appropriate credentials, enter and inspect any premises subject to the commissioner's authority, under this chapter or chapter 17A, 18, 21, 27, 28, 30, 31, 31A, 32, or 34, and all related conditions, structures, machines, apparatus, devices, equipment, and materials during regular working hours and at other reasonable times; question any employer, owner, operator, agent, or employee; and inspect any papers, books, documents, or records; and audit business records. The commissioner may issue notices in lieu of citations for minor violations if a notice is in the public interest.

Subd. 2. [FAILURE TO COMPLY.] The commissioner may administer oaths, take and cause to be taken depositions of witnesses, and issue subpoenas, and may petition the district court in the county in which the premises is located to compel compliance with the commissioner's orders and activities under this section."

With the recommendation that when so amended the bill pass.

The report was adopted.

Simoneau from the Committee on Appropriations to which was referred:

H. F. No. 1221, A bill for an act relating to education; establishing innovation grants for post-secondary child care needs; appropriating money.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“ARTICLE 1 – APPROPRIATIONS

Section 1. HIGHER EDUCATION APPROPRIATIONS

The sums in the columns marked “APPROPRIATIONS” are appropriated from the general fund, or other named fund, to the agencies and for the purposes specified in this article. The listing of an amount under the figure “1992” or “1993” in this article indicates that the amount is appropriated to be available for the fiscal year ending June 30, 1992, or June 30, 1993, respectively. “The first year” is fiscal year 1992. “The second year” is fiscal year 1993. “The biennium” is fiscal years 1992 and 1993.

SUMMARY BY FUND

	1992	1993	TOTAL
General	\$984,871,600	\$985,388,400	\$1,970,260,000

SUMMARY BY AGENCY—ALL FUNDS

	1992	1993	TOTAL
Higher Education Coordinating Board	\$92,566,000	\$92,560,000	\$185,126,000
State Board for Technical Colleges	\$165,466,000	\$165,061,000	\$330,527,000
State Board for Community Colleges	\$98,338,000	\$99,525,000	\$197,863,000
State University Board	\$180,966,900	\$177,498,000	\$358,464,900
Board of Regents of the University of Minnesota	\$446,514,800	\$449,744,500	\$896,259,300
Mayo Medical Foundation	\$1,019,900	\$999,900	\$2,019,800

APPROPRIATIONS
Available for the Year
Ending June 30
1992 1993

Sec. 2. HIGHER EDUCATION CO-ORDINATING BOARD

Subdivision 1. Total Appropriation	\$92,566,000	\$92,560,000
------------------------------------	--------------	--------------

1992

1993

\$

\$

The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. Agency Administration

\$3,249,000 \$3,242,000

\$58,000 in each year is for membership in the Midwest Higher Education Compact. The appropriation for this membership is in place of the appropriation for membership in the Western Interstate Commission on Higher Education.

\$300,000 is for child care innovation grants.

Subd. 3. State Grants

\$77,731,000 \$77,731,000

This appropriation contains money for increasing living allowances for state grants to \$3,594 for the first year and \$3,710 for the second year.

The HECB may use up to \$250,000 of the appropriation in each year to provide grants for Minnesota resident students participating in the Akita program. Grants must be awarded on the same basis as other state grants, except that the cost of attendance shall be adjusted to incorporate the state university tuition level and the Akita fee level. An individual grant must not exceed the state grant maximum award for a student at a four-year private college.

\$2,000,000 each year is for child care grants. For the biennium, the board may determine a reasonable percentage of the appropriation to be used for the administrative costs of the agency.

	1992	1993
	\$	\$

The HECB shall study the use of the grants to dislocated rural workers to determine whether the grants are efficiently managed, and whether they provide for educational opportunities that would not otherwise be available. The board shall report its recommendations on the future of this program to the education divisions of the appropriations and finance committees by January 15, 1992.

Subd. 4. Interstate Tuition Reciprocity

\$5,050,000	\$5,050,000
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Subd. 5. State Work Study

\$5,454,000	\$5,454,000
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Subd. 6. Income Contingent Loans

The HECB shall administer an income contingent loan repayment program to assist graduates of Minnesota schools in medicine, dentistry, pharmacy, chiropractic medicine, public health, and veterinary medicine, and Minnesota residents graduating from optometry and osteopathy programs. During the biennium, applicant data collected by the higher education coordinating board for this program may be disclosed to a consumer credit reporting agency under the same conditions as apply to the supplemental loan program according to Minnesota Statutes, section 136A.162.

Subd. 7. Minitex Library Program

\$1,083,000	\$1,083,000
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Subd. 8. Average Cost Funding Task Force

The average cost funding task force shall determine uniform definitions of

	1992	1993
	\$	\$
<p>terms that are related to funding including extension, continuing education, continuous enrollment, campuses, centers, sites, on-campus, off-campus, credit, noncredit, remedial, and college level. The task force shall report its recommendations to the education divisions of the appropriations and finance committees by February 1, 1992.</p>		

Subd. 9. An unencumbered balance in the first year under a subdivision in this section does not cancel but is available for the second year.

Subd. 10. The higher education coordinating board may transfer unencumbered balances from the appropriations in this section to the state grant appropriation and the interstate tuition reciprocity appropriation. Before the transfer, the higher education coordinating board shall consult with the chairs of the house appropriations and senate finance committees.

Sec. 3. STATE BOARD OF TECHNICAL COLLEGES

Subdivision 1. Total Appropriation	\$165,466,000	\$165,061,000
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The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. Instructional Expenditures

The legislature estimates that instructional expenditures will be \$224,695,000 the first year and \$226,420,000 the second year.

For the biennium, the maximum full year equivalent enrollment for the purpose of calculating the state portion of instructional cost shall be 32,420. If the actual enrollment exceeds this number,

	1992	1993
	\$	\$
those students shall be supported by tuition revenue only.		

\$34,553,000 in each year is for extension programs. The legislature intends that this appropriation be used primarily to support occupational programs, particularly those from which credits may be transferred to continuous enrollment programs. This appropriation is intended to cover all direct and indirect costs associated with extension. The state board shall report on its fully allocated expenditures by February 1 of each year of the biennium.

\$10,000,000 in each year is for instructional equipment.

\$525,000 in each year is for library development and acquisitions.

Subd. 3. Noninstructional Expenditures

The legislature estimates that noninstructional expenditures will be \$2,092,000 the first year and \$1,546,000 the second year.

\$1,057,000 the first year and \$511,000 the second year are for debt service payments to school districts for technical college buildings financed with district bonds issued before January 1, 1979.

Subd. 4. Federal Funds

For fiscal year 1992, the state board shall allocate 12.75 percent of the federal funds received from the Carl D. Perkins Vocational and Applied Technology Education Act of 1990, to the state board of education for the purpose of supporting secondary vocational technical education programs and services. The state board for technical col-

	1992	1993
	\$	\$

leges and the state board of education must establish a process for allocating the Carl D. Perkins funds in future years and report that process to the education, appropriations, and finance committees.

Subd. 5. State Council on Vocational Technical Education

\$99,000 in each year must be allocated by the state board to the state council on vocational education.

Sec. 4. STATE BOARD FOR COMMUNITY COLLEGES

Subdivision 1. Total Appropriation	\$98,338,000	\$99,525,000
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The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. Instructional Expenditures

The legislature estimates that instructional expenditures will be \$131,892,000 the first year and \$134,564,000 the second year.

For the biennium, the maximum full year equivalent enrollment for the purpose of calculating the state portion of instructional cost shall be 30,862. If the actual enrollment exceeds this number, those students shall be supported by tuition revenue only.

\$907,570 in each year is for library acquisitions.

\$3,568,400 in each year is for instructional equipment.

To assist students in timely completion, the community college system shall consider alternatives to the elimination of summer session and report its

	1992	1993
	\$	\$
recommendations to the education divisions of the appropriations and finance committees by February 1, 1992.		

The community college system shall develop and implement a plan that results in equity in funding between a legislatively approved center and its main campus.

Subd. 3. Noninstructional Expenditures

The legislature estimates that noninstructional expenditures will be \$14,535,000 the first year and \$14,535,000 the second year.

Sec. 5. STATE UNIVERSITY BOARD

Subdivision 1. Total Appropriation · \$180,966,900 \$177,498,000

The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. Instructional Expenditures

The legislature estimates that instructional expenditures will be \$251,274,100 the first year and \$249,990,100 the second year.

For the biennium, the maximum full year equivalent enrollment for the purpose of calculating the state portion of instructional cost shall be 51,429. If the actual enrollment exceeds this number, those students shall be supported by tuition revenue only.

\$2,613,000 in each year is for library acquisitions.

\$8,400,230 in each year is for instructional equipment.

	1992	1993
	\$	\$

Subd. 3. Noninstructional Expenditures

The legislature estimates that noninstructional expenditures will be \$14,359,000 the first year and \$14,359,000 the second year.

Sec. 6. BOARD OF REGENTS OF THE UNIVERSITY OF MINNESOTA

Subdivision 1. Total Appropriation	\$446,514,800	\$449,744,500
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The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. Operations and Maintenance	\$363,276,500	\$366,506,100
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On December 1 each year the president of the University of Minnesota shall report to the senate finance and house appropriations committees and the commissioner of finance any receipts for the previous fiscal year in excess of the estimates on which these appropriations are based, the sources of these receipts, the purposes for which any excess receipts were spent, and the accounts to which the receipts were transferred. The total estimated receipts are \$142,038,800 for the first year and \$142,838,400 for the second year.

(a) Instructional Expenditures

The legislature estimates that instructional expenditures in this subdivision will be \$381,252,300 the first year and \$385,281,500 the second year.

\$4,135,100 in each year is for library acquisitions.

\$9,181,900 in each year is for instructional equipment.

	1992	1993
	\$	\$
Enrollment in the continuing education/extension and summer school cells for average cost funding calculations for fiscal year 1992 shall not exceed enrollment in these cells in fiscal year 1991.		

(b) Noninstructional Expenditures

The legislature estimates that noninstructional expenditures will be \$124,063,000 the first year and \$124,063,000 the second year.

Subd. 3. Special Appropriations	\$83,238,300	\$83,238,300
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The amounts expended for each program in the four categories of special appropriations shall be separately identified in the 1993 biennial budget document.

(a) Agriculture and Extension Service

\$44,593,100	\$44,593,100
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This appropriation is for the Agriculture Research and Minnesota Extension Service.

Any salary increases granted by the university to personnel paid from the Minnesota Extension appropriation must not result in a reduction of the county portion of the salary payments.

During the biennium, the university shall maintain an advisory council system for each experiment station. The advisory councils must be broadly representative of range of size and income distribution of farms and agribusinesses and must not disproportionately represent those from the upper half of the size and income distributions.

	1992	1993
	\$	\$
(b) Health Sciences		
\$17,391,600	\$17,391,600	

This appropriation is for Indigent Patients (County Papers), Rural Physicians Associates Program, Medical Research, Special Hospitals Service and Educational Offset, the Veterinary Diagnostic Laboratory, Institute for Human Genetics, and the Biomedical Engineering Center.

(c) Institute of Technology

\$3,605,200 \$3,605,200

This appropriation is for the Mineral Resources Research Center, Geological Survey, Underground Space Center, Talented Youth Mathematics Program, Microelectronics and Information Science Center, and the Productivity Center.

(d) System Specials

\$19,602,400 \$19,602,400

This appropriation is for Fellowships for Minority and Disadvantaged Students, General Research, Intercollegiate Athletics, Student Loans Matching Money, Industrial Relations Education, Natural Resources Research Institute, Sea Grant College Program, Biological Process Technology Institute, Supercomputer Institute, Center for Urban and Regional Affairs, Museum of Natural History, and the Humphrey Exhibit.

This appropriation includes money to improve the programs and resources available to women and to ensure that campuses are in compliance with Title IX of the Educational Amendment Act of 1972 and Minnesota Statutes, section 126.21. The women's athletic program shall be funded by the formula

	1992	1993
	\$	\$

allowance or a minimum of \$65,000 per campus per year. Each campus will receive the greater of the two calculations.

Of this appropriation, no less than the following amounts must be allocated to each campus:

Duluth	\$551,600	\$551,600
Morris	\$66,100	\$66,100
Crookston	\$65,000	\$65,000
Waseca	\$65,000	

Subd. 4. Base Reductions

The special appropriations in subdivision 3 shall be reduced by \$1,954,000 each year.

Sec. 7. MAYO MEDICAL FOUNDATION

Subdivision 1. Total Appropriation	\$1,019,900	\$999,900
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The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. Medical School

\$731,100	\$711,100
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The state of Minnesota shall pay a capitation of \$9,875 the first year and \$9,875 the second year for each student who is a resident of Minnesota.

This appropriation provides capitation for 20 Minnesota residents in each of the four classes at Mayo Medical School. The appropriation may be transferred between years of the biennium to accommodate enrollment fluctuations.

1992

1993

\$

\$

The legislature intends that during the biennium the Mayo foundation use the capitation money to increase the number of doctors practicing in rural areas in need of doctors as identified by the higher education coordinating board.

Subd. 3. Family Practice and Graduate Residency Program

\$288,800 \$288,800

The state of Minnesota shall pay a capitation of \$16,000 the first year and \$16,000 the second year for a maximum of 18 students each year.

Sec. 8. POST-SECONDARY SYSTEMS

The legislature intends that tuition increases that are adopted by any of the public post-secondary governing boards to offset reductions in appropriations will be temporary and shall not indicate a change in the state's funding policy.

Each governing board must apply budget reductions to central administration in at least the same proportion as they apply them to instructional expenditures.

The legislature intends that future increases in complement for central administration be submitted to the legislature for approval. The governing boards of the state universities, community colleges, and technical colleges shall include this in their biennial budget requests. The board of regents is requested to submit its increases in complement as part of its biennial budget requests.

ARTICLE 2

CAPITAL IMPROVEMENTS

Section 1. [APPROPRIATIONS.]

The sums in the column marked "APPROPRIATIONS" are appropriated from the bond proceeds fund, or other named fund, to the state agencies indicated, to be spent to acquire and to better public land and buildings and other public improvements of a capital nature, as specified in this article.

APPROPRIATIONS

Sec. 2. TECHNICAL COLLEGES

Subdivision 1. To the state board of technical colleges for the purposes specified in this section

\$ 1,393,000

The state board shall report to the house appropriations and senate finance committees by January 15 of each year on the status of the capital improvement projects in this section.

Notwithstanding Minnesota Statutes, section 136C.44, during the biennium the state board of technical colleges must not make grants to school districts but shall directly supervise and control the preparation of plans and specifications to construct, alter, or enlarge the technical college buildings and structures, and for improvements provided in this section.

During the biennium, the state board of technical colleges shall advertise for bids and award contracts in connection with the improvements, supervise and inspect the work, approve necessary changes in the plans and specifications, approve estimates for payment, and accept the improvements when completed according to the plans and specifications.

During the biennium, the state board may delegate the authority provided in this section to the campus president for capital repair and replacement projects with a total cost of less than \$50,000, if the state board determines that the projects can be efficiently managed at the campus level.

Plans must be paid for out of this appropriation. The remainder of the appropriation must not be spent until the board has secured suitable plans and specifications, prepared by a competent architect or engineer. The plans and specifications must be accompanied by a detailed statement of the cost, quality, and description of all material and labor required for the completion of the work. No plan may be adopted, no improvement made, and no building constructed that entails the expenditure of more money than the appropriation for the project, unless otherwise provided in this article.

The state board of technical colleges may delegate responsibilities under this section to technical college staff.

Subd. 2. Capital Improvements

\$ 1,393,000

This appropriation is for capital improvement grants to school districts for life safety projects at technical college campuses, including fuel tank removal and replacement, PCB removal, asbestos removal, handicapped access, emergency lighting, steam pipes, and capital code compliance. In the event that the state board spends any of this appropriation on fuel tanks, the board shall report on its reimbursement efforts to the appropriations and finance committees.

Subd. 3. Moorhead Technical College

Independent school district No. 152, Moorhead Technical College, may spend up to \$350,000 to construct class-

room and related space for farm business, small business, and other management programs at Moorhead Technical College. The expenditure must be made entirely from local money.

Subd. 4. Northeast Metro Technical College

Intermediate school district No. 916, Northeast Metro Technical College, may spend up to \$325,500 to construct a media center and to make electrical and mechanical renovations at Northeast Metro Technical College. The expenditure must be made entirely from local money.

Subd. 5. Detroit Lakes Technical College

The commissioner of finance shall give priority funding to the Detroit Lakes Technical College building project authorized by Laws 1990, chapter 610, article 1, section 2, subdivision 7, in the event that cashflows for currently authorized projects recommended by the Governor are modified, suspended, or delayed resulting in additional funds for debt service within the limits appropriated for the biennium ending June 30, 1993.

Sec. 3. COMMUNITY COLLEGES

Subdivision 1. To the commissioner of administration for the purposes specified in this section

\$ 2,575,000

Notwithstanding Minnesota Statutes, section 16B.24, subdivision 2, the state board for community colleges shall supervise and control necessary capital repairs to all community college buildings and structures during the biennium.

The state board shall report to the house appropriations and senate fi-

nance committees by January 15 of each year on the status of the capital improvement projects in this section.

Subd. 2. Systemwide Capital Improvements

\$ 2,575,000

This appropriation is for capital improvements at community colleges for life safety projects and continued maintenance requirements, including code compliance, handicapped access, improving mechanical systems, heating and ventilation, energy management upgrading, replacing water mains, paving parking surfaces, and emergency lighting.

Sec. 4. STATE UNIVERSITIES

Subdivision 1. To the state university board for the purposes specified in this section

\$ 5,155,000

Notwithstanding Minnesota Statutes, sections 16B.30 and 16B.31, during the biennium, the state university board shall supervise and control the preparation of plans and specifications for the construction, alteration, or enlargement of state university buildings and structures, and for improvements provided in this section. The board shall advertise for bids and award contracts in connection with the improvements, supervise and inspect the work, approve necessary changes in the plans and specifications, approve estimates for payment, and accept the improvements when completed according to the plans and specifications.

Plans must be paid for out of this appropriation. The remainder of the appropriation must not be spent until the board has secured suitable plans and specifications, prepared by a competent architect or engineer. The plans and specifications must be accompanied by a detailed statement of the cost, quality, and description of all material

and labor required for the completion of the work. No plan may be adopted, no improvement made, and no building constructed that entails the expenditure of more money than the appropriation for the project, unless otherwise provided in this article.

The board shall report to the house appropriations and senate finance committees by January 15 of each year on the status of the capital improvement projects in this section.

Notwithstanding Minnesota Statutes, section 16B.24, subdivision 2, the state university board shall supervise and control necessary repairs to all state university buildings and structures during the biennium.

Subd. 2. Systemwide Capital Improvements

\$ 215,000

This appropriation is for capital improvements on state university campuses for hazardous materials abatement.

Subd. 3. Mankato Campus

\$ 1,340,000

This appropriation is for utility tunnel upgrade.

Of the money appropriated in Laws 1990, chapter 610, article 1, section 4, subdivision 3, paragraph (a), to provide for heating plant rehabilitation at the Mankato campus, \$1,500,000 may be used to install a campus chilled water system. The existing heating plant shall be expanded to accommodate the rehabilitation and the chilled water system.

Subd. 4. Moorhead Campus

\$ 3,600,000

This appropriation is to rehabilitate the heating plant, restore the heating system, and enable it to meet future

steam demands in accord with a recent engineering study.

Subd. 5. St. Cloud Campus

Notwithstanding Minnesota Statutes, chapter 16B, for fiscal year 1992, the St. Cloud State University Foundation Incorporated may construct an addition to the existing business education building, a state-owned building located on the St. Cloud State University campus. The foundation may provide initial funds to the state university board to contract for design and construction. The state university board shall supervise and control the preparation of plans and specifications for the construction of the building addition. The building addition shall be leased and then donated to St. Cloud State University, subject to the approval of the board. The term of the lease shall not exceed five years. The board shall have approval authority for the design and lease. Title to the building shall pass to the state immediately upon donation or when all the terms of the lease have been met. Prior to the design, construction, or lease, the board shall report its plans to the chairs of the senate finance and house appropriations committees.

Notwithstanding Minnesota Statutes, chapter 94, the state university board may enter into an agreement with the city of St. Cloud to exchange parcels of land. The conveyances must be made for no monetary consideration and by quitclaim deed in a form approved by the attorney general. Before the conveyances, the state university board and the city of St. Cloud shall enter an agreement on temporary easements on the parcels of land to be exchanged.

Sec. 5. UNIVERSITY OF MINNESOTA

Subdivision 1. To the regents of the University of Minnesota for the purposes specified in this section

\$ 1,925,000

The regents shall report to the house appropriations and senate finance committees by January 15 of each year on the status of the capital improvement projects in this section.

Subd. 2. Systemwide Capital Improvements

\$ 1,925,000

This appropriation is for capital improvements on University of Minnesota campuses for life safety projects, including code compliance, handicapped access, fuel tank removal and replacement, and asbestos removal. In the event that the board of regents spends any of this appropriation on fuel tanks, the board shall report on its reimbursement efforts to the appropriations and finance committees.

Sec. 6. [BOND SALE.]

To provide the money appropriated in this article from the state bond proceeds fund, the commissioner of finance, on request of the governor, shall sell and issue bonds of the state in an amount up to \$11,048,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 6 are effective the day after final enactment.

ARTICLE 3

PEACE OFFICER TRAINING

Section 1. Minnesota Statutes 1990, section 626.84, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of sections 626.84 to 626.863, the following terms have the meanings given them:

(a) "Board" means the board of peace officer standards and training.

(b) "Director" means the executive director of the board.

(c) "Peace officer" means an employee or an elected or appointed official of a political subdivision or law enforcement agency who is licensed by the board, charged with the prevention and detection of crime and the enforcement of the general criminal laws of the state and who has the full power of arrest, and shall also include the Minnesota state patrol, agents of the division of gambling enforcement, and state conservation officers.

(d) "Constable" has the meaning assigned to it in section 367.40.

(e) "Deputy constable" has the meaning assigned to it in section 367.40.

(f) "Part-time peace officer" means an individual licensed by the board whose services are utilized by law enforcement agencies no more than an average of 20 hours per week, not including time spent on call when no call to active duty is received, calculated on an annual basis, who has either full powers of arrest or authorization to carry a firearm while on active duty. The term shall apply even though the individual receives no compensation for time spent on active duty, and shall apply irrespective of the title conferred upon the individual by any law enforcement agency. The limitation on the average number of hours in which the services of a part-time peace officer may be utilized shall not apply to a part-time peace officer who has formally notified the board pursuant to rules adopted by the board of the part-time peace officer's intention to pursue the specialized training for part-time peace officers who desire to become peace officers pursuant to sections 626.843, subdivision 1, clause (g), and 626.845, subdivision 1, clause (g).

(g) "Reserve officer" means an individual whose services are utilized by a law enforcement agency to provide supplementary assistance at special events, traffic or crowd control, and administrative or clerical assistance. A reserve officer's duties do not include enforcement of the general criminal laws of the state, and the officer does not have full powers of arrest or authorization to carry a firearm on duty.

(h) "Law enforcement agency" means a unit of state or local government that is authorized by law to grant full powers of arrest and to charge a person with the duties of preventing and detecting crime and enforcing the general criminal laws of the state.

(i) "Professional peace officer education" means a post-secondary degree program, or a nondegree program for persons who already have a college degree, that is offered by a college or university in Minnesota, designed for persons seeking licensure as a peace officer, and approved by the board.

Sec. 2. [626.856] [SCHOOL OF LAW ENFORCEMENT.]

By July 1, 1992, the state university system shall develop a school of law enforcement in the metropolitan area, as defined in section 473.121, subdivision 2, whose mission is to advance the profession of law enforcement. The school may offer professional peace officer education, graduate degree programs, and peace officer continuing education programs, and may conduct applied research.

Sec. 3. [626.857] [ADVISORY COUNCIL.]

An advisory council of no more than 12 members is established consisting of law enforcement faculty and administrators, peace officers, police chiefs, sheriffs, and citizens. The state university board, the community college board, and the technical college board shall each appoint four members. The advisory council shall meet at least once each year to advise the post-secondary systems regarding professional peace officer education. The advisory council shall include women and members of minority groups. The advisory council shall expire on June 30, 1993.

Sec. 4. [TASK FORCE.]

Subdivision 1. [CREATION.] A task force is created to improve the quality and delivery of law enforcement education, and to more clearly define the mission of each post-secondary system in this delivery. The task force shall consist of a representative of the community college system, the technical college system, the state university system, private colleges offering professional peace officer education, the higher education coordinating board, and the advisory council established in section 3. The executive director of the peace officer standards and training board shall chair the task force.

Subd. 2. [ACTIONS.] By January 1, 1992, the task force shall develop and implement actions to:

(1) recruit and retain women and minorities in professional peace officer education;

(2) increase the amount of general education in the professional peace officer education program for associate degrees, to allow for maximum credit transfer from community colleges and technical colleges; and

(3) provide information to students enrolling in professional peace officer education concerning transferability of credits and the peace officer licensing process, and develop a form that the students must sign that acknowledges receipt of the information.

Subd. 3. [PLAN FOR PILOT PROJECT.] The task force shall develop a plan for a pilot project for an integrated peace officer education program in the metropolitan area to be implemented by the beginning of the 1992-1993 academic year. The pilot shall provide for the needs of students seeking associate and baccalaureate degrees. It shall include general education and integrated professional peace officer education which is appropriately managed and located. Upon appointment by the state university board, the director of the school of law enforcement shall serve as the coordinator of the pilot project and shall work with the task force in developing and implementing the pilot.

Subd. 4. [REPORTS.] The task force shall report on its actions and its progress in developing its plans by February 1, 1992, to the higher education policy and funding divisions of the legislature.

Sec. 5. [REPEALER.]

Minnesota Statutes 1990, section 626.86, is repealed.

ARTICLE 4

ACADEMIC EXCELLENCE SCHOLARSHIP

Section 1. [135A.30] [MINNESOTA ACADEMIC EXCELLENCE SCHOLARSHIP.]

Subdivision 1. [CREATION.] The Minnesota academic excellence scholarship program is created to reward students who have demonstrated outstanding ability, achievement, and potential in one of the following subjects: English/creative writing, fine arts, foreign language, math, science, or social science.

Subd. 2. [ELIGIBILITY.] To be eligible to receive a scholarship under this section, a student must:

(1) graduate from a Minnesota public or nonpublic high school in the academic year in which the scholarship is awarded;

(2) successfully complete a college preparatory curriculum and demonstrate outstanding ability, achievement, and potential in one of the specified subjects;

(3) be admitted to enroll full time in a nonsectarian, baccalaureate degree-granting program at the University of Minnesota or at a Minnesota state university, or at a Minnesota private, baccalaureate degree-granting college or university; and

(4) pursue studies in the subject for which the award is made.

Subd. 3. [SELECTION OF RECIPIENTS.] The governing board of an eligible institution shall determine, in consultation with its campuses, application dates and procedures, criteria to be considered, and methods of selecting students to receive scholarships. A campus, with the approval of its governing board, may award a scholarship in any of the specified fields of study (1) in which the campus offers a program that is of the quality and rigor to meet the needs of the talented student, and (2) that is pertinent to the mission of the campus.

Subd. 4. [AMOUNT OF SCHOLARSHIP.] The amount of the scholarship must be (1) at public institutions, the cost of tuition and fees for full-time attendance for one academic year, or (2) at private institutions, an amount equal to the lesser of the actual tuition and fees charged by the institution or the tuition and fees in comparable public institutions. Scholarships awarded under this section must not be considered in determining a student's financial need as provided in section 136A.101, subdivision 5.

Subd. 5. [RENEWALS.] The scholarship shall be renewed yearly, for up to three additional academic years, if the student:

(1) maintains full-time enrollment with a grade point average of at least 3.0 on a four point scale;

(2) pursues studies and continues to demonstrate outstanding ability, achievement, and potential in the field for which the award was made; and

(3) is achieving satisfactory progress toward a degree.

Subd. 6. [NUMBER OF AWARDS.] The number of scholarships awarded each year shall be determined by the amount of money available in the scholarship account, as provided in section 168.129, subdivision 6, that is credited to a post-secondary institution or system through sales of its license plates. The number of new awards must be determined after subtracting the actual and projected amount necessary for renewals.

Subd. 7. [DISTRIBUTION AMONG CAMPUSES.] Post-secondary systems with more than one campus shall allocate at least three-fourths of the revenue available from the sale of license plates to the campuses to which the revenue is attributable. The governing board annually shall determine the distribution of the remaining portion among the campuses, after consideration of special needs or circumstances.

Subd. 8. [ADDITIONAL CONTRIBUTIONS.] A post-secondary system or campus may accept contributions, beyond those raised

through the sale of license plates, to supplement the campus fund for academic excellence scholarships.

Sec. 2. [168.129] [SPECIAL COLLEGIATE LICENSE PLATES.]

Subdivision 1. [GENERAL REQUIREMENTS AND PROCEDURES.] The commissioner of public safety shall issue special collegiate license plates to an applicant who:

(1) is an owner or joint owner of a passenger automobile, pickup truck, or van;

(2) pays a fee determined by the commissioner to cover the costs of handling and manufacturing the plates;

(3) pays the registration tax required under section 168.12;

(4) pays the fees required under this chapter;

(5) contributes at least \$100 to the scholarship account established in subdivision 6; and

(6) complies with laws and rules governing registration and licensing of vehicles and drivers.

Subd. 2. [DESIGN.] After consultation with each participating college, university or post-secondary system, the commissioner shall design the special collegiate plates.

In consultation with the commissioner, a participating college or university annually shall indicate the anticipated number of plates needed.

Subd. 3. [NO REFUND.] Contributions under this section must not be refunded.

Subd. 4. [PLATE TRANSFERS.] Notwithstanding section 168.12, subdivision 1, on payment of a transfer fee of \$5, plates issued under this section may be transferred to another passenger vehicle, pickup, or van owned or jointly owned by the person to whom the special plates were issued.

Subd. 5. [FEES CREDITED.] The fees collected under this section must be deposited in the state treasury and credited to the highway user tax distribution fund. Fees collected under this section do not include the contributions collected for the scholarship account.

Subd. 6. [SCHOLARSHIP ACCOUNT.] A scholarship account is created in the state treasury. Except for one percent that may be retained by the commissioner of public safety for administrative

costs, all contributions received under this section must be deposited by the commissioner in the scholarship account. Money in the scholarship account is appropriated to the governing board of the institution to which it is attributable, as provided in subdivision 7.

Subd. 7. [RECORD.] The commissioner shall maintain a record of the number of license plates issued for each post-secondary institution or system in order to determine the amount of scholarship funds available to that institution or system.

Sec. 3. [GOVERNING BOARD DUTIES.]

The board of regents of the University of Minnesota, the state university board, and the governing boards of eligible private colleges and universities are requested to cooperate with the higher education coordinating board, the Minnesota academic excellence foundation, public and nonpublic Minnesota high schools, and school districts to publicize the availability of the scholarships and to identify qualified students.

Sec. 4. [EFFECTIVE DATES.]

Section 1 is effective for high school graduates beginning in the 1991-1992 school year. Section 2 is effective for vehicle registrations after June 30, 1991.

ARTICLE 5 FINANCIAL AID

Section 1. Minnesota Statutes 1990, section 136A.101, subdivision 7, is amended to read:

Subd. 7. "Student" means a person who is enrolled at least half time, as defined by the board, in a program or course of study that applies to a degree, diploma, or certificate, except that for purposes of section 136A.132, student may include a person enrolled for at least three quarter or semester credits or the equivalent but less than half time.

Sec. 2. Minnesota Statutes 1990, section 136A.101, is amended by adding a subdivision to read:

Subd. 7a. "Full time" means enrollment in a minimum of 15 quarter or semester credits or the equivalent.

Sec. 3. Minnesota Statutes 1990, section 136A.101, is amended by adding a subdivision to read:

Subd. 7b. "Half time" means enrollment in a minimum of eight quarter or semester credits or the equivalent.

Sec. 4. Minnesota Statutes 1990, section 136A.101, is amended by adding a subdivision to read:

Subd. 10. "Satisfactory academic progress" means that at the end of each academic year during which a grant was awarded, a student has achieved a cumulative grade point average of at least 2.0 on a four point scale or its equivalent, and has completed at least 75 percent of the credits attempted.

Sec. 5. Minnesota Statutes 1990, section 136A.121, subdivision 6, is amended to read:

Subd. 6. [COST OF ATTENDANCE.] The cost of attendance consists of allowances specified by the board for room and board and miscellaneous expenses, and

(1) for public institutions, tuition and fees charged by the institution; or

(2) for private institutions, an allowance for tuition and fees equal to the lesser of the actual tuition and fees charged by the institution, or the instructional costs per full-year equivalent student in comparable public institutions.

For students attending less than full time, the board shall prorate the cost of attendance.

Sec. 6. Minnesota Statutes 1990, section 136A.121, subdivision 11, is amended to read:

Subd. 11. [RENEWAL CONDITIONS.] Each grant is renewable, contingent on continued residency in Minnesota, satisfactory academic ~~standing~~ progress, recommendation of the eligible institution currently attended, and evidence of continued need.

Sec. 7. Minnesota Statutes 1990, section 136A.121, subdivision 16, is amended to read:

Subd. 16. [HOW APPLIED; ORDER.] Grants awarded under sections ~~136A.095 to 136A.131~~ 136A.121 and 136A.132 to 136A.1354 must be applied to educational costs in the following order: tuition, fees, books, supplies, and other expenses. Unpaid portions of the awards revert to the grant account.

Sec. 8. Minnesota Statutes 1990, section 136A.125, subdivision 2, is amended to read:

Subd. 2. [ELIGIBLE STUDENTS.] An applicant is eligible for a child care grant if the applicant:

- (1) is a resident of the state of *Minnesota*;
- (2) has a child 12 years of age or younger, or 14 years of age or younger who is handicapped as defined in section 120.03, and who is receiving or will receive care on a regular basis from a licensed or legal, nonlicensed caregiver;
- (3) is within the sliding fee scale income guidelines set under section 256H.10, subdivision 2, as determined by a standardized financial aid needs analysis in accordance with the board's policies and rules, but is not a recipient of aid to families with dependent children;
- (4) has not earned a baccalaureate degree and has been enrolled full time less than eight semesters, 12 quarters, or the equivalent;
- (5) is pursuing a nonsectarian program or course of study that applies to an undergraduate degree, diploma, or certificate;
- (6) is enrolled at least half time in an eligible institution; and
- (7) is in good academic standing and making satisfactory academic progress; ~~as determined by the institution.~~

Sec. 9. Minnesota Statutes 1990, section 136A.125, subdivision 3, is amended to read:

Subd. 3. [ELIGIBLE INSTITUTION.] A Minnesota public post-secondary institution or a private, ~~residential, two-year or four-year, liberal arts,~~ baccalaureate degree granting college or university located in Minnesota is eligible to receive child care funds from the board and disburse them to eligible students.

Sec. 10. Minnesota Statutes 1990, section 136A.125, subdivision 4, is amended to read:

Subd. 4. [AMOUNT AND LENGTH OF GRANTS.] The amount of a child care grant must be based on:

- (1) the financial need of the applicant;
- (2) the number of the applicant's children; and
- (3) the cost of the child care,

as determined by the institution in accordance with board policies and rules. The amount of the grant must cover the cost of child care for all eligible children for the full number of hours of education per week and may cover up to 20 hours per week of employment for which child care is needed. The grant must be awarded for one academic year. The minimum financial stipend is \$100.

Sec. 11. Minnesota Statutes 1990, section 136A.125, is amended by adding a subdivision to read:

Subd. 4a. [RATES CHARGED.] Child care providers may not charge students receiving grants under this section a rate that is higher than the rate charged to private paying clients.

Sec. 12. Minnesota Statutes 1990, section 136A.125, subdivision 6, is amended to read:

Subd. 6. [YEARLY ALLOCATIONS TO INSTITUTIONS.] The board shall base yearly allocations on the need for and use of the funds in the last academic year, and other using relevant factors as determined by the board in consultation with the institutions. Up to five percent of the allocation, as determined by the board, may be used for an institution's administrative expenses. Any funds designated, but not used, for this purpose must be reallocated to child care grants.

Sec. 13. [136A.1311] [CASH FLOW.]

The higher education coordinating board may ask the commissioner of finance to lend general fund money to the grant account to ease cash flow difficulties. The higher education coordinating board must first certify to the commissioner that there will be adequate refunds to the account to repay the loan. The commissioner shall use the refunds to make repayment to the general fund of the full amount loaned. Money necessary to meet cash flow difficulties in the state grant program is appropriated to the commissioner of finance for loans to the higher education coordinating board.

Sec. 14. Minnesota Statutes 1990, section 136A.132, subdivision 3, is amended to read:

Subd. 3. [STUDENT ELIGIBILITY.] An applicant is eligible to be considered for a part-time student grant if the applicant:

(1) is a resident of the state of Minnesota;

(2) is an undergraduate student who has not earned a baccalaureate degree;

(3) is pursuing a program or course of study that applies to a degree, diploma, or certificate;

(4) is attending an eligible institution either less than half time ~~as defined by the board~~, or as a new or returning student enrolled at least half time but less than full time ~~as defined by the board~~; and

(5) is not in default, as defined by the board, of any federal or state student educational loan.

Sec. 15. Minnesota Statutes 1990, section 136A.132, subdivision 5, is amended to read:

Subd. 5. [AMOUNT.] The amount of any part-time student grant award must be based on the need of the applicant determined by the institution in accordance with policies and rules established by the higher education coordinating board. The minimum financial stipend is \$100.

Sec. 16. Minnesota Statutes 1990, section 136A.132, subdivision 6, is amended to read:

Subd. 6. [LENGTH OF AWARD.] Part-time student grants must be awarded for a single term as defined by the institution in accordance with guidelines and policies of the higher education coordinating board. Awards are not renewable, but the recipient of an award may apply for additional awards for subsequent terms contingent on continued eligibility, need, and satisfactory academic progress.

A new or returning student enrolled at least half time but less than full time; ~~as defined by the board~~; and pursuing a program or course of study that applies to a degree, diploma, or certificate is eligible for an award for only one term.

Sec. 17. Minnesota Statutes 1990, section 136A.1352, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] The higher education coordinating board shall provide grants to students who are entering or enrolled in registered nurse or licensed practical nurse programs, who have no previous nursing training or education, and who agree to practice in a designated rural area, as defined by the board.

Sec. 18. Minnesota Statutes 1990, section 136A.1353, subdivision 4, is amended to read:

Subd. 4. [RESPONSIBILITIES OF THE HIGHER EDUCATION COORDINATING BOARD.] The higher education coordinating board shall distribute funds each year to the schools, colleges, or

programs of nursing applying to participate in the nursing grant program based on the last academic year's enrollment of students in educational programs that would lead to licensure as a ~~licensed practical~~ registered nurse. Money not used by a recipient nursing program must be returned to the higher education coordinating board for redistribution under this section. The board shall establish an application process for interested schools, colleges, or programs of nursing. Initial applications are due by January 1, 1991, and by January 1 of each later year. By March 1, 1991, and by March 1 of each later year, the board shall notify each applicant school, college, or program of nursing of its approximate allocation of funds in order to allow the school, college, or program to determine the number of students that can be supported by the allocation. The board shall distribute funds to the schools, colleges, or programs of nursing by August 1, 1991, and by August 1 of each later year.

Sec. 19. Minnesota Statutes 1990, section 136A.1355, subdivision 1, is amended to read:

Subdivision 1. [CREATION OF ACCOUNT.] A rural physician education account is established. The higher education coordinating board shall use money from the account to establish a loan forgiveness program for medical students agreeing to practice in designated rural areas, as defined by the board.

Sec. 20. Minnesota Statutes 1990, section 136A.233, subdivision 3, is amended to read:

Subd. 3. [PAYMENTS.] Work-study payments shall be made to eligible students by post-secondary institutions as provided in this subdivision.

(a) Students shall be selected for participation in the program by the post-secondary institution on the basis of student financial need.

(b) No eligible student shall be employed under the state work-study program while not a full-time student; provided, with the approval of the institution, a full-time student who becomes a part-time student during an academic year may continue to be employed under the state work-study program for the remainder of the academic year.

(c) Students will be paid for hours actually worked and the maximum hourly rate of pay shall not exceed the maximum hourly rate of pay permitted under the federal college work-study program.

(d) Minimum pay rates will be determined by an applicable federal or state law.

(e) Not less than ~~20~~ 30 percent of the compensation paid to the

student under the state work-study program shall be paid by the eligible employer.

(f) Each post-secondary institution receiving funds for state work-study grants shall make a reasonable effort to place work-study students in employment with eligible employers outside the institution.

(g) The percent of the institution's work-study allocation provided to graduate students shall not exceed the percent of graduate student enrollment at the participating institution.

Sec. 21. Minnesota Statutes 1990, section 299A.45, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] Following certification under section 299A.44 and compliance with this section and rules of the commissioner of public safety and the higher education coordinating board, dependent children less than 23 years of age and the surviving spouse of a public safety officer killed in the line of duty on or after January 1, 1973, are eligible to receive educational benefits under this section. To qualify for an award, they must be enrolled in undergraduate degree or certificate programs after June 30, 1990, at a Minnesota public post-secondary institution or a private, residential, two-year or four-year, liberal arts, baccalaureate degree granting college or university located in Minnesota. Persons who have received a baccalaureate degree or have been enrolled full time or the equivalent of eight semesters or 12 quarters, whichever occurs first, are no longer eligible.

Sec. 22. [CHILD CARE INNOVATION GRANTS.]

Subdivision 1. [PROGRAM.] The higher education coordinating board shall establish a grant program to encourage innovative approaches in providing or financing child care services to post-secondary students.

Subd. 2. [QUALIFICATIONS.] Grants may be awarded to the governing board of a post-secondary system, to a specific college campus or organization, or to a private, nonprofit organization. No grant may exceed \$25,000.

Subd. 3. [APPLICATIONS.] The board shall determine procedures to solicit and evaluate proposals and to award grants. The board must consider the way in which a proposal would aid students needing child care, considering the limited funds available for the state child care grant program. The grants may also fund programs to assure that child care funding and delivery is part of a student's overall package of support services.

The board must not award a grant unless the proposal demonstrates a strong likelihood that the value of the services to be generated as a result of the grant substantially exceeds the amount of the grant.

Subd. 4. [REPORT.] The higher education coordinating board shall report to the appropriations and finance committees on its distribution of the grants by February 1, 1992. The board shall evaluate the projects and make its final report by January 1, 1993.

Sec. 23. [REPEALER.]

Minnesota Statutes 1990, section 136A.1351, is repealed.

Sec. 24. [EFFECTIVE DATE.]

Sections 2 and 3 are effective July 1, 1992. Section 22 is effective the day following final enactment.

ARTICLE 6

ENROLLMENT AND FUNDING

Section 1. Minnesota Statutes 1990, section 135A.03, subdivision 3, is amended to read:

Subd. 3. [DETERMINATION OF STUDENT ENROLLMENT.] Student enrollment shall be the full-year equivalent or average daily membership enrollment in each instructional category in the fiscal year two years before the fiscal year for which the appropriations are being made, except as provided in subdivision 3a. Student enrollment for the purpose of calculating appropriations for the second year of the biennium may be estimated on the basis of the latest enrollment data available. Student enrollment shall include students enrolled in courses that award credit or otherwise satisfy any of the requirements of an academic or vocational program.

Sec. 2. Minnesota Statutes 1990, section 135A.03, is amended by adding a subdivision to read:

Subd. 3a. [EXCLUSIONS FROM ENROLLMENT.] Student enrollment for the purposes of average cost funding shall not include:

(1) any students, except those enrolled in programs that lead to a doctoral level degree, who do not meet the residency criteria established under subdivision 7;

(2) except at the technical colleges, enrollment at an off-campus site or center that is not specifically authorized by the legislature;

(3) enrollment in extension at the technical colleges;

(4) students concurrently enrolled in a secondary school for whom the institution is receiving any compensation under the post-secondary enrollment options act; and

(5) students enrolled in recreational or leisure-time activity courses, except for those students enrolled in a degree-granting program for whom the credits would apply toward a baccalaureate degree.

Sec. 3. Minnesota Statutes 1990, section 135A.03, is amended by adding a subdivision to read:

Subd. 7. [RESIDENCY RESTRICTIONS.] In calculating student enrollment for appropriations, only the following may be included:

(1) students who resided in the state for at least one calendar year prior to applying for admission;

(2) Minnesota residents who can demonstrate that they were temporarily absent from the state without establishing residency elsewhere; and

(3) residents of other states who are attending a Minnesota institution under a tuition reciprocity agreement.

Sec. 4. Laws 1990, chapter 591, article 3, section 10, is amended to read:

Sec. 10. [CONDITIONS.]

(a) The state university board, the state board for community colleges, the state board of vocational technical education, and their respective campuses must not enter into new long-term lease arrangements, significantly increase the course offerings at off-campus sites, enter any 2 + 2 arrangements, or significantly increase staffing levels for off-campus sites between the effective date of this section and the end of the ~~1990-1991~~ 1992-1993 academic year. A current long-term lease may be renewed if it expires during this period. The board of regents is requested to abide by these conditions until the end of the ~~1990-1991~~ 1992-1993 academic year.

(b) This section does not apply to actions of Metropolitan State University that are part of its plan to consolidate its sites in the seven-county metropolitan area. The state university board shall consult with the chairs of the house appropriations and senate finance committees in carrying out its plans. For purposes of this

paragraph, "plan to consolidate" does not include entering into any 2 + 2 arrangements.

Sec. 5. [QUALITY INCENTIVES.]

Subdivision 1. [LEGISLATIVE INTENT.] In order to encourage a better match between student abilities and needs and system mission and strengths, and to promote better opportunities for student success and enhanced instructional quality, the legislature intends to provide funding for improvements in rates of student retention, graduation, and transfer from two- to four-year systems.

Subd. 2. [PROPOSALS.] By September 15, 1991, each public post-secondary system shall propose to the education divisions of the appropriations and finance committees (1) mechanisms to increase its quality in these areas, and (2) methods by which the increases may be measured.

Sec. 6. [HECB RECOMMENDATIONS TO LEGISLATURE.]

By January 15, 1993, the higher education coordinating board shall present to the education committees of the legislature recommendations for linking funding of post-secondary education systems to achievement of the system plans and missions that are required under Minnesota Statutes, section 135A.06, and to achievement by students of system and institution learner outcomes.

Sec. 7. [ENROLLMENT AUDIT.]

The legislative audit commission and the commissioner of finance are requested to undertake a study of enrollment, including an audit of full-year equivalents, in the technical college and community college systems. The study should examine the changes in full-year equivalents since the enactment of average cost funding, the distribution of students in credit and noncredit programs, degree and nondegree programs, the inclusion of students in average cost funding for whom the systems are receiving alternative funding, and the changes in enrollment and cost among the average cost funding cells. The auditor and the commissioner are requested to report their findings and recommendations to the education divisions of the appropriations and finance committees by February 15, 1992.

Sec. 8. [EFFECTIVE DATE.]

Sections 5 and 7 are effective the day following final enactment.

ARTICLE 7
MISCELLANEOUS

Section 1. Minnesota Statutes 1990, section 135A.05, is amended to read:

135A.05 [TASK FORCE.]

The executive director of the Minnesota higher education coordinating board shall administer a task force on average cost funding. The task force shall include representation from each of the public systems of post-secondary education, post-secondary students, the education division of the house appropriations committee, the education ~~subcommittee~~ division of the senate finance committee, ~~and the office of the commissioner of finance, the office of state auditor, and the uniform financial accounting and reporting advisory council.~~ The task force shall be convened and chaired by the executive director or a designee and staffed by the higher education coordinating board. The task force shall review and make recommendations on the definition of instructional cost in all four systems, the method of calculating average cost for funding purposes, the method used to assign programs to the proper level of cost at each level of instruction, the adequacy of the accounting data for defining instructional cost in a uniform manner, and the biennial budget format to be used by the four systems in submitting their biennial budget requests. The task force shall submit a report on these matters to the legislature by December 1 of each odd-numbered year. The task force expires June 30, 1993.

Sec. 2. [135A.131] [LOCAL ASSESSMENT.]

Each public post-secondary governing board may pay when due any assessment by a local unit of government that is less than five percent of the board's appropriation for repair and replacement.

Sec. 3. Minnesota Statutes 1990, section 136.11, subdivision 3, is amended to read:

Subd. 3. [UNIVERSITY ACTIVITY FUND.] The state university board shall establish in each university a fund to be known as the university activity fund. The purpose of this fund shall be to provide for the administration of university activities designed for student recreational, social, welfare, and educational pursuits supplemental to the regular curricular offerings. The university activity fund shall encompass accounts for student activities, authorized university agencies, authorized auxiliary enterprises, and student loans, and grants, and other nontreasury accounts, in addition such other accounts as the board may prescribe.

Sec. 4. Minnesota Statutes 1990, section 136.11, is amended by adding a subdivision to read:

Subd. 3a. [SYSTEMWIDE ADMINISTRATIVE FUND.] The chancellor may establish a fund within the system office for system-wide purposes including management of certain employee funds, contracts, student equipment purchases, and receipt and transfer of foreign program funds.

Sec. 5. Minnesota Statutes 1990, section 136.11, subdivision 5, is amended to read:

Subd. 5. [ADMINISTRATION OF ACTIVITY FUND MONEYS.] The state university board independent of other authority and notwithstanding chapters 16A and 16B, shall administer the money collected for the university activities fund and the systemwide administrative fund. All university activity fund money collected shall be retained by the president of each state university to be administered under the rules of the state university board by the presidents of the respective universities subject to audit of the legislative auditor.

Sec. 6. Minnesota Statutes 1990, section 136.14, subdivision 1, is amended to read:

Subdivision 1. [GENERAL.] The state university board shall have the educational management, supervision, and control of the state universities and of all related property. It shall appoint all presidents, teachers, and other necessary employees and fix their salaries. It shall prescribe courses of study, conditions of admission, prepare and confer diplomas, report graduates of the state university department, and adopt suitable policies for the universities. Sections 14.01 to 14.47 do not apply to policies and procedures of the board. It shall, as a whole or by committee, visit each state university at least once in each year for the purpose of meeting with administrators, faculty, students and the community to discuss such matters as facilities, modes of instruction, curriculum, extracurricular programs and management. The board shall schedule meetings as it deems necessary, but it shall hold at least 11 monthly meetings each year.

Sec. 7. [136.172] [LITIGATION AWARDS.]

Notwithstanding any law to the contrary, the state university board may keep money received from successful litigation by or against the board. Awards made to the state or the board resulting from litigation against or by the board must be kept by the board to the credit of the account from which the litigation was originally funded. An award that exceeds the costs incurred in the litigation shall be used by the board to reduce future repair or replacement or

capital requests. The board shall report on any awards it receives as part of its biennial budget request.

Sec. 8. Minnesota Statutes 1990, section 136.61, subdivision 3, is amended to read:

Subd. 3. The state board for community colleges shall elect a president, a secretary and such other officers as it may desire. It shall fix its meeting dates and places but it shall hold at least 11 monthly meetings each year. The commissioner of administration shall provide it with appropriate offices.

Sec. 9. Minnesota Statutes 1990, section 136C.03, subdivision 3, is amended to read:

Subd. 3. [ADMINISTRATION.] The state board shall elect a chair and other officers as it may desire. It shall determine its meeting dates and places, but it shall hold at least 11 monthly meetings each year. The commissioner of administration shall provide the state board with appropriate offices.

Sec. 10. [CREDIT TRANSFER.]

By September 15, 1991, the higher education advisory council shall resolve differences and inconsistencies within and among the post-secondary systems relating to educationally sound transfer of credit policies, including system policies on the award of credits, transferability of general education components, use of tests for determining credit or proficiency, and provision and use of appeals processes. The legislature intends that credit transfer policies provide for the broadest and most simple mechanisms that are feasible while protecting the academic quality of institutions and programs.

Sec. 11. [EFFECTIVE DATE.]

Section 10 is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to higher education; appropriating money for education and related purposes to the higher education coordinating board, state board of technical colleges, state board for community colleges, state university board, University of Minnesota, and Mayo medical foundation, with certain conditions; amending Minnesota Statutes 1990, sections 135A.03, subdivision 3, and by adding subdivisions; 135A.05; 136.11, subdivisions 3, 5, and by adding a subdivision; 136.14, subdivision 1; 136.61, subdivision 3; 136A.101, subdivision 7, and by adding subdivisions; 136A.121,

subdivisions 6, 11, and 16; 136A.125, subdivisions 2, 3, 4, and 6, and by adding a subdivision; 136A.132, subdivisions 3, 5, and 6; 136A.1352, subdivision 1; 136A.1353, subdivision 4; 136A.1355, subdivision 1; 136A.233, subdivision 3; 136C.03, subdivision 3; 299A.45, subdivision 1; 626.84, subdivision 1; and Laws 1990, chapter 591, article 3, section 10; proposing coding for new law in Minnesota Statutes, chapters 135A; 136; 136A; 168; and 626; repealing Minnesota Statutes 1990, sections 136A.1351; and 626.86."

With the recommendation that when so amended the bill pass.

The report was adopted.

Vellenga from the Committee on Judiciary to which was referred:

H. F. No. 1280, A bill for an act relating to the environment; clarifying that certain persons who own or have the capacity to influence operation of property are not responsible persons under the environmental response and liability act solely because of ownership or the capacity to influence operation; amending Minnesota Statutes 1990, section 115B.03, by adding subdivisions.

Reported the same back with the following amendments:

Page 1, line 16, after "domain," insert "or adopting a redevelopment or development plan under sections 469.001 to 469.134 describing the property and stating its intended use and the necessity of its taking"

Page 1, line 24, after "domain" insert "or adopting a redevelopment or development plan under sections 469.001 to 469.134 describing the property and stating its intended use and the necessity of its taking"

With the recommendation that when so amended the bill pass.

The report was adopted.

Vellenga from the Committee on Judiciary to which was referred:

H. F. No. 1295, A bill for an act relating to legal services; providing for the creation of a state board of specialized legal assistants; requesting the supreme court to adopt rules governing the delivery of legal services by specialized legal assistants; amending Minne-

sota Statutes 1990, section 481.02, subdivision 3; proposing coding for new law as Minnesota Statutes, chapter 481A.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [SUPREME COURT REPORT ON SPECIALIZED LEGAL ASSISTANTS.]

The supreme court shall review the feasibility of the delivery of legal services by specialized legal assistants, and shall prepare a report for the legislature by December 1, 1992. In preparing the report, the supreme court should consult with licensed attorneys, legal assistants, representatives of the educational community for legal assistants, and representatives of advocacy groups for the economically disadvantaged. The report should include at least the following:

- (1) whether the delivery of legal services through specialized legal assistants is in the best interest of consumers of legal services;
- (2) areas and scope of practice of specialized legal assistants;
- (3) circumstances under which a specialty license will be required;
- (4) qualifications for legal assistants applying for a specialty license;
- (5) examination and specialty license requirements and fees;
- (6) limits and conditions of practice under a specialty license including malpractice insurance requirements;
- (7) continuing legal education requirements;
- (8) rules of professional conduct and responsibility;
- (9) procedures for filing, investigating, and resolving complaints and disciplinary actions against specialized legal assistants; and
- (10) maintenance and classification of records relating to specialized legal assistants."

Delete the title and insert:

"A bill for an act relating to legal services; requiring the supreme court to review the feasibility of the delivery of legal services by specialized legal assistants and report to the legislature."

With the recommendation that when so amended the bill pass.

The report was adopted.

Vellenga from the Committee on Judiciary to which was referred:

H. F. No. 1449, A bill for an act relating to criminal justice; requiring the commissioner of state planning to coordinate preparation of a criminal justice system impact statement and fiscal note for certain bills creating new crimes or enhancing penalties for existing crimes; requiring the sentencing guidelines commission to project increases in criminal justice system resource utilization due to new crimes or enhanced penalties; requiring the peace officer standards and training board, attorney general, state public defender, state court administrator, and commissioner of corrections to prepare resource impact statements; proposing coding for new law in Minnesota Statutes, chapter 3.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 3.98, subdivision 1, is amended to read:

Subdivision 1. The head or chief administrative officer of each department or agency of the state government, including the supreme court, shall prepare a fiscal note at the request of the chair of the standing committee to which a bill has been referred, or the chair of the house appropriations committee, or the chair of the senate committee on finance.

For purposes of this subdivision, "supreme court" includes all agencies, committees, and commissions supervised or appointed by the state supreme court or the state court administrator.

Sec. 2. Minnesota Statutes 1990, section 3.982, is amended to read:

3.982 [FISCAL NOTES FOR STATE-MANDATED ACTIONS.]

When a bill is introduced and referred to a standing committee, the commissioner of finance shall determine whether the bill proposes a new or expanded mandate on a political subdivision, a

district court, or the public defense system. If the commissioner determines that a new or expanded mandate is proposed, the commissioner shall direct the appropriate department or agency of state government to prepare a fiscal note identifying the projected fiscal impact of the bill on state government and on the affected ~~political subdivisions entity~~. The commissioner of finance shall be responsible for coordinating the fiscal note process, for assuring the accuracy and completeness of the note, and for ensuring that fiscal notes are prepared, delivered, and updated as provided in this section. The fiscal note shall categorize mandates as program or nonprogram mandates and shall include estimates of the levy impacts of the mandates. To the extent that the bill would impose new fiscal obligations ~~on political subdivisions~~, the note shall indicate the efforts made to reduce those obligations, including consultations made with representatives of the ~~political subdivisions affected entities~~. Chairs of legislative committees receiving bills on rereferrals from other legislative committees may request that fiscal notes be amended to reflect amendments made to the bills by prior committee action. Preparation of the fiscal notes required in this section shall be consistent with section 3.98. The commissioner of finance shall periodically report to and consult with the legislative commission on planning and fiscal policy on the issuance of the notes.

Sec. 3. Minnesota Statutes 1990, section 244.16, is amended to read:

244.16 [DAY-FINES.]

Subdivision 1. [MODEL SYSTEM.] ~~By June 1, 1991, The sentencing guidelines commission shall develop a model day-fine system. Each judicial district must adopt either the model system or its own day-fine system by January 1, 1992. The commission shall report its model system to the legislature by February 1, 1993. Upon request of a judicial district, the commission may establish one pilot project for the development of a day-fine system.~~

Subd. 2. [COMPONENTS.] A day-fine system adopted under this section must provide for a two-step sentencing procedure for those receiving a fine as part of a probationary felony, gross misdemeanor, or misdemeanor sentence. In the first step, the court determines how many punishment points a person will receive, taking into account the severity of the offense and the criminal history of the offender. The second step is to multiply the punishment points by a factor that accounts for the offender's financial circumstances. The goal of the system is to provide a fine that is proportional to the seriousness of the offense and largely equal in impact among offenders with different financial circumstances. The system may provide for community service in lieu of fines for offenders whose means are so limited that the payment of a fine would be unlikely.

Sec. 4. [244.17] [LOCAL CORRECTIONAL PROGRAM; IMPOSITION OF FEES ON OFFENDERS.]

Subdivision 1. [DEFINITION.] As used in this section, "local correctional fees" include fees for the following correctional services:

(1) community service work placement and supervision;

(2) restitution collection;

(3) supervision;

(4) court-ordered investigations; or

(5) any other court-ordered service to be provided by a local probation and parole agency established under section 260.311 or community corrections agency established under chapter 401.

Subd. 2. [FEE SCHEDULE.] A local correctional agency may establish a schedule of local correctional fees to be charged persons under the supervision and control of the agency to defray costs associated with correctional services. Local correctional fees must be reasonably related to correctional inmates' abilities to pay and the actual cost of correctional services. The local correction agency may spend fees collected under this section for local correctional services.

Subd. 3. [FEE COLLECTION.] The chief executive officer of the local correctional agency under which the offender is supervised may collect the fee assessment. The local correctional agency may collect the fee at any time and is not limited to collecting the fee assessment to the time the offender is under sentence. The local correctional agency may use any available civil means of debt collection in collecting a fee assessment.

Subd. 4. [EXEMPTION FROM FEE.] The local correctional agency shall waive payment of a local correctional fee if so ordered by the court pursuant to section 6. The agency may waive payment of a fee at its discretion, if the court fails to waive the fee, and if the agency determines the offender does not have the ability to pay the fee, the prospects for payment are poor, or that there are extenuating circumstances justifying waiver of the fee.

Subd. 5. [FAILURE TO PAY FEE.] After a showing and upon a finding that the offender has failed to make local correctional fee payments, the local correctional agency may impose sanctions to induce payment. The local correctional agency shall afford an offender an appeal or hearing before imposing sanctions for failure to pay a local correctional fee.

Sec. 5. [609.102] [LOCAL CORRECTIONAL PROGRAM FEES; IMPOSITION BY COURT.]

Subdivision 1. [DEFINITION.] As used in this section, "local correctional fees" has the meaning given in section 4.

Subd. 2. [IMPOSITION OF FEE.] When a court sentences a person convicted of a crime, the court shall impose a local correctional fee under the following circumstances:

(1) when a person is convicted of a misdemeanor or gross misdemeanor and placed under supervision of a local correctional agency;

(2) when a person convicted of a felony, as a condition of probation, is placed under supervision for up to one year in a local correctional agency; or

(3) any other circumstance when a person convicted of a crime is placed under supervision of a local correctional agency for correctional purposes.

The court shall use the fee schedule adopted by the local correctional facility under section 4 to set the fee or order the agency to set the fee under its schedule.

Subd. 3. [FEE EXEMPTION.] The court may waive payment of a local correctional program fee if it makes findings on the record that the convicted person is exempt due to any of the factors named under section 4, subdivision 4. The court shall consider prospects for payment during the term of supervision by the local correctional agency.

Sec. 6. Minnesota Statutes 1990, section 631.425, subdivision 3, is amended to read:

Subd. 3. [CONTINUATION OF EMPLOYMENT.] If the person committed under this section has been regularly employed, the sheriff shall arrange for a continuation of the employment insofar as possible without interruption. If the person is not employed, the sheriff or any court may designate a suitable person or agency designated by the court shall make every effort to make reasonable efforts to secure some suitable employment for that person. An inmate employed under this section must be paid a fair and reasonable wage for work performed and must work at fair and reasonable hours per day and per week.

Sec. 7. Minnesota Statutes 1990, section 631.425, subdivision 7, is amended to read:

Subd. 7. [VIOLATION OF SENTENCE; PROCEDURE.] If the

inmate violates a condition of work release relating to conduct, custody, or employment, the inmate must be returned to the court. The court then (1) may require that the balance of the inmate's sentence be spent in actual confinement; (2) may cancel any earned reduction of the inmate's term; and (3) may find correctional facility administrator may require that the inmate spend the balance of the inmate's sentence in actual confinement. The facility administrator shall give the inmate an opportunity to be heard before implementing this decision. On appeal by the inmate within seven days, the court must review the facility administrator's decision and, in its review, may (1) uphold or reverse the decision; and (2) order additional sanctions for the work release violation, including canceling any earned reduction in the inmate's term and finding the inmate in contempt of court.

Sec. 8. Minnesota Statutes 1990, section 643.29, subdivision 1, is amended to read:

Subdivision 1. ["GOOD CONDUCT" ALLOWANCE.] Any person sentenced for a term to any county jail, workhouse, or correctional work farm, whether the term is part of an executed sentence or is imposed as a condition of probation, shall diminish the term of the sentence five days one day for each month two days, commencing on the day of arrival, during which the person has not violated any rule or discipline of the place wherein the person is incarcerated and, if required to labor, has labored with diligence and fidelity.

Sec. 9. [COMMISSION ON CORRECTIONS CROWDING.]

Subdivision 1. [COMMISSION; MEMBERSHIP.] (a) The commission on corrections crowding is composed of 23 members and staffed by the state planning agency. The governor shall appoint 19 members, such as representatives from among local government officials, law enforcement, the judiciary, local corrections, business and industry, experts in juvenile and criminal justice, the public, the state planning agency, the sentencing guidelines commission, the department of finance, and the department of corrections.

(b) Two members of the commission are members of the house of representatives, one from each party, appointed under the rules of the house of representatives, and two members of the commission are members of the senate, one from each party, appointed under the rules of the senate.

(c) The governor shall designate a chair and vice-chair from among the membership of the commission. The commission may create ad hoc work groups as needed.

Subd. 2. [DUTIES.] The commission on corrections crowding shall examine the short- and long-range demand for correctional services

and facilities and prepare a ten-year plan that fashions a corrections system for the 1990's. The commission shall:

(1) examine the relationship, interdependence, financing, and functions of the state and local correctional systems;

(2) review the entire system including felonies, gross misdemeanors, and misdemeanors;

(3) address the need for juvenile and adult, male and female correctional services and facilities;

(4) review the community corrections act and its funding formula;

(5) examine the increase of mentally ill correctional clients;

(6) recommend an equitable and effective solution for the short-term prison offender;

(7) examine the state's approach to pretrial detention, housing of various categories of nonviolent offenders, prerelease counseling, and postrelease supervision; and

(8) conduct informational forums across the state to solicit ideas and concerns regarding corrections crowding.

Subd. 3. [REPORT.] The commission shall make an interim report to the governor and the legislature by January 1, 1992. The commission shall complete its examination of these matters and make a final report to the governor and legislature by January 1, 1993.

Sec. 10. [METROPOLITAN AREA CORRECTIONS REPORT.]

The county correctional administrators of the metropolitan area, as defined in Minnesota Statutes, section 473.121, shall report to the legislature by January 1, 1992, concerning the steps taken by those counties to:

(1) alleviate correctional crowding; and

(2) speed the processing of offenders through the system.

Sec. 11. [CRIMINAL JUSTICE RESOURCE MANAGEMENT.]

Subdivision 1. [CRIMINAL JUSTICE RESOURCE MANAGEMENT PLAN.] By January 1, 1993, the judges of each judicial district shall complete a final written criminal justice resource management plan to implement the goal of ensuring the fair and

economical use of the criminal justice system resources within the district and the continued effective implementation of the district's case management plan. Each criminal justice resource management plan must address the following issues:

(1) the relationship of the judicial district's case management plan to its use of the correctional resources within the judicial district;

(2) the role of individual judicial discretion in the use of the resources within the district. In addressing this issue, the plan shall make specific reference to the data and information submitted in the reports of the supreme court gender fairness and racial bias task forces and shall specifically provide for implementation of the findings of the task forces;

(3) the use of pretrial evaluation, bail, pretrial detention, and pretrial supervision and counseling;

(4) the use of criminal justice diversion programs;

(5) the role and use of intermediate sanctions such as community service, economic sanctions such as fines or day-fine programs, and sentencing to service programs;

(6) the presentence investigation process and the posttrial probation supervision process;

(7) the housing of various categories of nonviolent offenders;

(8) the adequacy of sharing of correctional resources between counties contained within multicounty judicial districts;

(9) the role of new correctional technologies such as electronic home monitoring or auto ignition interlocking devices;

(10) the use of treatment alternatives involving chemical dependency, sex offender treatment, and other psychological services; and

(11) the adequacy of existing correctional facilities and the possible need for a new correctional facility.

Subd. 2. [PRINCIPLES; ASSISTANCE.] By September 1, 1991, the sentencing guidelines commission shall develop principles to guide judicial districts in developing judicial district resource management plans. The commission shall provide technical assistance in developing the plans to districts that request assistance.

Subd. 3. [REVIEW OF JUDICIAL DISTRICT RESOURCE MANAGEMENT PLAN.] (a) Each judicial district shall submit its preliminary criminal justice resource management plan to the

conference of chief judges by July 1, 1992. The conference shall review the plan and make recommendations it deems appropriate. Specifically, the conference shall address the adequacy and use of the sharing of correctional resources among judicial districts.

(b) A copy of the final draft of each judicial district's criminal justice resource management plan, along with the conference of chief judges' recommendations for changes in rules, criminal procedure, and statutes, must be filed with the chairs of the judiciary committees in the house of representatives and the senate by February 1, 1993.

Sec. 12. [COMMUNITY CORRECTIONS.]

\$..... is appropriated to the commissioner of corrections for community corrections act counties, to be used by those counties to establish local correctional facility diversion programs.

Sec. 13. [APPROPRIATION.]

\$95,000 is appropriated to the state planning agency for the commission on corrections crowding.

Sec. 14. [EFFECTIVE DATE.]

Sections 3, 10, and 11 are effective the day following final enactment. Sections 4 and 5 are effective August 1, 1991, and fees may be imposed on offenders convicted on or after that date. Sections 6 and 7 are effective August 1, 1991, and apply to sentences imposed after that date. Section 8 is effective June 1, 1991. Section 9 is effective July 1, 1991."

Delete the title and insert:

"A bill for an act relating to crimes; corrections; requiring judges of each judicial district to complete a criminal justice resource management plan; allowing a court to designate an agency to seek a work release position for an offender; allowing correctional facility administrators to provide sanctions for violations of work release; changing the good conduct allowance in local correctional facilities; creating a commission on corrections crowding; removing the requirement that judicial districts adopt day-fine systems; requiring imposition of local correctional fees; requiring a report on metropolitan area jail crowding; appropriating money; amending Minnesota Statutes 1990, sections 3.98, subdivision 1; 3.982; 244.16; 631.425, subdivisions 3 and 7; and 643.29, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 244 and 609."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Vellenga from the Committee on Judiciary to which was referred:

H. F. No. 1462, A bill for an act relating to health; providing clarification of various laws relating to public health issues; providing penalties; amending Minnesota Statutes 1990, sections 115.71, subdivision 9, and by adding a subdivision; 144.698, subdivision 1; 145.43, subdivision 1a; 153A.15, subdivision 4, and by adding a subdivision; 153A.17; and 268.12, subdivision 12; proposing coding for new law in Minnesota Statutes, chapters 144; 147; and 176; repealing Minnesota Statutes 1990, sections 115.71, subdivision 7; 145.34; 145.35; and 153A.16.

Reported the same back with the following amendments:

Page 1, after line 25, insert:

"Sec. 3. Minnesota Statutes 1990, section 116C.852, is amended to read:

116C.852 [LOW-LEVEL RADIOACTIVE WASTE DISPOSAL.]

~~No~~ All low-level radioactive waste ~~that~~ may be treated, recycled, stored, or disposed of in this state ~~except at a facility that is specifically licensed for treatment, recycling, storage, or disposal of low-level radioactive waste~~ shall conform to applicable federal and state requirements regardless of whether or not the waste has been reclassified as "below regulatory concern" by the United States Nuclear Regulatory Commission pursuant to a generic rule or standard adopted after January 1, 1990."

Page 11, line 9, delete "9" and insert "10"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after the semicolon insert "116C.852;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Skoglund from the Committee on Financial Institutions and Insurance to which was referred:

H. F. No. 1517, A bill for an act relating to insurance; providing for replacement cost insurance coverage for personal property; prohibiting insurers from requiring more than one residential renter's insurance policy be written to cover a single household; amending Minnesota Statutes 1990, section 65A.10; proposing coding for new law in Minnesota Statutes, chapter 65A.

Reported the same back with the following amendments:

Page 2, line 3, after the period insert "If a homeowner's policy does not provide replacement cost coverage for personal property, the declarations page of the policy shall so indicate by containing the term "nonreplacement cost" defined as actual cash value."

Page 2, line 17, delete "all of the" and insert "up to four" and after "household" insert "," if all of the individuals are named insureds on the policy and meet the insurer's normal underwriting requirements"

With the recommendation that when so amended the bill pass.

The report was adopted.

Vellenga from the Committee on Judiciary to which was referred:

H. F. No. 1621, A bill for an act relating to crimes; expanding the definition of drug free zones to include post-secondary and technical colleges and public housing property; requiring the sentencing guidelines commission to develop a model set of local correctional guidelines; authorizing special levies for local correctional services that do not involve incarceration; changing the name and duties of the drug abuse prevention resource council; providing incentives for judicial districts to adopt local correctional guidelines; requiring reporting of felony convictions; requiring chemical use assessments of persons convicted of felonies; requiring studies; appropriating money; amending Minnesota Statutes 1990, sections 152.01, subdivision 14a, and by adding a subdivision; 152.022, subdivision 1; 152.023, subdivision 2; 244.095, subdivisions 1 and 2; 275.50, subdivision 5; 275.51, subdivision 3f; 299A.30; 299A.31, subdivision 1; 299A.32; 401.14, by adding a subdivision; 485.16; and 609.115, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 244; repealing Minnesota Statutes 1990, sections 244.095, subdivision 3; 299A.29; and 299A.30.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 152.01, subdivision 14a, is amended to read:

Subd. 14a. [SCHOOL ZONE.] "School zone" means:

(1) any property owned, leased, or controlled by a school district or an organization operating a nonpublic school, as defined in section 123.932, subdivision 3, where an elementary, middle, secondary school, secondary vocational center or other school providing educational services in grade one through grade 12 is located, or used for educational purposes, or where extracurricular or cocurricular activities are regularly provided;

(2) any property owned, leased, or controlled by a public or private post-secondary college, community college, or technical college, and used for educational purposes;

(3) the area surrounding school property as described in clause (1) or (2) to a distance of 300 feet or one city block, whichever distance is greater, beyond the school property; and

~~(3)~~ (4) the area within a school bus when that bus is being used to transport one or more elementary or secondary school students.

Sec. 2. Minnesota Statutes 1990, section 152.01, is amended by adding a subdivision to read:

Subd. 19. [PUBLIC HOUSING ZONE.] "Public housing zone" means any residential real property owned by a political subdivision or the federal government and leased to persons and families of low or moderate income as defined in section 462A.03, subdivision 10, plus the area within 300 feet of the property's boundary, or one city block, whichever distance is greater.

Sec. 3. Minnesota Statutes 1990, section 152.022, subdivision 1, is amended to read:

Subdivision 1. [SALE CRIMES.] A person is guilty of controlled substance crime in the second degree if:

(1) on one or more occasions within a 90-day period the person unlawfully sells one or more mixtures of a total weight or three grams or more containing cocaine base;

(2) on one or more occasions within a 90-day period the person

unlawfully sells one or more mixtures of a total weight of ten grams or more containing a narcotic drug;

(3) on one or more occasions within a 90-day period the person unlawfully sells one or more mixtures of a total weight of ten grams or more containing methamphetamine, amphetamine, phencyclidine, or hallucinogen or, if the controlled substance is packaged in dosage units, equaling 50 or more dosage units;

(4) on one or more occasions within a 90-day period the person unlawfully sells one or more mixtures of a total weight of 25 kilograms or more containing marijuana or Tetrahydrocannabinols;

(5) the person unlawfully sells any amount of a schedule I or II narcotic drug to a person under the age of 18, or conspires with or employs a person under the age of 18 to unlawfully sell the substance; or

(6) the person unlawfully sells any amount of a schedule I or II narcotic drug in a school zone ~~or~~, a park zone, or a public housing zone.

Sec. 4. Minnesota Statutes 1990, section 152.023, subdivision 2, is amended to read:

Subd. 2. [POSSESSION CRIMES.] A person is guilty of controlled substance crime in the third degree if:

(1) the person unlawfully possesses one or more mixtures of a total weight of three grams or more containing cocaine base;

(2) the person unlawfully possesses one or more mixtures of a total weight of ten grams or more containing a narcotic drug;

(3) the person unlawfully possesses one or more mixtures containing a narcotic drug with the intent to sell it;

(4) the person unlawfully possesses one or more mixtures containing a narcotic drug, it is packaged in dosage units, and equals 50 more dosage units; or

(5) the person unlawfully possesses any amount of a schedule I or II narcotic drug in a school zone ~~or~~, a park zone, or a public housing zone; or

(6) the person unlawfully possesses one or more mixtures of a total weight of ten kilograms or more containing marijuana or Tetrahydrocannabinols.

Sec. 5. Minnesota Statutes 1990, section 244.095, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) As used in this section, “park zone” ~~and,~~ “school zone,” and “public housing zone” have the meanings given them in section 152.01, subdivisions 12a ~~and,~~ 14a, and 19.

(b) As used in this section, “controlled substance” has the meaning given in section 152.01, subdivision 4, but does not include a narcotic drug listed in schedule I or II.

Sec. 6. Minnesota Statutes 1990, section 244.095, subdivision 2, is amended to read:

Subd. 2. [AGGRAVATING FACTOR FOR DRUG OFFENSES COMMITTED IN PARK ZONES ~~AND,~~ IN SCHOOL ZONES, ~~AND~~ IN PUBLIC HOUSING ZONES.] The commission shall modify the list of aggravating factors contained in the sentencing guidelines so as to authorize the sentencing judge to depart from the presumptive sentence with respect to either disposition or duration when the following circumstances are present:

(1) the defendant was convicted of unlawfully selling or possessing controlled substances in violation of chapter 152; and

(2) the crime was committed in a park zone ~~or,~~ in a school zone, or in a public housing zone.

This aggravating factor shall not apply to a person convicted of unlawfully possessing controlled substances in a private residence located within a school zone ~~or,~~ a park zone, or a public housing zone if no person under the age of 18 was present in the residence when the offense was committed.

Sec. 7. Minnesota Statutes 1990, section 299A.30, is amended to read:

Subdivision 1. [OFFICE; ASSISTANT COMMISSIONER.] The office of drug policy is an office in the department of public safety headed by an assistant commissioner appointed by the commissioner to serve in the unclassified service. The assistant commissioner may appoint other employees in the unclassified service. The assistant commissioner shall coordinate the activities of drug program agencies and serve as staff to the alcohol and other drug abuse prevention resource advisory council.

Subd. 2. [DUTIES.] (a) The assistant commissioner shall gather and make available information on demand reduction and supply reduction throughout the state, foster cooperation among drug

program agencies, and assist agencies and public officials in training and other programs designed to improve the effectiveness of demand reduction and supply reduction.

(b) The assistant commissioner shall coordinate the distribution of funds received by the state of Minnesota through the federal Anti-Drug Abuse Act. The assistant commissioner may obtain technical assistance from the state planning agency to perform this function. The assistant commissioner shall recommend to the commissioner recipients of grants under sections 299A.33 and 299A.34, after consultation with the alcohol and other drug abuse prevention resource advisory council.

(c) The assistant commissioner shall:

(1) after consultation with all drug program agencies operating in the state, develop a state drug strategy encompassing the efforts of those agencies and taking into account all money available for demand reduction and supply reduction, from any source;

(2) submit the strategy to the governor and the legislature by January 15 of each year, 1993, along with a summary of demand reduction and supply reduction during the preceding calendar year and recommendations regarding the transfer of the functions of the office of drug policy to other state agencies;

(3) assist appropriate professional and occupational organizations, including organizations of law enforcement officers, prosecutors, and educators, in developing and operating informational and training programs to improve the effectiveness of demand reduction and supply reduction; and

(4) provide information and assistance to drug program agencies, both directly and by functioning as a clearinghouse for information from other drug program agencies including information on drug trends;

(5) facilitate cooperation among drug program agencies; and

(6) coordinate the administration of prevention, criminal justice, and treatment grants.

Sec. 8. Minnesota Statutes 1990, section 299A.31, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT; MEMBERSHIP.] A An alcohol and other drug abuse prevention resource advisory council consisting of 18 members is established. The commissioners of public safety, education, health, human services, and the state planning agency, and the attorney general shall each appoint one

member from among their employees. The speaker of the house of representatives and the subcommittee on committees of the senate shall each appoint a legislative member. The governor shall appoint an additional ten members who ~~shall demonstrate knowledge in the area of drug abuse prevention~~, shall represent the demographic and geographic composition of the state and, to the extent possible, shall represent the following groups: parents, educators, clergy, local government, racial and ethnic minority communities, professional providers of drug abuse prevention services, volunteers in private, nonprofit drug prevention programs, and the business community: public health; education including preschool, elementary, and higher education; social services; financial aid services; chemical dependency treatment; law enforcement; prosecution; defense; the judiciary; corrections; treatment research professionals; drug abuse prevention professionals; the business sector; religious leaders; and community representatives. The members shall designate one of the governor's appointees as chair of the council. Compensation and removal of members are governed by section 15.059.

Sec. 9. Minnesota Statutes 1990, section 299A.32, is amended to read:

299A.32 [RESPONSIBILITIES OF COUNCIL.]

Subdivision 1. [PURPOSE OF COUNCIL.] The general purpose of the council is to ~~foster the coordination and development of a statewide drug abuse prevention policy serve as an advisory body to the governor and legislature on all aspects of alcohol and drug abuse.~~

Subd. 2. [SPECIFIC DUTIES AND RESPONSIBILITIES.] In furtherance of the general purpose specified in subdivision 1, the council ~~has the following duties and responsibilities shall:~~

(1) ~~it shall develop a coordinated, statewide drug abuse prevention policy assist state agencies in the coordination of drug policies and programs and in the provision of services to other units of government, communities, and citizens;~~

(2) ~~it shall develop a mission statement that defines the roles and relationships of agencies operating within the continuum of chemical health care promote among state agencies policies to achieve uniformity in state and federal grant programs and to streamline those programs;~~

(3) ~~it shall develop guidelines for drug abuse prevention program development and operation based on its research and program evaluation activities oversee comprehensive data collection and research and evaluation of alcohol and drug program activities;~~

(4) it shall assist local governments and groups in planning, organizing, and establishing comprehensive, community-based drug abuse prevention programs and services;

(5) it shall coordinate and provide technical assistance to organizations and individuals seeking public or private funding for drug abuse prevention programs, and to government and private agencies seeking to grant funds for these purposes;

(6) it shall assist providers of drug abuse prevention services in implementing, monitoring, and evaluating new and existing programs and services;

(7) it shall provide information on and analysis of the relative public and private costs of drug abuse prevention, enforcement, intervention, and treatment efforts; and

(8) it shall advise the assistant commissioner of the office of drug policy in awarding grants and in other duties: seek the advice and counsel of appropriate interest groups and advise the assistant commissioner of the office of drug policy;

(5) seek additional private funding for community-based programs and research and evaluation;

(6) evaluate whether law enforcement narcotics task forces should be reduced in number and increased in geographic size, and whether new sources of funding are available for the task forces;

(7) continue to promote clarity of roles among federal, state, and local law enforcement activities; and

(8) establish criteria to evaluate law enforcement drug programs.

Subd. 3. [ANNUAL REPORT.] On or before February 1, ~~1991~~, and each year thereafter, the council shall submit a written report to the legislature describing its activities during the preceding year, describing efforts that have been made to enhance and improve utilization of existing resources and to identify deficits in prevention efforts, and recommending appropriate changes, including any legislative changes that it considers necessary or advisable in the area ~~of~~ areas of alcohol and other drug abuse prevention policy, programs, and services.

Sec. 10. Minnesota Statutes 1990, section 485.16, is amended to read:

485.16 [RECORD ALL ACTIONS FILED.]

Subdivision 1. [RECORDS KEPT.] The court administrators of the district courts of the several counties shall keep a record of all actions and proceedings, civil and criminal, filed in the court, and shall furnish to the state appellate courts any information concerning the actions as is prescribed by rule of civil procedure.

Subd. 2. [CRIMINAL DISPOSITIONS REPORTED.] The court administrator of the district court shall report to the supreme court within 30 days after a judge pronounces sentence following a felony conviction. The report must include the sentence pronounced, whether imposition was stayed, and other information requested by the supreme court.

Sec. 11. Minnesota Statutes 1990, section 609.101, is amended by adding a subdivision to read:

Subd. 3. [CONTROLLED SUBSTANCE OFFENSES; MINIMUM FINES.] (a) Notwithstanding any other law, when a court sentences a person convicted of:

(1) a first degree controlled substance crime under section 152.021, it must impose a fine of not less than \$2,500 nor more than the maximum fine authorized by law;

(2) a second degree controlled substance crime under section 152.022, it must impose a fine of not less than \$1,000 nor more than the maximum fine authorized by law;

(3) a third degree controlled substance crime under section 152.023, it must impose a fine of not less than \$750 nor more than the maximum fine authorized by law;

(4) a fourth degree controlled substance crime under section 152.024, it must impose a fine of not less than \$500 nor more than the maximum fine authorized by law; and

(5) a fifth degree controlled substance violation under section 152.025, it must impose a fine of not less than \$300 nor more than the maximum fine authorized by law.

(b) The court may not waive payment of the fine or authorize payment of it in installments unless the court makes written findings on the record that the convicted person is indigent or that the fine would create undue hardship for the convicted person or that person's immediate family.

(c) The minimum fine required by this subdivision is in addition to the surcharge or assessment required by subdivision 1 and is in addition to any term of imprisonment or restitution imposed or ordered by the court.

(d) The court shall collect the portion of the fine mandated by this subdivision and forward 70 percent of it to a local drug abuse resistance education program in the county in which the crime was committed. The court shall forward the remaining 30 percent to the commissioner of finance to be credited to the general fund. If more than one drug abuse resistance education program serves the county in which the crime was committed, the court may designate on a case-by-case basis which program will receive the fine proceeds, giving consideration to the community in which the crime was committed, the funding needs of the program, the number of peace officers in each community certified to teach the program, and the number of children served by the program in each community. If no drug abuse resistance education program serves communities in that county, the court shall forward 100 percent of the fine proceeds to the commissioner of finance to be credited to the general fund.

(e) The minimum fines required by this subdivision shall be collected as are other fines. Fine proceeds received by a local drug abuse resistance education program must be used to support that program, and may be used for salaries of peace officers certified to teach the program. The program must report receipt and use of money generated under this subdivision as prescribed by the drug abuse resistance education advisory council.

(f) As used in this subdivision, "drug abuse resistance education" means the drug prevention program described in sections 299A.33 and 299A.331.

Sec. 12. Minnesota Statutes 1990, section 609.115, is amended by adding a subdivision to read:

Subd. 8. [CHEMICAL USE ASSESSMENT REQUIRED.] (a) If a person is convicted of a felony, the probation officer shall determine in the report prepared under subdivision 1 whether or not alcohol or drug use was a contributing factor to the commission of the offense. If so, the report shall contain the results of a chemical use assessment conducted in accordance with this subdivision. The probation officer shall make an appointment for the defendant to undergo the chemical use assessment if so indicated.

(b) The chemical use assessment report must include a recommended level of care for the defendant in accordance with the criteria contained in rules adopted by the commissioner of human services under section 254A.03, subdivision 3. The assessment must be conducted by an assessor qualified under rules adopted by the commissioner of human services under section 254A.03, subdivision 3. An assessor providing a chemical use assessment may not have any direct or shared financial interest or referral relationship resulting in shared financial gain with a treatment provider. If an independent assessor is not available, the probation officer may use the services of an assessor authorized to perform assessments for the

county social services agency under a variance granted under rules adopted by the commissioner of human services under section 254A.03, subdivision 3.

Sec. 13. [DRUG-IMPAIRED DRIVER STUDY.]

The commissioner of public safety shall study expanding Minnesota's implied consent law to provide for immediate revocation of the driver's license of a driver who tests positive for the presence of a controlled substance. The commissioner shall report to the judiciary committees in the senate and house of representatives by June 1, 1992. If the commissioner determines that this expansion is feasible, the commissioner shall make specific recommendations concerning the following:

(1) the controlled substances that should be included;

(2) for each controlled substance, the threshold amount that should trigger license revocation, with due consideration of the length of time after use that each controlled substance remains detectable, the level of impairment caused by the controlled substance at different levels, and the state of current testing technology for the controlled substance;

(3) the most feasible method of testing drivers for controlled substances, including a recommendation for training of law enforcement and hospital personnel who will be responsible for conducting the testing; and

(4) an estimate of the cost to the state and local governments.

Sec. 14. [GRAND JURY STUDY.]

The supreme court shall study the possibility of expanding the investigative role of the grand jury in Minnesota to facilitate the long-term investigation of complex cases involving controlled substance sales. The supreme court shall report to the judiciary committees in the senate and house of representatives by June 1, 1992, with any appropriate legislative recommendations.

Sec. 15. [APPROPRIATION.]

\$..... is appropriated from the general fund to the drug abuse resistance education advisory council to be used to administer the drug abuse resistance education programs. This appropriation is available until June 30, 1993.

\$..... is appropriated from the general fund to the commissioner of corrections for the chemical use assessments required by section 12.

Sec. 16. [REPEALER.]

Minnesota Statutes 1990, section 244.095, subdivision 3, is repealed.

Sec. 17. [REPEALER.]

Minnesota Statutes 1990, sections 299A.29 and 299A.30, are repealed August 1, 1993.

Sec. 18. [REPEALER.]

Minnesota Statutes 1990, section 609.101, subdivision 3, is repealed.

Sec. 19. [EFFECTIVE DATE.]

Sections 1 to 6, 11, and 12 are effective August 1, 1991, and apply to crimes committed on or after that date. Section 10 is effective August 1, 1991, and applies to convictions occurring on or after that date. Section 18 is effective July 1, 1993.

Delete the title and insert:

"A bill for an act relating to crimes; expanding the definition of drug free zones to include post-secondary and technical colleges and public housing property; changing the name and duties of the drug abuse prevention resource council; requiring reporting of felony convictions; imposing minimum fines in certain controlled substance offenses; requiring chemical use assessments of persons convicted of felonies; requiring studies; appropriating money; amending Minnesota Statutes 1990, sections 152.01, subdivision 14a, and by adding a subdivision; 152.022, subdivision 1; 152.023, subdivision 2; 244.095, subdivisions 1 and 2; 299A.30; 299A.31, subdivision 1; 299A.32; 485.16; 609.101, by adding a subdivision; and 609.115, by adding a subdivision; repealing Minnesota Statutes 1990, sections 244.095, subdivision 3; 299A.29; 299A.30; and 609.101, subdivision 3."

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. Nos. 159, 587, 603, 612, 635, 675, 700, 823, 927, 1086, 1099,

1147, 1170, 1173, 1215, 1221, 1280, 1295, 1462 and 1517 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Segal introduced:

H. F. No. 1665, A bill for an act relating to taxation; modifying the metropolitan revenue distribution program; creating a crime and social services disparities fund; amending Minnesota Statutes 1990, sections 299C.18; 473F.07, subdivision 4, and by adding subdivisions; and 473F.08, subdivisions 5 and 7a; proposing coding for new law in Minnesota Statutes, chapter 473F.

The bill was read for the first time and referred to the Committee on Taxes.

Rukavina, Wenzel, Jaros, Battaglia and Begich introduced:

H. F. No. 1666, A bill for an act relating to human services; requiring increases in rates for salaries of employees of intermediate care facilities for persons with mental retardation, home and community-based waived services, developmental achievement centers, and semi-independent living services programs; amending Minnesota Statutes 1990, sections 245.465; 252.24, by adding a subdivision; 252.275, by adding a subdivision; 252.28, by adding a subdivision; 256B.491, by adding a subdivision; and 268A.06, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Lourey; Nelson, K.; Ogren and Murphy introduced:

H. F. No. 1667, A bill for an act relating to education; appropriating money for telecommunications grants to members of the central Carlton, northern Pine county interactive television district.

The bill was read for the first time and referred to the Committee on Education.

HOUSE ADVISORIES

The following House Advisories were introduced:

Gutknecht, Wenzel, Bauerly, Bertram and Davids introduced:

H. A. No. 14, A proposal to study effects of the Dairy Unfair Trade Practices Act on dairy consumption.

The advisory was referred to the Committee on Agriculture.

Rest and Vellenga introduced:

H. A. No. 15, A proposal to study motor vehicle registration and the disposition of license plates on a change in vehicle ownership.

The advisory was referred to the Committee on Transportation.

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 Files, herewith returned:

H. F. No. 324, A bill for an act relating to employment; regulating an employee's lien for wages; amending Minnesota Statutes 1990, section 514.59.

H. F. No. 526, A bill for an act relating to corporations; clarifying and modifying provisions governing divisions and combinations of shares and rights of shareholders; clarifying meeting notice requirements; authorizing electronic communications by shareholders; modifying access to corporate records; clarifying and modifying provisions governing mergers and dissolutions; amending Minnesota Statutes 1990, sections 302A.111, subdivision 2; 302A.139; 302A.401, subdivisions 3 and 4; 302A.405, subdivision 1; 302A.413, subdivision 3; 302A.435, subdivision 1; 302A.437, subdivision 1; 302A.449, subdivision 1, and by adding a subdivision; 302A.461, subdivisions 2, 4, and 4a; 302A.471, subdivision 1; 302A.551, subdivision 4; 302A.613, subdivision 2; 302A.621; 302A.651, subdivision 1; 302A.701; 302A.723, subdivision 3; 302A.725, subdivision 1; 302A.727; and 302A.781; proposing coding for new law in Minnesota Statutes, chapter 302A; repealing Minnesota Statutes 1990, sections 302A.729; 302A.730; and 302A.733.

H. F. No. 614, A bill for an act relating to state finance; permitting investments in all federally insured savings accounts; amending Minnesota Statutes 1990, section 11A.24, subdivision 4.

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. 983, A bill for an act relating to Ramsey county; changing Ramsey county special laws to make them consistent with the county home rule charter; amending Minnesota Statutes 1990, sections 383A.06, subdivision 2; 383A.16, subdivision 4; 383A.20, subdivision 10; 383A.32, subdivision 1; and 383A.50, subdivision 4; repealing Minnesota Statutes 1990, sections 383A.04; 383A.06, subdivision 3; 383A.07, subdivisions 6, 15, and 20; 383A.16, subdivision 5; 383A.20, subdivisions 1, 6 to 9, and 11; 383A.23, subdivision 1; 383A.24; 383A.25; 383A.45; 383A.46; 383A.48; 383A.49; and 383A.50, subdivisions 1 and 3.

H. F. No. 1017, A bill for an act relating to agriculture; regulating certain sales and services offered by grocery stores; limiting applicability of certain licensing and regulatory provisions; amending Minnesota Statutes 1990, sections 28A.05; 145A.03, by adding a subdivision; 157.01, subdivision 1; and 412.221, subdivision 30; proposing coding for new law in Minnesota Statutes, chapter 28A.

H. F. No. 1105, A bill for an act relating to Ramsey county; providing for additional civil service certification of underrepresented groups; amending Minnesota Statutes 1990, section 383A.291, 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. 843, A bill for an act relating to waste; Western Lake Superior sanitary district; amending the definition of solid waste; changing the date for adoption of a budget; amending Minnesota Statutes 1990, sections 458D.02, subdivision 18; and 458D.08.

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. 422, A bill for an act relating to cities; providing for distribution of public notices in cities of the fourth class in the metropolitan area; amending Minnesota Statutes 1990, section 331A.03.

H. F. No. 1418, A bill for an act relating to human services; Minnesota comprehensive health association; clarifying the calculation of contributing members' share of expenses; excluding medical assistance and general assistance medical care payments from the calculation; amending Minnesota Statutes 1990, section 62E.11, subdivision 5.

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. 230, A bill for an act relating to education; permitting a referendum on combining certain school districts before formal cooperation begins.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Waltman moved that the House concur in the Senate amendments to H. F. No. 230 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 230, A bill for an act relating to education; authorizing the Elgin-Millville and Plainview school districts to combine according to the cooperation and combination program without a time period of cooperation; authorizing the districts to conduct the referendum on the combination and to issue bonds; providing a schedule for cooperation and combination revenue.

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	Frerichs	Kinkel	Olsen, S.	Simoneau
Anderson, I.	Garcia	Knickerbocker	Olson, K.	Skoglund
Anderson, R.	Girard	Koppendrayner	Omman	Smith
Anderson, R. H.	Goodno	Krinkie	Onnen	Solberg
Battaglia	Greenfield	Krueger	Orenstein	Sparby
Bauerly	Gruenes	Lasley	Orfield	Stanis
Beard	Gutknecht	Leppik	Osthoff	Sviggum
Begich	Hanson	Lieder	Ostrom	Swenson
Bertram	Hartle	Limmer	Ozment	Thompson
Bettermann	Hasskamp	Long	Pauly	Trimble
Blatz	Haukoos	Lourey	Pellow	Tunheim
Bodahl	Hausman	Lynch	Pelowski	Uphus
Boo	Heir	Macklin	Peterson	Valento
Brown	Henry	Mariani	Pugh	Vellenga
Carlson	Hufnagle	Marsh	Reding	Wagenius
Carruthers	Hugoson	McEachern	Rest	Waltman
Clark	Jacobs	McGuire	Rice	Weaver
Cooper	Janezich	McPherson	Rodosovich	Wejzman
Davids	Jefferson	Milbert	Rukavina	Welker
Dawkins	Jennings	Morrison	Runbeck	Welle
Dempsey	Johnson, A.	Munger	Sarna	Wenzel
Dille	Johnson, R.	Murphy	Schafer	Winter
Dorn	Johnson, V.	Nelson, K.	Scheid	Spk. Vanasek
Erhardt	Kahn	Newinski	Schreiber	
Farrell	Kalis	O'Connor	Seaberg	
Frederick	Kelso	Ogren	Segal	

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. 739, A bill for an act relating to corporations; deleting consideration of the effect of insurance company takeovers on shareholders and creditors; limiting application of fair price provisions to domestic corporations; deleting nexus requirements for application of control share acquisition and business combination statutes; exempting employee stock ownership plans from takeover statutes; modifying limitations on corporate share purchases above market value; amending Minnesota Statutes 1990, sections 60D.02, subdivisions 1, 2, and 4; 60D.06; 60D.08, subdivisions 1 and 2; 60D.11; 60D.12, subdivision 2; 302A.011, subdivisions 38, 39, 49, and by adding subdivisions; and 302A.553, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 302A; repealing Minnesota Statutes 1990, sections 60D.02, subdivision 5; and 80B.06, subdivision 7.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Simoneau moved that the House concur in the Senate amend-

ments to H. F. No. 739 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 739, A bill for an act relating to corporations; deleting consideration of the effect of insurance company takeovers on shareholders and creditors; limiting application of fair price provisions to domestic corporations; deleting nexus requirements for application of control share acquisition and business combination statutes; exempting employee stock ownership plans from takeover statutes; exempting certain transactions from the control share acquisition statute; modifying limitations on corporate share purchases above market value; amending Minnesota Statutes 1990, sections 60D.02, subdivisions 1, 2, and 4; 60D.06; 60D.08, subdivisions 1 and 2; 60D.11; 60D.12, subdivision 2; 302A.011, subdivisions 38, 39, 49, and by adding subdivisions; and 302A.553, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 302A; repealing Minnesota Statutes 1990, sections 60D.02, subdivision 5; and 80B.06, subdivision 7.

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	Frerichs	Kinkel	Olsen, S.	Skoglund
Anderson, I.	Garcia	Knickerbocker	Olson, K.	Smith
Anderson, R.	Girard	Koppendrayner	Omann	Solberg
Anderson, R. H.	Goodno	Krinkie	Onnen	Sparby
Battaglia	Greenfield	Krueger	Orenstein	Stanius
Bauerly	Gruenes	Lasley	Orfield	Steensma
Beard	Gutknecht	Leppik	Osthoff	Swiggum
Begich	Hanson	Lieder	Ostrom	Swenson
Bertram	Hartle	Limmer	Ozment	Thompson
Bettermann	Hasskamp	Long	Pauly	Trimble
Blatz	Haukoos	Lourey	Pellow	Tunheim
Bodahl	Hausman	Lynch	Pelowski	Uphus
Boo	Heir	Macklin	Peterson	Valento
Brown	Henry	Mariani	Pugh	Vellenga
Carlson	Hufnagle	Marsh	Reding	Wagenius
Carruthers	Hugoson	McEachern	Rest	Waltman
Clark	Jacobs	McGuire	Rice	Weaver
Cooper	Janezich	McPherson	Rodosovich	Wejzman
Dauner	Jaros	Milbert	Rukavina	Welker
Davids	Jefferson	Morrison	Runbeck	Welle
Dawkins	Jennings	Munger	Sarna	Wenzel
Dempsey	Johnson, A.	Murphy	Schafer	Winter
Dille	Johnson, R.	Nelson, K.	Scheid	Spk. Vanasek
Dorn	Johnson, V.	Nelson, S.	Schreiber	
Erhardt	Kahn	Newinski	Seaberg	
Farrell	Kalis	O'Connor	Segal	
Frederick	Kelso	Ogren	Simoneau	

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. 1422, A bill for an act relating to workers' compensation; regulating benefits and insurance; establishing a permanent commission on workers' compensation; providing penalties; appropriating money; amending Minnesota Statutes 1990, sections 79.252, by adding a subdivision; 176.011, subdivisions 3, 11a, and 18; 176.101, subdivisions 1, 2, and 3f; 176.102, subdivisions 1, 2, 3, 3a, 4, 6, 9, and 11; 176.111, subdivision 18; 176.135, subdivisions 1, 6, and 7; 176.136, subdivisions 1, 2, and by adding subdivisions; 176.155, subdivision 1; 176.645, subdivisions 1 and 2; 176.83, subdivisions 5, 6, and by adding a subdivision; 176A.03, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 175 and 176; repealing Minnesota Statutes 1990, sections 175.007; and 176.136, subdivision 5; and chapters 79, 175A, and 176.

PATRICK E. FLAHAVEN, Secretary of the Senate

Rukavina moved that the House refuse to concur in the Senate amendments to H. F. No. 1422, that the Speaker appoint a Conference Committee of 5 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 687, 707, 785, 793, 355, 505, 918, 1122, 1399, 804, 859, 885, 971 and 1074.

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. 302, 373, 420, 515, 274, 1160, 1318, 397, 543, 635, 910, 1216 and 962.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 687, A bill for an act relating to the environment; requiring recycled CFCs used in refrigerant applications to comply with certain standards; proposing coding for new law in Minnesota Statutes, chapter 239.

The bill was read for the first time.

Trimble moved that S. F. No. 687 and H. F. No. 920, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 707, A bill for an act relating to public safety; modifying exceptions to the requirement of inspection of boilers and pressure vessels; amending Minnesota Statutes 1990, section 183.56.

The bill was read for the first time.

Farrell moved that S. F. No. 707 and H. F. No. 1222, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 785, A bill for an act relating to financial institutions; permitting interstate banking with additional reciprocating states; amending Minnesota Statutes 1990, section 48.92, subdivision 7.

The bill was read for the first time.

Jacobs moved that S. F. No. 785 and H. F. No. 1178, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 793, A bill for an act relating to the environment; establishing maximum content levels of mercury in batteries; prohibiting certain batteries; amending Minnesota Statutes 1990, sections 115A.9155, subdivision 2; 325E.125, subdivision 2, and by adding a subdivision; and 325E.1251.

The bill was read for the first time.

Wagenius moved that S. F. No. 793 and H. F. No. 927, now on Technical General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 355, A bill for an act relating to animals; providing for

disposition of certain animals taken into custody by public authorities; requiring bond or other security for expenses of care in certain cases; amending Minnesota Statutes 1990, sections 343.22, subdivisions 1 and 3; and 343.29, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 343.

The bill was read for the first time.

Scheid moved that S. F. No. 355 and H. F. No. 343, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 505, A bill for an act relating to state lands; authorizing private sale of certain tax-forfeited land in Washington county.

The bill was read for the first time.

McPherson moved that S. F. No. 505 and H. F. No. 530, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 918, A bill for an act relating to insurance; prohibiting certain agreements; amending Minnesota Statutes 1990, section 60A.08, by adding a subdivision.

The bill was read for the first time.

Carruthers moved that S. F. No. 918 and H. F. No. 1467, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1122, A bill for an act relating to local government; permitting public officers to rent space in public facilities; amending Minnesota Statutes 1990, section 471.88, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs.

S. F. No. 1399, A bill for an act relating to utilities; determining when reconciliation of actual assessments to public utilities and telephone companies must be completed; amending Minnesota Statutes 1990, sections 216B.62, subdivision 3; and 237.295, subdivision 2.

The bill was read for the first time and referred to the Committee on Regulated Industries.

S. F. No. 804, A bill for an act relating to corrections; requiring prisoners to pay for medical services to the extent of their ability to pay; requiring the county of residence to pay for medical services to juveniles in custody; providing for reimbursement of the costs of medical services by health insurance or a health plan; requiring county boards to pay for medical services for prisoners in jail; amending Minnesota Statutes 1990, section 641.15; proposing coding for new law in Minnesota Statutes, chapter 260.

The bill was read for the first time.

Skoglund moved that S. F. No. 804 and H. F. No. 688, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 859, A bill for an act relating to local improvements; providing authority for review of assessments for improvements; defining improvements; amending Minnesota Statutes 1990, section 430.102, subdivisions 3 and 4.

The bill was read for the first time and referred to the Committee on Taxes.

S. F. No. 885, A bill for an act relating to health; creating a limited exception to the moratorium on licensure of new nursing home beds; allowing a facility with an addendum to its provider agreement to upgrade beds from boarding care beds to nursing home beds; amending Minnesota Statutes 1990, section 144A.071, subdivision 3.

The bill was read for the first time.

Welle moved that S. F. No. 885 and H. F. No. 527, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 971, A bill for an act relating to agriculture; extending the ban on the use of biosynthetic bovine somatotropin by one year; amending Minnesota Statutes 1990, sections 151.01, subdivision 28; 151.15, subdivision 3; and 151.25; and Laws 1990, chapter 526, section 1.

The bill was read for the first time.

Brown moved that S. F. No. 971 and H. F. No. 929, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1074, A bill for an act relating to the city of Mankato; authorizing the city to annex uncontiguous territory to the city.

The bill was read for the first time.

Dorn moved that S. F. No. 1074 and H. F. No. 1226, now on the Consent Calendar, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 302, A bill for an act relating to signs; requiring recycling centers and junk yards to accept certain hazard signs; amending Minnesota Statutes 1990, sections 115A.555; and 161.242, subdivision 2, and by adding a subdivision.

The bill was read for the first time.

Janezich moved that S. F. No. 302 and H. F. No. 340, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 373, A bill for an act relating to the military; authorizing the commissioner of veterans affairs to assist certain dependents of military personnel who are called to active service; amending Minnesota Statutes 1990, sections 196.05; and 197.03.

The bill was read for the first time and referred to the Committee on General Legislation, Veterans Affairs and Gaming.

S. F. No. 420, A bill for an act relating to state lands; authorizing sale of certain tax-forfeited lands that border public water in Cass county.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

S. F. No. 515, A bill for an act relating to natural resources; increasing the number of permits that may be held by one purchaser of timber on state lands; setting an interest rate for certain extensions of the permits; amending Minnesota Statutes 1990, section 90.121.

The bill was read for the first time.

Johnson, R., moved that S. F. No. 515 and H. F. No. 528, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 274, A bill for an act relating to regulation of dangerous dogs; providing for designation of a warning symbol to inform children of the presence of a dangerous dog; amending Minnesota Statutes 1990, section 347.51, by adding a subdivision.

The bill was read for the first time.

Carlson moved that S. F. No. 274 and H. F. No. 162, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1160, A bill for an act relating to local government; providing for the organization, administration, and operation of a hospital district in the county of Swift and the city of Benson.

The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs.

S. F. No. 1318, A bill for an act relating to real property; authorizing the recording of monuments on plats before actual placement; amending Minnesota Statutes 1990, sections 465.79, subdivisions 2 and 4; 505.02, subdivision 1; and 505.03, subdivision 1.

The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs.

S. F. No. 397, A bill for an act relating to capital improvements; altering the terms of a grant to the Red Lake watershed district; amending Laws 1990, chapter 610, article 1, section 20, subdivision 5.

The bill was read for the first time and referred to the Committee on Appropriations.

S. F. No. 543, A bill for an act relating to housing; changing the definition of mentally ill person; consolidating special needs housing programs; clarifying and amending biennial reporting requirement; authorizing new construction of accessible housing; authorizing off-reservation home improvement program; amending Minnesota Statutes 1990, sections 268.39; 462A.03, subdivision 16; 462A.05, subdivision 20; 462A.08, subdivision 2; 462A.21, subdivisions 4k, 12a, and 14; 462A.22, subdivision 9; 474A.048, subdivision 2; Laws 1987, chapter 404, section 28, subdivision 1; Laws 1989, chapter 335, article 1, section 27, subdivision 1, as amended; repealing Minnesota Statutes 1990, section 462A.05, subdivisions 28 and 29.

The bill was read for the first time and referred to the Committee on Health and Human Services.

S. F. No. 635, A bill for an act relating to commerce; prohibiting certain agreements between insurers and health care providers; proposing coding for new law in Minnesota Statutes, chapter 62A.

The bill was read for the first time.

Lourey moved that S. F. No. 635 and H. F. No. 821, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 910, A bill for an act relating to health; providing clarification of various laws relating to public health issues; providing penalties; amending Minnesota Statutes 1990, sections 115.71, subdivision 9, and by adding a subdivision; 144.698, subdivision 1; 145.43, subdivision 1a; 153A.15, subdivision 4, and by adding a subdivision; 153A.17; and 268.12, subdivision 12; proposing coding for new law in Minnesota Statutes, chapters 144; 147; and 176; repealing Minnesota Statutes 1990, sections 115.71, subdivision 7; 145.34; 145.35; and 153A.16.

The bill was read for the first time.

Greenfield moved that S. F. No. 910 and H. F. No. 1462, now on Technical General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1216, A bill for an act relating to state lands; allowing sales of certain state lands to be held in counties adjacent to the county where the land is located; allowing the commissioner of natural resources to sell certain state lands bordering public waters; transferring state land by private sale to the town board of the town of Lake in Roseau county; amending Minnesota Statutes 1990, sections 92.03, subdivision 1; 92.12, subdivision 4; 92.13; 92.14; 92.67, subdivision 1; and Laws 1986, chapter 449, section 6.

The bill was read for the first time.

Tunheim moved that S. F. No. 1216 and H. F. No. 1323, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 962, A bill for an act relating to natural resources; revising certain provisions regarding the leasing of state-owned iron ore and related minerals; amending Minnesota Statutes 1990,

sections 93.16; 93.17, subdivisions 1 and 3; and 93.20, by adding a subdivision; repealing Minnesota Statutes 1990, section 93.20, subdivision 9.

The bill was read for the first time.

Begich moved that S. F. No. 962 and H. F. No. 817, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

CONSENT CALENDAR

H. F. No. 654, A bill for an act relating to human services; requiring training of child care providers to include training in cultural sensitivity; amending Minnesota Statutes 1990, section 245A.14, 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 2 nays as follows:

Those who voted in the affirmative were:

Abrams	Farrell	Kahn	Newinski	Schreiber
Anderson, I.	Frederick	Kalis	O'Connor	Seaberg
Anderson, R.	Frerichs	Kelso	Ogren	Segal
Anderson, R. H.	Garcia	Kinkel	Olson, S.	Simoneau
Battaglia	Girard	Knickerbocker	Olson, K.	Skoglund
Bauerly	Goodno	Koppendrayer	Omann	Smith
Beard	Greenfield	Krueger	Onnen	Solberg
Begich	Gruenes	Lasley	Orenstein	Sparby
Bertram	Gutknecht	Leppik	Orfield	Stanisus
Bettermann	Hanson	Lieder	Osthoff	Steensma
Bishop	Hartle	Limmer	Ostrom	Sviggum
Blatz	Hasskamp	Long	Ozment	Swenson
Bodahl	Haukoos	Lourey	Pauly	Thompson
Boo	Hausman	Lynch	Pellow	Trimble
Brown	Heir	Macklin	Pelowski	Tunheim
Carlson	Henry	Mariani	Peterson	Uphus
Carruthers	Hufnagle	Marsh	Pugh	Valento
Clark	Hugoson	McEachern	Reding	Vellenga
Cooper	Jacobs	McGuire	Rest	Wagenius
Dauner	Janezich	McPherson	Rice	Waltman
Davids	Jaros	Milbert	Rodosovich	Weaver
Dawkins	Jefferson	Morrison	Rukavina	Wejcmann
Dempsey	Jennings	Munger	Runbeck	Welle
Dille	Johnson, A.	Murphy	Sarna	Wenzel
Dorn	Johnson, R.	Nelson, K.	Schafer	Winter
Erhardt	Johnson, V.	Nelson, S.	Scheid	Spk. Vanasek

Those who voted in the negative were:

Krinkie Welker

The bill was passed and its title agreed to.

H. F. No. 1542, A bill for an act relating to motor vehicles; clarifying that engines may be replaced under certain conditions; amending Minnesota Statutes 1990, sections 116.63, subdivision 3; and 325E.0951, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 116.

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	Frederick	Kelso	Ogren	Simoneau
Anderson, I.	Frerichs	Kinkel	Olsen, S.	Skoglund
Anderson, R.	Garcia	Knickerbocker	Olson, K.	Smith
Anderson, R. H.	Girard	Koppendrayner	Omann	Solberg
Battaglia	Goodno	Krinkie	Onnen	Sparby
Bauerly	Greenfield	Krueger	Orenstein	Stanis
Beard	Gruenes	Lasley	Orfield	Steensma
Begich	Gutknecht	Leppik	Osthoff	Sviggum
Bertram	Hanson	Lieder	Ostrom	Swenson
Bettermann	Hartle	Limmer	Ozment	Thompson
Bishop	Hasskamp	Long	Pauly	Trimble
Blatz	Haukoos	Lourey	Pellow	Tunheim
Bodahl	Hausman	Lynch	Pelowski	Uphus
Boo	Heir	Macklin	Peterson	Valento
Brown	Henry	Mariani	Pugh	Vellenga
Carlson	Hufnagle	Marsh	Reding	Wagenius
Carruthers	Hugoson	McEachern	Rest	Waltman
Clark	Jacobs	McGuire	Rice	Weaver
Cooper	Janezich	McPherson	Radosovich	Wejzman
Dauner	Jaros	Milbert	Rukavina	Welker
Davids	Jefferson	Morrison	Runbeck	Welle
Dawkins	Jennings	Munger	Sarna	Wenzel
Dempsey	Johnson, A.	Murphy	Schafer	Winter
Dille	Johnson, R.	Nelson, K.	Scheid	Spk. Vanasek
Dorn	Johnson, V.	Nelson, S.	Schreiber	
Erhardt	Kahn	Newinski	Seaberg	
Farrell	Kalis	O'Connor	Segal	

The bill was passed and its title agreed to.

S. F. No. 81 was reported to the House.

Janezich moved to amend S. F. No. 81, the unofficial engrossment, as follows:

Pages 1 and 2, delete section 1

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

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

Upon objection of ten members S. F. No. 81, the unofficial engrossment, as amended, was stricken from the Consent Calendar and placed on General Orders.

The Speaker called Krueger to the Chair.

S. F. No. 368, A bill for an act relating to motor vehicles; requiring the appointment of officers of statutory and home rule charter cities as deputy registrars in certain circumstances; amending Minnesota Statutes 1990, section 168.33, subdivision 2.

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 123 yeas and 6 nays as follows:

Those who voted in the affirmative were:

Abrams	Farrell	Kahn	O'Connor	Simoneau
Anderson, I.	Frederick	Kalis	Ogren	Skoglund
Anderson, R.	Frerichs	Kelso	Olsen, S.	Smith
Anderson, R. H.	Garcia	Kinkel	Olson, K.	Solberg
Battaglia	Girard	Knickerbocker	Omann	Sparby
Bauerly	Goodno	Koppendraye	Onnen	Stanis
Beard	Greenfield	Krinkie	Orenstein	Steensma
Begich	Gruenes	Krueger	Orfield	Sviggum
Bertram	Gutknecht	Lasley	Ostrom	Swenson
Bettermann	Hartle	Leppik	Ozment	Thompson
Bishop	Hasskamp	Lieder	Pauly	Trimble
Blatz	Haukoos	Limmer	Pellow	Tunheim
Bodahl	Hausman	Long	Pelowski	Uphus
Boo	Heir	Lourey	Pugh	Valento
Carlson	Henry	Lynch	Reding	Vellenga
Carruthers	Hufnagle	Macklin	Rest	Wagenius
Clark	Hugoson	Mariani	Rice	Waltman
Cooper	Jacobs	Marsh	Rodosovich	Weaver
Dauner	Janezich	McGuire	Rukavina	Wejcmann
Davids	Jaros	McPherson	Runbeck	Welker
Dawkins	Jefferson	Milbert	Sarna	Welle
Dempsey	Jennings	Morrison	Schafer	Wenzel
Dille	Johnson, A.	Murphy	Schreiber	Winter
Dorn	Johnson, R.	Nelson, K.	Seaberg	
Erhardt	Johnson, V.	Newinski	Segal	

Those who voted in the negative were:

Brown	McEachern	Osthoff
Hanson	Nelson, S.	Peterson

The bill was passed and its title agreed to.

SPECIAL ORDERS

H. F. No. 1151, A bill for an act relating to the city of Saint Paul; exempting certain port authority activities from competitive bidding; amending Minnesota Statutes 1990, section 469.084, 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 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Kelso	Ogren	Simoneau
Anderson, I.	Frerichs	Kinkel	Olsen, S.	Skoglund
Anderson, R.	Garcia	Knickerbocker	Olson, K.	Smith
Anderson, R. H.	Girard	Koppendraye	Omann	Solberg
Battaglia	Goodno	Krinkie	Onnen	Sparby
Bauerly	Greenfield	Krueger	Orenstein	Stanis
Beard	Gruenes	Lasley	Orfield	Steensma
Begich	Gutknecht	Leppik	Osthoff	Svigum
Bertram	Hanson	Lieder	Ostrom	Swenson
Bettermann	Hartle	Limmer	Ozment	Thompson
Bishop	Hasskamp	Long	Pauly	Trimble
Blatz	Haukoos	Lourey	Pellow	Tunheim
Bodahl	Hausman	Lynch	Pelowski	Uphus
Boo	Heir	Macklin	Peterson	Valento
Brown	Henry	Mariani	Pugh	Vellenga
Carlson	Hufnagle	Marsh	Reding	Wagenius
Carruthers	Hugoson	McEachern	Rest	Waltman
Clark	Jacobs	McGuire	Rice	Weaver
Cooper	Janezich	McPherson	Rodosovich	Wejman
Dauner	Jaros	Milbert	Rukavina	Welker
Davids	Jefferson	Morrison	Runbeck	Welle
Dawkins	Jennings	Munger	Sarna	Wenzel
Dempsey	Johnson, A.	Murphy	Schafer	Winter
Dille	Johnson, R.	Nelson, K.	Scheid	
Dorn	Johnson, V.	Nelson, S.	Schreiber	
Erhardt	Kahn	Newinski	Seaberg	
Farrell	Kalis	O'Connor	Segal	

The bill was passed and its title agreed to.

H. F. No. 693 was reported to the House.

Carruthers moved to amend H. F. No. 693, the first engrossment, as follows:

Page 10, line 15, after "alters" insert "or obtains under false pretenses"

The motion prevailed and the amendment was adopted.

Carruthers moved to amend H. F. No. 693, the first engrossment, as amended, as follows:

Page 10, line 12, before the period, insert "due to the patient's condition or the nature of the medical emergency"

The motion prevailed and the amendment was adopted.

H. F. No. 693, A bill for an act relating to data practices; providing for classifications of government data; amending Minnesota Statutes 1990, sections 13.01, by adding a subdivision; 13.03, by adding a subdivision; 13.40; 13.43, subdivision 2 and by adding a subdivision; 13.55; 13.82, subdivisions 4 and 10; 13.83, subdivisions 4, 8, and by adding a subdivision; 13.84, by adding a subdivision; 144.335, by adding a subdivision; 169.09, subdivision 13; 260.161, subdivision 3; 383B.225, subdivision 6; 390.11, subdivision 7; 390.32, subdivision 6; 403.07, subdivision 4; 595.024, subdivision 3; and 626.556, subdivision 11c, and by adding a subdivision; proposing coding for new law in chapter 13.

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 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Brown	Frerichs	Hufnagle	Knickerbocker
Anderson, I.	Carlson	Garcia	Hugoson	Koppendrayner
Anderson, R.	Carruthers	Girard	Jacobs	Krinkie
Anderson, R. H.	Clark	Goodno	Janezich	Krueger
Battaglia	Cooper	Greenfield	Jaros	Lasley
Bauerly	Dauner	Gruenes	Jefferson	Leppik
Beard	Davids	Gutknecht	Jennings	Lieder
Begich	Dawkins	Hanson	Johnson, A.	Limmer
Bertram	Dempsey	Hartle	Johnson, R.	Long
Bettermann	Dille	Hasskamp	Johnson, V.	Lourey
Bishop	Dorn	Haukoos	Kahn	Lynch
Blatz	Erhardt	Hausman	Kalis	Macklin
Bodahl	Farrell	Heir	Kelso	Mariani
Boo	Frederick	Henry	Kinkel	Marsh

McEachern	Olson, K.	Reding	Skoglund	Vellenga
McGuire	Omann	Rest	Smith	Wagenius
McPherson	Onnen	Rice	Solberg	Waltman
Milbert	Orenstein	Rodosovich	Sparby	Weaver
Morrison	Orfield	Rukavina	Stanius	Wejcman
Munger	Osthoff	Runbeck	Steensma	Welker
Murphy	Ostrom	Sarna	Sviggum	Welle
Nelson, K.	Ozment	Schafer	Swenson	Wenzel
Nelson, S.	Pauly	Scheid	Thompson	Winter
Newinski	Pellow	Schreiber	Trimble	Spk. Vanasek
O'Connor	Pelowski	Seaberg	Tunheim	
Ogren	Peterson	Segal	Uphus	
Olsen, S.	Pugh	Simoneau	Valento	

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

S. F. No. 729 was reported to the House.

Pugh moved to amend S. F. No. 729, as follows:

Page 1, line 16, after "who" insert "is on active duty and has"

Page 1, line 17, after "successfully" delete "completes" and insert "completed"

The motion prevailed and the amendment was adopted.

S. F. No. 729, A bill for an act relating to game and fish; qualifications for obtaining a license to take wild animals by firearms; proposing coding for new law in Minnesota Statutes, chapter 97B.

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 127 yeas and 4 nays as follows:

Those who voted in the affirmative were:

Abrams	Bodahl	Erhardt	Hasskamp	Johnson, R.
Anderson, I.	Boo	Farrell	Haukoos	Johnson, V.
Anderson, R.	Brown	Frederick	Hausman	Kahn
Anderson, R. H.	Carlson	Frerichs	Heir	Kalis
Battaglia	Carruthers	Garcia	Henry	Kelso
Bauerly	Clark	Girard	Hugoson	Kinkel
Beard	Cooper	Goodno	Jacobs	Knickerbocker
Begich	Dauner	Greenfield	Janezich	Koppendrayer
Bertram	Davids	Gruenes	Jaros	Krinkie
Bettermann	Dawkins	Gutknecht	Jefferson	Krueger
Bishop	Dempsey	Hanson	Jennings	Lasley
Blatz	Dorn	Hartle	Johnson, A.	Leppik

Lieder	Nelson, K.	Pellow	Seaberg	Uphus
Limmer	Nelson, S.	Pelowski	Segal	Valento
Long	Newinski	Peterson	Simoneau	Vellenga
Lourey	O'Connor	Pugh	Skoglund	Wagenius
Lynch	Ogren	Reding	Smith	Waltman
Macklin	Olsen, S.	Rest	Solberg	Wejcmán
Mariani	Olson, K.	Rice	Sparby	Welker
McEachern	Omann	Rodosovich	Stanisus	Welle
McGuire	Orenstein	Rukavina	Steensma	Wenzel
McPherson	Orfield	Runbeck	Sviggun	Winter
Milbert	Osthoﬀ	Sarna	Swenson	Spk. Vanasek
Morrison	Ostrom	Schafer	Thompson	
Munger	Ozment	Scheid	Trimble	
Murphy	Pauly	Schreiber	Tunheim	

Those who voted in the negative were:

Dille	Hufnagle	Marsh	Onnen
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The bill was passed, as amended, and its title agreed to.

H. F. No. 1039, A bill for an act relating to public employees; regulating insurance benefits; amending Minnesota Statutes 1990, sections 43A.04, by adding a subdivision; 43A.13, by adding a subdivision; and 43A.316, subdivision 8.

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	Dorn	Jennings	McPherson	Reding
Anderson, I.	Erhardt	Johnson, A.	Milbert	Rest
Anderson, R.	Farrell	Johnson, R.	Morrison	Rice
Anderson, R. H.	Frederick	Johnson, V.	Munger	Rodosovich
Battaglia	Frerichs	Kahn	Murphy	Rukavina
Bauerly	Garcia	Kalis	Nelson, K.	Runbeck
Beard	Girard	Kelso	Nelson, S.	Sarna
Begich	Goodno	Kinkel	Newinski	Schafer
Bertram	Greenfield	Knickerbocker	O'Connor	Scheid
Bettermann	Gruenes	Koppendrayner	Ogren	Schreiber
Bishop	Gutknecht	Krinkie	Olsen, S.	Seaberg
Blatz	Hanson	Krueger	Olson, K.	Segal
Bodahl	Hartle	Lasley	Omann	Simoneau
Boo	Hasskamp	Leppik	Onnen	Skoglund
Brown	Haukoos	Lieder	Orenstein	Smith
Carlson	Hausman	Limmer	Orfield	Solberg
Carruthers	Heir	Long	Osthoﬀ	Sparby
Clark	Henry	Lourey	Ostrom	Stanisus
Cooper	Hufnagle	Lynch	Ozment	Steensma
Dauner	Hugoson	Macklin	Pauly	Sviggun
Davids	Jacobs	Mariani	Pellow	Swenson
Dawkins	Janezich	Marsh	Pelowski	Thompson
Dempsey	Jaros	McEachern	Peterson	Trimble
Dille	Jefferson	McGuire	Pugh	Tunheim

Uphus	Wagenius	Wejcmán	Wenzel
Valento	Waltman	Welker	Winter
Vellenga	Weaver	Welle	Spk. Vanasek

The bill was passed and its title agreed to.

H. F. No. 997 was reported to the House.

Orenstein moved that H. F. No. 997 be continued on Special Orders. The motion prevailed.

H. F. No. 525, A bill for an act relating to insurance; regulating claim denial; requiring chemical dependency claim reviewers to meet certain qualifications; requiring insurers to file an annual report on evaluations with the commissioner of commerce; amending Minnesota Statutes 1990, section 72A.201, subdivision 8.

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	Frederick	Kelso	Ogren	Simoneau
Anderson, I.	Frerichs	Kinkel	Olsen, S.	Skoglund
Anderson, R.	Garcia	Knickerbocker	Olson, K.	Smith
Anderson, R. H.	Girard	Koppendrayner	Omann	Solberg
Battaglia	Goodno	Krinkie	Onnen	Sparby
Bauerly	Greenfield	Krueger	Orenstein	Stanisus
Beard	Gruenes	Lasley	Orfield	Steensma
Begich	Guthnecht	Leppik	Osthoff	Sviggunm
Bertram	Hanson	Lieder	Ostrom	Swenson
Bettermann	Hartle	Limmer	Ozment	Trimble
Bishop	Hasskamp	Long	Pauly	Tunheim
Blatz	Haukoos	Lourey	Pellow	Uphus
Bodahl	Hausman	Lynch	Pelowski	Valento
Boo	Heir	Macklin	Peterson	Vellenga
Brown	Henry	Mariani	Pugh	Wagenius
Carlson	Hufnagle	Marsh	Reding	Waltman
Carruthers	Hugoson	McEachern	Rest	Weaver
Clark	Jacobs	McGuire	Rice	Wejcmán
Cooper	Janezich	McPherson	Rodosovich	Welker
Dauner	Jaros	Milbert	Rukavina	Welle
Davids	Jefferson	Morrison	Runbeck	Wenzel
Dawkins	Jennings	Munger	Sarna	Winter
Dempsey	Johnson, A.	Murphy	Schafer	Spk. Vanasek
Dille	Johnson, R.	Nelson, K.	Scheid	
Dorn	Johnson, V.	Nelson, S.	Schreiber	
Erhardt	Kahn	Newinski	Seaberg	
Farrell	Kalis	O'Connor	Segal	

The bill was passed and its title agreed to.

S. F. No. 328 was reported to the House.

Skoglund moved that S. F. No. 328 be continued and be placed at the end of Special Orders. The motion prevailed.

H. F. No. 1249, A bill for an act relating to the city of St. Paul; providing certain economic development authority.

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 121 yeas and 10 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Frederick	Knickerbocker	Olson, K.	Skoglund
Anderson, R.	Garcia	Koppendrayner	Omann	Smith
Anderson, R. H.	Goodno	Krueger	Orenstein	Solberg
Battaglia	Greenfield	Lasley	Orfield	Sparby
Bauerly	Gutknecht	Leppik	Osthoff	Stanisus
Beard	Hanson	Lieder	Ostrom	Steensma
Begich	Hartle	Limmer	Ozment	Swenson
Bertram	Hasskamp	Long	Pauly	Thompson
Bettermann	Hausman	Lourey	Pellow	Trimble
Bishop	Heir	Lynch	Pelowski	Tunheim
Blatz	Henry	Macklin	Peterson	Uphus
Bodahl	Hufnagle	Mariani	Pugh	Valento
Boo	Hugoson	Marsh	Reding	Vellienga
Brown	Jacobs	McEachern	Rest	Wagenius
Carlson	Janezich	McGuire	Rice	Waltman
Carruthers	Jaros	McPherson	Rodosovich	Weaver
Clark	Jefferson	Milbert	Rukavina	Wejzman
Cooper	Jennings	Morrison	Runbeck	Welle
Dauner	Johnson, A.	Munger	Sarna	Wenzel
Davids	Johnson, R.	Murphy	Schafer	Winter
Dawkins	Johnson, V.	Nelson, K.	Scheid	Spk. Vanasek
Dille	Kahn	Nelson, S.	Schreiber	
Dorn	Kalis	Newinski	Seaberg	
Erhardt	Kelso	O'Connor	Segal	
Farrell	Kinkel	Ogren	Simoneau	

Those who voted in the negative were:

Abrams	Girard	Haukoos	Olsen, S.	Sviggrum
Frerichs	Gruenes	Krinkie	Onnen	Welker

The bill was passed and its title agreed to.

S. F. No. 286, A bill for an act relating to cities of the first class; providing for the organization and powers of neighborhood revital-

ization policy boards; amending Minnesota Statutes 1990, section 469.1831, subdivision 6.

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	Frederick	Kelso	Olsen, S.	Skoglund
Anderson, I.	Frerichs	Kinkel	Olson, K.	Smith
Anderson, R.	Garcia	Knickerbocker	Omann	Solberg
Anderson, R. H.	Girard	Koppendrayner	Onnen	Sparby
Battaglia	Goodno	Krueger	Orenstein	Stanius
Bauerly	Greenfield	Lasley	Orfield	Steensma
Beard	Gruenes	Leppik	Osthoff	Sviggum
Begich	Gutknecht	Lieder	Ostrom	Swenson
Bertram	Hanson	Limmer	Ozment	Thompson
Bettermann	Hartle	Long	Pauly	Trimble
Bishop	Hasskamp	Lourey	Pellow	Tunheim
Blatz	Haukoos	Lynch	Pelowski	Uphus
Bodahl	Hausman	Macklin	Peterson	Valento
Boo	Heir	Mariani	Pugh	Vellenga
Brown	Henry	Marsh	Reding	Wagenius
Carlson	Hufnagle	McEachern	Rest	Waltman
Carruthers	Hugoson	McGuire	Rice	Weaver
Clark	Jacobs	McPherson	Rodosovich	Wejcman
Cooper	Janezich	Milbert	Rukavina	Welker
Dauner	Jaros	Morrison	Runbeck	Welle
Davids	Jefferson	Munger	Sarna	Wenzel
Dawkins	Jennings	Murphy	Schafer	Winter
Dempsey	Johnson, A.	Nelson, K.	Scheid	Spk. Vanasek
Dille	Johnson, R.	Nelson, S.	Schreiber	
Dorn	Johnson, V.	Newinski	Seaberg	
Erhardt	Kahn	O'Connor	Segal	
Farrell	Kalis	Ogren	Simoneau	

The bill was passed and its title agreed to.

H. F. No. 1475, A bill for an act relating to education; requiring post-secondary governing boards to report on cultural diversity.

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	Anderson, R. H.	Beard	Bettermann	Bodahl
Anderson, I.	Battaglia	Begich	Bishop	Boo
Anderson, R.	Bauerly	Bertram	Blatz	Brown

Carlson	Hausman	Limmer	Orfield	Solberg
Carruthers	Heir	Long	Osthoff	Sparby
Clark	Henry	Lourey	Ostrom	Stanius
Cooper	Hufnagle	Lynch	Ozment	Steensma
Dauner	Hugoson	Macklin	Pauly	Sviggun
Davids	Jacobs	Mariani	Pellow	Swenson
Dawkins	Janezich	Marsh	Pelowski	Thompson
Dempsey	Jaros	McEachern	Peterson	Trimble
Dille	Jefferson	McGuire	Pugh	Tunheim
Dorn	Jennings	McPherson	Reding	Uphus
Erhardt	Johnson, A.	Milbert	Rest	Valento
Farrell	Johnson, R.	Morrison	Rice	Vellenga
Frederick	Johnson, V.	Munger	Rodosovich	Wagenius
Frerichs	Kahn	Murphy	Rukavina	Waltman
Garcia	Kalis	Nelson, K.	Runbeck	Weaver
Girard	Kelso	Nelson, S.	Sarna	Wejcmann
Goodno	Kinkel	Newinski	Schafer	Welker
Greenfield	Knickerbocker	O'Connor	Scheid	Welle
Gruenes	Koppendrayer	Ogren	Schreiber	Wenzel
Gutknecht	Krinkie	Olsen, S.	Seaberg	Winter
Hanson	Krueger	Olson, K.	Segal	Spk. Vanasek
Hartle	Lasley	Omamm	Simoneau	
Hasskamp	Leppik	Onnen	Skoglund	
Haukoos	Lieder	Orenstein	Smith	

The bill was passed and its title agreed to.

H. F. No. 1286 was reported to the House.

Farrell and Hufnagle moved to amend H. F. No. 1286, the first engrossment, as follows:

Page 2, line 20, after the period, insert "This subdivision does not apply to financing statements filed under chapter 336."

Page 3, after line 18, insert:

"Sec. 4. [5.24] [SUPPLEMENTAL FILING AND INFORMATION SERVICES.]

(a) The secretary of state may offer services to the public that supplement filing and information services already authorized by law. The secretary of state may discontinue the supplemental services at any time. The services must be designed to provide the public with a benefit by improving the manner of providing, or by providing an alternative manner of payment for, existing services provided by the secretary of state.

(b) The cost of providing the supplemental services to the public, as determined by the secretary of state, must be recovered from the recipients of the services. The funds collected for the services must be deposited in the uniform commercial code account and are continuously available to the secretary of state for payment of the cost of providing the supplemental services."

Pages 12 and 13, delete section 17

Page 13, line 4, delete "4," and delete "11, 13, 14, 15," and insert "7, 12, 14, 15, and 16"

Page 13, line 5, after the period, insert "Section 4 is effective July 1, 1991."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

H. F. No. 1286, A bill for an act relating to the secretary of state; changing certain fees, deadlines, and procedures; providing for supplemental filing and information services; providing for removal of documents from the public record; clarifying certain language; amending Minnesota Statutes 1990, sections 5.03; 5.16, subdivision 5; 302A.821, subdivisions 3, 4, and 5; 303.07, subdivision 2; 303.08; 303.13, subdivision 1; 303.17, subdivision 1; 308A.131, subdivision 1; 308A.801, subdivision 6; 317A.821, subdivision 2; 317A.823; 317A.827, subdivision 1; and 331A.02, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 5.

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 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Carruthers	Greenfield	Jennings	Long
Anderson, I.	Clark	Gruenes	Johnson, A.	Lourey
Anderson, R.	Cooper	Gutknecht	Johnson, R.	Lynch
Anderson, R. H.	Dauner	Hanson	Johnson, V.	Macklin
Battaglia	Davids	Hartle	Kahn	Mariani
Bauerly	Dawkins	Hasskamp	Kalis	Marsh
Beard	Dempsey	Haukoos	Kelso	McEachern
Begich	Dille	Hausman	Kinkel	McGuire
Bertram	Dorn	Heir	Knickerbocker	McPherson
Bettermann	Erhardt	Henry	Koppendrayer	Milbert
Bishop	Farrell	Hufnagle	Krinkie	Morrison
Blatz	Frederick	Hugoson	Krueger	Munger
Bodahl	Frerichs	Jacobs	Lasley	Murphy
Boo	Garcia	Janezich	Leppik	Nelson, K.
Brown	Girard	Jaros	Lieder	Nelson, S.
Carlson	Goodno	Jefferson	Limmer	Newinski

O'Connor	Pauly	Sarna	Stanisus	Waltman
Ogren	Pellow	Schafer	Steensma	Weaver
Olsen, S.	Pelowski	Scheid	Svigum	Wejzman
Olson, K.	Peterson	Schreiber	Swenson	Welker
Omann	Pugh	Seaberg	Thompson	Welle
Onnen	Reding	Segal	Trimble	Wenzel
Orenstein	Rest	Simoneau	Tunheim	Winter
Orfield	Rice	Skoglund	Uphus	Spk. Vanasek
Osthoff	Rodosovich	Smith	Valento	
Ostrom	Rukavina	Solberg	Vellenga	
Ozment	Runbeck	Sparby	Wagenius	

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

H. F. No. 1066, A bill for an act relating to health; modifying the definition of and requirements related to review organizations; amending Minnesota Statutes 1990, sections 145.61, subdivisions 4a, 5, and by adding a subdivision; 145.63, subdivision 1; and 145.64.

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	Frederick	Kelso	Ogren	Simoneau
Anderson, I.	Frerichs	Kinkel	Olsen, S.	Skoglund
Anderson, R.	Garcia	Knickerbocker	Olson, K.	Smith
Anderson, R. H.	Girard	Koppendrayner	Omann	Solberg
Battaglia	Goodno	Krinkie	Onnen	Sparby
Bauerly	Greenfield	Krueger	Orenstein	Stanisus
Beard	Gruenes	Lasley	Orfield	Steensma
Begich	Gutknecht	Leppik	Osthoff	Svigum
Bertram	Hanson	Lieder	Ostrom	Swenson
Bettermann	Hartle	Limmer	Ozment	Thompson
Bishop	Hasskamp	Long	Pauly	Trimble
Blatz	Haukoos	Lourey	Pellow	Tunheim
Bodahl	Hausman	Lynch	Pelowski	Uphus
Boo	Heir	Macklin	Peterson	Valento
Brown	Henry	Mariani	Pugh	Vellenga
Carlson	Hufnagle	Marsh	Reding	Wagenius
Carruthers	Hugoson	McEachern	Rest	Waltman
Clark	Jacobs	McGuire	Rice	Weaver
Cooper	Janezich	McPherson	Rodosovich	Wejzman
Dauner	Jaros	Milbert	Rukavina	Welker
Davids	Jefferson	Morrison	Runbeck	Welle
Dawkins	Jennings	Munger	Sarna	Wenzel
Dempsey	Johnson, A.	Murphy	Schafer	Winter
Dille	Johnson, R.	Nelson, K.	Scheid	Spk. Vanasek
Dorn	Johnson, V.	Nelson, S.	Schreiber	
Erhardt	Kahn	Newinski	Seaberg	
Farrell	Kalis	O'Connor	Segal	

The bill was passed and its title agreed to.

H. F. No. 882, A bill for an act relating to traffic regulations; increasing criminal and civil penalties for littering; amending Minnesota Statutes 1990, sections 169.42, subdivision 5; and 169.421, 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 1 nay as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Kelso	O'Connor	Seaberg
Anderson, I.	Garcia	Kinkel	Ogren	Segal
Anderson, R.	Girard	Knickerbocker	Olsen, S.	Simoneau
Anderson, R. H.	Goodno	Koppendrayner	Olson, K.	Skoglund
Battaglia	Greenfield	Krinkie	Omann	Smith
Bauerly	Gruenes	Krueger	Onnen	Solberg
Beard	Gutknecht	Lasley	Orenstein	Sparby
Begich	Hanson	Leppik	Orfield	Stanisus
Bertram	Hartle	Lieder	Osthoff	Steensma
Bettermann	Hasskamp	Limmer	Ostrom	Sviggum
Blatz	Haukoos	Long	Ozment	Swenson
Bodahl	Hausman	Lourey	Pauly	Thompson
Boo	Heir	Lynch	Pellow	Trimble
Brown	Henry	Macklin	Pelowski	Tunheim
Carlson	Hufnagle	Mariani	Peterson	Uphus
Carruthers	Hugoson	Marsh	Pugh	Valento
Clark	Jacobs	McEachern	Reding	Vellenga
Cooper	Janezich	McGuire	Rest	Wagenius
Davids	Jaros	McPherson	Rice	Waltman
Dawkins	Jefferson	Milbert	Rodosovich	Weaver
Dempsey	Jennings	Morrison	Rukavina	Wejzman
Dille	Johnson, A.	Munger	Runbeck	Welker
Dorn	Johnson, R.	Murphy	Sarna	Welle
Erhardt	Johnson, V.	Nelson, K.	Schafer	Wenzel
Farrell	Kahn	Nelson, S.	Scheid	Winter
Frederick	Kalis	Newinski	Schreiber	Spk. Vanasek

Those who voted in the negative were:

Dauner

The bill was passed and its title agreed to.

H. F. No. 1371, A bill for an act relating to agriculture; extending the right of first refusal on foreclosed farm land to ten years; amending Minnesota Statutes 1990, section 500.24, subdivision 6.

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 112 yeas and 19 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Frerichs	Kinkel	Olson, K.	Smith
Anderson, R.	Garcia	Knickerbocker	Omann	Solberg
Battaglia	Goodno	Krueger	Onnen	Sparby
Bauerly	Greenfield	Lasley	Orenstein	Steensma
Beard	Gruenes	Leppik	Orfield	Sviggun
Begich	Hanson	Lieder	Ostrom	Swenson
Bertram	Hartle	Long	Ozment	Thompson
Bishop	Hasskamp	Lourey	Pauly	Trimble
Blatz	Haukoos	Lynch	Pelowski	Tunheim
Bodahl	Hausman	Macklin	Peterson	Uphus
Boo	Heir	Mariani	Pugh	Valento
Brown	Henry	McEachern	Reding	Vellenga
Carlson	Jacobs	McGuire	Rest	Wagenius
Carruthers	Janezich	McPherson	Rice	Waltman
Clark	Jaros	Milbert	Rodosovich	Weaver
Cooper	Jefferson	Morrison	Rukavina	Wejcmann
Dauner	Jennings	Munger	Runbeck	Welle
Dawkins	Johnson, A.	Murphy	Sarna	Wenzel
Dille	Johnson, R.	Nelson, K.	Schafer	Winter
Dorn	Johnson, V.	Nelson, S.	Schreiber	Spk. Vanasek
Erhardt	Kahn	Newinski	Segal	
Farrell	Kalis	O'Connor	Simoneau	
Frederick	Kelso	Ogren	Skoglund	

Those who voted in the negative were:

Abrams	Dempsey	Hugoson	Marsh	Scheid
Anderson, R. H.	Girard	Koppendrayer	Olsen, S.	Seaberg
Bettermann	Gutknecht	Krinkie	Osthoff	Welker
Davids	Hufnagle	Limmer	Pellow	

The bill was passed and its title agreed to.

S. F. No. 550, A bill for an act relating to health; employee drug testing; clarifying requirements for labs that test employees for drugs; amending Minnesota Statutes 1990, sections 181.950, subdivisions 2, 5, 8, and 10; 181.951, subdivision 1; 181.953, subdivisions 1, 3, 5, and 9; and 626.5562, subdivision 5; repealing Minnesota Statutes 1990, sections 181.950, subdivision 3; and 181.953, subdivision 2; Minnesota Rules, parts 4740.0100 to 4740.1090.

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	Beard	Bodahl	Cooper	Dorn
Anderson, I.	Begich	Boo	Dauner	Erhardt
Anderson, R.	Bertram	Brown	Davids	Farrell
Anderson, R. H.	Bettermann	Carlson	Dawkins	Frederick
Battaglia	Bishop	Carruthers	Dempsey	Frerichs
Bauerly	Blatz	Clark	Dille	Garcia

Girard	Johnson, V.	McPherson	Pelowski	Steensma
Goodno	Kahn	Milbert	Peterson	Sviggum
Greenfield	Kalis	Morrison	Pugh	Swenson
Gruenes	Kelso	Munger	Reding	Thompson
Gutknecht	Kinkel	Murphy	Rest	Trimble
Hanson	Knickerbocker	Nelson, K.	Rice	Tunheim
Hartle	Koppendrayner	Nelson, S.	Rodosovich	Uphus
Hasskamp	Krinkie	Newinski	Rukavina	Valento
Haukoos	Krueger	O'Connor	Runbeck	Vellenga
Hausman	Lasley	Ogren	Sarna	Wagenius
Heir	Leppik	Olsen, S.	Schafer	Waltman
Henry	Lieder	Olson, K.	Scheid	Weaver
Hufnagle	Limmer	Omann	Schreiber	Wejcman
Hugoson	Long	Onnen	Seaberg	Welker
Jacobs	Lourey	Orenstein	Segal	Welle
Janezich	Lynch	Orfield	Simoneau	Wenzel
Jaros	Macklin	Osthoff	Skoglund	Winter
Jefferson	Mariani	Ostrom	Smith	Spk. Vanasek
Jennings	Marsh	Ozment	Solberg	
Johnson, A.	McEachern	Pauly	Sparby	
Johnson, R.	McGuire	Pellow	Stanis	

The bill was passed and its title agreed to.

Haukoos and Morrison were excused for the remainder of today's session.

H. F. No. 143, A bill for an act relating to appropriations; removing certain directions, limits, and provisos on the use of money for certain projects; amending Laws 1990, chapter 610, article 1, section 9, subdivision 1.

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 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Cooper	Hartle	Kinkel	Milbert
Anderson, I.	Dauner	Hasskamp	Knickerbocker	Munger
Anderson, R.	Davids	Hausman	Koppendrayner	Nelson, K.
Anderson, R. H.	Dawkins	Heir	Krinkie	Nelson, S.
Battaglia	Dempsey	Henry	Krueger	Newinski
Bauerly	Dille	Hufnagle	Lasley	O'Connor
Beard	Dorn	Hugoson	Leppik	Ogren
Begich	Erhardt	Jacobs	Lieder	Olsen, S.
Bertram	Farrell	Janezich	Limmer	Olson, K.
Bettermann	Frederick	Jaros	Long	Omann
Bishop	Frerichs	Jefferson	Lourey	Onnen
Blatz	Garcia	Jennings	Lynch	Orenstein
Bodahl	Girard	Johnson, A.	Macklin	Orfield
Boo	Goodno	Johnson, R.	Mariani	Osthoff
Brown	Greenfield	Johnson, V.	Marsh	Ostrom
Carlson	Gruenes	Kahn	McEachern	Ozment
Carruthers	Gutknecht	Kalis	McGuire	Pauly
Clark	Hanson	Kelso	McPherson	Pellow

Pelowski	Sarna	Smith	Trimble	Wejcman
Peterson	Schafer	Solberg	Tunheim	Welker
Pugh	Scheid	Sparby	Uphus	Welle
Reding	Schreiber	Stanius	Valento	Wenzel
Rest	Seaberg	Steensma	Vellenga	Winter
Rodosovich	Segal	Sviggum	Wagenius	Spk. Vanasek
Rukavina	Simoneau	Swenson	Waltman	
Runbeck	Skoglund	Thompson	Weaver	

The bill was passed and its title agreed to.

S. F. No. 732, A bill for an act relating to natural resources; offering an alternative to bond or deposit requirements on contracts for cutting timber; allowing reduction in value of letters of credit given as security for timber permits; amending Minnesota Statutes 1990, section 90.173; proposing coding for new law in Minnesota Statutes, chapter 90.

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 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Farrell	Kalis	O'Connor	Seaberg
Anderson, I.	Frederick	Kelso	Ogren	Segal
Anderson, R.	Frerichs	Kinkel	Olsen, S.	Simoneau
Anderson, R. H.	Garcia	Knickerbocker	Olson, K.	Skoglund
Battaglia	Girard	Koppendrayer	Omann	Smith
Bauerly	Goodno	Krinkie	Onnen	Solberg
Beard	Greenfield	Krueger	Orenstein	Sparby
Begich	Gruenes	Lasley	Orfield	Stanius
Bertram	Gutknecht	Leppik	Osthoff	Steensma
Bettermann	Hanson	Lieder	Ostrom	Sviggum
Bishop	Hartle	Limmer	Ozment	Swenson
Blatz	Hasskamp	Long	Pauly	Thompson
Bodahl	Hausman	Lourey	Pellow	Trimble
Boo	Heir	Lynch	Pelowski	Tunheim
Brown	Henry	Macklin	Peterson	Uphus
Carlson	Hufnagle	Mariani	Pugh	Valento
Carruthers	Hugoson	Marsh	Reding	Wagenius
Clark	Jacobs	McEachern	Rest	Waltman
Cooper	Janezich	McGuire	Rice	Weaver
Dauner	Jaros	McPherson	Rodosovich	Wejcman
Davids	Jefferson	Milbert	Rukavina	Welker
Dawkins	Jennings	Munger	Runbeck	Welle
Dempsey	Johnson, A.	Murphy	Sarna	Wenzel
Dille	Johnson, R.	Nelson, K.	Schafer	Winter
Dorn	Johnson, V.	Nelson, S.	Scheid	Spk. Vanasek
Erhardt	Kahn	Newinski	Schreiber	

The bill was passed and its title agreed to.

H. F. No. 228, A bill for an act relating to natural resources;

establishing an educational program on best management practices; proposing coding for new law in Minnesota Statutes, chapter 103F.

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	Farrell	Kalis	O'Connor	Seaberg
Anderson, I.	Frederick	Kelso	Ogren	Segal
Anderson, R.	Frerichs	Kinkel	Olsen, S.	Simoneau
Anderson, R. H.	Garcia	Knickerbocker	Olson, K.	Skoglund
Battaglia	Girard	Koppendrayner	Omann	Smith
Bauerly	Goodno	Krinkie	Onnen	Solberg
Beard	Greenfield	Krueger	Orenstein	Sparby
Begich	Gruenes	Lasley	Orfield	Stanisus
Bertram	Gutknecht	Leppik	Osthoff	Steensma
Bettermann	Hanson	Lieder	Ostrom	Sviggum
Bishop	Hartle	Limmer	Ozment	Swenson
Blatz	Hasskamp	Long	Pauly	Thompson
Bodahl	Hausman	Lourey	Pellow	Trimble
Boo	Heir	Lynch	Pelowski	Tunheim
Brown	Henry	Macklin	Peterson	Uphus
Carlson	Hufnagle	Mariani	Pugh	Valento
Carruthers	Hugoson	Marsh	Reding	Vellenga
Clark	Jacobs	McEachern	Rest	Wagenius
Cooper	Janezich	McGuire	Rice	Waltman
Dauner	Jaros	McPherson	Rodosovich	Weaver
Davids	Jefferson	Milbert	Rukavina	Wejcman
Dawkins	Jennings	Munger	Runbeck	Welker
Dempsey	Johnson, A.	Murphy	Sarna	Welle
Dille	Johnson, R.	Nelson, K.	Schafer	Wenzel
Dorn	Johnson, V.	Nelson, S.	Scheid	Winter
Erhardt	Kahn	Newinski	Schreiber	Spk. Vanasek

The bill was passed and its title agreed to.

H. F. No. 1025 was reported to the House.

Johnson, R.; Reding; Knickerbocker; Jefferson and O'Connor moved to amend H. F. No. 1025, the first engrossment, as follows:

Page 1, after line 18, insert:

"Sec. 2. [TRANSFER.]

Notwithstanding Minnesota Statutes, section 354B.03, subdivision 3, or any other provision of law to the contrary, a person who is an employee of the state university board on the effective date of this section who was employed by the state university board before 1964, and who elected to transfer retirement coverage from the

teachers retirement association to the individual retirement account plan created in chapter 354B may revoke that transfer prospectively and have future service credited by the teachers retirement association. A revocation must be made in a manner prescribed by the executive director of the teachers retirement association and must be made within 60 days of the effective date of this section. The election is effective only for future service and does not permit transfer to the teachers retirement association of any contributions made to the individual retirement account plan."

Renumber subsequent section

Page 1, line 21, after the period, insert:

"Section 2 is effective the day following final enactment."

Amend the title accordingly

The motion prevailed and the amendment was adopted.

H. F. No. 1025, A bill for an act relating to retirement; eliminating the additional employer contribution to the teachers retirement association on behalf of employees participating in the individual retirement account plan; providing for prospective revocation of certain retirement plan transfers; amending Minnesota Statutes 1990, section 354B.04, subdivision 2.

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 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Dauner	Hausman	Krinkie	Nelson, S.
Anderson, I.	Davids	Heir	Krueger	Newinski
Anderson, R.	Dawkins	Henry	Lasley	O'Connor
Anderson, R. H.	Dempsey	Hufnagle	Leppik	Ogren
Battaglia	Dille	Hugoson	Lieder	Olsen, S.
Bauerly	Dorn	Jacobs	Limmer	Olson, K.
Beard	Erhardt	Janezich	Long	Omann
Begich	Farrell	Jaros	Lourey	Onnen
Bertram	Frederick	Jefferson	Lynch	Orenstein
Bettermann	Frerichs	Jennings	Macklin	Orfield
Bishop	Garcia	Johnson, A.	Mariani	Osthoff
Blatz	Girard	Johnson, R.	Marsh	Ostrom
Bodahl	Goodno	Johnson, V.	McEachern	Ozment
Boo	Greenfield	Kahn	McGuire	Pauly
Brown	Gruenes	Kalis	McPherson	Pellow
Carlson	Gutknecht	Kelso	Milbert	Pelowski
Carruthers	Hanson	Kinkel	Munger	Peterson
Clark	Hartle	Knickerbocker	Murphy	Pugh
Cooper	Hasskamp	Koppendrayner	Nelson, K.	Reding

Rest	Scheid	Solberg	Trimble	Weaver
Rice	Schreiber	Sparby	Tunheim	Wejzman
Rodosovich	Seaberg	Stanis	Uphus	Welker
Rukavina	Segal	Steensma	Valento	Welle
Runbeck	Simoneau	Sviggrum	Vellenga	Wenzel
Sarna	Skoglund	Swenson	Wagenius	Winter
Schafer	Smith	Thompson	Waltman	Spk. Vanasek

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

H. F. No. 478 was reported to the House.

Lasley moved that H. F. No. 478 be continued on Special Orders. The motion prevailed.

H. F. No. 1310 was reported to the House.

Welker, Abrams, Smith, Pugh and Jennings moved to amend H. F. No. 1310, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 609.2231, is amended by adding a subdivision to read:

Subd. 5. [DEMONSTRABLE BODILY HARM.] Except as provided in subdivision 1, whoever assaults another and inflicts demonstrable bodily harm is guilty of a gross misdemeanor.

Sec. 2. [REPEALER.]

Minnesota Statutes 1990, section 609.2231, subdivisions 2 and 3, are repealed."

Delete the title and insert:

"A bill for an act relating to crimes; making it a gross misdemeanor to assault another and inflict demonstrable bodily harm; amending Minnesota Statutes 1990, section 609.2231, by adding a subdivision; repealing Minnesota Statutes 1990, section 609.2231, subdivisions 2 and 3."

A roll call was requested and properly seconded.

The Speaker resumed the Chair.

The question was taken on the Welker et al amendment and the roll was called. There were 62 yeas and 68 nays as follows:

Those who voted in the affirmative were:

Abrams	Girard	Kinkel	Onnen	Stanius
Anderson, R. H.	Goodno	Knickerbocker	Ozment	Svigum
Bettermann	Gruenes	Koppendrayer	Pauly	Swenson
Blatz	Gutknecht	Krinkie	Pellow	Uphus
Boo	Hartle	Leppik	Pelowski	Valento
Cooper	Heir	Lynch	Peterson	Waltman
Davids	Henry	Macklin	Pugh	Weaver
Dempsey	Hufnagle	Marsh	Runbeck	Welker
Dorn	Hugoson	McPherson	Schafer	Wenzel
Erhardt	Jennings	Newinski	Schreiber	Winter
Farrell	Johnson, R.	Olsen, S.	Seaberg	
Frederick	Johnson, V.	Olson, K.	Smith	
Frerichs	Kalis	Omann	Sparby	

Those who voted in the negative were:

Anderson, I.	Dawkins	Krueger	O'Connor	Simoneau
Anderson, R.	Dille	Lasley	Ogren	Skoglund
Battaglia	Garcia	Lieder	Orenstein	Solberg
Bauerly	Greenfield	Limmer	Orfield	Steensma
Beard	Hanson	Long	Osthoff	Thompson
Begich	Hasskamp	Lourey	Ostrom	Trimble
Bertram	Hausman	Mariani	Reding	Tunheim
Bishop	Jacobs	McEachern	Rest	Vellenga
Bodahl	Janezich	McGuire	Rice	Wagenius
Brown	Jaros	Milbert	Rodosovich	Wejman
Carlson	Jefferson	Munger	Rukavina	Welle
Carruthers	Johnson, A.	Murphy	Sarna	Spk. Vanasek
Clark	Kahn	Nelson, K.	Scheid	
Dauner	Kelso	Nelson, S.	Segal	

The motion did not prevail and the amendment was not adopted.

H. F. No. 1310, A bill for an act relating to crimes; creating the gross misdemeanor offense of assaulting a public employee who is engaged in mandated duties; amending Minnesota Statutes 1990, section 609.2231, 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 78 yeas and 51 nays as follows:

Those who voted in the affirmative were:

Abrams	Begich	Carruthers	Greenfield	Jacobs
Anderson, I.	Bertram	Clark	Gruenes	Jaros
Anderson, R.	Bodahl	Cooper	Hanson	Jefferson
Battaglia	Boo	Farrell	Hartle	Johnson, A.
Bauerly	Brown	Garcia	Hasskamp	Johnson, R.
Beard	Carlson	Goodno	Hausman	Kahn

Kelso	McGuire	Orfield	Scheid	Tunheim
Kinkel	McPherson	Osthoff	Segal	Uphus
Krueger	Milbert	Ozment	Simoneau	Vellenga
Leppik	Munger	Peterson	Skoglund	Wagenius
Lieder	Murphy	Pugh	Solberg	Wejcman
Limmer	Nelson, K.	Reding	Steensma	Welle
Long	O'Connor	Rest	Sviggum	Winter
Lourey	Ogren	Rodosovich	Swenson	Spk. Vanasek
Marsh	Olson, K.	Rukavina	Thompson	
McEachern	Orenstein	Sarna	Trimble	

Those who voted in the negative were:

Anderson, R. H.	Frederick	Knickerbocker	Onnen	Sparby
Bettermann	Frerichs	Koppendrayer	Ostrom	Stanius
Bishop	Girard	Krinkie	Pauly	Valento
Blatz	Gutknecht	Lasley	Pellow	Waltman
Dauner	Heir	Lynch	Pelowski	Weaver
Davids	Henry	Macklin	Rice	Welker
Dawkins	Hufnagle	Mariani	Runbeck	Wenzel
Dempsey	Hugoson	Nelson, S.	Schafer	
Dille	Jennings	Newinski	Schreiber	
Dorn	Johnson, V.	Olsen, S.	Seaberg	
Erhardt	Kalis	Omann	Smith	

The bill was passed and its title agreed to.

GENERAL ORDERS

Long moved that the bills on General Orders for today be continued. The motion prevailed.

MOTIONS AND RESOLUTIONS

Anderson, I., moved that his name be stricken as an author on H. F. No. 602. The motion prevailed.

Orenstein moved that his name be shown as second author and the name of Carlson be shown as chief author and that the name of Trimble be stricken and the name of Limmer be added as an author on H. F. No. 1221. The motion prevailed.

Simoneau moved that H. F. No. 587, now on Technical General Orders, be re-referred to the Committee on Appropriations. The motion prevailed.

Rodosovich moved that H. F. No. 635, now on Technical General Orders, be re-referred to the Committee on Appropriations. The motion prevailed.

Stanis moved that H. F. No. 590 be returned to its author. The motion prevailed.

Reding moved that H. F. No. 475 be returned to its author. The motion prevailed.

Sviggum moved that H. F. No. 138 be returned to its author. The motion prevailed.

Lourey moved that H. F. No. 1382 be returned to its author. The motion prevailed.

Marsh moved that the following statement be printed in the Permanent Journal of the House:

"It was my intention to vote in the affirmative on Monday, April 29, 1991, when the final vote was taken on S. F. No. 729, as amended." The motion prevailed.

Anderson, R., introduced:

House Resolution No. 5, A house resolution congratulating the City of Battle Lake, Minnesota, on its 100th birthday.

The resolution was referred to the Committee on Rules and Legislative Administration.

ADJOURNMENT

Long moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 2:30 p.m., Tuesday, April 30, 1991.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

