

## STATE OF MINNESOTA

## SEVENTY-SEVENTH SESSION—1992

## EIGHTY-SEVENTH DAY

SAINT PAUL, MINNESOTA, MONDAY, MARCH 30, 1992

The House of Representatives convened at 1:30 p.m. and was called to order by Dee Long, Speaker of the House.

Prayer was offered by Dr. John Eagen, Grace Church Edina, Edina, Minnesota.

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

The roll was called and the following members were present:

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

A quorum was present.

The Chief Clerk proceeded to read the Journals of the preceding

days. Nelson, S., moved that further reading of the Journals be dispensed with and that the Journals be approved as corrected by the Chief Clerk. The motion prevailed.

#### REPORTS OF CHIEF CLERK

S. F. No. 512 and H. F. No. 829, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

#### SUSPENSION OF RULES

Bertram moved that the rules be so far suspended that S. F. No. 512 be substituted for H. F. No. 829 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1691 and H. F. No. 2206, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

#### SUSPENSION OF RULES

Pugh moved that the rules be so far suspended that S. F. No. 1691 be substituted for H. F. No. 2206 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1787 and H. F. No. 2324, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

#### SUSPENSION OF RULES

Davids moved that the rules be so far suspended that S. F. No. 1787 be substituted for H. F. No. 2324 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1794 and H. F. No. 2051, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Reding moved that S. F. No. 1794 be substituted for H. F. No. 2051 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1985 and H. F. No. 2242, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

#### SUSPENSION OF RULES

McGuire moved that the rules be so far suspended that S. F. No. 1985 be substituted for H. F. No. 2242 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2257 and H. F. No. 2633, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

#### SUSPENSION OF RULES

Winter moved that the rules be so far suspended that S. F. No. 2257 be substituted for H. F. No. 2633 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2328 and H. F. No. 2594, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

#### SUSPENSION OF RULES

Seaberg moved that the rules be so far suspended that S. F. No. 2328 be substituted for H. F. No. 2594 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2392 and H. F. No. 2619, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

#### SUSPENSION OF RULES

Rodosovich moved that the rules be so far suspended that S. F. No. 2392 be substituted for H. F. No. 2619 and that the House File be indefinitely postponed. The motion prevailed.

### PETITIONS AND COMMUNICATIONS

The following communications were received:

STATE OF MINNESOTA  
OFFICE OF THE GOVERNOR  
SAINT PAUL 55155

March 20, 1992

The Honorable Joan Anderson Growe  
Secretary of State  
The State of Minnesota

Dear Secretary of State Growe:

It is my honor to inform you that I have allowed House File No. 2044 (Chapter 366) to become law without my signature.

H. F. No. 2044, relating to water; creating an exemption from certain requirements relating to once-through water use permits.

With this correspondence, House File No. 2044 (Chapter 366) is submitted to you for your filing.

Warmest regards,

ARNE H. CARLSON  
Governor

STATE OF MINNESOTA  
OFFICE OF THE GOVERNOR  
SAINT PAUL 55155

March 20, 1992

The Honorable Dee Long  
Speaker of the House of Representatives  
The State of Minnesota

Dear Speaker Long:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State the following House Files:

H. F. No. 917, relating to commerce; requiring additional license for motor vehicle lessor, wholesaler, or auctioneer when establishing additional place of doing business in a second class city outside of the metropolitan area.



H. F. No. 2259, relating to retirement; setting an earlier accrual date for a certain retired member of the state retirement system.

H. F. No. 2002, relating to community service; directing the Minnesota office on volunteer services to prepare a federal grant proposal.

Warmest regards,

ARNE H. CARLSON  
Governor

STATE OF MINNESOTA  
OFFICE OF THE SECRETARY OF STATE  
ST. PAUL 55155

The Honorable Dee Long  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1992 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

<i>S.F. No.</i>	<i>H.F. No.</i>	<i>Session Laws Chapter No.</i>	<i>Time and Date Approved 1992</i>	<i>Date Filed 1992</i>
	2044**	366		March 23
	917	367	4:20 p.m. March 20	March 23
	2259	368	4:23 p.m. March 20	March 23
	2002	369	4:25 p.m. March 20	March 23

Sincerely,

JOAN ANDERSON GROWE  
Secretary of State

[NOTE: \*\* House File No. 2044 became law without Governor's signature.]

STATE OF MINNESOTA  
OFFICE OF THE GOVERNOR  
SAINT PAUL 55155

March 25, 1992

The Honorable Dee Long  
Speaker of the House of Representatives  
The State of Minnesota

Dear Speaker Long:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State the following House File:

H. F. No. 1911, relating to state lands; authorizing the private sale of certain land which was exchanged for tax-forfeited land; authorizing the commissioner of natural resources to sell certain land and related improvements located in Cass county to the United States of America; requiring the commissioner of natural resources to convey certain land to Hubbard county.

Warmest regards,

ARNE H. CARLSON  
Governor

STATE OF MINNESOTA  
OFFICE OF THE SECRETARY OF STATE  
ST. PAUL 55155

The Honorable Dee Long  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

I have the honor to inform you that the following enrolled Act of the 1992 Session of the State Legislature has been received from the Office of the Governor and is deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

<i>S.F. No.</i>	<i>H.F. No.</i>	<i>Session Laws Chapter No.</i>	<i>Time and Date Approved 1992</i>	<i>Date Filed 1992</i>
	1911	370	9:42 a.m. March 25	March 25

Sincerely,

JOAN ANDERSON GROWE  
Secretary of State

## REPORTS OF STANDING COMMITTEES

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

H. F. No. 1750, A bill for an act relating to horse racing; prohibiting pari-mutuel licensees from accepting wagers made by telephone or made on credit; amending Minnesota Statutes 1991 Supplement, section 240.13, subdivision 8.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

### “ARTICLE 1

### RECODIFICATION OF GAMBLING TAX LAWS

#### Section 1. [297E.01] [DEFINITIONS.]

Subdivision 1. [SCOPE.] The definitions in this section apply to this chapter.

Subd. 2. [BINGO.] “Bingo” means a game where each player has a game sheet, card, or paper, for which a consideration has been paid, which has numbered spaces printed on it in a prearranged manner. Bingo may also be played with sheets, cards, or paper where the numbers in each space are not preprinted, but are filled in by players before the start of a game, or where figures are used in place of numbers. Bingo is played by random selection of numbers or figures for comparison with the numbers or figures on each player’s game sheet, card, or paper. As the selected numbers or figures are announced, players mark them off on their game sheet, card, or paper, to document which numbers or figures have been selected. The game is won by persons who have a game sheet, card, or paper that has the selected numbers or figures, and any spaces marked “free,” arranged on it in the lines, figures, designs, or patterns that were designated in advance as the winning lines, figures, designs, or patterns.

Subd. 3. [COMMISSIONER.] “Commissioner” means the commissioner of revenue or a person to whom the commissioner has delegated functions.

Subd. 4. [CONTRABAND.] For purposes of this chapter, “contraband” means all of the items listed in section 349.2125, and all pull-tab or tipboard deals or portions of deals on which the tax imposed under section 297E.02 has not been paid.

Subd. 5. [DISTRIBUTOR.] "Distributor" means a person who markets, sells, or provides gambling product to a person or entity for resale or use at the retail level.

Subd. 6. [FISCAL YEAR.] "Fiscal year" means the period from July 1 to June 30.

Subd. 7. [GAMBLING PRODUCT.] "Gambling product" means bingo cards, paper, or sheets; pull-tabs; tipboards; paddletickets and paddleticket cards; raffle tickets; or any other ticket, card, board, placard, device, or token that represents a chance, for which consideration is paid, to win a prize.

Subd. 8. [GROSS RECEIPTS.] "Gross receipts" means all receipts derived from lawful gambling activity including, but not limited to, the following items:

(1) gross sales of bingo cards and sheets before reduction for prizes, expenses, shortages, free plays, or any other charges or offsets;

(2) the ideal gross of pull-tab and tipboard deals or games less the value of unsold and defective tickets and before reduction for prizes, expenses, shortages, free plays, or any other charges or offsets;

(3) gross sales of raffle tickets and paddle tickets before reduction for prizes, expenses, shortages, free plays, or any other charges or offsets;

(4) admission, commission, cover, or other charges imposed on participants in lawful gambling activity as a condition for or cost of participation; and

(5) interest, dividends, annuities, profit from transactions, or other income derived from the accumulation or use of gambling proceeds.

Gross receipts does not include proceeds from rental under section 349.164 or 349.18, subdivision 3, for duly licensed bingo hall lessors.

Subd. 9. [IDEAL GROSS.] "Ideal gross" means the total amount of receipts that would be received if every individual ticket in the pull-tab or tipboard deal was sold at its face value. In the calculation of ideal gross and prizes, a free play ticket shall be valued at face value.

Subd. 10. [MANUFACTURER.] "Manufacturer" means a person or entity who:

(1) assembles from raw materials, or from subparts or other

components, a completed item of gambling product for resale, use, or receipt in Minnesota; or

(2) sells, furnishes, ships, or imports completed gambling product from outside Minnesota for resale, use, receipt, or storage in Minnesota; or

(3) being within the state, assembles, produces, or otherwise creates gambling products.

Subd. 11. [PRIZE.] "Prize" means a thing of value offered or awarded to the winner of a lawful gambling game.

Subd. 12. [PULL-TAB.] "Pull-tab" means a ticket with one or more concealed numbers or symbols printed on it, and with one or more tickets in a deal designated in advance as a winning ticket, as determined by the numbers or symbols on the ticket.

Subd. 13. [RAFFLE.] "Raffle" means a game in which a participant buys a ticket for a chance at a prize, with the winner determined by a random drawing.

Subd. 14. [RETAIL LEVEL.] "Retail level" means an activity where gambling product is sold to players or participants in taxable gambling games and where the players or participants give consideration for a chance to win a prize.

Subd. 15. [TAXPAYER.] "Taxpayer" means a person subject to or liable for a tax imposed by this chapter, a person required to file reports or returns with the commissioner under this chapter, a person required to keep or retain records under this chapter, or a person required by this chapter to obtain or hold a permit.

Subd. 16. [TICKET.] "Ticket" means a valid token, card, or other tangible voucher, other than bingo cards, sheets, or paper, that grants the holder a chance or chances to participate in a game of lawful gambling.

Subd. 17. [TIPBOARD.] "Tipboard" has the meaning given in section 349.12 and the meaning given by the board in rule. Tipboard also means a board, placard, or other device marked with sections, where sections are selected by participants, and where secret or unknown numbers or symbols associated with each section determine the participants' chances to win a prize. Tipboard also includes boards, placards, or other devices that use the outcome of sporting or other events to determine winning chances.

Subd. 18. [OTHER WORDS.] Unless specifically defined in this chapter, or unless the context clearly indicates otherwise, the words used in this chapter have the meanings given them in chapter 349.

## Sec. 2. [297E.02] {TAX IMPOSED.}

Subdivision 1. [IMPOSITION.] A tax is imposed on all lawful gambling other than (1) pull-tabs purchased and placed into inventory after January 1, 1987, and (2) tipboards purchased and placed into inventory after June 30, 1988, at the rate of ten percent on the gross receipts as defined in section 349.12, subdivision 21, less prizes actually paid. The tax imposed by this subdivision is in lieu of the tax imposed by section 297A.02 and all local taxes and license fees except a fee authorized under section 349.16, subdivision 8, or a tax authorized under subdivision 5.

The tax imposed under this subdivision is payable by the organization or party conducting, directly or indirectly, the gambling.

Subd. 2. [TAX-EXEMPT GAMBLING.] An organization's receipts from lawful gambling that are excluded or exempt from licensing under section 349.166, are not subject to the tax imposed by this section or section 297A.02. This exclusion from tax is only valid if at the time of the event giving rise to the tax the organization either has an exclusion under section 349.166, subdivision 1, or has applied for and received a valid exemption from the lawful gambling control board.

Subd. 3. [COLLECTION; DISPOSITION.] Taxes imposed by this section are due and payable to the commissioner when the gambling tax return is required to be filed. Returns covering the taxes imposed under this section must be filed with the commissioner on or before the 20th day of the month following the close of the previous calendar month. The commissioner may require that the returns be filed via magnetic media or electronic data transfer. The proceeds, along with the revenue received from all license fees and other fees under sections 349.11 to 349.191, 349.211, and 349.213, must be paid to the state treasurer for deposit in the general fund.

Subd. 4. [PULL-TAB AND TIPBOARD TAX.] (a) A tax is imposed on the sale of each deal of pull-tabs and tipboards sold by a 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 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 8.

(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 or to a common or contract carrier for delivery to the customer, or when received by the customer's authorized represen-

tative 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 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;

(3) sales of promotional tickets as defined in section 349.12; and

(4) pull-tabs and tipboards sold to an organization that sells pull-tabs and tipboards under the exemption from licensing in section 349.166, subdivision 2. A distributor shall 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 the 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.

(c) 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 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.

Subd. 5. [LOCAL GAMBLING TAX.] A statutory or home rule charter city that has one or more licensed organizations operating lawful gambling, and a county that has one or more licensed organizations outside incorporated areas operating lawful gambling, may impose a local gambling tax on each licensed organization within the city's or county's jurisdiction. The tax may be imposed only if the amount to be received by the city or county is necessary to cover the costs incurred by the city or county to regulate lawful gambling. The tax imposed by this subdivision may not exceed three percent of the gross receipts of a licensed organization from all lawful gambling less prizes actually paid out by the organization. A city or county may not use money collected under this subdivision for any purpose other than to regulate lawful gambling. A tax imposed under this subdivision is in lieu of all other local taxes and local investigation fees on lawful gambling. A city or county that imposes a tax under this subdivision shall annually, by March 15, file a report with the board in a form prescribed by the board

showing (1) the amount of revenue produced by the tax during the preceding calendar year, and (2) the use of the proceeds of the tax.

Subd. 6. [COMBINED RECEIPTS TAX.] In addition to the taxes imposed under subdivisions 1 and 4, a tax is imposed on the combined receipts of the organization. As used in this section, "combined receipts" is the sum of the organization's gross receipts from lawful gambling less gross receipts directly derived from the conduct of bingo, raffles, and paddlewheels, as defined in section 349.12, subdivision 21, for the fiscal year. The combined receipts of an organization are subject to a tax computed according to the following schedule:

If the combined receipts for the fiscal year are:

Not over \$500,000

Over \$500,000, but not over \$700,000

Over \$700,000, but not over \$900,000

Over \$900,000

The tax is:

zero

two percent of the amount over \$500,000, but not over \$700,000

\$4,000 plus four percent of the amount over \$700,000, but not over \$900,000

\$12,000 plus six percent of the amount over \$900,000

Subd. 7. [UNTAXED GAMBLING PRODUCT.] (a) In addition to penalties or criminal sanctions imposed by this chapter, a person, organization, or business entity possessing or selling a pull-tab or tipboard upon which the tax imposed by subdivision 4 has not been paid is liable for a tax of six percent of the ideal gross of each pull-tab or tipboard. The tax on a partial deal must be assessed as if it were a full deal.

(b) In addition to penalties and criminal sanctions imposed by this chapter, a person not licensed by the board who conducts bingo, raffles, or paddlewheel games is liable for a tax of six percent of the gross receipts from that activity.

(c) The tax must be assessed by the commissioner. An assessment must be considered a jeopardy assessment or jeopardy collection as provided in section 270.70. The commissioner shall assess the tax based on personal knowledge or information available to the commissioner. The commissioner shall mail to the taxpayer at the taxpayer's last known address, or serve in person, a written notice of the amount of tax, demand its immediate payment, and, if payment is not immediately made, collect the tax by any method described in chapter 270, except that the commissioner need not await the expiration of the times specified in chapter 270. The tax assessed by



the commissioner is presumed to be valid and correctly determined and assessed. The burden is upon the taxpayer to show its incorrectness or invalidity. The tax imposed under this subdivision does not apply to gambling that is exempt from taxation under subdivision 2.

Subd. 8. [PERSONAL DEBT.] The tax imposed by this section, and interest and penalties imposed with respect to it, are a personal debt of the person required to file a return from the time the liability for it arises, irrespective of when the time for payment of the liability occurs. The debt must, in the case of the executor or administrator of the estate of a decedent and in the case of a fiduciary, be that of the person in the person's official or fiduciary capacity only unless the person has voluntarily distributed the assets held in that capacity without reserving sufficient assets to pay the tax, interest, and penalties, in which event the person is personally liable for any deficiency.

Subd. 9. [PUBLIC INFORMATION.] All records concerning the administration of the taxes under this chapter are classified as public information.

Subd. 10. [REFUNDS; APPROPRIATION.] A person who has, under this chapter, paid to the commissioner an amount of tax for a period in excess of the amount legally due for that period, may file with the commissioner a claim for a refund of the excess. The amount necessary to pay the refunds is appropriated from the general fund to the commissioner.

Subd. 11. [UNPLAYED OR DEFECTIVE PULL-TABS OR TIP-BOARDS.] If a deal of pull-tabs or tipboards registered with the board and upon which the tax imposed by subdivision 4 has been paid is returned unplayed to the distributor, the commissioner shall allow a refund of the tax paid.

If a defective deal registered with the board and upon which the taxes have been paid is returned to the manufacturer, the distributor shall submit to the commissioner of revenue certification from the manufacturer that the deal was returned and in what respect it was defective. The certification must be on a form prescribed by the commissioner and must contain additional information the commissioner requires.

The commissioner may require that no refund under this subdivision be made unless the returned pull-tabs or tipboards have been set aside for inspection by the commissioner's employee.

Reductions in previously paid taxes authorized by this subdivision must be made when and in the manner prescribed by the commissioner.

Sec. 3. [297E.03] [GAMBLING PRODUCT INVENTORY PERMIT.]

Subdivision 1. [APPLICATION AND ISSUANCE.] A distributor who sells gambling products under this chapter must file with the commissioner an application, on a form prescribed by the commissioner, for a gambling product inventory permit and identification number. The commissioner, when satisfied that the applicant has a valid license from the board, shall issue the applicant a permit and number. A permit is not assignable and is valid only for the distributor in whose name it is issued.

Subd. 2. [SUSPENSION; REVOCATION.] (a) If a distributor fails to comply with this chapter or a rule of the commissioner, or if a license issued under chapter 349 is revoked or suspended, the commissioner, after giving notice, may for reasonable cause revoke or suspend a permit held by a distributor. A notice must be sent to the distributor at least 15 days before the proposed suspension or revocation is to take effect. The notice must give the reason for the proposed suspension or revocation and must require the distributor to show cause why the proposed action should not be taken. The notice may be served personally or by mail.

(b) The notice must inform the distributor of the right to a contested case hearing. If a request is made in writing to the commissioner within 14 days of the date of the notice, the commissioner shall defer action on the suspension or revocation and shall refer the case to the office of administrative hearings for the scheduling of a contested case hearing. The distributor must be served with 20 days' notice in writing specifying the time and place of the hearing and the allegations against the distributor.

(c) The commissioner shall issue a final order following receipt of the recommendation of the administrative law judge.

(d) Under section 271.06, subdivision 1, an appeal to the tax court may be taken from the commissioner's order of revocation or suspension. The commissioner may not issue a new permit after revocation except upon application accompanied by reasonable evidence of the intention of the applicant to comply with all applicable laws and rules.

Sec. 4. [297E.04] [MANUFACTURER'S REPORTS AND RECORDS.]

Subdivision 1. [REPORTS REQUIRED; PENALTY.] A manufacturer who sells gambling product for use in this state, or for receipt by a person or entity in this state, shall file with the commissioner, on a form prescribed by the commissioner, a report of gambling product sold to any person in the state, including the established governing body of Indian tribes recognized by the United States

Department of the Interior. The report must be filed monthly on or before the 20th day of the month succeeding the month in which the sale was made. The commissioner may require that the report be submitted via magnetic media or electronic data transfer. The commissioner may inspect the premises, books, records, and inventory of a manufacturer without notice during the normal business hours of the manufacturer. A person violating this section is guilty of a misdemeanor.

Subd. 2. [BAR CODES.] The flare of each pull-tab and tipboard game must be imprinted by the manufacturer with a bar code that provides all information prescribed by the commissioner. A manufacturer must also affix to the outside of the box containing these games a bar code providing all information prescribed by the commissioner. The commissioner may also prescribe additional bar coding requirements.

No person may alter the bar code that appears on the outside of a box containing a deal of pull-tabs and tipboards. Possession of a box containing a deal of pull-tabs and tipboards that has a bar code different from the bar code of the deal inside the box is prima facie evidence that the possessor has altered the bar code on the box.

**Sec. 5. [297E.05] [DISTRIBUTOR REPORTS AND RECORDS.]**

Subdivision 1. [BUSINESS RECORDS.] A distributor shall keep at each place of business complete and accurate records for that place of business, including itemized invoices of gambling product held, purchased, manufactured, or brought in or caused to be brought in from without this state, and of all sales of gambling product. The records must show the names and addresses of purchasers, the inventory at the close of each period for which a return is required of all gambling product on hand, and other pertinent papers and documents relating to the purchase, sale, or disposition of gambling product. Books, records, itemized invoices, and other papers and documents required by this section must be kept for a period of at least 3-1/2 years after the date of the documents, or the date of the entries appearing in the records, unless the commissioner of revenue authorizes in writing their destruction or disposal at an earlier date.

Subd. 2. [SALES RECORDS.] A distributor must maintain a record of all gambling product that it sells. The record must include:

(1) the identity of the person or firm from whom the distributor purchased the product;

(2) the registration number of the product;

(3) the name, address, and license or exempt permit number of the organization or person to which the sale was made;

(4) the date of the sale;

(5) the name of the person who ordered the product;

(6) the name of the person who received the product;

(7) the type of product;

(8) the serial number of the product;

(9) the name, form number, or other identifying information for each game; and

(10) in the case of bingo cards sold on and after January 1, 1991, the individual number of each card.

Subd. 3. [INVOICES.] A distributor shall give with each sale of gambling product an itemized invoice showing the distributor's name and address, the purchaser's name and address, the date of the sale, and the description of the deals, including the ideal gross from every deal of pull-tabs and every deal of tipboards.

Subd. 4. [REPORTS.] A distributor shall report monthly to the commissioner, on a form the commissioner prescribes, its sales of each type of gambling product. This report must be filed monthly on or before the 20th day of the month succeeding the month in which the sale was made. The commissioner may require that a distributor submit the monthly report and invoices required in this subdivision via magnetic media or electronic data transfer.

Subd. 5. [CERTIFIED PHYSICAL INVENTORY.] The commissioner may, upon request, require a distributor to furnish a certified physical inventory of all gambling product in stock. The inventory must contain the information required by the commissioner.

Sec. 6. [297E.06] [ORGANIZATION REPORTS AND RECORDS.]

Subdivision 1. [REPORTS.] An organization must file with the commissioner, on a form prescribed by the commissioner, a report showing all gambling activity conducted by that organization for each month. Gambling activity includes all gross receipts, prizes, all gambling taxes owed or paid to the commissioner, all gambling expenses, and all lawful purpose and board-approved expenditures. The report must be filed with the commissioner on or before the 20th day of the month following the month in which the gambling activity takes place. The commissioner may require that the reports be filed via magnetic media or electronic data transfer.

Subd. 2. [BUSINESS RECORDS.] An organization shall maintain records supporting the gambling activity reported to the commissioner. Records include, but are not limited to, the following items:

(1) all winning and unsold tickets, cards, or stubs for pull-tab, tipboard, paddlewheel, and raffle games;

(2) all reports and statements, including checker's records, for each bingo occasion;

(3) all cash journals and ledgers, deposit slips, register tapes, and bank statements supporting gambling activity receipts;

(4) all invoices that represent purchases of gambling product;

(5) all canceled checks, check recorders, journals and ledgers, vouchers, invoices, bank statements, and other documents supporting gambling activity expenditures; and

(6) all organizational meeting minutes.

All records required to be kept by this section must be preserved by the organization for at least 3-1/2 years and may be inspected by the commissioner of revenue at any reasonable time without notice or a search warrant.

Subd. 3. [ACCOUNTS.] All gambling activity transactions must be segregated from all other revenues and expenditures made by the conducting organization.

Subd. 4. [AUDIT.] (a) An organization licensed under chapter 349, other than an organization subject to an audit every two years under paragraph (b), must have an annual financial audit of its lawful gambling activities performed by an independent accountant licensed by the state of Minnesota.

(b) An organization licensed under chapter 349 that (1) has never had gross receipts from lawful gambling of more than \$100,000 in any calendar year, and (2) has been licensed under chapter 349 for at least one year, must have a financial audit of its lawful gambling activities performed once every two years, unless the commissioner determines on the basis of a previous audit of the organization that the organization's lawful gambling activities should be audited annually. The commissioner may at any time withdraw the requirement for an annual audit for organizations subject to this paragraph.

(c) The commissioner shall prescribe standards for audits required under this subdivision. A complete, true, and correct copy of the audit report must be filed as prescribed by the commissioner of revenue.

## Sec. 7. [297E.07] [INSPECTION RIGHTS.]

At any reasonable time, without notice and without a search warrant, the commissioner may enter a place of business of a manufacturer, distributor, or organization; any site from which pull-tabs or tipboards or other gambling equipment or gambling product are being manufactured, stored, or sold; or any site at which lawful gambling is being conducted, and inspect the premises, books, records, and other documents required to be kept under this chapter to determine whether or not this chapter is being fully complied with. If the commissioner is denied free access to or is hindered or interfered with in making an inspection of the place of business, books, or records, the permit of the distributor may be revoked by the commissioner, and the license of the manufacturer, the distributor, or the organization may be revoked by the board.

## Sec. 8. [297E.08] [EXAMINATIONS.]

Subdivision 1. [EXAMINATION OF TAXPAYER.] To determine the accuracy of a return or report, or in fixing liability under this chapter, the commissioner may make reasonable examinations or investigations of a taxpayer's place of business, tangible personal property, equipment, computer systems and facilities, pertinent books, records, papers, vouchers, computer printouts, accounts, and documents.

Subd. 2. [ACCESS TO RECORDS OF OTHER PERSONS IN CONNECTION WITH EXAMINATION OF TAXPAYER.] When conducting an investigation or an audit of a taxpayer, the commissioner may examine, except where privileged by law, the relevant records and files of a person, business, institution, financial institution, state agency, agency of the United States government, or agency of another state where permitted by statute, agreement, or reciprocity. The commissioner may compel production of these records by subpoena. A subpoena may be served directly by the commissioner.

Subd. 3. [POWER TO COMPEL TESTIMONY.] In the administration of this chapter, the commissioner may:

(1) administer oaths or affirmations and compel by subpoena the attendance of witnesses, testimony, and the production of a person's pertinent books, records, papers, or other data;

(2) examine under oath or affirmation any person regarding the business of a taxpayer concerning a matter relevant to the administration of this chapter. The fees of witnesses required by the commissioner to attend a hearing are equal to those allowed to witnesses appearing before courts of this state. The fees must be paid in the manner provided for the payment of other expenses incident to the administration of state tax law; and

(3) in addition to other remedies available, bring an action in equity by the state against a taxpayer for an injunction ordering the taxpayer to file a complete and proper return or amended return. The district courts of this state have jurisdiction over the action, and disobedience of an injunction issued under this clause must be punished as for contempt.

Subd. 4. [THIRD-PARTY SUBPOENA WHERE TAXPAYER'S IDENTITY IS KNOWN.] An investigation may extend to any person that the commissioner determines has access to information that may be relevant to the examination or investigation. If a subpoena requiring the production of records under subdivision 2 is served on a third-party record keeper, written notice of the subpoena must be mailed to the taxpayer and to any other person who is identified in the subpoena. The notices must be given within three days of the day on which the subpoena is served. Notice to the taxpayer required by this section is sufficient if it is mailed to the last address on record with the commissioner of revenue.

The provisions of this subdivision relating to notice to the taxpayer or other parties identified in the subpoena do not apply if there is reasonable cause to believe that the giving of notice may lead to attempts to conceal, destroy, or alter records relevant to the examination, to prevent the communication of information from other persons through intimidation, bribery, or collusion, or to flee to avoid prosecution, testifying, or production of records.

Subd. 5. [THIRD-PARTY SUBPOENA WHERE TAXPAYER'S IDENTITY IS NOT KNOWN.] A subpoena that does not identify the person or persons whose tax liability is being investigated may be served only if:

(1) the subpoena relates to the investigation of a particular person or ascertainable group or class of persons;

(2) there is a reasonable basis for believing that the person or group or class of persons may fail or may have failed to comply with tax laws administered by the commissioner of revenue;

(3) the subpoena is clear and specific concerning information sought to be obtained; and

(4) the information sought to be obtained is limited solely to the scope of the investigation.

A party served with a subpoena that does not identify the person or persons with respect to whose tax liability the subpoena is issued may, within three days after service of the subpoena, petition the district court in the judicial district in which that party is located for a determination whether the commissioner of revenue has complied

with all the requirements in clauses (1) to (4), and whether the subpoena is enforceable. If no petition is made by the party served within the time prescribed, the subpoena has the effect of a court order.

Subd. 6. [REQUEST BY TAXPAYER FOR SUBPOENA.] If the commissioner has the power to issue a subpoena for investigative or auditing purposes, the commissioner shall honor a reasonable request by the taxpayer to issue a subpoena on the taxpayer's behalf in connection with the investigation or audit.

Subd. 7. [APPLICATION TO COURT FOR ENFORCEMENT OF SUBPOENA.] The commissioner or the taxpayer may apply to the district court of the county of the taxpayer's residence, place of business, or county where the subpoena can be served as with any other case at law, for an order compelling the appearance of the subpoenaed witness or the production of the subpoenaed records. Failure to comply with the order of the court for the appearance of a witness or the production of records may be punished by the court as for contempt.

Subd. 8. [COST OF PRODUCTION OF RECORDS.] The cost of producing records of a third party required by a subpoena must be paid by the taxpayer if the taxpayer requests the subpoena to be issued or if the taxpayer has the records available but has refused to provide them to the commissioner. In other cases where the taxpayer cannot produce records and the commissioner then issues a subpoena for third-party records, the commissioner shall pay the reasonable cost of producing the records. The commissioner may later assess the reasonable costs against the taxpayer if the records contribute to the determination of an assessment of tax against the taxpayer.

## Sec. 9. [297E.09] [ASSESSMENTS.]

Subdivision 1. [GENERALLY.] The commissioner shall make determinations, corrections, and assessments with respect to taxes, including interest, additions to taxes, and assessable penalties, imposed under this chapter.

Subd. 2. [COMMISSIONER FILED RETURNS.] If a taxpayer fails to file a return required by this chapter, the commissioner may make a return for the taxpayer from information in the commissioner's possession or obtainable by the commissioner. The return is prima facie correct and valid.

Subd. 3. [ORDER OF ASSESSMENT; NOTICE AND DEMAND TO TAXPAYER.] (a) If a return has been filed and the commissioner determines that the tax disclosed by the return is different from the tax determined by the examination, the commissioner shall send an order of assessment to the taxpayer. The order must explain the



basis for the assessment and must explain the taxpayer's appeal rights. An assessment by the commissioner must be made by recording the liability of the taxpayer in the office of the commissioner, which may be done by keeping a copy of the order of assessment sent to the taxpayer. An order of assessment is final when made but may be reconsidered by the commissioner under section 349.219.

(b) The 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 349.219 within 60 days following the determination or compromise of the appeal.

Subd. 4. [ERRONEOUS REFUNDS.] An erroneous refund is considered an underpayment of tax on the date made. An assessment of a deficiency arising out of an erroneous refund may be made at any time within two years from the making of the refund. If part of the refund was induced by fraud or misrepresentation of a material fact, the assessment may be made at any time.

Subd. 5. [ASSESSMENT PRESUMED VALID.] A return or assessment made by the commissioner is prima facie correct and valid. The taxpayer has the burden of establishing the incorrectness or invalidity of the return or assessment in any action or proceeding in respect to it.

Subd. 6. [AGGREGATE REFUND OR ASSESSMENT.] On examining returns of a taxpayer for more than one year or period, the commissioner may issue one order covering the period under examination that reflects the aggregate refund or additional tax due.

Subd. 7. [SUFFICIENCY OF NOTICE.] An order of assessment sent by United States mail, postage prepaid to the taxpayer at the taxpayer's last known address, is sufficient even if the taxpayer is deceased or is under a legal disability, or, in the case of a corporation, has terminated its existence, unless the department has been provided with a new address by a party authorized to receive notices of assessment.

**Sec. 10. [297E.10] [EXTENSIONS FOR FILING RETURNS AND PAYING TAXES.]**

If, in the commissioner's judgment, good cause exists, the commissioner may extend the time for filing tax returns, paying taxes, or both, for not more than six months.

Sec. 11. [297E.11] [LIMITATIONS ON TIME FOR ASSESSMENT OF TAX.]

Subdivision 1. [GENERAL RULE.] Except as otherwise provided in this chapter, the amount of taxes assessable must be assessed within 3-1/2 years after the return is filed, whether or not the return is filed on or after the date prescribed. A return must not be treated as filed until it is in processible form. A return is in processible form if it is filed on a permitted form and contains sufficient data to identify the taxpayer and permit the mathematical verification of the tax liability shown on the return.

Subd. 2. [FALSE OR FRAUDULENT RETURN.] Notwithstanding subdivision 1, the tax may be assessed at any time if a false or fraudulent return is filed or if a taxpayer fails to file a return.

Subd. 3. [OMISSION IN EXCESS OF 25 PERCENT.] Additional taxes may be assessed within 6-1/2 years after the due date of the return or the date the return was filed, whichever is later, if the taxpayer omits from a tax return taxes in excess of 25 percent of the taxes reported in the return.

Subd. 4. [TIME LIMIT FOR REFUNDS.] Unless otherwise provided in this chapter, a claim for a refund of an overpayment of tax must be filed within 3-1/2 years from the date prescribed for filing the return, plus any extension of time granted for filing the return, but only if filed within the extended time, or two years from the time the tax is paid, whichever period expires later. Interest on refunds must be computed at the rate specified in section 270.76 from the date of payment to the date the refund is paid or credited. For purposes of this subdivision, the date of payment is the later of the date the tax was finally due or was paid.

Subd. 5. [BANKRUPTCY; SUSPENSION OF TIME.] The time during which a tax must be assessed or collection proceedings begun is suspended during the period from the date of a filing of a petition in bankruptcy until 30 days after either:

(1) notice to the commissioner that the bankruptcy proceedings have been closed or dismissed; or

(2) the automatic stay has been ended or has expired, whichever occurs first.

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

Subd. 6. [EXTENSION AGREEMENT.] If before the expiration of

time prescribed in subdivisions 1 and 4 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.

Sec. 12. [297E.12] [CIVIL PENALTIES.]

Subdivision 1. [PENALTY FOR FAILURE TO PAY TAX.] If a tax is not paid within the time specified for payment, a penalty must be added to the amount required to be shown as tax. The penalty is three percent of the unpaid tax if the failure is for not more than 30 days, with an additional penalty of three 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 24 percent in the aggregate.

If the taxpayer has not filed a return, for purposes of this subdivision the time specified for payment is the final date a return should have been filed.

Subd. 2. [PENALTY FOR FAILURE TO MAKE AND FILE RETURN.] If a taxpayer fails to make and file a return 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 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 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 be at least the lesser of: (1) \$200; or (2) the greater of (i) 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 (ii) \$50.

Subd. 3. [COMBINED PENALTIES.] If penalties are imposed under subdivisions 1 and 2, except for the minimum penalty under subdivision 2, the penalties imposed under both subdivisions combined must not exceed 38 percent.

Subd. 4. [PENALTY FOR INTENTIONAL DISREGARD OF LAW OR RULES.] If part of an additional assessment is due to negligence or intentional disregard of this chapter or rules of the commissioner, but without intent to defraud, an amount equal to ten percent of the additional assessment must be added to the tax.

Subd. 5. [PENALTY FOR FALSE OR FRAUDULENT RETURN; EVASION.] If a person files a false or fraudulent return or attempts in any manner to evade or defeat a tax or payment of tax, a penalty is imposed on the person equal to 50 percent of the tax found due for the period to which the return related, less amounts paid by the person on the basis of the false or fraudulent return.

Subd. 6. [PENALTY FOR SALES AFTER REVOCATION, SUSPENSION, OR EXPIRATION.] A distributor who engages in, or whose representative engages in, the offering for sale, sale, transport, delivery, or furnishing of gambling equipment to a person, firm, or organization, after the distributor's license or permit has been revoked or suspended, or has expired, and until the license or permit has been reinstated or renewed, is liable for a penalty of \$1,000 for each day the distributor continues to engage in the activity. This subdivision does not apply to the return of gambling equipment to a licensed manufacturer.

Subd. 7. [PAYMENT OF PENALTIES.] The penalties imposed by this section must be collected and paid in the same manner as taxes.

Subd. 8. [PENALTIES ARE ADDITIONAL.] The civil penalties imposed by this section are in addition to the criminal penalties imposed by this chapter.

Subd. 9. [ORDER PAYMENTS CREDITED.] All payments received may be credited first to the oldest liability not secured by a judgment or lien in the discretion of the commissioner, but in all cases must be credited first to penalties, next to interest, and then to the tax due.

Sec. 13. [297E.13] [TAX-RELATED CRIMINAL PENALTIES.]

Subdivision 1. [PENALTY FOR FAILURE TO FILE OR PAY.] (a) A person required to file a return, report, or other document with the commissioner, who knowingly fails to file it when required, is guilty of a gross misdemeanor. A person required to file a return, report, or other document who willfully attempts to evade or defeat a tax by failing to file it when required is guilty of a felony.

(b) A person required to pay or to collect and remit a tax, who knowingly fails to do so when required, is guilty of a gross misdemeanor. A person required to pay or to collect and remit a tax, who willfully attempts to evade or defeat a tax law by failing to do so when required is guilty of a felony.

Subd. 2. [FALSE OR FRAUDULENT RETURNS; PENALTIES.] (a) A person required to file a return, report, or other document with the commissioner, who delivers to the commissioner a return, report,

or other document known by the person to be fraudulent or false concerning a material matter is guilty of a felony.

(b) A person who knowingly aids or assists in, or advises in the preparation or presentation of a return, report, or other document that is fraudulent or false concerning a material matter, whether or not the falsity or fraud committed is with the knowledge or consent of the person authorized or required to present the return, report, or other document, is guilty of a felony.

Subd. 3. [FALSE INFORMATION.] A person is guilty of a felony if the person:

(1) is required by section 297E.05 to keep records or to make returns, and falsifies or fails to keep the records or falsifies or fails to make the returns; and

(2) knowingly submits materially false information in any report, document, or other communication submitted to the commissioner in connection with lawful gambling or with this chapter.

Subd. 4. [SALES WITHOUT PERMIT; VIOLATIONS.] (a) A person who engages in the business of selling gambling product in Minnesota without the licenses or permits required under this chapter or chapter 349, or an officer of a corporation who so engages in the sales, is guilty of a gross misdemeanor.

(b) A person selling gambling product in Minnesota after revocation of a license or permit under this chapter or chapter 349, when the commissioner or the board has not issued a new license or permit, is guilty of a felony.

Subd. 5. [UNTAXED GAMBLING EQUIPMENT.] It is a gross misdemeanor for a person to possess gambling equipment for resale in this state that has not been registered with the board, for which a registration stamp has not been affixed to the flare, and upon which the taxes imposed by chapter 297A or section 297E.02, subdivision 4, have not been paid. The director of gambling enforcement or the commissioner or the designated inspectors and employees of the director or commissioner may seize in the name of the state of Minnesota any unregistered or untaxed gambling equipment.

Subd. 6. [CRIMINAL PENALTIES.] (a) Criminal penalties imposed by this section are in addition to civil penalties imposed by this chapter.

(b) A person who violates a provision of this chapter for which another penalty is not provided is guilty of a misdemeanor.

(c) A person who violates a provision of this chapter for which another penalty is not provided is guilty of a gross misdemeanor if the violation occurs within five years after a previous conviction under a provision of this chapter.

(d) A person who in any manner violates a provision of this chapter to evade a tax imposed by this chapter, or who aids and abets the evasion of a tax, or hinders or interferes with a seizing authority when a seizure is made as provided by section 297E.16 is guilty of a gross misdemeanor.

(e) This section does not preclude civil or criminal action under other applicable law or preclude any agency of government from investigating or prosecuting violations of this chapter or chapter 349. County attorneys have primary responsibility for prosecuting violations of this chapter, but the attorney general may prosecute a violation of this chapter.

Subd. 7. [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 named in this section, in the proper court within six years after the offense is committed.

#### Sec. 14. [297E.14] [INTEREST.]

Subdivision 1. [INTEREST RATE.] If an interest assessment is required under this section, interest is computed at the rate specified in section 270.75.

Subd. 2. [LATE PAYMENT.] If a tax is not paid within the time specified by law for payment, the unpaid tax bears interest from the date the tax should have been paid until the date the tax is paid.

Subd. 3. [EXTENSIONS.] If an extension of time for payment has been granted, interest must be paid from the date the payment should have been made if no extension had been granted, until the date the tax is paid.

Subd. 4. [ADDITIONAL ASSESSMENTS.] If a taxpayer is liable for additional taxes because of a redetermination by the commissioner, or for any other reason, the additional taxes bear interest from the time the tax should have been paid, without regard to any extension allowed, until the date the tax is paid.

Subd. 5. [ERRONEOUS REFUNDS.] In the case of an erroneous refund, interest accrues from the date the refund was paid unless the erroneous refund results from a mistake of the department, then no interest or penalty is imposed unless the deficiency assessment is not satisfied within 60 days of the order.

Subd. 6. [INTEREST ON JUDGMENTS.] Notwithstanding section 549.09, if judgment is entered in favor of the commissioner with regard to any tax, the judgment bears interest at the rate specified in section 270.75 from the date the judgment is entered until the date of payment.

Subd. 7. [INTEREST ON PENALTIES.] (a) A penalty imposed under section 297E.12, subdivision 1, 2, 3, 4, or 5, bears interest from the date the return or payment was required to be filed or paid, including any extensions, to the date of payment of the penalty.

(b) A penalty not included in paragraph (a) bears interest only if it is not paid within ten days from the date of notice. In that case interest is imposed from the date of notice to the date of payment.

Sec. 15. [297E.15] [ADMINISTRATIVE REVIEW.]

Subdivision 1. [TAXPAYER RIGHT TO RECONSIDERATION.] A taxpayer may obtain reconsideration by the commissioner of an order assessing tax, a denial of a request for abatement of penalty, or a denial of a claim for refund of money paid to the commissioner under provisions, assessments, or orders under this chapter by filing an administrative appeal as provided in subdivision 4. A taxpayer cannot obtain reconsideration if the action taken by the commissioner of revenue is the outcome of an administrative appeal.

Subd. 2. [APPEAL BY TAXPAYER.] A taxpayer who wishes to seek administrative review shall follow the procedure in subdivision 4.

Subd. 3. [NOTICE DATE.] For purposes of this section, "notice date" means the date of the order adjusting the tax or order denying a request for abatement or, in the case of a denied refund, the date of the notice of denial.

Subd. 4. [TIME AND CONTENT FOR ADMINISTRATIVE APPEAL.] Within 60 days after the notice date, the taxpayer must file a written appeal with the commissioner of revenue. The appeal need not be in any particular form, but must contain the following information:

- (1) name and address of the taxpayer;
- (2) if a corporation, the state of incorporation of the taxpayer, and the principal place of business of the corporation;
- (3) the Minnesota identification number or social security number of the taxpayer;
- (4) the type of tax involved;

(5) the date;

(6) the tax years or periods involved and the amount of tax involved for each year or period;

(7) the findings in the notice that the taxpayer disputes;

(8) a summary statement that the taxpayer relies on for each exception; and

(9) the taxpayer's signature or signature of the taxpayer's duly authorized agent.

Subd. 5. [EXTENSIONS.] If requested in writing and within the time allowed for filing an administrative appeal, the commissioner may extend the time for filing an appeal for a period not more than 30 days from the expiration of the 60 days from the notice date.

Subd. 6. [AUTOMATIC EXTENSION OF STATUTE OF LIMITATIONS.] Notwithstanding any statute of limitations to the contrary, if the commissioner has made a determination and the taxpayer has authority to file an administrative appeal, the period during which the commissioner can make further assessments or other determinations does not expire before:

(1) 90 days after the notice date if no protest is filed under subdivision 4; or

(2) 90 days after the commissioner notifies the taxpayer of the determination on the appeal.

Subd. 7. [DETERMINATION OF APPEAL.] On the basis of applicable law and available information, the commissioner shall determine the validity, if any, in whole or part of the appeal and notify the taxpayer of the decision. This notice must be in writing and contain the basis for the determination.

Subd. 8. [AGREEMENT DETERMINING TAX LIABILITY.] If it appears to be in the best interests of the state, the commissioner may settle taxes, penalties, or interest that the commissioner has under consideration by virtue of an appeal filed under this section. An agreement must be in writing and signed by the commissioner and the taxpayer or the taxpayer's representative authorized by the taxpayer to enter into an agreement. An agreement must be filed in the office of the commissioner.

Subd. 9. [APPEAL OF AN ADMINISTRATIVE APPEAL.] Following the determination or settlement of an appeal, the commissioner must issue an order reflecting that disposition. Except in the case of



an agreement determining tax under this section, the order is  
appealable to the Minnesota tax court under section 271.06.

Subd. 10. [APPEAL WHERE NO DETERMINATION.] If the  
commissioner does not make a determination within six months of  
the filing of an administrative appeal, the taxpayer may elect to  
appeal to tax court.

Subd. 11. [EXEMPTION FROM ADMINISTRATIVE PROCEDURE ACT.] This section is not subject to chapter 14.

Sec. 16. [297E.16] [CONTRABAND.]

Subdivision 1. [SEIZURE.] Contraband may be seized by the  
commissioner or by any sheriff or other police officer, hereinafter  
referred to as the "seizing authority," with or without process, and is  
subject to forfeiture as provided in subdivisions 2 and 3.

Subd. 2. [INVENTORY; JUDICIAL DETERMINATION; APPEAL; DISPOSITION OF SEIZED PROPERTY.] Within ten days  
after the seizure of alleged contraband, the person making the  
seizure shall make available an inventory of the property seized to  
the person from whom the property was seized, if known, and file a  
copy with the commissioner or the director of gambling enforcement.  
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 seizing authority a  
demand for judicial determination of whether the property was  
lawfully subject to seizure and forfeiture. Within 60 days after the  
date of filing of the demand, the seizing authority must bring an  
action in the district court of the county where seizure was made to  
determine the issue of forfeiture. The action must be brought in the  
name of the state and be prosecuted by the county attorney or by the  
attorney general. The court shall hear the action without a jury and  
determine the issues of fact and law involved. If a judgment of  
forfeiture is entered, the seizing authority 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 a public auction as provided  
by law.

If demand for judicial determination is made and no action is  
commenced by the seizing authority as provided in this subdivision,  
the property must be released by the seizing authority and delivered  
to the person entitled to it. If no demand is made, the property seized  
is considered forfeited to the seizing authority by operation of law  
and may be disposed of by the seizing authority as provided where  
there has been a judgment of forfeiture. When the seizing authority  
is satisfied that a person from whom property is seized was acting in  
good faith and without intent to evade the tax imposed by section  
297E.02, the seizing authority shall release the property seized  
without further legal proceedings.

Subd. 3. [DISPOSAL.] (a) The property described in section 349.2125, subdivision 1, clauses (4) and (5), must be confiscated after conviction of the person from whom it was seized, upon compliance with the following procedure: the seizing authority shall file with the court a separate complaint against the property, describing it and charging its use in the specific violation, and specifying substantially the time and place of the unlawful use. A copy of the complaint must be served upon the defendant or person in charge of the property at the time of seizure, if any. If the person arrested is acquitted, the court shall dismiss the complaint against the property and order it returned to the persons legally entitled to it. Upon conviction of the person arrested, the court shall issue an order directed to any person known or believed to have any right or title to, interest in, or lien upon, any of the property, and to persons unknown claiming any right, title, interest, or lien in it, describing the property and (1) 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 their answer to the complaint, setting forth any claim they may have to any right or title to, interest in, or lien upon the property, within 30 days after the service of the order, and (3) notifying them in substance that if they fail to file their answer within the time, the property will be ordered sold by the seizing authority. The court shall cause the order to be served upon any person known or believed to have any right, title, interest, or lien as in the case of a summons in a civil action, and upon unknown persons by publication, as provided for service of summons in a civil action. If no answer is filed within the time prescribed, the court shall, upon affidavit by the court administrator, setting forth the fact, order the property sold by the seizing authority. Seventy percent of the proceeds of the sale of forfeited property, after payment of seizure, storage, forfeiture, and sale expenses, must be forwarded to the seizing authority for deposit as a supplement to its operating fund or similar fund for official use, and 20 percent must be forwarded to the county attorney or other prosecuting agency that handled the forfeiture for deposit as a supplement to its operating fund or similar fund for prosecutorial purposes. The remaining ten percent of the proceeds must be forwarded within 60 days after resolution of the forfeiture to the department of human services to fund programs for the treatment of compulsive gamblers. If an answer is filed within the time provided, the court shall fix a time for a hearing, which must not be less than ten nor more than 30 days after the time for filing an answer expires. At the time fixed for hearing, unless continued for cause, the matter must be heard and determined by the court, without a jury, as in other civil actions.

(b) If the court finds that the property, or any part of it, was used in the violation specified in the complaint, it shall order the unlawfully used property sold as provided by law, unless the owner shows to the satisfaction of the court that the owner had no notice or knowledge or reason to believe that the property was used or

intended to be used in the violation. The officer making a sale, after deducting the expense of keeping the property, the fee for seizure, and the costs of the sale, shall pay all liens according to their priority, which are established at the hearing as being bona fide and as existing without the lienor having any notice or knowledge that the property was being used or was intended to be used for or in connection with the violation specified in the order of the court, and shall pay the balance of the proceeds to the seizing authority for official use and sharing in the manner provided in paragraph (a). A sale under this section frees the property sold from all liens on it. Appeal from the order of the district court is available as in other civil cases. At any time after seizure of the articles specified in this subdivision, and before the hearing provided for, the property must be returned to the owner or person having a legal right to its possession, upon execution of a good and valid bond to the state, with corporate surety, in the sum of at least \$100 and not more than double the value of the property seized, to be approved by the court in which the case is triable, or a judge of it, conditioned to abide any order and the judgment of the court, and to pay the full value of the property at the time of the seizure. The seizing authority may dismiss the proceedings outlined in this subdivision when the seizing authority considers it to be in the public interest to do so.

Sec. 17. [297E.17] [DISTRIBUTOR'S BOND.]

On finding it necessary to ensure compliance with this chapter, the commissioner may require that a distributor deposit with the commissioner security in the form and amount determined by the commissioner, but not more than the lesser of (1) twice the estimated average monthly tax liability for the previous 12 months, or (2) \$10,000.

In lieu of security, the commissioner may require a distributor to file a bond issued by a surety company authorized to transact business in this state and approved by the commissioner of commerce as to solvency and responsibility.

The commissioner may make claim against this security or bond for all taxes, penalties, and interest owed by the distributor.

Sec. 18. [INSTRUCTIONS TO REVISOR.]

(a) If a provision of a section of Minnesota Statutes repealed or amended by this article is amended or referred to by an act enacted in 1992, the revisor of statutes shall codify the amendment or reference consistent with the recodification of the affected section by this act, notwithstanding any law to the contrary.

(b) In the next edition of Minnesota Statutes, in the sections referred to in column A, the revisor of statutes shall delete the reference in column B and insert the reference in column C. The

revisor may change the references in column C to the sections of Minnesota Statutes in which the bill sections are compiled.

<u>Column A</u>	<u>Column B</u>	<u>Column C</u>
<u>349.12, subd. 25</u>	<u>349.212, subd. 1</u> <u>and 4</u>	<u>297E.02, subd. 1</u> <u>and 4</u>
<u>349.15</u>	<u>349.212, subd. 1</u>	<u>297E.02, subd. 1</u>
<u>349.16, subd. 2</u>	<u>349.212, subd. 6</u>	<u>297E.02, subd. 6</u>
<u>349.16, subd. 5</u>	<u>this chapter</u>	<u>chapter 297E</u>
<u>349.166, subd. 2,</u> <u>paragraph (a)</u>	<u>349.212</u>	<u>297E.02</u>
<u>349.166, subd. 2,</u> <u>paragraph (e)</u>	<u>349.212, subd. 4,</u> <u>paragraph (c)</u>	<u>297E.02, subd. 4,</u> <u>paragraph (b),</u> <u>clause (4)</u>
<u>349.2125, subd. 3</u>	<u>349.2121, subd. 4</u>	<u>297E.02</u>
<u>349.213, subd. 1</u>	<u>349.212</u>	<u>297E.02</u>

(c) In the next edition of Minnesota Statutes, the revisor of statutes shall change the reference to taxes under or by "this chapter" to taxes under or by "chapter 297E" in sections 349.16, subdivision 5; 349.1641; and 349.2127, subdivision 1.

#### Sec. 19. [PURPOSE.]

It is the intent of the legislature to simplify Minnesota's lawful gambling tax laws by consolidating and recodifying tax administration and compliance provisions now contained throughout Minnesota Statutes, chapter 349. Due to the complexity of the recodification, prior provisions are repealed on the effective date of the new provisions. The repealed provisions, however, continue to remain in effect until superseded by the analogous provision in the new law.

#### Sec. 20. [REPEALER.]

Minnesota Statutes 1990, sections 349.166, subdivision 4; 349.212, as amended by Laws 1991, chapter 291, article 17, section 11; 349.2121; 349.2122; 349.215; 349.2151; 349.2152; 349.216; 349.217; 349.2171; 349.218; and 349.219; and Minnesota Statutes 1991 Supplement, section 349.19, subdivision 9, are repealed.

#### Sec. 21. [EFFECTIVE DATE.]

Sections 1, 7 to 15, and 17 to 19 are effective the day following final enactment.

Sections 2, 4, 5, and 6 are effective for returns, reports, records, assessments, taxes, or other payments first becoming due on or after August 1, 1992.

Section 3 is effective for sales or shipments of gambling product inventory made on or after August 1, 1992.

Sections 16 and 20 are effective August 1, 1992.

## ARTICLE 2

### AMENDMENTS TO GAMBLING TAX LAW

Section 1. Minnesota Statutes 1990, section 270.101, subdivision 1, is amended to read:

Subdivision 1. [LIABILITY IMPOSED.] A person who, either singly or jointly with others, has the control of, supervision of, or responsibility for filing returns or reports, paying taxes, or collecting or withholding and remitting taxes and who fails to do so, or a person who is liable under any other law, is liable for the payment of taxes, penalties, and interest arising under chapters 296, 297, 297A, and 297C, or sections 290.92, ~~349.212~~, and ~~349.2121~~ 297E.02.

Sec. 2. Minnesota Statutes 1990, section 349.163, subdivision 5, is amended to read:

Subd. 5. [PULL-TAB AND TIPBOARD FLARES.] (a) A manufacturer may not ship or cause to be shipped into this state any deal of pull-tabs or tipboards that does not have its own individual flare as required for that deal by rule of the board. A person other than a manufacturer may not manufacture, alter, modify, or otherwise change a flare for a deal of pull-tabs or tipboards except as allowed by this chapter or board rules.

(b) The flare of each deal of pull-tabs and tipboards sold by a manufacturer in Minnesota must have the Minnesota gambling stamp affixed. The flare, with the stamp affixed, must be placed inside the wrapping of the deal which the flare describes.

(c) Each pull-tab and tipboard flare must bear the following statement printed in letters large enough to be clearly legible:

"Pull-tab (or tipboard) purchasers—This pull-tab (or tipboard) game is not legal in Minnesota unless:

—a Minnesota gambling stamp is affixed to this sheet, and

—the serial number handwritten on the gambling stamp is the same as the serial number printed on this sheet and on the pull-tab (or tipboard) ticket you have purchased."

(d) The flare of each pull-tab and tipboard game must bear the

serial number of the game, printed in numbers at least one-half inch high.

(c) The flare of each pull-tab and tipboard game must be imprinted at the bottom with a bar code that provides:

- (1) the name of the game;
- (2) the serial number of the game;
- (3) the name of the manufacturer;
- (4) the number of tickets in the deal;
- (5) the odds of winning each prize in the deal; and
- (6) other information the board by rule requires.

The serial number included in the bar code must be the same as the serial number of the tickets included in the deal. A manufacturer who manufactures a deal of pull-tabs must affix to the outside of the box containing that game the same bar code that is imprinted at the bottom of a flare for that deal.

(f) No person may alter the bar code that appears on the outside of a box containing a deal of pull-tabs and tipboards. Possession of a box containing a deal of pull-tabs and tipboards that has a bar code different from the bar code of the deal inside the box is prima facie evidence that the possessor has altered the bar code on the box.

Sec. 3. Minnesota Statutes 1990, section 349.2123, is amended to read:

#### 349.2123 [CERTIFIED PHYSICAL INVENTORY.]

The board ~~or commissioner of revenue~~ may, upon request, require a distributor to furnish a certified physical inventory of all gambling equipment in stock. The inventory must contain the information required by the board ~~or the commissioner~~.

Sec. 4. Minnesota Statutes 1990, section 349.2125, subdivision 1, is amended to read:

Subdivision 1. [CONTRABAND DEFINED.] The following are contraband:

- (1) all pull-tab or tipboard deals that do not have stamps affixed to them as provided in section 349.162;

(2) all pull-tab or tipboard deals in the possession of any unlicensed person, firm, or organization, whether stamped or unstamped;

(3) any container used for the storage and display of any contraband pull-tab or tipboard deals as defined in clauses (1) and (2);

(4) all currency, checks, and other things of value used for pull-tab or tipboard transactions not expressly permitted under this chapter, and any cash drawer, cash register, or any other container used for illegal pull-tab or tipboard transactions including its contents;

(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 five pull-tab or tipboard deals that are contraband under this subdivision. When pull-tabs and tipboards are being transported in the course of interstate commerce, or from one distributor to another, the pull-tab and tipboard deals are not contraband, notwithstanding the provisions of clause (1);

(6) any unaffixed registration stamps except as provided in section 349.162, subdivision 4;

(7) any prize used or offered in a game utilizing contraband as defined in this subdivision;

(8) any altered, modified, or counterfeit pull-tab or tipboard ticket;

(9) any unregistered gambling equipment except as permitted by this chapter;

(10) any gambling equipment kept in violation of section 349.18; ~~and~~

(11) any gambling equipment not in conformity with law or board rule; and

(12) any pull-tab or tipboard deals or portions of deals on which the tax imposed under section 297E.02 has not been paid.

Sec. 5. Minnesota Statutes 1990, section 349.2127, subdivision 3, is amended to read:

Subd. 3. [FALSE INFORMATION.] (a) ~~A person is guilty of a felony if the person is required by section 349.2121, subdivision 2, to keep records or to make returns and falsifies or fails to keep the records or falsifies or fails to make the returns.~~

(b) A person is guilty of a felony who:

(1) knowingly submits materially false information in any license application or other document or communication submitted to the board; or

(2) knowingly submits materially false information in any report, document, or other communication submitted to the commissioner of revenue in connection with lawful gambling or with any provision of this chapter.

Sec. 6. Minnesota Statutes 1990, section 349.22, subdivision 1, is amended to read:

Subdivision 1. [PENALTY.] (a) A person who violates any provision of sections 349.11 to 349.23 for which another penalty is not provided is guilty of a misdemeanor.

(b) A person who violates any provision of sections 349.11 to 349.23 for which another penalty is not provided is guilty of a gross misdemeanor if the violation occurs within five years after a previous conviction under any provision of sections 349.11 to 349.23.

(c) A person who in any manner violates sections 349.11 to 349.23 to evade a tax imposed by a provision of this chapter, or who aids and abets the evasion of a tax, or hinders or interferes with a seizing authority when a seizure is made as provided by section 349.2125, is guilty of a gross misdemeanor.

Sec. 7. [EFFECTIVE DATE.]

Section 1 is effective for taxes, returns, or reports first becoming due on or after August 1, 1992.

Sections 2 to 6 are effective August 1, 1992.

### ARTICLE 3 HORSE RACING

Section 1. Minnesota Statutes 1991 Supplement, section 240.13, subdivision 5, is amended to read:

Subd. 5. [PURSES.] (a) From the amounts deducted from all pari-mutuel pools by a licensee, an amount equal to not less than the following percentages of all money in all pools must be set aside by the licensee and used for purses for races conducted by the licensee, provided that a licensee may agree by contract with an organization



representing a majority of the horsepersons racing the breed involved to set aside amounts in addition to the following percentages:

(1) for live races conducted at a class A facility, and for races that are part of full racing card simulcasting or full racing card teleraace simulcasting that takes place within the time period of the live races, 8.4 percent;

(2) for simulcasts and teleraace simulcasts conducted during the racing season other than as provided for in clause (1), 50 percent of the takeout remaining after deduction for taxes on pari-mutuel pools, payment to the breeders fund, and payment to the sending out-of-state racetrack for receipt of the signal; and

(3) for simulcasts and teleraace simulcasts conducted outside of the racing season, 25 percent of the takeout remaining after deduction for the state pari-mutuel tax, payment to the breeders fund, payment to the sending out-of-state racetrack for receipt of the signal and, before January 1, 2005, a further deduction of eight percent of all money in all pools; provided, however, that in the event that wagering on simulcasts and teleraace simulcasts outside of the racing season exceeds \$125 million in any calendar year, the amount set aside for purses by this formula is increased to 30 percent on amounts between \$125,000,000 and \$150,000,000 wagered; 40 percent on amounts between \$150,000,000 and \$175,000,000 wagered; and 50 percent on amounts in excess of \$175,000,000 wagered. In lieu of the eight percent deduction, a deduction as agreed to between the licensee and the horsepersons' organization representing the majority of horsepersons racing at the licensee's class A facility during the preceding 12 months, is allowed after December 31, 2004.

The commission may by rule provide for the administration and enforcement of this subdivision. The deductions for payment to the sending out-of-state racetrack must be actual, except that when there exists any overlap of ownership, control, or interest between the sending out-of-state racetrack and the receiving licensee, the deduction must not be greater than three percent unless agreed to between the licensee and the horsepersons' organization representing the majority of horsepersons racing the breed racing the majority of races during the existing racing meeting or, if outside of the racing season, during the most recent racing meeting.

In lieu of the amount the licensee must pay to the commission for deposit in the Minnesota breeders fund under section 240.15, subdivision 1, the licensee shall pay 5-1/2 percent of the takeout from all pari-mutuel pools generated by wagering at the licensee's facility on full racing card simulcasts and full racing card teleraace simulcasts of races not conducted in this state.

(b) From the money set aside for purses, the licensee shall pay to the horseperson's organization representing the majority of the

horsepersons racing the breed involved and contracting with the licensee with respect to purses and the conduct of the racing meetings and providing representation, benevolent programs, benefits, and services for horsepersons and their on-track employees, an amount, sufficient to perform these services, as may be determined by agreement by the licensee and the horseperson's organization. The amount paid may be deducted only from the money set aside for purses to be paid in races for the breed represented by the horseperson's organization. With respect to racing meetings where more than one breed is racing, the licensee may contract independently with the horseperson's organization representing each breed racing.

(c) Notwithstanding sections 325D.49 to 325D.66, a horseperson's organization representing the majority of the horsepersons racing a breed at a meeting, and the members thereof, may agree to withhold horses during a meeting.

(d) Money set aside for purses from wagering, during the racing season, on simulcasts and telerace simulcasts must be used for purses for live races conducted at the licensee's class A facility during the same racing season, over and above the 8.4 percent purse requirement or any higher requirement to which the parties agree, for races conducted in this state. Money set aside for purses from wagering, outside of the racing season, on simulcasts and telerace simulcasts must be for purses for live races conducted at the licensee's class A facility during the next racing season, over and above the 8.4 percent purse requirement or any higher requirement to which the parties agree, for races conducted in this state.

(e) Money set aside for purses from wagering on simulcasts and telerace simulcasts must be used for purses for live races involving the same breed involved in the simulcast or telerace simulcast except that money set aside for purses and payments to the breeders fund from wagering on full racing card simulcasts and full racing card telerace simulcasts of races not conducted in this state, occurring during a live mixed meet, must be allotted to the purses and breeders fund for each breed participating in the mixed meet in the same proportion that the number of live races run by each breed bears to the total number of live races conducted during the period of the mixed meet.

(f) The allocation of money set aside for purses to particular racing meets may be adjusted, relative to overpayments and underpayments, by contract between the licensee and the horsepersons' organization representing the majority of horsepersons racing the breed involved at the licensee's facility.

(g) Subject to the provisions of this chapter, money set aside from pari-mutuel pools for purses must be for the breed involved in the race that generated the pool, except that if the breed involved in the race generating the pari-mutuel pool is not racing in the current

racing meeting, or has not raced within the preceding 12 months at the licensee's class A facility, money set aside for purses ~~must~~ may be distributed proportionately to those breeds that have run during the preceding 12 months or paid to the commission and used for purses or to promote racing for the breed involved in the race generating the pari-mutuel pool, or both, in a manner prescribed by the commission.

Sec. 2. Minnesota Statutes 1991 Supplement, section 240.13, subdivision 6, is amended to read:

Subd. 6. [SIMULCASTING.] The commission may permit an authorized licensee to conduct simulcasting or telerece simulcasting at the licensee's facility on any day authorized by the commission. All simulcasts and telerece simulcasts must comply with the Interstate Horse Racing Act of 1978, United States Code, title 15, sections 3001 to 3007. In addition to telerecing programs featuring live racing conducted at the licensee's class A facility, the class E licensee may conduct not more than seven telerecing programs per week during the racing season, unless additional telerece simulcasting is authorized by the director and approved by the horsepersons' organization representing the majority of horsepersons racing the breed racing the majority of races at the licensee's class A facility during the preceding 12 months. The commission may not authorize any day for simulcasting at a class A facility during the racing season, and a licensee may not be allowed to transmit out-of-state telecasts of races the licensee conducts, unless the licensee has obtained the approval of the horsepersons' organization representing the majority of the horsepersons racing the breed involved at the licensed racetrack during the preceding 12 months. The licensee may pay fees and costs to an entity transmitting a telecast of a race to the licensee for purposes of conducting pari-mutuel wagering on the race. The licensee may deduct fees and costs related to the receipt of televised transmissions from a pari-mutuel pool on the televised race, provided that one-half of any amount recouped in this manner must be added to the amounts required to be set aside for purses.

With the approval of the commission and subject to the provisions of this subdivision, a licensee may transmit telecasts of races it conducts, for wagering purposes, to locations outside the state, and the commission may allow this to be done on a commingled pool basis.

Except as otherwise provided in this section, simulcasting and telerece simulcasting may be conducted on a separate pool basis or, with the approval of the commission, on a commingled pool basis. All provisions of law governing pari-mutuel betting apply to simulcasting and telerece simulcasting except as otherwise provided in this subdivision or in the commission's rules. If pools are commingled, wagering at the licensed facility must be on equipment electronically linked with the equipment at the licensee's class A

facility or with the sending racetrack via the totalizator computer at the licensee's class A facility. Subject to the approval of the commission, the types of betting, takeout, and distribution of winnings on commingled pari-mutuel pools are those in effect at the sending racetrack. Breakage for pari-mutuel pools on a televised race must be calculated in accordance with the law or rules governing the sending racetrack for these pools, and must be distributed in a manner agreed to between the licensee and the sending racetrack. Notwithstanding subdivision 7 and section 240.15, subdivision 5, the commission may approve procedures governing the definition and disposition of unclaimed tickets that are consistent with the law and rules governing unclaimed tickets at the sending racetrack. For the purposes of this section, "sending racetrack" is either the racetrack outside of this state where the horse race is conducted or, with the consent of the racetrack, an alternative facility that serves as the racetrack for the purpose of commingling pools.

If there is more than one class B licensee conducting racing within the seven-county metropolitan area, simulcasting and telerece simulcasting may be conducted only on races run by a breed that ran at the licensee's class A facility within the 12 months preceding the event. That portion of the takeout allocated for purses from pari-mutuel pools generated by wagering on standardbreds must be set aside and must be paid to the racing commission and used for purses as otherwise provided by this section or to promote standardbred racing or both, in a manner prescribed by the commission. In the event that a licensee conducts live standardbred racing, pools generated by live, simuleast, or telerece simulcasting at the licensee's facilities on standardbred racing are subject to the purse set-aside requirements otherwise provided by law.

Contractual agreements between licensees and horsepersons' organizations entered into before June 5, 1991, regarding money to be set aside for purses from pools generated by simulcasts at a class A facility, are controlling regarding purse requirements through the end of the 1992 racing season.

Sec. 3. Minnesota Statutes 1991 Supplement, section 240.13, subdivision 8, is amended to read:

Subd. 8. [PROHIBITED ACTS.] A licensee may not:

(1) accept a bet from any person under the age of 18 years; and a licensee may not

(2) accept a bet of less than \$1; or

(3) accept a bet made on credit or with the use of a credit card.

Sec. 4. Minnesota Statutes 1990, section 240.14, subdivision 3, is amended to read:

Subd. 3. [COUNTY FAIR RACING DAYS.] The commission may assign to a class D licensee the following racing days:

(1) those racing days, not to exceed ten racing days, that coincide with the days on which the licensee's county fair is running; and

(2) additional racing days, ~~not to exceed ten racing days, immediately before or after the days on which the licensee's county fair is running.~~

~~In no event shall the number of racing days assigned by the commission exceed 20 days.~~

~~The commission may not assign any days before July 1, 1989, as racing days to a class D licensee.~~

Sec. 5. Minnesota Statutes 1991 Supplement, section 240.15, subdivision 6, is amended to read:

Subd. 6. [DISPOSITION OF PROCEEDS.] The commission shall distribute all money received under this section, and all money received from license fees and fines it collects, as follows: all money designated for deposit in the Minnesota breeders fund must be paid into that fund for distribution under section 240.18 except that all money generated by full racing card simulcasts, or full racing card telrace simulcasts of races not conducted in this state, must be distributed as provided in section 240.18, ~~clause (2), paragraphs (a), (b), and (c) subdivisions 2, paragraph (d), clauses (1), (2), and (3); and 3.~~ Revenue from an admissions tax imposed under subdivision 1 must be paid to the local unit of government at whose request it was imposed, at times and in a manner the commission determines. All other revenues received under this section by the commission, and all license fees, fines, and other revenue it receives, must be paid to the state treasurer for deposit in the general fund.

Sec. 6. Minnesota Statutes 1991 Supplement, section 240.18, is amended by adding a subdivision to read:

Subd. 3a. [OTHER CATEGORIES.] Available money apportioned to breeds other than breeds contained in subdivisions 2 and 3 shall be distributed as financial incentives to encourage horse racing and horse breeding for such breeds.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 6 are effective the day following final enactment.

ARTICLE 4  
LAWFUL GAMBLING

Section 1. Minnesota Statutes 1990, section 349.12, subdivision 1, is amended to read:

Subdivision 1. As used in sections 349.11 to ~~349.22~~ 349.23 the following terms have the meanings given them.

Sec. 2. Minnesota Statutes 1990, section 349.12, subdivision 4, is amended to read:

Subd. 4. "Bingo" means a game where each player has a card or board for which a consideration has been paid containing five horizontal rows of spaces, with each row except the central one containing five figures. The central row has four figures with the word "free" marked in the center space thereof. Bingo also includes games which are as described in this subdivision except for the use of cards where the figures are not preprinted but are filled in by the players. A player wins a game of bingo by completing a preannounced combination of spaces or, in the absence of a preannouncement of a combination of spaces, any combination of five spaces in a row, either vertical, horizontal or diagonal. "Bingo" also includes the game described in section 349.17, subdivision 6.

Sec. 3. Minnesota Statutes 1990, section 349.12, subdivision 11, is amended to read:

Subd. 11. [DISTRIBUTOR.] "Distributor" is a person who sells gambling equipment for use within the state to licensed organizations, to organizations conducting excluded or exempt activities under section 349.214 349.166, or to other distributors the governing bodies of Indian tribes.

Sec. 4. Minnesota Statutes 1990, section 349.12, subdivision 18, is amended to read:

Subd. 18. [GAMBLING EQUIPMENT.] "Gambling equipment" means: bingo cards or sheets, devices for selecting bingo numbers, pull-tabs, jar tickets, paddlewheels, and paddletickets, paddleticket cards, tipboards, and tipboard tickets.

Sec. 5. Minnesota Statutes 1990, section 349.12, subdivision 21, is amended to read:

Subd. 21. [GROSS RECEIPTS.] "Gross receipts" means all receipts derived from lawful gambling activity including, but not limited to, the following items:

(1) gross sales of bingo cards and sheets before reduction for prizes, expenses, shortages, free plays, or any other charges or offsets;

(2) the ideal gross of pull-tab and tipboard deals or games less the value of unsold and defective tickets and before reduction for prizes, expenses, shortages, free plays, or any other charges or offsets;

(3) gross sales of raffle tickets and ~~paddle tickets~~ paddletickets before reduction for prizes, expenses, shortages, free plays, or any other charges or offsets;

(4) admission, commission, cover, or other charges imposed on participants in lawful gambling activity as a condition for or cost of participation; and

(5) interest, dividends, annuities, profit from transactions, or other income derived from the accumulation or use of gambling proceeds.

Gross receipts does not include proceeds from rental under section 349.164 or 349.18, subdivision 3, ~~for duly licensed bingo hall lessors.~~

Sec. 6. Minnesota Statutes 1990, section 349.12, subdivision 23, is amended to read:

Subd. 23. [IDEAL NET.] "Ideal net" means the pull-tab or tipboard deal's ideal gross, as defined under subdivision ~~19~~ 22, less the total predetermined prize amounts available to be paid out. When the prize is not entirely a monetary one, the ideal net is 50 percent of the ideal gross.

Sec. 7. Minnesota Statutes 1991 Supplement, section 349.12, subdivision 25, is amended to read:

Subd. 25. (a) "Lawful purpose" means one or more of the following:

(1) any expenditure by or contribution to a 501(c)(3) organization, provided that the organization and expenditure or contribution are in conformity with standards prescribed by the board under section 349.154;

(2) a contribution to an individual or family suffering from poverty, homelessness, or physical or mental disability, which is used to relieve the effects of that poverty, homelessness, or disability;

(3) a contribution to an individual for treatment for delayed posttraumatic stress syndrome or a contribution to a recognized program for the treatment of compulsive gambling on behalf of an individual who is a compulsive gambler;

(4) a contribution to or expenditure on a public or private nonprofit educational institution registered with or accredited by this state or any other state;

(5) a contribution to a scholarship fund for defraying the cost of education to individuals where the funds are awarded through an open and fair selection process;

(6) activities by an organization or a government entity which recognize humanitarian or military service to the United States, the state of Minnesota, or a community, subject to rules of the board;

(7) recreational, community, and athletic facilities and activities intended primarily for persons under age 21, provided that such facilities and activities do not discriminate on the basis of gender, as evidenced by (i) provision of equipment and supplies, (ii) scheduling of activities, including games and practice times, (iii) supply and assignment of coaches or other adult supervisors, (iv) provision and availability of support facilities, and (v) whether the opportunity to participate reflects each gender's demonstrated interest in the activity, provided that nothing in this clause prohibits a contribution to or expenditure on an educational institution or other entity that is excepted from the prohibition against discrimination based on sex contained in the Higher Education Act Amendments of 1976, United States Code, title 20, section 1681;

(8) payment of local taxes authorized under this chapter, taxes imposed by the United States on receipts from lawful gambling, ~~and the tax taxes~~ imposed by section ~~349.212~~ 297E.02, subdivisions 1 and 4, and the tax imposed on unrelated business income by section 290.05, subdivision 3, ~~but not including the combined receipts tax imposed under section 297E.02, subdivision 6;~~

(9) payment of real estate taxes and assessments on ~~licensed~~ permitted gambling premises wholly owned by the licensed organization paying the taxes, not to exceed:

(i) the amount which an organization may expend under board rule on rent for premises used for bingo; ~~or~~

(ii) \$15,000 per year for premises used for other forms of lawful gambling, except as provided in subclause (iii); or

(iii) 100 percent of the real estate taxes and assessments for premises that are located within an area for which a housing and redevelopment authority has adopted a redevelopment plan, and that have been improved as a result of an agreement entered into before August 1, 1990, between the organization and the housing and redevelopment authority;



(10) a contribution to the United States, this state or any of its political subdivisions, or any agency or instrumentality thereof other than a direct contribution to a law enforcement or prosecutorial agency;

(11) a contribution to or expenditure by a nonprofit organization, church, or body of communicants gathered in common membership for mutual support and edification in piety, worship, or religious observances; or

(12) payment of one-half of the reasonable costs of an audit required in section ~~349.19~~ 297E.06, subdivision ~~9 4~~; and

(13) expenditures, approved by the commissioner of natural resources, by an organization during the period October 15 to May 1 for grooming and maintaining snowmobile trails that are (1) grant-in-aid trails established under section 116J.406, or (2) other trails on public lands and open to public use, including purchase or lease of equipment for this purpose.

(b) Notwithstanding paragraph (a), "lawful purpose" does not include:

(1) any expenditure made or incurred for the purpose of influencing the nomination or election of a candidate for public office or for the purpose of promoting or defeating a ballot question;

(2) any activity intended to influence an election or a governmental decision-making process;

(3) the erection, acquisition, improvement, expansion, repair, or maintenance of real property or capital assets owned or leased by an organization, except as provided in clause (6), unless the board has first specifically authorized the expenditures after finding that (i) the real property or capital assets will be used exclusively for one or more of the purposes in paragraph (a); (ii) with respect to expenditures for repair or maintenance only, that the property is or will be used extensively as a meeting place or event location by other nonprofit organizations or community or service groups and that no rental fee is charged for the use; (iii) with respect to expenditures, including a mortgage payment or other debt service payment, for erection or acquisition only, that the erection or acquisition is necessary to replace with a comparable building, a building owned by the organization and destroyed or made uninhabitable by fire or natural disaster, provided that the expenditure may be only for that part of the replacement cost not reimbursed by insurance; or (iv) with respect to expenditures, including a mortgage payment or other debt service payment, for erection or acquisition only, that the erection or acquisition is necessary to replace with a comparable building a building owned by the organization that was acquired from the organization by eminent domain or sold by the organization

to a purchaser that the organization reasonably believed would otherwise have acquired the building by eminent domain, provided that the expenditure may be only for that part of the replacement cost that exceeds the compensation received by the organization for the building being replaced;

(4) an expenditure by an organization which is a contribution to a parent organization, foundation, or affiliate of the contributing organization, if the parent organization, foundation, or affiliate has provided to the contributing organization within one year of the contribution any money, grants, property, or other thing of value;

(5) a contribution by a licensed organization to another licensed organization unless the board has specifically authorized the contribution. The board must authorize such a contribution when requested to do so by the contributing organization unless it makes an affirmative finding that the contribution will not be used by the recipient organization for one or more of the purposes in paragraph (a); or

(6) the erection, acquisition, improvement, or expansion of real property or capital assets which will be used for one or more of the purposes in paragraph (a), clause (7), unless the organization making the expenditures notifies the board at least 15 days before making the expenditure.

Sec. 8. Minnesota Statutes 1990, section 349.12, subdivision 30, is amended to read:

Subd. 30. [PERSON.] "Person" is an individual, organization, firm, association, partnership, corporation, trustee, or legal representative.

Sec. 9. Minnesota Statutes 1991 Supplement, section 349.15, is amended to read:

#### 349.15 [USE OF GROSS PROFITS.]

Gross profits from lawful gambling may be expended only for lawful purposes, the combined receipts tax imposed under section 297E.02, subdivision 6, or allowable expenses as authorized at a regular meeting of the conducting organization. Provided that no more than 60 percent of the gross profit less the tax imposed under section 349.212, subdivision 1, from bingo, and no more than 50 percent of the gross profit from other forms of lawful gambling, less the combined receipts tax imposed under section 297E.02, subdivision 6, may be expended for allowable expenses related to lawful gambling.

Sec. 10. Minnesota Statutes 1991 Supplement, section 349.151, subdivision 4, is amended to read:

Subd. 4. [POWERS AND DUTIES.] (a) The board has the following powers and duties:

(1) to regulate lawful gambling to ensure it is conducted in the public interest;

(2) to issue licenses to organizations, distributors, bingo halls, manufacturers, and gambling managers;

(3) to collect and deposit license, permit, and registration fees due under this chapter;

(4) to receive reports required by this chapter and inspect all premises, records, books, and other documents of organizations, distributors, manufacturers, and bingo halls to insure compliance with all applicable laws and rules;

(5) to make rules authorized by this chapter;

(6) to register gambling equipment and issue registration stamps;

(7) to provide by rule for the mandatory posting by organizations conducting lawful gambling of rules of play and the odds and/or house percentage on each form of lawful gambling;

(8) to report annually to the governor and legislature on its activities and on recommended changes in the laws governing gambling;

(9) to impose civil penalties of not more than \$500 per violation on organizations, distributors, manufacturers, bingo halls, and gambling managers for failure to comply with any provision of this chapter or any rule of the board;

(10) to issue premises permits to organizations licensed to conduct lawful gambling;

(11) to delegate to the director the authority to issue licenses and premises permits under criteria established by the board;

(12) to suspend or revoke licenses and premises permits of organizations, distributors, manufacturers, bingo halls, or gambling managers as provided in this chapter;

(13) to register employees of organizations licensed to conduct lawful gambling;

(14) to require fingerprints from persons determined by board rule to be subject to fingerprinting; and

(15) to take all necessary steps to ensure the integrity of and public confidence in lawful gambling.

(b) Any organization, distributor, bingo hall operator, gambling manager, or manufacturer assessed a civil penalty may request a hearing before the board. Hearings conducted on appeals of imposition of penalties are not subject to the provisions of the administrative procedure act.

(c) All fees and penalties received by the board must be deposited in the general fund.

Sec. 11. Minnesota Statutes 1990, section 349.152, subdivision 2, is amended to read:

Subd. 2. [DUTIES OF THE DIRECTOR.] The director has the following duties:

(1) to carry out gambling policy established by the board;

(2) to employ and supervise personnel of the board;

(3) to advise and make recommendations to the board on rules;

(4) to issue licenses and premises permits as authorized by the board;

(5) to issue cease and desist orders;

(6) to make recommendations to the board on license issuance, denial, suspension and revocation, and civil penalties the board imposes; and

(7) to ensure that board rules, policy, and decisions are adequately and accurately conveyed to the board's licensees; and

(8) to issue subpoenas to compel the attendance of witnesses and the production of documents, books, records, and other evidence relating to any investigation, compliance review, or audit the director is authorized to conduct.

Sec. 12. Minnesota Statutes 1990, section 349.152, subdivision 3, is amended to read:

Subd. 3. [CEASE AND DESIST ORDERS.] Whenever it appears to the director that any person has engaged or is about to engage in

any act or practice constituting a violation of this chapter or any board rule:

(a) The director has the power to issue and cause to be served upon the person an order requiring the person to cease and desist from violations of this chapter or board rule. The order must give reasonable notice of the rights of the person to request a hearing and must state the reason for the entry of the order. A hearing shall be held not later than seven days after the request for the hearing is received by the board after which and within 20 days of the date of the hearing the board shall issue an order vacating the cease and desist order or making it permanent as the facts require. All hearings shall be conducted in accordance with the provisions of chapter 14. If the person to whom a cease and desist order is issued fails to appear at the hearing after being duly notified, the person shall be deemed in default, and the proceeding may be determined against the person upon consideration of the cease and desist order, the allegations of which may be deemed to be true.

(b) The board may bring an action in the district court in the appropriate county to enjoin the acts or practices and to enforce compliance with this chapter or any board rule and may refer the matter to the attorney general. Upon a proper showing, a permanent or temporary injunction, restraining order, or writ of mandamus shall be granted. The court may not require the board to post a bond.

Sec. 13. Minnesota Statutes 1990, section 349.153, is amended to read:

349.153 [CONFLICT OF INTEREST.]

(a) A person may not serve on the board, be the director, or be an employee of the ~~division~~ board who has an interest in any corporation, association, or partnership that is licensed by the board as a distributor, manufacturer, or a bingo hall under section 349.164.

(b) A member of the board, the director, or an employee of the ~~division~~ board may not participate in the conducting of lawful gambling.

Sec. 14. Minnesota Statutes 1991 Supplement, section 349.154, subdivision 2, is amended to read:

Subd. 2. [NET PROFIT REPORTS.] (a) Each licensed organization must report monthly to the board on a form prescribed by the board each expenditure and contribution of net profits from lawful gambling. The reports must provide for each expenditure or contribution:

(1) the name, address, and telephone number of the recipient of the expenditure or contribution;

(2) the date the contribution was approved by the organization;

(3) the date, amount, and check number of the expenditure or contribution; and

(4) a brief description of how the expenditure or contribution meets one or more of the purposes in section 349.12, subdivision 25, ~~paragraph (a).~~

(b) The board shall provide the commissioners of revenue and public safety copies of each report received under this subdivision.

Sec. 15. Minnesota Statutes 1990, section 349.16, subdivision 7, is amended to read:

Subd. 7. [PURCHASE AND USE OF GAMBLING EQUIPMENT.]

(a) An organization may purchase gambling equipment only from a person licensed as a distributor.

(b) Notwithstanding any other law to the contrary:

(1) a licensed organization may use and store a paddlewheel owned by another licensed organization, and

(2) a licensed organization may permit up to five other licensed organizations to use and store a paddlewheel it owns.

(c) Paragraph (b) does not apply to a paddlewheel that uses a table or similar structure or device, whether separate from the wheel or attached to it, on which chances are played, sold, recorded, or otherwise represented, and which contains separate spaces on which wagers may be made on more than one number on the paddlewheel.

Sec. 16. Minnesota Statutes 1990, section 349.16, subdivision 8, is amended to read:

Subd. 8. [LOCAL INVESTIGATION FEE.] A statutory or home rule charter city or county notified under section 349.213, subdivision 2, may assess an investigation fee on organizations or bingo halls applying for or renewing a license to conduct lawful gambling premises permit or operate a bingo hall license. An investigation fee may not exceed the following limits:

(1) for cities of the first class, \$500;

(2) for cities of the second class, \$250;

(3) for all other cities, \$100; and

- (4) for counties, \$375.

Sec. 17. Minnesota Statutes 1990, section 349.161, subdivision 1, is amended to read:

Subdivision 1. [PROHIBITED ACTS; LICENSES REQUIRED.]  
No person may:

(1) sell, offer for sale, or furnish gambling equipment for use within the state ~~for gambling purposes~~, other than for lawful gambling exempt or excluded from licensing, except to an organization licensed for lawful gambling or to the governing body of an Indian tribe;

(2) sell, offer for sale, or furnish gambling equipment for lawful gambling use within the state, including to the governing body of an Indian tribe, without having obtained a distributor license under this section;

(3) sell, offer for sale, or furnish gambling equipment for use within the state that is not purchased or obtained from a manufacturer or distributor licensed under this chapter; or

(4) sell, offer for sale, or furnish gambling equipment for use within the state that has the same serial number as another item of gambling equipment of the same type sold or offered for sale or furnished for use in the state by that distributor.

Sec. 18. Minnesota Statutes 1990, section 349.161, subdivision 3, is amended to read:

Subd. 3. [QUALIFICATIONS.] A license may not be issued under this section to a person, or to a corporation, firm, or partnership which has as an officer, director, other person in a supervisory or management position, ~~or~~ employee eligible to make sales on behalf of the distributor, or holder of any direct or indirect financial interest in it, a person, who:

(1) has ever been convicted of a felony;

(2) has ever been convicted of a crime involving gambling;

(3) has ever been convicted of (i) assault, (ii) a criminal violation involving the use of a firearm, or (iii) making terroristic threats;

(4) is or has ever been engaged in an illegal business;

(5) owes \$500 or more in delinquent taxes as defined in section 270.72;

(6) has had a sales and use tax permit revoked by the commissioner of revenue within the last two years; ~~or~~

(7) after demand, has not filed tax returns required by the commissioner of revenue; or

(8) has been determined to be a person whose prior activities, criminal record, if any, or reputation, habits, and associations pose a threat to the public interest or to the effective regulation and control of gambling, or create or enhance the dangers of unsuitable, unfair, or illegal practices, methods, and activities in the conduct of gambling or the carrying on of the business and financial arrangements incidental to it.

Sec. 19. Minnesota Statutes 1990, section 349.161, subdivision 5, is amended to read:

Subd. 5. [PROHIBITION.] (a) No distributor, or employee of a distributor, may also be a wholesale distributor of alcoholic beverages or an employee of a wholesale distributor of alcoholic beverages.

(b) No distributor, or any representative, agent, affiliate, or employee of a distributor, may be: (1) be involved in the conduct of lawful gambling by an organization; (2) keep or assist in the keeping of an organization's financial records, accounts, and inventories; or (3) prepare or assist in the preparation of tax forms and other reporting forms required to be submitted to the state by an organization.

(c) No distributor or any representative, agent, affiliate, or employee of a distributor may provide a lessor of gambling premises any compensation, gift, gratuity, premium, or other thing of value.

(d) No distributor or any representative, agent, affiliate, or employee of a distributor may participate in any gambling activity at any gambling site or premises where gambling equipment purchased from that distributor is being used in the conduct of lawful gambling.

(e) No distributor or any representative, agent, affiliate, or employee of a distributor may alter or modify any gambling equipment, except to add a "last ticket sold" prize sticker.

(f) No distributor or any representative, agent, affiliate, or employee of a distributor may: (1) recruit a person to become a gambling manager of an organization or identify to an organization a person as a candidate to become gambling manager for the organization; or (2) identify for an organization a potential gambling location.



(g) No distributor may purchase gambling equipment for resale to any person for use within the state from any person not licensed as a manufacturer under section 349.163.

(h) No distributor may sell gambling equipment to any person for use in Minnesota other than (i) a licensed organization or organization excluded or exempt from licensing, or (ii) the governing body of an Indian tribe.

Sec. 20. Minnesota Statutes 1990, section 349.162, subdivision 1, is amended to read:

Subdivision 1. [STAMP REQUIRED.] (a) A distributor may not sell, transfer, furnish, or otherwise provide to a person, ~~organization, or distributor other than the governing body of an Indian tribe,~~ and no person, ~~organization, or distributor other than the governing body of an Indian tribe,~~ may purchase, borrow, accept, or acquire from a distributor gambling equipment for use within the state unless the equipment has been registered with the board and has a registration stamp affixed. The board shall charge a fee of five cents for each stamp. Each stamp must bear a registration number assigned by the board. A distributor or manufacturer is entitled to a refund for unused registration stamps and replacement for registration stamps which are defective or canceled by the distributor or the manufacturer.

(b) ~~From January 1, 1991, to June 30, 1992, no distributor, organization, or other person may sell a pull-tab which is not clearly marked "For Sale in Minnesota Only."~~

(c) ~~On and after July 1, 1992, no distributor, organization, or other person may sell a pull-tab which is not clearly marked "Manufactured in Minnesota For Sale in Minnesota Only."~~

(d) ~~Paragraphs (b) and (c) do not apply to pull-tabs sold by a distributor to the governing body of an Indian tribe.~~

Sec. 21. Minnesota Statutes 1990, section 349.162, subdivision 2, is amended to read:

Subd. 2. [RECORDS REQUIRED.] A distributor must maintain a record of all gambling equipment which it sells to organizations. The record must include:

(1) the identity of the person ~~or firm~~ from whom the distributor purchased the equipment;

(2) the registration number of the equipment;

(3) the name, address, and license or exempt permit number of the organization to which the sale was made;

(4) the date of the sale;

(5) the name of the person who ordered the equipment;

(6) the name of the person who received the equipment;

(7) the type of equipment;

(8) the serial number of the equipment;

(9) the name, form number, or other identifying information for each game; and

(10) in the case of bingo cards sold on and after January 1, 1991, the individual number of each card.

The invoice for each sale must be retained for at least 3-1/2 years after the sale is completed and a copy of each invoice is to be delivered to the board in the manner and time prescribed by the board. For purposes of this section, a sale is completed when the gambling equipment is physically delivered to the purchaser.

Each distributor must report monthly to the board, in a form the board prescribes, its sales of each type of gambling equipment. Employees of the division and the division of gambling enforcement may inspect the business premises, books, records, and other documents of a distributor at any reasonable time without notice and without a search warrant.

The board may require that a distributor submit the monthly report and invoices required in this subdivision via magnetic media or electronic data transfer.

Sec. 22. Minnesota Statutes 1990, section 349.162, subdivision 4, is amended to read:

Subd. 4. [PROHIBITION.] (a) No person other than a licensed distributor or licensed manufacturer may possess unaffixed registration stamps.

(b) Unless otherwise provided in this chapter, no person may possess gambling equipment that has not been stamped and registered.

(c) On and after January 1, 1991, no distributor may:

- (1) sell a bingo card that does not bear an individual number; or
- (2) sell a package of bingo cards that does not contain bingo cards in numerical order.

Sec. 23. Minnesota Statutes 1990, section 349.162, subdivision 5, is amended to read:

Subd. 5. [SALES FROM FACILITIES.] (a) All gambling equipment purchased or possessed by a licensed distributor for resale to any person for use in Minnesota must, prior to the equipment's resale, be unloaded into a sales or storage facility located in Minnesota which the distributor owns or leases; and which has been registered, in advance and in writing, with the division of gambling enforcement as a sales or storage facility of the ~~distributor's distributor~~. All unregistered gambling equipment and all unaffixed registration stamps owned by, or in the possession of, a licensed distributor in the state of Minnesota shall be stored at a sales or storage facility which has been registered with the division of gambling enforcement. Except for gambling equipment sold to the governing body of an Indian tribe, no gambling equipment may be moved from the facility unless the gambling equipment has been first registered with the board.

(b) Notwithstanding section 349.163, subdivision 5, paragraphs (b) and (c), a licensed manufacturer may ship into Minnesota gambling equipment that does not have a Minnesota gambling stamp affixed if the licensed manufacturer ships the gambling equipment to a Minnesota storage facility that is: (1) owned or leased by the licensed manufacturer; and (2) registered, in advance and in writing, with the division of gambling enforcement as a manufacturer's storage facility. No unregistered gambling equipment may be shipped into Minnesota to the manufacturer's registered storage facility unless the shipment of the gambling equipment is reported to the commissioner of revenue in a manner prescribed by the commissioner. No gambling equipment may be removed from the storage facility unless the gambling equipment is sold to a licensed distributor and otherwise in conformity with the provisions of this chapter or shipped to another state and the shipment is reported to the commissioner of revenue in a manner prescribed by the commissioner.

(c) All sales and storage facilities owned, leased, used, or operated by a licensed distributor or manufacturer may be entered upon and inspected by the employees of the division of gambling enforcement or the division director's authorized representatives during reasonable and regular business hours. Obstruction of, or failure to permit, entry and inspection is cause for revocation or suspension of a manufacturer's or distributor's licenses and permits issued under this chapter.

(e) (d) Unregistered gambling equipment and unaffixed registration stamps found at any location in Minnesota other than the manufacturing plant of a licensed manufacturer or a registered sales or storage facility are contraband under section 349.2125. This paragraph does not apply to unregistered gambling equipment being transported directly to the governing body of an Indian tribe or to unregistered gambling equipment being transported in interstate commerce between locations outside this state, if the interstate shipment is verified by a bill of lading or other valid shipping document.

Sec. 24. Minnesota Statutes 1990, section 349.163, subdivision 1, is amended to read:

Subdivision 1. [LICENSE REQUIRED.] No manufacturer of gambling equipment may sell any gambling equipment to any person for use or resale within the state, including the governing body of an Indian tribe, unless the manufacturer has a current and valid license issued by the board under this section and other criteria prescribed by the board by rule.

A manufacturer licensed under this section may not also be directly or indirectly licensed as a distributor under section 349.161 unless the manufacturer (1) does not manufacture any gambling equipment other than paddlewheels, and (2) was licensed as both a manufacturer and distributor on May 1, 1990.

Sec. 25. Minnesota Statutes 1990, section 349.163, subdivision 1a, is amended to read:

Subd. 1a. [QUALIFICATIONS.] A license may not be issued under this section to a person, or to a corporation, firm, or partnership that has as an officer, director, other person in a supervisory or management position, ~~or~~ employee eligible to make sales on behalf of the ~~distributor manufacturer, or holder of any direct or indirect financial interest in it,~~ a person, who:

- (1) has ever been convicted of a felony;
- (2) has ever been convicted of a crime involving gambling;
- (3) has ever been convicted of (i) assault, (ii) a criminal violation involving the use of a firearm, or (iii) making terroristic threats;
- (4) is or has ever been engaged in an illegal business;
- (5) owes \$500 or more in delinquent taxes as defined in section 270.72;

(6) has had a sales and use tax permit revoked by the commissioner of revenue within the last two years; ~~or~~

(7) after demand, has not filed tax returns required by the commissioner of revenue; or

(8) has been determined to be a person whose prior activities, criminal record, if any, or reputation, habits, and associations pose a threat to the public interest or to the effective regulation and control of gambling, or create or enhance the dangers of unsuitable, unfair, or illegal practices, methods, and activities in the conduct of gambling or the carrying on of the business and financial arrangements incidental to it.

Sec. 26. Minnesota Statutes 1990, section 349.163, subdivision 3, is amended to read:

Subd. 3. [PROHIBITED SALES.] (a) A manufacturer may not:

(1) sell gambling equipment for use or resale within the state to any person not licensed as a distributor, other than the governing body of an Indian tribe, unless the manufacturer is also a licensed distributor; or

(2) sell gambling equipment to the governing body of an Indian tribe or a distributor in this state that has the same serial number as another item of gambling equipment of the same type that is sold by that manufacturer for use or resale in this state; or

(3) from January 1, 1991, to June 30, 1992, sell to any person in Minnesota, other than the governing body of an Indian tribe, a pull-tab on which the manufacturer has not clearly printed the words "For Sale in Minnesota Only";

(4) on and after July 1, 1992, sell to any person in Minnesota, other than the governing body of an Indian tribe, a pull-tab on which the manufacturer has not clearly printed the words "Manufactured in Minnesota For Sale In Minnesota Only"; or

(5) sell a pull-tab marked as required in clauses (3) and (4) to any person inside or outside the state, including the governing body of an Indian tribe, who is not a licensed distributor.

(b) On and after July 1, 1992, all pull-tabs sold by a licensed manufacturer to a person in Minnesota must be manufactured in Minnesota.

(c) (b) A manufacturer, affiliate of a manufacturer, or person acting as a representative or agent of a manufacturer may not provide a lessor of gambling premises or an appointed official any

compensation, gift, gratuity, premium, contribution, or other thing of value.

Sec. 27. Minnesota Statutes 1990, section 349.163, subdivision 4, is amended to read:

Subd. 4. [INSPECTION OF MANUFACTURERS.] Employees of the ~~division board~~ and the division of gambling enforcement may inspect the ~~books~~, records, inventory, and business premises of a licensed manufacturer without notice during the normal business hours of the manufacturer.

Sec. 28. Minnesota Statutes 1990, section 349.163, subdivision 5, is amended to read:

Subd. 5. [PULL-TAB AND TIPBOARD FLARES.] (a) A manufacturer may not ship or cause to be shipped into this state any deal of pull-tabs or tipboards that does not have its own individual flare as required for that deal by rule of the board. A person other than a manufacturer may not manufacture, alter, modify, or otherwise change a flare for a deal of pull-tabs or tipboards except as allowed by this chapter or board rules.

(b) The flare of each deal of pull-tabs and tipboards sold by a manufacturer for use or resale in Minnesota must have the Minnesota gambling stamp affixed. The flare, with the stamp affixed, must be placed inside the wrapping of the deal which the flare describes.

(c) Each pull-tab and tipboard flare must bear the following statement printed in letters large enough to be clearly legible:

"Pull-tab (or tipboard) purchasers—This pull-tab (or tipboard) game is not legal in Minnesota unless:

—a Minnesota gambling stamp is affixed to this sheet, and

—the serial number handwritten on the gambling stamp is the same as the serial number printed on this sheet and on the pull-tab (or tipboard) ticket you have purchased."

(d) The flare of each pull-tab and tipboard game must bear the serial number of the game, printed in numbers at least one-half inch high.

(e) The flare of each pull-tab and tipboard game must be imprinted at the bottom with a bar code that provides:

(1) the name of the game;

(2) the serial number of the game;

- (3) the name of the manufacturer;
- (4) the number of tickets in the deal;
- (5) the odds of winning each prize in the deal; and
- (6) other information the board by rule requires.

The serial number included in the bar code must be the same as the serial number of the tickets included in the deal. A manufacturer who manufactures a deal of pull-tabs must affix to the outside of the box containing that game the same bar code that is imprinted at the bottom of a flare for that deal.

(f) No person may alter the bar code that appears on the outside of a box containing a deal of pull-tabs and tipboards. Possession of a box containing a deal of pull-tabs and tipboards that has a bar code different from the bar code of the deal inside the box is prima facie evidence that the possessor has altered the bar code on the box.

Sec. 29. Minnesota Statutes 1990, section 349.163, subdivision 6, is amended to read:

Subd. 6. [SAMPLES OF GAMBLING EQUIPMENT.] The board shall require each licensed manufacturer to submit to the board one or more samples of each item of gambling equipment the manufacturer manufactures for sale use or resale in this state, except gambling equipment manufactured for sale only to the governing body of an Indian tribe. The board shall inspect and test all the equipment it deems necessary to determine the equipment's compliance with law and board rules. Samples required under this subdivision must be approved by the board before the equipment being sampled is shipped into or sold for use or resale in this state. The board may request the assistance of the commissioner of public safety and the director of the state lottery division in performing the tests.

Sec. 30. Minnesota Statutes 1990, section 349.164, subdivision 1, is amended to read:

Subdivision 1. [LICENSE REQUIRED.] No person may lease a facility to more than one ~~individual, corporation, partnership, or~~ organization to conduct bingo without a current and valid bingo hall license under this section.

Sec. 31. Minnesota Statutes 1990, section 349.164, subdivision 3, is amended to read:

Subd. 3. [QUALIFICATIONS.] A license may not be issued under this section to a person, ~~organization, corporation, firm, or partner-~~

~~ship that~~ who is not the legal owner of the facility, or to a person, or to an organization, corporation, firm, or partnership which has as an officer, director, or other person in a supervisory or management position, or holder of any direct or indirect financial interest in it, a person, who:

- (1) has ever been convicted of a felony;
- (2) has ever been convicted of a crime involving gambling;
- (3) has ever been convicted of (i) assault, (ii) a criminal violation involving the use of a firearm, or (iii) making terroristic threats;
- (4) is or has ever been engaged in an illegal business;
- (5) owes delinquent taxes in excess of \$500 as defined in section 270.72; ~~or~~
- (5) (6) after demand, has not filed tax returns required by the commissioner of revenue; or
- (7) has been determined to be a person whose prior activities, criminal record, if any, or reputation, habits, and associations pose a threat to the public interest or to the effective regulation and control of gambling, or create or enhance the dangers of unsuitable, unfair, or illegal practices, methods, and activities in the conduct of gambling or the carrying on of the business and financial arrangements incidental to it.

Sec. 32. Minnesota Statutes 1990, section 349.164, subdivision 6, is amended to read:

Subd. 6. [PROHIBITED ACTS:] No bingo hall licensee, person holding a financial or managerial interest in a bingo hall, or affiliate thereof may:

- (1) be a licensed distributor or licensed manufacturer or affiliate of the distributor or manufacturer under section 349.161 or 349.163 or a wholesale distributor of alcoholic beverages;
- (2) provide any staff to conduct or assist in the conduct of bingo or any other form of lawful gambling on the premises;
- (3) acquire, provide storage or inventory control for, or report the use of, any gambling equipment used by an organization that conducts lawful gambling on the premises;
- (4) provide accounting services to an organization conducting lawful gambling on the premises;



(5) solicit, suggest, encourage, or make any expenditures of gross receipts of an organization from lawful gambling;

(6) charge any fee to a person without which the person could not play a bingo game or participate in another form of lawful gambling on the premises;

(7) provide assistance or participate in the conduct of lawful gambling on the premises; or

(8) permit more than 21 bingo occasions to be conducted on the premises in any week.

Sec. 33. Minnesota Statutes 1990, section 349.1641, is amended to read:

349.1641 [LICENSES; SUMMARY SUSPENSION.]

The board may (1) summarily suspend the license of an organization that is more than three months late in filing a tax return required under this chapter and may keep the suspension in effect until all required returns are filed; and (2) summarily suspend for not more than 90 days any license issued by the board or director for what the board determines are actions detrimental to the integrity of lawful gambling in Minnesota. The board must notify the licensee at least 14 days before suspending the license under this paragraph section. A contested case hearing must be held within 20 days of the summary suspension and the administrative law judge's report must be issued within 20 days after the close of the hearing record. In all cases involving summary suspension, the board must issue its final decision within 30 days after receipt of the report of the administrative law judge and subsequent exceptions and argument under section 14.61. When an organization's license is suspended or ~~revoked~~ under this subdivision section, the board shall within three days notify all municipalities in which the organization's gambling premises are located and all licensed distributors in the state.

Sec. 34. Minnesota Statutes 1990, section 349.166, is amended to read:

349.166 [EXCLUSIONS; EXEMPTIONS.]

Subdivision 1. [EXCLUSIONS.] (a) Bingo may be conducted without a license and without complying with sections 349.17, subdivision 1, and 349.18, if it is conducted:

(1) in connection with a county fair, the state fair, or a civic celebration if it is not conducted for more than 12 consecutive days in a calendar year; or

(2) by an organization that conducts four or fewer bingo occasions in a calendar year.

An organization that holds a license to conduct lawful gambling under this chapter may not conduct bingo under this subdivision.

(b) Bingo may be conducted within a nursing home or a senior citizen housing project or by a senior citizen organization without compliance with sections 349.11 to 349.213 if the prizes for a single bingo game do not exceed \$10, total prizes awarded at a single bingo occasion do not exceed \$200, no more than two bingo occasions are held by the organization or at the facility each week, only members of the organization or residents of the nursing home or housing project are allowed to play in a bingo game, no compensation is paid for any persons who conduct the bingo, a manager is appointed to supervise the bingo, and the manager registers with the board. The gross receipts from bingo conducted under the limitations of this subdivision are exempt from taxation under chapter 297A.

(c) Raffles may be conducted by an organization without complying with sections ~~349.11 to 349.14~~ and 349.151 to 349.213 if the value of all raffle prizes awarded by the organization in a calendar year does not exceed \$750.

Subd. 2. [EXEMPTIONS.] (a) Lawful gambling may be conducted by an organization as defined in section 349.12, subdivision 28, without complying with sections 297E.02; 349.151 to 349.16; 349.167; 349.168; 349.18; and 349.19; and ~~349.212~~ if:

(1) the organization conducts lawful gambling on five or fewer days in a calendar year;

(2) the organization does not award more than \$50,000 in prizes for lawful gambling in a calendar year;

(3) the organization pays a fee of \$25 to the board, notifies the board in writing not less than 30 days before each lawful gambling occasion of the date and location of the occasion, or 60 days for an occasion held in the case of a city of the first class, the types of lawful gambling to be conducted, the prizes to be awarded, and receives an exemption identification number;

(4) the organization notifies the local government unit 30 days before the lawful gambling occasion, or 60 days for an occasion held in a city of the first class;

(5) the organization purchases all gambling equipment and supplies from a licensed distributor; and

(6) the organization reports to the board, on a single-page form

prescribed by the board, within 30 days of each gambling occasion, the gross receipts, prizes, expenses, expenditures of net profits from the occasion, and the identification of the licensed distributor from whom all gambling equipment was purchased.

(b) Bingo may be conducted by an organization without complying with sections 297E.02; 349.151 to 349.16; 349.167; 349.168; 349.18; and 349.19 if the organization conducts bingo on 50 or fewer days in a calendar year and does not award more than \$500 in prizes in any day. An organization conducting bingo under this paragraph must (1) report to the board annually, on a form the board prescribes, on the gross receipts, prizes, expenses, and expenditure of net profits from all bingo occasions held during the year the report covers, and include a \$25 annual fee with the report, and (2) notify the city or county having jurisdiction over the organization, not less than 30 days before the first bingo occasion in any calendar year, of the intended number and location of bingo occasions during that year. The report to the board must be filed within 30 days after the end of each calendar year in which an organization conducts bingo under this paragraph. An organization conducting bingo under this paragraph must purchase all gambling equipment and supplies from a licensed distributor.

(c) If the organization fails to file a timely report as required by paragraph (a), clause (3) or (6), a \$250 penalty is imposed on the organization. Failure to file a timely report does not disqualify the organization as exempt under this paragraph subdivision if a report is later filed and the penalty paid.

(e) (d) Merchandise prizes must be valued at their fair market value.

(d) (e) Unused pull-tab and tipboard deals must be returned to the distributor within seven working days after the end of the lawful gambling occasion. The distributor must accept and pay a refund for all returns of unopened and undamaged deals returned under this paragraph.

(e) (f) An organization that is exempt from taxation on purchases of pull-tabs and tipboards under section 349.212, subdivision 4, paragraph (e), 297E.02 must return to the distributor any tipboard or pull-tab deal no part of which is used at the lawful gambling occasion for which it was purchased by the organization.

Subd. 3. [RAFFLES; CERTAIN ORGANIZATIONS.] Sections 349.21 349.168, subdivisions 3 and 4, and 349.211, subdivision 3, and the membership requirements of sections 349.14 and 349.20 section 349.16, subdivision 2, paragraph (c), do not apply to raffles conducted by an organization that directly or under contract to the state or a political subdivision delivers health or social services and that is a 501(c)(3) organization if the prizes awarded in the raffles

are real or personal property donated by an individual, firm, or other organization. The person who accounts for the gross receipts, expenses, and profits of the raffles may be the same person who accounts for other funds of the organization.

Subd. 4. [TAXATION.] An organization's receipts from lawful gambling that is exempt from licensing under this section are not subject to the tax imposed by section 297A.02 or ~~349.212~~ 297E.02.

Sec. 35. Minnesota Statutes 1991 Supplement, section 349.167, subdivision 4, is amended to read:

Subd. 4. [TRAINING OF GAMBLING MANAGERS.] The board shall by rule require all persons licensed as gambling managers to receive periodic training in laws and rules governing lawful gambling. The rules must contain the following requirements:

(1) each gambling manager must receive training before being issued a new license, except that in the case of the death, disability, or termination of a gambling manager, a replacement gambling manager must receive the training within 90 days of being issued a license;

(2) each gambling manager applying for a renewal of a license must have received training within the three years prior to the date of application for the renewal; and

(3) the training required by this subdivision may be provided by a person, ~~firm, association, or organization~~ authorized by the board to provide the training. Before authorizing a person, ~~firm, association, or organization~~ to provide training, the board must determine that:

(i) the provider and all of the provider's personnel conducting the training are qualified to do so;

(ii) the curriculum to be used fully and accurately covers all elements of lawful gambling law and rules that the board determines are necessary for a gambling manager to know and understand;

(iii) the fee to be charged for participants in the training sessions is fair and reasonable; and

(iv) the training provider has an adequate system for documenting completion of training.

The rules may provide for differing training requirements for gambling managers based on the class of license held by the gambling manager's organization.

The board or the director may provide the training required by this subdivision using employees of the division board.

Sec. 36. Minnesota Statutes 1990, section 349.168, subdivision 3, is amended to read:

Subd. 3. [COMPENSATION.] Compensation to persons who participate in the conduct of lawful gambling may be paid only to active members of the conducting organization or its auxiliary, or the spouse or surviving spouse of an active member, except that the following persons may receive compensation without being active members: (1) sellers of pull-tabs, tipboards, raffle tickets, ~~paddle-wheel tickets~~ paddletickets, and bingo ~~paper cards or sheets~~; (2) accountants performing auditing or bookkeeping services for the organization; and (3) attorneys providing legal services to the organization. The board may by rule allow other persons not active members of the organization to receive compensation.

Sec. 37. Minnesota Statutes 1990, section 349.168, subdivision 6, is amended to read:

Subd. 6. [COMPENSATION PAID BY CHECK.] Compensation paid by an organization in connection with lawful gambling must be in the form of a check drawn on the organization's gambling account, as specified in section 349.19, and paid directly to the employee person being compensated.

Sec. 38. Minnesota Statutes 1990, section 349.169, subdivision 2, is amended to read:

Subd. 2. [COPIES.] The director shall provide copies of price filings to any person requesting them and may charge a reasonable fee for the copies. Any person may examine price filings in the division board office at no cost, and the director shall make the filings available for that purpose.

Sec. 39. Minnesota Statutes 1990, section 349.17, is amended by adding a subdivision to read:

Subd. 6. [BREAKOPEN BINGO.] (a) An organization may conduct bingo games using sealed bingo cards or sheets, subject to the provisions of this subdivision.

(b) An organization conducting a bingo game under this subdivision may announce a predetermined quantity of bingo numbers before the actual playing of the game. However, during the playing of the game no cards or sheets for the game may be sold after the announcement of the first number following the announcement of the predetermined quantity of numbers.

(c) A card or sheet for a bingo game conducted under this subdivision must be sealed at the time it is sold to a person playing the game.

(d) A bingo game conducted under this subdivision may continue throughout all or part of a bingo occasion, but may not extend beyond the end of a bingo occasion.

(e) A bingo game under this subdivision is won when a player completes the predetermined bingo pattern on the player's card or sheet. If a player wins the game before the first number is called after the announcement of the predetermined quantity of numbers, the player must be awarded the prize for that game.

Sec. 40. Minnesota Statutes 1990, section 349.174, is amended to read:

**349.174 [PULL-TABS; DEADLINE FOR USE.]**

A deal of pull-tabs ~~and~~ or tipboards received by an organization before September 1, 1989, must be put into play by that organization before September 1, 1990, unless the deal bears a serial number that allows it to be traced back to its manufacturer and to the distributor who sold it to the organization. An organization in possession on and after September 1, 1990, of a deal of pull-tabs ~~and~~ or tipboards the organization received before September 1, 1989, may not put such a deal in play but must remove it from the organization's inventory and return it to the manufacturer.

Sec. 41. Minnesota Statutes 1991 Supplement, section 349.18, subdivision 1, is amended to read:

Subdivision 1. [LEASE OR OWNERSHIP REQUIRED.] An organization may conduct lawful gambling only on premises it owns or leases. Leases must be for a period of at least one year and must be on a form prescribed by the board. Copies of all leases must be made available to employees of the ~~division~~ board and the division of gambling enforcement on request. A lease may not provide for payments determined directly or indirectly by the receipts or profits from lawful gambling. The board may prescribe by rule limits on the amount of rent which an organization may pay to a lessor for premises leased for lawful gambling provided that (1) no rule of the board, and (2) notwithstanding section 349.213, subdivision 1, no political subdivision may prescribe a limit of less than \$1,000 per month on rent paid for premises used for lawful gambling other than bingo. Any rule adopted by the board limiting the amount of rent to be paid may only be effective for leases entered into, or renewed, after the effective date of the rule.

No person, distributor, manufacturer, lessor, or organization other

than the licensed organization leasing the space may conduct any activity on the leased premises during times when lawful gambling is being conducted on the premises.

Sec. 42. Minnesota Statutes 1991 Supplement, section 349.18, subdivision 1a, is amended to read:

Subd. 1a. [STORAGE OF GAMBLING EQUIPMENT.] (a) Gambling equipment owned by or in the possession of an organization must be kept at a licensed permitted gambling premises owned or ~~operated~~ leased by the organization, or at other storage sites within the state that the organization has notified the board are being used as gambling equipment storage sites. At each storage site or licensed permitted premises, the organization must have the invoices or true and correct copies of the invoices for the purchase of all gambling equipment at the site or premises. Gambling equipment owned by an organization may not be kept at a distributor's office, warehouse, storage unit, or other place of the distributor's business.

(b) Gambling equipment, other than devices for selecting bingo numbers, owned by an organization must be secured and kept separate from gambling equipment owned by other persons, organizations, distributors, or manufacturers.

(c) Paddlewheels must be covered or disabled when not in use by the organization in the conduct of lawful gambling.

(d) Gambling equipment kept in violation of this subdivision is contraband under section 349.2125.

(e) An organization may transport gambling equipment it owns or possesses between approved gambling equipment storage sites and to and from licensed distributors.

Sec. 43. Minnesota Statutes 1990, section 349.18, subdivision 2, is amended to read:

Subd. 2. [EXCEPTIONS.] (a) An organization may conduct raffles on a premise it does not own or lease.

(b) An organization may, with the permission of the board, conduct bingo on premises it does not own or lease for up to 12 consecutive days in a calendar year, in connection with a county fair, the state fair, or a civic celebration.

(c) A licensed organization may, after compliance with section 349.213, conduct lawful gambling on premises other than the organization's licensed premise permitted premises for one day per year for not more than 12 hours that day. A lease for that time period for the exempted premises must accompany the request to the board.

Sec. 44. Minnesota Statutes 1990, section 349.19, subdivision 6, is amended to read:

Subd. 6. [PRESERVATION OF RECORDS.] Records required to be kept by this section must be preserved by a licensed organization for at least 3-1/2 years and may be inspected by the commissioner of revenue, the commissioner of gaming board, or the commissioner of public safety at any reasonable time without notice or a search warrant.

Sec. 45. Minnesota Statutes 1990, section 349.191, subdivision 1, is amended to read:

Subdivision 1. [CREDIT RESTRICTION.] A manufacturer may not offer or extend to a distributor, and a distributor may not offer or extend to an organization, credit for a period of more than 30 days for the sale of any gambling equipment. No right of action exists for the collection of any claim based on credit prohibited by this subdivision. The 30-day period allowed by this subdivision begins with the day immediately following the day of invoice and includes all successive days, including Sundays and holidays, to and including the 30th successive day.

Sec. 46. Minnesota Statutes 1990, section 349.191, subdivision 4, is amended to read:

Subd. 4. [CREDIT; POSTDATED CHECKS.] For purposes of this ~~subdivision section~~, "credit" includes acceptance by a manufacturer or distributor of a postdated check in payment for gambling equipment.

Sec. 47. Minnesota Statutes 1990, section 349.2124, is amended to read:

#### 349.2124 [SALES TO INDIAN TRIBES.]

A distributor may set aside that part of the distributor's stock necessary for the conduct of business in making sales to the established governing body of any Indian tribe recognized by the United States Department of Interior. A distributor shall, when shipping or delivering any stock to an Indian tribal organization, make a true duplicate invoice showing the complete details of the sale or delivery and shall keep the duplicate. Subdivision 1. [DIRECT SHIPMENTS REQUIRED.] Gambling equipment sold by a manufacturer to the governing body of an Indian tribe in Minnesota must be shipped directly to the tribe from the manufacturer. Gambling equipment sold by a distributor to the governing body of an Indian tribe in Minnesota must be shipped directly to the tribe from a registered sales or storage facility of the distributor.



Subd. 2. [RECORDS REQUIRED.] For each sale of gambling equipment to the governing body of an Indian tribe in Minnesota, the distributor or manufacturer making the sale shall make a true duplicate invoice showing the complete details of the sale and shall keep the duplicate for at least 3-1/2 years after the sale. Distributors and manufacturers shall maintain additional records of these sales and file reports of these sales as prescribed by board rule.

Subd. 3. [PULL-TAB AND TIPBOARD FLARES.] Each pull-tab and tipboard deal sold to the governing body of an Indian tribe in Minnesota by a distributor or manufacturer must have its own individual flare and must conform to the requirements of section 349.163, subdivision 5, paragraphs (e) and (f). Pull-tab and tipboard deals sold to the governing body of an Indian tribe in Minnesota are not otherwise subject to the requirements of section 349.163, subdivision 5.

Sec. 48. Minnesota Statutes 1990, section 349.2125, subdivision 1, is amended to read:

Subdivision 1. [CONTRABAND DEFINED.] The following are contraband:

(1) all pull-tab or tipboard deals that do not have stamps affixed to them as provided in ~~section~~ sections 349.162 and 349.163;

(2) all pull-tab or tipboard deals in the possession of any unlicensed person, firm, or organization, whether stamped or unstamped;

(3) any container used for the storage and display of any contraband pull-tab or tipboard deals as defined in clauses (1) and (2);

(4) all currency, checks, and other things of value used for pull-tab or tipboard transactions not expressly permitted under this chapter, and any cash drawer, cash register, or any other container used for illegal pull-tab or tipboard transactions including its contents;

(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 five pull-tab or tipboard deals that are contraband under this subdivision. When pull-tabs and tipboards are being transported in the course of interstate commerce, ~~or from one distributor to another between~~ locations outside this state or directly to the governing body of an Indian tribe in this state, the pull-tab and tipboard deals are not contraband, notwithstanding the provisions of clause (1);

(6) any unaffixed registration stamps except as provided in section 349.162, subdivision 4;

(7) any prize used or offered in a game utilizing contraband as defined in this subdivision;

(8) any altered, modified, or counterfeit pull-tab or tipboard ticket;

(9) any unregistered gambling equipment except as permitted by this chapter;

(10) any gambling equipment kept in violation of section 349.18; and

(11) any gambling equipment not in conformity with law or board rule;

(12) any pull-tab or tipboard deals or portions of deals on which the tax imposed under section 297E.02 has not been paid;

(13) any gambling equipment that has not been approved by the board pursuant to section 349.163, subdivision 6;

(14) any gambling equipment in the possession of a person other than a licensed distributor, a licensed manufacturer, or an organization licensed or exempt or excluded from licensing under this chapter, except for devices for selecting bingo numbers kept by a bingo hall lessor pursuant to section 349.17, subdivision 2a;

(15) any gambling equipment in the possession of a licensed distributor that is not: (i) at or being transported to a registered sales or storage facility of the distributor; (ii) being transported from a registered sales or storage facility of the distributor to an out-of-state site, the governing body of an Indian tribe in this state, a licensed manufacturer, or an organization licensed or exempt or excluded from licensing under this chapter; or (iii) being transported in interstate commerce between locations outside this state; and

(16) any gambling equipment in the possession of a licensed manufacturer that is not: (i) at a manufacturing plant of the manufacturer located in Minnesota or being transported from such a plant to an out-of-state site; (ii) being transported to a registered sales and storage facility of a licensed distributor or the governing body of an Indian tribe in this state; or (iii) being transported in interstate commerce between locations outside this state.

Sec. 49. Minnesota Statutes 1990, section 349.2125, subdivision 3, is amended to read:

Subd. 3. [INVENTORY; JUDICIAL DETERMINATION; APPEAL; DISPOSITION OF SEIZED PROPERTY.] Within ten days after the seizure of any alleged contraband, the person making the seizure shall make available an inventory of the property seized to the person from whom the property was seized, if known, and file a copy with the commissioner of revenue or the director of gambling enforcement. 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 seizing authority a demand for judicial determination of whether the property was lawfully subject to seizure and forfeiture. Within 60 days after the date of filing of the demand, the seizing authority must bring an action in the district court of the county where seizure was made to determine the issue of forfeiture. The action must be brought in the name of the state and be prosecuted by the county attorney or by the attorney general. The court shall hear the action without a jury and determine the issues of fact and laws involved. When a judgment of forfeiture is entered, the seizing authority 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 a public auction as provided by law.

If demand for judicial determination is made and no action is commenced by the seizing authority as provided in this subdivision, the property must be released by the seizing authority and delivered to the person entitled to it. If no demand is made, the property seized is considered forfeited to the seizing authority by operation of law and may be disposed of by the seizing authority as provided where there has been a judgment of forfeiture. When the seizing authority is satisfied that a person from whom property is seized was acting in good faith and without intent to evade the a tax imposed by section 349.2121, subdivision 4 297E.02, the seizing authority shall release the property seized without further legal proceedings.

Sec. 50. Minnesota Statutes 1990, section 349.2127, subdivision 2, is amended to read:

Subd. 2. [PROHIBITION AGAINST POSSESSION.] (a) A person, ~~other than a licensed distributor~~, is guilty of a crime who sells, offers for sale, or possesses a pull-tab or tipboard deal not stamped in accordance with the provisions of this chapter. A violation of this paragraph is a gross misdemeanor if it involves ten or fewer pull-tab or tipboard deals. A violation of this paragraph is a felony if it involves more than ten pull-tab or tipboard deals, or a combination of more than ten deals of pull-tabs and tipboards.

(b) A person, other than a licensed manufacturer, a licensed distributor or an organization licensed or exempt or excluded from licensing under this chapter, is guilty of a crime who sells, offers to sell, or possesses gambling equipment. A violation of this paragraph is a gross misdemeanor if it involves ten or fewer pull-tab or tipboard

deals. A violation of this paragraph is a felony if it involves more than ten pull-tab or tipboard deals, or a combination of more than ten deals of pull-tabs and tipboards.

(c) A person, ~~firm, or organization~~ is guilty of a crime who alters, modifies, or counterfeits pull-tabs, tipboards, or tipboard tickets, or possesses altered, modified, or counterfeited pull-tabs, tipboards, or tipboard tickets. A violation of this paragraph is a gross misdemeanor if the total face value for all such pull-tabs, tipboards, or tipboard tickets does not exceed \$200. A violation of this paragraph is a felony if the total face value exceeds \$200. For purposes of this paragraph, the face value of all pull-tabs, tipboards, and tipboard tickets altered, modified, or counterfeited within a six-month period may be aggregated and the defendant charged accordingly.

Sec. 51. Minnesota Statutes 1990, section 349.2127, subdivision 4, is amended to read:

Subd. 4. [TRANSPORTING UNSTAMPED DEALS.] A person is guilty of a gross misdemeanor who transports into, ~~or causes to be transported into~~, receives, carries, ~~or moves from place to place, or causes to be moved from place to place~~ in this state, any deals of pull-tabs or tipboards not stamped in accordance with this chapter except in the course of interstate commerce between locations outside this state. A person is guilty of a felony who violates this subdivision with respect to more than ten pull-tab or tipboard deals, or a combination of more than ten deals of pull-tabs and tipboards.

Sec. 52. Minnesota Statutes 1991 Supplement, section 349.213, subdivision 1, is amended to read:

Subdivision 1. [LOCAL REGULATION.] (a) A statutory or home rule city or county has the authority to adopt more stringent regulation of lawful gambling within its jurisdiction, including the prohibition of lawful gambling, and may require a permit for the conduct of gambling exempt from licensing under section ~~349.214~~ 349.166. The fee for a permit issued under this subdivision may not exceed \$100. The authority granted by this subdivision does not include the authority to require a license or permit to conduct gambling by organizations or sales by distributors licensed by the board. The authority granted by this subdivision does not include the authority to require an organization to make specific expenditures of more than ten percent from its net profits derived from lawful gambling. For the purposes of this subdivision, net profits are profits less amounts expended for allowable expenses. A statutory or home rule charter city or a county may not require an organization conducting lawful gambling within its jurisdiction to make an expenditure to the city or county as a condition to operate within that city or county, except as authorized under section 297E.02, or 349.16, subdivision 4 8, or 349.212; provided, however, that an ordinance requirement that such organizations must contribute ten

percent of their net profits derived from lawful gambling conducted at premises within the city's or county's jurisdiction to a fund administered and regulated by the responsible local unit of government without cost to such fund, for disbursement by the responsible local unit of government of the receipts for lawful purposes, is not considered an expenditure to the city or county nor a tax under section 349.212 297E.02, and is valid and lawful.

(b) A statutory or home rule city or county may by ordinance require that a licensed organization conducting lawful gambling within its jurisdiction expend all or a portion of its expenditures for lawful purposes on lawful purposes conducted or located within the city's or county's trade area. Such an ordinance must be limited to lawful purpose expenditures of gross profits derived from lawful gambling conducted at premises within the city's or county's jurisdiction, must define the city's or county's trade area and must specify the percentage of lawful purpose expenditures which must be expended within the trade area. A trade area defined by a city under this subdivision must include each city contiguous to the defining city.

(c) A more stringent regulation or prohibition of lawful gambling adopted by a political subdivision under this subdivision must apply equally to all forms of lawful gambling within the jurisdiction of the political subdivision, except a political subdivision may prohibit the use of paddlewheels.

## ARTICLE 5

### STATE LOTTERY

#### Section 1. [KENO.]

The director of the state lottery shall study the question of initiating the game of keno as a state lottery game. The director shall limit the study to keno games where tickets are sold only in premises licensed for the on-sale of alcoholic beverages, and where game drawings are televised into those premises. If the director determines from the study that the game of keno (1) is consistent with all laws that apply to the operation of the state lottery, (2) would produce a significant amount of net revenue for the state, and (3) would not be detrimental to the public health, welfare, and safety, the director may initiate keno as a state lottery game.

#### Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to gambling; recodifying and consolidating laws relating to the taxation of lawful gambling; prohibiting racetracks from accepting bets made on credit; providing for the distribution of certain horse racing purses; regulating licensed lawful gambling organizations, distributors, and manufacturers; providing for expenditure of gross profits from lawful gambling; directing the state lottery director to study keno; amending Minnesota Statutes 1990, sections 240.14, subdivision 3; 270.101, subdivision 1; 349.12, subdivisions 1, 4, 11, 18, 21, 23, and 30; 349.152, subdivisions 2 and 3; 349.153; 349.16, subdivisions 7 and 8; 349.161, subdivisions 1, 3, and 5; 349.162, subdivisions 1, 2, 4, and 5; 349.163, subdivisions 1, 1a, 3, 4, 5, 6; 349.164, subdivisions 1, 3, and 6; 349.1641; 349.166; 349.168, subdivisions 3 and 6; 349.169, subdivision 2; 349.17, by adding a subdivision; 349.174; 349.18, subdivision 2; 349.19, subdivision 6; 349.191, subdivisions 1 and 4; 349.2123; 349.2124; 349.2125, subdivisions 1 and 3; 349.2127, subdivision 2, 3, and 4; and 349.22, subdivision 1; Minnesota Statutes 1991 Supplement, sections 240.13, subdivisions 5, 6, and 8; 240.15, subdivision 6; 240.18, by adding a subdivision; 349.12, subdivision 25; 349.15; 349.151, subdivision 4; 349.154, subdivision 2; 349.167, subdivision 4; 349.18, subdivisions 1 and 1a; and 349.213, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 297E; repealing Minnesota Statutes 1990, sections 349.166, subdivision 4; 349.212, as amended; 349.2121; 349.2122; 349.215; 349.2151; 349.2152; 349.216; 349.217; 349.2171; 349.218; and 349.219; Minnesota Statutes 1991 Supplement, section 349.19, subdivision 9."

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. 1934, A bill for an act relating to housing; modifying requirements for lead education, assessment, screening, and abatement; transferring rule authority from the commissioner of the pollution control agency to the commissioner of health; establishing a lead abatement account in the housing development fund; creating a lead abatement and training program; establishing a lead abatement program; creating a lead fund; establishing a lead abatement fee on petroleum storage tanks; establishing a paint tax; providing penalties; amending Minnesota Statutes 1990, sections 144.871, subdivisions 3, 6, 8, and by adding subdivisions; 144.872, subdivisions 1, 2, 3, 4, and by adding a subdivision; 144.873, subdivisions 2 and 3; 144.874, subdivision 4; 144.876; and 144.878, subdivision 2, and by adding a subdivision; 462A.21, by adding a subdivision; Minnesota Statutes 1991 Supplement, sections 144.871, subdivision 2; 144.873, subdivision 1; 144.874, subdivisions 1, 2, 3, and 12; 326.87, subdivision 1; and 462A.05, subdivision 15c; proposing

coding for new law in Minnesota Statutes, chapters 115C; and 268; proposing coding for new law as Minnesota Statutes, chapter 297E; repealing Minnesota Statutes 1990, sections 116.51; 116.52; 116.53, subdivision 1; and 144.878, subdivision 4.

Reported the same back with the following amendments:

Page 4, line 26, delete "lead advocacy" and insert "nonprofit"

Pages 20 and 21, delete section 1

Page 21, line 14, delete "115C.081 and 297E.01,"

Page 21, line 15, delete "subdivision 11" and insert "287.12, paragraph (b), and 287.21, subdivision 2, paragraph (b)"

Pages 22 to 25, delete sections 3 and 4 and insert:

"Sec. 2. Minnesota Statutes 1991 Supplement, section 287.05, subdivision 1, is amended to read:

Subdivision 1. [TAX IMPOSED.] A tax of ~~23~~ <sup>26</sup> cents is imposed upon each \$100, or fraction thereof, of the principal debt or obligation which is or may be secured by any mortgage of real property situated within the state executed, delivered, and recorded or registered; provided, however, that the tax shall be imposed but once upon any mortgage and extension thereof. If the mortgage describes real estate situated outside of this state, the tax shall be imposed upon that proportion of the whole debt secured thereby as the value of the real estate therein described situated in this state bears to the value of the whole of the real estate described therein. The tax imposed by this section shall not apply to a contract for the conveyance of any interest in real estate.

Sec. 3. Minnesota Statutes 1990, section 287.12, is amended to read:

287.12 [TAXES, HOW APPORTIONED.]

(a) All taxes paid to the county treasurer under the provisions of sections 287.01 to 287.12 shall be apportioned, 97 percent to the general fund of the state, and three percent to the county revenue fund.

(b) Notwithstanding paragraph (a), the taxes attributable to three cents per \$100 or fraction thereof of the tax rate under section 287.05, subdivision 1, are apportioned to the lead fund in the state treasury under section 1.

(c) On or before the tenth day of each month the county treasurer shall determine and pay to the commissioner of revenue for deposit in the state treasury and credit to the general fund the state's portion of the receipts from the mortgage registration tax during the preceding month. The county treasurer shall provide any related reports requested by the commissioner of revenue.

Sec. 4. Minnesota Statutes 1990, section 287.21, subdivision 1, is amended to read:

Subdivision 1. [TAX IMPOSED.] There is hereby imposed on each deed, instrument, or writing by which any lands, tenements, or other realty in this state shall be granted, assigned, transferred or otherwise conveyed, a tax determined in the following manner. When transfers are made by instruments pursuant to mergers, consolidations, sales or transfers of substantially all of the assets of corporations pursuant to plans of reorganization or there is no consideration or when the consideration, exclusive of the value of any lien or encumbrance remaining thereon at the time of sale, is \$500 or less, the tax shall be ~~\$1.65~~ \$1.85. When the consideration, exclusive of the value of any lien or encumbrance remaining thereon at the time of sale, exceeds \$500, the tax shall be ~~\$1.65~~ \$1.85 plus ~~\$1.65~~ \$1.85 for each additional \$500 or fraction of that amount.

The tax applies against the total consideration, including the fair market value consideration for any personal property located on the real property conveyed by the deed and transferred as part of the total consideration, but excluding the value of any lien or encumbrance remaining on the property at the time of sale.

Sec. 5. Minnesota Statutes 1990, section 287.21, subdivision 2, is amended to read:

Subd. 2. [APPORTIONMENT OF PROCEEDS.] (a) The proceeds of the taxes levied and collected under sections 287.21 to 287.36 shall be apportioned, 97 percent to the general fund of the state, and three percent to the county revenue fund.

(b) Notwithstanding paragraph (a), the proceeds attributable to 20 cents per \$500 or fraction of that amount of the tax rate imposed under subdivision 1, is apportioned to the lead fund in the state treasury under section 1."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 9, delete everything after the second semicolon



Page 1, delete line 10

Page 1, line 11, delete everything before "amending" and insert "increasing the mortgage registration and deed tax;"

Page 1, line 17, after the first semicolon insert "287.12; 287.21, subdivisions 1 and 2;"

Page 1, line 20, after the first semicolon insert "and 287.05, subdivision 1;"

Page 1, delete line 23

Page 1, line 24, delete "chapter 297E;"

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. 2488, A bill for an act relating to crimes; providing that certain health care providers who administer medications to relieve another person's pain do not violate the law making it a crime to aid or attempt aiding suicide; authorizing certain licensure disciplinary options against physicians, physician assistants, nurses, dentists, and pharmacists who are convicted of aiding or attempting to aid suicide; amending Minnesota Statutes 1990, sections 147.091, subdivision 1; 148.261, subdivision 1; 150A.08, subdivision 1; 151.06, subdivision 1; and 609.215, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 147.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 147.091, subdivision 1, is amended to read:

Subdivision 1. [GROUNDS LISTED.] The board may refuse to grant a license or may impose disciplinary action as described in section 147.141 against any physician. The following conduct is prohibited and is grounds for disciplinary action:

(a) Failure to demonstrate the qualifications or satisfy the requirements for a license contained in this chapter or rules of the board.

The burden of proof shall be upon the applicant to demonstrate such qualifications or satisfaction of such requirements.

(b) Obtaining a license by fraud or cheating, or attempting to subvert the licensing examination process. Conduct which subverts or attempts to subvert the licensing examination process includes, but is not limited to: (1) conduct which violates the security of the examination materials, such as removing examination materials from the examination room or having unauthorized possession of any portion of a future, current, or previously administered licensing examination; (2) conduct which violates the standard of test administration, such as communicating with another examinee during administration of the examination, copying another examinee's answers, permitting another examinee to copy one's answers, or possessing unauthorized materials; or (3) impersonating an examinee or permitting an impersonator to take the examination on one's own behalf.

(c) Conviction, during the previous five years, of a felony reasonably related to the practice of medicine or osteopathy. Conviction as used in this subdivision shall include a conviction of an offense which if committed in this state would be deemed a felony without regard to its designation elsewhere, or a criminal proceeding where a finding or verdict of guilt is made or returned but the adjudication of guilt is either withheld or not entered thereon.

(d) Revocation, suspension, restriction, limitation, or other disciplinary action against the person's medical license in another state or jurisdiction, failure to report to the board that charges regarding the person's license have been brought in another state or jurisdiction, or having been refused a license by any other state or jurisdiction.

(e) Advertising which is false or misleading, which violates any rule of the board, or which claims without substantiation the positive cure of any disease, or professional superiority to or greater skill than that possessed by another physician.

(f) Violating a rule promulgated by the board or an order of the board, a state, or federal law which relates to the practice of medicine, or in part regulates the practice of medicine including without limitation sections 148A.02, 609.344, and 609.345, or a state or federal narcotics or controlled substance law.

(g) Engaging in any unethical conduct; conduct likely to deceive, defraud, or harm the public, or demonstrating a willful or careless disregard for the health, welfare or safety of a patient; or medical practice which is professionally incompetent, in that it may create unnecessary danger to any patient's life, health, or safety, in any of which cases, proof of actual injury need not be established.

(h) Failure to supervise a physician's assistant or failure to supervise a physician under any agreement with the board.

(i) Aiding or abetting an unlicensed person in the practice of medicine, except that it is not a violation of this paragraph for a physician to employ, supervise, or delegate functions to a qualified person who may or may not be required to obtain a license or registration to provide health services if that person is practicing within the scope of that person's license or registration or delegated authority.

(j) Adjudication as mentally incompetent, mentally ill or mentally retarded, or as a chemically dependent person, a person dangerous to the public, or a person who has a psychopathic personality by a court of competent jurisdiction, within or without this state. Such adjudication shall automatically suspend a license for the duration thereof unless the board orders otherwise.

(k) Engaging in unprofessional conduct. Unprofessional conduct shall include any departure from or the failure to conform to the minimal standards of acceptable and prevailing medical practice in which proceeding actual injury to a patient need not be established.

(l) Inability to practice medicine with reasonable skill and safety to patients by reason of illness, drunkenness, use of drugs, narcotics, chemicals or any other type of material or as a result of any mental or physical condition, including deterioration through the aging process or loss of motor skills.

(m) Revealing a privileged communication from or relating to a patient except when otherwise required or permitted by law.

(n) Failure by a doctor of osteopathy to identify the school of healing in the professional use of the doctor's name by one of the following terms: osteopathic physician and surgeon, doctor of osteopathy, or D.O.

(o) Improper management of medical records, including failure to maintain adequate medical records, to comply with a patient's request made pursuant to section 144.335 or to furnish a medical record or report required by law.

(p) Fee splitting, including without limitation:

(1) paying, offering to pay, receiving, or agreeing to receive, a commission, rebate, or remuneration, directly or indirectly, primarily for the referral of patients or the prescription of drugs or devices;

(2) dividing fees with another physician or a professional corporation, unless the division is in proportion to the services provided

and the responsibility assumed by each professional and the physician has disclosed the terms of the division;

(3) referring a patient to any health care provider as defined in section 144.335 in which the referring physician has a significant financial interest unless the physician has disclosed the physician's own financial interest; and

(4) dispensing for profit any drug or device, unless the physician has disclosed the physician's own profit interest.

The physician must make the disclosures required in this clause in advance and in writing to the patient and must include in the disclosure a statement that the patient is free to choose a different health care provider. This clause does not apply to the distribution of revenues from a partnership, group practice, nonprofit corporation, or professional corporation to its partners, shareholders, members, or employees if the revenues consist only of fees for services performed by the physician or under a physician's direct supervision, or to the division or distribution of prepaid or capitated health care premiums, or fee-for-service withhold amounts paid under contracts established under other state law.

(q) Engaging in abusive or fraudulent billing practices, including violations of the federal Medicare and Medicaid laws or state medical assistance laws.

(r) Becoming addicted or habituated to a drug or intoxicant.

(s) Prescribing a drug or device for other than medically accepted therapeutic or experimental or investigative purposes authorized by a state or federal agency or referring a patient to any health care provider as defined in section 144.335 for services or tests not medically indicated at the time of referral.

(t) Engaging in conduct with a patient which is sexual or may reasonably be interpreted by the patient as sexual, or in any verbal behavior which is seductive or sexually demeaning to a patient.

(u) Failure to make reports as required by section 147.111 or to cooperate with an investigation of the board as required by section 147.131.

(v) Aiding suicide or aiding attempted suicide in violation of section 609.215 as established by any of the following:

(1) a copy of the record of criminal conviction or plea of guilty for a felony in violation of section 609.215, subdivision 1 or 2;

(2) a copy of the record of a judgment of contempt of court for violating an injunction issued under section 609.215, subdivision 4;

(3) a copy of the record of a judgment assessing damages under section 609.215, subdivision 5; or

(4) a finding by the board that the person violated section 609.215, subdivision 1 or 2. The board shall investigate any complaint of a violation of section 609.215, subdivision 1 or 2.

Sec. 2. [147.36] [PHYSICIAN ASSISTANT; DISCIPLINARY OPTIONS FOR AIDING OR ATTEMPTING TO AID SUICIDE.]

The board of medical examiners shall refuse to grant or renew a registration, or shall suspend or revoke a registration, or use any reasonable lesser remedy against a physician assistant if the assistant aids suicide or aids attempted suicide in violation of section 609.215 as established by any of the following:

(1) a copy of the record of criminal conviction or plea of guilty for a felony in violation of section 609.215, subdivision 1 or 2;

(2) a copy of the record of a judgment of contempt of court for violating an injunction issued under section 609.215, subdivision 4;

(3) a copy of the record of a judgment assessing damages under section 609.215, subdivision 5; or

(4) a finding by the board that the person violated section 609.215, subdivision 1 or 2. The board shall investigate any complaint of a violation of section 609.215, subdivision 1 or 2.

Sec. 3. Minnesota Statutes 1990, section 148.261, subdivision 1, is amended to read:

Subdivision 1. [GROUNDS LISTED.] The board shall have power to deny, revoke, suspend, limit, or condition the license and registration of any person to practice professional or practical nursing pursuant to sections 148.171 to 148.285, or to otherwise discipline a licensee or applicant as described in section 148.262. The following are grounds for disciplinary action:

(1) Failure to demonstrate the qualifications or satisfy the requirements for a license contained in section 148.171 to 148.285 or rules of the board. In the case of a person applying for a license, the burden of proof is upon the applicant to demonstrate the qualifications or satisfaction of the requirements.

(2) Employing fraud or deceit in procuring or attempting to procure a permit, license, or registration certificate to practice

professional or practical nursing or attempting to subvert the licensing examination process. Conduct that subverts or attempts to subvert the licensing examination process includes, but is not limited to:

(i) conduct that violates the security of the examination materials, such as removing examination materials from the examination room or having unauthorized possession of any portion of a future, current, or previously administered licensing examination;

(ii) conduct that violates the standard of test administration, such as communicating with another examinee during administration of the examination, copying another examinee's answers, permitting another examinee to copy one's answers, or possessing unauthorized materials; or

(iii) impersonating an examinee or permitting an impersonator to take the examination on one's own behalf.

(3) Conviction during the previous five years of a felony or gross misdemeanor reasonably related to the practice of professional or practical nursing. Conviction as used in this subdivision shall include a conviction of an offense that if committed in this state would be considered a felony or gross misdemeanor without regard to its designation elsewhere, or a criminal proceeding where a finding or verdict of guilt is made or returned but the adjudication of guilt is either withheld or not entered.

(4) Revocation, suspension, limitation, conditioning, or other disciplinary action against the person's professional or practical nursing license in another state, territory, or country; failure to report to the board that charges regarding the person's nursing license are pending in another state, territory, or country; or having been refused a license by another state, territory, or country.

(5) Failure to or inability to perform professional or practical nursing as defined in section 148.171, paragraph (3) or (5), with reasonable skill and safety, including failure of a registered nurse to supervise or a licensed practical nurse to monitor adequately the performance of acts by any person working at the nurse's direction.

(6) Engaging in unprofessional conduct including, but not limited to, a departure from or failure to conform to board rules of professional or practical nursing practice that interpret the statutory definition of professional or practical nursing as well as provide criteria for violations of the statutes, or, if no rule exists, to the minimal standards of acceptable and prevailing professional or practical nursing practice, or any nursing practice that may create unnecessary danger to a patient's life, health, or safety. Actual injury to a patient need not be established under this clause.

(7) Delegating or accepting the delegation of a nursing function or a prescribed health care function when the delegation or acceptance could reasonably be expected to result in unsafe or ineffective patient care.

(8) Actual or potential inability to practice nursing with reasonable skill and safety to patients by reason of illness, use of alcohol, drugs, chemicals, or any other material, or as a result of any mental or physical condition.

(9) Adjudication as mentally incompetent, mentally ill, a chemically dependent person, or a person dangerous to the public by a court of competent jurisdiction, within or without this state.

(10) Engaging in any unethical conduct including, but not limited to, conduct likely to deceive, defraud, or harm the public, or demonstrating a willful or careless disregard for the health, welfare, or safety of a patient. Actual injury need not be established under this clause.

(11) Engaging in conduct with a patient that is sexual or may reasonably be interpreted by the patient as sexual, or in any verbal behavior that is seductive or sexually demeaning to a patient, or engaging in sexual exploitation of a patient or former patient.

(12) Obtaining money, property, or services from a patient, other than reasonable fees for services provided to the patient, through the use of undue influence, harassment, duress, deception, or fraud.

(13) Revealing a privileged communication from or relating to a patient except when otherwise required or permitted by law.

(14) Engaging in abusive or fraudulent billing practices, including violations of federal Medicare and Medicaid laws or state medical assistance laws.

(15) Improper management of patient records, including failure to maintain adequate patient records, to comply with a patient's request made pursuant to section 144.335, or to furnish a patient record or report required by law.

(16) Knowingly aiding, assisting, advising, or allowing an unlicensed person to engage in the unlawful practice of professional or practical nursing.

(17) Violating a rule adopted by the board, an order of the board, or a state or federal law relating to the practice of professional or practical nursing, or a state or federal narcotics or controlled substance law.

(18) Aiding suicide or aiding attempted suicide in violation of section 609.215 as established by any of the following:

(i) a copy of the record of criminal conviction or plea of guilty for a felony in violation of section 609.215, subdivision 1 or 2;

(ii) a copy of the record of a judgment of contempt of court for violating an injunction issued under section 609.215, subdivision 4;

(iii) a copy of the record of a judgment assessing damages under section 609.215, subdivision 5; or

(iv) a finding by the board that the person violated section 609.215, subdivision 1 or 2. The board shall investigate any complaint of a violation of section 609.215, subdivision 1 or 2.

Sec. 4. Minnesota Statutes 1990, section 150A.08, subdivision 1, is amended to read:

Subdivision 1. [GROUNDS.] The board may refuse or by order suspend or revoke, limit or modify by imposing conditions it deems necessary, any license to practice dentistry or dental hygiene or the registration of any dental assistant upon any of the following grounds:

(1) Fraud or deception in connection with the practice of dentistry or the securing of a license or annual registration certificate;

(2) Conviction, including a finding or verdict of guilt, an admission of guilt, or a no contest plea, in any court of a felony or gross misdemeanor reasonably related to the practice of dentistry as evidenced by a certified copy of the conviction;

(3) Conviction, including a finding or verdict of guilt, an admission of guilt, or a no contest plea, in any court of an offense involving moral turpitude as evidenced by a certified copy of the conviction;

(4) Habitual overindulgence in the use of intoxicating liquors;

(5) Improper or unauthorized prescription, dispensing, administering, or personal or other use of any legend drug as defined in chapter 151, of any chemical as defined in chapter 151, or of any controlled substance as defined in chapter 152;

(6) Conduct unbecoming a person licensed to practice dentistry or dental hygiene or registered as a dental assistant, or conduct contrary to the best interest of the public, as such conduct is defined by the rules of the board;

(7) Gross immorality;



(8) Any physical, mental, emotional, or other disability which adversely affects a dentist's, dental hygienist's, or registered dental assistant's ability to perform the service for which the person is licensed or registered;

(9) Revocation or suspension of a license, registration, or equivalent authority to practice, or other disciplinary action or denial of a license or registration application taken by a licensing, registering, or credentialing authority of another state, territory, or country as evidenced by a certified copy of the licensing authority's order, if the disciplinary action or application denial was based on facts that would provide a basis for disciplinary action under this chapter and if the action was taken only after affording the credentialed person or applicant notice and opportunity to refute the allegations or pursuant to stipulation or other agreement;

(10) Failure to maintain adequate safety and sanitary conditions for a dental office in accordance with the standards established by the rules of the board;

(11) Employing, assisting, or enabling in any manner an unlicensed person to practice dentistry;

(12) Failure or refusal to attend, testify, and produce records as directed by the board under subdivision 7; or

(13) Violation of, or failure to comply with, any other provisions of sections 150A.01 to 150A.12, the rules of the board of dentistry, or any disciplinary order issued by the board or for any other just cause related to the practice of dentistry. Suspension, revocation, modification or limitation of any license shall not be based upon any judgment as to therapeutic or monetary value of any individual drug prescribed or any individual treatment rendered, but only upon a repeated pattern of conduct; or

(14) Aiding suicide or aiding attempted suicide in violation of section 609.215 as established by any of the following:

(i) a copy of the record of criminal conviction or plea of guilty for a felony in violation of section 609.215, subdivision 1 or 2;

(ii) a copy of the record of a judgment of contempt of court for violating an injunction issued under section 609.215, subdivision 4;

(iii) a copy of the record of a judgment assessing damages under section 609.215, subdivision 5; or

(iv) a finding by the board that the person violated section 609.215, subdivision 1 or 2. The board shall investigate any complaint of a violation of section 609.215, subdivision 1 or 2.

Sec. 5. Minnesota Statutes 1990, section 151.06, subdivision 1, is amended to read:

Subdivision 1. (a) [POWERS AND DUTIES.] The board of pharmacy shall have the power and it shall be its duty:

- (1) to regulate the practice of pharmacy;
- (2) to regulate the manufacture, wholesale, and retail sale of drugs within this state;
- (3) to regulate the identity, labeling, purity, and quality of all drugs and medicines dispensed in this state, using the United States Pharmacopeia and the National Formulary, or any revisions thereof, or standards adopted under the federal act as the standard;
- (4) to enter and inspect by its authorized representative any and all places where drugs, medicines, medical gases, or veterinary drugs or devices are sold, vended, given away, compounded, dispensed, manufactured, wholesaled, or held; it may secure samples or specimens of any drugs, medicines, medical gases, or veterinary drugs or devices after paying or offering to pay for such sample; it shall be entitled to inspect and make copies of any and all records of shipment, purchase, manufacture, quality control, and sale of these items provided, however, that such inspection shall not extend to financial data, sales data, or pricing data;
- (5) to examine and license as pharmacists all applicants whom it shall deem qualified to be such;
- (6) to license wholesale drug distributors;
- (7) to deny, suspend, revoke, or refuse to renew any registration or license required under this chapter, to any applicant or registrant or licensee upon any of the following grounds:
  - (i) fraud or deception in connection with the securing of such license or registration;
  - (ii) in the case of a pharmacist, conviction in any court of a felony;
  - (iii) in the case of a pharmacist, conviction in any court of an offense involving moral turpitude;
  - (iv) habitual indulgence in the use of narcotics, stimulants, or depressant drugs; or habitual indulgence in intoxicating liquors in a manner which could cause conduct endangering public health;
  - (v) unprofessional conduct or conduct endangering public health;

- (vi) gross immorality;
- (vii) employing, assisting, or enabling in any manner an unlicensed person to practice pharmacy;
- (viii) conviction of theft of drugs, or the unauthorized use, possession, or sale thereof;
- (ix) violation of any of the provisions of this chapter or any of the rules of the state board of pharmacy;
- (x) in the case of a pharmacy license, operation of such pharmacy without a pharmacist present and on duty;
- (xi) in the case of a pharmacist, physical or mental disability which could cause incompetency in the practice of pharmacy; ~~or~~
- (xii) in the case of a pharmacist, the suspension or revocation of a license to practice pharmacy in another state; or
- (xiii) in the case of a pharmacist, aiding suicide or aiding attempted suicide in violation of section 609.215 as established by any of the following:
  - (a) a copy of the record of criminal conviction or plea of guilty for a felony in violation of section 609.215, subdivision 1 or 2;
  - (b) a copy of the record of a judgment of contempt of court for violating an injunction issued under section 609.215, subdivision 4;
  - (c) a copy of the record of a judgment assessing damages under section 609.215, subdivision 5; or
  - (d) a finding by the board that the person violated section 609.215, subdivision 1 or 2. The board shall investigate any complaint of a violation of section 609.215, subdivision 1 or 2;
- (8) to employ necessary assistants and make rules for the conduct of its business; and
- (9) to perform such other duties and exercise such other powers as the provisions of the act may require.
- (b) [TEMPORARY SUSPENSION.] In addition to any other remedy provided by law, the board may, without a hearing, temporarily suspend a license for not more than 60 days if the board finds that a pharmacist has violated a statute or rule that the board is empowered to enforce and continued practice by the pharmacist would create an imminent risk of harm to others. The suspension shall take effect upon written notice to the pharmacist, specifying

the statute or rule violated. At the time it issues the suspension notice, the board shall schedule a disciplinary hearing to be held under the administrative procedure act. The pharmacist shall be provided with at least 20 days notice of any hearing held under this subdivision.

(c) [RULES.] For the purposes aforesaid, it shall be the duty of the board to make and publish uniform rules not inconsistent herewith for carrying out and enforcing the provisions of this chapter.

Sec. 6. Minnesota Statutes 1990, section 609.215, is amended by adding a subdivision to read:

Subd. 3. [ACTS OR OMISSIONS NOT CONSIDERED AIDING SUICIDE OR AIDING ATTEMPTED SUICIDE.] (a) A health care provider, as defined in section 145B.02, subdivision 6, who administers, prescribes, or dispenses medications or procedures to relieve another person's pain or discomfort, even if the medication or procedure may hasten or increase the risk of death, does not violate this section unless the medications or procedures are knowingly administered, prescribed, or dispensed to cause death.

(b) A health care provider, as defined in section 145B.02, subdivision 6, who withholds or withdraws a life-sustaining procedure in compliance with chapter 145B, in accordance with reasonable medical practice or in accordance with the patient's common law, statutory, or constitutional right to decline treatment does not violate this section.

Sec. 7. Minnesota Statutes 1990, section 609.215, is amended by adding a subdivision to read:

Subd. 4. [INJUNCTIVE RELIEF.] A cause of action for injunctive relief may be maintained against any person who is reasonably believed to be about to violate or who is in the course of violating this section by any person who is:

(1) the spouse, parent, child, or sibling of the person who would commit suicide;

(2) an heir or a beneficiary under a life insurance policy of the person who would commit suicide;

(3) a health care provider of the person who would commit suicide;

(4) a public official authorized to prosecute or enforce the laws of this state; or

(5) a legally appointed guardian or conservator of the person who would have committed suicide.

Sec. 8. Minnesota Statutes 1990, section 609.215, is amended by adding a subdivision to read:

Subd. 5. [CIVIL DAMAGES.] A person given standing by subdivision 4, clause (1), (2), or (5), may maintain a cause of action against any person who violates or who attempts to violate subdivision 1 or 2 for compensatory damages and punitive damages as provided in section 549.20. A public official described in subdivision 4, clause (4), may maintain a cause of action against a person who violates or attempts to violate subdivision 1 or 2 for a civil penalty of up to \$50,000 on behalf of the state plus attorney fees. An action under this subdivision may be brought whether or not the plaintiff had prior knowledge of the violation or attempt.

Sec. 9. Minnesota Statutes 1990, section 609.215, is amended by adding a subdivision to read:

Subd. 6. [ATTORNEY FEES.] Reasonable attorney fees shall be awarded to the prevailing plaintiff in a civil action brought under subdivision 4."

Delete the title and insert:

"A bill for an act relating to crimes; providing that certain health care providers who administer medications to relieve another person's pain do not violate the law making it a crime to aid or attempt aiding suicide; authorizing certain licensure disciplinary options against physicians, physician assistants, nurses, dentists, and pharmacists who are convicted of aiding or attempting to aid suicide; amending Minnesota Statutes 1990, sections 147.091, subdivision 1; 148.261, subdivision 1; 150A.08, subdivision 1; 151.06, subdivision 1; and 609.215, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 147."

With the recommendation that when so amended the bill pass.

The report was adopted.

Munger from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 2623, A bill for an act relating to the Mississippi river headwaters area; updating and changing provisions relating to activities of the Mississippi headwaters board; amending Minnesota Statutes 1990, sections 103F.365, subdivision 1, and by adding a subdivision; 103F.369, subdivision 1; and 103F.371; Minnesota Statutes 1991 Supplement, section 103F.369, subdivision 2.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 103F.361, subdivision 2, is amended to read:

Subd. 2. [LEGISLATIVE INTENT.] It is the intent of sections 103F.361 to 103F.377 to authorize and direct the board and the counties to implement ~~this comprehensive~~ the plan for the Mississippi headwaters area.

Sec. 2. Minnesota Statutes 1990, section 103F.363, subdivision 2, is amended to read:

Subd. 2. [LEECH LAKE INDIAN RESERVATION.] Sections 103F.361 to 103F.377 do not alter or expand the zoning jurisdiction of the counties within the exterior boundaries of the Leech Lake Indian Reservation. The ~~comprehensive plan of the board~~ and the county ordinances adopted pursuant to section 103F.369, subdivision ~~4~~ 4, apply only to areas within the zoning jurisdiction of the counties as provided by law in effect prior to May 20, 1981.

Sec. 3. Minnesota Statutes 1990, section 103F.365, is amended by adding a subdivision to read:

Subd. 4. [PLAN.] "Plan" means the comprehensive land use plan approved by the board and dated July 1, 1992.

Sec. 4. Minnesota Statutes 1990, section 103F.367, subdivision 6, is amended to read:

Subd. 6. [FUNDING.] The board shall annually submit to each county for its approval an estimate of the funds it will need from that county in the next fiscal year to prepare and implement the ~~comprehensive land use plan~~ and otherwise carry out the duties imposed upon it by sections 103F.361 to 103F.377. Each county shall, upon approval of the estimate by its governing body, furnish the necessary funds to the board. The board may apply for, receive, and disburse federal, state, and other grants and donations.

Sec. 5. Minnesota Statutes 1990, section 103F.369, subdivision 1, is amended to read:

Subdivision 1. [ADOPTION OF EXISTING PLAN IMPLEMENTATION REQUIRED.] The comprehensive land use plan prepared by the board and approved by resolution adopted on February 12, 1981, is the comprehensive land use plan authorized by section 103F.367, subdivision 1, and shall be implemented by the board as provided in this section and section 103F.373.

Sec. 6. Minnesota Statutes 1991 Supplement, section 103F.369, subdivision 2, is amended to read:

Subd. 2. [PLAN PROVIDES MINIMUM STANDARDS.] The standards set forth in the plan are the minimum standards which may be adopted by the board and by the counties for the protection and enhancement of the natural, scientific, historical, recreational and cultural values of the Mississippi River and related shoreland areas subject to the plan. Except for forest management, fish and wildlife habitat improvement, a veterans cemetery that complies with subdivision 5, and open space recreational uses as defined in the plan, state or county lands within the boundaries established by the plan may not be offered for public sale or lease. The board with the agreement, expressed by resolution adopted after public hearing, of the county boards of Clearwater, Hubbard, Beltrami, Cass, Itasca, Aitkin, Crow Wing, and Morrison counties may amend the plan in any way that does not reduce the minimum standards set forth in the plan approved on February 12, 1981.

Sec. 7. Minnesota Statutes 1990, section 103F.369, subdivision 4, is amended to read:

Subd. 4. [COUNTY LAND USE ORDINANCE MUST BE CONSISTENT WITH PLAN.] The counties shall adopt land use ordinances consistent with the ~~comprehensive land use plan of the board.~~

Sec. 8. Minnesota Statutes 1990, section 103F.371, is amended to read:

103F.371 [RESPONSIBILITIES OF OTHER GOVERNMENTAL UNITS.]

All local and special governmental units, councils, commissions, boards and districts and all state agencies and departments must exercise their powers so as to further the purposes of sections 103F.361 to 103F.377 and the ~~land use plan adopted by the board on February 12, 1981.~~ Land owned by the state, its agencies, and political subdivisions shall be administered in accordance with the ~~land use plan adopted by the board on February 12, 1981.~~

Actions that comply with the land use ordinance are consistent with the plan. Actions that do not comply with the ordinance may not be started until the board has been notified and given an opportunity to review and comment on the consistency of the action with this section.

Sec. 9. Minnesota Statutes 1990, section 103F.373, subdivision 1, is amended to read:

Subdivision 1. [PURPOSE.] To assure that the ~~comprehensive land use plan prepared by the board~~ is not nullified by unjustified exceptions in particular cases and to promote uniformity in the treatment of applications for exceptions, a review and certification procedure is established for the following categories of land use actions taken by the counties and directly or indirectly affecting land use within the area covered by the plan:

(1) the adoption or amendment of an ordinance regulating the use of land, including rezoning of particular tracts of land;

(2) the granting of a variance from provisions of the land use ordinance; and

(3) the approval of a plat which is inconsistent with the land use ordinance.

Sec. 10. Minnesota Statutes 1990, section 103F.373, subdivision 2, is amended to read:

Subd. 2. [CERTIFICATION.] Notwithstanding any provision of chapter 394 to the contrary, an action of a type specified in subdivision 1, clauses (1) to (3), is not effective until the board has reviewed the action and certified that it is consistent with the ~~comprehensive plan of the board~~. In determining consistency of ordinances and ordinance amendments, the provisions of the ~~comprehensive land use plan~~ shall be considered minimum standards. An aggrieved person may appeal a decision of the type specified in subdivision 1, clauses (1) to (3), that is reviewed by the board under this section in the same manner as provided for review of a decision of a board of adjustment in section 394.27, subdivision 9, but only after the procedures prescribed under this section have been completed.

Sec. 11. Minnesota Statutes 1990, section 103F.375, subdivision 1, is amended to read:

Subdivision 1. [MORATORIUM ON CERTAIN ACTIVITIES.] If land subject to the ~~comprehensive land use plan of the board~~ is annexed, incorporated, or otherwise subjected to the land use planning authority of a home rule charter or statutory city, a moratorium shall exist on:

(1) all subdivision platting and building permits on the land until zoning regulations are adopted for the land that comply with the provisions of the ~~comprehensive plan of the board~~; and

(2) construction, grading and filling, and vegetative cutting as those activities are defined in the ~~comprehensive plan~~.



Sec. 12. Minnesota Statutes 1990, section 103F.377, is amended to read:

103F.377 [BIENNIAL REPORT.]

During the first year of each biennial legislative session, the board shall prepare and present to the appropriate policy committees of the legislature a report concerning the actions of the board in exercising the authority granted by the legislature under sections 103F.361 to 103F.377. The report must include an assessment of the effectiveness of the board's ~~comprehensive land use~~ plan and its implementation in protecting and enhancing the natural, scientific, historical, recreational, and cultural values of the Mississippi River and related shorelands situated within the member counties.

Sec. 13. [EFFECTIVE DATE.]

Sections 1 to 12 are effective upon approval by the governing bodies of the counties of Clearwater, Hubbard, Beltrami, Cass, Itasca, Aitkin, Crow Wing, and Morrison, and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Delete the title and insert:

"A bill for an act relating to the Mississippi river headwaters area; updating and changing provisions relating to activities of the Mississippi headwaters board; amending Minnesota Statutes 1990, sections 103F.361, subdivision 2; 103F.363, subdivision 2; 103F.365, by adding a subdivision; 103F.367, subdivision 6; 103F.369, subdivisions 1 and 4; 103F.371; 103F.373, subdivisions 1 and 2; 103F.375, subdivision 1; and 103F.377; Minnesota Statutes 1991 Supplement, section 103F.369, subdivision 2."

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

The report was adopted.

Munger from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 2624, A bill for an act relating to the environment; providing that the pollution control agency adopt rules with respect to competence and fees of underground tank installers; amending Minnesota Statutes 1990, section 116.491, subdivision 3.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1990, section 115C.02, is amended by adding a subdivision to read:

Subd. 5a. [CONSULTANT.] “Consultant” means an individual, partnership, association, private corporation, or any other legal entity that provides consulting services. Consulting services include the rendering of professional opinion, advice, or analysis regarding a release.

Sec. 2. Minnesota Statutes 1990, section 115C.02, is amended by adding a subdivision to read:

Subd. 5b. [CONTRACTOR.] “Contractor” means an individual, partnership, association, private corporation, or any other legal entity that provides contractor services. Contractor services means products and services within a scope of work that can be defined by typical written plans and specifications including, but not limited to, excavation, treatment of contaminated soil and groundwater, soil borings and well installations, laboratory analysis, surveying, electrical, plumbing, carpentry, and equipment.

Sec. 3. Minnesota Statutes 1990, section 115C.03, is amended by adding a subdivision to read:

Subd. 10. [RETENTION OF RECORDS.] A person who applies for reimbursement under this chapter and a contractor or consultant who has billed the applicant for services that are part of the claim for reimbursement must maintain all records related to the claim for reimbursement for a minimum of five years from the date the claim for reimbursement is submitted to the board.

Sec. 4. [115C.045] [KICKBACKS.]

A consultant or contractor, as a condition of performing services, may not agree to pay or forgive the nonreimbursable portion of an application for reimbursement submitted under this chapter. An applicant may not accept forgiveness or demand payment from a consultant or contractor for the nonreimbursable portion of an application for reimbursement submitted under this chapter.

Sec. 5. [115C.065] [CONSULTANT'S OR CONTRACTOR'S DUTY TO NOTIFY.]

A consultant or contractor involved in the removal of a petroleum tank shall immediately notify the agency if field instruments or

laboratory tests indicate the presence of any petroleum contamination in excess of state guidelines.

Sec. 6. Minnesota Statutes 1991 Supplement, section 115C.09, subdivision 5, is amended to read:

Subd. 5. [RETURN OF REIMBURSEMENT.] (a) The board may demand the complete or partial return of any reimbursement made under this section if the applicant for reimbursement:

(1) misrepresents or omits a fact relevant to a determination made by the board or the commissioner under this section;

(2) fails to complete corrective action that the commissioner determined at the time of the reimbursement to be necessary to adequately address the release, unless the reimbursement was made under subdivision 3a; or

(3) fails to reimburse a person for agreed-to amounts for corrective actions taken in response to a request by the applicant; or

(4) has entered an agreement to settle or compromise any portion of the incurred costs, prorated in the amount of the settlement or compromise.

(b) If a reimbursement under this subdivision is not returned upon demand by the board, the board may recover the reimbursement, with administrative and legal expenses, in a civil action in district court brought by the attorney general against the applicant. If the board's demand for return of the reimbursement is based on willful actions of the applicant, the applicant shall also forfeit and pay to the state a civil penalty, in an amount to be determined by the court, of not more than the full amount of the reimbursement.

Sec. 7. Minnesota Statutes 1991 Supplement, section 115C.09, subdivision 7, is amended to read:

Subd. 7. [DUTY TO PROVIDE INFORMATION.] (a) A person who submits an application to the board for reimbursement, or who has issued invoices or other demands for payment which are the basis of an application, shall furnish to the board copies of any financial records which the board requests and which are relevant to determining the validity of the costs listed in the application, or shall make the financial records reasonably available to the board for inspection and auditing. The board may obtain access to information required to be made available under this subdivision in the manner provided in section 115C.03, subdivision 7.

(b) After reimbursement has been granted, an agreement to settle

or compromise any portion of the incurred costs shall be reported to the board by the parties to the agreement.

Sec. 8. [115C.11] [CONSULTANTS AND CONTRACTORS; SANCTIONS.]

Subdivision 1. [REGISTRATION.] (a) All consultants and contractors must register with the board in order to participate in the petroleum tank release cleanup program.

(b) The board must maintain a list of all registered consultants and a list of all registered contractors including an identification of the services offered.

(c) Any applicant who applies for reimbursement must use a registered consultant and contractor in order to be eligible for reimbursement.

(d) The commissioner must inform any person who notifies the agency of a release pursuant to section 115.061 that the person must use a registered consultant or contractor to qualify for reimbursement and that a list of registered consultants and contractors is available from the board.

(e) Work done by an unregistered consultant or contractor is ineligible for reimbursement.

(f) Work performed by a consultant or contractor prior to being removed from the registration list may be reimbursed by the board.

Subd. 2. [DISQUALIFICATION.] (a) The board must automatically remove from the registration list for five years a consultant or contractor who is convicted in a criminal proceeding for submitting false or fraudulent bills that are part of a claim for reimbursement under section 115C.09. The board may, in addition, impose one or more of the sanctions in paragraph (c).

(b) The board may impose any of the sanctions set forth in paragraph (c) based on any of the following reasons:

(1) engaging in conduct that departs from or fails to conform to the minimal standards of acceptable and prevailing engineering, hydrogeological, or other technical practices within the reasonable control of the consultant or contractor;

(2) participating in a kickback scheme as prohibited by section 115C.045;

(3) engaging in conduct likely to deceive, defraud, or demonstrate a willful or careless disregard for public health or the environment;

(4) commission of fraud, embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, receiving stolen property, making false claims, or obstruction of justice; or

(5) revocation, suspension, restriction, limitation, or other disciplinary action against the contractor's or consultant's license or certification in another state or jurisdiction.

(c) The board may impose one or more of the following sanctions:

(1) remove a consultant or contractor from the registration list for up to five years;

(2) publicly reprimand or censure the consultant or contractor;

(3) place the consultant or contractor on probation for a period and upon terms and conditions the board prescribes;

(4) require payment of all costs of proceedings resulting in an action instituted under this paragraph; or

(5) impose a civil penalty of not more than \$10,000, in an amount that the board determines will deprive the consultant or contractor of any economic advantage gained by reason of the consultant's or contractor's conduct or to reimburse the board for the cost of the investigation and proceeding.

(d) In deciding whether a particular sanction is appropriate, the board must consider the seriousness of the consultant's or contractor's acts or omissions and any mitigating factors.

(e) Civil penalties recovered by the state under this section must be credited to the account.

Subd. 3. [NOTICE OF SANCTION.] The board must notify any consultant or contractor of a proposed sanction pursuant to an investigation by the board. Notification must be made at least 30 days before the board meeting at which the proposed sanction will be considered. The notice must advise the consultant or contractor of:

(1) the fact that sanctions are being considered;

(2) the reasons for the proposed sanction in terms sufficient to put the consultant or contractor on notice of the conduct on which the proposed sanction is based;

(3) the reasons relied on under subdivision 2 for the proposed sanction;

(4) the right to request a contested case hearing under chapter 14; and

(5) the potential effect of sanctions.

Subd. 4. [EFFECTIVE DATES.] The board's order of sanction is final. The board may impose a sanction after a hearing before the board if a contested case hearing has not been requested. The sanction is effective 30 days after the board's order.

Sec. 9. Minnesota Statutes 1990, section 116.48, is amended by adding a subdivision to read:

Subd. 8. [NOTICE OF TANK INSTALLATION OR REMOVAL.] Before beginning installation or removal of an underground tank system, owners and operators must notify the commissioner. Notification must be in writing or by telephone at least ten days before the tank installation or removal. Owners and operators must renotify the commissioner if the date of the tank installation or removal changes by more than 48 hours. The notification must include the following information:

(1) the name, address, and telephone number of the site owner;

(2) the location of the site, if different from clause (1);

(3) the date of the tank installation or removal; and

(4) the name of the contractor or company that will install or remove the tank."

Delete the title and insert:

"A bill for an act relating to the environment; adding sanctions and procedures relating to petroleum tank release consultants and contractors; amending Minnesota Statutes 1990, sections 115C.02, by adding subdivisions; 115C.03, by adding a subdivision; 116.48, by adding a subdivision; Minnesota Statutes 1991 Supplement, section 115C.09, subdivisions 5 and 7; proposing coding for new law in Minnesota Statutes, chapter 115C."

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. 2695, A bill for an act relating to juries; prohibiting exclusion from jury service based on a disability; amending Minnesota Statutes 1990, section 593.32.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 593.32, is amended to read:

593.32 [PROHIBITION OF DISCRIMINATION.]

A citizen shall not be excluded from jury service in this state on account of race, color, religion, sex, national origin, or economic status, or a physical or sensory disability, if reasonable accommodation can be made."

With the recommendation that when so amended the bill pass.

The report was adopted.

Munger from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 2878, A bill for an act relating to economic development; authorizing the establishment of the Mille Lacs preservation and development board; providing for the designation of enterprise zones; proposing coding for new law in Minnesota Statutes, chapter 103F.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1990, section 88.01, is amended by adding a subdivision to read:

Subd. 24. [CAMPFIRE.] "Campfire" means a fire set for cooking, warming, or ceremonial purposes, which is not more than three feet in diameter by three feet high, and has had the ground five feet from the base of the fire cleared of all combustible material.

Sec. 2. Minnesota Statutes 1990, section 88.01, is amended by adding a subdivision to read:

Subd. 25. [SNOW COVERED.] “Snow covered” means that the ground has a continuous, unbroken cover of snow, to a depth of three inches or more, surrounding the immediate area of the fire sufficient to keep the fire from spreading.

Sec. 3. Minnesota Statutes 1990, section 88.16, subdivision 2, is amended to read:

Subd. 2. No permit is required for the following open fires:

(a) A cooking or warming fire contained in a fireplace, firering, charcoal grill, portable gas or liquid fueled camp stove or other similar container or device designed for the purpose of cooking or heating, or if the area within a radius of five feet of the fire is reasonably clear of all combustible material.

(b) The burning of grass, leaves, rubbish, garbage, branches, and similar combustible material between the hours of 6:00 p.m. and 8:00 a.m. in an approved incinerator. An approved incinerator shall be constructed of fire resistant material, have a capacity of at least three bushels, be maintained with a minimum burning capacity of at least two bushels, and have a cover which is closed when in use and openings in the top or sides of one inch maximum diameter. No combustible material shall be nearer than three feet to the burner or incinerator when in use.

Sec. 4. [103F806] [APPLICATION.]

Sections 4 to 10 apply to the area of the counties of Mille Lacs, Crow Wing, and Aitkin located within one mile of Mille Lacs Lake. Sections 4 to 10 do not alter or expand the zoning jurisdiction of the counties within the exterior boundaries of the Mille Lacs Indian reservation.

Sec. 5. [103F807] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 4 to 10.

Subd. 2. [BOARD.] “Board” means the Mille Lacs preservation and development board.

Subd. 3. [COMPREHENSIVE LAND USE PLAN; PLAN.] “Comprehensive land use plan” or “plan” means the Mille Lacs Lake comprehensive land use plan.



Subd. 4. [COUNTIES.] "Counties" means the counties of Mille Lacs, Crow, Wing, and Aitkin.

Sec. 6. [103F.808] [MILLE LACS PRESERVATION AND DEVELOPMENT BOARD.]

Subdivision 1. [AUTHORIZATION.] The governing bodies of the counties of Mille Lacs, Crow Wing, and Aitkin may establish the Mille Lacs preservation and development board.

Subd. 2. [MEMBERSHIP.] The board shall consist of six members. The governing body of each county shall appoint two of its members to serve on the board. The membership terms are two years beginning on the first Monday in January of odd-numbered years. Vacancies on the board must be filled for the remainder of the term by the governing body that made the original appointment.

Subd. 3. [OFFICERS.] The board shall annually appoint from among its members a chair, vice-chair, and secretary-treasurer.

Subd. 4. [STAFF AND CONTRACTS.] The board may employ staff and contract for goods and services necessary to carry out its duties.

Subd. 5. [FUNDING.] The board shall submit an annual budget to each county. The budget must include a detailed written estimate of the amount of money that the board expects to need to prepare and implement the comprehensive land use plan and to carry out its other duties. Each county shall, upon approval of the budget by its governing body, furnish the necessary amount of money to the board. The board may apply for, receive, and disburse federal, state, and other grants and donations.

Subd. 6. [ADVISORY COMMITTEE.] The board shall appoint an advisory committee to advise and assist the board in carrying out its duties. Members of the committee must include representatives of other local government units, owners of businesses, and owners of property located within the board's jurisdiction.

Subd. 7. [CONTACT WITH GOVERNMENT AGENCIES.] The board shall initiate and maintain contacts with governmental agencies as necessary to properly prepare the plan and shall negotiate cooperative management agreements with the United States Forest Service and Bureau of Land Management and the state department of natural resources. The board and Mille Lacs, Crow Wing, and Aitkin counties shall initiate and maintain contacts with the governing body of the Mille Lacs Indian Reservation and shall negotiate a cooperative management and jurisdiction agreement with the reservation governing body.

Sec. 7. [103F.809] [MILLE LACS LAKE COMPREHENSIVE LAND USE PLAN.]

Subdivision 1. [PREPARATION.] The board shall prepare the Mille Lacs Lake comprehensive land use plan. The standards specified in the plan must provide for the protection, enhancement, and coordinated development of the area surrounding Mille Lacs Lake.

Subd. 2. [ADOPTION.] The board may adopt the plan after a public hearing has been held on the question. Notice of the hearing must include the time and place of the hearing. Notice of the hearing must be given by publication in at least two issues of the official newspaper of each county. The two publications must be two weeks apart and the hearing must be held at least three days after the last publication.

Subd. 3. [AMENDMENTS.] The board may amend the plan after a hearing and notice as provided in subdivision 2.

Subd. 4. [IMPLEMENTATION.] The plan is effective and may be implemented in each county only after the governing body of each county has approved the plan by resolution. The counties shall adopt land use ordinances consistent with the approved plan.

Sec. 8. [103F.810] [RESPONSIBILITIES OF OTHER GOVERNMENT UNITS.]

All local government units, districts, councils, commissions, and boards and state agencies and departments shall exercise their powers in conformance with sections 4 to 9 and the plan.

Sec. 9. [103F.811] [REVIEW AND CERTIFICATION OF LAND USE ACTIONS.]

Subdivision 1. [PROCEDURE.] To assure that the comprehensive land use plan prepared by the board is not nullified by unjustified exceptions in particular cases and to promote uniformity in the treatment of applications for exceptions, a review and certification procedure is established for the following categories of land use actions taken by the counties and directly or indirectly affecting land use within the area covered by the plan:

(1) the adoption or amendment of an ordinance regulating the use of land, including rezoning of particular tracts of land;

(2) the granting of a variance from provisions of the land use ordinance; and

(3) the approval of a plat which is inconsistent with the land use ordinance.

Subd. 2. [CERTIFICATION.] Notwithstanding any provision of chapter 394 to the contrary, an action of a type specified in subdivision 1, clauses (1) to (3), is not effective until the board has reviewed the action and certified that it is consistent with the comprehensive land use plan. In determining consistency of ordinances and ordinance amendments, the provisions of the comprehensive land use plan shall be considered minimum standards. An aggrieved person may appeal a decision of the type specified in subdivision 1, clauses (1) to (3), that is reviewed by the board under this section in the same manner as provided for review of a decision of a board of adjustment in section 394.27, subdivision 9, but only after the procedures prescribed under this section have been completed.

Subd. 3. [CERTIFICATION.] A copy of the notices of public hearings or, when a hearing is not required, a copy of the application to consider an action of a type specified in subdivision 1, clauses (1) to (3), must be forwarded to the board by the county at least 15 days before the hearing or meetings to consider the actions. The county shall notify the board of its final decision on the proposed action within ten days of the decision. Within 30 days after the board receives the notice, the board shall notify the county and the applicant of its approval or disapproval of the proposed action.

Subd. 4. [DISAPPROVAL OF ACTIONS.] (a) If a notice of disapproval is issued by the board, the county or the applicant may, within 30 days of the notice, file with the board a demand for a hearing. If a demand is not filed within the 30-day period, the disapproval becomes final.

(b) If a demand is filed within the 30-day period, a hearing must be held within 60 days of demand. The hearing must be preceded by two weeks' published notice. Within 30 days after the hearing, the board must:

- (1) affirm its disapproval of the proposed action; or
- (2) certify approval of the proposed action.

#### Sec. 10. [103F.812] [ENTERPRISE ZONES.]

After the comprehensive land use plan has been adopted and approved, the commissioner of trade and economic development may designate up to four areas within the jurisdiction of the board as enterprise zones as provided in section 469.167. Sections 469.167 to 469.173 apply to each enterprise zone designated under this section.

## Sec. 11. [EFFECTIVE DATE.]

Sections 4 to 10 are effective on the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing bodies of the counties of Mille Lacs, Crow Wing, and Aitkin."

Delete the title and insert:

"A bill for an act relating to economic development; authorizing the establishment of the Mille Lacs preservation and development board; providing for the designation of enterprise zones; changing restrictions on campfires; amending Minnesota Statutes 1990, sections 88.01, by adding subdivisions; and 88.16, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 103F."

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. 2940, A bill for an act relating to taxation; income and franchise; updating references to the Internal Revenue Code; providing for payment of corporate estimated tax; amending Minnesota Statutes 1990, section 289A.26, subdivision 7; Minnesota Statutes 1991 Supplement, section 290.01, subdivision 19.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

LOCAL GOVERNMENT TRUST

Section 1. Minnesota Statutes 1991 Supplement, section 16A.711, subdivision 4, is amended to read:

Subd. 4. [GENERAL FUND ADVANCES.] If the money in the trust fund is insufficient to make payments on the dates provided by law, but the commissioner estimates receipts for the fiscal year biennium will be sufficient, the commissioner shall advance money from the general fund to the trust fund 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. [207A.10] [REIMBURSEMENT OF ELECTION EXPENSES.]

Subdivision 1. [DUTIES OF SECRETARY OF STATE.] The secretary of state shall reimburse the counties and municipalities for expenses incurred in the administration of the presidential primary from the funds appropriated by the legislature for this purpose, as provided in this section. Up to \$7,500 of the appropriation for reimbursement of election expenses may be retained by the secretary of state to administer the reimbursement program.

Subd. 2. [REIMBURSABLE EXPENSES.] The following expenses are eligible for reimbursement: salaries of election judges; postage for absentee ballots; preparation of polling places, in an amount not to exceed \$25 per polling place; preparation of electronic voting systems or lever voting machines, in an amount not to exceed \$50 per precinct; compensation of county canvassing board members; and compensation for temporary staff or overtime payments.

Subd. 3. [CERTIFICATION OF COSTS.] The county auditor shall certify to the secretary of state the costs incurred by the county for the presidential primary. The municipal clerk shall certify to the secretary of state the costs incurred by the municipality for the presidential primary. If the total amount certified by all units for temporary staff and overtime payments exceeds \$480,000, the secretary of state shall reduce those amounts so that they do not exceed \$480,000. The secretary of state shall provide each county and municipality with the appropriate forms for this certification. The secretary of state may require that the county auditor or municipal clerk provide documentation of actual expenditures made for the presidential primary. The certification of costs must be submitted to the secretary of state no later than 60 days after the presidential primary. No reimbursement of expenses must be made unless the certification of costs has been submitted as provided in this subdivision.

Subd. 4. [APPORTIONMENT OF REIMBURSEMENTS.] If the total amount of requests for reimbursement of expenses exceeds the total amount appropriated to the secretary of state for this purpose, the secretary of state shall proportionately reduce the reimbursements so that they do not exceed the amount appropriated.

Sec. 3. Minnesota Statutes 1991 Supplement, section 256.025, subdivision 3, is amended to read:

Subd. 3. [PAYMENT METHODS.] (a) Beginning July 1, 1991, the state will reimburse counties for the county share of county agency expenditures for benefits and services distributed under subdivision 2 and funded by the human services account established under section 273.1392, except as follows:

(1) beginning July 1, 1992, through June 30, 1993, the county shall pay 25 percent of the costs of the growth in emergency general assistance payments which exceed expenditures during the base year of calendar year 1990;

(2) beginning July 1, 1992, through June 30, 1993, the county shall pay 25 percent of the costs of the growth in eligible general assistance negotiated rate payments which exceed expenditures during the base year of calendar year 1990;

(3) beginning July 1, 1992, through June 30, 1993, the county shall pay 15 percent of the costs of the growth in Minnesota supplemental aid negotiated rate payments made which exceed expenditures during the base year of calendar year 1990;

(4) beginning July 1, 1992, through June 30, 1993, the county shall pay 50 percent of the nonfederal portion of the growth in emergency assistance payments made which exceed expenditures during the base year of calendar year 1990.

(b) Payments under subdivision 4 are only for client benefits and services distributed under subdivision 2 and do not include reimbursement for county administrative expenses.

(c) The state and the county agencies shall pay for assistance programs as follows:

(1) Where the state issues payments for the programs, the county shall monthly advance to the state, as required by the department of human services, the portion of program costs not met by federal and state funds. The advance shall be an estimate that is based on actual expenditures from the prior period and that is sufficient to compensate for the county share of disbursements as well as state and federal shares of recoveries;

(2) Where the county agencies issue payments for the programs, the state shall monthly advance to counties all federal funds available for those programs together with an amount of state funds equal to the state share of expenditures; and

(3) Payments made under this paragraph are subject to section 256.017. Adjustment of any overestimate or underestimate in advances shall be made by the state agency in any succeeding month.

Sec. 4. Minnesota Statutes 1991 Supplement, section 256.025, subdivision 4, is amended to read:

Subd. 4. [PAYMENT SCHEDULE.] Except as provided for in subdivision 3, beginning July 1, 1991, the state will reimburse counties, according to the following payment schedule, for the

county share of county agency expenditures for the programs specified in subdivision 2.

(a) Beginning July 1, 1991, the state will reimburse or pay the county share of county agency expenditures according to the reporting cycle as established by the commissioner, for the programs identified in subdivision 2. Payments for the period of January 1 through July 31, for calendar years 1991, 1992, and 1993 shall be made on or before July 10 in each of those years. Payments for the period August through December for calendar years 1991, 1992, and 1993 shall be made on or before the third of each month thereafter through December 31 in each of those years.

(b) Payment for 1/24 of the base amount and the January 1994 county share of county agency expenditures growth amount for the programs identified in subdivision 2 shall be made on or before January 3, 1994. For the period of February 1, 1994, through July 31, 1994, payment of the base amount shall be made on or before July 10, 1994, and payment of the growth amount over the base amount shall be made on or before ~~the third of each month~~ July 10, 1994. Payments for the period August 1994 through December 1994 shall be made on or before the third of each month thereafter through December 31, 1994.

(c) Payment for the county share of county agency expenditures during January 1995 shall be made on or before January 3, 1995. Payment for 1/24 of the base amount and the February 1995 county share of county agency expenditures growth amount for the programs identified in subdivision 2 shall be made on or before February 3, 1995. For the period of March 1, 1995, through July 31, 1995, payment of the base amount shall be made on or before July 10, 1995, and payment of the growth amount over the base amount shall be made on or before ~~the third of each month~~ July 10, 1995. Payments for the period August 1995 through December 1995 shall be made on or before the third of each month thereafter through December 31, 1995.

(d) Monthly payments for the county share of county agency expenditures from January 1996 through February 1996 shall be made on or before the third of each month through February 1996. Payment for 1/24 of the base amount and the March 1996 county share of county agency expenditures growth amount for the programs identified in subdivision 2 shall be made on or before March 1996. For the period of April 1, 1996, through July 31, 1996, payment of the base amount shall be made on or before July 10, 1996, and payment of the growth amount over the base amount shall be made on or before ~~the third of each month~~ July 10, 1996. Payments for the period August 1996 through December 1996 shall be made on or before the third of each month thereafter through December 31, 1996.

(e) Monthly payments for the county share of county agency expenditures from January 1997 through March 1997 shall be made on or before the third of each month through March 1997. Payment for 1/24 of the base amount and the April 1997 county share of county agency expenditures growth amount for the programs identified in subdivision 2 shall be made on or before April 3, 1997. For the period of May 1, 1997, through July 31, 1997, payment of the base amount shall be made on or before July 10, 1997, and payment of the growth amount over the base amount shall be made on or before ~~the third of each month~~ July 10, 1997. Payments for the period August 1997 through December 1997 shall be made on or before the third of each month thereafter through December 31, 1997.

(f) Monthly payments for the county share of county agency expenditures from January 1998 through April 1998 shall be made on or before the third of each month through April 1998. Payment for 1/24 of the base amount and the May 1998 county share of county agency expenditures growth amount for the programs identified in subdivision 2 shall be made on or before May 3, 1998. For the period of June 1, 1998, through July 31, 1998, payment of the base amount shall be made on or before July 10, 1998, and payment of the growth amount over the base amount shall be made on or before ~~the third of each month~~ July 10, 1998. Payments for the period August 1998 through December 1998 shall be made on or before the third of each month thereafter through December 31, 1998.

(g) Monthly payments for the county share of county agency expenditures from January 1999 through May 1999 shall be made on or before the third of each month through May 1999. Payment for 1/24 of the base amount and the June 1999 county share of county agency expenditures growth amount for the programs identified in subdivision 2 shall be made on or before June 3, 1999. ~~For the period of June 1, 1999, through July 31, 1999, payment shall be made on or before July 10, 1999.~~ Payments for the period August July 1999 through December 1999 shall be made on or before the third of each month thereafter through December 31, 1999.

(h) Effective January 1, 2000, monthly payments for the county share of county agency expenditures shall be made subsequent to the first of each month.

Payments under this subdivision are subject to the provisions of section 256.017.

Sec. 5. Minnesota Statutes 1991 Supplement, section 273.1398, subdivision 5, is amended to read:

Subd. 5. [ADDITIONAL HOMESTEAD AND AGRICULTURAL TRANSITION CREDIT GUARANTEE.] Beginning with taxes pay-



able in 1990, each unique taxing jurisdiction may receive ~~additional homestead and agricultural~~ transition credit ~~guarantee~~ payments.

Each year, the commissioner shall determine the total education aids paid under chapters 124 and 124A, homestead and agricultural credit aid and disparity reduction aid paid under this section, local government aid to cities, counties, and towns paid under chapter 477A, and human services aids, including, for aids paid in 1991 and thereafter, the amount paid under subdivision 5b, paid to counties for each taxing jurisdiction. The commissioner shall apportion each governmental unit's aids to each school district portion of each city and town based upon the proportion that each school district portion of each city and town's tax capacity bears to the total tax capacity of the local governmental unit. For purposes of this subdivision, "governmental unit" includes counties, cities, towns, and school districts, and excludes special taxing districts.

If the amount determined is less than the amount of homestead credit and agricultural credit received by all properties for taxes payable in 1989 in the school district portion of each city or town, the difference will be ~~additional homestead and agricultural~~ transition credit ~~guarantee~~ payments for that school district portion of the city or town in the following taxes payable year. The additional credit amount shall proportionately reduce the local tax rates of all governmental units levying taxes within that school district portion of the city or town in the following year. The commissioner shall certify the amounts of additional credits determined under this subdivision to the county auditor at the time provided in subdivision 6. For aid payable in 1992 and subsequent years, the aid payable under this subdivision shall be reduced by any reductions required in the current year and permanent reductions required in previous years under section 477A.0132.

Sec. 6. Minnesota Statutes 1990, section 274.20, subdivision 4, is amended to read:

Subd. 4. [APPROPRIATION.] There is annually appropriated from the general fund to the commissioner of revenue a sum sufficient to pay the aids provided under this section for school districts, intermediate school districts, or any group of school districts levying as a single taxing entity.

Sec. 7. Minnesota Statutes 1990, section 290A.23, is amended to read:

#### 290A.23 [APPROPRIATION.]

There is appropriated from the general fund ~~in the state treasury~~ to the commissioner of revenue the amount necessary to make the payments required by ~~this chapter~~ under section 290A.04, subdivisions 2a, 2h, and 2i.

## Sec. 8. [477A.0121] [COUNTY CORRECTIONS AID.]

Subdivision 1. [PURPOSE.] County corrections aid is intended to reduce the reliance of county criminal justice and corrections programs and associated costs on local property taxes.

Subd. 2. [DEFINITIONS.] For the purposes of this section, the following definitions apply:

(1) "population" means the population according to the most recent federal census, or according to the state demographer's most recent estimate if it has been issued subsequent to the most recent federal census; and

(2) "part one crimes" means the total number of part one crimes reported for each county by the department of public safety for the most recent year available.

Subd. 3. [FORMULA.] Each calendar year, the commissioner of revenue shall distribute county corrections aid to each county in an amount determined according to the following formula:

(1) one-half shall be distributed to each county in the same proportion that the county's population is to the population of all counties in the state; and

(2) one-half shall be distributed to each county in the same proportion that the county's part one crimes are to the total part one crimes for all counties in the state.

Subd. 4. [PAYMENT DATES.] The aid amounts for each calendar year shall be paid in two equal payments, on July 15 and December 15 of each year.

Sec. 9. Minnesota Statutes 1990, section 477A.013, subdivision 5, is amended to read:

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

subdivision, "levy" includes a city's levy on fiscal disparities distribution under section 473F.08, subdivision 3, paragraph (a).

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

Sec. 10. 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 December ~~15~~ 26 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. 11. Minnesota Statutes 1990, section 477A.12, is amended to read:

**477A.12 [ANNUAL APPROPRIATIONS; LANDS ELIGIBLE; CERTIFICATION OF ACREAGE.]**

There is annually appropriated to the commissioner of natural resources from the ~~general local government trust fund~~ for payment to counties within the state an amount equal to \$3 multiplied by the number of acres of acquired natural resources land, 75 cents multiplied by the number of acres of county-administered other natural resources land, and 37.5 cents multiplied by the number of acres of commissioner-administered other natural resources land located in each county as of July 1 of each year. Lands for which payments in lieu are made pursuant to section 97A.061, subdivision 3, and Laws 1973, chapter 567, shall not be eligible for payments under this section. Each county auditor shall certify to the department of natural resources during July of each year the number of acres of county-administered other natural resources land within

the county. The department of natural resources may, in addition to the certification of acreage, require descriptive lists of land so certified. The commissioner of natural resources shall determine and certify the number of acres of acquired natural resources land and commissioner-administered natural resources land within each county.

Sec. 12. Minnesota Statutes 1990, section 477A.13, is amended to read:

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

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

Sec. 13. Laws 1991, chapter 291, article 2, section 3, is amended to read:

**Sec. 3. [LOCAL GOVERNMENT TRUST FUND; 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 local government trust fund:

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

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

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

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

(5) supplemental homestead property tax relief under Minnesota Statutes, section 273.1391;

(6) disparity reduction credit under Minnesota Statutes, section 273.1398, subdivision 4;

(7) 25 percent of the state aid for county human services under Minnesota Statutes, section 273.1398, subdivision 5a; and

(8) attached machinery aid to counties under Minnesota Statutes, section 273.138.

(b) The amounts necessary to make the following fiscal year 1993 payments are appropriated from the local government trust fund:

(1) to the commissioner of revenue to pay homestead and agricultural credit aid to counties, cities, towns, and special taxing districts under Minnesota Statutes, section 273.1398;

(2) to the commissioner of revenue to pay disparity reduction aid to counties, cities, towns, and special taxing districts under Minnesota Statutes, section 273.1398;

(3) to the commissioner of revenue to pay local government aid and equalization aid under Minnesota Statutes, chapter 477A;

(4) to the commissioner of revenue to pay transition credit under Minnesota Statutes, section 273.1398, subdivision 5;

(5) to the commissioner of revenue to pay supplemental homestead property tax relief under Minnesota Statutes, section 273.1391;

(6) to the commissioner of revenue to pay disparity reduction credit under Minnesota Statutes, section 273.1398, subdivision 4;

(7) to the commissioner of revenue to pay attached machinery aid to counties under Minnesota Statutes, section 273.138;

(8) \$52,166,000 to the commissioner of human services for community social services aid under Minnesota Statutes, section 256E.06;

(9) to the commissioner of natural resources for natural resource land payments in lieu of taxes under Minnesota Statutes, sections 477A.11 to 477A.14;

(10) to the commissioner of finance for payments to counties for consolidated conservation areas under Minnesota Statutes, sections 84A.51 to 84A.54; and

(11) \$2,483,375 to the secretary of state to make payments under Minnesota Statutes, section 207A.10.

(c) The following sums are appropriated for fiscal years 1992 and 1993 from the local government trust fund:

(1) \$852,000 to the commissioner of revenue to administer the local option tax for fiscal year 1992, except any unused portion of the appropriation may be carried over to fiscal year 1993 and \$660,000 for fiscal year 1993;

(2) to the commissioner of finance to administer the trust fund, \$95,000 for fiscal year 1992 and \$105,000 for fiscal year 1993; and

(3) to the advisory commission on intergovernmental relations to pay nonlegislative members' per diem expenses, and such other expenses as the commission deems appropriate, \$25,000 for fiscal year 1992 and \$25,000 for fiscal year 1993; and

(4) to the intergovernmental information systems advisory council to begin development of a local government financial reporting system, \$350,000 for fiscal year 1993.

Subd. 2. [CONTINGENT REDUCTIONS.] If the commissioner of finance, in consultation with the commissioner of revenue, estimates that the receipts of the local government trust fund will be insufficient to pay the appropriations under subdivision 1, the all appropriations under paragraph (a), clauses (5), (6), (7), and (8), and paragraph (b) must be paid in full and the except for appropriations under paragraphs (a) and (b), clauses (1) to (4), which must be reduced as provided by Minnesota Statutes, chapter 477A.

Sec. 14. [LOCAL GOVERNMENT TRUST FUND; FISCAL YEARS 1994 AND 1995 APPROPRIATIONS.]

Subdivision 1. [INTERGOVERNMENTAL AID APPROPRIATIONS.] The amounts necessary to make the following fiscal year 1994 and 1995 payments are appropriated from the local government trust fund:

(1) to the commissioner of revenue to pay homestead and agricultural credit aid to counties, cities, towns, and special taxing districts under Minnesota Statutes, section 273.1398;

(2) to the commissioner of revenue to pay disparity reduction aid to counties, cities, towns, and special taxing districts under Minnesota Statutes, section 273.1398;

(3) to the commissioner of revenue to pay transition credit under Minnesota Statutes, section 273.1398, subdivision 5;

(4) to the commissioner of revenue to pay supplemental homestead property tax relief under Minnesota Statutes, section 273.1391;

(5) to the commissioner of revenue to pay disparity reduction credit under Minnesota Statutes, section 273.1398, subdivision 4;

(6) to the commissioner of revenue to pay attached machinery aid to counties under Minnesota Statutes, section 273.138;

(7) to the commissioner of revenue to pay property tax refunds for homeowners under Minnesota Statutes, section 290A.04, subdivision 2;

(8) to the commissioner of natural resources for natural resource land payments in lieu of taxes under Minnesota Statutes, sections 477A.11 to 477A.14;

(9) to the commissioner of finance for payments to counties for consolidated conservation areas under Minnesota Statutes, sections 84A.51 to 84A.54;

(10) to the commissioner of revenue to pay nonschool manufactured home homestead and agricultural credit aid under Minnesota Statutes, section 274.20;

(11) to the commissioner of revenue to pay 104 percent of calendar year 1992 local government aid payment amounts under Minnesota Statutes, chapter 477A, if the advisory commission on intergovernmental relations makes no recommendations to the legislature for alternative local government aid formulas or programs, or the legislature fails to enact a recommendation of the commission;

(12) \$20,265,000 to the commissioner of revenue for equalization aid under Minnesota Statutes, section 477A.013, subdivision 5; and

(13) \$54,253,000 to the commissioner of human services for community social services aids under Minnesota Statutes, section 256E.06.

No payments shall be made from the local government trust fund to the general fund for county aid reductions under Minnesota Statutes 1990, section 477A.012, subdivision 3 or 4.

Subd. 2. [ADMINISTRATIVE APPROPRIATIONS.] The following amounts are appropriated from the local government trust fund for each of fiscal years 1994 and 1995:

(1) \$660,000 to the commissioner of revenue to administer the local option tax;

(2) \$105,000 to the commissioner of finance to administer the trust fund;

(3) \$25,000 to the advisory commission on intergovernmental relations to pay nonlegislative members' per diem expenses and such other expenses as the commission deems appropriate; and

(4) \$1,200,000 to the intergovernmental information systems advisory council to develop a local governmental financial reporting system.

Subd. 3. [CONTINGENT ADJUSTMENTS.] The commissioner of finance, in consultation with the commissioner of revenue, shall estimate both the receipts of the local government trust fund and the appropriations under subdivisions 1 and 2 for the biennium. The commissioner of finance shall make adjustments in the fiscal year 1995 appropriations under subdivision 1, clauses (11), (12), and (13) to increase or reduce the total appropriations to equal the total revenues of the fund. The adjustment percentage shall be the same for each program. For the intergovernmental aid programs in subdivision 1, clauses (12) and (13), the total appropriation amount will be adjusted. For intergovernmental aids under subdivision 1, clause (11), the adjustment shall be in equal proportions to all recipient jurisdictions.

#### Sec. 15. [AID ADJUSTMENT.]

The amount by which any county's homestead and agricultural credit aid offset exceeded its actual public defender levy for 1991 shall be permanently added back to the county's homestead and agricultural credit aid base for aids paid in 1993.

#### Sec. 16. [APPROPRIATION CANCELLATION.]

Any fiscal year 1993 appropriations from the general fund enacted prior to enactment of this act to pay community social services aids under Minnesota Statutes, section 256E.06, natural resource land in-lieu payments under Minnesota Statutes, sections 477A.11 to 477A.14, and consolidated conservation land payments under Minnesota Statutes, sections 84A.51 to 84A.54, are canceled.

#### Sec. 17. [CITY OF ALDEN; LOCAL GOVERNMENT AID.]

For aid payments in 1992, local government aid to the city of Alden, Freeborn county, as determined under Minnesota Statutes, section 477A.013, is increased by \$838. This amount is a permanent increase for aid payments in 1993 and thereafter. The increase reimburses the city for state aid decreases attributable to an error in the city's 1990 levy, payable in 1991.

If local government aid provisions are enacted in 1992 or thereafter which do not use the city's 1990 levy as a base year to determine local government aid, this section does not apply to those aids.

The commissioner of revenue shall pay the local government aid under this section from the amounts appropriated to the commissioner by law from the local government trust fund for payment of



local government aid. For purposes of any proportional increases or decreases in local government aid under Minnesota Statutes, section 16A.711 or 477A.014, due to the amount of funds in the local government trust fund, payments under this section must be included in local government aid payable to the city of Alden.

Sec. 18. [APPROPRIATION.]

The sum of \$9,400,000 for calendar year 1993 and \$9,400,000 for calendar year 1994 is appropriated from the general fund to the commissioner of revenue to make payments under Minnesota Statutes, section 477A.0121.

Sec. 19. [REPEALER.]

Minnesota Statutes 1991 Supplement, section 477A.03, subdivision 1, is repealed.

Sec. 20. [EFFECTIVE DATE.]

Sections 1 and 7 are effective July 1, 1993.

Sections 2 to 5, 10 to 12, 13, 14, and 16 are effective July 1, 1992.

Sections 6, 8, 9, 15, 18, and 19 are effective January 1, 1993.

Section 17 is effective the day following compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the city of Alden.

## ARTICLE 2

### PROPERTY TAXES

Section 1. Minnesota Statutes 1991 Supplement, section 47.209, is amended to read:

**47.209 [MANUFACTURED HOME FINANCING; PROPERTY TAX ~~ESCROW~~ COLLECTION REQUIREMENT.]**

Subdivision 1. [APPLICABILITY.] This section applies to any agreement entered into after December 31, 1991 1992, for the financing or refinancing of a purchase of a manufactured home shall require that the lender maintain an escrow account for deposit of payments for property taxes payable on the manufactured home, and that the borrower make the required payments. As used in this section and section 277.17, "lender" includes a state bank and trust company, national banking association, state or federally chartered savings and loan association, mortgage bank, mutual savings bank,

insurance company, credit union, or a dealer as defined in section 327B.01, subdivision 7, ~~who~~ that enters into an agreement for financing or refinancing a purchase of a manufactured home.

Subd. 2. [CONDITION OF FINANCING AGREEMENT.] Each agreement must contain a statement that it is a condition of the agreement that the borrower must agree to pay all taxes on the manufactured home when due.

Subd. 3. [COLLECTION OF DELINQUENT TAXES.] Within 30 days of receipt of a demand for payment from a county under section 277.17, the lender must notify the mortgagor that the tax must be paid in full no later than 60 days from the date of issuance of the notice. The notice must inform the mortgagor that if the tax is not paid by that date, the lender will pay the delinquent tax, together with any penalty and interest then due, in full to the county and add the amount of tax paid to the debt under the agreement. The notice may inform the mortgagor of the lender's option to begin foreclosure proceedings. The county may only require payment and collection of taxes that have been delinquent for no longer than one year under this section. The county must notify the lender if the owner of the manufactured home pays the delinquent taxes at any time during the 60 days after the notice has been issued.

Sec. 2. Minnesota Statutes 1990, section 124.2131, subdivision 1, is amended to read:

Subdivision 1. [ADJUSTED GROSS TAX CAPACITY.] (a) [COMPUTATION.] The department of revenue shall annually conduct an assessment/sales ratio study of the taxable property in each school district in accordance with the procedures in paragraphs (b) and (c). Based upon the results of this assessment/sales ratio study, the department of revenue shall determine an aggregate equalized gross tax capacity and an aggregate equalized net tax capacity for the various classes of taxable property in each school district, which tax capacity shall be designated as the adjusted gross tax capacity and the adjusted net tax capacity, respectively. The department of revenue may incur the expense necessary to make the determinations. The commissioner of revenue may reimburse any county or governmental official for requested services performed in ascertaining the adjusted gross tax capacity and the adjusted net tax capacity. On or before March 15 annually, the department of revenue shall file with the chair of the tax committee of the house of representatives and the chair of the committee on taxes and tax laws of the senate a report of adjusted gross tax capacities and adjusted net tax capacities. On or before April 15 annually, the department of revenue shall file its final report on the adjusted gross tax capacities and adjusted net tax capacities established by the previous year's assessment with the commissioner of education and each county auditor for those school districts for which the auditor has the responsibility for determination of local tax rates. A copy of the report so filed shall be

mailed to the clerk of each district involved and to the county assessor or supervisor of assessments of the county or counties in which each district is located.

(b) [METHODOLOGY.] In making its annual assessment/sales ratio studies, the department of revenue shall use a methodology consistent with the most recent Standard on Assessment Ratio Studies published by the assessment standards committee of the International Association of Assessing Officers. The commissioner of revenue shall supplement this general methodology with specific procedures necessary for execution of the study in accordance with other Minnesota laws impacting the assessment/sales ratio study. The commissioner shall document these specific procedures in writing and shall publish the procedures in the State Register, but these procedures will not be considered "rules" pursuant to the Minnesota administrative procedure act.

(c) [AGRICULTURAL LANDS.] For purposes of determining the adjusted gross tax capacity and adjusted net tax capacity of agricultural lands for the calculation of adjusted gross tax capacities and adjusted net tax capacities, the market value of agricultural lands shall be the price for which the property would sell in an arms length transaction.

(d) [FORCED SALES.] The commissioner may include forced sales in the assessment/sales ratio studies if it is determined by the commissioner that these forced sales indicate true market value.

Sec. 3. [216B.445] [MUNICIPAL ANNEXATION; PURCHASE OF EXISTING UTILITY FACILITIES.]

When a municipality annexes an area, under chapter 414, that receives electric service from a public utility or a cooperative electric association and acquires facilities of the utility or cooperative association as a result of the annexation, the municipality shall assess the costs of acquiring the facilities on all the ratepayers to whom the municipality provides electric service, including the ratepayers in the annexed area. Assessment for facilities acquired through annexation must be apportioned equally within each class of ratepayers and proportionally between classes of ratepayers. Ratepayers in an annexed area may not be classified separately from other ratepayers who receive electric service from the municipality for the purposes of this section.

Sec. 4. Minnesota Statutes 1990, section 271.06, subdivision 7, is amended to read:

Subd. 7. [RULES.] (a) The rules of evidence and civil procedure for the district court of Minnesota shall govern the procedures in the tax court, where practicable. The tax court may adopt rules under

chapter 14. The rules in effect on January 1, 1989, apply until superseded.

(b) Notwithstanding paragraph (a), information, including income and expense figures, verified net rentable areas, and anticipated income and expenses, for income-producing property which is not provided to the county assessor at least 45 days before any hearing under this chapter, is not admissible except if necessary to prevent undue hardship or when the failure to provide it was due to the unavailability of the evidence at that time.

(c) Notwithstanding paragraph (a) and provided that the information as contained in paragraph (b) is timely submitted to the county assessor, the county assessor shall furnish the petitioner at least five days before the hearing under this chapter with the property's appraisal, if any, which will be presented to the court at the hearing. The petitioner shall furnish to the county assessor at least five days before the hearing under this chapter with the property's appraisal, if any, which will be presented to the court at the hearing. An appraisal of the petitioner's property done by or for the county or by or for the petitioner shall not be admissible as evidence if the provisions within this paragraph are not met.

Sec. 5. Minnesota Statutes 1991 Supplement, section 271.21, subdivision 6, is amended to read:

Subd. 6. ~~(a)~~ The hearing in the small claims division shall be informal and without a jury. The judge may hear any testimony and receive any evidence the judge deems necessary or desirable for a just determination of the case except as provided in paragraph (b). Sales ratio studies published by the department of revenue may be admissible as a public record without foundation. All testimony shall be given under oath. A party may appear personally or may be represented or accompanied by an attorney. No transcript of the proceedings shall be kept.

(b) Information, including income and expense figures, verified net rentable areas, and anticipated income and expenses, for income-producing property which is not provided to the county assessor at least 30 days before any hearing under this chapter, is not admissible except if necessary to prevent undue hardship or when the failure to provide it was due to the unavailability of the evidence at that time.

Sec. 6. Minnesota Statutes 1991 Supplement, section 272.02, subdivision 1, is amended to read:

Subdivision 1. All property described in this section to the extent herein limited shall be exempt from taxation:

- (1) all public burying grounds;
- (2) all public schoolhouses;
- (3) all public hospitals;
- (4) all academies, colleges, and universities, and all seminaries of learning;
- (5) all churches, church property, and houses of worship;
- (6) institutions of purely public charity except parcels of property containing structures and the structures described in section 273.13, subdivision 25, paragraph (c), clauses (1), (2), and (3), or paragraph (d);
- (7) all public property exclusively used for any public purpose;
- (8) except for the taxable personal property enumerated below, all personal property and the property described in section 272.03, subdivision 1, paragraphs (c) and (d), shall be exempt.

The following personal property shall be taxable:

- (a) personal property which is part 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 and structures;
- (b) railroad docks and wharves which are part of the operating property of a railroad company as defined in section 270.80;
- (c) personal property defined in section 272.03, subdivision 2, clause (3);
- (d) leasehold or other personal property interests which are taxed pursuant to section 272.01, subdivision 2; 273.124, subdivision 7; or 273.19, subdivision 1; or any other law providing the property is taxable as if the lessee or user were the fee owner;
- (e) manufactured homes and sectional structures, including storage sheds, decks, and similar removable improvements constructed on the site of a park trailer or travel trailer as provided in section 274.19, subdivision 8, paragraph (f); and
- (f) flight property as defined in section 270.071.

(9) Personal property used primarily for the abatement and control of air, water, or land pollution to the extent that it is so used, and real property which is used primarily for abatement and control of air, water, or land pollution as part of an agricultural operation, as a part of a centralized treatment and recovery facility operating under a permit issued by the Minnesota pollution control agency pursuant to chapters 115 and 116 and Minnesota Rules, parts 7001.0500 to 7001.0730, and 7045.0020 to 7045.1260, as a wastewater treatment facility and for the treatment, recovery, and stabilization of metals, oils, chemicals, water, sludges, or inorganic materials from hazardous industrial wastes, or as part of an electric generation system. For purposes of this clause, personal property includes ponderous machinery and equipment used in a business or production activity that at common law is considered real property.

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

(10) Wetlands. For purposes of this subdivision, "wetlands" means: (i) land described in section 103G.005, subdivision 18; (ii) land which is mostly under water, produces little if any income, and has no use except for wildlife or water conservation purposes, provided it is preserved in its natural condition and drainage of it would be legal, feasible, and economically practical for the production of livestock, dairy animals, poultry, fruit, vegetables, forage and grains, except wild rice; or (iii) land in a wetland preservation area under sections 103F.612 to 103F.616. "Wetlands" under items (i) and (ii) include adjacent land which is not suitable for agricultural purposes due to the presence of the wetlands, but do not include woody swamps containing shrubs or trees, wet meadows, meandered water, streams, rivers, and floodplains or river bottoms. Exemption of wetlands from taxation pursuant to this section shall not grant the public any additional or greater right of access to the wetlands or diminish any right of ownership to the wetlands.

(11) Native prairie. The commissioner of the department of natural resources shall determine lands in the state which are native prairie and shall notify the county assessor of each county in which the lands are located. Pasture land used for livestock grazing

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

(12) Property used in a continuous program to provide emergency shelter for victims of domestic abuse, provided the organization that owns and sponsors the shelter is exempt from federal income taxation pursuant to section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1986, notwithstanding the fact that the sponsoring organization receives funding under section 8 of the United States Housing Act of 1937, as amended.

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

(14) To the extent provided by section 295.44, real and personal property used or to be used primarily for the production of hydroelectric or hydromechanical power on a site owned by the state or a local governmental unit which is developed and operated pursuant to the provisions of section 103G.535.

(15) If approved by the governing body of the municipality in which the property is located, and if construction is commenced after June 30, 1983:

(a) a "direct satellite broadcasting facility" operated by a corporation licensed by the federal communications commission to provide direct satellite broadcasting services using direct broadcast satellites operating in the 12-ghz. band; and

(b) a "fixed satellite regional or national program service facility" operated by a corporation licensed by the federal communications commission to provide fixed satellite-transmitted regularly scheduled broadcasting services using satellites operating in the 6-ghz. band.

An exemption provided by clause (15) shall apply for a period not to exceed five years. When the facility no longer qualifies for exemption, it shall be placed on the assessment rolls as provided in subdivision 4. Before approving a tax exemption pursuant to this paragraph, the governing body of the municipality shall provide an opportunity to the members of the county board of commissioners of the county in which the facility is proposed to be located and the members of the school board of the school district in which the facility is proposed to be located to meet with the governing body. The governing body shall present to the members of those boards its estimate of the fiscal impact of the proposed property tax exemption. The tax exemption shall not be approved by the governing body until the county board of commissioners has presented its written comment on the proposal to the governing body or 30 days has passed from the date of the transmittal by the governing body to the board of the information on the fiscal impact, whichever occurs first.

(16) Real and personal property owned and operated by a private, nonprofit corporation exempt from federal income taxation pursuant to United States Code, title 26, section 501(c)(3), primarily used in the generation and distribution of hot water for heating buildings and structures.

(17) Notwithstanding section 273.19, state lands that are leased from the department of natural resources under section 92.46.

(18) Electric power distribution lines and their attachments and appurtenances, that are used primarily for supplying electricity to farmers at retail.

(19) Transitional housing facilities. "Transitional housing facility" means a facility that meets the following requirements. (i) It provides temporary housing to ~~parents and children who are receiving AFDC or parents of children who are temporarily in foster care~~ individuals, couples, or families. (ii) It has the purpose of reuniting families and enabling parents or individuals to obtain self-sufficiency, advance their education, get job training, or become employed in jobs that provide a living wage. (iii) It provides support services such as child care, work readiness training, and career development counseling; and a self-sufficiency program with periodic monitoring of each resident's progress in completing the program's goals. (iv) It provides services to a resident of the facility for at least ~~six~~ three months but no longer than ~~three~~ two years, except residents enrolled in an educational or vocational institution or job training program. These residents may receive services during the time they are enrolled but in no event longer than four years. (v) It is sponsored by ~~an organization that has received a grant under either section 256.7365 for the biennium ending June 30, 1989, or section 462A.07, subdivision 15, for the biennium ending June 30, 1991, for the purposes of providing the services in items (i) to (iv).~~ (vi) It is sponsored by an organization that is owned and operated or



under lease from a unit of government or governmental agency under a property disposition program and operated by one or more organizations exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1987. This exemption applies notwithstanding the fact that the sponsoring organization receives financing by a direct federal loan or federally insured loan or a loan made by the Minnesota housing finance agency under the provisions of either Title II of the National Housing Act or the Minnesota housing finance agency law of 1971 or rules promulgated by the agency pursuant to it, and notwithstanding the fact that the sponsoring organization receives funding under Section 8 of the United States Housing Act of 1937, as amended.

(20) Real and personal property, including leasehold or other personal property interests, owned and operated by a corporation if more than 50 percent of the total voting power of the stock of the corporation is owned collectively by: (i) the board of regents of the University of Minnesota, (ii) the University of Minnesota Foundation, an organization exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1990, and (iii) a corporation organized under chapter 317A, which by its articles of incorporation is prohibited from providing pecuniary gain to any person or entity other than the regents of the University of Minnesota; which property is used primarily to manage or provide goods, services, or facilities utilizing or relating to large-scale advanced scientific computing resources to the regents of the University of Minnesota and others.

(21) Wind energy conversion systems, as defined in section 216C.06, subdivision 12, installed after January 1, 1991, and used as an electric power source.

(22) Containment tanks, cache basins, and that portion of the structure needed for the containment facility used to confine agricultural chemicals as defined in section 18D.01, subdivision 3, as required by the commissioner of agriculture under chapter 18B or 18C.

Sec. 7. Minnesota Statutes 1990, section 272.02, is amended by adding a subdivision to read:

Subd. 7a. [METAL DISTILLATION RECYCLING FACILITIES.] Real and personal property used to distill or recover heavy metals for reuse or recycling from a solution containing the heavy metals is exempt from taxation.

Sec. 8. Minnesota Statutes 1990, section 272.115, is amended to read:

272.115 [CERTIFICATE OF VALUE; FILING.]

Subdivision 1. ~~Except as provided in subdivision 1a, whenever any real estate is sold on or after January 1, 1978, for a consideration in excess of \$1,000, whether by warranty deed, quitclaim deed, contract for deed or any other method of sale, the grantor, grantee or the legal agent of either shall file a certificate of value with the county auditor in the county in which the property is located within 30 days of the sale. Value shall, in the case of any deed not a gift, be the amount of the full actual consideration thereof, paid or to be paid, including the amount of any lien or liens assumed. The certificate of value shall include the classification to which the property belongs for the purpose of determining the fair market value of the property. The certificate shall include financing terms and conditions of the sale which are necessary to determine the actual, present value of the sale price for purposes of the sales ratio study. The commissioner of revenue shall promulgate administrative rules specifying the financing terms and conditions which must be included on the certificate.~~

Subd. 1a. Whenever any real estate, a portion or all of which is classified as homestead under chapter 273 is sold or transferred on or after January 1, 1993, whether by warranty deed, quitclaim deed, contract for deed, or any other method of sale or transfer, the grantor, grantee, or the legal agent of either shall file a certificate of value with the county auditor in the county in which the property is located within 30 days of the sale or transfer. Value shall, in the case of any deed not a gift, be the amount of the full actual consideration thereof, paid or to be paid, including the amount of any lien or liens assumed. The certificate of value shall include the current classification of the property for the purpose of determining the fair market value of the property, and the use and likely classification to which the property will be used after the sale or transfer. The certificate shall include financing terms and conditions of the sale which are necessary to determine the actual, present value of the sale price for purposes of the sales ratio study and its eligibility for homestead classification under chapter 273. The certificate shall also include the social security number of both the grantor and the grantee. The commissioner of revenue shall adopt administrative rules specifying the financing terms and conditions which must be included on the certificate.

Subd. 2. The certificate of value shall require such facts and information as may be determined by the commissioner to be reasonably necessary in the administration of the state education aid formulas and the eligibility of a property's classification as homestead under chapter 273. The form of the certificate of value shall be prescribed by the department of revenue which. A different form may be prescribed for property under subdivision 1 and for property under subdivision 1a. The commissioner shall provide an adequate supply of forms to each county auditor.

Subd. 3. The county auditor shall transmit two true copies of the

certificate of value to the assessor who shall insert the most recent market value and when available, the year of original construction of each parcel of property on both copies and shall transmit one copy to the department of revenue. Upon the request of a city council located within the county, a copy of each certificate of value for property located in that city shall be made available to the governing body of the city. The assessor shall remove the homestead classification for the following assessment year from a property which is sold or transferred, unless the grantee or the person to whom the property is transferred completes a homestead application under section 273.124, subdivision 13, and qualifies for homestead.

Subd. 4. No real estate sold or transferred on or after January 1, 1978, for which a certificate of value is required pursuant to 1993, under subdivision 1a shall be classified as a homestead, unless a certificate of value has been filed with the county auditor in accordance with this section.

This subdivision shall apply to any real estate taxes that are payable the year or years following the sale or transfer of the property.

Sec. 9. Minnesota Statutes 1991 Supplement, section 273.11, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] Except as provided in subdivisions 6, 8, 9, and 11, 12, and 13 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. The assessor shall not take into account any increased market value for improvements from conversion or replacement of an existing groundwater based once-through cooling system as required under section 103G.271, subdivision 5. 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 be taken into account. An individual lot of such platted property shall be assessed at its market value beginning with the first assessment following final approval of the plat. 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. 10. Minnesota Statutes 1990, section 273.11, is amended by adding a subdivision to read:

Subd. 12. [NEIGHBORHOOD LAND TRUSTS.] (a) A neighborhood land trust, as defined under chapter 462A, is (i) a community-based nonprofit corporation organized under chapter 317A, which qualifies for tax exempt status under 501(c)(3), or (ii) a home rule charter or statutory city, a county, a housing and redevelopment authority, or an economic development authority which has received funding from the Minnesota housing finance agency for purposes of the neighborhood land trust program. The Minnesota housing finance agency shall set the criteria for neighborhood land trusts.

(b) All occupants of a neighborhood land trust building must have a family income of less than 80 percent of the greater of (1) the state median income, or (2) the area or county median income, as most recently determined by the department of housing and urban development. Before the neighborhood land trust can rent or sell a unit to an applicant, the neighborhood land trust shall request the commissioner of revenue to verify that the family incomes of each person or family applying for a unit in the neighborhood land trust building is within the income criteria provided in this paragraph. The neighborhood land trust shall furnish a list of the applicant's social security numbers. The property tax benefits under paragraphs (c) and (d) shall be granted only to property owned or rented by persons or families within the qualifying income limits. The family income criteria and verification is only necessary at the time of initial occupancy in the property.

(c) On or before December 1, 1992, and each year thereafter, the city in the case of a city owned land trust, or the Minnesota housing finance agency shall certify by property identification number to the county assessor of each county, the current year's limited equity price of each qualifying structure owned by the neighborhood land trust and located within the county. The land owned by a qualifying nonprofit corporation as a land trust shall be valued by the assessor at its fair market value as defined under this section. The assessor shall use a limited equity price valuation only on those buildings approved by the Minnesota housing finance agency as neighborhood land trusts. For purposes of this section, "limited equity price" shall be as defined in section 462A.30, subdivision 7. The limited equity

price or its fair market value as defined under this section, whichever is less, shall be the structure's estimated market value for purposes of determining property taxes under this chapter.

(d) A unit which is owned by the occupant and used as a homestead by the occupant qualifies for homestead treatment as class 1a under section 273.13, subdivision 22. A unit which is rented by the occupant and used as a homestead by the occupant shall be class 4a or 4b property, under section 273.13, subdivision 25, whichever is applicable. Any remaining portion of the property not used for residential purposes shall be classified by the assessor in the appropriate class based upon the use of that portion of the property owned by the neighborhood land trust. The land upon which the building is located shall be assessed at the same class rate as the units within the building, provided that if the building contains some units assessed as class 1a and some units assessed as class 4a or 4b, the market value of the land will be assessed in the same proportions as the value of the building.

(e) The rent charged by the neighborhood land trust to the lessee of a unit granted class 4a or 4b status must reflect the benefits granted to that unit under paragraph (c).

(f) The county treasurer shall prepare a separate property tax statement under section 276.04 for each owner-occupied unit in the neighborhood land trust and mail the statement directly to the owner of that unit. The tax on each unit shall be determined by reflecting the value of each individual unit and the appropriate property classification status of each unit. If the property tax on an owner-occupied unit is not paid, the delinquent property taxes will be assessed to the neighborhood land trust and, if not subsequently paid, will be a lien on the structure. The county treasurer shall also prepare a single property tax statement for the rental units in the neighborhood land trust and, in the case of land owned by a nonprofit corporation, the tax on the land. A total listing of all units in the building itemizing the amount of property taxes relating to each unit in the building and the land owned by a neighborhood land trust shall be prepared by the county treasurer and furnished to the neighborhood land trust.

Sec. 11. Minnesota Statutes 1990, section 273.11, is amended by adding a subdivision to read:

Subd. 13. [VALUATION OF INCOME-PRODUCING PROPERTY.] Beginning with the 1995 assessment, only accredited assessors or senior accredited assessors may value income-producing property for ad valorem tax purposes. "Income-producing property" as used in this subdivision means the taxable property in class 3a and 3b in section 273.13, subdivision 24; class 4a and 4c, except for seasonal recreational property not used for commercial purposes,

and class 4d in section 273.13, subdivision 25; and class 5 in section 273.13, subdivision 31.

Sec. 12. Minnesota Statutes 1991 Supplement, section 273.124, subdivision 1, is amended to read:

Subdivision 1. [GENERAL RULE.] (a) 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 as provided in subdivision 13, of the facts upon which classification as a homestead may be determined.

(b) 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.

(c) ~~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.~~

(d) 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 a relative shown on the deed as a coowner, the assessor shall allow a full homestead classification. In applying the homestead ownership requirement, an individual who occupies the property and who is a relative of an owner is considered the owner of the relative's interest. For purposes of this paragraph, "relative" means a parent, stepparent, child, stepchild, spouse,

grandparent, grandchild, brother, sister, uncle, or aunt. This relationship may be by blood or marriage. If the property is classified as seasonal recreational residential property at the time treatment under this paragraph would apply, the property continues to be classified as seasonal recreational residential property and does not qualify as a homestead under this paragraph until the first assessment date occurring after the relative of the owner has continuously occupied the property for a period of two years.

(e) In the case of property owned and formerly occupied by two or more persons in joint tenancy or tenancy in common, when those persons are related to each other as parents and children or as stepparents and stepchildren, and when one or more of the owners ceases to occupy the property, the assessor shall continue to allow a full homestead classification as long as at least one of the owners continues to occupy the property for purposes of a homestead. This paragraph applies only to single family residential property.

Sec. 13. Minnesota Statutes 1991 Supplement, section 273.124, subdivision 6, is amended to read:

Subd. 6. [LEASEHOLD COOPERATIVES.] When one or more dwellings or one or more buildings which each contain several dwelling units is owned by a nonprofit corporation subject to the provisions of chapter 317A and qualifying under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986, as amended through December 31, 1990, or a limited partnership which corporation or partnership operates the property in conjunction with a cooperative association, and has received public financing, homestead treatment may be claimed by the cooperative association on behalf of the members of the cooperative for each dwelling unit occupied by a member of the cooperative. The cooperative association must provide the assessor with the social security numbers of those members. To qualify for the treatment provided by this subdivision, the following conditions must be met:

(a) the cooperative association must be organized under chapter 308A and all voting members of the board of directors must be resident tenants of the cooperative and must be elected by the resident tenants of the cooperative;

(b) the cooperative association must have a lease for occupancy of the property for a term of at least 20 years, which permits the cooperative association, while not in default on the lease, to participate materially in the management of the property, including material participation in establishing budgets, setting rent levels, and hiring and supervising a management agent;

(c) to the extent permitted under state or federal law, the cooperative association must have a right under a written agreement with the owner to purchase the property if the owner proposes to sell it; if

the cooperative association does not purchase the property it is offered for sale, the owner may not subsequently sell the property to another purchaser at a price lower than the price at which it was offered for sale to the cooperative association unless the cooperative association approves the sale;

(d) the cooperative must meet one of the following criteria with respect to the income of its members: (1) a minimum of 75 percent of members must have incomes at or less than 80 percent of area median income, (2) a minimum of 40 percent of members must have incomes at or less than 60 percent of area median income, or (3) a minimum of 20 percent of members must have incomes at or less than 50 percent of area median income. For purposes of this clause, "member income" means the income of a member existing at the time the member acquires cooperative membership, and "median income" means the St. Paul-Minneapolis metropolitan area median income as determined by the United States Department of Housing and Urban Development;

(e) if a limited partnership owns the property, it must include as the managing general partner a nonprofit organization operating under the provisions of chapter 317A and qualifying under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986, as amended through December 31, 1990, and the limited partnership agreement must provide that the managing general partner have sufficient powers so that it materially participates in the management and control of the limited partnership;

(f) prior to becoming a member of a leasehold cooperative described in this subdivision, a person must have received notice that (1) describes leasehold cooperative property in plain language, including but not limited to the effects of classification under this subdivision on rents, property taxes and tax credits or refunds, and operating expenses, and (2) states that copies of the articles of incorporation and bylaws of the cooperative association, the lease between the owner and the cooperative association, a sample sublease between the cooperative association and a tenant, and, if the owner is a partnership, a copy of the limited partnership agreement, can be obtained upon written request at no charge from the owner, and the owner must send or deliver the materials within seven days after receiving any request;

(g) if a dwelling unit of a building was occupied on the 60th day prior to the date on which the unit became leasehold cooperative property described in this subdivision, the notice described in paragraph (f) must have been sent by first class mail to the occupant of the unit at least 60 days prior to the date on which the unit became leasehold cooperative property. For purposes of the notice under this paragraph, the copies of the documents referred to in paragraph (f) may be in proposed version, provided that any subsequent material alteration of those documents made after the occu-



pant has requested a copy shall be disclosed to any occupant who has requested a copy of the document. Copies of the articles of incorporation and certificate of limited partnership shall be filed with the secretary of state after the expiration of the 60-day period unless the change to leasehold cooperative status does not proceed; ~~and~~

(h) the county attorney of the county in which the property is located must certify to the assessor that the property meets the requirements of this subdivision; and

(i) in the case of property that is classified as nonhomestead residential property under section 273.13 at the time when the cooperative association claims reclassification of the property as a leasehold cooperative, the governing body of the municipality in which the property is located must make a finding that the reclassification will not substantially impair the ability of the municipality or any agency of the municipality to meet its debt service obligations on any bonds or other debt outstanding at the time of the request for reclassification.

Homestead treatment must be afforded to units occupied by members of the cooperative association and the units must be assessed as provided in subdivision 3, provided that any unit not so occupied shall be classified and assessed pursuant to the appropriate class. No more than three acres of land may, for assessment purposes, be included with each dwelling unit that qualifies for homestead treatment under this subdivision.

Sec. 14. Minnesota Statutes 1991 Supplement, section 273.124, subdivision 9, is amended to read:

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

Any taxpayer meeting the requirements of this subdivision must notify the county assessor, or the assessor who has the powers of the county assessor ~~pursuant to~~ under section 273.063, in writing, prior to June 15 of the year of occupancy in order to qualify under this subdivision. The assessor must not deny full homestead treatment to a property that is partially homesteaded on January 2 but occupied for the purpose of a full homestead by June 1 of a year.

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

The owner of any property qualifying under this subdivision,

which has not been accorded the benefits of this subdivision, regardless of whether or not the notification has been timely filed, may be entitled to receive homestead classification by proper application as provided in section 270.07 or 375.192 provided that a request is made by the owner of the property to the county assessor of the county in which the property is located by December 15. If homestead classification has not been requested as of December 15, the assessor will classify the property as nonhomestead for the current assessment year for taxes payable in the following year.

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

Sec. 15. Minnesota Statutes 1991 Supplement, section 273.124, subdivision 13, is amended to read:

Subd. 13. [SOCIAL SECURITY NUMBER REQUIRED FOR HOMESTEAD APPLICATION.] On or before January 2, 1993, each county assessor shall mail a homestead application to the owner of each parcel of property within the county which was classified as homestead for the 1992 assessment year. The format and contents of a uniform homestead application shall be prescribed by the commissioner of revenue. The commissioner shall consult with the chairs of the house and senate tax committees on the contents of the homestead application form. The application must clearly inform the taxpayer that this application must be signed by all owners of the property and returned to the county assessor in order for the property to continue receiving homestead treatment. The envelope containing the homestead application shall clearly identify its contents and alert the taxpayer of its necessary immediate response.

Every property owner applying for homestead classification must furnish to the county assessor that owner's the social security number of each person who is listed as an owner of the property listed on the homestead application. 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.

If residential real estate is occupied and used for purposes of a homestead by a relative of the owner and qualifies for a homestead under section 273.124, subdivision 1, paragraph (c), in order for the property to receive homestead status, the social security number of the relative occupying the property and the social security number of each owner of the property shall be required on the homestead application filed under this subdivision. If a different relative of the

owner subsequently occupies the property, the owner of the property must notify the assessor within 30 days of the change in occupancy.

The homestead application shall also notify the property owners that the application filed under this section will not be mailed annually and that if the property is granted homestead status for the 1993 assessment, that same property shall remain classified as homestead until the property is sold or transferred to another person, or the owners or the relatives no longer use the property as their homestead. Upon the sale or transfer of the homestead property, a certificate of value must be timely filed with the county auditor as provided under section 272.115. Failure to notify the county within 30 days that the property has been sold, transferred, or that the owner or the relative is no longer occupying the property as a homestead, shall result in the penalty provided under this subdivision and the property will lose its current homestead status.

If the initial homestead application is not returned within 30 days, the county will send a second application to the present owners of record. The notice of proposed property taxes prepared under section 275.065, subdivision 3, shall reflect the property's classification. If a homestead application has not been filed with the county by December 15, the property will be classified as nonhomestead for the current assessment year for taxes payable in the following year.

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 under this subdivision.

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 taconite homestead credit under section 273.135, and the supplemental homestead credit 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 ~~50~~ 100 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 of taxes and penalty to the succeeding year's tax list to be collected as part of the property taxes.

Any amount of homestead benefits recovered by the county from the property owner ~~must be transmitted to the commissioner by the end of each calendar quarter~~ shall be distributed to the county, city or town, and school district where the property is located in the same proportion that each taxing district's levy was to the total of the three taxing districts' levy for the current year. 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 total 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. 16. Minnesota Statutes 1991 Supplement, section 273.13, subdivision 22, is amended to read:

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

The first \$72,000 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 \$72,000 but does not exceed \$115,000 has a class rate of two percent of its market value; and the market value of class 1a property that exceeds \$115,000 has a class rate of 2.5 percent of its market value. For taxes payable in 1993 and thereafter, the market value of class 1a property that exceeds \$72,000 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) 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

(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 225 250 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 .8 percent of the first \$32,000 of market value and one percent of market value in excess of \$32,000 for taxes payable in 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. The remainder of class 1c has a class rate of 2.3 percent of market value.

Class 1c also includes any commercial use real property used exclusively for recreational purposes in conjunction with class 1c 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 250 days in the year preceding the year of assessment and is located within two miles of the class 1c property with which it is used.

For property to qualify as class 1c, on or before January 15, the owner of the resort property must annually submit a written certification to the county assessor of the county in which the resort property is located. The certification must verify that all of the residential units were used in the previous calendar year for less than 250 days. At the assessor's request, the property owner's

records must be made available to the assessor for purposes of auditing and verifying the information contained on the property owner's certification.

(d) Class 1d is commercial use real property that abuts a lakeshore line, a portion or all of which was used for more than 250 days in the year preceding the year of assessment as a commercial resort, and that includes a portion of the property used as a homestead. The homestead portion of the property must be occupied by the owner or include 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 paragraph (c) and this paragraph, and subdivision 24, paragraph (c), "resort" has the meaning defined in section 157.01, subdivision 1. To qualify as a resort, the property must be licensed as a resort as of the current assessment date under chapter 157 and the property must either (i) have been licensed to do business as a resort under chapter 157 on December 31, 1991, and a portion or all of the property was classified as seasonal residential recreational property for the January 1991 assessment, or (ii) if the initial license to do business as a resort is granted to the property under chapter 157 after December 31, 1991, the property must be located in an unincorporated area and on, or neighboring, a lake, stream, or river. If the initial license was granted to the property under chapter 157 prior to December 31, 1991, and the property subsequently sold, the property continues to qualify as a resort provided that the use of the property has not changed. A "recreational camping area" as defined in section 327.14 and licensed under section 327.15 as a recreational camping area is included in the definition of resort.

Class 1d shall be valued and assessed according to the following class rates:

(1) one percent of the market value of land up to a maximum of 800 feet and 500 feet in depth, measured away from the lakeshore, including the residential structures on that area of land, provided that the area of the property must not exceed 100 feet of lakeshore footage for each cabin or campsite located on the property, except that if any of those residential structures were used in the previous assessment year for more than 250 days, 32 percent of the market value of those residential structures and a proportionate share of land shall be assessed using the lowest class rate for class 3a property;

(2) except as provided in clause (1), 32 percent of the market value of all residential structures and a proportionate share of land used in the previous assessment year for more than 250 days shall be assessed using the lowest class rate for class 3a property, and the

remaining 68 percent of the market value of the residential structures and a proportionate share of land used in the previous assessment year for more than 250 days shall be assessed at 2.3 percent; and

(3) 2.3 percent of the market value of: (i) the residential structures used in the previous assessment year for less than 250 days other than the value of the residential structures assessed under clause (1); (ii) the land, excluding that portion of land contained in clauses (1) and (2); and (iii) the commercial use real property used exclusively for recreational purposes in conjunction with the class 1d property, provided that it is located within two miles of the class 1d residential property with which it is used.

For property to qualify as class 1d, on or before January 15, the owner of the resort property must annually submit a written certification to the county assessor of the county in which the resort property is located. The certification must identify the number of residential units and the specific units which were used in the previous calendar year for more than 250 days. The commissioner of revenue shall design the necessary form. The form may require whatever information from the property owner that the commissioner determines is necessary for its administration. The form is exempt from the administrative procedures under chapter 14. At the assessor's request, the property owner's records must be made available to the assessor for purposes of auditing and verifying the information contained on the property owner's certification.

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 is commercial use real property that is used as a commercial resort, other than resort property classified as class 1c or 1d. For purposes of this paragraph, the definition and the qualifications of "resort" property are the same as provided in subdivision 22, paragraph (d). For property to qualify as class 3c, the owner of the resort must annually submit a written certification to the county assessor as provided in subdivision 22, paragraph (d). Class 3c shall be valued and assessed according to the following class rates:

(1) 32 percent of the market value of all residential structures and a proportionate share of land used in the previous assessment year for more than 250 days shall be assessed using the lowest class rate for class 3a property, and the remaining 68 percent of the market value of the residential structures and a proportionate share of land used in the previous assessment year for more than 250 days shall be assessed at 2.3 percent; and

(2) 2.3 percent of the market value of: (i) the land and the residential structures used in the year preceding the year of assessment for less than 250 days; (ii) the land, excluding that portion of land contained in clause (1); and (iii) the commercial use real property used exclusively for recreational purposes in conjunction with the class 3c property, provided that it is located within two miles of the class 3c residential property with which it is used.

Sec. 18. Minnesota Statutes 1991 Supplement, section 273.13, subdivision 25, as amended by Laws 1992, chapter 363, article 1, section 12, subdivision 1, 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 3.5 percent of market value for taxes payable in 1992, and 3.4 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 2.8 percent of market value for taxes payable in 1992, 2.5 percent of market value for taxes payable in 1993, and 2.3 percent of market value for taxes payable in 1994 and thereafter.

(c) Class 4c property includes:

(1) a structure that is:

(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 adopted 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 as defined in section 42(c)(2) of the Internal Revenue Code of 1986, as amended through December 31, 1990, that (i) receives a low-income housing credit under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1990; 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; or (iii) meets the requirements of section 273.1317. Classification pursuant to this clause is limited to a term of 15 years.

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 unless the owner of the property elects to have the property assessed under Laws 1991, chapter 291, article 1, section 55. If the owner of the property elects to have the market value determined on the basis of the actual restricted rents, as provided in Laws 1991, chapter 291, article 1, section 55, the property will be assessed at the rate provided for class 4a or class 4b property, as appropriate. Properties described in clauses (1)(ii), (3), and (4) may apply to the assessor for valuation under Laws 1991, chapter 291, article 1, section 55. 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 (e), 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 250 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 4e also includes commercial use real property used exclusively for recreational purposes in conjunction with class 4e 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 250 days in the year preceding the year of assessment and is located within two miles of the class 4e property with which it is used. Class 4e property classified in this clause also includes the remainder of class 4e 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, 1990. 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 seasonal residential recreational property ~~not used for commercial purposes~~ under clause (5) has a class rate of 2.2 percent of market value for taxes payable in 1992, and for taxes payable in 1993 and thereafter, the first \$72,000 of market value has a class rate of two percent and the market value that exceeds \$72,000 has a class rate of 2.5 percent.

(d) Class 4d property includes:

(1) a structure that is:

(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.

(2) For taxes payable in 1992, 1993 and 1994, only, 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, adjusted for family size and the building consists of existing single

family or duplex housing. The lease agreement must provide for a portion of the lease payment to be escrowed as a nonrefundable down payment on the housing. To qualify under this clause, the taxpayer must apply to the county assessor by May 30 of each year. The application must be accompanied by an affidavit or other proof required by the assessor to determine qualification under this clause.

(3) For taxes payable in 1992, 1993 and 1994, only, federally acquired buildings under four units 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 transitional housing for homeless persons under the program established in Code of Federal Regulations, title 55, section 49489. As used in this clause, "transitional housing" has the meaning given in section 268.38, subdivision 1, except that the two-year restriction does not apply. 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 this classification. To qualify under this clause, the taxpayer must apply to the county assessor by May 30 of each year. The application must be accompanied by an affidavit or other proof required by the county assessor to determine qualification under this clause. Property qualifying under this clause in 1992, 1993, or 1994 continues to receive a two percent class rate until the five-year lease has expired provided that the property continues to be used for the purposes as described in this clause.

(3) Qualifying buildings and appurtenances, together with the land upon which they are located, leased for a period of up to five years by the occupant under a lease-purchase program administered by the Minnesota housing finance agency or a housing and redevelopment authority authorized under sections 469.001 to 469.047, provided the occupant's income is no greater than 80 percent of the county or area median income, adjusted for family size and the building consists of two or less dwelling units. The lease agreement must provide for a portion of the lease payment to be escrowed as a nonrefundable down payment on the housing. The administering agency shall verify the occupant's income eligibility and certify to the county assessor that the occupant meets the income criteria under this clause. To qualify under this clause, the taxpayer must apply to the county assessor by May 30 of each year. For purposes of this clause, "qualifying buildings and appurtenances" shall be defined as one or two unit residential buildings which are unoccupied and have been abandoned and boarded for at least six months.

Class 4d property has a class rate of two percent of market value.

(e) Residential rental property that would otherwise be assessed as class 4 property under paragraph (a); paragraph (b), clauses (1) and (3); 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 1991 Supplement, 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, 29.2 percent for taxes payable in 1992 and 1993, 34.0 percent for taxes payable in ~~1993~~ 1994, and 43.4 percent for taxes payable in ~~1994~~ 1995 and thereafter.

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. 20. Minnesota Statutes 1990, section 274.19, subdivision 8, is amended to read:

Subd. 8. [MANUFACTURED HOMES; SECTIONAL STRUCTURES.] (a) In this section, "manufactured home" means a structure transportable in one or more sections, which is built on a permanent chassis, and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and contains the plumbing, heating, air conditioning, and electrical systems in it. "Manufactured home" includes any accessory structure that is an addition or supplement to the manufactured home and, when installed, becomes a part of the manufactured home.

(b) A manufactured home that meets each of the following criteria must be valued and assessed as an improvement to real property, the appropriate real property classification applies, and the valuation is subject to review and the taxes payable in the manner provided for real property:

(1) the owner of the unit holds title to the land on which it is situated;

(2) the unit is affixed to the land by a permanent foundation or is installed at its location in accordance with the manufactured home building code in sections 327.31 to 327.34, and rules adopted under those sections, or is affixed to the land like other real property in the taxing district; and

(3) the unit is connected to public utilities, has a well and septic tank system, or is serviced by water and sewer facilities comparable to other real property in the taxing district.

(c) A manufactured home that meets each of the following criteria must be assessed at the rate provided by the appropriate real property classification but must be treated as personal property, and the valuation is subject to review and the taxes payable in the manner provided in this section:

(1) the owner of the unit is a lessee of the land under the terms of a lease;

(2) the unit is affixed to the land by a permanent foundation or is installed at its location in accordance with the manufactured homes building code contained in sections 327.31 to 327.34, and the rules adopted under those sections, or is affixed to the land like other real property in the taxing district; and

(3) the unit is connected to public utilities, has a well and septic



tank system, or is serviced by water and sewer facilities comparable to other real property in the taxing district.

(d) Sectional structures must be valued and assessed as an improvement to real property if the owner of the structure holds title to the land on which it is located or is a qualifying lessee of the land under section 273.19. In this paragraph "sectional structure" means a building or structural unit that has been in whole or substantial part manufactured or constructed at an off-site location to be wholly or partially assembled on-site alone or with other units and attached to a permanent foundation.

(e) The commissioner of revenue may adopt rules under the administrative procedure act to establish additional criteria for the classification of manufactured homes and sectional structures under this subdivision.

(f) A storage shed, deck, or similar improvement constructed on property that is leased or rented as a site for a manufactured home, sectional structure, park trailer, or travel trailer is taxable as provided in this section. The property is taxable as personal property to the lessee of the site if it is not owned by the owner of the site. The property is taxable as real estate if it is owned by the owner of the site. As a condition of permitting the owner of the manufactured home, sectional structure, park trailer, or travel trailer to construct improvements on the leased or rented site, the owner of the site must obtain the permanent home address of the lessee or user of the site. The site owner must provide the name and address to the assessor upon request.

Sec. 21. Minnesota Statutes 1991 Supplement, 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.

(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 current school year to the immediately following 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 notices which are not parcel-specific, the notice must also state a total percentage increase or decrease in the proposed levy, relative to the actual property tax levy for taxes payable in the current year for the county, city or town, and school district. The county auditor shall compute the total percentage increase or decrease as an average percentage change weighted in proportion to each taxing jurisdiction's proportion of the total levy.

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; and, in the case of residential property, whether the property is classified as homestead or nonhomestead;

(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. In the case of a parcel where tax increment or the fiscal disparities areawide tax applies, the proposed tax levy on the captured value or the proposed tax levy on the tax capacity subject to the areawide tax must each be stated separately and not included in the sum of the special taxing districts; 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;

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

(5) any additional amount levied in lieu of a local sales and use tax, unless this amount is included in the proposed or final taxes.

(g) Except as provided in subdivision 7, failure of the county auditor to prepare or the county treasurer to deliver the notice as required in this section does not invalidate the proposed or final tax levy or the taxes payable pursuant to the tax levy.

(h) If the notice the taxpayer receives under this section lists the property as nonhomestead and the homeowner provides satisfactory documentation to the county assessor that the property is owned and has been used as the owner's homestead prior to June 1 of that year, the assessor shall reclassify the property to homestead for taxes payable in the following year.

(i) In the case of class 4 residential property used as a residence for lease or rental periods of 30 days or more, the taxpayer must either:

(1) mail or deliver a copy of the notice of proposed property taxes to each tenant, renter, or lessee; or

(2) post a copy of the notice in a conspicuous place on the premises of the property.

The notice must be mailed or posted by the taxpayer by November 13 or within three days of receipt of the notice, whichever is later. A taxpayer may notify the county treasurer of the address of the taxpayer, agent, caretaker, or manager of the premises to which the notice must be mailed in order to fulfill the requirements of this paragraph.

Sec. 22. Minnesota Statutes 1991 Supplement, 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, 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, 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.

For a city that has a population of more than 1,000 but less than 2,500 the advertisement must be at least one-eighth page in size of a standard-size or a tabloid-size newspaper, ~~and~~. The headlines first headline in the advertisement stating the notice of proposed property taxes and the notice of public hearing must be in a type no smaller than 14-point, and the second headline must be in a type no smaller than 12-point. The text of the advertisement must be no smaller than ~~12-point~~ 10-point, except that the property tax amounts and percentages may be in ~~10-point~~ 9-point type.

For a city that has a population of 2,500 or more, a county or a school district, the advertisement must be at least one-quarter page in size of a standard-size or a tabloid-size newspaper, ~~and the headlines.~~ The first headline in the advertisement stating the notice of proposed property taxes and the notice of public hearing must be in a type no smaller than 30-point and the second headline must be in a type no smaller than 22-point. The text of the advertisement must be no smaller than ~~22-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 for a school district must be in the following form, except that the notice for a school district may include references to the current budget in regard to proposed property taxes.

"NOTICE OF  
PROPOSED PROPERTY TAXES  
(City/County/School District) of .....

The governing body board of ..... education will soon hold budget hearings and a public hearing to vote on the amount of property taxes to collect to pay for (city/county services that will be provided in 199\_ /school district services that will be provided in education costs for the 199\_ and 199\_) school year.

The property tax amounts below compare current (city/county/school district) property taxes and the property taxes that would be collected by the school district in 199\_ with the property taxes the school board proposes to collect in 199\_, if the budget levy 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, for the school district for 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) The advertisement for a city or county must be in the following form.

“NOTICE OF  
PROPOSED PROPERTY TAXES  
(City/County) 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 ).

The amounts shown below compare the (city/county's) actual operating budget and property taxes for last year, to the projected operating budget, and to property taxes that will be collected in 199 if the levy now being considered is approved.

	<u>199 Actual</u>	<u>199 Proposed</u>
<u>General</u>		
<u>Operating</u>		
<u>Budget</u>	<u>\$.....</u>	<u>\$.....</u>
<u>Property</u>		
<u>Taxes</u>	<u>\$.....</u>	<u>\$.....</u>

NOTICE OF PUBLIC HEARING:

All concerned citizens are invited to attend a public hearing and express their opinions on the proposed (city/county) budget and 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)."

For purposes of this clause, "operating budget" means the expenditures from governmental funds as defined in the Minnesota city and county accounting and financial reporting standards uniform chart of accounts less the following expenditures:

(1) expenditures from the capital projects fund;

(2) expenditures paid for by special assessments, to the extent that the expenditures are funded by special assessments; and

(3) payments made to or on behalf of recipients of aid under any public assistance program authorized by law.

(e) (d) A city with a population of 1,000 or less must 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).

(d) (e) For purposes of this subdivision, the population of a city is the most recent population as determined by the state demographer under section 116K.04, subdivision 4.

Sec. 23. Minnesota Statutes 1991 Supplement, section 275.065, subdivision 6, is amended to read:

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

The governing bodies of the counties shall hold the hearings on the first Tuesday in December of each year. The governing bodies of the cities shall hold the hearings the first Wednesday in December of each year. The governing bodies of the school districts shall hold the hearings on the first Thursday in December of each year. The hearing must be held after 5:00 p.m. In the case of a city or school district, hearing dates in addition to the date required in this paragraph may be set by a city or school district if (1) a single administrator has jurisdiction in more than one city or school district; (2) the date set does not conflict with the dates required in this paragraph for another local unit of government; (3) the hearing is held between December 1 and December 15; and (4) the date has been approved by the county auditor.

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 124.82, subdivision 3,

124A.03, subdivision 2, or 124B.03, subdivision 2, 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;

(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; and

(7) if not included in the certified levy, any additional amount levied pursuant to section 275.51, subdivision 7, paragraph (b).

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 of a school district, shall adopt its final property tax levy prior to adopting its final budget.

If the hearing is not completed on its scheduled date, the taxing authority must announce, prior to adjournment of the hearing, the date, time, and place for the continuation of the hearing. The continued hearing must be held at least five business days but no more than 14 business days after the original on either the seventh or the 14th day after the day of the first hearing.

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. 24. Minnesota Statutes 1991 Supplement, section 275.125, subdivision 6j, is amended to read:

Subd. 6j. [LEVY FOR CRIME RELATED COSTS.] For taxes levied in 1991 and subsequent years, payable in 1992 ~~only~~ and subsequent years, each school district may make a 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, and (2) to teach drug abuse resistance education curricula pay the costs for a drug abuse prevention program as defined in Minnesota Statutes 1991 Supplement, section 609.101, subdivision 3, paragraph (f), 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's 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. 25. Minnesota Statutes 1991 Supplement, 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 tax capacity times the total local tax rate and adding to the result the sum of the aids enumerated in clause (3);

(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. The 1993 tax statement shall indicate that the amount for this clause which was shown on the 1992 tax statement for taxes payable in 1992 may be different than the payable 1992 amount shown on the 1993 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";

(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 275.61. 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. 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.

Sec. 26. Minnesota Statutes 1991 Supplement, section 277.17, is amended to read:

**277.17 [ESCROW REQUIREMENT FOR DELINQUENCIES ON MANUFACTURED HOMES.]**

**Subdivision 1. [CERTIFICATION TO MANUFACTURED HOME OWNER.]** On or before October 15 of each year, the county auditor

shall send a letter to each owner of a manufactured home for which the personal property taxes due on August 31 are delinquent as of September 30. On or before December 31 of each year, the county auditor shall send a letter to each owner of a manufactured home for which the taxes due on August 31 were not delinquent but the personal property taxes due on November 15 are delinquent as of December 15. The letter must inform the owner that due to the delinquency, if the delinquent taxes are not paid in full within 90 days of the date of issuance of the notice one of the following may occur:

(1) the owner ~~will~~ may be required under state law to begin making monthly payments of delinquent property taxes, and ~~that~~ the property taxes will also be escrowed for payment of property taxes the following year; or

(2) the county will notify the lender of the tax delinquency and require the lender to initiate the process provided under section 47.209. The form and content of the notice to the owner shall be specified by the commissioner of revenue.

Subd. 2. [ESTABLISHMENT OF TAX ESCROW ACCOUNTS.] The county auditor ~~must~~ may establish a tax escrow account for delinquent property taxes for ~~each~~ an owner receiving a letter who receives a notice under subdivision 1 if the county does not require the lender to pay the taxes on behalf of the owner under section 47.209. If an escrow account is established for an owner who receives a notice regarding taxes due August 31, the owner must pay an additional amount each month equal to ten percent of the delinquent personal property taxes, penalties, and interest due, plus ten percent of the tax payable in the following calendar year. If the owner fails to pay the tax due on November 15, the additional amount of tax due but unpaid will be added to the delinquent property taxes payable by installment under this section. If an escrow account is established for an owner who receives a notice regarding taxes due November 15, the owner must pay an additional amount each month equal to 15 percent of the delinquent taxes, penalties, and interest due, plus 12 percent of the tax payable in the following calendar year.

Subd. 3. [COUNTY ESCROW.] Within 30 days of receipt of a ~~letter~~ notice from the county auditor under subdivision 4 2, the owner must make the first monthly payment under subdivision 2 to the county auditor. The commissioner of revenue shall prescribe the procedures to be used for monthly collections of the delinquent and current tax payments. If an owner is making the payments at the time required under this section, no action may be taken under section 277.20 with respect to the manufactured home for which the property taxes are being paid into the escrow account.

Sec. 27. Minnesota Statutes 1991 Supplement, section 278.05, subdivision 6, is amended to read:

Subd. 6. [EXCLUSION OF CERTAIN EVIDENCE.] (a) Information, including income and expense figures, verified net rentable areas, and anticipated income and expenses, for income-producing property which is not provided to the county assessor at least ~~30~~ 45 days before any hearing under this chapter, is not admissible except if necessary to prevent undue hardship or when the failure to provide it was due to the unavailability of the evidence at that time.

(b) Provided that the information as contained in paragraph (a) is timely submitted to the county assessor, the county assessor shall furnish the petitioner at least five days before the hearing under this chapter with the property's appraisal, if any, which will be presented to the court at the hearing. The petitioner shall furnish to the county assessor at least five days before the hearing under this chapter with the property's appraisal, if any, which will be presented to the court at the hearing. An appraisal of the petitioner's property done by or for the county or by or for the petitioner shall not be admissible as evidence if the provisions within this paragraph are not met.

Sec. 28. Minnesota Statutes 1991 Supplement, 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~~ two percent on homestead property and ~~seven percent until May 31 and four percent on June 1. The penalty on nonhomestead property shall be at a rate of four percent until May 31 and eight percent on June 1.~~ 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 beginning July 1, 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~~ two 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 an additional penalty of four percent shall accrue and on the first day of 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. 29. Minnesota Statutes 1991 Supplement, 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 22, paragraph (c), 23, paragraph (c), or 25, paragraph (c), clause (5), for which 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 (1) homesteaded lands as defined in section 273.13, subdivision 22, and (2) for periods of redemption beginning after June 30, 1991, but before July 1, 1996, lands located in the Loring Park targeted neighborhood on which a notice of lis pendens has been served, 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 (1) 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 (2) the delinquent taxes are more than 25 percent of the prior year's school district levy.

Sec. 30. Minnesota Statutes 1990, section 282.01, subdivision 7, is amended to read:

Subd. 7. [SALES, WHEN COMMENCED, HOW LAND OFFERED FOR SALE.] The sale herein provided for shall commence at such time as the county board of the county wherein such parcels lie, shall direct. The county auditor shall offer the parcels of land in order in which they appear in the notice of sale, and shall sell them to the highest bidder, but not for a less sum than the appraised value, until all of the parcels of land shall have been offered, and thereafter shall sell any remaining parcels to anyone offering to pay the appraised value thereof, except that if the person could have repurchased a parcel of property under section 282.012 or 282.241, that person shall not be allowed to purchase that same parcel of property at the sale under this subdivision unless approved by the county board. Said sale shall continue until all such parcels are sold or until the county board shall order a reappraisal or shall withdraw any or all such parcels from sale. Such list of lands may be added to and the added lands may be sold at any time by publishing the descriptions and appraised values of such parcels of land as shall

have become forfeited and classified as nonconservation since the commencement of any prior sale or such parcels as shall have been reappraised, or such parcels as shall have been reclassified as nonconservation or such other parcels as are subject to sale but were omitted from the existing list for any reason in the same manner as hereinafter provided for the publication of the original list, provided that any parcels added to such list shall first be offered for sale to the highest bidder before they are sold at appraised value. All parcels of land not offered for immediate sale, as well as parcels of such lands as are offered and not immediately sold shall continue to be held in trust by the state for the taxing districts interested in each of said parcels, under the supervision of the county board, and such parcels may be used for public purposes until sold, as the county board may direct.

Sec. 31. Minnesota Statutes 1990, section 282.012, is amended to read:

**282.012 [PRIOR OWNER MAY PURCHASE; CONDITIONS.]**

At ~~any time not less than~~ least one week prior to before the date of ~~such~~ sale, the person who was the owner of any included parcel ~~at the time~~ when it forfeited to the state for nonpayment of taxes, or the person's heirs, successors or assigns or any person to whom the right to pay taxes on such lands was given by statute, mortgage, or other agreement, may purchase ~~such the parcel at~~. The purchase price is the greater of (1) the appraised value thereof, of the parcel, or (2) the sum of all delinquent taxes and assessments, computed under section 282.251, together with penalties, interest, and costs, that accrued or would have accrued if the parcel had not forfeited to the state. The purchaser's title and right to be is conditioned upon the primary use as designated by the resolution of the county board. The right of ~~such the~~ purchaser to purchase shall be evidenced by the purchaser's duly verified written application showing the qualifications as ~~hereinabove prescribed~~ required by this section and filed with the county auditor.

Sec. 32. Minnesota Statutes 1990, section 282.241, is amended to read:

**282.241 [REPURCHASE AFTER FORFEITURE FOR TAXES.]**

The owner at the time of forfeiture, or the owner's heirs, devisees, or representatives, or any person to whom the right to pay taxes was given by statute, mortgage, or other agreement, may repurchase any parcel of land claimed by the state to be forfeited to the state for taxes ~~unless prior to before~~ the time repurchase is made ~~such the~~ parcel ~~shall have been~~ is sold under installment payments, or otherwise, by the state as provided by law, or is under mineral prospecting permit or lease, or proceedings have been commenced by the state or any of its political subdivisions or by the United States



to condemn such parcel of land. ~~Said~~ The parcel of land may be repurchased for a sum equal to the aggregate. The repurchase price is the greater of (1) the appraised value of the parcel, or (2) the sum of all delinquent taxes and assessments computed as provided by under section 282.251, together with penalties, interest, and costs, which did that accrued or would have accrued if such the parcel of land had not forfeited to the state. Except for property which was homesteaded on the date of forfeiture, such repurchase shall be permitted during one year only from the date of forfeiture, and in any case only after the adoption of a resolution by the board of county commissioners determining that thereby undue hardship or injustice resulting from the forfeiture will be corrected, or that permitting such repurchase will promote the use of such lands that will best serve the public interest. If the county board has good cause to believe that a repurchase installment payment plan for a particular parcel is unnecessary and not in the public interest, the county board may require as a condition of repurchase that the entire repurchase price be paid at the time of repurchase. A repurchase shall be subject to any easement, lease, or other encumbrance granted by the state prior thereto, and if said land is located within a restricted area established by any county under Laws 1939, chapter 340, such repurchase shall not be permitted unless said resolution with respect thereto is adopted by the unanimous vote of the board of county commissioners.

Sec. 33. Minnesota Statutes 1991 Supplement, section 290A.04, subdivision 2h, is amended to read:

Subd. 2h. (a) If the gross property taxes payable on a homestead increase more than ~~ten~~ 12 percent over the net property taxes payable in the prior year on the same property that is owned by the same owner in both years, and the amount of that increase is ~~\$40 or more for taxes payable in 1990 and 1991, \$60 or more for taxes payable in 1992, \$80 or more for taxes payable in 1993, and \$100 or more for taxes payable in 1994,~~ a claimant who is a homeowner shall be allowed an additional refund equal to the sum of ~~(1) 75 percent of the first \$250 of the amount of the increase over ten percent for taxes payable in 1990 and 1991, 75 percent of the first \$275 of the amount of the increase over ten percent for taxes payable in 1992, 75 percent of the first \$300 of the amount of the increase over ten percent for taxes payable in 1993, and 75 percent of the first \$325 of the amount of the increase over ten percent for taxes payable in 1994, and (2) 90 percent of the amount of the increase over ten percent plus \$250 for taxes payable in 1990 and 1991, 90 percent of the amount of the increase over ten percent plus \$275 for taxes payable in 1992, 90 percent of the amount of the increase over ten percent plus \$300 for taxes payable in 1993, and 90 percent of the amount of the increase over ten percent plus \$325 for taxes payable in 1994.~~ This subdivision shall not apply to any increase in the gross property taxes payable attributable to improvements made to the homestead after the assessment date for the prior year's taxes.

In the case of refunds for property taxes payable in 1993 and thereafter, the maximum refund allowed under this subdivision is \$1,500.

(b) For purposes of this subdivision, the following terms have the meanings given:

(1) "Net property taxes payable" means property taxes payable after reductions made under sections 273.13, subdivisions 22 and 23; 273.135; 273.1391; and 273.42, subdivision 2, and any other state paid property tax credits and after the deduction of tax refund amounts for which the claimant qualifies pursuant to subdivision 2 and this subdivision.

(2) "Gross property taxes" means net property taxes payable determined without regard to the refund allowed under this subdivision.

(c) In addition to the other proofs required by this chapter, each claimant under this subdivision shall file with the property tax refund return a copy of the property tax statement for taxes payable in the preceding year or other documents required by the commissioner.

On or before December 1, 1990, and December 1 of each of the following three years, the commissioner shall estimate the cost of making the payments provided by this subdivision for taxes payable in the following year. Notwithstanding the open appropriation provision of section 290A.23, if the estimated total refund claims for taxes payable in 1991, 1993, or 1994 exceed the following amounts for the taxes payable year designated, the commissioner shall increase the dollar amount of tax increase which must occur before a taxpayer qualifies for a refund so that the estimated total refund claims do not exceed the appropriation limit.

Taxes payable in:	Appropriation limit
1991	\$13,000,000
1993	\$6,000,000
1994	\$5,500,000

The determinations of the revised thresholds by the commissioner are not rules subject to chapter 14.

Sec. 34. [290A.25] [VERIFICATION OF PROPERTY TAX PARCEL IDENTIFICATION NUMBERS.]

Annually, the commissioner of revenue shall furnish a list to the county assessor containing the property tax parcel identification numbers located within the county which were reported by claimants filing for a property tax refund as a renter under this chapter.

The assessor shall compare the property tax parcel identification numbers listed to determine whether any of the parcels were classified as homestead for the appropriate assessment year.

If the assessor discovers that the property was classified as homestead, the assessor shall notify the commissioner. Within 90 days of the notification, the county assessor shall investigate to determine if the homestead classification was improperly 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 has 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, and the taconite homestead credit under section 273.1391. The county auditor shall send a notice to the owners of the property, demanding reimbursement of the homestead benefits plus a penalty equal to 100 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 of taxes and penalty to the succeeding year's tax list to be collected as part of the property taxes.

Any amount of homestead benefits recovered by the county from the property owner shall be distributed to the county, city or town, and school district where the property is located in the same proportion that each taxing district's levy was to the total of the three taxing districts' levy for the current year. 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 total amount of penalty collected must be deposited in the county general fund.

Sec. 35. Minnesota Statutes 1990, section 327C.01, is amended by adding a subdivision to read:

Subd. 9a. [RESIDENT ASSOCIATION.] "Resident association" means an organization that has the written permission of the owners of at least 51 percent of the manufactured homes in the park to represent them, and which is organized for the purpose of resolving matters relating to living conditions in the manufactured home park.

Sec. 36. Minnesota Statutes 1990, section 327C.12, is amended to read:

327C.12 [RETALIATORY CONDUCT PROHIBITED.]

A park owner may not increase rent, decrease services, alter an existing rental agreement or seek to recover possession or threaten such action in whole or in part as a penalty for a resident's:

(a) good faith complaint to the park owner or to a government agency or official; ~~or~~

(b) good faith attempt to exercise rights or remedies pursuant to state or federal law. In any proceeding in which retaliatory conduct is alleged, the burden of proving otherwise shall be on the park owner if the owner's challenged action began within 90 days after the resident engaged in any of the activities protected by this section. If the challenged action began more than 90 days after the resident engaged in the protected activity, the party claiming retaliation must make a prima facie case. The park owner must then prove otherwise; or

(c) joining and participating in the activities of a resident association as defined under section 327C.01, subdivision 9a.

Sec. 37. Minnesota Statutes 1990, section 414.0325, is amended by adding a subdivision to read:

Subd. 1a. [ORDERLY ANNEXATION BY PETITION.] If the board receives a petition for annexation of an area owned by a municipality or from all of the property owners in an area, and the area is within two miles of the corporate boundaries of the municipality, the petition shall confer jurisdiction on the board to consider designation of the area for orderly annexation. Upon receipt of the petition, the board shall inform the affected parties of their opportunity to request a hearing before the board on the petition, and if a hearing is requested, it must be held within 60 days of the request. Any person aggrieved by the board's designation of an area as appropriate for orderly annexation may appeal the board's order to district court in accordance with section 414.07.

Sec. 38. Minnesota Statutes 1990, section 414.033, subdivision 2, is amended to read:

Subd. 2. A municipal council may by ordinance declare land annexed to the municipality and any such land is deemed to be urban or suburban in character or about to become so if:

~~(a)~~ (1) the land is owned by the municipality; ~~or~~

~~(b)~~ (2) the land is completely surrounded by land within the municipal limits; or

(3) the land abuts the municipality and the area to be annexed is

60 acres or less, and the municipality receives a petition for annexation from all the property owners of the land.

Sec. 39. Minnesota Statutes 1990, section 414.033, is amended by adding a subdivision to read:

Subd. 2a. [MUNICIPALITY MAY ANNEX.] Notwithstanding the abutting requirement of subdivision 1, if land is owned by a municipality or if all of the landowners petition for annexation, and the land is within an existing orderly annexation area as provided by section 414.0325, then the municipality may declare the land annexed.

Sec. 40. Minnesota Statutes 1990, section 414.033, subdivision 3, is amended to read:

Subd. 3. If the perimeter of the area to be annexed by a municipality is 60 percent or more bordered by the municipality and if the area to be annexed is 40 acres or less, the municipality shall serve notice of intent to annex upon the town board and the municipal board, unless the area is appropriate for annexation by ordinance under subdivision 2, clause (3). The town board shall have 90 days from the date of service to serve objections with the board. If no objections are forthcoming within the said 90 day period, such land may be annexed by ordinance. If objections are filed with the board, the board shall conduct hearings and issue its order as in the case of annexations under section 414.031, subdivisions 3 and 4.

Sec. 41. Minnesota Statutes 1990, section 414.033, subdivision 5, is amended to read:

Subd. 5. If the land is platted, or, if unplatted, does not exceed 200 acres, ~~the property owner or a majority of the property owners in number may petition the municipal council to have such land included within the abutting municipality and, within ten days thereafter, shall file copies of the petition with the board, the town board, the county board and the municipal council of any other municipality which borders the land to be annexed.~~ Within 90 days from the date of service, the town board or the municipal council of such abutting municipality may submit written objections to the annexation to the board and the annexing municipality. Upon receipt of such objections, the board shall proceed to hold a hearing and issue its order in accordance with section 414.031, subdivisions 3, 4, and 5. If written objections are not submitted within the time specified hereunder and if the municipal council determines that property proposed for the annexation is now or is about to become urban or suburban in character, it may by ordinance declare such land annexed to the municipality. If the petition is not signed by all the property owners of the land proposed to be annexed, the ordinance shall not be enacted until the municipal council has held

a hearing on the proposed annexation after at least 30 days mailed notice to all property owners within the area to be annexed.

Sec. 42. Minnesota Statutes 1990, section 473.388, subdivision 4, is amended to read:

Subd. 4. [FINANCIAL ASSISTANCE.] The board may grant the requested financial assistance if it determines that the proposed service is consistent with the approved implementation plan and is intended to replace the service to the applying city or town or combination thereof by the transit commission and that the proposed service will meet the needs of the applicant at least as efficiently and effectively as the existing service.

The amount of assistance which the board may provide under this section may not exceed the sum of:

(a) the portion of the available local transit funds which the applicant proposes to use to subsidize the proposed service; and

(b) an amount of financial assistance bearing an identical proportional relationship to the amount under clause (a) as the total amount of financial assistance to the transit commission bears to the total amount of taxes collected by the board under section 473.446. The board shall pay the amount to be provided to the recipient from the assistance the board would otherwise pay to the transit commission.

For purposes of this section "available local transit funds" means 90 percent of the tax revenues which would accrue to the board from the tax it levies under section 473.446 in the applicant city or town or combination thereof.

For purposes of this section, "tax revenues" in the city or town means the sum of the following:

(1) the nondebt spread levy, which is the total of the taxes extended by application of the local tax rate for nondebt purposes on the taxable net tax capacity;

(2) the portion of the fiscal disparity distribution levy under section 473F.08, subdivision 3, attributable to nondebt purposes; and

(3) the portion of the homestead credit and agricultural credit aid and disparity reduction aid amounts under section 273.1398, subdivisions 2 and 3, attributable to nondebt purposes.

Tax revenues do not include the state feathering reimbursement under section 473.446.

## Sec. 43. [473F.001] [CITATION.]

This chapter shall be cited as the "Charles R. Weaver metropolitan revenue distribution act."

Sec. 44. Minnesota Statutes 1990, section 473H.10, subdivision 3, is amended to read:

## Subd. 3. [COMPUTATION OF TAX; STATE REIMBURSEMENT.]

(a) After having determined the market value of all land valued according to subdivision 2, the assessor shall compute the ~~gross~~ net tax capacity of those properties by applying the appropriate class rates. When computing the rate of tax pursuant to section 275.08, the county auditor shall include the ~~gross~~ net tax capacity of land as provided in this clause.

(b) The county auditor shall compute the tax on lands valued according to subdivision 2 and nonresidential buildings by multiplying the ~~gross~~ net tax capacity times the total local tax rate for all purposes as provided in clause (a).

(c) The county auditor shall then compute the tax on lands valued according to subdivision 2 and nonresidential buildings by multiplying the net tax capacity times the total local tax rate for all purposes as provided in clause (a), subtracting \$3 per acre of land in the preserve.

(d) The county auditor shall then compute the maximum ad valorem property tax on lands valued according to subdivision 2 and nonresidential buildings by multiplying the ~~gross~~ net tax capacity times 105 percent of the previous year's statewide average local tax rate levied on property located within townships for all purposes.

~~(d)~~ (e) The tax due and payable by the owner of preserve land valued according to subdivision 2 and nonresidential buildings will be the amount determined in clause ~~(b)~~ or (c) or (d), whichever is less. ~~If the gross tax in clause (e) is less than the gross tax in clause (b),~~ The state shall reimburse the taxing jurisdictions for the amount of the difference between the net tax determined under this clause and the gross tax in clause (b). Residential buildings shall continue to be valued and classified according to the provisions of sections 273.11 and 273.13, as they would be in the absence of this section, and the tax on those buildings shall not be subject to the limitation contained in this clause.

The county may transfer money from the county conservation account created in section 40A.152 to the county revenue fund to reimburse the fund for the tax lost as a result of this subdivision or to pay taxing jurisdictions within the county for the tax lost. The county auditor shall certify to the commissioner of revenue on or

before June 1 the total amount of tax lost to the county and taxing jurisdictions located within the county as a result of this subdivision and the extent that the tax lost exceeds funds available in the county conservation account. Payment shall be made by the state on December 15 to each of the affected taxing jurisdictions, other than school districts, in the same proportion that the ad valorem tax is distributed if the county conservation account is insufficient to make the reimbursement. There is annually appropriated from the Minnesota conservation fund under section 40A.151 to the commissioner of revenue an amount sufficient to make the reimbursement provided in this subdivision. If the amount available in the Minnesota conservation fund is insufficient, the balance that is needed is appropriated from the general fund.

Sec. 45. Minnesota Statutes 1990, section 488A.20, subdivision 4, is amended to read:

Subd. 4. [DISPOSITION OF FINES, FEES AND OTHER MON-  
EYS; ACCOUNTS.] (a) Except as otherwise provided herein and  
except as otherwise provided by law, the administrator shall pay to  
the Ramsey county treasurer all fines and penalties collected by the  
administrator, all fees collected for administrator's services, all sums  
forfeited to the court as hereinafter provided, and all other moneys  
received by the administrator.

(b) The administrator of court shall for each fine or penalty,  
provide the county treasurer with the name of the municipality or  
other subdivision of government where the offense was committed  
and the total amount of the fines or penalties collected for each such  
municipality or other subdivision of government.

(c) The state of Minnesota and any governmental subdivision  
within the jurisdictional area of the municipal court herein estab-  
lished may present cases for hearing before said municipal court. In  
the event the court takes jurisdiction of a prosecution for the  
violation of a statute or ordinance by the state or a governmental  
subdivision other than a city or town in Ramsey county, all fines,  
penalties and forfeitures collected shall be paid over to the county  
treasurer except where a different disposition is provided by law, and  
the following fees shall be taxed to the state or governmental  
subdivision other than a city or town within Ramsey county which  
would be entitled to payment of the fines, forfeitures or penalties in  
any case, and shall be paid to the administrator of the court for  
disposing of the matter. The administrator shall deduct the fees from  
any fine collected for the state of Minnesota or a governmental  
subdivision other than a city or town within Ramsey County and  
transmit the balance in accordance with the law, and the deduction  
of the total of the fees each month from the total of all the fines  
collected is hereby expressly made an appropriation of funds for  
payment of the fees:



(1) In all cases where the defendant is brought into court and pleads guilty and is sentenced, or the matter is otherwise disposed of without a trial.....\$5

(2) In arraignments where the defendant waives a preliminary examination.....\$10

(3) In all other cases where the defendant stands trial or has a preliminary examination by the court.....\$15

(4) The court shall have the authority to waive the collection of fees in any particular case.

(d) At the beginning of the first day of any month, the amount in the hands of the administrator which is owing to any municipality or county shall not exceed \$5,000.

(e) On or before the last day of each month, the county treasurer shall pay over to the treasurer of the city of St. Paul two-thirds and to the treasurer of each other municipality or subdivision of government in Ramsey county one-half of all fines or penalties collected during the previous month from those imposed for offenses committed within such the treasurer's municipality or subdivision of government in violation of a statute, an ordinance, charter provision, rule or regulation of a city. All other fines and forfeitures and all fees and costs collected by the county municipal court shall be paid to the treasurer of Ramsey county who shall dispense the same as provided by law.

(f) Amounts represented by checks issued by the administrator or received by the administrator which have not cleared by the end of the month may be shown on the monthly account as having been paid or received, subject to adjustment on later monthly accounts.

(g) The administrator may receive negotiable instruments in payment of fines, penalties, fees, or other obligations as conditional payments, and is not held accountable therefor but if collection in cash is made and then only to the extent of the net collection after deduction of the necessary expense of collection.

Sec. 46. [SPECIAL SERVICE DISTRICT; CITY OF HUTCHINSON.]

Subdivision 1. [SPECIAL SERVICES DEFINED.] For purposes of this section, "special services" means all services rendered or contracted for by the city of Hutchinson, including, but not limited to:

(1) the repair, maintenance, operation, and construction of any improvement authorized by Minnesota Statutes, section 429.021;

(2) parking services rendered or contracted for by the city;

(3) development and promotional services rendered or contracted for by the city; and

(4) any other service or improvement provided by the city or development authority that is authorized by law or charter.

Subd. 2. [ESTABLISHMENT OF SPECIAL SERVICE DISTRICT.] The governing body of the city of Hutchinson may adopt an ordinance establishing a special service district to be operated by the city of Hutchinson. Minnesota Statutes, chapter 428A, governs the establishment and operation of special service districts in the city.

Subd. 3. [LOCAL APPROVAL; EFFECTIVE DATE.] This section is effective the day after approval by the governing body of the city of Hutchinson and its compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 47. [DULUTH; THIEF RIVER FALLS; TECHNICAL COLLEGE STUDENT HOUSING; PROPERTY TAX EXEMPTION.]

Subdivision 1. [EXEMPTION.] As provided in this section, qualified student housing at the Duluth and Thief River Falls technical colleges is exempt from ad valorem property taxation. In order to qualify for the exemption, the requirements in subdivisions 2 to 6 must be met.

Subd. 2. [FINDING OF NEED.] Before authorizing a project qualifying under this section, the state board of technical colleges must find (1) that an adequate supply of appropriate housing is not available to students of the technical college, (2) that there is significant demand for housing by students of the technical college, and (3) that the private market is unable to satisfy this demand either at affordable prices or in a reasonable time.

Subd. 3. [LOCATED ON LEASED PUBLIC LAND.] The student housing must be located on land owned by the technical college, the school district, or the state board of technical colleges that is leased to a private or nonprofit entity. The lease must provide for nominal rent.

Subd. 4. [NEW OR REHABILITATED UNITS ONLY.] The qualified student housing must consist of dwelling units that either were constructed or substantially rehabilitated after the project is approved by the state board.

Subd. 5. [CONTRACT WITH DEVELOPER.] The state board must enter into a contract with the developer or landlord of the qualified student housing project. This contract must provide that the reduced

costs of the development resulting from the property tax exemption and leased land at a nominal rent will be reflected in lower rents for student tenants. The contract must also provide a reasonable system of giving priority to students in renting the dwelling units. The contract may include any other provisions that the board determines to be reasonable and appropriate, including provisions to monitor or ensure that priority is given to students in renting, that the student rents reflect the lower costs, or that special services are available to student tenants.

Subd. 6. [MINIMUM STUDENT OCCUPANCY REQUIRED.] A student housing project qualifies for exemption under this section, only if more than 50 percent of the units are occupied during the year by students of the technical college or other post-secondary institutions. For purposes of this section, a student must be enrolled in a certificate or degree program to qualify.

Subd. 7. [EXPIRATION.] This section applies to student housing approved by the state board before January 1, 1997. The property tax exemption for a student housing development is limited to 20 years from the date of first occupancy. This section expires January 1, 2018.

Subd. 8. [EFFECTIVE DATE.] This section is effective separately for each city the day after the governing body of the city of Duluth and the city of Thief River Falls complies with Minnesota Statutes, section 645.021, subdivision 3, and applies beginning for property taxes assessed in 1993, and payable in 1994.

**Sec. 48. [PROPERTY ACQUIRED FROM ELECTRIC COOPERATIVE.]**

Subdivision 1. [PROPERTY EXEMPTION.] Property owned by a cooperative association, as defined in Minnesota Statutes, section 273.40, that is purchased by a public utility, as defined in Minnesota Statutes, section 216B.02, remains exempt from property taxes, if the property:

(1) was exempt under Minnesota Statutes, section 272.02, subdivision 1, clause (18), when it was owned by the cooperative association; and

(2) is located in St. Louis, Koochiching, Itasca, and Lake counties.

This exemption applies for three assessment years from the date of purchase. The tax under Minnesota Statutes, section 273.41, continues to apply during the three-year exemption period. The rates charged by the public utility must reflect the property tax exemption provided under this section.

Subd. 2. [LOCAL APPROVAL.] Subdivision 1 is effective in St. Louis, Koochiching, Itasca, and Lake counties the day after the governing body of the county complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 49. [HENNEPIN COUNTY; PROPERTY TAX EXEMPTION.]

Subdivision 1. [EXEMPTION.] Notwithstanding the time requirements of Minnesota Statutes, section 272.02, subdivision 4, paragraph (b), for taxes levied in 1991, payable in 1992, the governing body of Hennepin county may grant a property tax exemption for property that (1) meets the requirements of exempt property under Minnesota Statutes, section 272.02, subdivision 4, paragraph (b), except for the July 1 date; (2) was an athletic facility classified as class 3 commercial and industrial property on January 2, 1991; and (3) was acquired during 1991 by a church.

Subd. 2. [LOCAL APPROVAL.] Subdivision 1 is effective the day following compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of Hennepin county.

Sec. 50. [TRANSFERRING CLOSED ARMORIES.]

Notwithstanding Minnesota Statutes 1990, section 193.36, an armory that is mustered out of the service of the state and is closed by the adjutant general between the effective date of this act and July 1, 1994, must be disposed of as provided in this act.

An armory subject to this section must be offered for sale to the municipality or county within which it is located for the price of \$1. In the event that both the municipality and the county desire to purchase the armory, the municipality must be given first priority to purchase the armory. If the municipality or county does not agree to purchase the armory after a reasonable opportunity, the adjutant general shall dispose of the property as provided in Minnesota Statutes 1990, section 193.36. The adjutant general shall dispose of any receipts from the sale of the property as provided in Minnesota Statutes 1990, section 193.36, subdivision 2.

Sec. 51. [PLANNING AND REMODELING GRANTS.]

\$50,000 for each armory sold or disposed of under this section is appropriated from the general fund to the department of military affairs for fiscal year 1993 for the purpose of providing grants to municipalities or counties that purchase closed armories under section 50. A grant of up to \$50,000 must be provided to each municipality or county purchasing an armory. These grants must be used by the municipality or county for preparing this property for any purpose deemed acceptable by the acquiring municipality or

county. The commissioner of military affairs shall consult with representatives of the acquiring municipalities and counties in adopting rules for the distribution of the grants.

Sec. 52. [LIMITATION; LIABILITY.]

A municipality or county does not become responsible for responding to the presence of a hazardous substance or pollutant or contaminant in or on property associated with an armory under Minnesota Statutes, chapter 115B, solely because it takes ownership of an armory under sections 50 to 52.

Sec. 53. [INTERNATIONAL FALLS; ICE ARENA LEVY.]

Subdivision 1. [LEVY.] Each year, independent school district No. 361, International Falls, may levy for the operational costs of the Bronco arena. The levy may not exceed the actual costs of operation of the arena for the previous year.

Subd. 2. [LOCAL APPROVAL.] Subdivision 1 is effective the day after the governing body of independent school district No. 361, International Falls, complies with Minnesota Statutes, section 645.021, subdivision 1.

Sec. 54. [WATERSHED DISTRICT LEVIES.]

Subdivision 1. [LEVY AUTHORIZATION.] The Nine Mile Creek watershed district, the Riley-Purgatory Bluff Creek watershed district, the Minnehaha Creek watershed district, the Coon Creek watershed district, and the Lower Minnesota River watershed district may levy in 1992 and thereafter a tax not to exceed \$160,000 on property within the district for the administrative fund. The administrative fund shall be used for the purposes contained in Minnesota Statutes, section 103D.905, subdivision 3. The board of managers shall make the levy for the administrative fund in accordance with Minnesota Statutes, section 103D.901.

Subd. 2. [LOCAL APPROVAL.] Subdivision 1 takes effect separately for each of the districts the day after its board of managers complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 55. [PRIVATE SALE OF TAX-FORFEITED LAND; CROW WING COUNTY.]

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, Crow Wing county may convey by private sale the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) If the county conveys the land under paragraph (a), it must be sold by private sale to Mr. Robert H. Schumacher of Eden Prairie, Minnesota provided that Mr. Schumacher pays to the Crow Wing county treasurer an amount equal to the appraised value of the land described in paragraph (c). The Crow Wing county assessor shall value the land described in paragraph (c) and determine its appraised value. The conveyance must be in a form approved by the attorney general.

(c) The land to be conveyed is located in Crow Wing county, and is described as:

Government Lot 1, Section 26, Township 138, Range 27, Crow Wing County, Minnesota

(d) Since the parcel of land described in paragraph (c) is accessible on land only through property surrounding Government Lot 1 which Mr. Schumacher has purchased on a contract for deed, the county would best be served by returning this land to private ownership.

Sec. 56. [STUDY OF SINGLE-USE PROPERTY.]

For the purposes of providing information to the legislature, the commissioner of revenue shall survey selected county assessors to obtain information on the number and types of single-use industrial real estate properties in the state. For purposes of the survey, the commissioner of revenue shall develop a definition of single-use industrial real estate property in consultation with the chairs of the house and senate tax committees and county assessors. The commissioner shall make a report on the findings of the survey to the chairs of the house and senate tax committees prior to the 1993 legislative session.

Sec. 57. [REPAYMENT.]

The city of St. Paul shall repay to Ramsey county an amount equal to the difference between the payments it receives under section 488A.20, subdivision 4, from July 1, 1992, to December 31, 1992. That amount, plus interest, must be paid over 12 equal monthly installments beginning January 31, 1993. Interest will be accrued at the average rate of return for Ramsey county's portfolio of general investments as determined by the manager of the revenue division of the Ramsey county department of taxation and records administration, using the county's normal method of calculating investment earnings on monthly balances.

Sec. 58. [REPEALER.]

(a) Minnesota Statutes 1991 Supplement, section 273.124, subdivision 15, is repealed.

(b) Minnesota Statutes 1990, section 414.031, subdivision 5, is repealed.

(c) Minnesota Statutes 1991 Supplement, section 271.04, subdivision 2, is repealed.

Sec. 59. [EFFECTIVE DATES.]

Section 2 is effective beginning with the 1992 sales ratio study.

Sections 6, 7, 9, 12, 20, 22, paragraphs (b) and (c), 23, 28, 42, 44, and 58, paragraph (a), are effective for property taxes levied in 1992, payable in 1993, and thereafter.

Sections 8, 10, 14, 15, 21, and 34 are effective for property taxes levied in 1993, payable in 1994, and thereafter.

Section 13 is effective the day following final enactment and applies to property taxes payable in 1993 and thereafter by property for which leasehold cooperative status had been claimed before or after the effective date.

Sections 16 to 18 are effective for assessment year 1992 and thereafter, for taxes payable in 1993 and thereafter, provided that for the assessment year 1992, for taxes payable in 1993, the January 15, 1992, certification date in section 16 is extended to June 15, 1992.

Section 25 is effective for tax statements for 1993 and thereafter, provided that the "homestead and agricultural credit" amount in Minnesota Statutes 1991 Supplement, section 276.04, subdivision 2, paragraph (c), clause (4), shall be calculated in the same manner for taxes payable in 1992 and 1993, for purposes of the 1993 tax statement.

Sections 5, 22, paragraph (a), 30 to 32, 50 to 52, 55, and 56 are effective the day following final enactment.

Sections 4, 27, and 58, paragraph (c), are effective for hearings scheduled by the court after January 1, 1993.

Section 45 is effective for collections made July 1, 1992, and thereafter.

ARTICLE 3

SALES TAXES

Section 1. Minnesota Statutes 1991 Supplement, 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.

(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 14th day of the month following the month in which the taxable event occurred, except for the May liability and one-half of the estimated June liability, which are due on or before the date the tax is due under clause (b)(1). The remaining amount of the June liability is due on August 14. 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.

(e) If the vendor required to remit by electronic funds transfer as provided in this subdivision is unable due to reasonable cause to determine the actual sales and use tax due on or before the 14th day of the month, the vendor may remit an estimate of the tax owed using one of the following options:

(1) 100 percent of the tax reported on the previous month's sales and use tax return;

(2) 100 percent of the tax reported on the sales and use tax return for the same month in the previous calendar year; or

(3) 95 percent of the actual tax due.



Any additional amount of tax that is not remitted on or before the 14th day of the month, must be remitted with the return by the 20th day of the month following the month in which the taxable event occurred. A vendor must notify the commissioner of the option that will be used to estimate the tax due, and must obtain approval from the commissioner to switch to another option. If a vendor fails to remit the actual liability or does not remit using one of the estimate options by the 14th day of the month, the vendor must remit actual liability as provided in paragraph (d) in all subsequent periods.

**Sec. 2. [297.031] [REFUND FOR TAX CONSTITUTING BAD DEBT.]**

Subdivision 1. [ADOPTION OF RULES.] The commissioner may adopt rules providing a refund of the tax paid under section 297.02 if the tax paid qualifies as a bad debt under section 166(a) of the Internal Revenue Code of 1986, as amended through December 31, 1991.

Subd. 2. [CREDIT AGAINST TAX.] The commissioner may credit the amount determined under this section against taxes otherwise payable under this chapter by the taxpayer.

Subd. 3. [CLAIMS; TIME LIMIT.] Claims for refund must be filed with the commissioner within one year of the filing date of the taxpayer's federal income tax return containing the bad debt deduction that is being claimed. Claimants under this section are subject to the notice requirements of section 289A.38, subdivision 7.

Subd. 4. [ANNUAL APPROPRIATION.] There is appropriated annually from the general fund to the commissioner the amount necessary to make the refunds provided by this section.

**Sec. 3. [297.321] [REFUND FOR TAX CONSTITUTING BAD DEBT.]**

Subdivision 1. [ADOPTION OF RULES.] The commissioner may adopt rules providing a refund of the tax paid under section 297.32 if the tax paid qualifies as a bad debt under section 166(a) of the Internal Revenue Code of 1986, as amended through December 31, 1991.

Subd. 2. [CREDIT AGAINST TAX.] The commissioner may credit the amount determined under this section against taxes otherwise payable under this chapter by the taxpayer.

Subd. 3. [CLAIMS; TIME LIMIT.] Claims for refund must be filed with the commissioner within one year of the filing date of the taxpayer's federal income tax return containing the bad debt deduc-

tion that is being claimed. Claimants under this section are subject to the notice requirements of section 289A.38, subdivision 7.

Subd. 4. [ANNUAL APPROPRIATION.] There is appropriated annually from the general fund to the commissioner the amount necessary to make the refunds provided by this section.

Sec. 4. Minnesota Statutes 1991 Supplement, section 297A.01, subdivision 3, is amended to read:

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

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

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

(c) The furnishing, preparing, or serving for a consideration of food, meals, or drinks. “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, 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. Telephone service includes paging services and private communication service, as defined in United States Code, title 26, section 4252(d), except for private communication service purchased by an agent acting on behalf of the state lottery. The furnishing for a consideration of access to telephone services by a hotel to its guests is a sale under this clause. The furnishing for consideration of 900 service, as defined in section 297A.01, subdivision 20, 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 pruning, bracing, spraying, and surgery; and tree trimming for public utility lines. Services performed under a construction contract for the installation of shrubbery, plants, sod, trees, bushes, and similar items are not taxable;

(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; and

(ix) 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;

(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. 5. Minnesota Statutes 1990, section 297A.01, is amended by adding a subdivision to read:

Subd. 20. [900 TELEPHONE SERVICE.] "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 another similar prefix. 900 service includes service that is either charged to a telephone in this state or billed to a customer at an address in Minnesota, whether through a credit card or otherwise.

Sec. 6. Minnesota Statutes 1990, section 297A.02, is amended by adding a subdivision to read:

Subd. 5. [900 TELEPHONE SERVICE.] In addition to the tax imposed under subdivision 1, an excise tax of five percent of the gross receipts from sales at retail of or furnishing for consideration of 900 service.

Sec. 7. Minnesota Statutes 1991 Supplement, section 297A.135, subdivision 1, is amended to read:

Subdivision 1. [TAX IMPOSED.] A tax of \$7.50 is imposed on the lease or rental in this state ~~on a daily or weekly basis for not more than 28 days 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 to the lease or rental of a hearse or limousine used in connection with a burial or funeral service. 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.

Sec. 8. Minnesota Statutes 1991 Supplement, section 297A.135, is amended by adding a subdivision to read:

Subd. 4. [EXEMPTION.] The tax imposed by this section does not apply to a lease or rental if the vehicle is to be used by the lessee to provide a licensed taxi service.

Sec. 9. Minnesota Statutes 1990, section 297A.14, subdivision 1, is amended to read:

Subdivision 1. [IMPOSITION.] For the privilege of using, storing or consuming in Minnesota tangible personal property or taxable services purchased for use, storage, or consumption in this state, a

use tax is imposed on every person in this state at the rate of tax imposed under section 297A.02 on the sales price of sales at retail of the items, unless the tax imposed by section 297A.02 was paid on the sales price.

A use tax is imposed on every person who uses, stores, or consumes tangible personal property in Minnesota which has been manufactured, fabricated, or assembled by the person from new materials, either within or without this state, at the rate of tax imposed under section 297A.02 on the sales price of sales at retail of the raw materials contained in the tangible personal property, unless the tax imposed by section 297A.02 was paid on the sales price.

Sec. 10. Minnesota Statutes 1990, section 297A.15, subdivision 5, is amended to read:

Subd. 5. [REFUND; APPROPRIATION.] Notwithstanding the provisions of ~~sections~~ section 297A.25, subdivision subdivisions 42 and 50, and 297A.257 the tax on sales of capital equipment, and construction materials and supplies under ~~section 297A.257~~ section 297A.25, subdivision 50, shall be imposed and collected as if the rate under section 297A.02, subdivision 1, applied. Upon application by the purchaser, on forms prescribed by the commissioner, a refund equal to the reduction in the tax due as a result of the application of the exemption under section 297A.25, subdivision 42 or 50, ~~or 297A.257~~ shall be paid to the purchaser. In the case of building materials qualifying under ~~section 297A.257~~ section 297A.25, subdivision 50, where the tax was paid by a contractor, application must be made by the owner for the sales tax paid by all the contractors, subcontractors, and builders for the project. The application must include sufficient information to permit the commissioner to verify the sales tax paid for the project. The application shall include information necessary for the commissioner initially to verify that the purchases qualified as capital equipment under section 297A.25, subdivision 42, or capital equipment or construction materials and supplies under ~~section 297A.257~~ section 297A.25, subdivision 50. No more than two applications for refunds may be filed under this subdivision in a calendar year. Unless otherwise specifically provided by this subdivision, the provisions of section 289A.40 apply to the refunds payable under this subdivision. There is annually appropriated to the commissioner of revenue the amount required to make the refunds.

The amount to be refunded shall bear interest at the rate in section 270.76 from the date the refund claim is filed with the commissioner.

Sec. 11. Minnesota Statutes 1991 Supplement, section 297A.21, subdivision 4, is amended to read:

Subd. 4. [REQUIRED REGISTRATION BY OUT-OF-STATE RETAILER NOT MAINTAINING PLACE OF BUSINESS IN MINNE-

SOTA.] (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 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. This paragraph does not apply to the tax imposed under section 297A.021.

Sec. 12. Minnesota Statutes 1990, section 297A.25, subdivision 11, is amended to read:

Subd. 11. [SALES TO GOVERNMENT.] 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~~ school districts 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). Sales to hospitals and nursing homes owned and operated by political subdivisions of the state are exempt under this subdivision. The purchase of books, periodicals, and other publications by libraries owned and operated by political subdivisions of the state are exempt under this subdivision. 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. 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. 13. Minnesota Statutes 1991 Supplement, section 297A.25, subdivision 12, as amended by Laws 1992, chapter 363, article 1, section 19, subdivision 1, is amended to read:

Subd. 12. [OCCASIONAL SALES.] (a) 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.

(b) This exemption does not apply to sales of tangible personal property primarily used in a trade or business unless (1) the sale occurs in a transaction subject to or described in section 118, 331, 332, 336, 337, 338, 351, 355, 368, 721, 731, 1031, or 1033 of the Internal Revenue Code of 1986, as amended through December 31, 1990; (2) the sale is between members of ~~an affiliated a controlled~~ group as defined in section ~~1504(a)~~ 1563(a) of the Internal Revenue Code of 1986, as amended through December 31, 1990; (3) the sale is a sale of farm machinery; (4) the sale is a farm auction sale; ~~or~~ (5) the sale is a sale of substantially all of the assets of a trade or business ~~conducted by an individual or by a partnership all of the partners of which are individuals;~~ or (6) the total amount of gross receipts from the sale of trade or business property made during the calendar month of the sale and the preceding 11 calendar months does not exceed \$5,000.

(c) For purposes of this subdivision, the following terms have the meanings given.

(1) A "farm auction" is a public auction conducted by a licensed auctioneer if substantially all of the property sold consists of property used in the trade or business of farming and property not used primarily in a trade or business.

(2) "Trade or business" includes the assets of a separate division, branch, or identifiable segment of a trade or business if, before the sale, the income and expenses attributable to the separate division, branch, or identifiable segment could be separately ascertained from the books of account or record (the lease or rental of an identifiable segment does not qualify for the exemption).

(3) A "sale of substantially all of the assets of a trade or business" must occur as a single transaction or a series of related transactions occurring within the 12-month period beginning on the date of the first sale of assets intended to qualify for the exemption provided in paragraph (b), clause (5).

Sec. 14. Minnesota Statutes 1990, section 297A.25, subdivision 45, is amended to read:

Subd. 45. [SHIPS USED IN INTERSTATE COMMERCE.] The gross receipts from sales of, and use, storage, or consumption of:

(1) repair, replacement, and rebuilding parts and materials, and

lubricants, for ships or vessels used or to be used principally in interstate or foreign commerce; and

(2) vessels with a gross registered tonnage of at least 3,000 tons are exempt.

Sec. 15. Minnesota Statutes 1990, section 297A.25, is amended by adding a subdivision to read:

Subd. 47. [WIND ENERGY CONVERSION SYSTEMS.] The gross receipts from the sale of wind energy conversion systems, as defined in section 216C.06, subdivision 12, and the materials used to install, construct, repair, or replace them are exempt if the systems are installed after January 1, 1992, and are used as an electric power source.

Sec. 16. Minnesota Statutes 1990, section 297A.25, is amended by adding a subdivision to read:

Subd. 48. [PHOTOVOLTAIC DEVICES.] The gross receipts from the sale of photovoltaic devices and the materials used to install, construct, repair, or replace them are exempt if the devices are installed after January 1, 1992, and are used as an electric power source. For purposes of this section, "photovoltaic device" means a system of components that generates electricity from incident sunlight by means of the photovoltaic effect, whether or not the device is able to store the energy produced for later use.

Sec. 17. Minnesota Statutes 1990, section 297A.25, is amended by adding a subdivision to read:

Subd. 49. [AIR COOLING EQUIPMENT.] The gross receipts from the sale of equipment used for air cooling are exempt, if the equipment is purchased for conversion or replacement of an existing groundwater based once-through cooling system as required under section 103G.271, subdivision 5.

Sec. 18. Minnesota Statutes 1990, section 297A.25, is amended by adding a subdivision to read:

Subd. 50. [CONSTRUCTION MATERIALS FOR RECYCLING FACILITIES.] 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:

(1) the materials and supplies are used or consumed in constructing a new facility which reduces the flow of solid waste by creating a market for recycled office waste;

(2) the recycling process produces pulp or paper from high-grade office waste; and

(3) the total capital investment made within a four-year period for construction of the facility exceeds \$50,000,000.

Sec. 19. Minnesota Statutes 1990, section 297B.01, subdivision 8, is amended to read:

Subd. 8. "Purchase price" means the total consideration valued in money for a sale, whether paid in money or otherwise, provided however, that when a motor vehicle is taken in trade as a credit or as part payment on a motor vehicle taxable under Laws 1971, chapter 853, the credit or trade-in value allowed by the person selling the motor vehicle shall be deducted from the total selling price to establish the purchase price of the vehicle being sold and the trade-in allowance allowed by the seller shall constitute the purchase price of the motor vehicle accepted as a trade-in. The purchase price in those instances where the motor vehicle is acquired by gift or by any other transfer for a nominal or no monetary consideration shall also include the average value of similar motor vehicles, established by standards and guides as determined by the motor vehicle registrar. The purchase price in those instances where a motor vehicle is manufactured by a person who registers it under the laws of this state shall mean the manufactured cost of such motor vehicle and manufactured cost shall mean the amount expended for materials, labor and other properly allocable costs of manufacture, except that in the absence of actual expenditures for the manufacture of a part or all of the motor vehicle, manufactured costs shall mean the reasonable value of the completed motor vehicle.

The term "purchase price" shall not include the portion of the value of a motor vehicle due solely to modifications necessary to make the motor vehicle handicapped accessible. The term "purchase price" shall not include the transfer of a motor vehicle by way of gift between a husband and wife or parent and child, nor shall it include the transfer of a motor vehicle by a guardian to a ward when there is no monetary consideration and the title to such vehicle was registered in the name of the guardian, as guardian, only because the ward was a minor. There shall not be included in "purchase price" the amount of any tax imposed by the United States upon or with respect to retail sales whether imposed upon the retailer or the consumer.

Sec. 20. 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. 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 upon compliance by the governing body of the city of Roseville with Minnesota Statutes, section 645.021, subdivision 3.~~

#### Sec. 21. [BROOKLYN CENTER; LOCAL LIQUOR AND RESTAURANT TAX.]

Subdivision 1. [AUTHORIZATION.] Notwithstanding Minnesota Statutes, section 477A.016, or any other law, the city of Brooklyn Center may by ordinance, impose a tax of one percent on the gross receipts on (1) retail on-sales of intoxicating liquor and fermented malt beverages when sold at licensed on-sale liquor establishments and municipal liquor stores within the city, and (2) all sales of food primarily for consumption on or off the premises by restaurants and places of refreshment within the city.

Subd. 2. [USE OF REVENUES.] Revenues received from taxes authorized under subdivision 1 must be used by the city to pay the cost of collecting the tax, and, to fund local police services and to fund approved housing projects and redevelopment projects. For the purposes of this section "housing project" and "redevelopment project" shall have the meaning defined in Minnesota Statutes, section 469.002.

Subd. 3. [REVERSE REFERENDUM.] If the city council intends to exercise the authority provided by this section, it shall pass a resolution stating the fact before July 1 of a calendar year. The resolution must be published for two consecutive weeks in the official newspaper of the city or, if there is no official newspaper, in a newspaper of general circulation in the city, together with a notice fixing a date for public hearing on the matter. The hearing must be held at least two weeks but not more than four weeks after the first publication of the resolution. Following the public hearing, the city

may determine to take no further action or adopt a resolution confirming its intention to exercise the authority. That resolution must also be published in the official newspaper, in a newspaper of general circulation in the city. If, within 30 days after publication of the resolution, a petition signed by voters equal in number to ten percent of the voters cast in the city in the last general election requesting a vote on the proposed resolution, is filed with the county auditor, the resolution is not effective until it has been submitted to the voters at a general or special election and a majority of votes cast on the question of approving the resolution are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the election.

Subd. 4. [COLLECTION.] 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 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.

Subd. 5. [LOCAL APPROVAL.] This section is effective upon compliance by the governing body of the city of Brooklyn Center with Minnesota Statutes, section 645.021, subdivision 3.

## Sec. 22. [SALES TAX EXEMPTION.]

Subdivision 1. [EXEMPTION.] Machinery and equipment, regardless of whether it was purchased by the owner, contractor, subcontractor, or builder, qualifies for the exemption under Minnesota Statutes 1990, section 297A.257, subdivision 2, if the purchase meets the other requirements of that section.

Subd. 2. [REFUNDS.] The commissioner of revenue shall pay refunds of the tax exempted by subdivision 1 to the owner operator of the facility upon filing of proof that the tax was paid by the contractor. An amount sufficient to pay the refunds is appropriated to the commissioner from the general fund.

## Sec. 23. [CITY OF ELY; 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 Ely may, by ordinance, impose an additional sales and use tax of up to one percent on sales transactions taxable under 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 Ely 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 must 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, operating, promoting, and developing of facilities as part of a community revitalization project in Ely known as the Ely Wilderness Gateway project. Authorized expenses include, but are not limited to, acquiring property and paying relocation expenses related to the development of the Wilderness Gateway project and related facilities, securing or paying debt service on bonds or other obligations issued to finance the construction of Wilderness Gateway and related facilities, operating expenses of facilities and attractions, and operations to promote and develop the project as described in a strategic plan approved under subdivision 8. For purposes of this section, "Ely Wilderness Gateway and related facilities" means a convention center, amphitheater, interpretive center, Gateway linkage facility, exhibits and program components, furnishings and equipment, tourist center, cottage industry center, wildlife enclosures, tourist attractions, museum, educational facilities and links to municipal campgrounds and all publicly owned real or personal property adjacent to the project area 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, educational and recreational trails, and landscaping. The total capital, administrative, and operating expenditures payable from bond proceeds and revenues shall not exceed \$20,000,000 for Ely Wilderness Gateway and related facilities.

Subd. 4. [EXPIRATION OF TAXING AUTHORITY AND EXPENDITURE LIMITATION.] The taxes imposed under subdivisions 1 and 2 terminate on the first day of the second month after a determination by the city council that sufficient funds have been received from the taxes to finance capital, administrative, and operating costs of \$20,000,000 for the Ely Wilderness Gateway and related 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. 5. [BONDS.] The city of Ely may issue general obligation bonds of the city in an amount not to exceed \$20,000,000 for Ely Wilderness Gateway 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 Ely Wilderness Gateway and related facilities shall not be included in computing any debt limitations applicable to the city of Ely, and

the levy of taxes required by Minnesota Statutes, 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.] If the Ely city council intends to exercise the authority provided by this section, it shall conduct a referendum on the issue. The question of imposing the tax must be submitted to the voters at a general or special election. The tax may not be imposed unless a majority of votes cast on the question of imposing the tax are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the election. The referendum must be held at a special or general election before December 1, 1992. This subdivision applies notwithstanding any city charter provision to the contrary.

Subd. 7. [ENFORCEMENT; COLLECTION; ADMINISTRATION OF TAXES.] The city of Ely may agree with the commissioner of revenue that a sales tax imposed under this section 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. [APPROVAL OF PLANS.] A nine-member citizens committee is established. The committee shall review and, by majority vote, approve or reject strategic plans relating to the Ely Wilderness Gateway for the city of Ely. The committee shall be appointed by the Ely city council as provided under Minnesota Statutes, section 15.059, subdivisions 2 and 4. The committee shall be composed of two members of the Ely chamber of commerce, two members of the Ely area tourist board, two members of the Ely area development council, two members of the Ely city council, and one representative of a joint powers agreement between Ely and another local government.

Subd. 9. [LOCAL APPROVAL; EFFECTIVE DATE.] This section is effective the day after final enactment, upon compliance with Minnesota Statutes, section 645.021, subdivision 3, by the city of Ely.

## Sec. 24. [CITY OF THIEF RIVER FALLS; 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 Thief River Falls



may, by ordinance, impose an additional sales and use tax of up to one-half of one 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 Thief River Falls 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 must 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, operating, promoting, and developing of facilities as part of a community revitalization project in Thief River Falls known as the Area Recreation-Convention Facilities. Authorized expenses include, but are not limited to, acquiring property and paying relocation expenses related to the development of the Area Recreation-Convention Facilities and related facilities, securing or paying debt service on bonds or other obligations issued to finance the construction of the Area Recreation-Convention Facilities and related facilities, operating expenses of facilities and attractions, and operations to promote and develop the project as described in a strategic plan approved under subdivision 8. For purposes of this section, "Area Recreation-Convention Facilities" means sports arena-convention facilities and athletic complex renovation and improvements, recreational swimming facilities, river beautification and reservoir management, tourist park expansion, River Walk facilities, Depot acquisition and preservation, youth activities facility, and related furnishings and equipment. The total capital, administrative, and operating expenditures payable from bond proceeds and revenues shall not exceed \$15,000,000 for the Thief River Falls Area Recreation-Convention Facilities and related facilities.

Subd. 4. [EXPIRATION OF TAXING AUTHORITY AND EXPENDITURE LIMITATION.] The taxes imposed under subdivisions 1 and 2 terminate on the first day of the second month after a determination by the city council that sufficient funds have been received from the taxes to finance capital, administrative, and operating costs of \$15,000,000 for the Area Recreation-Convention Facilities and related 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. The taxes imposed under subdivisions 1 and 2 expire at an earlier time if the city, by ordinance, so determines, provided that sufficient funds have been received to finance obligations already incurred for the Area Recreation-Convention Facilities.

Subd. 5. [BONDS.] The city of Thief River Falls may issue general obligation bonds of the city in an amount not to exceed \$15,000,000 for the Area Recreation-Convention 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 the Area Recreation-Convention Facilities and related facilities shall not be included in computing any debt limitations applicable to the city of Thief River Falls, and the levy of taxes required by Minnesota Statutes, 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.] If the Thief River Falls city council intends to exercise the authority provided by this section, it shall conduct a referendum on the issue. The question of imposing the tax must be submitted to the voters at a general or special election. The tax may not be imposed unless a majority of votes cast on the question of imposing the tax are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the election. The referendum must be held at a special or general election before December 1, 1992. This subdivision applies notwithstanding any city charter provision to the contrary.

Subd. 7. [ENFORCEMENT; COLLECTION; ADMINISTRATION OF TAXES.] The city of Thief River Falls may agree with the commissioner of revenue that a sales tax imposed under this section 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. [APPROVAL OF PLANS.] A representative, advisory citizens committee of not less than nine members is established. The committee shall review and, by majority vote, approve or reject strategic plans relating to the Area Recreation-Convention Facilities of Thief River Falls. The committee shall be appointed by the Thief River Falls city council as provided under Minnesota Statutes, section 15.059, subdivisions 2 and 4. The committee shall be composed of persons representative of the area.

Subd. 9. [LOCAL APPROVAL; EFFECTIVE DATE.] This section is effective the day after final enactment, upon compliance with Minnesota Statutes, section 645.021, subdivision 3, by the city of Thief River Falls.

## Sec. 25. [AITKIN COUNTY; LIQUOR AND RESTAURANT TAX.]

Subdivision 1. [LIQUOR AND RESTAURANT TAX AUTHORIZED.] Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law or ordinance, the county of Aitkin may, by resolution, impose an additional sales tax of one-half of one percent on the gross receipts on (1) retail on-sales of intoxicating liquor and fermented malt beverages when sold at licensed on-sale liquor establishments and municipal liquor stores within the county; and (2) all sales of food primarily for consumption on or off the premises by restaurants and places of refreshment as defined by resolution of the county that occur within the county.

Subd. 2. [USE OF REVENUES.] Revenues received from taxes authorized under subdivision 1 must be used by the county to pay the cost of collecting the tax and to fund a local convention or tourism bureau for the purpose of marketing the county as a tourist or convention center.

Subd. 3. [REVERSE REFERENDUM.] If the Aitkin county board intends to exercise the authority provided by this section, it shall pass a resolution stating the fact before July 1, 1992. The resolution must be published for two consecutive weeks in the official newspaper of the county or, if there is no official newspaper, in a newspaper of general circulation in the county, together with a notice fixing a date for public hearing on the matter. The hearing must be held at least two weeks but not more than four weeks after the first publication of the resolution. Following the public hearing, the county may determine to take no further action or adopt a resolution confirming its intention to exercise the authority. That resolution must also be published in the official newspaper, or, if there is no official newspaper, in a newspaper of general circulation in the county. If, within 30 days after publication of the resolution, a petition signed by voters equal in number to ten percent of the voters cast in the county in the last general election requesting a vote on the proposed resolution, is filed with the county auditor, the resolution is not effective until it has been submitted to the voters at a general or special election and a majority of votes cast on the question of approving the resolution are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the election. The referendum must be held at a special or general election before December 1, 1992.

Subd. 4. [ENFORCEMENT; COLLECTION.] These taxes shall be subject to the same interest, penalties, and other rules imposed under Minnesota Statutes, chapter 297A. The commissioner of revenue may enter into appropriate agreements with the county to provide for collection of these taxes by the state on behalf of the county. The commissioner may charge the county a reasonable fee for its collection from the proceeds of any taxes.

Subd. 5. [LOCAL APPROVAL; EFFECTIVE DATE.] This section is effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the county of Aitkin.

**Sec. 26. [CITY OF GARRISON; 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 Garrison may, by ordinance, impose an additional sales tax of up to one-half of one percent on sales transactions taxable pursuant to Minnesota Statutes, chapter 297A, that occur within the city.

Subd. 2. [USE OF REVENUES.] Revenues received from taxes authorized under subdivision 1 must be dedicated by the city to pay the cost of collecting the tax and to pay all or part of the expenses of the construction of a sewer system in the city, including payment of principal and interest on loans received by the city to construct the sewer system.

Subd. 3. [EXPIRATION OF TAXING AUTHORITY.] The tax imposed under subdivision 1 terminates on the first day of the second month after a determination by the city council that sufficient funds have been received from the taxes to pay the construction costs of the sewer system, and the principal and interest on any loans received by the city for construction of the improvements. Any funds remaining after completion of the improvements and payment of the loans may be placed in the general fund of the city.

Subd. 4. [ENFORCEMENT; COLLECTION; AND ADMINISTRATION OF TAXES.] The city may agree with the commissioner of revenue that a sales tax imposed under this section 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. 5. [LOCAL APPROVAL; EFFECTIVE DATE.] This section is effective the day after final enactment, upon compliance with Minnesota Statutes, section 645.021, subdivision 3, by the city of Garrison.

**Sec. 27. [CITY OF ROCHESTER; TAXES.]**

Subdivision 1. [SALES AND USE TAXES AUTHORIZED.] Not-

withstanding 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 of one percent on sales transactions taxable under Minnesota Statutes, chapter 297A, that occur within the city and may also, by ordinance, impose an additional compensating use tax of up to one-half of one percent on uses of property within the city, the sale of which would be subject to the additional sales tax but for the fact that the property was sold outside the city.

Subd. 2. [EXCISE TAX AUTHORIZED.] 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.

Subd. 4. [ALLOCATION OF REVENUES.] Revenues received from taxes authorized by subdivisions 1 and 2 must 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 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.

**Sec. 28. [OCCASIONAL SALES; RETROACTIVE DATE; RE-FUNDS.]**

No refunds of tax may be paid due to the retroactive effective date of section 13 except as provided in this section. A purchaser must file a claim for refund containing the information required in Minnesota Statutes, section 289A.50 and any other information required by the commissioner, including receipts or other proof of payment. A purchaser is considered a taxpayer for purposes of section 289A.50. Notwithstanding section 289A.50, subdivision 2, a vendor who has collected a tax from the purchaser may not claim a refund under this section.

**Sec. 29. [REPEALER.]**

Minnesota Statutes 1991 Supplement, section 295.367, is repealed.

**Sec. 30. [EFFECTIVE DATES.]**

Section 1 is effective for tax payments due for sales made after September 30, 1992.

Sections 2 and 3 are effective July 1, 1992, and apply to refunds filed after that date.

Sections 4, 5, 6, 11, 17, and 19 are effective for sales made after June 30, 1992.

Sections 7, 8, 9, 10, 15, and 16 are effective the day following final enactment.

Section 12 is effective for sales made after May 31, 1992.

Section 13 is effective retroactive for sales made after June 30, 1991.

Section 14 is effective retroactive for all open tax years and thereafter.

Section 18 is effective for sales made on or after the date of enactment, but prior to April 1, 1994.

Section 22 is effective for projects begun during the time a county was designated as distressed under Minnesota Statutes, section 297A.257, if the capital equipment was placed in service after August 1, 1990.

Section 29 is effective retroactive for sales made after December 31, 1991.

#### ARTICLE 4

#### PROPERTY TAXES, TECHNICAL

Section 1. Minnesota Statutes 1991 Supplement, section 124A.23, subdivision 1, is amended to read:

Subdivision 1. [GENERAL EDUCATION TAX RATE.] The commissioner of ~~revenue~~ shall establish the general education tax rate and certify it to the commissioner of education by July 1 of each year for levies payable in the following year. The general education tax capacity rate shall be a rate, rounded up to the nearest tenth of a percent, that, when applied to the adjusted net tax capacity for all districts, raises the amount specified in this subdivision. The general education tax rate shall be the rate that raises \$916,000,000 for fiscal year 1993 and \$961,800,000 for fiscal year 1994 and later fiscal years. The general education tax rate ~~certified by the commissioner of revenue~~ may not be changed due to changes or corrections made to a district's adjusted net tax capacity after the tax rate has been certified established.

Sec. 2. Minnesota Statutes 1990, section 270.075, subdivision 1, is amended to read:

Subdivision 1. The commissioner shall determine the rate of tax to be levied and collected against the net tax capacity as determined pursuant to section 270.074, subdivision 2, to generate revenues of ~~\$7,500,000 from taxes levied in assessment year 1987 and payable in 1988 and revenues of \$7,900,000 from taxes levied in 1988 and payable in 1989. Thereafter the legislature shall annually establish the amount of revenue to be generated from a tax on sufficient to fund the airflight property tax portion of each year's state airport fund appropriation, as certified to the commissioner by the commis-~~

sioner of transportation. The property tax portion of the state airport fund appropriation is the difference between the total fund appropriation and the estimated total fund revenues from other sources for the state fiscal year in which the tax is payable. If a levy amount has not been certified by September 1 of a levy year, the commissioner shall use the last previous certified amount to determine the rate of tax.

Sec. 3. Minnesota Statutes 1991 Supplement, section 273.13, subdivision 22, is amended to read:

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

The first \$72,000 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 \$72,000 but does not exceed \$115,000 has a class rate of two percent of its market value; and the market value of class 1a property that exceeds \$115,000 has a class rate of 2.5 percent of its market value. For taxes payable in 1993 and thereafter, the market value of class 1a property that exceeds \$72,000 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) 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

(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~~ 250 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 .8 percent of the first \$32,000 of market value and one percent of market value in excess of \$32,000 for taxes payable in 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. 4. Minnesota Statutes 1991 Supplement, section 273.13, subdivision 25, as amended by Laws 1992, chapter 363, article 1, section 12, subdivision 1, 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 3.5 percent of market value for taxes payable in 1992, and 3.4 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 2.8 percent of market value for taxes payable in 1992, 2.5 percent of market value for taxes payable in 1993, and 2.3 percent of market value for taxes payable in 1994 and thereafter.

(c) Class 4c property includes:

(1) a structure that is:

(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 or the Minnesota housing finance agency law of 1971, as amended, or rules promulgated by the agency 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 adopted 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 as defined in section 42(c)(2) of the Internal Revenue Code of 1986, as amended through December 31, 1990, that (i) receives a low-income housing credit under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1990; 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; or (iii) meets the requirements of section 273.1317. Classification pursuant to this clause is limited to a term of 15 years.

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 unless the owner of the property elects to have the property

assessed under Laws 1991, chapter 291, article 1, section 55. If the owner of the property elects to have the market value determined on the basis of the actual restricted rents, as provided in Laws 1991, chapter 291, article 1, section 55, the property will be assessed at the rate provided for class 4a or class 4b property, as appropriate. Properties described in clauses (1)(ii), (3), and (4) may apply to the assessor for valuation under Laws 1991, chapter 291, article 1, section 55. 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 250 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 250 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, 1990. 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) each parcel of seasonal residential recreational property not used for commercial purposes under clause (5) has a class rate of 2.2 percent of market value for taxes payable in 1992,

and for taxes payable in 1993 and thereafter, the first \$72,000 of market value on each parcel has a class rate of two percent and the market value of each parcel that exceeds \$72,000 has a class rate of 2.5 percent, and (ii) manufactured home parks assessed under clause (8) have a class rate of two percent for taxes payable in 1993 only.

(d) Class 4d property includes:

(1) a structure that is:

(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.

(2) For taxes payable in 1992, 1993 and 1994, only, 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, adjusted for family size and the building consists of existing single family or duplex housing. The lease agreement must provide for a portion of the lease payment to be escrowed as a nonrefundable down payment on the housing. To qualify under this clause, the taxpayer must apply to the county assessor by May 30 of each year. The application must be accompanied by an affidavit or other proof required by the assessor to determine qualification under this clause.

(3) For taxes payable in 1992, 1993 and 1994, only, federally acquired buildings under four units 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 transitional housing for homeless persons under the program established in Code of Federal Regulations, title 55, section 49489. As used in this clause, "transitional housing" has the meaning given in section 268.38, subdivision 1, except that the two-year restriction does not apply. 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 this classification. To qualify under this clause, the taxpayer must apply to the county assessor by May 30 of each year. The application must be accompanied by an affidavit or other proof required by the county assessor to determine qualification under this clause. Property qualifying under this clause in 1992, 1993, or 1994 continues to receive a two percent class rate until the five-year lease has expired provided that the property continues to be used for the purposes as described in this clause.

Class 4d property has a class rate of two percent of market value.

(e) Residential rental property that would otherwise be assessed as class 4 property under paragraph (a); paragraph (b), clauses (1) and (3); 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. 5. Minnesota Statutes 1990, section 273.135, subdivision 2, is amended to read:

Subd. 2. For taxes payable in 1990 and subsequent years, the amount of the reduction authorized by subdivision 1 shall be:

(a) In the case of property located within the boundaries of a municipality which meets the qualifications prescribed in section 273.134, 66 percent of the tax, provided that the reduction shall not exceed the maximum amounts specified in clause (c), and shall not exceed an amount sufficient to reduce the effective tax rate on each parcel of property to the product of 95 percent of the base year effective tax rate multiplied by the ratio of the current year's tax rate to the payable 1989 tax rate. In no case will the reduction for each homestead resulting from this credit be less than \$10.

(b) In the case of property located within the boundaries of a school district which qualifies as a tax relief area but which is

outside the boundaries of a municipality which meets the qualifications prescribed in section 273.134, 57 percent of the tax, provided that the reduction shall not exceed the maximum amounts specified in clause (c), and shall not exceed an amount sufficient to reduce the effective tax rate on each parcel of property to the product of 95 percent of the base year effective tax rate multiplied by the ratio of the current year's tax rate to the payable 1989 tax rate. In no case will the reduction for each homestead resulting from this credit be less than \$10.

(c) The maximum reduction of the tax is \$225.40 on property described in clause (a) and \$200.10 on property described in clause (b), for taxes payable in 1985. These maximum amounts shall increase by \$15 times the quantity one minus the homestead credit equivalency percentage per year for taxes payable in 1986 and subsequent years.

For the purposes of this subdivision, "homestead credit equivalency percentage" means one minus the ratio of the net class rate to the gross class rate applicable to the first ~~\$68,000~~ \$72,000 of the market value of residential homesteads, "effective tax rate" means tax divided by the market value of a property, and the "base year effective tax rate" means the payable 1988 tax on a property with an identical market value to that of the property receiving the credit in the current year after the application of the credits payable under Minnesota Statutes 1988, section 273.13, subdivisions 22 and 23, and this section, divided by the market value of the property.

Sec. 6. Minnesota Statutes 1991 Supplement, 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~~ education.

Sec. 7. Minnesota Statutes 1991 Supplement, section 273.1399, is amended to read:

273.1399 [REDUCTION IN STATE TAX INCREMENT FINANCING AID.]

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

(a) "Qualifying captured net tax capacity" means the following amounts:

(1) the captured net 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;

(2) the captured net 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 assessment year of the original net tax capacity). In no case may the final amounts be less than zero or greater than the total captured net tax capacity of the district:

Number of Years	Percentage
1	0
2	20
3	40
4	60
5	80
6 or more	100;

(3) the captured net 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 assessment year of the original net tax capacity). In no case may the final amounts be less than zero or greater than the total captured net 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 net tax capacity resulting from the reduction in the subdistrict's or site's original net 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.

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

Subd. 3. [CALCULATION OF EDUCATION AIDS.] For each school district containing qualifying captured net 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 net 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 net tax capacity. The resulting amount is the reduction in state tax increment financing aid.

Subd. 4. [EQUALIZATION FACTOR.] The amount of the reduction in state tax increment financing aid equals the amount determined under subdivision 3 less

(1) 75 percent of the excess, if any, of the amount determined under subdivision 3, over

(2) .05 times the municipality's net tax capacity, divided by the sales ratio.

Subd. 5. [LOCAL GOVERNMENT AIDS; HOMESTEAD AND

AGRICULTURAL AID CALCULATIONS.] (a) The reduction in state tax increment financing aid for a municipality must be deducted first from the local government aids to be paid to the municipality. If the deduction exceeds the amount of the local government aid, the rest must be deducted from the homestead and agricultural credit aid to be paid to the municipality.

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

Sec. 8. Minnesota Statutes 1990, section 274.20, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) ~~The term "total gross taxes" means the total gross taxes levied on manufactured homes assessed pursuant to section 274.19 in a unique taxing jurisdiction as defined in section 273.1398 before reduction by any credits for taxes in 1989. For aid payable in 1991 and subsequent years total gross taxes for 1989 shall be multiplied by the cost of living adjustment factor as defined in section 273.1398.~~

(b) ~~"Local tax rate" means the total local tax rate for taxes payable in 1989 within a unique taxing jurisdiction.~~

(c) ~~"Total net tax capacity" means the net tax capacities as defined in section 273.1398 of all manufactured homes assessed pursuant to section 274.19 except the market value used shall be for the assessment one year prior to that in which aid is payable.~~

(d) ~~"Subtraction factor" means the product of (i) a unique taxing jurisdiction's local tax rate; (ii) its total net tax capacity; and (iii) 0.9767. "Current local tax rate" has the meaning given in section 273.1398, subdivision 1.~~

(b) "Growth adjustment factor" means the growth adjustment factor used in the calculation of homestead and agricultural credit aid for the year preceding that in which the manufactured home homestead and agricultural credit aid is payable.

(c) "Net tax capacity" means the product of (1) the appropriate net class rates for the year in which the aid is payable, except that for aids payable in 1993 the class rate applicable to class 4a shall be 3.5 percent; and the class rate applicable to class 4b shall be 3.5 percent; and for aid payable in 1994 the class rate applicable to class 4b shall be 2.4 percent, and (2) estimated market values of manufactured homes assessed under section 274.19 for the assessment one year prior to that in which the aid is payable. "Total net tax capacity" means the net tax capacities for all manufactured homes within the

taxing district assessed under section 274.19. Net tax capacity cannot be less than zero.

(d) "Net tax capacity adjustment" means (1) the total previous net tax capacity minus the total net tax capacity, multiplied by (2) the taxing district's current local tax rate. The net tax capacity adjustment cannot be less than zero.

(e) "Previous net tax capacity" means the product of the appropriate net class rates for the year previous to the year in which the aid is payable, and estimated market values of manufactured homes assessed under section 274.19 for the assessment one year prior to that in which the aid is payable. "Total previous net tax capacity" means the previous net tax capacities for all manufactured homes within the taxing district assessed under section 274.19. Previous net tax capacity cannot be less than zero.

(f) "Unique taxing jurisdiction" has the meaning given in section 273.1398, subdivision 1.

Sec. 9. Minnesota Statutes 1990, section 274.20, subdivision 2, is amended to read:

Subd. 2. [MANUFACTURED HOME HOMESTEAD AND AGRICULTURAL CREDIT AID.] For each calendar year, the manufactured home homestead and agricultural credit aid for each unique taxing jurisdiction equals ~~total gross taxes minus~~ the unique taxing jurisdiction's subtraction factor certified manufactured home homestead and agricultural credit aid determined under this subdivision for the preceding aid payable year times the growth adjustment factor for the jurisdiction plus the net tax capacity adjustment for the jurisdiction. The aid shall be allocated to each local government levying taxes in the unique taxing jurisdiction in the proportion that the local government's gross taxes bear to the total gross taxes.

Sec. 10. Minnesota Statutes 1991 Supplement, 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, 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, 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.

For a city that has a population of more than 1,000 but less than 2,500 the advertisement must be at least one-eighth page in size of a standard-size or a tabloid-size newspaper; and, The headlines first

headline in the advertisement stating the notice of proposed property taxes and the notice of public hearing must be in a type no smaller than 14-point, and the second headline must be in a type no smaller than 12-point. The text of the advertisement must be no smaller than ~~12-point~~ 10-point, except that the property tax amounts and percentages may be in ~~10-point~~ 9-point type.

For a city that has a population of 2,500 or more, a county or a school district, the advertisement must be at least one-quarter page in size of a standard-size or a tabloid-size newspaper; ~~and.~~ The headlines first headline in the advertisement stating the notice of proposed property taxes and the notice of public hearing must be in a type no smaller than 30-point, and the second headline must be in a type no smaller than 22-point. The text of the advertisement must be no smaller than ~~22-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 may include references to the current 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 must 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).

(d) For purposes of this subdivision, the population of a city is the most recent population as determined by the state demographer under section 116K.04, subdivision 4.

Sec. 11. Minnesota Statutes 1991 Supplement, section 275.125, subdivision 5, is amended to read:

Subd. 5. [BASIC TRANSPORTATION LEVY.] Each year, a school district may levy for school transportation services an amount not to exceed the amount raised by the basic transportation tax rate times the adjusted net tax capacity of the district for the preceding year. The commissioner of ~~revenue~~ education shall establish the basic transportation tax rate and certify it to the commissioner of ~~education~~ revenue by July 1 of each year for levies payable in the following year. The basic transportation tax rate shall be a rate, rounded up to the nearest hundredth of a percent, that, when applied to the adjusted net tax capacity of taxable property for all districts, raises the amount specified in this subdivision. The basic transportation tax rate for transportation shall be the rate that raises \$64,300,000 for fiscal year 1993 and \$68,000,000 for fiscal year 1994 and subsequent fiscal years. The basic transportation tax rate certified by the commissioner of ~~revenue~~ education must not be changed due to changes or corrections made to a district's adjusted net tax capacity after the tax rate has been certified.

Sec. 12. Minnesota Statutes 1991 Supplement, 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 one copy of a petition for such determination upon the county auditor, one copy on the county attorney, 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 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 forwarded by the assessor to the school board of the school district in which the property is located.

In counties where the office of county treasurer has been combined with the office of county auditor, the county may elect to require the petitioner to serve the number of copies as determined by the county. The county 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 list of petitioned properties, including the name of the petitioner, the identification number of the property, and the estimated market value, shall be sent on or before the first day of July by the county auditor/treasurer to the school board of the school district in which the property is located.

For all counties, 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. 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. 13. Minnesota Statutes 1990, section 278.01, subdivision 2, is amended to read:

Subd. 2. [HOMESTEADS.] Any person having any estate, right, title or interest in or lien upon any parcel which is classified as

homestead under the provisions of section 273.13, 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~~ one copy 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 of the year in which such tax becomes payable~~ three copies on the county assessor. 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.~~

In counties where the office of county treasurer has been combined with the office of county auditor, the county may elect to require the petitioner to serve the number of copies as determined by the county. The county 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 list of petitioned properties, including the name of the petitioner, the identification number of the property, and the estimated market value, shall be sent on or before the first day of July by the county auditor/treasurer to the school board of the school district in which the property is located.

For all counties, 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. A petition for determination under this section may be transferred by the district court to the tax court.

Sec. 14. Minnesota Statutes 1990, section 278.02, is amended to read:

#### 278.02 [PETITION MAY INCLUDE SEVERAL PARCELS.]

Such petition need not be in any particular form, but shall clearly identify the land involved and the assessment date and shall set forth in concise language the claim, defense, or objection asserted.



No petition shall include more than one assessment date. Several parcels of land in or upon which the petitioner has an estate, right, title, interest, or lien may be included in the same petition, but only if they are in the same city or town, except that contiguous property overlapping city or town boundaries may be included in one petition.

Sec. 15. Minnesota Statutes 1991 Supplement, section 279.03, subdivision 1a, is amended to read:

Subd. 1a. [RATE AFTER DECEMBER 31, 1990.] (a) Except as provided in paragraph (b) ~~or~~ (e), 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, 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.

(e) If a person is the owner of one or more parcels of property on which taxes are delinquent, and the delinquent taxes are 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. 16. Minnesota Statutes 1991 Supplement, 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 22, paragraph (c), ~~23, paragraph (e), or 25, paragraph (c), clause (5), for which 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 ~~(1) 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 (2) the delinquent taxes are more than 25 percent of the prior year's school district levy.~~

Sec. 17. Minnesota Statutes 1990, section 282.09, subdivision 1, is amended to read:

Subdivision 1. [MONEY PLACED IN FUND.] The county auditor and county treasurer shall place all money received through the operation of sections 282.01 to 282.13 in a fund to be known as the forfeited tax sale fund and all disbursements and costs shall be charged against that fund, when allowed by the county board. Members of the county board may be paid a per diem pursuant to section 375.055, subdivision 1, and reimbursed for their necessary expenses, and may receive mileage as fixed by law. Compensation of a land commissioner and assistants, if a land commissioner is appointed, shall be in the amount determined by the county board. The county auditor shall receive 50 cents for each certificate of sale, each contract for deed and each lease executed by the auditor, and, in counties where no land commissioner is appointed, additional annual compensation, not exceeding \$300, as fixed by the county board. Compensation of any other clerical help that may be needed by the county auditor or land commissioner shall be in the amount determined by the county board. All compensation provided for herein shall be in addition to other compensation allowed by law. Fees so charged in addition to the fee imposed in section 282.014 shall be included in the annual settlement by the county auditor as hereinafter provided. On or before February 1 each year, the commissioner of revenue shall certify to the commissioner of finance, by counties, the total number of state deeds issued and reissued during the preceding calendar year for which such fees are charged and the total amount thereof. On or before March 1 each year, each county shall remit to the commissioner of revenue, from the forfeited tax sale fund, the aggregate amount of the fees imposed by section

282.014 in the preceding calendar year. The commissioner of revenue shall deposit the amounts received in the state treasury to the credit of the general fund. When disbursements are made from the fund for repairs, refunds, expenses of actions to quiet title, or any other purpose which particularly affects specific parcels of forfeited lands, the amount of such disbursements shall be charged to the account of the taxing districts interested in such parcels. The county auditor shall make an annual settlement of the net proceeds received from sales and rentals by the operation of sections 282.01 to 282.13, on the settlement day determined in section 276.09, for the preceding calendar year.

Sec. 18. Minnesota Statutes 1990, section 282.36, is amended to read:

**282.36 [FEES PAYABLE TO BY REPURCHASER.]**

Any person repurchasing land after forfeiture to the state for nonpayment of taxes under the provisions of a repurchase law shall at the time the certificate of repurchase is issued and recorded by the county auditor or before receiving quitclaim deed pursuant thereto, pay to the county treasurer a fee of \$3 in an amount equal to the fee provided in section 282.014. Fees so collected during any calendar year shall be credited to a special fund and, upon a warrant issued by the county auditor on or before March 1 of the year following, shall be remitted to the ~~state treasurer~~ commissioner of revenue and credited to the general fund. The commissioner of revenue shall, on or before February 1 in each year, certify to the ~~state treasurer~~ commissioner of finance the number of deeds issued during the preceding calendar year to which these fees apply, showing by counties the number of deeds so issued and the total fees due therefor. This section shall not apply to repurchases made under any law enacted prior to January 1, 1945.

Sec. 19. Minnesota Statutes 1991 Supplement, section 375.192, subdivision 2, is amended to read:

Subd. 2. Upon written application by the owner of ~~the any~~ 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~~ All applications 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, except that the part of the application which is for the abatement of penalty or interest, the application must be approved by the county treasurer and county auditor. Approval by the county or city assessor is not required for abatements of penalty or interest. 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. 20. Minnesota Statutes 1991 Supplement, section 423A.02, subdivision 1a, is amended to read:

Subd. 1a. [SUPPLEMENTARY AMORTIZATION STATE AID.] In addition to the amortization state aid under subdivision 1, there is a distribution of supplementary amortization state aid among those local police and salaried firefighters relief associations municipalities that receive amortization state aid under subdivision 1. The amount of the distribution is that proportion of the appropriation that the unfunded actuarial accrued liability of each relief association bears to the total unfunded actuarial accrued liabilities of all relief associations as reported in the ~~most recent~~ December 31, 1983, actuarial valuations of the relief associations receiving amortization state aid under subdivision 1. Money under this subdivision must be distributed ~~to the relief associations~~ at the same time that fire and police state aid is distributed under section 69.021.

Sec. 21. Minnesota Statutes 1990, section 469.177, subdivision 1a, is amended to read:

Subd. 1a. [ORIGINAL LOCAL TAX RATE.] At the time of the initial certification of the original net tax capacity for a tax increment financing district, the county auditor shall certify the original local tax rate that applies to the district. The original local tax rate is the sum of all the local tax rates that apply to a property in the district. The local tax rate to be certified is the rate in effect for the same taxes payable year applicable to the tax capacity values certified as the district's original tax capacity. ~~If the total local tax~~

rate applicable to properties in the tax increment financing district varies, the local tax rate must be computed by determining the average total local tax rate in the district, weighted on the basis of net tax capacity. The resulting tax capacity rate is the original local tax rate for the life of the district.

Sec. 22. Minnesota Statutes 1990, section 473.446, subdivision 1, is amended to read:

Subdivision 1. [TAXATION WITHIN TRANSIT TAXING DISTRICT.] For the purposes of sections 473.404 to 473.449 and the metropolitan transit system, except as otherwise provided in this subdivision, the regional transit board shall levy each year upon all taxable property within the metropolitan transit taxing district, defined in subdivision 2, a transit tax consisting of:

(a) an amount which shall be used for payment of the expenses of operating transit and paratransit service and to provide for payment of obligations issued by the commission under section 473.436, subdivision 6;

(b) an additional amount, if any, the board determines to be necessary to provide for the full and timely payment of its certificates of indebtedness and other obligations outstanding on July 1, 1985, to which property taxes under this section have been pledged; and

(c) an additional amount necessary to provide full and timely payment of certificates of indebtedness, bonds, including refunding bonds or other obligations issued or to be issued under section 473.39 by the council for purposes of acquisition and betterment of property and other improvements of a capital nature and to which the council or board has specifically pledged tax levies under this clause.

The property tax levied by the regional transit board for general purposes under clause (a) must not exceed the following amount for the years specified:

(1) for taxes payable in 1988, the product of two mills multiplied by the total assessed valuation of all taxable property located within the metropolitan transit taxing district as adjusted by the provisions of Minnesota Statutes 1986, sections 272.64; 273.13, subdivision 7a; and 275.49;

(2) for taxes payable in 1989, the product of (i) the regional transit board's property tax levy limitation for general purposes for the taxes payable year 1988 determined under clause (1) multiplied by (ii) an index for market valuation changes equal to the assessment year 1988 total market valuation of all taxable property located

within the metropolitan transit taxing district divided by the assessment year 1987 total market valuation of all taxable property located within the metropolitan transit taxing district; and

(3) for taxes payable in 1990 and subsequent years, the product of (i) the regional transit board's property tax levy limitation for general purposes for the previous year determined under this subdivision multiplied by (ii) an index for market valuation changes equal to the total market valuation of all taxable property located within the metropolitan transit taxing district for the current assessment year divided by the total market valuation of all taxable property located within the metropolitan transit taxing district for the previous assessment year.

For the purpose of determining the regional transit board's property tax levy limitation for general purposes for the taxes payable year 1988 and subsequent years under this subdivision, "total market valuation" means the total market valuation of all taxable property within the metropolitan transit taxing district without valuation adjustments for fiscal disparities (chapter 473F), tax increment financing (sections 469.174 to 469.179), and high voltage transmission lines (section 273.425).

The county auditor shall reduce the tax levied pursuant to this subdivision on all property within statutory and home rule charter cities and towns that receive full-peak service and limited off-peak service by an amount equal to the tax levy that would be produced by applying a rate of ~~0.01209~~ 0.510 percent of ~~market value net tax capacity~~ on the property. The county auditor shall reduce the tax levied pursuant to this subdivision on all property within statutory and home rule charter cities and towns that receive limited peak service by an amount equal to the tax levy that would be produced by applying a rate of ~~0.01813~~ 0.765 percent of ~~market value net tax capacity~~ on the property. The amounts so computed by the county auditor shall be submitted to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under section 275.29. Any prior year adjustments shall also be certified in the abstracts of tax lists. The commissioner shall review the certifications to determine their accuracy and may make changes in the certification as necessary or return a certification to the county auditor for corrections. The commissioner shall pay to the regional transit board the amounts certified by the county auditors on the dates provided in section 273.1398. There is annually appropriated from the general fund in the state treasury to the department of revenue the amounts necessary to make these payments.

For the purposes of this subdivision, "full-peak and limited off-peak service" means peak period regular route service, plus weekday midday regular route service at intervals longer than 60

minutes on the route with the greatest frequency; and "limited peak period service" means peak period regular route service only.

Sec. 23. Minnesota Statutes 1990, section 473H.10, subdivision 3, is amended to read:

**Subd. 3. [COMPUTATION OF TAX; STATE REIMBURSEMENT.]**

(a) After having determined the market value of all land valued according to subdivision 2, the assessor shall compute the gross net tax capacity of those properties by applying the appropriate class rates. When computing the rate of tax pursuant to section 275.08, the county auditor shall include the gross net tax capacity of land as provided in this clause.

(b) The county auditor shall compute the tax on lands valued according to subdivision 2 and nonresidential buildings by multiplying the gross net tax capacity times the total local tax rate for all purposes as provided in clause (a).

(c) The county auditor shall then compute the maximum ad valorem property tax on lands valued according to subdivision 2 and nonresidential buildings by multiplying the gross net tax capacity times 105 percent of the previous year's statewide average local tax rate levied on property located within townships for all purposes.

(d) The tax due and payable by the owner of preserve land valued according to subdivision 2 and nonresidential buildings will be the amount determined in clause (b) or (c), whichever is less. If the gross net tax in clause (c) is less than the gross net tax in clause (b), the state shall reimburse the taxing jurisdictions for the amount of difference. Residential buildings shall continue to be valued and classified according to the provisions of sections 273.11 and 273.13, as they would be in the absence of this section, and the tax on those buildings shall not be subject to the limitation contained in this clause.

The county may transfer money from the county conservation account created in section 40A.152 to the county revenue fund to reimburse the fund for the tax lost as a result of this subdivision or to pay taxing jurisdictions within the county for the tax lost. The county auditor shall certify to the commissioner of revenue on or before June 1 the total amount of tax lost to the county and taxing jurisdictions located within the county as a result of this subdivision and the extent that the tax lost exceeds funds available in the county conservation account. Payment shall be made by the state on December 15 to each of the affected taxing jurisdictions, other than school districts, in the same proportion that the ad valorem tax is distributed if the county conservation account is insufficient to make the reimbursement. There is annually appropriated from the Minnesota conservation fund under section 40A.151 to the commissioner of revenue an amount sufficient to make the reimbursement

provided in this subdivision. If the amount available in the Minnesota conservation fund is insufficient, the balance that is needed is appropriated from the general fund.

Sec. 24. [1989 POPULATION AND NUMBER OF HOUSEHOLDS DATA USED IN 1992 AID CALCULATIONS.]

Notwithstanding any law to the contrary, for the calculation of payable 1992 homestead and agricultural credit aid under Minnesota Statutes, section 273.1398, the 1989 population and number of households figure for governmental subdivisions not having annual estimates prepared by the metropolitan council is equal to the local unit's 1988 population or number of households figure as prepared by the state demographer, plus one-half the increase or minus one-half the decrease when compared to the corresponding figures according to the 1990 federal census.

Sec. 25. [STUDY OF VALUATION OF MANUFACTURED HOME PARKS.]

The legislative commission on planning and fiscal policy shall study the valuation of manufactured home parks and make recommendations concerning the most equitable and efficient methods to the chairs of the senate committee on taxes and tax laws and the taxes committee of the house of representatives by January 15, 1993.

Sec. 26. [INSTRUCTION TO REVISOR.]

In the next edition of Minnesota Statutes, the revisor of statutes shall delete the first note after section 273.1398. The amendment to Minnesota Statutes, section 273.1398, subdivision 1, paragraph (j), made by Laws 1990, chapter 480, article 7, section 9, is of no effect.

Sec. 27. [EFFECTIVE DATES.]

Sections 1, 10 to 14, 24 to 26 are effective the day following final enactment. Sections 2, 22, and 23 are effective for taxes levied in 1989, payable in 1990, and thereafter, and for aids and credits payable in 1990 and thereafter. Section 3 is effective for taxes levied in 1991, payable in 1992, and thereafter. Sections 4 and 5 are effective for taxes levied in 1992, payable in 1993, and thereafter. Section 6 is effective for aids payable after June 30, 1992. Section 7 is effective for school year 1992-1993 and for homestead and agricultural credit aid and local government aids for taxes payable in 1992, and thereafter. Sections 8 and 9 are effective for aids payable in 1992 and thereafter. Sections 15 and 16 are effective for taxes becoming delinquent after December 31, 1991. Section 17 is effective July 1, 1982, and thereafter. Section 18 is effective June 1, 1990, and thereafter, provided further that no refunds of overpayments and no



collection of underpayments shall be made for fees paid prior to June 1, 1990. Section 19 is effective for abatements granted in 1992 and thereafter. Section 20 is effective for supplementary amortization state aid payable after June 30, 1991. Section 21 is effective for new tax increment financing districts and amendments adding geographic area to an existing district for which the certification request is, or has been, filed with the county auditor after May 1, 1988.

## ARTICLE 5

### LEVY LIMIT REPEAL

Section 1. Minnesota Statutes 1991 Supplement, section 4A.02, is amended to read:

#### 4A.02 [STATE DEMOGRAPHER.]

The director shall appoint a state demographer. The demographer must be professionally competent in demography and must possess demonstrated ability based upon past performance. The demographer shall:

(1) continuously gather and develop demographic data relevant to the state;

(2) design and test methods of research and data collection;

(3) periodically prepare population projections for the state and designated regions and periodically prepare projections for each county or other political subdivision of the state as necessary to carry out the purposes of this section;

(4) review, comment on, and prepare analysis of population estimates and projections made by state agencies, political subdivisions, other states, federal agencies, or nongovernmental persons, institutions, or commissions;

(5) serve as the state liaison with the federal Bureau of the Census, coordinate state and federal demographic activities to the fullest extent possible, and aid the legislature in preparing a census data plan and form for each decennial census;

(6) compile an annual study of population estimates on the basis of county, regional, or other political or geographical subdivisions as necessary to carry out the purposes of this section and section 4A.03;

(7) by January 1 of each year, issue a report to the legislature containing an analysis of the demographic implications of the annual population study and population projections;

(8) prepare maps for all counties in the state, all municipalities with a population of 10,000 or more, and other municipalities as needed for census purposes, according to scale and detail recommended by the federal Bureau of the Census, with the maps of cities showing precinct boundaries; and

(9) prepare an estimate of population and of the number of households for each governmental subdivision for which the metropolitan council does not prepare an annual estimate, and convey the estimates to the governing body of each political subdivision by May 1 of each year; and.

(10) prepare an estimate of population and number of households for an area annexed by a governmental subdivision subject to levy limits under sections 275.50 to 275.56 if a municipal board order under section 414.01, subdivision 14, exists for the annexation and if the population of the annexed area is equal to at least 50 people or at least ten percent of the population of a governmental subdivision or unorganized territory that is losing area by the annexation.

An estimate under clause (10) must be an estimate of the population as of the date, within 12 months after the annexation occurs, for which a population estimate for the governmental subdivision is made either by the state demographer under clause (9) or by the metropolitan council.

Sec. 2. Minnesota Statutes 1990, section 103B.241, is amended to read:

103B.241 [LEVY.]

A levy to pay the increased costs to a local government unit or watershed management organization of implementing sections 103B.231 and 103B.235 or to pay costs of improvements and maintenance of improvements identified in an approved and adopted plan shall be in addition to any other taxes authorized by law. Notwithstanding any provision to the contrary in chapter 103D, a watershed district may levy a tax sufficient to pay the increased costs to the district of implementing sections 103B.231 and 103B.235. The proceeds of any tax levied under this section shall be deposited in a separate fund and expended only for the purposes authorized by this section. Watershed management organizations and local government units may accumulate the proceeds of levies as an alternative to issuing bonds to finance improvements. ~~The amount authorized under this section and levied by a governmental subdivision is not exempt from sections 275.50 to 275.56.~~

Sec. 3. Minnesota Statutes 1990, section 103B.335, is amended to read:

**103B.335 [TAX; EXEMPTION FROM PER CAPITA LEVY LIMIT  
LEVY AUTHORITY.]**

The governing body of any county, municipality, or township may levy a tax in an amount required to implement sections 103B.301 to 103B.355. ~~The amount of the levy up to 0.01813 percent of taxable market value is exempt from the per capita levy limit under section 275.11.~~

Sec. 4. Minnesota Statutes 1990, section 103F.221, subdivision 3, is amended to read:

Subd. 3. [COMMISSIONER'S COST OF ADOPTING ORDINANCES.] The costs incurred by the commissioner in adopting the ordinances or rules for the municipality must be paid by the municipality and collected from the municipality in the same manner as costs are paid by a county and collected from a county under section 103F.215, subdivision 4. ~~The tax levied to pay the costs may be levied in excess of the per capita levy limitation imposed under section 275.11.~~

Sec. 5. Minnesota Statutes 1990, section 174.27, is amended to read:

**174.27 [PUBLIC EMPLOYER COMMUTER VAN PROGRAMS.]**

Any statutory or home rule charter city, county, school district, independent board or agency may acquire or lease commuter vans, enter into contracts with another public or private employer to acquire or lease such vans, or purchase such a service for the use of its employees. The governing body of any such city, county, or school district may by resolution establish a commuter van revolving fund to be used to acquire or lease commuter vans for the use of its employees. Any payments out of the fund shall be repaid to the fund out of revenues derived from the use by the employees of the city, county, or school district, of the vans so purchased or leased. For the purpose of establishing the fund any city, county, or school district is authorized to make a one time levy not to exceed 0.00242 percent of taxable market value in excess of all taxing limitations ~~except the limitations imposed under sections 275.50 to 275.56~~, without affecting the amount or rate of taxes which may be levied by the city, county, or school district for other purposes or by any local governments in the area. Any city, county, or school district which establishes a commuter van acquisition program or contracts for this service is authorized to levy a tax not to exceed 0.00024 percent of taxable market value for the purpose of paying the administrative and promotional costs of the program which levy shall be in excess of all taxing limitations ~~except the limitations imposed under sections 275.50 to 275.56~~. The governing body of any city, county, or school district may by resolution terminate the commuter van

revolving fund and use the funds for other purposes authorized by law.

Sec. 6. Minnesota Statutes 1991 Supplement, section 256E.05, subdivision 3, is amended to read:

Subd. 3. [ADDITIONAL DUTIES.] The commissioner shall also:

(a) Provide necessary forms and instructions to the counties for plan format and information;

(b) To the extent possible, coordinate other categorical social services grant applications and plans required of counties so that the applications and plans are included in and are consistent with the timetable and other requirements for the community social services plan in subdivision 2 and section 256E.09;

(c) Provide to the chair of each county board, in addition to notice required pursuant to sections 14.05 to 14.36, timely advance notice and a written summary of the fiscal impact of any proposed new rule or changes in existing rule which will have the effect of increasing county costs for community social services;

(d) Provide training, technical assistance, and other support services to county boards to assist in needs assessment, planning, implementing, and monitoring social services programs in the counties;

(e) Design and implement a method of monitoring and evaluating social services, including site visits that utilize quality control audits to assure county compliance with applicable standards, guidelines, and the county and state social services plans;

(f) Design and implement a system that uses corrective action procedures as established in subdivision 5 and a schedule of fines to ensure county compliance with statutes, rules, federal laws, and federal regulations governing community social services. In determining the amount of the fine, the commissioner may consider the number of community social services clients or applicants affected by the county's failure to comply with the law or rule, the severity of the noncompliance, the duration of the noncompliance, the resources allocated for the provision of the service in the community social services plan approved under section 256E.09, and the amount the county is levying for social services and income maintenance programs as reported under section ~~275.50~~ 275.60, subdivision 5 1, clause (2). Fines levied against a county under this subdivision must not exceed ten percent of the county's community social services allocation for the year in which the fines are levied;

(g) Design and implement an incentive program for the benefit of

counties that perform at a level that consistently meets or exceeds the minimum standards in law and rule. Fines collected under paragraph (e) may be placed in an incentive fund and used for the benefit of counties that meet and exceed the minimum standards;

(h) Specify requirements for reports, including fiscal reports, according to section 256.01, subdivision 2, paragraph (17), to account for aids distributed under section 256E.06, funds from Title XX of the Social Security Act distributed under Minnesota Statutes, section 256E.07, claims under Title IV-E of the Social Security Act, mental health funding, and other social services expenditures and activities; and

(i) Request waivers from federal programs as necessary to implement sections 256E.01 to 256E.12.

Sec. 7. Minnesota Statutes 1991 Supplement, section 256E.09, subdivision 6, is amended to read:

Subd. 6. [PLAN AMENDMENT.] After providing opportunity for public comment, the county may amend its plan. After approval of the amendment by the county board, the county shall submit to the commissioner its amendment and a statement signed by the county board or its designee that the county is in compliance with specified Minnesota Statutes. When certifying the amendment according to section 256E.05, subdivision 2, the commissioner shall consider: (1) the effect of the proposed amendment on efforts to prevent inappropriate or facilitate appropriate residential placements; and

(2) the resources allocated for the provision of services in the community social services plan approved under section 256E.09, and the amount the county is levying for social services and income maintenance programs as reported under section ~~275.50~~ 275.60, subdivision 5 1, clause (2).

Sec. 8. Minnesota Statutes 1991 Supplement, section 275.065, subdivision 6, is amended to read:

Subd. 6. [PUBLIC HEARING; ADOPTION OF BUDGET AND LEVY.] Between November 15 and December 20, the governing bodies of the city and county shall each hold a public hearing to adopt its final budget and property tax levy for taxes payable in the following year, and the governing body of the school district shall hold a public hearing to 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 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 124.82, subdivision 3, 124A.03, subdivision 2, or 124B.03, subdivision 2, 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; ~~and~~

(7) if not included in the certified levy, any additional amount levied ~~pursuant to section 275.51, subdivision 7, paragraph (b).~~

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 of a school district, shall adopt its final property tax levy prior to adopting its final budget.

If the hearing is not completed on its scheduled date, the taxing authority must announce, prior to adjournment of the hearing, the date, time, and place for the continuation of the hearing. The

continued hearing must be held at least five business days but no more than 14 business days after the original hearing.

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. 9. Minnesota Statutes 1991 Supplement, section 275.125, subdivision 6j, is amended to read:

Subd. 6j. [LEVY FOR CRIME RELATED COSTS.] For taxes levied in 1991, payable in 1992 only, each school district may make a 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's 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. 10. [275.60] [TAX LEVIES; REPORT TO THE COMMISSIONER OF REVENUE.]

Subdivision 1. [REPORT ON TAXES LEVIED.] The commissioner of revenue shall establish procedures for the annual reporting of local government levies. Each local governmental unit shall submit a report to the commissioner by December 30 of the year in which the tax is levied. The report shall include, but is not limited to, information on the amount of the tax levied by the governmental unit for the following purposes:

(1) debt, which includes taxes levied for the purposes defined in Minnesota Statutes 1991 Supplement, section 275.50, subdivision 5, clauses (b), (c), (d), and (e);

(2) social services and related programs, which include taxes levied for the purposes defined in Minnesota Statutes 1991 Supplement, section 275.50, subdivision 5, clauses (a), (j), and (v);

(3) libraries, which include taxes levied for the purposes defined in Minnesota Statutes 1991 Supplement, section 275.50, subdivision 5, clause (n); and

(4) other levies, which include the taxes levied for all purposes not included in clause (1), (2), or (3).

Subd. 2. [LOCAL GOVERNMENTS REQUIRED TO REPORT.] For purposes of this section, "local governmental unit" means a county, home rule charter or statutory city with a population greater than 2,500, a town with a population greater than 5,000, or a home rule charter or statutory city or town that receives a distribution from the taconite municipal aid account in the levy year.

Subd. 3. [POPULATION ESTIMATE.] For the purposes of this section, the population of a local governmental unit shall be that established by the last federal census, by a census taken under section 275.14, or by an estimate made by the metropolitan council or by the state demographer made under section 116K.04, subdivi-



sion 4, whichever is the most recent as to the stated date of count or estimate for the calendar year preceding the current levy year.

Subd. 4. [PENALTY FOR LATE REPORTING.] If a local government unit fails to submit the report required in subdivision 1 by January 30 of the year after the year in which the tax was levied, aid payments to the local governmental unit in the year after the year in which the tax was levied shall be reduced as follows:

(1) for a county, the aid amount under section 256E.06 shall be reduced by five percent; and

(2) for other local governmental units, the aid certified to be received under sections 477A.011 to 477A.014 shall be reduced by five percent.

Sec. 11. Minnesota Statutes 1990, section 383B.152, is amended to read:

**383B.152 [BUILDING AND MAINTENANCE FUND.]**

The county board may by resolution levy a tax to provide money which shall be kept in a fund known as the county reserve building and maintenance fund. Money in the fund shall be used solely for the construction, maintenance, and equipping of county buildings that are constructed or maintained by the board. The levy shall not be subject to any limit fixed by any other law ~~except the limitations imposed in sections 275.50 to 275.56~~ or by any board of tax levy or other corresponding body, but shall not exceed 0.02215 percent of taxable market value, less the amount required by chapter 475 to be levied in the year for the payment of the principal of and interest on all bonds issued pursuant to Extra Session Laws 1967, chapter 47, section 1.

Sec. 12. Minnesota Statutes 1990, section 398A.06, subdivision 2, is amended to read:

Subd. 2. [LOANS AND DONATIONS.] The municipality may lend or donate money to the authority and may levy taxes, appropriate money, and issue bonds for that purpose in the manner and within the limitations prescribed by law, including but not limited to ~~chapters 275 and chapter 475.~~

Sec. 13. Minnesota Statutes 1990, section 469.107, subdivision 2, is amended to read:

Subd. 2. [REVERSE REFERENDUM.] A city may increase its levy for economic development authority purposes under subdivision 1 in the following way. Its city council must first pass a resolution stating the proposed amount of levy increase. The city must then

publish the resolution together with a notice of public hearing on the resolution for two successive weeks in its official newspaper or if none exists in a newspaper of general circulation in the city. The hearing must be held two to four weeks after the first publication. After the hearing, the city council may decide to take no action or may adopt a resolution authorizing the proposed increase or a lesser increase. A resolution authorizing an increase must be published in the city's official newspaper or if none exists in a newspaper of general circulation in the city. The resolution is not effective if a petition requesting a referendum on the resolution is filed with the city clerk within 30 days of publication of the resolution. The petition must be signed by voters equaling five percent of the votes cast in the city in the last general election. The election must be held pursuant to the procedure specified in section 275.58 at a general or special election. Notice of the election must be given in the manner required by law. The notice must state the purpose and amount of the levy.

Sec. 14. Minnesota Statutes 1990, section 471.571, subdivision 2, is amended to read:

Subd. 2. [CREATION OF FUND, TAX LEVY.] The governing body of the city may create a permanent improvement and replacement fund to be maintained by an annual tax levy. The governing body may levy a tax in excess of any charter limitation and in excess of the per capita limitation imposed under section 275.11 for the support of the permanent improvement and replacement fund, but not exceeding the following:

(a) In cities having a population of not more than 500 inhabitants, the lesser of \$20 per capita or 0.08059 percent of taxable market value;

(b) In cities having a population of more than 500 and less than 2500, the greater of \$12.50 per capita or \$10,000 but not exceeding 0.08059 percent of taxable market value;

(c) In cities having a population of more than 2500 inhabitants, the greater of \$10 per capita or \$31,500 but not exceeding 0.08059 percent of taxable market value.

Sec. 15. Minnesota Statutes 1990, section 473.711, subdivision 2, is amended to read:

Subd. 2. The metropolitan mosquito control commission shall prepare an annual budget. The budget may provide for expenditures in an amount not exceeding the property tax levy limitation determined in this subdivision. The commission may levy a tax on all taxable property in the district as defined in section 473.702 to provide funds for the purposes of sections 473.701 to 473.716. The tax shall not exceed the property tax levy limitation determined in

this subdivision. A participating county may agree to levy an additional tax to be used by the commission for the purposes of sections 473.701 to 473.716 but the sum of the county's and commission's taxes may not exceed the county's proportionate share of the property tax levy limitation determined under this subdivision based on the ratio of its total net tax capacity to the total net tax capacity of the entire district as adjusted by section 270.12, subdivision 3. The auditor of each county in the district shall add the amount of the levy made by the district to other taxes of the county for collection by the county treasurer with other taxes. When collected, the county treasurer shall make settlement of the tax with the district in the same manner as other taxes are distributed to political subdivisions. No county shall levy any tax for mosquito, disease vectoring tick, and black gnat (*Simuliidae*) control except under sections 473.701 to 473.716. The levy shall be in addition to other taxes authorized by law and shall be disregarded in the calculation of limits on taxes imposed by chapter 275.

The property tax levied by the metropolitan mosquito control commission shall not exceed the following amount for the years specified:

(a) for taxes payable in 1988, the product of six-tenths on one mill multiplied by the total assessed valuation of all taxable property located within the district as adjusted by the provisions of Minnesota Statutes 1986, sections 272.64; 273.13, subdivision 7a; and 275.49;

(b) for taxes payable in 1989, the product of (1) the commission's property tax levy limitation for the taxes payable year 1988 determined under clause (a) multiplied by (2) an index for market valuation changes equal to the assessment year 1988 total market valuation of all taxable property located within the district divided by the assessment year 1987 total market valuation of all taxable property located within the district; and

(c) for taxes payable in 1990 and subsequent years, the product of (1) the commission's property tax levy limitation for the previous year determined under this subdivision multiplied by (2) an index for market valuation changes equal to the total market valuation of all taxable property located within the district for the current assessment year divided by the total market valuation of all taxable property located within the district for the previous assessment year.

For the purpose of determining the commission's property tax levy limitation for the taxes payable year 1988 and subsequent years under this subdivision, "total market valuation" means the total market valuation of all taxable property within the district without valuation adjustments for fiscal disparities (chapter 473F), tax increment financing (sections 469.174 to 469.179), and high voltage transmission lines (section 273.425).

Sec. 16. Minnesota Statutes 1991 Supplement, section 477A.011, subdivision 27, is amended to read:

Subd. 27. [REVENUE BASE.] "Revenue base" means the amount levied for taxes payable in the previous year, including the levy on the fiscal disparity distribution under section 473F.08, subdivision 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 originally certified local government aid in the previous year under sections 477A.011, 477A.012, and 477A.013, except for 477A.013, subdivision 5; and the ~~estimated~~ taconite aids used to determine levy limits for taxes payable received in the previous year under section 275.51, subdivision 3; sections 298.28 and 298.282.

Sec. 17. Minnesota Statutes 1991 Supplement, section 477A.011, subdivision 29, is amended to read:

Subd. 29. [ADJUSTED REVENUE BASE.] "Adjusted revenue base" means revenue base as defined in subdivision 27 less the special levy reported under section 275.50 275.60, subdivision 5 1, clause ~~(a)~~ (2).

Sec. 18. [REPEALER.]

Minnesota Statutes 1990, section 134.342, subdivisions 2 and 4, are repealed.

Sec. 19. [EFFECTIVE DATE.]

Sections 1 to 18 are effective for taxes levied in 1992, payable in 1993, and thereafter.

## ARTICLE 6

### INCOME AND FRANCHISE TAXES

Section 1. Minnesota Statutes 1990, section 289A.25, is amended by adding a subdivision to read:

Subd. 5a. [MODIFICATION TO INDIVIDUAL ESTIMATED TAX REQUIREMENTS.] (a) If an individual meets the requirements of section 6654(d)(1)(C) to (F), of the Internal Revenue Code, the amount of the required installments under subdivision 5 must be computed as provided in this subdivision. In determining the amount of the required installment, the following requirement is substituted for subdivision 5, clauses (2) and (3): "(2) the greater of (i) 100 percent of the tax shown on the return of the individual for the preceding taxable year, or (ii) 90 percent of the tax shown on the

return for the current year, determined by taking into account the adjustments under section 6654(d)(1)(D) of the Internal Revenue Code."

(b) Paragraph (a) does not apply for purposes of determining the amount of the first required installment in any taxable year under subdivision 3, paragraph (b). A reduction in an installment under this paragraph must be recaptured by increasing the amount of the first succeeding required installment by the amount of the reduction, unless the individual meets the requirements of paragraph (c).

(c) This subdivision does not apply to any required installment if the individual qualifies for an annualization exception as computed under section 6654(d)(1)(C)(iv) of the Internal Revenue Code. A reduction in an installment under this paragraph must be recaptured by increasing the amount of the first succeeding required installment (with respect to which the requirements of section 6654(d)(1)(C)(iv) are not met) by the amount of the reduction.

(d) All references to the Internal Revenue Code in this section are to the Internal Revenue Code of 1986, as amended through December 31, 1991. For purposes of meeting the requirements of or making adjustments under section 6654 of the Internal Revenue Code in this subdivision:

(1) for an individual who is not a Minnesota resident for the entire year, the terms "adjusted gross income" and "modified adjusted gross income" mean the Minnesota share of that income apportioned to Minnesota under section 290.06, subdivision 2c, paragraph (e); and

(2) "tax" means the sum of the taxes imposed by chapter 290 for a taxable year.

(e) This subdivision does not apply to individuals who compute and pay estimated taxes under subdivision 10.

(f) This subdivision does not apply to any taxable year beginning after December 31, 1996.

Sec. 2. Minnesota Statutes 1991 Supplement, section 289A.26, subdivision 1, is amended to read:

Subdivision 1. [MINIMUM LIABILITY.] A corporation, partnership, or trust 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 3, is amended to read:

Subd. 3. [SHORT TAXABLE YEAR.] (a) ~~A corporation~~ An entity with a short taxable year of less than 12 months, but at least four months, must pay estimated tax in equal installments on or before the 15th day of the third, sixth, ninth, and final month of the short taxable year, to the extent applicable based on the number of months in the short taxable year.

(b) ~~A corporation~~ An entity is not required to make estimated tax payments for a short taxable year unless its tax liability before the first day of the last month of the taxable year can reasonably be expected to exceed \$500.

(c) No payment is required for a short taxable year of less than four months.

Sec. 4. Minnesota Statutes 1990, section 289A.26, subdivision 4, is amended to read:

Subd. 4. [UNDERPAYMENT OF ESTIMATED TAX.] If there is an underpayment of estimated tax by a corporation, partnership, or trust, there shall be added to the tax for the taxable year an amount determined at the rate in section 270.75 on the amount of the underpayment, determined under subdivision 5, for the period of the underpayment determined under subdivision 6. This subdivision does not apply in the first taxable year that a corporation is subject to the tax imposed under section 290.02.

Sec. 5. Minnesota Statutes 1991 Supplement, 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, the 15th day of the fourth month following the close of the taxable year for partnerships or trusts, 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. 6. Minnesota Statutes 1990, section 289A.26, subdivision 7, is amended to read:

Subd. 7. [REQUIRED INSTALLMENTS.] (a) Except as otherwise provided in this subdivision, the amount of a required installment is 25 percent of the required annual payment.

(b) Except as otherwise provided in this subdivision, the term "required annual payment" means the lesser of:

(1) ~~90~~ (i) for tax years beginning in calendar year 1992, 93 percent of the tax shown on the return for the taxable year, or if no return is filed, 90 93 percent of the tax for that year; or

(ii) for tax years beginning after December 31, 1992, 95 percent of the tax shown on the return for the taxable year, or if no return is filed 95 percent of the tax for that year; or

(2) 100 percent of the tax shown on the return of the ~~corporation~~ entity for the preceding taxable year provided the return was for a full 12-month period, showed a liability, and was filed by the ~~corporation~~ entity.

(c) Except for determining the first required installment for any taxable year, paragraph (b), clause (2), does not apply in the case of a large corporation. The term "large corporation" means a corporation or any predecessor corporation that had taxable net income of \$1,000,000 or more for any taxable year during the testing period. The term "testing period" means the three taxable years immediately preceding the taxable year involved. A reduction allowed to a large corporation for the first installment that is allowed by applying paragraph (b), clause (2), must be recaptured by increasing the next required installment by the amount of the reduction.

(d) In the case of a required installment, if the corporation establishes that the annualized income installment is less than the amount determined in paragraph (a), the amount of the required installment is the annualized income installment and the recapture of previous quarters' reductions allowed by this paragraph must be recovered by increasing later required installments to the extent the reductions have not previously been recovered.

(e) The "annualized income installment" is the excess, if any, of:

(1) an amount equal to the applicable percentage of the tax for the taxable year computed by placing on an annualized basis the taxable income;

(i) for the first two months of the taxable year, in the case of the first required installment;

(ii) for the first two months or for the first five months of the taxable year, in the case of the second required installment;

(iii) for the first six months or for the first eight months of the taxable year, in the case of the third required installment; and

(iv) for the first nine months or for the first 11 months of the taxable year, in the case of the fourth required installment, over

(2) the aggregate amount of any prior required installments for the taxable year.

(3) For the purpose of this paragraph, the annualized income shall be computed by placing on an annualized basis the taxable income for the year up to the end of the month preceding the due date for the quarterly payment multiplied by 12 and dividing the resulting amount by the number of months in the taxable year (2, 5, 6, 8, 9, or 11 as the case may be) referred to in clause (1).

(4) The “applicable percentage” used in clause (1) is:

For the following  
required installments:

The applicable  
percentage is:

	<u>for tax years</u> <u>beginning in</u> <u>1992</u>	<u>for tax years</u> <u>beginning after</u> <u>December 31, 1992</u>
1st	<u>22.5</u> <u>23.25</u>	<u>23.75</u>
2nd	<u>45</u> <u>46.5</u>	<u>47.5</u>
3rd	<u>67.5</u> <u>69.75</u>	<u>71.25</u>
4th	<u>90</u> <u>93</u>	<u>95</u>

(f)(1) If this paragraph applies, the amount determined for any installment must be determined in the following manner:

(i) take the taxable income for the months during the taxable year preceding the filing month;

(ii) divide that amount by the base period percentage for the months during the taxable year preceding the filing month;

(iii) determine the tax on the amount determined under item (ii); and

(iv) multiply the tax computed under item (iii) by the base period percentage for the filing month and the months during the taxable year preceding the filing month.

(2) For purposes of this paragraph:

(i) the “base period percentage” for a period of months is the average percent that the taxable income for the corresponding



months in each of the three preceding taxable years bears to the taxable income for the three preceding taxable years;

(ii) the term "filing month" means the month in which the installment is required to be paid;

(iii) this paragraph only applies if the base period percentage for any six consecutive months of the taxable year equals or exceeds 70 percent; and

(iv) the commissioner may provide by rule for the determination of the base period percentage in the case of reorganizations, new corporations, and other similar circumstances.

(3) In the case of a required installment determined under this paragraph, if the ~~corporation~~ entity determines that the installment is less than the amount determined in paragraph (a), the amount of the required installment is the amount determined under this paragraph and the recapture of previous quarters' reductions allowed by this paragraph must be recovered by increasing later required installments to the extent the reductions have not previously been recovered.

Sec. 7. Minnesota Statutes 1990, section 289A.26, subdivision 9, is amended to read:

Subd. 9. [FAILURE TO FILE AN ESTIMATE.] In the case of a ~~corporation~~ an entity that fails to file an estimated tax for a taxable year when one is required, the period of the underpayment runs from the four installment dates in subdivision 2 or 3, whichever applies, to the earlier of the periods in subdivision 6, clauses (1) and (2).

Sec. 8. Minnesota Statutes 1991 Supplement, section 290.01, subdivision 19, is amended to read:

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

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

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

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

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

The Internal Revenue Code of 1986, as amended through December 31, 1986, shall be in effect for taxable years beginning after December 31, 1986. The provisions of sections 10104, 10202, 10203, 10204, 10206, 10212, 10221, 10222, 10223, 10226, 10227, 10228, 10611, 10631, 10632, and 10711 of the Omnibus Budget Reconciliation Act of 1987, Public Law Number 100-203, 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, 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, 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.

The Internal Revenue Code of 1986, as amended through December 31, 1991, shall be in effect for taxable years beginning after December 31, 1991.

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. 9. Minnesota Statutes 1991 Supplement, section 290.06, subdivision 23, is amended to read:

Subd. 23. [REFUND OF CONTRIBUTIONS TO POLITICAL PARTIES AND CANDIDATES.] (a) A taxpayer may claim a refund equal to the amount of the taxpayer's contributions made in the calendar year to candidates and to any political party. The maximum refund for an individual must not exceed \$50 and, for a married couple filing jointly, must not exceed \$100. A 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 refund receipt form issued by the candidate or party and signed by the candidate, the treasurer of the candidate's principal campaign committee, or the party chair. 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 refund is allowed under this subdivision for a contribution to any candidate unless the candidate:

(1) has signed an agreement to limit campaign expenditures as provided in section 10A.322 or 10A.43;

(2) is seeking an office for which voluntary spending limits are specified in section 10A.25 or 10A.43; and

(3) has designated a principal campaign committee.

This subdivision does not limit the campaign expenditure of a candidate who does not sign an agreement but accepts a contribution for which the contributor improperly claims a 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 congressional candidate as defined in section 10A.41, subdivision 4, or a candidate as defined in section 10A.01, subdivision 5, except a candidate for judicial office.

"Contribution" means a gift of money. A contribution includes the full purchase price, paid in money, of a ticket to a political fund raising event, if the principal purpose of the event is to raise money for a political party or candidate and if the provision of food, drink, entertainment, or other benefits in connection with the event is incidental to the purpose of fund raising.

(d) 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 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 refund provided in this section is appropriated from the general fund to the commissioner of revenue.

Sec. 10. Minnesota Statutes 1990, section 290.0922, subdivision 2, is amended to read:

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

(1) corporations exempt from tax under section 290.05 other than insurance companies exempt under subdivision 1, paragraph (d);

(2) real estate investment trusts;

(3) regulated investment companies or a fund thereof; and

(4) entities having a valid election in effect under section 860D(b) of the Internal Revenue Code of 1986, as amended through December 31, 1989; ~~and~~

(5) town and farmers' mutual insurance companies; and

(6) cooperatives organized under chapter 308A that provide housing exclusively to persons age 55 and over.

Entities not specifically exempted by this subdivision are subject to tax under this section, notwithstanding section 290.05.

Sec. 11. Minnesota Statutes 1990, section 290.9201, subdivision 11, is amended to read:

Subd. 11. [EXCEPTION FROM WITHHOLDING FOR PUBLIC SPEAKERS.] The provisions of subdivisions 7 and 8 shall not be effective for compensation paid to nonresident public speakers ~~before January 1, 1992~~, if the compensation paid to the speaker is less than \$2,000 or is only a payment of the speaker's expenses.

Sec. 12. 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 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. 13. [TRANSITION RELIEF FOR CHANGE IN CORPORATE ESTIMATED TAX.]

For the purposes of computing the amount of underpayment of corporate estimated tax on installment payments due before June 1, 1992, 90 percent shall be substituted for 93 percent in Minnesota Statutes, section 289A.26, subdivision 7, paragraph (b), clause (1), and 22.5 percent shall be substituted for 23.25 percent in paragraph (e), clause (4), if there is not an underpayment of estimated tax for the second installment due in calendar year 1992.

## Sec. 14. [INSTRUCTION TO REVISOR.]

In the next edition of Minnesota Statutes, the revisor of statutes shall substitute the phrase "Internal Revenue Code of 1986, as amended through December 31, 1991" for the words "Internal Revenue Code of 1986, as amended through December 31, 1990" or "Internal Revenue Code of 1986, as amended through January 30, 1991" where either phrase occurs in chapters 289A, 290, 290A, and 291, except for section 290.01, subdivision 19.

## Sec. 15. [EFFECTIVE DATE.]

Sections 1, 10, and 13 are effective for taxable years beginning after December 31, 1991.

Sections 2 to 5, and 7 are effective for taxable years beginning after June 1, 1992.

Section 6 is effective for estimated tax payments for tax years beginning after December 31, 1991, except that the amendments changing the words "corporation" to "entity" are effective for taxable years beginning after June 1, 1992.

Section 9 is intended to confirm the legislature's original intent in enacting the political contribution refund and is effective retroactive to the original effective date of the refund.

Section 11 is effective January 1, 1992.

Section 12 is effective for taxable years beginning after December 31, 1989.

## ARTICLE 7

## STATE TAXES, TECHNICAL

Section 1. [13.701] [TAX DATA; CLASSIFICATION AND DISCLOSURE.]

Classification and disclosure of tax data created, collected, or maintained under chapters 290, 290A, 291, and 297A by the department of revenue is governed by chapter 270B.

Sec. 2. Minnesota Statutes 1990, section 60A.19, subdivision 6, is amended to read:

Subd. 6. [RETALIATORY PROVISIONS.] (1) When by the laws of any other state or country any taxes, fines, deposits, penalties, licenses, or fees, other than assessments made by an insurance

guaranty association or similar organization, in addition to or in excess of those imposed by the laws of this state upon foreign insurance companies and their agents doing business in this state, other than assessments ~~made pursuant to section 60C.06 by an insurance guaranty association or similar organization organized under the laws of this state~~, are imposed on insurance companies of this state and their agents doing business in that state or country, or when any conditions precedent to the right to do business in that state are imposed by the laws thereof, beyond those imposed upon these foreign companies by the laws of this state, the same taxes, fines, deposits, penalties, licenses, fees, and conditions precedent shall be imposed upon every similar insurance company of that state or country and their agents doing or applying to do business in this state so long as these foreign laws remain in force. Special purpose obligations or assessments, or assessments imposed in connection with particular kinds of insurance, are not taxes, licenses, or fees as these terms are used in this section.

(2) In the event that a domestic insurance company, after complying with all reasonable laws and rulings of any other state or country, is refused permission by that state or country to transact business therein after the commissioner of commerce of Minnesota has determined that that company is solvent and properly managed and after the commissioner has so certified to the proper authority of that other state or country, then, and in every such case, the commissioner may forthwith suspend or cancel the certificate of authority of every insurance company organized under the laws of that other state or country to the extent that it insures, or seeks to insure, in this state against any of the risks or hazards which that domestic company seeks to insure against in that other state or country. Without limiting the application of the foregoing provision, it is hereby determined that any law or ruling of any other state or country which prescribes to a Minnesota domestic insurance company the premium rate or rates for life insurance issued or to be issued outside that other state or country shall not be reasonable.

(3) This section does not apply to insurance companies organized or domiciled in a state or country, the laws of which do not impose retaliatory taxes, fines, deposits, penalties, licenses, or fees or which grant, on a reciprocal basis, exemptions from retaliatory taxes, fines, deposits, penalties, licenses, or fees to insurance companies domiciled in this state.

Sec. 3. Minnesota Statutes 1991 Supplement, section 270A.04, subdivision 2, is amended to read:

Subd. 2. Any debt owed to a claimant agency ~~shall~~ must not be submitted by the agency for collection under the procedure established by sections 270A.01 to 270A.12 ~~unless if (a) an alternative means of collection is pending and the debtor is complying with the terms of alternative means of collection, except that this limitation~~

does not apply to debts owed resulting from a default in payment of child support or maintenance there is a written payment agreement between the debtor and the claimant agency in which revenue recapture is prohibited and the debtor is complying with the agreement, (b) the collection attempt would result in a loss of federal funds, or (c) the agency is unable to supply the department with the necessary identifying information required by subdivision 3 or rules promulgated by the commissioner, or (d) the debt is barred by section 541.05.

Sec. 4. Minnesota Statutes 1990, section 270A.05, is amended to read:

270A.05 [MINIMUM SUM COLLECTIBLE.]

The minimum sum which a claimant agency may collect through use of the setoff procedure is ~~\$25~~ \$15.

Sec. 5. Minnesota Statutes 1990, section 270A.07, subdivision 1, is amended to read:

Subdivision 1. [NOTIFICATION REQUIREMENT.] Any claimant agency, seeking collection of a debt through setoff against a refund due, shall submit to the commissioner information indicating the amount of each debt and information identifying the debtor, as required by section 270A.04, subdivision 3. ~~Where the notification is received before July 1, the notification shall be effective only to initiate set off for claims against refunds that would be made in the same calendar year. Where the notification is received on or after July 1, the notification is effective only to begin setoff for claims against refunds that would be made in the next calendar year.~~

~~The claimant agency shall submit to the commissioner the amount of \$3 per certification. The payment must accompany the certification. The claimant agency shall increase the amount of each debt certified by \$3 and this total amount is subject to recapture. If the total debt is not recaptured by the commissioner, the \$3 addition to the debt may be collected by the claimant agency from the debtor and must be considered an obligation of the debtor. The \$3 will not be refunded if the recapture is not accomplished.~~

For each setoff of a debt against a refund due, the commissioner shall charge a fee of \$10. The claimant agency may add the fee to the amount of the debt.

The claimant agency shall notify the commissioner when a debt has been satisfied or reduced by at least \$200 within 30 days after satisfaction or reduction.



Sec. 6. Minnesota Statutes 1990, section 270A.07, subdivision 2, is amended to read:

Subd. 2. [SETOFF PROCEDURES.] (a) The commissioner, upon receipt of notification, shall initiate procedures to detect any refunds otherwise payable to the debtor. When the commissioner determines that a refund is due to a debtor whose debt was submitted by a claimant agency, the commissioner shall first deduct the fee in subdivision 1 and then remit the refund or the amount claimed, whichever is less, to the agency. In transferring or remitting moneys to the claimant agency, the commissioner shall provide information indicating the amount applied against each debtor's obligation and the debtor's address listed on the tax return.

(b) The commissioner shall remit to the debtor the amount of any refund due in excess of the debt submitted for setoff by the claimant agency. Notice of the amount setoff and address of the claimant agency shall accompany any disbursement to the debtor of the balance of a refund.

Sec. 7. Minnesota Statutes 1991 Supplement, section 270A.08, subdivision 2, is amended to read:

Subd. 2. (a) This written notice shall clearly and with specificity set forth the basis for the claim to the refund including the name of the benefit program involved if the debt arises from a public assistance grant and the dates on which the debt was incurred and, further, shall advise the debtor of the claimant agency's intention to request setoff of the refund against the debt.

(b) The notice will also advise the debtor that ~~any the debt incurred more than six years from the date of the notice to the commissioner under section 270A.07, except for debts owed resulting from a default in payment of child support or maintenance, must not can~~ be setoff against a refund unless the time period allowed by law for collecting the debt has expired, and will advise the debtor of the right to contest the validity of the claim at a hearing. The debtor must assert this right by written request to the claimant agency, which request the agency must receive within 45 days of the mailing date of the original notice or of the corrected notice, as required by subdivision 1. If the debtor has not received the notice, the 45 days shall not commence until the debtor has received actual notice. The debtor shall have the burden of showing no notice and shall be entitled to a hearing on the issue of notice as well as on the merits.

Sec. 8. Minnesota Statutes 1990, section 270A.11, is amended to read:

270A.11 [DATA PRIVACY.]

Private and confidential data on individuals may be exchanged among the department, the claimant agency, and the debtor as necessary to accomplish and effectuate the intent of sections 270A.01 to 270A.12, as provided by section 13.05, subdivision 4, clause (b). The department may disclose to the claimant agency only the debtor's name, address, social security number and the amount of the refund, and in the case of a joint return, the name of the debtor's spouse. Any person employed by, or formerly employed by, a claimant agency who discloses any such information for any other purpose, shall be subject to the civil and criminal penalties of section 270B.18.

Sec. 9. Minnesota Statutes 1990, section 270B.01, subdivision 8, is amended to read:

Subd. 8. [MINNESOTA TAX LAWS.] For purposes of this chapter only, "Minnesota tax laws" means the taxes administered by or paid to the commissioner under chapters 289A, 290, 290A, 291, and 297A, and includes any laws for the assessment, collection, and enforcement of those taxes.

Sec. 10. Minnesota Statutes 1991 Supplement, 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.

~~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. 11. [289A.43] [PROHIBITION OF SUITS TO RESTRAIN ASSESSMENT OR COLLECTION.]

Except for the express procedures in this chapter, chapters 270 and 271, and any other tax statutes for contesting the assessment or collection of taxes, penalties, or interest administered by the commissioner of revenue, no suit to restrain assessment or collection,

including a declaratory judgment action, can be maintained in any court by any person.

Sec. 12. Minnesota Statutes 1990, section 289A.50, subdivision 5, is amended to read:

Subd. 5. [WITHHOLDING OF REFUNDS FROM CHILD SUPPORT DEBTORS.] (a) If a court of this state finds that a person obligated to pay child support is delinquent in making payments, the amount of child support unpaid and owing, including attorney fees and costs incurred in ascertaining or collecting child support, must be withheld from a refund due the person under chapter 290. The public agency responsible for child support enforcement or the parent or guardian of a child for whom the support, attorney fees, and costs are owed may petition the district or county court for an order providing for the withholding of the amount of child support, attorney fees, and costs unpaid and owing as determined by court order. The person from whom the refund may be withheld must be notified of the petition under the rules of civil procedure before the issuance of an order under this subdivision. The order may be granted on a showing to the court that required support payments, attorney fees, and costs have not been paid when they were due.

(b) On order of the court and ~~on payment of \$3 to the commissioner~~, the commissioner shall withhold the money from the refund due to the person obligated to pay the child support. The amount withheld shall be remitted to the public agency responsible for child support enforcement or to the parent or guardian petitioning on behalf of the child, after any delinquent tax obligations of the taxpayer owed to the revenue department have been satisfied and after deduction of the fee prescribed in section 270A.07, subdivision 1. An amount received by the responsible public agency or the petitioning parent or guardian in excess of the amount of public assistance spent for the benefit of the child to be supported, or the amount of any support, attorney fees, and costs that had been the subject of the claim under this subdivision that has been paid by the taxpayer before the diversion of the refund, must be paid to the person entitled to the money. If the refund is based on a joint return, the part of the refund that must be paid to the petitioner is the proportion of the total refund that equals the proportion of the total federal adjusted gross income of the spouses that is the federal adjusted gross income of the spouse who is delinquent in making the child support payments.

(c) A petition filed under this subdivision remains in effect with respect to any refunds due under this section until the support money, attorney fees, and costs have been paid in full or the court orders the commissioner to discontinue withholding the money from the refund due the person obligated to pay the support, attorney fees, and costs. If a petition is filed under this subdivision and a claim is made under chapter 270A with respect to the individual's refund and

notices of both are received before the time when payment of the refund is made on either claim, the claim relating to the liability that accrued first in time must be paid first. The amount of the refund remaining must then be applied to the other claim.

Sec. 13. Minnesota Statutes 1990, section 290.05, subdivision 4, is amended to read:

Subd. 4. ~~(a) Corporations, individuals, estates, trusts or organizations claiming exemption under subdivision 2 shall furnish information concerning their exempt status under the Internal Revenue Code.~~

~~(b) Corporations, individuals, estates, trusts, and organizations shall file with the commissioner of revenue a copy of an annual report that is required to be filed with the Internal Revenue Service, no later than ten days after filing it with the Internal Revenue Service. An annual report required of a pension plan under sections 6057 to 6059 of the Internal Revenue Code of 1954, does not need to be filed with the commissioner.~~

~~(c) If the Internal Revenue Service revokes, cancels or suspends, in whole or part, the exempt status of any corporation, individual, estate, trust or organization referred to in paragraph (a), or if the amount of gross income, deductions, credits, items of tax preference or taxable income is changed or corrected by either the taxpayer or the Internal Revenue Service, or if the taxpayer consents to any extension of time for assessment of federal income taxes, the corporation, individual, estate, trust or organization shall notify the commissioner in writing of the action within 90 days after that date.~~

~~(d) (b) The periods of limitations contained in section 289A.42, subdivision 2, apply when there has been any action referred to in paragraph (c) (a), notwithstanding any period of limitations to the contrary.~~

Sec. 14. Minnesota Statutes 1991 Supplement, section 290.0671, subdivision 1, is amended to read:

Subdivision 1. [CREDIT ALLOWED.] An individual is allowed a credit against the tax imposed by this chapter equal to ten percent of the credit for which the individual is eligible under section 32 of the Internal Revenue Code of 1986, as amended through December 31, 1990.

For a nonresident, or 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 calculated under section 290.06, subdivision 2c, paragraph (e).

For a person who was a resident for the entire tax year and has earned income not subject to tax under this chapter, the credit must be allocated based on the ratio of federal adjusted gross income reduced by the earned income not subject to tax under this chapter over federal adjusted gross income.

Sec. 15. Minnesota Statutes 1991 Supplement, section 290.091, subdivision 2, is amended to read:

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

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

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

(2) the taxpayer's itemized deductions allowed in computing federal alternative minimum taxable income, but excluding the 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, and excluding the medical expense deduction;

(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~~ seven 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. 16. Minnesota Statutes 1990, section 290.091, subdivision 6, is amended to read:

Subd. 6. [CREDIT FOR PRIOR YEARS' LIABILITY.] (a) A credit is allowed against the tax imposed by this chapter on individuals, trusts, and estates equal to the minimum tax credit for the taxable year. The minimum tax credit equals the adjusted net minimum tax for taxable years beginning after December 31, 1988, reduced by the minimum tax credits allowed in a prior taxable year. The credit may not exceed the excess (if any) for the taxable year of

(1) the regular tax, over

(2) the greater of (i) the tentative alternative minimum tax, or (ii) zero.

(b) The adjusted net minimum tax for a taxable year equals the lesser of the net minimum tax or the excess (if any) of

(1) the tentative minimum tax, over

(2) ~~six~~ seven percent of the sum of

(i) adjusted gross income as defined in section 62 of the Internal Revenue Code,

(ii) interest income as defined in section 290.01, subdivision 19a, clause (1),

(iii) interest on specified private activity bonds, as defined in section 57(a)(5) of the Internal Revenue Code, to the extent not included under clause (ii),

(iv) depletion as defined in section 57(a)(1) of the Internal Revenue Code, less

(v) the deductions provided in clauses (3)(i), (3)(ii), and (3)(iii) of subdivision 2, paragraph (a), and

(vi) the exemption amount determined under subdivision 3.

In the case of an individual who is not a Minnesota resident for the entire year, adjusted net minimum tax must be multiplied by the fraction defined in section 290.06, subdivision 2c, paragraph (e). In the case of a trust or estate, adjusted net minimum tax must be multiplied by the fraction defined under subdivision 4, paragraph (b).

Sec. 17. Minnesota Statutes 1991 Supplement, 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.

(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. 18. Minnesota Statutes 1991 Supplement, 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~~ 289A.08, subdivision 3, 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 \$ 999,999	\$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~~ 289A.12, subdivision 3, 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~~ 289A.12, subdivision 3, 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 for the taxpayer due under section ~~290.41, subdivision 1~~, for the calendar year following the calendar year in which the tax is imposed 289A.18, subdivision 1. 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 \$ 999,999	\$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. 19. Minnesota Statutes 1991 Supplement, section 290.92, subdivision 23, is amended to read:

**Subd. 23. [WITHHOLDING BY EMPLOYER OF DELINQUENT TAXES.]** (1) The commissioner may, within five years after the date of assessment of the tax, or if a lien has been filed under section 270.69, within the statutory period for enforcement of the lien, give notice to any employer deriving income which has a taxable situs in this state regardless of whether the income is exempt from taxation, that an employee of that employer is delinquent in a certain amount with respect to any state taxes, including penalties, interest, and costs. The commissioner can proceed under this subdivision only if the tax is uncontested or if the time for appeal of the tax has expired. The commissioner shall not proceed under this subdivision until the expiration of 30 days after mailing to the taxpayer, at the taxpayer's last known address, a written notice of (a) the amount of taxes, interest, and penalties due from the taxpayer and demand for their payment, and (b) the commissioner's intention to require additional withholding by the taxpayer's employer pursuant to this subdivision. The effect of the notice shall expire 180 days after it has been mailed to the taxpayer provided that the notice may be renewed by mailing a new notice which is in accordance with this subdivision. The renewed notice shall have the effect of reinstating the priority of the original claim. The notice to the taxpayer shall be in substantially the same form as that provided in section 571.41. The notice shall further inform the taxpayer of the wage exemptions contained in section 550.37, subdivision 14. If no statement of exemption is received by the commissioner within 30 days from the mailing of the notice, the commissioner may proceed under this subdivision. The notice to the taxpayer's employer may be served by mail or by delivery by an employee of the department of revenue and shall be in substantially the same form as provided in section 571.495. Upon receipt of notice, the employer shall withhold from compensation due or to become due to the employee, the total amount shown by the notice, subject to the provisions of section 571.55. The employer shall continue to withhold each pay period until the notice is released by the commissioner under section 270.709. Upon receipt of notice by the employer, the claim of the state of Minnesota shall have priority over any subsequent garnishments or wage assignments. The commissioner may arrange between the employer and the employee for withholding a portion of the total amount due the employee each pay period, until the total amount shown by the notice plus accrued interest has been withheld.

The "compensation due" any employee is defined in accordance with the provisions of section 571.55. The maximum withholding allowed under this subdivision for any one pay period shall be

decreased by any amounts payable pursuant to a garnishment action with respect to which the employer was served prior to being served with the notice of delinquency and any amounts covered by any irrevocable and previously effective assignment of wages; the employer shall give notice to the department of the amounts and the facts relating to such assignments within ten days after the service of the notice of delinquency on the form provided by the department of revenue as noted in this subdivision.

(2) If the employee ceases to be employed by the employer before the full amount set forth in a notice of delinquency plus accrued interest has been withheld, the employer shall immediately notify the commissioner in writing of the termination date of the employee and the total amount withheld. No employer may discharge any employee by reason of the fact that the commissioner has proceeded under this subdivision. If an employer discharges an employee in violation of this provision, the employee shall have the same remedy as provided in section 571.61, subdivision 2.

(3) Within ten days after the expiration of such pay period, the employer shall remit to the commissioner, on a form and in the manner prescribed by the commissioner, the amount withheld during each pay period under this subdivision. Should any employer, after notice, willfully fail to withhold in accordance with the notice and this subdivision, or willfully fail to remit any amount withheld as required by this subdivision, the employer shall be liable for the total amount set forth in the notice together with accrued interest which may be collected by any means provided by law relating to taxation. Any amount collected from the employer for failure to withhold or for failure to remit under this subdivision shall be credited to the employee's account in the following manner: penalties, interest, tax, and costs.

(4) Clauses (1), (2), and (3), except provisions imposing a liability on the employer for failure to withhold or remit, shall apply to cases in which the employer is the United States or any instrumentality thereof or this state or any municipality or other subordinate unit thereof.

(5) The commissioner shall refund to the employee excess amounts withheld from the employee under this subdivision. If any excess results from payments by the employer because of willful failure to withhold or remit as prescribed in clause (3), the excess attributable to the employer's payment shall be refunded to the employer.

(6) Employers required to withhold delinquent taxes, penalties, interest, and costs under this subdivision shall not be required to compute any additional interest, costs or other charges to be withheld.

(7) The collection remedy provided to the commissioner by this

subdivision shall have the same legal effect as if it were a levy made pursuant to section 270.70.

(8) Notwithstanding any law to the contrary, the provisions of this subdivision may be enforced when compensation is paid or payable for personal services and the services are claimed to be those of an independent contractor. Such enforcement shall not be deemed to establish an employer/employee relationship under any other laws.

Sec. 20. Minnesota Statutes 1990, section 290A.03, subdivision 8, is amended to read:

Subd. 8. [CLAIMANT.] (a) "Claimant" means a person, other than a dependent, who filed a claim authorized by this chapter and who was a resident of this state as provided in chapter 290 during the calendar year for which the claim for relief was filed.

(b) In the case of a claim relating to rent constituting property taxes, the claimant shall have resided in a rented or leased unit on which ad valorem taxes or payments made in lieu of ad valorem taxes, including payments of special assessments imposed in lieu of ad valorem taxes, are payable at some time during the calendar year covered by the claim.

(c) "Claimant" shall not include a resident of a nursing home, intermediate care facility, or long-term residential facility whose rent constituting property taxes is paid pursuant to the supplemental security income program under title XVI of the Social Security Act, the Minnesota supplemental aid program under sections 256D.35 to 256D.41, the medical assistance program pursuant to title XIX of the Social Security Act, or the general assistance medical care program pursuant to section 256D.03, subdivision 3. If only a portion of the rent constituting property taxes is paid by these programs, the resident shall be a claimant for purposes of this chapter, but the refund calculated pursuant to section 290A.04 shall be multiplied by a fraction, the numerator of which is income as defined in subdivision 3, paragraphs (1) and (2), reduced by the total amount of income from the above sources other than vendor payments under the medical assistance program or the general assistance medical care program and the denominator of which is income as defined in subdivision 3, paragraphs (1) and (2), plus vendor payments under the medical assistance program or the general assistance medical care program, to determine the allowable refund pursuant to this chapter.

(d) Notwithstanding paragraph (c), if the claimant was a resident of the nursing home, intermediate care facility or long-term residential facility for only a portion of the calendar year covered by the claim, the claimant may compute rent constituting property taxes by disregarding the rent constituting property taxes from the nursing home, intermediate care facility, or long-term residential

facility and use only that amount of rent constituting property taxes or property taxes payable relating to that portion of the year when the claimant was not in the facility. The claimant's household income is the income for the entire calendar year covered by the claim.

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

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

Sec. 21. Minnesota Statutes 1990, section 290A.19, is amended to read:

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

(a) The owner or managing agent of any property for which rent is paid for occupancy as a homestead must furnish a certificate of rent constituting property tax to a person who is a renter on December 31, in the form prescribed by the commissioner. If the renter moves before December 31, the owner or managing agent may give the certificate to the renter at the time of moving, or mail the certificate to the forwarding address if an address has been provided by the renter. The certificate must be made available to the renter before February 1 of the year following the year in which the rent was paid. The owner or managing agent must retain a duplicate of each certificate or an equivalent record showing the same information for a period of three years. The duplicate or other record must be made available to the commissioner upon request.

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

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

(d) By June 30, for taxes payable in 1990 and May 30 for taxes payable in 1991 and thereafter January 31 of the year following the year in which the rent was collected, each owner or managing agent shall report to the commissioner on a form prescribed by the commissioner the net tax pertaining to the rental residential part of the property, the total scheduled rent, and the fraction computed under section 290A.03, subdivision 11. A copy of the property tax statement for taxes payable in that year must be attached.

Sec. 22. Minnesota Statutes 1990, section 297A.15, subdivision 5, is amended to read:

Subd. 5. [REFUND; APPROPRIATION.] Notwithstanding the provisions of sections 297A.25, subdivision 42, and 297A.257 the tax on sales of capital equipment, and construction materials and supplies under section 297A.257, shall be imposed and collected as if the rate rates under section sections 297A.02, subdivision 1, and 297A.021, applied. Upon application by the purchaser, on forms prescribed by the commissioner, a refund equal to the reduction in the tax due as a result of the application of the exemption under section 297A.25, subdivision 42, or 297A.257 shall be paid to the purchaser. In the case of building materials qualifying under section 297A.257 where the tax was paid by a contractor, application must be made by the owner for the sales tax paid by all the contractors, subcontractors, and builders for the project. The application must include sufficient information to permit the commissioner to verify the sales tax paid for the project. The application shall include information necessary for the commissioner initially to verify that the purchases qualified as capital equipment under section 297A.25, subdivision 42, or capital equipment or construction materials and supplies under section 297A.257. No more than two applications for refunds may be filed under this subdivision in a calendar year. Unless otherwise specifically provided by this subdivision, the provisions of section 289A.40 apply to the refunds payable under this subdivision. There is annually appropriated to the commissioner of revenue the amount required to make the refunds.

The amount to be refunded shall bear interest at the rate in section 270.76 from the date the refund claim is filed with the commissioner.

Sec. 23. Minnesota Statutes 1990, section 297A.15, subdivision 6, is amended to read:

Subd. 6. [REFUND; APPROPRIATION.] The tax on the gross receipts from the sale of items exempt under section 297A.25, subdivision 43, must be imposed and collected as if the sale were taxable and the ~~rate~~ rates under ~~section~~ sections 297A.02, subdivision 1, and 297A.021, applied.

Upon application by the owner of the homestead property on forms prescribed by the commissioner, a refund equal to the tax paid on the gross receipts of the building materials and equipment must be paid to the homeowner. In the case of building materials in which the tax was paid by a contractor, application must be made by the homeowner for the sales tax paid by the contractor. The application must include sufficient information to permit the commissioner to verify the sales tax paid for the project. The contractor must furnish to the homeowner a statement of the cost of building materials and the sales taxes paid on the materials. The amount required to make the refunds is annually appropriated to the commissioner. Interest must be paid on the refund at the rate in section 270.76 from 60 days after the date the refund claim is filed with the commissioner.

Sec. 24. Minnesota Statutes 1990, section 541.07, is amended to read:

#### 541.07 [TWO- OR THREE-YEAR LIMITATIONS.]

Except where the Uniform Commercial Code, this section, section 148A.06, or section 541.073 otherwise prescribes, the following actions shall be commenced within two years:

(1) For libel, slander, assault, battery, false imprisonment, or other tort, resulting in personal injury, and all actions against physicians, surgeons, dentists, other health care professionals as defined in section 145.61, and veterinarians as defined in chapter 156, hospitals, sanitariums, for malpractice, error, mistake or failure to cure, whether based on contract or tort; provided a counterclaim may be pleaded as a defense to any action for services brought by a physician, surgeon, dentist, or other health care professional or veterinarian, hospital or sanitarium, after the limitations herein described notwithstanding it is barred by the provisions of this chapter, if it was the property of the party pleading it at the time it became barred and was not barred at the time the claim sued on originated, but no judgment thereof except for costs can be rendered in favor of the party so pleading it;

(2) Upon a statute for a penalty or forfeiture, except as provided in sections 541.074 and 541.075;

(3) For damages caused by a dam, other than a dam used for commercial purposes; but as against one holding under the preemption or homestead laws, the limitations shall not begin to run until a patent has been issued for the land so damaged;

(4) Against a master for breach of an indenture of apprenticeship; the limitation runs from the expiration of the term of service;

(5) For the recovery of wages or overtime or damages, fees or penalties accruing under any federal or state law respecting the payment of wages or overtime or damages, fees or penalties except, that if the employer fails to submit payroll records by a specified date upon request of the department of labor and industry or if the nonpayment is willful and not the result of mistake or inadvertence, the limitation is three years. (The term "wages" means all remuneration for services or employment, including commissions and bonuses and the cash value of all remuneration in any medium other than cash, where the relationship of master and servant exists and the term "damages" means single, double, or treble damages, accorded by any statutory cause of action whatsoever and whether or not the relationship of master and servant exists);

(6) For damages caused by the establishment of a street or highway grade or a change in the originally established grade;

(7) For sales or use taxes imposed by the laws of any other state;

(8) Against the person who applies the pesticide for injury or damage to property resulting from the application, but not the manufacture or sale, of a pesticide.

Sec. 25. Laws 1991, chapter 291, article 7, section 27, is amended to read:

Sec. 27. [EFFECTIVE DATE.]

Sections 2, 4, 9, 15 to 19, 21 to 24, and 26 are effective for taxable years beginning after December 31, 1990, provided that the carry-over for the credit provided under Minnesota Statutes, section 290.068, subdivision 6, that is repealed by section 26, remains in effect for taxable years beginning before 2003. Sections 10 and 14 are effective the day following final enactment. Sections 1, 3, 11, 12, 13, 20, and 25 are effective for taxable years beginning after December 31, 1989.

Sec. 26. [INSTRUCTION TO REVISOR.]

In the next edition of Minnesota Statutes, the revisor of statutes shall delete the note after section 290A.19. Effective August 1, 1990, the amendment to Minnesota Statutes, section 290A.19, made by

Laws 1990, chapter 480, article 1, section 38, paragraph (c), is of no effect.

Sec. 27. [REPEALER.]

Minnesota Statutes 1990, sections 289A.12, subdivision 1; 290.48, subdivision 7; and 297.32, subdivision 7, are repealed. Minnesota Rules, parts 8130.6100 and 8130.6800, are repealed.

Sec. 28. [EFFECTIVE DATES.]

Sections 2, 3, 7 to 9, 11, 17, 18, 25, and 27 are effective the day following final enactment.

Sections 4, 5, 6, and 12 are effective for refund offsets made on or after July 1, 1992.

Section 10 is effective for payments with corporate franchise tax returns due on or after January 1, 1992.

Section 13 is effective for returns that would have been due after the date of final enactment.

Section 14 is effective for tax years beginning after December 31, 1991.

Sections 15 and 16 are effective for tax years beginning after December 31, 1990.

Section 19 is effective for notices to withhold delinquent taxes served on or after the day following final enactment.

Section 20 is effective beginning for claims based on rent paid in 1992.

Section 21 is effective beginning with returns based on rent collected in 1992.

Sections 22 and 23 are effective retroactively for all purchases made after December 31, 1991.

Section 24 is effective for causes of action arising on or after the day following final enactment, and for causes of action arising before that date that have not expired as of the day following final enactment.



ARTICLE 8  
MEED TAX CREDIT

Section 1. Minnesota Statutes 1990, section 268.672, is amended by adding a subdivision to read:

Subd. 13. [TAX CREDIT.] "Tax credit" means a Minnesota employment economic development or MEED tax credit under section 10.

Sec. 2. Minnesota Statutes 1990, section 268.672, is amended by adding a subdivision to read:

Subd. 14. [WAGE SUBSIDY.] "Wage subsidy" includes a MEED credit certificate under section 10, as well as a wage subsidy paid in money.

Sec. 3. Minnesota Statutes 1990, section 268.6751, subdivision 1, is amended to read:

Subdivision 1. [WAGE SUBSIDIES AND TAX CREDITS.] Wage subsidy money and tax credit authority must be allocated to local service units in the following manner:

(a) The commissioner shall allocate 87.5 percent of the funds or tax credit authority available for allocation to local service units for wage subsidy programs as follows: the proportion of the wage subsidy money available to each local service unit must be based on the number of unemployed persons in the local service unit for the most recent six-month period and the number of work readiness assistance cases and aid to families with dependent children cases in the local service unit for the most recent six-month period.

(b) Five percent of the money or tax credit authority available for wage subsidy programs must be allocated at the discretion of the commissioner.

(c) Seven and one-half percent of the money or tax credit authority available for wage subsidy programs must be allocated at the discretion of the commissioner to provide jobs for residents of federally recognized Indian reservations.

(d) By December 31 of each fiscal year, providers and local service units receiving wage subsidy money or tax credit authority shall report to the commissioner on the use of allocated funds. The commissioner shall reallocate uncommitted funds or tax credit authority for each fiscal year according to the formula in paragraph (a).

Sec. 4. Minnesota Statutes 1990, section 268.676, subdivision 1, is amended to read:

Subdivision 1. [AMONG JOB APPLICANTS.] (a) At least 80 percent of funds and tax credit authority allocated among eligible job applicants statewide must be allocated to:

(1) applicants who have been receiving work readiness benefits for five months or longer;

(2) applicants living in households with no other income source;

(2) (3) applicants whose incomes and resources are less than the standards for eligibility for general assistance or work readiness;

(3) (4) applicants who are eligible for aid to families with dependent children; and

(4) (5) applicants who live in a farm household who demonstrate severe household financial need.

(b) If there are more eligible job applicants than available positions, the priority for allocating the positions is the order set out in paragraph (a).

Sec. 5. Minnesota Statutes 1990, section 268.677, subdivision 1, is amended to read:

Subdivision 1. To the extent allowable under federal and state law, wage subsidy money and tax credit authority must be pooled and used in combination with money from other employment and training services or income maintenance and support services. At least 75 percent of the money appropriated for wage subsidies must be used to pay wages for eligible job applicants. For each eligible job applicant employed, the maximum state contribution from any combination of public assistance grant diversion and employment and training services governed under this chapter, including wage subsidies paid in money and MEED tax credits, is \$4 \$6 per hour for wages and \$1 per hour for fringe benefits. The use of wage subsidies is limited as follows:

(a) For each eligible job applicant placed in private or nonprofit employment, the state may subsidize wages or provide a MEED tax credit for a maximum of 1,040 hours over a period of 26 weeks. Employers are encouraged to use money from other sources to provide increased wages above the subsidy or tax credit to applicants they employ.

(b) For each eligible job applicant participating in a job training program and placed in private sector employment, the state may

subsidize wages or provide MEED tax credits for a maximum of 1,040 hours over a period of 52 weeks.

(c) For each eligible job applicant placed in a community investment program job, the state may provide wage subsidies for a maximum of 780 hours over a maximum of 26 weeks. For an individual placed in a community investment program job, the county share of the wage subsidy shall be 25 percent. Counties may use money from sources other than public assistance and wage subsidies, including private grants, contributions from nonprofit corporations and other units of government, and other state money, to increase the wages or hours of persons employed in community investment programs.

(d) Notwithstanding the limitations of paragraphs (a) and (b), money or tax credit authority may be used to provide a state contribution for wages and fringe benefits in private sector jobs for eligible applicants who had previously held temporary jobs with eligible government and nonprofit agencies or who had previously held community investment program jobs for which a state contribution had been made, and who are among the priority groups established in section 268.676, subdivision 1. The use of money and tax credit authority under this paragraph shall be for a maximum of 1,040 hours over a maximum period of 26 weeks per job applicant.

Sec. 6. Minnesota Statutes 1990, section 268.677, subdivision 2, is amended to read:

Subd. 2. [ADMINISTRATIVE COSTS; LIMITS.] Reimbursement to the commissioner for the costs of administering wage subsidies must not exceed one-half percent of the money appropriated and tax credit authority. Reimbursements must be deposited in the general fund. Reimbursement to a local service unit for the costs of administering wage subsidies must not exceed five percent and for the purchase of supplies and materials necessary to create permanent improvements to public property must not exceed one percent of the money and tax credit authority allocated to that local service unit. The commissioner and the local service units shall reallocate money from other sources to cover the costs of administering wage subsidies whenever possible.

Sec. 7. Minnesota Statutes 1990, section 268.681, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBLE BUSINESSES.] A business employer is an eligible employer if it enters into a written contract, signed and subscribed to under oath, with a local service unit or its contractor, containing assurances that:

(a) (1) funds received by a business shall be used only as permitted under sections 268.672 to 268.682;

(2) the business shall claim tax credits only for expenses for which wage subsidies paid in money may be spent under sections 268.672 to 268.682;

~~(b)~~ (3) the business has submitted information to the local service unit or its contractor (1) (i) describing the duties and proposed compensation of each employee proposed to be hired under the program; and (2) (ii) demonstrating that, with the funds provided under sections 268.672 to 268.682, the business is likely to succeed and continue to employ persons hired using wage subsidies;

~~(c)~~ (4) the business will use funds exclusively for compensation and fringe benefits of eligible job applicants and will provide employees hired with these funds with employer-paid health insurance coverage on a group basis that is available to all employees or other alternative health care coverage, and fringe benefits and other terms and conditions of employment comparable to those provided to other employees of the business who do comparable work;

~~(d)~~ (5) the funds are necessary to allow the business to begin, or to employ additional people, but not to fill positions which would be filled even in the absence of wage subsidies;

~~(e)~~ (6) the business will cooperate with the local service unit and the commissioner in collecting data to assess the result of wage subsidies; and

~~(f)~~ (7) the business is in compliance with all applicable affirmative action, fair labor, health, safety, and environmental standards.

Sec. 8. Minnesota Statutes 1990, section 268.681, subdivision 2, is amended to read:

Subd. 2. [PRIORITIES.] (a) In allocating funds among eligible businesses, the local service unit or its contractor shall give priority to:

(1) businesses engaged in manufacturing;

(2) nonretail businesses that are small businesses as defined in section 645.445; and

(3) businesses that export products or services outside the state, or a significant percentage of whose products or services are used or consumed in the state by nonresidents; and

(4) businesses whose products are developed with materials from recycling.

(b) In addition to paragraph (a), a local service unit must give priority to businesses that:

- (1) have a high potential for growth and long-term job creation;
- (2) are labor intensive;
- (3) make high use of local and Minnesota resources;
- (4) are under ownership of women and minorities;
- (5) make high use of new technology;
- (6) produce energy conserving materials or services or are involved in development of renewable sources of energy; and
- (7) have their primary place of business in Minnesota.

Sec. 9. Minnesota Statutes 1990, section 268.681, subdivision 3, is amended to read:

Subd. 3. [PAYBACK.] A business receiving wage subsidies or MEED tax credit certification shall repay 70 percent of the amount initially received or tax credit certified for each eligible job applicant employed, if the employee does not continue in the employment of the business beyond the six-month subsidized period. If the business has not claimed the tax credit on a tax return, the business may return the tax credit certification for a reduction in the certified amount to satisfy this requirement. If the employee continues in the employment of the business for one year or longer after the six-month subsidized period, the business need not repay any of the funds or tax credit authority received for that employee's wages. If the employee continues in the employment of the business for a period of less than one year after the expiration of the six-month subsidized period, the business shall receive a proportional reduction in the amount it must repay. If an employer dismisses an employee for good cause and works in good faith with the local service unit or its contractor to employ and train another person referred by the local service unit or its contractor, the payback formula shall apply as if the original person had continued in employment.

A repayment schedule shall be negotiated and agreed to by the local service unit and the business prior to the disbursement of the funds or provision of a tax credit certification and is subject to renegotiation. The local service unit shall forward 25 percent of the payments received under this subdivision to the commissioner on a monthly basis and shall retain the remaining 75 percent for local program expenditures. Notwithstanding section 268.677, subdivision 2, the local service unit may use up to 20 percent of its share of

the funds returned under this subdivision for any administrative costs associated with the collection of the funds under this subdivision. At least 80 percent of the local service unit's share of the funds returned under this subdivision must be used as provided in section 268.677. The commissioner shall deposit payments forwarded to the commissioner under this subdivision in the general fund.

Sec. 10. [268.6811] [MEED TAX CREDIT PROGRAM.]

Subdivision 1. [AUTHORIZATION.] A certified local service provider may provide MEED tax credits to an eligible business to the extent tax credit authority is available for the county and the provider satisfies the requirements of the law and its contract. The provider shall provide to the business a certified amount of the tax credit. The tax credit may be used to the extent the business spends money on items for which it could have spent a wage subsidy received in money. A tax credit is subject to the same restrictions that apply to subsidies received in money, as specified in the business's contract and by law.

Subd. 2. [FORM OF TAX CREDIT CERTIFICATES.] The tax credit certificates must be in a form and contain the information as prescribed by the commissioner of revenue. The commissioner of revenue shall consult with the commissioner before prescribing the form and contents of the tax credit certificates.

Subd. 3. [LIMITATION ON AMOUNT OF CREDITS.] The amount of tax credit certificates that may be issued is limited to \$18,000,000 for each fiscal year. The amount of this limit is increased each year by the percentage adjustment under section 290.06, subdivision 2d, for the period in which the fiscal year began.

Subd. 4. [ALLOCATION OF CREDIT AUTHORITY.] The limit on tax credit authority must be allocated in the same manner and under the same procedures provided for appropriations of wage subsidies made in money under the Minnesota employment economic development program.

Sec. 11. Minnesota Statutes 1990, section 268.682, subdivision 1, is amended to read:

Subdivision 1. [LAYOFFS; WORK REDUCTIONS.] An eligible employer may not terminate, lay off, or reduce the working hours of an employee for the purpose of hiring an individual with funds or tax credits available under sections 268.672 to 268.682.

Sec. 12. Minnesota Statutes 1990, section 268.682, subdivision 2, is amended to read:

Subd. 2. [HIRING DURING LAYOFFS.] An eligible employer may

not hire an individual with funds or tax credits available under sections 268.672 to 268.682 if any other person is on layoff from the same or a substantially equivalent job.

Sec. 13. Minnesota Statutes 1990, section 268.682, subdivision 3, is amended to read:

Subd. 3. [EMPLOYER CERTIFICATION.] In order to qualify as an eligible employer, a government or nonprofit agency or business must certify to the eligible local service unit:

(1) that the wage subsidy will result in an employee obtaining identifiable and portable skills and submit an on-the-job training plan to describe how portable skills will be developed; and

(2) that each job created and funded under sections 268.672 to 268.682:

(a) will result in an increase in employment opportunities over those which would otherwise be available;

(b) will not result in the displacement of currently employed workers, including partial displacement such as reduction in hours of nonovertime work, wages, or employment benefits; and

(c) will not impair existing contracts for service or result in the substitution of wage subsidy funds for other funds in connection with work that would otherwise be performed.

Sec. 14. Minnesota Statutes 1991 Supplement, 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 tax is the last itemized deduction 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; and

(5) an amount equal to the exemptions allowed under section 151 of the Internal Revenue Code, deducted in computing federal taxable income, multiplied by the applicable disallowance percentage. The disallowance percentage equals one percentage point for each \$500 (\$250 in the case of married separate filers) or part of \$500 (\$250 in the case of married separate filers) of modified adjusted gross income in excess of \$100,000 for a married joint filer, \$50,000 for a married separate, \$85,170 for a head of household, or \$56,560 for all other filers. Modified adjusted gross income is the sum of the individual's adjusted gross income under section 62 of the Internal Revenue Code and interest received or accrued by the taxpayer that is exempt from federal tax. For taxable years beginning after December 31, 1992, the dollar amounts of modified adjusted gross income must be adjusted for inflation by the percentage determined for the taxable year under section 290.06, subdivision 2d, paragraph (b). The dollar amounts must be rounded to the nearest \$10, except later adjustments must be made to the unrounded amounts. The amount of the addition under this clause may not exceed the exemption deducted in computing federal taxable income.

Sec. 15. Minnesota Statutes 1990, section 290.06, is amended by adding a subdivision to read:



Subd. 25. [MEED TAX CREDIT.] (a) A credit is allowed against the liability for tax imposed by this chapter equal to the amount of the taxpayer's Minnesota employment economic development credit certificate, provided under sections 268.672 to 268.682 and applicable to a period included in the taxable year. Liability for tax imposed by this chapter includes the tax imposed under this section and sections 290.091, 290.0921, and 290.0922.

(b) In the case of a partnership or S corporation, the credit must be allocated among the partners or shareholders in proportion to their income shares of the partnership or corporation.

(c) If the amount of the credit exceeds the liability for tax, the commissioner shall refund the excess to the taxpayer.

(d) An amount sufficient to pay the amount of the credit that exceeds the taxpayer's liability for taxes under this chapter is appropriated from the general fund to the commissioner of revenue.

#### Sec. 16. [REVISOR INSTRUCTION.]

The revisor of statutes shall change the words "emergency job program" wherever they appear in Minnesota Statutes to "Minnesota employment economic development program."

#### Sec. 17. [REPEALER.]

Minnesota Statutes 1990, section 268.6751, subdivision 2, is repealed.

#### Sec. 18. [APPROPRIATION.]

\$990,000 is appropriated from the general fund to the commissioner of jobs and training for the commissioner's and local service providers' costs of administering the MEED tax credit program.

#### Sec. 19. [EFFECTIVE DATE.]

Sections 14 and 15 are effective for taxable years beginning after December 31, 1991.

## ARTICLE 9

### MISCELLANEOUS

Section 1. Minnesota Statutes 1991 Supplement, section 16A.15, subdivision 6, is amended to read:

Subd. 6. [BUDGET AND CASH FLOW RESERVE ACCOUNT.] A budget and cash flow reserve account is created in the general fund in the state treasury. The commissioner of finance shall, as authorized from time to time by law, restrict part or all of the budgetary balance in the general fund for use as the budget and cash flow reserve account. The commissioner of finance shall transfer from the budget and cash flow reserve account the amount necessary to bring the total amount, including any existing balance in the account on June 30, 1991 1992, to ~~\$400,000,000~~ \$235,000,000. The amounts restricted shall remain in the account until drawn down under subdivision 1 or increased under section 16A.1541.

Sec. 2. Minnesota Statutes 1990, section 60A.15, subdivision 1, is amended to read:

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

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

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

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

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

(d) Failure of a company to make payments of at least one-third of either (1) the total tax paid during the previous calendar year or (2) 80 percent of the actual tax for the current calendar year shall subject the company to the penalty and interest provided in this section, unless the total tax for the current tax year is \$500 or less.

Sec. 3. [60A.152] [INSURANCE PREMIUM TAX EQUIVALENT PAYMENT BY AUTOMOBILE RISK SELF-INSURERS.]

Subdivision 1. [DEFINITIONS.] (a) [APPLICATION.] For purposes of this section, the definitions in paragraphs (b) to (g) apply.

(b) [AUTOMOBILE RISKS.] "Automobile risks" means the risk of providing no-fault insurance under sections 65B.41 to 65B.71.

(c) [EQUIVALENT INSURANCE PREMIUM TAX AMOUNT.] "Equivalent insurance premium tax amount" means two percent of the annual premium actually paid by a person who is comparable to the self-insurer for a motor vehicle comparable to that owned, leased, or controlled by the self-insurer and located at a place comparable to the residence of the self-insurer if the self-insurer is a natural person or at the principal place of business in Minnesota of the self-insurer if the self-insurer is not a natural person, with the determination of comparability to be made by the commissioner of commerce. The self-insurer has the burden of providing to the commissioner adequate information on comparability.

(d) [MOTOR VEHICLE.] "Motor vehicle" has the meaning given in section 65B.43, subdivision 2.

(e) [PERSON.] "Person" means an owner, as defined in section 65B.43, subdivision 4, but does not mean a political subdivision as defined in section 65B.43, subdivision 20.

(f) [SELF-INSURANCE.] "Self-insurance" means the condition of qualifying as a self-insurer by complying with section 65B.48, subdivisions 3 and 3a.

(g) [SELF-INSURER.] "Self-insurer" means a person who has arranged self-insurance for the automobile risks associated with the person's motor vehicle.

Subd. 2. [EQUIVALENT PAYMENT AMOUNT.] Every self-insurer who owns, leases, or operates a motor vehicle required to be registered or licensed in this state or principally garaged in this state for at least two months in the applicable calendar year shall pay either an annual amount of \$25 per motor vehicle or an equivalent insurance premium tax amount, whichever is less. The amount required under this subdivision is payable on July 1, annually, to the commissioner of revenue. A late payment penalty is payable if the amount is not paid by July 1, and is an additional \$10 payment if the total amount is paid by the next following December 1, or an additional amount equal to the original payment amount if the total amount is not paid until after the next following December 1.

Subd. 3. [DEPOSIT OF PAYMENT AMOUNT.] The amounts paid under subdivision 2 must be deposited in the general fund to the credit of the account from which the police state aid provided for in sections 69.011 to 69.051 is payable.

Subd. 4. [RULES AUTHORIZED.] The commissioner of revenue and the commissioner of commerce are authorized to make rules to permit the administration of this section.

Sec. 4. Minnesota Statutes 1991 Supplement, section 69.021, subdivision 5, is amended to read:

Subd. 5. [CALCULATION OF STATE AID.] (a) The amount of fire state aid available for apportionment shall be two percent of the fire, lightning, sprinkler leakage, and extended coverage premiums reported to the commissioner by insurers on the Minnesota Firetown Premium Report and two percent of the premiums reported to the commissioner by insurers on the Minnesota Aid to Police Premium Report. This amount shall be reduced by the amount required to pay the state auditor's costs and expenses of the audits or exams of the firefighters relief associations.

(b) The total amount for apportionment in respect to police state aid shall not be greater or lesser than is the amount of premium taxes paid to the state upon the premiums reported to the commissioner by insurers on the Minnesota Aid to Police Premium Report after subtracting, plus the payment amounts received under section 3 since the last aid apportionment, and reduced by the amount required to pay the state auditor's costs and expenses of the audits or exams of the police relief associations. The total amount for apportionment in respect to firefighters state aid shall not be greater or lesser than the amount of premium taxes paid to the state upon the premiums reported to the commissioner by insurers on the Minnesota Firetown Premium Report after subtracting the amount required to pay the state auditor's costs and expenses of the audits or exams of the firefighters relief associations. The amount for apportionment in respect to police state aid shall be distributed to the municipalities maintaining police departments and to the county on the basis of the number of active peace officers, as certified pursuant to section 69.011, subdivision 2, clause (b). The commissioner shall calculate the percentage of increase or decrease reflected in the apportionment over or under the previous year's available state aid using the same premiums as a basis for comparison.

Sec. 5. Minnesota Statutes 1991 Supplement, section 69.021, subdivision 6, is amended to read:

Subd. 6. [CALCULATION OF APPORTIONMENT OF STATE PEACE OFFICERS AID TO COUNTIES.] The police 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. 6. Minnesota Statutes 1990, section 373.40, subdivision 7, is amended to read:

Subd. 7. [REPEALER.] This section is repealed effective for bonds issued after July 1, ~~1993~~ 1998, but continues to apply to bonds issued before that date.

Sec. 7. Minnesota Statutes 1990, section 383.06, is amended to read:

383.06 [PAYMENT OF WARRANTS; ACCOUNTS; HOW KEPT; CERTIFICATES OF INDEBTEDNESS TO RETIRE OUTSTANDING WARRANTS.]

Subdivision 1. [PAYMENT OF WARRANTS.] The county treasurer shall pay warrants only from the fund from which they are legally payable. Payments under any special contract shall be kept separate under the name of such contract, and under the general title of the fund from which such payment may be legally made. The treasurer need not keep a specific appropriations account separately, but shall keep a general appropriations account.

Subd. 2. [TAX ANTICIPATION CERTIFICATES.] The county board may, by resolution, issue and sell as many certificates of indebtedness as may be needed in anticipation of the collection of taxes levied for any fund named in the tax levy for the purpose of raising money for such fund, but the certificates outstanding for any such separate funds shall not at any time exceed 50 percent of the amount of taxes previously levied for such fund remaining uncollected, ~~and. No certificate shall be issued to become due and payable later than December 31 of the year succeeding the year in which the tax levy was made 15 months after the deadline for the certification of the property tax levy under section 275.07, subdivision 1, and the certificates shall not be sold for less than par and accrued interest. No such certificates shall be issued prior to the beginning of the fiscal year for which the taxes so anticipated were intended, except that when taxes shall have been levied for the purpose of paying a deficit in any such fund carried over from any previous year or years. The certificates of indebtedness in anticipation of collection of the taxes levied for such deficit may be issued at any time after such the levy shall have been finally made and certified to the county auditor. Each certificate shall state upon its face for which fund the proceeds thereof shall be used, the total amount of certificates so issued, and the whole amount embraced in the levy for that particular purpose. They shall be numbered consecutively, be in~~

denominations of \$100 or a multiple thereof, may have interest coupons attached, shall be otherwise of such form and terms, and may be made payable at such place, as will best aid in their negotiation, and the proceeds of the tax assessed and collected on account of the fund and the full faith and credit of the county shall be irrevocably pledged for the redemption and payment of the certificates so issued. Such certificates shall be payable primarily from the moneys derived from the levy for the years against which such certificates were issued, but shall constitute unlimited general obligations of the county. Money derived from the sale of such certificates shall be credited to the fund or funds the taxes for which are so anticipated.

Sec. 8. Minnesota Statutes 1990, section 383A.07, is amended by adding a subdivision to read:

Subd. 30. [MANITOU RIDGE GOLF COURSE.] By June 1, 1992, the Ramsey county board shall decide whether or not to sell the Manitou Ridge golf course to the city of White Bear Lake.

(a) In the event that the county board decides not to sell the golf course, the city of White Bear Lake shall be compensated for improvements made to the Manitou Ridge golf course. The compensation shall be paid to the city of White Bear Lake by Ramsey county in one lump sum payment of \$813,528.

(b) In the event that the county board decides to sell the golf course, and if the city agrees to purchase the course, the purchase price shall be \$1,338,000 to be paid in 20 equal annual installments. The city of White Bear Lake shall prescribe rules for the use, operation, maintenance and control of the Manitou Ridge Golf Course. It shall prescribe fees for use of the course facilities and reasonable charges for services performed in connection with them. The city shall operate the course in a way that will best provide for its use by the public, the schools and agencies of the county.

The city shall, in the event of a change in the use of the golf course to any other use, pay to the county the unpaid balance of the purchase price upon termination of operations of the golf course. No conditions except those provided in this subdivision may be attached to the sale and purchase of the course by the county and city.

Sec. 9. Minnesota Statutes 1990, section 401.02, subdivision 3, is amended to read:

Subd. 3. [ESTABLISHMENT AND REORGANIZATION OF ADMINISTRATIVE STRUCTURE.] Any county or group of counties which have qualified for participation in the community corrections subsidy program provided by this chapter may, after consultation with the judges of the district court, county court, municipal court, probate court and juvenile court having jurisdiction in the county or

group of counties establish, organize, and reorganize an administrative structure and provide for the budgeting, staffing and operation of court services and probation, construction or improvement to juvenile detention and juvenile correctional facilities and adult detention and correctional facilities, and other activities required to conform to the purposes of this chapter. No contrary general or special statute divests any county or group of counties of the authority granted by this subdivision. This subdivision does not apply to Ramsey County or Hennepin County or to the counties in the Arrowhead region. In Hennepin County and Ramsey County the county board and the judges of the district court, county court, municipal court, probate court and juvenile court shall prepare and implement a joint plan for reorganization of correctional services in the county providing for the administrative structure and providing for the budgeting, staffing and operation of court services and probation, juvenile detention and juvenile correctional facilities, and other activities required to conform to the purposes of this chapter. The joint plan shall be subject to the approval of the commissioner of corrections and submitted to the legislature on or before January 15, 1983.

Sec. 10. Minnesota Statutes 1990, section 401.05, is amended to read:

401.05 [FISCAL POWERS.]

Subdivision 1. [AUTHORIZATION TO USE AND ACCEPT FUNDS.] Any county or group of counties electing to come within the provisions of sections 401.01 to 401.16, may, through their governing bodies, use unexpended funds, accept gifts, grants and subsidies from any lawful source, and apply for and accept federal funds.

Subd. 2. [CAPITAL IMPROVEMENTS; BONDS; LEASES.] (a) A county or group of counties which acquires facilities under section 401.04 or constructs the facilities may finance the acquisition or construction and the equipping and subsequent improvement of the facilities in whole or in part by:

(1) the issuance of general obligation bonds of the county or group of counties in the manner provided in chapter 475; or

(2) the issuance of revenue bonds, secured by a lease agreement as provided in subdivision 3 and sections 469.152 to 469.165, by a city situated in any of the counties or a county housing and redevelopment authority established under chapter 469 or special law.

Proceedings for the issuance of general obligation bonds shall be instituted by the board of county commissioners of the county or boards of the group of counties.

(b) If counties have combined as authorized in section 401.02, the joint powers board created under section 471.59 shall, with the approval of the county board of each county that is a party:

(1) fix the total amount necessary for the construction or acquisition and the equipping and subsequent improvement of the facilities; and

(2) apportion to each county its share of this amount or of the annual debt service or lease rentals required to pay this amount with interest, as provided in subdivision 4.

Subd. 3. [LEASING.] (a) A county or joint powers board of a group of counties which acquires or constructs and equips or improves facilities under this chapter may, with the approval of the board of county commissioners of each county, enter into a lease agreement with a city situated within any of the counties, or a county housing and redevelopment authority established under chapter 469 or any special law. Under the lease agreement, the city or county housing and redevelopment authority shall:

(1) construct or acquire and equip or improve a facility in accordance with plans prepared by or at the request of a county or joint powers board of the group of counties and approved by the commissioner of corrections; and

(2) finance the facility by the issuance of revenue bonds.

(b) The county or joint powers board of a group of counties may lease the facility site, improvements, and equipment for a term upon rental sufficient to produce revenue for the prompt payment of the revenue bonds and all interest accruing on them. Upon completion of payment, the lessee shall acquire title. The real and personal property acquired for the facility constitutes a project and the lease agreement constitutes a revenue agreement as provided in sections 469.152 to 469.165. All proceedings by the city or county housing and redevelopment authority and the county or joint powers board must be as provided in sections 469.152 to 469.165, with the following adjustments:

(1) no tax may be imposed upon the property;

(2) the approval of the project by the commissioner of trade and economic development is not required;

(3) the commissioner of corrections must be furnished and shall record information concerning each project as the commissioner prescribes, in lieu of reports required on other projects to the commissioner of trade and economic development or energy and economic development authority;



(4) the rentals required to be paid under the lease agreement must not exceed in any year one-tenth of one percent of the market value of property within the county or group of counties as last equalized before the execution of the lease agreement;

(5) the county or group of counties must provide for payment of all rentals due during the term of the lease agreement in the manner required in subdivision 4;

(6) no mortgage on the facilities may be granted for the security of the bonds, but compliance with clause (5) may be enforced as a nondiscretionary duty of the county or group of counties; and

(7) the county or the joint powers board of the group of counties may sublease any part of the facilities for purposes consistent with their maintenance and operation.

Subd. 4. [TAX LEVIES; APPORTIONMENT OF COSTS.] The county or each county of the group of counties shall annually levy a tax in an amount necessary to defray its proportion of the net costs of maintenance and operation of the facilities, and shall levy a tax to pay the cost of construction or acquisition, equipping, and any subsequent improvement to the facilities or the retirement of any bonds or required lease payments for these purposes. Each county may levy these taxes without limitation on the rate or amount. This levy shall not cause the amount of other taxes levied or to be levied by the county, which are subject to any limitation, to be reduced in any amount. A joint powers board of the group of counties shall apportion the costs of maintenance and operation, construction or acquisition, equipping, and subsequent improvement of the facilities to each of the counties according to a formula in the agreement entered into by the counties.

Subd. 5. [CORRECTIONAL FACILITIES FUND.] All money received for the operation and maintenance, payment of indebtedness or lease payments, and construction or acquisition, equipping, and subsequent improvement of the facilities must be deposited in a correctional facilities fund maintained in the treasury of the county in which the facilities are located or any county treasury of the group of counties as designated by the joint powers board. Payments from the fund may only be made upon certification of the chair or board designee that the expenditures have been approved at a meeting of the board.

Sec. 11. Minnesota Statutes 1990, section 462A.22, subdivision 1, is amended to read:

Subdivision 1. The aggregate principal amount of bonds and notes which are outstanding at any time, excluding the principal amount of any bonds and notes refunded by the issuance of new bonds or notes, shall not exceed the sum of ~~\$1,990,000,000~~ \$2,400,000,000.

Sec. 12. Minnesota Statutes 1990, section 469.153, subdivision 2, is amended to read:

Subd. 2. [PROJECT.] (a) "Project" means (1) any properties, real or personal, used or useful in connection with a revenue producing enterprise, or any combination of two or more such enterprises engaged or to be engaged in generating, transmitting, or distributing electricity, assembling, fabricating, manufacturing, mixing, processing, storing, warehousing, or distributing any products of agriculture, forestry, mining, or manufacture, or in research and development activity in this field; (2) any properties, real or personal, used or useful in the abatement or control of noise, air, or water pollution, or in the disposal of solid wastes, in connection with a revenue producing enterprise, or any combination of two or more such enterprises engaged or to be engaged in any business or industry; (3) any properties, real or personal, used or useful in connection with the business of telephonic communications, conducted or to be conducted by a telephone company, including toll lines, poles, cables, switching, and other electronic equipment and administrative, data processing, garage, and research and development facilities; (4) any properties, real or personal, used or useful in connection with a district heating system, consisting of the use of one or more energy conversion facilities to produce hot water or steam for distribution to homes and businesses, including cogeneration facilities, distribution lines, service facilities, and retrofit facilities for modifying the user's heating or water system to use the heat energy converted from the steam or hot water.

(b) "Project" also includes any properties, real or personal, used or useful in connection with a revenue producing enterprise, or any combination of two or more such enterprises engaged in any business.

(c) "Project" also includes any properties, real or personal, used or useful for the promotion of tourism in the state. Properties may include hotels, motels, lodges, resorts, recreational facilities of the type that may be acquired under section 471.191, and related facilities.

(d) "Project" also includes any properties, real or personal, used or useful in connection with a revenue producing enterprise, whether or not operated for profit, engaged in providing health care services, including hospitals, nursing homes, and related medical facilities.

(e) "Project" does not include any property to be sold or to be affixed to or consumed in the production of property for sale, and does not include any housing facility to be rented or used as a permanent residence.

(f) "Project" also means the activities of any revenue producing enterprise involving the construction, fabrication, sale, or leasing of

equipment or products to be used in gathering, processing, generating, transmitting, or distributing solar, wind, geothermal, biomass, agricultural or forestry energy crops, or other alternative energy sources for use by any person or any residential, commercial, industrial, or governmental entity in heating, cooling, or otherwise providing energy for a facility owned or operated by that person or entity.

(g) "Project" also includes any properties, real or personal, used or useful in connection with a county jail or county regional jail, community corrections facilities authorized by chapter 401, or other law enforcement facilities, the plans for which are approved by the commissioner of corrections; provided that the provisions of section 469.155, subdivisions 7 and 13, do not apply to those projects.

(h) "Project" also includes any real properties used or useful in furtherance of the purposes and policies of sections 469.135 to 469.141.

(i) "Project" also includes related facilities as defined by section 471A.02, subdivision 11.

(j) "Project" also includes an undertaking to purchase the obligations of local governments located in whole or in part within the boundaries of the municipality that are issued or to be issued for public purposes.

Sec. 13. Minnesota Statutes 1990, section 641.24, is amended to read:

641.24 [LEASING.]

The county may, by resolution of the county board, enter into a lease agreement with any statutory or home rule charter city situated within the county, or a county housing and redevelopment authority established pursuant to chapter ~~462~~ 469 or any special law whereby the city or county housing and redevelopment authority will construct a jail or other law enforcement facilities for the county sheriff, deputy sheriffs, and other employees of the sheriff and other law enforcement agencies, in accordance with plans prepared by or at the request of the county board and, when required, approved by the commissioner of corrections and will finance it by the issuance of revenue bonds, and the county may lease the jail site and improvements for a term and upon rentals sufficient to produce revenue for the prompt payment of the bonds and all interest accruing thereon and, upon completion of payment, will acquire title thereto. The real and personal property acquired for the jail shall constitute a project and the lease agreement shall constitute a revenue agreement as contemplated in chapter ~~474~~ 469, and all proceedings shall be taken by the city or county housing and redevelopment authority and the

county in the manner and with the force and effect provided in chapter 474 ~~469~~; provided that:

(1) no tax shall be imposed upon or in lieu of a tax upon the property;

(2) the approval of the project by the commissioner of commerce shall not be required;

(3) the department of corrections shall be furnished and shall record such information concerning each project as it may prescribe, in lieu of reports required on other projects to the commissioner of trade and economic development;

(4) the rentals required to be paid under the lease agreement shall not exceed in any year one-tenth of one percent of the market value of property within the county, as last finally equalized before the execution of the agreement;

(5) the county board shall provide for the payment of all rentals due during the term of the lease, in the manner required in section 641.264, subdivision 2;

(6) no mortgage on the jail property shall be granted for the security of the bonds, but compliance with clause (5) hereof may be enforced as a nondiscretionary duty of the county board; and

(7) the county board may sublease any part of the jail property for purposes consistent with the maintenance and operation of a county jail or other law enforcement facility.

Sec. 14. Laws 1971, chapter 773, section 1, subdivision 2, as amended by Laws 1974, chapter 351, section 5, Laws 1976, chapter 234, section 7, Laws 1978, chapter 788, section 1, Laws 1981, chapter 369, section 1, Laws 1983, chapter 302, section 1, and Laws 1988, chapter 513, section 1, is amended to read:

Subd. 2. For each of the years through ~~1993, inclusive~~ 1998, the city of St. Paul is authorized to issue bonds in the aggregate principal amount of \$8,000,000 for each year; or in an amount equal to one-fourth of one percent of the assessors estimated market value of taxable property in St. Paul, whichever is greater; provided that no more than \$8,000,000 of bonds is authorized to be issued in any year, unless St. Paul's local general obligation debt as defined in this section is less than six percent of market value calculated as of December 31 of the preceding year; but at no time shall the aggregate principal amount of bonds authorized exceed ~~\$11,300,000 in 1987, \$12,000,000 in 1988, \$13,300,000 in 1989, \$14,000,000 in 1990, \$14,800,000 in 1991, \$15,700,000 in 1992, and \$16,600,000 in~~

1993, \$16,600,000 in 1994, \$16,600,000 in 1995, \$17,500,000 in 1996, \$17,500,000 in 1997, and \$18,000,000 in 1998.

Sec. 15. Laws 1971, chapter 773, section 2, as amended by Laws 1978, chapter 788, section 2, Laws 1983, chapter 302, section 2, and Laws 1988, chapter 513, section 2, is amended to read:

Sec. 2. The proceeds of all bonds issued pursuant to section 1 hereof shall be used exclusively for the acquisition, construction, and repair of capital improvements and, commencing in the year ~~1989~~ 1992 and notwithstanding any provision in Laws 1978, chapter 788, section 5, as amended, for redevelopment project activities as defined in Minnesota Statutes, section 469.002, subdivision 14, in accordance with Minnesota Statutes, section 469.041, clause (6), or for youth development, service, or employment programs of a capital nature. The amount of proceeds of bonds authorized by section 1 used for redevelopment project activities shall not exceed ~~\$530,000 in 1988, \$560,000 in 1989, \$590,000 in 1990, \$620,000 in 1991, \$655,000 in 1992, and \$690,000 in 1993, \$690,000 in 1994, \$690,000 in 1995, \$700,000 in 1996, \$700,000 in 1997, and \$725,000 in 1998.~~

None of the proceeds of any bonds so issued shall be expended except upon projects which have been reviewed, and have received a priority rating, from a capital improvements committee consisting of 18 members, of whom a majority shall not hold any paid office or position under the city of St. Paul. The members shall be appointed by the mayor, with at least four members from each Minnesota senate district located entirely within the city and at least two members from each senate district located partly within the city. Prior to making an appointment to a vacancy on the capital improvement budget committee, the mayor shall consult the legislators of the senate district in which the vacancy occurs. The priorities and recommendations of the committee shall be purely advisory, and no buyer of any bonds shall be required to see to the application of the proceeds.

#### Sec. 16. [JOINT TAX ADVISORY COMMITTEE.]

The city of St. Paul, independent school district No. 625, and Ramsey county may establish a St. Paul joint tax levy advisory committee. The committee shall elect a chair from among its members and shall meet from time to time to make appropriate recommendations for the efficient and effective use of property tax dollars raised by levies by the jurisdictions for programs, buildings, and operations.

#### Sec. 17. [RICHFIELD; TAX INCREMENT.]

Subdivision 1. [COMPUTATION OF TAX INCREMENT.] Notwithstanding the provisions of Minnesota Statutes, section 469.177, subdivision 3, paragraph (c), the governing body of the city of

Richfield may change its election of a method for computing tax increment for the tax increment financing district certified on December 5, 1985, and known as the Interstate, Lyndale, Nicollet District. The governing body may change its election from the computation in Minnesota Statutes, section 469.177, subdivision 3, paragraph (b), to the computation in Minnesota Statutes, section 469.177, subdivision 3, paragraph (a), or the alternative method described in subdivision 2.

Subd. 2. [ALTERNATIVE CALCULATION METHOD.] Pursuant to the election authorized in subdivision 1, the governing body of the city of Richfield may elect the following method of computation:

(1) The original net tax capacity must be determined before the application of the fiscal disparity provisions of Minnesota Statutes, chapter 473F. The current net tax capacity must exclude any fiscal disparity commercial-industrial net tax capacity increase between the original year and the current year multiplied by a ratio that is less than the fiscal disparity ratio determined pursuant to Minnesota Statutes, section 473F.08, subdivision 6. The ratio, which must be a percentage of the fiscal disparity ratio, must be determined by the governing body and must remain in effect during the term of the district. Where the original net tax capacity is equal to or greater than the current net tax capacity, there is no captured net tax capacity and no tax increment determination.

(2) The county auditor shall exclude the retained captured net tax capacity of the authority from the net tax capacity of the local taxing districts in determining local taxing district tax capacity rates. The tax capacity rates so determined must be extended against the retained captured net tax capacity of the authority as well as the net tax capacity of the local taxing districts. The tax generated by the extension of the lesser of (i) the local taxing district tax capacity rates or (ii) the original tax capacity rate to the retained captured net tax capacity of the authority is the tax increment of the authority.

#### Sec. 18. [MINNEAPOLIS; PLAZA AND PARKING BONDS.]

Subdivision 1. [AUTHORIZATION.] The city of Minneapolis may issue and sell general obligation bonds for the acquisition of land for and the construction of:

(a) a plaza and public parking facility adjacent to a federal courts facility to be located in downtown Minneapolis;

(b) a city garage and parking facility to replace facilities located on property to be used for the federal courts facility; and

(c) a connecting tunnel and other appurtenant facilities.

Subd. 2. [CONDITIONS.] The bonds shall be issued and sold under Minnesota Statutes, chapter 475, except that the bonds are not subject to the election requirements of chapter 475 or the charter of the city regardless of the amount of the bonds. The bonds shall not be included in computing the net debt of the city under law or charter. The powers granted by this section are in addition to the powers which the city may exercise under other law or charter.

**Sec. 19. [CITY OF MINNEAPOLIS; DURATION OF TAX INCREMENT DISTRICT.]**

Notwithstanding Minnesota Statutes, section 469.176, subdivision 1, the duration of the Laurel Village tax increment financing district, district No. 64, located within the city of Minneapolis, may be extended by the authority through the year 2015. Any increment received for the years 2013 to 2015 may only be utilized to pay obligations provided for under the Laurel Village contract for private development, including use for payment of or to secure payment of, debt service on bonds issued in aid of the Laurel Village project or bonds issued to refund those bonds. Any increment received for years 2013 to 2015 that is not used for the purposes described in this section must be paid proportionately to the municipality, county, and school district as provided in Minnesota Statutes, section 469.176, subdivision 2.

**Sec. 20. [APPROPRIATIONS; TAX SAMPLE.]**

\$75,000 is appropriated to the commissioner of revenue for purposes of preparing a microdata sample of individual income tax returns and other data for taxable year 1991. This appropriation may be used in either fiscal year 1992 or 1993.

**Sec. 21. [REPEALER.]**

Minnesota Statutes 1990, section 60A.15, subdivision 6, is repealed.

**Sec. 22. [EFFECTIVE DATE.]**

Sections 2 and 21 are effective for taxable years beginning after December 31, 1992, except that the date changes in section 2 are effective for payments due on or after December 1, 1992.

Section 3 is effective January 1, 1992.

Sections 4 and 5 are effective July 1, 1992.

Sections 7 to 13 are effective the day following final enactment.

Sections 14 and 15 are effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the city of St. Paul.

Section 17 is effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the city of Richfield.

Section 18 is effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the city of Minneapolis."

Delete the title and insert:

"A bill for an act relating to the financing and operation of government in Minnesota; changing the funding and payment of certain aids to local governments; modifying the administration, computation, collection, and enforcement of taxes and refunds; changing tax rates, bases, credits, exemptions, and payments; reducing the amount in the budget and cash flow reserve account; updating references to the Internal Revenue Code; changing certain bonding provisions; making technical corrections and clarifications; enacting provisions relating to certain cities, counties, and watershed districts; imposing penalties; appropriating money; amending Minnesota Statutes 1990, sections 60A.15, subdivision 1; 60A.19, subdivision 6; 103B.241; 103B.335; 103F.221, subdivision 3; 124.2131, subdivision 1; 174.27; 268.672, by adding subdivisions; 268.6751, subdivision 1; 268.676, subdivision 1; 268.677, subdivisions 1 and 2; 268.681, subdivisions 1, 2, and 3; 268.682, subdivisions 1, 2, and 3; 270.075, subdivision 1; 270A.05; 270A.07, subdivisions 1 and 2; 270A.11; 270B.01, subdivision 8; 271.06, subdivision 7; 272.02, by adding a subdivision; 272.115; 273.11, by adding subdivisions; 273.13, subdivision 24; 273.135, subdivision 2; 274.19, subdivision 8; 274.20, subdivisions 1, 2, and 4; 278.01, subdivision 2; 278.02; 282.01, subdivision 7; 282.012; 282.09, subdivision 1; 282.241; 282.36; 289A.25, by adding a subdivision; 289A.26, subdivisions 3, 4, 7, and 9; 289A.50, subdivision 5; 290.05, subdivision 4; 290.06, by adding a subdivision; 290.091, subdivision 6; 290.0922, subdivision 2; 290.9201, subdivision 11; 290.923, by adding a subdivision; 290A.03, subdivision 8; 290A.19; 290A.23; 297A.01, by adding a subdivision; 297A.02, by adding a subdivision; 297A.14, subdivision 1; 297A.15, subdivisions 5 and 6; 297A.25, subdivisions 11, 45, and by adding subdivisions; 297B.01, subdivision 8; 327C.01, by adding a subdivision; 327C.12; 373.40, subdivision 7; 383.06; 383A.07, by adding a subdivision; 383B.152; 398A.06, subdivision 2; 401.02, subdivision 3; 401.05; 414.0325, by adding a subdivision; 414.033, subdivisions 2, 3, 5, and by adding a subdivision; 462A.22, subdivision 1; 469.107, subdivision 2; 469.153, subdivision 2; 469.177, subdivision 1a; 471.571, subdivision 2; 473.388, subdivision 4; 473.446, subdivision 1; 473.711, subdivision



2; 473H.10, subdivision 3; 477A.013, subdivision 5; 477A.015; 477A.12; 477A.13; 488A.20, subdivision 4; 541.07; and 641.24; Minnesota Statutes 1991 Supplement, sections 4A.02; 16A.15, subdivision 6; 16A.711, subdivision 4; 47.209; 69.021, subdivisions 5 and 6; 124A.23, subdivision 1; 256.025, subdivisions 3 and 4; 256E.05, subdivision 3; 256E.09, subdivision 6; 270A.04, subdivision 2; 270A.08, subdivision 2; 271.21, subdivision 6; 272.02, subdivision 1; 273.11, subdivision 1; 273.124, subdivisions 1, 6, 9, and 13; 273.13, subdivisions 22, 25, as amended, and 32; 273.1398, subdivisions 5 and 7; 273.1399; 275.065, subdivisions 3, 5a, and 6; 275.125, subdivisions 5 and 6j; 276.04, subdivision 2; 277.17; 278.01, subdivision 1; 278.05, subdivision 6; 279.01, subdivision 1; 279.03, subdivision 1a; 281.17; 289A.20, subdivisions 1 and 4; 289A.26, subdivisions 1 and 6; 290.01, subdivisions 19 and 19a; 290.06, subdivision 23; 290.0671, subdivision 1; 290.091, subdivision 2; 290.0921, subdivision 8; 290.0922, subdivision 1; 290.92, subdivision 23; 290A.04, subdivision 2h; 297A.01, subdivision 3; 297A.135, subdivision 1, and by adding a subdivision; 297A.21, subdivision 4; 297A.25, subdivision 12, as amended; 375.192, subdivision 2; 423A.02, subdivision 1a; and 477A.011, subdivisions 27 and 29; Laws 1971, chapter 773, sections 1, subdivision 2, as amended; and 2, as amended; Laws 1990, chapter 604, article 6, section 11; Laws 1991, chapter 291, articles 2, section 3; and 7, section 27; proposing coding for new law in Minnesota Statutes, chapters 13; 60A; 207A; 216B; 268; 275; 289A; 290A; 297; 473F; and 477A; repealing Minnesota Statutes 1990, sections 60A.15, subdivision 6; 134.342, subdivisions 2 and 4; 268.6751, subdivision 2; 289A.12, subdivision 1; 290.48, subdivision 7; 297.32, subdivision 7; and 414.031, subdivision 5; Minnesota Statutes 1991 Supplement, sections 271.04, subdivision 2; 273.124, subdivision 15; 295.367; and 477A.03, subdivision 1."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Ways and Means.

The report was adopted.

Vellenga from the Committee on Judiciary to which was referred:

S. F. No. 979, A bill for an act relating to crimes; providing that it is a misdemeanor to sell a toxic substance containing butane to a minor; moving certain misdemeanor provisions to the criminal code; proposing coding for new law in Minnesota Statutes, chapter 609; repealing Minnesota Statutes 1990, sections 145.38; 145.385; and 145.39.

Reported the same back with the following amendments:

Page 2, line 31, delete "1991" and insert "1992"

With the recommendation that when so amended the bill pass.

The report was adopted.

## **SECOND READING OF HOUSE BILLS**

H. F. Nos. 1750, 2488, 2623, 2624, 2695 and 2878 were read for the second time.

## **SECOND READING OF SENATE BILLS**

S. F. Nos. 512, 1691, 1787, 1794, 1985, 2257, 2328, 2392 and 979 were read for the second time.

## **INTRODUCTION AND FIRST READING OF HOUSE BILLS**

The following House Files were introduced:

O'Connor introduced:

H. F. No. 3013, A bill for an act relating to taxation; providing for manufacturing opportunity districts in certain cities; providing tax credits and exemptions for certain industries located in a manufacturing opportunity district; proposing coding for new law in Minnesota Statutes, chapter 469.

The bill was read for the first time and referred to the Committee on Taxes.

Long, Greenfield, Skoglund and Wagenius introduced:

H. F. No. 3014, A bill for an act relating to the city of Minneapolis; permitting the city to extend the duration of a tax increment financing district.

The bill was read for the first time and referred to the Committee on Taxes.

Wenzel, Bodahl, Jennings, Dauner and Koppendrayner introduced:

H. F. No. 3015, A bill for an act relating to agriculture; establishing a state over-order premium milk price for dairy farmers for certain milk; requiring an annual report; proposing coding for new law in Minnesota Statutes, chapter 32.

The bill was read for the first time and referred to the Committee on Agriculture.

Bertram introduced:

H. F. No. 3016, A bill for an act proposing an amendment to the Minnesota Constitution, article I, by adding a section; authorizing the death penalty for first degree murder.

The bill was read for the first time and referred to the Committee on Judiciary.

Omann, Gruenes, Goodno, Bettermann and Uphus introduced:

H. F. No. 3017, A resolution making application to the Congress of the United States to adopt an amendment to the Constitution of the United States, for submission to the States, to require, with certain exceptions, that the Federal budget be balanced.

The bill was read for the first time and referred to the Committee on Rules and Legislative Administration.

Skoglund, Welle, Gruenes, Rodosovich and Winter introduced:

H. F. No. 3018, A bill for an act relating to insurance; no-fault auto; regulating medical expense benefits; authorizing reparation obligors to offer medical expense benefits through approved managed care plans; authorizing the commissioner of commerce to approve these plans; requiring appropriate premium reductions; amending Minnesota Statutes 1990, section 65B.49, subdivision 2.

The bill was read for the first time and referred to the Committee on Financial Institutions and Insurance.

## MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Madam Speaker:

I hereby announce the passage by the Senate of the following House Files, herewith returned:

H. F. No. 980, A bill for an act relating to the legislature; authorizing joint legislative commissions to issue subpoenas; amending Minnesota Statutes 1990, section 3.153.

H. F. No. 2397, A bill for an act relating to pipelines; regulating liquefied natural gas facilities; amending Minnesota Statutes 1990, sections 299J.02, subdivisions 12, 13, and by adding subdivisions; 299J.04; 299J.07, subdivision 1; 299J.10; 299J.12, subdivisions 2 and 3; and 299J.15.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 1763, A bill for an act relating to state lands; authorizing the conveyance or release of a state easement in Faribault.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 2254, A bill for an act relating to occupations and professions; clarifying membership requirements for the board of pharmacy; amending Minnesota Statutes 1991 Supplement, section 151.03.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 2375, A bill for an act relating to metropolitan government; providing a name for the transportation accessibility advisory committee; amending Minnesota Statutes 1990, section 473.386, subdivisions 2 and 3.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam 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. 1948, A bill for an act relating to life insurance; authorizing policies for the benefit of a charity; proposing coding for new law in Minnesota Statutes, chapters 61A; and 309.

PATRICK E. FLAHAVEN, Secretary of the Senate

Carruthers moved that the House refuse to concur in the Senate amendments to H. F. No. 1948, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Madam Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 1805, 2234, 2368, 2728, 1319, 2088, 2383, 2037, 2352, 2628 and 1605.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 1778, 1938, 2430, 2694, 2389, 2499, 1558, 1898, 2111, 1876 and 2282.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 2028, 2094, 2298, 2299, 1725, 2136, 1755, 1972, 2319, 1644, 1841 and 2247.

PATRICK E. FLAHAVEN, Secretary of the Senate

**FIRST READING OF SENATE BILLS**

S. F. No. 1805, A bill for an act relating to human services; requiring reporting of legally blind persons to Minnesota state services for the blind and visually handicapped; modifying the duties of the commissioner of jobs and training; removing a council's expiration date; amending Minnesota Statutes 1990, sections 248.07, subdivisions 1 and 5; and 248.10, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 248.

The bill was read for the first time.

Boo moved that S. F. No. 1805 and H. F. No. 2286, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2234, A bill for an act relating to occupations and professions; modifying disciplinary requirements of the board of social work; allowing the issuance of practice permits; clarifying requirements for changes in licensure level; providing penalties; amending Minnesota Statutes 1990, sections 148B.04, by adding a subdivision; 148B.15; 148B.18, subdivisions 9 and 12; 148B.21, subdivision 2, and by adding subdivisions; 148B.22, subdivision 2; 148B.27, subdivision 3; 148B.28, subdivision 2; Minnesota Statutes 1991 Supplement, sections 148B.04, subdivision 3; 148B.05, subdivision 1; 148B.07, subdivision 3; 148B.08, subdivision 1, and by adding a subdivision; and 148B.175, subdivisions 3, 4, 5, and 8; proposing coding for new law in Minnesota Statutes, chapter 148B; repealing Minnesota Statutes 1990, section 148B.05, subdivision 2.

The bill was read for the first time.

Dorn moved that S. F. No. 2234 and H. F. No. 2579, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2368, A bill for an act relating to probate; enacting the uniform transfer on death security registration act; providing for rights of creditors and revocation of beneficiary designation by will; proposing coding for new law in Minnesota Statutes, chapter 524.

The bill was read for the first time.

Pugh moved that S. F. No. 2368 and H. F. No. 2541, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2728, A bill for an act relating to agriculture; establishing a state over-order premium milk price for dairy farmers for certain milk; proposing coding for new law in Minnesota Statutes, chapter 32A.

The bill was read for the first time.

Wenzel moved that S. F. No. 2728 and H. F. No. 2733, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1319, A bill for an act relating to the practice of law; allowing the sole shareholder of a corporation to appear on behalf of the corporation in court; amending Minnesota Statutes 1991 Supplement, section 481.02, subdivision 3.

The bill was read for the first time.

Milbert moved that S. F. No. 1319 and H. F. No. 1441, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2088, A bill for an act relating to corporations; making miscellaneous changes in provisions dealing with the organization and operation of nonprofit corporations; amending Minnesota Statutes 1990, sections 317A.011, subdivision 14; 317A.111, subdivision 3; 317A.227; 317A.251, subdivision 3; 317A.255, subdivisions 1, 2, and by adding a subdivision; 317A.341, subdivision 2; 317A.431, subdivision 2; 317A.447; 317A.461; 317A.751, subdivision 3; 317A.821, subdivision 3; and 317A.827, by adding a subdivision; Minnesota Statutes 1991 Supplement, sections 317A.821, subdivision 2; 317A.823; and 317A.827, subdivision 1.

The bill was read for the first time.

Pugh moved that S. F. No. 2088 and H. F. No. 2402, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2383, A bill for an act relating to peace officers; affording qualified federal law enforcement officers the authority of peace officers when assigned to special state and federal task forces; proposing coding for new law in Minnesota Statutes, chapter 626.

The bill was read for the first time.

Vellenga moved that S. F. No. 2383 and H. F. No. 2610, now on

General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2037, A bill for an act relating to public employment; requiring the commissioner of the bureau of mediation services to adopt a uniform baseline determination document and a uniform collective bargaining agreement settlement document and to prescribe procedures for the use of these documents; amending Minnesota Statutes 1990, section 179A.04, subdivision 3.

The bill was read for the first time.

Bauerly moved that S. F. No. 2037 and H. F. No. 1133, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2352, A bill for an act relating to retirement; Austin fire department relief association; authorizing an actuarial assumption change; providing various benefit increases; authorizing board member per diem payments.

The bill was read for the first time.

Reding moved that S. F. No. 2352 and H. F. No. 2014, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2628, A bill for an act relating to public safety officers; defining firefighters for purposes of the public safety officer's survivor benefits law; amending Minnesota Statutes 1990, section 299A.41, subdivision 4.

The bill was read for the first time.

O'Connor moved that S. F. No. 2628 and H. F. No. 2827, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1605, A bill for an act relating to lawful gambling; regulating the conduct of lawful gambling, licensed organizations, distributors, and manufacturers; authorizing certain expenditures for senior citizens, real estate taxes and assessments, noncash gifts for blood donors, wildlife management projects, and the combined receipts tax as lawful purposes; placing employment restrictions on members or employees of the board; changing requirements for the annual financial audit; increasing the aggregate value of cover-all prizes and total prizes for bingo; adding bonanza bingo as a form of



bingo; increasing maximum prizes for pull-tabs; amending Minnesota Statutes 1990, sections 299L.03, subdivisions 1 and 2; 349.12, subdivisions 1, 11, 18, 21, 23, 30, and by adding a subdivision; 349.153; 349.16, subdivision 8; 349.161, subdivisions 1, 3, and 5; 349.162, subdivisions 1, 2, 4, and 5; 349.163, subdivisions 1, 1a, 3, 4, 5, and 6; 349.164, subdivisions 1, 3, and 6; 349.1641; 349.166; 349.168, subdivisions 3 and 6; 349.169, subdivision 2; 349.174; 349.18, subdivision 2; 349.19, subdivision 6; 349.191, subdivisions 1 and 4; 349.211, subdivisions 1, 2, and 2a; 349.2124; 349.2125, subdivisions 1 and 3; and 349.2127, subdivisions 2 and 4; Minnesota Statutes 1991 Supplement, sections 299L.07, by adding a subdivision; 349.12, subdivision 25; 349.17, subdivision 5; 349.151, subdivision 4; 349.154, subdivision 2; 349.167, subdivision 4; 349.18, subdivisions 1 and 1a; 349.19, subdivisions 5 and 9; and 349.213, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 471.

The bill was read for the first time.

Osthoff moved that S. F. No. 1605 and H. F. No. 1750, now on Technical General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1778, A resolution memorializing Congress to refrain from imposing upon the states' constitutional authority to regulate traffic and motor vehicle safety within their respective boundaries, and specifically, to refrain from mandating the passage of state laws requiring the use of motorcycle helmets, safety belts, and child restraint systems.

The bill was read for the first time.

Dempsey moved that S. F. No. 1778 and H. F. No. 2029, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1938, A bill for an act relating to landlords and tenants; providing for assignment to the county attorney of the landlord's right to evict for breach of the covenant not to sell drugs or permit their sale; clarifying the law on forfeiture of real estate interests related to contraband or controlled substance seizures; amending Minnesota Statutes 1990, sections 504.181, subdivision 2; and 609.5317, subdivision 1.

The bill was read for the first time.

Dawkins moved that S. F. No. 1938 and H. F. No. 2076, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2430, A bill for an act relating to the environment; adding sanctions and procedures relating to petroleum tank release consultants and contractors; amending Minnesota Statutes 1990, sections 115C.02, by adding subdivisions; 115C.03, by adding a subdivision; 116.48, by adding a subdivision; Minnesota Statutes 1991 Supplement, section 115C.09, subdivision 7; proposing coding for new law in Minnesota Statutes, chapter 115C.

The bill was read for the first time.

Krueger moved that S. F. No. 2430 and H. F. No. 2624, now on Technical General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2694, A bill for an act relating to courts; authorizing Ramsey county to provide for a single suburban court facility; amending Minnesota Statutes 1990, sections 488A.18, subdivision 10; and 488A.185.

The bill was read for the first time.

McGuire moved that S. F. No. 2694 and H. F. No. 2757, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2389, A bill for an act relating to natural resources; allowing use of alternative rulemaking procedures for certain rules of the commissioner of natural resources; regulating activities relating to stromatolites; changing definitions; modifying provisions relating to game refuges, scientific and natural areas, experimental waters, and special management waters; expanding certain authorities relating to deer licenses; exempting certain rules of the commissioner from the administrative procedure act; allowing non-metal tags for fish nets; authorizing rulemaking; amending Minnesota Statutes 1990, sections 86A.05, subdivision 5; 97A.015, subdivisions 15 and 40; 97A.085, subdivisions 2, 3, 4, 5, 8, and by adding a subdivision; 97A.411, subdivision 3; 97A.485, subdivision 9; 97C.001; 97C.005; 97C.351; and 103G.615, subdivision 3; Minnesota Statutes 1991 Supplement, sections 14.29, subdivision 4; and 97A.093; and Laws 1991, chapter 259, section 25, as amended; proposing coding for new law in Minnesota Statutes, chapter 84.

The bill was read for the first time.

Weaver moved that S. F. No. 2389 and H. F. No. 2612, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2499, A bill for an act relating to natural resources; authorizing the establishment of the Mille Lacs preservation and development board; proposing coding for new law in Minnesota Statutes, chapter 103F.

The bill was read for the first time.

Munger moved that S. F. No. 2499 and H. F. No. 2878, now on Technical General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1558, A bill for an act relating to retirement; Duluth fire and police pension plans; authorizing a joint consolidation account in the event of the consolidation of the Duluth fire department relief association with the public employees police and fire fund.

The bill was read for the first time.

Jaros moved that S. F. No. 1558 and H. F. No. 1692, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1898, A bill for an act relating to education; prohibiting the use of all tobacco products in public elementary and secondary schools; amending Minnesota Statutes 1990, section 144.413, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 144.

The bill was read for the first time.

Hasskamp moved that S. F. No. 1898 and H. F. No. 2093, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2111, A bill for an act relating to living wills; adding certain information to the suggested health care declaration form; amending Minnesota Statutes 1990, section 145B.04.

The bill was read for the first time.

Jaros moved that S. F. No. 2111 and H. F. No. 2316, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1876, A bill for an act relating to occupations and professions; board of medical practice; clarifying requirements for

granting medical licenses; amending Minnesota Statutes 1991 Supplement, section 147.03.

The bill was read for the first time and referred to the Committee on Health and Human Services.

S. F. No. 2282, A bill for an act relating to state government; regulating administrative rulemaking; providing for corrective legislation; extending the response period that precedes the writing of an administrative law judge's report on rules adopted after public hearing; requiring the attorney general and administrative law judge to disregard harmless errors; regulating notices; amending Minnesota Statutes 1990, sections 3C.04, subdivision 4; 14.115, subdivision 5; 14.15, subdivision 1, and by adding a subdivision; 14.22; 14.26; 14.30; and 14.32.

The bill was read for the first time.

Carruthers moved that S. F. No. 2282 and H. F. No. 2231, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2028, A bill for an act relating to agriculture; changing requirements for pesticide registration applications; amending Minnesota Statutes 1990, section 18B.26, subdivision 2.

The bill was read for the first time.

Cooper moved that S. F. No. 2028 and H. F. No. 2853, now on the Consent Calendar, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2094, A bill for an act relating to the one call excavation notice system; authorizing land surveyors to receive location information related to underground facilities; requiring notice of land surveys; amending Minnesota Statutes 1990, sections 216D.01, subdivision 8, and by adding subdivisions; and 216D.04.

The bill was read for the first time and referred to the Committee on Regulated Industries.

S. F. No. 2298, A bill for an act relating to watershed districts; requiring counties to provide public notice prior to making watershed district manager appointments; modifying requirements for appointing watershed district managers; exempting watershed districts from permit fees charged by political subdivisions; requiring watershed district audits by certified public accountants or the state

auditor under certain circumstances; clarifying procedures for appealing watershed district decisions; allowing recovery of attorney fees; amending Minnesota Statutes 1990, sections 103D.311, subdivisions 2 and 3; 103D.335, by adding a subdivision; 103D.355, subdivision 1; 103D.535, subdivision 1; and 103D.545, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 103D.

The bill was read for the first time.

Peterson moved that S. F. No. 2298 and H. F. No. 2320, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2299, A bill for an act relating to state trails; providing for the establishment of the Blufflands Trail System; amending Minnesota Statutes 1990, section 85.015, subdivision 7.

The bill was read for the first time.

Pelowski moved that S. F. No. 2299 and H. F. No. 2842, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1725, A bill for an act relating to public investments; providing that certain debt or equity securities are not approved for investment; amending Minnesota Statutes 1990, sections 11A.24, by adding a subdivision; and 473.666.

The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs.

S. F. No. 2136, A bill for an act relating to labor; protecting interests of employees following railroad acquisitions; imposing a penalty; amending Minnesota Statutes 1990, sections 222.86, subdivision 3; 222.87, by adding a subdivision; and 222.88.

The bill was read for the first time.

Farrell moved that S. F. No. 2136 and H. F. No. 2185, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1755, A bill for an act relating to local government; compensating the city of White Bear Lake by Ramsey county for improvements made to the Manitou Ridge Golf Course; amending Minnesota Statutes 1990, section 383A.07, 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. 1972, A bill for an act relating to highways; directing the commissioner of transportation to erect a directional sign on interstate highway No. 94 in St. Paul.

The bill was read for the first time and referred to the Committee on Transportation.

S. F. No. 2319, A bill for an act relating to wetlands; making technical and other minor changes to the wetland conservation act of 1991; appropriating money; amending Minnesota Statutes 1991 Supplement, sections 84.036; 103F.612, subdivision 2; 103F.616; 103F.901, subdivisions 5 and 8; 103F.902; 103F.903, subdivisions 1 and 4; 103F.904; 103G.005, subdivisions 10a and 19; 103G.222; 103G.2241, subdivision 1; 103G.2242, subdivisions 6 and 7; 103G.2369, subdivisions 2 and 3; 103G.237, subdivision 4, and by adding a subdivision; and 275.295.

The bill was read for the first time.

Munger moved that S. F. No. 2319 and H. F. No. 2421, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1644, A bill for an act relating to commerce; regulating negotiable instruments; adopting the revised article 3 of the Uniform Commercial Code with conforming amendments to articles 1 and 4 approved by the American Law Institute and the National Conference of Commissioners on Uniform State Laws; prohibiting certain methods of authorizing electronic fund transfers from consumer accounts; amending Minnesota Statutes 1990, sections 336.1-201; 336.1-207; 336.4-101; 336.4-102; 336.4-103; 336.4-104; 336.4-105; 336.4-106; 336.4-107; 336.4-108; 336.4-201; 336.4-202; 336.4-203; 336.4-204; 336.4-205; 336.4-206; 336.4-207; 336.4-208; 336.4-209; 336.4-210; 336.4-211; 336.4-212; 336.4-213; 336.4-214; 336.4-301; 336.4-302; 336.4-303; 336.4-401; 336.4-402; 336.4-403; 336.4-404; 336.4-405; 336.4-406; 336.4-407; 336.4-501; 336.4-502; 336.4-503; and 336.4-504; proposing coding for new law in Minnesota Statutes, chapters 325G; and 336; repealing Minnesota Statutes 1990, sections 336.3-101 to 336.3-805; and 336.4-109.

The bill was read for the first time.

Farrell moved that S. F. No. 1644 and H. F. No. 1892, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1841, A bill for an act relating to commerce; consumer protection; regulating the sale of dogs and cats by pet dealers; prescribing penalties; providing remedies; proposing coding for new law in Minnesota Statutes, chapter 325F.

The bill was read for the first time.

Dawkins moved that S. F. No. 1841 and H. F. No. 2043, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2247, A bill for an act relating to human services; prohibiting the commissioner from adopting rules requiring counties to separate their public guardianship function from their case management function, unless state funding is provided to cover county costs; requiring a report.

The bill was read for the first time.

Segal moved that S. F. No. 2247 and H. F. No. 2532, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

Simoneau was excused for the remainder of today's session.

### CONSENT CALENDAR

S. F. No. 2013 was reported to the House.

Krambeer moved to amend S. F. No. 2013, as follows:

Page 1, line 8, after "the" insert "non-Native-American"

Amend the title as follows:

Page 1, line 3, after "the" insert "non-Native-American"

The motion prevailed and the amendment was adopted.

Upon objection of ten members, S. F. No. 2013, as amended, was stricken from the Consent Calendar and placed on General Orders.

S. F. No. 1767, A bill for an act relating to highways; changing description of a route in the state highway system.

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

The question was taken on the passage of the bill and the roll was called. There were 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Kelso	Olsen, S.	Smith
Anderson, I.	Frerichs	Kinkel	Olson, E.	Solberg
Anderson, R.	Garcia	Knickerbocker	Olson, K.	Sparby
Anderson, R. H.	Girard	Koppendrayner	Omann	Stanisus
Battaglia	Goodno	Krambeer	Onnen	Steensma
Bauerly	Greenfield	Krinkie	Orenstein	Sviggum
Beard	Gruenes	Krueger	Orfield	Swenson
Begich	Gutknecht	Lasley	Osthoff	Thompson
Bertram	Hanson	Leppik	Ostrom	Tompkins
Bettermann	Hartle	Lieder	Ozment	Trimble
Bishop	Hasskamp	Limmer	Pauly	Tunheim
Blatz	Haukoos	Lourey	Pellow	Uphus
Bodahl	Hausman	Lynch	Pelowski	Valento
Boo	Heir	Macklin	Peterson	Vanasek
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, S.	Schreiber	Spk. Long
Dorn	Johnson, V.	Newinski	Seaberg	
Erhardt	Kahn	O'Connor	Segal	
Farrell	Kalis	Ogren	Skoglund	

The bill was passed and its title agreed to.

S. F. No. 2069, A bill for an act relating to agriculture; adding Roseau and Koochiching counties to the restricted seed potato growing area; amending Minnesota Statutes 1990, section 21.1196, 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 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Anderson, R.	Battaglia	Beard	Bertram
Anderson, I.	Anderson, R. H.	Bauerly	Begich	Bettermann



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

The bill was passed and its title agreed to.

S. F. No. 1991, A bill for an act relating to education; authorizing a technical college to contract to provide services; proposing coding for new law in Minnesota Statutes, chapter 136C.

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	Davids	Heir	Krueger	Ogren
Anderson, I.	Dawkins	Henry	Lasley	Olsen, S.
Anderson, R.	Dempsey	Hufnagle	Leppik	Olson, E.
Anderson, R. H.	Dille	Hugoson	Lieder	Omamn
Battaglia	Dorn	Jacobs	Limmer	Onnen
Bauerly	Erhardt	Janezich	Lynch	Orenstein
Beard	Farrell	Jaros	Macklin	Osthoff
Begich	Frederick	Jefferson	Mariani	Ostrom
Bertram	Frerichs	Jennings	Marsh	Ozment
Bettermann	Garcia	Johnson, A.	McEachern	Pauly
Bishop	Girard	Johnson, R.	McGuire	Pellow
Blatz	Goodno	Johnson, V.	McPherson	Pelowski
Bodahl	Greenfield	Kahn	Milbert	Peterson
Boo	Gruenes	Kalis	Morrison	Pugh
Brown	Gutknecht	Kelso	Munger	Reding
Carlson	Hanson	Kinkel	Murphy	Rest
Carruthers	Hartle	Knickerbocker	Nelson, K.	Rice
Clark	Hasskamp	Koppendrayner	Nelson, S.	Rodosovich
Cooper	Haukoos	Krambeer	Newinski	Rukavina
Dauner	Hausman	Krinkie	O'Connor	Runbeck

Sarna	Smith	Swenson	Valento	Wejman
Schafer	Solberg	Thompson	Vanasek	Welker
Schreiber	Sparby	Tompkins	Vellenga	Welle
Seaberg	Stanis	Trimble	Wagenius	Wenzel
Segal	Steensma	Tunheim	Waltman	Winter
Skoglund	Sviggum	Uphus	Weaver	Spk. Long

The bill was passed and its title agreed to.

S. F. No. 2310, A bill for an act relating to waters; changing the composition of the board of water and soil resource's dispute resolution committee; amending Minnesota Statutes 1990, section 103B.101, subdivision 10.

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

The bill was passed and its title agreed to.

S. F. No. 2117 was reported to the House.

Clark moved to amend S. F. No. 2117, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1991 Supplement, section 256D.06, subdivision 1b, is amended to read:

Subd. 1b. [EARNED INCOME SAVINGS ACCOUNT.] In addition to the \$50 disregard required under subdivision 1, the county agency shall disregard an additional earned income up to a maximum of \$150 per month for: (1) persons residing in facilities licensed under Minnesota Rules, parts 9520.0500 to 9520.0690 and 9530.2500 to 9530.4000, and for whom discharge and work are part of a treatment plan; (2) persons living in supervised apartments with services funded under Minnesota Rules, parts 9535.0100 to 9535.1600, and for whom discharge and work are part of a treatment plan; and (3) persons residing in a negotiated rate residence, as that term is defined in section 256I.03, subdivision 3, for whom the county agency has approved a discharge plan which includes work. The additional amount disregarded must be placed in a separate savings account by the eligible individual, to be used upon discharge from the residential facility into the community. For individuals residing in a chemical dependency program licensed under Minnesota Rules, part 9530.4100, subpart 22, item D, withdrawals from the savings account require the signature of the individual and for those individuals with an authorized representative payee, the signature of the payee. A maximum of \$1,000, including interest, of the money in the savings account must be excluded from the resource limits established by section 256D.08, subdivision 1, clause (1). Amounts in that account in excess of \$1,000 must be applied to the resident's cost of care. If excluded money is removed from the savings account by the eligible individual at any time before the individual is discharged from the facility into the community, the money is income to the individual in the month of receipt and a resource in subsequent months. If an eligible individual moves from a community facility to an inpatient hospital setting, the separate savings account is an excluded asset for up to 18 months. During that time, amounts that accumulate in excess of the \$1,000 savings limit must be applied to the patient's cost of care. If the patient continues to be hospitalized at the conclusion of the 18-month period, the entire account must be applied to the patient's cost of care."

The motion prevailed and the amendment was adopted.

S.F. No. 2117, A bill for an act relating to human services; modifying requirements for earned income savings accounts for residents of residential facilities; requiring the signature of a representative of the residential facility before money may be withdrawn; amending Minnesota Statutes 1991 Supplement, section 256D.06, subdivision 1b.

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 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Frederick	Kelso	Ogren	Skoglund
Anderson, I.	Frerichs	Kinkel	Olsen, S.	Smith
Anderson, R.	Garcia	Knickerbocker	Olson, E.	Solberg
Anderson, R. H.	Girard	Koppendrayner	Olson, K.	Sparby
Battaglia	Goodno	Krambeer	Omman	Stanias
Bauerly	Greenfield	Krinkie	Onnen	Steensma
Beard	Gruenes	Krueger	Orenstein	Svigum
Begich	Gutknecht	Lasley	Orfield	Swenson
Bertram	Hanson	Leppik	Osthoff	Thompson
Bettermann	Hartle	Lieder	Ostrom	Tompkins
Bishop	Hasskamp	Limmer	Ozment	Trimble
Blatz	Haukoos	Lourey	Pauly	Tunheim
Bodahl	Hausman	Lynch	Pellow	Uphus
Boo	Heir	Macklin	Pelowski	Valento
Brown	Henry	Mariani	Peterson	Vanasek
Carlson	Hufnagle	Marsh	Pugh	Vellenga
Carruthers	Hugoson	McEachern	Reding	Wagenius
Clark	Jacobs	McGuire	Rest	Waltman
Cooper	Janezich	McPherson	Rice	Weaver
Dauner	Jaros	Milbert	Rodosovich	Wejzman
Davids	Jefferson	Morrison	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.	Schreiber	Spk. Long
Erhardt	Kahn	Newinski	Seaberg	
Farrell	Kalis	O'Connor	Segal	

The bill was passed, as amended, and its title agreed to.

S. F. No. 1900, A bill for an act relating to health; allowing nursing homes to establish review organizations; including quality assurance under medical assistance and Medicare as an activity of a review organization; amending Minnesota Statutes 1991 Supplement, section 145.61, subdivisions 4a and 5.

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 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Bauerly	Bishop	Carlson	Davids
Anderson, I.	Beard	Blatz	Carruthers	Dawkins
Anderson, R.	Begich	Bodahl	Clark	Dempsey
Anderson, R. H.	Bertram	Boo	Cooper	Dille
Battaglia	Bettermann	Brown	Dauner	Dorn

Erhardt	Jefferson	Marsh	Ozment	Steensma
Farrell	Jennings	McEachern	Pauly	Svigum
Frederick	Johnson, A.	McGuire	Pellow	Swenson
Frerichs	Johnson, R.	McPherson	Pelowski	Thompson
Garcia	Johnson, V.	Milbert	Peterson	Tompkins
Girard	Kahn	Morrison	Pugh	Trimble
Goodno	Kalis	Munger	Reding	Tunheim
Greenfield	Kelso	Murphy	Rest	Uphus
Gruenes	Kinkel	Nelson, K.	Rice	Valento
Gutknecht	Knickerbocker	Nelson, S.	Rodosovich	Vanasek
Hanson	Koppendrayner	Newinski	Rukavina	Vellenga
Hartle	Krambeer	O'Connor	Runbeck	Wagenius
Hasskamp	Krinkie	Ogren	Sarna	Waltman
Haukoos	Krueger	Olsen, S.	Schafer	Weaver
Hausman	Lasley	Olson, E.	Schreiber	Wejzman
Heir	Leppik	Olson, K.	Seaberg	Welker
Henry	Lieder	Omann	Segal	Welle
Hufnagle	Limmer	Onnen	Skoglund	Wenzel
Hugoson	Lourey	Orenstein	Smith	Winter
Jacobs	Lynch	Orfield	Solberg	Spk. Long
Janezich	Macklin	Osthoff	Sparby	
Jaros	Mariani	Ostrom	Stanius	

The bill was passed and its title agreed to.

#### REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Welle, for the Committee on Rules and Legislative Administration, offered the following report and moved its adoption:

*Resolved*, that Rule 1.16 of the Permanent Rules of the House of Representatives for the 77th Session be amended to read as follows:

**1.16 TIME LIMIT FOR CONSIDERATION OF BILLS.** If 20 legislative days after a bill has been referred to committee or division (other than a bill in Appropriations) no report has been made upon it by the committee or division, its chief author may request that it be returned to the House and the request shall be entered in the Journal for the day. The committee or division shall have ten calendar days thereafter in which to vote upon the bill requested. If the committee or division fails to vote upon it within the ten days, the chief author may, at any time within five calendar days thereafter, present a written demand to the Speaker for its immediate return to the House. The demand shall be entered in the Journal for that day and shall constitute the demand of the House. The bill shall then be considered to be in the possession of the House, given its second reading and placed at the end of General Orders.

Such bill is subject to re-reference by a majority vote of the whole House. If the motion to re-refer is made on the day of the demand or within one legislative day thereafter, the motion shall take prece-

dence over all other motions except privileged motions and shall be in order at any time.

In regular session in the odd-numbered year after Friday, May 17, 1991, and in the even-numbered year after ~~Monday, March 30 Friday, April 10,~~ 1992, the House shall not act on bills other than those recommended by conference committee reports or the Committee on Rules and Legislative Administration, and those bills contained in messages from the Senate or from the Governor.

Stanis moved to amend the report from the Committee on Rules and Legislative Administration, as follows:

*Resolved*, that rules 3.12 and 5.09 be amended to read as follows:

3.12 AMENDMENTS TO APPROPRIATION AND TAX BILLS. No amendment increasing an appropriation and ~~no amendment increasing a tax~~ shall be declared passed until voted for by a majority of the whole House determined by a roll call vote. ~~No amendment increasing a tax shall be declared passed until voted for by a three-fifths vote of the whole House determined by a roll call vote.~~

5.09 BILLS AFFECTING TAXES. Any bill whether originating in the House or Senate, which substantially affects state tax policy or the administration of state tax policy, after being reported to the House, shall be referred, or re-referred, as the case may be, to the Committee on Taxes for action by that committee. Any standing committee other than the Committee on Taxes to which such a bill is referred shall, in its report, recommend re-referral to the Committee on Taxes. Passage of any bill that increases a tax requires a three-fifths vote of all the members of the House.

A roll call was requested and properly seconded.

The question was taken on the Stanis amendment and the roll was called. There were 57 yeas and 75 nays as follows:

Those who voted in the affirmative were:

Abrams	Dille	Hartle	Knickerbocker	Marsh
Anderson, R.	Erhardt	Hasskamp	Koppendrayner	McPherson
Anderson, R. H.	Frederick	Haukoos	Krambeer	Morrison
Bettermann	Frerichs	Heir	Krinkie	Newinski
Blatz	Girard	Henry	Leppik	Olsen, S.
Boo	Goodno	Hufnagle	Limmer	Omann
Davids	Gruenes	Hugoson	Lynch	Onnen
Dempsey	Gutknecht	Johnson, V.	Macklin	Osthoff

Ozment	Schafer	Stanisus	Uphus	Welker
Pauly	Schreiber	Sviggum	Valento	
Pellow	Seaberg	Swenson	Waltman	
Runbeck	Smith	Tompkins	Weaver	

Those who voted in the negative were:

Anderson, I.	Farrell	Kinkel	Olson, E.	Skoglund
Battaglia	Garcia	Krueger	Olson, K.	Solberg
Bauerly	Greenfield	Lasley	Orenstein	Sparby
Beard	Hanson	Lieder	Orfield	Steensma
Begich	Hausman	Lourey	Ostrom	Thompson
Bertram	Jacobs	Mariani	Pelowski	Trimble
Bodahl	Janezich	McEachern	Peterson	Tunheim
Brown	Jaros	McGuire	Pugh	Vanasek
Carlson	Jefferson	Milbert	Reding	Vellenga
Carruthers	Jennings	Munger	Rest	Wagenius
Clark	Johnson, A.	Murphy	Rice	Wejcman
Cooper	Johnson, R.	Nelson, K.	Rodosovich	Welle
Dauner	Kahn	Nelson, S.	Rukavina	Wenzel
Dawkins	Kalis	O'Connor	Sarna	Winter
Dorn	Kelso	Ogren	Segal	Spk. Long

The motion did not prevail and the amendment was not adopted.

The question recurred on the Welle motion that the report of the Committee on Rules and Legislative Administration be now adopted. The motion prevailed and the report amending the Permanent Rules of the House for the 77th Session was adopted.

### SPECIAL ORDERS

S. F. No. 1298, A bill for an act relating to cooperatives; providing for equal representation on the board from districts or units of certain cooperatives; proposing coding for new law in Minnesota Statutes, chapter 308A.

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 69 yeas and 60 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Brown	Greenfield	Kahn	McEachern
Battaglia	Carlson	Hanson	Kelso	McGuire
Bauerly	Carruthers	Hausman	Krambeer	Milbert
Beard	Clark	Jacobs	Krueger	Morrison
Begich	Cooper	Janezich	Lasley	Murphy
Bishop	Dawkins	Jaros	Lourey	Nelson, K.
Blatz	Dorn	Jefferson	Lynch	Newinski
Bodahl	Farrell	Jennings	Macklin	O'Connor
Boo	Garcia	Johnson, A.	Mariani	Ogren

Orenstein	Rest	Schreiber	Tompkins	Wejeman
Orfield	Rice	Seaberg	Trimble	Welle
Ostrom	Rodosovich	Segal	Valento	Wenzel
Pugh	Rukavina	Skoglund	Vellenga	Spk. Long
Reding	Sarna	Solberg	Wagenius	

Those who voted in the negative were:

Abrams	Goodno	Kalis	Olson, E.	Sparby
Anderson, R.	Gruenes	Kinkel	Olson, K.	Stanius
Anderson, R. H.	Gutknecht	Knickerbocker	Omann	Steensma
Bertram	Hartle	Koppendrayer	Onnen	Sviggum
Bettermann	Hasskamp	Krinkie	Ozment	Swenson
Dauner	Haukoos	Leppik	Pauly	Thompson
Davids	Heir	Lieder	Pellow	Tunheim
Dempsey	Henry	Limmer	Pelowski	Uphus
Dille	Hufnagle	Marsh	Peterson	Waltman
Frederick	Hugoson	McPherson	Runbeck	Weaver
Frerichs	Johnson, R.	Nelson, S.	Schafer	Welker
Girard	Johnson, V.	Olsen, S.	Smith	Winter

The bill was passed and its title agreed to.

S. F. No. 2208, A bill for an act relating to Olmsted county; permitting certain exemptions for the conveyance of certain county property.

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



Valento  
Vellenga  
Wagenius

Waltman  
Weaver  
Wejcmán

Welker  
Welle  
Wenzel

Winter  
Spk. Long

The bill was passed and its title agreed to.

S. F. No. 2182, A bill for an act relating to retirement; Duluth teachers retirement fund association; proposing coding for new law in Minnesota Statutes, chapter 354A; repealing Laws 1985, chapter 259, section 2; and Laws 1990, chapter 570, article 7, section 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 126 yeas and 6 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Frerichs	Krinkie	Stanius
Haukoos	Onnen	Welker

The bill was passed and its title agreed to.

S. F. No. 2514 was reported to the House.

Brown offered an amendment to S. F. No. 2514, the unofficial engrossment.

Olsen, S., requested a division of the Brown amendment to S. F. No. 2514, the unofficial engrossment.

The first portion of the Brown amendment to S. F. No. 2514, the unofficial engrossment, reads as follows:

Page 9, line 10, before "The" insert "(a)"

Page 10, after line 24, insert:

"(b) If the Swift county or Benson hospital is sold or leased to a private organization:

(1) the benefits accrued in the public employees retirement association by persons employed by the hospital immediately before the sale or lease are immediately vested."

A roll call was requested and properly seconded.

The question was taken on the first portion of the Brown amendment and the roll was called. There were 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

Weaver  
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Welker  
Welle

Wenzel  
Winter

Spk. Long

The motion prevailed and the first portion of the Brown amendment was adopted.

The second portion of the Brown amendment to S. F. No. 2514, the unofficial engrossment, as amended, reads as follows:

Page 10, after line 24, after the matter inserted by the first portion of the divided Brown amendment, insert "and

(2) the successor employer shall provide hospital employees who were members of the public employees retirement association immediately before the lease or sale a pension program and benefits comparable to those provided by the public employees retirement association."

A roll call was requested and properly seconded.

The question was taken on the second portion of the Brown amendment and the roll was called. There were 72 yeas and 57 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Garcia	Krueger	Orenstein	Solberg
Anderson, R.	Greenfield	Lasley	Orfield	Steensma
Battaglia	Hanson	Lieder	Osthoff	Trimble
Bauerly	Hasskamp	Lourey	Ostrom	Tunheim
Beard	Hausman	Mariani	Pelowski	Vanasek
Begich	Jacobs	McEachern	Peterson	Vellenga
Bertram	Janezich	McGuire	Pugh	Wagenius
Bodahl	Jaros	Milbert	Reding	Wejman
Brown	Jefferson	Munger	Rest	Welle
Carlson	Johnson, A.	Murphy	Rice	Wenzel
Clark	Johnson, R.	Nelson, K.	Rodosovich	Winter
Cooper	Kahn	Nelson, S.	Rukavina	Spk. Long
Dauner	Kalis	O'Connor	Sarna	
Dawkins	Kelso	Ogren	Segal	
Farrell	Kinkel	Olson, K.	Skoglund	

Those who voted in the negative were:

Abrams	Frederick	Hufnagle	Lynch	Pauly
Anderson, R. H.	Frerichs	Hugoson	Macklin	Pellow
Bettermann	Girard	Jennings	Marsh	Runbeck
Blatz	Goodno	Johnson, V.	McPherson	Schafer
Boo	Gruenes	Knickerbocker	Morrison	Schreiber
Davids	Gutknecht	Koppendraye	Newinski	Seaberg
Dempsey	Hartle	Krambeer	Olsen, S.	Smith
Dille	Haukoos	Krinkie	Omann	Stanisus
Dorn	Heir	Leppik	Onnen	Sviggum
Erhardt	Henry	Limmer	Ozment	Swenson

Thompson  
Tompkins

Uphus  
Valento

Waltman  
Weaver

Welker

The motion prevailed and the second portion of the Brown amendment was adopted.

S. F. No. 2514, A bill for an act relating to the Yellow Medicine county hospital district; providing for hospital board membership and elections; amending Laws 1963, chapter 276, sections 2, subdivision 2, and by adding subdivisions; and 4.

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

The question was taken on the passage of the bill and the roll was called. There were 124 yeas and 5 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Anderson, R. H.	Pellow	Runbeck	Seaberg	Stanius
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The bill was passed, as amended, and its title agreed to.

There being no objection, the order of business reverted to Messages from the Senate.

**MESSAGES FROM THE SENATE**

The following message was received from the Senate:

Madam Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 2337.

PATRICK E. FLAHAVEN, Secretary of the Senate

**FIRST READING OF SENATE BILLS**

S. F. No. 2337, A bill for an act relating to human services; providing for medical assistance coverage of home health services delivered in a facility under certain circumstances; providing for medical assistance coverage of personal care services provided outside the home when authorized by the responsible party; allowing foster care providers to deliver personal care services if monitored; defining responsible party; allowing recipients to request continuation of services at a previously authorized level while an appeal is pending; requiring cost effectiveness of services to be considered; amending Minnesota Statutes 1991 Supplement, sections 256B.0625, subdivisions 6a and 19a; and 256B.0627, subdivisions 1, 4, 5, and 6.

The bill was read for the first time.

**SUSPENSION OF RULES**

Pursuant to Article IV, Section 19, of the Constitution of the state of Minnesota, Greenfield moved that the rule therein be suspended and an urgency be declared so that S. F. No. 2337 be given its second and third readings and be placed upon its final passage. The motion prevailed.

Greenfield moved that the Rules of the House be so far suspended that S. F. No. 2337 be given its second and third readings and be placed upon its final passage. The motion prevailed.

S. F. No. 2337 was read for the second time.

S. F. No. 2337, A bill for an act relating to human services; providing for medical assistance coverage of home health services

delivered in a facility under certain circumstances; providing for medical assistance coverage of personal care services provided outside the home when authorized by the responsible party; allowing foster care providers to deliver personal care services if monitored; defining responsible party; allowing recipients to request continuation of services at a previously authorized level while an appeal is pending; requiring cost effectiveness of services to be considered; amending Minnesota Statutes 1991 Supplement, sections 256B.0625, subdivisions 6a and 19a; and 256B.0627, subdivisions 1, 4, 5, and 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 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

## SPECIAL ORDERS

S. F. No. 2421 was reported to the House.

Anderson, I., moved to amend S. F. No. 2421, as follows:

Delete everything after the enacting clause and insert:

**"Section 1. [SPECIAL EXTENSION OF TIMBER PERMITS.]**

Timber permits issued before June 1, 1990, under Minnesota Statutes, section 90.121 or timber permits issued before June 1, 1988, under Minnesota Statutes, section 90.151, or timber permits issued before June 1, 1991, under section 90.191, will be extended until June 1, 1994, if all regular extensions provided in Minnesota Statutes, section 90.121, 90.151, or 90.191, have been used. Extensions under this section shall be without interest and any timber cut during the period of this extension or remaining uncut at the expiration of this extension shall be billed for at the stumpage rates of the original sale. Any extensions under Minnesota Statutes, section 90.193 between December 1, 1991, and the effective date of this section, due to a lack of suitable winter logging conditions, shall be granted without interest and any timber cut during the period of this extension or remaining uncut at the expiration of this extension shall be billed for at the stumpage rates of the original sale.

**Sec. 2. [EFFECTIVE DATE.]**

Section 1 is effective upon final enactment and expires May 31, 1994."

The motion prevailed and the amendment was adopted.

Solberg and Anderson, I., moved to amend S. F. No. 2421, as amended, as follows:

Page 1, after line 21, after the period, delete lines 22 to 24 and insert:

**"Sec. 2. [CAMP 97 CREEK, GOLD MINE, AND CRANE LAKE TOWER IMPOUNDMENTS.]**

Subdivision 1. [AGREEMENT; PURPOSE.] In accordance with Minnesota Statutes, section 103G.545, the commissioner of natural resources may enter into a cooperative agreement with the United States Forest Service to construct and maintain a dam and control structure across, and thereby alter the natural water level and volume of flowage of, the following waters in St. Louis county:

(1) Camp 97 Creek in the Southwest Quarter of the Southwest Quarter of Section 33, Township 66 North, Range 16 West;

(2) an unnamed tributary of the Vermilion river in the Southeast

Quarter of the Southeast Quarter of Section 11, Township 66 North, Range 18 West; and

(3) an unnamed flowage in the Northwest Quarter of the Northeast Quarter of Section 33, Township 67 North, Range 17 West.

The purpose of these projects, to be known as the Camp 97 Creek Impoundment, the Gold Mine Impoundment, and the Crane Lake Tower Impoundment, respectively, is to create and maintain permanent impoundments for the benefit of wildlife, recreation, and other public purposes.

Subd. 2. [AUTHORIZATION.] No alteration of the course, current, or cross-section of any of the waters described in subdivision 1 or any other public waters, and no filling or draining of wetlands, may be accomplished until any authorizations required for these activities under Minnesota Statutes, sections 103G.222, 103G.2369, and 103G.245, have been obtained.

Subd. 3. [EASEMENT.] Lands owned by the state may not be flooded or otherwise affected by flooding resulting from the projects described in subdivision 1 until an easement, lease, license, or permit for this purpose is obtained from the commissioner of natural resources. The commissioner may grant any necessary easements, leases, licenses, or permits.

Sec. 3. Minnesota Statutes 1990, section 94.344, subdivision 3, is amended to read:

Subd. 3. (a) Except as otherwise provided, Class B land may be exchanged only for land of substantially equal value or greater value to the state, as determined by the county board, with the approval of the commissioner and the land exchange board. For an exchange involving Class B land for Class A or Class C land, the value of the lands shall be determined by the commissioner, with approval of the land exchange board. For purposes of the determination, the commissioner shall appraise the state and tax-forfeited land proposed to be exchanged in the same manner as Class A land. For all other purposes, the county board shall appraise the state land and the land in the proposed exchange in the same manner as tax-forfeited land to be offered for sale. The appraised values shall not be conclusive, but shall be taken into consideration, together with such other matters as may be deemed material, in determining the values for the purposes of exchange.

(b) For the purposes of this subdivision, "substantially equal value" means:

(1) where the lands being exchanged are both over 100 acres, their values do not differ by more than ten percent; and



(2) in other cases, the values of the exchanged lands do not differ by more than 20 percent.

Sec. 4. [EFFECTIVE DATE.]

This act is effective the day following final enactment. Section 1 shall expire May 31, 1994."

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 2421, A bill for an act relating to natural resources; extending the term of certain timber permits.

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 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed, as amended, and its title agreed to.

S. F. No. 2308, A bill for an act relating to state lands; authorizing

public sale of certain tax-forfeited land that borders public water in Kandiyohi county.

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

The bill was passed and its title agreed to.

H. F. No. 2435 was reported to the House.

Haukoos, Seaberg, Limmer, Sviggum, Bettermann and Koppendraye offered an amendment to H. F. No. 2435.

#### POINT OF ORDER

Trimble raised a point of order pursuant to rule 3.09 that the Haukoos et al amendment was not in order. The Speaker ruled the point of order well taken and the amendment out of order.

H. F. No. 2435, A bill for an act relating to the department of

employee relations; public employment; removing a committee's expiration date; modifying retirement program options; expanding a bidding requirement exemption; amending Minnesota Statutes 1990, section 43A.316, subdivisions 4, 6, and 10; Minnesota Statutes 1991 Supplement, section 43A.316, subdivision 8; repealing Laws 1990, chapter 589, article 2, section 3.

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

The question was taken on the passage of the bill and the roll was called. There were 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

H. F. No. 2476 was reported to the House.

Reding moved that H. F. No. 2476 be returned to General Orders. The motion prevailed.

H. F. No. 2749, A bill for an act relating to telecommunications; authorizing the telecommunications access for communication-impaired persons' board to advance money to contractors under certain conditions; prescribing the terms and compensation of board mem-

bers; amending Minnesota Statutes 1990, sections 237.51, subdivision 3; and 237.52, subdivision 5.

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

The bill was passed and its title agreed to.

H. F. No. 419 was reported to the House.

Johnson, R.; Knickerbocker and Reding moved to amend H. F. No. 419, the first engrossment, as follows:

Page 3, line 1, delete “use the board’s actuary” and insert “retain actuarial services”

Page 3, line 4, delete “each applicant”

Page 3, line 5, delete “as an application fee” and insert “to each insurance company selected”

Page 3, line 8, delete "rules and" and after "out" insert "the selection process in this paragraph. After vendors have been selected, the executive director of the state board of investment shall establish rules and procedures to carry out"

The motion prevailed and the amendment was adopted.

H. F. No. 419 was read for the third time, as amended.

Johnson, R., moved that H. F. No. 419, as amended, be temporarily laid over on Special Orders. The motion prevailed.

H. F. No. 2709 was reported to the House.

Johnson, A.; Jacobs; Runbeck and O'Connor moved to amend H. F. No. 2709, the first engrossment, as follows:

Page 5, after line 6, insert a section to read:

"Sec. 7. [NATIONAL SPORTS CENTER; SALES OF ALCOHOLIC BEVERAGES.]

The Blaine city council may by ordinance authorize a holder of a retail on-sale intoxicating liquor license issued by the city or a contiguous city to dispense alcoholic beverages at the National Sports Center to persons attending a social event at the center. The licensee must be engaged to dispense alcoholic beverages at a social event held by a person or organization permitted to use the National Sports Center. Nothing in this section authorizes a licensee to dispense alcoholic beverages at any amateur athletic event held at the center."

Renumber the remaining sections

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Janezich, Osthoff and Jacobs moved to amend H. F. No. 2709, the first engrossment, as amended, as follows:

Page 4, after line 18, insert:

"Sec. 5. [DULUTH UNUSED LICENSE.]

Any unused liquor license in the city of Duluth, if unused for a period of two years, shall revert to the city of Duluth."

Page 5, line 8, delete "6" and insert "7"

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

H. F. No. 2709, A bill for an act relating to alcoholic beverages; exempting liquor investigation vehicles from taxes and registration fees; defining certain terms; clarifying certain language; authorizing issuance of certain liquor licenses and operation of a liquor store; reversion of certain unused liquor licenses; amending Minnesota Statutes 1990, sections 168.012, subdivision 1; 340A.101, subdivision 15; and 340A.602.

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

The question was taken on the passage of the bill and the roll was called. There were 129 yeas and 3 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

McEachern

Murphy

Onnen

The bill was passed, as amended, and its title agreed to.

H. F. No. 419, as amended, which was temporarily laid over earlier today on Special Orders was again reported to the House.

H. F. No. 419, A bill for an act relating to retirement; public employee retirement savings programs; authorizing an employer matching contribution to certain tax sheltered annuity contracts; amending Minnesota Statutes 1990, section 356.24.

The bill, as amended, was placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed, as amended, and its title agreed to.

H. F. No. 2756, A bill for an act relating to the city of Virginia;

authorizing annual increases in survivor benefits payable by the Virginia firefighters relief association.

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	Frerichs	Kinkel	Olsen, S.	Solberg
Anderson, I.	Garcia	Knickerbocker	Olson, E.	Sparby
Anderson, R.	Girard	Koppendrayner	Olson, K.	Stanis
Anderson, R. H.	Goodno	Krambeer	Omann	Steensma
Battaglia	Greenfield	Krinkie	Onnen	Sviggun
Bauerly	Gruenes	Krueger	Orenstein	Swenson
Beard	Gutknecht	Lasley	Orfield	Thompson
Begich	Hanson	Leppik	Osthoff	Tompkins
Bertram	Hartle	Lieder	Ozment	Trimble
Bettermann	Hasskamp	Limmer	Pauly	Tunheim
Bishop	Haukoos	Lourey	Pellow	Uphus
Blatz	Hausman	Lynch	Pelowski	Valento
Bodahl	Heir	Macklin	Peterson	Vanasek
Boo	Henry	Mariani	Pugh	Vellenga
Carlson	Hufnagle	Marsh	Reding	Wagenius
Carruthers	Hugoson	McEachern	Rest	Waltman
Clark	Jacobs	McGuire	Rice	Weaver
Cooper	Janezich	McPherson	Rodosovich	Wejcman
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.	Schreiber	Spk. Long
Dorn	Johnson, V.	Nelson, S.	Seaberg	
Erhardt	Kahn	Newinski	Segal	
Farrell	Kalis	O'Connor	Skoglund	
Frederick	Kelso	Ogren	Smith	

The bill was passed and its title agreed to.

Welle moved that the remaining bills on Special Orders for today be continued. The motion prevailed.

## GENERAL ORDERS

Welle moved that the bills on General Orders for today be continued. The motion prevailed.

## MOTIONS AND RESOLUTIONS

Winter moved that the name of Brown be shown as chief author on H. F. No. 2633. The motion prevailed.



Greenfield moved that S. F. No. 2177 be recalled from the Committee on Judiciary and together with H. F. No. 2695, now on Technical General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

Trimble moved that H. F. No. 2508 be returned to its author. The motion prevailed.

#### ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1948:

Carruthers, Skoglund and Dempsey.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 1399:

Jacobs, O'Connor and Boo.

#### ADJOURNMENT

Welle moved that when the House adjourns today it adjourn until 1:00 p.m., Tuesday, March 31, 1992. The motion prevailed.

Welle moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 1:00 p.m., Tuesday, March 31, 1992.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

