

STATE OF MINNESOTA
SEVENTY-EIGHTH SESSION -- 1993

SIXTY-FIRST DAY

SAINT PAUL, MINNESOTA, MONDAY, MAY 17, 1993

The House of Representatives convened at 9:00 a.m. and was called to order by Dee Long, Speaker of the House.

Prayer was offered by the Reverend Dr. Donald M. Meisel, House Chaplain.

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

The roll was called and the following members were present:

Abrams	Dauner	Haukoos	Koppendraye	Mosel	Perlt	Swenson
Anderson, I.	Davids	Hausman	Krinkie	Munger	Peterson	Tomassoni
Anderson, R.	Dawkins	Holsten	Krueger	Murphy	Pugh	Tompkins
Asch	Dehler	Hugoson	Lasley	Neary	Reding	Trimble
Battaglia	Delmont	Huntley	Leppik	Nelson	Rest	Tunheim
Bauerly	Dempsey	Jacobs	Lieder	Ness	Rhodes	Van Dellen
Beard	Dorn	Jaros	Limmer	Olson, E.	Rice	Vellenga
Bergson	Erhardt	Jefferson	Lindner	Olson, K.	Rodosovich	Vickerman
Bertram	Evans	Jennings	Lourey	Olson, M.	Rukavina	Wagenius
Bettermann	Farrell	Johnson, A.	Luther	Onnen	Sarna	Waltman
Bishop	Frerichs	Johnson, R.	Lynch	Opatz	Seagren	Weaver
Blatz	Garcia	Johnson, V.	Macklin	Orenstein	Sekhon	Wejcmán
Brown, C.	Girard	Kahn	Mahon	Orfield	Simoneau	Welle
Brown, K.	Goodno	Kalis	Mariani	Osthoff	Skoglund	Wenzel
Carlson	Greenfield	Kelley	McCollum	Ostrom	Smith	Winter
Carruthers	Greiling	Kelso	McGuire	Ozment	Solberg	Wolf
Clark	Gruenes	Kinkel	Milbert	Pauly	Stanius	Worke
Commers	Gutknecht	Klinzing	Molnau	Pawlenty	Steensma	Workman
Cooper	Hasskamp	Knickerbocker	Morrison	Pelowski	Sviggum	Spk. Long

A quorum was present.

Sparby was excused until 6:30 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Rice moved that further reading of the Journal be dispensed with and that the Journal be approved as corrected by the Chief Clerk. The motion prevailed.

PETITIONS AND COMMUNICATIONS

The following communications were received:

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 13, 1993

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. 648, relating to counties; permitting Itasca and Polk counties to consolidate the offices of auditor and treasurer.

H. F. No. 1018, relating to limited liability companies; requiring biennial registration.

H. F. No. 622, relating to metropolitan government; providing long-term protection of agricultural land in the metropolitan area.

Warmest regards,

ARNE H. CARLSON
Governor

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 13, 1993

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. 874, relating to traffic regulations; authorizing cities of the second class to establish programs for citizen enforcement of laws governing parking spaces for persons with disabilities.

H. F. No. 1408, relating to agriculture; redefining terms in the plant pest act; exempting certain nonprofit organizations from the requirement for a nursery stock dealer certificate.

H. F. No. 168, relating to state government; authorizing state agencies to enter into contracts with regional organizations.

H. F. No. 854, relating to drivers' licenses; clarifying requirement of endorsement for special transportation service drivers within the metropolitan area; abolishing examination requirement and certain fees for special transportation service drivers.

H. F. No. 882, relating to outdoor recreation; creating the Lake Superior water trail.

H. F. No. 974, relating to the capitol area architectural and planning board; clarifying certain duties and powers of the board.

H. F. No. 185, relating to utilities; prohibiting state permits for construction of certain hydropower facilities on the bluffs of the Mississippi river.

H. F. No. 951, relating to the city of Duluth; authorizing the transfer of money from the gas division account in the public utility fund to the general fund.

Warmest regards,

ARNE H. CARLSON
Governor

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 14, 1993

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. 1169, relating to metropolitan government; requiring the transit commission to obtain consent to use parkways.

H. F. No. 498, relating to St. Louis county; solid waste management; clarifying St. Louis county contracting authority to include management operations; modifying contracting procedure.

H. F. No. 259, relating to local government; providing for the publication of certain accounts and delinquent property tax information.

H. F. No. 732, relating to law enforcement; exempting law enforcement agencies from the requirements of the criminal offender rehabilitation employment law; requiring disclosure of conviction during peace officer licensing process even after pardon extraordinary has been granted.

H. F. No. 55, relating to retirement; authorizing a benefit increase for certain retired police officers, firefighters, and surviving spouses in the city of Eveleth.

H. F. No. 1454, relating to the city of Hutchinson; permitting the city to erect certain signs.

H. F. No. 962, relating to metropolitan government; requiring a classroom noise study.

H. F. No. 889, relating to economic development; clarifying provisions relating to the department of trade and economic development; clarifying the duties of the commissioner; providing certain duties for the rural development board and Minnesota Technology, Inc.

H. F. No. 1579, relating to public finance; changing procedures for allocating bonding authority.

H. F. No. 1058, relating to landlord and tenant; modifying action to recover leased premises; providing for actions for destruction of leased residential rental property; allowing expedited proceedings.

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 Allan H. Spear
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1993 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 1993</i>	<i>Date Filed 1993</i>
	648	127	2:50 p.m. May 13	May 13
550		129	3:02 p.m. May 13	May 13
	874	130	2:56 p.m. May 13	May 13
	1018	131	2:52 p.m. May 13	May 13
1199		132	3:04 p.m. May 13	May 13
911		136	2:54 p.m. May 13	May 13
181		137	2:59 p.m. May 13	May 13
	1408	138	2:58 p.m. May 13	May 13
	168	139	2:54 p.m. May 13	May 13
	622	141	2:50 p.m. May 13	May 13
	854	142	2:55 p.m. May 13	May 13
	882	143	2:57 p.m. May 13	May 13
	974	144	2:58 p.m. May 13	May 13
1503		146	5:08 p.m. May 13	May 13
	185	147	2:56 p.m. May 13	May 13
	951	148	2:57 p.m. May 13	May 13
629		149	10:40 a.m. May 14	May 14
470		150	3:01 p.m. May 13	May 13
403		151	3:01 p.m. May 13	May 13
741		152	9:07 a.m. May 14	May 14
	1169	154	9:10 a.m. May 14	May 14
	498	157	9:08 a.m. May 14	May 14
	259	158	9:09 a.m. May 14	May 14
	732	159	9:08 a.m. May 14	May 14
	55	160	9:08 a.m. May 14	May 14
	1454	161	9:11 a.m. May 14	May 14
	962	162	9:09 a.m. May 14	May 14
	889	163	9:09 a.m. May 14	May 14

<i>S.F. No.</i>	<i>H.F. No.</i>	<i>Session Laws Chapter No.</i>	<i>Time and Date Approved 1993</i>	<i>Date Filed 1993</i>
	1579	164	9:12 a.m. May 14	May 14
	1058	165	9:10 a.m. May 14	May 14
253		168	9:05 a.m. May 14	May 14
1097		169	9:08 a.m. May 14	May 14
674		170	9:07 a.m. May 14	May 14
1570 *		172	5:25 p.m. May 13	May 13
386		166	9:06 a.m. May 14	May 14

Sincerely,

JOAN ANDERSON GROWE
Secretary of State

[NOTE: * Indicates line-item veto.]

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Orfield and Kelley introduced:

H. F. No. 1791, A bill for an act relating to commerce; consumer rights; giving the attorney general certain investigatory and enforcement powers under the human rights act; requiring the attorney general to provide prosecution assistance to certain counties; prohibiting certain commercial telephone solicitations; requiring the commissioner of human rights to adopt rules for marketing public housing; applying the cold weather rule to propane users; requiring a study on protections for natural gas users; prescribing penalties; amending Minnesota Statutes 1992, sections 8.15; 8.31, subdivisions 1, 3, 3a, and by adding a subdivision; 216B.01; 363.032; 363.06, subdivision 1; 363.061, by adding a subdivision; 363.121; and 363.14, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 216B; 325G; and 363.

The bill was read for the first time and referred to the Committee on Commerce and Economic Development.

Wejman, McGuire, Mosel and Swenson introduced:

H. F. No. 1792, A bill for an act relating to family; adopting the uniform interstate family support act; repealing the revised uniform reciprocal enforcement of support act; proposing coding for new law in Minnesota Statutes, chapter 518C; repealing Minnesota Statutes 1992, sections 518C.01 to 518C.36.

The bill was read for the first time and referred to the Committee on Judiciary.

Orfield and Weaver introduced:

H. F. No. 1793, A bill for an act relating to administrative procedure; providing procedures for the adoption and review of administrative rules and the determination of administrative disputes; providing for publication of administrative rules and disposition of administrative appeals; enacting the model administrative procedure act;

proposing coding for new law as Minnesota Statutes, chapter 14A; repealing Minnesota Statutes 1992, sections 3.841 to 3.845; and 14.001 to 14.69.

The bill was read for the first time and referred to the Committee on Governmental Operations and Gambling.

Macklin, Skoglund, Pugh, Pawlenty and Orenstein introduced:

H. F. No. 1794, A bill for an act relating to community property; enacting the uniform disposition of community property rights at death act; proposing coding for new law as Minnesota Statutes, chapter 526A.

The bill was read for the first time and referred to the Committee on Judiciary.

Macklin, Pugh, Blatz, Skoglund and Orenstein introduced:

H. F. No. 1795, A bill for an act relating to partnerships; enacting the uniform partnership act; proposing coding for new law as Minnesota Statutes, chapter 323A; repealing Minnesota Statutes 1992, sections 323.01; 323.02; 323.03; 323.04; 323.05; 323.06; 323.07; 323.08; 323.09; 323.10; 323.11; 323.12; 323.13; 323.14; 323.15; 323.16; 323.17; 323.18; 323.19; 323.20; 323.21; 323.22; 323.23; 323.24; 323.25; 323.26; 323.27; 323.28; 323.29; 323.30; 323.31; 323.32; 323.33; 323.34; 323.35; 323.36; 323.37; 323.38; 323.39; 323.40; 323.41; 323.42; and 323.43.

The bill was read for the first time and referred to the Committee on Judiciary.

Swenson introduced:

H. F. No. 1796, A bill for an act relating to human services; providing for a pilot project for culturally oriented group residences for young Mexican, Chicano, and Latino women with children; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 256F.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Frerichs, Jacobs and Jennings introduced:

H. F. No. 1797, A bill for an act relating to utilities; requiring municipality to petition public utilities commission before it may furnish electric service while eminent domain proceedings are pending to acquire electric utility; amending Minnesota Statutes 1992, section 216B.47.

The bill was read for the first time and referred to the Committee on Regulated Industries and Energy.

Olson, M., and Ozment introduced:

H. F. No. 1798, A bill for an act relating to education; approving a maximum effort school loan program capital loan; authorizing state bonds; appropriating money.

The bill was read for the first time and referred to the Committee on Education.

McGuire, Carruthers, Macklin and Skoglund introduced:

H. F. No. 1799, A bill for an act relating to collection and dissemination of data; enacting the uniform information practices code; repealing the government data practices act; prescribing penalties; proposing coding for new law as Minnesota Statutes, chapter 13C; repealing Minnesota Statutes 1992, sections 13.01; 13.02; 13.03; 13.04; 13.05; 13.06; 13.07; 13.08; 13.09; 13.10; 13.30; 13.31; 13.32; 13.33; 13.34; 13.35; 13.36; 13.37; 13.38; 13.39; 13.40; 13.41; 13.42; 13.43; 13.44; 13.45; 13.46; 13.47; 13.48; 13.50; 13.51; 13.511; 13.52; 13.521; 13.53; 13.531; 13.54; 13.55; 13.551; 13.552; 13.56; 13.57; 13.59; 13.60; 13.61; 13.62; 13.64; 13.642; 13.643; 13.644; 13.645; 13.65; 13.66; 13.67; 13.671; 13.68; 13.69; 13.691; 13.692; 13.71; 13.72; 13.74; 13.75; 13.76; 13.761; 13.77; 13.771; 13.78; 13.79; 13.791; 13.792; 13.793; 13.794; 13.80; 13.82; 13.83; 13.84; 13.85; 13.86; 13.87; 13.88; 13.89; 13.90; and 13.99.

The bill was read for the first time and referred to the Committee on Judiciary.

McGuire, Carruthers, Macklin and Skoglund introduced:

H. F. No. 1800, A bill for an act relating to health care information; providing conditions for the disclosure of health care information; enacting the Uniform Health Care Information Act; providing penalties; proposing coding for new law as Minnesota Statutes, chapter 143.

The bill was read for the first time and referred to the Committee on Health and Human Services.

McGuire, Macklin and Skoglund introduced:

H. F. No. 1801, A bill for an act relating to collection and dissemination of data; enacting the uniform criminal history records act; prescribing penalties; amending Minnesota Statutes 1992, section 13.82, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 13D; repealing Minnesota Statutes 1992, section 13.87.

The bill was read for the first time and referred to the Committee on Judiciary.

REPORTS FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Anderson, I., for the Committee on Rules and Legislative Administration, offered the following report and moved its adoption:

Be It Resolved by the House of Representatives that, while it is adjourned until 1994, it retains parking lots B, C, and D, and the state office building parking ramp, for the use of members and employees of the House of Representatives.

Be It Further Resolved that the Sergeant at Arms is directed to manage the lots and ramp while the House of Representatives is adjourned.

The motion prevailed and the report was adopted.

Anderson, I., for the Committee on Rules and Legislative Administration, offered the following report and moved its adoption:

Be It Resolved by the House of Representatives that, while it is adjourned until 1994, the Chief Clerk under the direction of the Speaker shall maintain House facilities in the Capitol. The House Chamber, retiring room, hearing and conference rooms, and offices shall be set up and made ready for legislative use and reserved for the House and its committees. Those rooms may be reserved for uses by others that are not in conflict with the House's use.

The House Chamber, retiring room, and hearing room may be used by the Territorial Pioneers, YMCA Youth in Government, Girls' State, Young Leaders Organization, National Forensics League, and 4-H Leadership Conference.

The motion prevailed and the report was adopted.

Anderson, I., for the Committee on Rules and Legislative Administration, offered the following report and moved its adoption:

Be It Resolved by the House of Representatives that the Chief Clerk is directed to correct and approve the Journal of the House for May 17, 1993.

Be It Further Resolved that the Chief Clerk is authorized to include in the Journal for May 17, 1993, any proceedings including subsequent proceedings and any legislative interim committees or commissions created or appointments made to them by legislative action or by law.

The motion prevailed and the report was adopted.

There being no objection, the order of business advanced to Motions and Resolutions.

MOTIONS AND RESOLUTIONS

Anderson, I., and Long introduced:

House Concurrent Resolution No. 3, A house concurrent resolution relating to adjournment of the House of Representatives and Senate until 1994.

SUSPENSION OF RULES

Anderson, I., moved that the rules be so far suspended that House Concurrent Resolution No. 3 be now considered and be placed upon its adoption. The motion prevailed.

HOUSE CONCURRENT RESOLUTION NO. 3

A house concurrent resolution relating to adjournment of the House of Representatives and Senate until 1994.

Be It Resolved, by the House of Representatives of the State of Minnesota, the Senate concurring:

(1) Upon their adjournments on May 17, 1993, the House of Representatives may set its next day of meeting for February 22, 1994, at 12:00 noon and the Senate may set its next day of meeting for February 22, 1994, at 12:00 noon.

(2) By the adoption of this resolution, each house consents to adjournment of the other house for more than three days.

Anderson, I., moved that House Concurrent Resolution No. 3 be now adopted. The motion prevailed and House Concurrent Resolution No. 3 was adopted.

Anderson, I., moved that when the House adjourns today it adjourn until 12:00 noon, Tuesday, February 22, 1994. The motion prevailed.

There being no objection, the order of business reverted to Messages from the Senate.

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 File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1311, A bill for an act relating to local government; providing for the continuation of the Mississippi River parkway commission; amending Minnesota Statutes 1992, section 161.1419, subdivision 8.

PATRICK E. FLAHAVEN, Secretary of the Senate

Trimble moved that the House refuse to concur in the Senate amendments to H. F. No. 1311, 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 that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 694.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 694

A bill for an act relating to driving while intoxicated; increasing driver's license revocation periods and restricting issuance of limited licenses to persons convicted of DWI, to comply with federal standards; increasing penalties for driving while intoxicated with a child under 16 in the vehicle; modifying bond provisions; establishing misdemeanor offense of operating a motor vehicle by a minor with alcohol concentration greater than 0.02; providing for implied consent to test minor's blood, breath, or urine and making refusal to take test a crime; amending Minnesota Statutes 1992, sections 168.042, subdivision 2; 169.121, subdivisions 1, 2, 3, 4, 6, 8, 10a, and by adding a subdivision; 169.1217, subdivisions 1 and 4; 169.123, subdivisions 2, 4, 5a, 6, 10, and by adding a subdivision; 169.129; 171.30, subdivision 2a; 171.305, subdivision 2; and 609.21; proposing coding for new law in Minnesota Statutes, chapter 169.

May 15, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 694, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S. F. No. 694 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [152.0271] [NOTICE TO COMMISSIONER OF PUBLIC SAFETY OF CERTAIN DRUG CONVICTIONS; DRIVER'S LICENSE REVOCATION.]

When a person is convicted of violating a provision of sections 152.021 to 152.027, the sentencing court shall determine whether the person unlawfully sold or possessed the controlled substance while driving a motor vehicle. If so, the court shall notify the commissioner of public safety of its determination and order the commissioner to revoke the person's driver's license for 30 days. If the person does not have a driver's license or if the person's driver's license is suspended or revoked at the time of the conviction, the commissioner shall delay the issuance or reinstatement of the person's driver's license for 30 days after the person applies for the issuance or reinstatement of the license. Upon receipt of the court's order, the commissioner is authorized to take the licensing action without a hearing.

Sec. 2. Minnesota Statutes 1992, section 168.042, subdivision 2, is amended to read:

Subd. 2. [VIOLATION; ISSUANCE OF IMPOUNDMENT ORDER.] The commissioner shall issue a registration plate impoundment order when:

(1) a person's driver's license or driving privileges are revoked for a third violation, as defined in subdivision 1, paragraph (c), clause (1), within five years or a fourth or subsequent violation, as defined in subdivision 1, paragraph (c), clause (1), within 15 years; or

(2) a person's driver's license or driving privileges are revoked for a violation of section 169.121, subdivision 3, paragraph (c), clause (4), within five years of one previous violation or within 15 years of two or more previous violations, as defined in subdivision 1, paragraph (c), clause (1); or

(3) a person is arrested for or charged with a violation described in subdivision 1, paragraph (c), clause (2) or (3).

The order shall require the impoundment of the registration plates of the vehicle involved in the violation and all vehicles owned by, registered, or leased in the name of the violator, including vehicles registered jointly or leased in the name of the violator and another. An impoundment order shall not be issued for the registration plates of a rental vehicle as defined in section 168.041, subdivision 10, or a vehicle registered in another state.

Sec. 3. Minnesota Statutes 1992, section 169.121, is amended by adding a subdivision to read:

Subd. 1c. [CONDITIONAL RELEASE.] A person charged with violating subdivision 1 within ten years of the first of three prior impaired driving convictions or within the person's lifetime after four or more prior impaired driving convictions may be released from detention only upon the following conditions unless maximum bail is imposed:

(1) the impoundment of the registration plates of the vehicle used to commit the violation occurred, unless already impounded;

(2) a requirement that the alleged violator report weekly to a probation agent;

(3) a requirement that the alleged violator abstain from consumption of alcohol and controlled substances and submit to random, weekly alcohol tests or urine analyses; and

(4) a requirement that, if convicted, the alleged violator reimburse the court or county for the total cost of these services.

Sec. 4. Minnesota Statutes 1992, section 169.121, subdivision 2, is amended to read:

Subd. 2. [EVIDENCE.] Upon the trial of any prosecution arising out of acts alleged to have been committed by any person arrested for driving, operating, or being in physical control of a motor vehicle in violation of subdivision 1, the court may admit evidence of the amount of alcohol or a controlled substance in the person's blood, breath, or urine as shown by an analysis of those items.

For the purposes of this subdivision:

~~(a) evidence that there was at the time an alcohol concentration of 0.05 or less is prima facie evidence that the person was not under the influence of alcohol;~~

~~(b) evidence that there was at the time an alcohol concentration of more than 0.05 and less than 0.10~~ 0.04 or more is relevant evidence in indicating whether or not the person was under the influence of alcohol.

Evidence of the refusal to take a test is admissible into evidence in a prosecution under this section or an ordinance in conformity with it.

If proven by a preponderance of the evidence, it shall be an affirmative defense to a violation of subdivision 1, clause (e), that the defendant consumed a sufficient quantity of alcohol after the time of actual driving, operating, or physical control of a motor vehicle and before the administration of the evidentiary test to cause the defendant's alcohol concentration to exceed 0.10. Provided, that this evidence may not be admitted unless notice is given to the prosecution prior to the omnibus or pretrial hearing in the matter.

The foregoing provisions do not limit the introduction of any other competent evidence bearing upon the question whether or not the person violated this section, including tests obtained more than two hours after the alleged violation and results obtained from partial tests on an infrared breath-testing instrument. A result from a partial test is the measurement obtained by analyzing one adequate breath sample, as defined in section 169.123, subdivision 2b, paragraph (b).

Sec. 5. Minnesota Statutes 1992, section 169.121, subdivision 3, is amended to read:

Subd. 3. [CRIMINAL PENALTIES.] (a) As used in this subdivision:

(1) "prior impaired driving conviction" means a prior conviction under this section; section 84.91, subdivision 1, paragraph (a); 86B.331, subdivision 1, paragraph (a); 169.129; 360.0752; 609.21, subdivision 1, clauses (2) to (4); 609.21, subdivision 2, clauses (2) to (4); 609.21, subdivision 2a, clauses (2) to (4); 609.21, subdivision 3, clauses (2) to (4); 609.21, subdivision 4, clauses (2) to (4); or an ordinance from this state, or a statute or ordinance from another state in conformity with any of them. A prior impaired driving conviction also includes a prior juvenile adjudication that would have been a prior impaired driving conviction if committed by an adult; and

(2) "prior license revocation" means a driver's license suspension, revocation, or cancellation under this section; section 169.123; 171.04; 171.14; 171.16; 171.17; or 171.18 because of an alcohol-related incident; 609.21, subdivision 1, clauses (2) to (4); 609.21, subdivision 2, clauses (2) to (4); 609.21, subdivision 2a, clauses (2) to (4); 609.21, subdivision 3, clauses (2) to (4); or 609.21, subdivision 4, clauses (2) to (4).

(b) A person who violates subdivision 1 or 1a, or an ordinance in conformity with either of them, is guilty of a misdemeanor.

(c) A person is guilty of a gross misdemeanor under any of the following circumstances:

(1) the person violates subdivision 1 within five years of a prior impaired driving conviction, or within ten years of the first of two or more prior impaired driving convictions;

(2) the person violates subdivision 1a within five years of a prior license revocation, or within ten years of the first of two or more prior license revocations; ~~or~~

(3) the person violates section 169.26 while in violation of subdivision 1; or

(4) the person violates subdivision 1 while a child under the age of 16 is in the vehicle, if the child is more than 36 months younger than the violator.

(d) The attorney in the jurisdiction in which the violation occurred who is responsible for prosecution of misdemeanor violations of this section shall also be responsible for prosecution of gross misdemeanor violations of this section.

When an attorney responsible for prosecuting gross misdemeanors under this section requests criminal history information relating to prior impaired driving convictions from a court, the court must furnish the information without charge.

Sec. 6. Minnesota Statutes 1992, section 169.121, subdivision 4, is amended to read:

Subd. 4. [ADMINISTRATIVE PENALTIES.] (a) The commissioner of public safety shall revoke the driver's license of a person convicted of violating this section or an ordinance in conformity with it as follows:

(1) first offense under subdivision 1: not less than 30 days;

(2) first offense under subdivision 1a: not less than 90 days;

(3) second offense in less than five years, or third or subsequent offense on the record: (i) if the current conviction is for a violation of subdivision 1, not less than 180 days and until the court has certified that treatment or rehabilitation has been successfully completed where prescribed in accordance with section 169.126; or (ii) if the current conviction is for a violation of subdivision 1a, not less than one year and until the court has certified that treatment or rehabilitation has been successfully completed where prescribed in accordance with section 169.126;

(4) third offense in less than five years: not less than one year, together with denial under section 171.04, subdivision 1, clause (8), until rehabilitation is established in accordance with standards established by the commissioner;

(5) fourth or subsequent offense on the record: not less than two years, together with denial under section 171.04, subdivision 1, clause (8), until rehabilitation is established in accordance with standards established by the commissioner.

(b) If the person convicted of violating this section is under the age of ~~18~~ 21 years, the commissioner of public safety shall revoke the offender's driver's license or operating privileges ~~until the offender reaches the age of 18 years or~~ for a period of six months or for the appropriate period of time under paragraph (a), clauses (1) to (5), for the offense committed, whichever is the greatest period.

(c) For purposes of this subdivision, a juvenile adjudication under this section, section 169.129, an ordinance in conformity with either of them, or a statute or ordinance from another state in conformity with either of them is an offense.

(d) Whenever department records show that the violation involved personal injury or death to any person, not less than 90 additional days shall be added to the base periods provided above.

(e) Except for a person whose license has been revoked under paragraph (b), any person whose license has been revoked pursuant to section 169.123 as the result of the same incident, and who does not have a prior impaired driving conviction or prior license revocation as defined in subdivision 3 within the previous ten years, is subject to the mandatory revocation provisions of paragraph (a), clause (1) or (2), in lieu of the mandatory revocation provisions of section 169.123.

Sec. 7. Minnesota Statutes 1992, section 169.121, subdivision 6, is amended to read:

Subd. 6. [PRELIMINARY SCREENING TEST.] When a peace officer has reason to believe from the manner in which a person is driving, operating, controlling, or acting upon departure from a motor vehicle, or has driven, operated, or controlled a motor vehicle, that the driver may be violating or has violated subdivision 1 or section 169.121, the officer may require the driver to provide a sample of the driver's breath for a preliminary screening test using a device approved by the commissioner of public safety for this purpose. The results of this preliminary screening test shall be used for the purpose of deciding whether an arrest should be made and whether to require the tests authorized in section 169.123, but shall not be used in any court action except (1) to prove that a test was properly required of a person pursuant to section 169.123, subdivision 2; ~~or~~ (2) in a civil action arising out of the operation or use of the motor vehicle; (3) in an action for license reinstatement under section 171.19; or (4) in a prosecution or juvenile court proceeding concerning a violation of section 340A.503, subdivision 1, paragraph (a), clause (2). Following the screening test additional tests may be required of the driver pursuant to the provisions of section 169.123.

The driver who refuses to furnish a sample of the driver's breath is subject to the provisions of section 169.123 unless, in compliance with section 169.123, the driver submits to a blood, breath or urine test to determine the presence of alcohol or a controlled substance.

Sec. 8. Minnesota Statutes 1992, section 169.1217, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] As used in this section, the following terms have the meanings given them:

(a) "Appropriate authority" means a law enforcement agency that has the authority to make an arrest for a violation of a designated offense.

(b) "Designated offense" includes a violation of section 169.121, an ordinance in conformity with it, or 169.129:

(1) within five years of three prior driving under the influence convictions or three prior license revocations based on separate incidents;

(2) within 15 years of the first of four or more prior driving under the influence convictions or the first of four or more prior license revocations based on separate incidents;

(3) by a person whose driver's license or driving privileges have been canceled under section 171.04, subdivision 1, clause (8); or

(4) by a person who is subject to a restriction on the person's driver's license under section 171.09 which provides that the person may not use or consume any amount of alcohol or a controlled substance.

"Designated offense" also includes a violation of section 169.121, subdivision 3, paragraph (c), clause (4):

(1) within five years of two prior driving under the influence convictions or two prior license revocations based on separate incidents; or

(2) within 15 years of the first of three or more prior driving under the influence convictions or the first of three or more prior license revocations based on separate incidents.

(c) "Motor vehicle" and "vehicle" have the meaning given "motor vehicle" in section 169.121, subdivision 11. The terms do not include a vehicle which is stolen or taken in violation of the law.

(d) "Owner" means the registered owner of the motor vehicle according to records of the department of public safety and includes a lessee of a motor vehicle if the lease agreement has a term of 180 days or more.

(e) "Prior driving under the influence conviction" means a prior conviction under section 169.121; 169.129; or 609.21, subdivision 1, clauses (2) to (4); 2, clauses (2) to (4); 2a, clauses (2) to (4); 3, clauses (2) to (4); or 4, clauses (2) to (4); or an ordinance from this state, or a statute or ordinance from another state in conformity with any of them. A prior driving under the influence conviction also includes a prior juvenile adjudication that would have been a prior driving under the influence conviction if committed by an adult.

(f) "Prior license revocation" has the meaning given it in section 169.121, subdivision 3.

(g) "Prosecuting authority" means the attorney in the jurisdiction in which the designated offense occurred who is responsible for prosecuting violations of a designated offense.

Sec. 9. Minnesota Statutes 1992, section 169.1217, subdivision 9, is amended to read:

Subd. 9. [DISPOSITION OF FORFEITED VEHICLES.] (a) If the court finds under subdivision 8 that the vehicle is subject to forfeiture, it shall order the appropriate agency to:

(1) sell the vehicle and distribute the proceeds under paragraph (b); or

(2) keep the vehicle for official use.

(b) The proceeds from the sale of forfeited vehicles, after payment of seizure, storage, forfeiture, and sale expenses, and satisfaction of valid liens against the property, must be forwarded to the treasury of the political subdivision that employs the appropriate agency responsible for the forfeiture for use in DWI-related enforcement, training and education. If the appropriate agency is an agency of state government, the net proceeds must be forwarded to the agency for use in DWI-related enforcement, training, and education until June 30, 1994, and thereafter to the state treasury and credited to the general fund.

Sec. 10. Minnesota Statutes 1992, section 169.123, subdivision 2, is amended to read:

Subd. 2. [IMPLIED CONSENT; CONDITIONS; ELECTION OF TEST.] (a) Any person who drives, operates, or is in physical control of a motor vehicle within this state or upon the ice of any boundary water of this state consents, subject to the provisions of this section and section sections 169.121 and 169.1211, to a chemical test of that person's blood, breath, or urine for the purpose of determining the presence of alcohol or a controlled substance. The test shall be administered at the direction of a peace officer. The test may be required of a person when an officer has probable cause to believe the person was driving, operating, or in physical control of a motor vehicle in violation of section 169.121 and one of the following conditions exist:

(1) the person has been lawfully placed under arrest for violation of section 169.121, or an ordinance in conformity with it;

(2) the person has been involved in a motor vehicle accident or collision resulting in property damage, personal injury, or death;

- (3) the person has refused to take the screening test provided for by section 169.121, subdivision 6; or
- (4) the screening test was administered and indicated an alcohol concentration of 0.10 or more.

The test may also be required of a person when an officer has probable cause to believe the person was driving, operating, or in physical control of a commercial motor vehicle with the presence of any alcohol.

- (b) At the time a test is requested, the person shall be informed:

- (1) that Minnesota law requires the person to take a test to determine if the person is under the influence of alcohol or a controlled substance or, if the motor vehicle was a commercial motor vehicle, that Minnesota law requires the person to take a test to determine the presence of alcohol;

- (2) that refusal to take a test is a crime;

- (3) if the peace officer has probable cause to believe the person has violated the criminal vehicular homicide and injury laws, that a test will be taken with or without the person's consent; and

- (4) that the person has the right to consult with an attorney, but that this right is limited to the extent that it cannot unreasonably delay administration of the test.

(c) The peace officer who requires a test pursuant to this subdivision may direct whether the test shall be of blood, breath, or urine. Action may be taken against a person who refuses to take a blood test only if an alternative test was offered and action may be taken against a person who refuses to take a urine test only if an alternative test was offered.

Sec. 11. Minnesota Statutes 1992, section 169.123, subdivision 4, is amended to read:

Subd. 4. [REFUSAL; REVOCATION OF LICENSE.] If a person refuses to permit a test, none shall be given, but the peace officer shall report the refusal to the commissioner of public safety and the authority having responsibility for prosecution of misdemeanor offenses for the jurisdiction in which the acts occurred. However, if a peace officer has probable cause to believe that the person has violated section 609.21, a test may be required and obtained despite the person's refusal. A refusal to submit to an alcohol concentration test does not constitute a violation of section 609.50, unless the refusal was accompanied by force or violence or the threat of force or violence. If a person submits to a test and the test results indicate an alcohol concentration of 0.10 or more, or if a person was driving, operating, or in physical control of a commercial motor vehicle and the test results indicate an alcohol concentration of 0.04 or more, the results of the test shall be reported to the commissioner of public safety and to the authority having responsibility for prosecution of misdemeanor offenses for the jurisdiction in which the acts occurred.

Upon certification by the peace officer that there existed probable cause to believe the person had been driving, operating, or in physical control of a motor vehicle while under the influence of alcohol or a controlled substance and that the person refused to submit to a test, the commissioner of public safety shall revoke the person's license or permit to drive, or nonresident operating privilege, for a period of one year even if a test was obtained pursuant to this section after the person refused to submit to testing. Upon certification by the peace officer that there existed probable cause to believe the person had been driving, operating, or in physical control of a commercial motor vehicle with the presence of any alcohol and that the person refused to submit to a test, the commissioner shall disqualify the person from operating a commercial motor vehicle for a period of one year under section 171.165 and shall revoke the person's license or permit to drive or nonresident operating privilege for a period of one year. ~~If the person refusing to submit to testing is under the age of 18 years, the commissioner shall revoke the person's license or permit to drive, or nonresident operating privilege, for a period of one year or until the person reaches the age of 18 years, whichever is greater.~~ Upon certification by the peace officer that there existed probable cause to believe the person had been driving, operating or in physical control of a motor vehicle while under the influence of alcohol or a controlled substance and that the person submitted to a test and the test results indicate an alcohol concentration of 0.10 or more, the commissioner of public safety shall revoke the person's license or permit to drive, or nonresident operating privilege, for: (1) a period of 90 days; or (2) if the person is under the age of 18 21 years, for a period of six months ~~or until the person reaches the age of 18 years, whichever is greater~~; or (3) if the person's driver's license or driving privileges have been revoked within the past five years under this section or section 169.121, for a period of 180 days. On certification by the peace officer that there existed probable cause to believe the person had been driving, operating, or in physical control of a commercial motor vehicle with any presence of alcohol and that the

person submitted to a test and the test results indicated an alcohol concentration of 0.04 or more, the commissioner of public safety shall disqualify the person from operating a commercial motor vehicle under section 171.165.

If the person is a resident without a license or permit to operate a motor vehicle in this state, the commissioner of public safety shall deny to the person the issuance of a license or permit for the same period after the date of the alleged violation as provided herein for revocation, subject to review as hereinafter provided.

Sec. 12. Minnesota Statutes 1992, section 169.129, is amended to read:

169.129 [AGGRAVATED VIOLATIONS; PENALTY.]

Any person is guilty of a gross misdemeanor who drives, operates, or is in physical control of a motor vehicle, the operation of which requires a driver's license, within this state or upon the ice of any boundary water of this state in violation of section 169.121 or an ordinance in conformity with it before the person's driver's license or driver's privilege has been reinstated following its cancellation, suspension, revocation, or denial under any of the following: section 169.121, 169.1211, or 169.123; section 171.04, 171.14, 171.16, 171.17, or 171.18 because of an alcohol-related incident; section 609.21, subdivision 1, clauses (2) to (4); 609.21, subdivision 2, clauses (2) to (4); 609.21, subdivision 2a, clauses (2) to (4); 609.21, subdivision 3, clauses (2) to (4); or 609.21, subdivision 4, clauses (2) to (4).

Sec. 13. Minnesota Statutes 1992, section 171.13, subdivision 1b, is amended to read:

Subd. 1b. [DRIVER'S MANUAL; ALCOHOL CONSUMPTION.] The commissioner shall include in each edition of the driver's manual published by the department a chapter relating to the effect of alcohol consumption on highway safety and on the ability of drivers to safely operate motor vehicles and a summary of the laws of Minnesota on operating a motor vehicle while under the influence of alcohol or a controlled substance. This chapter shall also include information on the dangers of driving at alcohol concentration levels below the legal limit for alcohol concentration, and specifically state that:

(1) there is no "safe" level or amount of alcohol that an individual can assume will not impair one's driving performance or increase the risk of a crash;

(2) a driver may be convicted of driving while impaired whether or not the driver's alcohol concentration exceeds the legal limit for alcohol concentration; and

(3) a person under the legal drinking age may be convicted of illegally consuming alcohol if found to have consumed any amount of alcohol.

Sec. 14. [171.172] [DRIVER'S LICENSE REVOCATION; PERSONS CONVICTED OF OR ADJUDICATED FOR CERTAIN CONTROLLED SUBSTANCE OFFENSES.]

The commissioner of public safety shall revoke the driver's license of any person convicted of or any juvenile adjudicated for a controlled substance offense if the court has notified the commissioner of a determination made under section 152.0271 or 260.185, subdivision 1. The period of revocation shall be for the applicable time period specified in section 152.0271. If the person does not have a driver's license or if the person's driver's license is suspended or revoked at the time of the conviction or adjudication, the commissioner shall, upon the person's application for driver's license issuance or reinstatement, delay the issuance or reinstatement of the person's driver's license for the applicable time period specified in section 152.0271.

Sec. 15. [171.173] [DRIVER'S LICENSE SUSPENSION; PERSONS CONVICTED OF OR ADJUDICATED FOR CERTAIN UNDERAGE DRINKING OFFENSES.]

The commissioner of public safety shall suspend the driver's license of any person convicted of or any juvenile adjudicated for an offense under section 340A.503, subdivision 1, paragraph (a), clause (2), if the court has notified the commissioner of a determination made under section 340A.503, subdivision 1, paragraph (c). The period of suspension shall be for the applicable period specified in that paragraph. If the person does not have a driver's license or if the person's driver's license is suspended or revoked at the time of the conviction or adjudication, the commissioner shall, upon the person's application for driver's license issuance or reinstatement, delay the issuance or reinstatement of the person's driver's license for the applicable time period specified in section 340A.503, subdivision 1, paragraph (c). Upon receipt of the court's order, the commissioner is authorized to take the licensing action without a hearing.

Sec. 16. Minnesota Statutes 1992, section 171.24, is amended to read:

171.24 [VIOLATIONS; DRIVING WITHOUT VALID LICENSE.]

(a) Except as otherwise provided in paragraph (c), any person whose driver's license or driving privilege has been canceled, suspended, or revoked and who has been given notice of, or reasonably should know of the revocation, suspension, or cancellation, and who disobeys such order by operating anywhere in this state any motor vehicle, the operation of which requires a driver's license, while such license or privilege is canceled, suspended, or revoked is guilty of a misdemeanor.

(b) Any person who has been disqualified from holding a commercial driver's license or been denied the privilege to operate a commercial motor vehicle, who has been given notice of or reasonably should know of the disqualification, and who disobeys the order by operating in this state a commercial motor vehicle while the person is disqualified to hold the license or privilege, is guilty of a misdemeanor.

(c) A person is guilty of a gross misdemeanor if:

(1) the person's driver's license or driving privileges has been canceled under section 171.04, subdivision 1, clause (8), and the person has been given notice of or reasonably should know of the cancellation; and

(2) the person disobeys the order by operating in this state any motor vehicle, the operation of which requires a driver's license, while the person's license or privilege is canceled.

Notice of revocation, suspension, cancellation, or disqualification is sufficient if personally served, or if mailed by first class mail to the person's last known address or to the address listed on the person's driver's license. Notice is also sufficient if the person was informed that revocation, suspension, cancellation, or disqualification would be imposed upon a condition occurring or failing to occur, and where the condition has in fact occurred or failed to occur. It is not a defense that a person failed to file a change of address with the post office, or failed to notify the department of public safety of a change of name or address as required under section 171.11.

Sec. 17. Minnesota Statutes 1992, section 171.30, subdivision 1, is amended to read:

Subdivision 1. [CONDITIONS OF ISSUANCE.] In any case where a person's license has been suspended under section 171.18 or 171.173, or revoked under section 169.121, 169.123, 169.792, 169.797, ~~or 171.17,~~ or 171.172, the commissioner may issue a limited license to the driver including under the following conditions:

(1) if the driver's livelihood or attendance at a chemical dependency treatment or counseling program depends upon the use of the driver's license;

(2) if the use of a driver's license by a homemaker is necessary to prevent the substantial disruption of the education, medical, or nutritional needs of the family of the homemaker; or

(3) if attendance at a post-secondary institution of education by an enrolled student of that institution depends upon the use of the driver's license.

The commissioner in issuing a limited license may impose such conditions and limitations as in the commissioner's judgment are necessary to the interests of the public safety and welfare including reexamination as to the driver's qualifications. The license may be limited to the operation of particular vehicles, to particular classes and times of operation and to particular conditions of traffic. The commissioner may require that an applicant for a limited license affirmatively demonstrate that use of public transportation or carpooling as an alternative to a limited license would be a significant hardship.

For purposes of this subdivision, "homemaker" refers to the person primarily performing the domestic tasks in a household of residents consisting of at least the person and the person's dependent child or other dependents.

The limited license issued by the commissioner shall clearly indicate the limitations imposed and the driver operating under the limited license shall have the license in possession at all times when operating as a driver.

In determining whether to issue a limited license, the commissioner shall consider the number and the seriousness of prior convictions and the entire driving record of the driver and shall consider the number of miles driven by the driver annually.

If the person's driver's license or permit to drive has been revoked under section 169.792 or 169.797, the commissioner may only issue a limited license to the person after the person has presented an insurance identification card, policy, or written statement indicating that the driver or owner has insurance coverage satisfactory to the commissioner of public safety. The commissioner of public safety may require the insurance identification card provided to satisfy this subdivision be certified by the insurance company to be noncancelable for a period not to exceed 12 months.

Sec. 18. Minnesota Statutes 1992, section 171.30, subdivision 2a, is amended to read:

Subd. 2a. [OTHER WAITING PERIODS.] Notwithstanding subdivision 2, a limited license shall not be issued for a period of:

(1) 15 days, to a person whose license or privilege has been revoked or suspended for a violation of section 169.121 or 169.123;

(2) 90 days, to a person who submitted to testing under section 169.123 if the person's license or privilege has been revoked or suspended for a second or subsequent violation of section 169.121 or 169.123;

(3) 180 days, to a person who refused testing under section 169.123 if the person's license or privilege has been revoked or suspended for a second or subsequent violation of section 169.121 or 169.123; or

(4) one year, to a person whose license or privilege has been revoked or suspended for commission of the offense of manslaughter resulting from the operation of a motor vehicle or criminal vehicular homicide or injury under section 609.21.

Sec. 19. Minnesota Statutes 1992, section 171.305, subdivision 2, is amended to read:

Subd. 2. [PILOT PROGRAM.] The commissioner shall establish a statewide pilot program for the use of an ignition interlock device by a person whose driver's license or driving privilege has been canceled and denied by the commissioner for an alcohol or controlled substance related incident. The commissioner shall conduct the program until December 31, 1995. The commissioner shall evaluate the program and shall report to the legislature by February 1, ~~1994~~ 1995, on whether changes in the program are necessary and whether the program should be permanent. No limited license shall be issued under this program after August 1, ~~1993~~ 1995.

Sec. 20. Minnesota Statutes 1992, section 260.185, subdivision 1, is amended to read:

Subdivision 1. If the court finds that the child is delinquent, it shall enter an order making any of the following dispositions of the case which are deemed necessary to the rehabilitation of the child:

(a) Counsel the child or the parents, guardian, or custodian;

(b) Place the child under the supervision of a probation officer or other suitable person in the child's own home under conditions prescribed by the court including reasonable rules for the child's conduct and the conduct of the child's parents, guardian, or custodian, designed for the physical, mental, and moral well-being and behavior of the child, or with the consent of the commissioner of corrections, in a group foster care facility which is under the management and supervision of said commissioner;

(c) Subject to the supervision of the court, transfer legal custody of the child to one of the following:

(1) a child placing agency; or

(2) the county welfare board; or

(3) a reputable individual of good moral character. No person may receive custody of two or more unrelated children unless licensed as a residential facility pursuant to sections 245A.01 to 245A.16; or

(4) a county home school, if the county maintains a home school or enters into an agreement with a county home school; or

(5) a county probation officer for placement in a group foster home established under the direction of the juvenile court and licensed pursuant to section 241.021;

(d) Transfer legal custody by commitment to the commissioner of corrections;

(e) If the child is found to have violated a state or local law or ordinance which has resulted in damage to the person or property of another, the court may order the child to make reasonable restitution for such damage;

(f) Require the child to pay a fine of up to \$700; the court shall order payment of the fine in accordance with a time payment schedule which shall not impose an undue financial hardship on the child;

(g) If the child is in need of special treatment and care for reasons of physical or mental health, the court may order the child's parent, guardian, or custodian to provide it. If the parent, guardian, or custodian fails to provide this treatment or care, the court may order it provided;

(h) If the court believes that it is in the best interests of the child and of public safety that the driver's license of the child be canceled until the child's 18th birthday, the court may recommend to the commissioner of public safety the cancellation of the child's license for any period up to the child's 18th birthday, and the commissioner is hereby authorized to cancel such license without a hearing. At any time before the termination of the period of cancellation, the court may, for good cause, recommend to the commissioner of public safety that the child be authorized to apply for a new license, and the commissioner may so authorize.

If the child is petitioned and found by the court to have committed a controlled substance offense under sections 152.021 to 152.027, the court shall determine whether the child unlawfully possessed or sold the controlled substance while driving a motor vehicle. If so, the court shall notify the commissioner of public safety of its determination and order the commissioner to revoke the child's driver's license for the applicable time period specified in section 152.0271. If the child does not have a driver's license or if the child's driver's license is suspended or revoked at the time of the delinquency finding, the commissioner shall, upon the child's application for driver's license issuance or reinstatement, delay the issuance or reinstatement of the child's driver's license for the applicable time period specified in section 152.0271. Upon receipt of the court's order, the commissioner is authorized to take the licensing action without a hearing.

If the child is petitioned and found by the court to have committed or attempted to commit an act in violation of section 609.342; 609.343; 609.344; 609.345; 609.3451; 609.746, subdivision 1; 609.79; or 617.23, or another offense arising out of a delinquency petition based on one or more of those sections, the court shall order an independent professional assessment of the child's need for sex offender treatment. An assessor providing an assessment for the court may not have any direct or shared financial interest or referral relationship resulting in shared financial gain with a treatment provider. If the assessment indicates that the child is in need of and amenable to sex offender treatment, the court shall include in its disposition order a requirement that the child undergo treatment. Notwithstanding section 13.42, 13.85, 144.335, 260.161, or 626.556, the assessor has access to the following private or confidential data on the child if access is relevant and necessary for the assessment:

- (1) medical data under section 13.42;
- (2) corrections and detention data under section 13.85;
- (3) health records under section 144.335;
- (4) juvenile court records under section 260.161; and
- (5) local welfare agency records under section 626.556.

Data disclosed under this paragraph may be used only for purposes of the assessment and may not be further disclosed to any other person, except as authorized by law.

If the child is found delinquent due to the commission of an offense that would be a felony if committed by an adult, the court shall make a specific finding on the record regarding the juvenile's mental health and chemical dependency treatment needs.

Any order for a disposition authorized under this section shall contain written findings of fact to support the disposition ordered, and shall also set forth in writing the following information:

- (a) why the best interests of the child are served by the disposition ordered; and

(b) what alternative dispositions were considered by the court and why such dispositions were not appropriate in the instant case.

Sec. 21. Minnesota Statutes 1992, section 340A.503, subdivision 1, is amended to read:

Subdivision 1. [CONSUMPTION.] (a) It is unlawful for any:

(1) retail intoxicating liquor or nonintoxicating liquor licensee, municipal liquor store, or bottle club permit holder under section 340A.414, to permit any person under the age of 21 years to consume alcoholic beverages on the licensed premises or within the municipal liquor store; or

(2) person under the age of 21 years to consume any alcoholic beverages. As used in this clause, "consume" includes the ingestion of an alcoholic beverage and the physical condition of having ingested an alcoholic beverage. If proven by a preponderance of the evidence, it is an affirmative defense to a violation of this clause that the defendant consumed the alcoholic beverage in the household of the defendant's parent or guardian and with the consent of the parent or guardian.

(b) An offense under paragraph (a), clause (2), may be prosecuted either at the place where consumption occurs or the place where evidence of consumption is observed.

(c) When a person is convicted of or adjudicated for an offense under paragraph (a), clause (2), the court shall determine whether the person committed the offense while operating a motor vehicle. If so, the court shall notify the commissioner of public safety of its determination. Upon receipt of the court's determination, the commissioner shall suspend the person's driver's license or operating privileges for 30 days, or for 180 days if the person has previously been convicted of or adjudicated for an offense under paragraph (a), clause (2).

Sec. 22. Minnesota Statutes 1992, section 340A.802, subdivision 2, is amended to read:

Subd. 2. [LIMITATIONS; CONTENT.] In the case of a claim for damages, the notice must be served by the claimant's attorney within ~~120~~ 240 days of the date of entering an attorney-client relationship with the person in regard to the claim. In the case of claims for contribution or indemnity, the notice must be served within 120 days after the injury occurs or within 60 days after receiving written notice of a claim for contribution or indemnity, whichever is applicable. No action for damage or for contribution or indemnity may be maintained unless the notice has been given. If requested to do so, a municipality or licensee receiving a notice shall promptly furnish claimant's attorney the names and addresses of other municipalities or licensees who sold or bartered liquor to the person identified in the notice, if known. Actual notice of sufficient facts reasonably to put the licensee or governing body of the municipality on notice of a possible claim complies with the notice requirement.

No action may be maintained under section 340A.801 unless commenced within two years after the injury.

Sec. 23. [EFFECTIVE DATES.]

Sections 1 to 8, 10 to 14, 16, and 20 are effective August 1, 1993, and apply to crimes committed on or after that date. Sections 15, 17, and 21 are effective June 1, 1993, and apply to crimes committed on or after that date. Section 22 is effective August 1, 1993, and applies to causes of action arising on or after that date. Section 18 is effective January 1, 1994, and applies to violations committed on or after that date. Section 19 is effective the day following final enactment. Section 9 applies to vehicles subject to forfeiture due to crimes committed after June 30, 1993, and before July 1, 1994."

Delete the title and insert:

"A bill for an act relating to alcohol and chemical use; increasing penalties for driving while intoxicated with a child under 16 in the vehicle and providing for vehicle forfeiture for multiple offenses; requiring driver's license revocation for persons convicted of a controlled substance offense if the court finds that the person committed the offense while driving a motor vehicle; providing pretrial release conditions for habitual DWI violators; increasing the penalty for certain persons who drive while under license cancellation; allowing the use of preliminary screening tests in certain proceedings; providing one-year program for funds from sale of certain forfeited vehicles to be used for DWI-related enforcement, training, and education; making technical changes to apply DWI-related provisions to commercial motor vehicle operators; requiring information related to the risks and effects of alcohol to be printed in driver's manual;

clarifying administrative revocation penalties; extending ignition interlock pilot program for one year; defining "consumption" in the underage drinking law; expanding prosecutorial jurisdiction over underage drinking offenses; requiring driver's license suspension for persons who commit an underage drinking offense while operating a motor vehicle; expanding filing requirements relating to dram shop actions; amending Minnesota Statutes 1992, sections 168.042, subdivision 2; 169.121, subdivisions 2, 3, 4, 6, and by adding a subdivision; 169.1217, subdivisions 1 and 9; 169.123, subdivisions 2 and 4; 169.129; 171.13, subdivision 1b; 171.24; 171.30, subdivisions 1 and 2a; 171.305, subdivision 2; 260.185, subdivision 1; 340A.503, subdivision 1; and 340A.802, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 152; and 171."

We request adoption of this report and repassage of the bill.

Senate Conferees: JOHN MARTY, KEVIN M. CHANDLER, RICHARD J. COHEN, WILLIAM V. BELANGER, JR., AND THOMAS M. NEUVILLE.

House Conferees: PHIL CARRUTHERS, MIKE DELMONT, WALTER E. PERLT, KATHLEEN A. BLATZ AND DOUG SWENSON.

Carruthers moved that the report of the Conference Committee on S. F. No. 694 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

The Speaker called Pugh to the Chair.

S. F. No. 694, A bill for an act relating to driving while intoxicated; increasing driver's license revocation periods and restricting issuance of limited licenses to persons convicted of DWI, to comply with federal standards; increasing penalties for driving while intoxicated with a child under 16 in the vehicle; modifying bond provisions; establishing misdemeanor offense of operating a motor vehicle by a minor with alcohol concentration greater than 0.02; providing for implied consent to test minor's blood, breath, or urine and making refusal to take test a crime; amending Minnesota Statutes 1992, sections 168.042, subdivision 2; 169.121, subdivisions 1, 2, 3, 4, 6, 8, 10a, and by adding a subdivision; 169.1217, subdivisions 1 and 4; 169.123, subdivisions 2, 4, 5a, 6, 10, and by adding a subdivision; 169.129; 171.30, subdivision 2a; 171.305, subdivision 2; and 609.21; proposing coding for new law in Minnesota Statutes, chapter 169.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 101 yeas and 30 nays as follows:

Those who voted in the affirmative were:

Abrams	Davids	Hugoson	Lieder	Nelson	Reding	Tunheim
Anderson, I.	Dawkins	Huntley	Limmer	Ness	Rest	Van Dellen
Asch	Dehler	Jefferson	Lindner	Olson, E.	Rhodes	Vickerman
Battaglia	Delmont	Jennings	Lourey	Onnen	Rice	Wagenius
Bauerly	Dempsey	Johnson, A.	Luther	Opatz	Rodosovich	Waltman
Bergson	Dorn	Johnson, R.	Lynch	Orenstein	Seagren	Weaver
Bettermann	Erhardt	Johnson, V.	Macklin	Orfield	Sekhon	Wejcman
Bishop	Evans	Kalis	Mahon	Ostrom	Simoneau	Wolf
Blatz	Frerichs	Kelley	Mariani	Ozment	Skoglund	Worke
Brown, K.	Girard	Klinzing	McGuire	Pauly	Smith	Workman
Carlson	Goodno	Knickerbocker	Molnau	Pawlenty	Solberg	Spk. Long
Carruthers	Gutknecht	Koppendrayar	Morrison	Pelowski	Steensma	
Clark	Hasskamp	Krinkie	Mosel	Perlt	Sviggum	
Commers	Haukoos	Krueger	Munger	Peterson	Swenson	
Cooper	Holsten	Leppik	Murphy	Pugh	Tompkins	

Those who voted in the negative were:

Anderson, R.	Garcia	Jacobs	Lasley	Olson, M.	Tomassoni
Beard	Greenfield	Jaros	McCollum	Osthoff	Trimble
Bertram	Greiling	Kahn	Milbert	Rukavina	Welle
Dauner	Gruenes	Kelso	Neary	Sarna	Wenzel
Farrell	Hausman	Kinkel	Olson, K.	Stanis	Winter

The bill was repassed, as amended by Conference, and its title agreed to.

Madam Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 1042, A bill for an act relating to human services; modifying provisions dealing with the administration, computation, and enforcement of child support; imposing penalties; amending Minnesota Statutes 1992, sections 136A.121, subdivision 2; 214.101, subdivision 1; 256.87, subdivisions 1, 1a, 3, and 5; 256.978; 256.979, by adding subdivisions; 256.9791, subdivisions 3 and 4; 257.66, subdivision 3; 257.67, subdivision 3; 349A.08, subdivision 8; 518.14; 518.171, subdivisions 1, 2, 3, 4, 6, 7, 8, 10, and by adding a subdivision; 518.24; 518.54, subdivision 4; 518.551, subdivisions 1, 5, 5b, 7, 10, 12, and by adding a subdivision; 518.57, subdivision 1, and by adding a subdivision; 518.611, subdivision 4; 518.613, subdivision 1; 518.64, subdivisions 1, 2, 5, and 6; 519.11; 548.09, subdivision 1; 548.091, subdivisions 1a and 3a; 588.20; 595.02, subdivision 1; and 609.375, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapters 256; and 518; repealing Minnesota Statutes 1992, sections 256.979; and 609.37.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 1178, A bill for an act relating to health; implementing recommendations of the Minnesota health care commission; defining and regulating integrated service networks; requiring regulation of all health care services not provided through integrated service networks; establishing data reporting and collection requirements; establishing other cost containment measures; providing for classification of certain tax data; permitting expedited rulemaking; requiring certain studies; providing penalties; appropriating money; amending Minnesota Statutes 1992, sections 3.732, subdivision 1; 43A.317, subdivision 5; 60A.02, subdivision 1a; 62A.021, subdivision 1; 62A.65; 62E.02, subdivision 23; 62E.10, subdivisions 1 and 3; 62E.11, subdivision 12; 62J.03, subdivisions 6, 8, and by adding a subdivision; 62J.04, subdivisions 1, 2, 3, 4, 5, 7, and by adding a subdivision; 62J.05, subdivision 2, and by adding a subdivision; 62J.09, subdivisions 2, 5, 8, and by adding subdivisions; 62J.15, subdivision 1; 62J.17, subdivision 2, and by adding subdivisions; 62J.23, by adding a subdivision; 62J.30, subdivisions 1, 6, 7, and 8; 62J.32, subdivision 4; 62J.33; 62J.34, subdivision 2; 62L.02, subdivisions 16, 19, 26, and 27; 62L.03, subdivisions 3 and 4; 62L.04, subdivision 1; 62L.05, subdivisions 2, 3, 4, and 6; 62L.08, subdivisions 4 and 8; 62L.09, subdivision 1; 62L.11, subdivision 1; 136A.1355, subdivisions 1, 3, 4, and by adding a subdivision; 136A.1356, subdivisions 2, 4, and 5; 136A.1357; 137.38, subdivisions 2, 3, and 4; 137.39, subdivisions 2 and 3; 137.40, subdivision 3; 144.147, subdivision 4; 144.1484, subdivisions 1 and 2; 144.335, by adding a subdivision; 144.581, subdivision 2; 151.47, subdivision 1; 214.16, subdivision 3; 256.9351, subdivision 3; 256.9352, subdivision 3; 256.9353; 256.9354, subdivisions 1, 4, and 5; 256.9356, subdivisions 1 and 2; 256.9357, subdivision 1; 256.9657, subdivision 3, and by adding a subdivision; 256B.04, subdivision 1; 256B.057, subdivisions 1, 2, and 2a; 256B.0625, subdivision 13; 256D.03, subdivision 3; 270B.01, subdivision 8; 295.50, subdivisions 3, 4, 7, 14, and by adding subdivisions; 295.51, subdivision 1; 295.52, by adding subdivisions; 295.53, subdivisions 1, 3, and by adding a subdivision; 295.54; 295.55, subdivision 4; 295.57; 295.58; 295.59; Laws 1990, chapter 591, article 4, section 9; proposing coding for new law in Minnesota Statutes, chapters 16B; 43A; 62A; 62J; 136A; 144; 151; 256; and 295; proposing coding for new law as Minnesota Statutes, chapters 62N; and 62O; repealing Minnesota Statutes 1992, sections 62J.15, subdivision 2; 62J.17, subdivisions 4, 5, and 6; 62J.29; 62L.09, subdivision 2; 295.50, subdivision 10; and 295.51, subdivision 2; Laws 1992, chapter 549, article 9, section 19, subdivision 2.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 514, A bill for an act relating to the environment; providing for passive bioremediation; providing for review of agency employee decisions; increasing membership of petroleum tank release compensation board; establishing a fee schedule of costs or criteria for evaluating reasonableness of costs submitted for reimbursement; modifying petroleum tank release cleanup fee; modifying reimbursements; modifying consultant and contractor registration requirements; authorizing board to delegate its reimbursement powers and duties to the commissioner of commerce; requiring a report; authorizing rulemaking; appropriating money; amending Minnesota Statutes 1992, sections 115C.02, subdivisions 10 and 14; 115C.03, by adding subdivisions; 115C.07, subdivisions 1, 2, and 3; 115C.08, subdivisions 1, 2, 3, and 4; 115C.09, subdivisions 1, 3, 3a, 3c, and by adding a subdivision; and 115C.11, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 115C; repealing Minnesota Statutes 1992, sections 115C.01; 115C.02; 115C.021; 115C.03; 115C.04; 115C.045; 115C.05; 115C.06; 115C.065; 115C.07; 115C.08; 115C.09; 115C.10; 115C.11; and 115C.12.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

The Speaker resumed the Chair.

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. 555, A bill for an act relating to insurance; credit; permitting the sale of credit involuntary unemployment insurance; amending Minnesota Statutes 1992, sections 47.016, subdivision 1; 48.185, subdivision 4; 52.04, subdivision 1; 56.125, subdivision 3; 56.155, subdivision 1; 60K.03, subdivision 7; 60K.19, subdivision 3; 62B.01; 62B.02, by adding a subdivision; 62B.03; 62B.04, by adding a subdivision; 62B.05; 62B.06, subdivisions 1, 2, and 4; 62B.07, subdivisions 2 and 6; 62B.08, subdivisions 1, 3, 4, and by adding subdivisions; 62B.09, subdivision 3; 62B.11; 62B.12; and 72A.20, subdivision 27.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Carlson moved that the House concur in the Senate amendments to H. F. No. 555 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 555, A bill for an act relating to insurance; credit; permitting the sale of credit involuntary unemployment insurance; appropriating money; amending Minnesota Statutes 1992, sections 47.016, subdivision 1; 48.185, subdivision 4; 52.04, subdivision 1; 56.125, subdivision 3; 56.155, subdivision 1; 60K.03, subdivision 7; 60K.19, subdivision 3; 62B.01; 62B.02, by adding a subdivision; 62B.03; 62B.04, by adding a subdivision; 62B.05; 62B.06, subdivisions 1, 2, and 4; 62B.07, subdivisions 2 and 6; 62B.08, subdivisions 1, 3, 4, and by adding subdivisions; 62B.09, subdivision 3; 62B.11; 62B.12; and 72A.20, subdivision 27.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 127 yeas and 5 nays as follows:

Those who voted in the affirmative were:

Abrams	Battaglia	Bergson	Bishop	Carlson	Commers	Davids
Anderson, I.	Bauerly	Bertram	Blatz	Carruthers	Cooper	Dawkins
Anderson, R.	Beard	Bettermann	Brown, K.	Clark	Dauner	Dehler

Delmont	Huntley	Krinkie	Molnau	Ostrom	Sekhon	Waltman
Dempsey	Jacobs	Krueger	Morrison	Ozment	Simoneau	Weaver
Dorn	Jaros	Lasley	Mosel	Pauly	Smith	Wejzman
Evans	Jefferson	Leppik	Munger	Pawlenty	Solberg	Weile
Frerichs	Jennings	Lieder	Murphy	Pelowski	Stanius	Wenzel
Garcia	Johnson, A.	Limmer	Neary	Perlt	Steensma	Winter
Girard	Johnson, R.	Lindner	Nelson	Peterson	Sviggum	Wolf
Goodno	Johnson, V.	Lourey	Ness	Pugh	Swenson	Worke
Greenfield	Kahn	Luther	Olson, E.	Reding	Tomassoni	Workman
Greiling	Kalis	Lynch	Olson, K.	Rest	Tompkins	Spk. Long
Gruenes	Kelley	Macklin	Olson, M.	Rhodes	Trimble	
Gutknecht	Kelso	Mahon	Onnen	Rice	Tunheim	
Hasskamp	Kinkel	Mariani	Opatz	Rodosovich	Van Dellen	
Haukoos	Klinzing	McCollum	Orenstein	Rukavina	Vellenga	
Holsten	Knickerbocker	McGuire	Orfield	Sarna	Vickerman	
Hugoson	Koppendraye	Milbert	Osthoff	Seagren	Wagenius	

Those who voted in the negative were:

Asch	Erhardt	Farrell	Hausman	Skoglund
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The bill was repassed, as amended by the Senate, and its title agreed to.

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. 1415, A bill for an act relating to agriculture; modifying certain provisions relating to wheat and barley promotion orders; amending Minnesota Statutes 1992, sections 17.53, subdivisions 2, 8, and 13; 17.59, subdivision 2; and 17.63.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Rodosovich moved that the House concur in the Senate amendments to H. F. No. 1415 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1415, A bill for an act relating to agriculture; modifying certain provisions relating to wheat, barley and corn promotion orders; amending Minnesota Statutes 1992, sections 17.53, subdivisions 2, 8, and 13; 17.59, subdivision 2; and 17.63.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 128 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Abrams	Bettermann	Cooper	Erhardt	Greiling	Huntley	Kahn
Anderson, I.	Bishop	Dauner	Evans	Gruenes	Jacobs	Kalis
Anderson, R.	Blatz	Davids	Farrell	Gutknecht	Jaros	Kelley
Battaglia	Brown, K.	Dawkins	Frerichs	Hasskamp	Jefferson	Kelso
Bauerly	Carlson	Dehler	Garcia	Haukoos	Jennings	Kinkel
Beard	Carruthers	Delmont	Girard	Hausman	Johnson, A.	Klinzing
Bergson	Clark	Dempsey	Goodno	Holsten	Johnson, R.	Knickerbocker
Bertram	Commers	Dorn	Greenfield	Hugoson	Johnson, V.	Koppendraye

Krinkie	Mariani	Ness	Pauly	Sarna	Tompkins	Wenzel
Krueger	McCollum	Olson, E.	Pawlenty	Seagren	Trimble	Winter
Lasley	McGuire	Olson, K.	Pelowski	Sekhon	Tunheim	Wolf
Leppik	Milbert	Olson, M.	Perlt	Simoneau	Van Dellen	Worke
Lieder	Molnau	Ornen	Peterson	Skoglund	Vellenga	Workman
Limmer	Morrison	Opatz	Pugh	Smith	Vickerman	Spk. Long
Lindner	Mosel	Orenstein	Reding	Solberg	Wagenius	
Lourey	Munger	Orfield	Rest	Steensma	Waltman	
Lynch	Murphy	Osthoff	Rhodes	Sviggum	Weaver	
Macklin	Neary	Ostrom	Rodosovich	Swenson	Wejcman	
Mahon	Nelson	Ozment	Rukavina	Tomassoni	Welle	

Those who voted in the negative were:

Asch Stanius

The bill was repassed, as amended by the Senate, and its title agreed to.

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1311:

Trimble, Kahn and Hausman.

CONSIDERATION UNDER RULE 1.10

Pursuant to rule 1.10, Solberg requested immediate consideration of S. F. Nos. 760 and 811.

S. F. No. 760 was reported to the House.

Wolf and Anderson, I., moved to amend S. F. No. 760, as follows:

Page 1, line 11, delete everything after "(a)"

Page 1, delete lines 12 to 15

Page 1, line 16, delete "(b)"

Page 1, line 22, delete "(c)" and insert "(b)"

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Jennings; Koppendrayner; Kalis; Olson, K.; Lasley and Hugoson moved to amend S. F. No. 760, as amended, as follows:

Page 2, after line 1, insert:

"Sec. 2. [115A.542] [COMPOSTING PROJECTS.]

The director of the office of waste management shall award grants to optimize operations at mixed municipal solid waste composting facilities owned by multi-county project boards. Before awarding a grant under this section, the

directors of the offices of waste management and the pollution control agency must approve a facility optimization plan submitted by the multi-county project board. The plan must include a financial and technical feasibility analysis.

Sec. 3. [APPROPRIATION.]

\$1,500,000 in the first year of the biennium ending June 30, 1995, is appropriated from the general fund to the office of waste management for grants under section 1. Any unencumbered balance remaining after the first year shall be available in the second year of the biennium."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 760, A bill for an act relating to natural resources; granting power to the commissioner of natural resources to give nominal gifts, acknowledge contributions, and sell advertising; appropriating money; amending Minnesota Statutes 1992, section 84.027, by adding a subdivision.

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

The question was taken on the passage of the bill and the roll was called. There were 131 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Abrams	Dauids	Hausman	Krinkie	Murphy	Pugh	Tompkins
Anderson, I.	Dawkins	Holsten	Krueger	Neary	Reding	Trimble
Asch	Dehler	Hugoson	Lasley	Nelson	Rest	Tunheim
Battaglia	Delmont	Huntley	Leppik	Ness	Rhodes	Van Dellen
Bauerly	Dempsey	Jacobs	Lieder	Olson, E.	Rice	Vellenga
Beard	Dorn	Jaros	Limmer	Olson, K.	Rodosovich	Vickerman
Bergson	Erhardt	Jefferson	Lindner	Olson, M.	Rukavina	Wagenius
Bertram	Evans	Jennings	Lourey	Onnen	Sarna	Waltman
Bettermann	Farrell	Johnson, A.	Luther	Opatz	Seagren	Weaver
Bishop	Frerichs	Johnson, R.	Lynch	Orenstein	Sekhon	Wejcmán
Blatz	Garcia	Johnson, V.	Macklin	Orfield	Simoneau	Welle
Brown, C.	Girard	Kahn	Mahon	Osthoff	Skoglund	Wenzel
Brown, K.	Goodno	Kalis	Mariani	Ostrom	Smith	Winter
Carlson	Greenfield	Kelley	McCollum	Ozment	Solberg	Wolf
Carruthers	Greiling	Kelso	McGuire	Pauly	Stanis	Worke
Clark	Gruenes	Kinkel	Milbert	Pawlenty	Steensma	Workman
Commers	Gutknecht	Klinzing	Morrison	Pelowski	Sviggum	Spk. Long
Cooper	Hasskamp	Knickerbocker	Mosel	Perlt	Swenson	
Dauner	Haukoos	Koppendrayner	Munger	Peterson	Tomassoni	

Those who voted in the negative were:

Molnau

The bill was passed, as amended, and its title agreed to.

The Speaker called Bauerly to the Chair.

S. F. No. 811 was reported to the House.

Lasley moved to amend S. F. No. 811, as follows:

Delete everything after the enacting clause and insert:

"Section 1. [PURPOSE; STUDY.]

The commissioner of transportation, in consultation with the metropolitan council, regional transit board, and metropolitan transit commission, shall conduct a feasibility study analyzing the potential for implementation of a high speed bus service in the metropolitan area. A metropolitan area high speed bus service consists of, but is not limited to, an integrated system of exclusive bus only or high occupancy vehicle lanes on freeways and other arterial routes, bus timed transfer stations, circulator and feeder bus services, park-and-ride and drop-and-ride facilities, and use of advanced transit technologies, such as traffic signal preemption. The study will analyze:

- (1) the experiences of other metropolitan areas in the United States that have implemented high speed bus services;
- (2) the feasibility of implementing a high speed bus service in the Minneapolis-St. Paul metropolitan statistical area within Minnesota as defined by the United States Department of Commerce;
- (3) the potential costs of implementing a high speed bus service;
- (4) the comparative costs and benefits of a high speed bus service and other transit modes, including light rail transit;
- (5) the potential use of advanced technologies for improving vehicle operations and providing route and schedule information;
- (6) the potential use of dual-mode buses and transit vehicles which use other alternative forms of energy;
- (7) the compatibility of a high speed bus service with the metropolitan council's transportation system plan for the region; and
- (8) transit service and facilities improvements implemented in the I-35W corridor.

The study required under this act shall not delay implementation of transit service and facilities improvements planned by the commissioner, the regional transit board, the metropolitan transit commission, and other members of the ad hoc transit committee known as "team transit."

The commissioner shall submit a written report to the legislature no later than February 15, 1994.

Sec. 2. [APPROPRIATION.]

\$50,000 is appropriated from the general fund to the commissioner of transportation for the purposes of this act."

A roll call was requested and properly seconded.

The question was taken on the Lasley amendment and the roll was called. There were 109 yeas and 18 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Bertram	Carlson	Dauner	Dempsey	Greenfield	Haukoos
Asch	Bettermann	Carruthers	Davids	Dorn	Greiling	Hausman
Battaglia	Blatz	Clark	Dawkins	Frerichs	Gruenes	Holsten
Bauerly	Brown, C.	Commers	Dehler	Girard	Gutknecht	Hugoson
Beard	Brown, K.	Cooper	Delmont	Goodno	Hasskamp	Huntley

Jacobs	Krinkie	McGuire	Orfield	Rice	Sviggum	Wejcman
Jefferson	Krueger	Milbert	Osthoff	Rodosovich	Swenson	Welle
Johnson, A.	Lasley	Morrison	Ostrom	Rukavina	Tompkins	Wenzel
Johnson, R.	Leppik	Mosel	Ozment	Sarna	Trimble	Winter
Johnson, V.	Limmer	Munger	Pawlenty	Sekhon	Tunheim	Wolf
Kahn	Lindner	Murphy	Pelowski	Simoneau	Van Dellen	Worke
Kalis	Lourey	Neary	Perlt	Skoglund	Vellenga	Workman
Kelley	Luther	Olson, K.	Peterson	Smith	Vickerman	Spk. Long
Kinkel	Lynch	Olson, M.	Pugh	Solberg	Wagenius	
Klinzing	Mariani	Onnen	Reding	Stanis	Waltman	
Koppendraye	McCollum	Orenstein	Rest	Steensma	Weaver	

Those who voted in the negative were:

Abrams	Erhardt	Jaros	Macklin	Nelson	Pauly
Anderson, I.	Evans	Kelso	Mahon	Ness	Rhodes
Bergson	Garcia	Knickerbocker	Molnau	Opatz	Tomassoni

The motion prevailed and the amendment was adopted.

S. F. No. 811, A bill for an act relating to transportation; providing for a metropolitan area high speed bus study; appropriating money.

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 115 yeas and 13 nays as follows:

Those who voted in the affirmative were:

Abrams	Dauner	Huntley	Leppik	Ness	Rest	Tunheim
Anderson, I.	Davids	Jacobs	Lieder	Olson, E.	Rhodes	Van Dellen
Anderson, R.	Dawkins	Jaros	Lourey	Olson, K.	Rice	Vellenga
Asch	Delmont	Jefferson	Luther	Onnen	Rodosovich	Vickerman
Battaglia	Dempsey	Johnson, A.	Lynch	Opatz	Rukavina	Wagenius
Bauerly	Dorn	Johnson, R.	Macklin	Orenstein	Sarna	Weaver
Beard	Erhardt	Johnson, V.	Mahon	Orfield	Seagren	Wejcman
Bergson	Evans	Kahn	Mariani	Osthoff	Sekhon	Welle
Bertram	Garcia	Kalis	McCollum	Ostrom	Simoneau	Wenzel
Bettermann	Girard	Kelley	McGuire	Ozment	Skoglund	Winter
Blatz	Greenfield	Kelso	Milbert	Pauly	Smith	Wolf
Brown, K.	Greiling	Kinkel	Molnau	Pawlenty	Solberg	Worke
Carlson	Gutknecht	Klinzing	Morrison	Pelowski	Stanis	Workman
Carruthers	Hasskamp	Knickerbocker	Mosel	Perlt	Steensma	
Clark	Hausman	Koppendraye	Munger	Peterson	Swenson	
Commers	Holsten	Krueger	Murphy	Pugh	Tomassoni	
Cooper	Hugoson	Lasley	Neary	Reding	Trimble	

Those who voted in the negative were:

Dehler	Goodno	Haukoos	Limmer	Nelson	Sviggum	Waltman
Frerichs	Gruenes	Krinkie	Lindner	Olson, M.	Tompkins	

The bill was passed, as amended, and its title agreed to.

Anderson, I., moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by the Speaker.

There being no objection, the order of business reverted to Messages from the Senate.

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 File, herewith returned:

H. F. No. 1387, A bill for an act relating to employment; requiring Occupational Safety and Health Act compliance by certain independent contractors; requiring certain studies and reports on independent contractors; proposing coding for new law in Minnesota Statutes, chapter 182.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

I hereby announce that the Senate accedes to the request of the House for the appointment of a Conference Committee on the amendments adopted by the Senate to the following House File:

H. F. No. 1311, A bill for an act relating to local government; providing for the continuation of the Mississippi River parkway commission; amending Minnesota Statutes 1992, section 161.1419, subdivision 8.

The Senate has appointed as such committee:

Messrs. Metzen, Stumpf and Laidig.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

I hereby announce that the Senate accedes to the request of the House for the appointment of a Conference Committee on the amendments adopted by the Senate to the following House File:

H. F. No. 1658, A bill for an act relating to economic development; abolishing Minnesota Project Outreach Corporation and transferring its funds, property, records, and duties to Minnesota Technology, Inc.; providing for federal defense conversion activities; amending Minnesota Statutes 1992, section 116O.091; repealing Minnesota Statutes 1992, section 116O.092.

The Senate has appointed as such committee:

Messrs. Morse, Riveness and Stumpf.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to the following Senate File:

S. F. No. 760, A bill for an act relating to natural resources; granting power to the commissioner of natural resources to give nominal gifts, acknowledge contributions, and sell advertising; appropriating money; amending Minnesota Statutes 1992, section 84.027, by adding a subdivision.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Messrs. Price, Morse and Merriam.

Said Senate File is herewith transmitted to the House with the request that the House appoint a like committee.

PATRICK E. FLAHAVEN, Secretary of the Senate

Wolf moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 760. The motion prevailed.

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 760:

Wolf; Anderson, I., and Jennings.

The following Conference Committee Reports were received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1245

A bill for an act relating to data practices; providing for the collection, classification, and dissemination of data; proposing classifications of data as not public; classifying certain licensing data, educational data, security service data, motor carrier operating data, retirement data and other forms of data; amending Minnesota Statutes 1992, sections 13.32, subdivisions 1, 3, and 6; 13.41, subdivision 4; 13.43, subdivision 2; 13.46, subdivisions 1, 2, and 4; 13.643; 13.692; 13.72, by adding a subdivision; 13.792; 13.82, subdivisions 4, 6, and 10; 13.99, subdivision 24, and by adding subdivisions; 115A.93, by adding a subdivision; 144.335, subdivision 3a, and by adding a subdivision; 151.06, by adding a subdivision; 169.09, subdivisions 7 and 13; 245A.04, subdivisions 3 and 3a; 260.161, subdivisions 1 and 3; 270B.14, subdivision 1, and by adding a subdivision; 299L.03, by adding a subdivision; and 626.556, subdivisions 11 and 11c; proposing coding for new law in Minnesota Statutes, chapters 6; 13; and 144; repealing Minnesota Statutes 1992, sections 13.644; and 13.82, subdivision 5b.

May 15, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 1245, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 1245 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [6.715] [CLASSIFICATION OF STATE AUDITOR'S DATA.]

Subdivision 1. [DEFINITIONS.] (a) For purposes of this section, "audit" means an examination, financial audit, compliance audit, or investigation performed by the state auditor.

(b) The definitions in section 13.02 apply to this section.

Subd. 2. [CLASSIFICATION.] Data relating to an audit are protected nonpublic data or confidential data on individuals, until the final report of the audit has been published or the audit is no longer being actively pursued. Data that support the conclusions of the report and that the state auditor reasonably believes will result in litigation are protected nonpublic data or confidential data on individuals, until the litigation has been completed or is no longer being actively pursued. Data on individuals that could reasonably be used to determine the identity of an individual supplying data for an audit are private if the data supplied by the individual were needed for an audit and the individual would not have provided the data to the state auditor without an assurance that the individual's identity would remain private, or the state auditor reasonably believes that the subject would not have provided the data. Data that could reasonably be used to determine the identity of an individual supplying data pursuant to section 609.456 are private.

Subd. 3. [LAW ENFORCEMENT.] Notwithstanding any provision to the contrary in subdivision 2, the state auditor may share data relating to an audit with appropriate local law enforcement agencies.

Sec. 2. Minnesota Statutes 1992, section 13.32, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] As used in this section:

(a) "Educational data" means data on individuals maintained by a public educational agency or institution or by a person acting for the agency or institution which relates to a student.

Records of instructional personnel which are in the sole possession of the maker thereof and are not accessible or revealed to any other individual except a substitute teacher, and are destroyed at the end of the school year, shall not be deemed to be government data.

Records of a law enforcement unit of a public educational agency or institution which are maintained apart from education data and are maintained solely for law enforcement purposes, and are not disclosed to individuals other than law enforcement officials of the jurisdiction are ~~confidential not educational data~~; provided, that education records maintained by the educational agency or institution are not disclosed to the personnel of the law enforcement unit. The University of Minnesota police department is a law enforcement agency for purposes of section 13.82 and other sections of Minnesota Statutes dealing with law enforcement records. Records of organizations providing security services to a public educational agency or institution must be administered consistent with section 13.861.

Records relating to a student who is employed by a public educational agency or institution which are made and maintained in the normal course of business, relate exclusively to the individual in that individual's capacity as an employee, and are not available for use for any other purpose are classified pursuant to section 13.43.

(b) "Student" means an individual currently or formerly enrolled or registered, applicants for enrollment or registration at a public educational agency or institution, or individuals who receive shared time educational services from a public agency or institution.

(c) "Substitute teacher" means an individual who performs on a temporary basis the duties of the individual who made the record, but does not include an individual who permanently succeeds to the position of the maker of the record.

Sec. 3. Minnesota Statutes 1992, section 13.32, subdivision 3, is amended to read:

Subd. 3. [PRIVATE DATA; WHEN DISCLOSURE IS PERMITTED.] Except as provided in subdivision 5, educational data is private data on individuals and shall not be disclosed except as follows:

(a) Pursuant to section 13.05;

(b) Pursuant to a valid court order;

(c) Pursuant to a statute specifically authorizing access to the private data;

(d) To disclose information in health and safety emergencies pursuant to the provisions of United States Code, title 20, section 1232g(b)(1)(I) and Code of Federal Regulations, title 34, section 99.36 which are in effect on July 1, ~~1989~~ 1993;

(e) Pursuant to the provisions of United States Code, title 20, sections 1232g(b)(1), (b)(4)(A), (b)(4)(B), (b)(1)(B), (b)(3) and Code of Federal Regulations, title 34, sections 99.31, 99.32, 99.33, 99.34, and 99.35 which are in effect on July 1, ~~1989~~ 1993; or

(f) To appropriate health authorities to the extent necessary to administer immunization programs and for bona fide epidemiologic investigations which the commissioner of health determines are necessary to prevent disease or disability to individuals in the public educational agency or institution in which the investigation is being conducted;

(g) When disclosure is required for institutions that participate in a program under title IV of the Higher Education Act, United States Code, title 20, chapter 1092, in effect on July 1, 1993; or

(h) To the appropriate school district officials to the extent necessary under subdivision 6, annually to indicate the extent and content of remedial instruction, including the results of assessment testing and academic performance at a post-secondary institution during the previous academic year by a student who graduated from a Minnesota school district within two years before receiving the remedial instruction.

Sec. 4. Minnesota Statutes 1992, section 13.32, subdivision 6, is amended to read:

Subd. 6. [ADMISSIONS FORMS; REMEDIAL INSTRUCTION.] (a) Minnesota post-secondary education institutions, for purposes of reporting and research, may collect on the 1986-1987 admissions form, and disseminate to any public educational agency or institution the following data on individuals: student sex, ethnic background, age, and disabilities. The data shall not be required of any individual and shall not be used for purposes of determining the person's admission to an institution.

(b) A school district that receives information under subdivision 3, paragraph (h) from a post-secondary institution about an identifiable student shall maintain the data as educational data and use that data to conduct studies to improve instruction. Public post-secondary systems annually shall provide summary data to the department of education indicating the extent and content of the remedial instruction received in each system during the prior academic year by, and the results of assessment testing and the academic performance of, students who graduated from a Minnesota school district within two years before receiving the remedial instruction. The department shall evaluate the data and annually report its findings to the education committees of the legislature.

(c) This section supersedes any inconsistent provision of law.

Sec. 5. Minnesota Statutes 1992, section 13.41, subdivision 4, is amended to read:

Subd. 4. [PUBLIC DATA.] Licensing agency minutes, application data on licensees, orders for hearing, findings of fact, conclusions of law and specification of the final disciplinary action contained in the record of the disciplinary action are classified as public, pursuant to section 13.02, subdivision 15. The entire record concerning the disciplinary proceeding is public data pursuant to section 13.02, subdivision 15, in those instances where there is a public hearing concerning the disciplinary action. If the licensee and the licensing agency agree to resolve a complaint without a hearing, the agreement and the specific reasons for the agreement are public data. The license numbers, the license status, and continuing education records issued or maintained by the board of peace officer standards and training are classified as public data, pursuant to section 13.02, subdivision 15.

Sec. 6. Minnesota Statutes 1992, section 13.43, subdivision 2, is amended to read:

Subd. 2. [PUBLIC DATA.] (a) Except for employees described in subdivision 5, the following personnel data on current and former employees, volunteers, and independent contractors of a state agency, statewide system, or political subdivision and members of advisory boards or commissions is public: name; actual gross salary; salary range; contract fees; actual gross pension; the value and nature of employer paid fringe benefits; the basis for and the amount of any added remuneration, including expense reimbursement, in addition to salary; job title; job description;

education and training background; previous work experience; date of first and last employment; the existence and status of any complaints or charges against the employee, whether or not the complaint or charge resulted in a disciplinary action; the final disposition of any disciplinary action together with the specific reasons for the action and data documenting the basis of the action, excluding data that would identify confidential sources who are employees of the public body; the terms of any agreement settling ~~administrative or judicial proceedings~~ any dispute arising out of the employment relationship; work location; a work telephone number; badge number; honors and awards received; payroll time sheets or other comparable data that are only used to account for employee's work time for payroll purposes, except to the extent that release of time sheet data would reveal the employee's reasons for the use of sick or other medical leave or other not public data; and city and county of residence.

(b) For purposes of this subdivision, a final disposition occurs when the state agency, statewide system, or political subdivision makes its final decision about the disciplinary action, regardless of the possibility of any later proceedings or court proceedings. In the case of arbitration proceedings arising under collective bargaining agreements, a final disposition occurs at the conclusion of the arbitration proceedings, or upon the failure of the employee to elect arbitration within the time provided by the collective bargaining agreement. Final disposition includes a resignation by an individual when the resignation occurs after the final decision of the state agency, statewide system, political subdivision, or arbitrator.

(c) The state agency, statewide system, or political subdivision may display a photograph of a current or former employee to a prospective witness as part of the state agency's, statewide system's, or political subdivision's investigation of any complaint or charge against the employee.

Sec. 7. Minnesota Statutes 1992, section 13.43, is amended by adding a subdivision to read:

Subd. 8. [HARASSMENT DATA.] When allegations of sexual or other types of harassment are made against an employee, the employee does not have access to data that would identify the complainant or other witnesses if the responsible authority determines that the employee's access to that data would:

- (1) threaten the personal safety of the complainant or a witness; or
- (2) subject the complainant or witness to harassment.

If a disciplinary proceeding is initiated against the employee, data on the complainant or witness shall be available to the employee as may be necessary for the employee to prepare for the proceeding.

Sec. 8. Minnesota Statutes 1992, section 13.46, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] As used in this section:

(a) "Individual" means an individual pursuant to section 13.02, subdivision 8, but does not include a vendor of services.

(b) "Program" includes all programs for which authority is vested in a component of the welfare system pursuant to statute or federal law, including, but not limited to, aid to families with dependent children, medical assistance, general assistance, work readiness, and general assistance medical care.

(c) "Welfare system" includes the department of human services, county welfare boards, county welfare agencies, human services boards, community mental health center boards, state hospitals, state nursing homes, the ombudsman for mental health and mental retardation, and persons, agencies, institutions, organizations, and other entities under contract to any of the above agencies to the extent specified in the contract.

(d) "Mental health data" means data on individual clients and patients of community mental health centers, established under section 245.62, mental health divisions of counties and other providers under contract to deliver mental health services, or the ombudsman for mental health and mental retardation.

(e) "Fugitive felon" means a person who has been convicted of a felony and who has escaped from confinement or violated the terms of probation or parole for that offense.

Sec. 9. Minnesota Statutes 1992, section 13.46, subdivision 2, is amended to read:

Subd. 2. [GENERAL.] (a) Unless the data is summary data or a statute specifically provides a different classification, data on individuals collected, maintained, used, or disseminated by the welfare system is private data on individuals, and shall not be disclosed except:

- (1) pursuant to section 13.05;
- (2) pursuant to court order;
- (3) pursuant to a statute specifically authorizing access to the private data;
- (4) to an agent of the welfare system, including a law enforcement person, attorney, or investigator acting for it in the investigation or prosecution of a criminal or civil proceeding relating to the administration of a program;
- (5) to personnel of the welfare system who require the data to determine eligibility, amount of assistance, and the need to provide services of additional programs to the individual;
- (6) to administer federal funds or programs;
- (7) between personnel of the welfare system working in the same program;
- (8) the amounts of cash public assistance and relief paid to welfare recipients in this state, including their names and social security numbers, upon request by the department of revenue to administer the property tax refund law, supplemental housing allowance, and the income tax;
- (9) to the Minnesota department of jobs and training for the purpose of monitoring the eligibility of the data subject for unemployment compensation, for any employment or training program administered, supervised, or certified by that agency, or for the purpose of administering any rehabilitation program, whether alone or in conjunction with the welfare system, and to verify receipt of energy assistance for the telephone assistance plan;
- (10) to appropriate parties in connection with an emergency if knowledge of the information is necessary to protect the health or safety of the individual or other individuals or persons;
- (11) data maintained by residential facilities as defined in section 245A.02 may be disclosed to the protection and advocacy system established in this state pursuant to Part C of Public Law Number 98-527 to protect the legal and human rights of persons with mental retardation or other related conditions who live in residential facilities for these persons if the protection and advocacy system receives a complaint by or on behalf of that person and the person does not have a legal guardian or the state or a designee of the state is the legal guardian of the person;
- (12) to the county medical examiner or the county coroner for identifying or locating relatives or friends of a deceased person; or
- (13) data on a child support obligor who makes payments to the public agency may be disclosed to the higher education coordinating board to the extent necessary to determine eligibility under section 136A.121, subdivision 2, clause (5);
- (14) participant social security numbers and names collected by the telephone assistance program may be disclosed to the department of revenue to conduct an electronic data match with the property tax refund database to determine eligibility under section 237.70, subdivision 4a;
- (15) the current address of a recipient of aid to families with dependent children, medical assistance, general assistance, work readiness, or general assistance medical care may be disclosed to law enforcement officers who provide the name and social security number of the recipient and satisfactorily demonstrate that: (i) the recipient is a fugitive felon, including the grounds for this determination; (ii) the location or apprehension of the felon is within the law enforcement officer's official duties; and (iii) the request is made in writing and in the proper exercise of those duties; or
- (16) information obtained from food stamp applicant or recipient households may be disclosed to local, state, or federal law enforcement officials, upon their written request, for the purpose of investigating an alleged violation of the food stamp act, in accordance with Code of Federal Regulations, title 7, section 272.1(c).

(b) Information on persons who have been treated for drug or alcohol abuse may only be disclosed in accordance with the requirements of Code of Federal Regulations, title 42, sections 2.1 to 2.67.

(c) Data provided to law enforcement agencies under paragraph (a), clause (15) or (16), or paragraph (b) are investigative data and are confidential or protected nonpublic while the investigation is active. The data are private after the investigation becomes inactive under section 13.82, subdivision 5, paragraph (a) or (b).

(d) Mental health data shall be treated as provided in subdivisions 7, 8, and 9, but is not subject to the access provisions of subdivision 10, paragraph (b).

Sec. 10. Minnesota Statutes 1992, section 13.46, subdivision 4, is amended to read:

Subd. 4. [LICENSING DATA.] (a) As used in this subdivision:

(1) "licensing data" means all data collected, maintained, used, or disseminated by the welfare system pertaining to persons licensed or registered or who apply for licensure or registration or who formerly were licensed or registered under the authority of the commissioner of human services;

(2) "client" means a person who is receiving services from a licensee or from an applicant for licensure; and

(3) "personal and personal financial data" means social security numbers, identity of and letters of reference, insurance information, reports from the bureau of criminal apprehension, health examination reports, and social/home studies.

(b) Except as provided in paragraph (c), the following data on current and former licensees are public: name, address, telephone number of licensees, licensed capacity, type of client preferred, variances granted, type of dwelling, name and relationship of other family members, previous license history, class of license, and the existence and status of complaints. When disciplinary action has been taken against a licensee or the complaint is resolved, the following data are public: the substance of the complaint, the findings of the investigation of the complaint, the record of informal resolution of a licensing violation, orders of hearing, findings of fact, conclusions of law, and specifications of the final disciplinary action contained in the record of disciplinary action.

The following data on persons licensed under section 245A.04 to provide family day care for children, child care center services, foster care for children in the provider's home, or foster care or day care services for adults in the provider's home, are public: the nature of any disqualification set aside under section 245A.04, subdivision 3b, and the reasons for setting aside the disqualification; and the reasons for granting any variance under section 245A.04, subdivision 9.

(c) The following are private data on individuals under section 13.02, subdivision 12, or nonpublic data under section 13.02, subdivision 9: personal and personal financial data on family day care program and family foster care program applicants and licensees and their family members who provide services under the license.

(d) The following are private data on individuals: the identity of persons who have made reports concerning licensees or applicants that appear in inactive investigative data, and the records of clients or employees of the licensee or applicant for licensure whose records are received by the licensing agency for purposes of review or in anticipation of a contested matter. The names of reporters under sections 626.556 and 626.557 may be disclosed only as provided in section 626.556, subdivision 11, or 626.557, subdivision 12.

(e) Data classified as private, confidential, nonpublic, or protected nonpublic under this subdivision become public data if submitted to a court or administrative law judge as part of a disciplinary proceeding in which there is a public hearing concerning the disciplinary action.

(f) Data generated in the course of licensing investigations that relate to an alleged violation of law are investigative data under subdivision 3.

(g) Data that are not public data collected, maintained, used, or disseminated under this subdivision that relate to or are derived from a report as defined in section 626.556, subdivision 2, are subject to the destruction provisions of section 626.556, subdivision 11.

Sec. 11. [13.63] [MINNEAPOLIS EMPLOYEES RETIREMENT FUND DATA.]

Subdivision 1. [BENEFICIARY AND SURVIVOR DATA.] The following data on beneficiaries and survivors of Minneapolis employees retirement fund members are private data on individuals: home address, date of birth, direct deposit account number, and tax withholding data.

Subd. 2. [LIMITS ON DISCLOSURE.] Required disclosure of data about members, survivors, and beneficiaries is limited to name, gross pension, and type of benefit awarded.

Sec. 12. Minnesota Statutes 1992, section 13.643, is amended to read:

13.643 [DEPARTMENT OF AGRICULTURE DATA.]

Subdivision 1. [LOAN AND GRANT APPLICANT DATA.] The following data on applicants, collected by the department of agriculture in its sustainable agriculture revolving loan and grant programs under sections 17.115 and 17.116, are private or nonpublic: nonfarm income; credit history; insurance coverage; machinery and equipment list; financial information; and credit information requests.

Subd. 2. [FARM ADVOCATE DATA.] The following data supplied by farmer clients to Minnesota farm advocates and to the department of agriculture are private data on individuals: financial history, including listings of assets and debts, and personal and emotional status information.

Sec. 13. Minnesota Statutes 1992, section 13.692, is amended to read:

13.692 [DEPARTMENT OF PUBLIC SERVICE DATA.]

Subdivision 1. [TENANT.] Data collected by the department of public service that reveals the identity of a tenant who makes a complaint regarding energy efficiency standards for rental housing are private data on individuals.

Subd. 2. [UTILITY OR TELEPHONE COMPANY EMPLOYEE OR CUSTOMER.] (a) The following are private data on individuals: data collected by the department of public service or the public utilities commission, including the names or any other data that would reveal the identity of either an employee or customer of a telephone company or public utility who files a complaint or provides information regarding a violation or suspected violation by the telephone company or public utility of any federal or state law or rule; except this data may be released as needed to law enforcement authorities.

(b) The following are private data on individuals: data collected by the commission or the department of public service on individual public utility or telephone company customers or prospective customers, including copies of tax forms, needed to administer federal or state programs that provide relief from telephone company bills, public utility bills, or cold weather disconnection. The determination of eligibility of the customers or prospective customers may be released to public utilities or telephone companies to administer the programs.

Sec. 14. Minnesota Statutes 1992, section 13.72, is amended by adding a subdivision to read:

Subd. 8. [MOTOR CARRIER OPERATING DATA.] The following data submitted by Minnesota intrastate motor carriers to the department of transportation are nonpublic data: all payroll reports including wages, hours or miles worked, hours earned, employee benefit data, and terminal and route-specific operating data including percentage of revenues paid to agent operated terminals, line-haul load factors, pickup and delivery (PUD) activity, and peddle driver activity.

Sec. 15. Minnesota Statutes 1992, section 13.792, is amended to read:

13.792 [MINNESOTA ZOOLOGICAL GARDEN PRIVATE DONOR GIFT DATA.]

The following data maintained by the Minnesota zoological garden, a community college, a technical college, the University of Minnesota, a Minnesota state university, and any related entity subject to chapter 13 are classified as private or nonpublic:

(1) research information about prospects and donors gathered to aid in determining appropriateness of solicitation and level of gift request;

(2) specific data in prospect lists that would identify prospects to be solicited, dollar amounts to be requested, and name of solicitor;

(3) portions of solicitation letters and proposals that identify the prospect being solicited and the dollar amount being requested;

(4) letters, pledge cards, and other responses received from donors regarding prospective donors gifts in response to solicitations;

(5) portions of thank-you letters and other gift acknowledgment communications that would identify the name of the donor and the specific amount of the gift, pledge, or pledge payment; and

(6) donor financial or estate planning information, or portions of memoranda, letters, or other documents commenting on any donor's financial circumstances; and

(7) data detailing dates of gifts, payment schedule of gifts, form of gifts, and specific gift amounts made by donors ~~to the Minnesota zoo.~~

Names of donors and gift ranges are public data.

Sec. 16. Minnesota Statutes 1992, section 13.82, subdivision 4, is amended to read:

Subd. 4. [RESPONSE OR INCIDENT DATA.] The following data created or collected by law enforcement agencies which documents the agency's response to a request for service including, but not limited to, responses to traffic accidents, or which describes actions taken by the agency on its own initiative shall be public government data:

(a) date, time and place of the action;

(b) agencies, units of agencies and individual agency personnel participating in the action unless the identities of agency personnel qualify for protection under subdivision 10;

(c) any resistance encountered by the agency;

(d) any pursuit engaged in by the agency;

(e) whether any weapons were used by the agency or other individuals;

(f) a brief factual reconstruction of events associated with the action;

(g) names and addresses of witnesses to the agency action or the incident unless the identity of any witness qualifies for protection under subdivision 10;

(h) names and addresses of any victims or casualties unless the identities of those individuals qualify for protection under subdivision 10;

(i) the name and location of the health care facility to which victims or casualties were taken;

(j) response or incident report number; and

(k) dates of birth of the parties involved in a traffic accident; and

(l) whether the parties involved were wearing seat belts.

Sec. 17. Minnesota Statutes 1992, section 13.82, subdivision 6, is amended to read:

Subd. 6. [ACCESS TO DATA FOR CRIME VICTIMS.] On receipt of a written request, the prosecuting authority shall release investigative data collected by a law enforcement agency to the victim of a criminal act or alleged

criminal act or to the victim's legal representative upon written request unless the prosecuting authority reasonably believes:

- (a) That the release of that data will interfere with the investigation; or
- (b) That the request is prompted by a desire on the part of the requester to engage in unlawful activities.

Sec. 18. Minnesota Statutes 1992, section 13.82, subdivision 10, is amended to read:

Subd. 10. [PROTECTION OF IDENTITIES.] A law enforcement agency or a law enforcement dispatching agency working under direction of a law enforcement agency may withhold public access to data on individuals to protect the identity of individuals in the following circumstances:

- (a) when access to the data would reveal the identity of an undercover law enforcement officer;
- (b) when access to the data would reveal the identity of a victim of criminal sexual conduct or of a violation of section 617.246, subdivision 2;
- (c) when access to the data would reveal the identity of a paid or unpaid informant being used by the agency if the agency reasonably determines that revealing the identity of the informant would threaten the personal safety of the informant;
- (d) when access to the data would reveal the identity of a victim of or witness to a crime if the victim or witness specifically requests not to be identified publicly, and the agency reasonably determines that revealing the identity of the victim or witness would threaten the personal safety or property of the individual;
- (e) when access to the data would reveal the identity of a deceased person whose body was unlawfully removed from a cemetery in which it was interred; or
- (f) when access to the data would reveal the identity of a person who placed a call to a 911 system or the identity or telephone number of a service subscriber whose phone is used to place a call to the 911 system and: (1) the agency determines that revealing the identity may threaten the personal safety or property of any person; or (2) the object of the call is to receive help in a mental health emergency. For the purposes of this paragraph, a voice recording of a call placed to the 911 system is deemed to reveal the identity of the caller. Data concerning individuals whose identities are protected by this subdivision are private data about those individuals. Law enforcement agencies shall establish procedures to acquire the data and make the decisions necessary to protect the identity of individuals described in clause (d).

Sec. 19. [13.861] [SECURITY SERVICE DATA.]

Subdivision 1. [DEFINITIONS.] As used in this section:

(a) "Security service" means an organization that provides security services to a state agency or political subdivision as a part of the governmental entity or under contract to it. Security service does not include a law enforcement agency.

(b) "Security service data" means all data collected, created, or maintained by a security service for the purpose of providing security services.

Subd. 2. [CLASSIFICATION.] Security service data that are similar to the data described as request for service data and response or incident data in section 13.82, subdivisions 3 and 4, are public. If personnel of a security service make a citizen's arrest then any security service data that are similar to the data described as arrest data in section 13.82, subdivision 2, are public. If a security service participates in but does not make an arrest it shall, upon request, provide data that identify the arresting law enforcement agency. All other security service data are security information pursuant to section 13.37.

Sec. 20. Minnesota Statutes 1992, section 13.99, is amended by adding a subdivision to read:

Subd. 3a. [STATE AUDITOR DATA.] Data relating to an audit under chapter 6 are classified under section 6.715.

Sec. 21. Minnesota Statutes 1992, section 13.99, subdivision 24, is amended to read:

Subd. 24. ~~[SOLID WASTE FACILITY RECORDS.]~~ (a) Records of solid waste facilities received, inspected, or copied by a county pursuant to section 115A.882 are classified pursuant to section 115A.882, subdivision 3.

(b) Customer lists provided to counties or cities by solid waste collectors are classified under section 115A.93.

Sec. 22. Minnesota Statutes 1992, section 13.99, is amended by adding a subdivision to read:

Subd. 92a. [GAMBLING ENFORCEMENT INVESTIGATIVE DATA.] Data provided to the director of the division of gambling enforcement by a governmental entity located outside Minnesota for use in an authorized investigation, audit, or background check are governed by section 299L.03, subdivision 11.

Sec. 23. Minnesota Statutes 1992, section 115A.93, is amended by adding a subdivision to read:

Subd. 5. [CUSTOMER DATA.] Customer lists provided to counties or cities by solid waste collectors are private data on individuals as defined in section 13.02, subdivision 12, with regard to data on individuals, or nonpublic data as defined in section 13.02, subdivision 9, with regard to data not on individuals.

Sec. 24. Minnesota Statutes 1992, section 144.335, subdivision 3a, is amended to read:

Subd. 3a. [PATIENT CONSENT TO RELEASE OF RECORDS; LIABILITY.] (a) A provider, or a person who receives health records from a provider, may not release a patient's health records to a person without a signed and dated consent from the patient or the patient's legally authorized representative authorizing the release, unless the release is specifically authorized by law. Except as provided in paragraph (c), a consent is valid for one year or for a lesser period specified in the consent or for a different period provided by law.

(b) This subdivision does not prohibit the release of health records for a medical emergency when the provider is unable to obtain the patient's consent due to the patient's condition or the nature of the medical emergency.

(c) Notwithstanding paragraph (a), if a patient explicitly gives informed consent to the release of health records for the purposes and pursuant to the restrictions in clauses (1) and (2), the consent does not expire after one year for:

(1) the release of health records to a provider who is being advised or consulted with in connection with the current treatment of the patient;

(2) the release of health records to an accident and health insurer, health service plan corporation, health maintenance organization, or third-party administrator for purposes of payment of claims, fraud investigation, or quality of care review and studies, provided that:

(i) the use or release of the records complies with sections 72A.49 to 72A.505;

(ii) further use or release of the records in individually identifiable form to a person other than the patient without the patient's consent is prohibited; and

(iii) the recipient establishes adequate safeguards to protect the records from unauthorized disclosure, including a procedure for removal or destruction of information that identifies the patient.

(d) Until June 1, 1994, paragraph (a) does not prohibit the release of health records to qualified personnel solely for purposes of medical or scientific research, if the patient has not objected to a release for research purposes and the provider who releases the records makes a reasonable effort to determine that:

(i) the use or disclosure does not violate any limitations under which the record was collected;

(ii) the use or disclosure in individually identifiable form is necessary to accomplish the research or statistical purpose for which the use or disclosure is to be made;

(iii) the recipient has established and maintains adequate safeguards to protect the records from unauthorized disclosure, including a procedure for removal or destruction of information that identifies the patient; and

(iv) further use or release of the records in individually identifiable form to a person other than the patient without the patient's consent is prohibited.

(e) A person who negligently or intentionally releases a health record in violation of this subdivision, or who forges a signature on a consent form, or who obtains under false pretenses the consent form or health records of another person, or who, without the person's consent, alters a consent form, is liable to the patient for compensatory damages caused by an unauthorized release, plus costs and reasonable attorney's fees.

(f) Upon the written request of a spouse, parent, child, or sibling of a patient being evaluated for or diagnosed with mental illness, a provider shall inquire of a patient whether the patient wishes to authorize a specific individual to receive information regarding the patient's current and proposed course of treatment. If the patient so authorizes, the provider shall communicate to the designated individual the patient's current and proposed course of treatment. Paragraph (a) applies to consents given under this paragraph.

Sec. 25. Minnesota Statutes 1992, section 144.335, is amended by adding a subdivision to read:

Subd. 3b. [INDEPENDENT MEDICAL EXAMINATION.] This section applies to the subject and provider of an independent medical examination requested by or paid for by a third party. Notwithstanding subdivision 3a, a provider may release health records created as part of an independent medical examination to the third party who requested or paid for the examination.

Sec. 26. [144.6581] [DETERMINATION OF WHETHER DATA IDENTIFIES INDIVIDUALS.]

The commissioner of health may: (1) withhold access to health or epidemiologic data if the commissioner determines the data are data on an individual, as defined in section 13.02, subdivision 5; or (2) grant access to health or epidemiologic data, if the commissioner determines the data are summary data as defined in section 13.02, subdivision 19. In the exercise of this discretion, the commissioner shall consider whether the data requested, alone or in combination, may constitute information from which an individual subject of data may be identified using epidemiologic methods. In making this determination, the commissioner shall consider disease incidence, associated risk factors for illness, and similar factors unique to the data by which it could be linked to a specific subject of the data. This discretion is limited to health or epidemiologic data maintained by the commissioner of health or a board of health, as defined in section 145A.02.

Sec. 27. Minnesota Statutes 1992, section 169.09, subdivision 7, is amended to read:

Subd. 7. [ACCIDENT REPORT TO COMMISSIONER.] The driver of a vehicle involved in an accident resulting in bodily injury to or death of any person or total property damage to an apparent extent of \$500 or more, shall forward a written report of the accident to the commissioner of public safety within ten days thereof. On the required report, the driver shall provide the commissioner with the name and policy number of the insurer providing vehicle liability coverage at the time of the accident. On determining that the original report of any driver of a vehicle involved in an accident of which report must be made as provided in this section is insufficient, the commissioner of public safety may require the driver to file supplementary reports.

Sec. 28. Minnesota Statutes 1992, section 169.09, subdivision 13, is amended to read:

Subd. 13. [ACCIDENT REPORTS CONFIDENTIAL; FEE, PENALTY.] (a) All written reports and supplemental reports required under this section to be provided to the department of public safety shall be without prejudice to the individual so reporting and shall be for the confidential use of the department commissioner of public safety and other appropriate state, federal, county, and municipal governmental agencies for accident analysis purposes, except that the department:

(1) the commissioner of public safety or any law enforcement department of any municipality or county in this state agency shall, upon written request of any person involved in an accident or upon written request of the representative of the person's estate, surviving spouse, or one or more surviving next of kin, or a trustee appointed pursuant to section 573.02, disclose to the requester, the requester's legal counsel or a representative of the requester's insurer any information contained therein except the parties' version of the accident as set out in the written report filed by the parties or may disclose identity of a person involved in an accident when the identity is not otherwise known or when the person denies presence at the accident. No report shall be used as evidence in any trial, civil or criminal, arising out of an accident, except that the department of public safety shall furnish upon the demand of any person who has, or claims to have, made a report, or, upon demand of any court, a certificate showing that a specified accident report

has or has not been made to the department of public safety solely to prove a compliance or a failure to comply with the requirements that the report be made to the department of public safety. Disclosing any information contained in any accident report, except as provided herein, is unlawful and a misdemeanor.

Nothing herein shall be construed to prevent any person who has made a report pursuant to this chapter from providing information to any persons involved in an accident or their representatives or from testifying in any trial, civil or criminal, arising out of an accident, as to facts within the person's knowledge. It is intended by this subdivision to render privileged the reports required but it is not intended to prohibit proof of the facts to which the reports relate. Response or incident data may be released pursuant to section 13.82, subdivision 4.

When these reports are released for accident analysis purposes the identity of any involved person shall not be revealed. Data contained in these reports shall only be used for accident analysis purposes, except as otherwise provided by this subdivision. Accident reports and data contained therein which may be in the possession or control of departments or agencies other than the department of public safety shall not be discoverable under any provision of law or rule of court.

Notwithstanding other provisions of this subdivision to the contrary, the report required under subdivision 8;

(2) the commissioner of public safety shall, upon written request, provide the driver filing a report under subdivision 7 with a copy of the report filed by the driver;

(3) the commissioner of public safety may verify with insurance companies vehicle insurance information to enforce sections 65B.48, 169.792, 169.793, 169.796, and 169.797;

(4) the commissioner of public safety shall may give to the commissioner of transportation the name and address of a carrier subject to section 221.031 that is named in an accident report filed under subdivision 7 or 8. The commissioner of transportation may not release the name and address to any person. The commissioner shall use this information to enforce for use in enforcing accident report requirements under chapter 221. In addition, and

(5) the commissioner of public safety may give to the United States Department of Transportation commercial vehicle accident information in connection with federal grant programs relating to safety.

The department may charge authorized persons a \$5 fee for a copy of an accident report.

(b) Accident reports and data contained in the reports shall not be discoverable under any provision of law or rule of court. No report shall be used as evidence in any trial, civil or criminal, arising out of an accident, except that the commissioner of public safety shall furnish upon the demand of any person who has, or claims to have, made a report, or, upon demand of any court, a certificate showing that a specified accident report has or has not been made to the commissioner solely to prove compliance or failure to comply with the requirements that the report be made to the commissioner.

(c) Nothing in this subdivision prevents any person who has made a report pursuant to this section from providing information to any persons involved in an accident or their representatives or from testifying in any trial, civil or criminal, arising out of an accident, as to facts within the person's knowledge. It is intended by this subdivision to render privileged the reports required, but it is not intended to prohibit proof of the facts to which the reports relate.

(d) Disclosing any information contained in any accident report, except as provided in this subdivision, section 13.82, subdivision 3 or 4, or other statutes, is a misdemeanor.

(e) The commissioner of public safety may charge authorized persons a \$5 fee for a copy of an accident report.

(f) The commissioner and law enforcement agencies may charge commercial users who request access to response or incident data relating to accidents a fee not to exceed 50 cents per report. "Commercial user" is a user who in one location requests access to data in more than five accident reports per month, unless the user establishes that access is not for a commercial purpose. Money collected by the commissioner under this paragraph is appropriated to the commissioner.

Sec. 29. Minnesota Statutes 1992, section 245A.04, subdivision 3, is amended to read:

Subd. 3. [STUDY OF THE APPLICANT.] (a) Before the commissioner issues a license, the commissioner shall conduct a study of the individuals specified in clauses (1) to (4) according to rules of the commissioner. The applicant,

license holder, the bureau of criminal apprehension, and county agencies, after written notice to the individual who is the subject of the study, shall help with the study by giving the commissioner criminal conviction data and reports about abuse or neglect of adults in licensed programs substantiated under section 626.557 and the maltreatment of minors in licensed programs substantiated under section 626.556. The individuals to be studied shall include:

- (1) the applicant;
- (2) persons over the age of 13 living in the household where the licensed program will be provided;
- (3) current employees or contractors of the applicant who will have direct contact with persons served by the program; and
- (4) volunteers who have direct contact with persons served by the program to provide program services, if the contact is not directly supervised by the individuals listed in clause (1) or (3).

The juvenile courts shall also help with the study by giving the commissioner existing juvenile court records on individuals described in clause (2) relating to delinquency proceedings held within either the five years immediately preceding the application or the five years immediately preceding the individual's 18th birthday, whichever time period is longer. The commissioner shall destroy juvenile records obtained pursuant to this subdivision when the subject of the records reaches age 23.

For purposes of this subdivision, "direct contact" means providing face-to-face care, training, supervision, counseling, consultation, or medication assistance to persons served by a program. For purposes of this subdivision, "directly supervised" means an individual listed in clause (1) or (3) is within sight or hearing of a volunteer to the extent that the individual listed in clause (1) or (3) is capable at all times of intervening to protect the health and safety of the persons served by the program who have direct contact with the volunteer.

A study of an individual in clauses (1) to (4) shall be conducted on at least an annual basis. No applicant, license holder, or individual who is the subject of the study shall pay any fees required to conduct the study.

(b) The individual who is the subject of the study must provide the applicant or license holder with sufficient information to ensure an accurate study including the individual's first, middle, and last name; home address, city, county, and state of residence; zip code; sex; date of birth; and driver's license number. The applicant or license holder shall provide this information about an individual in paragraph (a), clauses (1) to (4), on forms prescribed by the commissioner. The commissioner may request additional information of the individual, which shall be optional for the individual to provide, such as the individual's social security number or race.

(c) Except for child foster care, adult foster care, and family day care homes, a study must include information from the county agency's record of substantiated abuse or neglect of adults in licensed programs, and the maltreatment of minors in licensed programs, information from juvenile courts as required in paragraph (a) for persons listed in paragraph (a), clause (2), and information from the bureau of criminal apprehension. For child foster care, adult foster care, and family day care homes, the study must include information from the county agency's record of substantiated abuse or neglect of adults, and the maltreatment of minors, information from juvenile courts as required in paragraph (a) for persons listed in paragraph (a), clause (2), and information from the bureau of criminal apprehension. The commissioner may also review arrest and investigative information from the bureau of criminal apprehension, a county attorney, county sheriff, county agency, local chief of police, other states, the courts, or a national criminal record repository if the commissioner has reasonable cause to believe the information is pertinent to the disqualification of an individual listed in paragraph (a), clauses (1) to (4).

(d) An applicant's or license holder's failure or refusal to cooperate with the commissioner is reasonable cause to deny an application or immediately suspend, suspend, or revoke a license. Failure or refusal of an individual to cooperate with the study is just cause for denying or terminating employment of the individual if the individual's failure or refusal to cooperate could cause the applicant's application to be denied or the license holder's license to be immediately suspended, suspended, or revoked.

(e) The commissioner shall not consider an application to be complete until all of the information required to be provided under this subdivision has been received.

(f) No person in paragraph (a), clause (1), (2), (3), or (4) who is disqualified as a result of this section may be retained by the agency in a position involving direct contact with persons served by the program.

(g) Termination of persons in paragraph (a), clause (1), (2), (3), or (4) made in good faith reliance on a notice of disqualification provided by the commissioner shall not subject the applicant or license holder to civil liability.

(h) The commissioner may establish records to fulfill the requirements of this section. ~~The information contained in the records is only available to the commissioner for the purpose authorized in this section.~~

(i) The commissioner may not disqualify an individual subject to a study under this section because that person has, or has had, a mental illness as defined in section 245.462, subdivision 20.

Sec. 30. Minnesota Statutes 1992, section 260.161, subdivision 1, is amended to read:

Subdivision 1. [RECORDS REQUIRED TO BE KEPT.] (a) The juvenile court judge shall keep such minutes and in such manner as the court deems necessary and proper. Except as provided in paragraph (b), the court shall keep and maintain records pertaining to delinquent adjudications until the person reaches the age of 23 years and shall release the records on an individual to another juvenile court that has jurisdiction of the juvenile, to a requesting adult court for purposes of sentencing, or to an adult court or juvenile court as required by the right of confrontation of either the United States Constitution or the Minnesota Constitution. The juvenile court shall provide, upon the request of any other juvenile court, copies of the records concerning adjudications involving the particular child. The court shall also keep an index in which files pertaining to juvenile matters shall be indexed under the name of the child. After the name of each file shall be shown the file number and, if ordered by the court, the book and page of the register in which the documents pertaining to such file are listed. The court shall also keep a register properly indexed in which shall be listed under the name of the child all documents filed pertaining to the child and in the order filed. The list shall show the name of the document and the date of filing thereof. The juvenile court legal records shall be deposited in files and shall include the petition, summons, notice, findings, orders, decrees, judgments, and motions and such other matters as the court deems necessary and proper. The legal ~~Unless otherwise provided by law, all court records maintained in this file~~ shall be open at all reasonable times to the inspection of any child to whom the records relate, and to the child's parent and guardian.

(b) The court shall retain records of the court finding that a juvenile committed an act that would be a violation of, or an attempt to violate, section 609.342, 609.343, 609.344, or 609.345, until the offender reaches the age of 25. If the offender commits another violation of sections 609.342 to 609.345 as an adult, the court shall retain the juvenile records for as long as the records would have been retained if the offender had been an adult at the time of the juvenile offense. This paragraph does not apply unless the juvenile was represented by an attorney when the petition was admitted or proven.

Sec. 31. Minnesota Statutes 1992, section 260.161, subdivision 3, is amended to read:

Subd. 3. [PEACE OFFICER RECORDS OF CHILDREN.] (a) Except for records relating to an offense where proceedings are public under section 260.155, subdivision 1, peace officers' records of children who are or may be delinquent or who may be engaged in criminal acts shall be kept separate from records of persons 18 years of age or older and ~~shall not be open to public inspection or their contents disclosed to the public except are private data but shall be disseminated:~~ (1) by order of the juvenile court, (2) as required by section 126.036, (3) as authorized under section 13.82, subdivision 2, (4) to the child or the child's parent or guardian unless disclosure of a record would interfere with an ongoing investigation, or (5) as provided in paragraph (d). Except as provided in paragraph (c), no photographs of a child taken into custody may be taken without the consent of the juvenile court unless the child is alleged to have violated section 169.121 or 169.129. Peace officers' records containing data about children who are victims of crimes or witnesses to crimes must be administered consistent with section 13.82, subdivisions 2, 3, 4, and 10. Any person violating any of the provisions of this subdivision shall be guilty of a misdemeanor.

In the case of computerized records maintained about juveniles by peace officers, the requirement of this subdivision that records about juveniles must be kept separate from adult records does not mean that a law enforcement agency must keep its records concerning juveniles on a separate computer system. Law enforcement agencies may keep juvenile records on the same computer as adult records and may use a common index to access both juvenile and adult records so long as the agency has in place procedures that keep juvenile records in a separate place in computer storage and that comply with the special data retention and other requirements associated with protecting data on juveniles.

(b) Nothing in this subdivision prohibits the exchange of information by law enforcement agencies if the exchanged information is pertinent and necessary to the requesting agency in initiating, furthering, or completing a criminal investigation.

(c) A photograph may be taken of a child taken into custody pursuant to section 260.165, subdivision 1, clause (b), provided that the photograph must be destroyed when the child reaches the age of 19 years. The commissioner of corrections may photograph juveniles whose legal custody is transferred to the commissioner. Photographs of juveniles authorized by this paragraph may be used only for institution management purposes, case supervision by parole agents, and to assist law enforcement agencies to apprehend juvenile offenders. The commissioner shall maintain photographs of juveniles in the same manner as juvenile court records and names under this section.

(d) Traffic investigation reports are open to inspection by a person who has sustained physical harm or economic loss as a result of the traffic accident. Identifying information on juveniles who are parties to traffic accidents may be disclosed as authorized under section 13.82, subdivision 4, and accident reports required under section 169.09 may be released under section 169.09, subdivision 13, unless the information would identify a juvenile who was taken into custody or who is suspected of committing an offense that would be a crime if committed by an adult, or would associate a juvenile with the offense, and the offense is not a minor traffic offense under section 260.193.

Sec. 32. Minnesota Statutes 1992, section 270B.12, is amended by adding a subdivision to read:

Subd. 9. [COUNTY ASSESSORS.] If, as a result of an audit, the commissioner determines that a person is a Minnesota nonresident or part-year resident for income tax purposes, the commissioner may disclose the person's name, address, and social security number to the assessor of any political subdivision in the state, when there is reason to believe that the person may have claimed or received homestead property tax benefits for a corresponding assessment year in regard to property apparently located in the assessor's jurisdiction.

Sec. 33. Minnesota Statutes 1992, section 270B.14, subdivision 1, is amended to read:

Subdivision 1. [DISCLOSURE TO COMMISSIONER OF HUMAN SERVICES.] (a) On the request of the commissioner of human services, the commissioner shall disclose return information regarding taxes imposed by chapter 290, and claims for refunds under chapter 290A, to the extent provided in paragraph (b) and for the purposes set forth in paragraph (c).

(b) Data that may be disclosed are limited to data relating to the identity, whereabouts, employment, income, and property of a person owing or alleged to be owing an obligation of child support.

(c) The commissioner of human services may request data only for the purposes of carrying out the child support enforcement program and to assist in the location of parents who have, or appear to have, deserted their children. Data received may be used only as set forth in section 256.978.

(d) The commissioner shall provide the records and information necessary to administer the supplemental housing allowance to the commissioner of human services.

(e) At the request of the commissioner of human services, the commissioner of revenue shall electronically match the social security numbers and names of participants in the telephone assistance plan operated under sections 237.69 to 237.711, with those of property tax refund filers, and determine whether each participant's household income is within the eligibility standards for the telephone assistance plan.

Sec. 34. Minnesota Statutes 1992, section 270B.14, subdivision 8, is amended to read:

Subd. 8. [EXCHANGE BETWEEN DEPARTMENTS OF LABOR AND INDUSTRY AND REVENUE.] ~~Notwithstanding any law to the contrary, The departments of labor and industry and revenue may exchange information on a reciprocal basis. Data that may be disclosed are limited to data used in determining whether a business is an employer or a contracting agent. as follows:~~

(1) data used in determining whether a business is an employer or a contracting agent;

(2) taxpayer identity information relating to employers for purposes of supporting tax administration and chapter 176; and

(3) data to the extent provided in and for the purpose set out in section 176.181, subdivision 8.

Sec. 35. Minnesota Statutes 1992, section 270B.14, is amended by adding a subdivision to read:

Subd. 12. [DISCLOSURE TO OFFICE OF TOURISM.] The commissioner may disclose to the office of tourism in the department of trade and economic development, the name, address, standard industrial classification code, and

telephone number of a travel or tourism related business that is authorized to collect sales and use tax. The data may be used only by the office of tourism to survey travel or tourism related businesses.

Sec. 36. Minnesota Statutes 1992, section 299L.03, is amended by adding a subdivision to read:

Subd. 11. [DATA CLASSIFICATION.] Data provided to the director, by a governmental entity located outside Minnesota for use in an authorized investigation, audit, or background check, has the same data access classification or restrictions on access, for the purposes of chapter 13, that it had in the entity providing it. If the classification or restriction on access in the entity providing the data is less restrictive than the Minnesota data classification, the Minnesota classification applies.

Data classified as not public by this section are only discoverable as follows:

(1) the data are subject to discovery in a legal proceeding; and

(2) the data are discoverable in a civil or administrative proceeding if the subject matter of the proceeding is a final agency decision adverse to the party seeking discovery of the data.

Sec. 37. Minnesota Statutes 1992, section 626.556, subdivision 11, is amended to read:

Subd. 11. [RECORDS.] Except as provided in subdivisions 10b, 10d, 10g, and 11b, all records concerning individuals maintained by a local welfare agency under this section, including any written reports filed under subdivision 7, shall be private data on individuals, except insofar as copies of reports are required by subdivision 7 to be sent to the local police department or the county sheriff. Reports maintained by any police department or the county sheriff shall be private data on individuals except the reports shall be made available to the investigating, petitioning, or prosecuting authority, including county medical examiners or county coroners. Section 13.82, subdivisions 5, 5a, and 5b, apply to law enforcement data other than the reports. The welfare board shall make available to the investigating, petitioning, or prosecuting authority, including county medical examiners or county coroners, any records which contain information relating to a specific incident of neglect or abuse which is under investigation, petition, or prosecution and information relating to any prior incidents of neglect or abuse involving any of the same persons. The records shall be collected and maintained in accordance with the provisions of chapter 13. In conducting investigations and assessments pursuant to this section, the notice required by section 13.04, subdivision 2, need not be provided to a minor under the age of ten who is the alleged victim of abuse or neglect. An individual subject of a record shall have access to the record in accordance with those sections, except that the name of the reporter shall be confidential while the report is under assessment or investigation except as otherwise permitted by this subdivision. Any person conducting an investigation or assessment under this section who intentionally discloses the identity of a reporter prior to the completion of the investigation or assessment is guilty of a misdemeanor. After the assessment or investigation is completed, the name of the reporter shall be confidential. The subject of the report may compel disclosure of the name of the reporter only with the consent of the reporter or upon a written finding by the court that the report was false and that there is evidence that the report was made in bad faith. This subdivision does not alter disclosure responsibilities or obligations under the rules of criminal procedure.

Sec. 38. Minnesota Statutes 1992, section 626.556, subdivision 11c, is amended to read:

Subd. 11c. [WELFARE, COURT SERVICES AGENCY, AND SCHOOL RECORDS MAINTAINED.] Notwithstanding sections 138.163 and 138.17, records maintained or records derived from reports of abuse by local welfare agencies, court services agencies, or schools under this section shall be destroyed as provided in paragraphs (a) to (d) by the responsible authority.

(a) If upon assessment or investigation there is no determination of maltreatment or the need for child protective services, the records may be maintained for a period of four years. After the individual alleged to have maltreated a child is notified under subdivision 10f of the determinations at the conclusion of the assessment or investigation, upon that individual's request, records shall be destroyed within 30 days.

(b) All records relating to reports which, upon assessment or investigation, indicate either maltreatment or a need for child protective services shall be ~~destroyed seven~~ maintained for at least ten years after the date of the final entry in the case record.

(c) All records regarding a report of maltreatment, including any notification of intent to interview which was received by a school under subdivision 10, paragraph (d), shall be destroyed by the school when ordered to do so

by the agency conducting the assessment or investigation. The agency shall order the destruction of the notification when other records relating to the report under investigation or assessment are destroyed under this subdivision.

(d) Private or confidential data released to a court services agency under subdivision 10h must be destroyed by the court services agency when ordered to do so by the local welfare agency that released the data. The local welfare agency shall order destruction of the data when other records relating to the assessment or investigation are destroyed under this subdivision.

Sec. 39. [HENNEPIN COUNTY FOSTER CARE REVIEW TEAM; DATA ACCESS.]

The foster care policy redesign commission and the foster care review team created by the Hennepin county board of commissioners to review the foster care system shall have access to not public data as defined in Minnesota Statutes, section 13.02, subdivision 8a, as provided in this section. The commission and the team shall have access to not public data on foster care cases. Access is limited to records created, collected, or maintained by any local social services agency that provided services to a child or a child's family during the five years immediately preceding any out-of-home placement of the child and continuing throughout the period of the placement until the child was returned to the custody of a parent, adopted, or otherwise was no longer the subject of a case plan developed by a county social service agency. A county social service agency shall provide the not public data described in this section to the foster care review team or the foster care policy redesign commissioner upon request.

Not public data received by the foster care review team or the foster care policy redesign commission maintains the same classification in the possession of the team or commission as it had in the possession of the entity providing the data. Not public data received under this section shall be returned to the entity providing it upon completion of the work of the foster care policy redesign commission and the foster care review team.

Sec. 40. [JOINT PLAN TO REPORT TO SCHOOL DISTRICTS.]

Minnesota public post-secondary education systems, for the purpose of assisting school districts in developing academic standards, determining specific areas of academic deficiency within the secondary school curriculum, and improving instruction, shall by September 1, 1993, jointly develop a plan to disseminate data to Minnesota school districts indicating the extent and content of the remedial instruction received at each public post-secondary institution by, and the results of assessment testing and the academic performance of, students who graduated from a district within two years before receiving the remedial instruction. The data shall include personally identifiable information about the student to the extent necessary to accomplish the purpose of this section.

The plan shall require the data to be disseminated in a manner consistent with the provisions of United States Code, title 20, sections 1232g(b)(1), (b)(4)(A), (b)(4)(B), (b)(1)(B), (b)(3), and Code of Federal Regulations, title 34, sections 99.31, 99.32, 99.33, 99.34, and 99.35 which are in effect on July 1, 1993.

Sec. 41. [REPEALER.]

Minnesota Statutes 1992, section 13.644, is repealed.

Sec. 42. [EFFECTIVE DATE; APPLICATION.]

Sections 10, 21, 23, and 29 are effective the day following final enactment. Section 25 is effective the day following final enactment and applies to health records created before, on, or after that date. Nothing in section 25 creates a physician-patient relationship. Sections 8 and 9 are effective October 1, 1993.

Delete the title and insert:

"A bill for an act relating to data practices; providing for the collection, classification, and dissemination of data; proposing classifications of data as not public; classifying certain licensing data, educational data, security service data, motor carrier operating data, retirement data and other forms of data; amending Minnesota Statutes 1992, sections 13.32, subdivisions 1, 3, and 6; 13.41, subdivision 4; 13.43, subdivision 2, and by adding a subdivision; 13.46, subdivisions 1, 2, and 4; 13.643; 13.692; 13.72, by adding a subdivision; 13.792; 13.82, subdivisions 4, 6, and 10; 13.99, subdivision 24, and by adding subdivisions; 115A.93, by adding a subdivision; 144.335, subdivision 3a, and by adding a subdivision; 169.09, subdivisions 7 and 13; 245A.04, subdivision 3; 260.161, subdivisions 1 and 3; 270B.12, by adding a subdivision; 270B.14, subdivisions 1, 8, and by adding a subdivision; 299L.03, by adding a subdivision; and 626.556,

subdivisions 11 and 11c; proposing coding for new law in Minnesota Statutes, chapters 6; 13; and 144; repealing Minnesota Statutes 1992, section 13.644."

We request adoption of this report and repassage of the bill.

House Conferees: MARY JO MCGUIRE, PHIL CARRUTHERS AND BILL MACKLIN.

Senate Conferees: JANE B. RANUM, GENE MERRIAM AND DAVID L. KNUTSON.

McGuire moved that the report of the Conference Committee on H. F. No. 1245 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1245, A bill for an act relating to data practices; providing for the collection, classification, and dissemination of data; proposing classifications of data as not public; classifying certain licensing data, educational data, security service data, motor carrier operating data, retirement data and other forms of data; amending Minnesota Statutes 1992, sections 13.32, subdivisions 1, 3, and 6; 13.41, subdivision 4; 13.43, subdivision 2; 13.46, subdivisions 1, 2, and 4; 13.643; 13.692; 13.72, by adding a subdivision; 13.792; 13.82, subdivisions 4, 6, and 10; 13.99, subdivision 24, and by adding subdivisions; 115A.93, by adding a subdivision; 144.335, subdivision 3a, and by adding a subdivision; 151.06, by adding a subdivision; 169.09, subdivisions 7 and 13; 245A.04, subdivisions 3 and 3a; 260.161, subdivisions 1 and 3; 270B.14, subdivision 1, and by adding a subdivision; 299L.03, by adding a subdivision; and 626.556, subdivisions 11 and 11c; proposing coding for new law in Minnesota Statutes, chapters 6; 13; and 144; repealing Minnesota Statutes 1992, sections 13.644; and 13.82, subdivision 5b.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage 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	Dauner	Haukoos	Koppendraye	Mosel	Peterson	Tomassoni
Anderson, I.	Davids	Hausman	Krinkie	Munger	Pugh	Tompkins
Anderson, R.	Dawkins	Holsten	Krueger	Murphy	Reding	Trimble
Asch	Dehler	Hugoson	Lasley	Neary	Rest	Tunheim
Battaglia	Delmont	Huntley	Leppik	Nelson	Rhodes	Van Dellen
Bauerly	Dempsey	Jacobs	Lieder	Ness	Rice	Vellenga
Beard	Dorn	Jaros	Limmer	Olson, E.	Rodosovich	Vickerman
Bergson	Erhardt	Jefferson	Lindner	Olson, K.	Rukavina	Wagenius
Bertram	Evans	Jennings	Lourey	Olson, M.	Sarna	Waltman
Bettermann	Farrell	Johnson, A.	Luther	Onnen	Seagren	Weaver
Bishop	Frerichs	Johnson, R.	Lynch	Opatz	Sekhon	Wejcman
Blatz	Garcia	Johnson, V.	Macklin	Orenstein	Simoneau	Welle
Brown, C.	Girard	Kahn	Mahon	Orfield	Skoglund	Wenzel
Brown, K.	Goodno	Kalis	Mariani	Ostrom	Smith	Winter
Carlson	Greenfield	Kelley	McCollum	Ozment	Solberg	Wolf
Carruthers	Greiling	Kelso	McGuire	Pauly	Stanius	Worke
Clark	Gruenes	Kinkel	Milbert	Pawlenty	Steensma	Workman
Commers	Gutknecht	Klinzing	Molnau	Pelowski	Sviggum	Spk. Long
Cooper	Hasskamp	Knickerbocker	Morrison	Perlt	Swenson	

The bill was repassed, as amended by Conference, and its title agreed to.

CONFERENCE COMMITTEE REPORT ON H. F. NO. 31

A bill for an act relating to state government; providing for gender balance in multimember agencies; amending Minnesota Statutes 1992, section 15.0597, by adding subdivisions.

May 15, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 31, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 31 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 15.0597, is amended by adding a subdivision to read:

Subd. 5a. [GENDER BALANCE.] The membership of an agency whose vacancies are filled under this section must be gender balanced. The membership of a multimember advisory agency in the judicial branch, and of nonlegislator members of a multimember agency in the legislative branch must be gender balanced. In determining gender balance, ex officio membership positions must be excluded. No person of the overrepresented gender may be appointed or reappointed to a vacant agency position if after the appointment or reappointment the number of members of one gender would be greater than:

(1) one-half the membership plus one, in the case of an agency with an odd number of members; or

(2) one-half the membership, in the case of an agency with an even number of members.

If there is more than one appointing authority for an agency, the appointing authorities shall consult each other to ensure compliance with this subdivision. Appointing authorities shall also notify the commission and councils established by sections 3.922, 3.9223, 3.9225, and 3.9226. In addition, appointing authorities shall endeavor to ensure that the membership of agencies governed by this section reflect racial, ethnic, geographic, and socioeconomic diversity to the extent possible.

Sec. 2. Minnesota Statutes 1992, section 15.0597, is amended by adding a subdivision to read:

Subd. 5b. [DEVIATION.] Notwithstanding subdivision 5a, persons of an underrepresented gender may constitute less than half of the membership of an agency if the agency certifies to the secretary of state that:

(1) the agency serves the needs or addresses the concerns of a specific gender-defined population; or

(2) after a good faith effort to achieve gender balance in accordance with subdivision 5a, the appointing authority has been unable to find enough persons of the underrepresented gender who are qualified and willing to accept appointment.

The secretary of state's annual report on the open appointments act must include information on certifications under this subdivision.

This subdivision expires June 30, 1996.

Sec. 3. [TOTAL AGENCY MEMBERSHIP.]

Appointing authorities, in cooperation with one another, shall make a good faith effort to ensure that, to the greatest extent possible, the membership of all agencies, considered together, is gender and geographically balanced.

This section expires June 30, 1996.

Sec. 4. [EFFECTIVE DATE.]

Section 1 is effective July 1, 1993, and applies to agency positions becoming vacant on or after that date. Sections

1, 2, and 3 do not require displacement of a person who is an incumbent agency member on the effective dates of those sections until the person's current term expires."

We request adoption of this report and repassage of the bill.

House Conferees: PHYLLIS KAHN, GERI EVANS AND HOWARD ORENSTEIN.

Senate Conferees: SANDRA L. PAPPAS AND JIM VICKERMAN.

Kahn moved that the report of the Conference Committee on H. F. No. 31 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 31, A bill for an act relating to state government; providing for gender balance in multimember agencies; amending Minnesota Statutes 1992, section 15.0597, by adding subdivisions.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 78 yeas and 54 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Dawkins	Jacobs	Leppik	Neary	Rice	Vellenga
Anderson, R.	Delmont	Jefferson	Lieder	Olson, K.	Rodosovich	Wagenius
Asch	Dorn	Jennings	Limmer	Opatz	Rukavina	Wejcman
Battaglia	Erhardt	Johnson, A.	Lourey	Orenstein	Sarna	Welle
Bauerly	Evans	Johnson, R.	Luther	Orfield	Sekhon	Wenzel
Beard	Farrell	Kahn	Mahon	Osthoff	Simoneau	Spk. Long
Bergson	Garcia	Kalis	Mariani	Perlt	Skoglund	
Bertram	Goodno	Kelley	McCollum	Peterson	Solberg	
Brown, K.	Greenfield	Kelso	McGuire	Pugh	Stanius	
Carlson	Greiling	Kinkel	Milbert	Reding	Tomassoni	
Carruthers	Hasskamp	Krueger	Munger	Rest	Trimble	
Clark	Hausman	Lasley	Murphy	Rhodes	Tunheim	

Those who voted in the negative were:

Abrams	Davidson	Hugoson	Lindner	Olson, E.	Seagren	Waltman
Bettermann	Dehler	Huntley	Lynch	Olson, M.	Smith	Weaver
Bishop	Dempsey	Jaros	Macklin	Onnen	Steensma	Winter
Blatz	Frerichs	Johnson, V.	Molnau	Ostrom	Sviggum	Wolf
Brown, C.	Girard	Klinzing	Morrison	Ozment	Swenson	Worke
Commers	Gruenes	Knickerbocker	Mosel	Pauly	Tompkins	Workman
Cooper	Gutknecht	Koppendrayner	Nelson	Pawlenty	Van Dellen	
Dauner	Haukoos	Krinkie	Ness	Pelowski	Vickerman	

The bill was repassed, as amended by Conference, and its title agreed to.

MESSAGES FROM THE SENATE, Continued

The following messages were received from the Senate:

Madam Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 429.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 429

A bill for an act relating to alcoholic beverages; reciprocity in interstate transportation of wine; changing definitions of licensed premises, restaurant, and wine; authorizing an investigation fee on denied licenses; disqualifying felons from licensing; revising authority for suspensions and civil penalties; making rule violations and false or incomplete statements in license applications misdemeanors; providing instructions to the revisor; penalties for importation of excess quantities; proof of age for purchase or consumption; opportunity for a hearing for license revocation or suspension; prohibiting certain transactions; authorizing the dispensing of intoxicating liquor at the Como Park lakeside pavilion; authorizing dispensing of liquor by an on-sale licensee at the National Sports Center in Blaine; authorizing the city of Apple Valley to issue on-sale licenses on zoological gardens property and to allow an on-sale license to dispense liquor on county-owned property within the city; authorizing Houston county to issue an on-sale intoxicating liquor license to establishments in Crooked Creek and Brownsville townships; authorizing the town of Schroeder in Cook county to issue an off-sale license to an exclusive liquor store; authorizing an on-sale liquor license in Dalbo township of Isanti county; authorizing Stillwater to issue an additional on-sale intoxicating liquor license to a hotel in the city; authorizing Aitkin county to issue one off-sale liquor license to a premises located in Farm Island township; authorizing Pine county to issue one Sunday on-sale intoxicating liquor license to a licensed premises located in Barry township; amending Minnesota Statutes 1992, sections 297C.09; 340A.101, subdivisions 15, 25, and 29; 340A.301, subdivision 3; 340A.302, subdivision 3; 340A.308; 340A.402; 340A.415; 340A.503, subdivision 6; 340A.703; and 340A.904, subdivision 1; Laws 1983, chapter 259, section 8; Laws 1992, chapter 486, section 11; proposing coding for new law in Minnesota Statutes, chapters 297C; and 340A; repealing Minnesota Statutes 1992, section 340A.903.

May 15, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 429, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 429 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 169.122, is amended by adding a subdivision to read:

Subd. 5. [EXCEPTION.] This section does not apply to the possession or consumption of alcoholic beverages by passengers in:

(1) a bus operated under a charter as defined in section 221.011, subdivision 20; or

(2) a limousine as defined in section 168.011, subdivision 35.

Sec. 2. Minnesota Statutes 1992, section 297C.07, is amended to read:

297C.07 [EXCEPTIONS.]

The following are not subject to the excise tax:

- (1) Sales by a manufacturer, brewer, or wholesaler for shipment outside the state in interstate commerce.
- (2) Sales of wine for sacramental purposes under section 340A.316.
- (3) Fruit juices naturally fermented or beer naturally brewed in the home for family use.
- (4) Malt beverages served by a brewery for on-premise consumption at no charge, or distributed to brewery employees for on-premise consumption under a labor contract.
- (5) Alcoholic beverages sold to authorized manufacturers of food products or pharmaceutical firms. The alcoholic beverage must be used exclusively in the manufacture of food products or medicines. For purposes of this part, "manufacturer" means a manufacturer of food products intended for sale to wholesalers or retailers for ultimate sale to the consumer.
- (6) Sales to common carriers engaged in interstate transportation of passengers and qualified approved military clubs, except as provided in section 297C.17.
- (7) Alcoholic beverages sold or transferred between Minnesota wholesalers.
- (8) Sales to a federal agency, that the state of Minnesota is prohibited from taxing under the constitution or laws of the United States or under the constitution of Minnesota.
- (9) Shipments of wine to Minnesota residents under section 340A.417.

Sec. 3. Minnesota Statutes 1992, section 297C.09, is amended to read:

297C.09 [IMPORTATION BY INDIVIDUALS.]

A person, other than a person under the age of 21 years, entering Minnesota from another state may have in possession one liter of intoxicating liquor or 288 ounces of malt liquor and a person entering Minnesota from a foreign country may have in possession four liters of intoxicating liquor or ten quarts (320 ounces) of malt liquor without the required payment of the Minnesota excise tax. A collector of commemorative bottles, other than a person under the age of 21 years, entering Minnesota from another state may have in possession 12 or fewer commemorative bottles without the required payment of the Minnesota excise tax. A person entering Minnesota from another state who imports or has in possession untaxed intoxicating liquor or malt liquor in excess of the quantities provided for in this section is guilty of a misdemeanor. A person entering Minnesota from a foreign country who imports or has in possession untaxed intoxicating liquor or malt liquor in excess of the quantities provided for in this section is guilty of a misdemeanor. This section does not apply to the consignments of alcoholic beverages shipped into this state by holders of Minnesota import licenses or Minnesota manufacturers and wholesalers when licensed by the commissioner of public safety or to common carriers with licenses to sell intoxicating liquor in more than one state. A peace officer, the commissioner, or their authorized agents, may seize untaxed liquor.

Sec. 4. Minnesota Statutes 1992, section 340A.101, subdivision 15, is amended to read:

Subd. 15. [LICENSED PREMISES.] "Licensed premises" is the premises described in the approved license application, subject to the provisions of section 340A.410, subdivision 7. In the case of a restaurant, club, or exclusive liquor store licensed for on-sales of alcoholic beverages and located on a golf course, "licensed premises" means the entire golf course except for areas where motor vehicles are regularly parked or operated.

Sec. 5. Minnesota Statutes 1992, section 340A.101, subdivision 25, is amended to read:

Subd. 25. [RESTAURANT.] "Restaurant" is an establishment, other than a hotel, under the control of a single proprietor or manager, where meals are regularly prepared on the premises and served at tables to the general public, and having seating capacity for guests in the following minimum numbers:

- | | |
|--|----|
| (a) First class cities | 50 |
| (b) Second and third class cities
and statutory cities of over
10,000 population | 30 |

- (c) Unincorporated or unorganized territory other than in Cook, Itasca, Lake, Lake of the Woods, and St. Louis counties 100
- (d) Unincorporated or unorganized territory in Cook, Itasca, Lake, Lake of the Woods, and St. Louis counties 50

In the case of classes (b) and (c) above, the governing body of a city or county may prescribe a higher minimum number. In fourth class cities and statutory cities under 10,000 population, minimum seating requirements are those prescribed by the governing body of the city.

Sec. 6. Minnesota Statutes 1992, section 340A.101, subdivision 29, is amended to read:

Subd. 29. [WINE.] "Wine" is the product made from the normal alcoholic fermentation of grapes, including still wine, sparkling and carbonated wine, wine made from condensed grape must, wine made from other agricultural products than sound, ripe grapes, imitation wine, compounds sold as wine, vermouth, cider, perry and sake, in each instance containing not less than seven one-half of one percent nor more than 24 percent alcohol by volume for nonindustrial use. Wine does not include distilled spirits as defined in subdivision 9.

Sec. 7. Minnesota Statutes 1992, section 340A.301, subdivision 3, is amended to read:

Subd. 3. [APPLICATION.] An application for a license under this section must be made to the commissioner on a form the commissioner prescribes and must be accompanied by the fee specified in subdivision 6. If an application is denied, \$100 of the amount of any fee exceeding that amount shall be retained by the commissioner to cover costs of investigation.

Sec. 8. Minnesota Statutes 1992, section 340A.302, subdivision 3, is amended to read:

Subd. 3. [FEES.] Annual fees for licenses under this section, which must accompany the application, are as follows:

Importers of distilled spirits, wine, or ethyl alcohol	\$420
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Importers of malt liquor	\$800
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If an application is denied, \$100 of the fee shall be retained by the commissioner to cover costs of investigation.

Sec. 9. Minnesota Statutes 1992, section 340A.402, is amended to read:

340A.402 [PERSONS ELIGIBLE.]

No retail license may be issued to:

(1) a person not a citizen of the United States or a resident alien;

(2) a person under 21 years of age;

(3) a person who has had an intoxicating liquor or nonintoxicating liquor license revoked within five years of the license application, or to any person who at the time of the violation owns any interest, whether as a holder of more than five percent of the capital stock of a corporation licensee, as a partner or otherwise, in the premises or in the business conducted thereon, or to a corporation, partnership, association, enterprise, business, or firm in which any such person is in any manner interested;

(4) a person not of good moral character and repute; or

(5) a person who has a direct or indirect interest in a manufacturer, brewer, or wholesaler.

In addition, no new retail license may be issued to, and the governing body of a municipality may refuse to renew the license of, a person who, within five years of the license application, has been convicted of a felony or a willful

violation of a federal or state law or local ordinance governing the manufacture, sale, distribution, or possession for sale or distribution of an alcoholic beverage.

Sec. 10. Minnesota Statutes 1992, section 340A.410, subdivision 7, is amended to read:

Subd. 7. [LICENSE LIMITED TO SPACE SPECIFIED.] A licensing authority may issue a retail alcoholic beverage license only for a space that is compact and contiguous. A retail alcoholic beverage license to sell any alcoholic beverage is only effective for the compact and contiguous space licensed premises specified in the approved license application.

Sec. 11. Minnesota Statutes 1992, section 340A.415, is amended to read:

340A.415 [LICENSE REVOCATION OR SUSPENSION.]

The authority issuing or approving any retail license or permit under this chapter or the commissioner shall either suspend for up to 60 days or revoke the license or permit or impose a civil fine penalty not to exceed \$2,000 for each violation on a finding that the license or permit holder has failed to comply with an applicable statute, rule, or ordinance relating to alcoholic beverages. No suspension or revocation takes effect until the license or permit holder has been afforded an opportunity for a hearing under sections 14.57 to 14.69 of the administrative procedure act. This section does not require a political subdivision to conduct the hearing before an employee of the office of administrative hearing. The issuing authority or the commissioner may impose the penalties provided in this section on a retail licensee who knowingly (1) sells sold alcoholic beverages to another retail licensee for the purpose of resale, (2) purchases purchased alcoholic beverages from another retail licensee for the purpose of resale, (3) conducts or permits conducted or permitted the conduct of gambling on the licensed premises in violation of the law, or (4) fails failed to remove or dispose of alcoholic beverages when ordered by the commissioner to do so under section 340A.508, subdivision 3, or (5) failed to comply with an applicable statute, rule, or ordinance relating to alcoholic beverages. No suspension or revocation takes effect until the license or permit holder has been given an opportunity for a hearing under sections 14.57 to 14.69 of the administrative procedure act. This section does not require a political subdivision to conduct the hearing before an employee of the office of administrative hearings. Imposition of a penalty or suspension by either the issuing authority or the commissioner does not preclude imposition of an additional penalty or suspension by the other so long as the total penalty or suspension does not exceed the state maximum.

Sec. 12. [340A.417] [SHIPMENTS INTO MINNESOTA.]

(a) Notwithstanding section 297C.09 or any provision of this chapter, a winery licensed in a state which affords Minnesota wineries an equal reciprocal shipping privilege may ship, for personal use and not for resale, not more than two cases of wine, containing a maximum of nine liters per case, in any calendar year to any resident of Minnesota age 21 or over. Delivery of a shipment under this section may not be deemed a sale in this state.

(b) The shipping container of any wine sent into or out of Minnesota under this section must be clearly labeled to indicate that the package cannot be delivered to a person under the age of 21 years.

(c) No person may (1) advertise shipments authorized under this section, or (2) by advertisement or otherwise, solicit shipments authorized by this section. No shipper located outside Minnesota may advertise such interstate reciprocal wine shipments in Minnesota.

(d) It is not the intent of this section to impair the distribution of wine through distributors or importing distributors, but only to permit shipments of wine for personal use.

Sec. 13. Minnesota Statutes 1992, section 340A.503, subdivision 6, is amended to read:

Subd. 6. [PROOF OF AGE; DEFENSE.] (a) Proof of age for purchasing or consuming alcoholic beverages may be established only by one of the following:

(1) a valid driver's license or identification card issued by Minnesota, another state, or a province of Canada, and including the photograph and date of birth of the licensed person;

(2) a valid Minnesota identification card;

(2) a valid ~~Canadian~~ military identification card with the photograph and date of birth of the person, issued by a ~~Canadian province~~ the United States Department of Defense; or

(4) (3) in the case of a foreign national, from a nation other than Canada, by a valid passport.

(b) In a prosecution under subdivision 2, clause (1), it is a defense for the defendant to prove by a preponderance of the evidence that the defendant reasonably and in good faith relied upon representations of proof of age authorized in paragraph (a) in selling, bartering, furnishing, or giving the alcoholic beverage.

Sec. 14. Minnesota Statutes 1992, section 340A.904, subdivision 1, is amended to read:

Subdivision 1. [DISPOSAL ALTERNATIVES.] Contingent on the final determination of any action pending in a court, the commissioner shall dispose of alcoholic beverages, material, apparatus, or vehicle seized by inspectors or employees of the department by:

(1) delivering alcoholic beverages to the bureau of criminal apprehension or state patrol for use in chemical testing programs;

(2) delivering on written requests of the commissioner of administration any material, apparatus, or vehicle for use by a state department;

(3) selling intoxicating liquor to licensed retailers within the state;

(4) selling any material, apparatus, or vehicle; or

(5) destroying alcoholic beverages or contraband articles that have no lawful use; or

(6) donation to a charity registered under section 309.52.

Sec. 15. Laws 1969, chapter 783, section 1, as amended by Laws 1971, chapter 498, section 1, as amended by Laws 1973, chapter 396, is further amended by adding a subdivision to read:

Subd. 2. The civic center authority may delegate to its chief administrator any powers granted to the authority under subdivision 1.

Sec. 16. Laws 1983, chapter 259, section 8, is amended to read:

Sec. 8. [ST. PAUL; PARK CLUB HOUSES AND PAVILION; LIQUOR.]

Notwithstanding any contrary provision of law, charter or ordinance, the city of St. Paul may by ordinance authorize any holder of an "on-sale" liquor license issued by the city to dispense intoxicating liquor at any event of definite duration on the public premises known as the Phalen Park club house, the Como Park club house, and the Como Park lakeside pavilion. The event may not be profit making except as a fund raising event for a nonprofit organization or a political committee as defined in Minnesota Statutes, section ~~210A.01, subdivision 8~~ 211A.01, subdivision 4. The licensee must be engaged to dispense liquor at the event by a person or organization permitted to use the premises and may dispense liquor only to persons attending the event. A licensee's authority shall expire upon termination of the event. The authority to dispense liquor shall be granted in accordance with the statutes applicable to the issuance of "on-sale" liquor licenses in cities of the first class consistent with this act. The dispensing of liquor shall be subject to all laws and ordinances governing the dispensing of intoxicating liquor that are consistent with this act. All dispensing of liquor shall be in accordance with the conditions prescribed by the city. The conditions may limit the dispensing of liquor to designated areas of the facility. The city may fix and assess a fee to be paid to the city by an "on-sale" licensee for each event for which the licensee is engaged to dispense liquor. The authority granted by this subdivision shall not count as an additional "on-sale" intoxicating liquor license for purposes of determining the number of liquor licenses permitted to be issued under the provisions of Minnesota Statutes, section ~~340.11~~ 340A.413.

Sec. 17. Laws 1991, chapter 249, section 30, is amended to read:

Sec. 30. [ON-SALE LICENSES; CITY OF HIBBING.]

Notwithstanding Minnesota Statutes, section 340A.413, subdivision 1, the city of Hibbing may issue not more than ~~20~~ 22 on-sale intoxicating liquor licenses. All other provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section apply to licenses issued under this section.

Sec. 18. Laws 1992, chapter 486, section 11, is amended to read:

Sec. 11. [NATIONAL SPORTS CENTER; SALES OF ALCOHOLIC BEVERAGES.]

Subdivision 1. [AUTHORIZATION.] The Blaine city council may by ordinance authorize a holder of a retail on-sale intoxicating liquor license issued by the city of Blaine or a contiguous another city within Anoka, Hennepin, or Ramsey county 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 youth amateur athletic event held at the center.

Subd. 2. [EFFECTIVE DATE.] This section is effective the day following final enactment. Under Minnesota Statutes, section 645.023, subdivision 1, paragraph (a), this section takes effect without local approval.

Sec. 19. [STEARNS COUNTY; COMBINATION OFF-SALE AND ON-SALE LICENSE.]

Notwithstanding Minnesota Statutes, section 340A.405, the Stearns county board may issue a combination off-sale and on-sale intoxicating liquor license to an establishment in Fair Haven township that is currently licensed to sell alcoholic beverages for consumption on the licensed premises but does not qualify as a restaurant under Minnesota Statutes, section 340A.101, subdivision 25. The license may be issued only after the Fair Haven town board adopts a resolution supporting the issuance of the license.

Sec. 20. [INTOXICATING LIQUOR LICENSE; TOWN OF SCHROEDER.]

Subdivision 1. [AUTHORITY.] The town board of Schroeder in Cook county may, with the approval of the commissioner of public safety, issue an off-sale intoxicating liquor license to an exclusive liquor store located within the town. All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section apply to the license.

Subd. 2. [EFFECTIVE DATE.] This section is effective on approval of the Schroeder town board and compliance with Minnesota Statutes, section 645.021, subdivision 2.

Sec. 21. [APPLE VALLEY LICENSES.]

Subdivision 1. [AUTHORIZATION.] (a) In addition to other licenses authorized by law, the city of Apple Valley may issue one or more on-sale intoxicating liquor licenses to an entity holding a concessions contract with the Minnesota zoological board for use on the premises of the Minnesota zoological gardens. Licenses authorized under this paragraph authorize sales on all days of the week. Licenses authorized by this paragraph may be issued for licensed premises that are not compact and contiguous, provided that the licensed premises must be (1) entirely included within the premises of the Minnesota zoological gardens, and (2) described in the approved license application.

(b) The city of Apple Valley may (1) authorize the holder of a retail on-sale intoxicating liquor license issued by the city to dispense intoxicating liquor at any convention, banquet, conference, meeting, or social affair conducted on the premises owned by Dakota county located at 14955 Galaxie Avenue in Apple Valley, or (2) may issue an on-sale intoxicating liquor license to any entity holding a concessions contract with the owner for use on the premises. The licensee must be engaged to dispense intoxicating liquor at an event held by a person or organization permitted to use the premises and may dispense intoxicating liquor only to persons attending the event.

(c) All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section apply to the licensing, sale, and serving of alcoholic beverages under this section.

Subd. 2. [LOCAL APPROVAL.] This section is effective on approval by the Apple Valley city council and compliance with Minnesota Statutes, section 645.021.

Sec. 22. [HOUSTON COUNTY; ON-SALE LIQUOR LICENSE.]

Subdivision 1. [AUTHORIZATION.] (a) The county board of Houston county may, with the approval of the commissioner of public safety, issue an on-sale intoxicating liquor license to an establishment located in Crooked

Creek township notwithstanding the fact that the establishment is not a restaurant as defined in Minnesota Statutes, section 340A.101, subdivision 25.

(b) The county board of Houston county may, with the approval of the commissioner of public safety, issue an on-sale intoxicating liquor license to an establishment located in Brownsville township notwithstanding the fact that the establishment is not a restaurant as defined in Minnesota Statutes, section 340A.101, subdivision 25.

(c) All other provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section apply to the licenses authorized by this section.

Subd. 2. [LOCAL APPROVAL.] This section is effective on approval by the Houston county board and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 23. [ON-SALE LICENSE; ISANTI COUNTY.]

Subdivision 1. [AUTHORIZATION.] The Isanti county board may issue an on-sale intoxicating liquor license to a premises located in Dalbo township without regard to whether the licensed premises meets the definition of a "restaurant" in Minnesota Statutes, section 340A.101, subdivision 25. All other provisions in Minnesota Statutes, chapter 340A, not inconsistent with this section apply to the license authorized by this section.

Subd. 2. [LOCAL APPROVAL.] This section is effective on approval by the Isanti county board and compliance with Minnesota Statutes, section 645.021.

Sec. 24. [AITKIN COUNTY; OFF-SALE LICENSE.]

Subdivision 1. [AUTHORIZED.] Notwithstanding any provision of Minnesota Statutes, section 340A.405, subdivision 2, the Aitkin county board may issue one off-sale liquor license to a premises located in Farm Island township and designated at the time of initial licensing as the "Farm Island Store." All other provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section shall apply to this license.

Subd. 2. [LOCAL APPROVAL.] Subdivision 1 is effective on approval by the Aitkin county board and compliance with Minnesota Statutes, section 645.021.

Sec. 25. [STILLWATER; LICENSE AUTHORIZED.]

Subdivision 1. [LICENSE AUTHORIZED.] The city of Stillwater may issue one on-sale intoxicating liquor license in addition to the number authorized by law. All provisions of Minnesota Statutes, chapter 340A, not inconsistent herewith, apply to the license authorized by this section.

Subd. 2. [LOCAL APPROVAL.] Subdivision 1 is effective on approval by the Stillwater city council and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 26. [PINE COUNTY ON-SALE LICENSE.]

Subdivision 1. [AUTHORITY.] Notwithstanding Minnesota Statutes, section 340A.504, subdivision 3, paragraph (d), Pine county may issue one Sunday on-sale intoxicating liquor license to a licensed premises located in Barry township upon approval by the voters of the town at a special election under Minnesota Statutes, section 340A.504, subdivision 3, paragraph (d).

Subd. 2. [LOCAL APPROVAL.] Subdivision 1 is effective on approval by the Pine county board and compliance with Minnesota Statutes, section 645.021.

Sec. 27. [REPEALER.]

Minnesota Statutes 1992, section 340A.903, is repealed.

Sec. 28. [EFFECTIVE DATE.]

(a) Section 1 is effective June 1, 1993. Sections 2 and 12 are effective the day following final enactment. Sections 4 to 10, 14, and 27 are effective July 1, 1993.

(b) Sections 15 and 16 are effective on approval by the St. Paul city council and compliance with Minnesota Statutes, section 645.021."

Delete the title and insert:

"A bill for an act relating to alcoholic beverages; authorizing possession of alcoholic beverages by passengers in certain vehicles; allowing certain shipments of wine into the state and exempting them from taxation; defining terms; prohibiting issuance of retail licenses to certain persons; revising authority for suspensions and civil penalties; providing for proof of age; authorizing license issuance in certain political subdivisions; amending Minnesota Statutes 1992, sections 169.122, by adding a subdivision; 297C.07; 297C.09; 340A.101, subdivisions 15, 25, and 29; 340A.301, subdivision 3; 340A.302, subdivision 3; 340A.402; 340A.410, subdivision 7; 340A.415; 340A.503, subdivision 6; 340A.904, subdivision 1; Laws 1969, chapter 783, section 1, as amended; Laws 1983, chapter 259, section 8; Laws 1991, chapter 249, section 30; Laws 1992, chapter 486, section 11; proposing coding for new law in Minnesota Statutes, chapter 340A; repealing Minnesota Statutes 1992, section 340A.903."

We request adoption of this report and repassage of the bill.

Senate Conferees: SAM G. SOLON, JAMES P. METZEN AND WILLIAM V. BELANGER, JR.

House Conferees: JOEL JACOBS, TOM OSTHOFF AND DAVE GRUENES.

Jacobs moved that the report of the Conference Committee on S. F. No. 429 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 429, A bill for an act relating to alcoholic beverages; reciprocity in interstate transportation of wine; changing definitions of licensed premises, restaurant, and wine; authorizing an investigation fee on denied licenses; disqualifying felons from licensing; revising authority for suspensions and civil penalties; making rule violations and false or incomplete statements in license applications misdemeanors; providing instructions to the revisor; penalties for importation of excess quantities; proof of age for purchase or consumption; opportunity for a hearing for license revocation or suspension; prohibiting certain transactions; authorizing the dispensing of intoxicating liquor at the Como Park lakeside pavilion; authorizing dispensing of liquor by an on-sale licensee at the National Sports Center in Blaine; authorizing the city of Apple Valley to issue on-sale licenses on zoological gardens property and to allow an on-sale license to dispense liquor on county-owned property within the city; authorizing Houston county to issue an on-sale intoxicating liquor license to establishments in Crooked Creek and Brownsville townships; authorizing the town of Schroeder in Cook county to issue an off-sale license to an exclusive liquor store; authorizing an on-sale liquor license in Dalbo township of Isanti county; authorizing Stillwater to issue an additional on-sale intoxicating liquor license to a hotel in the city; authorizing Aitkin county to issue one off-sale liquor license to a premises located in Farm Island township; authorizing Pine county to issue one Sunday on-sale intoxicating liquor license to a licensed premises located in Barry township; amending Minnesota Statutes 1992, sections 297C.09; 340A.101, subdivisions 15, 25, and 29; 340A.301, subdivision 3; 340A.302, subdivision 3; 340A.308; 340A.402; 340A.415; 340A.503, subdivision 6; 340A.703; and 340A.904, subdivision 1; Laws 1983, chapter 259, section 8; Laws 1992, chapter 486, section 11; proposing coding for new law in Minnesota Statutes, chapters 297C; and 340A; repealing Minnesota Statutes 1992, section 340A.903.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 122 yeas and 11 nays as follows:

Those who voted in the affirmative were:

Abrams	Asch	Beard	Bettermann	Brown, C.	Carruthers	Dauner
Anderson, I.	Battaglia	Bergson	Bishop	Brown, K.	Commers	Dauids
Anderson, R.	Bauerly	Bertram	Blatz	Carlson	Cooper	Dawkins

Dehler	Hasskamp	Kelley	Mariani	Orenstein	Rukavina	Van Dellen
Delmont	Haukoos	Kelso	McCollum	Orfield	Sarna	Vellenga
Dempsey	Hausman	Kinkel	McGuire	Osthoff	Seagren	Vickerman
Dorn	Holsten	Klinzing	Milbert	Ostrom	Sekhon	Weaver
Erhardt	Hugoson	Knickerbocker	Molnau	Ozment	Simoneau	Welle
Evans	Huntley	Koppendrayer	Morrison	Pauly	Smith	Wenzel
Farrell	Jacobs	Krueger	Mosel	Pawlenty	Solberg	Winter
Frerichs	Jaros	Lasley	Munger	Pelowski	Stanis	Wolf
Garcia	Jefferson	Leppik	Murphy	Perlt	Steensma	Worke
Girard	Jennings	Lieder	Neary	Peterson	Sviggum	Workman
Goodno	Johnson, A.	Lourey	Nelson	Pugh	Swenson	Spk. Long
Greenfield	Johnson, R.	Luther	Ness	Reding	Tomassoni	
Greiling	Johnson, V.	Lynch	Olson, E.	Rest	Tompkins	
Gruenes	Kahn	Macklin	Olson, K.	Rhodes	Trimble	
Gutknecht	Kalis	Mahon	Opatz	Rodosovich	Tunheim	

Those who voted in the negative were:

Clark	Limmer	Olson, M.	Rice	Wagenius	Wejzman
Krinkie	Lindner	Onnen	Skoglund	Waltman	

The bill was repassed, as amended by Conference, and its title agreed to.

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. 373, A bill for an act relating to labor; requiring arbitration in certain circumstances; establishing procedures; providing penalties; amending Minnesota Statutes 1992, sections 179.06, by adding a subdivision; and 179A.16, subdivision 3, and by adding a subdivision.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Murphy moved that the House concur in the Senate amendments to H. F. No. 373 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 373, A bill for an act relating to labor; requiring arbitration in certain circumstances; establishing procedures; providing penalties; amending Minnesota Statutes 1992, sections 179.06, by adding a subdivision; and 179A.16, subdivision 3, and by adding a subdivision.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 85 yeas and 48 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Brown, C.	Dorn	Huntley	Kalis	Lourey	Murphy
Anderson, R.	Brown, K.	Evans	Jacobs	Kelley	Luther	Neary
Asch	Carlson	Farrell	Jaros	Kelso	Mahon	Nelson
Battaglia	Carruthers	Garcia	Jefferson	Kinkel	Mariani	Olson, E.
Bauerly	Clark	Greenfield	Jennings	Klinzing	McCollum	Olson, K.
Beard	Cooper	Greiling	Johnson, A.	Krueger	McGuire	Opatz
Bergson	Dawkins	Hasskamp	Johnson, R.	Lasley	Milbert	Orenstein
Bertram	Delmont	Hausman	Kahn	Lieder	Munger	Orfield

Osthoff	Peterson	Rodosovich	Skoglund	Trimble	Welle
Ostrom	Pugh	Rukavina	Smith	Tunheim	Wenzel
Ozment	Reding	Sarna	Solberg	Vellenga	Winter
Pelowski	Rest	Sekhon	Steensma	Wagenius	Spk. Long
Perlt	Rice	Simoneau	Tomassoni	Wejcman	

Those who voted in the negative were:

Abrams	Dehler	Gutknecht	Krinkie	Morrison	Rhodes	Vickerman
Bettermann	Dempsey	Haukoos	Leppik	Mosel	Seagren	Waltman
Bishop	Erhardt	Holsten	Limmer	Ness	Stanis	Weaver
Blatz	Frerichs	Hugoson	Lindner	Olson, M.	Sviggum	Wolf
Commers	Girard	Johnson, V.	Lynch	Onnen	Swenson	Worke
Dauner	Goodno	Knickerbocker	Macklin	Pauly	Tompkins	Workman
Dauids	Gruenes	Koppendraye	Molnau	Pawlenty	Van Dellen	

The bill was repassed, as amended by the Senate, and its title agreed to.

The Speaker called Bauerly to the Chair.

The following Conference Committee Report was received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1063

A bill for an act relating to commerce; currency exchanges; changing the date for submission of license renewal applications; amending Minnesota Statutes 1992, section 53A.03.

May 15, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 1063, report that we have agreed upon the items in dispute and recommend as follows:

That the House concur in the Senate amendments

We request adoption of this report and repassage of the bill.

House Conferees: STEVE TRIMBLE, DOUG PETERSON AND KAY BROWN.

Senate Conferees: DEANNA WIENER, DENNIS R. FREDERICKSON AND SAM G. SOLON.

Trimble moved that the report of the Conference Committee on H. F. No. 1063 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1063, A bill for an act relating to commerce; currency exchanges; changing the date for submission of license renewal applications; amending Minnesota Statutes 1992, section 53A.03.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Dauner	Haukoos	Koppendraye	Mosel	Peterson	Tompkins
Anderson, I.	Davids	Hausman	Krinkie	Munger	Pugh	Trimble
Anderson, R.	Dawkins	Holsten	Krueger	Murphy	Reding	Tunheim
Asch	Dehler	Hugoson	Lasley	Neary	Rest	Van Dellen
Battaglia	Delmont	Huntley	Leppik	Nelson	Rhodes	Vellenga
Bauerly	Dempsey	Jacobs	Lieder	Ness	Rice	Vickerman
Beard	Dorn	Jaros	Limmer	Olson, E.	Rukavina	Wagenius
Bergson	Erhardt	Jefferson	Lindner	Olson, K.	Sarna	Waltman
Bertram	Evans	Jennings	Lourey	Olson, M.	Seagren	Weaver
Bettermann	Farrell	Johnson, A.	Luther	Onnen	Sekhon	Wejzman
Bishop	Frerichs	Johnson, R.	Lynch	Opatz	Simoneau	Welle
Blatz	Garcia	Johnson, V.	Macklin	Orenstein	Skoglund	Wenzel
Brown, C.	Girard	Kahn	Mahon	Orfield	Smith	Winter
Brown, K.	Goodno	Kalis	Mariani	Ostrom	Solberg	Wolf
Carlson	Greenfield	Kelley	McCollum	Ozment	Stanius	Worke
Carruthers	Greiling	Kelso	McGuire	Pauly	Steensma	Workman
Clark	Gruenes	Kinkel	Milbert	Pawlenty	Sviggum	
Commers	Gutknecht	Klinzing	Molnau	Pelowski	Swenson	
Cooper	Hasskamp	Knickerbocker	Morrison	Perlt	Tomassoni	

The bill was repassed, as amended by Conference, and its title agreed to.

Anderson, I., moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by Speaker pro tempore Bauerly.

MESSAGES FROM THE SENATE, Continued

The following messages were received from the Senate:

Madam Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 570, A bill for an act relating to retirement; the public employees retirement association; changing employee and employer contribution rates; changing benefits under certain consolidations; increasing the pension benefit multiplier for the public employees police and fire fund; amending Minnesota Statutes 1992, sections 353.65, subdivisions 2, 3, and by adding a subdivision; 353.651, subdivision 3; 353.656, subdivision 1; and 356.215, subdivision 4g; proposing coding for new law in Minnesota Statutes, chapter 353A.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 31, A bill for an act relating to state government; providing for gender balance in multimember agencies; amending Minnesota Statutes 1992, section 15.0597, by adding subdivisions.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 1063, A bill for an act relating to commerce; currency exchanges; changing the date for submission of license renewal applications; amending Minnesota Statutes 1992, section 53A.03.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 1245, A bill for an act relating to data practices; providing for the collection, classification, and dissemination of data; proposing classifications of data as not public; classifying certain licensing data, educational data, security service data, motor carrier operating data, retirement data and other forms of data; amending Minnesota Statutes 1992, sections 13.32, subdivisions 1, 3, and 6; 13.41, subdivision 4; 13.43, subdivision 2; 13.46, subdivisions 1, 2, and 4; 13.643; 13.692; 13.72, by adding a subdivision; 13.792; 13.82, subdivisions 4, 6, and 10; 13.99, subdivision 24, and by adding subdivisions; 115A.93, by adding a subdivision; 144.335, subdivision 3a, and by adding a subdivision; 151.06, by adding a subdivision; 169.09, subdivisions 7 and 13; 245A.04, subdivisions 3 and 3a; 260.161, subdivisions 1 and 3; 270B.14, subdivision 1, and by adding a subdivision; 299L.03, by adding a subdivision; and 626.556, subdivisions 11 and 11c; proposing coding for new law in Minnesota Statutes, chapters 6; 13; and 144; repealing Minnesota Statutes 1992, sections 13.644; and 13.82, subdivision 5b.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

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. 1377, A bill for an act relating to state government; making certain telephone records and budgets public information; amending Minnesota Statutes 1992, section 3.055, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 3; and 10.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Carruthers moved that the House concur in the Senate amendments to H. F. No. 1377 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1377, A bill for an act relating to public administration; making telephone records of public officials public data; providing oversight for administrative expenses; regulating administrative rulemaking procedures; amending Minnesota Statutes 1992, sections 3.055, subdivision 1; 3.841; and 14.10; Laws 1989, chapter 335, article 1, section 15, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 3; and 10.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Dauner	Haukoos	Krinkie	Munger	Peterson	Tomassoni
Anderson, I.	Davids	Hausman	Krueger	Murphy	Pugh	Tompkins
Anderson, R.	Dawkins	Holsten	Lasley	Neary	Reding	Trimble
Asch	Dehler	Hugoson	Leppik	Nelson	Rhodes	Tunheim
Battaglia	Delmont	Huntley	Lieder	Ness	Rice	Van Dellen
Bauerly	Dempsey	Jacobs	Limmer	Olson, E.	Rodosovich	Vellenga
Beard	Dorn	Jaros	Lindner	Olson, K.	Rukavina	Vickerman
Bergson	Erhardt	Jefferson	Lourey	Olson, M.	Sarna	Wagenius
Bertram	Evans	Jennings	Luther	Onnen	Seagren	Waltman
Bettermann	Farrell	Johnson, A.	Lynch	Opatz	Sekhon	Weaver
Bishop	Frerichs	Johnson, R.	Macklin	Orenstein	Simoneau	Wejzman
Blatz	Garcia	Johnson, V.	Mahon	Orfield	Skoglund	Welle
Brown, C.	Girard	Kahn	Mariani	Osthoff	Smith	Wenzel
Brown, K.	Goodno	Kalis	McCollum	Ostrom	Solberg	Winter
Carlson	Greenfield	Kelley	McGuire	Ozment	Sparby	Wolf
Carruthers	Greiling	Kelso	Milbert	Pauly	Stanius	Worke
Clark	Gruenes	Kinkel	Molnau	Pawlenty	Steensma	Workman
Commers	Gutknecht	Klinzing	Morrison	Pelowski	Sviggum	Spk. Long
Cooper	Hasskamp	Koppendrayner	Mosel	Perlt	Swenson	

The bill was repassed, as amended by the Senate, and its title agreed to.

The following Conference Committee Reports were received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1225

A bill for an act relating to agriculture; authorizing use of money in the agricultural chemical response and reimbursement account for administrative costs; exempting certain pesticides from the ACRRA surcharge; requiring a report; appropriating money; repealing the hazardous substance labeling act; amending Minnesota Statutes 1992, sections 18B.01, by adding subdivisions; 18B.135; 18B.14, subdivision 2; 18B.26, subdivision 3; 18B.31, subdivision 1; 18B.36, subdivision 2; 18B.37, subdivision 2; 18C.005, subdivisions 13 and 35; 18C.115, subdivision 2; 18C.211, subdivision 1; 18C.215, subdivision 2; 18C.305, subdivision 2; 18E.03, subdivisions 2 and 5; 21.85, subdivision 10; 325F.19, subdivision 7; repealing Minnesota Statutes 1992, sections 18B.07, subdivision 3; 18C.211, subdivision 3; 18C.215, subdivision 3; 24.32; 24.33; 24.34; 24.35; 24.36; 24.37; 24.38; 24.39; 24.40; 24.41; 24.42; 25.46; and 25.47.

May 17, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 1225, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 1225 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 18B.01, is amended by adding a subdivision to read:

Subd. 9a. [FIXED LOCATION.] "Fixed location" means all stationary restricted and bulk pesticide facility operations owned or operated by a person located in the same plant location or locality.

Sec. 2. Minnesota Statutes 1992, section 18B.01, is amended by adding a subdivision to read:

Subd. 30a. [SUBSTANTIALLY ALTERING; SUBSTANTIALLY ALTER; SUBSTANTIAL ALTERATION.] "Substantially altering," "substantially alter," or "substantial alteration" means modifying a bulk agricultural chemical storage facility by:

- (1) changing the capacity of a safeguard;
- (2) adding storage containers in excess of the capacity of a safeguard as required by rule; or
- (3) increasing the size of the single largest storage container in a safeguard as approved or permitted by the department of agriculture. This does not include routine maintenance of safeguards, storage containers, appurtenances, piping, mixing, blending, weighing, or handling equipment.

Sec. 3. Minnesota Statutes 1992, section 18B.065, is amended by adding a subdivision to read:

Subd. 2a. [DISPOSAL SITE REQUIREMENT.] The commissioner must designate a place that is available at least every other year for the residents of each county in the state to dispose of unused portions of pesticides.

Sec. 4. Minnesota Statutes 1992, section 18B.135, subdivision 1, is amended to read:

Subdivision 1. [ACCEPTANCE OF RETURNABLE PESTICIDE CONTAINERS.] (a) A person distributing, offering for sale, or selling a pesticide must accept empty pesticide containers ~~and the unused portion of pesticide that remains in the original container~~ from a pesticide end user if:

- (1) the pesticide was purchased after July 1, 1994; ~~and~~
- (2) the empty container is prepared for disposal in accordance with label instructions and is returned to the place of purchase within the state; and
- (2) (3) a place is collection site that is seasonably accessible on multiple days has not been designated in either by the county board or by agreement with other counties for the public to return empty pesticide containers and the unused portion of pesticide for the purpose of reuse or recycling or following other approved management practices for pesticide containers in the order of preference established in section 115A.02, paragraph (b), and the county or counties have notified the commissioner of their intentions annually by February 1, in writing, to manage the empty pesticide containers.

(b) This subdivision does not prohibit the use of refillable and reusable pesticide containers.

~~(c) The legislative water commission must prepare a report and make a recommendation to the legislature on the handling of waste pesticide containers and waste pesticides. If a county or counties designate a collection site as provided in paragraph (a), clause (3), a person who has been notified by the county or counties of the designated collection site and who sells pesticides to a pesticide end user must notify purchasers of pesticides at the time of sale of the date and location designated for disposal of empty containers.~~

(d) For purposes of this section, pesticide containers do not include containers that have held sanitizers and disinfectants, pesticides labeled primarily for use on humans or pets, or pesticides not requiring dilution or mixing.

Sec. 5. Minnesota Statutes 1992, section 18B.14, subdivision 2, is amended to read:

Subd. 2. [BULK PESTICIDE STORAGE.] (a) A person storing pesticides in containers of a rated capacity of 500 gallons or more for more than ten consecutive days at a bulk pesticide storage facility must obtain a pesticide storage permit from the commissioner as required by rule.

(b) Applications must be on forms provided by the commissioner containing information established by rule. The initial application for a permit must be accompanied by a nonrefundable application fee of \$100 for each location where the pesticides are stored. An application for a facility that includes both fertilizers as regulated under chapter 18C and bulk pesticides as regulated under this chapter shall pay only one application fee of \$100.

(c) The commissioner shall by rule develop and implement a program to regulate bulk pesticides. The rules must include installation of secondary containment devices, storage site security, safeguards, notification of storage site locations, criteria for permit approval, a schedule for compliance, and other appropriate requirements necessary to minimize potential adverse effects on the environment. The rules must conform with existing rules of the pollution control agency.

(d) A person must obtain a permit from the commissioner on forms provided by the commissioner before the person constructs or substantially alters a bulk pesticide storage facility. If an application is incomplete, the commissioner must notify the applicant as soon as possible. The permit must be acted upon within 30 days after receiving a completed application.

(e) An application to substantially alter a facility must be accompanied by a \$50 fee. An application for a facility that includes both fertilizers regulated under chapter 18C and bulk pesticides regulated under this chapter shall pay only one application fee of \$50.

~~(f) An additional application fee of \$250 must be paid by an applicant a person who begins construction of, or substantially alters, a bulk pesticide agricultural chemical storage facility before a permit is issued by the commissioner. The fee under this paragraph may not be charged if the permit is not acted upon within 30 days after receiving a completed application, except that the \$250 additional fee may not be assessed if the person submits a permit application with the required fee to the commissioner before completing the construction or substantial alteration.~~

Sec. 6. Minnesota Statutes 1992, section 18B.26, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT.] (a) A person may not use or distribute a pesticide in this state unless it is registered with the commissioner. Aquaculture therapeutics shall be registered and labeled in the same manner as pesticides. Pesticide registrations expire on December 31 of each year and may be renewed on or before that date for the following calendar year.

(b) Registration is not required if a pesticide is shipped from one plant or warehouse to another plant or warehouse operated by the same person and used solely at the plant or warehouse as an ingredient in the formulation of a pesticide that is registered under this chapter.

(c) An unregistered pesticide that was previously registered with the commissioner may be used only for a period of two years following the cancellation of the registration of the pesticide, unless the commissioner determines that the continued use of the pesticide would cause unreasonable adverse effects on the environment, or with the written permission of the commissioner. To use the unregistered pesticide at any time after the two-year period, the pesticide end user must demonstrate to the satisfaction of the commissioner, if requested, that the pesticide has been continuously registered under a different brand name or by a different manufacturer and has similar composition, or, the pesticide end user obtains the written permission of the commissioner.

(d) Each pesticide with a unique United States Environmental Protection Agency pesticide registration number or a unique brand name must be registered with the commissioner.

Sec. 7. Minnesota Statutes 1992, section 18B.26, subdivision 3, is amended to read:

Subd. 3. [APPLICATION FEE.] (a) A registrant shall pay an annual application fee for each pesticide to be registered, and this fee is set at one-tenth of one percent for calendar year 1990, at one-fifth of one percent for calendar year 1991, and at two-fifths of one percent for calendar year 1992 and thereafter of annual gross sales within the state and annual gross sales of pesticides used in the state, with a minimum nonrefundable fee of \$250 ~~plus an additional one-tenth of one percent for each pesticide for which the United States Environmental Protection Agency, Office of Water, has published a Health Advisory Summary by December 1 of the previous year.~~ The registrant shall determine when and which pesticides are sold or used in this state. The registrant shall secure sufficient sales information of pesticides distributed into this state from distributors and dealers, regardless of distributor location, to make a determination. Sales of pesticides in this state and sales of pesticides for use in this state by out-of-state distributors are not exempt and must be included in the registrant's annual report, as required under paragraph (c), and fees shall be paid by the registrant based upon those reported sales. Sales of pesticides in the state for use outside of the state are exempt from the application fee in this paragraph if the registrant properly documents the sale location and distributors. A registrant paying more than the minimum fee shall pay the balance due by March 1 based on the gross sales of the pesticide by the registrant for the preceding calendar year. The fee for disinfectants and sanitizers shall be the minimum. The minimum fee is due by December 31 preceding the year for which the application for registration is made. Of the amount collected after calendar year 1990, ~~at least \$600,000 per fiscal year must be credited to the waste pesticide account under section 18B.065, subdivision 5, and the additional amount collected for pesticides with Health Advisory Summaries shall be credited to the agricultural project utilization account under section 116O.13 to be used for pesticide use reduction grants by the agricultural utilization research institute.~~

(b) An additional fee of \$100 must be paid by the applicant for each pesticide to be registered if the application is a renewal application that is submitted after December 31.

(c) A registrant must annually report to the commissioner the amount and type of each registered pesticide sold, offered for sale, or otherwise distributed in the state. The report shall be filed by March 1 for the previous year's registration. The commissioner shall specify the form of the report and require additional information deemed necessary to determine the amount and type of pesticides annually distributed in the state. The information required shall include the brand name, amount, and formulation of each pesticide sold, offered for sale, or otherwise distributed in the state, but the information collected, if made public, shall be reported in a manner which does not identify a specific brand name in the report.

Sec. 8. Minnesota Statutes 1992, section 18B.31, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT.] (a) Except as provided in paragraph (b), ~~a person no individual may not distribute at wholesale or retail or possess offer for sale or sell a restricted use pesticides or bulk pesticides with an intent to distribute them to an ultimate pesticide to a pesticide end user from any fixed location without a pesticide dealer license.~~

(b) ~~The A pesticide dealer license requirement does not apply to~~ is not required for:

(1) a licensed commercial applicator, noncommercial applicator, or structural pest control applicator who uses restricted use pesticides only as an integral part of a pesticide application service;

(2) a federal, state, county, or municipal agency using restricted use pesticides for its own programs; ~~or~~

(3) a licensed pharmacist, physician, dentist, or veterinarian when administering or dispensing a restricted use pesticide for use in the pharmacist's, physician's, dentist's, or veterinarian's practice; or

(4) a person at a fixed location that is not used to offer for sale or sell restricted use or bulk pesticides including, but not limited to, warehouses or other storage sites.

(c) A licensed pesticide dealer may sell restricted use pesticides only to an applicator licensed or certified by the commissioner, unless a sale is allowed by rule.

(d) A pesticide dealer license is required for an individual not located in Minnesota who offers for sale or sells a restricted use or bulk pesticide to a pesticide end user located in Minnesota.

(e) Only one pesticide dealer license is required per fixed location from which an individual offers for sale or sells a restricted use or bulk pesticide to an end user.

Sec. 9. Minnesota Statutes 1992, section 18B.36, subdivision 2, is amended to read:

Subd. 2. [CERTIFICATION.] (a) The commissioner shall prescribe certification requirements and provide training that meets or exceeds United States Environmental Protection Agency standards to certify private applicators and provide information relating to changing technology to help ensure a continuing level of competency and ability to use pesticides properly and safely. The training may be done through cooperation with other government agencies and must be a minimum of three hours in duration.

(b) A person must apply to the commissioner for certification as a private applicator. After completing the certification requirements, which must include an examination as determined by the commissioner, an applicant must be certified as a private applicator to use restricted use pesticides. The certification is for a period of three calendar years from the applicant's nearest birthday including the first year of certification, and expires December 31 of the third year.

(c) The commissioner shall issue a private applicator card to a private applicator.

Sec. 10. Minnesota Statutes 1992, section 18B.37, subdivision 2, is amended to read:

Subd. 2. [COMMERCIAL AND NONCOMMERCIAL APPLICATORS.] (a) A commercial or noncommercial applicator, or the applicator's authorized agent, must maintain a record of pesticides used on each site. Noncommercial applicators must keep records of restricted use pesticides. The record must include the:

- (1) date of the pesticide use;
- (2) time the pesticide application was completed;
- (3) brand name of the pesticide, the United States Environmental Protection Agency registration number, and dosage used;
- (4) number of units treated;
- (5) temperature, wind speed, and wind direction;
- (6) location of the site where the pesticide was applied;
- (7) name and address of the customer;
- (8) name and signature of applicator, name of company, license number of applicator, and address of applicator company; and
- (9) any other information required by the commissioner.

(b) Portions of records not relevant to a specific type of application may be omitted upon approval from the commissioner.

(c) All information for this record requirement must be contained in a single page document for each pesticide application, except a map may be attached to identify treated areas. For the rights-of-way and wood preservative categories, the required record may not exceed five pages. An invoice containing the required information may constitute the required record. The commissioner shall make sample forms available to meet the requirements of this paragraph.

(d) A commercial applicator must give a copy of the record to the customer ~~when the application is completed.~~

(e) Records must be retained by the applicator, company, or authorized agent for five years after the date of treatment.

Sec. 11. Minnesota Statutes 1992, section 18C.005, subdivision 13, is amended to read:

Subd. 13. [GRADE.] "Grade" means the percentage of total nitrogen (N), available phosphorus (P) or phosphoric acid (P_2O_5) phosphate (P_2O_5), and soluble potassium (K) or soluble potash (K_2O) (K_2O) stated in whole numbers in the same terms, order, and percentages as in the guaranteed analysis except the grade of bone meals, manures, and similar raw materials may be stated in fractional units, and specialty fertilizers may be stated in fractional units of less than one percent of total nitrogen, available phosphorus or phosphoric acid phosphate, and soluble potassium or soluble potash.

Sec. 12. Minnesota Statutes 1992, section 18C.005, subdivision 35, is amended to read:

Subd. 35. [SUBSTANTIALLY ALTERING; SUBSTANTIALLY ALTER; SUBSTANTIAL ALTERATION.] "Substantially altering," "substantially alter," or "substantial alteration" means modifying a bulk agricultural chemical storage facility by:

- (1) changing the capacity of a safeguard;
- (2) adding additional safeguards or storage containers, or changing existing storage containers, safeguards, appurtenances, or piping, in excess of the capacity of a safeguard as required by rule;
- (3) increasing the size of the largest storage container in a safeguard as approved or permitted by the commissioner of agriculture; or
- (4) adding or changing anhydrous ammonia storage containers or adding ammonia loading or unloading stations. This does not include routine maintenance of existing safeguards, storage containers, appurtenances, and piping, or of existing mixing, blending, weighing, and or handling equipment. For dry bulk fertilizer, a person may decrease storage capacity without a substantial alteration permit and may increase storage capacity up to 150 tons per location annually without a substantial alteration permit.

Sec. 13. Minnesota Statutes 1992, section 18C.115, subdivision 2, is amended to read:

Subd. 2. [ADOPTION OF NATIONAL STANDARDS.] Applicable national standards contained in the ~~1989~~ 1993 official publication, number 42 ~~46~~, of the association of American plant food control officials including the rules and regulations, statements of uniform interpretation and policy, and the official fertilizer terms and definitions, and not otherwise adopted by the commissioner, may be adopted as fertilizer rules of this state.

Sec. 14. Minnesota Statutes 1992, section 18C.211, subdivision 1, is amended to read:

Subdivision 1. [N, P, AND K NUTRIENT CONTENT STATED.] (a) Until the commissioner prescribes the alternative form of guaranteed analysis, it must be stated as provided in this subdivision.

(b) A guaranteed analysis must state the percentage of plant nutrient content, if claimed, in the following form:

"Total Nitrogen (N)	... percent
Available Phosphoric Acid (P_2O_5)	
Phosphate (P_2O_5)	... percent
Soluble Potash (K_2O) (K_2O)	... percent"

(c) For unacidulated mineral phosphatic materials and basic slag, bone, tankage, and other organic phosphate materials, the total phosphoric acid phosphate or degree of fineness may also be stated.

Sec. 15. Minnesota Statutes 1992, section 18C.215, subdivision 2, is amended to read:

Subd. 2. [BLENDED, BULK, AND MIXED FERTILIZER.] (a) A distributor who blends or mixes fertilizer to a customer's order without a guaranteed analysis of the final mixture or distributes fertilizer in bulk, must furnish each purchaser with an invoice or delivery ticket in written or printed form showing the net weight, name and address of the guarantor, and guaranteed analysis of each of the materials used in the mixture.

(b) ~~The invoice or delivery ticket must accompany the delivery.~~

(c) Records of invoices or delivery tickets must be kept for five years after the delivery or application.

Sec. 16. Minnesota Statutes 1992, section 18C.305, subdivision 2, is amended to read:

Subd. 2. [PERMIT FEES.] (a) An application for a new facility must be accompanied by a nonrefundable application fee of \$100 for each location where fertilizer is stored.

(b) An application to substantially alter a facility must be accompanied by a nonrefundable \$50 fee.

(c) ~~In addition to the fees under paragraphs (a) and (b), a~~ An additional fee of \$250 must be paid by an applicant a person who begins construction of, or substantial alteration substantially alters a bulk agricultural chemical storage facility before a permit is issued by the commissioner, except that the \$250 additional fee may not be assessed if the person submits a permit application with the required fee to the commissioner before completing the construction or substantial alteration.

(d) An application for a facility that includes both fertilizers, as regulated under this chapter, and pesticides as regulated under chapter 18B shall pay only one application fee of \$100.

Sec. 17. Minnesota Statutes 1992, section 18D.103, is amended by adding a subdivision to read:

Subd. 3. [EXCEPTION.] A responsible party or an owner of real property who is a licensed or certified private or commercial pesticide applicator is not required to report an incident to the commissioner under this section if the amount of pesticide involved in the release plus any other releases which have occurred at the site during the preceding year is less than the maximum amount of the pesticide that, consistent with its label, can be applied to one acre of agricultural crop land unless the release occurred into or near public water or groundwater.

Sec. 18. Minnesota Statutes 1992, section 18D.105, is amended by adding a subdivision to read:

Subd. 3a. [PASSIVE BIOREMEDIATION.] Passive bioremediation must be considered for pesticide cleanups whenever an assessment of the site determines that there is a low potential risk to public health and the environment. The assessment may include the soil types involved, leaching potential, underlying geology, proximity to ground and surface water, and the soil half-life of the pesticides.

Sec. 19. Minnesota Statutes 1992, section 18E.03, subdivision 2, is amended to read:

Subd. 2. [EXPENDITURES.] (a) Money in the agricultural chemical response and reimbursement account may only be used:

(1) to pay for the commissioner's responses to incidents under chapters 18B, 18C, and 18D that are not eligible for payment under section 115B.20, subdivision 2;

(2) to pay for emergency responses that are otherwise unable to be funded; ~~and~~

(3) to reimburse and pay corrective action costs under section 18E.04; ~~and~~

(4) by the board to reimburse the commissioner for board staff and other administrative costs up to \$175,000 per fiscal year.

(b) Money in the agricultural chemical response and reimbursement account is appropriated to the commissioner to make payments as provided in this subdivision.

Sec. 20. Minnesota Statutes 1992, section 18E.03, subdivision 3, is amended to read:

Subd. 3. [DETERMINATION OF RESPONSE AND REIMBURSEMENT FEE.] (a) The commissioner shall determine the amount of the response and reimbursement fee under subdivision 5 4 after a public hearing, but notwithstanding section 16A.128, based on:

(1) the amount needed to maintain an unencumbered balance in the account of \$1,000,000;

(2) the amount estimated to be needed for responses to incidents as provided in subdivision 2, clauses (1) and (2); ~~and~~

(3) the amount needed for payment and reimbursement under section 18E.04.

(b) The commissioner shall determine the response and reimbursement fee so that the total balance in the account does not exceed \$5,000,000.

(c) Money from the response and reimbursement fee shall be deposited in the treasury and credited to the agricultural chemical response and reimbursement account.

Sec. 21. Minnesota Statutes 1992, section 18E.03, subdivision 4, is amended to read:

Subd. 4. ~~[FEE THROUGH 1990.]~~ (a) The response and reimbursement fee consists of the ~~surcharges~~ surcharges and any adjustments made by the commissioner in this subdivision and shall be collected ~~until March 1, 1991 by the commissioner. The amount of the response and reimbursement fee shall be determined and imposed annually by the commissioner as required to satisfy the requirements in subdivision 3. The commissioner shall adjust the amount of the surcharges imposed in proportion to the amount of the surcharges listed in this subdivision.~~

(b) The commissioner shall impose a surcharge on pesticides registered under chapter 18B to be collected as a surcharge on the registration application fee under section 18B.26, subdivision 3, that is equal to 0.1 percent of sales of the pesticide in the state and sales of pesticides for use in the state during the ~~period April 1, 1990, through December 31, 1990~~ previous calendar year, except the surcharge may not be imposed on pesticides that are sanitizers or disinfectants as determined by the commissioner. The registrant shall determine when and which pesticides are sold or used in this state. The registrant shall secure sufficient sales information of pesticides distributed into this state from distributors and dealers, regardless of distributor location, to make a determination. Sales of pesticides in this state and sales of pesticides for use in this state by out-of-state distributors are not exempt and must be included in the registrant's annual report, as required under section 18B.26, subdivision 3, paragraph (c), and fees shall be paid by the registrant based upon those reported sales. Sales of pesticides in the state for use outside of the state are exempt from the surcharge in this paragraph if the registrant properly documents the sale location and the distributors.

(c) The commissioner shall impose a ten cents per ton surcharge on the inspection fee under section 18C.425, subdivision 6, for fertilizers, soil amendments, and plant amendments.

(d) The commissioner shall impose a surcharge on the license application of persons licensed under chapters 18B and 18C consisting of:

(1) a ~~\$150~~ \$75 surcharge for each site where pesticides are stored or distributed, to be imposed as a surcharge on pesticide dealer application fees under section 18B.31, subdivision 5;

(2) a ~~\$150~~ \$75 surcharge for each site where a fertilizer, plant amendment, or soil amendment is distributed, to be imposed on persons licensed under sections 18C.415 and 18C.425;

(3) a \$50 surcharge to be imposed on a structural pest control applicator license application under section 18B.32, subdivision 6, for business license applications only;

(4) a \$20 surcharge to be imposed on commercial applicator license application fees under section 18B.33, subdivision 7; and

(5) a \$20 surcharge to be imposed on noncommercial applicator license application fees under section 18B.34, subdivision 5, except a surcharge may not be imposed on a noncommercial applicator that is a state agency, political subdivision of the state, the federal government, or an agency of the federal government; and

~~(6) a \$25 surcharge for licensed lawn service applicators under chapter 18B or 18C, to be imposed on license application fees.~~

~~(e) If a person has more than one license for a site, only one surcharge may be imposed to cover all the licenses for the site.~~

~~(f) (e)~~ A \$1,000 fee shall be imposed on each site where pesticides are stored and sold for use outside of the state unless:

(1) the distributor properly documents that it has less than \$2,000,000 per year in wholesale value of pesticides stored and transferred through the site; or

(2) the registrant pays the surcharge under paragraph (b) and the registration fee under section 18B.26, subdivision 3, for all of the pesticides stored at the site and sold for use outside of the state.

~~(g)~~ ~~(f)~~ Paragraphs (c) to ~~(f)~~ ~~(e)~~ apply to sales, licenses issued, applications received for licenses, and inspection fees imposed on or after July 1, 1990.

Sec. 22. Minnesota Statutes 1992, section 18E.03, subdivision 6, is amended to read:

Subd. 6. [REVENUE SOURCES.] Revenue from the following sources must be deposited in the state treasury and credited to the agricultural chemical response and reimbursement account:

- (1) the proceeds of the fees imposed by subdivisions 3 and ~~5~~ 4;
- (2) money recovered by the state for expenses paid with money from the account;
- (3) interest attributable to investment of money in the account; and
- (4) money received by the commissioner in the form of gifts, grants other than federal grants, reimbursements, and appropriations from any source intended to be used for the purposes of the account.

Sec. 23. Minnesota Statutes 1992, section 18E.03, subdivision 7, is amended to read:

Subd. 7. [APPROPRIATION AND REIMBURSEMENT.] The amount of the response and reimbursement fee imposed under subdivisions 3 ~~to 5~~ and 4 is appropriated from the general fund to the agricultural chemical response and reimbursement account to be reimbursed when the fee is collected.

Sec. 24. Minnesota Statutes 1992, section 18E.04, is amended by adding a subdivision to read:

Subd. 2a. [INELIGIBILITY FOR REIMBURSEMENT OR PAYMENT.] Pesticides that are sanitizers and disinfectants and are exempt from surcharges are ineligible for reimbursement or payment under this section.

Sec. 25. Minnesota Statutes 1992, section 21.85, subdivision 10, is amended to read:

Subd. 10. [COMMISSIONER MAY ALTER REQUIREMENTS IN EMERGENCIES.] In the event of acute shortages of any seed or seeds, or the occurrence of other conditions which in the opinion of the commissioner create an emergency which would make impractical the enforcement of any requirement of sections 21.80 to 21.92 relating to the percentage of purity ~~and~~, weed seed content, and the variety name of any seed or seeds, the commissioner may temporarily change and alter any requirement relating to percentage of purity ~~and~~, weed seed content, and the variety name for the duration of the emergency.

Sec. 26. Minnesota Statutes 1992, section 32.11, is amended to read:

32.11 [DISCRIMINATION IN BUYING AND SELLING; SCHEDULE OF PRICES.]

(a) Any person, firm, copartnership, or corporation engaged in the business of buying milk, cream or butterfat for manufacture or for sale of such milk, cream, or butterfat, who shall discriminate between different sections, localities, communities, or cities of this state, or who shall discriminate between persons in the same section, locality, community or city of this state, by purchasing such commodity at a higher price or rate from one person or in one locality than is paid for the same commodity by such person, firm, copartnership, or corporation in the same locality or in another locality, after making due allowance for the difference, if any, in the reasonable cost of transportation from the locality of purchase to the locality of manufacture or locality of sale of such milk, cream, or butterfat, shall be deemed guilty of unfair discrimination, which is a misdemeanor.

(b) A processor or wholesaler who sells selected class I or class II dairy products as defined in section 32.70 in Minnesota shall maintain a current schedule of prices showing rebates, discounts, refunds, and price differentials for the selected dairy products offered for sale at wholesale to retailers or to another wholesaler.

Sec. 27. Minnesota Statutes 1992, section 32.25, subdivision 1, is amended to read:

Subdivision 1. [MILK FAT, PROTEIN, AND SOLIDS NOT FAT BASES OF PAYMENT; TESTS.] ~~All Milk and cream must be purchased from producers shall be purchased by weight and using a formula based on one or more of the following methods:~~

(1) payment of a standard rate with uniform differentials for milk testing above or below 3.5 percent milk fat;

~~(1) (2) payment of a standard rate with uniform differentials for milk testing above or below 3.5 percent milk fat for the pounds of milk fat contained in the milk;~~

~~(2) (3) payment of a standard rate with uniform differentials for milk testing above or below 3.5 percent milk fat and above or below a base percent for the pounds of protein contained in the milk;~~

~~(3) (4) payment of a standard rate with uniform differentials for milk testing above or below 3.5 percent milk fat and above or below a base percent for the pounds of solids not fat contained in the milk; or~~

(5) payment of standard rates based on other attributes of value in the milk.

~~In addition, an adjustment to the milk price may be made on the basis of milk quality, and the component price payment may be subject to the milk quality and other premiums.~~

~~Testing procedures for determining the percentages of milk fat, protein, and milk solids not fat shall be must comply with the Association of Analytical Chemists approved methods or be as adopted by rule.~~

Sec. 28. Minnesota Statutes 1992, section 325F.19, subdivision 7, is amended to read:

Subd. 7. "Presenting a clear and present danger" means known to cause physical damage to structure or health hazards to occupants through continuing direct contact or release of a hazardous substance as defined in section ~~24.33~~ 115B.02.

Sec. 29. Laws 1993, chapter 65, section 6, subdivision 2, is amended to read:

Subd. 2. [BASIC COST.] (a) "Basic cost" for a processor means the actual cost of the raw milk plus 75 percent of the actual processing and handling costs for a selected class I or class II dairy product.

(b) "Basic cost" for a wholesaler means the actual cost of the selected class I or class II dairy product purchased from the processor or another wholesaler. Basic cost for a wholesaler does not include any part of an over-order premium assessment under section 32.73.

(c) "Basic cost" for a retailer means the actual cost of the selected class I or class II dairy product purchased from a processor or wholesaler. Basic cost for a retailer does not include any part of an over-order premium assessment under section 32.73.

Sec. 30. Laws 1993, chapter 65, section 8, subdivision 1, is amended to read:

Subdivision 1. [POLICY; PROCESSORS; WHOLESALERS; RETAILERS.] (a) It is the intent of the legislature to accomplish partial deregulation of milk marketing with a minimum negative impact upon small volume retailers.

(b) A processor or wholesaler may not sell or offer for sale selected class I or class II dairy products at a price lower than the processor's or wholesaler's basic cost.

(c) A retailer may not sell or offer for sale selected class I or class II dairy products at a retail price lower than ~~107.5~~ (1) 105 percent of the retailer's basic cost until June 30, 1994; and (2) the retailer's basic cost beginning July 1, 1994, and thereafter. A retailer may not use any method or device in the sale or offer for sale of a selected dairy product that results in a violation of this section.

Sec. 31. Laws 1993, chapter 65, section 9, subdivision 4, is amended to read:

Subd. 4. [EXEMPTIONS.] Selected class I dairy products sold as home delivery retail sales, sales involving the women, infants, and children nutrition program (WIC), and sales to public or nonpublic schools are exempt from assessment under this section.

Sec. 32. Laws 1993, chapter 65, section 9, subdivision 7, is amended to read:

Subd. 7. [ANNUAL REPORT.] Not later than February 1 of ~~1994~~ 1995 and each year thereafter, the commissioner, after consultation with representatives of the dairy production, processing, and marketing industries, shall report to the chairs of the agriculture committees of the senate and the house of representatives on the impacts and benefits to dairy farmers of the over-order premium and dairy marketing partial deregulation provisions of this act and the level of over-order premiums provided by common marketing agencies in the upper midwest during the previous calendar year. In addition, the February 1, ~~1994~~ 1995 report must provide recommendations concerning the desirability of exempting from the over-market premium assessment selected class I dairy products sold to certain not-for-profit customers, including hospitals, nursing homes, licensed day care providers, and residential care facilities and institutions. The report provided by the commissioner on February 1, 1995, must include an assessment of the impact of the removal of retail price controls during the month of June, 1994.

Sec. 33. [COMMISSIONER'S NOTICE TO RETAILERS.]

The commissioner of agriculture shall provide written notice to persons who sell selected class I or class II dairy products at retail, as those terms are defined in Laws 1993, chapter 65, of the provisions of Laws 1993, chapter 65, and this act relating to the requirements for pricing at the retail level. The commissioner shall make every effort to provide such notice as soon as is reasonably possible.

Sec. 34. [TASK FORCE; DAIRY PRICE DEREGULATION.]

Subdivision 1. [ESTABLISHMENT; MEMBERSHIP.] There is established a task force on dairy price deregulation consisting of:

(1) the chairs of the commerce and consumer protection and agriculture and rural development committees of the senate or members designated by the chairs;

(2) the chairs of the agriculture and commerce and economic development committees of the house of representatives or members designated by the chairs;

(3) one minority party member of the senate appointed by the minority leader of the senate;

(4) one minority party member of the house of representatives appointed by the minority leader of the house; and

(5) six members appointed by the governor.

Members appointed by the governor must represent consumers and processors, wholesalers, and the retail segment of the dairy industry. The governor shall make all appointments to the task force not later than July 1, 1993.

Members appointed by the governor shall be compensated as provided under Minnesota Statutes, section 15.059, subdivision 6.

The governor shall select a chair from among the members of the task force.

Subd. 2. [DUTIES; STAFF SUPPORT.] The task force shall conduct a study of the dairy processing and marketing industry, including:

(1) the impacts and benefits to processors, wholesalers, retailers, and consumers of dairy marketing partial deregulation;

(2) the impacts that would occur under various levels of deregulation at the processor, wholesale, and retail segments of the dairy industry; and

(3) the feasibility of requiring uniform wholesale prices to all retailers of class I and class II dairy products.

Upon request of the task force, the commissioner of agriculture shall provide technical and staff assistance to the task force.

Subd. 3. [REPORT.] Not later than February 1, 1994, the task force shall report to the legislature on its findings and recommendations.

Subd. 4. [EXPIRATION.] The task force expires May 1, 1994.

Subd. 5. [APPROPRIATION.] There is appropriated to the commissioner of agriculture in fiscal year 1994, from the dairy services account, amounts necessary for the costs incurred for expenses of task force members under Minnesota Statutes, section 15.059, subdivision 6, and costs for preparation and production of the report.

Sec. 35. [EDUCATION SPECIALIST; AGRICULTURE.]

The department of education shall maintain the current functions and responsibilities related to agriculture, secondary agriculture education, and the Future Farmers of America (FFA) that were performed by an education specialist II on June 1, 1992. A person qualified with a background in agriculture education must be assigned to fulfill these responsibilities.

Sec. 36. [APPROPRIATION; EDUCATION SPECIALIST AGRICULTURE.]

\$35,000 in fiscal year 1994 and \$35,000 in fiscal year 1995 are appropriated from the general fund to the commissioner of education to maintain the current functions and responsibilities as described in section 35.

Sec. 37. [OILSEED PROCESSING; FEASIBILITY.]

The commissioner of agriculture shall conduct a study of the feasibility of developing a producer-controlled oilseed production facility to process canola, crambe, and other grains. Consideration shall be given to grants, loans, tax incentives, and bonding. The commissioner shall work with agricultural utilization research institute, the University of Minnesota, and other interested parties. The commissioner shall report the findings of the study to the house committee on agriculture and the senate committee on agriculture and rural development by January 15, 1994.

Sec. 38. [REPORTS ON PESTICIDE CONTAINERS AND WASTE PESTICIDES.]

Subdivision 1. [AGRICULTURAL PESTICIDE CONTAINERS.] The commissioner shall prepare a report with recommendations to the legislature by January 1, 1995, on the handling of empty agricultural pesticide containers and unused portions of agricultural pesticides used for the production of food, feed, or fiber crop use using the following criteria:

- (1) the minimization of the disposal of agricultural pesticide containers and waste agricultural pesticides;
- (2) the collection and recycling of agricultural pesticide containers; and
- (3) the collection and disposal of waste agricultural pesticides.

Subd. 2. [PESTICIDE CONTAINERS.] The commissioner shall prepare a report with recommendations to the legislature by January 1, 1997, on the handling of empty pesticide containers and waste pesticides and shall report on the progress made in achieving the following goals:

- (1) the minimization of the disposal of pesticide containers and waste pesticides;
- (2) the collection and recycling of pesticide containers; and
- (3) the collection and proper disposal of waste pesticides.

Subd. 3. [RECOMMENDATIONS.] Each report required under this section shall also include recommendations for the internalization of the management costs for waste pesticides and pesticide containers amongst pesticide manufacturers, distributors, and retailers.

Sec. 39. [APPROPRIATIONS.]

\$200,000 in fiscal year 1994 and \$200,000 in fiscal year 1995 are appropriated from the pesticide regulatory account to the agricultural project utilization account to be used for cooperative research including pesticide use reduction, technology transfer of pesticide reduction practices, and the evaluation and demonstration of best management practices as developed by the department of agriculture, with the goals of achieving a reduction in input costs of

producers and improving utilization of integrated pest management, biological pest controls, and other pesticide reduction practices. Research may also be conducted regarding agricultural chemical spill site remediation.

Sec. 40. [TRANSFER OF FUNDS.]

The commissioner of finance shall transfer any remaining balance in the dairy industry unfair trade practices account to the dairy services account.

Sec. 41. [REPEALER.]

Minnesota Statutes 1992, sections 18C.211, subdivision 3; 18C.215, subdivision 3; 18E.03, subdivision 5; 24.32; 24.33; 24.34; 24.35; 24.36; 24.37; 24.38; 24.39; 24.40; 24.41; and 24.42, are repealed.

Sec. 42. [EFFECTIVE DATE.]

Section 26 is effective June 1, 1993. Sections 29, 33, 34, and 40 are effective the day following final enactment. Section 27, is effective August 1, 1993, and is not subject to the contingency contained in Laws 1984, chapter 509, section 2. Sections 30 and 31 are effective August 1, 1993. Sections 35 and 36 are effective July 1, 1993."

Delete the title and insert:

"A bill for an act to agriculture; providing for the continued use of unregistered pesticides; modifying procedures for the return of empty pesticide containers and unused portions of pesticides; changing the amounts of the ACCRA surcharges; authorizing use of money in the agricultural chemical response and reimbursement account for administrative costs; making changes in the laws on pesticides and agricultural chemicals; changing provisions regarding the pricing of certain dairy products; repealing the hazardous substance labeling act; requiring studies; maintaining an agriculture education specialist; transferring certain funds; appropriating money; amending Minnesota Statutes 1992, sections 18B.01, by adding subdivisions; 18B.065, by adding a subdivision; 18B.135, subdivision 1; 18B.14, subdivision 2; 18B.26, subdivisions 1 and 3; 18B.31, subdivision 1; 18B.36, subdivision 2; 18B.37, subdivision 2; 18C.005, subdivisions 13 and 35; 18C.115, subdivision 2; 18C.211, subdivision 1; 18C.215, subdivision 2; 18C.305, subdivision 2; 18D.103, by adding a subdivision; 18D.105, by adding a subdivision; 18E.03, subdivisions 2, 3, 4, 6, and 7; 18E.04, by adding a subdivision; 21.85, subdivision 10; 32.11; 32.25, subdivision 1; and 325F.19, subdivision 7; Laws 1993, chapter 65, sections 6, subdivision 2; 8, subdivision 1; and 9, subdivisions 4 and 7; repealing Minnesota Statutes 1992, sections 18C.211, subdivision 3; 18C.215, subdivision 3; 18E.03, subdivision 5; 24.32; 24.33; 24.34; 24.35; 24.36; 24.37; 24.38; 24.39; 24.40; 24.41; and 24.42."

We request adoption of this report and repassage of the bill.

House Conferees: ANDY STEENSMA, STEPHEN G. WENZEL AND GENE HUGOSON.

Senate Conferees: STEVEN MORSE, JOE BERTRAM, SR., AND JANE KRENTZ.

Steensma moved that the report of the Conference Committee on H. F. No. 1225 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1225, A bill for an act relating to agriculture; authorizing use of money in the agricultural chemical response and reimbursement account for administrative costs; exempting certain pesticides from the ACCRA surcharge; requiring a report; appropriating money; repealing the hazardous substance labeling act; amending Minnesota Statutes 1992, sections 18B.01, by adding subdivisions; 18B.135; 18B.14, subdivision 2; 18B.26, subdivision 3; 18B.31, subdivision 1; 18B.36, subdivision 2; 18B.37, subdivision 2; 18C.005, subdivisions 13 and 35; 18C.115, subdivision 2; 18C.211, subdivision 1; 18C.215, subdivision 2; 18C.305, subdivision 2; 18E.03, subdivisions 2 and 5; 21.85, subdivision 10; 325F.19, subdivision 7; repealing Minnesota Statutes 1992, sections 18B.07, subdivision 3; 18C.211, subdivision 3; 18C.215, subdivision 3; 24.32; 24.33; 24.34; 24.35; 24.36; 24.37; 24.38; 24.39; 24.40; 24.41; 24.42; 25.46; and 25.47.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 113 yeas and 21 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Dawkins	Jaros	Lindner	Olson, M.	Rukavina	Wagenius
Anderson, R.	Delmont	Jefferson	Lourey	Onnen	Sarna	Waltman
Battaglia	Dorn	Jennings	Luther	Opatz	Seagren	Weaver
Bauerly	Evans	Johnson, A.	Lynch	Orenstein	Sekhon	Wejzman
Beard	Farrell	Johnson, R.	Mahon	Orfield	Simoneau	Welle
Bergson	Garcia	Johnson, V.	Mariani	Ostrom	Skoglund	Wenzel
Bertram	Girard	Kahn	McGuire	Ozment	Smith	Winter
Bettermann	Greenfield	Kalis	Milbert	Pawlenty	Solberg	Wolf
Blatz	Greiling	Kelley	Molnau	Pelowski	Sparby	Worke
Brown, K.	Gruenes	Kelso	Mosel	Perlt	Steensma	Workman
Carlson	Gutknecht	Kinkel	Munger	Peterson	Sviggum	Spk. Long
Carruthers	Hasskamp	Klinzing	Murphy	Pugh	Swenson	
Clark	Haukoos	Koppendrayner	Neary	Reding	Trimble	
Commers	Hausman	Krueger	Nelson	Rest	Tunheim	
Cooper	Hugoson	Lasley	Ness	Rhodes	Van Dellen	
Dauner	Huntley	Leppik	Olson, E.	Rice	Vellenga	
Dauids	Jacobs	Lieder	Olson, K.	Rodosovich	Vickerman	

Those who voted in the negative were:

Abrams	Brown, C.	Erhardt	Holsten	Limmer	Morrison	Stanisus
Asch	Dehler	Frerichs	Knickerbocker	Macklin	Osthoff	Tomassoni
Bishop	Dempsey	Goodno	Krinkie	McCollum	Pauly	Tompkins

The bill was repassed, as amended by Conference, and its title agreed to.

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1658

A bill for an act relating to economic development; abolishing Minnesota Project Outreach Corporation and transferring its funds, property, records, and duties to Minnesota Technology, Inc.; providing for federal defense conversion activities; amending Minnesota Statutes 1992, section 116O.091; repealing Minnesota Statutes 1992, section 116O.092.

May 17, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 1658, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 1658 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 116L.03, subdivision 1, is amended to read:

Subdivision 1. [MEMBERS.] The partnership shall be governed by a board of ~~44~~ 12 directors.

Sec. 2. Minnesota Statutes 1992, section 116L.03, subdivision 2, is amended to read:

Subd. 2. [APPOINTMENT.] The Minnesota job skills partnership board consists of: eight members appointed by the governor, the commissioner of trade and economic development, the commissioner of jobs and training, and the chancellor of the technical college system, and the chancellor of the higher education board.

Sec. 3. Minnesota Statutes 1992, section 116L.05, is amended by adding a subdivision to read:

Subd. 3. [USE OF FUNDS.] The job skills partnership board may use up to six percent of any funds it receives, regardless of the source, for activities authorized under section 116L.04, subdivision 2.

Sec. 4. Minnesota Statutes 1992, section 116O.091, is amended to read:

116O.091 [MINNESOTA PROJECT OUTREACH CORPORATION.]

Subdivision 1. [ESTABLISHMENT; PURPOSE.] ~~The Minnesota Project outreach Corporation is established as a nonprofit public corporation under chapter 317A and is subject to the provisions of that chapter. The corporation is not a state agency. The purpose of the corporation project is to (i) facilitate the transfer of technology and scientific advice from the University of Minnesota and other institutions to businesses in the state that may make economic use of the information; and (ii) to assist small and medium-sized businesses in finding technical and financial assistance providers that meet their needs.~~

Subd. 2. [BOARD OF DIRECTORS; EMPLOYEES.] ~~The Minnesota Project Outreach Corporation shall be governed by a nine member board of directors consisting of the president of the University of Minnesota or the president's designee, the commissioner of trade and economic development or the commissioner's designee, the chair of the Minnesota Technology, Inc. board of directors or the chair's designee, the president of the Minnesota Project Outreach Corporation, a member of the state senate appointed by the subcommittee on committees of the senate rules and administration committee, a member of the house of representatives appointed by the speaker, a person who has experience with small manufacturing firms located outside the metropolitan area, a person who has experience with medium-sized manufacturing firms located in the metropolitan area, one of which must be actively engaged in manufacturing, and a private sector person representing the general public. The governor shall appoint the representatives of the manufacturing firms and the general public. Vacancies on the board for the members who are appointed by the governor shall be filled by the board until the respective term expires. The president of the Minnesota Project Outreach Corporation shall be appointed by at least a two-thirds majority of the other members of the board.~~

~~The terms of the directors appointed by the governor shall be three years. The directors appointed by the governor shall serve until their successors are appointed and qualify. The board may elect a chair and form committees of the board. The officers and any employees of the corporation are not state employees.~~

Subd. 3. [ARTICLES OF INCORPORATION.] ~~The articles of incorporation of the Minnesota Project Outreach Corporation must be filed with the secretary of state under chapter 317A and must be consistent with the duties of the corporation under subdivision 4 and the other provisions of this section.~~

Subd. 4. [DUTIES.] The Minnesota Project Outreach corporation shall:

(1) establish a technology assistance system to assist business, specifically new and other small and medium-sized businesses across the state, in gaining access to technical information, including but not limited to technologies developed by the University of Minnesota and other higher education systems and their personnel; and in gaining access to technology-related federal programs;

(2) establish and maintain a data base or data bases that provide information for the technology assistance system under clause (1) that may include information on (i) science and technology experts, (ii) technical research projects underway at public higher education institutions in the state, (iii) licensable technology available at public higher education institutions in the state, (iv) access to federal technology and technical information, and (v) access to technical and business education;

(3) provide literature search and document retrieval services through the technology assistance system under clause (1);

(4) establish and continually update a business assistance referral system which includes a data base of economic development related technical assistance and financial assistance providers or programs sponsored by federal agencies, state agencies, educational institutions, chambers of commerce, civic organizations, community development groups, local governments, private industry associations, and other organizations and individuals that provide assistance;

(5) establish and maintain or contract for the establishment of a toll-free telephone number operated by trained staff familiar with the business assistance referral system and data base;

(6) maintain a marketing and outreach program informing persons interested in starting, operating, or expanding small business and assistance providers of the technology assistance system and the business assistance referral system;

(7) establish, where possible, regional bases and referral systems for the business assistance referral system, and a system to reference experts in the state university system; and

(8) make available the data base of the business assistance referral system to the legislature, the department of trade and economic development, and other state agencies for evaluating the effectiveness and efficiency of the provision of economic development-related technical and financial assistance in the state.

Subd. 5. [STATE AGENCY COOPERATION.] The ~~Minnesota Project Outreach~~ corporation shall consult with the department of trade and economic development in the development and marketing of the business assistance referral system. The corporation shall assist the department of trade and economic development in establishing an evaluation mechanism for the business assistance referral system which at least includes a process for determining the effectiveness of the economic development related technical or financial assistance provider's service in meeting the needs of the client referred to the provider.

Subd. 6. [CHARGES TO CLIENTS.] (a) The ~~Minnesota Project Outreach~~ corporation may charge reasonable fees to a client for the technology assistance system. The corporation shall establish a fee structure for the technology assistance system and may base the fee structure on the type of service provided, the size of the client based on number of employees or amount of annual revenues, the length of time the client has been in operation, and other criteria.

(b) The corporation shall provide the business assistance referral system at no cost to the client and may not charge the client a fee or any other compensation for the referral to a provider. This subdivision does not prohibit the technical or financial assistance provider from charging a fee or other compensation to a client that has been referred to the provider by the business assistance referral system.

Subd. 7. [ADVISORY COMMITTEES.] ~~The board of directors of the Minnesota Project Outreach Corporation may appoint~~ An advisory committee is created to assist in selecting vendors and evaluating the corporation's project outreach activities. The advisory committee shall include the president of the University of Minnesota or the president's designee, the commissioner of trade and economic development or the commissioner's designee, the chair of the Minnesota Technology, Inc., board of directors or the chair's designee, a member of the state senate appointed by the subcommittee on committees of the senate rules and administration committee, a member of the house of representatives appointed by the speaker, and at least five users of project outreach services appointed by the named members.

Subd. 8. ~~[ANNUAL REPORT.] The Minnesota Project Outreach corporation shall submit an annual report by January 15 of each year to the appropriations, finance, and economic development committees of the legislature, the governor, Minnesota Technology, Inc., and the University of Minnesota. The report must include a description of the corporation's activities for the past year, a listing of the contracts entered into by the corporation, and a summary of the corporation's expenditures.~~

Subd. 9. ~~[AUDIT.] The Minnesota Project Outreach Corporation shall contract with a certified public accounting firm to perform a financial and compliance audit of the corporation and any subsidiary annually in accordance with generally accepted accounting standards.~~

Sec. 5. Minnesota Statutes 1992, section 116O.15, is amended to read:

116O.15 [ANNUAL REPORT.]

The board shall submit a report to the chairs of the senate economic development and housing and the house economic development committees of the legislature and the governor on the activities of the corporation by

February 1 of each year. A copy of the report shall also be provided to the president of the University of Minnesota. The report must include at least the following:

(1) a description of each of the programs that the corporation has provided or undertaken at some time during the previous year. The description of each program must describe (i) the statement of purpose for the program, (ii) the administration of the program including the activities the corporation was responsible for and the responsibilities that other organizations had in administering the program, (iii) the results of the program including how the results were measured, (iv) the expenses of the program paid by the corporation, and (v) the source of corporate and noncorporate funding for the program;

(2) an identification of the sources of funding in the previous year for the corporation and its programs including federal, state and local government, foundations, gifts, donations, fees, and all other sources;

(3) a description of the distribution of all money spent by the corporation in the previous year including an identification of the total expenditures, other than corporate administrative expenditures, by sector of the economy;

(4) a description of the administrative expenses of the corporation during the previous year;

(5) a listing of the assets and liabilities of the corporation at the end of the previous fiscal year;

(6) a list and description of each grant awarded by the corporation during the previous year;

(7) a description of any changes made to the operational plan during the previous year; and

(8) a description of any newly adopted or significant changes to bylaws, programmatic or administrative guidelines, policies, rules, or eligibility criteria for programs created or administered by the corporation during the previous year.

Reports must be made to the legislature as required by section 3.195.

Sec. 6. [FEDERAL DEFENSE CONVERSION ACTIVITIES.]

The Minnesota Project Outreach Corporation shall assist the department of trade and economic development, the sponsoring agency, to prepare a response to the Technology Reinvestment Project solicitation required by the Defense Conversion, Reinvestment and Transition Assistance Act of 1992, Public Law Numbers 102-484 and 102-190, and related federal law. The response shall address technology development, deployment, and manufacturing education and training activities that comply with the act, that result from a collaborative working effort that involves a team of eligible participants which may include nonprofit and other eligible firms as mandated by United States Code, title 10, section 2491, state government agencies, local government agencies, institutions of higher education, manufacturing and other extension programs, and other eligible proposers under the act.

The department of trade and economic development shall create an advisory task force made up of business, labor community, and local government representatives to assist in developing a state plan for job retention and job creation in industries and communities in Minnesota affected by defense contract cuts. The task force shall advise the Minnesota Project Outreach Corporation, Minnesota Technology, Inc., the department of trade and economic development, and other appropriate state agencies in accessing federal funding available from the Office of Economic Adjustment and the Economic Development Administration in order (1) to improve Minnesota's competitiveness in seeking federal community adjustment planning funds available through the new federal defense conversion programs, and (2) to provide for public involvement and accountability in the conversion programs. The task force shall serve without compensation and reimbursement for expenses.

Sec. 7. [MINNESOTA PROJECT OUTREACH CORPORATION.]

Minnesota Project Outreach Corporation is abolished. Minnesota Technology, Inc. is the legal successor in all respects to Minnesota Project Outreach Corporation established under Minnesota Statutes, section 116O.091. All assets and liabilities of Minnesota Project Outreach Corporation are transferred to Minnesota Technology, Inc.

Sec. 8. [REPEALER.]

Minnesota Statutes 1992, section 116O.092, is repealed.

Sec. 9. [EFFECTIVE DATE.]

Sections 1 to 3 are effective July 1, 1993. Section 6 is effective the day following final enactment. Sections 4, 5, 7, and 8 are effective July 1, 1994."

Delete the title and insert:

"A bill for an act relating to economic development; abolishing Minnesota Project Outreach Corporation and transferring its funds, property, records, and duties to Minnesota Technology, Inc.; providing for federal defense conversion activities; amending Minnesota Statutes 1992, sections 116L.03, subdivisions 1 and 2; 116L.05, by adding a subdivision; 116O.091; and 116O.15; repealing Minnesota Statutes 1992, section 116O.092."

We request adoption of this report and repassage of the bill.

House Conferees: RICHARD "RICK" KRUEGER, PETER RODOSOVICH AND GENE PELOWSKI, JR.

Senate Conferees: STEVEN MORSE, PHIL J. RIVENESS AND LEROY A. STUMPF.

Krueger moved that the report of the Conference Committee on H. F. No. 1658 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1658, A bill for an act relating to economic development; abolishing Minnesota Project Outreach Corporation and transferring its funds, property, records, and duties to Minnesota Technology, Inc.; providing for federal defense conversion activities; amending Minnesota Statutes 1992, section 116O.091; repealing Minnesota Statutes 1992, section 116O.092.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 131 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Abrams	Davidson	Hausman	Krueger	Murphy	Pugh	Tompkins
Anderson, I.	Dawkins	Holsten	Lasley	Neary	Reding	Trimble
Anderson, R.	Dehler	Hugoson	Leppik	Nelson	Rest	Tunheim
Asch	Delmont	Huntley	Lieder	Ness	Rhodes	Van Dellen
Battaglia	Dempsey	Jacobs	Limmer	Olson, E.	Rodosovich	Vellenga
Bauerly	Dorn	Jaros	Lindner	Olson, K.	Rukavina	Vickerman
Beard	Erhardt	Jefferson	Lourey	Olson, M.	Sarna	Wagenius
Bergson	Evans	Johnson, A.	Luther	Onnen	Seagren	Waltman
Bettermann	Farrell	Johnson, R.	Lynch	Opatz	Sekhon	Weaver
Bishop	Frerichs	Johnson, V.	Macklin	Orenstein	Simoneau	Wejcman
Blatz	Garcia	Kahn	Mahon	Orfield	Skoglund	Welle
Brown, C.	Girard	Kalis	Mariani	Osthoff	Smith	Wenzel
Brown, K.	Goodno	Kelley	McCollum	Ostrom	Soiberg	Winter
Carlson	Greenfield	Kelso	McGuire	Ozment	Sparby	Wolf
Carruthers	Greiling	Kinkel	Milbert	Pauly	Stanius	Worke
Clark	Gruenes	Klinzing	Molnau	Pawlenty	Steensma	Workman
Commers	Gutknecht	Knickerbocker	Morrison	Pelowski	Sviggum	Spk. Long
Cooper	Hasskamp	Koppendrayar	Mosel	Perlt	Swenson	
Dauner	Haukoos	Krinkie	Munger	Peterson	Tomassoni	

Those who voted in the negative were:

Bertram

The bill was repassed, as amended by Conference, and its title agreed to.

CONFERENCE COMMITTEE REPORT ON H. F. NO. 795

A bill for an act relating to insurance; no-fault auto; excluding certain vehicles from the right of indemnity granted by the no-fault act; amending Minnesota Statutes 1992, section 65B.53, subdivision 1.

May 17, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 795, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 795 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 65B.53, subdivision 1, is amended to read:

Subdivision 1. A reparation obligor paying or obligated to pay basic or optional economic loss benefits is entitled to indemnity subject to the limits of the applicable residual liability coverage from a reparation obligor providing residual liability coverage on a commercial vehicle of more than 5,500 pounds curb weight if negligence in the operation, maintenance or use of the commercial vehicle was the direct and proximate cause of the injury for which the basic economic loss benefits were paid or payable to the extent that the insured would have been liable for damages but for the deduction provisions of section 65B.51, subdivision 1.

For purposes of this subdivision, a "commercial vehicle of more than 5,500 pounds curb weight" does not include a vehicle listed in section 65B.47, subdivision 1a.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective August 1, 1993, and applies to all causes of action arising on or after that date."

We request adoption of this report and repassage of the bill.

House Conferees: LOREN JENNINGS, LEO J. REDING AND TOM OSTHOFF.

Senate Conferees: ELLEN R. ANDERSON, KEVIN M. CHANDLER AND DAVID L. KNUTSON.

Lasley moved that the report of the Conference Committee on H. F. No. 795 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 795, A bill for an act relating to insurance; no-fault auto; excluding certain vehicles from the right of indemnity granted by the no-fault act; amending Minnesota Statutes 1992, section 65B.53, subdivision 1.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage 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	Carruthers	Davids	Erhardt	Girard
Anderson, I.	Beard	Blatz	Clark	Dehler	Evans	Goodno
Anderson, R.	Bergson	Brown, C.	Commers	Delmont	Farrell	Greenfield
Asch	Bertram	Brown, K.	Cooper	Dempsey	Frerichs	Greiling
Battaglia	Bettermann	Carlson	Dauner	Dorn	Garcia	Gruenes

Gutknecht	Kahn	Lindner	Murphy	Pauly	Sekhon	Van Dellen
Hasskamp	Kalis	Lourey	Neary	Pawlenty	Simoneau	Vellenga
Haukoos	Kelley	Luther	Nelson	Pelowski	Skoglund	Vickerman
Hausman	Kelso	Lynch	Ness	Perlt	Smith	Wagenius
Holsten	Kinkel	Macklin	Olson, E.	Peterson	Solberg	Waltman
Hugoson	Klinzing	Mahon	Olson, K.	Pugh	Sparby	Weaver
Huntley	Knickerbocker	Mariani	Olson, M.	Reding	Stanisus	Wejcman
Jacobs	Koppendrayner	McCollum	Onnen	Rest	Steensma	Welle
Jaros	Krinkie	McGuire	Opatz	Rhodes	Sviggum	Wenzel
Jefferson	Krueger	Milbert	Orenstein	Rice	Swenson	Winter
Jennings	Lasley	Molnau	Orfield	Rodosovich	Tomassoni	Wolf
Johnson, A.	Leppik	Morrison	Osthoff	Rukavina	Tompkins	Worke
Johnson, R.	Lieder	Mosel	Ostrom	Sarna	Trimble	Workman
Johnson, V.	Limmer	Munger	Ozment	Seagren	Tunheim	Spk. Long

The bill was repassed, as amended by Conference, and its title agreed to.

SPECIAL ORDERS

S. F. No. 663 was reported to the House.

Johnson, R.; Wejcman and Blatz moved to amend S. F. No. 663, the unofficial engrossment, as follows:

Page 1, line 13, delete the second "has been" and insert a colon

Page 1, delete lines 14 and 15, and insert:

"(1) has been convicted of treason or a felony and the person's civil rights have not been restored;

(2) is under guardianship of the person; or

(3) has been found by a court of law to be legally incompetent;"

Page 1, line 16, delete "competent."

The motion prevailed and the amendment was adopted.

Lasley offered an amendment to S. F. No. 663, the unofficial engrossment, as amended.

POINT OF ORDER

Koppendrayner raised a point of order pursuant to rule 3.09 that the Lasley amendment was not in order. Speaker pro tempore Bauerly ruled the point of order well taken and the amendment out of order.

S. F. No. 663, A bill for an act relating to elections; authorizing the filing officer to keep from the ballot the name of a person who is a convicted felon, under guardianship, or found incompetent; amending Minnesota Statutes 1992, section 204B.10, by adding a subdivision.

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

The question was taken on the passage of the bill and the roll was called. There were 134 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Davids	Holsten	Lasley	Nelson	Rhodes	Van Dellen
Anderson, I.	Dawkins	Hugoson	Leppik	Ness	Rice	Vellenga
Anderson, R.	Dehler	Huntley	Lieder	Olson, E.	Rodosovich	Vickerman
Asch	Delmont	Jacobs	Limmer	Olson, K.	Rukavina	Wagenius
Battaglia	Dempsey	Jaros	Lindner	Olson, M.	Sarna	Waltman
Bauerly	Dorn	Jefferson	Lourey	Onnen	Seagren	Weaver
Beard	Erhardt	Jennings	Luther	Opatz	Sekhon	Wejzman
Bergson	Evans	Johnson, A.	Lynch	Orenstein	Simoneau	Welle
Bertram	Farrell	Johnson, R.	Macklin	Orfield	Skoglund	Wenzel
Bettermann	Frerichs	Johnson, V.	Mahon	Osthoff	Smith	Winter
Bishop	Garcia	Kahn	Mariani	Ostrom	Solberg	Wolf
Blatz	Girard	Kalis	McCollum	Ozment	Sparby	Worke
Brown, C.	Goodno	Kelley	McGuire	Pauly	Stanius	Workman
Brown, K.	Greenfield	Kelso	Milbert	Pawlenty	Steensma	Spk. Long
Carlson	Greiling	Kinkel	Molnau	Pelowski	Sviggum	
Carruthers	Gruenes	Klinzing	Morrison	Perlt	Swenson	
Clark	Gutknecht	Knickerbocker	Mosel	Peterson	Tomassoni	
Commers	Hasskamp	Koppendrayner	Munger	Pugh	Tompkins	
Cooper	Haukoos	Krinkie	Murphy	Reding	Trimble	
Dauner	Hausman	Krueger	Neary	Rest	Tunheim	

The bill was passed, as amended, and its title agreed to.

Anderson, I., moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by the Speaker.

There being no objection, the order of business advanced to Motions and Resolutions.

MOTIONS AND RESOLUTIONS

Dehler moved that the following statement be printed in the Journal of the House: "It was my intention to vote in the affirmative on Friday, May 14, 1993, when the vote was taken on the final passage of S. F. No. 1496, as amended by Conference." The motion prevailed.

Erhardt moved that the following statement be printed in the Journal of the House: "It was my intention to vote in the negative on Saturday, May 15, 1993, when the vote was taken on the repassage of H. F. No. 623, as amended by the Senate." The motion prevailed.

Haukoos moved that the following statement be printed in the Journal of the House: "It was my intention to vote in the negative on Saturday, May 15, 1993, when the vote was taken on the repassage of S. F. No. 1368, as amended." The motion prevailed.

Jefferson moved that the following statement be printed in the Journal of the House: "It was my intention to vote in the affirmative on Saturday, May 15, 1993, when the vote was taken on the final passage of S. F. No. 376." The motion prevailed.

Leppik moved that the following statement be printed in the Journal of the House: "It was my intention to vote in the affirmative on Friday, May 14, 1993, when the vote was taken on the repassage of H. F. No. 584, as amended by Conference." The motion prevailed.

Leppik moved that the following statement be printed in the Journal of the House: "It was my intention to vote in the affirmative on Friday, May 14, 1993, when the vote was taken on the repassage of H. F. No. 1709, as amended by Conference." The motion prevailed.

Molnau moved that the following statement be printed in the Journal of the House: "It was my intention to vote in the affirmative on Saturday, May 15, 1993, when the vote was taken on the final passage of S. F. No. 131, as amended." The motion prevailed.

Luther moved that the following statement be printed in the Journal of the House: "It was my intention to vote in the affirmative on Monday, May 17, 1993, when the vote was taken on the repassage of H. F. No. 1415, as amended by the Senate." The motion prevailed.

Hasskamp moved that the following statement be printed in the Journal of the House: "It was my intention to vote in the negative on Monday, May 17, 1993, when the vote was taken on the repassage of S. F. No. 694, as amended by Conference." The motion prevailed.

Bertram moved that the following statement be printed in the Journal of the House: "It was my intention to vote in the affirmative on Monday, May 17, 1993, when the vote was taken on the repassage of H. F. No. 1658, as amended by Conference." The motion prevailed.

Luther moved that her name be stricken and the name of Vellenga be added as chief author on H. F. No. 125. The motion prevailed.

Solberg moved that H. F. No. 1662 be returned to its author. The motion prevailed.

Rest moved that H. F. No. 1731 be returned to its author. The motion prevailed.

There being no objection, the order of business reverted to Messages from the Senate.

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 File, herewith returned:

H. F. No. 1253, A bill for an act relating to energy; cogeneration and small power production; providing for establishment of prices paid for utilities' avoided capacity and energy costs; providing that the public utilities commission establish a preference for renewable resource energy production; amending Minnesota Statutes 1992, sections 216B.164, subdivision 4; 216B.2421, subdivision 1; and 216B.62, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 216B.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

I hereby announce the adoption by the Senate of the following House Concurrent Resolution, herewith returned:

House Concurrent Resolution No. 3, A concurrent resolution relating to adjournment of the House of Representatives and Senate until 1994.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 795, A bill for an act relating to insurance; no-fault auto; excluding certain vehicles from the right of indemnity granted by the no-fault act; amending Minnesota Statutes 1992, section 65B.53, subdivision 1.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 1225, A bill for an act relating to agriculture; authorizing use of money in the agricultural chemical response and reimbursement account for administrative costs; exempting certain pesticides from the ACRRRA surcharge; requiring a report; appropriating money; repealing the hazardous substance labeling act; amending Minnesota Statutes 1992, sections 18B.01, by adding subdivisions; 18B.135; 18B.14, subdivision 2; 18B.26, subdivision 3; 18B.31, subdivision 1; 18B.36, subdivision 2; 18B.37, subdivision 2; 18C.005, subdivisions 13 and 35; 18C.115, subdivision 2; 18C.211, subdivision 1; 18C.215, subdivision 2; 18C.305, subdivision 2; 18E.03, subdivisions 2 and 5; 21.85, subdivision 10; 325F.19, subdivision 7; repealing Minnesota Statutes 1992, sections 18B.07, subdivision 3; 18C.211, subdivision 3; 18C.215, subdivision 3; 24.32; 24.33; 24.34; 24.35; 24.36; 24.37; 24.38; 24.39; 24.40; 24.41; 24.42; 25.46; and 25.47.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 1658, A bill for an act relating to economic development; abolishing Minnesota Project Outreach Corporation and transferring its funds, property, records, and duties to Minnesota Technology, Inc.; providing for federal defense conversion activities; amending Minnesota Statutes 1992, section 116O.091; repealing Minnesota Statutes 1992, section 116O.092.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 1368.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 1368

A bill for an act relating to the environment; imposing criminal penalties for knowing violations of air pollution requirements; amending Minnesota Statutes 1992, section 609.671, subdivisions 9 and 12.

May 17, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 1368, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from the Kahn and Hausman amendment labeled HDA-472, adopted by the House on May 15, 1993, and that the Senate concur in the Munger amendment labeled HDA-458, adopted by the House on May 15, 1993.

We request adoption of this report and repassage of the bill.

Senate Conferees: KEVIN M. CHANDLER, GENE MERRIAM AND DAVID L. KNUTSON.

House Conferees: MYRON ORFIELD, PHYLLIS KAHN AND DENNIS OZMENT.

Orfield moved that the report of the Conference Committee on S. F. No. 1368 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 1368, A bill for an act relating to the environment; imposing criminal penalties for knowing violations of air pollution requirements; amending Minnesota Statutes 1992, section 609.671, subdivisions 9 and 12.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage 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	Asch	Beard	Bettermann	Brown, C.	Carruthers	Cooper
Anderson, I.	Battaglia	Bergson	Bishop	Brown, K.	Clark	Dauner
Anderson, R.	Bauerly	Bertram	Blatz	Carlson	Commers	Davids

Dawkins	Haukoos	Kinkel	Mariani	Opatz	Rodosovich	Trimble
Dehler	Hausman	Klinzing	McCollum	Orenstein	Rukavina	Tunheim
Delmont	Holsten	Knickerbocker	McGuire	Orfield	Sarna	Van Dellen
Dempsey	Hugoson	Koppendraye	Milbert	Osthoff	Seagren	Vellenga
Dorn	Huntley	Krinkie	Molnau	Ostrom	Sekhon	Vickerman
Evans	Jacobs	Krueger	Morrison	Ozment	Simoneau	Wagenius
Farrell	Jaros	Lasley	Mosel	Pauly	Skoglund	Waltman
Frerichs	Jefferson	Leppik	Munger	Pawlenty	Smith	Weaver
Garcia	Jennings	Lieder	Murphy	Pelowski	Solberg	Wejzman
Girard	Johnson, A.	Limmer	Neary	Perlt	Sparby	Welle
Goodno	Johnson, R.	Lindner	Nelson	Peterson	Stanis	Wenzel
Greenfield	Johnson, V.	Lourey	Ness	Pugh	Steensma	Winter
Greiling	Kahn	Luther	Olson, E.	Reding	Sviggum	Wolf
Gruenes	Kalis	Lynch	Olson, K.	Rest	Swenson	Worke
Gutknecht	Kelley	Macklin	Olson, M.	Rhodes	Tomassoni	Workman
Hasskamp	Kelso	Mahon	Onnen	Rice	Tompkins	Spk. Long

The bill was repassed, as amended by Conference, and its title agreed to.

CONSIDERATION UNDER RULE 1.10

Pursuant to rule 1.10, Solberg requested immediate consideration of S. F. No. 553.

S. F. No. 553 was reported to the House.

Reding moved to amend S. F. No. 553, the unofficial engrossment, as follows:

Delete the amendments adopted by the House on Saturday, May 15, 1993, from the committee on rules and legislative administration so that the resulting language is identical to Senate File No. 553, the third engrossment.

The motion prevailed and the amendment was adopted.

S. F. No. 553, A bill for an act relating to retirement; Minneapolis and St. Paul teacher retirement fund associations; providing additional funding from various sources; assessing active and retired members for certain teacher retirement fund associations supplemental administrative expenses; modifying certain post retirement adjustments; authorizing contributions by the city of Minneapolis; appropriating money; authorizing certain tax levies by special school district No. 1; amending Minnesota Statutes 1992, sections 354A.12, subdivisions 2, 2a, and by adding subdivisions; and Laws 1959, chapter 462, section 3, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 354A; repealing Laws 1987, chapter 372, article 3, section 1.

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 118 yeas and 15 nays as follows:

Those who voted in the affirmative were:

Abrams	Bertram	Commers	Evans	Gruenes	Jefferson	Kelso
Anderson, I.	Bishop	Cooper	Farrell	Hasskamp	Jennings	Kinkel
Anderson, R.	Blatz	Dauner	Frerichs	Haukoos	Johnson, A.	Klinzing
Asch	Brown, C.	Dawkins	Garcia	Hausman	Johnson, R.	Knickerbocker
Battaglia	Brown, K.	Dehler	Girard	Holsten	Johnson, V.	Koppendraye
Bauerly	Carlson	Delmont	Goodno	Huntley	Kahn	Krueger
Beard	Carruthers	Dorn	Greenfield	Jacobs	Kalis	Lasley
Bergson	Clark	Erhardt	Greiling	Jaros	Kelley	Leppik

Lieder	Milbert	Opatz	Peterson	Seagren	Swenson	Weaver
Lourey	Morrison	Orenstein	Pugh	Sekhon	Tomassoni	Wejcman
Luther	Munger	Orfield	Reding	Simoneau	Tompkins	Welle
Lynch	Murphy	Osthoff	Rest	Skoglund	Trimble	Wenzel
Macklin	Neary	Ostrom	Rhodes	Smith	Tunheim	Winter
Mahon	Nelson	Ozment	Rice	Solberg	Van Dellen	Wolf
Mariani	Ness	Pauly	Rodosovich	Sparby	Vellenga	Workman
McCollum	Olson, E.	Pelowski	Rukavina	Stanisus	Vickerman	Spk. Long
McGuire	Olson, K.	Perl	Sarna	Steensma	Wagenius	

Those who voted in the negative were:

Bettermann	Gutknecht	Limmer	Mosel	Sviggum
Davids	Hugoson	Lindner	Olson, M.	Waltman
Dempsey	Krinkie	Molnau	Onnen	Worke

The bill was passed, as amended, and its title agreed to.

The following Conference Committee Report was received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1749

A bill for an act relating to public administration; authorizing spending to acquire and to better public land and buildings and other public improvements of a capital nature with certain conditions; authorizing state bonding; appropriating money; amending Minnesota Statutes, section 16B.24, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 124C; and 137.

May 17, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 1749, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 1749 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [CAPITAL IMPROVEMENTS APPROPRIATIONS.]

The sums in the column under "APPROPRIATIONS" are appropriated from the bond proceeds fund, or other named fund, to the state agencies or officials indicated, to be spent to acquire and to better public land and buildings and other public improvements of a capital nature, as specified in this act.

SUMMARY

TECHNICAL COLLEGES	\$ 667,000
COMMUNITY COLLEGES	1,367,000
STATE UNIVERSITIES	1,161,000
UNIVERSITY OF MINNESOTA	2,000,000

K-12 EDUCATION	12,000,000
HUMAN SERVICES	8,765,000
CORRECTIONS	9,812,000
ADMINISTRATION	11,255,000
PUBLIC FACILITIES AUTHORITY	4,000,000
POLLUTION CONTROL AGENCY	11,000,000
TRANSPORTATION	9,900,000
HISTORICAL SOCIETY	150,000
VETERANS HOMES BOARD	400,000
BOND SALE EXPENSES	63,000
CANCELLATIONS	(8,115,000)
TOTAL	\$64,425,000
Bond Proceeds Fund	54,640,000
Transportation Fund	9,900,000
Maximum Effort School Loan Fund	5,000,000
Trunk Highway Fund	3,000,000
Cancellations	(8,115,000)

APPROPRIATIONS

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Sec. 2. TECHNICAL COLLEGES

Subdivision 1. To the state board of technical colleges for the purposes specified in this section

667,000

Notwithstanding Minnesota Statutes, section 475.61, subdivision 4, the state board of technical colleges may approve a request by a local school board to use any unobligated balance in the technical college debt redemption fund to pay the district's share of construction projects authorized in this section.

Notwithstanding Minnesota Statutes, section 136C.44, during the biennium the state board of technical colleges must not make grants to school districts but shall directly supervise and control the preparation of plans and specifications to construct, alter, or enlarge the technical college buildings, structures, and improvements provided for in this section.

During the biennium, the state board may delegate the authority provided in this section to the campus president for repair and

APPROPRIATIONS

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replacement projects with a total cost of less than \$50,000, if the state board determines that the projects can be efficiently managed at the campus level.

The state board may delegate responsibilities to technical college staff.

Subd. 2. Capital Asset Preservation and Repair

413,000

This appropriation is for roof repair and replacement, code compliance, critically needed repair of buildings, hazardous material and asbestos abatement, tank removal and replacement, emergency lighting, parking lots, and handicap access throughout the technical college system.

Subd. 3. Thief River Falls Technical College

254,000

To install a new water main to meet code requirements.

Subd. 4. Dakota County Technical College

Dakota County Technical College may complete the decision driving course using local money.

Subd. 5. Red Wing Technical College

Up to \$500,000 of proceeds from the sale of the Towerview campus is appropriated to the state board of technical colleges to remodel and improve the Red Wing campus to house the programs moved from the Towerview campus.

Sec. 3. COMMUNITY COLLEGES

Subdivision 1. To the state board for community colleges for the purposes specified in this section

1,367,000

Subd. 2. Capital Asset Preservation and Repair

667,000

This appropriation is for code compliance, critically needed repair of buildings, roof replacement and repair, hazardous material and asbestos abatement, mechanical/electrical system rehabilitation, emergency lighting, parking lots, and handicap access throughout the community college system.

Subd. 3. University Center at Rochester

700,000

For capital equipment at the new university center.

Sec. 4. STATE UNIVERSITIES

Subdivision 1. To the state university board for the purposes specified in this section

1,161,000

Subd. 2. Capital Asset Preservation and Repair

466,000

This appropriation is for code compliance, critically needed repair of buildings, hazardous material and asbestos abatement, parking

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lots, and roof repair and replacement throughout the state university system.

Subd. 3. St. Cloud State University 200,000

Plan for new boiler.

Subd. 4. Land Acquisition 495,000

To acquire land for the campuses of Metropolitan state university, Moorhead state university, and St. Cloud state university. At least \$400,000 is available for land acquisition at Metropolitan state university.

Up to \$123,000 of the unencumbered balance remaining from the money appropriated in Laws 1989, chapter 300, article 1, section 4, subdivision 6, to repair the exterior of the business building at St. Cloud State University may be used to acquire additional land adjacent to or in the vicinity of St. Cloud State campus.

Sec. 5. UNIVERSITY OF MINNESOTA 2,000,000

To the regents of the University of Minnesota for the purposes specified in this section

This appropriation is for code compliance, critically needed repair of buildings, hazardous material and asbestos abatement, emergency lighting, water pipe repair, and improved handicap access throughout the university system.

Sec. 6. EDUCATION

Subdivision 1. To the commissioner of education for the purposes specified in this section 12,000,000

Subd. 2. Maximum Effort School Loans 5,000,000

To the commissioner of education from the maximum effort school loan fund to make capital loans to school districts as provided in Minnesota Statutes, sections 124.36 to 124.46.

The commissioner shall review the proposed plan and budget of the project and may reduce the amount of the loan to ensure that the project will be economical. The commissioner may recover the cost incurred by the commissioner for any professional services associated with the final review by reducing the proceeds of the loan paid to the district.

\$7,967,000 is approved for a capital loan to independent school district No. 707, Nett Lake, of which \$5,000,000 is included in this appropriation.

Subd. 3. School District Construction Grant - Grant County 6,000,000

This appropriation is from the bond proceeds fund for a cooperative secondary facilities grant under Minnesota Statutes, sections 124.491

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to 124.495. Notwithstanding those sections, the commissioner of education shall award the grant to the group of districts that make up the Grant county project, consisting of independent school district Nos. 209, Kensington; 262, Barrett; 263, Elbow Lake-Wendell; and 265, Hoffman.

Subd. 4. Architectural Barriers Grants

1,000,000

\$1,000,000 is for grants under sections 20 to 23. Up to \$25,000 of this appropriation is available to the department of education for administrative expenses specifically related to the disbursement of the grants. The department may contract for these services.

Sec. 7. HUMAN SERVICES

Subdivision 1. To the commissioner of administration for the purposes listed in this section

8,765,000

Subd. 2. St. Peter Regional Treatment Center

400,000

This appropriation is added to the appropriation in Laws 1992, chapter 558, section 8, subdivision 2, and shall be used to plan, design, construct, and equip a 50-bed facility at the Minnesota security hospital for psychopathic personality patients and for mentally ill and dangerous patients. The facility must be built to psychopathic personality licensing standards.

Subd. 3. Design of Psychopathic Personality Facilities

In order to expedite the design of the psychopathic personality facilities at both Moose Lake and St. Peter, the commissioner of administration may select for both projects the design firm originally selected for the psychopathic personality facility authorized in Laws 1992, section 8, subdivision 2, without further procedures under Minnesota Statutes, section 16B.33.

Subd. 4. St. Peter Regional Treatment Center

115,000

For remodeling the kitchen, including kitchen fixtures, at the regional treatment center at St. Peter.

Subd. 5. Moose Lake Regional Treatment Center

7,250,000

To plan, design, construct, and equip a new supervised living facility for 100 psychopathic personality patients adjacent to the Moose Lake regional treatment center.

The total cost for this project must not exceed \$20,050,000. This appropriation is added to the appropriation in Laws 1992, chapter 558, section 8, subdivision 6.

In accordance with Minnesota Statutes, section 15.16, the commissioners of human services and natural resources shall develop a recommendation by July 15, 1993, for transferring custodial control of state land necessary to properly site the new psychopathic personality facility at Moose Lake.

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Construction on the 100 unit facility at Moose Lake for psychopathic personality patients must not be commenced until construction has been commenced on the 50-bed facility at St. Peter provided for in subdivision 2, except that this limitation does not restrict site preparation.

The commissioner of administration shall report to the legislature by February 1, 1994, on the progress on both of the authorized facilities for psychopathic personality patients and related projects.

Subd. 6. Brainerd Regional Human Services Center

700,000

To plan, design, equip, and remodel the Brainerd regional human services center to accommodate 75 patients to be transferred from the Moose Lake regional treatment center.

The unencumbered balance of the appropriation in Laws 1990, chapter 610, article 1, section 12, subdivision 7, that is for remodeling at Brainerd, estimated to be \$1,409,000, must also be used for this facility.

Subd. 7. Cambridge Regional Human Services Center

300,000

To remodel Boswell Hall so that services for clients at the Cambridge center can be consolidated and moved from older buildings, and to bring Boswell Hall into compliance with life safety building codes and program licensure standards.

This appropriation must not be used to prepare space for or to move clients from another regional treatment center to the Cambridge center.

Sec. 8. CORRECTIONS

Subdivision 1. To the commissioner of administration for the purposes listed in this section

9,812,000

Subd. 2. Minnesota Correctional Facility at Willow River/Moose Lake

9,600,000

To convert the Moose Lake regional treatment center to a medium security prison housing up to 620 inmates, to meet safety codes, to design and construct a prison industry building and to design a gym building. This amount may be spent for design, engineering, construction, remodeling of existing buildings, and for fencing and security improvements. The total cost of the project must not exceed \$25,800,000.

Subd. 3. Minnesota Correctional Facility - Red Wing

212,000

To plan to replace Dayton Cottage with a 30-bed residential facility for the secure detention of violent and predatory juvenile offenders until they are able to control their behavior in an open campus environment. The total cost of the project must not exceed \$3,020,000.

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Sec. 9. ADMINISTRATION

Subdivision 1. To the commissioner of administration for purposes specified in this section 11,255,000

Subd. 2. Sewer Separation 1,300,000

To separate the sanitary and storm sewers in the capitol area under state jurisdiction in conjunction with the combined sewer overflow program established by the 1985 legislature.

Subd. 3. Arden Hills State Facilities 285,000

To provide funding for new water, sewer, and fire safety service for the surplus property facility and public safety training center in Arden Hills.

Subd. 4. Transportation Building 3,000,000

This appropriation is from the trunk highway fund for partial renovation of the transportation building. Authorized expenditures include renovation of the seventh and eighth floors, purchase and installation of basic mechanical and electrical equipment for all floors, and removal of hazardous waste materials. Of this appropriation, \$80,000 is for relocation within the transportation building.

Subd. 5. Judicial Center - Phase IIb 6,670,000

To complete the renovation of the old historical society building to meet the facility and program needs of the new judicial center.

Sec. 10. PUBLIC FACILITIES AUTHORITY 4,000,000

To the public facilities authority for the state match to federal grants to capitalize the state water pollution control revolving fund under Minnesota Statutes, section 446A.07.

Sec. 11. POLLUTION CONTROL AGENCY 11,000,000

To the commissioner of the pollution control agency for the state share of combined sewer overflow grants under Minnesota Statutes, section 116.162, for projects begun during fiscal years 1993 or 1994.

The city of St. Paul shall use all revenues derived from its clawback funding of sewer financing only for sewer separation projects that directly result in the elimination of combined sewer overflow.

Under Minnesota Statutes, section 446A.071, subdivision 8, the pollution control agency shall transfer all free, unencumbered balances from appropriations in Laws 1987, chapter 400, section 7, clause (a); Laws 1989, chapter 300, article 1, section 17, clause (b); and Laws 1990, chapter 610, article 1, section 22, clauses (c) and (d), to the public facilities authority for use in the wastewater infrastructure funding program. The transfer shall be made before July 1, 1993, except that up to \$100,000 need not be transferred before September 30, 1995.

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Sec. 12. NATURAL RESOURCES

Subdivision 1. Stillwater Flood Control Project

\$200,000 of the appropriation in Laws 1989, chapter 300, article 1, section 19, item (a), to dredge the upper harbor area of Duluth harbor, is reappropriated to the commissioner of natural resources for a grant to the city of Stillwater for up to one half of the required nonfederal share of the construction of a flood control levee. This funding is contingent upon passage of the federal appropriation.

Subd. 2. State Forest Inholdings

\$60,000 of the appropriation in Laws 1989, chapter 300, article 1, section 19, item (a), to dredge the upper harbor area of Duluth harbor, is reappropriated to the commissioner of natural resources to acquire inholdings in an existing state forest.

Subd. 3. Dam Repair and Replacement

\$100,000 of the appropriation in Laws 1989, chapter 300, article 1, section 19, item (a), to dredge the upper harbor area of Duluth harbor, is reappropriated to the commissioner of natural resources for the emergency repair of the publicly-owned Stewartville dam under Minnesota Statutes, section 103G.511.

Subd. 4. Wildlife Management Areas

\$90,000 of the appropriation in Laws 1989, chapter 300, article 1, section 19, item (a), to dredge the upper harbor area of Duluth harbor, is reappropriated to the commissioner of natural resources to complete the acquisition of Byrne lake in Swift county so that it may be established as a wildlife management area.

Subd. 5. Split Rock Creek Dam

\$350,000 of the appropriation in Laws 1989, chapter 300, article 1, section 19, item (a), to dredge the upper harbor area of Duluth harbor, is reappropriated to the commissioner of natural resources for emergency repair of the Split Rock Creek dam.

Sec. 13. BOARD OF WATER AND SOIL RESOURCES

Subdivision 1. Conservation Reserve

\$500,000 of the appropriation in Laws 1989, chapter 300, article 1, section 19, item (a), to dredge the upper harbor area of Duluth harbor, is reappropriated to the board of water and soil resources for the reinvest in Minnesota conservation reserve program under Minnesota Statutes, section 103F.515.

Subd. 2. Redwood River Dam Land Acquisition

\$250,000 of the appropriation in Laws 1989, chapter 300, article 1, section 19, item (a), to dredge the upper harbor area of Duluth harbor, is reappropriated to the board of water and soil resources

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for the southern Minnesota rivers basin area II program under Minnesota Statutes, sections 103F.171 to 103F.187. This is for land acquisition for the RW-22 project in Lyon county.

Sec. 14. TRANSPORTATION

Subdivision 1. To the commissioner of transportation for the purposes specified in this section

9,900,000

Subd. 2. Bloomington Ferry Bridge

6,900,000

This appropriation is from the state transportation fund as provided in Minnesota Statutes, section 174.50, to the commissioner of transportation to match federal funds to complete the Bloomington ferry bridge.

Subd. 3. Local Bridge Replacement and Rehabilitation

3,000,000

This appropriation is from the state transportation fund.

The commissioner of transportation shall make grants to political subdivisions for the construction and reconstruction of key bridges on highways and streets under their jurisdiction.

The grants may be used by a political subdivision to construct and reconstruct key bridges under its jurisdiction; match federal aid grants for construction and reconstruction of the bridges; pay the costs of preliminary engineering and environmental studies for the bridges; pay the costs of abandoning an existing bridge that is deficient and is in need of replacement, but where no replacement is made; and pay the cost of constructing a road or street that would facilitate the abandonment of an existing deficient bridge. The construction of the road or street must be judged by the commissioner to be more economical than the reconstruction or replacement of the existing bridge.

Sec. 15. HISTORICAL SOCIETY

150,000

This appropriation is for matching funds for emergency capital improvements to publicly owned county and publicly owned local historical societies' buildings. The state's share must not exceed 50 percent of the cost of each project.

Sec. 16. VETERANS HOMES BOARD

400,000

To the veterans homes board for architectural design, engineering, and structural analysis for the renovation of the Minneapolis veterans home campus.

The veterans home board may apply for federal participation in the renovation of the Minneapolis veterans home campus.

The veterans home board may use the unencumbered balance remaining from the appropriation in Laws 1990, article 1, chapter 610, section 9, for life safety improvements at the Minneapolis veterans home.

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Sec. 17. BOND SALE EXPENSES

63,000

To the commissioner of finance for bond sale expenses under Minnesota Statutes, section 16A.641, subdivision 8.

Sec. 18. BOND SALE SCHEDULE

The commissioner of finance shall schedule the sale of state general obligation bonds so that, during the biennium ending June 30, 1995, no more than \$457,455,000 will need to be transferred from the general fund to the state bond fund to pay principal and interest due and to become due on outstanding state general obligation bonds. During the biennium, before each sale of state general obligation bonds, the commissioner of finance shall calculate the amount of debt service payments needed on bonds previously issued and shall estimate the amount of debt service payments that will be needed on the bonds scheduled to be sold, the commissioner shall adjust the amount of bonds scheduled to be sold so as to remain within the limit set by this section. The amount needed to make the debt service payments is appropriated from the general fund as provided in Minnesota Statutes, section 16A.641.

Sec. 19. [BOND SALE AUTHORIZATION.]

Subdivision 1. [BOND PROCEEDS FUND.] To provide the money appropriated in this act from the bond proceeds fund the commissioner of finance, on request of the governor, shall sell and issue bonds of the state in an amount up to \$54,640,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Subd. 2. [TRANSPORTATION FUND.] To provide the money appropriated in this act from the state transportation fund, the commissioner of finance, on request of the governor, shall sell and issue bonds of the state in an amount up to \$9,900,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the state transportation fund.

Subd. 3. [MAXIMUM EFFORT SCHOOL LOAN FUND.] To provide the money appropriated in this act from the maximum effort school loan fund, the commissioner of finance, on request of the governor, shall sell and issue bonds of the state in an amount up to \$5,000,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the maximum effort school loan fund.

Sec. 20. [124C.71] [SCHOOL BUILDING ACCESSIBILITY CAPITAL IMPROVEMENT GRANT ACT.]

Sections 20 to 22 may be cited as the "school building accessibility capital improvement grant act."

Sec. 21. [124C.72] [APPROVAL; APPLICATION FORMS.]

Subdivision 1. [APPROVAL BY COMMISSIONER.] The commissioner of education may approve or disapprove applications under section 22. The grant money must be used only to remove architectural barriers from a building or site.

Subd. 2. [APPLICATION FORMS.] The commissioner of education shall prepare application forms and establish application dates.

Subd. 3. [MATCH.] A district applying for a grant under this section must match the grant with local district funds.

Sec. 22. [124C.73] [GRANT APPLICATION PROCESS.]

Subdivision 1. [QUALIFICATION.] A school district that meets the criteria required under subdivision 2 may apply for a grant in an amount up to 50 percent of the approved costs of removing architectural barriers from a building or site.

Subd. 2. [PROJECT REVIEW.] The commissioner, in consultation with the Minnesota state council on disability, shall review applications for grants. A school district must apply by July 1 of each year in order to be considered for a grant.

Subd. 3. [AWARD OF GRANTS.] (a) The commissioner shall examine and consider all applications for grants, and if a district is found not qualified, the commissioner shall promptly notify the district board. The commissioner shall give first priority to school districts that have entered into the cooperation and combination process under sections 122.241 to 122.248, or that have consolidated since January 1, 1987. The commissioner shall further prioritize grants on the basis of the following: the district's tax burden, the long-term feasibility of the project, the suitability of the project, and the district's need for the project. If the total amount of the applications exceeds the amount that is or can be made available, the commissioner shall award grants according to the commissioner's judgment and discretion and based upon a ranking of the projects according to the factors listed above. The commissioner shall promptly certify to each district the amount, if any, of the grant awarded to it.

(b) For fiscal year 1994, the commissioner may develop criteria in addition to the factors listed in paragraph (a), in order to award demonstration grants.

Subd. 4. [MATCHING REVENUE.] Upon being awarded a grant under subdivision 3, the board shall determine the need for additional revenue. If the board determines that the local match cannot be made from existing revenue, the board may levy according to section 124.84.

Subd. 5. [PROJECT BUDGET.] A district that receives a grant must provide the commissioner with the project budget and any other information the commissioner requests.

Sec. 23. [1994 GRANTS.]

For fiscal year 1994 only, grants under section 22 may not exceed the lesser of 50 percent of the approved costs of the project or \$150,000.

Sec. 24. [SALE OF WASECA CAMPUS.]

Notwithstanding any other law, the board of regents of the University of Minnesota may sell all or part of the land, buildings, and improvements at the Waseca campus to the city of Waseca or other political subdivision in which the campus is located for use for a public purpose, provided that the sale must be subject to the terms and conditions which the commissioner of finance imposes to ensure that the transfer of the property will not affect the validity of or cause the interest on state general obligation bonds issued to finance improvements at the campus to become taxable under the federal tax code. The board of regents must use any proceeds from the sale for capital improvements and report the amount of any proceeds to the education committees of the legislature.

Sec. 25. [CANCELLATIONS AND REDUCTIONS.]

Subdivision 1. [RUSH CITY SCHOOL DISTRICT CAPITAL LOAN.] The approval of a capital loan to independent school district No. 139, Rush City, authorized in Laws 1992, chapter 558, section 7, subdivision 6, is canceled. The bond authorization in Laws 1992, chapter 558, section 28, subdivision 2, is reduced by \$2,130,000, the amount of the canceled loan.

Subd. 2. [INTERSTATE SUBSTITUTION.] The unencumbered balance remaining at the end of fiscal year 1993 in the appropriation in Laws 1985, First Special Session, chapter 15, section 9, subdivision 7, is canceled. The bond authorization in Laws 1985, First Special Session, chapter 15, section 21, subdivision 3, is reduced by \$235,000.

Subd. 3. [CAMBRIDGE REGIONAL CENTER.] The unencumbered balance remaining at the end of fiscal year 1993 in the appropriation in Laws 1987, chapter 400, section 22, subdivision 8, is canceled. The bond authorization in Laws 1987, chapter 400, section 25, subdivision 1, is reduced by \$700,000.

Subd. 4. [1990; HOLMENKOLLEN SKI JUMP.] The unencumbered balance remaining at the end of fiscal year 1993 in the appropriation in Laws 1990, chapter 610, article 1, section 25, clause (a), is canceled. The bond authorization in Laws 1990, chapter 610, article 1, section 30, subdivision 1, is reduced by \$2,500,000.

Subd. 5. [DULUTH PORT DREDGING.] With the mutual consent by July 1, 1993, of the commissioner of trade and economic development, the seaway port authority of Duluth, the U.S. Army Corps of Engineers, and any private parties who have pledged private investment to match the \$6,100,000 appropriated in Laws 1989, chapter 300, article 1, section 19, item (a), to dredge the upper harbor area of Duluth harbor, the commissioner of finance shall reduce the appropriation to \$2,000,000. The appropriation is available to the extent it is matched, dollar for dollar, by federal money. No private match is required. If the appropriation is reduced to \$2,000,000, then \$1,550,000 is reappropriated as provided in sections 12 and 13. The bond sale authorization in Laws 1989, chapter 300, article 1, section 23, subdivision 1, is reduced by \$2,550,000.

Sec. 26. [PROJECT CANCELLATIONS.]

The commissioner of finance, after consultation with the commissioner of administration and affected agencies, shall cancel appropriations for capital improvement projects that have been completed and shall recommend to the legislature for action at the 1994 session the cancellation of any excess bond authorizations for projects that have been completed or abandoned.

Sec. 27. Laws 1990, chapter 610, article 1, section 12, subdivision 4, is amended to read:

Subd. 4. State-operated community-based residences

1,000,000

This appropriation is to plan, and design, and to renovate or, construct two, lease, or purchase state-operated community-based residences residential facilities for people with mental illness. Each facility must be located in conformance with deconcentration requirements. One facility must be located in the Twin Cities metropolitan area, must have no more than 16 beds, and must serve adults. One facility must be located outside the Twin Cities metropolitan area, must have 10 beds, and must serve adolescents. Before beginning construction, the commissioner shall consult with the chairs of the Health and Human Services Finance Division of the House Appropriations Committee of Representatives and the Health Care and Human Family Services Division of the Senate Finance Committee.

Sec. 28. [EFFECTIVE DATE.]

This act is effective the day after its final enactment."

Delete the title and insert:

"A bill for an act relating to public administration; authorizing spending to acquire and to better public land and buildings and other public improvements of a capital nature with certain conditions; authorizing issuance of bonds and canceling previous authorizations; appropriating money, with certain conditions and reducing certain appropriations; amending Laws 1990, chapter 610, article 1, section 12, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 124C."

We request adoption of this report and repassage of the bill.

House Conferees: HENRY J. KALIS, LOREN A. SOLBERG, LEO J. REDING, STEVE TRIMBLE AND DAVE BISHOP.

Senate Conferees: GENE MERRIAM, JIM VICKERMAN, CAL LARSON, PHIL J. RIVENESS AND RANDY C. KELLY.

Kalis moved that the report of the Conference Committee on H. F. No. 1749 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1749, A bill for an act relating to public administration; authorizing spending to acquire and to better public land and buildings and other public improvements of a capital nature with certain conditions; authorizing state bonding; appropriating money; amending Minnesota Statutes, section 16B.24, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 124C; and 137.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 130 yeas and 4 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Davids	Hausman	Krinkie	Murphy	Pugh	Tompkins
Anderson, R.	Dawkins	Holsten	Krueger	Neary	Reding	Trimble
Asch	Dehler	Hugoson	Lasley	Nelson	Rhodes	Tunheim
Battaglia	Delmont	Huntley	Leppik	Ness	Rice	Vellenga
Bauerly	Dempsey	Jacobs	Lieder	Olson, E.	Rodosovich	Vickerman
Beard	Dorn	Jaros	Lindner	Olson, K.	Rukavina	Wagenius
Bergson	Erhardt	Jefferson	Lourey	Olson, M.	Sarna	Waltman
Bertram	Evans	Jennings	Luther	Ornen	Seagren	Weaver
Bettermann	Farrell	Johnson, A.	Lynch	Opatz	Sekhon	Wejcman
Bishop	Frerichs	Johnson, R.	Macklin	Orenstein	Simoneau	Welle
Blatz	Garcia	Johnson, V.	Mahon	Orfield	Skoglund	Wenzel
Brown, C.	Girard	Kahn	Mariani	Osthoff	Smith	Winter
Brown, K.	Goodno	Kalis	McCollum	Ostrom	Solberg	Wolf
Carlson	Greenfield	Kelley	McGuire	Ozment	Sparby	Worke
Carruthers	Greiling	Kelso	Milbert	Pauly	Stanius	Workman
Clark	Gruenes	Kinkel	Molnau	Pawlenty	Steensma	Spk. Long
Commers	Gutknecht	Klinzing	Morrison	Pelowski	Sviggun	
Cooper	Hasskamp	Knickerbocker	Mosel	Perlt	Swenson	
Dauner	Haukoos	Koppendraye	Munger	Peterson	Tomassoni	

Those who voted in the negative were:

Abrams	Limner	Rest	Van Dellen
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The bill was repassed, as amended by Conference, and its title agreed to.

SPECIAL ORDERS

S. F. No. 1114 was reported to the House.

Pugh moved that S. F. No. 1114 be temporarily laid over on Special Orders. The motion prevailed.

S. F. No. 1297, A bill for an act relating to occupations and professions; board of architecture, engineering, land surveying, landscape architecture, and certified interior designer; establishing a procedure for issuance, denial, revocation, and suspension of licenses; imposing penalties; proposing coding for new law in Minnesota Statutes, chapter 326.

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	Dauner	Haukoos	Koppendraye	Mosel	Perlt	Swenson
Anderson, I.	Davids	Hausman	Krinkie	Munger	Peterson	Tomassoni
Anderson, R.	Dawkins	Holsten	Krueger	Murphy	Pugh	Tompkins
Asch	Dehler	Hugoson	Lasley	Neary	Reding	Trimble
Battaglia	Delmont	Huntley	Leppik	Nelson	Rest	Tunheim
Bauerly	Dempsey	Jacobs	Lieder	Ness	Rhodes	Van Dellen
Beard	Dorn	Jaros	Limmer	Olson, E.	Rice	Vellenga
Bergson	Erhardt	Jefferson	Lindner	Olson, K.	Rodosovich	Vickerman
Bertram	Evans	Jennings	Lourey	Olson, M.	Rukavina	Wagenius
Bettermann	Farrell	Johnson, A.	Luther	Ornen	Sama	Waltman
Bishop	Frerichs	Johnson, R.	Lynch	Opatz	Seagren	Weaver
Blatz	Garcia	Johnson, V.	Macklin	Orenstein	Sekhon	Wejzman
Brown, C.	Girard	Kahn	Mahon	Orfield	Simoneau	Welle
Brown, K.	Goodno	Kalis	Mariani	Osthoff	Skoglund	Wenzel
Carlson	Greenfield	Kelley	McCollum	Ostrom	Smith	Winter
Carruthers	Greiling	Kelso	McGuire	Ozment	Solberg	Wolf
Clark	Gruenes	Kinkel	Milbert	Pauly	Stanis	Worke
Commers	Gutknecht	Klinzing	Molnau	Pawlenty	Steensma	Workman
Cooper	Hasskamp	Knickerbocker	Morrison	Pelowski	Sviggum	Spk. Long

The bill was passed and its title agreed to.

H. F. No. 323 was reported to the House.

There being no objection, H. F. No. 323 was continued on Special Orders. The motion prevailed.

S. F. No. 785 was reported to the House.

Krinkie moved to amend S. F. No. 785, as follows:

Page 2, after line 35, insert:

"Sec. 2. [179.241] [UNION MEMBERS RIGHT-TO-KNOW ACT.]

Subdivision 1. [NOTICE.] A labor organization shall provide an annual notice to its members no later than February 1 of their right to reduce the dues payable by them as a member of the union, or as an individual employed by an employer subject to a labor agreement containing a union security clause, by the same percentage as the percentage of the labor organization's revenues that are expended on lobbying, political contributions, distribution of publications, and advertising. The notice shall inform the members that they may reduce their obligation by this percentage amount by providing written notice to the union and to the employer deducting dues from their pay, if any, and that they will suffer no harm or retribution from the employer or the union for doing so.

Subd. 2. [ACCOUNTING.] A labor organization shall provide to its members an accounting of the actual dollar revenues spent by the labor organization in the preceding calendar year no later than February 1 the following year. The accounting shall include a line item for each of the following:

- (1) grievance processing;
- (2) contract negotiations;
- (3) political contributions;
- (4) lobbying;

- (5) Minnesota meeting attendance and travel costs;
- (6) out-of-state meeting attendance and travel costs;
- (7) dues and contributions to the national affiliate;
- (8) advertising;
- (9) production and distribution of publications; and
- (10) every item of expenditure constituting more than one percent of the total revenue of the labor organization.

If a labor organization fails to timely provide the account to its members, it shall be conclusively presumed that one-half of members' dues are expended on the activities listed in clauses (1) to (9) and other expenditures not directly related to the representation of members.

Subd. 3. [ACTION.] A member of a labor organization who is not provided a timely annual accounting or a notice of the employee's rights under this section by a labor organization shall have a cause of action for the amount of dues paid by the member in excess of the percentage of those dues dedicated to contract negotiations, grievance handling, and strike support, plus punitive damages in an amount of twice the dues, plus costs and attorneys' fees."

Page 4, after line 22, insert:

"Sec. 5. [179A.211] [UNION MEMBERS RIGHT-TO-KNOW ACT.]

Subdivision 1. [NOTICE.] A labor organization shall provide an annual notice to its members no later than February 1 of their right to reduce the dues payable by them as a member of the union, or as an individual employed by an employer subject to a labor agreement containing a union security clause, by the same percentage as the percentage of the labor organization's revenues that are expended on lobbying, political contributions, distribution of publications, and advertising. The notice shall inform the members that they may reduce their obligation by this percentage amount by providing written notice to the union and to the employer deducting dues from their pay, if any, and that they will suffer no harm or retribution from the employer or the union for doing so.

Subd. 2. [ACCOUNTING.] A labor organization shall provide to its members an accounting of the actual dollar revenues spent by the labor organization in the preceding calendar year no later than February 1 the following year. The accounting shall include a line item for each of the following:

- (1) grievance processing;
- (2) contract negotiations;
- (3) political contributions;
- (4) lobbying;
- (5) Minnesota meeting attendance and travel costs;
- (6) out-of-state meeting attendance and travel costs;
- (7) dues and contributions to the national affiliate;
- (8) advertising;
- (9) production and distribution of publications; and
- (10) every item of expenditure constituting more than one percent of the total revenue of the labor organization.

If a labor organization fails to timely provide the account to its members, it shall be conclusively presumed that one-half of members' dues are expended on the activities listed in clauses (1) to (9) and other expenditures not directly related to the representation of members.

Subd. 3. [ACTION.] A member of a labor organization who is not provided a timely annual accounting or a notice of the employee's rights under this section by a labor organization shall have a cause of action for the amount of dues

paid by the member in excess of the percentage of those dues dedicated to contract negotiations, grievance handling, and strike support, plus punitive damages in an amount of twice the dues, plus costs and attorneys' fees."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Krinkie amendment and the roll was called. There were 43 yeas and 89 nays as follows:

Those who voted in the affirmative were:

Abrams	Frerichs	Johnson, V.	Lynch	Pauly	Tompkins	Workman
Bettermann	Girard	Knickerbocker	Macklin	Pawlenty	Van Dellen	
Blatz	Goodno	Koppendrayer	Molnau	Rhodes	Vickerman	
Commers	Gutknecht	Krinkie	Morrison	Seagren	Waltman	
Dauids	Haukoos	Leppik	Ness	Stanisus	Weaver	
Dehler	Holsten	Limmer	Olson, M.	Sviggum	Wolf	
Erhardt	Hugoson	Lindner	Onnen	Swenson	Worke	

Those who voted in the negative were:

Anderson, I.	Clark	Hausman	Klinzing	Neary	Pugh	Steensma
Anderson, R.	Cooper	Huntley	Krueger	Nelson	Reding	Tomassoni
Asch	Dauner	Jacobs	Lasley	Olson, E.	Rest	Trimble
Battaglia	Delmont	Jaros	Lieder	Olson, K.	Rice	Tunheim
Bauerly	Dempsey	Jefferson	Lourey	Opatz	Rodosovich	Vellenga
Beard	Dorn	Jennings	Luther	Orenstein	Rukavina	Wagenius
Bergson	Evans	Johnson, A.	Mahon	Orfield	Sarna	Wejzman
Bertram	Farrell	Johnson, R.	Mariani	Osthoff	Sekhon	Welle
Bishop	Garcia	Kahn	McCollum	Ostrom	Simoneau	Wenzel
Brown, C.	Greenfield	Kalis	McGuire	Ozment	Skoglund	Winter
Brown, K.	Greiling	Kelley	Milbert	Pelowski	Smith	Spk. Long
Carlson	Gruenes	Kelso	Munger	Perlt	Solberg	
Carruthers	Hasskamp	Kinkel	Murphy	Peterson	Sparby	

The motion did not prevail and the amendment was not adopted.

S. F. No. 785, A bill for an act relating to labor; establishing rights and duties in relation to union organization; providing that certain acts are an unfair labor practice; proposing penalties; amending Minnesota Statutes 1992, sections 179.12; 179A.07, by adding a subdivision; and 179A.13, subdivision 2.

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

The question was taken on the passage of the bill and the roll was called. There were 79 yeas and 51 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Beard	Carruthers	Delmont	Greenfield	Huntley	Jennings
Anderson, R.	Bergson	Clark	Evans	Greiling	Jacobs	Johnson, A.
Asch	Brown, K.	Cooper	Farrell	Hasskamp	Jaros	Johnson, R.
Battaglia	Carlson	Dauner	Garcia	Hausman	Jefferson	Johnson, V.

Kahn	Lourey	Munger	Ostrom	Rice	Solberg	Wenzel
Kalis	Luther	Murphy	Ozment	Rodosovich	Steensma	Winter
Kelley	Mahon	Neary	Pelowski	Rukavina	Tomassoni	Spk. Long
Kinkel	Mariani	Nelson	Perlt	Sarna	Trimble	
Klinzing	McCollum	Olson, E.	Peterson	Sekhon	Vellenga	
Krueger	McGuire	Orenstein	Pugh	Simoneau	Wagenius	
Lasley	Milbert	Orfield	Reding	Skoglund	Wejcman	
Lieder	Mosel	Osthoff	Rest	Smith	Welle	

Those who voted in the negative were:

Abrams	Dempsey	Haukoos	Limmer	Olson, M.	Sviggum	Wolf
Bauerly	Dorn	Holsten	Lindner	Onnen	Swenson	Worke
Bertram	Erhardt	Hugoson	Lynch	Opatz	Tompkins	Workman
Bettermann	Frerichs	Kelso	Macklin	Pauly	Tunheim	
Blatz	Girard	Knickerbocker	Molnau	Pawlenty	Van Dellen	
Commers	Goodno	Koppendrayner	Morrison	Rhodes	Vickerman	
Davids	Gruenes	Krinkie	Ness	Seagren	Waltman	
Dehler	Gutknecht	Leppik	Olson, K.	Stanius	Weaver	

The bill was passed and its title agreed to.

S. F. No. 544 was reported to the House.

Evans; Johnson, A.; Winter and Sarna offered an amendment to S. F. No. 544.

POINT OF ORDER

Goodno raised a point of order pursuant to rule 3.09 that the Evans et al amendment was not in order. The Speaker ruled the point of order well taken and the amendment out of order.

S. F. No. 544, A bill for an act relating to labor; providing that certain acts are an unfair labor practice; amending Minnesota Statutes 1992, sections 179.12; and 179A.13, subdivision 2.

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

The question was taken on the passage of the bill and the roll was called. There were 94 yeas and 37 nays as follows:

Those who voted in the affirmative were:

Abrams	Clark	Jaros	Lasley	Murphy	Pugh	Steensma
Anderson, I.	Cooper	Jefferson	Leppik	Neary	Reding	Tomassoni
Anderson, R.	Dauner	Jennings	Lieder	Nelson	Rest	Trimble
Asch	Delmont	Johnson, A.	Lourey	Olson, E.	Rice	Tunheim
Battaglia	Dorn	Johnson, R.	Luther	Olson, K.	Rodosovich	Vellenga
Bauerly	Evans	Kahn	Macklin	Opatz	Rukavina	Wagenius
Beard	Farrell	Kalis	Mahon	Orenstein	Sarna	Wejcman
Bergson	Garcia	Kelley	Mariani	Orfield	Seagren	Welle
Bertram	Greenfield	Kelso	McCollum	Osthoff	Sekhon	Wenzel
Bishop	Greiling	Kinkel	McGuire	Ostrom	Simoneau	Winter
Brown, C.	Hasskamp	Klinzing	Milbert	Ozment	Skoglund	
Brown, K.	Hausman	Knickerbocker	Morrison	Smith	Smith	
Carlson	Huntley	Koppendrayner	Mosel	Perlt	Solberg	
Carruthers	Jacobs	Krueger	Munger	Peterson	Sparby	

Those who voted in the negative were:

Bettermann	Erhardt	Haukoos	Lindner	Pauly	Van Dellen	Workman
Blatz	Frerichs	Holsten	Lynch	Pawlenty	Vickerman	
Commers	Girard	Hugoson	Molnau	Rhodes	Waltman	
Dauids	Goodno	Johnson, V.	Ness	Stanius	Weaver	
Dehler	Gruenes	Krinkie	Olson, M.	Sviggum	Wolf	
Dempsey	Gutknecht	Limner	Onnen	Swenson	Worke	

The bill was passed and its title agreed to.

H. F. No. 187 was reported to the House.

Welle moved that H. F. No. 187 be continued on Special Orders. The motion prevailed.

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 House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1650, A bill for an act relating to data privacy; eliminating a classification of legislators' telephone records; requiring the attorney general to seek recovery of wrongfully paid taxpayer money for telephone charges; amending Laws 1989, chapter 335, article 1, section 15, subdivision 3.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Anderson, I., moved that the House concur in the Senate amendments to H. F. No. 1650 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1650, A bill for an act relating to the organization and operation of state government; appropriating money for community development and certain agencies of state government, with certain conditions; establishing and modifying certain programs; providing for regulation of certain activities and practices; providing for accounts, assessments, and fees; eliminating or transferring certain agency powers and duties; requiring studies and reports; amending Minnesota Statutes 1992, sections 3.30, subdivision 2, as amended; 15.38, by adding a subdivision; 15.50, subdivision 2; 16A.128, subdivision 2; 16A.28, by adding a subdivision; 16A.72; 16B.06, subdivision 2a; 44A.01, subdivisions 2 and 4; 44A.025; 82.21, by adding a subdivision; 116J.617; 116J.982; 216B.62, subdivisions 3 and 5; 237.295, subdivision 2, and by adding a subdivision; 239.011, subdivision 2; 239.10; 239.791, subdivisions 6 and 8; 239.80, subdivisions 1 and 2; 257.0755; 268.022, subdivisions 1 and 2; 268.361, subdivisions 6 and 7; 268.362; 268.363; 268.364, subdivisions 1, 3, and by adding a subdivision; 268.365, subdivision 2; 268.55; 268.914, subdivision 1; 268.975, subdivisions 3, 4, 6, 7, 8, and by adding subdivisions; 268.976, subdivision 2; 268.978, subdivision 1; 268.98; 298.2211, subdivision 3; 298.2213, subdivision 4; 298.223, subdivision 2; 298.28, subdivision 7; 298.296, subdivision 1; 303.13, subdivision 1; 303.21, subdivision 3; 322A.16; 333.20, subdivision 4; 333.22, subdivision 1; 336.9-403; 336.9-404; 336.9-405; 336.9-406; 336.9-407; 336.9-413; 336A.04, subdivision 3; 336A.09, subdivision 2; 349A.10, subdivision 5; 359.01, subdivision 3; 359.02; 386.65; 386.66; 386.67; 386.68; 386.69; 462A.057, subdivision 1; 462A.21, by adding subdivisions; and 469.011, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 116J; 116M; 129D; 239; 268;

386; 462A; and 504; proposing coding for new law as Minnesota Statutes, chapter 138A; repealing Minnesota Statutes 1992, sections 44A.12; 138.97; 239.05, subdivision 2c; 239.52; 239.78; 268.365, subdivision 1; 268.914, subdivision 2; 268.977; 268.978, subdivision 3; 386.61, subdivision 3; 386.63; 386.64; and 386.70.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 93 yeas and 38 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Cooper	Jacobs	Lieder	Olson, E.	Rice	Vellenga
Anderson, R.	Dauner	Jaros	Lourey	Olson, K.	Rodosovich	Vickerman
Asch	Davids	Jefferson	Luther	Orenstein	Rukavina	Wagenius
Battaglia	Delmont	Jennings	Mahon	Orfield	Sarna	Wejcmán
Bauerly	Dempsey	Johnson, A.	Mariani	Osthoff	Sekhon	Wenzel
Beard	Dorn	Johnson, R.	McCollum	Ostrom	Simoneau	Winter
Bergson	Evans	Johnson, V.	McGuire	Ozment	Skoglund	Wolf
Bertram	Farrell	Kahn	Milbert	Pelowski	Solberg	Worke
Bishop	Garcia	Kalis	Morrison	Perl	Stanius	Spk. Long
Brown, C.	Greenfield	Kelley	Mosel	Peterson	Steensma	
Brown, K.	Greiling	Kelso	Munger	Pugh	Swenson	
Carlson	Hasskamp	Kinkel	Murphy	Reding	Tomassoni	
Carruthers	Hausman	Koppendrayner	Neary	Rest	Trimble	
Clark	Huntley	Krueger	Nelson	Rhodes	Tunheim	

Those who voted in the negative were:

Abrams	Frerichs	Holsten	Leppik	Ness	Seagren	Weaver
Betterman	Girard	Hugoson	Limmer	Olson, M.	Smith	Workman
Blatz	Goodno	Klinzing	Lindner	Onnen	Svigum	
Commers	Gruenes	Knickerbocker	Lynch	Opatz	Tompkins	
Dehler	Gutknecht	Krinkie	Macklin	Pauly	Van Delien	
Erhardt	Haukoos	Lasley	Molnau	Pawlenty	Waltman	

The bill was repassed, as amended by the Senate, and its title agreed to.

SPECIAL ORDERS

S. F. No. 1114 which was temporarily laid over earlier today on Special Orders was again reported to the House.

Pugh moved that S. F. No. 1114 be temporarily laid over on Special Orders. The motion prevailed.

S. F. No. 636 was reported to the House.

Jennings; Kalis; Olson, K.; Lasley; Hugoson; Lourey and Koppendrayner moved to amend S. F. No. 636, as follows:

Page 1, after line 13, insert:

"Sec. 2. [115A.542] [COMPOSTING PROJECTS.]

Subdivision 1. [GRANTS.] The director of the office of waste management shall award grants to optimize operations at mixed municipal solid waste composting facilities owned by multi-county project boards. Before awarding a grant under this section, the directors of the offices of waste management and the pollution control agency

must approve a facility optimization plan submitted by the multi-county project board. The plan must include a financial and technical feasibility analysis.

Subd. 2. [APPROPRIATION.] \$1,500,000 in the first year of the biennium ending June 30, 1995, is appropriated from the general fund to the office of waste management for grants under section 1. Any unencumbered balance remaining after the first year shall be available in the second year of the biennium."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 636, A bill for an act relating to pollution control; requiring a study of the feasibility of including the city of Red Wing in the state financial assistance program for combined sewer overflow.

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 128 yeas and 5 nays as follows:

Those who voted in the affirmative were:

Abrams	Dauner	Haukoos	Koppendraye	Nelson	Rhodes	Tunheim
Anderson, I.	Davids	Hausman	Krueger	Ness	Rice	Van Dellen
Anderson, R.	Dawkins	Holsten	Lasley	Olson, E.	Rodosovich	Vellenga
Asch	Dehler	Hugoson	Lieder	Olson, K.	Rukavina	Vickerman
Battaglia	Delmont	Huntley	Limmer	Olson, M.	Sarna	Wagenius
Bauerly	Dempsey	Jacobs	Lindner	Opatz	Seagren	Waltman
Beard	Dorn	Jaros	Lourey	Orenstein	Sekhon	Weaver
Bergson	Erhardt	Jefferson	Luther	Orfield	Simoneau	Wejcmán
Bertram	Evans	Jennings	Lynch	Osthoff	Skoglund	Wenzel
Bettermann	Farrell	Johnson, A.	Macklin	Ostrom	Smith	Winter
Bishop	Frerichs	Johnson, R.	Mahon	Ozment	Solberg	Wolf
Blatz	Garcia	Johnson, V.	Mariani	Pauly	Sparby	Worke
Brown, C.	Girard	Kahn	McGuire	Pawlenty	Stanis	Workman
Brown, K.	Goodno	Kalis	Milbert	Pelowski	Steenasma	Spk. Long
Carlson	Greenfield	Kelley	Morrison	Perlt	Sviggum	
Carruthers	Greiling	Kelso	Mosel	Peterson	Swenson	
Clark	Gruenes	Kinkel	Munger	Pugh	Tomassoni	
Commers	Gutknecht	Klinzing	Murphy	Reding	Tompkins	
Cooper	Hasskamp	Knickerbocker	Neary	Rest	Trimble	

Those who voted in the negative were:

Krinkie	Leppik	McCollum	Molnau	Onnen
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The bill was passed, as amended, and its title agreed to.

S. F. No. 1114 which was temporarily laid over earlier today on Special Orders was again reported to the House.

Asch withdrew his pending amendment offered on Saturday, May 15, 1993, to S. F. No. 1114, as amended.

MOTION FOR RECONSIDERATION

Brown, C., moved that the vote whereby the Brown, C., and Cooper amendment to S. F. No. 1114, as amended, which was adopted on Saturday, May 15, 1993, be now reconsidered. The motion prevailed.

Brown, C., withdrew the Brown, C., and Cooper amendment to S. F. No. 1114, as amended.

S. F. No. 1114, A bill for an act relating to commerce; franchises; regulating assignments, transfers, and sales; amending Minnesota Statutes 1992, section 80C.17, subdivisions 1 and 5.

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

The question was taken on the passage of the bill and the roll was called. There were 133 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Abrams	Dauner	Haukoos	Koppendraye	Munger	Peterson	Swenson
Anderson, I.	Dauids	Hausman	Krueger	Murphy	Pugh	Tomassoni
Anderson, R.	Dawkins	Holsten	Lasley	Neary	Reding	Tompkins
Asch	Dehler	Hugoson	Leppik	Nelson	Rest	Trimble
Battaglia	Delmont	Huntley	Lieder	Ness	Rhodes	Tunheim
Bauerly	Dempsey	Jacobs	Limmer	Olson, E.	Rice	Van Dellen
Beard	Dorn	Jaros	Lindner	Olson, K.	Rodosovich	Vellenga
Bergson	Erhardt	Jefferson	Lourey	Olson, M.	Rukavina	Vickerman
Bertram	Evans	Jennings	Luther	Onnen	Sarna	Wagenius
Bettermann	Farrell	Johnson, A.	Lynch	Opatz	Seagren	Waltman
Bishop	Frerichs	Johnson, R.	Macklin	Orenstein	Sekhon	Weaver
Blatz	Garcia	Johnson, V.	Mahon	Orfield	Simoneau	Wejcman
Brown, C.	Girard	Kahn	Mariani	Osthoff	Skoglund	Welle
Brown, K.	Goodno	Kalis	McCollum	Ostrom	Smith	Wenzel
Carlson	Greenfield	Kelley	McGuire	Ozment	Solberg	Winter
Carruthers	Greiling	Kelso	Milbert	Pauly	Sparby	Wolf
Clark	Gruenes	Kinkel	Molnau	Pawlenty	Stanis	Worke
Commers	Gutknecht	Klinzing	Morrison	Pelowski	Steensma	Workman
Cooper	Hasskamp	Knickerbocker	Mosel	Perlt	Sviggum	Spk. Long

Those who voted in the negative were:

Krinkie

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 messages were received from 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. 1094, A bill for an act relating to insurance; regulating fees, data collection, coverages, notice provisions, enforcement provisions, the Minnesota joint underwriting association, and the liquor liability assigned risk plan;

enacting the NAIC model regulation relating to reporting requirements for licensees seeking to do business with certain unauthorized multiple employer welfare arrangements; making various technical changes; appropriating money; amending Minnesota Statutes 1992, sections 13.71, by adding subdivisions; 45.024, subdivision 2; 59A.12, by adding a subdivision; 60A.02, by adding a subdivision; 60A.03, subdivisions 5 and 6; 60A.052, subdivision 2; 60A.082; 60A.085; 60A.14, subdivision 1; 60A.19, subdivision 4; 60A.206, subdivision 3; 60A.21, subdivision 2; 60A.36, by adding a subdivision; 60C.22; 60K.06; 60K.14, subdivision 4; 60K.19, subdivision 5; 61A.02, subdivision 2; 61A.031; 61A.04; 61A.07; 61A.071; 61A.073; 61A.074, subdivision 1; 61A.08; 61A.09, subdivision 1; 61A.092, by adding a subdivision; 61A.12, subdivision 1; 61A.282, subdivision 2; 62A.047; 62A.148; 62A.153; 62A.43, subdivision 4; 62E.19, subdivision 1; 62H.01; 62I.02; 62I.03; 62I.07; 62I.13, subdivisions 1 and 2; 62I.20; 65A.01, subdivision 1; 65A.29, subdivision 7; 65B.49, subdivision 3; 72A.20, subdivision 29, and by adding a subdivision; 72A.201, subdivision 9; 72A.41, subdivision 1; 72B.03, subdivision 1; 72B.04, subdivision 2; 176.181, subdivision 2; and 340A.409, subdivisions 2 and 3; proposing coding for new law in Minnesota Statutes, chapters 45; 61A; 62A; and 62H; repealing Minnesota Statutes 1992, sections 70A.06, subdivision 5; 72A.45; and 72B.07; Minnesota Rules, parts 2780.4800; 2783.0010; 2783.0020; 2783.0030; 2783.0040; 2783.0050; 2783.0060; 2783.0070; 2783.0080; 2783.0090; and 2783.0100.

PATRICK E. FLAHAVEN, Secretary of the Senate

Stanius moved that the House concur in the Senate amendments to H. F. No. 1094 and that the bill be repassed as amended by the Senate.

Kahn moved that the House refuse to concur in the Senate amendments to H. F. No. 1094, that the Speaker appoint a Conference Committee of 5 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses.

A roll call was requested and properly seconded.

The question was taken on the Kahn motion and the roll was called. There were 124 yeas and 9 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Dauner	Hausman	Krueger	Murphy	Peterson	Trimble
Anderson, R.	Davids	Holsten	Lasley	Neary	Pugh	Tunheim
Asch	Dawkins	Hugoson	Leppik	Nelson	Reding	Van Dellen
Battaglia	Dehler	Huntley	Lieder	Ness	Rest	Vellenga
Bauerly	Delmont	Jacobs	Limmer	Olson, E.	Rhodes	Vickerman
Beard	Dempsey	Jaros	Lourey	Olson, K.	Rice	Wagenius
Bergson	Dorn	Jefferson	Luther	Olson, M.	Rodosovich	Waltman
Bertram	Erhardt	Jennings	Lynch	Ornen	Rukavina	Weaver
Bettermann	Evans	Johnson, A.	Macklin	Opatz	Sarna	Wejcman
Bishop	Farrell	Johnson, R.	Mahon	Orenstein	Seagren	Welle
Blatz	Garcia	Kahn	Mariani	Orfield	Sekhon	Wenzel
Brown, C.	Goodno	Kalis	McCollum	Osthoff	Simoneau	Winter
Brown, K.	Greenfield	Kelley	McGuire	Ostrom	Skoglund	Wolf
Carlson	Greiling	Kelso	Milbert	Ozment	Solberg	Worke
Carruthers	Gruenes	Kinkel	Molnau	Pauly	Steensma	Workman
Clark	Gutknecht	Klinzing	Morrison	Pawlenty	Sviggun	Spk. Long
Commers	Hasskamp	Koppendrayner	Mosel	Pelowski	Tomassoni	
Cooper	Haukoos	Krinkie	Munger	Perlt	Tompkins	

Those who voted in the negative were:

Abrams	Girard	Knickerbocker	Smith	Swenson
Frerichs	Johnson, V.	Lindner	Stanis	

The motion prevailed.

Madam Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 545, 1512, 142, 1162, 103 and 176.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 545, A bill for an act relating to retirement; expanding coordinated plan survivor coverage benefits for certain public employees and teachers; amending Minnesota Statutes 1992, sections 352.01, by adding a subdivision; 352.12, subdivision 2, and by adding subdivisions; 353.01, subdivision 15, and by adding a subdivision; 353.32, subdivision 1a, and by adding subdivisions; 354.05, subdivision 8, and by adding a subdivision; 354.46, subdivisions 2, 5, and by adding subdivisions; 354A.011, by adding a subdivision; and 354A.35, subdivision 2, and by adding subdivisions.

The bill was read for the first time and referred to the Committee on Governmental Operations and Gambling.

S. F. No. 1512, A bill for an act relating to elections; providing uniform local election procedures; requiring regular city elections to be held in the fall; permitting town elections to be held in November; making uniform certain local government procedures; providing for the identification of judicial offices; authorizing special elections to be conducted by mail ballot; amending Minnesota Statutes 1992, sections 103C.305, subdivision 2; 123.33, subdivision 1; 204B.14, subdivision 8; 204B.36, subdivision 4; 205.02, subdivision 2; 205.065, subdivisions 1 and 2; 205.07, subdivision 1; 205.10, by adding a subdivision; 205.13, subdivision 1, and by adding a subdivision; 205.16, subdivisions 1 and 2; 205.17, subdivision 4; 205.175; 206.90, subdivision 6; 365.51, subdivisions 1 and 3; and 367.03; proposing coding for new law in Minnesota Statutes, chapter 204D; repealing Minnesota Statutes 1992, sections 205.065, subdivision 3; 205.18; 205.20; and 410.21.

The bill was read for the first time and referred to the Committee on General Legislation, Veterans Affairs and Elections.

S. F. No. 142, A bill for an act relating to workers' compensation; regulating rehabilitation services and consultations; amending Minnesota Statutes 1992, section 176.102, subdivision 4.

The bill was read for the first time and referred to the Committee on Labor-Management Relations.

S. F. No. 1162, A bill for an act relating to state government; administrative rulemaking; changing the membership and duties of the LCRAR; transferring the rule review functions of the office of the attorney general to the office of administrative hearings; regulating grants of rulemaking authority, notices of intent to solicit outside opinion, and public hearing requirements; authorizing the governor to disapprove rules adopted after public hearing; eliminating the requirement that agencies review their rules and consider methods to reduce their impact on small business; making technical changes; requiring reports; appropriating money; amending Minnesota Statutes 1992, sections 3.841; 14.05, subdivision 2, and by adding a subdivision; 14.08; 14.09; 14.10; 14.115, subdivision 5; 14.15, subdivisions 3 and 4; 14.16, subdivision 1; 14.19; 14.22, subdivision 1; 14.24; 14.25; 14.26; 14.29, subdivisions 2 and 4; 14.30; 14.31; 14.32; 14.33; 14.34; 14.365; 14.48; and 14.51; proposing coding for new law in Minnesota Statutes, chapter 14; repealing Minnesota Statutes 1992, sections 14.115, subdivision 6; and 14.225.

The bill was read for the first time and referred to the Committee on Governmental Operations and Gambling.

S. F. No. 103, A bill for an act relating to lawful gambling; regulating the conduct of lawful gambling; prescribing the powers and duties of licensees and the board; giving the gambling control board director cease and desist authority for violations of board rules; adding restrictions for bingo halls, distributors, and manufacturers; providing

more flexibility in denying a license application to ensure the integrity of the lawful gambling industry; strengthening the gambling control board's enforcement ability by increasing licensing requirements; establishing the combined receipts tax as a lawful purpose expenditure; expanding definition of lawful purpose to include certain senior citizen activities, certain real estate taxes and assessments, and wildlife management projects; prohibiting the use of lawful purpose contributions by local governmental units in pension or retirement funds; exempting organizations with gross receipts of \$50,000 or less from the annual audit; expanding the definition of a class C license; making class C licensee reporting requirements quarterly; modifying the definition of allowable expense to include some advertising costs; eliminating additional compensation for the state lottery director; clarifying and strengthening the regulation of the conduct of bingo; prohibiting certain forms of gambling by persons under 18; modifying the definition of net profits for local assessments; prescribing penalties; amending Minnesota Statutes 1992, sections 240.13, subdivision 8; 240.25, by adding a subdivision; 240.26, subdivision 3; 299L.03, subdivisions 1 and 2; 299L.07, by adding a subdivision; 349.12, subdivisions 1, 3a, 4, 8, 11, 18, 19, 21, 23, 25, 30, 32, 34, and by adding a subdivision; 349.151, subdivision 4; 349.152, subdivisions 2 and 3; 349.153; 349.154, subdivision 2; 349.16, subdivisions 6 and 8; 349.161, subdivisions 1, 3, and 5; 349.162, subdivisions 1, 2, 4, and 5; 349.163, subdivisions 1, 1a, 3, 5, and 6; 349.164, subdivisions 1, 3, and 6; 349.1641; 349.166, subdivisions 1, 2, and 3; 349.167, subdivisions 1 and 4; 349.168, subdivisions 3 and 6; 349.169, subdivision 1; 349.17, subdivisions 2, 4, 5, and by adding a subdivision; 349.174; 349.18, subdivisions 1, 1a, and 2; 349.19, subdivisions 2, 5, 6, 8, and 9; 349.191, subdivisions 1, 4, and by adding a subdivision; 349.211, subdivisions 1 and 2; 349.2122; 349.2125, subdivisions 1 and 3; 349.2127, subdivisions 2, 4, and by adding a subdivision; 349.213, subdivision 1; 349A.03, subdivision 2; 349A.12, subdivisions 1, 2, 5, and 6; and 609.755; proposing coding for new law in Minnesota Statutes, chapters 471; and 609; repealing Minnesota Statutes 1992, sections 349A.03, subdivision 3; and 349A.08, subdivision 3.

The bill was read for the first time and referred to the Committee on Governmental Operations and Gambling.

S. F. No. 176, A bill for an act relating to insurance; workers' compensation; regulating distributions of excess surplus made by the workers' compensation reinsurance association; clarifying the law regulating distributions of excess surplus; amending Minnesota Statutes 1992, sections 45.027, subdivision 1; and 79.34, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 79.

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, Welle moved that the rule therein be suspended and an urgency be declared so that S. F. No. 176 be given its second and third readings and be placed upon its final passage. The motion prevailed.

Welle moved that the Rules of the House be so far suspended that S. F. No. 176 be given its second and third readings and be placed upon its final passage. The motion prevailed.

S. F. No. 176 was read for the second time.

S. F. No. 176, A bill for an act relating to insurance; workers' compensation; regulating distributions of excess surplus made by the workers' compensation reinsurance association; clarifying the law regulating distributions of excess surplus; amending Minnesota Statutes 1992, sections 45.027, subdivision 1; and 79.34, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 79.

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

The question was taken on the passage of the bill and the roll was called. There were 130 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Abrams	Asch	Beard	Bettermann	Brown, C.	Carruthers	Cooper
Anderson, I.	Battaglia	Bergson	Bishop	Brown, K.	Clark	Dauner
Anderson, R.	Bauerly	Bertram	Blatz	Carlson	Commers	Dawkins

Dehler	Haukoos	Kinkel	McGuire	Orfield	Sarna	Vellenga
Delmont	Hausman	Klinzing	Milbert	Osthoff	Seagren	Vickerman
Dempsey	Holsten	Knickerbocker	Molnau	Ostrom	Sekhon	Wagenius
Dorn	Hugoson	Koppendrayer	Morrison	Ozment	Simoneau	Waltman
Erhardt	Huntley	Krueger	Mosel	Pauly	Skoglund	Weaver
Evans	Jacobs	Lasley	Munger	Pawienty	Smith	Wejcman
Farrell	Jaros	Leppik	Murphy	Pelowski	Solberg	Welle
Frerichs	Jefferson	Lieder	Neary	Perlt	Sparby	Wenzel
Garcia	Jennings	Lindner	Nelson	Peterson	Steensma	Winter
Girard	Johnson, A.	Lourey	Ness	Pugh	Sviggum	Wolf
Goodno	Johnson, R.	Luther	Olson, E.	Reding	Swenson	Worke
Greenfield	Johnson, V.	Lynch	Olson, K.	Rest	Tomassoni	Workman
Greiling	Kahn	Macklin	Olson, M.	Rhodes	Tompkins	Spk. Long
Gruenes	Kalis	Mahon	Onnen	Rice	Trimble	
Gutknecht	Kelley	Mariani	Opatz	Rodosovich	Tunheim	
Hasskamp	Kelso	McCollum	Orenstein	Rukavina	Van Dellen	

Those who voted in the negative were:

Dauids Krinkie

The bill was passed 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 House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 125, A bill for an act relating to education; permitting independent school district No. 279, Osseo, to adopt an alternating eight-period schedule; exempting the district from certain statutory instructional time requirements through the 1995-1996 school year.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Vellenga moved that the House concur in the Senate amendments to H. F. No. 125 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 125, A bill for an act relating to education; making corrections to the 1993 omnibus education finance law; authorizing a levy in independent school district No. 256, Red Wing; amending Minnesota Statutes 1992, sections 124.155, subdivision 1; 125.05, subdivision 1a; 125.185, subdivision 4; and 128B.03, subdivision 2; Laws 1993, chapter 224, article 1, sections 10; 14; and 18, subdivision 1; article 2, sections 14; and 15, subdivision 2; article 3, sections 18; 24, subdivision 2b; 25; 26; 40; and 41; article 4, sections 14; and 43, subdivision 4; article 6, sections 16, subdivision 8; 32; and 33; article 7, sections 6; and 31; article 8, sections 18, subdivision 1; 21, subdivision 1; and 23; article 12, section 32; article 13, section 40; and article 14, section 7; and 17.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 129 yeas and 5 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Dawkins	Hugoson	Leppik	Ness	Rhodes	Tunheim
Anderson, R.	Dehler	Huntley	Lieder	Olson, E.	Rice	Van Dellen
Asch	Delmont	Jacobs	Limmer	Olson, K.	Rodosovich	Vellenga
Battaglia	Dempsey	Jaros	Lindner	Olson, M.	Rukavina	Vickerman
Bauerly	Dorn	Jefferson	Lourey	Ornen	Sarna	Wagenius
Beard	Evans	Jennings	Luther	Opatz	Seagren	Waltman
Bergson	Farrell	Johnson, A.	Lynch	Orenstein	Sekhon	Weaver
Bertram	Frerichs	Johnson, R.	Macklin	Orfield	Simoneau	Wejcman
Bettermann	Garcia	Johnson, V.	Mahon	Osthoff	Skoglund	Welle
Bishop	Girard	Kahn	Mariani	Ostrom	Smith	Wenzel
Blatz	Goodno	Kalis	McGuire	Ozment	Solberg	Winter
Brown, C.	Greenfield	Kelso	Milbert	Pauly	Sparby	Wolf
Brown, K.	Greiling	Kinkel	Molnau	Pawlenty	Stanisus	Worke
Carlson	Gruenes	Klinzing	Morrison	Pelowski	Steensma	Workman
Carruthers	Gutknecht	Knickerbocker	Mosel	Perlt	Sviggum	Spk. Long
Clark	Hasskamp	Koppendrayer	Munger	Peterson	Swenson	
Cooper	Haukoos	Krinkie	Murphy	Pugh	Tomassoni	
Dauner	Hausman	Krueger	Neary	Reding	Tompkins	
Davids	Holsten	Lasley	Nelson	Rest	Trimble	

Those who voted in the negative were:

Abrams	Commers	Erhardt	Kelley	McCollum
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The bill was repassed, as amended by the Senate, and its title agreed to.

The following Conference Committee Reports were received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1529

A bill for an act relating to state government; reviewing the possible reorganization and consolidation of agencies and departments with environmental and natural resource functions; creating a legislative task force; requiring establishment of worker participation committees before possible agency restructuring.

May 17, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 1529, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 1529 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [REORGANIZATION; GOALS.]

The legislature finds that it is desirable to reorganize state services relating to the protection of the environment, protection of farmland, and the management of natural resources to achieve the following goals:

- (1) progressively less air, land, and water pollution;
- (2) sustainable development throughout all regions of the state and all sectors of the economy;
- (3) improved delivery of services;
- (4) a preventive approach to environmental degradation;
- (5) citizen participation in all relevant decision-making processes and at meaningful points in the processes; and
- (6) regular reevaluation and reformulation of how governmental functions and services are performed.

Sec. 2. [REORGANIZATION; OUTCOMES.]

Any reorganization must achieve the following outcomes:

- (1) an ecosystem-based, integrated service delivery system;
- (2) extension of the polluter-pays principle through the use of regulatory controls and financial mechanisms;
- (3) the ability to identify and address existing and emerging environmental issues of state, national, and international import;
- (4) increased citizen access to pertinent, understandable information relating to environmental protection, farmland protection, and natural resources management;
- (5) better citizen representation, access, and information through an office of public information and advocacy;
- (6) the elimination of multiple access points to receive the same or related services;
- (7) the flexibility to enable state and local governments to coordinate and cooperate;
- (8) the identification of revenue sources adequate to implement the reorganization, including providing for staff development;
- (9) flattening of the internal organization of the delivery system with processes designed to encourage cooperation, consensus, and participation of management and workers;
- (10) decentralization of the service-delivery system where appropriate;
- (11) a structure that recognizes legitimate conflicts of interest and provides for their resolution; and
- (12) a reassessment of the state's energy and transportation policies as they affect the environment and natural resources.

Sec. 3. [TASK FORCE.]

Subdivision 1. [MEMBERSHIP.] Immediately after the effective date of this section, the governor shall convene a task force consisting of four facilitators and four groups:

- (1) a group consisting of 10 to 15 persons from agencies listed in section 6 who are members of the managerial plan established under Minnesota Statutes, section 43A.18, subdivision 3, appointed by the governor;
- (2) a group consisting of employees from agencies listed in section 6 who are represented by exclusive representatives, selected by the exclusive representatives of employees of those agencies;
- (3) a group consisting of 15 persons representing local and regional governmental units, including cities, counties, metropolitan and regional agencies, soil and water conservation districts, watershed districts, and watershed management organizations, appointed in equal numbers by the governor, the majority leader of the senate, and the speaker of the house; and

(4) a group consisting of not more than 20 persons jointly appointed by the speaker of the house of representatives and the majority leader of the senate, including:

(i) representatives of rural agricultural interests, environmental and conservation organizations, sportsmen's groups, and business;

(ii) a representative of an institution of higher education with expertise in natural sciences;

(iii) a representative of an institution of higher education with expertise in agriculture;

(iv) an attorney experienced in environmental law; and

(v) a member of the environmental consulting community.

The groups described in clauses (1) and (2) must include managers and classified employees from work stations outside the metropolitan area described in Minnesota Statutes, section 473.121, subdivision 2. Organizations, occupations, and industries described in clause (4) may submit the names of persons they wish considered for appointment to the task force under that clause.

The governor, the speaker of the house of representatives, and the majority leader of the senate shall jointly appoint a facilitator for each group.

Subd. 2. [ACTIVITIES.] (a) Members of the task force established by subdivision 1 shall serve as partners in changing the delivery of state services and the performance of state functions. Each group of the task force shall initially meet separately to develop its own recommendations for proposed legislation to establish a governmental structure to perform the functions and provide the services listed in section 6 in furtherance of the goals and outcomes listed in sections 1 and 2. A facilitator shall assist each group. The facilitators shall meet periodically with the legislative commission established in section 4. At the meetings, the facilitators shall update the members of the commission on the progress of the groups' discussions and emerging proposals. Each group must complete its recommendations by October 1, 1993.

(b) By September 1, 1993, each group shall select from its membership representatives to a committee, as follows:

(1) two representatives from the group established by subdivision 1, clause (1);

(2) three representatives from the group established by subdivision 1, clause (2);

(3) two representatives from the group established by subdivision 1, clause (3); and

(4) five representatives from the group established by subdivision 1, clause (4), who must be private citizens.

(c) The task force committee shall begin meeting as soon as practicable after October 1, 1993, and shall develop recommendations for proposed legislation to establish a governmental structure to perform the functions and provide the services listed in section 6 in furtherance of the goals and outcomes listed in sections 1 and 2. The commissioner of administration may provide staff support to the committee upon its request.

(d) The governor, the speaker of the house of representatives, and the majority leader of the senate shall jointly appoint a facilitator for the committee. The facilitator shall chair meetings of the committee and serve as a nonvoting member. The facilitator shall periodically update the members of the legislative commission created in section 4 on the progress of the committee's discussions and emerging proposals.

(e) The committee shall submit its recommendations for reorganization to the legislative commission created in section 4 by December 31, 1993.

Sec. 4. [LEGISLATIVE COMMISSION.]

Subdivision 1. [CREATION; MEMBERSHIP.] The legislative commission on administrative environmental structure is created to recommend to the legislature proposed legislation to establish a governmental structure to perform the functions and provide the services listed in section 6 in furtherance of the goals and outcomes listed in sections 1 and 2. The commission consists of ten members, five appointed by the speaker of the house of representatives and five

appointed by the rules and administration subcommittee on committees of the senate. At least two members from each chamber must be members of the minority party in that chamber. The house and senate members of the commission shall elect one member from their respective chambers to serve as cochair of the commission who shall alternately preside over hearings, unless they agree otherwise.

Subd. 2. [DUTIES.] (a) The commission shall perform its duties in accordance with the environmental policy codified in Minnesota Statutes, section 116D.02, subdivision 1, the responsibility of state government in relation to that policy codified in Minnesota Statutes, section 116D.02, subdivision 2, and the actions required of state agencies under Minnesota Statutes, section 116D.03. The commission shall examine recent analyses, critiques, studies, and recommendations related to the administrative structure of state environmental and natural resource services system including the commission on reform and efficiency study and recommendations relating to Minnesota's environmental services system, structures in other states, and proposals made by the governor, members of the legislature, state agencies, and other groups.

(b) As soon as possible after receipt of the proposal recommended by the task force under section 3, the commission shall distribute the proposal to all interested persons and shall hold hearings designed to gather responses to the proposal from all perspectives. Hearings must be held in convenient locations and at convenient times to maximize the ability of the public to participate in the hearings. Hearings must be held in at least two locations outside the seven-county metropolitan area.

(c) The commission shall issue a final proposal for legislation by February 22, 1994, for consideration by the legislature during the 1994 legislative session. The commission shall seek to achieve a structure that, in addition to furthering the goals and outcomes in sections 1 and 2, promotes and maintains a system that meets the needs of the present without compromising the ability of future generations to meet their own needs and that incorporates a process for change in which the use of natural and other resources, the direction of investments, the orientation of technological development, and institutional change are made consistent with future as well as present needs.

(d) The commission is abolished effective May 1, 1994.

Sec. 5. [EMPLOYEE PARTICIPATION COMMITTEE.]

(a) Before a restructuring of executive branch agencies, a committee including representatives of employees and employers within each affected agency must be established and be given adequate time to perform the functions prescribed by paragraph (b). Each exclusive representative of employees shall select a committee member from each of its bargaining units in each affected agency. The head of each agency shall select an employee member from each unit of employees not represented by an exclusive representative. The agency head shall also appoint one or more committee members to represent the agency. The number of members appointed by the agency head, however, may not exceed the total number of members representing bargaining units.

(b) A committee established under paragraph (a) shall:

- (1) identify tasks related to agency reorganization and adopt plans for addressing those tasks;
- (2) identify other employer and employee issues related to reorganization and adopt plans for addressing those issues;
- (3) adopt detailed plans for providing retraining for affected employees; and
- (4) guide the implementation of the reorganization.

Sec. 6. [EXAMINATION OF AGENCIES' MISSIONS, POWERS, AND DUTIES.]

Subdivision 1. [AGENCIES.] The task force established in section 3 and the commission established in section 4 shall examine the missions, powers, and duties of the department of natural resources, the board of water and soil resources, the office of waste management, the pollution control agency, the environmental quality board, the harmful substances compensation board, the petroleum tank release compensation board, and the agricultural chemical response compensation board.

Subd. 2. [POWERS AND DUTIES.] (a) The task force and the commission shall examine the following powers and duties of the department of agriculture:

(1) regulation of fertilizers, soil amendments, agricultural liming, and plant amendments under Minnesota Statutes, chapter 18C;

(2) pesticide control under Minnesota Statutes, chapter 18B;

(3) agriculture chemical incident response and cleanup under Minnesota Statutes, chapter 18D;

(4) chemical incident reimbursement under Minnesota Statutes, chapter 18E;

(5) urban forest promotion under Minnesota Statutes, section 17.86;

(6) mosquito abatement under Minnesota Statutes, sections 18.041 to 18.161;

(7) groundwater protection under Minnesota Statutes, chapter 103H;

(8) oil and hazardous substance discharge preparedness under Minnesota Statutes, chapter 115E; and

(9) conservation of wildflowers under Minnesota Statutes, section 17.23.

(b) The task force and the commission shall examine the following powers and duties of the department of health:

(1) the water well program under Minnesota Statutes, chapter 103I;

(2) the safe drinking water program under Minnesota Statutes, sections 144.381 to 144.387;

(3) health risk assessment under Minnesota Statutes, section 115B.17, subdivision 10;

(4) domestic water supply protection under Minnesota Statutes, sections 144.35 to 144.37;

(5) asbestos contractor licensing under Minnesota Statutes, sections 326.70 to 326.81;

(6) public health laboratory regulation under Minnesota Statutes, section 144.98;

(7) lead abatement under Minnesota Statutes, sections 144.871 to 144.879;

(8) hazardous substance exposure under Minnesota Statutes, section 145.94;

(9) mosquito research under Minnesota Statutes, section 144.95;

(10) water supply monitoring and health assessments under Minnesota Statutes, section 473.845, subdivision 2; and

(11) health risk limits under Minnesota Statutes, section 103H.201.

(c) The task force and the commission shall examine the following powers and duties of the department of trade and economic development:

(1) energy loans under Minnesota Statutes, sections 216C.36 and 216C.37;

(2) outdoor recreation grants under Minnesota Statutes, section 116J.406;

(3) environmental permit coordination under Minnesota Statutes, sections 116C.22 to 116C.34; and

(4) the public facilities authority under Minnesota Statutes, chapter 446A.

(d) The task force and the commission shall examine the following powers and duties of the department of public service: energy conservation under Minnesota Statutes, sections 216C.01 to 216C.35 and 216C.373 to 216C.381.

(e) The task force and the commission shall examine the following powers and duties of the department of transportation:

(1) oil and hazardous substance discharge preparedness under Minnesota Statutes, chapter 115E; and

(2) hazardous waste shipment and licensing under Minnesota Statutes, sections 221.033 to 221.036 and 221.172.

(f) The task force and the commission shall examine the powers and duties of the metropolitan council relating to metropolitan solid and hazardous waste under Minnesota Statutes, sections 473.801 to 473.849, and mosquito control under Minnesota Statutes, sections 473.701 to 473.716.

Sec. 7. [BUDGET FOR NEXT BIENNIUM.]

In preparing a proposed budget for the biennium beginning July 1, 1995, the governor shall include an amount for staff development in accordance with Minnesota Statutes, section 43A.045, and a substantial increase in overall expenditures for staff development. The budget may not require the layoff of classified employees or unclassified employees covered by a collective bargaining agreement except as provided in a plan negotiated under Minnesota Statutes, chapter 179A, that provides options to layoff for employees who would be affected. The governor's budget must be in conformance with any reorganization plan enacted by the legislature in 1994 in response to the recommendation submitted by the legislative commission under section 4. If no reorganization plan is enacted in 1994, the governor's budget must take into account the reorganization recommendations of the task force committee under section 3, as well as any additional or alternative recommendations of the governor.

Sec. 8. [EFFECTIVE DATE.]

This act is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to state government; establishing a task force and a legislative commission to recommend a governmental structure for environmental and natural resource functions and services; requiring establishment of an employee participation committee before agency restructuring."

We request adoption of this report and repassage of the bill.

House Conferees: ALICE HAUSMAN, WILLARD MUNGER AND JEAN WAGENIUS.

Senate Conferees: LAWRENCE J. POGEMILLER, LEROY A. STUMPF AND STEVEN MORSE.

Hausman moved that the report of the Conference Committee on H. F. No. 1529 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1529, A bill for an act relating to state government; reviewing the possible reorganization and consolidation of agencies and departments with environmental and natural resource functions; creating a legislative task force; requiring establishment of worker participation committees before possible agency restructuring.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 87 yeas and 46 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Bergson	Carruthers	Evans	Hausman	Johnson, R.	Klinzing
Anderson, R.	Bertram	Clark	Farrell	Huntley	Johnson, V.	Krueger
Asch	Blatz	Dawkins	Garcia	Jacobs	Kahn	Lasley
Battaglia	Brown, C.	Delmont	Greenfield	Jaros	Kelley	Lieder
Bauerly	Brown, K.	Dempsey	Greiling	Jefferson	Kelso	Lourey
Beard	Carlson	Dorn	Hasskamp	Johnson, A.	Kinkel	Luther

Lynch	Murphy	Ostrom	Rest	Simoneau	Trimble	Winter
Mahon	Neary	Ozment	Rice	Skoglund	Tunheim	Workman
Mariani	Nelson	Pawlenty	Rodosovich	Solberg	Vellenga	Spk. Long
McCollum	Opatz	Pelowski	Rukavina	Sparby	Wagenius	
McGuire	Orenstein	Peterson	Sarna	Stanis	Weaver	
Milbert	Orfield	Pugh	Seagren	Steensma	Wejzman	
Munger	Osthoff	Reding	Sekhon	Tomassoni	Wenzel	

Those who voted in the negative were:

Abrams	Dehler	Haukoos	Krinkie	Mosel	Perlt	Vickerman
Bettermann	Erhardt	Holsten	Leppik	Ness	Rhodes	Waltman
Bishop	Frerichs	Hugoson	Limmer	Olson, E.	Smith	Wolf
Commers	Girard	Jennings	Lindner	Olson, K.	Sviggun	Worke
Cooper	Goodno	Kalis	Macklin	Olson, M.	Swenson	
Dauner	Gruenes	Knickerbocker	Molnau	Onnen	Tompkins	
Davids	Gutknecht	Koppendrayner	Morrison	Pauly	Van Dellen	

The bill was repassed, as amended by Conference, and its title agreed to.

CONFERENCE COMMITTEE REPORT ON H. F. NO. 427

A bill for an act relating to taxation; making technical corrections and administrative changes to sales and use taxes, income and franchise taxes, property taxes, and tax administration and enforcement; changing penalties; appropriating money; amending Minnesota Statutes 1992, sections 82B.035, by adding a subdivision; 84.82, subdivision 10; 86B.401, subdivision 12; 270.071, subdivision 2; 270.072, subdivision 2; 271.06, subdivision 1; 271.09, subdivision 3; 272.02, subdivisions 1 and 4; 272.025, subdivision 1; 272.12; 273.03, subdivision 2; 273.061, subdivision 8; 273.124, subdivisions 9 and 13; 273.13, subdivision 25; 273.138, subdivision 5; 273.1398, subdivisions 1, 3, and 5b; 274.13, subdivision 1; 274.18; 275.065, subdivision 5a; 275.07, subdivisions 1 and 4; 275.28, subdivision 3; 275.295; 277.01, subdivision 2; 277.15; 277.17; 278.01, subdivision 1; 278.02; 278.03; 278.04; 278.08; 278.09; 287.21, subdivision 4; 287.22; 289A.08, subdivisions 3, 10, and 15; 289A.09, subdivision 1; 289A.11, subdivisions 1 and 3; 289A.12, subdivisions 2, 3, 4, 7, 8, 9, 10, 11, 12, and 14; 289A.18, subdivisions 1 and 4; 289A.20, subdivision 4; 289A.25, subdivisions 1, 2, 5a, 6, 8, 10, and 12; 289A.26, subdivisions 1, 4, and 6; 290A.04, subdivisions 1 and 2h; 296.14, subdivision 2; 297A.01, subdivision 3; 297B.01, subdivision 5; 297B.03; 347.10; 348.04; 469.175, subdivision 5; and 473H.10, subdivision 3; Laws 1991, chapter 291, article 1, section 65, as amended; Laws 1992, chapter 511, article 2, section 61; proposing coding for new law in Minnesota Statutes, chapters 273; 289A; and 297; repealing Minnesota Statutes 1992, sections 60A.13, subdivision 1a; 273.49; 274.19; 274.20; 277.011; 289A.08, subdivisions 9 and 12; 297A.258; and 348.03.

May 14, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 427, report that we have agreed upon the items in dispute and recommend as follows:

That the House concur in the Senate amendments to H. F. No. 427, and that H. F. No. 427 be further amended as follows:

Page 1, line 38, of the rule 49 amendment to H. F. No. 427, adopted by the Senate April 22, 1993, after "TAX" insert "TECHNICAL"

Page 11, line 10, of the rule 49 amendment to H. F. No. 427, adopted by the Senate April 22, 1993, after "MISCELLANEOUS" insert "TECHNICAL"

Page 30, line 17, of the rule 49 amendment to H. F. No. 427, adopted by the Senate April 22, 1993, after "TAXES" insert "TECHNICAL"

Page 95, line 21, of the rule 49 amendment to H. F. No. 427, adopted by the Senate April 22, 1993, delete "273.13" and insert "273.123"

Page 96, after line 7, of the rule 49 amendment to H. F. No. 427, adopted by the Senate April 22, 1993, insert:

"ARTICLE 4

LOCAL AIDS

Section 1. Minnesota Statutes 1992, section 16A.712, is amended to read:

16A.712 [LOCAL GOVERNMENT TRUST; APPROPRIATIONS IN FISCAL YEAR 1993 AND SUBSEQUENT YEARS.]

(a) The amounts necessary to make the following payments in fiscal year 1993 and subsequent years are appropriated from the local government trust fund to the commissioner of revenue unless otherwise specified:

- (1) attached machinery aid to counties under section 273.138;
- (2) in fiscal year 1993 only, supplemental homestead credit under section 273.1391;
- (3) \$560,000 in fiscal year 1993 and \$300,000 annually in fiscal years 1994 and 1995 for tax administration;
- (4) \$105,000 annually to the commissioner of finance in fiscal years 1993, 1994, and 1995 to administer the trust fund;
- (5) \$25,000 annually to the advisory commission on intergovernmental relations in fiscal years 1993, 1994, and 1995 to pay nonlegislative members' per diem expenses and such other expenses as the commission deems appropriate;
- (6) \$350,000 in fiscal year 1993 and \$1,200,000 ~~annually~~ in fiscal years ~~1994 and year~~ 1995 to the intergovernmental information systems advisory council to develop a local government financial reporting system, with the participation and ongoing oversight of the legislative commission on planning and fiscal policy; and
- (7) in fiscal year 1993 only, the transition credit under section 273.1398, subdivision 5, and the disparity reduction credit under section 273.1398, subdivision 4, for school districts. The school districts' transition credit and disparity reduction credit shall be appropriated to the commissioner of education.

(b) In addition, the legislature shall appropriate the rest of the trust fund receipts for fiscal year 1993 and subsequent years to finance intergovernmental aid formulas or programs prescribed by law.

Sec. 2. Minnesota Statutes 1992, section 256E.06, subdivision 12, is amended to read:

Subd. 12. [APPROPRIATION.] \$51,566,000 is appropriated from the local government trust fund in fiscal year 1993 ~~and \$53,113,000 annually, \$50,762,000 in fiscal years year 1994, and \$49,499,000 in fiscal year 1995, and thereafter to the commissioner of human services for payment of aid under this section. Notwithstanding subdivisions 1 and 2, the increased appropriation available in fiscal year 1994 and thereafter shall be used to increase each county's aid proportionately over the aid received in calendar year 1992. For calendar year 1993 only, each county's aid will be adjusted appropriately to reflect the increase that is dictated to occur in the second half of the calendar year.~~

Sec. 3. Minnesota Statutes 1992, section 273.1398, subdivision 1, is amended to read:

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

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

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

(d) "Net tax capacity" means the product of (i) the appropriate net class rates for the year in which the aid is payable, except that for aids payable in 1992 the class rate applied to class 4b property shall be 2.9 percent; the class rate applied to class 4a property shall be 3.55 percent; the class rate applied to noncommercial seasonal recreational residential property shall be 2.25 percent; and the class rates applied to portions of class 1a, 1b, and 2a property shall be 2 percent for the market value between \$68,000 and \$110,000 and 2.5 percent for the market value over \$110,000; for aid 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 2.65 percent; and for aid payable in 1994 the class rate applicable to class 4b shall be 2.4 percent, and (ii) estimated market values for the assessment two years prior to that in which aid is payable. The reclassification of mobile home parks as class 4c shall not be considered in determining net tax capacity for purposes of this paragraph for aids payable in 1991 or 1992. Any reclassification of property by Laws 1991, chapter 291, shall not be considered in determining net tax capacity for aids payable in 1992. "Total net tax capacity" means the net tax capacities for all property within the unique taxing jurisdiction. The total net tax capacity used shall be reduced by the sum of (1) the unique taxing jurisdiction's net tax capacity of commercial industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 6, for the municipality, as defined in section 473F.02, subdivision 8, in which the unique taxing jurisdiction is located, (2) the net tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the net tax capacity of transmission lines deducted from a local government's total net tax capacity under section 273.425. For purposes of determining the net tax capacity of property referred to in clauses (1) and (2), the net tax capacity shall be multiplied by the ratio of the highest class rate for class 3a property for taxes payable in the year in which the aid is payable to the highest class rate for class 3a property in the prior year. Net tax capacity cannot be less than zero.

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

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

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

(h) (f) "Equalized school levies" means the amounts levied for:

(1) general education under section 124A.23, subdivision 2;

(2) supplemental revenue under section 124A.22, subdivision 8a;

(3) capital expenditure facilities revenue under section 124.243, subdivision 3;

(4) capital expenditure equipment revenue under section 124.244, subdivision 2; and

(5) basic transportation under section 124.226, subdivision 1.

(g) "Current local tax rate" means the quotient derived by dividing the taxes levied within a unique taxing jurisdiction for taxes payable in the year prior to that for which aids are being calculated by the net tax capacity of the unique taxing jurisdiction.

~~(i) For purposes of calculating the homestead and agricultural credit aid authorized pursuant to subdivision 2, the "subtraction factor" is the product of (i) a unique taxing jurisdiction's 1989 local tax rate; (ii) its total net tax capacity; and (iii) 0.9767.~~

(j) ~~(h)~~ For purposes of calculating and allocating homestead and agricultural credit aid authorized pursuant to subdivision 2 and the disparity reduction aid authorized in subdivision 3, "gross taxes levied on all properties," "gross taxes," or "taxes levied" means the total taxes levied on all properties except that levied on the captured value of tax increment districts as defined in section 469.177, subdivision 2, and that levied on the portion of commercial industrial properties' assessed value or gross tax capacity, as defined in section 473F.02, subdivision 3, subject to the areawide tax as provided in section 473F.08, subdivision 6, in a unique taxing jurisdiction. ~~Gross taxes levied on all properties or gross taxes are before reduction by any credits for taxes payable in 1989.~~ "Gross taxes" are before any reduction for disparity reduction aid but "taxes levied" are after any reduction for disparity reduction aid. Gross taxes levied or taxes levied cannot be less than zero.

~~"Taxes levied" excludes actual amounts levied for purposes listed in subdivision 2a equalized school levies.~~

~~(k)~~ (i) "Human services aids" means:

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

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

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

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

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

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

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

(8) preadmission screening and alternative care grants;

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

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

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

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

~~(l) "Cost of living adjustment factor" means the greater of one or one plus the percentage increase in the consumer price index minus .36 percent. In no case may the cost of living adjustment factor exceed 1.0394.~~

~~(m) The percentage increase in the consumer price index means the percentage, if any, by which:~~

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

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

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

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

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

~~(q) (k) "Growth adjustment factor" means the household adjustment factor in the case of counties, cities, and towns. In the case of school districts the growth adjustment factor means the average daily membership of the school district under section 124.17, subdivision 2, for the school year ending in the second most recent year preceding that in which the aids are payable divided by the average daily membership for the third most recent year. In the case of cities, towns, school districts, and special taxing districts, the growth adjustment factor equals one. The growth adjustment factor cannot be less than one.~~

~~(r) (l) For aid payable in 1992 and subsequent years, "homestead and agricultural credit base" means the previous year's certified homestead and agricultural credit aid determined under subdivision 2 less any permanent aid reduction in the previous year to homestead and agricultural credit aid under section 477A.0132, plus, for aid payable in 1992, fiscal disparity homestead and agricultural credit aid under subdivision 2b.~~

~~(s) (m) "Net tax capacity adjustment" means (1) the total previous net tax capacity minus the total net tax capacity, multiplied by (2) the unique taxing jurisdiction's current local tax rate. The net tax capacity adjustment cannot be less than zero.~~

~~(t) (n) "Fiscal disparity adjustment" means the difference between (1) a taxing jurisdiction's fiscal disparity distribution levy under section 473F.08, subdivision 3, clause (a), for taxes payable in the year prior to that for which aids are being calculated, and (2) the same distribution levy multiplied by the ratio of the highest class rate for class 3 property for taxes payable in the year prior to that for which aids are being calculated to the highest class rate for class 3 property for taxes payable in the second prior year to that for which aids are being calculated. In the case of school districts, the fiscal disparity distribution levy shall exclude that part of the levy attributable to equalized school levies as defined in subdivision 2a.~~

Sec. 4. Minnesota Statutes 1992, section 273.1398, subdivision 2, is amended to read:

Subd. 2. [HOMESTEAD AND AGRICULTURAL CREDIT AID.] ~~(a) For aid payable in 1991, Homestead and agricultural credit aid for each unique taxing jurisdiction equals the total gross taxes levied on all properties, minus the unique taxing jurisdiction's subtraction factor. The commissioner of revenue may, in computing the amount of the homestead and agricultural credit aid paid in 1990 and subsequent years, adjust the gross tax capacity, net tax capacity, and gross taxes of a taxing jurisdiction for taxes payable in 1989 to reflect auditor's errors in computing taxes payable for 1989 in unique taxing jurisdictions within independent school district Nos. 720 and 792. Homestead and agricultural credit aid cannot be less than zero.~~

~~(b)(1) The 1990 and 1991 homestead and agricultural credit aid is allocated to each local government levying taxes in the unique taxing jurisdiction in the proportion that the local government's gross taxes bears to the total gross taxes levied within the unique taxing jurisdiction. The net tax capacity adjustment is allocated to each local government levying taxes in the unique taxing jurisdiction in the proportion that the local government's taxes levied bears to the total taxes levied in the unique taxing jurisdiction.~~

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

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

~~(d) Payments under this subdivision to counties in 1990 and 1991 shall be reduced by the amount provided in section 477A.012, subdivisions 3, paragraph (d), 4, paragraph (d), and 5.~~

~~(e) Payments under this subdivision to towns in 1990 and 1991 shall be reduced by the amount of the homestead and agricultural credit aid adjustment, if any, determined for 1990 under section 477A.013, subdivision 6.~~

~~(f) Payments under this subdivision to cities in 1990 and 1991 shall be reduced by the amount of the homestead and agricultural credit aid adjustment, if any, determined for 1990 under section 477A.013, subdivisions 6 and 7.~~

~~(g) Payments under this subdivision to special taxing districts, excluding hospital districts and the regional transit board defined in section 473.373, in 1990 and 1991 shall be reduced by an amount equal to 2.35 percent of the amount levied for taxes payable in 1990, before reduction for homestead and agricultural credit aid and disparity reduction aid. Payments under this subdivision to the regional transit board in 1990 and 1991 shall be reduced by \$450,000.~~

~~(h) Payments under this subdivision to all taxing jurisdictions in 1992 and subsequent years are equal to the product of (1) the homestead and agricultural credit aid base, and (2) the growth adjustment factor, plus the net tax capacity adjustment and the fiscal disparity adjustment.~~

Sec. 5. Minnesota Statutes 1992, section 273.1398, is amended by adding a subdivision to read:

Subd. 3a. [DISPARITY REDUCTION AID TO CITIES.] Notwithstanding the provisions of subdivision 3 or section 275.08, subdivision 1d, the amount of disparity reduction aid for a city for aid payable in calendar year 1994 and thereafter is zero, and the local tax rate for taxes payable in 1994 and thereafter for a city shall not be adjusted under section 275.08, subdivision 1d. For purposes of this subdivision, city means a statutory or home rule charter city.

Sec. 6. Minnesota Statutes 1992, section 275.07, subdivision 1, is amended to read:

Subdivision 1. The taxes voted by cities, counties, school districts, and special districts shall be certified by the proper authorities to the county auditor on or before five working days after December 20 in each year. A town must certify the levy adopted by the town board to the county auditor by September 1 each year. If the town board modifies the levy at a special town meeting after September 1, the town board must recertify its levy to the county auditor on or before five working days after December 20. The taxes certified shall not be ~~adjusted~~ reduced by the aid received under sections 273.1398, subdivisions 2 and 3, ~~and 477A.013, subdivision 5.~~ If a city, town, county, school district, or special district fails to certify its levy by that date, its levy shall be the amount levied by it for the preceding year.

Sec. 7. Minnesota Statutes 1992, section 275.07, is amended by adding a subdivision to read:

Subd. 1a. [APPLICATION OF LIMITATIONS.] Any limitation upon the amount that may be levied by a local taxing jurisdiction shall apply to the sum of the levy as certified under subdivision 1 plus the certified homestead and agricultural credit aid amount under section 273.1398, subdivision 2, unless the commissioner of revenue certifies to the county auditor that the limitation applies to the levy under subdivision 1 only.

Sec. 8. Minnesota Statutes 1992, section 477A.011, subdivision 1a, is amended to read:

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

Sec. 9. Minnesota Statutes 1992, section 477A.011, subdivision 20, is amended to read:

Subd. 20. [CITY NET TAX CAPACITY.] "City net tax capacity" means (1) 23 percent of the net tax capacity computed using the net tax capacity rates listed in Minnesota Statutes 1988, section 273.13, and the market values for aids payable in 1990 and the net tax capacity rates listed in Minnesota Statutes 1989 Supplement, section 273.13, for aids payable in 1991 and subsequent years for all taxable property within the city based on the assessment two years prior to that for which aids are being calculated, taxes payable in the year prior to the aid distribution plus (2) a city's levy on the fiscal disparities distribution tax capacity under section 473F.08, subdivision 3 2, paragraph (a) (b), for taxes payable in the year prior to that for which aids are being calculated. The market value utilized in computing city net tax capacity shall be reduced by the sum of (1) a city's market value of commercial industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 2, paragraph (a), (2) the market value of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the market value of transmission lines deducted from a city's total net tax capacity under section 273.425. The city net tax capacity will be computed using equalized market values.

Sec. 10. Minnesota Statutes 1992, section 477A.011, is amended by adding a subdivision to read:

Subd. 30. [PRE-1940 HOUSING PERCENTAGE.] "Pre-1940 housing percentage" for a city is 100 times the most recent federal census count of all housing units in the city built before 1940, divided by the total number of all housing units in the city. Housing units includes both occupied and vacant housing units as defined by the federal census.

Sec. 11. Minnesota Statutes 1992, section 477A.011, is amended by adding a subdivision to read:

Subd. 31. [POPULATION DECLINE PERCENTAGE.] "Population decline percentage" for a city is the percent decline in a city's population for the last ten years, based on the most recently available population estimate from the state demographer or a federal census. A city's population decline percentage cannot be less than zero.

Sec. 12. Minnesota Statutes 1992, section 477A.011, is amended by adding a subdivision to read:

Subd. 32. [COMMERCIAL INDUSTRIAL PERCENTAGE.] "Commercial industrial percentage" for a city is 100 times the sum of the estimated market values of all real property in the city classified as class 3 under section 273.13, subdivision 24, excluding public utility property, to the total market value of all taxable real and personal property in the city. The market values are the amounts computed before any adjustments for fiscal disparities under section 473F.08. The market values used for this subdivision are not equalized.

Sec. 13. Minnesota Statutes 1992, section 477A.011, is amended by adding a subdivision to read:

Subd. 33. [TRANSFORMED POPULATION.] "Transformed population" for a city is the city population raised to the .3308 power, times 30,5485.

Sec. 14. Minnesota Statutes 1992, section 477A.011, is amended by adding a subdivision to read:

Subd. 34. [CITY REVENUE NEED.] (a) For a city with a population equal to or greater than 2,500, "city revenue need" is the sum of (1) 3.462312 times the pre-1940 housing percentage; plus (2) 2.093826 times the commercial industrial percentage; plus (3) 6.862552 times the population decline percentage; plus (4) .00026 times the city population; plus (5) 152,0141.

(b) For a city with a population less than 2,500, "city revenue need" is the sum of (1) 1.795919 times the pre-1940 housing percentage; plus (2) 1.562138 times the commercial industrial percentage; plus (3) 4.177568 times the population decline percentage; plus (4) 1.04013 times the transformed population; minus (5) 107,475.

(c) The city revenue need cannot be less than zero.

(d) For calendar year 1995 and subsequent years, the city revenue need for a city, as determined in paragraphs (a) to (c), is multiplied by the ratio of the annual implicit price deflator for state and local government purchases, as prepared by the United States Department of Commerce, for the most recently available year to the 1993 implicit price deflator for state and local government purchases.

Sec. 15. Minnesota Statutes 1992, section 477A.011, is amended by adding a subdivision to read:

Subd. 35. [TAX EFFORT RATE.] "Tax effort rate" means the sum of the net levy for all cities divided by the sum of the city net tax capacity for all cities. For purposes of this section, "net levy" means the city levy, after all adjustments, used for calculating the local tax rate under section 275.08 for taxes payable in the year prior to the aid distribution. The fiscal disparity distribution levy is included in net levy.

Sec. 16. Minnesota Statutes 1992, section 477A.011, is amended by adding a subdivision to read:

Subd. 36. [CITY AID BASE.] "City aid base" means, for each city, the sum of the local government aid and equalization aid it was originally certified to receive in calendar year 1993 under Minnesota Statutes 1992, section 477A.013, subdivisions 3 and 5, and the amount of disparity reduction aid it received in calendar year 1993 under Minnesota Statutes 1992, section 273.1398, subdivision 3.

Sec. 17. Minnesota Statutes 1992, section 477A.011, is amended by adding a subdivision to read:

Subd. 37. [BASE REDUCTION PERCENTAGE.] "Base reduction percentage" is (1) the difference between the amount available for city aid under section 477A.03 for the year for which aid is being calculated and the amount

available for city aid under section 477A.03 for calendar year 1994, (2) divided by the sum of the city aid base for all cities and (3) multiplied by 100. The reduction percentage for any year may not be less than the reduction percentage from the previous year. For aid paid in calendar year 1994, the reduction percentage is zero. The reduction percentage may not be more than 100 percent.

Sec. 18. Minnesota Statutes 1992, section 477A.013, is amended by adding a subdivision to read:

Subd. 8. [CITY AID INCREASE.] (a) In calendar year 1994 and subsequent years, the aid increase for a city is equal to the need increase percentage multiplied by the difference between (1) the city's revenue need multiplied by its population, and (2) the city's net tax capacity multiplied by the tax effort rate. The need increase percentage must be the same for all cities and must be calculated by the department of revenue so that the total of the aid under subdivision 9 equals the total amount available for aid under section 477A.03, subdivision 1.

(b) The percentage aid increase for a first class city in calendar year 1994 must not exceed the percentage increase in the sum of calendar year 1994 city aids under this section compared to the sum of the city aid base for all cities. The aid increase for any other city in 1994 must not exceed five percent of the city's net levy for taxes payable in 1993.

(c) The aid increase in calendar year 1995 and subsequent years for any city must not exceed the sum of (1) ten percent of the city's net levy for the year prior to the aid distribution plus (2) its city aid base multiplied by the base reduction percentage.

Sec. 19. Minnesota Statutes 1992, section 477A.013, is amended by adding a subdivision to read:

Subd. 9. [CITY AID DISTRIBUTION.] In calendar year 1994 and thereafter, each city shall receive an aid distribution equal to the sum of (1) the city aid increase under subdivision 8, and (2) its city aid base multiplied by a percentage equal to 100 minus the base reduction percentage.

Sec. 20. Minnesota Statutes 1992, section 477A.03, subdivision 1, is amended to read:

Subdivision 1. [ANNUAL APPROPRIATION.] A sum sufficient to discharge the duties imposed by sections 477A.011 to 477A.014 is annually appropriated from the local government trust fund to the commissioner of revenue. For aids payable in 1993 and thereafter, the total amount of equalization aid paid under section 477A.013, subdivision 5, is limited to \$20,011,000. For aid payable in 1994 and thereafter, the total aid paid to cities under section 477A.013, subdivision 9, is limited to \$330,636,900.

In 1993 and subsequent years, \$8,400,000 per year is appropriated from the local government trust fund to make payments under section 477A.0121.

Sec. 21. [REPEALER.]

Minnesota Statutes 1992, sections 273.1398, subdivision 5; and 275.07, subdivision 3, are repealed.

Minnesota Statutes 1992, sections 477A.011, subdivisions 3a, 15, 16, 17, 18, 22, 23, 25, and 26; and 477A.013, subdivisions 2, 3, and 5, are repealed.

Sec. 22. [EFFECTIVE DATE.]

Section 2 is effective July 1, 1993. Sections 3 to 21 are effective for property taxes and aids payable in 1994, and thereafter.

ARTICLE 5

PROPERTY TAXES

Section 1. Minnesota Statutes 1992, section 82.19, is amended by adding a subdivision to read:

Subd. 8. [DISCLOSURE OF VALUATION EXCLUSION.] No real estate broker or salesperson shall sell or offer for sale property that, for purposes of property taxation, has an exclusion from market value for home improvements under section 273.11, subdivision 16, without disclosing to the buyer the existence of the excluded valuation and

informing the buyer that the exclusion will end upon the sale of the property and that the property's estimated market value for property tax purposes will increase accordingly.

Sec. 2. Minnesota Statutes 1992, section 272.01, subdivision 3, is amended to read:

Subd. 3. The provisions of subdivision 2 shall not apply to:

(a) Federal property for which payments are made in lieu of taxes in amounts equivalent to taxes which might otherwise be lawfully assessed;

(b) Real estate exempt from ad valorem taxes and taxes in lieu thereof which is leased, loaned, or otherwise made available to telephone companies or electric, light and power companies upon which personal property consisting of transmission and distribution lines is situated and assessed pursuant to sections 273.37, 273.38, 273.40 and 273.41, or upon which are situated the communication lines of express, railway, telephone or telegraph companies, ~~and~~ or pipelines used for the transmission and distribution of petroleum products, or the equipment items of a cable communications company subject to sections 238.35 to 238.42;

(c) Property presently owned by any educational institution chartered by the territorial legislature;

(d) Indian lands;

(e) Property of any corporation organized as a tribal corporation under the Indian Reorganization Act of June 18, 1934, (Statutes at Large, volume 48, page 984);

(f) Real property owned by the state and leased pursuant to section 161.23 or 161.431, and acts amendatory thereto;

(g) Real property owned by a seaway port authority on June 1, 1967, upon which there has been constructed docks, warehouses, tank farms, administrative and maintenance buildings, railroad and ship terminal facilities and other maritime and transportation facilities or those directly related thereto, together with facilities for the handling of passengers and baggage and for the handling of freight and bulk liquids, and personal property owned by a seaway port authority used or usable in connection therewith, when said property is leased to a private individual, association or corporation, but only when such lease provides that the said facilities are available to the public for the loading and unloading of passengers and their baggage and the handling, storage, care, shipment, and delivery of merchandise, freight and baggage and other maritime and transportation activities and functions directly related thereto, but not including property used for grain elevator facilities; it being the declared policy of this state that such property when so leased is public property used exclusively for a public purpose, notwithstanding the one-year limitation in the provisions of section 273.19;

(h) Notwithstanding the provisions of clause (g), when the annual rental received by a seaway port authority in any calendar year for such leased property exceeds an amount reasonably required for administrative expense of the authority per year, plus promotional expense for the authority not to exceed the sum of \$100,000 per year, to be expended when and in the manner decided upon by the commissioners, plus an amount sufficient to pay all installments of principal and interest due, or to become due, during such calendar year and the next succeeding year on any revenue bonds issued by the authority, plus 25 percent of the gross annual rental to be retained by the authority for improvement, development, or other contingencies, the authority shall make a payment in lieu of real and personal property taxes of a reasonable portion of the remaining annual rental to the county treasurer of the county in which such seaway port authority is principally located. Any such payments to the county treasurer shall be disbursed by the treasurer on the same basis as real estate taxes are divided among the various governmental units, but if such port authority shall have received funds from the state of Minnesota and funds from any city and county pursuant to Laws 1957, chapters 648, 831, and 849 and acts amendatory thereof, then such disbursement by the county treasurer shall be on the same basis as real estate taxes are divided among the various governmental units, except that the portion of such payments which would otherwise go to other taxing units shall be divided equally among the state of Minnesota and said county and city.

Sec. 3. Minnesota Statutes 1992, 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), other than those that qualify for exemption under clause (25);

(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 manufactured home, sectional structure, 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 have 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 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 three months but no longer than three 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 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.

(23) Photovoltaic devices, as defined in section 216C.06, subdivision 13, installed after January 1, 1992, and used to produce or store electric power.

(24) 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 for an ice arena or ice rink, and used primarily for youth and high school programs.

(25) A structure that is situated on real property that is used for:

(i) housing for the elderly or for low- and moderate-income families as defined in Title II of the National Housing Act, as amended through December 31, 1990, and funded by a direct federal loan or federally insured loan made pursuant to Title II of the act; or

(ii) 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 which meets each of the following criteria:

(A) is owned by an entity which is operated as a nonprofit corporation organized under chapter 317A;

(B) is owned by an entity which has not entered into a housing assistance payments contract under section 8 of the United States Housing Act of 1937, or, if the entity which owns the structure has entered into a housing assistance payments contract under section 8 of the United States Housing Act of 1937, the contract provides assistance for less than 90 percent of the dwelling units in the structure, excluding dwelling units intended for management or maintenance personnel;

(C) operates an on-site congregate dining program in which participation by residents is mandatory, and provides assisted living or similar social and physical support services for residents; and

(D) was not assessed and did not pay tax under chapter 273 prior to the 1991 levy, while meeting the other conditions of this clause.

An exemption under this clause remains in effect for taxes levied in each year or partial year of the term of its permanent financing.

(26) Real and personal property that is located in the Superior National Forest, and owned or leased and operated by a nonprofit organization that is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1992, and primarily used to provide recreational opportunities for disabled veterans and their families.

Sec. 4. Minnesota Statutes 1992, section 272.02, subdivision 4, is amended to read:

Subd. 4. [CONVERSION TO EXEMPT OR TAXABLE USES.] (a) Any property exempt from taxation on January 2 of any year which, due to sale or other reason, loses its exemption prior to July 1 of any year, shall be placed on the current assessment rolls for that year.

The valuation shall be determined with respect to its value on January 2 of such year. The classification shall be based upon the use to which the property was put by the purchaser, or in the event the purchaser has not utilized the property by July 1, the intended use of the property, determined by the county assessor, based upon all relevant facts.

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

Sec. 5. Minnesota Statutes 1992, section 272.115, subdivision 1, is amended to read:

Subdivision 1. ~~Except as provided in subdivision 1a,~~ Whenever any real estate is sold 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 when the deed or other document is presented for recording. Contract for deeds are subject to recording under section 507.235, subdivision 1. Value shall, in the case of any deed not a gift, be the amount of the full actual consideration thereof, paid or to be paid, including the amount of any lien or liens assumed. The certificate of value shall include the classification to which the property belongs for the purpose of determining the fair market value of the property. The certificate shall include financing terms and conditions of the sale which are necessary to determine the actual, present value of the sale price for purposes of the sales ratio study. The commissioner of revenue shall promulgate administrative rules specifying the financing terms and conditions which must be included on the certificate.

Sec. 6. Minnesota Statutes 1992, section 272.115, subdivision 4, is amended to read:

Subd. 4. No real estate sold or transferred on or after January 1, 1993, under subdivision 1a 1 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. 7. Minnesota Statutes 1992, section 273.061, subdivision 8, is amended to read:

Subd. 8. [POWERS AND DUTIES.] The county assessor shall have the following powers and duties:

(1) To call upon and confer with the township and city assessors in the county, and advise and give them the necessary instructions and directions as to their duties under the laws of this state, to the end that a uniform assessment of all real property in the county will be attained.

(2) To assist and instruct the local assessors in the preparation and proper use of land maps and record cards, in the property classification of real and personal property, and in the determination of proper standards of value.

(3) To keep the local assessors in the county advised of all changes in assessment laws and all instructions which the assessor receives from the commissioner of revenue relating to their duties.

(4) To have authority to require the attendance of groups of local assessors at sectional meetings called by the assessor for the purpose of giving them further assistance and instruction as to their duties.

(5) To immediately commence the preparation of a large scale topographical land map of the county, in such form as may be prescribed by the commissioner of revenue, showing thereon the location of all railroads, highways and roads, bridges, rivers and lakes, swamp areas, wooded tracts, stony ridges and other features which might affect the value of the land. Appropriate symbols shall be used to indicate the best, the fair, and the poor land of the county. For use in connection with the topographical land map, the assessor shall prepare and keep available in the assessor's office tables showing fair average minimum and maximum market values per acre of cultivated, meadow, pasture, cutover, timber and waste lands of each township. The assessor shall keep the map and tables available in the office for the guidance of town assessors, boards of review, and the county board of equalization.

(6) To also prepare and keep available in the office for the guidance of town assessors, boards of review and the county board of equalization, a land valuation map of the county, in such form as may be prescribed by the commissioner of revenue. This map, which shall include the bordering tier of townships of each county adjoining, shall show the average market value per acre, both with and without improvements, as finally equalized in the last assessment of real estate, of all land in each town or unorganized township which lies outside the corporate limits of cities.

(7) To regularly examine all conveyances of land outside the corporate limits of cities of the first and second class, filed with the county recorder of the county, and keep a file, by descriptions, of the considerations shown thereon. From the information obtained by comparing the considerations shown with the market values assessed, the assessor shall make recommendations to the county board of equalization of necessary changes in individual assessments or aggregate valuations.

(8) To prepare annually and keep available in the assessor's office for the guidance of boards of review and the county board of equalization, a table showing the market value per capita of all personal property in each assessment district in the county as finally equalized in the last previous assessment of personal property. For the guidance of the county board of equalization, the assessor shall also add to the table the market value per capita of all personal property of each assessment district for the current year as equalized by the local board of review.

(9) To become familiar with the values of the different items of personal property so as to be in a position when called upon to advise the boards of review and the county board of equalization concerning property, market values thereof.

(10) While the county board of equalization is in session, to give it every possible assistance to enable it to perform its duties. The assessor shall furnish the board with all necessary charts, tables, comparisons, and data which it requires in its deliberations, and shall make whatever investigations the board may desire.

(11) At the request of either the board of county commissioners or the commissioner of revenue, to investigate applications for reductions of valuation and abatements and settlements of taxes, examine the real or personal property involved, and submit written reports and recommendations with respect to the applications, in such form as may be prescribed by the board of county commissioners and commissioner of revenue.

(12) To make diligent search each year for real and personal property which has been omitted from assessment in the county, and report all such omissions to the county auditor.

(13) To regularly confer with county assessors in all adjacent counties about the assessment of property in order to uniformly assess and equalize the value of similar properties and classes of property located in adjacent counties. The conference shall emphasize the assessment of agricultural and commercial and industrial property or other properties that may have an inadequate number of sales in a single county.

(14) To render such other services pertaining to the assessment of real and personal property in the county as are not inconsistent with the duties set forth in this section, and as may be required by the board of county commissioners or by the commissioner of revenue.

(15) To maintain a record, in conjunction with other county offices, of all transfers of property to assist in determining the proper classification of property, including but not limited to, transferring homestead property and name changes on homestead property.

(16) To determine if a homestead application is required due to the transfer of homestead property or an owner's name change on homestead property.

Sec. 8. Minnesota Statutes 1992, section 273.11, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] Except as provided in ~~subdivisions 6, 8, 9, 11, and 14~~ this section or section 273.17, subdivision 1, all property shall be valued at its market value. The market value as determined pursuant to this section shall be stated such that any amount under \$100 is rounded up to \$100 and any amount exceeding \$100 shall be rounded to the nearest \$100. In estimating and determining such value, the assessor shall not adopt a lower or different standard of value because the same is to serve as a basis of taxation, nor shall the assessor adopt as a criterion of value the price for which such property would sell at a forced sale, or in the aggregate with all the property in the town or district; but the assessor shall value each article or description of property by itself, and at such sum or price as the assessor believes the same to be fairly worth in money. The assessor shall take into account the effect on the market value of property of environmental factors in the vicinity of the property. In assessing any tract or lot of real property, the value of the land, exclusive of structures and improvements, shall be determined, and also the value of all structures and improvements thereon, and the aggregate value of the property, including all structures and improvements, excluding the value of crops growing upon cultivated land. In valuing real property upon which there is a mine or quarry, it shall be valued at such price as such property, including the mine or quarry, would sell for a fair, voluntary sale, for cash. In valuing real property which is vacant, platted property shall be assessed as provided in subdivision 14. 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. 9. Minnesota Statutes 1992, section 273.11, is amended by adding a subdivision to read:

Subd. 1a. [LIMITED MARKET VALUE.] In the case of all property classified as agricultural homestead or nonhomestead, residential homestead or nonhomestead, or noncommercial seasonal recreational residential, the assessor shall compare the value with that determined in the preceding assessment. The amount of the increase entered in the current assessment shall not exceed the greater of (1) ten percent of the value in the preceding assessment, or (2) one-third of the difference between the current assessment and the preceding assessment. This limitation shall not apply to increases in value due to improvements. For purposes of this subdivision, the term "assessment" means the value prior to any exclusion under section 273.11, subdivision 16.

The provisions of this subdivision shall be in effect only for assessment years 1993 through 1998.

For purposes of the assessment/sales ratio study conducted under section 124.2131, and the computation of state aids paid under chapters 124, 124A, and 477A, market values and net tax capacities determined under this subdivision and section 273.11, subdivision 16, shall be used.

Sec. 10. Minnesota Statutes 1992, section 273.11, subdivision 5, is amended to read:

Subd. 5. Notwithstanding any other provision of law to the contrary, the limitation contained in ~~subdivision subdivisions 1 and 1a~~ shall also apply to the authority of the local board of review as provided in section 274.01, the county board of equalization as provided in section 274.13, the state board of equalization and the commissioner of revenue as provided in sections 270.11, 270.12 and 270.16.

Sec. 11. Minnesota Statutes 1992, section 273.11, subdivision 6a, is amended to read:

Subd. 6a. [~~RESIDENTIAL FIRE-SAFETY SPRINKLER SYSTEMS.~~] For purposes of property taxation, the market value of automatic fire-safety sprinkler systems installed in existing buildings after January 1, 1992, meeting the standards of the Minnesota fire code shall be excluded from the market value of (1) existing multifamily 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 and (2) existing real estate containing four or more contiguous residential units for use by customers of the owner, such as hotels, motels, and lodging houses and (3) existing office buildings or mixed use commercial-residential buildings, in which at least one story capable of occupancy is at least 75 feet above the ground. The market value exclusion under this section shall expire if the property is sold.

Sec. 12. Minnesota Statutes 1992, section 273.11, is amended by adding a subdivision to read:

Subd. 15. [VACANT HOSPITALS.] In valuing a hospital, as defined in section 144.50, subdivision 2, that is located outside of a metropolitan county, as defined in section 473.121, subdivision 4, and that on the date of sale is vacant and not used for hospital purposes or for any other purpose, the assessor's estimated market value for taxes levied in the year of the sale shall be no greater than the sales price of the property, including both the land and the buildings, as adjusted for terms of financing. If the sale is made later than December 15, the market value as determined under this subdivision shall be used for taxes levied in the following year. This subdivision applies only if the sales price of the property was determined under an arms length transaction.

Sec. 13. Minnesota Statutes 1992, section 273.11, is amended by adding a subdivision to read:

Subd. 16. [VALUATION EXCLUSION FOR CERTAIN IMPROVEMENTS.] Improvements to homestead property made before January 2, 2003, shall be fully or partially excluded from the value of the property for assessment purposes provided that the house is at least 35 years old at the time of the improvement. In the case of an owner-occupied duplex or triplex, the improvement is eligible regardless of which portion of the property was improved.

If the property lies in a jurisdiction which is subject to a building permit process, a building permit must have been issued covering the improvement. If the property lies in a jurisdiction which is not subject to a building permit process, the improvement must add at least \$1,000 to the value of the property. Only improvements to the structure which is the residence of the qualifying homesteader or the garage qualify for the provisions of this subdivision.

Whenever a building permit is issued for property currently classified as homestead, the issuing jurisdiction shall notify the assessor of the possibility of valuation exclusion under this subdivision. The assessor may require an application process and documentation of the age of the house from the owner, if unknown.

The assessor shall note the qualifying value of each improvement on the property's record, and the sum of those amounts shall be subtracted from the value of the property in each year for ten years after the improvement has been made, at which time an amount equal to 20 percent of the qualifying value shall be added back in each of the five subsequent assessment years. The valuation exclusion shall terminate whenever (1) the property is sold, or (2) the property is reclassified to a class which does not qualify for treatment under this subdivision.

The total qualifying value for a homestead may not exceed \$50,000. The total qualifying value for a homestead with a house that is less than 70 years old may not exceed \$25,000. The term "qualifying value" means the increase in estimated market value resulting from the improvement if the improvement occurs when the house is at least 70 years old, or one-half of the increase in estimated market value resulting from the improvement otherwise. The \$25,000 and \$50,000 maximum qualifying value under this section may result from up to three separate improvements to the homestead.

Sec. 14. Minnesota Statutes 1992, section 273.112, subdivision 3, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

Sec. 15. Minnesota Statutes 1992, section 273.112, is amended by adding a subdivision to read:

Subd. 4a. Real estate devoted to golf and operated by a private club that does not meet the requirements of subdivision 3, and is not eligible for valuation and deferment under this section, must be valued for ad valorem tax purposes by the assessor as if it were converted to commercial, industrial, residential, or seasonal residential use and were platted and available for sale as individual parcels.

Sec. 16. Minnesota Statutes 1992, section 273.121, is amended to read:

273.121 [VALUATION OF REAL PROPERTY, NOTICE.]

Any county assessor or city assessor having the powers of a county assessor, valuing or classifying taxable real property shall in each year notify those persons whose property is to be assessed or reclassified that year if the person's address is known to the assessor, otherwise the occupant of the property. The notice shall be in writing and shall be sent by ordinary mail at least ten days before the meeting of the local board of review or equalization. It shall contain: (1) the amount of the valuation in terms of market value, (2) the limited market value under section 273.11, subdivision 1a, (3) the qualifying amount of any improvements under section 273.11, subdivision 16, (4) the market value subject to taxation after subtracting the amount of any qualifying improvements, (5) the new classification, (6) the assessor's office address, and (7) the dates, places, and times set for the meetings of the local board of review or equalization and the county board of equalization. If the assessment roll is not complete, the notice shall be sent by ordinary mail at least ten days prior to the date on which the board of review has adjourned. The assessor shall attach to the assessment roll a statement that the notices required by this section have been mailed. Any assessor who is not provided sufficient funds from the assessor's governing body to provide such notices, may make application to the commissioner of revenue to finance such notices. The commissioner of revenue shall conduct an investigation and, if satisfied that the assessor does not have the necessary funds, issue a certification to the commissioner of finance of the amount necessary to provide such notices. The commissioner of finance shall issue a warrant for such amount and shall deduct such amount from any state payment to such county or municipality. The necessary funds to make such payments are hereby appropriated. Failure to receive the notice shall in no way affect the validity of the assessment, the resulting tax, the procedures of any board of review or equalization, or the enforcement of delinquent taxes by statutory means.

Sec. 17. Minnesota Statutes 1992, 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, as provided in subdivision 13, of the facts upon which classification as a homestead may be determined. Notwithstanding any other law, the assessor may at any time require a homestead application to be filed in order to verify that any property classified as a homestead continues to be eligible for homestead status.

When there is a name change or a transfer of homestead property, the assessor may reclassify the property in the next assessment unless a homestead application is filed to verify that the property continues to qualify for homestead classification.

(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) Residential real estate that is occupied and used for purposes of a homestead by a relative of the owner is a homestead but only to the extent of the homestead treatment that would be provided if the related owner occupied the property. 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. Property that was classified as seasonal recreational residential property at the time when treatment under this paragraph would first apply shall continue to be classified as seasonal recreational residential property for the first ~~two~~ four assessment years beginning after the date when the relative of the owner occupies the property as a homestead; this delay also applies to property that, in the absence of this paragraph, would have been classified as seasonal recreational residential property at the time when the residence was constructed. Neither the related occupant nor the owner of the property may claim a property tax refund under chapter 290A for a homestead occupied by a relative. In the case of a residence located on agricultural land, only the house, garage, and immediately surrounding one acre of land shall be classified as a homestead under this paragraph, except as provided in paragraph (d).

(d) Agricultural property that is occupied and used for purposes of a homestead by a relative of the owner, is a homestead, only to the extent of the homestead treatment that would be provided if the related owner occupied the property, and only if all of the following criteria are met:

(1) the relative who is occupying the agricultural property is a son or daughter of the owner of the agricultural property,

(2) the owner of the agricultural property must be a Minnesota resident,

(3) the owner of the agricultural property is not eligible to receive homestead treatment on any other agricultural property in Minnesota, and

(4) the owner of the agricultural property is limited to only one agricultural homestead per family under this paragraph.

For purposes of this paragraph, "agricultural property" means the house, garage, other farm buildings and structures, and agricultural land.

Application must be made to the assessor by the owner of the agricultural property to receive homestead benefits under this paragraph. The assessor may require the necessary proof that the requirements under this paragraph have been met.

Sec. 18. Minnesota Statutes 1992, section 273.124, is amended by adding a subdivision to read:

Subd. 6a. [PRELIMINARY APPROVAL OF LEASEHOLD COOPERATIVES.] Preliminary approval for classification as a leasehold cooperative may be granted to property when a developer proposes to construct one or more residential

dwellings or buildings using funds provided by the Minnesota housing finance agency if all of the following conditions are met:

(a) The developer must present an affidavit to the county attorney and to the governing body of the municipality that includes a statement of the developer's intention to comply with all requirements in subdivision 6 and a detailed description of the plan for doing so.

(b) The commissioner of the Minnesota housing finance agency must provide the county attorney and governing body with a description of the financing and related terms the commissioner proposes to provide with respect to the project, together with an objective assessment of the likelihood that the project will comply with the requirements of subdivision 6.

(c) The county attorney must review the materials provided under paragraphs (a) and (b), and may require the developer or the Minnesota housing finance agency to provide additional information. If the county attorney determines that it is reasonably likely that the project will meet the requirements of this subdivision, the county attorney shall provide preliminary approval to treatment of the property as a leasehold cooperative.

(d) The governing body shall conduct a public hearing as provided in subdivision 6, paragraph (j), and make its preliminary findings based on the information provided by the developer and the Minnesota housing finance agency.

Upon completion of the project and creation of the leasehold cooperative, actual compliance with the requirements of this subdivision must be demonstrated, and certified by the county attorney. A second hearing by the governing body is not required.

If the county attorney finds that the homestead treatment granted pursuant to a preliminary approval under this subdivision must be revoked because the completed project failed to meet the requirements of this subdivision, the benefits of the treatment shall be recaptured. The county assessor shall determine the amount by which the tax imposed on the property was reduced because it was treated as a leasehold cooperative. The developer shall be charged an amount equal to the tax reduction received or, if the county attorney determines that the failure to meet the requirements was due to the developer's intentional disregard of the requirements, 150 percent of the tax reduction received. The penalty must be paid to the county treasurer within 90 days after receipt of a statement from the treasurer. The proceeds of the penalty shall be distributed to the local taxing jurisdictions in proportion to the amounts of their levies on the property.

Sec. 19. Minnesota Statutes 1992, 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~~ December 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 under section 273.063, in writing, ~~prior to June by December~~ prior to June by December 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~~ December 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.

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, provided that the owner of any property qualifying under this subdivision, which has not been accorded the benefits of this subdivision, may be entitled to receive homestead classification by proper application as provided in section 375.192.

The county assessor ~~shall~~ may publish in a newspaper of general circulation within the county ~~no later than June 1 of each year~~ a notice informing requesting the public of the requirement to file an application for homestead prior to June 15 as soon as practicable after acquisition of a homestead, but no later than December 15.

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

Sec. 20. Minnesota Statutes 1992, section 273.124, subdivision 13, is amended to read:

Subd. 13. [HOMESTEAD APPLICATION.] (a) A person who meets the homestead requirements under subdivision 1 must file a homestead application with the county assessor to initially obtain homestead classification.

(b) 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 four years after the initial homestead application has been filed under this subdivision, a county shall mail a homestead application to the owner of each parcel of property to verify the continued eligibility for homestead status for all properties classified as homestead within the county in the prior year's assessment. The homestead application and procedures shall be done in the same manner as contained in this subdivision for the 1993 homestead application.~~

(c) On the homestead application each owner shall disclose the location of any other residential property in the state in which the owner holds full or partial ownership and for which homestead status has been granted or has been applied for at the time of the application. Each owner must also disclose the name and social security number of any relative occupying a property qualifying as a homestead under subdivision 1, paragraph (c). Failure to disclose the information required under this paragraph may result in the imposition of the penalty provided under this subdivision.

(d) Every property owner applying for homestead classification must furnish to the county assessor 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.

(e) 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 subdivision 1, paragraph (c), in order for the property to receive homestead status, a homestead application must be filed with the assessor. The social security number of each 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.

(f) 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.

(g) 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 assessor shall classify the property as nonhomestead for the current assessment year for taxes payable in the following year, provided that the owner may be entitled to receive the homestead classification by proper application under section 375.192.

(h) 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.

(i) 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 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.

(j) 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.

(k) 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.

(l) In addition to lists of homestead properties, the commissioner may ask the counties to furnish lists of all properties and the record owners.

Sec. 21. Minnesota Statutes 1992, section 273.124, is amended by adding a subdivision to read:

Subd. 17. [OWNER-OCCUPIED MOTEL PROPERTY.] For purposes of class 1a determinations, a homestead includes that portion of property defined as a motel under chapter 157, provided that the person residing in the motel property is using that property as a homestead, is part owner, and is actively engaged in the operation of the motel business. Homestead treatment applies even if legal title to the property is in the name of a corporation or partnership and not in the name of the person residing in the motel. The homestead is limited to that portion of the motel actually occupied by the person.

A taxpayer meeting the requirements of this subdivision must notify the county assessor, or the assessor who has the powers of the county assessor under section 273.063, in writing, in order to qualify under this subdivision for 1a homestead classification.

Sec. 22. Minnesota Statutes 1992, section 273.124, is amended by adding a subdivision to read:

Subd. 18. [PROPERTY UNDERGOING RENOVATION.] Property that is not occupied as a homestead on the assessment date will be classified as a homestead if it meets each of the following requirements on that date:

(a) The structure is a single family or duplex residence.

(b) The property is owned by a church or an organization that is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986.

(c) The organization is in the process of renovating the property for use as a homestead by an individual or family whose income is no greater than 60 percent of the county or area gross median income, adjusted for family size, and that renovation process and conveyance for use as a homestead can reasonably be expected to be completed within 12 months after construction begins.

The organization must apply to the assessor for classification under this subdivision within 30 days of its acquisition of the property, and must provide the assessor with the information necessary for the assessor to determine whether the property qualifies.

Sec. 23. Minnesota Statutes 1992, section 273.13, subdivision 23, is amended to read:

Subd. 23. [CLASS 2.] (a) Class 2a property is agricultural land including any improvements that is homesteaded. The market value of the house and garage and immediately surrounding one acre of land has the same class rates as class 1a property under subdivision 22. If the market value of the house, garage, and surrounding one acre of land is less than \$115,000, the value of the remaining land including improvements equal to the difference between \$115,000 and the market value of the house, garage, and surrounding one acre of land has a net class rate of .45 percent of market value and a gross class rate of 1.75 percent of market value. The remaining value of class 2a property over \$115,000 of market value that does not exceed 320 acres has a net class rate of 1.3 percent of market value, and a gross class rate of 2.25 percent of market value. The remaining property over the \$115,000 market value in excess of 320 acres has a class rate of 1.6 percent of market value, and a gross class rate of 2.25 percent of market value.

(b) Class 2b property is (1) real estate, rural in character and used exclusively for growing trees for timber, lumber, and wood and wood products; and (2) real estate that is not improved with a structure and is used exclusively for growing trees for timber, lumber, and wood and wood products, if the owner has participated or is participating in a cost-sharing program for afforestation, reforestation, or timber stand improvement on that particular property, administered or coordinated by the commissioner of natural resources; or (3) real estate that is nonhomestead agricultural land. Class 2b property has a net class rate of 1.6 percent of market value, and a gross class rate of 2.25 percent of market value.

(c) Agricultural land as used in this section means contiguous acreage of ten acres or more, primarily used during the preceding year for agricultural purposes. Agricultural use may include pasture, timber, waste, unusable wild land, and land included in state or federal farm programs. "Agricultural purposes" as used in this section means the raising or cultivation of agricultural products.

(d) Real estate of less than ten acres used principally for raising or cultivating agricultural products, shall be considered as agricultural land, if it is not used primarily for residential purposes.

(e) The term "agricultural products" as used in this subdivision includes:

(1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing animals, horticultural and nursery stock described in sections 18.44 to 18.61, fruit of all kinds, vegetables, forage, grains, bees, and apiary products by the owner;

(2) fish bred for sale and consumption if the fish breeding occurs on land zoned for agricultural use;

(3) the commercial boarding of horses if the boarding is done in conjunction with raising or cultivating agricultural products as defined in clause (1); and

(4) property which is owned and operated by nonprofit organizations used for equestrian activities, excluding racing.

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

(1) wholesale and retail sales;

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

(3) warehousing or storage of processed goods; and

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

the assessor shall classify the part of the parcel used for agricultural purposes as class 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use. The grading, sorting, and packaging of raw agricultural products for first sale is considered an agricultural purpose. A greenhouse or other building where horticultural or nursery products are grown that is also used for the conduct of retail sales must be classified as agricultural if it is primarily used for the growing of horticultural or nursery products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products. Use of a greenhouse or building only for the display of already grown horticultural or nursery products does not qualify as an agricultural purpose.

The assessor shall determine and list separately on the records the market value of the homestead dwelling and the one acre of land on which that dwelling is located. If any farm buildings or structures are located on this homesteaded acre of land, their market value shall not be included in this separate determination.

Sec. 24. Minnesota Statutes 1992, 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~~ 3 percent of the first \$100,000 of market value for taxes payable in 1990, ~~3.2~~ 3 percent for taxes payable in 1991, ~~3.1~~ 3 percent for taxes payable in 1992, and ~~three percent~~ 3 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 shall have 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, except that:

(1) if the market value of the parcel is less than \$100,000, and additional parcels are owned by the same person or entity in the same city or town within that county, the reduced class rate shall be applied up to a combined total market value of \$100,000 for all parcels owned by the same person or entity in the same city or town within the county; and

(2) in the case of grain, fertilizer, and feed elevator facilities, as defined in section 18C.305, subdivision 1, or 232.21, subdivision 8, the limitation to one parcel per owner per county for the reduced class rate shall not apply, but there shall be a limit of \$100,000 of preferential value per site of contiguous parcels owned by the same person or entity. Only the value of the elevator portion of each parcel shall qualify for treatment under this clause. For purposes of this subdivision, contiguous parcels include parcels separated only by a railroad or public road right-of-way.

To receive the reduced class rate on additional parcels under clauses (1) and (2), the taxpayer must notify the county assessor that the taxpayer owns more than one parcel that qualifies under clause (1) or (2).

(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.

Sec. 25. Minnesota Statutes 1992, section 273.13, subdivision 25, is amended to read:

Subd. 25. [CLASS 4.] (a) Class 4a is residential real estate containing four or more units and used or held for use by the owner or by the tenants or lessees of the owner as a residence for rental periods of 30 days or more. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt under section 272.02, and contiguous property used for hospital purposes, without regard to whether the property has been platted or subdivided. Class 4a property has a class rate of 3.5 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 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. Owners of real property devoted to temporary and seasonal residential occupancy for recreation purposes and all or a portion of which was devoted to commercial purposes for not more than 250 days in the year preceding the year of assessment desiring classification as class 1c or 4c, must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located will be designated class 1c or 4c as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located will be designated as class 3a. The first \$100,000 of the market value of the remainder of the cabins or units and a proportionate share of the land on which they are located shall have a class rate of three percent. The owner of property desiring designation as class 1c or 4c property must provide guest registers or other records demonstrating that the units for which class 1c or 4c designation is sought were not occupied for more than 250 days in the second year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, and (4) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes shall not qualify for class 1c or 4c;

(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 3.2 percent 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, 1994, and 1995 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. For property for which application is made for 4c or 4d classification for taxes payable in 1994 and thereafter, and which was not classified 4c or 4d for taxes payable in 1993 those properties, 4c or 4d classification is available only for those units meeting the requirements of section 273.1318.

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

In the case of a structure financed or refinanced under any federal or state mortgage insurance or direct loan program exclusively for housing for the elderly or for housing for the handicapped, a unit shall be considered occupied so long as it is actually occupied by an elderly or handicapped person or, if vacant, is held for rental to an elderly or handicapped person.

(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) 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 occupants income eligibility and certify to the county assessor that the occupant meets the income criteria under this paragraph. To qualify under this clause, the taxpayer must apply to the county assessor by May 30 of each year. For purposes of this section, "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 except that property classified under clause (3), shall have the same class rate as class 1a property.

(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. 26. Minnesota Statutes 1992, section 273.13, subdivision 33, is amended to read:

Subd. 33. [CLASSIFICATION OF UNIMPROVED PROPERTY.] (a) ~~Except as provided in paragraph~~ All real property that is not improved with a structure must be classified according to its current use.

(b); Real property that is not improved with a structure and for which there is no identifiable current use must be classified according to its highest and best use permitted under the local zoning ordinance. If the ordinance permits more than one use, the land must be classified according to the highest and best use permitted under the ordinance. If no such ordinance exists, the assessor shall consider the most likely potential use of the unimproved land based upon the use made of surrounding land or land in proximity to the unimproved land.

~~(b) Real property that is not improved with a structure and is in commercial, industrial, or agricultural use under this section must be classified according to its actual use.~~

Sec. 27. Minnesota Statutes 1992, section 273.1318, subdivision 1, is amended to read:

Subdivision 1. [INCOME LIMITATION.] (a) Subject to the exception in paragraph (b), for a building for which application is made for class 4c for taxes payable in 1994 and thereafter, and which was not class 4c for taxes payable in 1993, only those units occupied by a household whose income is 100 percent or less of the county or area median income adjusted for family size as determined by the department of housing and urban development are eligible for class 4c.

(b) For a building for which application is made for class 4c for taxes payable in 1994 and thereafter, ~~and which was not class 4c for taxes payable in 1993, but~~ for which a formal application was received by a local, state, or federal agency for financing, refinancing, or insurance before July 1, 1992, and for a building that was classified as class 4c for taxes payable in 1993 or an earlier year, the income limit is 100 percent or less of county or area median income not adjusted for family size as determined by the department of housing and urban development.

Sec. 28. Minnesota Statutes 1992, section 273.135, subdivision 2, is amended to read:

Subd. 2. 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 \$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. 29. Minnesota Statutes 1992, section 273.33, subdivision 2, is amended to read:

Subd. 2. The personal property, consisting of the pipeline system of mains, pipes, and equipment attached thereto, of pipeline companies and others engaged in the operations or business of transporting natural gas, gasoline, crude oil, or other petroleum products by pipelines, shall be listed with and assessed by the commissioner of revenue. This subdivision shall not apply to the assessment of the products transported through the pipelines nor to the lines of local commercial gas companies engaged primarily in the business of distributing gas to consumers at retail nor to pipelines used by the owner thereof to supply natural gas or other petroleum products exclusively for such owner's own consumption and not for resale to others. If more than 85 percent of the natural gas or other petroleum products

actually transported over the pipeline is used for the owner's own consumption and not for resale to others, then this subdivision shall not apply; provided, however, that in that event, the pipeline shall be assessed in proportion to the percentage of gas actually transported over such pipeline that is not used for the owner's own consumption. On or before June 30, the commissioner shall certify to the auditor of each county, the amount of such personal property assessment against each company in each district in which such property is located.

Sec. 30. Minnesota Statutes 1992, 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 under~~ section ~~272.03, subdivision 8~~ 273.11, subdivision 1;
- (2) the property's taxable market value after reductions under sections 273.11, subdivisions 1a and 16;
- (3) 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) (4) 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) (5) for homestead residential and agricultural properties, the homestead and agricultural credit aid apportioned to the property. This amount is obtained by multiplying the total local tax rate by 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;
- (5) (6) 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) (7) the net tax payable in the manner required in paragraph (a); and

(7) (8) 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. 31. Minnesota Statutes 1992, section 375.192, subdivision 2, is amended to read:

Subd. 2. Upon written application by the owner of 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 is authorized to consider and grant reductions or abatements on applications only as they relate to taxes payable in the current year and the two prior years; provided that reductions or abatements for the two prior years shall be considered or granted only for (i) clerical errors, or (ii) when the taxpayer fails to file for a reduction or an adjustment due to hardship, as determined by the county board. 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. 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, except that the part of the application which is for the abatement of penalty or interest 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.

The county auditor shall notify the commissioner of revenue of all abatements resulting from the erroneous classification of real property, for tax purposes, as nonhomestead property. For the abatements relating to the current year's tax processed through June 30, the auditor shall notify the commissioner on or before July 31 of that same year of all abatement applications granted. For the abatements relating to the current year's tax processed after June 30 through the balance of the year, the auditor shall notify the commissioner on or before the following January 31 of all applications granted. The county auditor shall submit a form containing the social security number of the applicant and such other information the commissioner prescribes.

Sec. 32. [PENDING APPLICATIONS.]

(a) For applications under Minnesota Statutes, section 375.192, subdivision 2, pending prior to the effective date of this act, the county board's current policy is ratified by this act.

(b) If an applicant has filed a judicial action before January 1, 1993, for a reduction or abatement requiring the county to consider the application, paragraph (a) does not apply; provided, however, that no reduction or abatement may be considered by the county board for more than three years.

Sec. 33. Minnesota Statutes 1992, section 429.061, is amended by adding a subdivision to read:

Subd. 5. [SPECIAL ASSESSMENTS; ADMINISTRATIVE EXPENSES.] Notwithstanding any general or special law to the contrary, a municipality shall pay to the county auditor all administrative expenses incurred by the county under subdivision 3 for each special assessment of any local improvement certified by the municipality to the county auditor.

Sec. 34. Minnesota Statutes 1992, section 469.040, subdivision 3, is amended to read:

Subd. 3. [STATEMENT FILED WITH ASSESSOR; PERCENTAGE TAX ON RENTALS.] Notwithstanding the provisions of subdivision 1, after a housing project carried on under sections 469.016 to 469.026 has become occupied, in whole or in part, an authority shall file with the assessor, on or before ~~May 4~~ April 15 of each year, a statement of the aggregate shelter rentals of that project collected during the preceding calendar year. Unless a greater amount

has been agreed upon between the authority and the governing body or bodies for which the authority was created, in whose jurisdiction the project is located, five percent of the aggregate shelter rentals shall be charged to the authority as a service charge for the services and facilities to be furnished with respect to that project. The service charge shall be collected from the authority in the manner provided by law for the assessment and collection of taxes. The amount so collected shall be distributed to the several taxing bodies in the same proportion as the tax rate of each bears to the total tax rate of those taxing bodies. The governing body or bodies for which the authority has been created, in whose jurisdiction the project is located, may agree with the authority for the payment of a service charge for a housing project in an amount greater than five percent of the aggregate annual shelter rentals of any project, upon the basis of shelter rentals or upon another basis agreed upon. The service charge may not exceed the amount which would be payable in taxes were the property not exempt. If such an agreement is made, the service charge so agreed upon shall be collected and distributed in the manner above provided. If the project has become occupied, or if the land upon which the project is to be constructed has been acquired, the agreement shall specify the location of the project for which the agreement is made. "Shelter rental" means the total rentals of a housing project exclusive of any charge for utilities and special services such as heat, water, electricity, gas, sewage disposal, or garbage removal. "Service charge" means payment in lieu of taxes. The records of each housing project shall be open to inspection by the proper assessing officer.

Sec. 35. Laws 1985, chapter 302, section 1, subdivision 3, is amended to read:

Subd. 3. [SPECIAL SERVICES.] "Special services" means all services rendered or contracted for by the city for ~~snow, ice, and litter removal and cleaning of sidewalks, curbs, gutters, and streets and for banners and other decorations to be used to identify and promote the commercial area;~~

- (1) snow, ice removal, and sanding of public areas;
- (2) cleaning of streets, curbs, gutters, sidewalks, and alleys;
- (3) watering, fertilizing, maintenance, and replacement of trees and bushes on public right-of-way;
- (4) poster and handbill removal;
- (5) cleaning and scrubbing of sidewalks;
- (6) provision, installation, maintenance, removal, and replacement of banners and decorative items for promotion of commercial area;
- (7) repair and maintenance of sidewalks;
- (8) installation and maintenance of areawide security systems;
- (9) provision and coordination of security personnel to supplement regular city personnel;
- (10) maintenance, repair, and cleaning of commercial area directories, kiosks, benches, bus shelters, newspaper stands, trash receptacles, information booths, bicycle racks and bicycle storage containers, sculptures, murals, and other public area art pieces;
- (11) installation, maintenance, and removal of lighting on commercial area trees;
- (12) cost of electrical service for pedestrian and tree lighting;
- (13) repair of low-level pedestrian lights and poles;
- (14) provision of comprehensive liability insurance for public space improvements;
- (15) trash removal and recycling costs; and
- (16) provision, maintenance, and replacement of special signage relating to vehicle and bicycle parking, vehicle and pedestrian movement, and special events.

Special services do not include services that are ordinarily provided throughout the city from ordinary revenues of the city unless an increased level of service is provided in the special service district.

Sec. 36. Laws 1985, chapter 302, section 2, subdivision 1, is amended to read:

Subdivision 1. [ORDINANCE.] The governing body of the city may adopt ~~an ordinance~~ ordinances:

(a) establishing a special service district in the part of Minneapolis which is south of 28th Street, west of Fremont Avenue South, north of 31st Street, and east of Humboldt Avenue South East Calhoun Parkway and East Lake of the Isles Parkway; and

(b) establishing a special service district south of Sixth Street southeast, west of Sixteenth Avenue Southeast, north of a line parallel to and 200 feet south of University Avenue and east of Twelfth Avenue Southeast.

Only property which is zoned for commercial, business, or industrial use under a municipal zoning ordinance may be included in a special service district. The ordinance shall describe with particularity the areas to be included in the district and the special services to be furnished. The ordinance may not be adopted until after a public hearing on the question. Notice of the hearing shall include:

- (1) the time and place of the hearing;
- (2) a map showing the boundaries of the proposed district; and
- (3) a statement that all persons owning property in the proposed district will be given an opportunity to be heard at the hearing.

Sec. 37. Laws 1985, chapter 302, section 4, is amended to read:

Sec. 4. [ENLARGEMENT OF SPECIAL SERVICE DISTRICTS.]

The boundary of a special service district may be enlarged, ~~to an area not to exceed one square mile~~, within the part of Minneapolis described in section 2 only after hearing and notice as provided in section 2. Notice shall be served in the original district and in the area proposed to be added to the district. Property added to the district shall be subject to all taxes levied and service charges imposed within the district after the property becomes a part of the district.

Sec. 38. [LOCAL APPROVAL.]

Sections 35 to 37 take effect the day after the governing body of the city of Minneapolis complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 39. [FLOODWOOD AREA AMBULANCE DISTRICT.]

Subdivision 1. [AGREEMENT.] The city of Floodwood and one or more of the towns of Floodwood, Van Buren, Halden, Cedar Valley, Ness, Arrowhead, Fine Lakes, and Prairie Lake, may by resolution of their city council and town boards establish the Floodwood area ambulance district. The town of Ness may provide that only a described part of its territory be included within the district. The St. Louis county board may by resolution provide that property located in unorganized territory 52-21 may be included within the district. The district shall make payments of the proceeds of the tax authorized in this section to the city of Floodwood, which shall provide ambulance services throughout the territory of the district and may exercise all the powers of the city and towns that relate to ambulance service anywhere within its territory. Any other contiguous town or home rule charter or statutory city may join the district with the agreement of the cities and towns that comprise the district at the time of its application to join. Action to join the district may be taken by the city council or town board of the city or town.

Subd. 2. [BOARD.] The district shall be governed by a board composed of one member appointed by the city council or town board of each city and town in the district. A district board member may, but is not required to, be a member of a city council or town board. Except as provided in this section, members shall serve two-year terms ending the first Monday in January and until their successors are appointed and qualified. Of the members first appointed, as far as possible, the terms of one-half shall expire on the first Monday in January in the first year following their appointment and one-half the first Monday in January in the second year. The terms of those initially appointed shall be determined by lot. If an additional member is added because an additional city or town joins the district, the member's term shall be fixed so that, as far as possible, the terms of one-half of all the members expire on the same date.

Subd. 3. [TAX.] The district may impose a property tax on real and personal property in the district in an amount sufficient to discharge its operating expenses and debt payable in each year, but not to exceed \$25,000 each year. The St. Louis county auditor and treasurer shall collect the tax and pay it to the Floodwood area ambulance district.

Subd. 4. [PUBLIC INDEBTEDNESS.] The district may incur debt in the manner provided for a municipality by Minnesota Statutes, chapter 475, when necessary to accomplish a duty charged to it.

Subd. 5. [WITHDRAWAL.] Upon two years' notice, a city or town may withdraw from the district. Its territory shall remain subject to taxation for debt incurred prior to its withdrawal pursuant to Minnesota Statutes, chapter 475.

Subd. 6. [EFFECTIVE DATE.] This section is effective in the city of Floodwood, and the towns of Floodwood, Van Buren, Halden, Cedar Valley, Ness, Arrowhead, Fine Lakes, and Prairie Lake the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of each. This section is effective for unorganized territory 52-21 the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the St. Louis county board.

Sec. 40. [CITY OF DULUTH; SPECIAL SERVICE DISTRICT.]

Subdivision 1. [DEFINITIONS.] For the purpose of this section, the terms defined in this subdivision have the following meanings:

(1) "City" means the city of Duluth.

(2) "Special services" means all services rendered or contracted for by the city, including but not limited to:

(i) the construction, repair, maintenance, and operation of any improvements authorized by Minnesota Statutes, sections 429.021 and 469.126;

(ii) the acquisition of property within a special service district, including through the use of the power of eminent domain;

(iii) the sale or lease of property in the special service district at or below "market rate" for the promotion of development within the district;

(iv) parking services rendered or contracted for by the city;

(v) promotional services provided or contracted for by the city; and

(vi) any other service provided to the public by the city as authorized by law or charter.

(3) "Special service district" means a defined area within the city in which special services are rendered and the costs of special services are paid from revenues collected from service charges imposed within the area as provided in this section.

Subd. 2. [RELATION TO MINNESOTA STATUTES, CHAPTER 428A.] The creation of a special service district under this section must be in accordance with the provisions of Minnesota Statutes, chapter 428A.

Subd. 3. [ESTABLISHMENT OF SPECIAL SERVICE DISTRICT; AREA.] The governing body of the city may establish a special service district in the city. The district shall be bounded on the northwest by Interstate Highway 35, on the northeast by the centerline of Sixth Avenue West and as the same is extended to the United States Harbor Line in St. Louis Bay, on the southeast by said Harbor Line and on the southwest by the centerline of Ninth Avenue West and as the same is extended to said Harbor Line.

Subd. 4. [SERVICE CHARGES; DETERMINATION OF AMOUNT.] Service charges based on the net tax capacity of the property within the district shall be distributed in a manner determined by the city council to be a fair, equitable, and reasonable method of determination, taking into account the character and impact of the services to be provided on each parcel in the district; provided, it shall not be necessary to establish a relationship between any special service charges on a parcel of property and the value of special benefits conferred upon that property.

Subd. 5. [DELEGATION TO ECONOMIC DEVELOPMENT AUTHORITY.] After the creation of a special service district, the city council may, by resolution, delegate the operation of the district to an economic development authority created pursuant to Minnesota Statutes, sections 469.090 to 469.108.

Sec. 41. [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), or section 273.41 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. 42. [REPORT TO LEGISLATURE.]

By February 1 of each year, the commissioner of revenue shall make a report to the legislature on the use of limited market value under section 273.13, subdivision 1a, and the valuation exclusion under section 273.13, subdivision 16. For the limited market value provision, the report shall include the total value excluded from taxation by type of property for each city and town. For the valuation exclusion provision, the report shall include the total market value excluded from taxation for each city and town, as well as a breakdown of the excluded improvement amounts by age and value of the property being improved and the amount of the qualifying improvement. The county assessors shall provide the information necessary for the commissioner to compile the report in a manner prescribed by the commissioner.

Sec. 43. [REPEALER.]

(a) Minnesota Statutes 1992, section 272.115, subdivision 1a, is repealed.

(b) Minnesota Statutes 1992, section 273.124, subdivision 16, is repealed.

(c) Minnesota Statutes 1992, section 383C.78, is repealed.

Sec. 44. [EFFECTIVE DATE.]

Section 1 is effective April 1, 1994.

Sections 2, 3, clause (26), and 43, paragraph (b), are effective for taxes levied in 1993, payable in 1994, and thereafter.

Section 3, clause (25), is effective for taxes levied in 1991, payable in 1992, and thereafter. Upon application to and approval by the county auditor, the county treasurer shall refund to the taxpayer any taxes paid for 1992 that are exempt under section 3, clause (25). The refund shall be paid without interest. Each taxing jurisdiction must reimburse the county for the refund in the same proportion as the taxing jurisdiction's levy bears to the total levies of all jurisdictions for taxes payable in 1992. The amount of the reimbursement may be deducted in the next distribution of tax proceeds to the taxing jurisdiction.

Sections 4 to 7, 17, and 43, paragraph (a), are effective the day following final enactment, except that section 17, paragraphs (c) and (d) are effective for taxes payable in 1994 and thereafter.

Sections 8 to 10, 12, 19, 21 to 27, and 30 are effective for 1993 assessments for taxes payable in 1994 and subsequent years, except if provided otherwise.

Section 11, clauses (1) and (2), are effective for the 1992 assessment, taxes payable in 1993 and thereafter. Section 11, clause (3), is effective for the 1993 assessment, taxes payable in 1994 and thereafter.

Section 13 is effective for qualifying improvements made after January 2, 1993.

Sections 14 and 15 are effective for the 1994 assessment, payable in 1995, and thereafter. Notwithstanding Minnesota Statutes, section 273.112, subdivision 6, in order to qualify for valuation under Minnesota Statutes, section 273.112, for the 1994 assessment, the taxpayer of the property devoted to golf and operated by private clubs, that does not meet the requirement of Minnesota Statutes, section 273.112, subdivision 3, for the 1993 assessment year, must submit an affidavit or other written verification to the assessor showing that the bylaws in rules and regulations of the private club meet the eligibility requirements of Minnesota Statutes, section 273.112, by January 1, 1994.

Sections 16 and 18 are effective for assessment year 1994 and subsequent years.

Section 20 is effective for taxes payable in 1995 and thereafter.

Section 28 is effective for taxes payable in 1994 and thereafter.

Section 29 is effective for the 1991 assessment and thereafter, for taxes payable in 1992 and thereafter. For taxes payable in 1992 and 1993, any amounts paid by the property owner in excess of the amounts required by section 29 shall be paid by the county treasurer to the property owner under the abatement procedures.

Section 31 is effective for applications for reductions or abatements filed after the day of final enactment.

Section 33 is effective for assessments certified after July 1, 1993.

Section 40 is effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the city of Duluth.

Section 43, clause (c) is repealed effective January 2, 1993, provided that any improvements made prior to January 2, 1993, shall continue to qualify for the delayed assessment provisions under section 383C.78 for the duration of the period provided in that section.

ARTICLE 6

PROPERTY TAX REFUND

Section 1. Minnesota Statutes 1992, section 290A.03, subdivision 3, is amended to read:

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

(a) federal adjusted gross income as defined in the Internal Revenue Code; and

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

(i) all nontaxable income;

(ii) the amount of a passive activity loss that is not disallowed as a result of section 469, paragraph (i) or (m) of the Internal Revenue Code and the amount of passive activity loss carryover allowed under section 469(b) of the Internal Revenue Code;

(iii) an amount equal to the total of any discharge of qualified farm indebtedness of a solvent individual excluded from gross income under section 108(g) of the Internal Revenue Code;

(iv) cash public assistance and relief;

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

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

(vii) workers' compensation;

(viii) nontaxable strike benefits;

(ix) the gross amounts of payments received in the nature of disability income or sick pay as a result of accident, sickness, or other disability, whether funded through insurance or otherwise;

(x) a lump sum distribution under section 402(e)(3) of the Internal Revenue Code;

(xi) contributions made by the claimant to an individual retirement account, including a qualified voluntary employee contribution; simplified employee pension plan; self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal Revenue Code; and

(xii) nontaxable scholarship or fellowship grants.

In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" shall mean federal adjusted gross income reflected in the fiscal year ending in the calendar year. Federal adjusted gross income shall not be reduced by the amount of a net operating loss carryback or carryforward or a capital loss carryback or carryforward allowed for the year.

(2) "Income" does not include

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

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

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

(d) relief granted under this chapter; or

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

(3) The sum of the following amounts may be subtracted from income:

(a) for the claimant's first dependent, the exemption amount multiplied by 1.4;

(b) for the claimant's second dependent, the exemption amount multiplied by 1.3;

(c) for the claimant's third dependent, the exemption amount multiplied by 1.2;

(d) for the claimant's fourth dependent, the exemption amount multiplied by 1.1;

(e) for the claimant's fifth dependent, the exemption amount; and

(f) if the claimant or claimant's spouse was disabled or attained the age of 65 ~~prior to June 1~~ on or before December 31 of the year for which the taxes were levied or rent paid, the exemption amount.

For purposes of this subdivision, the "exemption amount" means the exemption amount under section 151(d) of the Internal Revenue Code of 1986, as amended through December 31, 1991, for the taxable year for which the income is reported.

Sec. 2. Minnesota Statutes 1992, section 290A.03, subdivision 7, is amended to read:

Subd. 7. [DEPENDENT.] "Dependent" means any person who is considered a dependent under sections 151 and 152 of the Internal Revenue Code of 1986, as amended through December 31, 1991. In the case of a son, stepson, daughter, or stepdaughter of the claimant, amounts received as an aid to families with dependent children grant or allowance to or on behalf of the child, surplus food, or other relief in kind supplied by a governmental agency must not be taken into account in determining whether the child received more than half of the child's support from the claimant.

Sec. 3. Minnesota Statutes 1992, section 290A.03, subdivision 8, is amended to read:

Subd. 8. [CLAIMANT.] (a) "Claimant" means a person, other than a dependent, as defined under sections 151 and 152 of the Internal Revenue Code of 1986, as amended through December 31, 1992, disregarding section 152(b)(3) of the Internal Revenue Code, 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.54, 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. 4. Minnesota Statutes 1992, section 290A.04, subdivision 2h, is amended to read:

Subd. 2h. (a) If the gross property taxes payable on a homestead increase more than 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 \$80 or more for taxes payable in 1993, and \$100 or more for taxes payable in 1994, 1995, and 1996, a claimant who is a homeowner shall be allowed an additional refund equal to 75 percent of the amount of the increase over the greater of 12 percent of the prior year's net property taxes payable or \$80 for taxes payable in 1993, and 75 percent of the amount of the increase over the greater of 12 percent of the prior year's net property taxes payable or \$100 for taxes payable in 1994, 1995, and 1996. 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, 1993, 1994, and 1995, 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 1994, 1995, and 1996 exceed \$5,500,000, for each of the three years the commissioner shall increase the \$100 amount of tax increase which must occur before a taxpayer qualifies for a refund, and increase by an equal amount the \$100 threshold used in determining the amount of the refund, so that the estimated total refund claims do not exceed \$5,500,000 for taxes payable in 1994, for taxes payable in 1995, or for taxes payable in 1996.

The determinations of the revised thresholds by the commissioner are not rules subject to chapter 14.

Sec. 5. Minnesota Statutes 1992, section 290A.04, is amended by adding a subdivision to read:

Subd. 6. [INFLATION ADJUSTMENT.] Beginning for property tax refunds payable in calendar year 1995, the commissioner shall annually adjust the dollar amounts of the income thresholds and the maximum refunds under subdivisions 2 and 2a for inflation. The commissioner shall make the inflation adjustments in accordance with section 290.06, subdivision 2d, except that for purposes of this subdivision the percentage increase shall be determined from the year ending on August 31, 1993, to the year ending on August 31 of the year preceding that in which the refund is payable. The commissioner shall round the thresholds and the maximum amounts, as adjusted to the nearest \$10 amount. If the amount ends in \$5, the commissioner shall round it up to the next \$10 amount.

The commissioner shall annually announce the adjusted refund schedule at the same time provided under section 290.06. The determination of the commissioner under this subdivision is not a rule under the administrative procedures act.

Sec. 6. Minnesota Statutes 1992, section 290A.23, is amended to read:

290A.23 [APPROPRIATION.]

Subdivision 1. ~~[RENTERS CREDIT AND TARGETING.]~~ For payments made before July 1, 1996, there is appropriated from the general fund in the state treasury to the commissioner of revenue the amount necessary to make the payments required under section 290A.04, subdivisions 2a and 2h. For payments made after June 30, 1996, the amount necessary to make the payments required under section 290A.04, subdivision 2a, are appropriated to the commissioner of revenue from the local government trust fund.

Subd. 2. ~~[HOMEOWNERS PROPERTY TAX REFUND AND TARGETING.]~~ There is appropriated from the local government trust fund to the commissioner of revenue the amount necessary to make the payments required under section 290A.04, subdivisions 2 and 2h.

Sec. 7. [INCREASE IN PROPERTY TAX REFUNDS FOR RENTERS.]

(a) On the basis of the most recent forecast of local government trust fund revenues and expenditures, not including expenditures under this section, the commissioner of finance shall determine on or before July 1, 1994, whether the local government trust fund revenues for fiscal year 1995 will exceed the amount appropriated from the fund. If the amount of revenues are estimated to exceed appropriations, up to the first \$3,000,000 of the excess is appropriated from the local government trust fund to the commissioner of revenue to increase the payment of property tax refunds to renters under Minnesota Statutes, section 290A.04, subdivision 2a, for claims relating to rent constituting property

taxes for rents paid in 1993. The commissioner shall proportionately increase each claimant's refund by an amount the commissioner estimates is sufficient to pay out the additional appropriation. The amount paid to a claimant under this appropriation is not subject to the limitations under Minnesota Statutes, chapter 290A, on the maximum amount of a refund. The additional refund under this section shall be included with the originally authorized refund and paid at the same time as prescribed for the original refund under Minnesota Statutes, section 290A.07. The commissioner's adjustments are final. If, as a result of the commissioner's estimates the additional refund paid under this section exceeds the amount the commissioner originally determined as the available local government trust fund surplus, the excess is appropriated first from any remaining local government trust fund surplus and then, if necessary, from the general fund.

(b) If an additional appropriation is made under the provision of paragraph (a), the commissioner of revenue shall recommend modifications of the property tax refund schedule to the 1995 legislature to provide an equivalent permanent increase in the property tax refund for renters.

Sec. 8. [EFFECTIVE DATE.]

Section 1 is effective for refunds payable for rents paid in 1993 and property taxes payable in 1994, and thereafter.

Sections 2 and 3 are effective for refunds payable for rents paid in 1992 and property taxes payable in 1993, and thereafter.

Section 4 is effective for refunds for property taxes payable in 1994, 1995, and 1996 only.

ARTICLE 7

TRUTH IN TAXATION AND LEVY LIMIT TECHNICAL

Section 1. Minnesota Statutes 1992, section 103B.635, subdivision 2, is amended to read:

Subd. 2. [MUNICIPAL FUNDING OF DISTRICT.] (a) The governing body or board of supervisors of each municipality in the district must provide the funds necessary to meet its proportion of the total cost determined by the board, provided the total funding from all municipalities in the district for the costs shall not exceed an amount equal to .00242 percent of the total taxable market value within the district, unless three-fourths of the municipalities in the district pass a resolution concurring to the additional costs.

~~(b) A municipality may raise the funds by any means that the municipality has to raise funds. The municipalities may each levy a tax not to exceed .00242 percent of taxable market value on the taxable property located in the district for funding the district. The levy must be within all other limitations provided by law.~~

(c) The funds must be deposited in the treasury of the district in amounts and at times as the treasurer of the district requires.

Sec. 2. Minnesota Statutes 1992, section 134.001, is amended by adding a subdivision to read:

Subd. 8. [REGIONAL PUBLIC LIBRARY DISTRICT.] "Regional public library district" means a governmental unit formed according to this chapter to operate multicounty public library services.

Sec. 3. [134.201] [REGIONAL LIBRARY DISTRICT.]

Subdivision 1. [ESTABLISHMENT.] Regional public library districts may be established under this section in the areas of the existing Great River Regional library system and the East Central Regional library system. The geographic boundaries shall be those established by the state board of education under section 134.34, subdivision 3.

Subd. 2. [FORMATION.] A regional public library district may be formed by:

(1) approval of a majority of the city councils and boards of county commissioners of the cities and counties that finance regional public library system services and represent a majority of the population to be served; or

(2) a majority of those voting on the issue in the entire area to be served by the district in a referendum called after petitions for the referendum have been filed in each of the local governmental units. Petitions must be signed by

eligible voters in a number not less than five percent of the number of persons who voted in the last general election in each city and county that is a party to the system contract or agreement.

A city that is not participating in a regional public library system may join the district by majority vote of the city council or by referendum under clause (2) and with the approval of the board of the regional public library district.

Subd. 3. [TERMINATION.] A regional public library district may be terminated at any time after the district has been in operation for three years. The procedure for termination is the same as that for creation under subdivision 2, clause (2).

Subd. 4. [BOARD.] (a) If the district is formed under subdivision 2, clause (1), the board of the public regional library district shall be composed of one county commissioner or the commissioner's designee from each county in the district's service area and one elected member from each county for each ten percent or a major fraction of the district's population. A majority of the members of the board must be elected members.

(b) If the district is formed under subdivision 2, clause (2), the board of the regional library district shall be composed of one member elected from each county in the district's service area and one member elected from each county for each ten percent or a major fraction of the district's population.

(c) Elected board members shall be elected at large from a county at a November election. Board members elected shall assume office on the following January 2. The term of a member shall be four years, with the terms of an initial board to expire in two years for one-half of the members. The board shall organize itself under section 134.11, subdivision 1. The board has the powers and duties set forth in section 134.11, subdivision 2.

Subd. 5. [GENERAL LEVY AUTHORITY.] The board may levy for operation of public library service. This levy shall replace levies for operation of public library service by cities and counties authorized in section 134.07. The amount levied shall be spread on the net tax capacity of all taxable property in the district at a uniform tax rate.

(a) The maximum amount that may be levied by a board under this section is the greater of: (1) the statewide average local support per capita for public library services for the most recent reporting period available, as certified by the commissioner of education, multiplied by the population of the district according to the most recent estimate of the state demographer or the metropolitan council; or (2) the total amount provided by participating counties and cities under section 134.34, subdivision 4, during the year preceding the first year of operation.

(b) For its first year of operation, the board shall levy an amount not less than the total dollar amount provided by participating cities and counties during the preceding year under section 134.34, subdivision 4.

Subd. 6. [BASIC SYSTEM SUPPORT GRANT.] A regional public library district that meets federal and state requirements for a regional library basic system support grant is eligible to receive a grant. A regional library basic system support grant shall not be made to a regional public library district if the district board reduces its levy for operation of public library service below the amount of the levy in the preceding year.

Subd. 7. [LIBRARY BUILDINGS.] In addition to the levy authorized in subdivision 5 and all other levies authorized for cities and counties, a city or county served by a library district may levy for the construction, acquisition, maintenance, and utilities costs of library buildings. The board of a district may issue bonds, with an election, according to chapter 475 or levy under this section a special capital levy for capital improvements for a library building. A district may purchase or lease a building to be used for library purposes from a city or county.

Subd. 8. [BORROW MONEY.] The board of a district may borrow money and issue tax anticipation certificates as needed to provide library services or for library buildings.

Subd. 9. [TRANSITION PROVISIONS.] If a regional public library system is reorganized into a regional public library district there will be a transition period. The transition period shall begin at the time the regional public library system board adopts a resolution that recommends formation of a district to its participants and that sets an effective date for the establishment of the district. During the transition period participating counties and cities must fund public library services under their existing contracts, and planning for administrative changes may occur. The regional public library system board shall continue until the district board members assume their duties, at which time the transition period ends.

Subd. 10. [ASSUMPTION OF ASSETS, LIABILITIES, AND CONTRACTS.] Upon assumption of responsibilities by the regional public library district board, the regional public library system assets, liabilities, and existing contracts, including contracts negotiated under chapter 179A, shall become the assets, liabilities, and contracts of the regional public library district board.

Sec. 4. Minnesota Statutes 1992, section 134.35, subdivision 1, is amended to read:

Subdivision 1. [GRANT APPLICATION.] Any regional public library system which qualifies according to the provisions of section 134.34 may apply for an annual grant for regional library basic system support. Regional public library districts under section 134.201 may not compensate board members using grant funds. The amount of each grant for each fiscal year shall be calculated as provided in this section.

Sec. 5. Minnesota Statutes 1992, section 134.351, subdivision 4, is amended to read:

Subd. 4. [GOVERNANCE.] In any area where the boundaries of a proposed multicounty, multitype library system coincide with the boundaries of the regional library system or district, the regional library system or district board shall be designated as the governing board for the multicounty, multitype library system. In any area where a proposed multicounty, multitype library system encompasses more than one regional library system or district, the governing board of the multicounty, multitype library system shall consist of nine members appointed by the cooperating regional library system or district boards from their own membership in proportion to the population served by each cooperating regional library system or district. In each multicounty, multitype library system there shall be established an advisory committee consisting of two representatives of public libraries, two representatives of school media services, one representative of special libraries, one representative of public supported academic libraries, and one representative of private academic libraries. The advisory committee shall recommend needed policy to the system governing board.

Sec. 6. Minnesota Statutes 1992, section 204D.19, is amended by adding a subdivision to read:

Subd. 5. [PROHIBITION.] No special election shall be held under this section on the second Tuesday in December.

Sec. 7. Minnesota Statutes 1992, section 205.10, is amended by adding a subdivision to read:

Subd. 3. [PROHIBITION.] No special election shall be held under this section on the second Tuesday in December.

Sec. 8. Minnesota Statutes 1992, section 205A.05, subdivision 1, is amended to read:

Subdivision 1. [QUESTIONS.] Special elections must be held for a school district on a question on which the voters are authorized by law to pass judgment. The school board may on its own motion call a special election to vote on any matter requiring approval of the voters of a district. Upon petition of 50 or more voters of the school district or five percent of the number of voters voting at the preceding regular school district election, the school board shall by resolution call a special election to vote on any matter requiring approval of the voters of a district. A question is carried only with the majority in its favor required by law. The election officials for a special election are the same as for the most recent school district general election unless changed according to law. Otherwise, special elections must be conducted and the returns made in the manner provided for the school district general election. A special election may not be held during the 30 days before and the 30 days after the state primary or state general election, or on the second Tuesday in December. In addition, a special election may not be held during the 20 days before and the 20 days after any regularly scheduled election of a municipality wholly or partially within the school district. Notwithstanding any other law to the contrary, the time period in which a special election must be conducted under any other law may be extended by the school board to conform with the requirements of this subdivision.

Sec. 9. Minnesota Statutes 1992, 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 after November 10 and on or before November 24 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 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~~ including regional library districts established under section 134.201, and including the metropolitan taxing districts as defined in paragraph (i), but excluding all other special taxing districts and towns, 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. For 1993, the notice must clearly state that each taxing authority holding a public meeting will describe the increases or decreases of the total budget, including employee and independent contractor compensation in the prior year, current year, and the proposed budget year.

(d) The notice must state for each parcel:

(1) the market value of the property as ~~defined~~ determined under section ~~272.03, subdivision 8~~ 273.11, and used for computing property taxes payable in the following year and for taxes payable in the current year; and, in the case of residential property, whether the property is classified as homestead or nonhomestead. The notice must clearly inform taxpayers of the years to which the market values apply and that the values are final values;

(2) by county, city or town, school district ~~excess referenda~~ levy, remaining school district levy, regional library district, if in existence, the total of the metropolitan special taxing districts as defined in paragraph (i) and the sum of the remaining special taxing districts, and as a total of the taxing authorities, including all 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 the city of Minneapolis, the levy for the Minneapolis library board and the levy for Minneapolis park and recreation shall be listed separately from the remaining amount of the city's levy. 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.

(e) 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.

(f) 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.

(g) 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.

(h) 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.

(i) For purposes of this subdivision, subdivisions 5a and 6, "metropolitan special taxing districts" means the following taxing districts in the seven-county metropolitan area that levy a property tax for any of the specified purposes listed below:

(1) metropolitan council under section 473.132, 473.167, 473.249, 473.325, 473.521, 473.547, or 473.834;

(2) metropolitan airports commission under section 473.667, 473.671, or 473.672;

(3) regional transit board under section 473.446; and

(4) metropolitan mosquito control commission under section 473.711.

For purposes of this section, any levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A shall be included with the appropriate county's levy and shall be discussed at that county's public hearing.

The notice must be mailed or posted by the taxpayer by November 27 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. 10. Minnesota Statutes 1992, 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, a metropolitan special taxing district as defined in subdivision 3, paragraph (i), a regional library district established under section 134.201, 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. 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 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 10 point, except that the property tax amounts and percentages may be in 9 point type.~~

~~For a city that has a population of 2,500 or more, a county or a school district, 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 14 point, except that the property tax amounts and percentages may be in 12 point type.~~

The advertisement must be at least one-eighth page in size of a standard-size or a tabloid-size newspaper. 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.

For purposes of this section, the metropolitan special taxing district's advertisement must only be published in the Minneapolis Star and Tribune and the St. Paul Pioneer Press.

(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/Metropolitan
Special Taxing District/Regional
Library District) of

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

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/metropolitan special taxing district/regional library 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)."

(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 4A.02.

(e) The commissioner of revenue, subject to the approval of the chairs of the house and senate tax committees, shall prescribe the form and format of the advertisement.

(f) For calendar year 1993, each taxing authority required to publish an advertisement must include on the advertisement a statement that information on the increases or decreases of the total budget, including employee and independent contractor compensation in the prior year, current year, and proposed budget year will be discussed at the hearing.

(g) Notwithstanding paragraph (f), for 1993, the commissioner of revenue shall prescribe the form, format, and content of an advertisement comparing current and proposed expense budgets for the metropolitan council, the metropolitan airports commission, the metropolitan mosquito control commission, and the regional transit board. The expense budget must include occupancy, personnel, contractual and capital improvement expenses. The form, format, and content of the advertisement must be approved by the chairs of the house and senate tax committees prior to publication.

Sec. 11. Minnesota Statutes 1992, section 275.065, subdivision 6, is amended to read:

Subd. 6. [PUBLIC HEARING; ADOPTION OF BUDGET AND LEVY.] Between November 29 and December 20, the governing bodies of the city and county, metropolitan special taxing districts as defined in subdivision 3, paragraph (i), and regional library districts shall each hold a public hearing to adopt discuss and seek public comment on 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 proposed property tax levy for taxes payable in the following year. The metropolitan special taxing districts shall be required to hold only a single joint public hearing, the location of which will be determined by the affected metropolitan agencies.

At the a subsequent 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, metropolitan special taxing district, regional library district, 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, 124B.03, subdivision 2, or 136C.411, after the proposed levy was certified;

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

(3) the amount of a levy to pay principal and interest on bonds issued or approved by the voters under section 475.58 after the proposed levy was certified;

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

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

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

At the hearing under this subdivision, 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. At the hearing held in 1993 only, specific information for previous year, current year, and proposed budget year must be presented on:

- (i) percent of total proposed budget representing total compensation cost;
- (ii) numbers of employees by general classification, and whether full or part time;
- (iii) number and budgeted expenditures for independent contractors; and
- (iv) the effect of budget increases or decreases on the proposed property tax levy.

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.~~ At a subsequent hearing, 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 governing body of a county shall hold ~~its~~ a hearing on the second Tuesday in December each year, and may hold additional hearings on other dates before December 20 if necessary for the convenience of county residents. The county auditor shall provide for the coordination of hearing dates for all cities and school districts within the county.

By August 15 10, each school board and the board of the regional library district shall certify to the county auditors of the counties in which the school district or regional library district is located the dates on which it elects to hold its hearings and any continuations. If a school board or regional library district does not certify the dates by August 15 10, the auditor will assign the hearing date. The dates elected or assigned must not conflict with the county hearing dates. The county auditor shall coordinate with the metropolitan special taxing districts as defined in subdivision 3, paragraph (i), a date on which the metropolitan special taxing districts will hold their joint public hearing and any continuation. By August 20, the county auditor shall notify the clerks of the cities within the county of the dates on which school districts, metropolitan special taxing districts, and regional library 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. The city must not select dates that conflict with the county hearing dates, metropolitan special taxing district dates, or with those elected by or assigned to the school districts or regional library district in which the city is located.

The county hearing dates and the city, metropolitan special taxing district, regional library district, and school district hearing dates must be designated on the notices required under subdivision 3. The continuation dates need not be stated on the notices.

This subdivision does not apply to towns and special taxing districts other than regional library districts and metropolitan special taxing districts.

Notwithstanding the requirements of this section, the employer is required to meet and negotiate over employee compensation as provided for in chapter 179A.

Sec. 12. Minnesota Statutes 1992, section 275.065, is amended by adding a subdivision to read:

Subd. 8. [HEARING.] Notwithstanding any other provision of law, Ramsey county, the city of St. Paul, and independent school district No. 625 are authorized to and shall hold their public hearing jointly. The hearing must be held on the second Tuesday of December each year. The advertisement required in subdivision 5a may be a joint advertisement. The hearing is otherwise subject to the requirements of this section.

Ramsey county is authorized to hold an additional hearing or hearings as provided under this section, provided that any additional hearings must not conflict with the hearing dates of the other taxing districts. However, if Ramsey county elects not to hold such additional hearing or hearings, the joint hearing required by this subdivision must be held in a St. Paul location convenient to residents of Ramsey county.

Sec. 13. Minnesota Statutes 1992, 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, the total of the metropolitan special taxing districts as defined in section 275.065, subdivision 3, paragraph (i), school district excess referenda levy, remaining school district levy, and the total of other voter approved referenda levies based on market value under section 275.61 must be separately stated. The amounts due all other special 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 the total local tax rate by 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;

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

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

~~(7) any additional amount of tax authorized under sections 124A.03, subdivision 2a, and 275.61. 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. 14. [383A.75] [JOINT PROPERTY TAX ADVISORY COMMITTEE.]

Subdivision 1. [CREATION.] There is created the joint property tax advisory committee.

Subd. 2. [MEMBERSHIP.] The membership of the committee consists of the mayor and up to three members of the city council of the city of St. Paul; the county manager and up to three members of the county board of Ramsey county; and the superintendent and up to three members of the board of education of independent school district No. 625. The chair of the Ramsey county league of local governments shall be a nonvoting ex officio member. The committee shall be convened by the mayor of St. Paul, and at the first meeting, the chair for the first year must be determined by lot, and thereafter, the chair must annually rotate among the mayor or designee, the superintendent or designee, and the county manager or designee.

Subd. 3. [DUTIES.] The committee is authorized to and shall meet from time to time to make appropriate recommendations for the efficient and effective use of property tax dollars raised by the jurisdictions for programs, buildings, and operations. In addition, the committee shall:

(1) identify trends and factors likely to be driving budget outcomes over the next five years with recommendations for how the jurisdictions should manage those trends and factors to increase efficiency and effectiveness;

(2) agree, by August 1 of each year, on the appropriate level of overall property tax levy for the three jurisdictions and publicly report such to the governing bodies of each jurisdiction for ratification or modification by resolution;

(3) plan for the joint truth-in-taxation hearings under section 275.065, subdivision 8; and

(4) identify, by December 31 of each year, areas of the budget to be targeted in the coming year for joint review to improve services or achieve efficiencies.

In carrying out its duties, the committee shall consult with public employees of each jurisdiction and with other stakeholders of the city, county, and school district, as appropriate.

Subd. 4. [STAFF; FUNDING.] The committee must be staffed by employees as designated by each jurisdiction. The committee may also seek public or private funding from any source to assist its work and may utilize volunteer help as appropriate.

Subd. 5. [RECOGNITION OF INNOVATIVE EFFORTS BY LOCAL EMPLOYEES.] The committee may use public or private funding to recognize or reward efforts by local government employees to restructure service delivery to improve efficiency or achieve cost savings.

Sec. 15. Minnesota Statutes 1992, section 473.13, subdivision 1, is amended to read:

Subdivision 1. [BUDGET.] On or before ~~October 4~~ December 20 of each year the council, after a the public hearing required in section 275.065, shall adopt a final budget covering its anticipated receipts and disbursements for the ensuing year and shall decide upon the total amount necessary to be raised from ad valorem tax levies to meet its budget. The budget shall state in detail the expenditures for each program to be undertaken, including the expenses for salaries, consultant services, overhead, travel, printing, and other items. The budget shall state in detail the capital expenditures of the council for the budget year, based on a five-year capital program adopted by the council and transmitted to the legislature. After adoption of the budget, an increase of over \$10,000 in the council's budget, a program or department budget, or a budget item, must be approved by the council before the increase is allowed or the funds obligated. After adoption of the budget and no later than ~~October 4~~ five working days after December 20, the council shall certify to the auditor of each metropolitan county the share of the tax to be levied within that county, which must be an amount bearing the same proportion to the total levy agreed on by the council as the net tax capacity of the county bears to the net tax capacity of the metropolitan area. The maximum amount of any levy made for the purpose of this chapter may not exceed the limits set by sections 473.167 and 473.249.

Sec. 16. Minnesota Statutes 1992, section 473.1623, subdivision 3, is amended to read:

Subd. 3. [FINANCIAL REPORT.] By ~~December~~ February 15 of even-numbered years, the council, in consultation with the advisory committee, shall publish a consolidated financial report for the council and all metropolitan agencies and their functions, services, and systems. The financial report must cover the calendar year in which the report is published and the ~~two~~ three years preceding and ~~three~~ two years succeeding that year. The financial report must

contain the following information, for each agency, function, or system, respectively, and in the aggregate, in a consistent format that allows comparison over time and among agencies in expenditure and revenue categories:

- (1) financial policies, goals, and priorities;
- (2) levels and allocation of public expenditure, including capital, debt, operating, and pass-through funds, stated in the aggregate and by appropriate functional, programmatic, administrative, and geographic categories, and the changes in expenditure levels and allocations that the report represents;
- (3) the resources available under existing fiscal policy;
- (4) additional resources, if any, that are or may be required;
- (5) changes in council or agency policies on regional sources of revenue and in levels of debt, user charges, and taxes;
- (6) other changes in existing fiscal policy, on regional revenues and intergovernmental aids respectively, that are expected or that have been or may be recommended by the council or the respective agencies;
- (7) an analysis that links, as far as practicable, the uses of funds and the sources of funds, by appropriate categories and in the aggregate;
- (8) a description of how the fiscal policies effectuate current policy and implementation plans of the council and agencies concerned; and
- (9) a summary of significant changes in council and agency finance and an analysis of fiscal trends.

The council shall present the report for discussion and comment at a public meeting in the metropolitan area and request, in writing, an opportunity to make presentations on the report before appropriate committees of the legislature.

Sec. 17. Minnesota Statutes 1992, section 473.167, subdivision 4, is amended to read:

Subd. 4. [STATE REVIEW.] The commissioner of revenue shall certify the council's levy limitation under this section to the council by August 1 of the levy year. The council must certify its proposed property tax levy to the commissioner of revenue by ~~August 1~~ September 1 of the levy year. The commissioner of revenue shall annually determine whether the property tax for the right-of-way acquisition loan fund certified by the metropolitan council for levy following the adoption of its proposed budget is within the levy limitation imposed by this section. The determination must be completed prior to ~~September 1~~ September 10 of each year. If current information regarding market valuation in any county is not transmitted to the commissioner in a timely manner, the commissioner may estimate the current market valuation within that county for purposes of making the calculation.

Sec. 18. Minnesota Statutes 1992, section 473.249, subdivision 2, is amended to read:

Subd. 2. The commissioner of revenue shall certify the council's levy limitation under this section to the council by August 1 of the levy year. The council must certify its proposed property tax levy to the commissioner of revenue by ~~August 1~~ September 1 of the levy year. The commissioner of revenue shall annually determine whether the ad valorem property tax certified by the metropolitan council for levy following the adoption of its proposed budget is within the levy limitation imposed by this section. The determination shall be completed prior to ~~September 1~~ 10 of each year. If current information regarding gross tax capacity in any county is not transmitted to the commissioner in a timely manner, the commissioner may estimate the current gross tax capacity within that county for purposes of making the calculation.

Sec. 19. Minnesota Statutes 1992, section 473.446, subdivision 8, is amended to read:

Subd. 8. [STATE REVIEW.] The board must certify its property tax levy to the commissioner of revenue by August 1 of the levy year. The commissioner of revenue shall annually determine whether the property tax for general purposes certified by the regional transit board for levy following the adoption of its budget is within the levy limitation imposed by subdivision 1. The commissioner shall also annually determine whether the transit tax imposed on all taxable property within the metropolitan transit area but outside of the metropolitan transit taxing district is

within the levy limitation imposed by subdivision 1a. The determination must be completed prior to September 4 10 of each year. If current information regarding market valuation in any county is not transmitted to the commissioner in a timely manner, the commissioner may estimate the current market valuation within that county for purposes of making the calculations.

Sec. 20. Minnesota Statutes 1992, section 473.711, subdivision 5, is amended to read:

Subd. 5. [STATE REVIEW.] The commission must certify its property tax levy to the commissioner of revenue by August 1 of the levy year. The commissioner of revenue shall annually determine whether the property tax certified by the metropolitan mosquito control commission for levy following the adoption of its budget is within the levy limitation imposed by subdivision 2. The determination must be completed prior to September 4 10 of each year. If current information regarding market valuation in any county is not transmitted to the commissioner in a timely manner, the commissioner may estimate the current market valuation within that county for purposes of making the calculation.

Sec. 21. Laws 1953, chapter 387, section 1, is amended to read:

Section 1. [Library board, Minneapolis.] The library board of any city now or hereafter having more than 450,000 inhabitants may levy annually on all real and personal property within such city a tax ~~not exceeding four mills on each dollar of the assessed valuation of such city~~ for the establishment, maintenance and government of the libraries of such city, and for the payment of all other expenses proper and incidental to the establishment, maintenance and government of such libraries. ~~The tax herein authorized to be levied shall not at any time be in excess of the maximum rate of taxation fixed for the purposes herein mentioned by any board or department of any such city upon whom the duty of fixing the maximum rate of taxation for the various boards and departments thereof is placed by the charter of such city. For the purpose of determining such tax limitations the property classified as Class 3b or as Class 3c by Section 273.13 M.S. may be computed at 33 1/3 percent and 40 percent, respectively, of the full and true value of such real property is not subject to any limitations on levies in the city charter.~~

Sec. 22. Laws 1969, chapter 561, section 1, is amended to read:

Section 1. [Minneapolis, city of; park improvement fund; tax levy.] The board of park commissioners of the City of Minneapolis may create a park improvement fund to be maintained by an annual tax levy on the real and personal property of the city ~~not exceeding six tenths of a mill on each dollar of the assessed valuation of the city~~. The amount of any such levy shall be subject to the supervision of any fiscal control agency which is now or hereafter provided in the charter of any such city, but is not subject to any charter limitation on the amount of levies for this purpose.

Sec. 23. Laws 1971, chapter 373, section 1, is amended to read:

Section 1. [MINNEAPOLIS, CITY OF; TAX LEVY FOR PARK AND RECREATION FACILITIES.] Subdivision 1. The park and recreation board of the city of Minneapolis may levy annually on the real and personal property of the city ~~a tax not exceeding 8.7 mills on each dollar of the assessed valuation of the city~~ for the purpose of acquiring, equipping, improving, maintaining, operating, and governing parks, parkways, playgrounds and other recreational facilities, and conducting recreational programs for the public use.

Sec. 24. Laws 1971, chapter 373, section 2, is amended to read:

Sec. 2. Any levy under this act shall ~~not~~ be in addition to any levy now authorized for any of such purposes by the charter of the city or by Laws 1969, Chapter 592; the amount of such levy shall be subject to the supervision of any fiscal control agency which is now or hereafter provided in the charter of any such city. All taxes so levied shall be certified to the county auditor on or before ~~October 10~~ September 1 each year, and shall be collected with, and the payment thereof enforced, in the same manner as the general tax and with like penalties and interest.

Sec. 25. Laws 1971, chapter 455, section 1, is amended to read:

Section 1. [MINNEAPOLIS, CITY OF; PARKS AND PARKWAYS; MAINTENANCE FUND; CREATION OF FUND, TAX LEVY.] The park and recreation board of the city of Minneapolis may create a park rehabilitation and parkway maintenance fund to be maintained by an annual tax levy on the real and personal property of the city ~~not exceeding 1.1 mills on each dollar of the assessed valuation of the city~~. The amount of any such levy shall be subject to the supervision of any fiscal control agency which is now or hereafter provided in the charter of any such city, but is not subject to any charter limitations on the amount of levies for this purpose.

Sec. 26. [CANCELLATION OF LEVY LIMIT PENALTIES.]

Any penalty imposed on a local government under Minnesota Statutes 1990, section 275.51, subdivision 4, is canceled provided that (1) the penalty has not been collected from aid payments to the local government by the end of calendar year 1992 and (2) the local government is not certified to receive any aid in 1993 from which the penalty can be collected.

Sec. 27. [APPLICATION.]

The provisions of this article relating to metropolitan taxing districts apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 28. [REPEALER.]

Laws 1953, chapter 387, section 2; Laws 1963, chapter 603, section 1; and Laws 1969, chapter 592, sections 1, 2, and 3, are repealed.

Sec. 29. [EFFECTIVE DATE.]

Sections 1, 6 to 8, 13, 15 to 25, 27, and 28 are effective for taxes levied in 1993, payable in 1994 and thereafter.

Section 3, subdivision 5, and the provisions of sections 9 to 11 relating to regional library districts are effective for property taxes levied in 1994, payable in 1995, and thereafter. The other provisions of sections 9 to 11 are effective for property taxes levied in 1993, payable in 1994 and thereafter.

Sections 12 and 14 are effective the day following final enactment and without local approval, as provided in Minnesota Statutes, section 645.023, subdivision 1, clause (a), and shall expire after December 31, 1997.

Section 26 is effective beginning with aids payable in calendar year 1993.

ARTICLE 8

INCOME TAX AND FEDERAL UPDATE

Section 1. Minnesota Statutes 1992, section 289A.09, is amended by adding a subdivision to read:

Subd. 3. [FEDERAL ANNUITIES; TAX WITHHOLDING REQUEST.] The commissioner of revenue shall participate with the United States Office of Personnel Management in a program of voluntary state income tax withholding on the federal annuities of retired federal employees. Upon the request of the taxpayer to the commissioner of revenue, and only on request of the taxpayer, the commissioner shall provide for state income tax withholding on federal annuities paid to the taxpayer.

Sec. 2. Minnesota Statutes 1992, section 289A.20, subdivision 2, is amended to read:

Subd. 2. [WITHHOLDING FROM WAGES, ENTERTAINER WITHHOLDING, WITHHOLDING FROM PAYMENTS TO OUT-OF-STATE CONTRACTORS, AND WITHHOLDING BY PARTNERSHIPS AND SMALL BUSINESS CORPORATIONS.] (a) A tax required to be deducted and withheld during the quarterly period must be paid on or before the last day of the month following the close of the quarterly period, unless an earlier time for payment is provided. A tax required to be deducted and withheld from compensation of an entertainer and from a payment to an out-of-state contractor must be paid on or before the date the return for such tax must be filed under section 289A.18, subdivision 2. Taxes required to be deducted and withheld by partnerships and S corporations must be paid on or before the date the return must be filed under section 289A.18, subdivision 2.

~~(b)(1) Unless clause (2) applies, if during any calendar month, other than the last month of the calendar quarter, the aggregate amount of the tax withheld during that quarter under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, exceeds \$500, the employer shall deposit the aggregate amount with the commissioner within 15 days after the close of the calendar month.~~

~~(2) If at the close of any eighth monthly period the aggregate amount of undeposited taxes is \$3,000 or more, the employer, or person withholding tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, shall deposit~~

the undeposited taxes with the commissioner within three banking days after the close of the eighth monthly period. For purposes of this clause, the term "eighth monthly period" means the first three days of a calendar month, the fourth day through the seventh day of a calendar month, the eighth day through the 11th day of a calendar month, the 12th day through the 15th day of a calendar month, the 16th day through the 19th day of a calendar month, the 20th day through the 22nd day of a calendar month, the 23rd day through the 25th day of a calendar month, or the part of a calendar month following the 25th day of the month. An employer who, during the previous quarter, withheld more than \$500 of tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, must deposit tax withheld under those sections with the commissioner within the time allowed to deposit the employer's federal withheld employment taxes under Treasury Regulation, section 31.6302-1, without regard to the safe harbor or de minimus rules in subparagraph (f) or the one-day rule in subsection (c), clause (3). Taxpayers must submit a copy of their federal notice of deposit status to the commissioner upon request by the commissioner.

(c) The commissioner may prescribe by rule other return periods or deposit requirements. In prescribing the reporting period, the commissioner may classify payors according to the amount of their tax liability and may adopt an appropriate reporting period for the class that the commissioner judges to be consistent with efficient tax collection. In no event will the duration of the reporting period be more than one year.

(d) If less than the correct amount of tax is paid to the commissioner, proper adjustments with respect to both the tax and the amount to be deducted must be made, without interest, in the manner and at the times the commissioner prescribes. If the underpayment cannot be adjusted, the amount of the underpayment will be assessed and collected in the manner and at the times the commissioner prescribes.

(e) If the aggregate amount of the tax withheld during a fiscal year ending June 30 under section 290.92, subdivision 2a or 3, is equal to or exceeds \$240,000, the employer must remit each required deposit in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the deposit is due. If the date the deposit is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the deposit is due.

Sec. 3. Minnesota Statutes 1992, 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)(i) ~~for tax years beginning in calendar year 1992, 93~~ 97 percent of the tax shown on the return for the taxable year, or, if no return is filed, ~~93~~ 97 percent of the tax for that year;

(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 entity for the preceding taxable year provided the return was for a full 12-month period, showed a liability, and was filed by the 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:

	for tax years beginning in 1992		for tax years beginning after December 31, 1992
1st	23.25	24.25	23.75
2nd	46.5	48.5	47.5
3rd	69.75	72.75	71.25
4th	93	97	95

(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 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. 4. Minnesota Statutes 1992, section 289A.50, subdivision 5, is amended to read:

Subd. 5. [WITHHOLDING OF REFUNDS FROM CHILD SUPPORT AND MAINTENANCE DEBTORS.] (a) If a court of this state finds that a person obligated to pay child support or maintenance is delinquent in making payments, the amount of child support or maintenance unpaid and owing, including attorney fees and costs incurred in ascertaining or collecting child support or maintenance, 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 or the party to whom maintenance, 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, maintenance, 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 or maintenance payments, attorney fees, and costs have not been paid when they were due.

(b) On order of the court, the commissioner shall withhold the money from the refund due to the person obligated to pay the child support or maintenance. 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, or the party to whom maintenance is owed, 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, or the party to whom maintenance is owed, in excess of the amount of public assistance spent for the benefit of the child to be supported, or the amount of any support, maintenance, 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 or maintenance payments.

(c) A petition filed under this subdivision remains in effect with respect to any refunds due under this section until the support ~~money~~ or maintenance, 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 or maintenance, attorney fees, and costs. If a petition is filed under this subdivision concerning child support 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. 5. Minnesota Statutes 1992, section 290.01, subdivision 7, is amended to read:

Subd. 7. [RESIDENT.] The term "resident" means (1) any individual domiciled in Minnesota, except that an individual is not a "resident" for the period of time that the individual is a "qualified individual" as defined in section 911(d)(1) of the Internal Revenue Code of 1986, as amended through December 31, 1991, ~~unless, during that period, a Minnesota homestead application is filed for property in which the individual has an interest~~ if the qualified individual notifies the county within three months of moving out of the country that homestead status be revoked for the Minnesota residence of the qualified individual, and the property is not classified as a homestead while the individual remains a qualified individual; and (2) any individual domiciled outside the state who maintains a place of abode in the state and spends in the aggregate more than one-half of the tax year in Minnesota, unless the individual or the spouse of the individual is in the armed forces of the United States, or the individual is covered under the reciprocity provisions in section 290.081.

For purposes of this subdivision, presence within the state for any part of a calendar day constitutes a day spent in the state. Individuals shall keep adequate records to substantiate the days spent outside the state.

The term "abode" means a dwelling maintained by an individual, whether or not owned by the individual and whether or not occupied by the individual, and includes a dwelling place owned or leased by the individual's spouse.

Sec. 6. Minnesota Statutes 1992, 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.

The provisions of sections 1936 and 1937 of the Comprehensive National Energy Policy Act of 1992, Public Law Number 102-486, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1992, shall be in effect for taxable years beginning after December 31, 1992.

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. 7. Minnesota Statutes 1992, 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

(iii) for the purposes of items (i) and (ii), interest on obligations of an Indian tribal government described in section 7871(c) of the Internal Revenue Code shall be treated as interest income on obligations of the state in which the tribe is located;

(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.

Sec. 8. Minnesota Statutes 1992, section 290.01, subdivision 19c, is amended to read:

Subd. 19c. [CORPORATIONS; ADDITIONS TO FEDERAL TAXABLE INCOME.] For corporations, there shall be added to federal taxable income:

(1) the amount of any deduction taken for federal income tax purposes for income, excise, or franchise taxes based on net income or related minimum taxes paid by the corporation to Minnesota, another state, a political subdivision of another state, the District of Columbia, or any foreign country or possession of the United States;

(2) interest not subject to federal tax upon obligations of: the United States, its possessions, its agencies, or its instrumentalities; the state of Minnesota or any other state, any of its political or governmental subdivisions, any of its municipalities, or any of its governmental agencies or instrumentalities; ~~or the District of Columbia; or Indian tribal governments;~~

(3) exempt-interest dividends received as defined in section 852(b)(5) of the Internal Revenue Code;

(4) the amount of any windfall profits tax deducted under section 164 or 471 of the Internal Revenue Code;

(5) the amount of any net operating loss deduction taken for federal income tax purposes under section 172 or 832(c)(10) of the Internal Revenue Code or operations loss deduction under section 810 of the Internal Revenue Code;

(6) the amount of any special deductions taken for federal income tax purposes under sections 241 to 247 of the Internal Revenue Code;

(7) losses from the business of mining, as defined in section 290.05, subdivision 1, clause (a), that are not subject to Minnesota income tax;

(8) the amount of any capital losses deducted for federal income tax purposes under sections 1211 and 1212 of the Internal Revenue Code;

(9) the amount of any charitable contributions deducted for federal income tax purposes under section 170 of the Internal Revenue Code;

(10) the exempt foreign trade income of a foreign sales corporation under sections 921(a) and 291 of the Internal Revenue Code;

(11) the amount of percentage depletion deducted under sections 611 through 614 and 291 of the Internal Revenue Code;

(12) for certified pollution control facilities placed in service in a taxable year beginning before December 31, 1986, and for which amortization deductions were elected under section 169 of the Internal Revenue Code of 1954, as amended through December 31, 1985, the amount of the amortization deduction allowed in computing federal taxable income for those facilities; and

(13) the amount of any deemed dividend from a foreign operating corporation determined pursuant to section 290.17, subdivision 4, paragraph (g).

Sec. 9. Minnesota Statutes 1992, 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~~ 15 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, 1991.

For a nonresident or part-year resident, the credit determined under section 32 of the Internal Revenue Code of 1986, as amended through December 31, 1991, must be allocated based on the percentage 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. 10. Minnesota Statutes 1992, 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) for depletion allowances computed under section 613A(c) of the Internal Revenue Code, with respect to each property (as defined in section 614 of the Internal Revenue Code), to the extent not included in federal alternative minimum taxable income, the excess of the deduction for depletion allowable under section 611 of the Internal Revenue Code for the taxable year over the adjusted basis of the property at the end of the taxable year (determined without regard to the depletion deduction for the taxable year);

(4) to the extent not included in federal alternative minimum taxable income, the amount of the tax preference for intangible drilling cost under section 57(a)(2) of the Internal Revenue Code determined without regard to subparagraph (E);

(5) 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, ~~1991~~ 1992.

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

(d) "Tentative minimum tax" equals 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. 11. Minnesota Statutes 1992, 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) 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), determined without regard to the last sentence of paragraph (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. 12. Minnesota Statutes 1992, section 290.0921, subdivision 3, is amended to read:

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

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

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

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

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

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

(6) The tax preference for intangible drilling costs under section 57(a)(2) of the Internal Revenue Code must be calculated without regard to subparagraph (E) and the subtraction under section 290.01, subdivision 19d, clause (4).

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

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

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

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

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

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

Sec. 13. Minnesota Statutes 1992, section 290.191, subdivision 4, is amended to read:

Subd. 4. [APPORTIONMENT FORMULA FOR CERTAIN MAIL ORDER BUSINESSES.] If the business of a corporation, partnership, or proprietorship consists exclusively of the selling of tangible personal property and services

in response to orders received by United States mail or telephone, and 99 percent of the taxpayer's property and payroll is within Minnesota, then the taxpayer may apportion net income to Minnesota based solely upon the percentage that the sales made within this state in connection with ~~the~~ its trade or business during the tax period are of the total sales wherever made in connection with the trade or business during the tax period. Property and payroll factors are disregarded. In determining eligibility for this subdivision:

(1) the sale not in the ordinary course of business of tangible or intangible assets used in conducting business activities must be disregarded; and

(2) property and payroll at a distribution center outside of Minnesota are disregarded if the sole activity at the distribution center is the filling of orders, and no solicitation of orders occurs at the distribution center.

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, 1992" for the words "Internal Revenue Code of 1986, as amended through December 31, 1991" where the phrase occurs in chapters 289A, 290, 290A, 291, and 297, except for section 290.01, subdivision 19, and for the words "Internal Revenue Code of 1986, as amended through December 31, 1988," where the phrase occurs in chapter 298. 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, 1992," for references to the Internal Revenue Code of 1954 or the Internal Revenue Code of 1986, as amended through dates set in sections 61A.276; 82A.02; 136.58; 181B.02; 181B.07; 246A.23; 246A.26, subdivisions 1, 2, 3, and 4; 272.02, subdivision 1; 273.11, subdivision 8; 297A.01, subdivision 3; 297A.25, subdivision 25; 352.01, subdivision 2b; 354A.021, subdivision 5; 355.01, subdivision 9; and 356.62.

Sec. 15. [EFFECTIVE DATE.]

Section 2 is effective for payments received after December 31, 1993.

Section 3 is effective for tax years beginning after December 31, 1993.

Sections 5 to 14 are effective for tax years beginning after December 31, 1992.

ARTICLE 9

SALES AND SPECIAL TAXES

Section 1. [17.451] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 1 and 2.

Subd. 2. [FARMED CERVIDAE.] "Farmed cervidae" means members of the cervidae family that are:

- (1) raised for the purpose of producing fiber, meat, or animal by-products or as breeding stock;
- (2) held in a constructed enclosure designed to prevent escape; and
- (3) registered in a manner approved by the board of animal health and marked or identified with a unique number or other system approved by the board.

Subd. 3. [OWNER.] "Owner" means a person who owns or is responsible for the raising of farmed cervidae.

Sec. 2. [17.452] [FARM-RAISED CERVIDAE.]

Subdivision 1. [PROMOTION AND COORDINATION.] (a) The commissioner shall promote the commercial raising of farmed cervidae and shall coordinate programs and rules related to the commercial raising of farmed cervidae. Farmed cervidae research, projects, and demonstrations must be reported to the commissioner before state appropriations for the research projects or demonstrations are encumbered. The commissioner shall maintain a data base of information on raising farmed cervidae.

(b) The commissioner shall appoint a farmed cervidae advisory committee to advise the commissioner on farmed cervidae issues. The advisory committee shall consist of representatives from the University of Minnesota, the commissioner of agriculture, the board of animal health, the commissioner of natural resources, the commissioner of trade and economic development, a statewide elk breeders association, a statewide deer breeders association, a statewide deer farmers association, and members of the house of representatives and the senate. The committee shall meet at least twice a year at the call of the commissioner of agriculture.

Subd. 2. [DEVELOPMENT PROGRAM.] The commissioner may establish a Minnesota development and aid program that may support applied research, demonstration, financing, marketing, promotion, breeding development, registration, and other services for owners.

Subd. 3. [REPORT.] The commissioner shall include information on farmed cervidae in the department's statistical reports on Minnesota agriculture.

Subd. 4. [FARMED CERVIDAE ARE LIVESTOCK.] Farmed cervidae are livestock and are not wild animals for purposes of game farm, hunting, or wildlife laws. Farmed cervidae and their products are farm products and livestock for purposes of financial transactions and collateral.

Subd. 5. [RAISING FARMED CERVIDAE IS AN AGRICULTURAL PURSUIT.] Raising farmed cervidae is agricultural production and an agricultural pursuit.

Subd. 6. [RUNNING AT LARGE PROHIBITED.] (a) An owner may not allow farmed cervidae to run at large. The owner must make all reasonable efforts to return escaped farmed cervidae to their enclosures as soon as possible. The owner must notify the commissioner of natural resources of the escape of farmed red deer if the farmed red deer are not returned or captured by the owner within 72 hours of their escape.

(b) An owner is liable for expenses of another person in capturing, caring for, and returning farmed cervidae that have left their enclosures if the person capturing the farmed cervidae contacts the owner as soon as possible.

(c) If an owner is unwilling or unable to capture escaped farmed cervidae, the commissioner of natural resources may destroy the escaped farmed cervidae under this paragraph if the escaped farmed cervidae are a threat to the health or population of native species. The commissioner must allow the owner to attempt to capture the escaped farmed cervidae prior to destroying the farmed cervidae. Farmed cervidae that are not captured by 14 days after escape may be destroyed.

(d) The owner must notify the commissioner of natural resources of the escape of farmed cervidae from a quarantined herd if the farmed cervidae are not returned to or captured by the owner within 72 hours of their escape. The escaped farmed cervidae from the quarantined herd may be destroyed by the commissioner of natural resources if the escaped farmed cervidae are a threat to the health or population of native species.

Subd. 7. [FARMING IN NATIVE ELK AREA.] A person may not raise farmed red deer in the native elk area without written approval of the commissioner of natural resources. The native elk area is the area north of U.S. Highway 2 and west of U.S. Highway 71 and trunk highway 72. The commissioner shall review the proposed farming operation and approve with any condition or deny approval based on risks to the native elk population.

Subd. 8. [SLAUGHTER.] Farmed cervidae must be slaughtered and inspected in accordance with the United States Department of Agriculture voluntary program for exotic animals, Code of Federal Regulations, title 9, part 352.

Subd. 9. [SALES OF FARMED CERVIDAE AND MEAT PRODUCTS.] Persons selling or buying farmed cervidae sold as livestock, sold for human consumption, or sold for slaughter must comply with chapters 17A, 31, 31A, and 31B.

Subd. 10. [FENCING.] (a) Farmed cervidae must be confined in a manner designed to prevent escape. Fencing must meet the requirements in this subdivision unless an alternative is specifically approved by the commissioner. The board of animal health shall follow the guidelines established by the United States Department of Agriculture in the program for eradication of bovine tuberculosis. Fencing must be of the following heights:

(1) for farmed deer, at least 75 inches; and

(2) for farmed elk, at least 90 inches.

(b) The farmed cervidae advisory committee shall establish guidelines designed to prevent the escape of farmed cervidae and other appropriate management practices.

(c) The commissioner of agriculture in consultation with the commissioner of natural resources shall adopt rules prescribing fencing criteria for farmed cervidae.

Subd. 11. [DISEASE INSPECTION.] Farmed cervidae herds are subject to chapter 35 and the rules of the board of animal health in the same manner as livestock and domestic animals, including provisions relating to importation and transportation.

Subd. 12. [IDENTIFICATION.] (a) Farmed cervidae must be identified by brands, markings, tags, collars, electronic implants, tattoos, or other means of identification approved by the board of animal health. The board shall authorize discrete permanent identification for farmed cervidae in public displays or other forums where visible identification is objectionable.

(b) Identification of farmed cervidae is subject to sections 35.821 to 35.831.

(c) The board of animal health shall register farmed cervidae upon request of the owner. The owner must submit the registration request on forms provided by the board. The forms must include sales receipts or other documentation of the origin of the cervidae. The board shall provide copies of the registration information to the commissioner of natural resources upon request. The owner must keep written records of the acquisition and disposition of registered farmed cervidae.

Subd. 13. [INSPECTION.] The commissioner of agriculture and the board of animal health may inspect farmed cervidae and farmed cervidae records. The commissioner of natural resources may inspect farmed cervidae and farmed cervidae records with reasonable suspicion that laws protecting native wild animals have been violated. The owner must be notified in writing at the time of the inspection of the reason for the inspection and informed in writing after the inspection of whether (1) the cause of the inspection was unfounded; or (2) there will be an ongoing investigation or continuing evaluation.

Subd. 14. [CONTESTED CASE HEARING.] A person raising farmed cervidae that is aggrieved with any decision regarding the farmed cervidae may request a contested case hearing under chapter 14.

Sec. 3. [17.453] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 3 and 4.

Subd. 2. [OWNER.] "Owner" means a person who owns or is responsible for the raising of ratitae.

Subd. 3. [RATITAE.] "Ratitae" means members of the ratitae family (including ostriches, emus, and rheas) that are raised for the purpose of producing fiber, meat, or animal by-products or as breeding stock.

Sec. 4. [17.454] [RATITAE.]

Subdivision 1. [RATITAE ARE LIVESTOCK.] Ratitae are livestock and are not wild animals for purposes of hunting or wildlife laws. Ratitae and their products are farm products and livestock for purposes of financial transactions and collateral.

Subd. 2. [RAISING RATITAE IS AN AGRICULTURAL PURSUIT.] Raising ratitae is agricultural production and an agricultural pursuit.

Subd. 3. [SALES OF RATITAE AND MEAT PRODUCTS.] Persons selling or buying ratitae sold as livestock, sold for human consumption, or sold for slaughter must comply with chapters 17A, 28A, 31, 31A, and 31B.

Subd. 4. [SLAUGHTER.] Ratitae must be slaughtered and inspected in accordance with the United States Department of Agriculture voluntary inspection program for exotic animals, Code of Federal Regulations, title 9, part 352.

Subd. 5. [DISEASE INSPECTION.] Ratitae are subject to chapter 35 and the rules of the board of animal health in the same manner as livestock and domestic animals, including provisions relating to importation and transportation.

Sec. 5. [17.455] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 5 and 6.

Subd. 2. [LLAMA.] "Llama" means a member of the genus lama that is raised for the purpose of producing fiber, meat, or animal by-products or as breeding stock.

Subd. 3. [OWNER.] "Owner" means a person who owns or is responsible for the raising of llamas.

Sec. 6. [17.456] [LLAMA.]

Subdivision 1. [LLAMAS ARE LIVESTOCK.] Llamas are livestock and are not wild animals for purposes of hunting or wildlife laws. Llamas and their products are farm products and livestock for purposes of financial transactions and collateral.

Subd. 2. [RAISING LLAMAS IS AN AGRICULTURAL PURSUIT.] Raising llamas is agricultural production and an agricultural pursuit.

Subd. 3. [SALES OF LLAMAS AND MEAT PRODUCTS.] Persons selling or buying llamas sold as livestock, sold for human consumption, or sold for slaughter must comply with chapters 17A, 28A, 31, 31A, and 31B.

Subd. 4. [SLAUGHTER.] Llamas must be slaughtered and inspected in accordance with the United States Department of Agriculture voluntary inspection program for exotic animals, Code of Federal Regulations, title 9, part 352.

Subd. 5. [DISEASE INSPECTION.] Llamas are subject to chapter 35 and the rules of the board of animal health in the same manner as livestock and domestic animals, including provisions relating to importation and transportation.

Sec. 7. Minnesota Statutes 1992, section 17A.03, subdivision 5, is amended to read:

Subd. 5. [LIVESTOCK.] "Livestock" means cattle, sheep, swine, horses intended for slaughter, mules, farmed cervidae, as defined in section 17.451, subdivision 2, llamas, as defined in section 17.455, subdivision 2, ratitae, as defined in section 17.453, subdivision 3, and goats.

Sec. 8. Minnesota Statutes 1992, section 31.51, subdivision 9, is amended to read:

Subd. 9. "Animal" means cattle, swine, sheep, goats, farmed cervidae, as defined in section 17.451, subdivision 2, horses, mules or other equines, llamas as defined in section 17.455, subdivision 2, and ratitae, as defined in section 17.453, subdivision 3.

Sec. 9. Minnesota Statutes 1992, section 31A.02, subdivision 4, is amended to read:

Subd. 4. [ANIMALS.] "Animals" means cattle, swine, sheep, goats, farmed cervidae, as defined in section 17.451, subdivision 2, llamas, as defined in section 17.455, subdivision 2, ratitae, as defined in section 17.453, subdivision 3, horses, equines, and other large domesticated animals, not including poultry.

Sec. 10. Minnesota Statutes 1992, section 31A.02, subdivision 10, is amended to read:

Subd. 10. [MEAT FOOD PRODUCT.] "Meat food product" means a product usable as human food and made wholly or in part from meat or a portion of the carcass of cattle, sheep, swine, farmed cervidae, as defined in section 17.451, subdivision 2, llamas, as defined in section 17.455, subdivision 2, ratitae, as defined in section 17.453, subdivision 3, or goats. "Meat food product" does not include products which contain meat or other portions of the carcasses of cattle, sheep, swine, farmed cervidae, llamas, ratitae, or goats only in a relatively small proportion or that historically have not been considered by consumers as products of the meat food industry, and which are exempted from definition as a meat food product by the commissioner under the conditions the commissioner prescribes to assure that the meat or other portions of carcasses contained in the products are not adulterated and that the products are not represented as meat food products.

"Meat food product," as applied to products of equines, has a meaning comparable to that for cattle, sheep, swine, farmed cervidae, llamas, ratitae, and goats.

Sec. 11. Minnesota Statutes 1992, section 31B.02, subdivision 4, is amended to read:

Subd. 4. [LIVESTOCK.] "Livestock" means live or dead cattle, sheep, swine, horses, mules, farmed cervidae, as defined in section 17.451, subdivision 2, llamas, as defined in section 17.455, subdivision 2, ratitae, as defined in section 17.453, subdivision 3, or goats.

Sec. 12. Minnesota Statutes 1992, section 35.821, subdivision 4, is amended to read:

Subd. 4. [MARK.] "Mark" means a permanent identification cut from the ear or ears of a live animal and for farmed cervidae, as defined in section 17.451, subdivision 2, means a tag, collar, electronic implant, tattoo, or other means of identification approved by the board.

Sec. 13. Minnesota Statutes 1992, section 115B.22, subdivision 7, is amended to read:

Subd. 7. [DISPOSITION OF PROCEEDS.] After reimbursement to the department of revenue for costs incurred in administering sections 115B.22 and 115B.24, the proceeds of the taxes imposed under this section including any interest and penalties shall be deposited in the environmental response, compensation, and compliance account.

Sec. 14. Minnesota Statutes 1992, section 239.785, is amended to read:

239.785 [LIQUEFIED PETROLEUM GAS SALES.]

Subdivision 1. [LIABILITY FOR PAYMENT.] (a) The operator of a terminal that sells located in Minnesota from which liquefied petroleum gas for resale to retail customers is dispensed for use or sale in this state other than for delivery to another terminal shall pay a fee equal to one mill for each gallon of liquefied petroleum gas sold by the terminal dispensed.

(b) Any person in Minnesota, other than the operator of a terminal, receiving liquefied petroleum gas from a source outside of Minnesota for use or sale in this state shall pay a fee equal to one mill for each gallon of liquefied petroleum gas received.

Subd. 2. [DUE DATES FOR FILING OF RETURNS AND PAYMENT.] The fee must be remitted monthly to on a form prescribed by the commissioner of revenue for deposit in the general fund. The fee must be paid and the return filed on or before the 23rd day of each month following the month in which the liquefied petroleum gas was delivered or received.

Subd. 3. [PENALTIES.] An operator or person who fails to pay the fee imposed under this section is subject to the penalties provided in sections 296.15 and 296.25.

Subd. 4. [COMMISSIONER'S AUTHORITY.] The provisions of chapter 296 relating to the commissioner's authority to audit, assess, and collect the tax imposed by that chapter apply to the fee imposed by this section.

Subd. 5. [INTEREST.] Fees and penalties are subject to interest at the rate provided in section 270.75.

Sec. 15. Minnesota Statutes 1992, section 289A.56, subdivision 3, is amended to read:

Subd. 3. [WITHHOLDING TAX, ENTERTAINER WITHHOLDING TAX, WITHHOLDING FROM PAYMENTS TO OUT-OF-STATE CONTRACTORS, ESTATE TAX, AND SALES TAX OVERPAYMENTS.] When a refund is due for overpayments of withholding tax, entertainer withholding tax, withholding from payments to out-of-state contractors, or estate tax, ~~or sales tax,~~ interest is computed 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.

For purposes of computing interest on sales and use tax refunds, interest is paid from the date of payment to the date the refund is paid or credited, if the refund claim includes a detailed schedule reflecting the tax periods covered in the claim. If the refund claim submitted does not include a detailed schedule reflecting the tax periods covered in the claim, interest is computed from the date the claim was filed.

Sec. 16. Minnesota Statutes 1992, section 289A.63, subdivision 3, is amended to read:

Subd. 3. [SALES WITHOUT PERMIT; VIOLATIONS.] (a) A person who engages in the business of making retail sales in Minnesota without the permit ~~or permits~~ required under chapter 297A, or a responsible officer of a corporation who so engages in business, is guilty of a gross misdemeanor.

(b) A person who engages in the business of making retail sales in Minnesota after revocation of a permit under section 297A.07, when the commissioner has not issued a new permit, is guilty of a felony.

Sec. 17. Minnesota Statutes 1992, section 296.01, is amended by adding a subdivision to read:

Subd. 33a. [REREFINED WASTE OIL.] "Rerefined waste oil" means waste lubrication oils that have been cracked and distilled to produce a petroleum distillate intended for use as a motor fuel in internal combustion diesel engines.

Sec. 18. Minnesota Statutes 1992, section 296.01, is amended by adding a subdivision to read:

Subd. 38. [PASSENGER SNOWMOBILE.] "Passenger snowmobile" means a self-propelled vehicle designed for travel on snow or ice, steered by skis or runners, with an enclosed passenger section that provides seating for not less than four nor more than twelve passengers.

Sec. 19. Minnesota Statutes 1992, section 296.02, subdivision 8, is amended to read:

Subd. 8. [CREDITS FOR SALES TO GOVERNMENTS AND SCHOOLS.] A distributor shall be allowed a credit of 80 cents for every gallon of fuel grade alcohol blended with gasoline to produce agricultural alcohol gasoline which is sold to the state, local units of government, or for use in the transportation of pupils to and from school-related events in school vehicles owned by or under contract to a school district. This reduction is in lieu of the reductions provided in subdivision 7.

Sec. 20. [296.035] [CREDIT FOR CERTAIN FUELS.]

A licensed distributor or a special fuel dealer, either of which elects to pay the tax under section 296.12, subdivision 3a, at the time special fuel is sold or delivered into the supply tank of a licensed motor vehicle, is allowed a credit of ten cents per gallon for each gallon of rerefined waste oil sold or delivered into the supply tank of a licensed motor vehicle. A credit of ten cents per gallon is allowed a licensed distributor or special fuel dealer for each gallon of rerefined waste oil delivered into the storage tank of a retail service station operated by the distributor or a special fuel dealer, if either the distributor or special fuel dealer does not elect to pay the tax under section 296.12, subdivision 3a, at the time special fuel is sold or delivered into the supply tank of a licensed motor vehicle. Bulk purchasers are allowed a credit of ten cents per gallon for each gallon of rerefined waste oil that is purchased by them and used in a licensed motor vehicle.

Sec. 21. Minnesota Statutes 1992, section 296.18, subdivision 1, is amended to read:

Subdivision 1. [CLAIM; FUEL USED IN OTHER VEHICLES.] Any person who shall buy and use gasoline for a qualifying purpose other than use in motor vehicles, snowmobiles except as provided in clause (2), or motorboats, or special fuel for a qualifying purpose other than use in licensed motor vehicles, and who shall have paid the Minnesota excise tax directly or indirectly through the amount of the tax being included in the price of the gasoline or special fuel, or otherwise, shall be reimbursed and repaid the amount of the tax paid upon filing with the commissioner a signed claim in writing in the form and containing the information the commissioner shall require and accompanied by the original invoice thereof. By signing any such claim which is false or fraudulent, the applicant shall be subject to the penalties provided in this section for knowingly making a false claim. The claim shall set forth the total amount of the gasoline so purchased and used by the applicant other than in motor vehicles, or special fuel so purchased and used by the applicant other than in licensed motor vehicles, and shall state when and for what purpose it was used. When a claim contains an error in computation or preparation, the commissioner is authorized to adjust the claim in accordance with the evidence shown on the claim or other information available to the commissioner. The commissioner, on being satisfied that the claimant is entitled to the payments, shall approve the claim and transmit it to the commissioner of finance. No repayment shall be made unless the claim and invoice shall be filed with the commissioner within one year from the date of the purchase. The postmark on the envelope in which the claim is mailed shall determine the date of filing. The words "gasoline" or "special fuel" as used in this subdivision do not include aviation gasoline or special fuel for aircraft. Gasoline or special fuel bought and used for a "qualifying purpose" means:

(1) Gasoline or special fuel used in carrying on a trade or business, used on a farm situated in Minnesota, and used for a farming purpose. "Farm" and "farming purpose" have the meanings given them in section 6420(c)(2), (3), and (4) of the Internal Revenue Code of 1986, as amended through December 31, 1988.

(2) Gasoline or special fuel used for off-highway business use. "Off-highway business use" means any use by a person in that person's trade, business, or activity for the production of income. "Off-highway business use" includes use of a passenger snowmobile off the public highways as part of the operations of a resort as defined in section 157.01, subdivision 1. "Off-highway business use" does not include use as a fuel in a motor vehicle which, at the time of use, is registered or is required to be registered for highway use under the laws of any state or foreign country.

(3) Gasoline or special fuel placed in the fuel tanks of new motor vehicles, manufactured in Minnesota, and shipped by interstate carrier to destinations in other states or foreign countries.

Sec. 22. Minnesota Statutes 1992, section 297A.01, subdivision 6, is amended to read:

Subd. 6. "Use" includes the exercise of any right or power over tangible personal property, or tickets or admissions to places of amusement or athletic events, purchased from a retailer incident to the ownership of any interest in that property, except that it does not include the sale of that property in the regular course of business.

"Use" includes the consumption of printed materials which are consumed in the creation of nontaxable advertising that is distributed, either directly or indirectly, within Minnesota.

Sec. 23. Minnesota Statutes 1992, section 297A.01, subdivision 13, is amended to read:

Subd. 13. "Agricultural production," as used in section 297A.25, subdivision 9, includes, but is not limited to, horticulture; floriculture; raising of pets, fur bearing animals, research animals, farmed cervidae, as defined in section 17.451, subdivision 2, llamas, as defined in section 17.455, subdivision 2, ratitae, as defined in section 17.453, subdivision 3, and horses.

Sec. 24. Minnesota Statutes 1992, section 297A.01, subdivision 15, is amended to read:

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

(1) machinery for the preparation, seeding or cultivation of soil for growing agricultural crops and sod, harvesting and threshing of agricultural products, harvesting or mowing of sod, and certain machinery for dairy, livestock and poultry farms;

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

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

(4) logging equipment, including chain saws used for commercial logging; ~~and~~

(5) fencing used for the containment of farmed cervidae, as defined in section 17.451, subdivision 2; and

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

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

Tools, shop equipment, grain bins, feed bunks, fencing material except fencing material covered by clause (5), communication equipment and other farm supplies shall not be considered to be farm machinery. "Farm machinery" does not include motor vehicles taxed under chapter 297B, snowmobiles, snow blowers, lawn mowers except those

used in the production of sod for sale, garden-type tractors or garden tillers and the repair and replacement parts for those vehicles and machines.

Sec. 25. Minnesota Statutes 1992, section 297A.01, subdivision 16, is amended to read:

Subd. 16. [CAPITAL EQUIPMENT.] (a) Capital equipment means machinery and equipment and the materials and supplies necessary to construct or install the machinery or equipment. To qualify under this definition the capital equipment must be used by the purchaser or lessee for manufacturing, fabricating, mining, quarrying, or refining a product tangible personal property, for electronically transmitting results retrieved by a customer of an on-line computerized data retrieval system, or for the generation of electricity or steam, to be sold at retail and must be used for the establishment of a new or the physical expansion of an existing manufacturing, fabricating, mining, quarrying, or refining facility in the state. For purposes of this subdivision, "mining" includes peat mining, and "on-line computerized data retrieval system" refers to a system whose cumulation of information is equally available and accessible to all its customers.

(b) Capital equipment does not include the following:

(1) machinery or equipment purchased or leased to replace machinery or equipment performing substantially the same function in an existing facility;

(2) repair or replacement parts, or including accessories, whether purchased as spare parts, repair parts, or as upgrades or modifications, and whether purchased before or after the machinery or equipment is placed into service. Parts or accessories are treated as capital equipment only to the extent that they are a part of and are essential to the operation of the machinery or equipment as initially purchased;

(3) machinery or equipment used to receive or store raw materials;

(4) building materials, including materials used for foundations that support machinery or equipment;

(5) machinery or equipment used for nonproduction purposes, including, but not limited to, the following: machinery and equipment used for plant security, fire prevention, first aid, and hospital stations; machinery and equipment used in support operations or for administrative purposes; machinery and equipment used solely for pollution control, prevention, or abatement; machinery and equipment used for environmental control, except that when a controlled environment is essential for the manufacture of a particular product, the machinery or equipment that controls the environment can qualify as capital equipment; and machinery and equipment used in plant cleaning, disposal of scrap and waste, plant communications, lighting, or safety;

(6) "farm machinery" as defined by section 297A.01, subdivision 15, "special tooling" as defined by section 297A.01, subdivision 17, and "aquaculture production equipment" as defined by section 297A.01, subdivision 19; or

(7) any other item that is not essential to the integrated process of manufacturing, fabricating, mining, quarrying, or refining.

(c) For purposes of this subdivision:

(1) the requirement that the machinery or equipment "must be used by the purchaser or lessee" means that the person who purchases or leases the machinery or equipment must be the one who uses it for the qualifying purpose. When a contractor buys and installs machinery or equipment as part of an improvement to real property, only the contractor is considered the purchaser;

(2) the requirement that the machinery and equipment must be used "for manufacturing, fabricating, mining, quarrying, or refining" means that the machinery or equipment must be essential to the integrated process of manufacturing, fabricating, mining, quarrying, or refining. Neither legal requirements nor practical necessity determines whether or not the equipment is essential to the integrated process;

(3) "facility" means a coordinated group of fixed assets, which may include land, buildings, machinery, and equipment that are essential to and used in an integrated manufacturing, fabricating, refining, mining, or quarrying process;

(4) "establishment of a new facility" means the construction of a facility, or the purchase by a new owner of a facility that was previously closed and not operational for a period of at least 12 consecutive months. Relocating

operations from an existing facility within Minnesota to another facility within Minnesota does not constitute establishing a new facility;

(5) "physical expansion of an existing facility" means adding a new production line, adding new machinery or equipment to an existing production line, new construction which will become part of the existing facility and which is used for a qualifying activity, or conversion of an area in an existing facility from a nonqualifying activity to a qualifying activity; and

(6) performing "substantially the same function" means that the new machinery or equipment serves fundamentally or essentially the same purpose as did the old equipment or that it produces the same or similar end product, even though it may increase speed, efficiency, or production capacity.

(d) Notwithstanding prior provisions of this subdivision, machinery and equipment purchased or leased to replace machinery and equipment used in the mining or production of taconite shall qualify as capital equipment regardless of whether the facility has been expanded.

Sec. 26. Minnesota Statutes 1992, section 297A.04, is amended to read:

297A.04 [APPLICATIONS; MEMBER; VENDING MACHINES; FORM.]

Every person desiring to engage in the business of making retail sales within Minnesota shall file with the commissioner an application for a permit ~~and if such person has more than one place of business, an application for each place of business must be filed. A vending machine operator who has more than one vending machine location shall nevertheless be considered to have only one place of business for purposes of this section. An applicant who has no regular place of doing business and who moves from place to place shall be considered to have only one place of business and shall attach such permit to the applicant's cart, stand, truck or other merchandising device.~~ The commissioner may require any person or class of persons obligated to file a use tax return under section 289A.11, subdivision 3, to file application for a permit. Every application for a permit shall be made upon a form prescribed by the commissioner and shall set forth the name under which the applicant intends to transact business, the location of the applicant's place or places of business, and such other information as the commissioner may require. The application shall be filed by the owner, if a natural person; by a member or partner, if the owner be is an association or partnership; by a person authorized to ~~sign~~ file the application, if the owner be is a corporation.

Sec. 27. Minnesota Statutes 1992, section 297A.06, is amended to read:

297A.06 [PERMIT.]

After compliance with sections 297A.04 and 297A.28, when security is required, the commissioner shall ~~issue~~ grant to each applicant a separate permit ~~for each place of business within Minnesota. A permit shall be is~~ valid until canceled or revoked but ~~shall is~~ not be assignable and ~~shall be is~~ valid only for the person in whose name it is ~~issued~~ granted and for the transaction of business at the ~~place~~ places designated therein. ~~It shall at all times be conspicuously displayed at the place for which issued.~~

Sec. 28. Minnesota Statutes 1992, section 297A.07, subdivision 1, is amended to read:

Subdivision 1. [HEARINGS.] If any person fails to comply with this chapter or the rules adopted under this chapter, without reasonable cause, the commissioner may schedule a hearing requiring the person to show cause why the permit ~~or permits~~ should not be revoked. The commissioner must give the person 15 days' notice in writing, specifying the time and place of the hearing and the reason for the proposed revocation. The notice shall also advise the person of the person's right to contest the revocation under this subdivision, the general procedures for a contested case hearing under chapter 14, and the notice requirement under subdivision 2. The notice may be served personally or by mail in the manner prescribed for service of an order of assessment.

Sec. 29. Minnesota Statutes 1992, section 297A.11, is amended to read:

297A.11 [CONTENT AND FORM OF EXEMPTION CERTIFICATE.]

The exemption certificate shall be signed by and bear the name and address of the purchaser, shall indicate the sales tax account ~~number of the permit~~ if any issued to the purchaser and shall indicate the general character of the

property sold by the purchaser in the regular course of business and shall identify the property purchased. The certificate shall be substantially in such form as the commissioner may prescribe.

Sec. 30. Minnesota Statutes 1992, section 297A.136, is amended to read:

297A.136 [TAX ON 900 PAY-PER-CALL SERVICES.]

Subdivision 1. [TAX IMPOSED.] A tax of \$.50 is imposed for each call placed to a 900 service if the call for that service originates from and is charged to a telephone located in this state.

Subd. 2. [DEFINITIONS.] For the purposes of this section, the following definitions will apply:

(a) "900 service" means pay-per-call 900 information services provided through a telephone exchange, commonly accessed by dialing 1-900, 1-960, 1-976, or other similar prefix in which the calling party receives information from the 900 information provider, and the calling party is charged on a per call or per time basis for the information. The term does not include services provided through 1-800 service telephone numbers, information provided free of charge, or directory assistance service.

(b) "Calling party" means the person originating the call to the information provider.

(c) "900 information provider" means the person being called by the calling party, and who provides information services to the calling party on a per call or per time basis.

(d) "Person" shall have the same meaning as provided in section 297A.01, subdivision 2.

Subd. 3. [PAYMENT; ADMINISTRATION.] Liability for the tax imposed by this section is on the ~~person making the call~~ calling party. Liability for collection ~~from the calling party~~ is on the person ~~providing access to a dial tone~~ contracting with the 900 information provider to interconnect the information provider and the calling party, if such person bills the calling party. In all other instances, the person billing the calling party shall be liable for collecting the tax from the calling party. The tax imposed in this section must be reported and paid to the commissioner of revenue with the taxes imposed in this chapter. It is subject to the same interest, penalty, and other provisions provided for sales and use taxes under chapter 289A and this chapter. The commissioner has the same powers to assess and collect the tax that are given the commissioner in chapters 270 and 289A and this chapter to assess and collect sales and use tax.

Subd. 4. [EXEMPTION.] Pay-per-call information services provided through a 1-976 prefix are exempt from the tax imposed under this section if the charge for the call is less than \$1.

Sec. 31. Minnesota Statutes 1992, section 297A.14, subdivision 1, is amended to read:

Subdivision 1. [IMPOSITION.] For the privilege of using, storing, distributing, or consuming in Minnesota tangible personal property or taxable services purchased for use, storage, distribution, 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, distributes, or consumes tangible personal property in Minnesota which has been manufactured, fabricated, or assembled by the person from 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 materials contained in the tangible personal property, unless the tax imposed by section 297A.02 was paid on the sales price.

Sec. 32. Minnesota Statutes 1992, section 297A.25, subdivision 3, is amended to read:

Subd. 3. [MEDICINES; MEDICAL DEVICES.] The gross receipts from the sale of prescribed drugs, prescribed medicine and insulin, intended for use, internal or external, in the cure, mitigation, treatment or prevention of illness or disease in human beings are exempt, together with prescription glasses, fever thermometers, therapeutic, and prosthetic devices. "Prescribed drugs" or "prescribed medicine" includes over-the-counter drugs or medicine prescribed by a licensed physician. "Therapeutic devices" includes reusable finger pricking devices for the extraction of blood and, blood glucose monitoring machines, and other diagnostic agents used in the treatment of diagnosing, monitoring, or treating diabetes. Nonprescription analgesics consisting principally (determined by the weight of all ingredients) of acetaminophen, acetylsalicylic acid, ibuprofen, or a combination thereof are exempt.

Sec. 33. Minnesota Statutes 1992, section 297A.25, subdivision 7, is amended to read:

Subd. 7. [PETROLEUM PRODUCTS.] The gross receipts from the sale of and storage, use or consumption of the following petroleum products are exempt:

(1) products upon which a tax has been imposed and paid under the provisions of chapter 296, and no refund has been or will be allowed because the buyer used the fuel for nonhighway use,

(2) products which are used in the improvement of agricultural land by constructing, maintaining, and repairing drainage ditches, tile drainage systems, grass waterways, water impoundment, and other erosion control structures;
or

(3) products purchased by a transit system receiving financial assistance under section 174.24 or 473.384; or

(4) products used in a passenger snowmobile, as defined in section 296.01, subdivision 38, for off-highway business use as part of the operations of a resort as provided under section 296.18, subdivision 1, clause (2).

Sec. 34. Minnesota Statutes 1992, 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 school districts are exempt.

As used in this subdivision, "school districts" means public school entities and districts of every kind and nature organized under the laws of the state of Minnesota, including, without limitation, school districts, intermediate school districts, education districts, educational cooperative service units, secondary vocational cooperative centers, special education cooperatives, joint purchasing cooperatives, telecommunication cooperatives, regional management information centers, technical colleges, joint vocational technical districts, and any instrumentality of a school district, as defined in section 471.59.

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 sales to and exclusively for the use of libraries, ~~as defined in section 134.001~~, of books, periodicals, audio-visual materials and equipment, photocopiers for use by the public, and all cataloging and circulation equipment, and cataloging and circulation software for library use are exempt under this subdivision. For purposes of this paragraph "libraries" means libraries as defined in section 134.001, county law libraries under chapter 134A, the state library under section 480.09, and the legislative reference library.

Sales of supplies and equipment used in the operation of an ambulance service owned and operated by a political subdivision of the state are exempt under this subdivision provided that the supplies and equipment are used in the course of providing medical care; ~~motor vehicle parts are not exempt under this provision.~~ Sales to a political subdivision of repair and replacement parts for emergency rescue vehicles and fire trucks and apparatus are exempt under this subdivision.

Sales to a political subdivision of machinery and equipment, except for motor vehicles, used directly for mixed municipal solid waste collection and disposal services at a solid waste disposal facility as defined in section 115A.03, subdivision 10, are exempt under this subdivision.

Sales to political subdivisions of chore and homemaking services to be provided to elderly or disabled individuals are exempt.

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.

The tax imposed on sales to political subdivisions of the state under this section applies to all political subdivisions other than those explicitly exempted under this subdivision, notwithstanding section 115A.69, subdivision 6, 116A.25, 360.035, 458A.09, 458A.30, 458D.23, 469.101, subdivision 2, 469.127, 473.394, 473.448, 473.545, or 473.608 or any other law to the contrary enacted before 1992.

Sales to other states or political subdivisions of other states are exempt if the sale would be exempt from taxation if it occurred in that state.

Sec. 35. Minnesota Statutes 1992, section 297A.25, subdivision 16, is amended to read:

Subd. 16. [SALES TO NONPROFIT GROUPS.] The gross receipts from the sale of tangible personal property to, and the storage, use or other consumption of such property by, any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes if the property purchased is to be used in the performance of charitable, religious, or educational functions, or any senior citizen group or association of groups that in general limits membership to persons who are either (1) age 55 or older, or (2) physically disabled, 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, are exempt. For purposes of this subdivision, charitable purpose includes the maintenance of a cemetery owned by a religious organization. Sales exempted by this subdivision include sales pursuant to section 297A.01, subdivision 3, paragraphs (d) and (f), but do not include sales under section 297A.01, subdivision 3, paragraph (j), clause (vii). 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.

Sec. 36. Minnesota Statutes 1992, section 297A.25, subdivision 34, is amended to read:

Subd. 34. [MOTOR VEHICLES.] The gross receipts from the sale or use of any motor vehicle taxable under the provisions of the motor vehicle excise tax laws of Minnesota shall be exempt from taxation under this chapter. Notwithstanding subdivision 11, the exemption provided under this subdivision remains in effect for motor vehicles purchased or leased by political subdivisions of the state if the vehicles are not subject to taxation under chapter 297B.

Sec. 37. Minnesota Statutes 1992, section 297A.25, subdivision 41, is amended to read:

Subd. 41. [BULLET-PROOF VESTS.] The gross receipts from the sale of bullet-resistant soft body armor that is flexible, concealable, and custom-fitted to provide the wearer with ballistic and trauma protection are exempt if purchased by a law enforcement agency of the state or a political subdivision of the state, or a licensed peace officer, as defined in section 626.84, subdivision 1. The bullet-resistant soft body armor must meet or exceed the requirements of standard 0101.01 of the National Institute of Law Enforcement and Criminal Justice in effect on December 30, 1986, or meet or exceed the requirements of the standard except wet armor conditioning.

Sec. 38. Minnesota Statutes 1992, section 297A.25, is amended by adding a subdivision to read:

Subd. 52. [PARTS AND ACCESSORIES USED TO MAKE A MOTOR VEHICLE HANDICAPPED ACCESSIBLE.] The gross receipts from the sale of parts and accessories that are used solely to modify a motor vehicle to make it handicapped accessible are exempt. Labor charges for modifying a motor vehicle to make it handicapped accessible are included in this exemption.

Sec. 39. [297A.253] [SATELLITE BROADCASTING FACILITY MATERIALS; EXEMPTIONS.]

Notwithstanding the provisions of this chapter, there shall be exempt from the tax imposed therein all materials and supplies or equipment used or consumed in constructing, or incorporated into the construction of, a new facility

in Minnesota for providing federal communications commission licensed direct satellite broadcasting services using direct broadcast satellites operating in the 12-ghz. band or fixed satellite regional or national program services, as defined in section 272.02, subdivision 1, clause (15), construction of which was commenced after June 30, 1993, and all machinery, equipment, tools, accessories, appliances, contrivances, furniture, fixtures, and all technical equipment or tangible personal property of any other nature or description necessary to the construction and equipping of that facility in order to provide those services.

Sec. 40. [297A.2545] [STEEL REPROCESSOR; EXEMPTION FOR POLLUTION CONTROL EQUIPMENT.]

Notwithstanding the provisions of this chapter, the purchase of pollution control equipment by a steel reprocessing firm is exempt from the sales and use tax provided that the equipment is necessary to meet state or federal emission standards. For purposes of this section "pollution control equipment" means any equipment used for the purpose of eliminating, preventing, or reducing air, land, or water pollution during or as a result of the manufacturing process. "Steel reprocessing firm" means a firm whose primary business is the recovery of steel from automobiles, appliances, and other steel products and the rerefining of this recovered metal into new steel products.

Sec. 41. Minnesota Statutes 1992, section 298.75, subdivision 4, is amended to read:

Subd. 4. If any the county auditor has not received the report by the 15th day after the last day of each calendar quarter from the operator or importer fails to make the report as required by subdivision 3 or files has received an erroneous report, the county auditor shall determine estimate the amount of tax due and notify the operator or importer by registered mail of the amount of tax so determined estimated within the next 14 days. An operator or importer may, within 30 days from the date of mailing the notice, file in the office of the county auditor a written statement of objections to the amount of taxes determined to be due. The statement of objections shall be deemed to be a petition within the meaning of chapter 278, and shall be governed by sections 278.02 to 278.13.

Sec. 42. Minnesota Statutes 1992, section 298.75, subdivision 5, is amended to read:

Subd. 5. Failure to file the report and submit payment shall result in a penalty of \$5 for each of the first 30 days, beginning on the 14th 15th day after the date when the county auditor has sent notice to the operator or importer as provided in subdivision 4, during which the report is overdue and no statement of objection has been filed. For each subsequent day during last day of each calendar quarter, for which the report and payment is overdue due and no statement of objection has been filed as provided in subdivision 4, and a penalty of \$10 for each subsequent day shall be assessed against the operator or importer who is required to file the report. The penalties imposed by this subdivision shall be collected as part of the tax and credited to the county revenue fund. If neither the report nor a statement of objection has been filed after more than 60 days have elapsed from the date when the notice was sent, the operator or importer who is required to file the report is guilty of a misdemeanor.

Sec. 43. [349.2115] [SPORTS BOOKMAKING TAX.]

Subdivision 1. [IMPOSITION OF TAX.] An excise tax of six percent is imposed on the value of all bets received by, recorded by, accepted by, forwarded by, or placed with a person engaged in sports bookmaking.

Subd. 2. [BET DEFINED.] For purposes of this section, the term "bet" has the meaning given it in section 609.75, subdivision 2.

Subd. 3. [SPORTS BOOKMAKING DEFINED.] For purposes of this section, the term "sports bookmaking" has the meaning given it in section 609.75, subdivision 7.

Subd. 4. [AMOUNT OF BET.] In determining the value or amount of any bet for purposes of this section, all charges incident to the placing of the bet must be included.

Subd. 5. [TAX RETURNS.] A person engaged in sports bookmaking shall file monthly tax returns with the commissioner of revenue, in the form required by the commissioner, of all bookmaking activity, and shall include information on all bets recorded, accepted, forwarded, and placed. The returns must be filed on or before the 20th day of the month following the month in which the bets reported were recorded, accepted, forwarded, or placed. The tax imposed by this section is due and payable at the time when the returns are filed.

Subd. 6. [PERSONS LIABLE FOR TAX.] Each person who is engaged in receiving, recording, forwarding, or accepting sports bookmaking bets is liable for and shall pay the tax imposed under this section.

Subd. 7. [JEOPARDY ASSESSMENT; JEOPARDY COLLECTION.] The tax may be assessed by the commissioner of revenue. An assessment made pursuant to this section shall 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.

Subd. 8. [DISCLOSURE PROHIBITED.] (a) Notwithstanding any law to the contrary, neither the commissioner nor a public employee may reveal facts contained in a sports bookmaking tax return filed with the commissioner of revenue as required by this section, nor can any information contained in the report or return be used against the tax obligor in any criminal proceeding, unless independently obtained, except in connection with a proceeding involving taxes due under this section, or as provided in section 270.064.

(b) Any person violating this section is guilty of a gross misdemeanor.

(c) This section does not prohibit the commissioner from publishing statistics that do not disclose the identity of tax obligors or the contents of particular returns or reports.

Sec. 44. [NOTIFICATION BY COUNTY AUDITOR.]

The county auditor shall notify each operator in the county who filed a report in the previous calendar year under Minnesota Statutes, section 298.75 of the changes made in sections 41 and 42 relating to the imposition of the penalty for late payment.

Sec. 45. [COOK COUNTY; SALES TAX.]

Subdivision 1. [IMPOSED.] Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or resolution, Cook county may, by resolution, impose an additional sales tax of up to one percent on sales transactions taxable pursuant to Minnesota Statutes, chapter 297A, that occur within the county.

Subd. 2. [USE OF REVENUES.] Revenues received from taxes authorized by subdivision 1 shall be used by Cook county to pay the cost of collecting the tax and to pay all or a portion of the costs of expanding and improving the health care facility located in the county and known as North Shore hospital. Authorized costs include, but are not limited to, securing or paying debt service on bonds or other obligations issued to finance the expansion and improvement of North Shore hospital. The total capital expenditures payable from bond proceeds, excluding investment earnings on bond proceeds and tax revenues, shall not exceed \$4,000,000.

Subd. 3. [EXPIRATION OF TAXING AUTHORITY AND EXPENDITURE LIMITATION.] The authority granted by subdivision 1 to Cook county to impose a sales tax shall expire when the principal and interest on any bonds or obligations issued to finance the expansion and improvement of North Shore hospital have been paid, or at an earlier time as the county shall, by resolution, determine. Any funds remaining after completion of the improvements and retirement or redemption of the bonds may be placed in the general fund of the county.

Subd. 4. [BONDS.] Cook county may issue general obligation bonds in an amount not to exceed \$4,000,000 for the expansion and improvement of North Shore hospital, without election under Minnesota Statutes, chapter 475, on the question of issuance of the bonds or a property tax to pay them. The debt represented by bonds issued for the expansion and improvement of North Shore hospital shall not be included in computing any debt limitations applicable to Cook county, 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 county.

Subd. 5. [REFERENDUM.] If the governing body of Cook county intends to impose the sales tax authorized 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 special or general 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, 1993.

Subd. 6. [ENFORCEMENT; COLLECTION; ADMINISTRATION OF TAX.] A sales tax imposed under this section shall be reported and paid to the commissioner of revenue with the state sales taxes, and be subject to the same penalties, interest, and enforcement provisions. The proceeds of the tax, less refunds and a proportionate share of the cost of collection, shall be remitted at least quarterly to Cook county. 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. By July 1, 1993, the commissioner of revenue shall provide to the governing body of the county an estimate of these costs.

Subd. 7. [EFFECTIVE DATE.] This section is effective the day after compliance by the governing body of Cook county with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 46. [CITY OF ST. PAUL; SALES TAX AUTHORIZED.]

Subdivision 1. [TAX MAY BE IMPOSED.] Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of St. Paul may, by resolution, 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 the tax authorized by subdivision 1 may only be used by the city to pay the cost of collecting the tax, and to pay for the following projects or to secure or pay any principal, premium, or interest on bonds issued in accordance with subdivision 3 for the following projects.

(a) To pay all or a portion of the capital expenses of construction, equipment and acquisition costs for the expansion and remodeling of the St. Paul Civic Center complex.

(b) The remainder of the funds must be spent for capital projects to further residential, cultural, commercial, and economic development in both downtown St. Paul and St. Paul neighborhoods.

By January 15 of each odd-numbered year, the mayor and the city council must report to the legislature on the use of sales tax revenues during the preceding two-year period.

Subd. 3. [BONDS.] The city may issue general obligation bonds of the city to finance all or a portion of the cost for projects authorized in subdivision 2, paragraph (a). The debt represented by the bonds shall not be included in computing any debt limitations applicable to the city. The bonds may be paid from or secured by any funds available to the city, including the tax authorized under subdivision 1. The bonds may be issued in one or more series and sold without election on the question of issuance of the bonds or a property tax to pay them. Except as otherwise provided in this section, the bonds must be issued, sold, and secured in the manner provided in Minnesota Statutes, chapter 475. The aggregate principal amount of bonds issued under this subdivision may not exceed \$65 million.

Subd. 4. [ENFORCEMENT; COLLECTION.] A sales tax imposed under subdivision 1 may be reported and paid to the commissioner of revenue with the state sales tax, and be subject to the same penalties, interest, and enforcement provisions imposed under Minnesota Statutes, chapters 289A and 297A. If the commissioner of revenue enters into appropriate agreements with the city to provide for collection of these taxes by the state on behalf of the city, the commissioner shall charge the city a reasonable fee for its collection from the proceeds of any taxes to ensure that no state funds are expended for the collection of these taxes. The proceeds of the tax, less the cost of collection, shall be remitted monthly to the city and the city shall deposit such sums into a dedicated fund. By July 1, 1993, the commissioner of revenue shall provide the city an estimate of the cost of collection.

Subd. 5. [EXPIRATION OF TAXING AUTHORITY.] The authority granted by subdivision 1 to the city to impose a sales tax shall expire when the principal and interest on any bonds or other obligations issued to finance projects authorized in subdivision 2, paragraph (a) have been paid or at an earlier time as the city shall, by ordinance, determine. Any funds remaining after completion of projects approved under subdivision 2, paragraph (a) and retirement or redemption of any bonds or other obligations may be placed in the general fund of the city.

Subd. 6. [LOCAL APPROVAL; EFFECTIVE DATE.] This section is effective the day following final enactment, and after compliance by the governing body of the city of St. Paul with Minnesota Statutes, section 645.021, subdivision 3, with respect to that section. If the St. Paul city council intends to exercise the authority provided by this section, it shall pass a resolution stating the fact before July 1, 1993.

Sec. 47. [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 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. [ENFORCEMENT; COLLECTION; AND ADMINISTRATION OF TAXES.] (a) The city may provide for collection and enforcement of the tax by ordinance or the city may enter into an agreement with the commissioner of revenue, providing for collection of the tax.

(b) If the city enters an agreement with the commissioner of revenue for collection of the tax, the sales tax imposed under this section must 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.

Subd. 4. [EXPIRATION OF TAXING AUTHORITY.] The authority granted by this section to the city of Garrison to impose a sales tax expires when the principal and interest on any bonds or obligations issued to finance the construction of the sewer system have been paid, or at an earlier time as the city shall, by resolution, determine. 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. [REFERENDUM.] The city may impose the tax under this section only after approval by the voters in a referendum held at a special or general election in the city.

Subd. 6. [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. 48. [CHARITABLE GOLF TOURNAMENTS.]

The gross receipts from the sale or use of tickets or admissions to a golf tournament held in Minnesota are exempt if the beneficiary of the tournament's net proceeds qualifies as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code.

Sec. 49. [ADVISORY COUNCIL; SALES TAX ON CAPITAL EQUIPMENT.]

Subdivision 1. [CREATION; MEMBERSHIP.] (a) A state advisory council is established to study the sales tax exemption for capital equipment under Minnesota Statutes 1992, sections 297A.01, subdivision 16, and 297A.25, subdivision 42, and to make recommendations to the 1994 legislature. The study shall be completed and findings reported to the legislature by February 1, 1994.

(b) The advisory council consists of 15 members who serve at the pleasure of the appointing authority as follows:

(1) six legislators; three members of the senate, including one member of the minority party, appointed by the subcommittee on committees of the committee on rules and administration and three members of the house of representatives, including one member of the minority party, appointed by the speaker;

(2) the commissioner of revenue or the commissioner's designee; and

(3) eight members of the public; two appointed by the subcommittee on committees of the committee on rules and administration of the senate, two appointed by the speaker of the house, and four appointed by the governor.

Subd. 2. [SCOPE OF THE STUDY.] (a) In preparing the study, the advisory council shall examine, at least, the following:

(1) an overview of the purpose, intent, and application of the provisions of the present exemption, including the department of revenue's experience in interpreting and administering the provisions and the impact of the exemption on state tax collections;

(2) appropriate tax policy goals for the exemption of capital equipment from the sales tax;

(3) the effect of the exemption in encouraging new investment, increases in economic activity, and creation of new jobs in Minnesota or other appropriate economic development goals;

(4) analyses of alternative versions of the exemption, either expanding or narrowing it and specifically including the expansions contained in the administrative law judge's report, that will further the tax policy and economic development goals developed under clauses (2) and (3). In analyzing alternatives, the advisory council must consider alternatives that expand the exemption and offset the reduction in state and local sales tax revenues by expanding the sales tax base to include final consumption items that are now exempt from taxation.

(b) The advisory council's report to the legislature must include recommendations for modifying the exemption in light of the tax policy and economic development goals. The recommendations must not provide for increasing or decreasing state revenues relative to the revenue department's estimates of the effect of applying the department's interpretations of present law. If the report recommends expanding the exemption, it must include recommendations to expand the tax base to offset the resulting loss of state and local revenues.

Subd. 3. [STAFF.] The department of revenue and legislative staff shall provide administrative and staff assistance when requested by the advisory council.

Subd. 4. [COOPERATION BY OTHER AGENCIES.] The commissioners of the department of trade and economic development, the department of labor and industry, the department of jobs and training, and the pollution control agency shall, upon request by the advisory council, provide data or other information that is collected or possessed by their agencies and that is necessary or useful in conducting the study and preparing the report required by this section.

Sec. 50. [REPEALER.]

Minnesota Statutes 1992, section 115B.24, subdivision 10, is repealed.

Sec. 51. [EFFECTIVE DATE.]

Sections 1 to 12, 22, 31, 32, the part of section 34 exempting certain chore and homemaking services, 44 and 49 are effective the day following final enactment.

Section 13 is effective for taxes due on or after July 1, 1993.

Section 14 is effective for fees due on or after July 1, 1993.

Section 15 is effective for refund claims submitted on or after July 1, 1993.

Sections 16, 26 to 29, 36 to 39, and 43 are effective July 1, 1993.

Sections 17 and 20 are effective July 1, 1993, for deliveries of rerefined waste oil on and after that date.

Sections 23 and 24 are effective the day following final enactment and apply to all open tax years.

Section 25 is effective for claims for refund filed after May 5, 1993, except that the extension of the exemption for capital equipment used to produce an on-line computerized data retrieval system and to replacement equipment used in the production of taconite is effective for sales after June 30, 1993.

Section 30 is effective for sales of 900 information services made after June 30, 1993.

Except as otherwise provided, sections 34 and 35 are effective for sales made after June 30, 1993. The part of section 34 exempting sales of machinery and equipment for solid waste disposal and collection is effective for sales made after May 31, 1992.

Section 40 is effective for pollution equipment installed after June 30, 1993.

Sections 41 and 42 are effective for reports due after July 1, 1993.

Section 48 is effective for sales or uses of tickets or admissions occurring after December 31, 1992, and before July 1, 1993.

ARTICLE 10

COLLECTIONS AND COMPLIANCE

Section 1. Minnesota Statutes 1992, section 60A.15, subdivision 2a, is amended to read:

Subd. 2a. [PROCEDURE FOR FILING AND ADJUSTMENT OF STATEMENTS AND TAXES.] (a) Every insurer required to pay a premium tax in this state shall make and file a statement of estimated premium taxes for the period covered by the installment tax payment. Such the installment tax payment. Such statement shall be in the form prescribed by the commissioner of revenue.

(b) On or before March 1, annually every insurer subject to taxation under this section shall make an annual return for the preceding calendar year setting forth such information as the commissioner of revenue may reasonably require on forms prescribed by the commissioner.

(c) On March 1, the insurer shall pay any additional amount due for the preceding calendar year; if there has been an overpayment, such overpayment may be credited without interest on the estimated tax due April 15.

(d) If unpaid by this date, penalties ~~and interest~~ as provided in section ~~290.53~~ 289A.60, subdivision 1, as it relates to withholding and sales or use taxes, shall be imposed.

Sec. 2. Minnesota Statutes 1992, section 60A.15, subdivision 9a, is amended to read:

Subd. 9a. [FAILURE TO FILE; PENALTIES AND INTEREST.] In case of any failure to make and file a return as required by this chapter within the time prescribed by law or prescribed by the commissioner of revenue in pursuance of law there shall be added to the tax penalties ~~and interest~~ as provided in section 289A.60, subdivision 2, as it relates to withholding and sales or use taxes.

Sec. 3. Minnesota Statutes 1992, section 60A.15, is amended by adding a subdivision to read:

Subd. 9e. [PENALTY FOR REPEATED FAILURES TO FILE RETURNS OR PAY TAXES.] If there is a pattern by a person of repeated failures to timely file returns or timely pay taxes, and written notice is given that a penalty will be imposed if such failures continue, a penalty of 25 percent of the amount of tax not timely paid as a result of each such subsequent failure is added to the tax. The penalty can be abated under the abatement authority in section 270.07, subdivisions 1, paragraph (e), and 6.

Sec. 4. Minnesota Statutes 1992, section 60A.198, subdivision 3, is amended to read:

Subd. 3. [PROCEDURE FOR OBTAINING LICENSE.] A person licensed as an agent in this state pursuant to other law may obtain a surplus lines license by doing the following:

(a) filing an application in the form and with the information the commissioner may reasonably require to determine the ability of the applicant to act in accordance with sections 60A.195 to 60A.209;

(b) maintaining an agent's license in this state;

(c) delivering to the commissioner a financial guarantee bond from a surety acceptable to the commissioner for the greater of the following:

(1) \$5,000; or

(2) the largest semiannual surplus lines premium tax liability incurred by the applicant in the immediately preceding five years; and

(d) agreeing to file with the commissioner of revenue no later than February 15 and August 15 annually, a sworn statement of the charges for insurance procured or placed and the amounts returned on the insurance canceled under the license for the preceding six-month period ending December 31 and June 30 respectively, and at the time of the filing of this statement, paying the commissioner a tax on premiums equal to three percent of the total written premiums less cancellations; ~~and~~

(e) annually paying a fee as prescribed by section 60A.14, subdivision 1, paragraph (c), clause (10); and

(f) paying penalties imposed under section 289A.60, subdivision 1, as it relates to withholding and sales or use taxes, if the tax due under clause (d) is not timely paid.

Sec. 5. Minnesota Statutes 1992, section 60A.199, subdivision 4, is amended to read:

Subd. 4. [FAILURE TO FILE; PENALTIES AND INTEREST.] In case of any failure to make and file a return as required by this chapter within the time prescribed by law or prescribed by the commissioner in pursuance of law there shall be added to the tax penalties ~~and interest~~ as provided in section 289A.60, subdivision 2, as it relates to withholding and sales or use taxes.

Sec. 6. Minnesota Statutes 1992, section 60A.199, is amended by adding a subdivision to read:

Subd. 6a. [PENALTY FOR REPEATED FAILURES TO FILE RETURNS OR PAY TAXES.] If there is a pattern by a person of repeated failures to timely file returns or timely pay taxes, and written notice is given that a penalty will be imposed if such failures continue, a penalty of 25 percent of the amount of tax not timely paid as a result of each such subsequent failure is added to the tax. The penalty can be abated under the abatement authority in section 270.07, subdivisions 1, paragraph (e), and 6.

Sec. 7. Minnesota Statutes 1992, section 270.06, is amended to read:

270.06 [POWERS AND DUTIES.]

The commissioner of revenue shall:

(1) have and exercise general supervision over the administration of the assessment and taxation laws of the state, over assessors, town, county, and city boards of review and equalization, and all other assessing officers in the performance of their duties, to the end that all assessments of property be made relatively just and equal in compliance with the laws of the state;

(2) confer with, advise, and give the necessary instructions and directions to local assessors and local boards of review throughout the state as to their duties under the laws of the state;

(3) direct proceedings, actions, and prosecutions to be instituted to enforce the laws relating to the liability and punishment of public officers and officers and agents of corporations for failure or negligence to comply with the provisions of the laws of this state governing returns of assessment and taxation of property, and cause complaints to be made against local assessors, members of boards of equalization, members of boards of review, or any other assessing or taxing officer, to the proper authority, for their removal from office for misconduct or negligence of duty;

(4) require county attorneys to assist in the commencement of prosecutions in actions or proceedings for removal, forfeiture and punishment for violation of the laws of this state in respect to the assessment and taxation of property in their respective districts or counties;

(5) require town, city, county, and other public officers to report information as to the assessment of property, collection of taxes received from licenses and other sources, and such other information as may be needful in the work of the department of revenue, in such form and upon such blanks as the commissioner may prescribe;

(6) require individuals, copartnerships, companies, associations, and corporations to furnish information concerning their capital, funded or other debt, current assets and liabilities, earnings, operating expenses, taxes, as well as all other statements now required by law for taxation purposes;

(7) ~~summon~~ subpoena witnesses, at a time and place reasonable under the circumstances, to appear and give testimony, and to produce books, records, papers and documents for inspection and copying relating to any ~~tax~~ matter which the commissioner may have authority to investigate or determine. ~~Provided, that any summons;~~

(8) issue a subpoena which does not identify the person or persons with respect to whose ~~tax~~ liability the ~~summons~~ subpoena is issued ~~may be served, but only if~~ (a) the ~~summons~~ subpoena relates to the investigation of a particular person or ascertainable group or class of persons, (b) there is a reasonable basis for believing that such person or group or class of persons may fail or may have failed to comply with any ~~tax~~ law administered by the commissioner, (c) the information sought to be obtained from the examination of the records (and the identity of the person or persons with respect to whose liability the ~~summons~~ subpoena is issued) is not readily available from other sources, (d) the ~~summons~~ subpoena is clear and specific as to the information sought to be obtained, and (e) the information sought to be obtained is limited solely to the scope of the investigation. Provided further that the party served with a ~~summons~~ subpoena which does not identify the person or persons with respect to whose tax liability the ~~summons~~ subpoena is issued shall have the right, within 20 days after service of the ~~summons~~ subpoena, to petition the district court for the judicial district in which lies the county in which that party is located for a determination as to whether the commissioner of revenue has complied with all the requirements in (a) to (e), and thus, whether the ~~summons~~ subpoena is enforceable. If no such petition is made by the party served within the time prescribed, the ~~summons~~ subpoena shall have the force and effect of a court order;

(8) (9) cause the deposition of witnesses residing within or without the state, or absent therefrom, to be taken, upon notice to the interested party, if any, in like manner that depositions of witnesses are taken in civil actions in the district court, in any matter which the commissioner may have authority to investigate or determine;

(9) (10) investigate the tax laws of other states and countries and to formulate and submit to the legislature such legislation as the commissioner may deem expedient to prevent evasions of assessment and taxing laws, and secure just and equal taxation and improvement in the system of assessment and taxation in this state;

(10) (11) consult and confer with the governor upon the subject of taxation, the administration of the laws in regard thereto, and the progress of the work of the department of revenue, and furnish the governor, from time to time, such assistance and information as the governor may require relating to tax matters;

(11) (12) transmit to the governor, on or before the third Monday in December of each even-numbered year, and to each member of the legislature, on or before November 15 of each even-numbered year, the report of the department of revenue for the preceding years, showing all the taxable property in the state and the value of the same, in tabulated form;

(12) (13) inquire into the methods of assessment and taxation and ascertain whether the assessors faithfully discharge their duties, particularly as to their compliance with the laws requiring the assessment of all property not exempt from taxation;

(13) (14) administer and enforce the assessment and collection of state taxes and, from time to time, make, publish, and distribute rules for the administration and enforcement of state tax laws. The rules have the force of law;

(14) (15) prepare blank forms for the returns required by state tax law and distribute them throughout the state, furnishing them subject to charge on application;

(15) (16) prescribe rules governing the qualification and practice of agents, attorneys, or other persons representing taxpayers before the commissioner. The rules may require that those persons, agents, and attorneys show that they are of good character and in good repute, have the necessary qualifications to give taxpayers valuable services, and are otherwise competent to advise and assist taxpayers in the presentation of their case before being recognized as representatives of taxpayers. After due notice and opportunity for hearing, the commissioner may suspend and disbar from further practice before the commissioner any person, agent, or attorney who is shown to be incompetent or disreputable, who refuses to comply with the rules, or who with intent to defraud, willfully or knowingly deceives, misleads, or threatens a taxpayer or prospective taxpayer, by words, circular, letter, or by advertisement. This clause does not curtail the rights of individuals to appear in their own behalf or partners or corporations' officers to appear in behalf of their respective partnerships or corporations;

(16) (17) appoint agents as the commissioner considers necessary to make examinations and determinations. The agents have the rights and powers conferred on the commissioner to subpoena, examine, and copy books, records, papers, or memoranda, subpoena witnesses, administer oaths and affirmations, and take testimony. In addition to

administrative subpoenas of the commissioner and the agents, upon demand of the commissioner or an agent, the clerk or court administrator of any district court shall issue a subpoena for the attendance of a witness or the production of books, papers, records, or memoranda before the agent for inspection and copying. The commissioner may also issue subpoenas. Disobedience of subpoenas issued under this chapter a court administrator's subpoena shall be punished by the district court of the district in which the subpoena is issued, or in the case of a subpoena issued by the commissioner or an agent, by the district court of the district in which the party served with the subpoena is located, in the same manner as contempt of the district court;

(47) (18) appoint and employ additional help, purchase supplies or materials, or incur other expenditures in the enforcement of state tax laws as considered necessary. The salaries of all agents and employees provided for in this chapter shall be fixed by the appointing authority, subject to the approval of the commissioner of administration;

(48) (19) execute and administer any agreement with the secretary of the treasury of the United States or a representative of another state regarding the exchange of information and administration of the tax laws;

(49) (20) administer and enforce the provisions of sections 325D.30 to 325D.42, the Minnesota unfair cigarette sales act;

(20) (21) authorize the use of unmarked motor vehicles to conduct seizures or criminal investigations pursuant to the commissioner's authority; and

(21) (22) exercise other powers and perform other duties required of or imposed upon the commissioner of revenue by law.

Sec. 8. Minnesota Statutes 1992, section 270.70, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY OF COMMISSIONER.] If any tax payable to the commissioner of revenue or to the department of revenue is not paid when due, such tax may be collected by the commissioner of revenue within five years after the date of assessment of the tax, or if a lien has been filed, during the period the lien is enforceable, or if the tax judgment has been filed, within the statutory period of enforcement of a valid tax judgment, by a levy upon all property and rights to property, including any property in the possession of law enforcement officials, of the person liable for the payment or collection of such tax (except that which is exempt from execution pursuant to section 550.37 and amounts received under United States Code, title 29, chapter 19, as amended through December 31, 1989) or property on which there is a lien provided in section 270.69. For this purpose, the term "tax" shall include any penalty, interest, and costs properly payable. The term "levy" includes the power of distraint and seizure by any means; provided, no entry can be made upon the business premises or residence of a taxpayer in order to seize property without first obtaining a writ of entry listing the property to be seized and signed by a judge of the district court of the district in which the business premises or residence is located.

Sec. 9. [270.7001] [CONTINUOUS LEVY.]

Subdivision 1. [AUTHORITY.] 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 a person, officer, or political subdivision or agency of the state to withhold the amount of any tax, interest, or penalties due from a taxpayer, or the amount due from an employer or person who has failed to withhold and transmit amounts due from any payments to the taxpayer, employer, or person. The amounts withheld shall be transmitted to the commissioner at the times the commissioner designates.

Subd. 2. [LEVY CONTINUOUS.] The levy made under subdivision 1 is continuous from the date the notice is received until (1) the amount due stated on the notice has been withheld or (2) the notice has been released by the commissioner under section 270.709, whichever occurs first.

Subd. 3. [AMOUNT TO BE WITHHELD.] The amount required to be withheld under this section is the least of:

(1) the amount stated on the notice;

(2) if the taxpayer, employer, or person is not a natural person, 100 percent of the payment;

(3) if the taxpayer, employer, or person is an individual, 25 percent of the payment.

Subd. 4. [PAYMENTS COVERED.] For purposes of this section, the term payments does not include wages as defined in section 290.92 or funds in a deposit account as defined in section 336.9-105. The term payments does include the following:

(1) payments due for services of independent contractors, dividends, rents, royalties, residuals, patent rights, and mineral or other natural resource rights;

(2) payments or credits under written or oral contracts for services or sales whether denominated as wages, salary, commission, bonus, or otherwise, if the payments are not covered by section 290.92, subdivision 23; and

(3) any other periodic payments or credits resulting from an enforceable obligation to the taxpayer, employer, or person.

Subd. 5. [DETERMINATION OF STATUS; EFFECT.] A determination of a person's status as an independent contractor under this section does not affect the determination of the person's status for the purposes of any other law or rule.

Sec. 10. [270.78] [PENALTY FOR FAILURE TO MAKE PAYMENT BY ELECTRONIC FUNDS TRANSFER.]

In addition to other applicable penalties imposed by law, after notification from the commissioner of revenue to the taxpayer that payments for a tax administered by the commissioner are required to be made by means of electronic funds transfer, and the payments are remitted by some other means, there is a penalty in the amount of five percent of each payment that should have been remitted electronically. The penalty can be abated under the abatement procedures prescribed in section 270.07, subdivision 6, if the failure to remit the payment electronically is due to reasonable cause.

Sec. 11. Minnesota Statutes 1992, section 276.02, is amended to read:

276.02 [TREASURER TO BE COLLECTOR.]

The county treasurer shall collect all taxes extended on the tax lists of the county and the fines, forfeitures, or penalties received by any person or officer for the use of the county. The treasurer shall collect the taxes according to law and credit them to the proper funds. This section does not apply to fines and penalties accruing to municipal corporations for the violation of their ordinances that are recoverable before a city justice. The county board may by resolution authorize the treasurer to impose a charge for any dishonored checks.

The county board may, by resolution, authorize the treasurer and/or other designees to accept payments of real property taxes by credit card provided that a fee is charged for its use. The fee charged must be commensurate with the costs assessed by the card issuer. If a credit card transaction under this section is subsequently voided or otherwise reversed, the lien of real property taxes under section 272.31 is revived and attaches in the manner and time provided in that section as though the credit card transaction had never occurred, and the voided or reversed credit card transaction shall not impair the right of a lienholder under section 272.31 to enforce the lien in its favor.

Sec. 12. Minnesota Statutes 1992, section 279.37, subdivision 1a, is amended to read:

~~Subd. 1a. The delinquent taxes upon a parcel of property which was classified class 4e pursuant to section 273.13, subdivision 9, or for taxes assessed in 1986 and thereafter, classified class 3a, for the previous year's assessment and had a total market value of less than \$100,000~~ \$200,000 for that same assessment shall be eligible to be composed into a confession of judgment. Property qualifying under this subdivision shall be subject to the same provisions as provided in this section except as herein provided.

(a) The down payment shall include all special assessments due in the current tax year, all delinquent special assessments, and 20 percent of the ad valorem tax, penalties, and interest accrued against the parcel. The balance remaining shall be payable in four equal annual installments; and

(b) The amounts entered in judgment shall bear interest at the rate provided in section 279.03, subdivision 1a, commencing with the date the judgment is entered. The interest rate is subject to change each year on the unpaid balance in the manner provided in section 279.03, subdivision 1a.

Sec. 13. Minnesota Statutes 1992, section 289A.18, subdivision 4, is amended to read:

Subd. 4. [SALES AND USE TAX RETURNS.] (a) Sales and use tax returns must be filed on or before the 20th day of the month following the close of the preceding reporting period, except that annual use tax returns provided for under section 289A.11, subdivision 1, must be filed by April 15 following the close of the calendar year. ~~In addition, on or before June 20 of a year, a retailer who has a May liability of \$1,500 or more must file a return with the commissioner for one half of the estimated June liability, in addition to filing a return for the May liability. On or before August 20 of a year, the retailer must file a return showing the actual June liability.~~

(b) Returns filed by retailers required to remit liabilities by means of funds transfer under section 289A.20, subdivision 4, paragraph (d), are due on or before the 25th day of the month following the close of the preceding reporting period. ~~Returns filed under the second sentence of paragraph (a) by a retailer required to remit by means of funds transfer are due on June 25. The return for the May liability and 75 percent of the estimated June liability is due on the date payment of the estimated June liability is due,~~ and on or before August 25 of a year, the retailer must file a return showing the actual June liability.

(c) If a retailer has an average sales and use tax liability, including local sales and use taxes administered by the commissioner, equal to or less than \$500 per month in any quarter of a calendar year, and has substantially complied with the tax laws during the preceding four calendar quarters, the retailer may request authorization to file and pay the taxes quarterly in subsequent calendar quarters. The authorization remains in effect during the period in which the retailer's quarterly returns reflect sales and use tax liabilities of less than \$1,500 and there is continued compliance with state tax laws.

(d) If a retailer has an average sales and use tax liability, including local sales and use taxes administered by the commissioner, equal to or less than \$100 per month during a calendar year, and has substantially complied with the tax laws during that period, the retailer may request authorization to file and pay the taxes annually in subsequent years. The authorization remains in effect during the period in which the retailer's annual returns reflect sales and use tax liabilities of less than \$1,200 and there is continued compliance with state tax laws.

(e) The commissioner may also grant quarterly or annual filing and payment authorizations to retailers if the commissioner concludes that the retailers' future tax liabilities will be less than the monthly totals identified in paragraphs (c) and (d). An authorization granted under this paragraph is subject to the same conditions as an authorization granted under paragraphs (c) and (d).

Sec. 14. Minnesota Statutes 1992, section 289A.20, subdivision 2, is amended to read:

Subd. 2. [WITHHOLDING FROM WAGES, ENTERTAINER WITHHOLDING, WITHHOLDING FROM PAYMENTS TO OUT-OF-STATE CONTRACTORS, AND WITHHOLDING BY PARTNERSHIPS AND SMALL BUSINESS CORPORATIONS.] (a) A tax required to be deducted and withheld during the quarterly period must be paid on or before the last day of the month following the close of the quarterly period, unless an earlier time for payment is provided. A tax required to be deducted and withheld from compensation of an entertainer and from a payment to an out-of-state contractor must be paid on or before the date the return for such tax must be filed under section 289A.18, subdivision 2. Taxes required to be deducted and withheld by partnerships and S corporations must be paid on or before the date the return must be filed under section 289A.18, subdivision 2.

(b)(1) Unless clause (2) applies, if during any calendar month, other than the last month of the calendar quarter, the aggregate amount of the tax withheld during that quarter under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, exceeds \$500, the employer shall deposit the aggregate amount with the commissioner within 15 days after the close of the calendar month.

(2) If at the close of any eighth-monthly period the aggregate amount of undeposited taxes is \$3,000 or more, the employer, or person withholding tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, shall deposit the undeposited taxes with the commissioner within three banking days after the close of the eighth-monthly period. For purposes of this clause, the term "eighth-monthly period" means the first three days of a calendar month, the fourth day through the seventh day of a calendar month, the eighth day through the 11th day of a calendar month, the 12th day through the 15th day of a calendar month, the 16th day through the 19th day of a calendar month, the 20th day through the 22nd day of a calendar month, the 23rd day through the 25th day of a calendar month, or the part of a calendar month following the 25th day of the month.

(c) The commissioner may prescribe by rule other return periods or deposit requirements. In prescribing the reporting period, the commissioner may classify payors according to the amount of their tax liability and may adopt

an appropriate reporting period for the class that the commissioner judges to be consistent with efficient tax collection. In no event will the duration of the reporting period be more than one year.

(d) If less than the correct amount of tax is paid to the commissioner, proper adjustments with respect to both the tax and the amount to be deducted must be made, without interest, in the manner and at the times the commissioner prescribes. If the underpayment cannot be adjusted, the amount of the underpayment will be assessed and collected in the manner and at the times the commissioner prescribes.

(e) If the aggregate amount of the tax withheld during a fiscal year ending June 30 under section 290.92, subdivision 2a or 3, is equal to or exceeds ~~\$240,000~~ \$120,000, the employer must remit each required deposit in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the deposit is due. If the date the deposit is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the deposit is due.

Sec. 15. Minnesota Statutes 1992, 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~~ \$120,000 or more ~~in May of~~ during a fiscal year ending June 30 must remit the June liability for the next year in the following manner:

(1) ~~On or Two business days~~ before June 30 of the year, the vendor must remit ~~the actual May liability and one-half 75 percent~~ of the estimated June liability to the commissioner.

(2) On or before August ~~20~~ 14 of the year, the vendor must pay any additional amount of tax not remitted in June.

(3) ~~If the vendor is required to remit by means of funds transfer as provided in paragraph (d), the vendor may remit the May liability as provided for in paragraph (c), but must remit one-half of the estimated June liability on or before June 14. The remaining amount of the June liability is due on August 14.~~

(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~~ \$120,000 or more during a fiscal year ending June 30 must remit all liabilities in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before ~~the date the tax is due~~ the 14th day of the month following the month in which the taxable event occurred, except for ~~the one-half 75 percent~~ of the estimated June liability, which is due ~~with the May liability on two business days before June 14 30~~. 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 paragraph (d) is unable due to reasonable cause to determine the actual sales and use tax due on or before the due date for payment, 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 due date for payment, must be remitted with the return. 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 due date for payment, the vendor must remit actual liability as provided in paragraph (d) in all subsequent periods. This paragraph does not apply to the June sales and use liability.

Sec. 16. Minnesota Statutes 1992, section 289A.36, subdivision 3, is amended to read:

Subd. 3. [POWER TO COMPEL TESTIMONY.] In the administration of state tax law, 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 for inspection and copying;

(2) examine under oath or affirmation any person regarding the business of any taxpayer concerning any relevant matter incident to the administration of state tax law. 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 that may be 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 will be punished as a contempt of district court.

Sec. 17. Minnesota Statutes 1992, section 289A.36, subdivision 7, is amended to read:

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. If the subpoenaed party fails to comply with the order of the court, the party may be punished by the court as for contempt. Disobedience of subpoenas issued under this section shall be punished by the district court of the district in which the party served with the subpoena is located, in the same manner as contempt of the district court.~~

Sec. 18. Minnesota Statutes 1992, section 289A.40, is amended by adding a subdivision to read:

Subd. 1a. [INDIVIDUAL INCOME TAXES; REASONABLE CAUSE.] If the taxpayer establishes reasonable cause for failing to timely file the return required by section 289A.08, subdivision 1, files the required return within ten years of the date specified in section 289A.18, subdivision 1, and independently verifies that an overpayment has been made, the commissioner shall grant a refund claimed by the original return, notwithstanding the limitations of subdivision 1.

Sec. 19. Minnesota Statutes 1992, section 289A.60, subdivision 1, is amended to read:

Subdivision 1. [PENALTY FOR FAILURE TO PAY TAX.] If a tax other than a withholding or sales or use tax is not paid ~~or amounts required to be withheld are not remitted~~ 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 tax not paid on or before the date specified for payment of the 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 a withholding or sales or use 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 five percent of the tax not paid on or before the date specified for payment of the tax if the failure is for not more than 30 days, with an additional penalty of 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 15 percent in the aggregate.

Sec. 20. Minnesota Statutes 1992, section 289A.60, subdivision 2, is amended to read:

Subd. 2. [PENALTY FOR FAILURE TO MAKE AND FILE RETURN.] If a taxpayer fails to make and file a return other than an income tax return of an individual, a withholding return, or sales or use tax 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 including any extensions if the failure is for not more than

30 days, with an additional five percent of the amount of tax remaining unpaid during each additional 30 days or fraction of 30 days, during which the failure continues, not exceeding 23 percent in the aggregate.

If a taxpayer fails to file a return, other than an income tax return of an individual, within 60 days of the date prescribed for filing of the return (determined with regard to any extension of time for filing), the addition to tax under this subdivision must not be less than the lesser of: (1) \$200; or (2) the greater of (a) 25 percent of the amount required to be shown as tax on the return without reduction for any payments made or refundable credits allowable against the tax, or (b) \$50.

If a taxpayer fails to file an individual income tax return within six months after the date prescribed for filing of the return, a penalty of ten percent of the amount of tax not paid by the end of that six-month period is added to the tax.

If a taxpayer fails to file a withholding or sales or use tax return within the time prescribed, including an extension, a penalty of five percent of the amount of tax not timely paid is added to the tax.

Sec. 21. Minnesota Statutes 1992, section 289A.60, is amended by adding a subdivision to read:

Subd. 5a. [PENALTY FOR REPEATED FAILURES TO FILE RETURNS OR PAY TAXES.] If there is a pattern by a person of repeated failures to timely file withholding or sales or use tax returns or timely pay withholding or sales or use taxes, and written notice is given that a penalty will be imposed if such failures continue, a penalty of 25 percent of the amount of tax not timely paid as a result of each such subsequent failure is added to the tax. The penalty can be abated under the abatement authority in section 270.07, subdivisions 1, paragraph (e), and 6.

Sec. 22. Minnesota Statutes 1992, section 289A.60, subdivision 15, is amended to read:

Subd. 15. [ACCELERATED PAYMENT OF JUNE SALES TAX LIABILITY; PENALTY FOR UNDERPAYMENT.] If a vendor is required by law to submit an estimation of June sales tax liabilities and one-half 75 percent payment by a certain date, and the vendor fails to remit the balance due by the date required, the vendor shall pay a penalty equal to ten percent of the amount of actual June liability required to be paid in June less the amount remitted in June. The penalty must not be imposed, however, if the amount remitted in June equals the lesser of: (1) 45 70 percent of the actual June liability, (2) 50 75 percent of the preceding May's liability, or (3) 50 75 percent of the average monthly liability for the previous calendar year.

Sec. 23. Minnesota Statutes 1992, section 289A.60, is amended by adding a subdivision to read:

Subd. 21. [PENALTY FOR FAILURE TO MAKE PAYMENT BY ELECTRONIC FUNDS TRANSFER.] In addition to other applicable penalties imposed by this section, after notification from the commissioner to the taxpayer that payments are required to be made by means of electronic funds transfer under section 289A.20, subdivision 2, paragraph (e), or 4, paragraph (d), or 289A.26, subdivision 2a, and the payments are remitted by some other means, there is a penalty in the amount of five percent of each payment that should have been remitted electronically. The penalty can be abated under the abatement procedures prescribed in section 270.07, subdivision 6, if the failure to remit the payment electronically is due to reasonable cause.

Sec. 24. Minnesota Statutes 1992, section 294.03, subdivision 1, is amended to read:

Subdivision 1. If any company, joint stock association, copartnership, corporation, or individual required by law to pay taxes to the state on a gross earnings basis shall fail to pay such tax or gross earnings percentage within the time specified by law for the payment thereof, or within 30 days after final determination of an appeal to the Minnesota tax court relating thereto, there shall be added a specific penalty equal to ten five percent of the amount so remaining unpaid if the failure is for not more than 30 days, with an additional penalty of 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 15 percent in the aggregate. Such penalty shall be collected as part of said tax, and the amount of said tax not timely paid, together with said penalty, shall bear interest at the rate specified in section 270.75 from the time such tax should have been paid until paid.

Sec. 25. Minnesota Statutes 1992, section 294.03, subdivision 2, is amended to read:

Subd. 2. In case of any failure to make and file a return as required by this chapter within the time prescribed by law or prescribed by the commissioner in pursuance of law, unless it is shown that such failure is not due to willful

neglect, there shall be added to the tax in lieu of the ten percent specific penalty provided in subdivision 1: ten percent if the failure is for not more than 30 days with an additional five percent for each additional 30 days or fraction thereof during which such failure continues, not exceeding 25 percent in the aggregate a penalty of five percent of the amount of tax not timely paid. The amount so added to any tax shall be collected at the same time and in the same manner and as a part of the tax, and the amount of said tax together with the amount so added shall bear interest at the rate specified in section 270.75 from the time such tax should have been paid until paid unless the tax has been paid before the discovery of the neglect, in which case the amount so added shall be collected in the same manner as the tax.

For purposes of this subdivision, the amount of any taxes required to be shown on the return shall be reduced by the amount of any part of the tax which is paid on or before the date prescribed for payment of the tax and by the amount of any credit against the tax which may be claimed upon the return.

Sec. 26. Minnesota Statutes 1992, section 294.03, is amended by adding a subdivision to read:

Subd. 4. If there is a pattern by a person of repeated failures to timely file returns or timely pay taxes, and written notice is given that a penalty will be imposed if such failures continue, a penalty of 25 percent of the amount of tax not timely paid as a result of each such subsequent failure is added to the tax. The penalty can be abated under the abatement authority in section 270.07, subdivisions 1, paragraph (e), and 6.

Sec. 27. Minnesota Statutes 1992, section 296.14, subdivision 1, is amended to read:

Subdivision 1. [CONTENTS; PAYMENT OF TAX; SHRINKAGE ALLOWANCE.] On or before the 23rd day of each month, every person who is required to pay gasoline tax or inspection fee on petroleum products and every distributor shall file in the office of the commissioner at St. Paul, Minnesota, a report in a manner approved by the commissioner showing the number of gallons of petroleum products received by the reporter during the preceding calendar month, and such other information as the commissioner may require. The number of gallons of gasoline shall be reported in United States standard liquid gallons (231 cubic inches), except that the commissioner may upon written application therefor and for cause shown permit the distributor to report the number of gallons of such gasoline as corrected to a 60 degree Fahrenheit temperature. If such application is granted, all gasoline covered in such application and as allowed by the commissioner must continue to be reported by the distributor on the adjusted basis for a period of one year from the date of the granting of the application. The number of gallons of petroleum products other than gasoline shall be reported as originally invoiced.

Each report shall show separately the number of gallons of aviation gasoline received by the reporter during such calendar month.

Each report shall be accompanied by remittance covering inspection fees on petroleum products and gasoline tax on gasoline received by the reporter during the preceding month; provided that in computing such tax a deduction of three percent of the quantity of gasoline received by a distributor shall be made for evaporation and loss; provided further that at the time of remittance the distributor shall submit satisfactory evidence that one-third of such three percent deduction shall have been credited or paid to dealers on quantities sold to them. The report and remittance shall be deemed to have been filed as herein required if postmarked on or before the 23rd day of the month in which payable.

Each report shall contain a confession of judgment for the amount of the tax shown due thereon to the extent not timely paid.

If the aggregate remittances made during a fiscal year ending June 30 equal or exceed ~~\$240,000~~ \$120,000, all remittances in the subsequent calendar year must be made by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the remittance is due. If the date the remittance is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the remittance is due.

Sec. 28. Minnesota Statutes 1992, section 297.03, subdivision 6, is amended to read:

Subd. 6. [TAX STAMPING MACHINES.] (a) The commissioner shall require any person licensed as a distributor to stamp packages with a heat-applied tax stamping machine, approved by the commissioner, which shall be provided by the distributor. The commissioner shall supervise and check the operation of the machines and shall provide for

the payment of the tax on any package so stamped, subject to the discount provided in subdivision 5. The commissioner may sell heat-applied stamps on a credit basis under conditions prescribed by the commissioner. The stamps shall be sold by the commissioner at a price which includes the tax after giving effect to the discount provided in subdivision 5. The commissioner shall recover the actual costs of the stamps from the distributor. A distributor having a liability of ~~\$240,000~~ \$120,000 or more during a fiscal year ending June 30 must remit all liabilities purchased on a credit basis in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the tax is due. If the date the tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the tax is due.

(b) If the commissioner finds that a stamping machine is not affixing a legible stamp on the package, the commissioner may order the distributor to immediately cease the stamping process until the machine is functioning properly.

(c) The commissioner shall annually establish the maximum amount of heat applied stamps that may be purchased each month. Notwithstanding any other provisions of this chapter, the tax due on the return will be based upon actual heat applied stamps purchased during the reporting period.

Sec. 29. Minnesota Statutes 1992, section 297.07, subdivision 1, is amended to read:

Subdivision 1. [MONTHLY RETURN FILED WITH COMMISSIONER.] On or before the 18th day of each calendar month every distributor with a place of business in this state shall file a return with the commissioner showing the quantity of cigarettes manufactured or brought in from without the state or purchased during the preceding calendar month and the quantity of cigarettes sold or otherwise disposed of in this state and outside this state during that month. Every licensed distributor outside this state shall in like manner file a return showing the quantity of cigarettes shipped or transported into this state during the preceding calendar month. Returns shall be made upon forms furnished and prescribed by the commissioner and shall contain such other information as the commissioner may require. The return shall be accompanied by a remittance for the full unpaid tax liability shown by it. The return for the May liability and 75 percent of the estimated June liability is due on the date payment of the tax is due.

Sec. 30. Minnesota Statutes 1992, section 297.07, subdivision 4, is amended to read:

Subd. 4. [ACCELERATED TAX PAYMENT.] Every distributor having a liability of ~~\$1,500~~ \$120,000 or more ~~in May 1987 or in May of each subsequent~~ during a fiscal year ending June 30, shall remit the June liability for the next year in the following manner required by this section:

~~On or (a) Two business days before June 18, 1987, or June 18 30 of each subsequent the year,~~ the distributor shall remit the actual May liability and ~~one-half~~ 75 percent of the estimated June liability to the commissioner and file the return on a form prescribed by the commissioner.

~~(b) On or before July 18, 1987, or July August 18 of each subsequent the year,~~ the distributor shall submit a return showing the actual June liability and paying any additional amount of tax not remitted in June. A penalty is imposed equal to ten percent of the amount of June liability required to be paid in June less the amount remitted in June. However, the penalty shall not be imposed if the amount remitted in June equals the lesser of (a) ~~45~~ 70 percent of the actual June liability, or (b) ~~50~~ 75 percent of the preceding May's liability.

Sec. 31. Minnesota Statutes 1992, section 297.35, subdivision 1, is amended to read:

Subdivision 1. On or before the 18th day of each calendar month every distributor with a place of business in this state shall file a return with the commissioner showing the quantity and wholesale sales price of each tobacco product (1) brought, or caused to be brought, into this state for sale; and (2) made, manufactured, or fabricated in this state for sale in this state, during the preceding calendar month. Every licensed distributor outside this state shall in like manner file a return showing the quantity and wholesale sales price of each tobacco product shipped or transported to retailers in this state to be sold by those retailers, during the preceding calendar month. Returns shall be made upon forms furnished and prescribed by the commissioner and shall contain such other information as the commissioner may require. Each return shall be accompanied by a remittance for the full tax liability shown therein, less 1.5 percent of such liability as compensation to reimburse the distributor for expenses incurred in the administration of sections 297.31 to 297.39. The return for the May liability and 75 percent of the estimated June liability is due on the date payment of the tax is due.

A distributor having a liability of ~~\$240,000~~ \$120,000 or more during a calendar year must remit all liabilities in the subsequent fiscal year ending June 30 by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the tax is due. If the date the tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the tax is due.

Sec. 32. Minnesota Statutes 1992, section 297.35, subdivision 5, is amended to read:

Subd. 5. Every distributor having a liability of ~~\$1,500~~ \$120,000 or more ~~in May 1987 or in May of each subsequent~~ during a fiscal year ending June 30, shall remit the June liability for the next year in the following manner required by this section:

~~On or (a) Two business days before June 18, 1987, or June 18~~ 30 of each subsequent the year, the distributor shall remit the actual May liability and ~~one-half~~ 75 percent of the estimated June liability to the commissioner and file the return on a form prescribed by the commissioner.

~~(b) On or before July 18, 1987, or July~~ August 18 of each subsequent the year, the distributor shall submit a return showing the actual June liability and paying any additional amount of tax not remitted in June. A penalty is imposed equal to ten percent of the amount of June liability required to be paid in June less the amount remitted in June. However, the penalty is not imposed if the amount remitted in June equals the lesser of (a) ~~(1) 45~~ 70 percent of the actual June liability, or ~~(b) (2) 50~~ 75 percent of the preceding May's liability.

Sec. 33. Minnesota Statutes 1992, section 297.43, subdivision 1, is amended to read:

Subdivision 1. [PENALTY ON UNPAID TAX.] If a tax imposed by this chapter, or any part of it, is not paid within the time required for the payment, or an extension of time, or within 30 days after final determination of an appeal to the tax court relating to it, there shall be added to the tax a penalty equal to ~~three~~ five percent of the amount remaining unpaid if the failure is for not more than 30 days, with an additional penalty of ~~three~~ five percent of the amount of tax remaining unpaid during each additional 30 days or fraction thereof, not exceeding ~~24~~ 15 percent in the aggregate.

Sec. 34. Minnesota Statutes 1992, section 297.43, subdivision 2, is amended to read:

Subd. 2. [PENALTY FOR FAILURE TO FILE.] If a person fails to make and file a return within the time required under sections 297.07, 297.23, and 297.35, there shall be added to the tax ~~three~~ five 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 for each additional 30 days or fraction thereof during which such failure continues, not exceeding 23 percent in the aggregate.~~ The amount so added to any tax under this subdivision and subdivision 1 shall be collected at the same time and in the same manner and as a part of the tax and shall bear interest at the rate specified in section 270.75 from the time the tax should have been paid, unless the tax has been paid before the discovery of the negligence, in which case the amount so added shall be collected in the same manner as the tax.

In the case of a failure 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 shall not be less than the lesser of (i) \$200; or (ii) the greater of (a) 25 percent of the amount required to be shown as tax on the return without reduction for any payments made or refundable credits allowable against the tax; or (b) \$50.

Sec. 35. Minnesota Statutes 1992, section 297.43, is amended by adding a subdivision to read:

Subd. 4a. [PENALTY FOR REPEATED FAILURES TO FILE RETURNS OR PAY TAXES.] If there is a pattern by a person of repeated failures to timely file returns or timely pay taxes, and written notice is given that a penalty will be imposed if such failures continue, a penalty of 25 percent of the amount of tax not timely paid as a result of each such subsequent failure is added to the tax. The penalty can be abated under the abatement authority in section 270.07, subdivisions 1, paragraph (e), and 6.

Sec. 36. Minnesota Statutes 1992, section 297C.03, subdivision 1, is amended to read:

Subdivision 1. [MANNER AND TIME OF PAYMENT; FAILURE TO PAY.] The tax on wines and distilled spirits on which the excise tax has not been previously paid must be paid to the commissioner by persons liable for the tax

on or before the 18th day of the month following the month in which the first sale is made in this state by a licensed manufacturer or wholesaler. Every person liable for the tax on wines or distilled spirits imposed by section 297C.02 must file with the commissioner on or before the 18th day of the month following first sale in this state by a licensed manufacturer or wholesaler a return in the form prescribed by the commissioner, and must keep records and render reports required by the commissioner. The commissioner may certify to the commissioner of public safety any failure to pay taxes when due as a violation of a statute relating to the sale of intoxicating liquor for possible revocation or suspension of license. The return for the May liability and 75 percent of the estimated June liability is due on the date payment of the tax is due.

A person liable for an excise tax of ~~\$240,000~~ \$120,000 or more during a fiscal year ending June 30 must remit all excise tax liabilities in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the excise tax is due. If the date the excise tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the excise tax is due.

Sec. 37. Minnesota Statutes 1992, section 297C.04, is amended to read:

297C.04 [PAYMENT OF TAX; MALT LIQUOR.]

The commissioner may by rule provide a reporting method for paying and collecting the excise tax on fermented malt beverages. The tax is imposed upon the first sale or importation made in this state by a licensed brewer or importer. The rules must require reports to be filed with and the excise tax to be paid to the commissioner on or before the 18th day of the month following the month in which the importation into or the first sale is made in this state, whichever first occurs. The rules must also require payments in June of 1987 and subsequent years according to the provisions of section 297C.05, subdivision 2.

A distributor who has title to or possession of fermented malt beverages upon which the excise tax has not been paid and who knows that the tax has not been paid, shall file a return with the commissioner on or before the 18th day of the month following the month in which the distributor obtains title or possession of the fermented malt beverages. The return must be made on a form furnished and prescribed by the commissioner, and must contain all information that the commissioner requires. The return must be accompanied by a remittance for the full unpaid liability shown on it. The return for the May liability and 75 percent of the estimated June liability is due on the date payment of the tax is due.

A licensed brewer, importer, or distributor having an excise tax liability of ~~\$240,000~~ \$120,000 or more during a fiscal year ending June 30 must remit all excise tax liabilities in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the excise tax is due. If the date the excise tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the excise tax is due.

Sec. 38. Minnesota Statutes 1992, section 297C.05, subdivision 2, is amended to read:

Subd. 2. [ACCELERATED TAX PAYMENT.] Every person liable for tax under this chapter having a liability of ~~\$1,500~~ \$120,000 or more ~~in May 1987 or in May of each subsequent~~ during a fiscal year ending June 30, shall remit the June liability for the next year in the following manner required by this section:

~~On or~~ (a) Two business days before June 18, 1987, or June 18 30 of each subsequent ~~the~~ the year, the taxpayer shall remit the actual May liability and ~~one-half~~ 75 percent of the estimated June liability to the commissioner and file the return on a form prescribed by the commissioner.

(b) ~~On or before August 18, 1987, or August 18 of each subsequent~~ the year, the taxpayer shall submit a return showing the actual June liability and paying any additional amount of tax not remitted in June. A penalty is hereby imposed equal to ten percent of the amount of June liability required to be paid in June less the amount remitted in June. However, the penalty shall not be imposed if the amount remitted in June equals the lesser of (a) (1) 45 70 percent of the actual June liability, or ~~(b) (2) 50 75~~ percent of the preceding May's liability.

Sec. 39. Minnesota Statutes 1992, section 297C.14, subdivision 1, is amended to read:

Subdivision 1. [PENALTY ON UNPAID TAX.] If a tax imposed by this chapter, or any part of it, is not paid within the time required for the payment, or an extension of time, or within 30 days after final determination of an appeal

to the tax court relating to it, there shall be added to the tax a penalty equal to ~~three~~ five percent of the amount remaining unpaid if the failure is for not more than 30 days, with an additional penalty of ~~three~~ five percent of the amount of tax unpaid during each additional 30 days or fraction thereof, not exceeding ~~24~~ 15 percent in the aggregate.

Sec. 40. Minnesota Statutes 1992, section 297C.14, subdivision 2, is amended to read:

Subd. 2. [PENALTY FOR FAILURE TO FILE.] If a person fails to make and file a return within the time required by this chapter or an extension of time, there shall be added to the tax ~~three~~ five 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 for each additional 30 days or fraction thereof during which such failure continues, not exceeding 23 percent in the aggregate.~~ The amount so added to any tax under subdivisions 1 and 2 shall be collected at the same time and in the same manner and as a part of the tax and shall bear interest at the rate specified in section 270.75 from the time the tax should have been paid, unless the tax has been paid before the discovery of the negligence, in which case the amount so added shall be collected in the same manner as the tax.

In the case of a failure 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 shall not be less than the lesser of (i) \$200; or (ii) the greater of (a) 25 percent of the amount required to be shown as tax on the return without reduction for any payments made or refundable credits allowable against the tax; or (b) \$50.

Sec. 41. Minnesota Statutes 1992, section 297C.14, is amended by adding a subdivision to read:

Subd. 9. [PENALTY FOR REPEATED FAILURES TO FILE RETURNS OR PAY TAXES.] If there is a pattern by a person of repeated failures to timely file returns or timely pay taxes, and written notice is given that a penalty will be imposed if such failures continue, a penalty of 25 percent of the amount of tax not timely paid as a result of each such subsequent failure is added to the tax. The penalty can be abated under the abatement authority in section 270.07, subdivisions 1, paragraph (e), and 6.

Sec. 42. Minnesota Statutes 1992, section 298.27, is amended to read:

298.27 [COLLECTION AND PAYMENT OF TAX.]

The taxes provided by section 298.24 shall be paid directly to each eligible county and the iron range resources and rehabilitation board. The commissioner of revenue shall notify each producer of the amount to be paid each recipient prior to February 8 15. Every person subject to taxes imposed by section 298.24 shall file a correct report covering the preceding year. The report must contain the information required by the commissioner. The report shall be filed on or before February 1. A remittance equal to ~~90~~ 100 percent of the total tax required to be paid hereunder shall be paid on or before February ~~15~~ 24. On or before February 25, the county auditor shall make distribution of the payment received by the county in the manner provided by section 298.28. ~~The balance due shall be paid on or before April 15 following the production year, and shall be distributed by the county auditor as provided in section 298.28 by May 15.~~ Reports shall be made and hearings held upon the determination of the tax in accordance with procedures established by the commissioner of revenue. The commissioner of revenue shall have authority to make reasonable rules as to the form and manner of filing reports necessary for the determination of the tax hereunder, and by such rules may require the production of such information as may be reasonably necessary or convenient for the determination and apportionment of the tax. All the provisions of the occupation tax law with reference to the assessment and determination of the occupation tax, including all provisions for appeals from or review of the orders of the commissioner of revenue relative thereto, but not including provisions for refunds, are applicable to the taxes imposed by section 298.24 except in so far as inconsistent herewith. If any person subject to section 298.24 shall fail to make the report provided for in this section at the time and in the manner herein provided, the commissioner of revenue shall in such case, upon information possessed or obtained, ascertain the kind and amount of ore mined or produced and thereon find and determine the amount of the tax due from such person. There shall be added to the amount of tax due a penalty for failure to report on or before February 1, which penalty shall equal ten percent of the tax imposed and be treated as a part thereof.

If any person responsible for making a ~~partial~~ tax payment at the time and in the manner herein provided fails to do so, there shall be imposed a penalty equal to ten percent of the amount so due, which penalty shall be treated as part of the tax due.

In the case of any underpayment of the ~~partial~~ tax payment required herein, there may be added and be treated as part of the tax due a penalty equal to ten percent of the amount so underpaid.

~~If any portion of the taxes provided for in section 298.24 is not paid before the fifteenth day of April of the year in which due and payable, a penalty of ten percent of such unpaid portion shall immediately accrue, and thereafter one percent per month shall be added to such tax and penalty while such tax remains unpaid.~~

A person having a liability of \$120,000 or more during a calendar year must remit all liabilities by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the tax is due. If the date the tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the tax is due.

Sec. 43. Minnesota Statutes 1992, section 299F.21, subdivision 2, is amended to read:

Subd. 2. [ANNUAL RETURNS.] (a) Every insurer required to pay a tax under this section shall make and file a statement of estimated taxes for the period covered by the installment tax payment. The statement shall be in the form prescribed by the commissioner of revenue.

(b) On or before March 1, annually every insurer subject to taxation under this section shall make an annual return for the preceding calendar year setting forth information the commissioner of revenue may reasonably require on forms prescribed by the commissioner.

(c) On March 1, the insurer shall pay any additional amount due for the preceding calendar year; if there has been an overpayment, the overpayment may be credited without interest on the estimated tax due April 15.

(d) If unpaid by this date, penalties ~~and interest~~ as provided in section 289A.60, subdivision 1, as related to withholding and sales or use taxes, shall be imposed.

Sec. 44. Minnesota Statutes 1992, section 299F.23, subdivision 2, is amended to read:

Subd. 2. [FAILURE TO FILE; PENALTIES ~~AND INTEREST~~.] In case of any failure to make and file a return as required by this chapter within the time prescribed by law or prescribed by the commissioner of revenue in pursuance of law there shall be added to the tax penalties ~~and interest~~ as provided in section 289A.60, subdivision 2, as related to withholding and sales or use taxes.

Sec. 45. Minnesota Statutes 1992, section 299F.23, is amended by adding a subdivision to read:

Subd. 5. [PENALTY FOR REPEATED FAILURES TO FILE RETURNS OR PAY TAXES.] If there is a pattern by a person of repeated failures to timely file returns or timely pay taxes, and written notice is given that a penalty will be imposed if such failures continue, a penalty of 25 percent of the amount of tax not timely paid as a result of each such subsequent failure is added to the tax. The penalty can be abated under the abatement authority in section 270.07, subdivisions 1, paragraph (e), and 6.

Sec. 46. Minnesota Statutes 1992, section 349.212, subdivision 4, is amended to read:

Subd. 4. [PULL-TAB AND TIPBOARD TAX.] (a) There is imposed a tax on the sale of each deal of pull-tabs and tipboards sold by a licensed distributor. The rate of the tax is two percent of the ideal gross of the pull-tab or tipboard deal. The sales tax imposed by chapter 297A on the sale of the pull-tabs and tipboards by the licensed distributor is imposed on the retail sales price less the tax imposed by this subdivision. The retail sale of pull-tabs or tipboards by the organization is exempt from taxes imposed by chapter 297A and is exempt from all local taxes and license fees except a fee authorized under section 349.16, subdivision 4.

(b) The liability for the tax imposed by this section is incurred when the pull-tabs and tipboards are delivered by the distributor to the customer, to a common or contract carrier for delivery to the customer, or when received by the customer's authorized representative at the distributor's place of business, regardless of the distributor's method of accounting or the terms of the sale.

The tax imposed by this subdivision is imposed on all sales of pull-tabs and tipboards, except the following:

- (1) sales to the governing body of an Indian tribal organization for use on an Indian reservation;
- (2) sales to distributors licensed under this chapter;

(3) sales to distributors licensed under the laws of another state or of a province of Canada, as long as all statutory and regulatory requirements are met in the other state or province; and

(4) sales of promotional tickets as defined in section 349.12.

(c) Pull-tabs and tipboards sold to an organization that sells pull-tabs and tipboards under the exemption from licensing in section 349.166, subdivision 2, paragraph (a), are exempt from the tax imposed by this subdivision. A distributor must require an organization conducting exempt gambling to show proof of its exempt status before making a tax-exempt sale of pull-tabs or tipboards to such an organization. A distributor shall identify, on all reports submitted to the commissioner, all sales of pull-tabs and tipboards that are exempt from tax under this subdivision.

(d) A distributor having a liability of ~~\$240,000~~ \$120,000 or more during a fiscal year ending June 30 must remit all liabilities in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the tax is due. If the date the tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the tax is due.

Sec. 47. Minnesota Statutes 1992, section 349.217, subdivision 1, is amended to read:

Subdivision 1. [PENALTY FOR FAILURE TO PAY TAX.] If a tax is not paid within the time specified for payment, a penalty is added to the amount required to be shown as tax. The penalty is ~~three~~ five percent of the unpaid tax if the failure is for not more than 30 days, with an additional penalty of ~~three~~ 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 24 ~~15~~ 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.

Sec. 48. Minnesota Statutes 1992, section 349.217, subdivision 2, is amended to read:

Subd. 2. [PENALTY FOR FAILURE TO MAKE AND FILE RETURN.] If a taxpayer fails to make and file a return within the time prescribed or an extension, a penalty is added to the tax. The penalty is ~~three~~ five 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 (a) 25 percent of the amount required to be shown as tax on the return without reduction for any payments made or refundable credits allowable against the tax, or (b) \$50.

Sec. 49. Minnesota Statutes 1992, section 349.217, is amended by adding a subdivision to read:

Subd. 5a. [PENALTY FOR REPEATED FAILURES TO FILE RETURNS OR PAY TAXES.] If there is a pattern by a person of repeated failures to timely file returns or timely pay taxes, and written notice is given that a penalty will be imposed if such failures continue, a penalty of 25 percent of the amount of tax not timely paid as a result of each such subsequent failure is added to the tax. The penalty can be abated under the abatement authority in section 270.07, subdivisions 1, paragraph (e), and 6.

Sec. 50. Minnesota Statutes 1992, section 473.843, subdivision 3, is amended to read:

Subd. 3. [PAYMENT OF FEE.] On or before the 20th day of each month each operator shall pay the fee due under this section for the previous month, using a form provided by the commissioner of revenue.

An operator having a fee of ~~\$240,000~~ \$120,000 or more during a fiscal year ending June 30 must pay all fees in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the fee is due. If the date the fee is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the fee is due.

Sec. 51. [PENALTY FOR REPEATED NON-FILING; RULEMAKING REQUIRED.]

Before imposing a penalty under section 3, 6, 21, 26, 35, 41, 45, or 49, the commissioner of revenue shall promulgate rules under Minnesota Statutes, chapter 14, that prescribe what constitutes "repeated failures to timely file returns or timely pay taxes" for purposes of the penalty under each section and any other matters the commissioner determines appropriate.

Sec. 52. [EFFECTIVE DATE.]

Sections 1 to 6, 19 to 21, 24 to 26, 33 to 35, 39 to 41, 43 to 45, and 47 to 49 are effective for taxes and returns due on or after January 1, 1994.

For purposes of imposing the penalties under sections 3, 6, 21, 26, 35, 41, 45, and 49, violations for late filing of returns or late payment of taxes can occur before or after January 1, 1994, but no penalty may be imposed under those sections until final rules promulgated under the administrative procedures act satisfying requirements of section 51 take effect.

Sections 7, 8, 11, 16, and 17 are effective the day following final enactment.

Section 9 is effective July 1, 1993.

Sections 10 and 23 are effective for taxes due on or after October 1, 1993.

Section 12 is effective for confessions of judgment entered into after June 30, 1993.

Sections 13 to 15, 22, 27 to 32, 36 to 38, 42, 46, and 50 are effective for payments due in the calendar year 1994, and thereafter, based upon payments made in the fiscal year ending June 30, 1993, and thereafter; provided that section 13, as it relates to quarterly and annual sales and use tax returns, is effective for returns due for calendar quarters beginning with the first quarter of 1994, and for calendar years beginning with 1994.

Section 18 is effective for returns due for taxable years beginning after December 31, 1982.

ARTICLE 11

ASSESSORS ADMINISTRATIVE

Section 1. Minnesota Statutes 1992, section 270B.12, is amended by adding a subdivision to read:

Subd. 9. [COUNTY ASSESSORS.] If, as a result of an audit, the commissioner determines that a person is a Minnesota nonresident or part-year resident for income tax purposes, the commissioner may disclose the person's name, address, and social security number to the assessor of any political subdivision in the state, when there is reason to believe that the person may have claimed or received homestead property tax benefits for a corresponding assessment year in regard to property apparently located in the assessor's jurisdiction.

Sec. 2. Minnesota Statutes 1992, section 273.061, subdivision 1, is amended to read:

Subdivision 1. [OFFICE CREATED; APPOINTMENT, QUALIFICATIONS.] Every county in this state shall have a county assessor. The county assessor shall be appointed by the board of county commissioners ~~and shall be a resident of this state.~~ The assessor shall be selected and appointed because of knowledge and training in the field of property taxation and appointment shall be approved by the commissioner of revenue before the same shall become effective. Upon receipt by the county commissioners of the commissioner of revenue's refusal to approve an appointment, the term of the appointee shall terminate at the end of that day. Notwithstanding any law to the contrary, a county assessor must have senior accreditation from the state board of assessors by January 1, 1992, or within two years of the assessor's first appointment under this section, whichever is later.

Sec. 3. Minnesota Statutes 1992, section 273.11, subdivision 13, is amended to read:

Subd. 13. [VALUATION OF INCOME-PRODUCING PROPERTY.] Beginning with the 1995 assessment, only accredited assessors or senior accredited assessors or other licensed assessors who have successfully completed at least

two income-producing property appraisal courses 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. "Income-producing property appraisal course" as used in this subdivision means a course of study of approximately 30 instructional hours, with a final comprehensive test. An assessor must successfully complete the final examination for each of the two required courses. The course must be approved by the board of assessors.

Sec. 4. [REPORT ON COMPOSITION OF FARMS.]

Before December 1, 1993, each county assessor shall provide a report to the commissioner of revenue on the composition of farm homesteads within the county. The report shall document the size of farms in acres, the value of farms broken down into land value and building value, and such other information as the commissioner shall require. The report shall be in a form prescribed by the commissioner with consultation from legislative staff. The commissioner shall make the information collected in the reports available to legislative staff.

Sec. 5. [EFFECTIVE DATE.]

Sections 1 and 3 are effective the day following final enactment.

Section 2 is effective for any appointment beginning January 1, 1993 and thereafter.

ARTICLE 12

CONTAMINATION TAX

Section 1. [270.91] [CONTAMINATION TAX.]

Subdivision 1. [IMPOSITION.] A tax is annually imposed on the contamination value of taxable real property in this state.

Subd. 2. [INITIAL TAX RATES.] Unless the rates under subdivision 3 or 4 apply, the tax imposed under this section equals 100 percent of the class rate for the property under section 273.13, multiplied by the contamination value of the property.

Subd. 3. [TAX RATES, NONRESPONSIBLE PARTY.] If neither the owner nor the operator of the taxable real property, in the assessment year, is a responsible person under chapter 115B or a responsible party under chapter 18D for the presence of contaminants on the property, unless subdivision 4 applies, the tax imposed under this section equals 25 percent of the class rate for the property under section 273.13, multiplied by the contamination value of the property. A determination under section 115B.177 or other similar determination by the commissioner of the pollution control agency or by the commissioner of agriculture for a release of agricultural chemicals is dispositive of whether the owner or operator is not a responsible person under chapter 18D or 115B for purposes of this section. To qualify under this subdivision, the property owner must provide the assessor with a copy of the determination by July 1 of the assessment year.

Subd. 4. [TAX RATES AFTER PLAN APPROVAL.] (a) The tax imposed under this subdivision applies for the first assessment year that begins after one of the following occurs:

(1) a response action plan for the property has been approved by the commissioner of the pollution control agency or by the commissioner of agriculture for an agricultural chemical release or incident subject to chapter 18D and work under the plan has begun; or

(2) the contaminants are asbestos and the property owner has in place an abatement plan for enclosure, removal, or encapsulation of the asbestos or a proactive, in-place management program pursuant to the rules, requirements, and formal policies of the United States environmental protection agency. To qualify under this clause, the property owner must (1) have entered into a binding contract with a licensed contractor for completion of the work, (2) have obtained a license from the commissioner of health and begun the work, or (3) implemented a proactive, in-place management program pursuant to the rules, requirements, and formal policies of the United States environmental protection agency. An abatement plan must provide for completion of the work within a reasonable time period, as

determined by the assessors. An asbestos management program must cover a period of time and require such proactive practices as are required by the rules, requirements, and formal policies of the United States environmental protection agency.

(b) To qualify under paragraph (a), the property owner must provide the assessor with a copy of: (1) the approved response action plan; (2) a copy of the asbestos abatement plan and contract for completion of the work or the owner's license to perform the work; or (3) a copy of the approved asbestos management program. The property owner also must file with the assessor an affidavit indicating when work under the response action plan or asbestos abatement plan began.

(c) The tax imposed under this subdivision equals 50 percent of the class rate for the property under section 273.13, multiplied by the contamination value of the property.

(d) The tax imposed under this subdivision equals 12.5 percent of the class rate for the property under section 273.13, multiplied by the contamination value of the property. The tax under this paragraph applies if one of the following conditions is satisfied:

(1) the contaminants are subject to chapter 115B and neither the owner nor the operator of the taxable real property in the assessment year is a responsible person under chapter 115B;

(2) the contaminants are subject to chapter 18D and neither the owner nor the operator of the taxable real property in the assessment year is a responsible party under chapter 18D;

(3) the contaminants are asbestos and neither the owner nor the operator of the taxable real property in the assessment year is required to undertake asbestos-related work, but is implementing a proactive in-place management program.

Sec. 2. [270.92] [DEFINITIONS.]

Subdivision 1. [SCOPE OF APPLICATION.] For purposes of sections 1 to 8, the following terms have the meanings given.

Subd. 2. [ASSESSMENT YEAR.] "Assessment year" means the assessment year for purposes of general ad valorem property taxes.

Subd. 3. [CONTAMINANT.] "Contaminant" means a harmful substance as defined in section 115B.25, subdivision 7a.

Subd. 4. [CONTAMINATED MARKET VALUE.] "Contaminated market value" is the amount determined under section 3.

Subd. 5. [PRESENCE OF CONTAMINANTS.] "Presence of contaminants" includes the release or threatened release, as defined in section 115B.02, subdivision 15, of contaminants on the property.

Subd. 6. [RESPONSE PLAN.] "Response plan" means: (1) a development action response plan, as defined in section 469.174, subdivision 17; (2) a response action plan under chapter 115B or a corrective action plan under chapter 18D; (3) a plan for corrective action approved by the commissioner of agriculture under section 18D.105; or (4) a plan for corrective action approved by the commissioner of the pollution control agency under section 115C.03.

Sec. 3. [270.93] [TAX BASE; CONTAMINATION VALUE.]

The contamination value of a parcel of property is the amount of the market value reduction, if any, that is granted for general ad valorem property tax purposes for the assessment year because of the presence of contaminants. The contamination value for a property may be no greater than the estimated cost of implementing a reasonable response action plan or asbestos abatement plan or management program for the property. These reductions in market value include those granted by a court, by a board of review, by the assessor upon petition or request of a property owner, or by the assessor. Reductions granted by the assessor are included only if the assessor reduced the property's market value for the presence of contaminants using an appraisal method or methods that are specifically designed or intended to adjust for the valuation effects of the presence of contaminants. The contamination value for a parcel with a reduction in value of less than \$10,000 is zero.

Sec. 4. [270.94] [EXEMPTION.]

(a) The tax imposed by sections 1 to 8 does not apply to the contamination value of a parcel of property attributable to contaminants that were addressed by a response action plan for the property, if the commissioner of the pollution control agency, or the commissioner of agriculture for a release subject to chapter 18D, has determined that all the requirements of the plan have been satisfied. This exemption applies beginning for the first assessment year after the commissioner of the pollution control agency, or the commissioner of agriculture determines that the implementation of a response action plan has been completed. To qualify under this paragraph, the property owner must provide the assessor with a copy of the determination by the commissioner of the pollution control agency or the commissioner of agriculture of the completion of the response action plan.

(b) The tax imposed by sections 1 to 8 does not apply to the contamination value of a parcel that is attributable to asbestos, if the work has been completed under an asbestos abatement plan and the property owner provides the assessor with an affidavit stating the work under the abatement plan has been completed and any other evidence or information the assessor requests.

Sec. 5. [270.95] [PAYMENT; ADMINISTRATION.]

The tax imposed under sections 1 to 8 is payable at the same time and manner as the regular ad valorem property tax. The tax is subject to the penalty, interest, lien, forfeiture, and any other rules for collection of the regular ad valorem property tax. If a reduction in market value that creates contamination value is granted after the ad valorem property tax has been paid, the contamination tax must be subtracted from the amount to be refunded to the property owner.

Sec. 6. [270.96] [DUTIES.]

Subdivision 1. [ASSESSORS.] Each assessor shall notify the county auditor of the contamination value under section 1 by the separate tax rate categories under subdivisions 2, 3, and 4 for each parcel of property within the assessor's jurisdiction. The assessor shall provide notice of the contamination value to the property owner by the later of June 1 of the assessment year or 30 days after the reduction in market value is finally granted.

Subd. 2. [AUDITOR.] The county auditor shall prepare separate lists of the contamination values for all property located in the county that are taxed under section 1, subdivisions 2, 3, and 4. The commissioner shall prescribe the form of the listing. The auditor shall include the amount of the contamination taxes on the contamination value for the assessment year on the regular ad valorem property tax statement under section 276.04.

Subd. 3. [TREASURER.] (a) The county treasurer shall pay the proceeds of the tax imposed under section 1, subdivision 4, less the amount retained by the county for the cost of administration under section 8, to the commissioner at the same times provided for the ad valorem property tax settlements.

(b) The county treasurer shall pay the proceeds of the tax imposed under section 1, subdivisions 2 and 3 to the local taxing jurisdictions in the same manner provided for the distribution of ad valorem property taxes.

Subd. 4. [COURT ORDERED REDUCTIONS IN VALUE.] If a court orders a reduction in market value for purposes of the ad valorem property tax because of the presence of contaminants on the property, the court shall include in its order an offset for payment of the tax on contaminated value under section 1.

Sec. 7. [270.97] [DEPOSIT OF REVENUES.]

The commissioner shall deposit all revenues derived from the tax, interest, and penalties received from the county in the contaminated site cleanup and development account in the general fund.

Sec. 8. [270.98] [LOCAL ADMINISTRATIVE COSTS.]

The county may retain five percent of the total revenues derived from the tax imposed under section 1, subdivision 4, including interest and penalties, as compensation for administering the tax. The county board may reimburse municipalities for the services provided by assessors employed by the municipality in administering sections 1 to 8.

Sec. 9. Minnesota Statutes 1992, section 273.11, is amended by adding a subdivision to read:

Subd. 15. [VALUATION OF CONTAMINATED PROPERTIES.] (a) In determining the market value of property containing contaminants, the assessor shall reduce the market value of the property by the contamination value of the property. The contamination value is the amount of the market value reduction that results from the presence of the contaminants, but it may not exceed the cost of a reasonable response action plan or asbestos abatement plan or management program for the property.

(b) For purposes of this subdivision, "asbestos abatement plan," "contaminants," and "response action plan" have the meanings as used in sections 1 and 2.

Sec. 10. Minnesota Statutes 1992, 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 after November 10 and on or before November 24 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 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) 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. The notice must clearly inform taxpayers of the years to which the market values apply and that the values are final values;

(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.

(e) 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; and

(6) the contamination tax imposed on properties which received market value reductions for contamination.

(f) 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.

(g) 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.

(h) 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 27 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. 11. Minnesota Statutes 1992, 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 amount of the tax on contamination value imposed under sections 270.91 to 270.98, if any, must also be separately stated. 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 the total local tax rate by 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;

(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. 12. [EFFECTIVE DATE.]

Sections 1 to 11 are effective beginning with taxes assessed in 1994, payable in 1995, and apply to reductions in market value in effect for the year regardless of when they were granted.

ARTICLE 13

CONTAMINATION CLEANUP GRANTS

Section 1. [116J.551] [CREATION OF ACCOUNT.]

A contaminated site cleanup and development account is created in the general fund. Money in the account may be used, as appropriated by law, to make grants as provided in section 4 and to pay for the commissioner's costs in reviewing applications and making grants.

Sec. 2. [116J.552] [DEFINITIONS.]

Subdivision 1. [SCOPE OF APPLICATION.] For purposes of sections 1 to 7, the following terms have the meanings given.

Subd. 2. [CLEANUP COSTS.] "Cleanup costs" or "costs" mean the cost of implementing an approved response action plan.

Subd. 3. [CONTAMINANT.] "Contaminant" means a hazardous substance or a pollutant or contaminant as those terms are defined in section 115B.02.

Subd. 4. [DEVELOPMENT AUTHORITY.] "Development authority" includes a statutory or home rule charter city, housing and redevelopment authority, economic development authority, and a port authority.

Subd. 5. [METROPOLITAN AREA.] "Metropolitan area" means the seven-county metropolitan area, as defined in section 473.121, subdivision 2.

Subd. 6. [MUNICIPALITY.] "Municipality" means the statutory or home rule charter city, town, or, in the case of unorganized territory, the county in which the site is located.

Subd. 7. [PROJECT COSTS.] "Project costs" includes cleanup costs for the site and the cost of related site acquisition, demolition of existing improvements, and installation of public improvements necessary for the development authority to implement the response action plan.

Subd. 8. [RESPONSE ACTION PLAN.] "Response action plan" means a response action plan approved by the commissioner of the pollution control agency, including a "development action response plan" that meets the

requirements of section 469.174, subdivision 17; and a "voluntary response action plan" under section 115B.175, subdivision 3.

Sec. 3. [116].553] [GRANT APPLICATIONS.]

Subdivision 1. [APPLICATION REQUIRED.] To obtain a contamination cleanup development grant, the development authority shall apply to the commissioner. The governing body of the municipality must approve, by resolution, the application.

Subd. 2. [REQUIRED CONTENT.] The commissioner shall prescribe and provide the application form. The application must include at least the following information:

- (1) identification of the site;
- (2) an approved response action plan for the site, including the results of engineering and other tests showing the nature and extent of the release or threatened release of contaminants at the site;
- (3) a detailed estimate, along with necessary supporting evidence, of the total cleanup costs for the site;
- (4) an appraisal of the current market value of the property, separately taking into account the effect of the contaminants on the market value, prepared by a qualified independent appraiser using accepted appraisal methodology;
- (5) an assessment of the development potential or likely use of the site after completion of the response action plan, including any specific commitments from third parties to construct improvements on the site;
- (6) the manner in which the municipality will meet the local match requirement; and
- (7) any additional information or material that the commissioner prescribes.

Sec. 4. [116].554] [GRANTS.]

Subdivision 1. [AUTHORITY.] The commissioner may make a grant to an applicant development authority to pay for up to 75 percent of the cleanup costs for a qualifying site, except the grant may not exceed 50 percent of the project costs. The determination of whether to make a grant for a qualifying site is within the sole discretion of the commissioner, subject to the process provided by this section, and available unencumbered money in the appropriation. The commissioner's decisions and application of the priorities under section 5 are not subject to judicial review, except for abuse of discretion.

Subd. 2. [QUALIFYING SITES.] A site qualifies for a grant under this section, if the following criteria are met:

- (1) the site is not scheduled for funding during the current or next fiscal year under the Comprehensive Environmental Response, Compensation, and Liability Act, United States Code, title 42, section 9601, et seq. or under the environmental response, and liability act under sections 115B.01 to 115B.24;
- (2) the appraised value of the site after adjusting for the effect on the value of the presence or possible presence of contaminants using accepted appraisal methodology (i) is less than 50 percent of the estimated cleanup costs for the site or (ii) is less than or equal to the estimated cleanup costs for the site and the cleanup costs equal or exceed \$3 per square foot for the site; and
- (3) if the proposed cleanup is completed, it is expected that the site will be improved with buildings or other improvements and these improvements will provide a substantial increase in the property tax base within a reasonable period of time or the site will be used for an important publicly owned or tax-exempt facility.

Sec. 5. [116].555] [PRIORITIES.]

Subdivision 1. [PRIORITIES.] (a) The legislature expects that applications for grants will exceed the available appropriations and the agency will be able to provide grants to only some of the applicant development authorities.

(b) If applications for grants for qualified sites exceed the available appropriations, the agency shall make grants for sites that, in the commissioner's judgment, provide the highest return in public benefits for the public costs

incurred and that meet all the requirements provided by law. In making this judgment, the commissioner shall consider the following factors:

(1) the recommendations or ranking of projects by the commissioner of the pollution control agency regarding the potential threat to public health and the environment that would be reduced or eliminated by completion of each of the response action plans;

(2) the potential increase in the property tax base of the local taxing jurisdictions, considered relative to the fiscal needs of the jurisdictions, that will result from developments that will occur because of completion of each of the response action plans;

(3) the social value to the community of the cleanup and redevelopment of the site, including the importance of development of the proposed public facilities on each of the sites;

(4) the probability that each site will be cleaned up without use of government money in the reasonably foreseeable future;

(5) the amount of cleanup costs for each site; and

(6) the amount of the commitment of municipal or other local resources to pay for the cleanup costs.

The factors are not listed in a rank order of priority; rather the commissioner may weigh each factor, depending upon the facts and circumstances, as the commissioner considers appropriate. The commissioner may consider other factors that affect the net return of public benefits for completion of the response action plan. The commissioner, notwithstanding the listing of priorities and the goal of maximizing the return of public benefits, shall make grants that distribute available money to sites both within and outside of the metropolitan area. The commissioner shall provide a written statement of the supporting reasons for each grant. Unless sufficient applications are not received for qualifying sites outside of the metropolitan area, at least 25 percent of the money provided as grants must be made for sites located outside of the metropolitan area.

Subd. 2. [APPLICATION CYCLES; REPORTING TO LCWM.] (a) In making grants, the commissioner shall establish regular application deadlines in which grants will be authorized from all or part of the available appropriations of money in the account.

(b) After each cycle in which grants are awarded, the commissioner shall report to the legislative commission on waste management the grants awarded and appropriate supporting information describing each grant made. This report must be made within 30 days after the grants are awarded.

(c) The commissioner shall annually report to the legislative commission on the status of the cleanup projects undertaken under grants made under the programs. The commissioner shall include in the annual report information on the cleanup and development activities undertaken for the grants made in that and previous fiscal years. The commissioner shall make this report no later than 120 days after the end of the fiscal year.

Sec. 6. [116].556] [LOCAL MATCH REQUIREMENT.]

(a) In order to qualify for a grant under sections 1 to 7, the municipality must pay for at least one-half of the project costs as a local match. The municipality shall pay an amount of the project costs equal to at least 18 percent of the cleanup costs from the municipality's general fund, a property tax levy for that purpose, or other unrestricted money available to the municipality (excluding tax increments). These unrestricted moneys may be spent for project costs, other than cleanup costs, and qualify for the local match payment equal to 18 percent of cleanup costs. The rest of the local match may be paid with tax increments or any other money available to the municipality.

(b) If the development authority establishes a tax increment financing district or hazardous substance subdistrict on the site to pay for part of the local match requirement, the district or subdistrict is not subject to the state aid reductions under section 273.1399. In order to qualify for the exemption from the state aid reductions, the municipality must elect, by resolution, on or before the request for certification is filed that all tax increments from the district or subdistrict will be used exclusively to pay (1) for project costs for the site and (2) administrative costs for the district or subdistrict. The district or subdistrict must be decertified when an amount of tax increments equal to no more than three times the costs of implementing the response action plan for the site and the administrative costs for the district or subdistrict have been received, after deducting the amount of the state grant.

Sec. 7. [116].557] [COST RECOVERY ACTIONS.]

Subdivision 1. [CAUSE OF ACTION.] The attorney general or a development authority or municipality that incurs cleanup costs to implement an approved response action plan pursuant to sections 216C.11 to 216C.16, may bring an action under section 115B.04 or other law to recover the reasonable and necessary cleanup costs incurred by the development authority or municipality. The attorney general, development authority, or municipality may recover all cleanup costs incurred whether paid from the proceeds of a grant under sections 216C.11 to 216C.16 or funds of the development authority or municipality. Recoverable costs include administrative and legal costs related to the development and implementation of the response action plan but do not include any cost associated with development or redevelopment of property. A development authority or municipality must have the consent of the attorney general to bring or settle an action under this subdivision to recover cleanup costs paid from the proceeds of a grant.

Subd. 2. [PROCEDURES.] The commissioner shall notify the attorney general when a grant is awarded under sections 216C.11 to 216C.16. Upon request of the attorney general the development authority shall prepare and submit a certification of the cleanup costs and shall cooperate in any cost recovery action brought by the attorney general under subdivision 1. Certification by the development authority of the cleanup costs incurred to develop and implement the approved response action plan is prima facie evidence that the costs are reasonable and necessary in any action brought under this section.

Subd. 3. [ATTORNEY GENERAL ASSISTANCE AND COSTS.] (a) The attorney general may assist a development authority or municipality, if requested to do so, in bringing an action under subdivision 1 by providing legal and technical advice or other appropriate assistance. The attorney general shall not assess any fee to the development authority or municipality for the assistance but may recover the cost of the assistance as provided in paragraph (b).

(b) If the attorney general brings or assists in an action brought under subdivision 1, the reasonable litigation expenses or other costs of legal or technical assistance incurred by the attorney general must be deducted from any recovery and paid to the attorney general before proceeds of the recovery are otherwise distributed. The attorney general shall deposit any money so deducted in the general fund.

Subd. 4. [DISPOSITION OF RECOVERED AMOUNTS.] Amounts recovered from responsible persons, after any deduction under subdivision 3, and all other amounts otherwise received by the municipality, the agency, or the attorney general for the site shall be used to reimburse the municipality and the account in proportion to their respective payments for response costs. The amount of recovered costs apportioned to tax increments must be treated by the municipality and development authority as an excess increment under section 469.176, subdivision 2.

Sec. 8. [ST. PAUL; ARLINGTON-JACKSON STUDY AREA; SPECIAL RULES FOR LOCAL MATCH.]

(a) The city of St. Paul or any of its development authorities or agencies may apply for one or more grants under this article for contamination cleanup in the area bounded on the south by Maryland Avenue, on the west by Jackson Street, on the north by Arlington Avenue, and on the east by interstate highway 35E. In applying the local match requirement under section 6, the city may meet the requirement that an amount equal to 18 percent of cleaning costs be paid with unrestricted money (excluding tax increments) by including unrestricted money spent in the defined area for land acquisition, public improvements or other development costs which do not qualify as cleanup costs.

(b) Notwithstanding this exception, the city must provide, at least, one-half of the project costs for the site for which the grant is made. The local share of the project costs may be financed wholly or in part with tax increments.

(c) Unrestricted money spent for land acquisition or other costs and counted to meet the 18 percent match may be spent for costs anywhere with the defined area, regardless of whether they are for the specific site, but may only be used once in an application for a grant, if grant applications are made for two or more sites in the area.

(d) These special rules are provided to allow the city to begin activities within the broader area before testing and assessment of the contamination has been done and still to be able to qualify for a grant with an equivalent local match. The legislature shall study whether similar situations are common for other contaminated areas and whether the general law should be modified to provide for similar treatment for all comparable sites.

Sec. 9. [APPROPRIATION.]

\$2,000,000 is appropriated to the commissioner of trade and economic development from the contaminated site cleanup and development account in the general fund to make grants under sections 1 to 7 and to pay the costs of administering the grant program. This appropriation is for fiscal year 1995 and remains available and does not cancel.

ARTICLE 14

TAX INCREMENT FINANCING

Section 1. Minnesota Statutes 1992, section 273.1399, subdivision 1, is amended to read:

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

(a) "Qualifying captured 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 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 a qualified housing district, qualified hazardous substance subdistrict, or 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 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) ~~(5)~~, 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.~~

(d) "Qualified housing district" means a housing district for a residential rental project or projects in which the only properties receiving assistance from revenues derived from tax increments from the district meet all of the requirements for a low-income housing credit under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1992, regardless of whether the project actually receives a low-income housing credit.

(e) "Qualified hazardous substance subdistrict" means a hazardous substance subdistrict in which the municipality has made an election to make an alternative local contribution as provided under section 9.

Sec. 2. [272.71] [TIF PROPERTIES; NOTICE OF POTENTIAL VALUATION REDUCTIONS.]

(a) The following officials shall notify the municipality of potential reductions in the market value of taxable parcels located in a tax increment financing district:

(1) for applications to reduce market value or abate taxes or for applications to a local or county board of review, the assessor;

(2) for applications to reduce market value or abate taxes by the state board of equalization, the commissioner of revenue;

(3) for petitions to reduce market value or object to taxes under chapter 278, the county attorney.

The official shall provide the notice to the municipality in writing within 60 days after the petition or application for a reduction is made.

(b) This section applies only to reductions in valuation or taxes that are granted after certification of final values for purposes of certifying local tax rates.

(c) For purposes of this section, "municipality" means the municipality for the tax increment financing district, as defined under section 469.174, subdivision 6.

Sec. 3. Minnesota Statutes 1992, section 469.012, subdivision 1, is amended to read:

Subdivision 1. [SCHEDULE OF POWERS.] An authority shall be a public body corporate and politic and shall have all the powers necessary or convenient to carry out the purposes of sections 469.001 to 469.047, except that the power to levy and collect taxes or special assessments is limited to the power provided in sections 469.027 to 469.033. Its powers include the following powers in addition to others granted in sections 469.001 to 469.047:

(1) to sue and be sued; to have a seal, which shall be judicially noticed, and to alter it; to have perpetual succession; and to make, amend, and repeal rules consistent with sections 469.001 to 469.047;

(2) to employ an executive director, technical experts, and officers, agents, and employees, permanent and temporary, that it requires, and determine their qualifications, duties, and compensation; for legal services it requires, to call upon the chief law officer of the city or to employ its own counsel and legal staff; so far as practicable, to use the services of local public bodies in its area of operation, provided that those local public bodies, if requested, shall make the services available;

(3) to delegate to one or more of its agents or employees the powers or duties it deems proper;

(4) within its area of operation, to undertake, prepare, carry out, and operate projects and to provide for the construction, reconstruction, improvement, extension, alteration, or repair of any project or part thereof;

(5) subject to the provisions of section 469.026, to give, sell, transfer, convey, or otherwise dispose of real or personal property or any interest therein and to execute leases, deeds, conveyances, negotiable instruments, purchase

agreements, and other contracts or instruments, and take action that is necessary or convenient to carry out the purposes of these sections;

(6) within its area of operation, to acquire real or personal property or any interest therein by gifts, grant, purchase, exchange, lease, transfer, bequest, devise, or otherwise, and by the exercise of the power of eminent domain, in the manner provided by chapter 117, to acquire real property which it may deem necessary for its purposes, after the adoption by it of a resolution declaring that the acquisition of the real property is necessary to eliminate one or more of the conditions found to exist in the resolution adopted pursuant to section 469.003 or to provide decent, safe, and sanitary housing for persons of low and moderate income, or is necessary to carry out a redevelopment project. Real property needed or convenient for a project may be acquired by the authority for the project by condemnation pursuant to this section. This includes any property devoted to a public use, whether or not held in trust, notwithstanding that the property may have been previously acquired by condemnation or is owned by a public utility corporation, because the public use in conformity with the provisions of sections 469.001 to 469.047 shall be deemed a superior public use. Property devoted to a public use may be so acquired only if the governing body of the municipality has approved its acquisition by the authority. An award of compensation shall not be increased by reason of any increase in the value of the real property caused by the assembly, clearance or reconstruction, or proposed assembly, clearance or reconstruction for the purposes of sections 469.001 to 469.047 of the real property in an area;

(7) within its area of operation, and without the adoption of an urban renewal plan, to acquire, by all means as set forth in clause (6) but without the adoption of a resolution provided for in clause (6), real property, and to demolish, remove, rehabilitate, or reconstruct the buildings and improvements or construct new buildings and improvements thereon, or to so provide through other means as set forth in Laws 1974, chapter 228, or to grade, fill, and construct foundations or otherwise prepare the site for improvements. The authority may dispose of the property pursuant to section 469.029, provided that the provisions of section 469.029 requiring conformance to an urban renewal plan shall not apply. The authority may finance these activities by means of the redevelopment project fund or by means of tax increments or tax increment bonds or by the methods of financing provided for in section 469.033 or by means of contributions from the municipality provided for in section 469.041, clause (9), or by any combination of those means. Real property with buildings or improvements thereon shall only be acquired under this clause when the buildings or improvements are substandard. The exercise of the power of eminent domain under this clause shall be limited to real property which contains, or has contained within the three years immediately preceding the exercise of the power of eminent domain and is currently vacant, buildings and improvements which are vacated and substandard. Notwithstanding the prior sentence, in cities of the first class the exercise of the power of eminent domain under this clause shall be limited to real property which contains, or has contained within the three years immediately preceding the exercise of the power of eminent domain, buildings and improvements which are substandard. For the purpose of this clause, substandard buildings or improvements mean hazardous buildings as defined in section 463.15, subdivision 3, or buildings or improvements that are dilapidated or obsolescent, faultily designed, lack adequate ventilation, light, or sanitary facilities, or any combination of these or other factors that are detrimental to the safety or health of the community;

(8) within its area of operation, to determine the level of income constituting low or moderate family income. The authority may establish various income levels for various family sizes. In making its determination, the authority may consider income levels that may be established by the Department of Housing and Urban Development or a similar or successor federal agency for the purpose of federal loan guarantees or subsidies for persons of low or moderate income. The authority may use that determination as a basis for the maximum amount of income for admissions to housing development projects or housing projects owned or operated by it;

(9) to provide in federally assisted projects any relocation payments and assistance necessary to comply with the requirements of the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, and any amendments or supplements thereto;

(10) to make an agreement with the governing body or bodies creating the authority which provides exemption from all real and personal property taxes levied or imposed by the state, city, county, or other political subdivisions, for which the authority shall make payments in lieu of taxes to the state, city, county, or other political subdivisions as provided in section 469.040. The governing body shall agree on behalf of all the applicable governing bodies affected that local cooperation as required by the federal government shall be provided by the local governing body or bodies in whose jurisdiction the project is to be located, at no cost or at no greater cost than the same public services and facilities furnished to other residents;

(11) to cooperate with or act as agent for the federal government, the state or any state public body, or any agency or instrumentality of the foregoing, in carrying out any of the provisions of sections 469.001 to 469.047 or of any other

related federal, state, or local legislation; and upon the consent of the governing body of the city to purchase, lease, manage, or otherwise take over any housing project already owned and operated by the federal government;

(12) to make plans for carrying out a program of voluntary repair and rehabilitation of buildings and improvements, and plans for the enforcement of laws, codes, and regulations relating to the use of land and the use and occupancy of buildings and improvements, and to the compulsory repair, rehabilitation, demolition, or removal of buildings and improvements. The authority may develop, test, and report methods and techniques, and carry out demonstrations and other activities for the prevention and elimination of slums and blight;

(13) to borrow money or other property and accept contributions, grants, gifts, services, or other assistance from the federal government, the state government, state public bodies, or from any other public or private sources;

(14) to include in any contract for financial assistance with the federal government any conditions that the federal government may attach to its financial aid of a project, not inconsistent with purposes of sections 469.001 to 469.047, including obligating itself (which obligation shall be specifically enforceable and not constitute a mortgage, notwithstanding any other laws) to convey to the federal government the project to which the contract relates upon the occurrence of a substantial default with respect to the covenants or conditions to which the authority is subject; to provide in the contract that, in case of such conveyance, the federal government may complete, operate, manage, lease, convey, or otherwise deal with the project until the defaults are cured if the federal government agrees in the contract to reconvey to the authority the project as then constituted when the defaults have been cured;

(15) to issue bonds for any of its corporate purposes and to secure the bonds by mortgages upon property held or to be held by it or by pledge of its revenues, including grants or contributions;

(16) to invest any funds held in reserves or sinking funds, or any funds not required for immediate disbursement, in property or securities in which savings banks may legally invest funds subject to their control or in the manner and subject to the conditions provided in section 475.66 for the deposit and investment of debt service funds;

(17) within its area of operation, to determine where blight exists or where there is unsafe, unsanitary, or overcrowded housing;

(18) to carry out studies of the housing and redevelopment needs within its area of operation and of the meeting of those needs. This includes study of data on population and family groups and their distribution according to income groups, the amount and quality of available housing and its distribution according to rentals and sales prices, employment, wages, desirable patterns for land use and community growth, and other factors affecting the local housing and redevelopment needs and the meeting of those needs; to make the results of those studies and analyses available to the public and to building, housing, and supply industries;

(19) if a local public body does not have a planning agency or the planning agency has not produced a comprehensive or general community development plan, to make or cause to be made a plan to be used as a guide in the more detailed planning of housing and redevelopment areas;

(20) to lease or rent any dwellings, accommodations, lands, buildings, structures, or facilities included in any project and, subject to the limitations contained in sections 469.001 to 469.047 with respect to the rental of dwellings in housing projects, to establish and revise the rents or charges therefor;

(21) to own, hold, and improve real or personal property and to sell, lease, exchange, transfer, assign, pledge, or dispose of any real or personal property or any interest therein;

(22) to insure or provide for the insurance of any real or personal property or operations of the authority against any risks or hazards;

(23) to procure or agree to the procurement of government insurance or guarantees of the payment of any bonds or parts thereof issued by an authority and to pay premiums on the insurance;

(24) to make expenditures necessary to carry out the purposes of sections 469.001 to 469.047;

(25) to enter into an agreement or agreements with any state public body to provide informational service and relocation assistance to families, individuals, business concerns, and nonprofit organizations displaced or to be displaced by the activities of any state public body;

(26) to compile and maintain a catalog of all vacant, open and undeveloped land, or land which contains substandard buildings and improvements as that term is defined in clause (7), that is owned or controlled by the authority or by the governing body within its area of operation and to compile and maintain a catalog of all authority owned real property that is in excess of the foreseeable needs of the authority, in order to determine and recommend if the real property compiled in either catalog is appropriate for disposal pursuant to the provisions of section 469.029, subdivisions 9 and 10;

(27) to recommend to the city concerning the enforcement of the applicable health, housing, building, fire prevention, and housing maintenance code requirements as they relate to residential dwelling structures that are being rehabilitated by low- or moderate-income persons pursuant to section 469.029, subdivision 9, for the period of time necessary to complete the rehabilitation, as determined by the authority;

(28) to recommend to the city the initiation of municipal powers, against certain real properties, relating to repair, closing, condemnation, or demolition of unsafe, unsanitary, hazardous, and unfit buildings, as provided in section 469.041, clause (5);

(29) to sell, at private or public sale, at the price or prices determined by the authority, any note, mortgage, lease, sublease, lease purchase, or other instrument or obligation evidencing or securing a loan made for the purpose of economic development, job creation, redevelopment, or community revitalization by a public agency to a business, for-profit or nonprofit organization, or an individual;

(30) within its area of operation, to acquire and sell real property that is benefited by federal housing assistance payments, other rental subsidies, interest reduction payments, or interest reduction contracts for the purpose of preserving the affordability of low- and moderate-income multifamily housing;

(31) to apply for, enter into contracts with the federal government, administer, and carry out a section 8 program. Authorization by the governing body creating the authority to administer the program at the authority's initial application is sufficient to authorize operation of the program in its area of operation for which it was created without additional local governing body approval. Approval by the governing body or bodies creating the authority constitutes approval of a housing program for purposes of any special or general law requiring local approval of section 8 programs undertaken by city, county, or multicounty authorities; and

(32) to secure a mortgage or loan for a rental housing project by obtaining the appointment of receivers or assignments of rents and profits under sections 559.17 and 576.01, except that the limitation relating to the minimum amounts of the original principal balances of mortgages specified in sections 559.17, subdivision 2, clause (2); and 576.01, subdivision 2, does not apply.

Sec. 4. Minnesota Statutes 1992, section 469.174, subdivision 19, is amended to read:

Subd. 19. [SOILS CONDITION DISTRICTS.] (a) "Soils condition district" means a type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that the following conditions exist:

(1) ~~less than 70 percent of the parcels in the district are occupied by buildings, streets, utilities, or other improvements;~~

(2) ~~unusual terrain, the presence of hazardous substances, pollution or contaminants, or soil deficiencies for 80 percent of the acreage in the district require substantial filling, grading, removal or remedial action, or other physical preparation for use;~~

(3) ~~(2) the estimated cost of the physical preparation under clause (2) (1), but excluding costs directly related to roads as defined in section 160.01 and local improvements as described in sections 429.021, subdivision 1, clauses (1) to (7), (11), and (12), and 430.01, when added to the fair market value of the land upon inclusion in the district exceeds the anticipated fair market value of the land upon before completion of the preparation.~~

The requirements of clause (2) need not be satisfied, if each parcel of property in the district either satisfies the requirements of clause (2) or the estimated costs of the proposed removal or remedial action exceeds \$2 per square foot for the area of the parcel.

(b) An area does not qualify as a soils condition district if it contains a wetland, as defined in section 103G.005, unless the development agreement prohibits draining, filling, or other alteration of the wetland or other binding legal assurances for preservation of the wetland are provided.

(c) If the district is located in the metropolitan area, the proposed development of the district in the tax increment financing plan must be consistent with the municipality's land use plan adopted in accordance with sections 473.851 to 473.872 and reviewed by the metropolitan council under section 473.175. If the district is located outside of the metropolitan area, the proposed development of the district must be consistent with the municipality's comprehensive municipal plan.

~~(d) No parcel shall be included in the district unless the authority has concluded an agreement or agreements for the development of at least 50 percent of the acreage having the unusual soil or terrain deficiencies. The agreement must provide recourse for the authority if the development is not completed.~~

Sec. 5. Minnesota Statutes 1992, section 469.174, subdivision 20, is amended to read:

Subd. 20. [INTERNAL REVENUE CODE.] "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, ~~1988~~ 1992.

Sec. 6. Minnesota Statutes 1992, section 469.174, is amended by adding a subdivision to read:

Subd. 27. [TOURISM FACILITY.] "Tourism facility" means property that:

- (1) is located in a county where the median income is no more than 85 percent of the state median income;
- (2) is located in a county in which, excluding the cities of the first class in that county, the earnings on tourism-related activities are 15 percent or more of the total earnings in the county;
- (3) is located outside the metropolitan area defined in section 473.121, subdivision 2;
- (4) is not located in a city with a population in excess of 20,000; and
- (5) is acquired, constructed, or rehabilitated for use as a convention and meeting facility, amusement park, recreation facility, cultural facility, marina, park, hotel, motel, lodging facility, or nonhomestead dwelling unit that in each case is intended to serve primarily individuals from outside the county.

Sec. 7. Minnesota Statutes 1992, section 469.175, subdivision 1, is amended to read:

Subdivision 1. [TAX INCREMENT FINANCING PLAN.] (a) A tax increment financing plan shall contain:

- (1) a statement of objectives of an authority for the improvement of a project;
- (2) a statement as to the development program for the project, including the property within the project, if any, that the authority intends to acquire;
- (3) a list of any development activities that the plan proposes to take place within the project, for which contracts have been entered into at the time of the preparation of the plan, including the names of the parties to the contract, the activity governed by the contract, the cost stated in the contract, and the expected date of completion of that activity;
- (4) identification or description of the type of any other specific development reasonably expected to take place within the project, and the date when the development is likely to occur;
- (5) estimates of the following:
 - (i) cost of the project, including administration expenses;
 - (ii) amount of bonded indebtedness to be incurred;
 - (iii) sources of revenue to finance or otherwise pay public costs;

- (iv) the most recent net tax capacity of taxable real property within the tax increment financing district;
- (v) the estimated captured net tax capacity of the tax increment financing district at completion; and
- (vi) the duration of the tax increment financing district's existence;

(6) statements of the authority's alternate estimates of the impact of tax increment financing on the net tax capacities of all taxing jurisdictions in which the tax increment financing district is located in whole or in part. For purposes of one statement, the authority shall assume that the estimated captured net tax capacity would be available to the taxing jurisdictions without creation of the district, and for purposes of the second statement, the authority shall assume that none of the estimated captured net tax capacity would be available to the taxing jurisdictions without creation of the district;

(7) identification and description of studies and analyses used to make the determination set forth in subdivision 3, clause (2); and

(8) identification of all parcels to be included in the district.

(b) For a housing district, redevelopment district, or a hazardous substance subdistrict, the authority may elect in the tax increment financing plan to provide for the identification of a minimum market value in the plan, development agreement, or assessment agreement, and provide that increment is first received by the authority when (1) the market value of the improvements as determined by the assessor reaches or exceeds the minimum market value, or (2) four years has elapsed from the date of certification of the original net tax capacity of the taxable real property in the district by the county auditor, whichever is earlier.

Sec. 8. Minnesota Statutes 1992, section 469.175, is amended by adding a subdivision to read:

Subd. 2a. [HOUSING DISTRICTS; REDEVELOPMENT DISTRICTS.] In the case of a proposed housing district or redevelopment district, in addition to the requirements of subdivision 2, at least 30 days before the publication of the notice for public hearing under subdivision 3, the authority shall deliver written notice of the proposed district to each county commissioner who represents part of the area proposed to be included in the district. The notice must contain a general description of the boundaries of the proposed district and the proposed activities to be financed by the district, an offer by the authority to meet and discuss the proposed district with the county commissioner, and a solicitation of the commissioner's comments with respect to the district.

Sec. 9. Minnesota Statutes 1992, section 469.175, is amended by adding a subdivision to read:

Subd. 6. [HAZARDOUS SUBSTANCE SUBDISTRICTS; LOCAL CONTRIBUTION ELECTION.] The state aid reductions under section 273.1399 do not apply to a hazardous substance subdistrict, if the municipality elects to pay and pays 18 percent of the cost of developing and implementing the development action response plan for the subdistrict and of any deposits to an indemnification fund out of its general fund, a property tax levy for that purpose, or other unrestricted money of the municipality (other than tax increments). The municipality must elect this option before it requests certification of the original tax capacity of the subdistrict and must notify the commissioner of revenue of its election. The election is irrevocable.

Sec. 10. Minnesota Statutes 1992, section 469.176, subdivision 1, is amended to read:

Subdivision 1. [DURATION OF TAX INCREMENT FINANCING DISTRICTS.] (a) Subject to the limitations contained in ~~paragraphs (b) to (g)~~ subdivisions 1a to 1f, any tax increment financing district as to which bonds are outstanding, payment for which the tax increment and other revenues have been pledged, shall remain in existence at least as long as the bonds continue to be outstanding. The municipality may, at the time of approval of the initial tax increment financing plan, provide for a shorter maximum duration limit than specified in ~~paragraphs (b) to (g)~~ subdivisions 1a to 1f. The specified limit applies in place of the otherwise applicable limit.

(b) The tax increment pledged to the payment of the bonds and interest thereon may be discharged and the tax increment financing district may be terminated if sufficient funds have been irrevocably deposited in the debt service fund or other escrow account held in trust for all outstanding bonds to provide for the payment of the bonds at maturity or date of redemption and interest thereon to the maturity or redemption date.

(c) For bonds issued pursuant to section 469.178, subdivisions 2 and 3, the full faith and credit and any taxing powers of the municipality or authority ~~shall continue to be~~ are pledged to the payment of the bonds until the principal of and interest on the bonds has been paid in full.

(d) Subd. 1a. [DURATION LIMIT; THREE-YEAR ACTIVITY RULE.] No tax increment shall be paid to an authority for a tax increment financing district after three years from the date of certification of the original net tax capacity of the taxable real property in the district by the county auditor, unless within the three-year period (1) bonds have been issued in aid of the project containing the district pursuant to section 469.178, or any other law, except revenue bonds issued pursuant to sections 469.152 to 469.165, or (2) the authority has acquired property within the district, or (3) the authority has constructed or caused to be constructed public improvements within the district.

(e) Subd. 1b. [DURATION LIMITS; TERMS.] (a) No tax increment shall in any event be paid to the authority

(1) after 25 years from date of receipt by the authority of the first tax increment for a mined underground space development district, ~~redevelopment district, or housing district;~~

(2) after 15 years after receipt by the authority of the first increment for a renewal and renovation district,

(3) after 12 years from approval of the tax increment financing plan for a soils condition district, ~~and~~

(4) after ~~eight~~ nine years from the date of the receipt, or ~~ten~~ 11 years from approval of the tax increment financing plan, whichever is less, for an economic development district;

(5) for a housing district or a redevelopment district, after 20 years from the date of receipt by the authority of the first tax increment by the authority pursuant to section 469.175, subdivision 1, paragraph (b); or, if no provision is made under section 469.175, subdivision 1, paragraph (b), after 25 years from the date of receipt by the authority of the first increment.

(b) For purposes of determining a duration limit under this subdivision or subdivision 1e that is based on the receipt of an increment, any increments from taxes payable in the year in which the district terminates shall be paid to the authority. This paragraph does not affect a duration limit calculated from the date of approval of the tax increment financing plan or based on the recovery of costs or to a duration limit under subdivision 1c. This paragraph does not supersede the restrictions on payment of delinquent taxes in subdivision 1f.

Subd. 1c. [DURATION LIMITS; PRE-1979 DISTRICTS.] For tax increment financing districts created prior to August 1, 1979, no tax increment shall be paid to the authority after April 1, 2001, or the term of a nondefeased bond or obligation outstanding on April 1, 1990, secured by increments from the district or project area, whichever time is greater, provided that in no case will a tax increment be paid to an authority after August 1, 2009, from such a district. If a district's termination date is extended beyond April 1, 2001, because bonds were outstanding on April 1, 1990, with maturities extending beyond April 1, 2001, the following restrictions apply. No increment collected from the district may be expended after April 1, 2001, except to pay or defease (i) bonds issued before April 1, 1990, or (ii) bonds issued to refund the principal of the outstanding bonds and pay associated issuance costs, provided the average maturity of the refunding bonds does not exceed the bonds refunded.

(f) Subd. 1d. [DURATION LIMITS; EFFECT OF MODIFICATIONS.] Modification of a tax increment financing plan pursuant to section 469.175, subdivision 4, shall not extend the durational limitations of ~~this subdivision~~ subdivisions 1 to 1f.

(g) Subd. 1e. [DURATION LIMITS; HAZARDOUS SUBSTANCE SUBDISTRICTS.] If a parcel of a district is part of a designated hazardous substance site or a hazardous substance subdistrict, tax increment may be paid to the authority from the parcel for longer than the period otherwise provided by ~~this subdivision~~ subdivisions 1 to 1f for the overlying district. The extended period for collection of tax increment begins on the date of receipt of the first tax increment from the parcel that is more than any tax increment received from the parcel before the date of the certification under section 469.174, subdivision 7, paragraph (b), and received after the date of certification to the county auditor described in section 469.174, subdivision 7, paragraph (b). The extended period for collection of tax increment is the lesser of: (1) 25 years from the date of commencement of the extended period or 20 years if the authority elects under section 469.175, subdivision 1, paragraph (b), to defer receipt of the first increment; or (2) the period necessary to recover the costs of removal actions or remedial actions specified in a development response action plan.

~~(*)~~ Subd. 1f. [DELINQUENT TAXES AFTER TERMINATION.] If a parcel located in the district has delinquent property taxes when the district terminates under the duration limits ~~under this subdivision~~, the payment of the parcel's delinquent taxes made after decertification of the district are tax increments to the extent the nonpayment of property taxes caused the outstanding bonds or contractual obligations pledged to be paid by the district to be paid by sources other than tax increments or to go unpaid. The county auditor shall pay the appropriate amount to the district. The authority shall provide the county auditor with information regarding the payment of outstanding bonds or contractual obligations and any other information necessary to administer the payment, as requested by the county auditor.

Sec. 11. Minnesota Statutes 1992, section 469.176, subdivision 4, is amended to read:

Subd. 4. [LIMITATION ON USE OF TAX INCREMENT; GENERAL RULE.] All revenues derived from tax increment shall be used in accordance with the tax increment financing plan. The revenues shall be used solely for the following purposes: (1) to pay the principal of and interest on bonds issued to finance a project; (2) by a rural development financing authority for the purposes stated in section 469.142, by a port authority or municipality exercising the powers of a port authority to finance or otherwise pay the cost of redevelopment pursuant to sections 469.048 to 469.068, by an economic development authority to finance or otherwise pay the cost of redevelopment pursuant to sections 469.090 to 469.108, by a housing and redevelopment authority or economic development authority to finance or otherwise pay public redevelopment costs pursuant to sections 469.001 to 469.047, by a municipality or economic development authority to finance or otherwise pay the capital and administration costs of a development district pursuant to sections 469.124 to 469.134, by a municipality or authority to finance or otherwise pay the costs of developing and implementing a development action response plan, by a municipality or redevelopment agency to finance or otherwise pay premiums for insurance or other security guaranteeing the payment when due of principal of and interest on the bonds pursuant to chapter 462C, sections 469.152 to 469.165, or both, or to accumulate and maintain a reserve securing the payment when due of the principal of and interest on the bonds pursuant to chapter 462C, sections 469.152 to 469.165, or both, which revenues in the reserve shall not exceed, subsequent to the fifth anniversary of the date of issue of the first bond issue secured by the reserve, an amount equal to 20 percent of the aggregate principal amount of the outstanding and nondefeased bonds secured by the reserve.

Sec. 12. Minnesota Statutes 1992, section 469.176, subdivision 4c, is amended to read:

Subd. 4c. [ECONOMIC DEVELOPMENT DISTRICTS.] (a) Revenue derived from tax increment from an economic development district may not be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting of buildings and ancillary facilities, ~~if at least ten more than 15~~ percent of the buildings and facilities (determined on the basis of square footage) are used for a purpose other than:

(1) the manufacturing or production of tangible personal property, including processing resulting in the change in condition of the property;

(2) warehousing, storage, and distribution of tangible personal property, ~~but~~ excluding retail sales;

(3) research and development ~~or~~ related to the activities listed in clause (1) or (2);

(4) telemarketing if that activity is the exclusive use of the property; ~~or~~

(4) (5) tourism facilities, ~~if the tourism facility is not located in a development region, as defined in section 462.384, with a population in excess of 1,000,000; or~~

(6) space necessary for and related to the activities listed in clauses (1) to (5).

~~The percentage of buildings and facilities that may be used for nonqualifying purposes is increased above ten percent, but not over 25 percent, to the extent the nonqualifying square footage is directly related to and in support of the qualifying activity.~~

~~(b) Population must be determined under the provisions of section 477A.011. Tourism facilities are limited to hotel and motel properties, including ancillary restaurants, convention and meeting facilities, amusement parks, recreation facilities, cultural facilities, marinas, and parks. The city must find that the tourism facilities are intended primarily to serve individuals outside of the development region.~~

~~(c) If the authority financed the construction of improvements with increment revenues for a site on which the authority expected qualifying facilities to be constructed and nonqualified property was constructed on the site in~~

~~excess of the amount permitted under paragraph (a) within five years after the district was created, the developer of the nonqualified property must pay to the authority an amount equal to 90 percent of the benefit resulting from the improvements. The amount required to be paid may not exceed the proportionate cost of the improvements, including capitalized interest, that was financed with increment revenues. The payment must be used to prepay or discharge bonds under section 469.176, subdivision 2, paragraph (a), clauses (1) to (3). If no bonds are outstanding, the payment shall be distributed as an excess increment. "Benefit" has the meaning given in chapter 429.~~

(d) (b) Notwithstanding the provisions of this subdivision, revenue derived from tax increment from an economic development district may be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form for up to 5,000 square feet of commercial and retail facilities within the municipal jurisdiction of a home rule charter or statutory city that has a population of 5,000 or less. The 5,000 square feet limitation is cumulative and applies to all facilities in all the economic development districts within the municipal jurisdiction.

Sec. 13. Minnesota Statutes 1992, section 469.176, subdivision 4e, is amended to read:

Subd. 4e. [HAZARDOUS SUBSTANCE SUBDISTRICTS.] The additional tax increment received by the municipality from a hazardous substance subdistrict as a result of a reduction in original net tax capacity pursuant to section 469.174, subdivision 7, paragraph (b), or as a result of the extension of the period for collection of tax increment from a hazardous substance site or subdistrict provided for in subdivision 1, paragraph (g), may be used only to pay or reimburse the costs of: (1) removal actions or remedial actions with respect to hazardous substances or pollutants or contaminants or petroleum releases affecting or which may affect the designated hazardous substance site; (2) pollution testing, demolition, and soil compaction correction necessitated by the development response action plan for the designated hazardous substance site; and (3) purchase of environmental insurance or deposits to a guaranty fund, relating only to liability or response costs for land in the subdistrict; and (4) related administrative and legal costs, including costs of review and approval of development response action plans by the pollution control agency and litigation expenses of the attorney general.

Sec. 14. Minnesota Statutes 1992, section 469.176, subdivision 4g, is amended to read:

Subd. 4g. [GENERAL GOVERNMENT USE PROHIBITED.] (a) These revenues shall not be used to circumvent existing levy limit law. No revenues derived from tax increment from any district, whether certified before or after August 1, 1979, shall be used for the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or any other local unit of government or the state or federal government. This provision shall not prohibit the use of revenues derived from tax increments for the construction or renovation of a parking structure, a commons area used as a public park, or a facility used for social, recreational, or conference purposes and not primarily for conducting the business of the municipality.

(b) If any publicly owned facility used for social, recreational, or conference purposes and financed in whole or in part from revenues derived from a district is operated or managed by an entity other than the authority, the operating and management policies of the facility must be approved by the governing body of the authority.

Sec. 15. [469.1765] [GUARANTY FUND.]

Subdivision 1. [AUTHORITY TO ESTABLISH.] An authority may establish and maintain a guaranty fund or funds. Money in the guaranty fund is available, under the terms and conditions that the development authority establishes, to indemnify or hold harmless a person from liability for remediation costs under a state or federal environmental law, regulation, ruling, order, or decision.

Subd. 2. [ELIGIBLE PERSON.] The authority may agree to pledge money in the guaranty fund to indemnify a person whose liability arises out of use, ownership, occupancy, or financing of a property in the subdistrict or district.

Subd. 3. [TERMS OF INDEMNITY.] The authority shall determine by resolution or by agreement with the person the terms and conditions under which money in the guaranty fund will be used to indemnify or hold harmless the person. The authority may not agree to indemnify a person from liability for contamination caused by the person. The maximum amount that may be paid from the guaranty fund with respect to properties within a subdistrict or district is one-half of the remediation and removal costs. The maximum duration of an indemnification agreement is 25 years. An indemnification agreement is subject to any other restrictions provided by this section or other law.

Subd. 4. [FUNDING.] (a) Revenues derived from tax increments and any other money available to the authority may be deposited in the guaranty fund. The municipality may appropriate money to the authority to be deposited in the guaranty fund.

(b) If a guaranty fund is established that applies to property located in more than one tax increment financing district or subdistrict, the authority shall establish separate accounts for each subdistrict and district. The authority shall deposit all revenues derived from tax increments from a subdistrict or district in the account for that subdistrict or district, except the following amounts may be deposited in a general or other account: (1) the portion of revenue derived increments from a district, subject to section 469.1763, that may be spent on activities outside of the district, or (2) up to 25 percent of the revenues derived from increments from districts that are not subject to section 469.1763 and which may be deposited in the guaranty fund under the applicable tax increment financing plans. Investment earnings of money in an account must be credited to that account.

(c) The only money which may be pledged to indemnify or hold harmless a person from liability are amounts either in the account for the subdistrict or district in which the property out of which the liability arose is located or in an account not dedicated to a specific subdistrict or district.

Subd. 5. [LIABILITY LIMITED.] The authority and municipality is liable under a guaranty fund agreement only to the extent funds are available in the guaranty fund account or accounts available for the property.

Subd. 6. [DEPOSITORY.] The authority shall provide for the guaranty fund to be held by or maintained with a financial institution or corporate fiduciary eligible for the deposit of public money or eligible to act as a trustee or fiduciary for obligations issued under chapter 475.

Subd. 7. [FINAL DISPOSITION OF FUNDS.] At the end of the period of the indemnification, all unencumbered money in the guaranty fund for the subdistrict or district must be treated as an excess increment and distributed under the provisions of section 469.176, subdivision 2, paragraph (a), clause (4). If the municipality contributed money to the account, other than revenues derived from increments, the authority may deduct and pay to the municipality a proportionate share of the unencumbered money in the account before the money is distributed as an excess increment. The proportionate share is determined based on the amount of contributions of nonincrements to the account relative to total contributions, including increments, to the account.

Sec. 16. [469.1766] [DEVELOPER PAYMENTS.]

If the development agreement, other agreement, or arrangement provides for the developer to repay all or part of the assistance provided that was financed, directly or indirectly, with revenues derived from tax increments, the developer payments are subject to the restrictions imposed by law on revenues derived from tax increments and may only be spent for the purposes for which increments may be spent. A developer includes any beneficiary of assistance financed with revenues derived from tax increments.

Assistance includes sales of property at less than the cost of acquisition or fair market value, grants, ground or other leases at less than fair market rent, interest rate subsidies, utility service connections, roads, or other similar assistance that otherwise would have been paid in whole or part by the beneficiary.

Sec. 17. Minnesota Statutes 1992, section 469.177, subdivision 1, is amended to read:

Subdivision 1. [ORIGINAL NET TAX CAPACITY.] (a) Upon or after adoption of a tax increment financing plan, the auditor of any county in which the district is situated shall, upon request of the authority, certify the original net tax capacity of the tax increment financing district as described in the tax increment financing plan and shall certify in each year thereafter the amount by which the original net tax capacity has increased or decreased as a result of a change in tax exempt status of property within the district, reduction or enlargement of the district or changes pursuant to subdivision 4.

(b) In the case of a mined underground space development district the county auditor shall certify the original net tax capacity as zero, plus the net tax capacity, if any, previously assigned to any subsurface area included in the mined underground space development district pursuant to section 272.04.

(c) For districts approved under section 469.175, subdivision 3, or parcels added to existing districts after May 1, 1988, if the classification under section 273.13 of property located in a district changes to a classification that has a different assessment ratio, the original net tax capacity of that property must be redetermined at the time when its

use is changed as if the property had originally been classified in the same class in which it is classified after its use is changed.

(d) The amount to be added to the original net tax capacity of the district as a result of previously tax exempt real property within the district becoming taxable equals the net tax capacity of the real property as most recently assessed pursuant to section 273.18 or, if that assessment was made more than one year prior to the date of title transfer rendering the property taxable, the net tax capacity assessed by the assessor at the time of the transfer. If substantial taxable improvements were made to a parcel after certification of the district and if the property later becomes tax exempt, in whole or part, as a result of the authority acquiring the property through foreclosure or exercise of remedies under a lease or other revenue agreement or as a result of tax forfeiture, the amount to be added to the original net tax capacity of the district as a result of the property again becoming taxable is the amount of the parcel's value that was included in original net tax capacity when the parcel was first certified. The amount to be added to the original net tax capacity of the district as a result of enlargements equals the net tax capacity of the added real property as most recently certified by the commissioner of revenue as of the date of modification of the tax increment financing plan pursuant to section 469.175, subdivision 4.

(e) For districts approved under section 469.175, subdivision 3, or parcels added to existing districts after May 1, 1988, if the net tax capacity of a property increases because the property no longer qualifies under the Minnesota agricultural property tax law, section 273.111; the Minnesota open space property tax law, section 273.112; or the metropolitan agricultural preserves act, chapter 473H, or because platted, unimproved property is improved or three years pass after approval of the plat under section 273.11, subdivision 1, the increase in net tax capacity must be added to the original net tax capacity.

(f) Each year the auditor shall also add to the original net tax capacity of each economic development district an amount equal to the original net tax capacity for the preceding year multiplied by the average percentage increase in the market value of all property included in the economic development district during the five years prior to certification of the district.

(g) The amount to be subtracted from the original net tax capacity of the district as a result of previously taxable real property within the district becoming tax exempt, or a reduction in the geographic area of the district, shall be the amount of original net tax capacity initially attributed to the property becoming tax exempt or being removed from the district. If the net tax capacity of property located within the tax increment financing district is reduced by reason of a court-ordered abatement, stipulation agreement, voluntary abatement made by the assessor or auditor or by order of the commissioner of revenue, the reduction shall be applied to the original net tax capacity of the district when the property upon which the abatement is made has not been improved since the date of certification of the district and to the captured net tax capacity of the district in each year thereafter when the abatement relates to improvements made after the date of certification. The county auditor may specify reasonable form and content of the request for certification of the authority and any modification thereof pursuant to section 469.175, subdivision 4.

(h) If a parcel of property contained a substandard building that was demolished or removed and if the authority elects to treat the parcel as occupied by a substandard building under section 469.174, subdivision 10, paragraph (b), the auditor shall certify the original net tax capacity of the parcel using the greater of (1) the current net tax capacity of the parcel, or (2) the estimated market value of the parcel for the year in which the building was demolished or removed, but applying the class rates for the current year.

Sec. 18. Minnesota Statutes 1992, section 469.177, subdivision 8, is amended to read:

Subd. 8. [ASSESSMENT AGREEMENTS.] An authority may enter into a written assessment agreement with any person establishing a minimum market value of land, existing improvements, or improvements to be constructed in a district, if the property is owned or will be owned by the person. The minimum market value established by an assessment agreement may be fixed, or increase or decrease in later years from the initial minimum market value. If an agreement is fully executed before July 1 of an assessment year, the market value as provided under the agreement must be used by the county or local assessor as the taxable market value of the property for that assessment. Agreements executed on or after July 1 of an assessment year become effective for assessment purposes in the following assessment year. An assessment agreement terminates on the earliest of the date on which conditions in the assessment agreement for termination are satisfied, the termination date specified in the agreement, or the date when tax increment is no longer paid to the authority under section 469.176, subdivision 1. The assessment agreement shall be presented to the county assessor, or city assessor having the powers of the county assessor, of the jurisdiction in which the tax increment financing district and the property that is the subject of the agreement is located. The assessor shall review the plans and specifications for the improvements to be constructed, review the market value

previously assigned to the land upon which the improvements are to be constructed and, so long as the minimum market value contained in the assessment agreement appears, in the judgment of the assessor, to be a reasonable estimate, shall execute the following certification upon the agreement:

The undersigned assessor, being legally responsible for the assessment of the above described property, certifies that the market values assigned to the land and improvements are reasonable.

The assessment agreement shall be filed for record and recorded in the office of the county recorder or the registrar of titles of each county where the real estate or any part thereof is situated. After the agreement becomes effective for assessment purposes, the assessor shall value the property under section 273.11, except that the market value assigned shall not be less than the minimum market value established by the assessment agreement. The assessor may assign a market value to the property in excess of the minimum market value established by the assessment agreement. The owner of the property may seek, through the exercise of administrative and legal remedies, a reduction in market value for property tax purposes, but no city assessor, county assessor, county auditor, board of review, board of equalization, commissioner of revenue, or court of this state shall grant a reduction of the market value below the minimum market value established by the assessment agreement during the term of the agreement filed of record regardless of actual market values which may result from incomplete construction of improvements, destruction, or diminution by any cause, insured or uninsured, except in the case of acquisition or reacquisition of the property by a public entity. Recording an assessment agreement constitutes notice of the agreement to anyone who acquires any interest in the land or improvements that is subject to the assessment agreement, and the agreement is binding upon them.

An assessment agreement may be modified or terminated by mutual consent of the current parties to the agreement. Modification or termination of an assessment agreement must be approved by the governing body of the municipality. If the estimated market value for the property for the most recently available assessment is less than the minimum market value established by the assessment agreement for that or any later year and if bond counsel does not conclude that termination of the agreement is necessary to preserve the tax exempt status of outstanding bonds or refunding bonds to be issued, the modification or termination of the assessment agreement also must be approved by the governing bodies of the county and the school district. A document modifying or terminating an agreement, including records of the municipality, county, and school district approval, must be filed for record. The assessor's review and certification is not required if the document terminates an agreement. A change to an agreement not fully executed before July 1 of an assessment year is not effective for assessment purposes for that assessment year. If an assessment agreement has been modified or prematurely terminated, a person may seek a reduction in market value or tax through the exercise of any administrative or legal remedy. The remedy may not provide for reduction of the market value below the minimum provided under a modified assessment agreement that remains in effect. In no event may a reduction be sought for a year other than the current taxes payable year.

Sec. 19. Minnesota Statutes 1992, section 469.1831, subdivision 4, is amended to read:

Subd. 4. [PROGRAM MONEY; DISTRIBUTION AND RESTRICTIONS.] (a) Neighborhood revitalization program money may only be expended in accordance with the program for a purpose listed in subdivision 3 or this subdivision. Program money may not be used in those project areas of the city where the city determines that private investment will be sufficient to provide for development and redevelopment of the project area without public sector assistance, except in cases where program money is being used to remove or rehabilitate structurally substandard or obsolete buildings. Revenues derived from tax increments may only be expended for the purposes otherwise permitted by law, except that notwithstanding any law to the contrary, the city must pay at least the following amount of program money, including revenues derived from tax increments: (1) 15 percent to the school district, (2) 7.5 percent to the county, and (3) 7.5 percent for social services. Payment must be made to the county and school district within 15 days after the city receives the distribution of increment revenues, provided that the payment for calendar year 1990 may be made at any time during the year. Payment to the county for social services delivery shall be paid only after approval of program and spending plans under paragraph (b). Payment to the school district for education programs and services shall be paid only after approval of program and spending plans under paragraph (b).

(b) The money distributed to the county in a calendar year must be deducted from the county's levy limit for the following calendar year. In calculating the county's levy limit base for later years, the amount deducted must be treated as a local government aid payment.

The city must notify the commissioner of education of the amount of the payment made to the school district for the year. The commissioner shall deduct from the school district's state education aid payments one-half of the amount received by the school district.

The program money paid to the school district must be expended for additional education programs and services in accordance with the program. The amounts expended by the school district may not replace existing services.

The money for social services must be paid to the county for the cost of the provision of social services under the plan, as approved by the policy board and the county board.

(c) The city must expend on housing programs and related purposes as provided by the program at least 75 percent of the program money, after deducting the payments to the school district and county.

(d) Notwithstanding any other provisions of law to the contrary, for a city of the first class qualifying under section 469.1781, paragraph (a), program money and money described in Laws 1990, chapter 604, article 7, section 29, as amended, may be expended anywhere within the city by the authority for a purpose permitted by this section for any political subdivision without compliance with section 469.175, subdivision 4, and such money shall be deemed to be expended for a purpose that is a permitted project under section 469.176 and for a purpose that is permitted under section 469.176 for the district from which the increment was received.

Sec. 20. [MINNETONKA; SOILS DISTRICT.]

Subdivision 1. [AUTHORITY.] The city of Minnetonka may create a soils condition tax increment financing district with or without a hazardous substance subdistrict, covering all or any portion of the following described property in the city of Minnetonka, county of Hennepin, state of Minnesota:

All that part of the east half of the northeast quarter of section 14, township 117 north, range 22 west, lying north of the Great Northern Railway right-of-way;

The east half of the southeast quarter of section 11, township 117 north, range 22 west; and

Lots 1, 2, 3, 4, 5, and 10, Block 1, and Lots 1, 2, 3, and 8, Block 2, Golden Acres Addition.

This district and a subdistrict may be created under Minnesota Statutes, section 469.175, if the governing body of the city finds, by resolution, that establishment of the district and a subdistrict will facilitate environmental response and provide for the settlement of pending litigation. Except as otherwise provided in this section, the provisions of Minnesota Statutes, sections 469.174 to 469.179, apply to the district and a subdistrict. The city may issue bonds or other obligations payable, in whole or in part, from increment derived from the district and a subdistrict. The request for certification of the district and a subdistrict must be filed with the county auditor before December 1, 1995. The city may defer receipt of the first increment from the district or from a subdistrict for up to three years following certification. Minnesota Statutes, sections 469.174, subdivisions 7, paragraph (c), and 19, clause (a)(3); and 469.176, subdivisions 1, paragraph (d), 4b, 4e, 6, and 7, do not apply to this district and subdistrict. Nothing in this section affects the liability of persons for costs or damages associated with the release of hazardous substances, the city's right to pursue responsible parties or reimbursement under applicable insurance contracts, or the city's liability under Minnesota Statutes, section 115B.04, subdivision 4. The powers granted are in addition to other powers of the city.

Subd. 2. [QUALIFICATION RULES.] Before creating a district or subdistrict under this section, the governing body of the city of Minnetonka must find (i) that the response costs related to the district and subdistrict and deposits to the indemnification fund or premiums for the purchase of private environmental insurance necessary to develop the site exceed the estimated fair market value of the land in the district and subdistrict after completion of all necessary response activities and provision of indemnification under the plan and (ii) that independent of the environmental response costs, that the cost of correcting the unusual terrain and soil conditions materially impairs the ability of the owner to develop, sell, or finance all or any significant portion of the district. This finding is in addition to the findings required under Minnesota Statutes, section 469.174, subdivision 19, paragraph (a), clauses (1) and (2), in the case of the district, and the findings required under Minnesota Statutes, section 469.174, subdivision 7, in the case of the subdistrict.

Subd. 3. [LIMITS ON SPENDING INCREMENTS; POOLING RULES.] (a) The provisions of Minnesota Statutes, section 469.1763, do not apply to the district and a subdistrict created under this section. Revenues derived from tax increments from the district and subdistrict may be spent only on:

(1) response costs related to the area contained in the district and subdistrict including the activities outside of the subdistrict or the district but within the project, to the extent necessary to prevent contaminants moving to or from the contaminated parcels;

(2) deposits to an indemnification fund or the purchase of environmental insurance, relating only to liability or additional response costs for contaminated parcels located in the district;

(3) the costs of correcting the unusual terrain or soil deficiencies and the additional costs of installing public improvements directly caused by the deficiencies (except increments derived from reducing original tax capacity under Minnesota Statutes, section 469.174, subdivision 7, paragraph (b), may not be used for this purpose); and

(4) administrative expenses and costs permitted under Minnesota Statutes, section 469.176, subdivisions 3 and 4h, including costs of review and approval of development response actions plans by the commissioner of the pollution control agency and litigation expenses of the attorney general, if any.

(b) After sufficient revenues derived from tax increments have been received to pay all remediation costs, deposits to an indemnification fund or insurance premiums, and administrative and other qualifying costs, the district and subdistrict must be decertified. Minnesota Statutes, section 469.176, subdivision 1, paragraphs (e) and (g), apply to the district and subdistrict, except to the extent limited by this section.

Subd. 4. [DEFINITION.] For purposes of this section, "response" means activity constituting "respond" or "response" as those terms are defined in Minnesota Statutes, section 115B.02. Response costs include activities, including installation of public infrastructure, necessary to respond.

Subd. 5. [STATE AID REDUCTION.] (a) The state aid reductions under Minnesota Statutes, section 273.1399, do not apply to the district or a subdistrict established under this section, if the city elects to pay and pays 25 percent of the response costs and deposits to the indemnification fund out of its general fund, a property tax levy for that purpose, or other unrestricted city money (other than tax increments). The city must elect this option at the time of certification of the district and must notify the commissioner of revenue of its election. The election is irrevocable.

(b) If the city does not elect to pay for a portion of the cost as provided by paragraph (a), the state aid reductions under Minnesota Statutes, section 273.1399, apply. The qualified captured net tax capacity of the district or subdistrict or both must be calculated under Minnesota Statutes 1992, section 273.1399, subdivision 1, paragraph (a), clause (3) under the "All Other Districts" column.

Sec. 21. [CITY OF HOPKINS; HAZARDOUS SUBSTANCE SUBDISTRICT.]

Subdivision 1. [AUTHORIZATION.] Pursuant to Minnesota Statutes, section 469.175, subdivision 7, the city of Hopkins or its housing and redevelopment authority may create one or more hazardous substance subdistricts within tax increment financing district No. 2-5, or within any new or existing tax increment financing district encompassing any parcels located within township 117N, range 22W, sections 25 and 26 in the area bounded on the north by CSAH No. 3; on the south by the Hennepin County Regional Railroad Authority right-of-way; on the west by the city of Hopkins/city of Minnetonka boundary; and on the east by the existing parcel occupied by the city of Hopkins Well No. 1 Building. The city or its housing and redevelopment authority may issue bonds or other obligations payable in whole or in part from increment derived from the subdistrict or district upon a finding by city resolution that establishment of the subdistrict will facilitate environmental remediation and further the objectives of the tax increment financing plan for the district. The request for certification of the subdistrict must be filed with the county auditor before December 1, 1995. The city may defer receipt of the first increment from a subdistrict for up to three years following certification. Minnesota Statutes, sections 469.174, subdivisions 7, paragraph (c), and 16; and 469.176, subdivisions 1, paragraphs (d) and (g), 4e, 6, and 7, do not apply to the subdistrict.

Subd. 2. [PRESERVATION OF RIGHTS.] Nothing in this section affects the liability of persons for costs or damages associated with the release of hazardous substances, or the city's right to pursue responsible parties or to secure reimbursement under applicable insurance contracts, or the city's liability under Minnesota Statutes, section 115B.04, subdivision 4. The powers granted are in addition to other powers of the city.

Subd. 3. [QUALIFICATION RULES.] Before creation of a subdistrict under subdivision 1, the city of Hopkins shall determine that the existence of pollution or contamination of parcels within the subdistrict materially impairs the ability of the owners of the parcels to develop, sell, lease, or finance all or any portion of the parcels. For purposes of determining the original net tax capacity of the subdistrict under Minnesota Statutes, section 469.174, subdivision 7, paragraph (b), the requirement that the authority enter into a redevelopment or other agreement or have in place a response action plan before reduction of the original tax capacity does not apply. The amount of the estimated costs of the removal or remedial actions may be based on reasonable estimates prepared for the city.

In addition, the city shall, following review by the pollution control agency, prepare and adopt a report which delineates the maximum amount of money to be reserved for eligible expenditures.

Subd. 4. [ELIGIBLE EXPENDITURES.] Revenue derived from tax increments from the subdistrict may be spent only on:

(1) costs of investigating and remediating the pollution or contamination in the area contained in the subdistrict, including activities outside of the subdistrict to the extent necessary to prevent pollutants or contaminants moving to or from the subdistrict;

(2) deposits to an indemnification fund to be used to indemnify existing or future owners, purchasers, lessees, or mortgagees of any parcel in the subdistrict against environmental liability and costs associated with the investigation and remediation of pollution or contamination in the subdistrict, or the purchase of environmental insurance relating only to liability or remediation costs for parcels located in the subdistrict;

(3) administrative expenses and costs, including those permitted under Minnesota Statutes, section 469.176, subdivision 4h, and costs of preparation, review, and approval of any response action plan or partial response action plan by the pollution control agency; and

(4) costs of actions, including litigation, to recover investigation and remediation costs incident to the subdistrict from responsible persons.

Subd. 5. [DECERTIFICATION.] After sufficient revenues derived from tax increments have been received to pay all investigation and remediation costs, deposits to an indemnification fund, insurance premiums, and administrative and other qualifying costs, and in all events not more than 20 years from the date of receipt by the city of the first tax increment from the subdistrict, the subdistrict must be decertified.

Subd. 6. [REDISTRIBUTION.] When the city has received sufficient tax increment funds to pay all eligible expenditures, any funds received must be applied by the city in the manner of excess tax increments under Minnesota Statutes, section 469.176, subdivision 2, and the Hennepin county auditor shall increase the original net tax capacity of the parcels in the subdistrict to the original net tax capacity that would prevail had no reduction been made.

Subd. 7. [DEFINITIONS.] For purposes of this section, "remediation" means activity constituting removal, remedy, remedial action, or response as those terms are defined in Minnesota Statutes, section 115B.02, including activities to develop and implement a response action plan approved by the pollution control agency under Minnesota Statutes, section 115B.17, subdivision 14, or a partial response action plan approved by the pollution control agency under Minnesota Statutes, section 115B.175. Remediation costs include activities necessary to accomplish remediation, including installation of public infrastructure.

Subd. 8. [STATE AID REDUCTION.] The state aid reductions under Minnesota Statutes, section 273.1399, do not apply to a subdistrict established under this section, if the city elects to pay and pays 25 percent of the response costs and deposits to the indemnification fund out of its general fund, a property tax levy for that purpose, or other unrestricted city money (other than tax increments). The city must elect this option at the time of certification of the district and must notify the commissioner of revenue of its election. The election is irrevocable.

Sec. 22. [INVER GROVE HEIGHTS.]

Subdivision 1. [EXTENSION OF TAX INCREMENT FINANCING DISTRICT.] Tax increment financing district No. 3-2, established by the city of Inver Grove Heights on April 30, 1992, under Laws 1990, chapter 604, article 7, section 30, subdivision 2, continues in effect until the earlier of (1) May 1, 2004, or (2) when all costs provided for in the tax increment financing plan relating to the district have been paid. In no event may the city receive more than eight years of tax increments for the district and all tax increments received after May 1, 2002, in excess of the amount of local government aid lost by the city under Minnesota Statutes, section 273.1399, as a result of such tax increments, shall be used only to pay or reimburse capital costs of public road and bridge improvements.

Subd. 2. [BOND AUTHORIZATION.] If the city of Inver Grove Heights, the Minnesota department of transportation, and Dakota county agree to the planning, design, construction, and reconstruction of state, county, and city highway, street, and bridge improvements that serve, among other areas, the area of tax increment financing district No. 3-2, the city council may, by resolution, authorize, sell, and issue general obligation bonds of the city in a principal amount not to exceed \$4,000,000 to finance part of the cost of the improvements to be paid for by the state

under the agreement. The city shall issue the bonds only if and to the extent it estimates they are necessary to pay costs of the improvements coming due for which state funds are not immediately available but will be received by the city under the agreement. The city shall pledge the state money to the payment of the bonds and after it receives the money shall pay the bonds as soon as practicable. The bonds shall be issued and secured under Minnesota Statutes, chapter 475, except no election is required to authorize their issuance.

Sec. 23. [CITY OF MANKATO; DURATION OF TAX INCREMENT FINANCING DISTRICT.]

Notwithstanding Minnesota Statutes, section 469.176, subdivision 1, the duration of the key city redevelopment project tax increment financing district, district AA1, located within the city of Mankato, may be extended by the authority to August 1, 2009. Any increment received during the period of extended duration may only be utilized for payment of or to secure payment of debt service on bonds issued after April 1, 1993, and before January 1, 1994, or bonds issued to refund those bonds.

Sec. 24. [EFFECTIVE DATE.]

Sections 1, 4, 9, 11, 13, 15, and 16 are effective for districts and subdistricts for which requests for certification are made after August 1, 1993.

Section 2 is effective for applications filed after the day of final enactment.

Sections 6, 7, 8, and 10, subdivision 1b, clauses (4) and (5), 12, and 14 are effective for districts for which the request for certification is made after May 31, 1993.

Section 10, except subdivision 1b, clauses (4) and (5), is effective for districts for which the requests for certification were made after July 31, 1979.

Sections 17 and 18 are effective July 1, 1993, and apply to all districts, regardless of when the request for certification was made, including districts for which the request for certification was made before August 1, 1979. Section 18 applies only to modifications of assessment agreements made after August 1, 1993.

Section 19 is effective upon compliance by the city of Minneapolis with Minnesota Statutes, section 645.021, subdivision 3.

Section 20 is effective upon compliance by the city of Minnetonka with Minnesota Statutes, section 645.021, subdivision 3.

Section 21 is effective upon compliance by the city of Hopkins with Minnesota Statutes, section 645.021, subdivision 3.

Section 22 is effective the day following final enactment without the approval of any local government.

Section 23 is effective upon compliance by the city of Mankato with Minnesota Statutes, section 645.021, subdivision 3.

ARTICLE 15

LOCAL GOVERNMENT EFFICIENCY AND COOPERATION

Section 1. [465.795] [DEFINITIONS.]

Subdivision 1. [AGENCY.] "Agency" means a department, agency, board, or other instrumentality of state government that has jurisdiction over an administrative rule or law from which a waiver is sought under section 3. If no specific agency has jurisdiction over such a law, "agency" refers to the attorney general.

Subd. 2. [BOARD.] "Board" means the board of government innovation and cooperation established by section 2.

Subd. 3. [COUNCIL.] "Council" or "metropolitan council" means the metropolitan council established by section 473.123.

Subd. 4. [LOCAL GOVERNMENT UNIT.] "Local government unit" means a county, home rule charter or statutory city, school district, town, or special taxing district, except for purposes of sections 465.81 to 465.87.

Subd. 5. [METROPOLITAN AGENCY.] "Metropolitan agency" has the meaning given in section 473.121, subdivision 5a.

Subd. 6. [METROPOLITAN AREA.] "Metropolitan area" has the meaning given in section 473.121, subdivision 2.

Subd. 7. [SCOPE.] As used in sections 1 to 5 and sections 465.80 to 465.87, the terms defined in this section have the meanings given them.

Sec. 2. [465.796] [BOARD OF GOVERNMENT INNOVATION AND COOPERATION.]

Subdivision 1. [MEMBERSHIP.] The board of government innovation and cooperation consists of three members of the senate appointed by the subcommittee on committees of the senate committee on rules and administration, three members of the house of representatives appointed by the speaker of the house, two administrative law judges appointed by the chief administrative law judge, the commissioner of finance, the commissioner of administration, and the state auditor. The commissioners of finance and administration and the state auditor may each designate one staff member to serve in the commissioner's or auditor's place. The members of the senate and house of representatives serve as nonvoting members.

Subd. 2. [DUTIES OF BOARD.] The board shall:

(1) accept applications from local government units for waivers of administrative rules and temporary, limited exemptions from enforcement of procedural requirements in state law as provided in section 3, and determine whether to approve, modify, or reject the application;

(2) accept applications for grants to local government units and related organizations proposing to design models or plans for innovative service delivery and management as provided in section 4 and determine whether to approve, modify, or reject the application;

(3) accept applications from local government units for financial assistance to enable them to plan for cooperative efforts as provided in section 5, and determine whether to approve, modify, or reject the application;

(4) accept applications from eligible local government units for service-sharing grants as provided in section 465.80, and determine whether to approve, modify, or reject the application;

(5) accept applications from counties, cities, and towns proposing to combine under sections 465.81 to 465.87, and determine whether to approve or disapprove the application; and

(6) make recommendations to the legislature regarding the elimination of state mandates that inhibit local government efficiency, innovation, and cooperation.

The board may purchase services from the metropolitan council in reviewing requests for waivers and grant applications.

Subd. 3. [STAFF.] The board may hire staff or consultants as necessary to perform its duties.

Sec. 3. [465.797] [RULE AND LAW WAIVER REQUESTS.]

Subdivision 1. [GENERALLY.] (a) Except as provided in paragraph (b), a local government unit may request the board of government innovation and cooperation to grant a waiver from one or more administrative rules or a temporary, limited exemption from enforcement of state procedural laws governing delivery of services by the local government unit. Two or more local government units may submit a joint application for a waiver or exemption under this section if they propose to cooperate in providing a service or program that is subject to the rule or law. Before submitting an application to the board, the governing body of the local government unit must approve the waiver or exemption request by resolution at a meeting required to be public under section 471.705.

(b) A school district that is granted a variance from rules of the state board of education under section 121.11, subdivision 12, need not apply to the board for a waiver of those rules under this section. A school district may not

seek a waiver of rules under this section if the state board of education has authority to grant a variance to the rules under section 121.11, subdivision 12. This paragraph does not preclude a school district from being included in a cooperative effort with another local government unit under this section.

Subd. 2. [APPLICATION.] A local government unit requesting a waiver of a rule or exemption from enforcement of a law under this section shall present a written application to the board. The application must include:

- (1) identification of the service or program at issue;
- (2) identification of the administrative rule or the law imposing a procedural requirement with respect to which the waiver or exemption is sought;
- (3) a description of the improved service outcome sought, including an explanation of the effect of the waiver or exemption in accomplishing that outcome;
- (4) a description of the means by which the attainment of the outcome will be measured; and
- (5) if the waiver or exemption is proposed by a single local government unit, a description of the consideration given to intergovernmental cooperation in providing this service, and an explanation of why the local government unit has elected to proceed independently.

A copy of the application must be provided by the requesting local government unit to the exclusive representative of its employees as certified under section 179A.12.

Subd. 3. [REVIEW PROCESS.] Upon receipt of an application from a local government unit, the board shall review the application. The board shall dismiss or request modification of an application within 60 days of its receipt if it finds that (1) the application does not meet the requirements of subdivision 2, or (2) the application should not be granted because it clearly proposes a waiver of rules or exemption from enforcement of laws that would result in due process violations, violations of federal law or the state or federal constitution, or the loss of services to people who are entitled to them. If the application is submitted by a local government unit in the metropolitan area or the unit requests a waiver of a rule or temporary, limited exemptions from enforcement of a procedural law over which the metropolitan council or a metropolitan agency has jurisdiction, the board shall also transmit a copy of the application to the council for review and comment. The council shall report its comments to the board within 60 days of the date the application was transmitted to the council. The council may point out any resources or technical assistance it may be able to provide a local government submitting a request under this section. If it does not dismiss the application, the board shall transmit a copy of it to the commissioner of each agency having jurisdiction over a rule or law from which a waiver or exemption is sought. The agency may mail a notice that it has received an application for a waiver or exemption to all persons who have registered with the agency under section 14.14, subdivision 1a, identifying the rule or law from which a waiver or exemption is requested. If no agency has jurisdiction over the rule or law, the board shall transmit a copy of the application to the attorney general. If the commissioner of finance, the commissioner of administration, or the state auditor has jurisdiction over the rule or law, the chief administrative law judge shall appoint a second administrative law judge to serve as a member of the board in the place of that official for purposes of determining whether to grant the waiver or exemption. The agency shall inform the board of its agreement with or objection to and grounds for objection to the waiver or exemption request within 60 days of the date when the application was transmitted to it. Interested persons may submit written comments to the board on the waiver or exemption request within 60 days of the board's receipt of the application. If the agency fails to inform the board of its conclusion with respect to the application within 60 days of its receipt, the agency is deemed to have agreed to the waiver or exemption. If the exclusive representative of the employees of the requesting local government unit objects to the waiver or exemption request it may inform the board of the objection to and the grounds for the objection to the waiver or exemption request within 60 days of the receipt of the application.

Subd. 4. [HEARING.] If the agency or the exclusive representative does not agree with the waiver or exemption request, the board shall set a date for a hearing on the application, which may be no earlier than 90 days after the date when the application was transmitted to the agency. The hearing must be conducted informally at a meeting of the board. Persons representing the local government unit shall present their case for the waiver or exemption, and persons representing the agency shall explain the agency's objection to it. Members of the board may request additional information from either party. The board may also request, either before or at the hearing, information or comments from representatives of business, labor, local governments, state agencies, consultants, and members of the public. If necessary, the hearing may be continued at a subsequent board meeting. A waiver or exemption must be granted by a vote of a majority of the board members. The board may modify the terms of the waiver or exemption request in arriving at the agreement required under subdivision 5.

Subd. 5. [CONDITIONS OF AGREEMENTS.] If the board grants a request for a waiver or exemption, the board and the local government unit shall enter into an agreement providing for the delivery of the service or program that is the subject of the application. The agreement must specify desired outcomes and the means of measurement by which the board will determine whether the outcomes specified in the agreement have been met. The agreement must specify the duration of the waiver or exemption, which may be for no less than two years and no more than four years, subject to renewal if both parties agree. A waiver of a rule under this section has the effect of a variance granted by an agency under section 14.05, subdivision 4. A local unit of government that is granted an exemption from enforcement of a procedural requirement in state law under this section is exempt from that law for the duration of the exemption. The board may require periodic reports from the local government unit, or conduct investigations of the service or program.

Subd. 6. [ENFORCEMENT.] If the board finds that the local government unit is failing to comply with the terms of the agreement under subdivision 5, it may rescind the agreement. Upon the rescission, the local unit of government becomes subject to the rules and laws covered by the agreement.

Subd. 7. [ACCESS TO DATA.] If a local government unit, through a cooperative program under this section, gains access to data collected, created, received, or maintained by another local government that is classified as not public, the unit gaining access is governed by the same restrictions on access to and use of the data as the unit that collected, created, received, or maintained the data.

Sec. 4. [465.798] [SERVICE BUDGET MANAGEMENT MODEL GRANTS.]

One or more local units of governments, an association of local governments, the metropolitan council, or an organization acting in conjunction with a local unit of government may apply to the board of government innovation and management for a grant to be used to develop models for innovative service budget management. Proposed models may provide options to local governments, neighborhood or community organizations, or individuals for managing budgets for service delivery. A copy of the work product for which the grant was provided must be furnished to the board upon completion, and the board may disseminate it to other local units of government or interested groups. If the board finds that the model was not completed or implemented according to the terms of the grant agreement, it may require the grantee to repay all or a portion of the grant. The amount of a grant under this section shall not exceed \$50,000.

Sec. 5. [465.799] [COOPERATION PLANNING GRANTS.]

Two or more local government units may apply to the board of government innovation and cooperation for a grant to be used to develop a plan for intergovernmental cooperation in providing services. The grant application must include the following information:

- (1) the identity of the local government units proposing to enter into the planning process;
- (2) a description of the services to be studied and the outcomes sought from the cooperative venture; and
- (3) a description of the proposed planning process, including an estimate of its costs, identification of the individuals or entities who will participate in the planning process, and an explanation of the need for a grant to the extent that the cost cannot be paid out of the existing resources of the local government unit.

The plan may include model contracts or agreements to be used to implement the plan. A copy of the work product for which the grant was provided must be furnished to the board upon completion. If the board finds that the grantee has failed to implement the plan, it may require the grantee to repay all or a portion of the grant. The amount of a grant under this section shall not exceed \$50,000.

Sec. 6. Minnesota Statutes 1992, section 465.80, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] This section establishes a program for grants to ~~cities, counties, and towns~~ local government units to enable them to meet the start-up costs of providing shared services or functions.

Sec. 7. Minnesota Statutes 1992, section 465.80, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY.] Any ~~home-rule charter or statutory city, county, or town~~ local government unit that provides a plan for offering a governmental service under a joint powers agreement with another ~~city, county, or town~~

local government unit, or with an agency of state government, is eligible for a grant under this section, and is referred to in this section as an "eligible local government unit."

Sec. 8. Minnesota Statutes 1992, section 465.80, subdivision 4, is amended to read:

Subd. 4. [SUBMISSION OF PLAN TO DEPARTMENT BOARD.] The plan must be submitted to the department of trade and economic development board of government innovation and cooperation. A copy of the plan must also be provided by the requesting local government units to the exclusive representatives of the employees as certified under section 179A.12. The commissioner of trade and economic development board will approve a plan only if it contains the elements set forth in subdivision 3, with sufficient information to verify the assertions under clauses (2) and (3). The commissioner board may request modifications of a plan. If the commissioner board rejects a plan, written reasons for the rejection must be provided, and a governmental unit may modify the plan and resubmit it.

Sec. 9. Minnesota Statutes 1992, section 465.80, subdivision 5, is amended to read:

Subd. 5. [GRANTS.] The amount of each grant shall be equal to the additional start-up costs for which evidence is presented under subdivision 3, clause (3). Only one grant will be given to a local government unit for any function or service it proposes to combine with another government unit, but a unit may apply for separate grants for different services or functions it proposes to combine. If the amount of money available for making the grants is not sufficient to fully fund the grants to eligible local government units with approved plans, the commissioner board shall award grants on the basis of each qualified applicant's score under a scoring system to be devised by the commissioner board to measure the relative needs for the grants and the ratio of costs to benefits for each proposal.

Sec. 10. Minnesota Statutes 1992, section 465.81, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] As used in sections 465.81 to 465.87, the words defined in this subdivision have the meanings given them in this subdivision.

"Board" means the board of government innovation and cooperation.

"City" means home rule charter or statutory cities.

~~"Commissioner" means the commissioner of trade and economic development.~~

~~"Department" means the department of trade and economic development.~~

"Governing body" means, in the case of a county, the county board; in the case of a city, the city council; and, in the case of a town, the town board.

"Local government unit" or "unit" includes counties, cities, and towns.

Sec. 11. Minnesota Statutes 1992, section 465.82, subdivision 1, is amended to read:

Subdivision 1. [ADOPTION AND STATE AGENCY REVIEW.] Each governing body that proposes to combine under sections 465.81 to 465.87 must adopt by resolution a plan for cooperation and combination. The plan must address each item in this section. The plan must be specific for any item that will occur within three years and may be general or set forth alternative proposals for an item that will occur more than three years in the future. The plan must be submitted to the department of trade and economic development board of government innovation and cooperation for review and comment. For a metropolitan area local government unit, the plan must also be submitted to the metropolitan council for review and comment. The council may point out any resources or technical assistance it may be able to provide a governing body submitting a plan under this subdivision. Significant modifications and specific resolutions of items must be submitted to the department board and council, if appropriate, for review and comment. In the official newspaper of each local government unit proposed for combination, the governing body must publish at least a summary of the adopted plans, each significant modification and resolution of items, and the results of each department board and council, if appropriate, review and comment.

Sec. 12. Minnesota Statutes 1992, section 465.83, is amended to read:

465.83 [STATE AGENCY APPROVAL.]

Before scheduling a referendum on the question of combining local government units under section 465.84, the units shall submit the plan adopted under section 465.82 to the commissioner board. Metropolitan area units shall also

submit the plan to the metropolitan council for review and comment. The ~~commissioner~~ board may require any information it deems necessary to evaluate the plan. The ~~commissioner~~ board shall disapprove the proposed combination if the ~~commissioner~~ it finds that the plan is not reasonably likely to enable the combined unit to provide services in a more efficient or less costly manner than the separate units would provide them, or if the plans or plan modification are incomplete. If the combination of local government units is approved by the board under this section, the local units are not required to proceed under chapter 414 to accomplish the combination.

Sec. 13. Minnesota Statutes 1992, section 465.87, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] A local government unit is eligible for aid under this section if the ~~commissioner~~ board has approved its plan to cooperate and combine under section 465.83.

Sec. 14. Minnesota Statutes 1992, section 465.87, is amended by adding a subdivision to read:

Subd. 1a. [ADDITIONAL ELIGIBILITY.] A local government unit is eligible for aid under this section if it has combined with another unit of government in accordance with chapter 414 and a copy of the municipal board's order combining the two units of government is forwarded to the board.

Sec. 15. [APPROPRIATION.]

\$1,200,000 is appropriated from the local government trust fund to the board of government innovation and cooperation for the purpose of making grants under this article, including grants made under Minnesota Statutes, section 465.80, and aid paid under Minnesota Statutes, section 465.87.

ARTICLE 16

TACONITE TAX

Section 1. Minnesota Statutes 1992, section 298.227, is amended to read:

298.227 [TACONITE ECONOMIC DEVELOPMENT FUND.]

An amount equal to ~~10.4 cents per taxable ton~~ that distributed pursuant to each taconite producer's taxable production and qualifying sales under section 298.28, subdivision 9a, ~~for production years 1992 and 1993~~ shall be held by the iron range resources and rehabilitation board in a separate taconite economic development fund for each taconite producer. Money from the fund for each producer shall be released only on the written authorization of a joint committee consisting of an equal number of representatives of the salaried employees and the nonsalaried production and maintenance employees of that producer. The district 33 director of the United States Steelworkers of America, on advice of each local employee president, shall select the employee members. In nonorganized operations, the employee committee shall be elected by the nonsalaried production and maintenance employees. Each producer's joint committee may authorize release of the funds held pursuant to this section only for acquisition of equipment and facilities for the producer or for research and development in Minnesota on new mining, or taconite, iron, or steel production technology. Funds may be released only upon a majority vote of the representatives of the committee. Any portion of the fund which is not released by a joint committee within two years of its deposit in the fund shall be divided between the taconite environmental protection fund created in section 298.223 and the northeast Minnesota economic protection trust fund created in section 298.292 for placement in their respective special accounts. Two-thirds of the unreleased funds shall be distributed to the taconite environmental protection fund and one-third to the northeast Minnesota economic protection trust fund. This section is effective for taxes payable in 1993 and 1994.

Sec. 2. Minnesota Statutes 1992, section 298.28, subdivision 4, is amended to read:

Subd. 4. [SCHOOL DISTRICTS.] (a) 27.5 cents per taxable ton plus the increase provided in paragraph (d) must be allocated to qualifying school districts to be distributed, based upon the certification of the commissioner of revenue, under paragraphs (b) and (c).

(b) 5.5 cents per taxable ton must be distributed to the school districts in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. The distribution must be based on the apportionment formula prescribed in subdivision 2.

(c)(i) 22 cents per taxable ton, less any amount distributed under paragraph (e), shall be distributed to a group of school districts comprised of those school districts in which the taconite was mined or quarried or the concentrate produced or in which there is a qualifying municipality as defined by section 273.134 in direct proportion to school district indexes as follows: for each school district, its pupil units determined under section 124.17 for the prior school year shall be multiplied by the ratio of the average adjusted net tax capacity per pupil unit for school districts receiving aid under this clause as calculated pursuant to chapter 124A for the school year ending prior to distribution to the adjusted net tax capacity per pupil unit of the district. Each district shall receive that portion of the distribution which its index bears to the sum of the indices for all school districts that receive the distributions.

(ii) Notwithstanding clause (i), each school district that receives a distribution under sections 298.018; 298.23 to 298.28, exclusive of any amount received under this clause; 298.34 to 298.39; 298.391 to 298.396; 298.405; or any law imposing a tax on severed mineral values that is less than the amount of its levy reduction under section 124.918, subdivision 8, for the second year prior to the year of the distribution shall receive a distribution equal to the difference; the amount necessary to make this payment shall be derived from proportionate reductions in the initial distribution to other school districts under clause (i).

(d) On July 15, in years prior to 1988, an amount equal to the increase derived by increasing the amount determined by paragraph (c) in the same proportion as the increase in the steel mill products index over the base year of 1977 as provided in section 298.24, subdivision 1, clause (a), shall be distributed to any school district described in paragraph (c) where a levy increase pursuant to section 124A.03, subdivision 2, is authorized by referendum, according to the following formula. On July 15, 1988, the increase over the amount established for 1987 shall be determined as if there had been an increase in the tax rate under section 298.24, subdivision 1, paragraph (b), according to the increase in the implicit price deflator. On July 15, 1989, 1990, and 1991, the increase over the amount established for the prior year shall be determined according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1, paragraph (a). In 1992 and 1993, the amount distributed per ton shall be the same as that determined for distribution in 1991. In 1994, the amount distributed per ton shall be equal to the amount per ton distributed in 1991 increased in the same proportion as the increase between the fourth quarter of 1988 ~~1989~~ and the fourth quarter of 1992 in the implicit price deflator as defined in section 298.24, subdivision 1. On July 15, 1995, and subsequent years, the increase over the amount established for the prior year shall be determined according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1. Each district shall receive the product of:

(i) \$175 times the pupil units identified in section 124.17, subdivision 1, enrolled in the second previous year or the 1983-1984 school year, whichever is greater, less the product of 1.8 percent times the district's taxable net tax capacity in the second previous year; times

(ii) the lesser of:

(A) one, or

(B) the ratio of the sum of the amount certified pursuant to section 124A.03, subdivision 1g, in the previous year, plus the amount certified pursuant to section 124A.03, subdivision 1i, in the previous year, plus the referendum aid according to section 124A.03, subdivision 1h, for the current year, to the product of 1.8 percent times the district's taxable net tax capacity in the second previous year.

If the total amount provided by paragraph (d) is insufficient to make the payments herein required then the entitlement of \$175 per pupil unit shall be reduced uniformly so as not to exceed the funds available. Any amounts received by a qualifying school district in any fiscal year pursuant to paragraph (d) shall not be applied to reduce general education aid which the district receives pursuant to section 124A.23 or the permissible levies of the district. Any amount remaining after the payments provided in this paragraph shall be paid to the commissioner of iron range resources and rehabilitation who shall deposit the same in the taconite environmental protection fund and the northeast Minnesota economic protection trust fund as provided in subdivision 11.

Each district receiving money according to this paragraph shall reserve \$25 times the number of pupil units in the district. It may use the money for early childhood programs or for outcome-based learning programs that enhance the academic quality of the district's curriculum. The outcome-based learning programs must be approved by the commissioner of education.

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

Sec. 3. Minnesota Statutes 1992, section 298.28, subdivision 7, is amended to read:

Subd. 7. [IRON RANGE RESOURCES AND REHABILITATION BOARD.] Three cents per taxable ton shall be paid to the iron range resources and rehabilitation board for the purposes of section 298.22. The amount determined in this subdivision shall be increased in 1981 and subsequent years prior to 1988 in the same proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1, and shall be increased in 1989, 1990, and 1991 according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1. In 1992 and 1993, the amount distributed per ton shall be the same as the amount distributed per ton in 1991. In 1994, the amount distributed shall be the distribution per ton for 1991 increased in the same proportion as the increase between the fourth quarter of ~~1988~~ 1989 and the fourth quarter of 1992 in the implicit price deflator as defined in section 298.24, subdivision 1. That amount shall be increased in 1995 and subsequent years in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1. The amount distributed in 1988 shall be increased according to the increase that would have occurred in the rate of tax under section 298.24 if the rate had been adjusted according to the implicit price deflator for 1987 production. The amount distributed pursuant to this subdivision shall be expended within or for the benefit of a tax relief area defined in section 273.134. No part of the fund provided in this subdivision may be used to provide loans for the operation of private business unless the loan is approved by the governor and the legislative advisory commission.

Sec. 4. Minnesota Statutes 1992, section 298.28, subdivision 9a, is amended to read:

Subd. 9a. [TACONITE ECONOMIC DEVELOPMENT FUND.] (a) 10.4 cents per ton for distributions in 1993 and 15.4 cents per ton for distributions in 1994 shall be paid to the taconite economic development fund. No distribution shall be made under this ~~subdivision paragraph~~ in any year in which total industry production falls below 30 million tons.

(b) An amount equal to 50 percent of the tax under section 298.24 for concentrate sold in the form of pellet chips and fines not exceeding 1/4 inch in size and not including crushed pellets shall be paid to the taconite economic development fund. The amount paid shall not exceed \$700,000 annually for all companies. If the initial amount to be paid to the fund exceeds this amount, each company's payment shall be prorated so the total does not exceed \$700,000.

Sec. 5. Minnesota Statutes 1992, section 298.28, subdivision 10, is amended to read:

Subd. 10. [INCREASE.] The amounts determined under subdivisions 6, paragraph (a), and 9 shall be increased in 1979 and subsequent years prior to 1988 in the same proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1. The amount distributed in 1988 shall be increased according to the increase that would have occurred in the rate of tax under section 298.24 if the rate had been adjusted according to the implicit price deflator for 1987 production. Those amounts shall be increased in 1989, 1990, and 1991 in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1. In 1992 and 1993, the amounts determined under subdivisions 6, paragraph (a), and 9, shall be the distribution per ton determined for distribution in 1991. In 1994, the amounts determined under subdivisions 6, paragraph (a), and 9, shall be the distribution per ton determined for distribution in 1991 increased in the same proportion as the increase between the fourth quarter of ~~1988~~ 1989 and the fourth quarter of 1992 in the implicit price deflator as defined in section 298.24, subdivision 1. Those amounts shall be increased in 1995 and subsequent years in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1.

The distributions per ton determined under subdivisions 5, paragraphs (b) and (d), and 6, paragraphs (b) and (c) for distribution in 1988 and subsequent years shall be the distribution per ton determined for distribution in 1987.

Sec. 6. [EFFECTIVE DATE.]

Section 4 is effective for production years beginning after December 31, 1992.

ARTICLE 17

MISCELLANEOUS

Section 1. Minnesota Statutes 1992, section 16A.15, subdivision 6, as amended by Laws 1993, chapter 192, section 60, if enacted, is amended to read:

Subd. 6. [BUDGET RESERVE AND CASH FLOW ACCOUNT ESTABLISHED.] (a) A budget reserve and cash flow account is created in the general fund in the state treasury. The commissioner of finance shall restrict part or all of

the balance before reserves in the general fund as may be necessary to fund the budget reserve and cash flow account as provided by law from time to time.

(b) The commissioner of finance shall transfer the amount necessary to bring the total amount of the budget reserve and cash flow account, including any existing balance in the account on June 30, 1993, to \$360,000,000. The amounts restricted shall remain in the account until drawn down under subdivision 1 or increased under section 16A.1541.

Sec. 2. Minnesota Statutes 1992, section 16A.1541, as amended by Laws 1993, chapter 192, section 63, if enacted, is amended to read:

16A.1541 [ADDITIONAL REVENUES; PRIORITY.]

If on the basis of a forecast of general fund revenues and expenditures the commissioner of finance determines that there will be a positive unrestricted budgetary general fund balance at the close of the biennium, the commissioner of finance must allocate money to the budget reserve and cash flow account until the total amount in the account equals five percent of total general fund appropriations for the current biennium as established by the most recent legislative session. Beginning in ~~November 1990~~ July 1, 1993, forecast unrestricted budgetary general fund balances are first appropriated to restore the budget reserve and cash flow account to ~~\$550,000,000~~ \$500,000,000 and then to reduce the property tax levy recognition percent under section 121.904, subdivision 4a, to ~~27 percent~~ zero before money is allocated to the budget reserve and cash flow account under the preceding sentence.

The amounts necessary to meet the requirements of this section are appropriated from the general fund.

Sec. 3. Minnesota Statutes 1992, section 97A.061, subdivision 2, is amended to read:

Subd. 2. [ALLOCATION.] (a) Except as provided in subdivision 3, the county treasurer shall allocate the payment among the county, towns, and school districts on the same basis as if the payments were taxes on the land received in the year. Payment of a town's or a school district's allocation must be made by the county treasurer to the town or school district within 30 days of receipt of the payment to the county. The county's share of the payment shall be deposited in the county general revenue fund.

(b) The county treasurer of a county with a population over 39,000 but less than 42,000 in the 1950 federal census shall allocate the payment only among the towns and school districts on the same basis as if the payments were taxes on the lands received in the current year.

Sec. 4. Minnesota Statutes 1992, section 97A.061, subdivision 3, is amended to read:

Subd. 3. [GOOSE MANAGEMENT CROPLANDS.] (a) The commissioner shall make a payment on July 1 of each year from the game and fish fund, to each county where the state owns more than 1,000 acres of crop land, for wild goose management purposes. The payment shall be equal to the taxes assessed on comparable, privately owned, adjacent land. The county treasurer shall allocate and distribute the payment as provided in subdivision 2.

(b) The land used for goose management under this subdivision is exempt from taxation as provided in sections 272.01 and 273.19.

Sec. 5. Minnesota Statutes 1992, section 243.23, subdivision 3, is amended to read:

Subd. 3. [EXCEPTIONS.] Notwithstanding sections 241.26, subdivision 5, and 243.24, subdivision 1, the commissioner may promulgate rules for the disbursement of funds earned under subdivision 1, or other funds in an inmate account, and section 243.88, subdivision 2, for the support of families and dependent relatives of the respective inmates, for the payment of court-ordered restitution, contribution to any programs established by law to aid victims of crime provided that the contribution shall not be more than 20 percent of an inmate's gross wages, for the payment of restitution to the commissioner ordered by prison disciplinary hearing officers for damage to property caused by an inmate's conduct, and for the discharge of any legal obligations arising out of litigation under this subdivision. The commissioner may authorize the payment of court-ordered restitution from an inmate's wages when the restitution was ordered by the court as a sanction for the conviction of an offense which is not the offense of commitment, including offenses which occurred prior to the offense for which the inmate was committed to the commissioner. An inmate of an adult correctional facility under the control of the commissioner is subject to actions for the enforcement of support obligations and reimbursement of any public assistance rendered the dependent family and relatives. The commissioner may conditionally release an inmate who is a party to an action under this

subdivision and provide for the inmate's detention in a local detention facility convenient to the place of the hearing when the inmate is not engaged in preparation and defense.

Sec. 6. Minnesota Statutes 1992, section 270.07, subdivision 3, is amended to read:

Subd. 3. [ADDITIONAL POWERS OF COMMISSIONER.] Notwithstanding any other provision of law the commissioner of revenue may,

(a) based upon the administrative costs of processing, determine minimum standards for the determination of additional tax for which an order shall be issued, and

(b) based upon collection costs as compared to the amount of tax involved, determine minimum standards of collection, and

(c) based upon the administrative costs of processing, determine the minimum amount of refunds for which an order shall be issued and refund made where no claim therefor has been filed, and

(d) cancel any amounts below these minimum standards determined under (a) and (b) hereof, and

(e) based upon the inability of a taxpayer to pay a delinquent tax liability, abate the liability if the taxpayer agrees to perform uncompensated public service work for a state agency, a political subdivision or public corporation of this state, or a nonprofit educational, medical, or social service agency. The department of corrections shall administer the work program. No benefits under chapter 176 or 268 shall be available, but a claim authorized under section 3.739 may be made by the taxpayer. The state may not enter into any agreement that has the purpose of or results in the displacement of public employees by a delinquent taxpayer under this section. The state must certify to the appropriate bargaining agent or employees, as applicable, that the work performed by a delinquent taxpayer will not result in the displacement of currently employed workers or layoff from a substantially equivalent position, including partial displacement such as reduction in hours of nonovertime work, wages, or other employment benefits. The program authorized under this paragraph terminates June 30, 1993 1998.

Sec. 7. Minnesota Statutes 1992, section 270.66, is amended by adding a subdivision to read:

Subd. 4. [POLITICAL SUBDIVISION DEBTS.] (a) As used in this subdivision, "political subdivision" means counties and home rule charter or statutory cities, and "debts" means a legal obligation to pay a fixed amount of money, which equals or exceeds \$100 and which is due and payable to the claimant political subdivision.

(b) If one political subdivision owes a debt to another political subdivision, and the debt has not been paid within six months of the date when payment was due, the creditor political subdivision may notify the commissioner of revenue of the debt, and shall provide the commissioner with information sufficient to verify the claim. If the commissioner has reason to believe that the claim is valid, and the debt has not been paid, the commissioner shall initiate setoff procedures under this subdivision.

(c) Within ten days of receipt of the notification from the creditor political subdivision, the commissioner shall send a written notice to the debtor political subdivision, advising it of the nature and amount of the claim. This written notice shall advise the debtor of the creditor political subdivision's intention to request setoff of the refund against the debt.

The notice will also advise the debtor that the debt can be setoff against a state aid payment, 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 commissioner of revenue, which request the commissioner must receive within 45 days of the mailing date of the notice.

(d) If the commissioner receives written notice of a debtor political subdivision's intention to contest at hearing the claim upon which the intended setoff is based, the commissioner shall initiate a hearing according to contested case procedures established in the state administrative procedure act not later than 30 days after receipt of the debtor's request for a hearing. The costs of the hearing shall be paid equally by the political subdivisions that are parties to the hearing. The office of administrative hearings shall separately bill each political subdivision for one-half of the costs.

(e) If the debtor political subdivision does not object to the claim, or does not prevail in an objection to the claim or at a hearing on the claim, the commissioner of revenue shall deduct the amount of the debt from the next payment

scheduled to be made to the debtor under section 273.1398 or chapter 477A. The commissioner shall remit the amount deducted to the claimant political subdivision.

Sec. 8. Minnesota Statutes 1992, section 270A.03, subdivision 7, is amended to read:

Subd. 7. [REFUND.] "Refund" means an individual income tax refund or political contribution refund, pursuant to chapter 290, or a property tax credit or refund, pursuant to chapter 290A.

For purposes of this chapter, lottery prizes, as set forth in section 349A.08, subdivision 8, shall be treated as refunds.

In the case of a joint property tax refund payable to spouses under chapter 290A, the refund shall be considered as belonging to each spouse in the proportion of the total refund that equals each spouse's proportion of the total income determined under section 290A.03, subdivision 3. The commissioner shall remit the entire refund to the claimant agency, which shall, upon the request of the spouse who does not owe the debt, determine the amount of the refund belonging to that spouse and refund the amount to that spouse.

Sec. 9. Minnesota Statutes 1992, section 270A.10, is amended to read:

270A.10 [PRIORITY OF CLAIMS.]

If two or more debts, in a total amount exceeding the debtor's refund, are submitted for setoff, the priority of payment shall be as follows: First, any delinquent tax obligations of the debtor which are owed to the department shall be satisfied. Secondly, the refund shall be applied to debts for child support based on the order in time in which the commissioner received the debts. Thirdly, the refund shall be applied to payment of restitution obligations. Fourthly, the refund shall be applied to the remaining debts based on the order in time in which the commissioner received the debts.

Sec. 10. Minnesota Statutes 1992, 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 (except taxes imposed under sections 298.01, 298.015, and 298.24), 290, 290A, 291, and 297A, and includes any laws for the assessment, collection, and enforcement of those taxes.

Sec. 11. Minnesota Statutes 1992, section 270B.14, subdivision 8, is amended to read:

Subd. 8. [EXCHANGE BETWEEN DEPARTMENTS OF LABOR AND INDUSTRY AND REVENUE.] ~~Notwithstanding any law to the contrary, The departments of labor and industry and revenue may exchange information on a reciprocal basis. Data that may be disclosed are limited to data used in determining whether a business is an employer or a contracting agent as follows:~~

- (1) data used in determining whether a business is an employer or a contracting agent;
- (2) taxpayer identity information relating to employers for purposes of supporting tax administration and chapter 176; and
- (3) data to the extent provided in and for the purpose set out in section 176.181, subdivision 8.

Sec. 12. Minnesota Statutes 1992, section 319A.11, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] (a) A professional corporation may issue its stock only to and admit as a member only natural persons licensed to render a kind of professional service which the corporation is authorized to render or partnerships or professional corporations rendering the same kind of professional service. A person, partnership or professional corporation who becomes a shareholder or member of any such corporation may transfer its shares of stock or its membership only to a natural person, partnership or professional corporation to whom the corporation could have issued the shares of stock or membership. No proxy to vote any share in a professional corporation or membership may be given to a person who is not so licensed, nor may any voting trust be established with respect to the shares of the professional corporation unless all the voting trustees are natural persons so licensed.

(b) Notwithstanding paragraph (a), a professional corporation may issue its stock under this section to an employee stock ownership plan, as defined in section 4975(e)(7) of the Internal Revenue Code of 1986, as amended, if

(1) the voting trustees of the plan are natural persons licensed to render a kind of professional service which the corporation is authorized to render, and

(2) the shares are not directly issued to a person or entity not licensed to render a kind of advice which the corporation is authorized to render.

Sec. 13. Minnesota Statutes 1992, section 325D.33, is amended by adding a subdivision to read:

Subd. 8. [PENALTIES.] (a) A retailer who sells cigarettes for less than a legal retail price may be assessed a penalty in the full amount of three times the difference between the actual selling price and a legal price under sections 325D.30 to 325D.42. This penalty may be collected under the authorities given the commissioner in chapters 270 and 297, and the penalty shall bear interest at the rate prescribed by section 270.75, subdivision 5.

(b) A wholesaler who sells cigarettes for less than a legal price may be assessed a penalty in the full amount of three times the difference between the actual selling price and the legal price under sections 325D.30 to 325D.42. This penalty may be collected under the authorities given the commissioner in chapters 270 and 297, and the penalty shall bear interest at the rate prescribed by section 270.75, subdivision 5.

(c) A retailer who engages in a plan, scheme, or device with a wholesaler to purchase cigarettes at a price which the retailer knows to be less than a legal price may be assessed a penalty in the full amount of three times the difference between the actual purchase price and the legal price under sections 325D.30 to 325D.42. A retailer that coerces or requires a wholesaler to sell cigarettes at a price which the retailer knows to be less than a legal price may be assessed a penalty in the full amount of three times the difference between the actual purchase price and the legal price. These penalties may be collected under the authorities given the commissioner in chapters 270 and 297, and the penalties shall bear interest at the rate prescribed by section 270.75, subdivision 5.

For purposes of this subdivision, a retailer is presumed to know that a purchase price is less than a legal price if any of the following have been done:

- (1) the commissioner has published the legal price in the Minnesota State Register;
- (2) the commissioner has provided written notice to the retailer of the legal price;
- (3) the commissioner has provided written notice to the retailer that the retailer is purchasing cigarettes for less than a legal price;
- (4) the commissioner has issued a written order to the retailer to cease and desist from purchases of cigarettes for less than a legal price; or
- (5) there is evidence that the retailer has knowledge of, or has participated in, efforts to disguise or misrepresent the actual purchase price as equal to or more than a legal price, when it is actually less than a legal price.

In any proceeding arising under this subdivision, the commissioner shall have the burden of providing by a reasonable preponderance of the evidence that the facts necessary to establish the presumption set forth in this section exist, or that the retailer had knowledge that a purchase price was less than the legal price.

(d) The commissioner may not assess penalties against any wholesaler, retailer, or combination of wholesaler and retailer, which are greater than three times the difference between the actual price and the legal price under sections 325D.30 to 325D.42.

Sec. 14. Minnesota Statutes 1992, section 325D.37, subdivision 3, is amended to read:

Subd. 3. Before selling cigarettes at a price set in good faith to meet competition, a wholesaler shall ~~contact~~ notify the commissioner to verify that a competitor has met the requirements of section 325D.32, subdivision 10, or that a competitor has contacted the commissioner under this subdivision in response to a wholesaler who has met the requirements of section 325D.32, subdivision 10 in writing that it intends to meet a competitor's legal price. A wholesaler filing the notice shall be allowed to meet the competitor's price unless within seven days of receipt of the notice, the commissioner informs the wholesaler that the competitor's price is an illegal price.

Sec. 15. [325D.371] [PUBLICATION OF CIGARETTE PRICES.]

The commissioner shall publish in the State Register the presumed legal prices of all cigarettes as calculated pursuant to section 325D.32, subdivision 10. The prices must be published within one month of each recomputation, but not less than once each year.

Sec. 16. [383A.62] [ELECTIONS DEPARTMENT MERGER.]

The city of St. Paul and Ramsey county may, by agreement subject to this section, provide for the merger of the city elections office with the county election office. The consolidation shall be set to begin at the beginning of a fiscal year. In the preceding fiscal year and each year thereafter the county shall provide a budget and levy a property tax for the merged office that will defray the costs of the services provided throughout the county by the merged office. The county shall succeed to the obligations of the city under any collective bargaining agreements in existence at the time of the merger. Nothing in this section or in an agreement for merger under this section shall diminish any rights defined in collective bargaining agreements. The merger must not occur until bargaining units representing affected employees have completed negotiations on post-merger terms and conditions of employment. The county shall succeed to the other obligations and to the real and personal property of the merged city offices.

Sec. 17. Minnesota Statutes 1992, section 429.061, subdivision 1, is amended to read:

Subdivision 1. [CALCULATION, NOTICE.] At any time after the expense incurred or to be incurred in making an improvement shall be calculated under the direction of the council, the council shall determine by resolution the amount of the total expense the municipality will pay, other than the amount, if any, which it will pay as a property owner, and the amount to be assessed. If a county proposes to assess within the boundaries of a city for a county state-aid highway or county highway, including curbs, gutters, and storm sewers, the resolution must include the portion of the cost proposed to be assessed within the city. The county shall forward the resolution to the city and it may not proceed with the assessment procedure nor may the county allocate any cost under this section for property within the city unless the city council adopts the resolution approving the assessment. Thereupon the clerk, with the assistance of the engineer or other qualified person selected by the council, shall calculate the proper amount to be specially assessed for the improvement against every assessable lot, piece or parcel of land, without regard to cash valuation, in accordance with the provisions of section 429.051. The proposed assessment roll shall be filed with the clerk and be open to public inspection. The clerk shall thereupon, under the council's direction, publish notice that the council will meet to consider the proposed assessment. Such notice shall be published in the newspaper at least once and shall be mailed to the owner of each parcel described in the assessment roll. For the purpose of giving mailed notice under this subdivision, owners shall be those shown to be such on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer; but other appropriate records may be used for this purpose. Such publication and mailing shall be no less than two weeks prior to such meeting of the council. Except as to the owners of tax exempt property or property taxes on a gross earnings basis, every property owner whose name does not appear on the records of the county auditor or the county treasurer shall be deemed to have waived such mailed notice unless the owner has requested in writing that the county auditor or county treasurer, as the case may be, include the name on the records for such purpose. Such notice shall state the date, time, and place of such meeting, the general nature of the improvement, the area proposed to be assessed, the total amount of the proposed assessment, that the proposed assessment roll is on the file with the clerk, and that written or oral objections thereto by any property owner will be considered. The notice must also state that no appeal may be taken as to the amount of any assessment adopted pursuant to subdivision 2, unless a written objection signed by the affected property owner is filed with the municipal clerk prior to the assessment hearing or presented to the presiding officer at the hearing. The notice shall also state that an owner may appeal an assessment to district court pursuant to section 429.081 by serving notice of the appeal upon the mayor or clerk of the municipality within 30 days after the adoption of the assessment and filing such notice with the district court within ten days after service upon the mayor or clerk. The notice shall also inform property owners of the provisions of sections 435.193 to 435.195 and the existence of any deferment procedure established pursuant thereto in the municipality. In addition, the notice mailed to the owner must ~~include~~ state in clear language the following information:

- (1) the amount to be specially assessed against that particular lot, piece, or parcel of land;
- (2) adoption by the council of the proposed assessment may be taken at the hearing;
- (3) the right of the property owner to prepay the entire assessment and the person to whom prepayment must be made;

- (3) (4) whether partial prepayment of the assessment has been authorized by ordinance;
- (4) (5) the time within which prepayment may be made without the assessment of interest; and
- (5) (6) the rate of interest to be accrued if the assessment is not prepaid within the required time period.

Sec. 18. Minnesota Statutes 1992, section 469.169, is amended by adding a subdivision to read:

Subd. 9. [ADDITIONAL BORDER CITY ALLOCATIONS.] In addition to tax reductions authorized in subdivisions 7 and 8, the commissioner may allocate \$1,100,000 for tax reductions to border city enterprise zones in cities located on the western border of the state, and \$300,000 to the border city enterprise zone in the city of Duluth. The commissioner shall make allocations to zones in cities on the western border by evaluating which cities' applications for allocations relate to business prospects that have the greatest positive economic impact. Allocations made under this subdivision may be used for tax reductions as provided in section 469.171, or other offsets of taxes imposed on or remitted by businesses located in the enterprise zone, but only if the municipality determines that the granting of the tax reduction or offset is necessary in order to retain a business within or attract a business to the zone. Limitations on allocations under section 469.169, subdivision 7, do not apply to this allocation. Enterprise zones that receive allocations under this subdivision may continue in effect for purposes of those allocations through December 31, 1994.

Sec. 19. [473.334] [SPECIAL ASSESSMENT; AGREEMENT.]

Subdivision 1. [GENERALLY.] In determining the special benefit received by regional recreation open space system property as defined in sections 473.301 to 473.351 from an improvement for which a special assessment is determined, the governing body shall not consider any use of the property other than as regional recreation open space property at the time the special assessment is determined. The metropolitan council shall not be bound by the determination of the governing body of the city but may pay a lesser amount, as agreed upon by the metropolitan council and the governing body of the city, as they determine is the measure of benefit to the land from the improvement.

Subd. 2. [EXCEPTION.] This section does not apply to Otter-Bald Eagle lake regional park property in the town of White Bear, Ramsey county, which shall continue to be governed by section 435.19.

Sec. 20. Minnesota Statutes 1992, section 477A.14, is amended to read:

477A.14 [USE OF FUNDS.]

Forty percent of the total payment to the county shall be deposited in the county general revenue fund to be used to provide property tax levy reduction. The remainder shall be distributed by the county in the following priority:

(a) 37.5 cents for each acre of county-administered other natural resources land shall be deposited in a resource development fund to be created within the county treasury for use in resource development, forest management, game and fish habitat improvement, and recreational development and maintenance of county-administered other natural resources land. Any county receiving less than \$5,000 annually for the resource development fund may elect to deposit that amount in the county general revenue fund;

(b) From the funds remaining, within 30 days of receipt of the payment to the county, the county treasurer shall pay each organized township ~~shall receive~~ 30 cents per acre of acquired natural resources land and 7.5 cents per acre of other natural resources land located within its boundaries. Payments for natural resources lands not located in an organized township shall be deposited in the county general revenue fund. Payments to counties and townships pursuant to this paragraph shall be used to provide property tax levy reduction. Provided that, if the total payment to the county pursuant to section 477A.12 is not sufficient to fully fund the distribution provided for in this clause, the amount available shall be distributed to each township and the county general revenue fund on a pro rata basis; and

(c) Any remaining funds shall be deposited in the county general revenue fund. Provided that, if the distribution to the county general revenue fund exceeds \$35,000, the excess shall be used to provide property tax levy reduction.

Sec. 21. [UNEMPLOYMENT TAX ADMINISTRATION; STUDY.]

The commissioner of revenue and the commissioner of jobs and training shall study the feasibility of transferring the responsibility for collection of unemployment taxes from the department of jobs and training to the department of revenue. The commissioners must present their report to the legislature by February 1, 1994.

Sec. 22. [ST. PAUL; SPECIAL ASSESSMENTS.]

Subdivision 1. [POWERS.] The city of St. Paul may by ordinance choose to exercise the powers provided by this section in place of those provided by Minnesota Statutes, section 429.101, subdivision 1, but in accordance with the provisions of Minnesota Statutes, section 429.101, subdivisions 2 and 3. In addition to any method authorized by law or charter, the city may provide for the collection of unpaid special charges for all or any part of the following costs:

- (1) snow, ice, rubbish, or litter removal from public parking facilities;
- (2) the operation, including maintenance and repair, of lighting systems for public parking facilities; or
- (3) the operation, including maintenance and repair, of public parking facilities.

Subd. 2. [SPECIAL ASSESSMENTS.] The costs listed in subdivision 1 may be collected as a special assessment against the property benefited.

Subd. 3. [REGULATIONS.] The council may by ordinance adopt regulations consistent with this section to make this authority effective, including, at the option of the council, provisions for collection of actual or estimated charges from the property owner or other person served before the unpaid charges are made a special assessment.

Subd. 4. [ADJUSTMENT.] If estimated charges are collected and, based upon subsequent actual costs, found to be excessive or deficient, subsequent charges shall be reduced by the excess or increased by the deficiency.

Sec. 23. [ST. PAUL HOUSING LOAN AND GRANT PROGRAM.]

Subdivision 1. [HOUSING REHABILITATION LOAN PROGRAM.] The city of Saint Paul may develop and administer a housing rehabilitation loan program with respect to residential property located anywhere within its boundaries on the terms and conditions as it determines. In approving applications for the program, the following factors must be considered:

- (1) the availability of other governmental programs affordable by the applicant;
- (2) the availability and affordability of private market financing;
- (3) whether the housing is required, pursuant to an urban renewal program or a code enforcement program, to be repaired, improved, or rehabilitated;
- (4) whether the housing is required, pursuant to a court order issued under Minnesota Statutes, section 566.25, clauses (b), (c), and (e), to be repaired, improved, or rehabilitated;
- (5) whether the housing has been determined to be uninsurable because of physical hazards after inspection pursuant to a statewide property insurance plan approved by the United States Department of Housing and Urban Development under Title XII of the National Housing Act; and
- (6) whether rehabilitation of the housing will maintain or improve the value of the housing and will help to stabilize the neighborhood in which the housing is located.

All loans and grants shall be issued primarily for rehabilitating housing so that it meets applicable housing codes, building codes, and health and safety codes, and to make other necessary improvements.

Subd. 2. [NEW RESIDENTIAL DWELLING UNITS.] A housing rehabilitation loan program undertaken under subdivision 1 may also provide for the city to make or purchase loans made to finance the acquisition of single-family residences and multifamily housing projects that have been newly constructed in established neighborhoods on land owned by the city or any agency of the city. For purposes of this subdivision, land shall be considered to be owned by the city if the city or one of its agencies previously owned the land and conveyed it to an individual, partnership, or other entity under a development agreement in which the developer has agreed to construct single-family housing or one or more multifamily housing projects on the land. In approving applications for a loan to be made under this subdivision, the following factors shall be considered:

- (1) the availability and affordability of other governmental programs or private market financing; and

(2) whether the construction of the housing enhances the stability of the neighborhood in which it is located.

Subd. 3. [HOUSING REHABILITATION GRANT PROGRAM.] The city of St. Paul may develop and administer a housing rehabilitation grant program with respect to property within its boundaries, on the terms and conditions as it determines. In approving applications for grants used under this program, all of the considerations and limitations enumerated in subdivision 2 for loans must be considered and the following factors must also be considered:

(1) whether the housing unit is a single-family dwelling, homesteaded unit, or multifamily housing project; and

(2) whether the applicant is a person of low income.

The city council shall by ordinance set forth the regulations for its grant program. The dollar value of grants made shall not exceed five percent of the total value of the bonds issued for both the loan and the grant programs. All grants shall be made primarily to rehabilitate housing so that it meets applicable housing codes, building codes, and health and safety codes or to make other necessary improvements.

Subd. 4. [ISSUANCE OF BONDS.] To finance the programs authorized by this section, the governing body of the city of Saint Paul may, by resolution, authorize, issue, and sell general obligation bonds of the city of Saint Paul, with or without an election, and otherwise in accordance with the provisions of chapter 475. The total amount of all bonds outstanding at any time for the program authorized by this section shall not exceed \$25,000,000. The amount of all bonds issued shall be included in the net indebtedness of the city for the purpose of any charter or statutory debt limitation.

Subd. 5. [AUTHORITY MAY UNDERTAKE PROGRAM; AUTHORITY GENERAL OBLIGATION REVENUE BONDS.] The Saint Paul housing and redevelopment authority may exercise the powers of the city under this section, except that the regulations required by subdivision 3 must be enacted by an ordinance of the city. To finance the programs authorized by this section, the authority may issue bonds and pledge the full faith and credit and taxing power of the city as additional security for bonds payable from the income or revenues of a program or from the income or revenues of specific projects undertaken pursuant to a program, in the manner authorized by Minnesota Statutes, section 469.034, subdivision 2, except that the program may consist of a program of loans or grants for single-family housing or multifamily housing projects, and except that in lieu of the limit stated in section 469.034, subdivision 2, the maximum amount of bonds that may be outstanding at any time under this subdivision, together with the principal amount of bonds outstanding at any time under subdivision 4, shall not exceed the amount stated in subdivision 4. Each residential dwelling unit must be purchased or occupied by the elderly, or a person or family with income not greater than 175 percent of the median family income for the Minneapolis-Saint Paul metropolitan statistical area as estimated by the United States Department of Housing and Urban Development.

Subd. 6. [POWERS SUPPLEMENTAL; OWNERSHIP.] The powers granted by this subdivision supplement the powers granted to the city or authority by any other general or special law. Notwithstanding any contrary provision of any general or special law, single-family residences or multifamily housing projects financed by the city or authority pursuant to this subdivision may be owned by the city or authority or by a private person or entity. Except for properties that are part of a lease purchase program, the city or authority shall not own projects financed under this section for more than two years.

Sec. 24. [GOODHUE COUNTY; COUNTY REDEVELOPMENT AUTHORITY.]

Subdivision 1. [ESTABLISHMENT.] The Goodhue county board may, by adopting a written enabling resolution, establish a county redevelopment authority that, subject to subdivision 2, has the following powers: powers of an economic development authority under Minnesota Statutes, sections 469.090 to 469.1081, except for the authority to issue general obligation bonds under Minnesota Statutes, section 469.102; powers of a rural development financing authority under Minnesota Statutes, sections 469.142 to 469.151; and powers of a housing and redevelopment authority under Minnesota Statutes, chapter 462.

Subd. 2. [ECONOMIC DEVELOPMENT AUTHORITY POWERS.] If the Goodhue county redevelopment authority exercises the powers of an economic development authority, the county may exercise all of the powers relating to an economic development authority granted to a city under Minnesota Statutes, sections 469.090 to 469.1081, including a tax levy to support the activities of the authority. The authority may create and define the boundaries of economic development districts at any place or places within the county. Minnesota Statutes, section 469.174, subdivision 10,

and the contiguity requirement specified under Minnesota Statutes, section 469.101, subdivision 1, do not apply to limit the areas that may be designated as county economic development districts.

Subd. 3. [LIMIT OF POWERS.] (a) The enabling resolution may impose the following limits on the actions of the authority:

(1) that the authority may not exercise any of the powers contained in subdivision 1 unless those powers are specifically authorized in the enabling resolution; and

(2) any other limitation or control established by the county board by the enabling resolution.

(b) The enabling resolution may be modified at any time by the written resolution of the county board. All modifications to the enabling resolution must be by written resolution.

(c) Before the authority begins a project, the governing body of the municipality in which the project is to be located or the Goodhue county board, if the project is outside municipal corporate limits, must approve the project by majority vote as recommended by the authority.

Subd. 4. [BOARD OF DIRECTORS.] (a) The authority consists of a board of seven directors. The directors shall be appointed by the Goodhue county board. Each director shall be appointed to serve for three years or until a successor is appointed. No director may serve more than two consecutive terms. The appointment of directors must reflect representation of the entire county. The other two directors must be representatives of various county-based economic development organizations.

(b) Two of the directors initially appointed shall serve for terms of one year, two for two years, and three for three years. Each vacancy must be filled for the unexpired term. A vacancy occurs if a director no longer resides in the county. A director may be removed by the county board for inefficiency, neglect of duty, or misconduct in office.

(c) The county administrator or the designee of the county administrator shall be the executive secretary of the county redevelopment authority.

(d) The directors shall receive no compensation other than reimbursement for expenses incurred in the performance of their duties.

Sec. 25. [STATE ADVISORY COUNCIL.]

Subdivision 1. [ESTABLISHMENT; PURPOSE.] A state advisory council on metropolitan governance is established to provide a forum at the state level for education, discussion, identification of emerging regional needs and appropriate responses, and advice to the legislature on the present and future role of the metropolitan council, metropolitan agencies, and the local governmental units as defined in Minnesota Statutes, section 473.121. The creation of the advisory council shall not affect any otherwise existing reporting relationships of the council, metropolitan agencies, or the local governmental units to the legislature.

Subd. 2. [AUTHORITY; DUTIES.] (a) The advisory council shall review and comment to the legislature on the duties and responsibilities of the council, metropolitan agencies, and the local governmental units.

(b) The advisory council may gather information, conduct research and analysis, and advise the legislature on matters related to the council's charge.

(c) The advisory council may conduct public hearings to inform the public and solicit opinion.

(d) The advisory council shall consult with local governmental units in making its recommendations.

Subd. 3. [MEMBERSHIP.] The advisory council shall consist of 15 members who serve at the pleasure of the appointing authority as follows:

(1) six legislators; three members of the senate appointed by the subcommittee on committees of the committee on rules and administration; and three members of the house of representatives appointed by the speaker; and

(2) nine public members who are residents of the metropolitan area; two appointed by the subcommittee on committees of the committee on rules and administration of the senate and two appointed by the speaker of the house of representatives; and five appointed by the governor.

Subd. 4. [CHAIRS.] The legislative appointing authorities shall each designate a legislative appointee to serve as co-chair of the advisory council.

Subd. 5. [ADMINISTRATION.] Legislative staff, the metropolitan council, and metropolitan agencies shall provide administrative and staff assistance when requested by the advisory council.

Subd. 6. [EXPENSES.] The metropolitan council shall compensate the members of the advisory council. Public members are to be compensated in an amount provided by Minnesota Statutes, section 15.059, subdivision 3. Members of the legislature are to be paid per diem and expenses in an amount provided by Minnesota Statutes, section 3.099. The council shall adopt a budget of estimated expenses at its first meeting and provide a copy to the metropolitan council.

Subd. 7. [APPLICATION.] This section applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 26. [APPROPRIATION.]

\$301,000 is appropriated for fiscal year 1994 and \$119,000 is appropriated for fiscal year 1995 from the general fund to the commissioner of revenue for the purpose of meeting the cost to the department of revenue of administering the provisions of this act.

Sec. 27. [REPEALER.]

Minnesota Statutes 1992, section 325D.33, subdivision 7, is repealed.

Sec. 28. [EFFECTIVE DATE.]

Section 1 is effective June 30, 1993.

Sections 3, 4, and 20 are effective for payments received by the county after June 30, 1993.

Section 7 is effective for debts incurred after July 31, 1993.

Section 8 is effective for property tax refunds paid after December 31, 1992.

Section 10 is effective retroactively to April 25, 1992.

Section 13, paragraphs (a), (b), and (d), are effective the day following final enactment. Section 13, paragraph (c), is effective May 29, 1987, except that in any proceeding under paragraph (c) that arises out of purchases that occurred prior to August 1, 1993, the penalties shall not exceed the difference between the actual purchase price and the legal price.

Sections 14 and 15 are effective August 1, 1993.

Sections 16, 22, 23, and 24 are effective the day following final enactment and without local approval, as provided in Minnesota Statutes, section 645.023, subdivision 1, clause (a).

Section 25 is effective the day following final enactment and is repealed June 30, 1994.

Section 27 is effective May 29, 1987."

Delete the title and insert:

"A bill for an act relating to the financing and operation of state and local government; revising the operation of the local government trust fund; modifying the administration, computation, collection, and enforcement of taxes;

changing tax rates, bases, credits, exemptions, withholding, and payments; modifying property tax provisions relating to procedures, valuation, levies, classifications, exemptions, notices, hearings, and assessors; adjusting formulas of state aids to local governments; providing for the establishment and operation of special service districts; authorizing establishment of an ambulance district; modifying definitions in the property tax refund law and providing a source of funding for the refunds; authorizing and changing requirements for special assessments; modifying provisions governing the establishment and operation of tax increment financing districts; establishing a process by which local governments may obtain waivers of state rules and laws establishing procedures; establishing a board of government innovation and cooperation and authorizing it to provide grants to encourage cooperation and innovation by local governments; authorizing imposition of local taxes; imposing a sports bookmaking tax; changing certain bonding and local government finance provisions; enacting provisions relating to certain cities, counties, and special taxing districts; imposing a tax on contaminated property and providing for use of the proceeds; conforming with changes in the federal income tax law; clarifying an income tax apportionment formula; modifying taconite production tax provisions, and increasing the distribution of the proceeds to the taconite economic development fund; modifying the availability of tax incentives and preferences; providing additional allocations to border city enterprise zones; providing for a budget reserve and cash flow account transfer; revising penalty, notification, and publication provisions of the unfair cigarette sales act; defining terms and changing definitions; establishing advisory councils; requiring reports and studies; classifying data; making technical corrections, clarifications, and administrative changes to various taxes and to tax administration and enforcement; changing and imposing penalties; appropriating money; amending Minnesota Statutes 1992, sections 16A.15, subdivision 6; 16A.1541; 16A.712; 17A.03, subdivision 5; 31.51, subdivision 9; 31A.02, subdivisions 4 and 10; 31B.02, subdivision 4; 35.821, subdivision 4; 60A.15, subdivisions 2a, 9a, and by adding a subdivision; 60A.198, subdivision 3; 60A.199, subdivision 4, and by adding a subdivision; 82.19, by adding a subdivision; 82B.035, by adding a subdivision; 84.82, subdivision 10; 86B.401, subdivision 12; 97A.061, subdivisions 2 and 3; 103B.635, subdivision 2; 115B.22, subdivision 7; 134.001, by adding a subdivision; 134.35, subdivision 1; 134.351, subdivision 4; 204D.19, by adding a subdivision; 205.10, by adding a subdivision; 205A.05, subdivision 1; 239.785; 243.23, subdivision 3; 256E.06, subdivision 12; 270.06; 270.07, subdivision 3; 270.071, subdivision 2; 270.072, subdivision 2; 270.41; 270.66, by adding a subdivision; 270.70, subdivision 1; 270A.03, subdivision 7; 270A.10; 270B.01, subdivision 8; 270B.12, by adding a subdivision; 270B.14, subdivision 8; 271.06, subdivision 1; 271.09, subdivision 3; 272.01, subdivision 3; 272.02, subdivisions 1 and 4; 272.025, subdivision 1; 272.115, subdivisions 1 and 4; 272.12; 273.03, subdivision 2; 273.061, subdivisions 1 and 8; 273.11, subdivisions 1, 5, 6a, 13, and by adding subdivisions; 273.112, subdivision 3, and by adding a subdivision; 273.121; 273.124, subdivisions 1, 9, 13, and by adding subdivisions; 273.13, subdivisions 23, 24, 25, and 33; 273.1318, subdivision 1; 273.135, subdivision 2; 273.138, subdivision 5; 273.1398, subdivisions 1, 2, 3, 5b, and by adding a subdivision; 273.1399, subdivision 1; 273.33, subdivision 2; 274.13, subdivision 1; 274.18; 275.065, subdivisions 3, 5a, 6, and by adding a subdivision; 275.07, subdivisions 1, 4, and by adding a subdivision; 275.28, subdivision 3; 275.295; 276.02; 276.04, subdivision 2; 277.01, subdivision 2; 277.15; 277.17; 278.01, subdivision 1; 278.02; 278.03; 278.04; 278.08; 278.09; 279.025; 279.37, subdivision 1a; 287.21, subdivision 4; 287.22; 289A.08, subdivisions 3, 10, and 15; 289A.09, subdivision 1, and by adding a subdivision; 289A.11, subdivisions 1 and 3; 289A.12, subdivisions 2, 3, 4, 7, 8, 9, 10, 11, 12, and 14; 289A.18, subdivisions 1 and 4; 289A.20, subdivisions 2 and 4; 289A.25, subdivisions 1, 2, 5a, 6, 8, 10, and 12; 289A.26, subdivisions 1, 4, 6, and 7; 289A.36, subdivisions 3 and 7; 289A.40, by adding a subdivision; 289A.50, subdivision 5; 289A.56, subdivision 3; 289A.60, subdivisions 1, 2, 15, and by adding subdivisions; 289A.63, subdivision 3; 290.01, subdivisions 7, 19, 19a, and 19c; 290.0671, subdivision 1; 290.091, subdivisions 2 and 6; 290.0921, subdivision 3; 290.191, subdivision 4; 290A.03, subdivisions 3, 7, and 8; 290A.04, subdivisions 1, 2h, and by adding a subdivision; 290A.23; 294.03, subdivisions 1, 2, and by adding a subdivision; 296.01, by adding subdivisions; 296.02, subdivision 8; 296.14, subdivisions 1 and 2; 296.18, subdivision 1; 297.03, subdivision 6; 297.07, subdivisions 1 and 4; 297.35, subdivisions 1 and 5; 297.43, subdivisions 1, 2, and by adding a subdivision; 297A.01, subdivisions 3, 6, 13, 15, and 16; 297A.04; 297A.06; 297A.07, subdivision 1; 297A.11; 297A.136; 297A.14, subdivision 1; 297A.25, subdivisions 3, 7, 11, 16, 34, 41, and by adding a subdivision; 297B.01, subdivision 5; 297B.03; 297C.03, subdivision 1; 297C.04; 297C.05, subdivision 2; 297C.14, subdivisions 1, 2, and by adding a subdivision; 298.227; 298.27; 298.28, subdivisions 4, 7, 9a, and 10; 298.75, subdivisions 4 and 5; 299F.21, subdivision 2; 299F.23, subdivision 2, and by adding a subdivision; 319A.11, subdivision 1; 325D.33, by adding a subdivision; 325D.37, subdivision 3; 347.10; 348.04; 349.212, subdivision 4; 349.217, subdivisions 1, 2, and by adding a subdivision; 375.192, subdivision 2; 429.061, subdivision 1, and by adding a subdivision; 465.80, subdivisions 1, 2, 4, and 5; 465.81, subdivision 2; 465.82, subdivision 1; 465.83; 465.87, subdivision 1, and by adding a subdivision; 469.012, subdivision 1; 469.040, subdivision 3; 469.169, by adding a subdivision; 469.174, subdivisions 19, 20, and by adding a subdivision; 469.175, subdivisions 1, 5, and by adding subdivisions; 469.176, subdivisions 1, 4, 4c, 4e, and 4g; 469.177, subdivisions 1 and 8; 469.1831, subdivision 4; 473.13, subdivision 1; 473.1623, subdivision 3; 473.167, subdivision 4; 473.249, subdivision 2; 473.446, subdivision 8; 473.711, subdivision 5; 473.843, subdivision 3; 473H.10, subdivision 3; 477A.011, subdivisions 1a, 20, and by adding subdivisions; 477A.013, subdivision 1, and by adding subdivisions; 477A.03, subdivision 1; and 477A.14; Laws 1953, chapter 387, section 1; Laws 1969, chapter 561, section 1; Laws 1971, chapters 373, sections 1 and 2; and 455, section 1; and Laws 1985, chapter 302, sections 1, subdivision 3; 2, subdivision 1; and 4; Laws 1992, chapter 511, article 2, section 61; proposing coding for new law in Minnesota

Statutes, chapters 17; 116J; 134; 270; 272; 273; 289A; 296; 297; 297A; 325D; 349; 383A; 465; 469; and 473; repealing Minnesota Statutes 1992, sections 60A.13, subdivision 1a; 115B.24, subdivision 10; 272.115, subdivision 1a; 273.124, subdivision 16; 273.1398, subdivision 5; 273.49; 274.19; 274.20; 275.03; 275.07, subdivision 3; 277.011; 289A.08, subdivisions 9 and 12; 297A.258; 325D.33, subdivision 7; 348.03; 383C.78; 477A.011, subdivisions 3a, 15, 16, 17, 18, 22, 23, 25, and 26; 477A.013, subdivisions 2, 3, and 5; Laws 1953, chapter 387, section 2; Laws 1963, chapter 603, section 1; and Laws 1969, chapter 592, sections 1, 2, and 3."

We request adoption of this report and repassage of the bill.

House Conferees: TED WINTER, ANN H. REST, DEE LONG, IRV ANDERSON AND TOM OSTHOFF.

Senate Conferees: SANDRA L. PAPPAS, DOUGLAS J. JOHNSON, EMBER D. REICHGOTT, CAROL FLYNN AND WILLIAM V. BELANGER, JR.

Winter moved that the report of the Conference Committee on H. F. No. 427 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 427, A bill for an act relating to taxation; making technical corrections and administrative changes to sales and use taxes, income and franchise taxes, property taxes, and tax administration and enforcement; changing penalties; appropriating money; amending Minnesota Statutes 1992, sections 82B.035, by adding a subdivision; 84.82, subdivision 10; 86B.401, subdivision 12; 270.071, subdivision 2; 270.072, subdivision 2; 271.06, subdivision 1; 271.09, subdivision 3; 272.02, subdivisions 1 and 4; 272.025, subdivision 1; 272.12; 273.03, subdivision 2; 273.061, subdivision 8; 273.124, subdivisions 9 and 13; 273.13, subdivision 25; 273.138, subdivision 5; 273.1398, subdivisions 1, 3, and 5b; 274.13, subdivision 1; 274.18; 275.065, subdivision 5a; 275.07, subdivisions 1 and 4; 275.28, subdivision 3; 275.295; 277.01, subdivision 2; 277.15; 277.17; 278.01, subdivision 1; 278.02; 278.03; 278.04; 278.08; 278.09; 287.21, subdivision 4; 287.22; 289A.08, subdivisions 3, 10, and 15; 289A.09, subdivision 1; 289A.11, subdivisions 1 and 3; 289A.12, subdivisions 2, 3, 4, 7, 8, 9, 10, 11, 12, and 14; 289A.18, subdivisions 1 and 4; 289A.20, subdivision 4; 289A.25, subdivisions 1, 2, 5a, 6, 8, 10, and 12; 289A.26, subdivisions 1, 4, and 6; 290A.04, subdivisions 1 and 2h; 296.14, subdivision 2; 297A.01, subdivision 3; 297B.01, subdivision 5; 297B.03; 347.10; 348.04; 469.175, subdivision 5; and 473H.10, subdivision 3; Laws 1991, chapter 291, article 1, section 65, as amended; Laws 1992, chapter 511, article 2, section 61; proposing coding for new law in Minnesota Statutes, chapters 273; 289A; and 297; repealing Minnesota Statutes 1992, sections 60A.13, subdivision 1a; 273.49; 274.19; 274.20; 277.011; 289A.08, subdivisions 9 and 12; 297A.258; and 348.03.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 119 yeas and 14 nays as follows:

Those who voted in the affirmative were:

Abrams	Davids	Hugoson	Krueger	Munger	Pugh	Sviggum
Anderson, I.	Dawkins	Huntley	Lasley	Murphy	Reding	Swenson
Anderson, R.	Dehler	Jacobs	Leppik	Nelson	Rest	Tomassoni
Battaglia	Delmont	Jaros	Lieder	Ness	Rhodes	Tompkins
Bauerly	Dempsey	Jefferson	Lindner	Olson, E.	Rice	Trimble
Beard	Dorn	Jennings	Lourey	Olson, K.	Rodosovich	Tunheim
Bertram	Evans	Johnson, A.	Luther	Olson, M.	Rukavina	Vellenga
Bettermann	Frerichs	Johnson, R.	Lynch	Onnen	Sarna	Vickerman
Bishop	Garcia	Johnson, V.	Macklin	Orenstein	Seagren	Wagenius
Brown, C.	Girard	Kahn	Mahon	Orfield	Sekhon	Waltman
Brown, K.	Goodno	Kalis	Mariani	Osthoff	Simoneau	Weaver
Carlson	Greenfield	Kelley	McCollum	Ostrom	Skoglund	Wejcmam
Carruthers	Greiling	Kelso	McGuire	Ozment	Smith	Wenzel
Clark	Gutknecht	Kinkel	Milbert	Pauly	Solberg	Winter
Commers	Hasskamp	Klinzing	Molnau	Pawlenty	Sparby	Wolf
Cooper	Haukoos	Knickerbocker	Morrison	Pelowski	Stanis	Worke
Dauner	Hausman	Koppendrayar	Mosel	Peterson	Steensma	Spk. Long

Those who voted in the negative were:

Asch	Blatz	Farrell	Holsten	Limmer	Opatz	Van Dellen
Bergson	Erhardt	Gruenes	Krinkie	Neary	Perlt	Workman

The bill was repassed, as amended by Conference, and its title agreed to.

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1094:

Stanius, Reding, Bertram, Osthoff and Farrell.

Anderson, I., moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by the Speaker.

MESSAGES FROM THE SENATE, Continued

The following messages were received from the Senate:

Madam Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 1749, A bill for an act relating to public administration; authorizing spending to acquire and to better public land and buildings and other public improvements of a capital nature with certain conditions; authorizing state bonding; appropriating money; amending Minnesota Statutes, section 16B.24, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 124C; and 137.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 427, A bill for an act relating to taxation; making technical corrections and administrative changes to sales and use taxes, income and franchise taxes, property taxes, and tax administration and enforcement; changing penalties; appropriating money; amending Minnesota Statutes 1992, sections 82B.035, by adding a subdivision; 84.82, subdivision 10; 86B.401, subdivision 12; 270.071, subdivision 2; 270.072, subdivision 2; 271.06, subdivision 1; 271.09, subdivision

3; 272.02, subdivisions 1 and 4; 272.025, subdivision 1; 272.12; 273.03, subdivision 2; 273.061, subdivision 8; 273.124, subdivisions 9 and 13; 273.13, subdivision 25; 273.138, subdivision 5; 273.1398, subdivisions 1, 3, and 5b; 274.13, subdivision 1; 274.18; 275.065, subdivision 5a; 275.07, subdivisions 1 and 4; 275.28, subdivision 3; 275.295; 277.01, subdivision 2; 277.15; 277.17; 278.01, subdivision 1; 278.02; 278.03; 278.04; 278.08; 278.09; 287.21, subdivision 4; 287.22; 289A.08, subdivisions 3, 10, and 15; 289A.09, subdivision 1; 289A.11, subdivisions 1 and 3; 289A.12, subdivisions 2, 3, 4, 7, 8, 9, 10, 11, 12, and 14; 289A.18, subdivisions 1 and 4; 289A.20, subdivision 4; 289A.25, subdivisions 1, 2, 5a, 6, 8, 10, and 12; 289A.26, subdivisions 1, 4, and 6; 290A.04, subdivisions 1 and 2h; 296.14, subdivision 2; 297A.01, subdivision 3; 297B.01, subdivision 5; 297B.03; 347.10; 348.04; 469.175, subdivision 5; and 473H.10, subdivision 3; Laws 1991, chapter 291, article 1, section 65, as amended; Laws 1992, chapter 511, article 2, section 61; proposing coding for new law in Minnesota Statutes, chapters 273; 289A; and 297; repealing Minnesota Statutes 1992, sections 60A.13, subdivision 1a; 273.49; 274.19; 274.20; 277.011; 289A.08, subdivisions 9 and 12; 297A.258; and 348.03.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 1642.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 1642, A bill for an act relating to legislative enactments; providing for the correction of miscellaneous oversights, inconsistencies, ambiguities, unintended results, and technical errors of a noncontroversial nature; amending Minnesota Statutes 1992, sections 115A.9651, as amended; 116J.70, subdivision 2a, as amended; 124C.62, subdivision 1, as amended; 148.181, subdivision 1, as amended; 256.9353, subdivision 1, as amended; 256B.0625, subdivision 32, as amended; 256B.0913, subdivision 5, as amended; 256D.02, subdivision 5, as amended; 256D.051, subdivision 6, as amended; 326.83, subdivision 6, as amended; 609.605, subdivision 1, as amended; 609.67, subdivision 1, as amended; 624.713, subdivision 1, as amended; Laws 1993, chapters 138, section 3; 145, section 5; 207, section 1, subdivision 1; 225, article 9, section 76; Senate File 1105, section 33; Senate File 1570, sections 2, subdivision 7; and 75, subdivision 1; and by adding a section; Senate File 1620, section 79, subdivision 6; House File 574, article 4, section 55; House File 1585, article 1, sections 3; 13, subdivision 1; and 35; and article 4, section 41.

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, Milbert moved that the rule therein be suspended and an urgency be declared so that S. F. No. 1642 be given its second and third readings and be placed upon its final passage. The motion prevailed.

Milbert moved that the Rules of the House be so far suspended that S. F. No. 1642 be given its second and third readings and be placed upon its final passage. The motion prevailed.

S. F. No. 1642 was read for the second time.

S. F. No. 1642, A bill for an act relating to legislative enactments; providing for the correction of miscellaneous oversights, inconsistencies, ambiguities, unintended results, and technical errors of a noncontroversial nature; amending Minnesota Statutes 1992, sections 115A.9651, as amended; 116J.70, subdivision 2a, as amended; 124C.62, subdivision 1, as amended; 148.181, subdivision 1, as amended; 256.9353, subdivision 1, as amended; 256B.0625, subdivision 32, as amended; 256B.0913, subdivision 5, as amended; 256D.02, subdivision 5, as amended; 256D.051, subdivision 6, as amended; 326.83, subdivision 6, as amended; 609.605, subdivision 1, as amended; 609.67, subdivision 1, as amended; 624.713, subdivision 1, as amended; Laws 1993, chapters 138, section 3; 145, section 5; 207, section 1,

subdivision 1; 225, article 9, section 76; Senate File 1105, section 33; Senate File 1570, sections 2, subdivision 7; and 75, subdivision 1; and by adding a section; Senate File 1620, section 79, subdivision 6; House File 574, article 4, section 55; House File 1585, article 1, sections 3; 13, subdivision 1; and 35; and article 4, section 41.

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 1 nay as follows:

Those who voted in the affirmative were:

Abrams	Dauner	Haukoos	Koppendrayner	Munger	Peterson	Tomassoni
Anderson, I.	Davids	Hausman	Krueger	Murphy	Pugh	Tompkins
Anderson, R.	Dawkins	Holsten	Lasley	Neary	Reding	Trimble
Asch	Dehler	Hugoson	Leppik	Nelson	Rest	Tunheim
Battaglia	Delmont	Huntley	Lieder	Ness	Rhodes	Van Dellen
Bauerly	Dempsey	Jacobs	Limmer	Olson, E.	Rice	Vellenga
Beard	Dorn	Jaros	Lindner	Olson, K.	Rodosovich	Vickerman
Bergson	Erhardt	Jefferson	Lourey	Olson, M.	Rukavina	Wagenius
Bertram	Evans	Jennings	Luther	Onnen	Sarna	Waltman
Bettermann	Farrell	Johnson, A.	Lynch	Opatz	Seagren	Weaver
Bishop	Frerichs	Johnson, R.	Macklin	Orenstein	Sekhon	Wejcmán
Blatz	Garcia	Johnson, V.	Mahon	Orfield	Simoneau	Welle
Brown, C.	Girard	Kahn	Mariani	Osthoff	Skoglund	Wenzel
Brown, K.	Goodno	Kalis	McCollum	Ostrom	Smith	Winter
Carlson	Greenfield	Kelley	McGuire	Ozment	Solberg	Wolf
Carruthers	Greiling	Kelso	Milbert	Pauly	Sparby	Worke
Clark	Gruenes	Kinkel	Molnau	Pawlenty	Steensma	Workman
Commers	Gutknecht	Klinzing	Morrison	Pelowski	Sviggum	Spk. Long
Cooper	Hasskamp	Knickerbocker	Mosel	Perlt	Swenson	

Those who voted in the negative were:

Stanis

The bill was passed 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 messages were received from the Senate:

Madam Speaker:

I hereby announce that the Senate accedes to the request of the House for the appointment of a Conference Committee on the amendments adopted by the Senate to the following House File:

H. F. No. 1094, A bill for an act relating to insurance; regulating fees, data collection, coverages, notice provisions, enforcement provisions, the Minnesota joint underwriting association, and the liquor liability assigned risk plan; enacting the NAIC model regulation relating to reporting requirements for licensees seeking to do business with certain unauthorized multiple employer welfare arrangements; making various technical changes; appropriating money; amending Minnesota Statutes 1992, sections 13.71, by adding subdivisions; 45.024, subdivision 2; 59A.12, by adding a subdivision; 60A.02, by adding a subdivision; 60A.03, subdivisions 5 and 6; 60A.052, subdivision 2; 60A.082; 60A.085; 60A.14, subdivision 1; 60A.19, subdivision 4; 60A.206, subdivision 3; 60A.21, subdivision 2; 60A.36, by adding a subdivision; 60C.22; 60K.06; 60K.14, subdivision 4; 60K.19, subdivision 5; 61A.02, subdivision 2; 61A.031; 61A.04; 61A.07; 61A.071; 61A.073; 61A.074, subdivision 1; 61A.08; 61A.09, subdivision 1; 61A.092, by adding a subdivision; 61A.12, subdivision 1; 61A.282, subdivision 2; 62A.047; 62A.148; 62A.153; 62A.43, subdivision 4; 62E.19, subdivision 1; 62H.01; 62I.02; 62I.03; 62I.07; 62I.13, subdivisions 1 and 2; 62I.20; 65A.01, subdivision 1; 65A.29, subdivision 7;

65B.49, subdivision 3; 72A.20, subdivision 29, and by adding a subdivision; 72A.201, subdivision 9; 72A.41, subdivision 1; 72B.03, subdivision 1; 72B.04, subdivision 2; 176.181, subdivision 2; and 340A.409, subdivisions 2 and 3; proposing coding for new law in Minnesota Statutes, chapters 45; 61A; 62A; and 62H; repealing Minnesota Statutes 1992, sections 70A.06, subdivision 5; 72A.45; and 72B.07; Minnesota Rules, parts 2780.4800; 2783.0010; 2783.0020; 2783.0030; 2783.0040; 2783.0050; 2783.0060; 2783.0070; 2783.0080; 2783.0090; and 2783.0100.

The Senate has appointed as such committee:

Messrs. Luther; Solon; Larson; Ms. Wiener and Berglin.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 1529, A bill for an act relating to state government; reviewing the possible reorganization and consolidation of agencies and departments with environmental and natural resource functions; creating a legislative task force; requiring establishment of worker participation committees before possible agency restructuring.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

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. 984, A bill for an act relating to state government; modifying provisions relating to the department of administration; amending Minnesota Statutes 1992, sections 13B.04; 15.061; 16B.06, subdivision 2; 16B.17; 16B.19, subdivisions 2 and 10; 16B.24, subdivision 6, and by adding a subdivision; 16B.27, subdivision 3; 16B.32, subdivision 2; 16B.42; 16B.465, subdivision 6; 16B.48, subdivisions 2 and 3; 16B.49; 16B.51, subdivisions 2 and 3; 16B.85, subdivision 1; 94.10, subdivision 1; 343.01, subdivisions 2, 3, and by adding subdivisions; and 403.11, subdivision 1; Laws 1979, chapter 333, section 18; and Laws 1991, chapter 345, article 1, section 17, subdivision 4, as amended; proposing coding for new law in Minnesota Statutes, chapter 16B; repealing Minnesota Statutes 1992, sections 3.3026; 16B.41, subdivision 4; 16B.56, subdivision 4; Laws 1987, chapter 394, section 13.

PATRICK E. FLAHAVEN, Secretary of the Senate

Solberg moved that the House refuse to concur in the Senate amendments to H. F. No. 984, that the Speaker appoint a Conference Committee of 5 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses.

A roll call was requested and properly seconded.

The question was taken on the Solberg motion and the roll was called. There were 75 yeas and 56 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Battaglia	Bergson	Brown, K.	Cooper	Dorn	Garcia
Anderson, R.	Bauerly	Bertram	Carlson	Dawkins	Evans	Greenfield
Asch	Beard	Brown, C.	Clark	Delmont	Farrell	Hasskamp

Hausman	Kalis	Luther	Neary	Perl	Sekhon	Tunheim
Huntley	Kelley	Mahon	Nelson	Peterson	Simoneau	Wagenius
Jacobs	Kinkel	Mariani	Olson, K.	Reding	Skoglund	Wejzman
Jaros	Klinzing	McCollum	Opatz	Rest	Solberg	Wenzel
Jefferson	Krueger	McGuire	Orenstein	Rice	Sparby	Winter
Johnson, A.	Lasley	Mosel	Orfield	Rodosovich	Steensma	Spk. Long
Johnson, R.	Lieder	Munger	Ostrom	Rukavina	Tomassoni	
Kahn	Lourey	Murphy	Pelowski	Sarna	Trimble	

Those who voted in the negative were:

Abrams	Dempsey	Haukoos	Leppik	Ness	Pugh	Van Dellen
Bettermann	Erhardt	Holsten	Limmer	Olson, E.	Rhodes	Vickerman
Blatz	Frerichs	Hugoson	Lindner	Olson, M.	Seagren	Waltman
Carruthers	Girard	Johnson, V.	Lynch	Onnen	Smith	Weaver
Commers	Goodno	Kelso	Macklin	Osthoff	Stanius	Welle
Dauner	Greiling	Knickerbocker	Milbert	Ozment	Sviggum	Wolf
Davids	Gruenes	Koppendrayner	Molnau	Pauly	Swenson	Worke
Dehler	Gutknecht	Krinkie	Morrison	Pawlenty	Tompkins	Workman

The motion prevailed.

ADJOURNMENT

Anderson, I., moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 12:00 noon, Tuesday, February 22, 1994.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

