

STATE OF MINNESOTA
SEVENTY-EIGHTH SESSION — 1994

ONE HUNDRED-SECOND DAY

SAINT PAUL, MINNESOTA, MONDAY, MAY 2, 1994

The House of Representatives convened at 9:30 a.m. and was called to order by Irv Anderson, Speaker of the House.

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

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

The roll was called and the following members were present:

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

A quorum was present.

Murphy was excused until 10:10 a.m. Stanius was excused until 11:30 a.m. Osthoff was excused until 11:50 a.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Molnau 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

April 28, 1994

The Honorable Irv Anderson
Speaker of the House of Representatives
The State of Minnesota

Dear Speaker Anderson:

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. 2013, relating to public employment; correcting unintended omissions from previous early retirement legislation; ratifying certain prior payments.

H. F. No. 2882, relating to motor carriers; exempt carriers; providing an exemption for transportation of potatoes.

H. F. No. 423, relating to health; clean indoor air act; adding common areas of apartments to public places where smoking is prohibited.

H. F. No. 664, relating to education; modifying the teacher retirement program to provide an incentive for experienced teachers to participate in job sharing.

H. F. No. 1901, relating to local government; permitting the city of Hutchinson to incur debt for certain improvements; authorizing a reverse referendum on the issuance of city bonds.

Warmest regards,

ARNE H. CARLSON
Governor

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

The Honorable Irv Anderson
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 1994 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 1994</i>	<i>Date Filed 1994</i>
2095		516	10:00 a.m. April 28	April 28
2118		517	10:01 a.m. April 28	April 28
	2013	518	10:16 a.m. April 28	April 28
	2882	519	10:17 a.m. April 28	April 28
	423	520	10:22 a.m. April 28	April 28
	664	521	10:07 a.m. April 28	April 28
	1901	522	10:18 a.m. April 28	April 28

Sincerely,

JOAN ANDERSON GROWE
Secretary of State

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

April 28, 1994

The Honorable Irv Anderson
Speaker of the House of Representatives
The State of Minnesota

Dear Speaker Anderson:

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. 1921, relating to retirement; increasing employee contribution rates and benefit computation formulas for the teachers retirement fund.

H. F. No. 3120, relating to military affairs; expediting payment to forces ordered to active duty.

H. F. No. 2551, relating to retirement; enabling certain retired members of the public employees retirement association to rescind a selection of a joint and survivor annuity and to receive a normal retirement annuity.

H. F. No. 3122, relating to public finance; changing procedures for allocating bonding authority.

H. F. No. 2405, relating to retirement; making various administrative and minor substantive changes in the laws governing the Minnesota state retirement system, the public employees retirement association, the teachers retirement association, and police and firefighters retirement.

H. F. No. 2675, relating to state lands; authorizing the sale of certain tax-forfeited lands that border public water in Aitkin county.

H. F. No. 2054, relating to natural resources; authorizing the commissioner of administration to sell lands in the Gordy Yaeger wildlife management area in Olmsted county; appropriating money.

H. F. No. 3136, relating to attorneys-at-law; prohibiting fees for public bond counsel from being based primarily on the amount of bonds sold.

H. F. No. 2143, relating to telecommunications; regulating competitive telephone services and incentive plans; extending expiration dates and making technical changes for certain regulatory provisions.

H. F. No. 2680, relating to charitable organizations; changing definitions; modifying registration requirements.

H. F. No. 2508, relating to motor vehicles; making technical corrections; exempting license plates on state lottery vehicles from registration tax when used for security or criminal investigation purposes; taxing commuter vans as buses for vehicle registration purposes; allowing holder of personalized license plates to have priority for those plates in next registration period as long as holder keeps registration current; providing for temporary 60-day permits while waiting for special ready reserve license plates or special collegiate license plates; requiring vehicle dealers to file information relating to temporary registration permits issued to new purchasers; requiring drive-away in transit license plates and insurance for transporting vehicles; regulating vehicle dealers; requiring that parking certificate for disabled person hang from rearview mirror; specifying parking certificate expiration times for persons with permanent and temporary disabilities; clarifying an exemption for towing authorities from four-hour waiting period; requiring district court agents to retain filing fee for receiving and forwarding drivers' license applications and fees; requiring secured parties to be notified when a dealer buys a late model or high value salvage vehicle; providing exemption from uniform fire code for dispensing certain flammable liquids.

Warmest regards,

ARNE H. CARLSON
Governor

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

The Honorable Irv Anderson
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 1994 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:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 1994	Date Filed 1994
2467		523	10:15 a.m. April 28	April 28
	1921	524	10:10 a.m. April 28	April 28
	3120	525	10:20 a.m. April 28	April 28
	2551	526	12:17 p.m. April 28	April 28
	3122	527	2:25 p.m. April 28	April 28
	2405	528	2:25 p.m. April 28	April 28
1930		529	2:32 p.m. April 28	April 28
	2675	530	2:27 p.m. April 28	April 28
	2054	531	2:27 p.m. April 28	April 28
	3136	533	2:29 p.m. April 28	April 28
	2143	534	2:30 p.m. April 28	April 28
	2680	535	2:20 p.m. April 28	April 28
	2508	536	2:22 p.m. April 28	April 28

Sincerely,

JOAN ANDERSON GROWE
Secretary of State

The Speaker called Bauerly to the Chair.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 3079, A bill for an act relating to natural resources; authorizing the commissioner of natural resources to make subgrants of certain money; amending Minnesota Statutes 1992, section 84.085, subdivision 1; repealing Minnesota Statutes 1992, section 88.063.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Rukavina moved that the House concur in the Senate amendments to H. F. No. 3079 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 3079, A bill for an act relating to natural resources; authorizing the commissioner of natural resources to make subgrants of certain money; appropriating money; amending Minnesota Statutes 1992, section 84.085, subdivision 1; repealing Minnesota Statutes 1992, section 88.063.

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 125 yeas and 2 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Dauner Perlit

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

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 2623, A bill for an act relating to state lands; authorizing sale of certain tax-forfeited land that borders public water in Itasca county.

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. 2623 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2623, A bill for an act relating to state lands; authorizing private sale of certain tax-forfeited land that borders public water in Itasca county; authorizing conveyance of state land to the city of Walker and to the Leech Lake Band of Chippewa Indians; authorizing an exchange of state land for land owned by the city of Bemidji; authorizing private sales of certain lands in St. Louis county; amending Laws 1992, chapter 370, section 2.

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 0 nays as follows:

Those who voted in the affirmative were:

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

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

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 2234, A bill for an act relating to natural resources; personnel working on certain projects; terms and conditions of certain 1993 appropriations; appropriating money; amending Minnesota Statutes 1992, sections 116P.05, subdivision 2; 116P.08, subdivisions 6 and 7; and 116P.09, subdivision 4; Minnesota Statutes 1993 Supplement, section 116P.11; Laws 1993, chapter 172, section 14, subdivisions 4 and 11.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Kahn moved that the House concur in the Senate amendments to H. F. No. 2234 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2234, A bill for an act relating to natural resources; personnel working on certain projects; terms and conditions of certain 1993 appropriations; appropriating money; amending Minnesota Statutes 1992, sections 116P.05, subdivision 2; 116P.08, subdivisions 6 and 7; and 116P.09, subdivision 4; Minnesota Statutes 1993 Supplement, section 116P.11; Laws 1993, chapter 172, section 14, subdivisions 4 and 11.

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 0 nays as follows:

Those who voted in the affirmative were:

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

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

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 2567, A bill for an act relating to state government; permitting state employees to donate vacation leave for the benefit of a certain state employee.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Pauly moved that the House concur in the Senate amendments to H. F. No. 2567 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2567, A bill for an act relating to state government; permitting state employees to donate vacation leave for the benefit of a certain state employee.

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 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Bertram	Commers	Dempsey	Garcia	Hasskamp	Jaros
Anderson, R.	Bettermann	Cooper	Dorn	Girard	Haukoos	Jefferson
Asch	Brown, C.	Dauner	Erhardt	Goodno	Hausman	Jennings
Battaglia	Brown, K.	Dauids	Evans	Greenfield	Holsten	Johnson, A.
Bauerly	Carlson	Dawkins	Farrell	Greiling	Hugoson	Johnson, R.
Beard	Carruthers	Dehler	Finseth	Gruenes	Huntley	Johnson, V.
Bergson	Clark	Delmont	Frerichs	Gutknecht	Jacobs	Kahn

Kalis	Lieder	Milbert	Opatz	Rhodes	Sviggum	Wejcman
Kelley	Limmer	Molnau	Orenstein	Rice	Swenson	Wenzel
Kelso	Lindner	Morrison	Ostrom	Rodosovich	Tomassoni	Winter
Kinkel	Long	Mosel	Ozment	Rukavina	Tompkins	Wolf
Klinzing	Lourey	Munger	Pauly	Sarna	Trimble	Worke
Knickerbocker	Luther	Neary	Pawlenty	Seagren	Tunheim	Workman
Knight	Lynch	Nelson	Pelowski	Sekhon	Van Dellen	Spk. Anderson, I.
Koppendrayner	Macklin	Ness	Perlt	Simoneau	Van Engen	
Krinkie	Mahon	Olson, E.	Peterson	Skoglund	Vickerman	
Krueger	Mariani	Olson, K.	Pugh	Smith	Wagenius	
Lasley	McCollum	Olson, M.	Reding	Solberg	Waltman	
Leppik	McGuire	Onnen	Rest	Steensma	Weaver	

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

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 2894, A bill for an act relating to the environment; providing for evaluation of motor vehicle salvage facilities by the pollution control agency; providing for a report to the legislature; reallocating money; proposing coding for new law in Minnesota Statutes, chapter 116.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Ozment moved that the House concur in the Senate amendments to H. F. No. 2894 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2894, A bill for an act relating to the environment; providing for evaluation of motor vehicle salvage facilities by the pollution control agency; providing for a report to the legislature; reallocating money; proposing coding for new law in Minnesota Statutes, chapter 116.

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

The question was taken on the repassage of the bill and the roll was called. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1915, A bill for an act relating to employment; establishing a disaster volunteer leave program in the state civil service; proposing coding for new law in Minnesota Statutes, chapter 43A.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Weaver moved that the House concur in the Senate amendments to H. F. No. 1915 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1915, A bill for an act relating to employment; establishing a disaster volunteer leave program in the state civil service; amending Minnesota Statutes 1992, section 176.011, subdivision 9; proposing coding for new law in Minnesota Statutes, chapter 43A.

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 122 yeas and 8 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Dauner	Goodno	Haukoos	Olson, M.
Dehler	Gruenes	Krinkie	Workman

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

Mr. Speaker:

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

S. F. No. 2009.

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. 2009

A bill for an act relating to public safety; increasing membership of emergency response commission by one representative of emergency managers; amending Minnesota Statutes 1992, section 299K.03, subdivision 3.

April 27, 1994

The Honorable Allan H. Spear
President of the Senate

The Honorable Irv Anderson
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 2009, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment

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

Senate Conferees: ROY W. TERWILLIGER, JAMES P. METZEN AND TRACY L. BECKMAN.

House Conferees: MARK OLSON, STEPHANIE KLINZING AND CAROL MOLNAU.

Olson, M., moved that the report of the Conference Committee on S. F. No. 2009 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 2009, A bill for an act relating to public safety; increasing membership of emergency response commission by one representative of emergency managers; amending Minnesota Statutes 1992, section 299K.03, subdivision 3.

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 120 yeas and 10 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Dauner	Greenfield	Kahn	McCollum	Rice
Evans	Hausman	Kelso	Olson, K.	Vellenga

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

Mr. Speaker:

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

S. F. No. 1788.

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. 1788

A bill for an act relating to waste management; applying government waste reduction requirements to compilations of game and fish laws; clarifying the state's waste management goals; adding heat pumps to the definition of major appliances; requiring public education on reuse; authorizing larger capital assistance grants to resource recovery projects under certain circumstances; listing preferences for use of packaging; establishing enforcement of the authority of certain counties to inspect records of certain facilities; clarifying management of waste antifreeze and motor oil filters; establishing a process for resolution of disputes related to toxics in packaging and requiring a report; clarifying the prohibition on toxics in products and providing for exemptions; requiring and authorizing training and certification of appliance recyclers and servicers respectively; removing the federal government from the definition of commercial transporter of medical waste; requiring medical waste management plans to contain information regarding mailing of sharps; banning sale of apparel containing mercury switches; authorizing private ownership of solid waste facilities; permitting counties and local governments to impose certain conditions on disposal of unprocessed solid waste; authorizing counties to require record keeping; adding requirements for liners and leachate systems; expanding the restriction on disposal of unprocessed waste from the metropolitan area; requiring a report on management of waste electronic appliances; requiring a report on products that contain mercury; requiring a report on recycling facilities; requiring a report on recycled antifreeze; providing penalties and remedies; amending Minnesota Statutes 1992, sections 8.31, subdivision 1; 97A.051, subdivision 1; 115A.02; 115A.03, subdivision 17a; 115A.072, subdivision 4; 115A.5501, subdivisions 1, 2, and by adding subdivisions; 115A.554; 115A.557, subdivisions 3 and 4; 115A.87; 115A.882, by adding a subdivision; 115A.9157, subdivisions 4 and 5; 115A.918, subdivision 1, and by adding a subdivision; 115A.95; 115A.9561, subdivision 2; 115A.965, subdivision 6, and by adding a subdivision; 116.07, subdivision 4h; 116.76, subdivision 4; 116.92, subdivision 8; 473.803, subdivisions 1 and 1c; 473.811, subdivisions 5 and 5a; 473.843, subdivision 1; 473.844, subdivision 1a; 473.845, subdivision 3; and 473.848, subdivisions 1 and 5; Minnesota Statutes 1993 Supplement, sections 115A.54, subdivision 2a; 115A.5501, subdivision 3; 115A.916; 115A.929; 115A.9651; 115A.981, subdivision 3; 116.79, subdivision 1; 473.149, subdivision 6; 473.846; and 473.848, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 115A; 116; 325E; and 473; repealing Minnesota Statutes 1993 Supplement, section 115A.542.

April 26, 1994

The Honorable Allan H. Spear
President of the Senate

The Honorable Irv Anderson
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 1788, 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. 1788 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 97A.051, subdivision 1, is amended to read:

Subdivision 1. [COMPILATION OF LAWS.] As soon as practicable after each legislative session, the commissioner, with the cooperation of the attorney general and the revisor of statutes, shall assemble the current laws and permanent rules relating to wild animals and index the laws and rules properly. This compilation shall be printed in pamphlet form of pocket size, and ~~50 copies distributed to each senator, 25 copies to each representative, and ten copies shall be distributed to each county auditor.~~ Section 3.195 governs distribution of copies to members of the legislature. Up to 10,000 additional copies may be printed for general distribution.

Sec. 2. Minnesota Statutes 1992, section 115A.02, is amended to read:

115A.02 [LEGISLATIVE DECLARATION OF POLICY; PURPOSES.]

(a) It is the goal of this chapter to ~~improve~~ protect the state's land, air, water, and other natural resources and the public health by improving waste management in the state to serve the following purposes:

- (1) Reduction in the amount and toxicity of waste generated;
- (2) Separation and recovery of materials and energy from waste;
- (3) Reduction in indiscriminate dependence on disposal of waste;
- (4) Coordination of solid waste management among political subdivisions; and
- (5) Orderly and deliberate development and financial security of waste facilities including disposal facilities.

(b) The waste management goal of the state is to foster an integrated waste management system in a manner appropriate to the characteristics of the waste stream and thereby protect the state's land, air, water, and other natural resources and the public health. The following waste management practices are in order of preference:

- (1) waste reduction and reuse;
- (2) waste recycling;
- (3) composting of yard waste and food waste;
- (4) resource recovery through mixed municipal solid waste composting or incineration; and
- (5) land disposal.

Sec. 3. Minnesota Statutes 1992, section 115A.03, subdivision 17a, is amended to read:

Subd. 17a. [MAJOR APPLIANCES.] "Major appliances" means clothes washers and dryers, dishwashers, hot water heaters, ~~residential~~ heat pumps, furnaces, garbage disposals, trash compactors, conventional and microwave ovens, ranges and stoves, air conditioners, dehumidifiers, refrigerators, and freezers.

Sec. 4. Minnesota Statutes 1992, section 115A.072, subdivision 4, is amended to read:

Subd. 4. [EDUCATION, PROMOTION; AND PROCUREMENT.] The office shall include waste reduction and reuse, including packaging reduction and reuse, as an element of its program of public education on waste management required under this section. The waste reduction and reuse education program must include dissemination of information and may include an award program for model waste reduction and reuse efforts. Waste reduction and reuse educational efforts must also include provision of information about and promotion of the model procurement program developed by the commissioner of administration under section 115A.15, subdivision 7, or any other model procurement program that results in significant waste reduction and reuse.

Sec. 5. Minnesota Statutes 1993 Supplement, section 115A.54, subdivision 2a, is amended to read:

Subd. 2a. [SOLID WASTE MANAGEMENT PROJECTS.] (a) The director shall provide technical and financial assistance for the acquisition and betterment of solid waste management projects as provided in this subdivision and section 115A.52. Money appropriated for the purposes of this subdivision must be distributed as grants.

(b) Except as provided in paragraph (c), a project may receive grant assistance up to 25 percent of the capital cost of the project or \$2,000,000, whichever is less, except that projects constructed as a result of intercounty cooperative agreements may receive (1) grant assistance up to 25 percent of the capital cost of the project; or (2) \$2,000,000 times the number of participating counties, whichever is less.

(c) A recycling project or a project to compost or cocompost waste may receive grant assistance up to 50 percent of the capital cost of the project or \$2,000,000, whichever is less, except that projects completed as a result of intercounty cooperative agreements may receive (1) grant assistance up to 50 percent of the capital cost of the project; or (2) \$2,000,000 times the number of participating counties, whichever is less. The following projects may also receive grant assistance in the amounts specified in this paragraph:

(1) a project to improve control of or reduce air emissions at an existing resource recovery facility; and

(2) a project to substantially increase the recovery of materials or energy, substantially reduce the amount or toxicity of waste processing residuals, or expand the capacity of an existing resource recovery facility to meet the resource recovery needs of an expanded region if each county from which waste is or would be received has achieved a recycling rate in excess of the goals in section 115A.551, and is implementing aggressive waste reduction and household hazardous waste management programs.

(d) Notwithstanding paragraph (e), the director may award grants for transfer stations that will initially transfer waste to landfills if the transfer stations are part of a planned resource recovery project, the county where the planned resource recovery facility will be located has a comprehensive solid waste management plan approved by the director, and the solid waste management plan proposes the development of the resource recovery facility. If the proposed resource recovery facility is not in place and operating within eight years of the date of the grant award, the recipient shall repay the grant amount to the state.

(e) Projects without resource recovery are not eligible for assistance.

(f) In addition to any assistance received under paragraph (b) or (c), a project may receive grant assistance for the cost of tests necessary to determine the appropriate pollution control equipment for the project or the environmental effects of the use of any product or material produced by the project.

(g) In addition to the application requirements of section 115A.51, an application for a project serving eligible jurisdictions in only a single county must demonstrate that cooperation with jurisdictions in other counties to develop the project is not needed or not feasible. Each application must also demonstrate that the project is not financially prudent without the state assistance, because of the applicant's financial capacity and the problems inherent in the waste management situation in the area, particularly transportation distances and limited waste supply and markets for resources recovered.

(h) For the purposes of this subdivision, a "project" means a processing facility, together with any transfer stations, transmission facilities, and other related and appurtenant facilities primarily serving the processing facility. The director shall adopt rules for the program by July 1, 1985.

(i) Notwithstanding anything in this subdivision to the contrary, a project to construct a new mixed municipal solid waste transfer station that has an enforceable commitment of at least ten years, or of sufficient length to retire bonds sold for the facility, to serve an existing resource recovery facility may receive grant assistance up to 75 percent of the capital cost of the project if addition of the transfer station will increase substantially the geographical area served by the resource recovery facility and the ability of the resource recovery facility to operate more efficiently on a regional basis and the facility meets the criteria in paragraph (c), the second clause (2). A transfer station eligible for assistance under this paragraph is not eligible for assistance under any other paragraph of this subdivision.

Sec. 6. Minnesota Statutes 1992, section 115A.5501, subdivision 1, is amended to read:

Subdivision 1. [STATEWIDE WASTE PACKAGING REDUCTION GOAL.] It is the goal of the state that there be a minimum 25 percent statewide per capita reduction in the amount of discarded packaging delivered to ~~solid waste composting, incineration, refuse derived fuel and disposal~~ facilities by December 31, 1995, based on a reasonable estimate of the amount of packaging that was delivered to ~~solid waste composting, incineration, and disposal~~ facilities in calendar year 1992.

Sec. 7. Minnesota Statutes 1992, section 115A.5501, subdivision 2, is amended to read:

Subd. 2. [MEASUREMENT; PROCEDURES.] To measure the overall percentage of packaging in the statewide solid waste stream, the commissioner and the chair of the metropolitan council, in consultation with the director, shall each conduct an annual four-season solid waste composition study in the nonmetropolitan and metropolitan areas respectively or shall develop an alternative method that is as statistically reliable as a waste composition study to measure the percentage of packaging in the waste stream.

Beginning in 1993, the chair of the council shall submit the results from the metropolitan area to the commissioner by March 1 of each year. The commissioner shall average the nonmetropolitan and metropolitan results and submit the statewide percentage, along with a statistically reliable margin of error, to the director by April 1 of each year. The director shall report the information to the legislative commission on waste management by July 1 of each year. The 1994 report must include a discussion of the reliability of data gathered under this subdivision and the methodology used to determine a statistically reliable margin of error.

Sec. 8. Minnesota Statutes 1993 Supplement, section 115A.5501, subdivision 3, is amended to read:

Subd. 3. [FACILITY COOPERATION AND REPORTS.] The owner or operator of a ~~solid waste composting, incineration, refuse derived fuel or disposal~~ facility shall allow access upon reasonable notice to authorized office, agency, or metropolitan council staff for the purpose of conducting waste composition studies or otherwise assessing the amount of total packaging in the waste delivered to the facility under this section.

Beginning in 1993, by February 1 of each year the owner or operator of a facility governed by this subdivision shall submit a report to the commissioner, on a form prescribed by the commissioner, specifying the total amount of solid waste received by the facility between January 1 and December 31 of the previous year. The commissioner shall calculate the total amount of solid waste delivered to solid waste facilities from the reports received from the facility owners or operators and shall report the aggregate amount to the director by April 1 of each year. The commissioner shall assess a nonforgivable administrative penalty under section 116.072 of \$500 plus any forgivable amount necessary to enforce this subdivision on any owner or operator who fails to submit a report required by this subdivision.

Sec. 9. Minnesota Statutes 1992, section 115A.5501, is amended by adding a subdivision to read:

Subd. 5. [RECOMMENDATIONS FOR FURTHER REDUCTION GOALS.] If the goal in subdivision 1 is met, the director shall include in the report required in subdivision 4 recommendations for appropriate goals for further reducing the amount of discarded packaging delivered to facilities. The report must include an analysis of the costs of further reductions.

Sec. 10. Minnesota Statutes 1992, section 115A.5501, is amended by adding a subdivision to read:

Subd. 6. [DEFINITION.] For the purposes of this section, "facility" means a composting, incineration, refuse-derived fuel, or disposal facility that accepts mixed municipal solid waste or construction waste.

Sec. 11. [115A.5502] [PACKAGING PRACTICES; PREFERENCES; GOALS.]

Packaging forms a substantial portion of solid waste and contributes to environmental degradation and the costs of managing solid waste. It is imperative to reduce the amount and toxicity of packaging that must be managed as solid waste. In order to achieve significant reduction of packaging in solid waste and to assist packagers and others to meet the packaging reduction goal in section 115A.5501, the goal of the state is that items be distributed without any packaging where feasible and, only when necessary to protect health and safety or product integrity, with the minimal amount of packaging possible. The following categories of packaging are listed in order of preference for use by all persons who find it necessary to package items for distribution or use in the state:

(1) minimal packaging that contains no intentionally introduced toxic materials and that is designed to be and actually is reused for its original purpose at least five times;

(2) minimal packaging that contains no intentionally introduced toxic materials, that is recyclable, and is regularly collected through recycling collection programs available to at least 75 percent of the residents of the state;

(3) minimal packaging that does not comply with clauses (1) and (2) because it is required under federal or state law and for which there does not exist a commercially feasible alternative that does comply with clauses (1) and (2);

(4) packaging that contains no intentionally introduced toxic materials but does not comply with clauses (1) to (3); and

(5) all other packaging.

Sec. 12. Minnesota Statutes 1992, section 115A.554, is amended to read:

115A.554 [AUTHORITY OF SANITARY DISTRICTS.]

A sanitary district ~~with the authority to regulate solid waste~~ has the ~~authority~~ authorities and duty duties of counties within the district's boundary for purposes of sections 115A.46, subdivision 4; 115A.48; 115A.551; 115A.552; 115A.553; 115A.919; 115A.929; 115A.93; 115A.96, subdivision 6; 115A.961; 115A.991; 375.18, subdivision 14; ~~and 400.08, subdivision 5~~ except subdivision 4, paragraph (b); 400.16; and 400.161.

Sec. 13. Minnesota Statutes 1992, section 115A.557, subdivision 3, is amended to read:

Subd. 3. [ELIGIBILITY TO RECEIVE MONEY.] (a) To be eligible to receive money distributed by the office under this section, a county shall within one year of October 4, 1989:

(1) create a separate account in its general fund to credit the money; and

(2) set up accounting procedures to ensure that money in the separate account is spent only for the purposes in subdivision 2.

(b) In each following year, each county shall also:

(1) have in place an approved solid waste management plan or master plan including a recycling implementation strategy under section 115A.551, subdivision 7, or 473.803, subdivision 1e, and a household hazardous waste management plan under section 115A.96, subdivision 6, by the dates specified in those provisions;

(2) submit a report by ~~March~~ April 1 of each year to the office detailing how the money was spent and the resulting gains achieved in solid waste management practices during the previous calendar year; and

(3) provide evidence to the office that local revenue equal to 25 percent of the money sought for distribution under this section will be spent for the purposes in subdivision 2.

(c) The office shall withhold all or part of the funds to be distributed to a county under this section if the county fails to comply with this subdivision and subdivision 2.

Sec. 14. Minnesota Statutes 1992, section 115A.87, is amended to read:

115A.87 [JUDICIAL REVIEW; ATTORNEY GENERAL TO PROVIDE COUNSEL.]

An action challenging a designation must be brought within 60 days of the approval of the designation by the reviewing authority. The action is subject to section 562.02.

In any action challenging a designation ordinance or the implementation of a designation ordinance, the person bringing the challenge shall notify the attorney general. The attorney general may intervene in any administrative or court action to represent the state's interest in designation of solid waste, and, on request of a county whose designation ordinance has been challenged, provide legal representation for the county in any administrative or court action related to the challenge.

Sec. 15. Minnesota Statutes 1992, section 115A.882, subdivision 3, is amended to read:

Subd. 3. [INSPECTION.] A person authorized by a county in which a designation ordinance is effective may, anywhere in the state:

(1) upon presentation of identification and without a search warrant, inspect or copy the records required to be kept on a waste collection vehicle under subdivision 2 and inspect the waste on the vehicle at the time of deposit of the waste at a facility;

(2) when reasonable notice under the circumstances has been given, upon presentation of identification and without a search warrant, inspect or copy the records of an owner or operator of a solid waste facility that are required to be maintained under subdivision 2;

(3) request, in writing, copies of records of a solid waste collector that indicate the type, origin, and weight or, if applicable, the volume of waste collected, the identity of the facility at which the waste was deposited, and the date of deposit at the facility; and

(4) upon presentation of identification and without a search warrant, inspect or copy that portion of the business records of a waste collector necessary to comply with clause (3) at the central record-keeping location of the waste collector only if the collector fails to provide copies of the records within 15 days of receipt of a written request for them, unless the time has been extended by agreement of the parties.

Records or information received, inspected, or copied by a county under this section are classified as nonpublic data as defined in section 13.02, subdivision 9, and may be used by the county solely for enforcement of a designation ordinance. A waste collector or the owner or operator of a waste facility shall maintain business records needed to comply with this section for two years.

Sec. 16. Minnesota Statutes 1992, section 115A.882, is amended by adding a subdivision to read:

Subd. 4. [CIVIL ENFORCEMENT; VENUE.] (a) A person who fails to comply with this section is subject to:

(1) an action to compel performance or to restrain or enjoin any activity that interferes with the requirement to keep records in subdivision 2 or the requirement to allow timely entry and inspection in subdivision 3;

(2) damages caused by the failure to keep records or by refusal to allow timely entry or inspection;

(3) a civil penalty payable to the county seeking enforcement of up to \$10,000 per day for each day of refusal to allow timely entry or inspection; or

(4) any or all of the above.

(b) A county in which a designation ordinance is in effect may enforce this section by commencing an action in district court in the county in which the facility is located or in the county in which the designation ordinance is in effect. The court may compel performance in any manner deemed appropriate by the court, including, but not limited to, issuance of an order to show cause, a temporary restraining order, or an injunction. In addition, the court may order payment of damages or a civil penalty or both. In an action brought by a county to enforce this section in which the county substantially prevails, the court may order payment by the defendant of the county's costs and disbursements, including reasonable attorney fees.

Sec. 17. Minnesota Statutes 1992, section 115A.9157, subdivision 4, is amended to read:

Subd. 4. [PILOT PROJECTS.] By April 15, 1992, manufacturers whose rechargeable batteries or products powered by rechargeable batteries are sold in this state shall implement pilot projects for the collection and proper management of all rechargeable batteries and the participating manufacturers' products powered by nonremovable rechargeable batteries. Manufacturers may act as a group or through a representative organization. The pilot projects must run for a minimum of 18 months and be designed to collect sufficient statewide data for the design and implementation of permanent collection and management programs that may be reasonably expected to collect at least 90 percent of waste rechargeable batteries and the participating manufacturers' products powered by rechargeable batteries that are generated in the state.

By December 1, 1991, the manufacturers or their representative organization shall submit plans for the projects to the legislative commission. ~~At least every six months during the pilot projects the manufacturers shall submit progress reports to the commission. The commission shall review the plans and progress reports.~~

By November 1, 1993, the manufacturers or their representative organization shall report to the legislative commission the final results of the projects and plans for implementation of permanent programs. The commission shall review the final results and plans.

By October 1, 1994, and by October 1, 1995, each manufacturer or a representative organization shall submit to the commission additional reports that detail progress made toward implementing permanent management programs. The October 1, 1995, report must include a description of the programs implemented under subdivision 5. These progress reports must include the estimated amount of rechargeable batteries subject to this section sold in the state by each manufacturer and the amount of batteries each collected during the previous year. A representative organization may report amounts in aggregate for all the members of the organization.

Sec. 18. Minnesota Statutes 1992, section 115A.9157, subdivision 5, is amended to read:

Subd. 5. [COLLECTION AND MANAGEMENT PROGRAMS.] ~~By April 15, 1994 September 20, 1995,~~ the manufacturers or their representative organization shall implement permanent programs, based on the results of the pilot projects required in subdivision 4, that may be reasonably expected to collect 90 percent of the waste rechargeable batteries and the participating manufacturers' products powered by rechargeable batteries that are generated in the state. The batteries and products collected must be recycled or otherwise managed or disposed of properly.

In every odd-numbered year after 1995, each manufacturer or a representative organization shall provide information to the commission that specifies at least the estimated amount of rechargeable batteries subject to this section sold in the state by each manufacturer and the amount of batteries each collected during the previous two years. A representative organization may report the amounts in aggregate for all the members of the organization.

Sec. 19. Minnesota Statutes 1993 Supplement, section 115A.916, is amended to read:

115A.916 [MOTOR AND VEHICLE FLUIDS AND FILTERS; PROHIBITIONS.]

(a) A person may not knowingly place motor oil, brake fluid, power steering fluid, transmission fluid, motor oil filters, or antifreeze:

(1) in solid waste or in a solid waste management facility other than a recycling facility or a household hazardous waste collection facility;

(2) in or on the land, unless approved by the agency; or

(3) in or on the waters of the state or in a stormwater or wastewater collection or treatment system.

(b) For the purposes of this section, "antifreeze" does not include small amounts of antifreeze contained in water used to flush the cooling system of a vehicle after the antifreeze has been drained and does not include deicer that has been used on the exterior of a vehicle.

(c) This section does not apply to antifreeze placed in a wastewater collection system that includes a publicly or privately owned treatment works that is permitted by the agency until July 1, 1995 December 31, 1996.

(d) Notwithstanding paragraph (a), motor oil filters and portions of motor oil filters may be processed at a permitted mixed municipal solid waste resource recovery facility that directly burns the waste if:

(1) the facility is subject to an industrial waste management plan that addresses management of motor oil filters and the owner or operator of the facility can demonstrate to the satisfaction of the commissioner that the facility is in compliance with that plan;

(2) the facility recovers ferrous metal after incineration for recycling as part of its operation; and

(3) the motor oil filters are collected separately from mixed municipal solid waste and are not combined with it except for the purpose of incinerating the waste.

Sec. 20. Minnesota Statutes 1992, section 115A.918, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] The definitions in this section apply to this section and sections 115A.919 and 115A.921 to 115A.929.

Sec. 21. Minnesota Statutes 1992, section 115A.918, is amended by adding a subdivision to read:

Subd. 2a. [EQUIVALENT.] For mixed municipal solid waste, the measure of "equivalent" or "equivalent cubic yards of waste" is 3.33 cubic yards per ton of waste.

Sec. 22. Minnesota Statutes 1992, section 115A.919, subdivision 3, is amended to read:

Subd. 3. [EXEMPTIONS.] (a) Waste residue from recycling facilities at which recyclable materials are separated or processed for the purpose of recycling, or from energy and resource recovery facilities at which solid waste is processed for the purpose of extracting, reducing, converting to energy, or otherwise separating and preparing solid waste for reuse shall be exempt from any fee imposed by a county under this section if there is at least an 85 percent volume reduction in the solid waste processed. Before any fee is reduced, the verification procedures of section 473.843, subdivision 1, paragraph (c), must be followed and submitted to the appropriate county, except that for facilities operating outside of the metropolitan area the commissioner shall prescribe procedures for verifying the required 85 percent volume reduction.

(b) A facility permitted for the disposal of construction debris is exempt from 25 percent of a fee imposed under subdivision 1 if the facility has implemented a recycling program approved by the county and 25 percent if the facility contains a liner and leachate collection system approved by the agency.

Sec. 23. Minnesota Statutes 1992, section 115A.921, subdivision 1, is amended to read:

Subdivision 1. [MIXED MUNICIPAL SOLID WASTE.] A city or town may impose a fee, not to exceed \$1 per cubic yard of waste, or its equivalent, on operators of facilities for the disposal of mixed municipal solid waste located within the city or town. The revenue from the fees must be credited to the city or town general fund. Revenue produced by 25 cents of the fee must be used only for purposes of landfill abatement or for purposes of mitigating and compensating for the local risks, costs, and other adverse effects of facilities. Revenue produced by the balance of the fee may be used for any general fund purpose.

Waste residue from recycling facilities at which recyclable materials are separated or processed for the purpose of recycling, or from energy and resource recovery facilities at which solid waste is processed for the purpose of extracting, reducing, converting to energy, or otherwise separating and preparing solid waste for reuse shall be exempt from the fee imposed by a city or town under this section if there is at least an 85 percent volume reduction in the solid waste processed. Before any fee is reduced, the verification procedures of section 473.843, subdivision 1, paragraph (c), must be followed and submitted to the appropriate city or town, except that for facilities operating outside of the metropolitan area the commissioner shall prescribe procedures for verifying the required 85 percent volume reduction.

Sec. 24. Minnesota Statutes 1993 Supplement, section 115A.929, is amended to read:

115A.929 [FEES; ACCOUNTING.]

~~Each local government unit~~ political subdivision that provides for solid waste management shall account for all revenue collected from waste management fees, together with interest earned on revenue from the fees, separately from other revenue collected by the ~~local government unit~~ political subdivision and shall report revenue collected from the fees and use of the revenue separately from other revenue and use of revenue in any required financial report or audit. For the purposes of this section, "waste management fees" means:

(1) all fees, charges, and surcharges collected under sections 115A.919, 115A.921, and 115A.923;

(2) all tipping fees collected at waste management facilities owned or operated by the ~~local government unit~~ political subdivision;

(3) all charges imposed by the ~~local government unit~~ political subdivision for waste collection and management services; and

(4) any other fees, charges, or surcharges imposed on waste or for the purpose of waste management, whether collected directly from generators or indirectly through property taxes or as part of utility or other charges for services provided by the local government unit political subdivision.

Sec. 25. Minnesota Statutes 1992, section 115A.9301, is amended by adding a subdivision to read:

Subd. 3. [ALTERNATIVE.] A local government unit may satisfy the requirements of this section by establishing at least three price categories for collection of household mixed municipal solid waste to include, for households that generate small volumes of waste, a waste collection unit that is smaller than and priced lower than for other generators if the local government unit:

(1) operates or contracts for the operation of a residential recycling program that collects more categories of recyclable materials than required in section 115A.552;

(2) has a residential participation rate in its recycling programs of at least 70 percent or in excess of the participation rate for the county in which it is located, whichever is greater;

(3) is located in a county that has exceeded the recycling goals in section 115A.551; and

(4) generates, by all waste generators in the city, an amount of mixed municipal solid waste that is managed by incineration, production of refuse-derived fuel, mixed municipal solid waste composting, or disposal that is no greater, in proportion to the total amount of waste managed as listed above by all waste generators in the county in which the city is located, than it was for calendar year 1993.

Sec. 26. Minnesota Statutes 1992, section 115A.95, is amended to read:

115A.95 [RECYCLABLE MATERIALS.]

A disposal facility or a resource recovery facility that is composting waste, burning waste, or converting waste to energy or to materials for combustion, and is owned or operated by a public agency or supported by public funds or by obligations issued by a public agency, may not accept source-separated recyclable materials, and a solid waste collector or transporter may not deliver source-separated recyclable materials to such a facility, except for recycling or transfer to a recycler, unless the director determines that no other person is willing to accept the recyclable materials.

Sec. 27. Minnesota Statutes 1992, section 115A.9561, subdivision 2, is amended to read:

Subd. 2. [RECYCLING REQUIRED.] Major appliances must be recycled or reused. Each county shall ensure that its residents households have the opportunity to recycle used major appliances. For the purposes of this section, recycling includes:

- (1) the removal of capacitors that may contain PCBs;
- (2) the removal of ballasts that may contain PCBs;
- (3) the removal of chlorofluorocarbon refrigerant gas; and
- (4) the recycling or reuse of the metals, including mercury.

Sec. 28. Minnesota Statutes 1992, section 115A.965, subdivision 6, is amended to read:

Subd. 6. [RULES IMPLEMENTATION; DISPUTE RESOLUTION.] In lieu of adopting rules to implement this section, the commissioner of the pollution control agency, in consultation with the director of the office of waste management, shall adopt rules to implement this section shall seek membership in the toxics in packaging clearinghouse administered by the source reduction task force of the Coalition of Northeastern Governors for the purposes of implementation of this section and resolving issues and disputes that arise in connection with it. The commissioner shall seek a recommendation from the clearinghouse prior to making a decision on an issue or dispute of first impression and shall implement the recommendation unless the commissioner specifically finds that the recommended determination is not in the state's best interest. A package for which a request for exemption has been submitted to the commissioner is not subject to enforcement action pending the commissioner's determination.

Sec. 29. Minnesota Statutes 1992, section 115A.965, is amended by adding a subdivision to read:

Subd. 7. [REPORT.] By September 1 of each odd-numbered year, the commissioner shall prepare and submit to the legislative commission a report to include:

- (1) enforcement actions taken by the commissioner under this section for the reporting period; and
- (2) issues and disputes that have arisen under this section, the recommendations made by the toxics in packaging clearinghouse for resolution of those issues and disputes, and how those issues and disputes were finally resolved by the commissioner.

Sec. 30. Minnesota Statutes 1993 Supplement, section 115A.9651, is amended to read:

115A.9651 [TOXICS IN SPECIFIED PRODUCTS; ENFORCEMENT.]

Subdivision 1. [PROHIBITION.] After July 1, 1994, (a) No person may deliberately introduce lead, cadmium, mercury, or hexavalent chromium into distribute for sale or use in this state any ink, dye, pigment, paint, or fungicide that is intended for use or for sale in this state manufactured after September 1, 1994, into which lead, cadmium, mercury, or hexavalent chromium has been intentionally introduced.

Until July 1, 1997, this section does not apply to electrodeposition primer coating or primer coating used on aircraft, porcelain enamel coatings, medical devices, hexavalent chromium in the form of chromic acid when processed at a temperature of at least 750 degrees Fahrenheit, or ink used for computer identification markings.

(b) For the purposes of this subdivision, "intentionally introduce" means to deliberately use a metal listed in paragraph (a) as an element during manufacture or distribution of an item listed in paragraph (a). Intentional introduction does not include the incidental presence of any of the prohibited elements.

(c) The concentration of a listed metal in an item listed in paragraph (a) may not exceed 100 parts per million.

Subd. 2. [TEMPORARY EXEMPTION.] (a) An item listed in subdivision 1 is exempt from this section until July 1, 1997, if the manufacturer of the item submits to the commissioner a written request for an exemption by August 1, 1994. The request must include at least:

- (1) an explanation of why compliance is not technically feasible at the time of the request;
- (2) how the manufacturer will comply by July 1, 1997; and
- (3) the name, address, and telephone number of a person the commissioner can contact for further information.

(b) By September 1, 1994, a person who uses an item listed in subdivision 1, into which one of the listed metals has been intentionally introduced, may submit, on behalf of the manufacturer, a request for temporary exemption only if the manufacturer fails to submit an exemption request as provided in paragraph (a). The request must include:

- (1) an explanation of why the person must continue to use the item and a discussion of potential alternatives;
- (2) an explanation of why it is not technically feasible at the time of the request to formulate or manufacture the item without intentionally introducing a listed metal;
- (3) that the person will seek alternatives to using the item by July 1, 1997, if it still contains an intentionally introduced listed metal; and
- (4) the name, address, and telephone number of a person the commissioner can contact for further information.

(c) A person who submits a request for temporary exemption under paragraph (b) may submit a request for a temporary exemption after September 1, 1994, for an item that the person will use as an alternative to the item for which the request was originally made as long as the new item has a total concentration level of all the listed metals that is significantly less than in the original item. An exemption under this paragraph expires July 1, 1997, and the person who requests it must submit the progress description required in paragraph (e).

(d) By October 1, 1994, and annually thereafter if requests are received under paragraph (c), the commissioner shall submit to the legislative commission on waste management a list of manufacturers and persons that have requested an exemption under this subdivision and the items for which exemptions were sought, along with copies of the requests.

(e) By July 1, 1996, each manufacturer on the list shall submit to the commissioner a description of the progress the manufacturer has made toward compliance with subdivision 1, and the date compliance has been achieved or the date on or before July 1, 1997, by which the manufacturer anticipates achieving compliance. By July 1, 1996, each person who has requested an exemption under paragraph (b) or (c) shall submit to the commissioner:

(1) a description of progress made to eliminate the listed metal or metals from the item or progress made by the person to find a replacement item that does not contain an intentionally introduced listed metal; and

(2) the date or anticipated date the item is or will be free of intentionally introduced metals or the date the person has stopped or will stop using the item.

By October 1, 1996, the commissioner shall submit to the legislative commission a summary of the progress made by the manufacturers and other persons and any recommendations for appropriate legislative or other action to ensure that products are not distributed in the state after July 1, 1997, that violate subdivision 1.

Subd. 3. [APPLICATION; ENFORCEMENT.] (a) This section does not apply to art supplies.

(b) This section may be enforced under sections 115.071 and 116.072. The attorney general or the commissioner of the agency shall coordinate enforcement of this section with the director of the office.

Sec. 31. Minnesota Statutes 1993 Supplement, section 115A.981, subdivision 3, is amended to read:

Subd. 3. [REPORT.] (a) The commissioner shall report to the legislative commission on waste management by July 1 of each odd-numbered year on the economic status and outlook of the state's solid waste management sector including an estimate of the extent to which prices for solid waste management paid by consumers reflect costs related to environmental and public health protection, including a discussion of how prices are publicly and privately subsidized and how identified costs of waste management are not reflected in the prices.

(b) In preparing the report, the commissioner shall:

(1) consult with the director; the metropolitan council; local government units; solid waste collectors, transporters, and processors; owners and operators of solid waste facilities; and other interested persons;

(2) consider and analyze information received under subdivision 2 and information available under section 115A.929; and

(3) analyze information gathered and comments received relating to the most recent solid waste management policy report prepared under section 115A.411.

The commissioner shall also recommend any legislation necessary to ensure adequate and reliable information needed for preparation of the report.

(c) The report must also include:

(1) statewide and facility by facility estimates of the total potential costs and liabilities associated with solid waste disposal facilities for closure and postclosure care, response costs under chapter 115B, and any other potential costs, liabilities, or financial responsibilities;

(2) statewide and facility by facility requirements for proof of financial responsibility under section 116.07, subdivision 4h, and how each facility is meeting those requirements.

Sec. 32. Minnesota Statutes 1992, section 116.07, subdivision 4h, is amended to read:

Subd. 4h. [FINANCIAL RESPONSIBILITY RULES.] (a) The agency shall adopt rules requiring the operator or owner of a solid waste disposal facility to submit to the agency proof of the operator's or owner's financial capability to provide reasonable and necessary response during the operating life of the facility and for ~~20~~ 30 years after closure

for a mixed municipal solid waste disposal facility or for a minimum of 20 years after closure, as determined by agency rules, for any other solid waste disposal facility, and to provide for the closure of the facility and postclosure care required under agency rules. Proof of financial responsibility is required of the operator or owner of a facility receiving an original permit or a permit for expansion after adoption of the rules. Within 180 days of the effective date of the rules or by July 1, 1987, whichever is later, proof of financial responsibility is required of an operator or owner of a facility with a remaining capacity of more than five years or 500,000 cubic yards that is in operation at the time the rules are adopted. Compliance with the rules and the requirements of paragraph (b) is a condition of obtaining or retaining a permit to operate the facility.

(b) A municipality, as defined in section 475.51, subdivision 2, including a sanitary district, that owns or operates a solid waste disposal facility that was in operation on May 15, 1989, may meet its financial responsibility for all or a portion of the contingency action portion of the reasonable and necessary response costs at the facility by pledging its full faith and credit to meet its responsibility.

The pledge must be made in accordance with the requirements in chapter 475 for issuing bonds of the municipality, and the following additional requirements:

(1) The governing body of the municipality shall enact an ordinance that clearly accepts responsibility for the costs of contingency action at the facility and that reserves, during the operating life of the facility and for 20 years the time period required in paragraph (a) after closure, a portion of the debt limit of the municipality, as established under section 475.53 or other law, that is equal to the total contingency action costs.

(2) The municipality shall require that all collectors that haul to the facility implement a plan for reducing solid waste by using volume-based pricing, recycling incentives, or other means.

(3) When a municipality opts to meet a portion of its financial responsibility by relying on its authority to issue bonds, it shall also begin setting aside in a dedicated long-term care trust fund money that will cover a portion of the potential contingency action costs at the facility, the amount to be determined by the agency for each facility based on at least the amount of waste deposited in the disposal facility each year, and the likelihood and potential timing of conditions arising at the facility that will necessitate response action. The agency may not require a municipality to set aside more than five percent of the total cost in a single year.

(4) A municipality shall have and consistently maintain an investment grade bond rating as a condition of using bonding authority to meet financial responsibility under this section.

(5) The municipality shall file with the commissioner of revenue its consent to have the amount of its contingency action costs deducted from state aid payments otherwise due the municipality and paid instead to the environmental response, compensation, and compliance account created in section 115B.20, if the municipality fails to conduct the contingency action at the facility when ordered by the agency. If the agency notifies the commissioner that the municipality has failed to conduct contingency action when ordered by the agency, the commissioner shall deduct the amounts indicated by the agency from the state aids in accordance with the consent filed with the commissioner.

(6) The municipality shall file with the agency written proof that it has complied with the requirements of paragraph (b).

(c) The method for proving financial responsibility under paragraph (b) may not be applied to a new solid waste disposal facility or to expansion of an existing facility, unless the expansion is a vertical expansion. Vertical expansions of qualifying existing facilities cannot be permitted for a duration of longer than three years.

Sec. 33. [116.073] [FIELD CITATIONS.]

Subdivision 1. [AUTHORITY TO ISSUE.] Pollution control agency staff designated by the commissioner and department of natural resources conservation officers may issue citations to a person who disposes of solid waste as defined in section 116.06, subdivision 22, at a location not authorized by law for the disposal of solid waste without permission of the owner of the property. A citation issued under this subdivision must include a requirement that the person cited remove and properly dispose of or otherwise manage the waste or reimburse any government agency that has disposed of the waste for the reasonable costs of disposal.

Subd. 2. [PENALTY AMOUNT.] The citation must impose the following penalty amounts:

(1) \$100 per major appliance, as defined in section 115A.03, subdivision 17a, up to a maximum of \$2,000;

(2) \$25 per waste tire, as defined in section 115A.90, subdivision 11, up to a maximum of \$2,000;

(3) \$25 per lead acid battery governed by section 115A.915, up to a maximum of \$2,000;

(4) \$1 per pound of other solid waste or \$20 per cubic foot up to a maximum of \$2,000; and

(5) up to \$200 for any amount of waste that escapes from a vehicle used for the transportation of solid waste if, after receiving actual notice that waste has escaped the vehicle, the person or company transporting the waste fails to immediately collect the waste.

Subd. 3. [APPEALS.] Citations may be appealed under the procedures in section 116.072, subdivision 6, if the person requests a hearing by notifying the commissioner in writing within 15 days after receipt of the citation. If a hearing is not requested within the 15-day period, the citation becomes a final order not subject to further review.

Subd. 4. [ENFORCEMENT OF FIELD CITATIONS.] Field citations may be enforced under section 116.072, subdivisions 9 and 10.

Subd. 5. [CUMULATIVE REMEDY.] The authority to issue field citations is in addition to other remedies available under statutory or common law, except that the state may not seek penalties under any other provision of law for the incident subject to the citation.

Sec. 34. Minnesota Statutes 1992, section 116.731, is amended by adding a subdivision to read:

Subd. 4a. [VENTING.] A person may not knowingly vent or otherwise release into the environment any CFC used as a refrigerant in appliances.

Sec. 35. [116.735] [APPLIANCE RECYCLERS AND SERVICERS; TRAINING AND CERTIFICATION.]

The agency shall develop standards of competence for persons who service or recycle appliances that may contain CFCs and the commissioner may conduct training programs for persons who service or recycle appliances. A person engaged in the business of recycling appliances as described in section 115A.9561, subdivision 2, shall, and a person who services appliances may, obtain from the commissioner a certificate of competence or equivalent federal certification that has been approved by the commissioner.

The agency may adopt rules to implement this section.

Sec. 36. Minnesota Statutes 1992, section 116.76, subdivision 4, is amended to read:

Subd. 4. [COMMERCIAL TRANSPORTER.] "Commercial transporter" means a person, other than the United States government, who transports infectious or pathological waste for compensation.

Sec. 37. Minnesota Statutes 1993 Supplement, section 116.79, subdivision 1, is amended to read:

Subdivision 1. [PREPARATION OF MANAGEMENT PLANS.] (a) To the extent applicable to the facility, a person in charge of a facility that generates, stores, decontaminates, incinerates, or disposes of infectious or pathological waste must prepare a management plan for the infectious or pathological waste handled by the facility. A person may prepare a common management plan for all generating facilities owned and operated by the person. If a single plan is prepared to cover multiple facilities, the plan must identify common policy and procedures for the facilities and any management procedures that are facility specific. The plan must identify each generating facility covered by the plan. A management plan must list all physicians, dentists, chiropractors, podiatrists, veterinarians, certified nurse practitioners, certified nurse midwives, or physician assistants, employed by, under contract to, or working at the generating facilities, except hospitals or laboratories. A management plan from a hospital must list the number of licensed beds and from a laboratory must list the number of generating employees.

(b) The management plan must describe, to the extent the information is applicable to the facility:

(1) the type of infectious waste and pathological waste that the person generates or handles;

(2) the segregation, packaging, labeling, collection, storage, and transportation procedures for the infectious waste or pathological waste that will be followed;

- (3) the decontamination or disposal methods for the infectious or pathological waste that will be used;
- (4) the transporters and disposal facilities that will be used for the infectious waste;
- (5) the steps that will be taken to minimize the exposure of employees to infectious agents throughout the process of disposing of infectious or pathological wastes; and
- (6) the name of the individual responsible for the management of the infectious waste or pathological waste.

(c) If the generator mails sharps for storage, decontamination, or disposal, the plan must specify how the generator will comply with applicable federal laws and rules. The plan must also specify the name, address, and telephone number of the facility to which the sharps are mailed, the name of the person who receives the sharps at the facility, and the annual amount mailed to the facility. If the facility to which the sharps are mailed is not the disposal facility, the plan must also identify the disposal facility.

(d) The management plan must be kept at the facility.

(e) To the extent applicable to the facility, management plans must be accompanied by a statement of the quantity of infectious and pathological waste generated, decontaminated, stored, incinerated, or disposed of at the facility during the previous two-year period. Quantities shall be reported in pounds.

(f) A management plan must be updated at least once every two years.

Sec. 38. Minnesota Statutes 1992, section 116.92, subdivision 8, is amended to read:

Subd. 8. [BAN; TOYS OR, GAMES, AND APPAREL.] A person may not sell for resale or at retail in this state a toy or game that contains mercury, or an item of clothing or wearing apparel that is exempt from sales tax under section 297A.25, subdivision 8, that contains an electric switch that contains mercury.

Sec. 39. Minnesota Statutes 1993 Supplement, section 400.04, subdivision 4, is amended to read:

Subd. 4. [MANAGEMENT AND SERVICE CONTRACTS.] Notwithstanding sections 375.21 and 471.345, a county may enter into contracts for the construction, installation, maintenance and operation of property and facilities on private or public lands and may contract for the furnishing of solid waste management services upon terms and conditions determined by the board, with or without advertisement for bids, including the use of conditional sales contracts and lease-purchase agreements. If a county contract is let by negotiation, without advertising for bids, the county shall conduct negotiations and award the contract using a fair and open procedure and in full compliance with section 471.705. If an agency permit is required for a solid waste service, a contract entered into under this subdivision is not binding until the permit is issued.

Sec. 40. Minnesota Statutes 1993 Supplement, section 473.149, subdivision 6, is amended to read:

Subd. 6. [REPORT TO LEGISLATURE.] The council shall report on abatement to the legislative commission on waste management by July 1 of each year. The report must include an assessment of whether the objectives of the metropolitan abatement plan have been met and whether each county and each class of city within each county have achieved the objectives set for it in the council's plan. The report must recommend any legislation that may be required to implement the plan. The report shall include the reports required by sections 115A.551, subdivision 5 4; 473.846; and 473.848, subdivision 4. If in any year the council reports that the objectives of the council's abatement plan have not been met, the council shall evaluate and report on the need to reassign governmental responsibilities among cities, counties, and metropolitan agencies to assure implementation and achievement of the metropolitan and local abatement plans and objectives.

The report in each even-numbered year must include a report on the operating, capital, and debt service costs of solid waste facilities in the metropolitan area; changes in the costs; the methods used to pay the costs; and the resultant allocation of costs among users of the facilities and the general public. The facility costs report must present the cost and financing analysis in the aggregate and broken down by county and by major facility.

Sec. 41. Minnesota Statutes 1992, section 473.803, is amended by adding a subdivision to read:

Subd. 5. [ROLE OF PRIVATE SECTOR; COUNTY OVERSIGHT.] A county may include in its solid waste management master plan and in its plan for county land disposal abatement a determination that the private sector will achieve, either in part or in whole, the goals and requirements of sections 473.149 and 473.803, as long as the county:

(1) retains active oversight over the efforts of the private sector and monitors performance to ensure compliance with the law and the goals and standards of the council and the county as expressed in the metropolitan solid waste management plan and the county master plan;

(2) continues to meet its responsibilities under the law for ensuring proper waste management, including, at a minimum, enforcing waste management law, providing waste education, promoting waste reduction, and providing its residents the opportunity to recycle waste materials; and

(3) continues to provide all required reports on the county's progress in meeting the waste management goals and standards of this chapter and chapter 115A.

Sec. 42. Minnesota Statutes 1992, section 473.811, subdivision 5, is amended to read:

Subd. 5. [ORDINANCES; SOLID WASTE COLLECTION AND TRANSPORTATION.] (a) Each metropolitan county may adopt ordinances governing the collection of solid waste. A county may adopt, but may not be required to adopt, an ordinance that requires the separation from mixed municipal waste, by generators before collection, of materials that can readily be separated for use or reuse as substitutes for raw materials or for transformation into a usable soil amendment.

(b) Each local unit of government within the metropolitan area shall adopt an ordinance governing the collection of solid waste within its boundaries. If the county within which it is located has adopted a collection ordinance, the local unit shall adopt either the county ordinance by reference or a more strict ordinance. If the county within which it is located has adopted a separation ordinance, the ordinance applies in all local units within the county that have failed to meet the local abatement performance standards, as stated in the most recent annual county report.

(c) Ordinances of counties and local government units may establish reasonable conditions respecting but shall not prevent the transportation of solid waste by a licensed collector through and between counties and local units, except as required for the enforcement of any designation of a facility by a county under chapter 115A or for enforcement of the prohibition on disposal of unprocessed mixed municipal solid waste under sections 473.848 and 473.849.

(d) A licensed collector or a metropolitan county or local government unit may request review by the council of an ordinance adopted under this subdivision. The council shall approve or disapprove the ordinance within 60 days of the submission of a request for review. The ordinance shall remain in effect unless it is disapproved.

(e) Ordinances of counties and local units of government:

(1) shall provide for the enforcement of any designation of facilities by the counties under chapter 115A;

(2) may require waste collectors and transporters to deliver unprocessed mixed municipal waste generated in the county to processing facilities; and

(3) may prohibit waste collectors and transporters from delivering unprocessed mixed municipal solid waste generated in the county to disposal facilities for final disposal.

(f) Nothing in this subdivision ~~shall be construed to limit~~ limits the authority of the local government unit to regulate and license collectors of solid waste or to require review or approval by the council for ordinances regulating collection.

Sec. 43. Minnesota Statutes 1992, section 473.811, subdivision 5a, is amended to read:

Subd. 5a. [ORDINANCES; SOLID WASTE FACILITIES.] Each metropolitan county shall by ordinance establish and from time to time revise rules, regulations, and standards for solid waste facilities within the county, relating to location, sanitary operation, periodic inspection and monitoring, maintenance, termination and abandonment, and

other pertinent matters. The county ordinance may require facilities accepting mixed municipal solid waste for disposal to install scales. The county ordinance may prohibit disposal facilities from accepting unprocessed mixed municipal solid waste for final disposal. The county ordinance shall require permits or licenses for solid waste facilities and shall require that such facilities be registered with a county office.

Sec. 44. [473.812] [RECORDS; INSPECTION.]

For the purpose of enforcing section 473.811 or ordinances adopted under that section, a county has the responsibilities and authorities for record inspection under section 115A.882, regardless of whether the county has adopted a designation ordinance under sections 115A.80 to 115A.893.

Sec. 45. Minnesota Statutes 1992, section 473.843, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT OF FEE; APPLICATION.] The operator of a mixed municipal solid waste disposal facility in the metropolitan area shall pay a fee on solid waste accepted and disposed at the facility as follows:

(a) A facility that weighs the waste that it accepts must pay a fee of ~~\$2 per cubic yard based on equivalent cubic yards~~ \$6.66 per ton of waste accepted at the entrance of the facility.

(b) A facility that does not weigh the waste but that measures the volume of the waste that it accepts must pay a fee of \$2 per cubic yard of waste accepted at the entrance of the facility. This fee and the tipping fee must be calculated on the same basis.

(c) Waste residue, from recycling facilities at which recyclable materials are separated or processed for the purposes of recycling, or from energy and resource recovery facilities at which solid waste is processed for the purpose of extracting, reducing, converting to energy, or otherwise separating and preparing solid waste for reuse, is exempt from the fee imposed by this subdivision if there is at least an 85 percent volume reduction in the solid waste processed. To qualify for exemption under this clause, waste residue must be brought to a disposal facility separately. The commissioner of revenue, with the advice and assistance of the council and the agency, shall prescribe procedures for determining the amount of waste residue qualifying for exemption.

Sec. 46. Minnesota Statutes 1992, section 473.844, subdivision 1a, is amended to read:

Subd. 1a. [USE OF FUNDS.] (a) The money in the account may be spent only for the following purposes:

(1) assistance to any person for resource recovery projects funded under subdivision 4 or projects to develop and coordinate markets for reusable or recyclable waste materials, including related public education, planning, and technical assistance;

(2) grants to counties under section 473.8441;

(3) program administration by the metropolitan council;

(4) public education on solid waste reduction and recycling; ~~and~~

(5) solid waste research; and

(6) grants to multicounty groups for regionwide planning for solid waste management system operations and use of management capacity.

(b) The council shall allocate at least 50 percent of the annual revenue received by the account for grants to counties under section 473.8441.

Sec. 47. Minnesota Statutes 1992, section 473.845, subdivision 3, is amended to read:

Subd. 3. [EXPENDITURES FROM THE FUND.] Money in the fund may only be appropriated to the agency for expenditure for:

(1) reasonable and necessary expenses for closure and postclosure care of a mixed municipal solid waste disposal facility in the metropolitan area for a ~~20-year~~ 30-year period after closure, if the agency determines that the operator or owner will not take the necessary actions requested by the agency for closure and postclosure in the manner and within the time requested;

(2) reasonable and necessary response and postclosure costs at a mixed municipal solid waste disposal facility in the metropolitan area that has been closed for ~~20~~ 30 years in compliance with the closure and postclosure rules of the agency; or

(3) reimbursement to a local government unit for costs incurred over \$400,000 under a work plan approved by the commissioner of the agency to remediate methane at a closed disposal facility owned by the local government unit.

Sec. 48. Minnesota Statutes 1993 Supplement, section 473.846, is amended to read:

473.846 [REPORT TO LEGISLATURE.]

The agency and metropolitan council shall submit to the senate finance committee, the house ways and means committee, and the legislative commission on waste management separate reports describing the activities for which money from the landfill abatement account and contingency action trust fund has been spent ~~during the previous fiscal year~~. The agency shall report by November 1 of each year on expenditures during its previous fiscal year. The council shall report on expenditures during the previous calendar year and must incorporate its report in the report required by section 473.149, due July 1 of each year. The council shall make recommendations to the legislative commission on waste management on the future management and use of the metropolitan landfill abatement account.

Sec. 49. Minnesota Statutes 1992, section 473.848, subdivision 1, is amended to read:

Subdivision 1. [RESTRICTION.] (a) After January 1, 1990 For the purposes of implementing the waste management policies in section 115A.02 and metropolitan area goals related to landfill abatement established under this chapter, a person may not dispose of unprocessed mixed municipal solid waste generated in the metropolitan area at a waste disposal facilities located in the metropolitan area facility unless the waste disposal facility meets the standards in section 473.849 and:

- (1) the waste has been certified as unprocessable by a county under subdivision 2; or
- (2)(i) the waste has been transferred to the disposal facility from a resource recovery facility;
- (ii) no other resource recovery facility in serving the metropolitan area is capable of processing the waste; and
- (iii) the waste has been certified as unprocessable by the operator of the resource recovery facility under subdivision 3.

(b) For purposes of this section, mixed municipal solid waste does not include street sweepings, construction debris, mining waste, foundry sand, and other materials, if they are not capable of being processed by resource recovery as determined by the council.

Sec. 50. Minnesota Statutes 1992, section 473.848, subdivision 5, is amended to read:

Subd. 5. [DEFINITION.] For the purpose of this section, waste is "unprocessed" if it has not, after collection and before disposal, undergone ~~at least one process, as defined in section 115A.03, subdivision 25, excluding storage, exchange, and transfer of the waste~~ separation of materials for resource recovery through recycling, incineration for energy production, production and use of refuse-derived fuel, composting, or any combination of these processes so that the weight of the waste remaining that must be disposed of in a mixed municipal solid waste disposal facility is not more than 35 percent of the weight before processing, on an annual average.

Sec. 51. [ELECTRONIC APPLIANCES; REPORT.]

By July 1, 1995, the director of the office of waste management, in consultation with the commissioner of the pollution control agency and counties, shall submit a report to the legislative commission on waste management regarding management of waste electronic appliances that:

- (1) identifies types of electronic appliances that contain materials that pose problems in the solid waste management system;
- (2) explains how those waste appliances are presently managed and identifies any adverse environmental effects of present management; and
- (3) recommends, if necessary, legislation to govern management of waste electronic appliances.

For the purposes of this section, "electronic appliances" includes at least audio, video, computing, printing, communication, and telecommunication equipment and apparatuses that contain electronic components, including but not limited to radios, televisions, computers, computer printers, small electronic kitchen appliances, telefacsimile equipment, and household and commercial communication transmission and reception equipment, but does not include major appliances as defined in Minnesota Statutes, section 115A.03, subdivision 17a.

Sec. 52. [MERCURY IN PRODUCTS; REPORT.]

By December 1, 1994, the commissioner of the pollution control agency, after consultation with interested manufacturers, retailers, public interest groups, political subdivisions, and other persons, shall prepare and submit to the legislative commission on waste management a report that:

- (1) identifies products and portions or elements of products into which mercury is intentionally introduced;
- (2) identifies whether the use of mercury in the products is essential, whether alternatives exist to using mercury, and what those alternatives are; and
- (3) recommends legislation to address public health and environmental protection in the distribution, sale, and use of products into which mercury has been intentionally introduced and to address reduction of mercury in the products and management of the products when they become waste, including recommendations for banning specific products when the costs of management as waste outweigh the benefits that accrue from distribution, sale, and use of the products.

Sec. 53. [RECYCLING FACILITIES; REPORT.]

By July 1, 1995, the commissioner of the pollution control agency shall submit to the legislative commission on waste management a report that contains:

- (1) a description of the different types of recycling facilities and the numbers of each type that are currently in operation;
- (2) a survey of recycling facilities that indicates, for each facility, the type of facility, the extent to which materials delivered to the facility are not actually recycled, and other information pertaining to the facility's performance;
- (3) a discussion of issues affecting the performance of recycling facilities;
- (4) a comparison of markets for commingled and source-separated recyclable materials; and
- (5) recommendations regarding performance standards for recycling facilities, including whether different standards should apply to different types of facilities.

In preparing the report, the commissioner shall consult with the director of the office of waste management, the chair of the metropolitan council, counties, and the recycling industry.

Sec. 54. [ADDITION TO FEE REPORT.]

The director of the office of waste management shall include in the solid waste fee report due December 1, 1994, required under Laws 1993, chapter 172, section 92, an analysis of the advantages and disadvantages of expanding the authority of counties, under Minnesota Statutes, section 115A.919, to also authorize fees on waste delivered to transfer stations, incinerator ash disposal facilities, and industrial waste disposal facilities. This portion of the report must discuss at least:

- (1) arguments for and against expansion of the fees;
- (2) if expansion may be appropriate, whether expanded fee authority should be limited to the metropolitan area or should be applied statewide;
- (3) if expansion may be appropriate, whether the legislature should set the amount of the fees, place a maximum amount on fees in statute, or allow counties to determine the amount of the fees;

(4) if expansion may be appropriate, how revenue from the fees should be used, how to avoid fees being paid for the same waste more than once and how to structure fees to have a minimal effect on cooperative agreements between counties governing waste management; and

(5) how expanding or not expanding application of the fees will affect competition between similar types of facilities and will affect whether waste is managed in the most environmentally sound manner.

Sec. 55. [DELAYED REPORTS.]

The 1994 date for reports required under Minnesota Statutes, sections 115A.551, subdivision 4; and 115A.557, subdivision 4, is delayed until August 1, 1994.

Sec. 56. [APPLICATION.]

Sections 40 to 50 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 57. [REPEALER.]

Minnesota Statutes 1993 Supplement, section 115A.542, is repealed effective July 1, 1995.

Sec. 58. [EFFECTIVE DATE.]

Section 2 is effective July 1, 1980.

Sections 30, 38, and 55 are effective the day following final enactment.

Section 48 is effective June 1, 1994.

Section 35 is effective January 1, 1995."

Delete the title and insert:

"A bill for an act relating to waste management; applying government waste reduction requirements to compilations of game and fish laws; clarifying the state's waste management goals; adding heat pumps to the definition of major appliances; requiring public education on reuse; authorizing larger capital assistance grants to resource recovery projects under certain circumstances; listing preferences for use of packaging; establishing enforcement of the authority of certain counties to inspect records of certain facilities; clarifying management of waste antifreeze and motor oil filters; establishing a process for resolution of disputes related to toxics in packaging and requiring a report; clarifying the prohibition on toxics in products and providing for exemptions; authorizing the issuance of field citations; prohibiting the venting of CFCs; requiring and authorizing training and certification of appliance recyclers and servicers respectively; removing the federal government from the definition of commercial transporter of medical waste; requiring medical waste management plans to contain information regarding mailing of sharps; banning sale of apparel containing mercury switches; modifying requirements for county service contracts; authorizing private ownership of solid waste facilities; permitting counties and local governments to impose certain conditions on disposal of unprocessed solid waste; authorizing counties to require record keeping; expanding the restriction on disposal of unprocessed waste from the metropolitan area; requiring reports; providing penalties and remedies; amending Minnesota Statutes 1992, sections 97A.051, subdivision 1; 115A.02; 115A.03, subdivision 17a; 115A.072, subdivision 4; 115A.5501, subdivisions 1, 2, and by adding subdivisions; 115A.554; 115A.557, subdivision 3; 115A.87; 115A.882, subdivision 3, and by adding a subdivision; 115A.9157, subdivisions 4 and 5; 115A.918, subdivision 1, and by adding a subdivision; 115A.919, subdivision 3; 115A.921, subdivision 1; 115A.9301, by adding a subdivision; 115A.95; 115A.9561, subdivision 2; 115A.965, subdivision 6, and by adding a subdivision; 116.07, subdivision 4h; 116.731, by adding a subdivision; 116.76, subdivision 4; 116.92, subdivision 8; 473.803, by adding a subdivision; 473.811, subdivisions 5 and 5a; 473.843, subdivision 1; 473.844, subdivision 1a; 473.845, subdivision 3; and 473.848, subdivisions 1 and 5; Minnesota Statutes 1993 Supplement, sections 115A.54, subdivision 2a; 115A.5501, subdivision 3; 115A.916; 115A.929; 115A.9651; 115A.981, subdivision 3; 116.79, subdivision 1; 400.04, subdivision 4; 473.149, subdivision 6; and 473.846; proposing coding for new law in Minnesota Statutes, chapters 115A; 116; and 473; repealing Minnesota Statutes 1993 Supplement, section 115A.542."

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

Senate Conferees: JANET B. JOHNSON, DEANNA WIENER, KEVIN M. CHANDLER, TED A. MONDALE AND DAN STEVENS.

House Conferees: JEAN WAGENIUS, BETTY MCCOLLUM, KATHLEEN SEKHON, SIDNEY PAULY AND DENNIS OZMENT.

Wagenius moved that the report of the Conference Committee on S. F. No. 1788 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 1788, A bill for an act relating to waste management; applying government waste reduction requirements to compilations of game and fish laws; clarifying the state's waste management goals; adding heat pumps to the definition of major appliances; requiring public education on reuse; authorizing larger capital assistance grants to resource recovery projects under certain circumstances; listing preferences for use of packaging; establishing enforcement of the authority of certain counties to inspect records of certain facilities; clarifying management of waste antifreeze and motor oil filters; establishing a process for resolution of disputes related to toxics in packaging and requiring a report; clarifying the prohibition on toxics in products and providing for exemptions; requiring and authorizing training and certification of appliance recyclers and servicers respectively; removing the federal government from the definition of commercial transporter of medical waste; requiring medical waste management plans to contain information regarding mailing of sharps; banning sale of apparel containing mercury switches; authorizing private ownership of solid waste facilities; permitting counties and local governments to impose certain conditions on disposal of unprocessed solid waste; authorizing counties to require record keeping; adding requirements for liners and leachate systems; expanding the restriction on disposal of unprocessed waste from the metropolitan area; requiring a report on management of waste electronic appliances; requiring a report on products that contain mercury; requiring a report on recycling facilities; requiring a report on recycled antifreeze; providing penalties and remedies; amending Minnesota Statutes 1992, sections 8.31, subdivision 1; 97A.051, subdivision 1; 115A.02; 115A.03, subdivision 17a; 115A.072, subdivision 4; 115A.5501, subdivisions 1, 2, and by adding subdivisions; 115A.554; 115A.557, subdivisions 3 and 4; 115A.87; 115A.882, by adding a subdivision; 115A.9157, subdivisions 4 and 5; 115A.918, subdivision 1, and by adding a subdivision; 115A.95; 115A.9561, subdivision 2; 115A.965, subdivision 6, and by adding a subdivision; 116.07, subdivision 4h; 116.76, subdivision 4; 116.92, subdivision 8; 473.803, subdivisions 1 and 1c; 473.811, subdivisions 5 and 5a; 473.843, subdivision 1; 473.844, subdivision 1a; 473.845, subdivision 3; and 473.848, subdivisions 1 and 5; Minnesota Statutes 1993 Supplement, sections 115A.54, subdivision 2a; 115A.5501, subdivision 3; 115A.916; 115A.929; 115A.9651; 115A.981, subdivision 3; 116.79, subdivision 1; 473.149, subdivision 6; 473.846; and 473.848, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 115A; 116; 325E; and 473; repealing Minnesota Statutes 1993 Supplement, section 115A.542.

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	Cooper	Goodno	Johnson, R.	Lieder	Mosel	Pauly
Anderson, R.	Dauner	Greenfield	Johnson, V.	Limmer	Munger	Pawlenty
Asch	Davids	Greiling	Kahn	Lindner	Murphy	Pelowski
Battaglia	Dawkins	Gutknecht	Kalis	Long	Neary	Perlt
Bauerly	Dehler	Hasskamp	Kelley	Lourey	Nelson	Peterson
Beard	Delmont	Haukoos	Kelso	Luther	Ness	Pugh
Bergson	Dempsey	Hausman	Kinkel	Lynch	Olson, E.	Reding
Bertram	Dorn	Holsten	Klinzing	Macklin	Olson, K.	Rest
Bettermann	Erhardt	Hugoson	Knickerbocker	Mahon	Olson, M.	Rhodes
Brown, C.	Evans	Huntley	Knight	Mariani	Onnen	Rice
Brown, K.	Farrell	Jacobs	Koppendraye	McCollum	Opatz	Rodosovich
Carlson	Finseth	Jaros	Krinkie	McGuire	Orenstein	Rukavina
Carruthers	Frerichs	Jefferson	Krueger	Milbert	Orfield	Sama
Clark	Gennings	Jennings	Lasley	Molnau	Ostrom	Seagren
Commers	Girard	Johnson, A.	Leppik	Morrison	Ozment	Sekhon

Simoneau	Steensma	Tompkins	Van Engen	Waltman	Winter	Spk. Anderson, I.
Skoglund	Sviggum	Trimble	Vellenga	Weaver	Wolf	
Smith	Swenson	Turnheim	Vickerman	Wejcmán	Worke	
Solberg	Tomassoni	Van Dellen	Wagenius	Wenzel	Workman	

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

The following Conference Committee Report was received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2411

A bill for an act relating to retirement; providing for coverage of employees of lessee of Itasca Medical Center facilities by the public employees retirement association.

April 28, 1994

The Honorable Irv Anderson
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 2411, 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. 2411 be further amended as follows:

Page 1, delete lines 21 to 25

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

House Conferees: LOREN A. SOLBERG, BOB JOHNSON AND DAVE BISHOP.

Senate Conferees: BOB LESSARD, PHIL J. RIVENESS AND DENNIS R. FREDERICKSON.

Solberg moved that the report of the Conference Committee on H. F. No. 2411 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 2411, A bill for an act relating to retirement; providing for coverage of employees of lessee of Itasca Medical Center facilities by the public employees retirement association.

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 127 yeas and 4 nays as follows:

Those who voted in the affirmative were:

Abrams	Beard	Brown, K.	Cooper	Delmont	Farrell	Goodno
Anderson, R.	Bergson	Carlson	Dauner	Dempsey	Finseth	Greenfield
Asch	Bertram	Carruthers	Davids	Dorn	Frerichs	Greiling
Battaglia	Bettermann	Clark	Dawkins	Erhardt	Garcia	Gruenes
Bauerly	Brown, C.	Commers	Dehler	Evans	Girard	Gutknecht

Hasskamp	Kalis	Luther	Nelson	Peterson	Solberg	Weaver
Haukoos	Kelley	Lynch	Ness	Pugh	Steensma	Wejzman
Hausman	Kelso	Mackdin	Olson, E.	Reding	Sviggum	Wenzel
Holsten	Kinkel	Mahon	Olson, K.	Rest	Swenson	Winter
Hugoson	Klinzing	Mariani	Olson, M.	Rhodes	Tomassoni	Wolf
Huntley	Knickerbocker	McCollum	Onnen	Rice	Tompkins	Worke
Jacobs	Koppendrayner	McGuire	Opatz	Rodosovich	Trimble	Workman
Jaros	Krueger	Milbert	Orenstein	Rukavina	Tunheim	Spk. Anderson, I.
Jefferson	Lasley	Molnau	Orfield	Sarna	Van Dellen	
Jennings	Leppik	Morrison	Ostrom	Seagren	Van Engen	
Johnson, A.	Lieder	Mosel	Ozment	Sekhon	Vellenga	
Johnson, R.	Lindner	Munger	Pauly	Simoneau	Vickerman	
Johnson, V.	Long	Murphy	Pelowski	Skoglund	Wagenius	
Kahn	Lourey	Neary	Perlt	Smith	Waltman	

Those who voted in the negative were:

Knight	Krinkie	Limmer	Pawlenty
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The bill was repassed, as amended by Conference, and its title agreed to.

MOTIONS FOR RECONSIDERATION

Weaver moved that the vote whereby S. F. No. 2015, as amended, was not passed on Thursday, April 28, 1994, be now reconsidered. The motion prevailed.

Weaver moved that the action whereby S. F. No. 2015, as amended, was given a third reading on Thursday, April 28, 1994, be now reconsidered. The motion prevailed.

The Speaker resumed the Chair.

S. F. No. 2015 was reported to the House.

Orfield, Carruthers, Weaver, Abrams, McCollum and Kelso moved to amend S. F. No. 2015, the second unofficial engrossment, as amended, as follows:

Pages 2 to 26, delete Article 1 and insert:

"ARTICLE 1

COUNCIL POLICY STAFF

Section 1. Minnesota Statutes 1992, section 473.123, is amended by adding a subdivision to read:

Subd. 7. [COUNCIL STAFF.] The council, other than the chair, may hire an assistant to assist the sixteen council members with policy analysis and evaluation. The assistant shall serve at the pleasure of the council members. The sixteen members of the council may prescribe all terms and conditions for the employment of the assistant and the employees hired by the assistant including, but not limited to, the fixing of compensation, benefits, and insurance. The assistant shall prepare the budget for the provisions of this section and submit the budget for council approval and inclusion in council's overall budget.

Sec. 2. [APPLICATION AND EFFECTIVE DATE.]

This article is effective June 1, 1994, and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Page 26, delete lines 21 to 36

Page 27, delete lines 1 to 34

Page 27, after line 34, insert:

"METROPOLITAN GOVERNMENT REORGANIZATION"

Page 27, line 35, delete "Subd. 5." and insert "Section 1."

Page 28, after line 9, insert:

"Sec. 2. [ABOLISHED AGENCIES, SUCCESSORS, PERSONNEL.]

Subdivision 1. [REGIONAL TRANSIT BOARD.] The terms of the regional transit board members and chair expire on the effective date of this section. Permanent or regular staff employed as of October 1, 1994, by the regional transit board may not be terminated by discharge, except for cause, or by layoff before the first Monday in January 1995. The regional transit board described in Minnesota Statutes 1992, section 473.373, is abolished. Its duties and responsibilities are transferred to the metropolitan council. The metropolitan council is the successor entity to the regional transit board with respect to all of the board's property, interests, and obligations.

Subd. 2. [METROPOLITAN TRANSIT COMMISSION.] The terms of the metropolitan transit commission members expire on the effective date of this section. Permanent or regular staff employed as of March 1, 1994, by the metropolitan transit commission may not be terminated by discharge, except for cause, or by layoff before the first Monday in January 1995. The metropolitan transit commission described in Minnesota Statutes 1992, section 473.404, is abolished. Its duties and responsibilities are transferred to the metropolitan council. The metropolitan council is the successor entity to the metropolitan transit commission with respect to all of the commission's property, interests, and obligations. All of the operations managed by the commission are transferred to the office of transit operations of the transportation division of the metropolitan council."

Page 28, delete lines 10 and 11

Page 28, line 12, delete "1" and insert "3"

Page 28, line 21, delete everything after the period

Page 28, delete lines 22 to 24

Page 28, line 25, delete everything before "The"

Page 28, line 28, delete everything after the period

Page 28, delete lines 29 to 31

Page 28, line 32, delete "2" and insert "4"

Page 28, after line 36, insert:

"Sec. 3. Minnesota Statutes 1992, section 473.123, subdivision 5, is amended to read:

Subd. 5. [METROPOLITAN COUNCIL; DUTIES AND COMPENSATION.] The metropolitan council shall elect such officers as it deems necessary for the conduct of its affairs other than the chair. A secretary and treasurer need not be members of the metropolitan council. Meeting times and places shall be fixed by the metropolitan council and special meetings may be called by a majority of the members of the metropolitan council or by the chair thereof. Each metropolitan council member other than the chair shall be paid \$50 for each day when the member attends one or more meetings or provides other services, as authorized by the metropolitan council, an annual salary of \$12,500 and shall be reimbursed for reasonable expenses. The annual budget of the council shall provide as a separate account anticipated expenditures for per diem salary, travel and associated expenses for the chair and members, and compensation or reimbursement shall be made to the chair and members only when budgeted.

In the performance of its duties the metropolitan council may promulgate rules governing its operation, establish committees, divisions, departments and bureaus and staff the same as necessary to carry out its duties and when specifically authorized by law make appointments to other governmental agencies and districts. All officers and employees of the metropolitan council shall serve at the pleasure of the appointing authority in the unclassified service of the state civil service. Rules promulgated by the metropolitan council shall be in accordance with the administrative procedure provisions contained in chapter 14."

Page 29, delete lines 14 and 15 and insert:

"Sections 1, 2, and 3 are"

Page 29, line 16, delete "June" and insert "July"

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Pauly, Solberg, Kahn and Bishop moved to amend S. F. No. 2015, the second unofficial engrossment, as amended, as follows:

Page 79, after line 30, insert:

"The metropolitan council must consult with the city of Eden Prairie and must consider using part of the money, if appropriated to the council for regional parks, for the acquisition or joint acquisition of 226 acres of threatened land parcels in Eden Prairie that contain oak savannah, native prairie, and maple basswood forest, for use as a regional nature preserve."

The motion prevailed and the amendment was adopted.

S. F. No. 2015, A bill for an act relating to metropolitan government; providing for a regional administrator and a management team; imposing organizational requirements; imposing duties; clarifying existing provisions and making conforming changes; amending Minnesota Statutes 1992, sections 6.76; 15.0597, subdivision 1; 15A.081, subdivision 7; 15A.082, subdivision 3; 16B.58, subdivision 7; 116.16, subdivision 2; 116.182, subdivision 1; 161.173; 161.174; 169.781, subdivision 1; 169.791, subdivision 5; 169.792, subdivision 11; 221.022; 221.041, subdivision 4; 221.071, subdivision 1; 221.295; 297B.09, subdivision 1; 352.03, subdivision 1; 352.75; 422A.01, subdivision 9; 422A.101, subdivision 2a; 471A.02, subdivision 8; 473.121, subdivisions 5a and 24; 473.123, subdivisions 1, 2a, and 4; 473.129; 473.13, subdivision 4; 473.146, subdivisions 1 and 4; 473.149, subdivision 3; 473.1623, subdivision 2; 473.164; 473.168, subdivision 2; 473.173, subdivisions 3 and 4; 473.223; 473.303, subdivisions 2, 3a, 4, 4a, 5, and 6; 473.371, subdivision 1; 473.375, subdivisions 11, 12, 13, 14, and 15; 473.382; 473.384, subdivisions 1, 3, 4, 5, 6, 7, and 8; 473.385; 473.386, subdivisions 1, 2, 3, 4, 5, and 6; 473.387, subdivisions 2, 3, and 4; 473.388, subdivisions 2, 3, 4, and 5; 473.39, subdivisions 1, 1a, 1b, and by adding a subdivision; 473.391; 473.392; 473.394; 473.399, as amended; 473.405, subdivisions 1, 3, 4, 5, 9, 10, 12, and 15; 473.408, subdivisions 1, 2, 2a, 4, 6, and 7; 473.409; 473.411, subdivisions 3 and 4; 473.415, subdivisions 1, 2, and 3; 473.416; 473.418; 473.42; 473.436, subdivisions 2, 3, and 6; 473.446, subdivisions 1, 1a, 2, 3, and 7; 473.448; 473.449; 473.504, subdivisions 4, 5, 6, 9, 10, 11, and 12; 473.511, subdivisions 1, 2, 3, and 4; 473.512, subdivision 1; 473.513; 473.515, subdivisions 1, 2, and 3; 473.5155, subdivisions 1 and 3; 473.516, subdivisions 2, 3, 4, and 5; 473.517, subdivisions 1, 2, 3, 6, and 9; 473.519; 473.521, subdivisions 1, 2, 3, and 4; 473.523, subdivisions 1 and 2; 473.535; 473.541, subdivision 2; 473.542; 473.543, subdivisions 1, 2, 3, and 4; 473.545; 473.547; 473.549; 473.553, subdivisions 1, 2, 4, 5, and by adding subdivisions; 473.561; 473.595, subdivision 3; 473.605, subdivision 2; 473.823, subdivision 3; and 473.852, subdivisions 8 and 10; Minnesota Statutes 1993 Supplement, sections 10A.01, subdivision 18; 15A.081, subdivision 1; 115.54; 174.32, subdivision 2; 216C.15, subdivision 1; 221.025; 221.031, subdivision 3a; 275.065,

subdivisions 3 and 5a; 352.01, subdivisions 2a and 2b; 352D.02, subdivision 1; 353.64, subdivision 7a; 400.08, subdivision 3; 473.13, subdivision 1; 473.1623, subdivision 3; 473.167, subdivision 1; 473.386, subdivision 2a; 473.3994, subdivision 10; 473.3997; 473.4051; 473.407, subdivisions 1, 2, 3, 4, 5, and 6; 473.411, subdivision 5; 473.446, subdivision 8; and 473.516, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 473; repealing Minnesota Statutes 1992, sections 115A.03, subdivision 20; 115A.33; 174.22, subdivision 4; 473.121, subdivisions 14a, 15, and 21; 473.122; 473.123, subdivisions 3, 5, and 6; 473.141, as amended; 473.146, subdivisions 2, 2a, 2b, and 2c; 473.153; 473.161; 473.163; 473.181, subdivision 3; 473.325, subdivision 5; 473.373, as amended; 473.375, subdivisions 1, 2, 3, 4, 5, 6, 7, 10, 16, 17, and 18; 473.377; 473.38; 473.384, subdivision 9; 473.388, subdivision 6; 473.404, as amended; 473.405, subdivisions 2, 6, 7, 8, 11, 13, and 14; 473.417; 473.435; 473.436, subdivision 7; 473.445, subdivisions 1 and 3; 473.501, subdivision 2; 473.503; 473.504, subdivisions 1, 2, 3, 7, and 8; 473.511, subdivision 5; 473.517, subdivision 8; 473.543, subdivision 5; and 473.553, subdivision 4a; Minnesota Statutes 1993 Supplement, section 473.3996, subdivisions 1 and 2.

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

The question was taken on the passage of the bill and the roll was called.

Pursuant to rule 2.05, Pawlenty requested that he be excused from voting on the final passage of S. F. No. 2015, the second unofficial engrossment, as amended. The request was granted.

There were 111 yeas and 18 nays as follows:

Those who voted in the affirmative were:

Abrams	Dawkins	Huntley	Krueger	Munger	Reding	Trimble
Anderson, R.	Dehler	Jacobs	Lasley	Murphy	Rest	Tunheim
Asch	Delmont	Jaros	Leppik	Neary	Rhodes	Van Dellen
Battaglia	Dorn	Jefferson	Lieder	Nelson	Rukavina	Van Engen
Bauerly	Erhardt	Jennings	Long	Ness	Sarna	Vellenga
Bergson	Evans	Johnson, A.	Lourey	Olson, K.	Seagren	Vickerman
Bertram	Farrell	Johnson, R.	Luther	Opatz	Sekhon	Wagenius
Bettermann	Garcia	Johnson, V.	Lynch	Orenstein	Simoneau	Waltman
Bishop	Girard	Kahn	Macklin	Orfield	Skoglund	Weaver
Brown, C.	Goodno	Kalis	Mahon	Ostrom	Smith	Wejcman
Brown, K.	Greenfield	Kelley	Mariani	Ozment	Solberg	Wenzel
Carlson	Greiling	Kelso	McCollum	Pauly	Steensma	Winter
Carruthers	Gutknecht	Kinkel	McGuire	Pelowski	Swiggum	Wolf
Clark	Hasskamp	Klinzing	Milbert	Perlt	Swenson	Worke
Cooper	Hausman	Knickerbocker	Morrison	Peterson	Tomassoni	Spk. Anderson, I.
Dauner	Holsten	Koppendrayar	Mosel	Pugh	Tompkins	

Those who voted in the negative were:

Beard	Dempsey	Gruenes	Knight	Lindner	Onnen
Cominers	Finseth	Haukoos	Krinkie	Molnau	Rodosovich
Dauids	Frerichs	Hugoson	Limmer	Olson, M.	Workman

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

There being no objection, the order of business reverted to Reports of Standing Committees.

REPORTS OF STANDING COMMITTEES

Carruthers from the Committee on Rules and Legislative Administration to which was referred:

S. F. No. 2929, A bill for an act relating to education; providing assistance to school districts by permitting the waiver of certain rules and statutes in response to a catastrophe; appropriating money for payment to independent school district No. 191, Burnsville; amending Minnesota Statutes 1992, section 121.11, by adding a subdivision.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

SECOND READING OF SENATE BILLS

S. F. No. 2929 was read for the second time.

SPECIAL ORDERS

H. F. No. 1809 was reported to the House.

Skoglund moved that H. F. No. 1809 be continued on Special Orders. The motion prevailed.

S. F. No. 2316 was reported to the House.

Pugh moved to amend S. F. No. 2316 as follows:

Page 16, line 13, delete "PENSION PLANS" and insert "FUNDS"

Page 22, after line 30, insert:

"Sec. 5. Minnesota Statutes 1993 Supplement, section 475.66, subdivision 3, is amended to read:

Subd. 3. Subject to the provisions of any resolutions or other instruments securing obligations payable from a debt service fund, any balance in the fund may be invested

(a) in governmental bonds, notes, bills, mortgages, and other securities, which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, excluding mortgage-backed securities that are defined as high risk pursuant to subdivision 5, or in certificates of deposit secured by letters of credit issued by federal home loan banks,

(b) in shares of an investment company (1) registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and (2) whose only investments are in (i) securities described in the preceding clause, except that the exclusion of mortgage-backed securities defined as high risk pursuant to subdivision 5 ~~do does~~ not apply to shares mortgage-backed securities in the portfolio of an investment company, (ii) general obligation tax-exempt securities rated A or better by a national bond rating service, and (iii) repurchase agreements or reverse repurchase agreements fully collateralized by those securities, if the repurchase agreements or reverse repurchase agreements are entered into only with those primary reporting dealers that report to the Federal Reserve Bank of New York and with the 100 largest United States commercial banks,

(c) in any security which is (1) a general obligation of the state of Minnesota or any of its municipalities, or (2) a general obligation of another state or local government with taxing powers which is rated A or better by a national bond rating service, or (3) a general obligation of the Minnesota housing finance agency, or (4) a general obligation of a housing finance agency of any state if it includes a moral obligation of the state, or (5) a general or revenue obligation of any agency or authority of the state of Minnesota other than a general obligation of the Minnesota housing finance agency. Investments under clauses (3) and (4) must be in obligations that are rated A or better by a national bond rating service and investments under clause (5) must be in obligations that are rated AA or better by a national bond rating service,

(d) in bankers acceptances of United States banks eligible for purchase by the Federal Reserve System,

(e) in commercial paper issued by United States corporations or their Canadian subsidiaries that is of the highest quality and matures in 270 days or less, or

(f) in guaranteed investment contracts issued or guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies or their Canadian or United States subsidiaries; provided that the investment contracts rank on a parity with the senior unsecured debt obligations of the issuer or guarantor and, (1) in the case of long-term investment contracts, either (i) the long-term senior unsecured debt of the

issuer or guarantor is rated, or obligations backed by letters of credit of the issuer or guarantor if forming the primary basis of a rating of such obligations would be rated, in the highest or next highest rating category of Standard & Poor's Corporation, Moody's Investors Service, Inc., or a similar nationally recognized rating agency, or (ii) if the issuer is a bank with headquarters in Minnesota, the long-term senior unsecured debt of the issuer is rated, or obligations backed by letters of credit of the issuer if forming the primary basis of a rating of such obligations would be rated in one of the three highest rating categories of Standard & Poor's Corporation, Moody's Investors Service, Inc., or similar nationally recognized rating agency, or (2) in the case of short-term investment contracts, the short-term unsecured debt of the issuer or guarantor is rated, or obligations backed by letters of credit of the issuer or guarantor if forming the primary basis of a rating of such obligations would be rated, in the highest two rating categories of Standard and Poor's Corporation, Moody's Investors Service, Inc., or similar nationally recognized rating agency.

The fund may also be used to purchase any obligation, whether general or special, of an issue which is payable from the fund, at such price, which may include a premium, as shall be agreed to by the holder, or may be used to redeem any obligation of such an issue prior to maturity in accordance with its terms. The securities representing any such investment may be sold or hypothecated by the municipality at any time, but the money so received remains a part of the fund until used for the purpose for which the fund was created."

Page 22, line 32, delete "4" and insert "5"

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 2316, A bill for an act relating to the state board of investment; management of funds under the board's control; limiting the investment authority of various local pension plans to the pre-1994 investment authority of the state board of investment; amending Minnesota Statutes 1992, sections 11A.17, subdivisions 1, 4, 9, 10a, and 14; 11A.18, subdivision 9; 11A.24, subdivisions 3, 5, and 6; 353D.05, subdivision 2; 354B.07, subdivision 2; 356A.06, subdivision 7; and 422A.05, subdivision 2c; Minnesota Statutes 1993 Supplement, sections 11A.24, subdivisions 1 and 4; 69.77, subdivision 2g; 69.775; 352D.04, subdivision 1; 352D.09, subdivision 8; and 354B.05, subdivision 3.

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 4 nays as follows:

Those who voted in the affirmative were:

Abrams	Cooper	Greenfield	Johnson, V.	Luther	Olson, E.	Rhodes
Anderson, R.	Dauner	Greiling	Kahn	Lynch	Olson, K.	Rice
Asch	Davidson	Gruenes	Kalis	Macklin	Onnen	Rodosovich
Battaglia	Dawkins	Gutknecht	Kelley	Mahon	Opatz	Rukavina
Bauerly	Dehler	Hasskamp	Kelso	Mariani	Orenstein	Sarna
Beard	Delmont	Haukoos	Kinkel	McCollum	Orfield	Seagren
Bergson	Dempsey	Hausman	Klinzing	McGuire	Ostrom	Sekhon
Bertram	Dorn	Holsten	Krueger	Milbert	Ozment	Simoneau
Bettermann	Erhardt	Hugoson	Koppendrayner	Molnau	Pauly	Skoglund
Bishop	Evans	Huntley	Krueger	Morrison	Pawlenty	Smith
Brown, C.	Farrell	Jacobs	Lasley	Mosel	Pelowski	Solberg
Brown, K.	Finseth	Jaros	Leppik	Munger	Perlt	Steensma
Carlson	Frerichs	Jefferson	Lieder	Murphy	Peterson	Sviggum
Carruthers	Garcia	Jennings	Limmer	Neary	Pugh	Swenson
Clark	Girard	Johnson, A.	Long	Nelson	Reding	Tomassoni
Commers	Goodno	Johnson, R.	Lourey	Ness	Rest	Tompkins

Trimble
Tunheim
Van Dellen

Van Engen
Vellenga
Vickerman

Wagenius
Waltman
Weaver

Wejcman
Wenzel
Winter

Wolf
Worke
Workman

Spk. Anderson, I.

Those who voted in the negative were:

Knight Krinkie Lindner Olson, M.

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

S. F. No. 2129 was reported to the House.

Rest moved to amend S. F. No. 2129 as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 144.227, subdivision 1, is amended to read:

Subdivision 1. [FALSE STATEMENTS.] Whoever intentionally makes any false statement in a certificate, record, or report required to be filed under sections 144.211 to 144.214 or 144.216 to 144.227, or in an application for an amendment thereof, or in an application for a certified copy of a vital record, or who supplies false information intending that the information be used in the preparation of any report, record, certificate, or amendment thereof, is guilty of a misdemeanor.

Sec. 2. Minnesota Statutes 1992, section 144.227, is amended by adding a subdivision to read:

Subd. 3. [BIRTH REGISTRATION.] Whoever intentionally makes a false statement in a registration required under section 144.215 or in an application for an amendment to such a registration, or intentionally supplies false information intending that the information be used in the preparation of a registration under section 144.215 is guilty of a felony.

Sec. 3. Minnesota Statutes 1992, section 245A.03, subdivision 1, is amended to read:

Subdivision 1. [LICENSE REQUIRED.] Unless licensed by the commissioner, an individual, corporation, partnership, voluntary association, other organization, or controlling individual must not:

- (1) operate a residential or a nonresidential program;
- (2) receive a child or adult for care, supervision, or placement in foster care or adoption;
- (3) help plan the placement of a child or adult in foster care or adoption or engage in placement activities as defined in section 259.21, subdivision 9, in this state, whether or not the adoption occurs in this state; or
- (4) advertise a residential or nonresidential program.

Sec. 4. Minnesota Statutes 1993 Supplement, section 245A.03, subdivision 2, is amended to read:

Subd. 2. [EXCLUSION FROM LICENSURE.] Sections 245A.01 to 245A.16 do not apply to:

- (1) residential or nonresidential programs that are provided to a person by an individual who is related, except as provided in subdivision 2a;
- (2) nonresidential programs that are provided by an unrelated individual to persons from a single related family;
- (3) residential or nonresidential programs that are provided to adults who do not abuse chemicals or who do not have a chemical dependency, a mental illness, mental retardation or a related condition, a functional impairment, or a physical handicap;

- (4) sheltered workshops or work activity programs that are certified by the commissioner of jobs and training;
- (5) programs for children enrolled in kindergarten to the 12th grade and prekindergarten special education in a school as defined in section 120.101, subdivision 4, and programs serving children in combined special education and regular prekindergarten programs that are operated or assisted by the commissioner of education;
- (6) nonresidential programs primarily for children that provide care or supervision, without charge for ten or fewer days a year, and for periods of less than three hours a day while the child's parent or legal guardian is in the same building as the nonresidential program or present within another building that is directly contiguous to the building in which the nonresidential program is located;
- (7) nursing homes or hospitals licensed by the commissioner of health except as specified under section 245A.02;
- (8) board and lodge facilities licensed by the commissioner of health that provide services for five or more persons whose primary diagnosis is mental illness who have refused an appropriate residential program offered by a county agency. This exclusion expires on July 1, 1990;
- (9) homes providing programs for persons placed there by a licensed agency for legal adoption, unless the adoption is not completed within two years;
- (10) programs licensed by the commissioner of corrections;
- (11) recreation programs for children or adults that operate for fewer than 40 calendar days in a calendar year;
- (12) programs whose primary purpose is to provide, for adults or school-age children, including children who will be eligible to enter kindergarten within not more than four months, social and recreational activities, such as scouting, boys clubs, girls clubs, sports, or the arts; except that a program operating in a school building is not excluded unless it is approved by the district's school board;
- (13) head start nonresidential programs which operate for less than 31 days in each calendar year;
- (14) noncertified boarding care homes unless they provide services for five or more persons whose primary diagnosis is mental illness or mental retardation;
- (15) nonresidential programs for nonhandicapped children provided for a cumulative total of less than 30 days in any 12-month period;
- (16) residential programs for persons with mental illness, that are located in hospitals, until the commissioner adopts appropriate rules;
- (17) the religious instruction of school-age children; Sabbath or Sunday schools; or the congregate care of children by a church, congregation, or religious society during the period used by the church, congregation, or religious society for its regular worship;
- (18) camps licensed by the commissioner of health under Minnesota Rules, chapter 4630;
- (19) mental health outpatient services for adults with mental illness or children with emotional disturbance;
- (20) residential programs serving school-age children whose sole purpose is cultural or educational exchange, until the commissioner adopts appropriate rules;
- (21) unrelated individuals who provide out-of-home respite care services to persons with mental retardation or related conditions from a single related family for no more than 90 days in a 12-month period and the respite care services are for the temporary relief of the person's family or legal representative;
- (22) respite care services provided as a home and community-based service to a person with mental retardation or a related condition, in the person's primary residence; or
- (23) community support services programs as defined in section 245.462, subdivision 6, and family community support services as defined in section 245.4871, subdivision 17; or

(24) the placement of a child by a birth parent or legal guardian in a preadoptive home for purposes of adoption as authorized by section 259.2591.

For purposes of clause (6), a building is directly contiguous to a building in which a nonresidential program is located if it shares a common wall with the building in which the nonresidential program is located or is attached to that building by skyway, tunnel, atrium, or common roof.

Sec. 5. Minnesota Statutes 1992, section 245A.04, is amended by adding a subdivision to read:

Subd. 10. [ADOPTION AGENCY; ADDITIONAL REQUIREMENTS.] In addition to the other requirements of this section, an individual, corporation, partnership, voluntary association, other organization, or controlling individual applying for a license to place children for adoption must:

(1) incorporate as a nonprofit corporation under chapter 317A;

(2) file with the application for licensure a copy of the disclosure form required under section 259.258, subdivision 2;

(3) provide evidence that a bond has been obtained and will be continuously maintained in favor of the commissioner throughout the entire operating period of the agency, to cover the cost of transfer and storage of records if the agency voluntarily or involuntarily ceases operation and fails to provide for proper transfer of the records in order to comply with the requirements of section 259.46; and

(4) submit a certified audit to the commissioner each year the license is renewed as required under section 245A.03, subdivision 1.

Sec. 6. Minnesota Statutes 1992, section 245A.07, is amended by adding a subdivision to read:

Subd. 4. [ADOPTION AGENCY VIOLATIONS.] If a license holder licensed to place children for adoption fails to provide services as described in the disclosure form required by section 259.258, subdivision 2, the sanctions under this section may be imposed.

Sec. 7. [259.20] [POLICY.]

Subdivision 1. The policy of the state of Minnesota and the purpose of sections 259.20 to 259.406 is to ensure:

(1) that the best interests of children are met in the planning and granting of adoptions; and

(2) that laws and practices governing adoption recognize the diversity of Minnesota's population and the diverse needs of persons affected by adoption.

Subd. 2. Portions of chapters 245A, 257, 260, and 317A may also affect the adoption of a particular child.

Sec. 8. Minnesota Statutes 1992, section 259.21, is amended by adding a subdivision to read:

Subd. 8. [PLACEMENT.] "Placement" means the transfer of physical custody of a child from a birth parent or legal guardian to a prospective adoptive home.

Sec. 9. Minnesota Statutes 1992, section 259.21, is amended by adding a subdivision to read:

Subd. 9. [PLACEMENT ACTIVITIES.] "Placement activities" means any of the following:

(1) placement;

(2) arranging or providing short-term foster care pending an adoptive placement;

(3) facilitating placement by maintaining a list in any form of birth parents or prospective adoptive parents;

(4) collecting health and social histories of a birth family;

- (5) conducting an adoption study;
- (6) witnessing consents to an adoption; or
- (7) engaging in any activity listed in clauses (1) to (6) for purposes of fulfilling any requirements of the interstate compact on the placement of children.

Sec. 10. Minnesota Statutes 1992, section 259.21, is amended by adding a subdivision to read:

Subd. 10. [DIRECT ADOPTIVE PLACEMENT.] "Direct adoptive placement" means the placement of a child by a birth parent or legal guardian other than an agency under the procedure for adoption authorized by section 259.2591.

Sec. 11. Minnesota Statutes 1992, section 259.22, subdivision 1, is amended to read:

Subdivision 1. Any person who has resided in the state for one year or more may petition to adopt a child or an adult, and the same petitioner may petition for the adoption of two or more persons in one petition. The provisions as to length of residence in the state may be waived reduced to 30 days by the court whenever it appears to be for the best interest of the child.

The court may waive any residence requirement of this section if the petitioner is an individual who is related, as defined in section 245A.02, subdivision 13, or a member of a child's extended family or important friends with whom the child has resided or had significant contact.

Sec. 12. Minnesota Statutes 1992, section 259.22, subdivision 2, is amended to read:

Subd. 2. No petition for adoption shall be filed unless the child sought to be adopted has been placed by the commissioner of human services, the commissioner's agent, or a licensed child-placing agency. The provisions of this subdivision shall not apply if

- (a) the child is over 14 years of age;
- (b) the child is sought to be adopted by a stepparent;
- (c) the child is sought to be adopted by a relative related by blood or marriage within the third degree;
- (d) the child has been lawfully placed under the laws of another state while the child and petitioner resided in that other state; or
- (e) the court waives the requirement of placement in the best interests of the child or petitioners the child has been lawfully placed under section 259.2591.

Sec. 13. Minnesota Statutes 1992, section 259.22, is amended by adding a subdivision to read:

Subd. 4. [TIME FOR FILING PETITION.] A petition shall be filed not later than 24 months after a child is placed in a prospective adoptive home. If a petition is not filed by that time, the agency that placed the child, or, in a direct adoptive placement, the agency that prepared the postplacement adoptive study shall file with the district court in the county where the prospective adoptive parent resides a motion for an order and a report recommending one of the following:

- (1) that the time for filing a petition be extended because of the special needs as defined under title IV-E of the Social Security Act, United States Code, title 42, section 673, of the child; or
- (2) that the child be removed from the prospective adoptive home.

The prospective adoptive parent must reimburse an agency for the cost of preparing and filing a report under this section, unless the costs are reimbursed by the commissioner under section 259.40 or 259.44.

Sec. 14. [259.256] [AGENCY PLACEMENT FACTORS.]

A child-placing agency shall document, in the records required to be kept under section 259.46, the reasons for each child placement decision.

Sec. 15. [259.258] [AGENCY; FEE SCHEDULE; DISCLOSURE; CIVIL ACTION.]

Subdivision 1. [PAYMENT SCHEDULE.] An agency may only require payment of fees in stages as services are performed. An agency engaged in placement activities must provide a prospective adoptive parent with a schedule of fees and a timeline indicating when each fee or portion of the total fees for the agency services must be paid. The agency must also provide a fee schedule for prefinalization postplacement services.

Subd. 2. [DISCLOSURE TO BIRTH PARENTS AND ADOPTIVE PARENTS.] An agency shall provide a disclosure statement written in clear, plain language to be signed by the prospective adoptive parents and birth parents, except that in inter-country adoptions, the signatures of birth parents are not required. The disclosure statement must contain the following information:

(1) fees charged to the adoptive parent, including any policy on sliding scale fees or fee waivers and an itemization of the amount that will be charged for the adoption study, counseling, postplacement services, family of origin searches, birth parent expenses authorized under section 259.271, or any other services;

(2) timeline for the adoptive parent to make fee payments;

(3) likelihood, given the circumstances of the prospective adoptive parent and any specific program to which the prospective adoptive parent is applying, that an adoptive placement may be made and the estimated length of time for making an adoptive placement. These estimates must be based on adoptive placements made with prospective parents in similar circumstances applying to a similar program with the agency during the immediately preceding three to five years. If an agency has not been in operation for at least three years, it must provide summary data based on whatever adoptive placements it has made and may include a statement about the kind of efforts it will make to achieve an adoptive placement, including a timetable it will follow in seeking a child. The estimates must include a statement that the agency cannot guarantee placement of a child or a time by which a child will be placed;

(4) a statement of the services the agency will provide the birth and adoptive parents;

(5) a statement prepared by the commissioner under section 259.2585 that explains the child placement and adoption process and the respective legal rights and responsibilities of the birth parent and prospective adoptive parent during the process including a statement that the prospective adoptive parent is responsible for filing an adoption petition not later than 24 months after the child is placed in the prospective adoptive home;

(6) a statement regarding any information the agency may have about attorney referral services, or about obtaining assistance with completing legal requirements for an adoption; and

(7) an acknowledgment to be signed by the birth parent and prospective adoptive parent that they have received, read, and had the opportunity to ask questions of the agency about the contents of the disclosure statement.

Subd. 3. [CIVIL ACTION.] An action for damages, including punitive damages, may be brought by a birth parent or prospective adoptive parent aggrieved by:

(1) a violation of subdivision 1;

(2) the failure of an agency to provide services listed in the disclosure form under subdivision 2, clause (4); or

(3) deceptive practices or misrepresentations made by an agency about its services or ability to place children for adoption.

Sec. 16. [259.2585] [COMMISSIONER'S STATEMENT.]

The commissioner shall prepare and make available to all agencies, prospective adoptive parents, and birth parents a short, plain description of the legal adoption process and the rights and responsibilities of agencies, birth parents, and prospective adoptive parents in the process.

Sec. 17. [259.2586] [ADOPTION STUDY.]

A written adoption study must be completed before the child is placed in a prospective adoptive home under this chapter and the study must be completed and filed with the court at the time the adoption petition is filed. In a direct adoptive placement, the study must be filed with the court in support of a motion for temporary preadoptive custody

under section 259.2591, subdivision 3. The study shall be completed by a licensed child-placing agency and must be thorough and comprehensive. The study shall be paid for by the prospective adoptive parent, except as otherwise required under section 259.40 or 259.44.

A step-parent adoption is not subject to this section.

At a minimum, the study must include the following about the prospective adoptive parent:

(1) a check of criminal conviction data, data on substantiated maltreatment of a child under section 626.556, and domestic violence data of each person over the age of 13 living in the home. The prospective adoptive parents, the bureau of criminal apprehension, and other state, county, and local agencies, after written notice to the subject of the study, shall give the agency completing the adoption study substantiated criminal conviction data and reports about maltreatment of minors and vulnerable adults and domestic violence. The adoption study must also include a check of the juvenile court records of each person over the age of 13 living in the home. Notwithstanding provisions of section 260.161 to the contrary, the juvenile court shall release the requested information to the agency completing the adoption study. The study must include an evaluation of the effect of a conviction or finding of substantiated maltreatment on the ability to care for a child;

(2) medical and social history and current health;

(3) assessment of potential parenting skills;

(4) ability to provide adequate financial support for a child; and

(5) the level of knowledge and awareness of adoption issues including where appropriate matters relating to interracial, cross-cultural, and special needs adoptions.

The adoption study must include at least one in-home visit with the prospective adoptive parent. The adoption study is the basis for completion of a written adoption study report. The adoption study report must be in a format specified by the commissioner and must contain recommendations regarding the suitability of the subject of the study to be an adoptive parent. An adoption study report is valid for 12 months following its date of completion.

A prospective adoptive parent seeking a study under this section must authorize access by the agency to any private data needed to complete the study and must disclose any names used previously other than the name used at the time of adoption; and must provide a set of fingerprints.

Sec. 18. [259.2587] [BIRTH PARENT HISTORY; COMMISSIONER'S FORM.]

In any adoption under this chapter, except a stepparent adoption, a birth parent or an agency shall provide a prospective adoptive parent with a detailed social and medical history of the birth families, if known after reasonable inquiry. Each birth family history must be provided on a form prepared by the commissioner in a manner so that the completed form protects the identities of all individuals described in it. The commissioner shall make the form available to agencies and court administrators for public distribution. The birth family history must be filed with the court when the adoption petition is filed, or, in a direct adoptive placement, with the motion for temporary preadoptive custody.

Sec. 19. [259.259] [STATE AUDIT OF ADOPTION AGENCY; CIVIL ACTION.]

Subdivision 1. [AUDIT.] If the commissioner or attorney general has good cause to believe that a child-placing agency has violated section 259.258, subdivision 1, 259.271, 317A.907, or any other applicable law dealing with fees, payments, accounts, or financial disclosure by a child-placing agency, the commissioner or the attorney general may seek a court order requiring a financial audit of the agency, at the agency's expense, by an auditor chosen by the commissioner or attorney general.

Subd. 2. [CIVIL ACTION.] A court may grant equitable or monetary relief that is just and reasonable in the circumstances or may dissolve an adoption agency and liquidate its assets if the assets of the agency are being misapplied or wasted. The attorney general or the commissioner may bring an action in district court if the directors or those in control of the agency have misapplied or wasted assets of the agency or have acted fraudulently, illegally, or in a manner unfairly prejudicial toward a client of the agency in the capacity of a director or one in control of the agency.

Sec. 20. [259.2591] [DIRECT ADOPTIVE PLACEMENT.]

Subdivision 1. [INTENT.] The intent of the provisions governing direct adoptive placement is to safeguard the best interests of the child by providing services and protections to the child, birth parents, and adoptive parents which are consistent with those available through an agency placement.

Subd. 2. [PREPLACEMENT STUDY.] In a direct adoptive placement, a preplacement study under section 259.2586 must be completed and filed with the court as required by subdivision 3.

Subd. 3. [PREADOPTIVE CUSTODY ORDER.] (a) Within 30 days after a child is placed in a prospective adoptive home by a birth parent or legal guardian, other than an agency, the placement must be approved by the district court in the county where the prospective adoptive parent resides. Court approval must be obtained prior to placement if the prospective adoptive parent does not have health care coverage for the child. Any order under this subdivision or subdivision 6 shall state that the prospective adoptive parent's right to custody of the child is subject to the birth parents' right to custody until the consents to the child's adoption become irrevocable. The prospective adoptive parent must meet the residence requirements of section 259.22, subdivision 1, and must file with the court an affidavit of intent to remain a resident of the state for at least 90 days after the child is placed in the prospective adoptive home. The prospective adoptive parent shall file with the court a notice of intent to file an adoption petition and submit a written motion seeking an order granting temporary preadoptive custody. The notice and motion required under this subdivision may be considered by the court ex parte, without a hearing. The prospective adoptive parent shall serve a copy of the notice and motion upon any parent whose consent is required under section 259.24 or who is named in the affidavit required under paragraph (b) of this subdivision if that person's mailing address is known. The motion may be filed up to 60 days before the placement is to be made and must include:

- (1) the adoption study required under section 259.2586;
- (2) affidavits from the birth parents indicating their support of the motion, or, if there is no affidavit from the birth father, an affidavit from the birth mother under paragraph (b);
- (3) an itemized statement of expenses that have been paid and an estimate of expenses that will be paid by the prospective adoptive parents to the birth parents, any agency, attorney, or other party in connection with the prospective adoption;
- (4) the name of counsel for each party, if any;
- (5) a statement that the birth parents:
 - (i) have provided the social and medical history required under section 259.2587 to the prospective adoptive parent;
 - (ii) have received the written statement of their legal rights and responsibilities under section 259.2585; and
 - (iii) have been notified of their right to receive counseling under subdivision 4; and
- (6) the name of the agency chosen by the adoptive parent to supervise the adoptive placement and complete the postplacement adoption study required by subdivision 9.

The court shall review the expense statement submitted under this subdivision to determine whether payments made or to be made by the prospective adoptive parent are lawful and in accordance with section 259.271, subdivision 1.

(b) If the birth mother submits the affidavit required in paragraph (a), clause (2), but the birth father fails to do so, the birth mother must submit an additional affidavit that describes her good faith efforts or efforts made on her behalf to identify and locate the birth father for purposes of securing his consent. In the following circumstances, the birth mother may instead submit an affidavit stating on which ground she is exempt from making efforts to identify and locate the father:

- (1) the child was conceived as the result of incest or rape;
- (2) efforts to locate the father could reasonably result in physical harm to the birth mother or child; or
- (3) efforts to locate the father by the affiant or anyone acting on the affiant's behalf could reasonably result in emotional impairment of the birth mother or child.

A court shall consider the motion for temporary preadoptive custody within 30 days of receiving the motion or by the anticipated placement date stated in the motion, whichever comes sooner.

Subd. 4. [BIRTH PARENT COUNSELING.] In a direct adoptive placement, the prospective adoptive parent must notify the birth parent that the birth parent has a right to receive counseling about adoption issues at the expense of the prospective adoptive parent. The prospective adoptive parent must bear the cost of up to 35 hours of counseling upon the request of a birth parent at any time between conception of child and six months after the birth of the child or the placement in the adoptive home, whichever is later. A birth parent may waive the right to receive counseling under this subdivision.

Subd. 5. [BIRTH PARENT LEGAL COUNSEL.] Upon the request of a birth parent, separate legal counsel must be made available to the birth parent at the expense of the prospective adoptive parent. A birth parent may waive this right only by a written waiver signed and submitted to the court at the consent hearing under subdivision 6. Representation of a birth parent and a prospective adoptive parent by the same attorney is prohibited.

Subd. 6. [EMERGENCY ORDER.] (a) A court may issue an emergency order granting temporary preadoptive custody of a child to a prospective adoptive parent for up to 14 days if the following conditions are met:

(1) the motion is supported by:

(i) affidavits from the prospective adoptive parent and birth parent indicating that an emergency order is needed because of the unexpected premature birth of the child or other specifically described extraordinary circumstances which prevented the completion of the requirements of subdivision 3; and

(ii) the information required by subdivision 3, paragraph (a), clause (2), and clause (5), items (ii) and (iii); and

(iii) a completed adoption study which meets the requirements of section 259.2586; or

(iv) affidavits from each prospective adoptive parent stating whether they or any person residing in the household have been convicted of a crime; or are the subject of an open investigation of, or have been the subject of substantiated allegations of, child or vulnerable-adult abuse within the past ten years. If so, a complete description of the crime, open investigation, or substantiated abuse and a complete description of any sentence, treatment, or disposition must be included. If, at any time before the adoption is final, a court receives evidence leading it to conclude that a prospective adoptive parent knowingly gave false information in this affidavit, it shall be presumed that the placement of the child with the adoptive parent is not in the best interests of the child.

(2) the court concludes from the record submitted that the emergency order will preserve the health and safety of the child.

(b) An order granting or denying the motion shall be issued under this section within 24 hours of the time it is brought. Notwithstanding section 259.23, any judge of district court may consider a motion brought under this subdivision. An order granting the motion shall direct that an adoption study be commenced immediately, if that has not occurred, and that the agency conducting the study shall supervise the emergency placement.

(c) An emergency order under this subdivision expires 14 days after it is issued. If the requirements of section 259.2591 are completed and a preadoptive custody motion is filed on or before the expiration of the emergency order, placement may continue until the court rules on the motion. The court shall consider the preadoptive custody motion within seven days of filing.

Subd. 7. [CONSENT OF BIRTH PARENTS; HEARING; VENUE; COMMISSIONER'S FORM.] In all adoptions, regardless of the manner of placement, not sooner than 72 hours after the birth of a child and not later than 60 days after the child's placement in a prospective adoptive home, a birth parent whose consent is required under section 259.24, shall execute a consent. In all direct adoptive placements, a birth parent, whose consent is required under section 259.24 and who has chosen not to receive counseling through a licensed agency or a licensed social services professional trained in adoption issues, shall appear before a judge or judicial officer to sign the birth parent's written consent to the child's adoption by the prospective adoptive parent who has temporary preadoptive custody of the child. Notwithstanding where the prospective adoptive parent resides, the consent hearing may be held in any county in this state where the birth parent is found. If a birth parent has chosen to receive counseling through a licensed agency or a licensed social services professional trained in adoption issues, the birth parent may choose to execute a written consent under section 259.24, subdivision 5, or participate in a voluntary termination of parental rights.

If a consent hearing is held in a county other than where the prospective adoptive parent resides, the court shall forward the executed consents to the district court in the county where the prospective adoptive parent resides.

The consent becomes irrevocable on the tenth working day after it is given, except that if the consent was obtained by fraud, proceedings to determine the existence of fraud shall be governed by section 259.24, subdivision 6a. Until the consent becomes irrevocable, the child shall be returned to the birth parent upon request.

The written consent under this subdivision must state that:

(1) the birth parent has had the opportunity to consult with independent legal counsel at the expense of the prospective adoptive parent, unless the birth parent knowingly waived the opportunity;

(2) the birth parent was notified of the right to receive counseling at the expense of the prospective adoptive parent and has chosen to exercise or waive that right; and

(3) the birth parent was informed that if the birth parent withdraws consent, the prospective adoptive parent cannot require the birth parent to reimburse any costs the prospective adoptive parent has incurred in connection with the adoption, including payments made to or on behalf of the birth parent.

If a birth parent has chosen to have legal counsel, the attorney must be present at the execution of consents. If a birth parent waives counsel, the written waiver must be filed with the consent under this subdivision.

The consent signed under this subdivision must be on a form prepared by the commissioner and made available to agencies and court administrators for public distribution.

Subd. 8. [NOTICE AND CONSENT DEADLINE; CONSENT HEARING; BIRTH PARENT NOT APPEARING.] (a) A birth parent who intends to consent to the adoption of a child or to confer authority on an agency to place a child for adoption under section 259.25 shall notify the other birth parent of that fact if the other birth parent's consent to the adoption is required under subdivision 1. Notice shall be provided to the other birth parent by personal service in the manner provided in the rules of civil procedure for service of a summons and complaint within 72 hours of the date on which the child is placed. The notice shall inform the birth parent of the notifying birth parent's intent regarding consent to adoption or an agreement under section 259.25 and shall notify the receiving birth parent that, not later than 60 days after the date of service, the birth parent must either consent or refuse to consent to the adoption or the agreement under section 259.25. On the sixty-first day following service of the notice required under this subdivision, a birth parent who fails to take either of these actions, is deemed to have consented to the child's adoption or the agreement under section 259.25 regarding the child.

(b) If a birth parent whose consent is required under section 259.24 does not appear at a consent hearing under this section, the agency which conducted the adoption study shall notify the court and the court shall issue an order regarding continued placement of the child.

Subd. 9. [POSTPLACEMENT ADOPTION STUDY.] The agency designated by the prospective adoptive parent under subdivision 3, paragraph (a), clause (6), shall complete a postplacement adoption study and file it with the court with which the adoption petition has been filed not later than 90 days after the filing of a petition for adoption.

At a minimum, the postplacement study must include the following information:

(1) assessment of adaptation by the prospective adoptive parents to parenting the child;

(2) assessment of the health and well-being of the child in the prospective adoptive parents' home;

(3) analysis of the level of incorporation by the child into the prospective adoptive parents' home, extended family and community; and

(4) assessment of the level of incorporation of the child's previous history into the prospective adoptive home, such as cultural or ethnic practices, or contact with former foster parents, or biological relatives.

The postplacement adoption study shall be filed with the local social service agency in the county where the prospective adoptive parent resides. The local social service agency may seek a court order to remove the child from the prospective adoptive home, if the study so recommends and the agency finds that continued placement in the adoptive home endangers the physical or emotional health of the child. A postplacement adoption study is valid for 12 months after its date of completion.

Subd. 10. [RECORDS.] All records filed with the court in a direct adoptive placement under this section must be permanently maintained by the agency which completed the adoption study. Notwithstanding the provisions of section 259.31, an agency shall, upon request, be given any court records needed to provide postadoption services pursuant to section 259.47 at the request of adoptive parents, birth parents, or adopted individuals age 19 or older.

Subd. 11. [PENALTY.] It is a gross misdemeanor for a person, not being the commissioner or an agency, knowingly to engage in placement activities as defined in section 259.21, subdivision 9, without being licensed by the commissioner under chapter 245A, except as authorized by section 245A.03, subdivision 2.

Sec. 21. Minnesota Statutes 1992, section 259.27, subdivision 1, is amended to read:

Subdivision 1. [COMMISSIONER'S NOTICE TO COMMISSIONER; COUNTY DUTIES.] Upon the filing of a petition for adoption of a child the court administrator shall immediately transmit a copy of the petition to the commissioner of human services. The commissioner and the social services department of the county in which the prospective adoptive parent lives. Except as provided in subdivision 2, the county social services department shall verify the allegations of the petition, investigate the conditions and antecedents of the child for the purpose of ascertaining whether the child is a proper subject for adoption, and make appropriate inquiry to ascertain whether the proposed foster adoptive home and the child are suited to each other and whether the proposed foster home adoption meets the preferences described in section 259.28, subdivision 2. The report of the county welfare board submitted to the commissioner of human services bearing on the suitability of the proposed foster home and the child to each other shall be confidential, and the records of the county welfare board or the contents thereof of them shall not be disclosed either directly or indirectly to any person other than the commissioner of human services or a judge of the court having jurisdiction of the matter. Within 90 days after the receipt of said the copy of the petition the commissioner county social services department shall submit to the court and the commissioner a full report in writing with recommendations as to the granting of the petition. If such the report is not returned within the 90 days, without fault of petitioner, the court may hear the petition upon giving the commissioner county social services department five days notice by mail of the time and place of the hearing. If such the report disapproves of the adoption of the child, the commissioner county social services department may recommend that the court dismiss the petition.

Sec. 22. Minnesota Statutes 1992, section 259.27, subdivision 2, is amended to read:

Subd. 2. [ADOPTION AGENCIES.] Notwithstanding the provisions of subdivision 1, if the child to be adopted has been committed to the guardianship of an agency pursuant to section 260.241, or if the child has been surrendered to an agency pursuant to section 259.25, or the child's direct adoptive placement is being supervised by an agency pursuant to section 259.2591 the court, in its discretion, may shall refer the adoption petition to such the agency, or, if the adopting parent has a stepparent relationship to the child, to the county welfare department of the county in which the adoption is pending. The agency or county welfare department, within 90 days of receipt of a copy of the adoption petition, shall file with the court a report of its investigation of the environment and antecedents of the child to be adopted and of the home of the petitioners and its determination whether the home of the petitioners meets the preferences described in section 259.28, subdivision 2. If such the report disapproves of the adoption of the child, the agency or county welfare department may recommend that the court dismiss the petition. In the case of a direct adoptive placement under section 259.2591, a postplacement adoption study completed under subdivision 9 of that section shall be considered as meeting the requirement for a report under this section.

Sec. 23. Minnesota Statutes 1992, section 259.27, subdivision 5, is amended to read:

Subd. 5. [RESIDENCE AND INVESTIGATION WAIVED; STEPPARENT.] Such The investigation and period of residence required by this section may be waived by the court when the petition for adoption is submitted by a stepparent or when, upon good cause being shown, the court is satisfied that the proposed adoptive home and the child are suited to each other, but in either event at least ten working days notice of the hearing shall be given to the commissioner county social services department by certified mail. The reports of investigations shall be a part of the court files in the case, unless otherwise ordered by the court.

Sec. 24. Minnesota Statutes 1992, section 259.27, is amended by adding a subdivision to read:

Subd. 6. [FEES AND PAYMENTS; FILING WITH ADOPTION PETITION.] Upon the filing of a petition for adoption, an agency shall file with the court a statement of expenses that have been paid or are required to be paid by the prospective adoptive parent in connection with the adoption. In a direct adoptive placement, the statement of expenses shall be filed by the prospective adoptive parent.

Sec. 25. [259.271] [PAYMENT OF BIRTH PARENT EXPENSES; PENALTY.]

Subdivision 1. [AUTHORIZED PAYMENTS.] In any adoption under this chapter, a prospective adoptive parent or anyone acting in concert with, at the direction of, or in behalf of a prospective adoptive parent may pay only the following expenses of the birth parent:

- (1) reasonable counseling, medical, and legal fees, which shall be paid directly to the provider of the service;
- (2) reasonable expenses for transportation, meals, and lodging incurred for placement of the child;
- (3) reasonable expenses for adoption services provided by an agency at the request of the birth parent, which shall be paid directly to the agency; and

(4)(i) reasonable living expenses of the birth mother which are needed to maintain an adequate standard of living which the birth mother is unable to otherwise maintain because of loss of income or other support resulting from the pregnancy. The payments may cover expenses incurred during the pregnancy-related incapacity but not for a period longer than six weeks following delivery;

(ii) the payment shall not be contingent upon placement of the child for adoption, consent to adoption, or cooperation in the completion of the adoption; and

(iii) reasonable living expenses does not include expenses for lost wages, gifts, educational expenses, or other similar expenses of the birth mother

Subd. 2. [NO BIRTH PARENT REIMBURSEMENT TO ADOPTIVE PARENT.] A contract purporting to require a birth parent to reimburse a prospective adoptive parent for such payments under any circumstances, including circumstances in which a birth parent refuses to consent to adoption or withdraws consent to adoption, is void as against public policy.

Subd. 3. [PROHIBITED PAYMENTS; PENALTY.] (a) Except as authorized under subdivision 1, it is a felony for an individual to give, or for a birth parent to accept, money or anything of value as compensation for the placement of a child for adoption.

(b) It is a felony for any person to give money or anything of value as compensation to the birth parent of a child if the person is engaged or has engaged in any placement activity, as defined in section 259.21, subdivision 9, in connection with the adoption of the child.

Sec. 26. Minnesota Statutes 1992, section 259.31, is amended to read:

259.31 [HEARINGS, CONFIDENTIAL.]

All hearings held in proceedings under sections 259.21 to 259.32 shall be confidential and shall be held in closed court without admittance of any persons other than the petitioners, their witnesses, the commissioner of human services or an agency, or their authorized representatives, attorneys, and persons entitled to notice by sections 259.21 to 259.32, except by order of the court. The files and records of the court in adoption proceedings shall not be open to inspection by any person except the commissioner of human services or the commissioner's representatives, an agency acting under section 259.2591, subdivision 10, or upon an order of the court expressly so permitting pursuant to a petition setting forth the reasons therefor.

Sec. 27. Minnesota Statutes 1992, section 317A.907, subdivision 6, is amended to read:

Subd. 6. [EXPENSE REIMBURSEMENT.] (a) An organization, association, or society licensed by the commissioner of human services may receive payment for expenses related to adoption services in an amount that fairly reflects the agency's reasonable and necessary expenses of:

- (1) adoptive counseling, whether or not legal adoption is completed;
- (2) provision of services to children before adoptive placement; or
- (3) the supervision of children in the home until legal adoption is completed; or
- (4) expenses of a birth parent authorized under section 259.271 if paid to the agency to forward to the birth parent.

Only that part of the expenses may be requested that the person seeking to adopt is financially able to meet. No person may be barred from receiving a child for adoption because of inability to pay part of the expenses referred to in this subdivision. In addition to other reports as may be required, a licensed agency shall file annually with the commissioner of human services a full accounting of expense reimbursement received under this subdivision, together with the record of the services given for which the reimbursement was made. If the person returns the child to the corporation, the person may not receive compensation for the care, clothing, or medical expenses of the child. ~~This paragraph does not preclude voluntary contributions by an individual or organization. A pledge by an adoption applicant to make a voluntary contribution is voidable at the option of the person pledging.~~

~~(b) No organization, association, or society is eligible to receive an expense reimbursement from a person who takes a child into the person's home or who adopts a child during the first 12 months that the organization, association, or society is licensed by the commissioner of human services.~~

Sec. 28. [INSTRUCTIONS TO THE REVISOR.]

(a) In the next and subsequent editions of Minnesota Statutes, the revisor shall change the terms "natural parent" and "genetic parent" to "birth parent" wherever they appear.

(b) In the next and subsequent editions of Minnesota Statutes, the revisor shall change the terms "county welfare board" and "county welfare department" to "local social services agency" wherever they appear.

(c) In the next and subsequent editions of Minnesota Statutes, the revisor shall renumber chapter 259 in order to eliminate seven-digit section numbers and make more room for future sections. The revisor shall also correct all cross-references in Minnesota Statutes and Minnesota Rules to reflect the new section numbers in chapter 259."

Delete the title and insert:

"A bill for an act relating to adoption; regulating certain advertising and payments in connection with adoption; regulating agencies; providing for direct adoptive placement; providing for the enforceability of postadoption contact agreements; providing penalties; amending Minnesota Statutes 1992, sections 144.227, subdivision 1, and by adding a subdivision; 245A.03, subdivision 1; 245A.04, by adding a subdivision; 245A.07, by adding a subdivision; 259.21, by adding subdivisions; 259.22, subdivisions 1, 2, and by adding a subdivision; 259.27, subdivisions 1, 2, 5, and by adding a subdivision; 259.31; and 317A.907, subdivision 6; Minnesota Statutes 1993 Supplement, section 245A.03, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 259."

The motion prevailed and the amendment was adopted.

Rest moved to amend S. F. No. 2129, as amended, as follows:

Page 7, line 7, delete "friends" and insert "persons"

Page 7, line 31, after "child" delete the comma

Page 8, line 1, before "special" insert "child's"

Page 8, lines 2 and 3, delete ", of the child"

Page 8, after line 9, insert:

"Sec. 14. Minnesota Statutes 1992, section 259.24, is amended by adding a subdivision to read:

Subd. 2a. [TIME OF CONSENT.] Not sooner than 72 hours after the birth of a child and not later than 60 days after the child's placement in a prospective adoptive home, a person whose consent is required under this section shall execute a consent."

Page 10, line 14, delete "A written" and insert "An"

Page 10, line 14, after "study" insert "and written report"

Page 10, line 16, delete "study" and insert "report"

Page 10, line 16, delete "completed and"

Page 10, line 18, delete "study" and insert "report"

Page 10, line 20, after "study" insert "and report"

Page 10, line 22, after "study" insert "and report"

Page 11, line 13, after "including" insert a comma and after "appropriate" insert a comma

Page 11, line 17, delete "adoption study"

Page 11, line 18, delete "adoption study"

Page 11, line 21, delete "An adoption study" and insert "A"

Page 11, line 25, delete "and" and insert a comma

Page 11, line 26, delete the semicolon and insert a comma

Page 12, line 33, delete "PREPLACEMENT" and insert "ADOPTION"

Page 12, line 34, delete "a preplacement" and insert "an adoption" and after "study" insert "and report"

Page 13, line 14, delete "90 days" and insert "three months"

Page 14, line 34, delete everything after "placement"

Page 14, line 35, delete "parent that" and delete "parent has" and insert "parents have"

Page 15, line 2, delete "up to 35 hours of"

Page 15, line 3, before "child" insert "the"

Page 15, line 5, after the period, insert "The prospective adoptive parent shall not be responsible for the cost of more than 35 hours of counseling under this section."

Page 15, line 9, delete "parent" and insert "parents"

Page 15, line 10, before the period, insert "for legal services provided in a direct adoptive placement"

Page 15, line 10, after the period, insert "The prospective adoptive parent shall only be required to provide legal counsel for one birth parent unless the birth parents elect joint legal representation. The right to legal counsel under this subdivision shall continue until consents become irrevocable, but not longer than 70 days after placement. If consents have not been executed within 60 days of placement, the right to counsel under this subdivision shall end at that time."

Page 15, line 11, delete everything after "signed" and insert "at the time the consents are executed"

Page 15, line 12, delete "6" and insert "7"

Page 15, line 32, before "substantiated" insert "a"

Page 15, line 33, delete "allegations" and insert "allegation"

Page 16, line 24, delete everything after the bracket

Page 16, line 25, delete "of placement,"

Page 16, line 27, after "home" insert "under this section"

Page 16, line 27, delete "birth parent," and insert "person"

Page 16, line 28, delete the comma and delete "In all"

Page 16, line 29, delete everything before "a"

Page 16, line 33, delete "birth parent's"

Page 17, line 6, delete everything after "5"

Page 17, delete line 7 before the period and insert " A person whose consent is required under section 259.24, subdivision 2 may choose to execute consent at a judicial hearing as described in this section or under the procedures in section 259.24, subdivision 5"

Page 18, line 3, after "(a)" insert "With the exception of a person who receives notice under paragraph (b), if a birth parent whose consent is required under section 259.24 does not appear at a consent hearing under this section, the agency which is supervising the placement shall notify the court and the court shall issue an order regarding continued placement of the child. The court shall order the local social service agency to determine whether to commence proceedings for termination of parental rights on grounds of abandonment as defined in section 260.221. The court may disregard the six and 12-month requirements of section 260.221, paragraph (b), clause (1), item (i), in finding abandonment if the birth parent has failed to execute a consent within the time required under this section and has made no effort to obtain custody of the child."

(b)"

Page 18, line 8, after "1" insert "at the time of placement"

Page 18, delete lines 22 to 26

Page 18, line 30, delete "it" and insert "a report"

Page 18, line 33, delete "postplacement study" and insert "report"

Page 19, line 10, delete "postplacement adoption study" and insert "report"

Page 19, line 10, delete "shall" and insert "must also"

Page 19, line 14, delete "study" and insert "report"

Page 19, line 17, delete "study" and insert "report"

Page 22, line 32, after "mother" insert a period

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Macklin moved to amend S. F. No. 2129, as amended, as follows:

Page 6, after line 30, insert:

"Sec. 11. Minnesota Statutes 1992, section 259.21, is amended by adding a subdivision to read:

Subd. 11. [WORKING DAY.] "Working day" means Monday through Friday, excluding any holiday as defined under section 645.44, subdivision 5."

Renumber the sections

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Van Engen moved to amend S. F. No. 2129, as amended, as follows:

Page 13, delete the sentence beginning on line 6

Page 17, delete line 16, after the comma

Page 17, delete line 17 before the period, and insert "if the birth parent withdraws consent, the court shall enter a custody order in the best interests of the child, presumably with the birth parent. The child shall remain in the prospective adoptive home pending entry of the custody order."

A roll call was requested and properly seconded.

The question was taken on the Van Engen amendment and the roll was called. There were 11 yeas and 121 nays as follows:

Those who voted in the affirmative were:

Girard	Johnson, V.	Ness	Sviggum	Tompkins	Waltman
Gutknecht	Krinkie	Stanis	Swenson	Van Engen	

Those who voted in the negative were:

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

The motion did not prevail and the amendment was not adopted.

Lynch moved to amend S. F. No. 2129, as amended, as follows:

Page 7, line 22, strike "or"

Page 7, lines 23 and 24, reinstate the stricken language and insert "; or
(f)"

The motion prevailed and the amendment was adopted.

Lynch moved to amend S. F. No. 2129, as amended, as follows:

Page 10, line 18, delete everything after "court"

Page 10, delete line 19

Page 10, line 20, delete everything before the period and insert "at the time of the consent proceedings under section 259.2591, subdivision 7"

Page 12, delete line 36

Page 13, delete lines 1 to 36

Page 14, delete lines 1 to 32

The motion did not prevail and the amendment was not adopted.

Lynch moved to amend S. F. No. 2129, as amended, as follows:

Page 14, line 28, delete "impairment of" and insert "distress to"

The motion prevailed and the amendment was adopted.

Lynch moved to amend S. F. No. 2129, as amended, as follows:

Page 8, after line 13, insert:

"Sec. 15. [259.2575] [PREADOPTIVE CUSTODY ORDER.]

If a child is placed in a prospective adoptive home by an agency, the placement must be approved by the district court in the county where the prospective adoptive parent resides, in the manner provided by section 259.2591, subdivision 3."

Page 22, after line 5, insert:

"Sec. 26. Minnesota Statutes 1992, section 259.27, is amended by adding a subdivision to read:

Subd. 6. [POSTPLACEMENT ADOPTION STUDY.] If a child is placed in a prospective adoptive home by an agency, the agency must complete a postplacement adoption study under section 259.2591, subdivision 9."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Lynch moved to amend S. F. No. 2129, as amended, as follows:

Page 14, delete lines 14 to 32

The motion did not prevail and the amendment was not adopted.

Lynch moved to amend S. F. No. 2129, as amended, as follows:

Page 24, after line 26, insert:

"Sec. 28. [ADOPTION ADVISORY COMMITTEE REPORT.]

The commissioner of human services shall use an advisory committee including birth parents, adoptive parents, adopted adults, county agencies, private adoption agencies, consumer advocates, representatives of the state councils of color, and the legal community to make recommendations on further changes needed in order to protect children placed for the purpose of adoption, birth parents or guardians, and prospective adoptive parents. A report with recommendations for state law changes must be made to the governor and the legislature no later than February 1, 1995."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 2129, A bill for an act relating to adoption; regulating certain advertising and payments in connection with adoption; regulating agencies; providing for direct adoptive placement; providing for the enforceability of postadoption contact agreements; providing penalties; amending Minnesota Statutes 1992, sections 144.227, subdivision 1, and by adding a subdivision; 245A.03, subdivision 1; 245A.04, by adding a subdivision; 245A.07, by adding a subdivision; 259.21, by adding subdivisions; 259.22, subdivisions 1, 2, and by adding a subdivision; 259.27, by adding a subdivision; 259.31; and 317A.907, subdivision 6; Minnesota Statutes 1993 Supplement, section 245A.03, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 259.

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

The question was taken on the passage of the bill and the roll was called. There were 129 yeas and 5 nays as follows:

Those who voted in the affirmative were:

Abrams	Brown, K.	Dorn	Hasskamp	Johnson, R.	Krinkie	Macklin
Anderson, R.	Carlson	Erhardt	Haukoos	Johnson, V.	Krueger	Mahon
Asch	Carruthers	Evans	Hausman	Kahn	Lasley	Mariani
Battaglia	Clark	Farrell	Holsten	Kalis	Leppik	McCollum
Bauerly	Commers	Finseth	Hugoson	Kelley	Lieder	McGuire
Beard	Cooper	Frerichs	Huntley	Kelso	Limmer	Milbert
Bergson	Dauner	Garcia	Jacobs	Kinkel	Lindner	Molnau
Bertram	Davids	Girard	Jaros	Klinzing	Long	Morrison
Bettermann	Dawkins	Goodno	Jefferson	Knickerbocker	Lourey	Mosel
Bishop	Delmont	Greenfield	Jennings	Knight	Luther	Munger
Brown, C.	Dempsey	Greiling	Johnson, A.	Koppendrayner	Lynch	Murphy

Neary	Orfield	Peterson	Sarna	Steensma	Vellenga	Wolf
Nelson	Osthoff	Pugh	Seagren	Sviggum	Vickerman	Worke
Ness	Ostrom	Reding	Sekhon	Swenson	Wagenius	Workman
Olson, E.	Ozment	Rest	Simoneau	Tomassoni	Waltman	Spk. Anderson, I.
Olson, K.	Pauly	Rhodes	Skoglund	Tompkins	Weaver	
Onnen	Pawlenty	Rice	Smith	Trimble	Wejcman	
Opatz	Pelowski	Rodosovich	Solberg	Tunheim	Wenzel	
Orenstein	Perlt	Rukavina	Stanis	Van Dellen	Winter	

Those who voted in the negative were:

Dehler	Gruenes	Gutknecht	Olson, M.	Van Engen
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The bill was passed, as amended, and its title agreed to.

CALL OF THE HOUSE

On the motion of Long and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

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

Carruthers moved that further proceedings of the roll call be dispensed with and that the Sergeant at Arms be instructed to bring in the absentees. The motion prevailed and it was so ordered.

Carruthers 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 Petitions and Communications.

PETITIONS AND COMMUNICATIONS

The following communication was received:

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

April 29, 1994

The Honorable Irv Anderson
Speaker of the House of Representatives
The State of Minnesota

Dear Speaker Anderson:

I am vetoing and returning to you Chapter 544, House File No. 2920, a bill relating to the reestablishment of the Office of Waste Management as the Office of Environmental Assistance.

The Executive Order that this bill nullifies implemented changes in the organizations responsible for waste management that would have streamlined service and eliminated duplication. It was the product of months of study and was implemented after lengthy consultation with agency personnel and customers. It was widely heralded by many of the customers served.

In addition, this bill prohibits the executive branch from using its reorganization powers on the Office of Environmental Assistance. This is clearly an infringement on executive branch powers by the legislative branch of government and is not acceptable.

Warmest regards,

ARNE H. CARLSON
Governor

Long moved that H. F. No. 2920 be now reconsidered and repassed, the objections of the Governor notwithstanding, pursuant to Article IV, Section 23, of the Constitution of the State of Minnesota.

The question was taken on the motion to reconsider and repass H. F. No. 2920, the objections of the Governor notwithstanding, pursuant to Article IV, Section 23, of the Constitution of the State of Minnesota and the roll was called. There were 89 yeas and 45 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Cooper	Huntley	Knickerbocker	Mosel	Pelowski	Solberg
Asch	Dauner	Jacobs	Krueger	Munger	Perlt	Steensma
Battaglia	Dawkins	Jaros	Lasley	Murphy	Peterson	Tomassoni
Bauerly	Delmont	Jefferson	Lieder	Neary	Pugh	Trimble
Beard	Dorn	Jennings	Limmer	Nelson	Reding	Tunheim
Bergson	Evans	Johnson, A.	Long	Olson, E.	Rest	Vellenga
Bertram	Farrell	Johnson, R.	Lourey	Olson, K.	Rice	Wagenius
Bishop	Finseth	Kahn	Luther	Opatz	Rodosovich	Wejcman
Brown, C.	Garcia	Kalis	Mahon	Orenstein	Rukavina	Wenzel
Brown, K.	Greenfield	Kelley	Mariani	Orfield	Sarna	Winter
Carlson	Greiling	Kelso	McCollum	Osthoff	Sekhon	Spk. Anderson, I.
Carruthers	Hasskamp	Kinkel	McGuire	Ostrom	Simoneau	
Clark	Hausman	Klinzing	Milbert	Ozment	Skoglund	

Those who voted in the negative were:

Abrams	Frerichs	Hugoson	Lynch	Pauly	Swenson	Wolf
Bettermann	Girard	Johnson, V.	Macklin	Pawlenty	Tompkins	Worke
Commers	Goodno	Knight	Molnau	Rhodes	Van Dellen	Workman
Davids	Gruenes	Koppendrayor	Morrison	Seagren	Van Engen	
Dehler	Gutknecht	Krinkie	Ness	Smith	Vickerman	
Dempsey	Haukoos	Leppik	Olson, M.	Stanis	Waltman	
Erhardt	Holsten	Lindner	Ornen	Sviggum	Weaver	

Not having received the required two-thirds vote, the bill was not repassed.

The following Conference Committee Report was received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 3209

A bill for an act relating to the financing and operation of state and local government; conforming with changes in the federal income tax law; changing tax brackets, rates, bases, exemptions, withholding, payments, and refunds; allowing tax credits; providing aids to local governments; changing the calculation of property tax refunds; modifying property tax provisions relating to petitions, procedures, valuation, levies, classifications, homesteads, credits, and exemptions; abolishing limited market value; changing certain tax return or report requirements; changing operation of the local government trust fund; authorizing special assessments; authorizing local taxes; enacting provisions relating to certain cities, counties, special taxing districts, and towns; changing certain redemption provisions; reforming state budget procedures; changing the deposit of certain revenues; changing certain bonding provisions and authorizing bonding; modifying tax increment financing requirements; requiring certain permits and permit fees; requiring certain disclosures; requiring studies; transferring and appropriating money and limiting appropriations; amending Minnesota Statutes 1992, sections 16A.711, subdivisions 4 and 5; 60A.15, by adding a subdivision; 124.196; 271.06, subdivision 7; 272.121, subdivision 1; 273.111, subdivision 11; 273.1398, by adding a subdivision; 273.1399, by adding a subdivision; 273.165, subdivision 1; 278.05, subdivision 6; 289A.02, by adding a subdivision; 289A.25, subdivision 5; 290.01, subdivision 19d, and by adding a subdivision; 290.05, subdivision 3, and by adding a subdivision; 290.06, subdivisions 2c and 2d; 290.067, subdivision 1; 290.068, subdivision 2; 290.0802, subdivisions 1 and 2; 290.0921, subdivision 2; 290.35, by adding a subdivision; 290A.04, subdivisions 2 and 2a; 296.16, subdivision 1; 297.01, by adding a subdivision; 297A.01, by adding a subdivision; 297A.02, subdivision 2, and by adding a subdivision; 297A.021, by adding a subdivision; 297A.135, subdivision 1; 297A.15, subdivision 5; 297A.25, subdivision 9, and by adding subdivisions; 297A.256; 297A.44, subdivision 4; 297C.03, subdivision 6; 297C.13, subdivision 1; 298.017, subdivision 2; 298.26; 340A.311; 360.036, subdivisions 2 and 3; 360.037, subdivision 2; 360.042, subdivision 10; 469.004, subdivision 1a; 469.175, subdivisions 3, 4, and by adding a subdivision; 469.1761, subdivisions 1, 2, and 3; 469.177, subdivision 1a; 473.341; 473H.05, by adding a subdivision; 473H.18; and 580.23, as amended; Minnesota Statutes 1993 Supplement, sections 16A.712; 84.794, subdivision 1; 84.803, subdivision 1; 270.78; 273.11, subdivisions 5, 16, and by adding a subdivision; 273.121; 273.124, subdivision 1; 273.13, subdivisions 23 and 24; 275.065, subdivision 3; 276.04, subdivision 2; 278.01, subdivision 1; 289A.11, subdivision 1; 289A.26, subdivision 7; 289A.60, subdivision 21; 290.01, subdivision 19; 290.091, subdivision 2; 290A.03, subdivision 3; 290A.04, subdivisions 2h, as amended, and 6; 290A.23, subdivision 1; 296.02, subdivision 1a; 296.025, subdivision 1a; 297A.01, subdivision 16; 297B.03; 469.176, subdivisions 1b and 4c; and 477A.03, subdivision 1; Laws 1969, chapter 499, section 2; Laws 1993, chapter 375, article 9, section 51; proposing coding for new law in Minnesota Statutes, chapters 16A; 275; 296; 297A; 297B; 462C; 469; and 473; repealing Minnesota Statutes 1992, sections 290.05, subdivision 6; and 290.067, subdivision 6; Minnesota Statutes 1993 Supplement, sections 82.19, subdivision 9; 273.11, subdivision 1a; and 289A.25, subdivision 5a.

April 30, 1994

The Honorable Irv Anderson
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 3209, 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. 3209 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

INCOME TAX AND BUSINESS TAXES

Section 1. Minnesota Statutes 1992, section 60A.02, is amended by adding a subdivision to read:

Subd. 4a. [MUTUAL PROPERTY AND CASUALTY INSURANCE COMPANY.] "Mutual property and casualty insurance company" includes a property and casualty insurance company that was converted to a stock company after December 31, 1987, and before January 1, 1994, if the company was controlled on the date of conversion by a mutual life insurance company and so long as the company continues to be controlled by a mutual life insurance company.

Sec. 2. Minnesota Statutes 1992, section 60A.15, is amended by adding a subdivision to read:

Subd. 15. [GUARANTY ASSOCIATION ASSESSMENT OFFSET.] An insurance company may offset against its premium tax liability to this state any amount paid pursuant to assessments made for insolvencies which occur after July 31, 1994, under sections 60C.01 to 60C.22, and any amount paid pursuant to assessments made after July 31, 1994, under Minnesota Statutes 1992, sections 61B.01 to 61B.16, or sections 61B.18 to 61B.32 as follows:

(a) Each such assessment shall give rise to an amount of offset equal to 20 percent of the amount of the assessment for each of the five calendar years following the year in which the assessment was paid.

(b) The amount of offset initially determined for each taxable year is the sum of the amounts determined under paragraph (a) for that taxable year.

(c) Each year the commissioner of revenue shall compare total guaranty association assessments levied over the preceding five calendar years to the sum of all premium tax and corporate franchise tax revenues collected from insurance companies, without reduction for any guaranty association assessment offset in the preceding calendar year, referred to in this subdivision as "preceding year insurance tax revenues." If total guaranty association assessments levied over the preceding five years exceed the preceding year insurance tax revenues, insurance companies shall be allowed only a proportionate part of the premium tax offset calculated under paragraph (b) for the current calendar year. The proportionate part of the premium tax offset allowed in the current calendar year is determined by multiplying the amount calculated under paragraph (b) by a fraction, the numerator of which equals the preceding year insurance tax revenues and the denominator of which equals total guaranty association assessments levied over the preceding five-year period. The proportionate part of the premium tax offset that is not allowed shall be carried forward to subsequent tax years and added to the amount of premium tax offset calculated under paragraph (b) prior to application of the limitation imposed by this paragraph. Any amount carried forward from prior years must be allowed before allowance of the offset for the current year calculated under paragraph (b). The premium tax offset limitation must be calculated separately for (1) insurance companies subject to assessment under sections 60C.01 to 60C.22, and (2) insurance companies subject to assessment under Minnesota Statutes 1992, sections 61B.01 to 61B.16, or sections 61B.18 to 61B.32. When the premium tax offset is limited by this provision, the commissioner of revenue shall notify affected insurance companies on a timely basis for purposes of completing premium and corporate franchise tax returns. The guaranty associations created under sections 60C.01 to 60C.22, Minnesota Statutes 1992, sections 61B.01 to 61B.16, and sections 61B.18 to 61B.32, shall provide the commissioner of revenue with the necessary information on guaranty association assessments. The limitation in this paragraph is effective for offsets allowable in 1999 and thereafter.

(d) If the offset determined by the application of paragraphs (a) to (c) exceeds the greater of the insurance company's premium tax liability under this section or its corporate franchise tax liability under chapter 290 prior to allowance of the credit for premium taxes, then the insurance company may carry forward the excess, referred to in this subdivision as the "carryforward credit," to subsequent taxable years. The carryforward credit shall be allowed as an offset against premium tax liability for the first succeeding year to the extent that the premium tax liability for that year exceeds the amount of the allowable offset for the year determined under paragraphs (a) to (c). The carryforward credit shall be reduced, but not below zero, by the greater of the amount of the carryforward credit allowed as an offset against the premium tax under this paragraph or the amount of the carryforward credit allowed as an offset against the insurance company's corporate franchise tax liability under section 290.35, subdivision 6, paragraph (d). The remainder, if any, of the carryforward credit must be carried forward to succeeding taxable years until the entire carryforward credit has been credited against the insurance company's liability for premium tax under this chapter and corporate franchise tax under chapter 290 if applicable for that taxable year.

(e) A refund paid by the Minnesota life and health insurance guaranty association to member insurers under Minnesota Statutes 1992, section 61B.07, subdivision 6, or section 61B.24, subdivision 6, with respect to an assessment payment which has been offset against taxes shall reduce the carryforward credit determined under paragraph (d). If the refund exceeds the amount of the carryforward credit, it shall be repaid by the insurers to the extent of the offset to the state in the manner the commissioner of revenue requires.

Sec. 3. Minnesota Statutes 1992, section 289A.02, is amended by adding a subdivision to read:

Subd. 7. [INTERNAL REVENUE CODE.] Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 1993.

Sec. 4. Minnesota Statutes 1992, section 289A.25, subdivision 5, is amended to read:

Subd. 5. [AMOUNT OF REQUIRED INSTALLMENT.] The amount of any installment required to be paid shall be 25 percent of the required annual payment except as provided in clause (3). The term "required annual payment" means the lesser of

(1) 90 percent of the tax shown on the return for the taxable year or 90 percent of the tax for the year if no return is filed, or

(2) the total tax liability shown on the return of the individual taxpayer for the preceding taxable year, if a return showing a liability for the taxes was filed by the individual taxpayer for the preceding taxable year of 12 months; If the adjusted gross income shown on the return of the taxpayer for the preceding taxable year exceeds \$150,000, this clause shall be applied by substituting "110 percent of the total tax liability" for "the total tax liability"

(i) for an individual who is not a Minnesota resident for the entire year, the term "adjusted gross income" means the Minnesota share of that income apportioned to Minnesota under section 290.06, subdivision 2c, paragraph (e), or

(ii) for a trust the term "adjusted gross income" means the income assigned to Minnesota under section 290.17; or

(3) an amount equal to the applicable percentage of the tax for the taxable year computed by placing on an annualized basis the taxable income and alternative minimum taxable income for the months in the taxable year ending before the month in which the installment is required to be paid. The applicable percentage of the tax is 22.5 percent in the case of the first installment, 45 percent for the second installment, 67.5 percent for the third installment, and 90 percent for the fourth installment. For purposes of this clause, the taxable income and alternative minimum taxable income shall be placed on an annualized basis by

(i) multiplying by 12 (or in the case of a taxable year of less than 12 months, the number of months in the taxable year) the taxable income and alternative minimum taxable income computed for the months in the taxable year ending before the month in which the installment is required to be paid; and

(ii) dividing the resulting amount by the number of months in the taxable year ending before the month in which the installment date falls.

A reduction in an installment under clause (3) must be recaptured by increasing the amount of the next required installment by the amount of the reduction.

Sec. 5. Minnesota Statutes 1993 Supplement, 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) ~~97~~ 100 percent of the tax shown on the return for the taxable year, or, if no return is filed, ~~97~~ 100 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:

1st	24.25	25
2nd	48.5	50
3rd	72.75	75
4th	97	100

(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. 6. Minnesota Statutes 1993 Supplement, section 290.01, subdivision 19, is amended to read:

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

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

- (1) the exclusion of net capital gain provided in section 852(b)(2)(A) of the Internal Revenue Code does not apply; and
- (2) the deduction for dividends paid under section 852(b)(2)(D) of the Internal Revenue Code must be applied by allowing a deduction for capital gain dividends and exempt-interest dividends as defined in sections 852(b)(3)(C) and 852(b)(5) of the Internal Revenue Code.

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

The Internal Revenue Code of 1986, as amended through December 31, 1986, shall be in effect for taxable years beginning after December 31, 1986. The provisions of sections 10104, 10202, 10203, 10204, 10206, 10212, 10221, 10222, 10223, 10226, 10227, 10228, 10611, 10631, 10632, and 10711 of the Omnibus Budget Reconciliation Act of 1987, Public Law Number 100-203, the provisions of sections 1001, 1002, 1003, 1004, 1005, 1006, 1008, 1009, 1010, 1011, 1011A, 1011B, 1012, 1013, 1014, 1015, 1018, 2004, 3041, 4009, 6007, 6026, 6032, 6137, 6277, and 6282 of the Technical and Miscellaneous Revenue Act of 1988, Public Law Number 100-647, and the provisions of sections 7811, 7816, and 7831 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, shall be effective at the time they become effective for federal income tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1987, shall be in effect for taxable years beginning after December 31, 1987. The provisions of sections 4001, 4002, 4011, 5021, 5041, 5053, 5075, 6003, 6008, 6011, 6030, 6031, 6033, 6057, 6064, 6066, 6079, 6130, 6176, 6180, 6182, 6280, and 6281 of the Technical and Miscellaneous Revenue Act of 1988, Public Law Number 100-647, the provisions of sections 7815 and 7821 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, and the provisions of section 11702 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, shall become effective at the time they become effective for federal tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1988, shall be in effect for taxable years beginning after December 31, 1988. The provisions of sections 7101, 7102, 7104, 7105, 7201, 7202, 7203, 7204, 7205, 7206, 7207, 7210, 7211, 7301, 7302, 7303, 7304, 7601, 7621, 7622, 7641, 7642, 7645, 7647, 7651, and 7652 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, the provision of section 1401 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Public Law Number 101-73, and the provisions of sections 11701 and 11703 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, shall become effective at the time they become effective for federal tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1989, shall be in effect for taxable years beginning after December 31, 1989. The provisions of sections 11321, 11322, 11324, 11325, 11403, 11404, 11410, and 11521 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, and the provisions of section 13224 and 13261 of the Omnibus Budget Reconciliation Act of 1993, Public Law Number 103-66, 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 provisions of section 13431 of the Omnibus Budget Reconciliation Act of 1993, Public Law Number 103-66, shall become effective at the time they became effective for federal purposes.

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, and the provisions of sections 13101, 13114, 13122, 13141, 13150, 13151, 13174, 13239, 13301, and 13442 of the Omnibus Budget Reconciliation Act of 1993, Public Law Number 103-66, 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.

The provisions of sections 13116, 13121, 13206, 13210, 13222, 13223, 13231, 13232, 13233, 13239, 13262, and 13321 of the Omnibus Budget Reconciliation Act of 1993, Public Law Number 103-66, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1993, shall be in effect for taxable years beginning after December 31, 1993.

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, is amended by adding a subdivision to read:

Subd. 4b. [MUTUAL PROPERTY AND CASUALTY INSURANCE COMPANY.] "Mutual property and casualty insurance company" includes a property and casualty insurance company that was converted to a stock company after December 31, 1987, and before January 1, 1994, if the company was controlled on the date of conversion by a mutual life insurance company and so long as the company continues to be controlled by a mutual life insurance company.

Sec. 8. Minnesota Statutes 1992, section 290.01, subdivision 19d, is amended to read:

Subd. 19d. [CORPORATIONS; MODIFICATIONS DECREASING FEDERAL TAXABLE INCOME.] For corporations, there shall be subtracted from federal taxable income after the increases provided in subdivision 19c:

(1) the amount of foreign dividend gross-up added to gross income for federal income tax purposes under section 78 of the Internal Revenue Code;

(2) the amount of salary expense not allowed for federal income tax purposes due to claiming the federal jobs credit under section 51 of the Internal Revenue Code;

(3) any dividend (not including any distribution in liquidation) paid within the taxable year by a national or state bank to the United States, or to any instrumentality of the United States exempt from federal income taxes, on the preferred stock of the bank owned by the United States or the instrumentality;

(4) amounts disallowed for intangible drilling costs due to differences between this chapter and the Internal Revenue Code in taxable years beginning before January 1, 1987, as follows:

(i) to the extent the disallowed costs are represented by physical property, an amount equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09, subdivision 7, subject to the modifications contained in subdivision 19e; and

(ii) to the extent the disallowed costs are not represented by physical property, an amount equal to the allowance for cost depletion under Minnesota Statutes 1986, section 290.09, subdivision 8;

(5) the deduction for capital losses pursuant to sections 1211 and 1212 of the Internal Revenue Code, except that:

(i) for capital losses incurred in taxable years beginning after December 31, 1986, capital loss carrybacks shall not be allowed;

(ii) for capital losses incurred in taxable years beginning after December 31, 1986, a capital loss carryover to each of the 15 taxable years succeeding the loss year shall be allowed;

(iii) for capital losses incurred in taxable years beginning before January 1, 1987, a capital loss carryback to each of the three taxable years preceding the loss year, subject to the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed; and

(iv) for capital losses incurred in taxable years beginning before January 1, 1987, a capital loss carryover to each of the five taxable years succeeding the loss year to the extent such loss was not used in a prior taxable year and subject to the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed;

(6) an amount for interest and expenses relating to income not taxable for federal income tax purposes, if (i) the income is taxable under this chapter and (ii) the interest and expenses were disallowed as deductions under the provisions of section 171(a)(2), 265 or 291 of the Internal Revenue Code in computing federal taxable income;

(7) in the case of mines, oil and gas wells, other natural deposits, and timber for which percentage depletion was disallowed pursuant to subdivision 19c, clause (11), a reasonable allowance for depletion based on actual cost. In the case of leases the deduction must be apportioned between the lessor and lessee in accordance with rules prescribed by the commissioner. In the case of property held in trust, the allowable deduction must be apportioned between the income beneficiaries and the trustee in accordance with the pertinent provisions of the trust, or if there is no provision in the instrument, on the basis of the trust's income allocable to each;

(8) for certified pollution control facilities placed in service in a taxable year beginning before December 31, 1986, and for which amortization deductions were elected under section 169 of the Internal Revenue Code of 1954, as amended through December 31, 1985, an amount equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09, subdivision 7;

(9) the amount included in federal taxable income attributable to the credits provided in Minnesota Statutes 1986, section 273.1314, subdivision 9, or Minnesota Statutes, section 469.171, subdivision 6;

(10) amounts included in federal taxable income that are due to refunds of income, excise, or franchise taxes based on net income or related minimum taxes paid by the corporation to Minnesota, another state, a political subdivision of another state, the District of Columbia, or a foreign country or possession of the United States to the extent that the taxes were added to federal taxable income under section 290.01, subdivision 19c, clause (1), in a prior taxable year;

(11) the following percentage of royalties, fees, or other like income accrued or received from a foreign operating corporation or a foreign corporation which is part of the same unitary business as the receiving corporation:

Taxable Year

Beginning After Percentage

December 31, 1988 50 percent

December 31, 1990 80 percent;

(12) income or gains from the business of mining as defined in section 290.05, subdivision 1, clause (a), that are not subject to Minnesota franchise tax;

(13) the amount of handicap access expenditures in the taxable year which are not allowed to be deducted or capitalized under section 44(d)(7) of the Internal Revenue Code of 1986; and

(14) the amount of qualified research expenses not allowed for federal income tax purposes under section 280C(c) of the Internal Revenue Code, but only to the extent that the amount exceeds the amount of the credit allowed under section 290.068; and

(15) the amount of salary expenses not allowed for federal income tax purposes due to claiming the Indian employment credit under section 45A(a) of the Internal Revenue Code of 1986, as amended through December 31, 1993.

Sec. 9. Minnesota Statutes 1992, section 290.01, is amended by adding a subdivision to read:

Subd. 31. [INTERNAL REVENUE CODE.] Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 1993.

Sec. 10. Minnesota Statutes 1992, section 290.05, subdivision 3, is amended to read:

Subd. 3. (a) An organization exempt from taxation under subdivision 2 shall, nevertheless, be subject to tax under this chapter to the extent provided in the following provisions of the Internal Revenue Code:

- (i) section 527 (dealing with political organizations);
- (ii) section 528 (dealing with certain homeowners associations);
- (iii) sections 511 to 515 (dealing with unrelated business income); and
- (iv) section 521 (dealing with farmers' cooperatives); and
- (v) section 6033(e)(2) (dealing with lobbying expense); but

notwithstanding this subdivision, shall be considered an organization exempt from income tax for the purposes of any law which refers to organizations exempt from income taxes.

(b) The tax shall be imposed on the taxable income of political organizations or homeowner associations or the unrelated business taxable income, as defined in section 512 of the Internal Revenue Code, of organizations defined in section 511 of the Internal Revenue Code, provided that the tax is not imposed on:

(1) advertising revenues from a newspaper published by an organization described in section 501(c)(4) of the Internal Revenue Code; or

(2) revenues from lawful gambling authorized under chapter 349 that are expended for purposes that qualify for the deduction for charitable contributions under section 170 of the Internal Revenue Code of 1986, as amended through December 31, 1991 1993, disregarding the limitation under section 170(b)(2), but only to the extent the contributions are not deductible in computing federal taxable income.

The tax shall be at the corporate rates. The tax shall only be imposed on income and deductions assignable to this state under sections 290.17 to 290.20. To the extent deducted in computing federal taxable income, the deductions contained in section 290.21 shall not be allowed in computing Minnesota taxable net income.

(c) The tax shall be imposed on organizations subject to federal tax under section 6033(e)(2) of the Internal Revenue Code of 1986, as amended through December 31, 1993, in an amount equal to the corporate tax rate multiplied by the amount of lobbying expenses taxed under section 6033(e)(2) which are attributable to lobbying the Minnesota state government.

Sec. 11. Minnesota Statutes 1992, section 290.05, is amended by adding a subdivision to read:

Subd. 8. [AUTHORITY TO REVOKE EXEMPTION FOR FAILURE TO COMPLY WITH FEDERAL LAW.] The commissioner may examine or investigate an entity claiming exemption under this section and subpart F of the Internal Revenue Code. The commissioner may revoke the exemption under this section for violations of federal law that would permit the commissioner of internal revenue or the secretary of the treasury to revoke the exemption under federal law, regardless of whether such action has been taken under federal law. A revocation under this subdivision is subject to administrative review under section 289A.65.

Sec. 12. Minnesota Statutes 1992, section 290.06, subdivision 2c, is amended to read:

Subd. 2c. [SCHEDULES OF RATES FOR INDIVIDUALS, ESTATES, AND TRUSTS.] (a) The income taxes imposed by this chapter upon married individuals filing joint returns and surviving spouses as defined in section 2(a) of the Internal Revenue Code of 1986 as amended through December 31, 1991, must be computed by applying to their taxable net income the following schedule of rates:

- (1) On the first \$19,910, 6 percent;
- (2) On all over \$19,910, but not over \$79,120, 8 percent;

(3) On all over \$79,120, 8.5 percent.

Married individuals filing separate returns, estates, and trusts must compute their income tax by applying the above rates to their taxable income, except that the income brackets will be one-half of the above amounts.

(b) The income taxes imposed by this chapter upon unmarried individuals must be computed by applying to taxable net income the following schedule of rates:

(1) On the first \$13,620, 6 percent;

(2) On all over \$13,620, but not over \$44,750, 8 percent;

(3) On all over \$44,750, 8.5 percent.

(c) The income taxes imposed by this chapter upon unmarried individuals qualifying as a head of household as defined in section 2(b) of the Internal Revenue Code of 1986, as amended through December 31, 1991, must be computed by applying to taxable net income the following schedule of rates:

(1) On the first \$16,770, 6 percent;

(2) On all over \$16,770, but not over \$67,390, 8 percent;

(3) On all over \$67,390, 8.5 percent.

(d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax of any individual taxpayer whose taxable net income for the taxable year is less than an amount determined by the commissioner must be computed in accordance with tables prepared and issued by the commissioner of revenue based on income brackets of not more than \$100. The amount of tax for each bracket shall be computed at the rates set forth in this subdivision, provided that the commissioner may disregard a fractional part of a dollar unless it amounts to 50 cents or more, in which case it may be increased to \$1.

(e) An individual who is not a Minnesota resident for the entire year must compute the individual's Minnesota income tax as provided in this subdivision. After the application of the nonrefundable credits provided in this chapter, the tax liability must then be multiplied by a fraction in which:

(1) The numerator is the individual's Minnesota source federal adjusted gross income as defined in section 62 of the Internal Revenue Code of 1986, as amended through December 31, 1991, ~~less the deduction allowed by section 217 of the Internal Revenue Code of 1986, as amended through December 31, 1991,~~ after applying the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

(2) the denominator is the individual's federal adjusted gross income as defined in section 62 of the Internal Revenue Code of 1986, as amended through December 31, 1991 1993, increased by the addition required for interest income from non-Minnesota state and municipal bonds under section 290.01, subdivision 19a, clause (1).

Sec. 13. Minnesota Statutes 1992, section 290.067, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT OF CREDIT.] (a) A taxpayer may take as a credit against the tax due from the taxpayer and a spouse, if any, under this chapter an amount equal to the dependent care credit for which the taxpayer is eligible pursuant to the provisions of section 21 of the Internal Revenue Code subject to the limitations provided in subdivision 2 except that in determining whether the child qualified as a dependent, income received as an aid to families with dependent children grant or allowance to or on behalf of the child must not be taken into account in determining whether the child received more than half of the child's support from the taxpayer, and the provisions of section 32(b)(1)(D) of the Internal Revenue Code of 1986, as amended through December 31, 1991, do not apply.

(b) If a child who is six years of age or less at the close of the taxable year is cared for at a licensed family day care home operated by the child's parent, the taxpayer is deemed to have paid employment-related expenses. If the child is 16 months old or younger at the close of the taxable year, the amount of expenses deemed to have been paid equals the maximum limit for one qualified individual under section 21(c) and (d) of the Internal Revenue Code. If the child is older than 16 months of age but not older than six years of age at the close of the taxable year, the amount of expenses deemed to have been paid equals the amount the licensee would charge for the care of a child of the same age for the same number of hours of care.

(c) If a married couple:

(1) has a child one year of age or less at the close of the taxable year;

(2) files a joint tax return for the taxable year; and

(3) does not participate in a dependent care assistance program as defined in section 129 of the Internal Revenue Code, in lieu of the actual employment related expenses paid for that child under paragraph (a) or the deemed amount under paragraph (b), the lesser of (i) the combined earned income of the couple or (ii) \$2,400 will be deemed to be the employment related expense paid for that child. The earned income limitation of section 21(d) of the Internal Revenue Code shall not apply to this deemed amount. These deemed amounts apply regardless of whether any employment-related expenses have been paid.

(d) If the taxpayer is not required and does not file a federal individual income tax return for the tax year, no credit is allowed for any amount paid to any person unless:

(1) the name, address, and taxpayer identification number of the person are included on the return claiming the credit; or

(2) if the person is an organization described in section 501(c)(3) of the Internal Revenue Code and exempt from tax under section 501(a) of the Internal Revenue Code, the name and address of the person are included on the return claiming the credit.

In the case of a failure to provide the information required under the preceding sentence, the preceding sentence does not apply if it is shown that the taxpayer exercised due diligence in attempting to provide the information required.

In the case of a nonresident, part-year resident, or a person who has earned income not subject to tax under this chapter, the credit determined under section 21 of the Internal Revenue Code must be allocated based on the ratio by which the earned income of the claimant and the claimant's spouse from Minnesota sources bears to the total earned income of the claimant and the claimant's spouse.

Sec. 14. Minnesota Statutes 1992, section 290.068, subdivision 2, is amended to read:

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

(a) "Qualified research expenses" means (i) qualified research expenses and basic research payments as defined in section 41(b) and (e) of the Internal Revenue Code, except it does not include expenses incurred for qualified research or basic research conducted outside the state of Minnesota pursuant to section 41(d) and (e) of the Internal Revenue Code; and (ii) contributions to a nonprofit corporation established and operated pursuant to the provisions of chapter 317A for the purpose of promoting the establishment and expansion of business in this state, provided the contributions are invested by the nonprofit corporation for the purpose of providing funds for small, technologically innovative enterprises in Minnesota during the early stages of their development.

(b) "Qualified research" means qualified research as defined in section 41(d) of the Internal Revenue Code, except that the term does not include qualified research conducted outside the state of Minnesota.

(c) "Base amount" means base amount as defined in section 41(c) of the Internal Revenue Code, except that the average annual gross receipts must be calculated using Minnesota sales or receipts under section 290.191 and the definitions contained in clauses (a) and (b) shall apply.

~~(d) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 1991.~~

Sec. 15. Minnesota Statutes 1992, section 290.0802, subdivision 1, is amended to read:

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

(a) "Adjusted gross income" means federal adjusted gross income as used in section 22(d) of the Internal Revenue Code for the taxable year, plus a lump sum distribution as defined in section 402(e)(3) of the Internal Revenue Code, and less any pension, annuity, or disability benefits included in federal gross income but not subject to state taxation other than the subtraction allowed under section 290.01, subdivision 19b, clause (4).

(b) "Disability income" means disability income as defined in section 22(c)(2)(B)(iii) of the Internal Revenue Code.

(c) ~~"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 1991.~~

(d) "Nontaxable retirement and disability benefits" means the amount of pension, annuity, or disability benefits that would be included in the reduction under section 22(c)(3) of the Internal Revenue Code and pension, annuity, or disability benefits included in federal gross income but not subject to state taxation other than the subtraction allowed under section 290.01, subdivision 19b, clause (4).

(e) (d) "Qualified individual" means a qualified individual as defined in section 22(b) of the Internal Revenue Code.

(e) "Social security benefits above the second federal threshold" means the amount of social security benefits included in federal taxable income due to the provisions of section 13215 of the Omnibus Budget Reconciliation Act of 1993, Public Law Number 103-66.

Sec. 16. Minnesota Statutes 1992, section 290.0802, subdivision 2, is amended to read:

Subd. 2. [SUBTRACTION.] (a) A qualified individual is allowed a subtraction from federal taxable income for the greater of (1) the individual's subtraction base amount or (2) the minimum amount. The excess of the subtraction base amount over the taxable net income computed without regard to the subtraction for the elderly or disabled under section 290.01, subdivision 19b, clause (5), may be used to reduce the amount of a lump sum distribution subject to tax under section 290.032.

(b)(1) The initial subtraction base amount equals

(i) ~~\$10,000~~ \$12,000 for a married taxpayer filing a joint return if a spouse is a qualified individual,

(ii) ~~\$8,000~~ \$9,600 for a single taxpayer, and

(iii) ~~\$5,000~~ \$6,000 for a married taxpayer filing a separate federal return.

(2) The qualified individual's initial subtraction base amount, then, must be reduced by the sum of nontaxable retirement and disability benefits and one-half of the amount of adjusted gross income in excess of the following thresholds:

(i) ~~\$15,000~~ \$18,000 for a married taxpayer filing a joint return if both spouses are qualified individuals,

(ii) ~~\$12,000~~ \$14,500 for a single taxpayer or for a married couple filing a joint return if only one spouse is a qualified individual, and

(iii) ~~\$7,500~~ \$9,000 for a married taxpayer filing a separate federal return.

(3) In the case of a qualified individual who is under the age of 65, the maximum amount of the subtraction base may not exceed the taxpayer's disability income.

(4) The resulting amount is the subtraction base amount.

(c) Qualified individuals who must include social security benefits above the second federal threshold in federal taxable income may claim a minimum amount equal to the lesser of

(1) the amount of social security benefits above the second federal threshold included in federal taxable income;
or

(2) a minimum amount subject to an income phase-out.

For taxable years beginning after December 31, 1993, and before January 1, 1995, the minimum amount equals

(i) \$3,750 for married individuals filing a joint return if both spouses are qualified individuals,

(ii) \$3,000 for a single taxpayer or for married individuals filing a joint return if one spouse is a qualified individual, and

(iii) \$1,875 for a married individual filing a separate return.

For taxable years beginning after December 31, 1994, and before January 1, 1996, the minimum amount equals

(i) \$2,250 for married individuals filing a joint return if both spouses are qualified individuals,

(ii) \$1,800 for a single taxpayer or for married individuals filing a joint return if one spouse is a qualified individual, and

(iii) \$1,125 for married individuals filing a separate return.

For taxable years beginning after December 31, 1995, and before January 1, 1997, the minimum amount equals

(i) \$1,000 for married individuals filing a joint return if both spouses are qualified individuals,

(ii) \$800 for a single taxpayer or for married individuals filing a joint return if one spouse is a qualified individual, and

(iii) \$500 for married individuals filing a separate return.

For taxable years beginning after December 31, 1996, the minimum amount is zero.

The minimum amount is reduced by 20 percent for each \$1,000 of adjusted gross income above an income threshold, but in no case may the minimum amount be reduced to less than zero. The income thresholds equal

(i) \$75,000 for married individuals filing a joint return if both spouses are qualified individuals,

(ii) \$60,000 for single taxpayers and for married individuals filing a joint return if only one spouse is a qualified individual, and

(iii) \$37,500 for married individuals filing a separate return.

Sec. 17. Minnesota Statutes 1993 Supplement, section 290.091, subdivision 2, is amended to read:

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

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

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

(2) the taxpayer's itemized deductions allowed in computing federal alternative minimum taxable income, but excluding the Minnesota charitable contribution deduction and ~~non-Minnesota charitable deductions to the extent they are included in federal alternative minimum taxable income under section 57(a)(6) of the Internal Revenue Code, and excluding the medical expense deduction;~~

(3) 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), to the extent included in federal alternative minimum taxable income; 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, 1992.~~
- (e) "Investment interest" means investment interest as defined in section 163(d)(3) of the Internal Revenue Code.
- (d) (c) "Tentative minimum tax" equals seven percent of alternative minimum taxable income after subtracting the exemption amount determined under subdivision 3.
- (e) (d) "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) (e) "Net minimum tax" means the minimum tax imposed by this section.

- (g) (f) "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. 18. Minnesota Statutes 1992, section 290.091, subdivision 3, is amended to read:

Subd. 3. [EXEMPTION AMOUNT.] For purposes of computing the alternative minimum tax, the exemption amount is the exemption determined under section 55(d) of the Internal Revenue Code, as amended through December 31, 1992, except that alternative minimum taxable income as determined under this section must be substituted in the computation of the phase out under section 55(d)(3).

Sec. 19. Minnesota Statutes 1992, section 290.0921, subdivision 2, is amended to read:

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

- (b) "Alternative minimum taxable net income" is alternative minimum taxable income,
 - (1) less the exemption amount, and
 - (2) apportioned or allocated to Minnesota under section 290.17, 290.191, or 290.20.
- (c) The "exemption amount" is \$40,000, reduced, but not below zero, by 25 percent of the excess of alternative minimum taxable income over \$150,000.
- (d) ~~"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 1991.~~
- (e) "Minnesota alternative minimum taxable income" is alternative minimum taxable net income, less the deductions for alternative tax net operating loss under subdivision 4; charitable contributions under subdivision 5; and dividends received under subdivision 6. The sum of the deductions under this paragraph may not exceed 90 percent of alternative minimum taxable net income. This limitation does not apply to a deduction for dividends paid to or received from a corporation which is subject to tax under section 290.35 or 290.36 and which is a member of an affiliated group of corporations as defined by the Internal Revenue Code.

Sec. 20. Minnesota Statutes 1992, section 290.35, is amended by adding a subdivision to read:

Subd. 6. [GUARANTY ASSOCIATION ASSESSMENT OFFSET.] An insurance company may offset against its corporate franchise tax liability under this chapter any amount paid pursuant to assessments made for insolvencies which occur after July 31, 1994, under sections 60C.01 to 60C.22, and any amount paid pursuant to assessments made after July 31, 1994, under Minnesota Statutes 1992, sections 61B.01 to 61B.16, or sections 61B.18 to 61B.32, as follows:

(a) Each such assessment shall give rise to an amount of offset equal to 20 percent of the amount of the assessment for each of the five calendar years following the year in which the assessment was paid.

(b) The amount of offset initially determined for each taxable year is the sum of the amounts determined under paragraph (a) for that taxable year.

(c) Each year the commissioner of revenue shall compare total guaranty association assessments levied over the preceding five calendar years to the sum of all premium tax and corporate franchise tax revenues collected from insurance companies without reduction for any guaranty association assessment offset, in the preceding calendar year, referred to in this subdivision as "preceding year insurance tax revenues." If total guaranty association assessments levied over the preceding five years exceed the preceding year insurance tax revenues, insurance companies shall be allowed only a proportionate part of the corporate franchise tax offset calculated under paragraph (b) for the current calendar year. The proportionate part of the corporate franchise tax offset allowed in the current calendar year is determined by multiplying the amount calculated under paragraph (b) by a fraction, the numerator of which equals the preceding year insurance tax revenues and the denominator of which equals total guaranty association assessments levied over the preceding five-year period. The proportionate part of the premium tax offset that is not allowed shall be carried forward to subsequent tax years and added to the amount of corporate franchise tax offset calculated under paragraph (b) before application of the limitation imposed by this paragraph. Any amount carried forward from prior years must be allowed before allowance of the offset for the current year calculated under paragraph (b). The corporate franchise tax offset limitation must be calculated separately for (1) insurance companies subject to assessment under sections 60C.01 to 60C.22, and (2) insurance companies subject to assessment under Minnesota Statutes 1992, sections 61B.01 to 61B.16, or sections 61B.18 to 61B.32. When the corporate franchise tax offset is limited by this provision, the commissioner of revenue will notify affected insurance companies on a timely basis for purposes of completing premium and corporate franchise tax returns. The guaranty associations created under sections 60C.01 to 60C.22, Minnesota Statutes 1992, 61B.01 to 61B.16, and sections 61B.18 to 61B.32, shall provide the commissioner of revenue with the necessary information on guaranty association assessments. The limitation in this paragraph is effective for offsets allowable in 1999 and thereafter.

(d) If the offset determined by the application of paragraphs (a) to (c) exceeds the greater of the insurance company's corporate franchise tax liability under this chapter prior to allowance of the credit provided by subdivision 3 or its premium tax liability under chapter 60A, then the insurance company may carry forward the excess, referred to in this subdivision as the "carryforward credit," to subsequent taxable years. The carryforward credit must be allowed as an offset against corporate franchise tax liability for the first succeeding year to the extent that the corporate franchise tax liability for that year exceeds the amount of the allowable offset for the year determined under paragraphs (a) to (c). The carryforward credit shall be reduced, but not below zero, by the greater of the amount of the carryforward credit allowed as an offset against the corporate franchise tax pursuant to this paragraph or the amount of the carryforward credit allowed as an offset against the insurance company's premium tax liability under chapter 60A pursuant to section 60A.15, subdivision 15, paragraph (d). The remainder, if any, of the carryforward credit must be carried forward to succeeding taxable years until the entire carryforward credit has been credited against the insurance company's liability for corporate franchise tax under this chapter and premium tax under chapter 60A.

(e) A refund paid by the Minnesota life and health insurance guaranty association to member insurers under Minnesota Statutes 1992, section 61B.07, subdivision 6, or section 61B.24, subdivision 6, with respect to an assessment payment which has been offset against taxes shall reduce the carryforward credit determined under paragraph (d) and, if the refund exceeds the amount of the carryforward credit, shall be repaid by the insurers to the extent of the offset to the state in the manner the commissioner of revenue requires.

Sec. 21. Minnesota Statutes 1992, section 297.01, is amended by adding a subdivision to read:

Subd. 17. [INTERNAL REVENUE CODE.] Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 1993.

Sec. 22. Minnesota Statutes 1992, section 298.017, subdivision 2, is amended to read:

Subd. 2. [DEDUCTIONS ALLOWED.] (a) In calculating the net proceeds for the purpose of determining the tax provided in section 298.015, only those expenses specifically allowed in this subdivision may be deducted from gross proceeds. The carryback or carryforward of deductions shall not be allowed.

(b) Ordinary and necessary expenses actually paid for the mining, production, processing, beneficiation, smelting, or refining of metal or mineral products for:

- (1) labor, including wages, salaries, fringe benefits, unemployment and workers' compensation insurance;
 - (2) machinery, equipment, and supplies, including any sales and use tax paid on it, except that machinery and equipment subject to depreciation shall only be deductible under clause (b)(3);
 - (3) depreciation as defined and allowed by section 167 of the Internal Revenue Code of 1986, as amended through December 31, 1986 1993;
 - (4) administrative expenses inside Minnesota; and
 - (5) reclamation costs actually incurred in Minnesota and paid in a year of production, including the payment of bonds required by the provisions of an environmental permit issued by the state of Minnesota
- are deductible.
- (c) Ordinary and necessary expenses of transporting metal or mineral products are allowed as a deduction if the costs are included in the sale price of the products.
 - (d) Expenses of exploration, research, or development in this state for the mining and processing of minerals within Minnesota paid in a production year are deductible in the production year.
 - (e) Expenses of exploration and development in Minnesota incurred prior to production must be amortized and deducted on a straight-line basis over the first five years of production.

Sec. 23. [FEDERAL CHANGES.]

The changes made by sections 13115, 13131, 13144, 13145, 13146, 13148, 13149, and 13171 of the Omnibus Budget Reconciliation Act of 1993, Public Law Number 103-66, which affect the computation of corporate alternative minimum taxable income as defined in Minnesota Statutes, section 290.0921, subdivision 3; alternative minimum taxable income of individuals, trusts, and estates as defined in Minnesota Statutes, section 290.091, subdivision 2; unrelated business taxable income, as defined in Minnesota Statutes, section 290.05, subdivision 3; and the Minnesota working family credit in Minnesota Statutes, section 290.0671, shall be in effect at the same time they become effective for federal income tax purposes.

Sec. 24. [INSTRUCTION TO REVISOR.]

In the next edition of Minnesota Statutes, the revisor of statutes shall substitute the phrase "Internal Revenue Code" for the words "Internal Revenue Code of 1986, as amended through December 31, 1992," where the phrase occurs in chapters 289A, 290, 290A, 291, and 297, except for sections 290.01, subdivision 19; 290.091, subdivision 3; 290A.03, subdivision 15; and 291.005, subdivision 1.

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, 1993," for the words "Internal Revenue Code of 1986, as amended through December 31, 1992," wherever the phrase occurs in sections 290A.03, subdivision 15; 291.005, subdivision 1; 469.174, subdivision 20; and chapter 298.

Sec. 25. [REPEALER.]

- (a) Minnesota Statutes 1992, sections 290.05, subdivision 6; and 290.067, subdivision 6, is repealed.
- (b) Minnesota Statutes 1993 Supplement, section 289A.25, subdivision 5a, is repealed.

Sec. 26. [SEVERABILITY.]

If section 1 or 7 is for any reason found by a final nonappealable order of a court of competent jurisdiction to be unconstitutional or to have an unconstitutional effect on the application of the insurance premiums tax to other insurance companies, the legislature intends that only section 1 or section 7, as appropriate, be invalid and the otherwise applicable insurance premiums tax rates apply.

Sec. 27. [EFFECTIVE DATE.]

Sections 1, 7, 13, 15, 16, and 22 are effective for taxable years beginning after December 31, 1993.

Section 2 is effective to be used as an offset against premium tax liabilities payable after November 30, 1995. If a guaranty association assessment was made before August 1, 1994, under Minnesota Statutes 1992, sections 61B.01 to 61B.16, and is revoked or invalidated, a subsequent assessment to pay the same liabilities shall not be eligible for the offset as provided for under Minnesota Statutes, section 60A.15, subdivision 15, and shall not be used in any calculation to determine the offset limitation under Minnesota Statutes, section 60A.15, subdivision 15, paragraph (c).

Sections 4 and 25, paragraph (b), are effective for installments of estimated taxes due after the day following enactment.

Section 5 is effective for taxable years beginning after December 31, 1994.

Section 8 is effective for wages paid or incurred after December 31, 1993.

Section 20 is effective to be used as an offset against tax liabilities payable after June 30, 1995. If a guaranty association assessment was made before August 1, 1994, under Minnesota Statutes 1992, sections 61B.01 to 61B.16 and is revoked or invalidated, a subsequent assessment to pay the same liabilities shall not be eligible for the offset as provided for under Minnesota Statutes, section 290.35, subdivision 6, and shall not be used in any calculation to determine the offset limitation under Minnesota Statutes, section 290.35, subdivision 6, paragraph (c).

ARTICLE 2

SALES, USE, AND MOTOR VEHICLE EXCISE TAXES

Section 1. Minnesota Statutes 1993 Supplement, section 289A.11, subdivision 1, is amended to read:

Subdivision 1. [RETURN REQUIRED.] Except as provided in section 289A.18, subdivision 4, for the month in which taxes imposed by sections 297A.01 to 297A.44 are payable, or for which a return is due, a return for the preceding reporting period must be filed with the commissioner in the form and manner the commissioner prescribes. A person making sales at retail at two or more places of business may file a consolidated return subject to rules prescribed by the commissioner. In computing the dollar amount of items on the return, the amounts are rounded off to the nearest whole dollar, disregarding amounts less than 50 cents and increasing amounts of 50 cents to 99 cents to the next highest dollar.

Notwithstanding this subdivision, a person who is not required to hold a sales tax permit under chapter 297A and who makes annual purchases of less than ~~\$5,000~~ \$18,500 that are subject to the use tax imposed by section 297A.14, may file an annual use tax return on a form prescribed by the commissioner. If a person who qualifies for an annual use tax reporting period is required to obtain a sales tax permit or makes use tax purchases in excess of ~~\$5,000~~ \$18,500 during the calendar year, the reporting period must be considered ended at the end of the month in which the permit is applied for or the purchase in excess of ~~\$5,000~~ \$18,500 is made and a return must be filed for the preceding reporting period.

Sec. 2. Minnesota Statutes 1993 Supplement, 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 purchased or leased for use in this state and used by the purchaser or lessee primarily for manufacturing, fabricating, mining, quarrying, or refining tangible personal property; to be sold ultimately at retail and 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 includes all machinery and equipment that is essential to the integrated production process. Capital equipment includes, but is not limited to:

- (1) machinery and equipment used or required to operate, control, or regulate the production equipment;
- (2) machinery and equipment used for research and development, design, quality control, and testing activities;
- (3) environmental control devices that are used to maintain conditions such as temperature, humidity, light, or air pressure when those conditions are essential to and are part of the production process; or

(4) materials and supplies necessary to construct and install machinery or equipment.

(c) 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, 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;

(2) motor vehicles taxed under chapter 297B;

(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, space heating, lighting, or safety;

(6) "farm machinery" as defined by subdivision 15, ~~"special tooling" as defined by subdivision 17, and "aquaculture production equipment" as defined by subdivision 19, and "replacement capital equipment" as defined by subdivision 20;~~ or

(7) any other item that is not essential to the integrated process of manufacturing, fabricating, mining, ~~quarrying~~, or refining.

(d) For purposes of this subdivision:

(1) "Equipment" means independent devices or tools separate from machinery but essential to an integrated production process, including computers and software, used in operating machinery and equipment; and any subunit or assembly comprising a component of any machinery or accessory or attachment parts of machinery, such as tools, dies, jigs, patterns, and molds.

(2) "Fabricating" means to make, build, create, produce, or assemble components or property to work in a new or different manner.

(3) "Machinery" means mechanical, electronic, or electrical devices, including computers and software, that are purchased or constructed to be used for the activities set forth in paragraph (a), beginning with the removal of raw materials from inventory through the completion of the product, including packaging of the product.

(4) "Manufacturing" means an operation or series of operations where raw materials are changed in form, composition, or condition by machinery and equipment and which results in the production of a new article of tangible personal property. For purposes of this subdivision, "manufacturing" includes the generation of electricity or steam to be sold at retail.

(5) "Mining" means the extraction of minerals, ores, stone, and peat.

(6) "On-line data retrieval system" means a system whose cumulation of information is equally available and accessible to all its customers.

(7) "Pollution control equipment" means machinery and equipment used to eliminate, prevent, or reduce pollution resulting from an activity described in paragraph (a).

(8) "Primarily" means machinery and equipment used 50 percent or more of the time in an activity described in paragraph (a).

(9) "Refining" means the process of converting a natural resource to a product, including the treatment of water to be sold at retail.

(e) (e) 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) (f) 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. 3. Minnesota Statutes 1992, section 297A.01, is amended by adding a subdivision to read:

Subd. 20. [REPLACEMENT CAPITAL EQUIPMENT.] (a) Replacement capital equipment means machinery and equipment, as defined in subdivision 16, that serves fundamentally or essentially the same purpose or function or that produces the same or similar end product as did the old equipment, even though it may increase speed, efficiency, or production capacity.

(b) Replacement capital equipment includes:

(1) repair and replacement parts, including accessories, whether purchased as spare parts, repair parts, or as upgrades or modifications to machinery or equipment;

(2) replacement or enhanced software used or required to operate, control, or regulate machinery or equipment;

(3) materials used for foundations that support machinery or equipment or special purpose buildings used in the production process; or

(4) all machinery and equipment that is replacing an existing piece of machinery or equipment that is essential to the integrated production process.

Sec. 4. Minnesota Statutes 1992, section 297A.02, is amended to read:

297A.02 [IMPOSITION OF TAX.]

Subdivision 1. [GENERALLY.] Except as otherwise provided in this chapter, there is imposed an excise tax of ~~six~~ 6.5 percent of the gross receipts from sales at retail made by any person in this state.

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

Subd. 3. [LIQUOR AND BEER SALES.] Notwithstanding the provisions of subdivision 1, the rate of the excise tax imposed upon sales of intoxicating liquor, as defined in section 340A.101, subdivision 14, and 3.2 percent malt liquor, as defined in section 340A.101, subdivision 19, shall be ~~8.5~~ nine percent. The 3.2 percent malt liquor is subject to taxation under this subdivision only when sold at an on-sale or off-sale municipal liquor store or other establishment licensed to sell any type of intoxicating liquor.

Subd. 4. [MANUFACTURED HOUSING.] Notwithstanding the provisions of subdivision 1, for sales at retail of manufactured homes used for residential purposes the excise tax is imposed upon 65 percent of the sales price of the home.

Subd. 5. [REPLACEMENT CAPITAL EQUIPMENT.] Notwithstanding the provisions of subdivision 1, the rate of excise tax imposed upon retail sales of replacement capital equipment is:

for purchases after June 30, 1994, and prior to July 1, 1995, 5.0 percent,

for purchases after June 30, 1995, and prior to July 1, 1996, 4.0 percent,

for purchases after June 30, 1996, and prior to July 1, 1997, 3.8 percent,

for purchases after June 30, 1997, and prior to July 1, 1998, 2.9 percent, and

for purchases after June 30, 1998, 2.0 percent.

This subdivision shall cease to be operative on July 1, 2001, or on July 1 of the earliest year thereafter, if the total employment in the manufacturing sector in this state, as determined by the commissioner of jobs and training on the preceding January 1, does not exceed by 4,500 the total employment in the manufacturing sector in the state on January 1, 1994.

Sec. 5. [297A.022] [COORDINATION OF STATE AND LOCAL SALES TAX RATES.]

In preparing and distributing a sales tax schedule for use within a local jurisdiction with a separate general sales tax, the state department of revenue shall coordinate the state, local option, and local sales tax so that a sale of \$1 reflects a tax equal to the combination of the state, local option, and local sales tax rate. The combined sales tax on other sales amounts shall also reflect the coordinated rather than the separate effects of the three sales taxes. The schedule must be coordinated as long as the local sales tax is in effect. If the sales tax percentage is changed for any of the taxes, the schedule shall be adjusted to reflect the change.

Sec. 6. Minnesota Statutes 1992, section 297A.135, subdivision 1, is amended to read:

Subdivision 1. [TAX IMPOSED.] A tax ~~of \$7.50~~ is imposed on the lease or rental in this state for not more than 28 days of a passenger automobile as defined in section 168.011, subdivision 7, a van as defined in section 168.011, subdivision 28, or a pickup truck as defined in section 168.011, subdivision 29. The tax is imposed at the rate of 6.2 percent of the sales price as defined for the purpose of imposing the sales and use tax in this chapter. The tax does not apply to the lease or rental of a hearse or limousine used in connection with a burial or funeral service. It applies whether or not the vehicle is licensed in the state.

Sec. 7. Minnesota Statutes 1992, section 297A.15, subdivision 5, is amended to read:

Subd. 5. [REFUND; APPROPRIATION.] Notwithstanding the provisions of ~~section~~ sections 297A.02, subdivision 5, and 297A.25, subdivisions 42 and 50, the tax on sales of capital equipment, replacement capital equipment, and construction materials and supplies under section 297A.25, subdivision 50, shall be imposed and collected as if the rates under sections 297A.02, subdivision 1, and 297A.021, applied. Upon application by the purchaser, on forms prescribed by the commissioner, a refund equal to the reduction in the tax due as a result of the application of the exemption under section 297A.25, subdivision 42 or 50, and the rates under sections 297A.02, subdivision 5, and 297A.021 shall be paid to the purchaser. In the case of building materials qualifying under section 297A.25, subdivision 50, where the tax was paid by a contractor, application must be made by the owner for the sales tax paid by all the contractors, subcontractors, and builders for the project. The application must include sufficient information to permit the commissioner to verify the sales tax paid for the project. The application shall include information necessary for the commissioner initially to verify that the purchases qualified as capital equipment under section 297A.25, subdivision 42, replacement capital equipment under section 297A.01, subdivision 20, or capital equipment or construction materials and supplies under section 297A.25, subdivision 50. No more than two applications for refunds may be filed under this subdivision in a calendar year. No owner may apply for a refund based on the exemption under section 297A.25, subdivision 50, before July 1, 1993. Unless otherwise specifically provided by this subdivision, the provisions of section 289A.40 apply to the refunds payable under this subdivision. There is annually appropriated to the commissioner of revenue the amount required to make the refunds.

The amount to be refunded shall bear interest at the rate in section 270.76 from the date the refund claim is filed with the commissioner.

Sec. 8. Minnesota Statutes 1992, section 297A.25, is amended by adding a subdivision to read:

Subd. 53. [SPECIAL TOOLING.] The gross receipts from the sale of special tooling are exempt.

Sec. 9. Minnesota Statutes 1992, section 297A.25, is amended by adding a subdivision to read:

Subd. 54. [USED FARM TIRES.] The first \$5,000 of gross receipts from the sales of used, remanufactured, or repaired tires for farm machinery, by a sole proprietor, in a calendar year are exempt provided that:

(1) the seller had gross receipts from all sales of less than \$10,000 in the previous year; and

(2) the tires are not retreaded.

Sec. 10. Minnesota Statutes 1992, section 297A.25, is amended by adding a subdivision to read:

Subd. 55. [CONSTRUCTION MATERIALS; CORRUGATED RECYCLING FACILITIES.] Construction materials and supplies are exempt from the tax imposed under this chapter, regardless of whether purchased by the owner or a contractor, subcontractor, or builder if:

(1) the materials and supplies are used or consumed in constructing a new facility which reduces the flow of solid waste by creating a market for recycled corrugated waste; and

(2) the recycling process of the facility produces pulp or paper from corrugated waste.

The exemption provided by this subdivision applies to construction materials and supplies purchased prior to December 31, 1997.

Sec. 11. Minnesota Statutes 1992, section 297A.25, is amended by adding a subdivision to read:

Subd. 56. [FIREFIGHTERS PERSONAL PROTECTIVE EQUIPMENT.] The gross receipts from the sale of firefighters personal protective equipment are exempt. For purposes of this subdivision, "personal protective equipment" includes: helmets (including face shields, chin straps, and neck liners), bunker coats and pants (including pant suspenders), boots, gloves, head covers or hoods, wildfire jackets, protective coveralls, goggles, self-contained breathing apparatuses, canister filter masks, personal alert safety systems, spanner belts, and all safety equipment required by the Occupational Safety and Health Administration.

Sec. 12. Minnesota Statutes 1992, section 297A.25, is amended by adding a subdivision to read:

Subd. 57. [HORSES.] The gross receipts from the sale of horses other than racehorses taxable under section 297A.01, subdivision 3, paragraph (h), are exempt.

Sec. 13. Minnesota Statutes 1992, section 297A.25, is amended by adding a subdivision to read:

Subd. 58. [PERSONAL COMPUTERS PRESCRIBED FOR USE BY SCHOOL.] The gross receipts from the sale, or the storage, use or consumption, of personal computers and related software sold by a public or private school, college, university, or business or trade school to students who are enrolled at the institutions are exempt if:

(1) the use of the personal computer, or of a substantially similar model of computer, and the related software is prescribed by the institution in conjunction with a course of study; and

(2) each student of the institution, or of a unit of the institution in which the student is enrolled, is required by the institution to purchase or otherwise to acquire and possess such a personal computer and related software as a condition of enrollment. For the purposes of this subdivision, "public school," "private school," and "business and trade schools" have the meanings given in subdivision 21.

Sec. 14. Minnesota Statutes 1992, section 297A.256, is amended to read:

297A.256 [EXEMPTIONS FOR CERTAIN NONPROFIT GROUPS.]

Subdivision 1. [FUNDRAISING SALES BY NONPROFIT GROUPS.] Notwithstanding the provisions of this chapter, the following sales made by a "nonprofit organization" are exempt from the sales and use tax.

(a)(1) All sales made by an organization for fundraising purposes if that organization exists solely for the purpose of providing educational or social activities for young people primarily age 18 and under. This exemption shall apply only if the gross annual sales receipts of the organization from fundraising do not exceed \$10,000.

(2) A club, association, or other organization of elementary or secondary school students organized for the purpose of carrying on sports, educational, or other extracurricular activities is a separate organization from the school district or school for purposes of applying the \$10,000 limit. This paragraph does not apply if the sales are derived from admission charges or from activities for which the money must be deposited with the school district treasurer under section 123.38, subdivision 2, or be recorded in the same manner as other revenues or expenditures of the school district under section 123.38, subdivision 2b.

(b) All sales made by an organization for fundraising purposes if that organization is a 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 and no part of the net earnings inure to the benefit of any private shareholders. This exemption shall apply only if the gross annual sales receipts of the organization from fundraising do not exceed \$10,000.

(c) The gross receipts from the sales of tangible personal property at, admission charges for, and sales of food, meals, or drinks at fundraising events sponsored by a nonprofit organization when the entire proceeds, except for the necessary expenses therewith, will be used solely and exclusively for charitable, religious, or educational purposes. This exemption does not apply to admission charges for events involving bingo or other gambling activities or to charges for use of amusement devices involving bingo or other gambling activities. For purposes of this clause, a "nonprofit organization" means any unit of government, corporation, society, association, foundation, or institution organized and operated for charitable, religious, educational, civic, fraternal, senior citizens' or veterans' purposes, no part of the net earnings of which enures to the benefit of a private individual.

If the profits are not used solely and exclusively for charitable, religious, or educational purposes, the entire gross receipts are subject to tax.

Each nonprofit organization shall keep a separate accounting record, including receipts and disbursements from each fundraising event. All deductions from gross receipts must be documented with receipts and other records. If records are not maintained as required, the entire gross receipts are subject to tax.

The exemption provided by this section does not apply to any sale made by or in the name of a nonprofit corporation as the active or passive agent of a person that is not a nonprofit corporation.

The exemption for fundraising events under this section is limited to no more than 24 days a year. Fundraising events conducted on premises leased or occupied for more than four days but less than 30 days do not qualify for this exemption.

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, including a tournament conducted on premises leased or occupied for more than four days.

Subd. 2. [STATEWIDE AMATEUR ATHLETIC GAMES.] Notwithstanding section 297A.01, subdivision 3, or any other provision of this chapter, the gross receipts from the following sales made to or by a nonprofit corporation designated by the Minnesota amateur sports commission to conduct a series of statewide amateur athletic games and related events, workshops, clinics are exempt:

(1) sales of tangible personal property to or the storage, use, or other consumption of tangible personal property by the nonprofit corporation; and

(2) sales of tangible personal property, admission charges, and sales of food, meals, and drinks by the nonprofit corporation at fundraising events, athletic events, or athletic facilities.

Sec. 15. [297A.2572] [AGRICULTURE PROCESSING FACILITY MATERIALS; EXEMPTION.]

Purchases of construction materials and supplies are exempt from the sales and use taxes imposed under this chapter, regardless of whether purchased by the owner or a contractor, subcontractor, or builder, if the materials and supplies are used or consumed in constructing an agriculture processing facility as defined in section 469.1811 in which the total capital investment in the processing facility is expected to exceed \$100,000,000. The tax shall be imposed and collected as if the rates under sections 297A.02, subdivision 1, and 297A.021, applied, and then refunded in the manner provided in section 297A.15, subdivision 5.

Sec. 16. Minnesota Statutes 1992, section 297A.44, subdivision 1, is amended to read:

Subdivision 1. (a) Except as provided in paragraphs (b), (c), and (d), ~~and subdivision 4,~~ all revenues, including interest and penalties, derived from the excise and use taxes imposed by sections 297A.01 to 297A.44 shall be deposited by the commissioner in the state treasury and credited to the general fund.

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

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

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

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

(d) The revenues, including interest and penalties, derived from the taxes imposed on solid waste collection services as described in section 297A.45, except for the tax imposed under section 297A.021, shall be deposited by the commissioner in the state treasury and credited to the general fund to be used for funding solid waste reduction and recycling programs.

Sec. 17. Minnesota Statutes 1993 Supplement, section 297B.03, is amended to read:

297B.03 [EXEMPTIONS.]

There is specifically exempted from the provisions of this chapter and from computation of the amount of tax imposed by it the following:

(1) Purchase or use, including use under a lease purchase agreement or installment sales contract made pursuant to section 465.71, of any motor vehicle by the United States and its agencies and instrumentalities and by any person described in and subject to the conditions provided in section 297A.25, subdivision 18.

(2) Purchase or use of any motor vehicle by any person who was a resident of another state at the time of the purchase and who subsequently becomes a resident of Minnesota, provided the purchase occurred more than 60 days prior to the date such person began residing in the state of Minnesota.

(3) Purchase or use of any motor vehicle by any person making a valid election to be taxed under the provisions of section 297A.211.

(4) Purchase or use of any motor vehicle previously registered in the state of Minnesota by any corporation or partnership when such transfer constitutes a transfer within the meaning of section 351 or 721 of the Internal Revenue Code of 1986, as amended through December 31, 1988.

(5) Purchase or use of any vehicle owned by a resident of another state and leased to a Minnesota based private or for hire carrier for regular use in the transportation of persons or property in interstate commerce provided the vehicle is titled in the state of the owner or secured party, and that state does not impose a sales or motor vehicle excise tax on motor vehicles used in interstate commerce.

(6) Purchase or use of a motor vehicle by a private nonprofit or public educational institution for use as an instructional aid in automotive training programs operated by the institution. "Automotive training programs" includes motor vehicle body and mechanical repair courses but does not include driver education programs.

(7) Purchase of a motor vehicle for use as an ambulance by an ambulance service licensed under section 144.802.

(8) Purchase of a motor vehicle by or for a public library, as defined in section 134.001, subdivision 2, as a bookmobile or library delivery vehicle.

Sec. 18. [297B.032] [REFUND ON PARK TRAILERS; APPROPRIATION.]

Notwithstanding the provisions of section 297B.02, or any other law to the contrary, a portion of the motor vehicle excise tax paid on park trailers, as defined in section 168.011, subdivision 8, paragraph (b), under chapter 297B shall be refunded by the commissioner of revenue provided the following conditions are met:

(1) the park trailer is purchased after January 1, 1993;

(2) the owner paid the motor vehicle excise tax on the park trailer;

(3) property taxes have been imposed upon the park trailer for at least the last two taxes payable years; and

(4) property taxes on the park trailer for the years cited in clause (3) have been paid by the owner of the park trailer.

Upon application by the purchaser, on forms prescribed by the commissioner of revenue, a refund equal to 35 percent of the actual taxes paid, shall be paid to the purchaser. The application must include sufficient information, including a copy of the sales invoice for the park trailer, and the property tax statements for the years cited in clause (3), or a reproduction thereof, with a notation from the county treasurer that the taxes have been paid on the park trailer.

The amounts required to make the refunds are annually appropriated to the commissioner of revenue from the general fund. The amount to be refunded shall bear interest at the rate in section 270.76 after 60 days after the refund claim was made until the date the refund is paid.

Sec. 19. Laws 1993, chapter 375, article 9, section 51, is amended to read:

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 in the case of the mining or production of taconite, Minnesota Statutes 1992, section 297A.01, subdivision 16, paragraphs (a), (b), and (c), as amended or added by section 25, are effective for refund claims filed after May 17, 1993, and except that the extension of the exemption for capital equipment used to produce an on-line computerized data retrieval system and, as provided in section 25, paragraph (d), 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.

Sec. 20. [ETHANOL MANUFACTURING FACILITY; EXEMPTIONS FOR CAPITAL EQUIPMENT PURCHASES.]

Notwithstanding the provisions of Minnesota Statutes, chapter 297A, the purchase of capital equipment by a contractor, for installation in a new ethanol manufacturing facility, is exempt from the sales and use tax. "Capital equipment" means equipment and machinery as defined in Minnesota Statutes, section 297A.01, subdivision 16, but disregarding the provision that the capital equipment must be used by the purchaser or lessee. The tax shall be imposed and refunded in the manner provided in Minnesota Statutes, section 297A.15, subdivision 5. The refund under this section is limited to a maximum of \$300,000.

Sec. 21. [INSTRUCTION TO THE REVISOR.]

In the 1994 and subsequent editions of the Minnesota Statutes, the revisor shall substitute the term "sales tax on motor vehicles" for "motor vehicle excise tax" wherever it appears.

Sec. 22. [REPEALER.]

Minnesota Statutes 1992, sections 297A.021; 297A.44, subdivision 4; and 297B.09, subdivision 3, are repealed.

Sec. 23. [EFFECTIVE DATES.]

Sections 1, 14, and 19 are effective the day following final enactment.

Sections 2, 3, 6 to 8, 11, 13, 15, and 17 are effective for sales made after June 30, 1994, provided that no refunds shall be paid under section 15 until after June 30, 1995.

Section 4, subdivision 5, and the part of subdivision 2 relating to special tooling are effective for sales made after June 30, 1994.

Section 4, subdivisions 1, 3, 4, and the part of subdivision 2 relating to farm machinery and aquaculture production equipment are effective for sales made after June 30, 1996, only upon enactment of article 3, sections 6, 7, 8, 9, 11, and 18, subdivision 2.

Section 5 is effective beginning August 1, 1994.

Section 10 is effective for sales made after January 1, 1994.

Section 12 is effective for sales made after June 30, 1995.

Sections 16 and 22 are effective July 1, 1996, only upon enactment of article 3, sections 6, 7, 8, 9, 11, and 18, subdivision 2.

Section 20 is effective for purchases made after July 1, 1993, but before July 1, 1995.

ARTICLE 3

LOCAL GOVERNMENT AIDS AND AID FUNDING

Section 1. Minnesota Statutes 1992, section 16A.711, subdivision 4, is amended to read:

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

Sec. 2. Minnesota Statutes 1992, section 16A.711, subdivision 5, is amended to read:

Subd. 5. [ADJUSTMENTS FOR LOCAL GOVERNMENT TRUST FUND REVENUES.] (a) For the second fiscal year of each biennium, the commissioner of revenue shall make adjustments in aid amounts ~~so that the based on the difference between~~ anticipated total obligations of the local government trust fund are equal to and anticipated total revenues of the local government trust fund. For purposes of this subdivision, obligations of the trust fund for any biennium include obligations to repay advances from the general fund in the previous biennium.

In the event that anticipated total obligations of the trust fund exceed 102 percent of anticipated total revenues for the biennium, each jurisdiction's aid will be reduced as provided under section 477A.0132 ~~by the amount of the expenditures over 102 percent of revenues.~~ For fiscal year 1993 only, if reductions are necessary in an amount greater than \$6,700,000, the additional reduction for the shortfall beyond \$6,700,000 will be applied only to aids under section 477A.013.

In the event that anticipated total obligations of the trust fund are less than 98 percent of anticipated total revenues for the biennium, aid amounts for the following programs will be proportionately increased to bring anticipated total expenditures ~~into conformance with up to 98 percent~~ of anticipated total revenues:

- (1) local government aid ~~and equalization aid~~ under section 477A.013;
- (2) community social services aid under section 256E.06; and
- (3) county criminal justice aid under section 477A.0121.

(b) For purposes of applying sections 16A.15 and 16A.152, the commissioner shall combine the general fund and the local government trust fund in determining whether there are sufficient receipts to fund appropriations and allotments of the two funds.

Sec. 3. Minnesota Statutes 1993 Supplement, 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) (3) \$105,000 annually to the commissioner of finance in fiscal years 1993, 1994, and 1995 to administer the trust fund; and~~
- ~~(5) (4) \$25,000 annually to the advisory commission on intergovernmental relations in fiscal years 1993, year 1994, and 1995 to pay nonlegislative members' per diem expenses and such other expenses as the commission deems appropriate; and~~
- ~~(6) \$350,000 in fiscal year 1993 and (5) \$1,200,000 in fiscal 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. 4. Minnesota Statutes 1992, section 256E.06, subdivision 5, is amended to read:

Subd. 5. [COMMUNITY SOCIAL SERVICE LEVY.] In each calendar year, for taxes payable the following year, a county board shall levy upon all taxable property in the county a tax for community social services at least equal to the amount determined in subdivisions 1 and 2. Money for community social services provided to a county by a municipal levy may, for the purposes of this section, be counted as partial fulfillment of the local levy requirement. All money available to counties pursuant to this section may be used by counties to match federal money. It is the intention of the legislature that the aid paid to counties under this section be used to provide property tax relief within the county.

Sec. 5. Minnesota Statutes 1993 Supplement, 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, \$50,762,000 in fiscal year 1994, and \$49,499,000 in fiscal year 1995, and \$50,499,000 in fiscal year 1996 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 1996 and thereafter must be used to increase each county's aid proportionately over the aid received in calendar year 1994. For calendar year 1995 only, each county's aid will be adjusted to reflect the increase that is required to occur in the second half of the calendar year.

In fiscal year 1997 and subsequent years, the amount appropriated shall be the amount appropriated under this section in the previous year, adjusted for inflation as provided under section 477A.03, subdivision 3.

Sec. 6. Minnesota Statutes 1992, section 256E.06, is amended by adding a subdivision to read:

Subd. 13. [APPROPRIATION.] In fiscal years 1997 and thereafter, there is appropriated from the general fund to the commissioner of human services for payment of aid under this section the amount appropriated in the previous year under this section, adjusted for inflation as provided under section 477A.03, subdivision 3.

Notwithstanding subdivisions 1 and 2, the increased appropriation available in fiscal year 1997 and thereafter must be used to increase each county's aid proportionately over the aid received in calendar year 1994.

Sec. 7. Minnesota Statutes 1992, section 273.138, is amended by adding a subdivision to read:

Subd. 7. [ANNUAL APPROPRIATION.] A sum sufficient to make the payments required by this section to school districts is annually appropriated from the general fund to the commissioner of education. A sum sufficient to make the payments required by this section to counties is annually appropriated from the general fund to the commissioner of revenue.

Sec. 8. Minnesota Statutes 1992, section 273.1398, is amended by adding a subdivision to read:

Subd. 8. [APPROPRIATION.] An amount sufficient to pay the aids and credits provided under this section for school districts, intermediate school districts, or any group of school districts levying as a single taxing entity, is annually appropriated from the general fund to the commissioner of education. An amount sufficient to pay the aids and credits provided under this section for counties, cities, towns, and special taxing districts is annually appropriated from the general fund to the commissioner of revenue. A jurisdiction's aid amount may be increased or decreased based on any prior year adjustments for homestead credit or other property tax credit or aid programs.

Sec. 9. Minnesota Statutes 1993 Supplement, section 273.166 is amended by adding a subdivision to read:

Subd. 5. [APPROPRIATION.] There is annually appropriated from the general fund to the commissioner of education a sum sufficient to pay the aids provided under this section for school districts, intermediate school districts, or any group of school districts levying as a single taxing entity. There is annually appropriated from the general fund to the commissioner of revenue a sum sufficient to pay the aids provided under this section to counties, cities, towns, and special taxing districts.

Sec. 10. Minnesota Statutes 1993 Supplement, section 275.065, subdivision 3, is amended to read:

Subd. 3. [NOTICE OF PROPOSED PROPERTY TAXES.] (a) The county auditor shall prepare and the county treasurer shall deliver 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, 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 determined under section 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; 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.

(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. 11. Minnesota Statutes 1993 Supplement, section 290A.23, is amended by adding a subdivision to read:

Subd. 3. [ANNUAL APPROPRIATION.] For payments made after July 1, 1996, there is annually appropriated from the general fund to the commissioner of revenue the amount necessary to make the payments required under section 290A.04, subdivisions 2 and 2h.

Sec. 12. [462C.15] [MORTGAGE CREDIT CERTIFICATE AID.]

Subdivision 1. [APPLICATION.] By May 15 of each year, a city issuing mortgage credit certificates during the previous calendar year shall report to the commissioner of trade and economic development. The report shall be in a form and contain the information necessary to determine the aid amounts, as prescribed by the commissioner. The report shall contain, at least, for each mortgage loan for which a mortgage credit certificate was issued: (1) the principal amount of the loan, (2) the interest rate on the loan, (3) the term of the loan, and (4) the credit rate.

Subd. 2. [PAYMENT OF AID.] By July 15 of each year, the commissioner of trade and economic development shall pay mortgage credit certificate aid to each city issuing certificates during the previous calendar year and submitting a timely application under subdivision 1. The amount of aid to be paid to a city for a calendar year equals the sum of the aid for each mortgage credit certificate issued by the city for a mortgage loan that is outstanding during the calendar year, assuming no prepayment of principal. The amount of mortgage credit certificate aid for each mortgage credit certificate equals eight percent multiplied by the product of the credit rate, the outstanding principal amount of the loan, and the original interest rate on the loan. For purposes of calculating the aid for a variable rate loan, the original interest rate means the interest rate that applies in the first year of the loan. For purposes of calculating the aid, the commissioner shall assume level amortization with no prepayment of principal.

Subd. 3. [USE OF AID.] The city shall transfer the aid to its housing authority to be used to provide homeownership programs to families or individuals whose incomes are at or below 80 percent of the area median income.

Subd. 4. [APPROPRIATION.] An amount sufficient to pay the aid under this section is appropriated from the general fund to the commissioner of trade and economic development.

Subd. 5. [DEFINITIONS.] The definitions in section 462C.02 apply to this section.

Sec. 13. [477A.0122] [FAMILY PRESERVATION AID.]

Subdivision 1. [PURPOSE.] The purpose of family preservation aid is to reduce the rate of increase in the costs of out-of-home placement of children and concomitant increases in county property taxes. Aids paid under this section must be used to fund family preservation programs.

Subd. 2. [DEFINITIONS.] For purposes of this section, the following definitions apply:

(a) "Children in out-of-home placement" means the total unduplicated number of children in out-of-home care as reported pursuant to section 275.0725.

(b) "Family preservation programs" means family-based services as defined in section 256F.03, subdivision 5, families first services, parent and child education programs, and day treatment services provided in cooperation with a school district or other programs as defined by the commissioner of human services.

(c) "Income maintenance caseload" means average monthly number of AFDC cases for the calendar year.

By July 1, 1994, the commissioner of human services shall certify to the commissioner of revenue the number of children in out-of-home placement in 1991 and 1992 for each county and the income maintenance caseload for each county for the most recent year available. By July 1 of each subsequent year, the commissioner of human services shall certify to the commissioner of revenue the income maintenance caseload for each county for the most recent calendar year available.

Subd. 3. [AID DISTRIBUTION; CALENDAR YEAR 1995.] For aid paid in calendar year 1995 only, one-half of the aid amount shall be paid to each county in the same proportion that the county's number of children in out-of-home placement is to the number of children in out-of-home placement for all counties within the state for 1991 and 1992, and one-half of the aid amount shall be paid to each county in the same proportion that the county's income maintenance caseload is to the income maintenance caseload for all counties within the state.

Subd. 4. [AID DISTRIBUTION; CALENDAR YEAR 1996 AND THEREAFTER.] For aid paid in calendar year 1996 and thereafter, each county shall receive the same proportion of the total aid it received in the prior year, multiplied by one plus the percentage change in the county's share of the statewide income maintenance caseload. If the amount appropriated does not equal the aid amounts calculated under this subdivision, the commissioner of revenue shall proportionately reduce or increase the aid amounts so that their sum equals the amount appropriated.

Subd. 5. [PAYMENT.] The commissioner of revenue shall pay the amounts determined under this section as provided in section 477A.015.

Subd. 6. [REPORT.] On or before March 15 of the year following the year in which the distributions under this section are received, each county shall file with the commissioner of revenue and commissioner of human services a report on prior year expenditures for out-of-home placement and family preservation, including expenditures under this section.

Sec. 14. Minnesota Statutes 1993 Supplement, section 477A.013, subdivision 1, is amended to read:

Subdivision 1. [TOWNS.] In calendar year 1990, each town that had levied for taxes payable in the prior year a local tax rate of at least .008 shall receive a distribution equal to 106 percent of the amount received in 1989 under this subdivision. In calendar years 1991 and 1992, each town that had levied for taxes payable in the prior year a local tax rate of at least .008 shall receive a distribution equal to the amount it received in the previous year under this subdivision less any permanent reductions made under section 477A.0132. In 1993, each town that had levied for taxes payable in the prior year a local tax rate of at least .008 shall receive a distribution equal to the amount it received in 1992 under this subdivision before any nonpermanent reductions made under section 477A.0132 plus \$1 per capita based on the town's population. In 1994 and thereafter each town that had levied for taxes payable in the prior year a local tax rate of at least .008 shall receive a distribution equal to the amount it received in 1993 under this section before any nonpermanent reductions made under section 477A.0132. In 1995 each town that had levied for taxes payable in 1993 a local tax rate of at least .008 shall receive a distribution equal to 102 percent of the amount it received in 1994 under this section before any increases or reductions under sections 16A.711, subdivision 5, and 477A.0132. In 1996 and subsequent years each town that had levied for taxes payable in 1993 a local tax rate of at least .008 shall receive a distribution equal to the amount it received in the previous year under this section, adjusted for inflation as provided under section 477A.03, subdivision 3.

Sec. 15. Minnesota Statutes 1993 Supplement, section 477A.013, subdivision 8, as amended by Laws 1994, chapter 416, article 1, section 59, is amended to read:

Subd. 8. [CITY FORMULA AID INCREASE.] (a) In calendar year 1994 and subsequent years, the formula 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. No city may have a formula aid amount less than zero. The need increase percentage must be the same for all cities.

Notwithstanding the prior sentence, in 1995 only, the need increase percentage for a city shall be twice the need increase percentage applicable to other cities if:

- (1) the city, in 1992 or 1993, transferred an amount from governmental funds to their sewer and water fund, and
- (2) the amount transferred exceeded their net levy for taxes payable in the year in which the transfer occurred.

The applicable need increase percentage must be the same for all cities and or percentages 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 is limited to an amount such that the total aid to the city does not exceed the sum of (1) ten percent of the city's net levy for the year prior to the aid distribution plus (2) the total aid it received in the previous year.

Sec. 16. Minnesota Statutes 1993 Supplement, section 477A.013, subdivision 9, is amended to read:

Subd. 9. [CITY AID DISTRIBUTION.] (a) In calendar year 1994 and thereafter, each city shall receive an aid distribution equal to the sum of (1) the city formula aid increase under subdivision 8, and (2) its city aid base multiplied by a percentage equal to 100 minus the base reduction percentage.

(b) The percentage increase for a first class city in calendar year 1995 and thereafter shall not exceed the percentage increase in the sum of the aid to all cities under this section in the current calendar year compared to the sum of the aid to all cities in the previous year.

(c) The total aid for any city, except a first class city, shall 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 total aid in the previous year before any increases or decreases under sections 16A.711, subdivision 5, and 477A.0132.

(d) Notwithstanding paragraph (c), in 1995 only, for cities which in 1992 or 1993 transferred an amount from governmental funds to their sewer and water fund in an amount greater than their net levy for taxes payable in the year in which the transfer occurred, the total aid shall not exceed the sum of (1) 20 percent of the city's net levy for the year prior to the aid distribution plus (2) its total aid in the previous year before any increases or decreases under sections 16A.711, subdivision 5, and 477A.0132.

Sec. 17. Minnesota Statutes 1992, section 477A.014, subdivision 5, is amended to read:

Subd. 5. [DEDUCTION FROM AID PAYMENTS.] The commissioner of revenue shall deduct the amounts certified under subdivision 4 from the aid payments to be made to appropriate local units of government in the next aid payment year. ~~Amounts must be transferred from the local government trust fund to the general fund.~~

Sec. 18. Minnesota Statutes 1992, section 477A.03, as amended by Laws 1993, chapter 375, article 4, section 20, is amended to read:

477A.03 [APPROPRIATION.]

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, 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. For aid payable in 1995, the total aid paid to cities under section 477A.013, subdivision 9, is limited to \$337,249,600. For aid payable in 1996 and thereafter, the total aid paid to cities under section 477A.013, subdivision 9, is limited to the amount paid in the previous year, adjusted for inflation as provided under subdivision 3.~~

~~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. Aid payments to counties under section 477A.0121 are limited to \$8,400,000 in 1994 and \$10,000,000 in 1995. For aid payable in 1996 and thereafter, payments to counties under section 477A.0121 are limited to the amount paid in the previous year, adjusted for inflation as provided under subdivision 3.~~

~~For aid payable in 1995, payments to counties under section 477A.0122 are limited to \$1,500,000. For aids payable in 1996 and thereafter, payments to counties under section 477A.0122 are limited to the amount paid in the previous year, adjusted for inflation as provided under subdivision 3.~~

Subd. 2. [ANNUAL APPROPRIATION.] A sum sufficient to discharge the duties imposed by sections 477A.011 to 477A.014 is annually appropriated from the general fund to the commissioner of revenue. For aids payable in 1996 and thereafter, the total aids paid under sections 477A.013, subdivision 9, 477A.0121, and 477A.0122 are the amounts certified to be paid in the previous year, adjusted for inflation as provided under subdivision 3.

Subd. 3. [INFLATION ADJUSTMENT.] In 1996 and thereafter, the amount paid under each section to be adjusted for inflation shall be increased by an amount equal to:

(a) the amount certified to be paid under that section in the previous year multiplied by

(b) one plus the percentage increase in the implicit price deflator for state and local government purchases of goods and services prepared by the Bureau of Economic Analysis of the United States Department of Commerce for the 12-month period ending March 31 of the previous year. The percentage increase used in this subdivision shall be no less than 2.5 percent and no greater than 5.0 percent.

Sec. 19. [APPROPRIATIONS.]

Subdivision 1. [SPECIAL EDUCATION AID.] \$17,500,000 is appropriated in fiscal year 1994 from the general fund to the department of education for special education aid to school districts. This appropriation is available until June 30, 1995. This amount is added to the appropriations for aid for special education programs contained in Laws 1993, chapter 224, article 3, section 38, subdivisions 2, 4, 8, 11, and 14. This amount is appropriated to eliminate the fiscal year 1993 deficiencies and reduce the fiscal year 1995 deficiencies in the appropriations in those subdivisions. The department must reduce a school district's payable 1995 levy limitations by the full amount of the aid payments made to the school district according to this subdivision. This appropriation shall not be included in determining the amount of a deficiency in the special education programs for fiscal year 1995 for the purpose of allocating any excess appropriations to aid or grant programs with insufficient appropriations as provided in Minnesota Statutes, section 124.14, subdivision 7. Notwithstanding Minnesota Statutes, section 124.195, subdivision 10, 100 percent of this appropriation must be paid in fiscal years 1994 and 1995. This appropriation is not to be included in a base budget for future fiscal years.

Subd. 2. [ABATEMENT AID.] \$2,500,000 is appropriated in fiscal year 1995 from the general fund to the department of education for abatement aid to school districts. This amount is added to the appropriation for abatement aid for fiscal year 1995 contained in Laws 1993, chapter 224, article 8, section 22, subdivision 2. This amount is appropriated to reduce a deficiency in that appropriation. The department must reduce a school district's payable 1995 levy limitations by the full amount of the aid payments made to the school district according to this subdivision. This appropriation shall not be included in determining the amount of the deficiency in the abatement aid program for fiscal year 1995 for the purpose of allocating any excess appropriations to aid or grant programs with insufficient appropriations as provided in Minnesota Statutes, section 124.14, subdivision 7. Notwithstanding Minnesota Statutes, section 124.195, subdivision 10, 100 percent of the appropriation in this section must be paid in fiscal year 1995. This appropriation is not to be included in a base budget for future fiscal years.

Sec. 20. [ELIMINATION OF LOCAL GOVERNMENT TRUST FUND.]

The local government trust fund is eliminated as a separate fund in the state treasury as of July 1, 1996. Any money or deficit in the local government trust fund on that date is transferred to the general fund.

Sec. 21. [REPEALER.]

(a) Minnesota Statutes 1992, sections 3.862 and 477A.012, subdivision 6 are repealed.

(b) Minnesota Statutes 1992, sections 16A.711, 273.1381, 273.1398, subdivision 7, and 477A.0132, as amended by Laws 1994, chapter 416, article 1, section 60; and Minnesota Statutes 1993 Supplement, sections 16A.712, 256E.06, subdivision 12, 273.166, subdivision 4, 290A.23, subdivision 2, 477A.03, subdivision 1, and Laws 1973, chapter 650, article 24, section 6, as amended by Laws 1974, chapter 257, section 4 are repealed.

Sec. 22. [EFFECTIVE DATES.]

Sections 1 to 5, 12, 18, subdivisions 1 and 3, and 21, paragraph (a) are effective July 1, 1994.

Except as otherwise provided, sections 6 to 11, 17, 18, subdivision 2, 20, and 21, paragraph (b) are effective July 1, 1996.

Sections 6 to 11, 17, 18, subdivision 2, 20, and 21, paragraph (b) are not severable, and each is effective only upon final enactment of all of them.

Sections 13 to 16 are effective for aid payable in 1995 and thereafter.

Section 19 is effective the day following final enactment.

ARTICLE 4

PROPERTY TAX REFUNDS

Section 1. Minnesota Statutes 1992, section 290A.04, subdivision 2, is amended to read:

Subd. 2. [HOMEOWNERS.] A claimant whose property taxes payable are in excess of the percentage of the household income stated below shall pay an amount equal to the percent of income shown for the appropriate household income level along with the percent to be paid by the claimant of the remaining amount of property taxes payable. The state refund equals the amount of property taxes payable that remain, up to the state refund amount shown below.

Household Income	Percent of Income	Percent Paid by Claimant	Maximum State Refund
\$0 to 999	1.2 percent	22 <u>18</u> percent	\$400 <u>\$440</u>
<u>1,029</u>			
1,000 to 1,999	1.3 percent	24 <u>18</u> percent	\$400 <u>\$440</u>
<u>1,030 to 2,059</u>			
2,000 to 2,999	1.4 percent	26 <u>20</u> percent	\$400 <u>\$440</u>
<u>2,060 to 3,099</u>			
3,000 to 3,999	1.6 percent	28 <u>20</u> percent	\$400 <u>\$440</u>
<u>3,100 to 4,129</u>			
4,000 to 4,999	1.7 percent	30 <u>20</u> percent	\$400 <u>\$440</u>
<u>4,130 to 5,159</u>			
5,000 to 5,999	1.9 percent	33 <u>25</u> percent	\$400 <u>\$440</u>
<u>5,160 to 6,189</u>			
6,000 to 6,999	1.9 percent	35 percent	\$400
<u>6,000 to 6,999</u>			
7,000 to 7,999	2.1 percent	38 <u>25</u> percent	\$400 <u>\$440</u>
<u>7,230 to 8,259</u>			
8,000 to 8,999	2.2 percent	40 <u>25</u> percent	\$400 <u>\$440</u>
<u>8,260 to 9,289</u>			
9,000 to 9,999	2.3 percent	42 <u>30</u> percent	\$400 <u>\$440</u>
<u>9,290 to 10,319</u>			
10,000 to 10,999	2.4 percent	45 <u>30</u> percent	\$400 <u>\$440</u>
<u>10,320 to 11,349</u>			
11,000 to 11,999	2.5 percent	48 <u>30</u> percent	\$400 <u>\$440</u>
<u>11,350 to 12,389</u>			
12,000 to 13,999	2.6 percent	48 <u>30</u> percent	\$400 <u>\$440</u>
<u>12,390 to 14,449</u>			
14,000 to 14,999	2.8 percent	48 <u>35</u> percent	\$400 <u>\$440</u>
<u>14,450 to 15,479</u>			
15,000 to 15,999	3.0 percent	50 <u>35</u> percent	\$400 <u>\$440</u>
<u>15,480 to 16,509</u>			
16,000 to 16,999	3.2 percent	50 <u>40</u> percent	\$400 <u>\$440</u>
<u>16,510 to 17,549</u>			
17,000 to 20,999	3.3 percent	50 <u>40</u> percent	\$400 <u>\$440</u>
<u>17,550 to 21,669</u>			
21,000 to 23,999	3.4 percent	50 <u>45</u> percent	\$400 <u>\$440</u>
<u>21,670 to 24,769</u>			
24,000 to 24,999	3.5 percent	50 percent	\$400
<u>24,000 to 24,999</u>			
25,000 to 27,999	3.5 percent	50 percent	\$400
<u>25,000 to 27,999</u>			
28,000 to 29,999	3.5 percent	50 <u>45</u> percent	\$400 <u>\$440</u>
<u>24,770 to 30,959</u>			
30,000 to 34,999	3.5 percent	55 <u>45</u> percent	\$400 <u>\$440</u>
<u>30,960 to 36,119</u>			
35,000 to 39,999	3.7 percent	55 <u>50</u> percent	\$400 <u>\$440</u>
<u>36,120 to 41,279</u>			
40,000 to 56,999	4.0 percent	55 percent	\$400
<u>40,000 to 56,999</u>			
57,000 to 57,999	4.0 percent	55 <u>50</u> percent	\$300 <u>\$440</u>

Household Income	Percent of Income	Percent Paid by Claimant	Maximum State Refund
<u>41,280 to 58,829</u>			
<u>58,000 to 58,999</u>	4.0 percent	55 <u>50</u> percent	\$200 <u>\$310</u>
<u>58,830 to 59,859</u>	4.0 percent	55 <u>50</u> percent	\$100 <u>\$210</u>
<u>59,000 to 59,999</u>			
<u>59,860 to 60,889</u>	4.0 percent	50 percent	\$100
<u>60,890 to 61,929</u>			

The payment made to a claimant shall be the amount of the state refund calculated under this subdivision. No payment is allowed if the claimant's household income is ~~\$60,000~~ \$61,930 or more.

Sec. 2. Minnesota Statutes 1992, section 290A.04, subdivision 2a, is amended to read:

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

Household Income	Percent of Income	Percent Paid by Claimant	Maximum State Refund
<u>\$0 to 999</u>	1.0 percent	9 <u>5</u> percent	\$1,000
<u>3,099</u>			<u>\$1,030</u>
<u>1,000 to 1,999</u>	1.0 percent	9 percent	\$1,000
<u>2,000 to 2,999</u>	1.0 percent	10 percent	\$1,000
<u>3,000 to 3,999</u>	1.0 percent	10 percent	\$1,000
<u>3,100 to 4,129</u>			<u>\$1,030</u>
<u>4,000 to 4,999</u>	1.1 percent	11 <u>10</u> percent	\$1,000
<u>4,130 to 5,159</u>			<u>\$1,030</u>
<u>5,000 to 5,999</u>	1.2 percent	12 percent	\$1,000
<u>6,000 to 6,999</u>	1.2 percent	13 <u>10</u> percent	\$1,000
<u>5,160 to 7,229</u>			<u>\$1,030</u>
<u>7,000 to 7,999</u>	1.3 percent	14 <u>15</u> percent	\$1,000
<u>7,230 to 9,289</u>			<u>\$1,030</u>
<u>8,000 to 8,999</u>	1.3 percent	15 percent	\$1,000
<u>9,000 to 9,999</u>	1.4 percent	16 <u>15</u> percent	\$1,000
<u>9,290 to 10,319</u>			<u>\$1,030</u>
<u>10,000 to 10,999</u>	1.4 percent	17 <u>20</u> percent	\$1,000
<u>10,320 to 11,349</u>			<u>\$1,030</u>
<u>11,000 to 11,999</u>	1.5 percent	19 percent	\$1,000
<u>12,000 to 12,999</u>	1.5 percent	21 <u>20</u> percent	\$1,000
<u>11,350 to 13,419</u>			<u>\$1,030</u>
<u>13,000 to 13,999</u>	1.6 percent	23 <u>20</u> percent	\$1,000
<u>13,420 to 14,449</u>			<u>\$1,030</u>
<u>14,000 to 14,999</u>	1.7 percent	24 <u>25</u> percent	\$1,000
<u>14,450 to 15,479</u>			<u>\$1,030</u>
<u>15,000 to 15,999</u>	1.8 percent	26 percent	\$1,000
<u>16,000 to 16,999</u>	1.8 percent	27 <u>25</u> percent	\$1,000
<u>15,480 to 17,549</u>			<u>\$1,030</u>
<u>17,000 to 17,999</u>	1.9 percent	28 <u>30</u> percent	\$1,000
<u>17,550 to 18,579</u>			<u>\$1,030</u>
<u>18,000 to 18,999</u>	2.0 percent	30 percent	\$1,000
<u>18,580 to 19,609</u>			<u>\$1,030</u>
<u>19,000 to 19,999</u>	2.2 percent	32 <u>30</u> percent	\$1,000
<u>19,610 to 20,639</u>			<u>\$1,030</u>
<u>20,000 to 20,999</u>	2.4 percent	34 <u>30</u> percent	\$1,000
<u>20,640 to 21,669</u>			<u>\$1,030</u>
<u>21,000 to 21,999</u>	2.6 percent	36 <u>35</u> percent	\$1,000
<u>21,670 to 22,709</u>			<u>\$1,030</u>
<u>22,000 to 22,999</u>	2.7 percent	37 <u>35</u> percent	\$1,000

Household Income	Percent of Income	Percent Paid by Claimant	Maximum State Refund
22,710 to 23,739			\$1,030
23,000 to 23,999	2.8 percent	38 35 percent	\$1,000
23,740 to 24,769			\$1,030
24,000 to 24,999	2.9 percent	40 percent	\$1,000
24,770 to 25,799			\$1,030
25,000 to 25,999	3.0 percent	43 40 percent	\$1,000
25,800 to 26,839			\$1,030
26,000 to 26,999	3.1 percent	43 40 percent	\$1,000
26,840 to 27,869			\$1,030
27,000 to 27,999	3.2 percent	45 40 percent	\$1,000
27,870 to 28,899			\$1,030
28,000 to 28,999	3.3 percent	47 45 percent	\$ 900
28,900 to 29,929			\$ 930
29,000 to 29,999	3.4 percent	47 45 percent	\$ 800
29,930 to 30,959			\$ 830
30,000 to 30,999	3.5 percent	48 45 percent	\$ 700
30,960 to 31,999			\$ 720
31,000 to 31,999	3.5 percent	48 50 percent	\$ 600
32,000 to 33,029			\$ 620
32,000 to 32,999	3.5 percent	50 percent	\$ 500
33,030 to 34,059			\$ 520
33,000 to 33,999	3.5 percent	50 percent	\$ 300
34,060 to 35,089			\$ 310
34,000 to 34,999	3.5 percent	50 percent	\$ 100
35,090 to 36,119			

The payment made to a claimant is the amount of the state refund calculated under this subdivision. No payment is allowed if the claimant's household income is ~~\$35,000~~ \$36,120 or more.

Sec. 3. Minnesota Statutes 1993 Supplement, section 290A.04, subdivision 2h, as amended by Laws 1994, chapter 383, section 1, 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 and occupied by the same owner on January 2 of both years, and the amount of that increase is \$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~~ 60 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.

The maximum refund allowed under this subdivision is ~~\$1,500~~ \$1,000.

(b) For purposes of this subdivision, the following terms have the meanings given:

(1) "Net property taxes payable" means property taxes payable minus 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.

(d) On or before December 1, 1994 ~~and 1995~~, the commissioner shall estimate the cost of making the payments provided by this subdivision for taxes payable in ~~the following year 1996~~. Notwithstanding the open appropriation provision of section 290A.23, if the estimated total refund claims for taxes payable in 1995 and 1996 exceed \$5,500,000, for each of the two 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 1995, or for taxes

payable in 1996 first reduce the 60 percent refund rate enough, but to no lower a rate than 50 percent, so that the estimated total refund claims do not exceed \$5,500,000. If the commissioner estimates that total claims will exceed \$5,500,000 at a 50 percent refund rate, the commissioner shall also reduce the \$1,000 maximum refund amount by enough so that total estimated refund claims do not exceed \$5,500,000.

The determinations of the revised thresholds by the commissioner are not rules subject to chapter 14.

(e) Upon request, the appropriate county official shall make available the names and addresses of the property taxpayers who may be eligible for the additional property tax refund under this section. The information shall be provided on a magnetic computer disk. The county may recover its costs by charging the person requesting the information the reasonable cost for preparing the data. The information may not be used for any purpose other than for notifying the homeowner of potential eligibility and assisting the homeowner, without charge, in preparing a refund claim.

Sec. 4. Minnesota Statutes 1993 Supplement, section 290A.04, subdivision 6, is amended to read:

Subd. 6. [INFLATION ADJUSTMENT.] Beginning for property tax refunds payable in calendar year ~~1995~~ 1996, 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 use the appropriate percentage increase to annually adjust the income thresholds and maximum refunds under subdivisions 2 and 2a for inflation without regard to whether or not the income tax brackets are adjusted for inflation in that year. 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 procedure act.

Sec. 5. Minnesota Statutes 1993 Supplement, section 290A.23, subdivision 1, is amended to read:

Subdivision 1. [RENTERS CREDIT.] ~~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, subdivision 2a. 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.~~

Sec. 6. [EFFECTIVE DATE.]

Sections 1 to 4 are effective for refunds based on property taxes paid in 1995 and thereafter and for rent paid in 1994 and thereafter.

ARTICLE 5

PROPERTY TAXES

Section 1. Minnesota Statutes 1992, section 271.06, subdivision 7, is amended to read:

Subd. 7. [RULES.] (a) Except as provided in section 278.05, subdivision 6, the rules of evidence and civil procedure for the district court of Minnesota shall govern the procedures in the tax court, where practicable. The tax court may adopt rules under chapter 14. The rules in effect on January 1, 1989, apply until superseded.

(b) ~~Notwithstanding paragraph (a), information, including income and expense figures, verified net rentable areas, and anticipated income and expenses, for income-producing property which is not provided to the county assessor at least 45 days before any hearing under this chapter, is not admissible except if necessary to prevent undue hardship or when the failure to provide it was due to the unavailability of the evidence at that time.~~

~~(c) Notwithstanding paragraph (a) and provided that the information as contained in paragraph (b) is timely submitted to the county assessor, the county assessor shall furnish the petitioner at least five days before the hearing under this chapter with the property's appraisal, if any, which will be presented to the court at the hearing. The petitioner shall furnish to the county assessor at least five days before the hearing under this chapter with the property's appraisal, if any, which will be presented to the court at the hearing. An appraisal of the petitioner's property done by or for the county or by or for the petitioner shall not be admissible as evidence if the provisions within this paragraph are not met.~~

Sec. 2. Minnesota Statutes 1992, section 273.061, is amended by adding a subdivision to read:

Subd. 8a. [ADDITIONAL POWERS AND DUTIES OF THE COMMISSIONER OF REVENUE, COUNTY ASSESSORS AND LOCAL ASSESSORS.] Notwithstanding any provision of law to the contrary, in order to promote a uniform assessment and review of assessments, the commissioner of revenue, county assessors and local assessors may exchange data on property which are classified under chapter 13 as public, nonpublic or private. The data for any property may include but is not limited to its sales, income, expenses, vacancies, rentable or usable areas, anticipated income and expenses, projected vacancies, lease information, and private multiple listing service data. Data exchanged under this provision that is classified as nonpublic or private data shall retain its classification.

Sec. 3. Minnesota Statutes 1993 Supplement, section 273.11, subdivision 1a, is amended 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 subdivision 16.

The provisions of this subdivision shall be in effect only for assessment years 1993 through 1998 1997.

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 subdivision 16, shall be used.

Sec. 4. Minnesota Statutes 1993 Supplement, section 273.11, subdivision 16, is amended 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 (1) the house is at least 35 years old at the time of the improvement and (2) either (a) the assessor's estimated market value of the house on January 2 of the current year is equal to or less than \$150,000, or (b) if the estimated market value of the house is over \$150,000 market value but is less than \$300,000 on January 2 of the current year, the property qualifies if

(i) it is located in a city or town in which 50 percent or more of the homes were constructed before 1960 based upon the 1990 federal census, and

(ii) the city or town's median family income based upon the 1990 federal census is less than the statewide median family income based upon the 1990 federal census.

Any house which has an estimated market value of \$300,000 or more on January 2 of the current year is not eligible to receive any property valuation exclusion under this section. For purposes of determining this eligibility, "house" means land and buildings.

The age of a residence is the number of years that the residence has existed at its present site. 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 prior to commencement of the improvement. If the property lies in a jurisdiction which is not subject to a building permit process, the Any improvement must add at least \$1,000 to the value of the property to be eligible for exclusion under this subdivision. Only improvements to the structure which is the residence of the qualifying

homesteader or the construction of or improvements to no more than one two-car garage per residence qualify for the provisions of this subdivision. If an improvement was begun between January 2, 1992, and January 2, 1993, any value added from that improvement for the January 1994 and subsequent assessments shall qualify for exclusion under this subdivision provided that a building permit was obtained for the improvement between January 2, 1992, and January 2, 1993. Whenever a building permit is issued for property currently classified as homestead, the issuing jurisdiction shall notify the assessor property owner of the possibility of valuation exclusion under this subdivision. The assessor may ~~shall~~ require an application ~~process and~~, including documentation of the age of the house from the owner, if unknown by the assessor. The application may be filed subsequent to the date of the building permit provided that the application is filed prior to the next assessment date.

After the adjournment of the 1994 county board of equalization meetings, no exclusion may be granted for an improvement by a local board of review or county board of equalization unless (1) a building permit was issued prior to the commencement of the improvement if the jurisdiction requires a building permit, and (2) an application was completed on a timely basis. No abatement of the taxes for qualifying improvements may be granted by a county board unless (1) a building permit was issued prior to commencement of the improvement if the jurisdiction requires a building permit, and (2) an application was completed on a timely basis.

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. Improvements made by an occupant who is the purchaser of the property under a conditional purchase contract do not qualify under this subdivision unless the seller of the property is a governmental entity. The qualifying value of the property shall be computed based upon the increase from that structure's market value as of January 2 preceding the acquisition of the property by the governmental entity.

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 subdivision may result from up to three separate improvements to the homestead. The application shall state, in clear language, that if more than three improvements are made to the qualifying property, a taxpayer may choose which three improvements are eligible, provided that after the taxpayer has made the choice and any valuation attributable to those improvements has been excluded from taxation, no further changes can be made by the taxpayer.

If 50 percent or more of the square footage of a structure is voluntarily razed or removed, the valuation increase attributable to any subsequent improvements to the remaining structure does not qualify for the exclusion under this subdivision. If a structure is unintentionally or accidentally destroyed by a natural disaster, the property is eligible for an exclusion under this subdivision provided that the structure was not completely destroyed. The qualifying value on property destroyed by a natural disaster shall be computed based upon the increase from that structure's market value as determined on January 2 of the year in which the disaster occurred. A property receiving benefits under the homestead disaster provisions under section 273.123 is not disqualified from receiving an exclusion under this subdivision. If any combination of improvements made to a structure after January 1, 1993, increases the size of the structure by 100 percent or more, the valuation increase attributable to the portion of the improvement that causes the structure's size to exceed 100 percent does not qualify for exclusion under this subdivision.

Sec. 5. Minnesota Statutes 1993 Supplement, section 273.11, is amended by adding a subdivision to read:

Subd. 17. [DISCLOSURE OF VALUATION EXCLUSION.] No seller of real property shall sell or offer for sale property that, for purposes of property taxation, has an exclusion from market value for home improvements under 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. 6. Minnesota Statutes 1992, section 273.111, subdivision 11, is amended to read:

Subd. 11. The payment of special local assessments levied after June 1, 1967 for improvements made to any real property described in subdivision 3 together with the interest thereon shall, on timely application as provided in subdivision 8, be deferred as long as such property meets the conditions contained in subdivisions 3 and 6 or is

transferred to an agricultural preserve under sections 473H.02 to 473H.17. If special assessments against the property have been deferred pursuant to this subdivision, the governmental unit shall file with the county recorder in the county in which the property is located a certificate containing the legal description of the affected property and of the amount deferred. When such property no longer qualifies under subdivisions 3 and 6, all deferred special assessments plus interest shall be payable in equal installments spread over the time remaining until the last maturity date of the bonds issued to finance the improvement for which the assessments were levied. If the bonds have matured, the deferred special assessments plus interest shall be payable within 90 days. The provisions of section 429.061, subdivision 2, apply to the collection of these installments. Penalty shall not be levied on any such special assessments if timely paid.

Sec. 7. Minnesota Statutes 1993 Supplement, section 273.112, subdivision 3, is amended to read:

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

(a) actively and exclusively devoted to golf, skiing, lawn bowling, croquet, 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 a lawn bowling or croquet green or an archery or firearms range;

(c)(1) operated by private individuals or, in the case of a lawn bowling or croquet green, by private individuals or corporations, 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 or open to the public, 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. 8. Minnesota Statutes 1993 Supplement, section 273.124, subdivision 1, is amended to read:

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

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

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

Property of a trustee, beneficiary, or grantor of a trust is not disqualified from receiving homestead benefits if the homestead requirements under this chapter are satisfied.

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 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, father, or mother of the owner of the agricultural property or a son or daughter of the spouse 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.

(e) In the case of property owned by a property owner who is married, the assessor must not deny homestead treatment in whole or in part if only one of the spouses occupies the property and the other spouse is absent due to: (1) marriage dissolution proceedings, (2) legal separation, (3) employment or self-employment in another location as provided under subdivision 13, or (4) residence in a nursing home or boarding care facility.

Sec. 9. Minnesota Statutes 1993 Supplement, 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 who occupy the property or by the qualifying relative 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.

(c) Every property owner applying for homestead classification must furnish to the county assessor the social security number of each occupant who is listed as an owner of the property on the homestead application deed of record, and the name and address of each owner who does not occupy the property, and the name and social security number of each owner's spouse who occupies the property. The application must be signed by each owner who occupies the property and by each owner's spouse who occupies the property, or, in the case of property that qualifies as a homestead under subdivision 1, paragraph (c), by the qualifying relative.

If a property owner occupies a homestead, the property owner's spouse may not claim another property as a homestead unless the property owner and the property owner's spouse file with the assessor an affidavit or other proof required by the assessor stating that the property owner's spouse does not occupy the homestead because marriage dissolution proceedings are pending, the spouses are legally separated, or the spouse's employment or self-employment location requires the spouse to have a separate homestead. The assessor may require proof of employment or self-employment and employment or self-employment location, or proof of dissolution proceedings or legal separation.

If the social security number or affidavit or other proof is not provided, the county assessor shall classify the property as nonhomestead.

The social security numbers or affidavits or other proofs of the property owners and spouses 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.

(d) 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 who is related to an occupant of the property shall be required on the homestead application filed under this subdivision. If a different relative of the owner subsequently occupies the property, the owner of the property must notify the assessor within 30 days of the change in occupancy. The social security number of a relative occupying the property is private data on individuals as defined by section 13.02, subdivision 12, but may be disclosed to the commissioner of revenue.

(e) 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, or any assessment year thereafter, 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 assessor 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.

(f) If the 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. Beginning with assessment year 1993 for all properties, 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.

(g) 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 and the property owner's spouse occupying the property, or relative of a property owner, applying for homestead classification under this subdivision. The commissioner shall use the information provided on the lists as appropriate under the law, including for the detection of improper claims by owners, or relatives of owners, under chapter 290A.

(h) 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.

(i) 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.

(j) 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.

(k) In addition to lists of homestead properties, the commissioner may ask the counties to furnish lists of all properties and the record owners.

Sec. 10. Minnesota Statutes 1993 Supplement, section 273.13, subdivision 23, is amended to read:

Subd. 23. [CLASS 2.] (a) Class 2a property is agricultural land including any improvements that is homesteaded. The market value of the house and garage and immediately surrounding one acre of land has the same class rates as class 1a property under subdivision 22. The value of the remaining land including improvements up to \$115,000 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 one 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 1.5 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; (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; or (4) a landing area or public access area of a privately owned public use airport. Class 2b property has a net class rate of 1.5 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; and

(5) game birds and waterfowl bred and raised for use on a shooting preserve licensed under section 97A.115.

(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.

(g) To qualify for classification under paragraph (b), clause (4), a privately owned public use airport must be licensed as a public airport under section 360.018. For purposes of paragraph (b), clause (4), "landing area" means that part of a privately owned public use airport properly cleared, regularly maintained, and made available to the public for use by aircraft and includes runways, taxi-ways, aprons, and sites upon which are situated landing or navigational aids. A landing area also includes land underlying both the primary surface and the approach surfaces that comply with all of the following:

(i) the land is properly cleared and regularly maintained for the primary purposes of the landing, taking off, and taxiing of aircraft; but that portion of the land that contains facilities for servicing, repair, or maintenance of aircraft is not included as a landing area;

(ii) the land is part of the airport property; and

(iii) the land is not used for commercial or residential purposes.

The land contained in a landing area under paragraph (b), clause (4), must be described and certified by the commissioner of transportation. The certification is effective until it is modified, or until the airport or landing area no longer meets the requirements of paragraph (b), clause (4). For purposes of paragraph (b), clause (4), "public access area" means property used as an aircraft parking ramp, apron, or storage hangar, or an arrival and departure building in connection with the airport.

Sec. 11. Minnesota Statutes 1993 Supplement, 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 three percent of the first \$100,000 of market value for taxes payable in 1993 and thereafter, and 5.06 percent of the market value over \$100,000. In the case of state-assessed commercial, industrial, and utility property owned by one person or entity, only one parcel has a reduced class rate on the first \$100,000 of market value. In the case of other commercial, industrial, and utility property owned by one person or entity, only one parcel in each county has a reduced class rate on the first \$100,000 of market value, 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; and

(3) in the case of property owned by a nonprofit charitable organization that qualifies for tax exemption under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1993, if the property is used as a business incubator, the limitation to one parcel per owner per county for the reduced class rate shall not apply, provided that the reduced rate applies only to the first \$100,000 of value per parcel owned by the organization. As used in this clause, a "business incubator" is a facility used for the development of nonretail businesses, offering access to equipment, space, services, and advice to the tenant businesses, for the purpose of encouraging economic development, diversification, and job creation in the area served by the organization.

To receive the reduced class rate on additional parcels under clauses clause (1) and (2), or (3), the taxpayer must notify the county assessor that the taxpayer owns more than one parcel that qualifies under clause (1) or (2), or (3).

(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. 12. Minnesota Statutes 1992, section 273.165, subdivision 1, is amended to read:

Subdivision 1. [MINERAL INTEREST.] "Mineral interest," for the purpose of this subdivision, means an interest in any minerals, including but not limited to gas, coal, oil, or other similar interest in real estate, which is owned separately and apart from the fee title to the surface of such real property. Mineral interests which are filed for record in the offices of either the county recorder or registrar of titles, whether or not filed pursuant to sections 93.52 to 93.58, are taxed as provided in this subdivision unless specifically excluded by this subdivision. A tax of ~~25~~ 40 cents per acre or portion of an acre of mineral interest is imposed and is payable annually. If an interest is a fractional undivided interest in an area, the tax due on the interest per acre or portion of an acre is equal to the product obtained by multiplying the fractional interest times ~~25~~ 40 cents, computed to the nearest cent. However, the minimum annual tax on any mineral interest is ~~\$2~~ \$3.20. No such tax on mineral interests is imposed on the following: (1) mineral interests valued and taxed under other laws relating to the taxation of minerals, gas, coal, oil, or other similar interests; or (2) mineral interests which are exempt from taxation pursuant to constitutional or related statutory provisions. Taxes received under this subdivision must be apportioned to the taxing districts included in the area taxed in the same proportion as the surface interest local tax rate of a taxing district bears to the total local tax rate applicable to surface interests in the area taxed. The tax imposed by this subdivision is not included within any limitations as to rate or amount of taxes which may be imposed in an area to which the tax imposed by this

subdivision applies. The tax imposed by this subdivision does not cause the amount of other taxes levied or to be levied in the area, which are subject to any such limitation, to be reduced in any amount. Twenty percent of the revenues received from the tax imposed by this subdivision must be distributed under the provisions of section 116j.64.

Sec. 13. Minnesota Statutes 1993 Supplement, section 276.04, subdivision 2, is amended to read:

Subd. 2. [CONTENTS OF TAX STATEMENTS.] (a) The treasurer shall provide for the printing of the tax statements. The commissioner of revenue shall prescribe the form of the property tax statement and its contents. The statement must contain a tabulated statement of the dollar amount due to each taxing authority from the parcel of real property for which a particular tax statement is prepared. The dollar amounts due the county, township or municipality, 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 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 amount of market value excluded under section 273.11, subdivision 16, if any, must also be listed on the tax statement. 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 under section 273.11, subdivision 1;
- (2) the property's taxable market value after reductions under ~~sections~~ section 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);
- (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;
- (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;
- (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"; and
- (7) the net tax payable in the manner required in paragraph (a).

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. Minnesota Statutes 1993 Supplement, section 278.01, subdivision 1, is amended to read:

Subdivision 1. [DETERMINATION OF VALIDITY.] Any person having personal property, or any estate, right, title, or interest in or lien upon any parcel of land, who claims that such property has been partially, unfairly, or unequally assessed in comparison with other property in the (1) city, or (2) county, or (3) in the case of a county containing a city of the first class, the portion of the county excluding the first class city, or that the parcel has been assessed at a valuation greater than its real or actual value, or that the tax levied against the same is illegal, in whole or in part, or has been paid, or that the property is exempt from the tax so levied, may have the validity of the claim, defense, or objection determined by the district court of the county in which the tax is levied or by the tax court by serving one copy of a petition for such determination upon the county auditor, one copy on the county attorney, one copy on the county treasurer, and three copies on the county assessor. The county assessor shall immediately forward one copy of the petition to the appropriate governmental authority in a home rule charter or statutory city or town in which the property is located if that city or town employs its own certified assessor. A copy of the petition shall also be forwarded by the assessor to the school board of the school district in which the property is located.

In counties where the office of county treasurer has been combined with the office of county auditor, the county may elect to require the petitioner to serve the number of copies as determined by the county. The county assessor shall immediately forward one copy of the petition to the appropriate governmental authority in a home rule charter or statutory city or town in which the property is located if that city or town employs its own certified assessor. A list of petitioned properties, including the name of the petitioner, the identification number of the property, and the estimated market value, shall be sent on or before the first day of July by the county auditor/treasurer to the school board of the school district in which the property is located.

For all counties, the petitioner must file the copies with proof of service, in the office of the court administrator of the district court ~~on or before the 16th day of May~~ March 31 of the year in which the tax becomes payable. A petition for determination under this section may be transferred by the district court to the tax court. An appeal may also be taken to the tax court under chapter 271 at any time following receipt of the valuation notice required by section 273.121 but prior to ~~May 16~~ April 1 of the year in which the taxes are payable.

Sec. 15. Minnesota Statutes 1992, section 278.05, subdivision 6, is amended to read:

Subd. 6. [DISMISSAL OF PETITION; EXCLUSION OF CERTAIN EVIDENCE.] (a) Information, including income and expense figures, verified net rentable areas, and anticipated income and expenses, for income-producing property ~~which is not must be provided to the county assessor at least 45 days before any hearing within 60 days after the petition has been filed under this chapter, is not admissible except if necessary to prevent undue hardship or when. Failure to provide the information required in this paragraph shall result in the dismissal of the petition, unless the failure to provide it was due to the unavailability of the evidence at that time.~~

(b) Provided that the information as contained in paragraph (a) is timely submitted to the county assessor, the county assessor shall furnish the petitioner at least five days before the hearing under this chapter with the property's appraisal, if any, which will be presented to the court at the hearing. The petitioner shall furnish to the county assessor at least five days before the hearing under this chapter with the property's appraisal, if any, which will be presented to the court at the hearing. An appraisal of the petitioner's property done by or for the county ~~or by or for the petitioner~~ shall not be admissible as evidence if the county assessor does not comply with the provisions within in this paragraph are not met. The petition shall be dismissed if the petitioner does not comply with the provisions in this paragraph.

Sec. 16. Minnesota Statutes 1992, section 298.26, is amended to read:

298.26 [TAX ON UNMINED TACONITE AND IRON SULPHIDES.]

In any year in which at least 1,000 tons of iron ore concentrate is not produced from any 40-acre tract or governmental lot containing taconite or iron sulphides, a tax may be assessed upon the taconite or iron sulphides therein at the local tax rate prevailing in the taxing district and spread against the net tax capacity of the taconite or iron sulphides, such net tax capacity to be determined in accordance with existing laws. The amount of the tax spread under authority of this section by reason of the taconite and iron sulphides in any tract of land shall not exceed \$10 ~~\$15~~ per acre.

Sec. 17. Minnesota Statutes 1992, section 360.036, subdivision 2, is amended to read:

Subd. 2. [ISSUANCE OF BONDS.] ~~Any~~ (a) Bonds to be issued by ~~any~~ a municipality pursuant to the provisions of under sections 360.011 to 360.076, shall be authorized and issued in the manner and within the limitation, ~~except as herein otherwise provided~~, prescribed by the laws of this state or the charter of the municipality for the issuance and authorization of bonds thereof for public purposes generally, except as provided in paragraphs (b) and (c).

(b) No election is required to authorize the issuance of the bonds if (1) a board organized under section 360.042 recommends by a resolution adopted by a vote of not less than 60 percent of its members the issuance of bonds and (2) the bonds are authorized by a resolution of the governing body of each of the municipalities acting jointly pursuant to section 360.042, adopted by a vote of not less than 60 percent of its members.

(c) If the bonds are general obligations of the municipality, the levy of taxes required by section 475.61 to pay principal and interest on the bonds is not included in computing or applying any levy limitation applicable to the municipality.

Sec. 18. Minnesota Statutes 1992, section 360.036, subdivision 3, is amended to read:

Subd. 3. [IN EXCESS OF TAX LIMITATION.] Irrespective of any limitation, by general or special law or charter, as to the amount of bonds which may be issued, a municipality may issue bonds for the purposes defined by sections 360.011 to 360.076, in excess of such limitation, in such amount as may be authorized by ~~an ordinance or resolution referred to and approved by the voters of such municipality by popular vote, at any general election or special election called for that purpose~~ the governing body of the municipality as provided in subdivision 2.

Sec. 19. Minnesota Statutes 1992, section 360.037, subdivision 2, is amended to read:

Subd. 2. [IN EXCESS OF TAX LIMITATION.] A municipality may levy taxes for the purposes authorized by sections 360.011 to 360.076, in such amount as may be authorized by an ordinance or resolution referred to and approved by the voters of such municipality by popular vote or as may be required to pay principal of or interest on general obligation bonds of the municipality issued under section 360.036.

Sec. 20. Minnesota Statutes 1992, section 360.042, subdivision 10, is amended to read:

Subd. 10. [JOINT FUND.] For the purpose of providing funds for necessary expenditures in carrying out the provisions of this section, a joint fund shall be created and maintained, into which each of the municipalities involved shall deposit its proportionate share as provided by the joint agreement, ~~such~~. Funds to be deposited shall be provided for by bond issues, tax levies, and appropriations made by each municipality in the same manner as though it were acting separately under the authority of sections 360.011 to 360.076, ~~and into which~~. However, a municipality may issue bonds on behalf of other parties to the joint agreement, which shall be treated as being issued by each of the parties in proportion to their respective proportionate share as provided by the joint agreement. Each municipality shall be paid also pay into the fund the revenues obtained from the ownership, control, and operation of the airports and other air navigation facilities jointly controlled, to be expended as provided in section 360.037, subdivision 3. Revenues in excess of cost of maintenance and operating expenses of the joint properties to shall be divided as may be provided in the original agreement for the joint venture. When a county and a city are parties to a joint agreement as provided in subdivision 1 and the city is located in whole or in part within the geographic boundaries of the county, then the county's proportionate share shall be based on the net tax capacity of all property within the county, excepting the net tax capacity of that property located within the city, and any levy for airport purposes by the county shall not be levied against taxable property in the city, other than a levy under section 475.61 to pay debt service on general obligation bonds of the county.

Sec. 21. Minnesota Statutes 1993 Supplement, section 383A.75, subdivision 3, is amended to read:

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~~ September 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.

Sec. 22. [469.1811] [PROPERTY TAX EXEMPTION; AGRICULTURAL PROCESSING FACILITIES.]

Subdivision 1. [DEFINITIONS.] For purposes of this section:

(1) "Agricultural processing facility" means land, buildings, structures, fixtures, and improvements used or operated primarily for the processing or production of marketable products from agricultural crops, including waste and residues from agricultural crops, but not including livestock or livestock products, poultry or poultry products, or wood or wood products. As used in this subdivision, land is limited to land on which the buildings, structures, fixtures, and improvements are situated and the immediately surrounding land used for storage or other functions directly related to the processing or production, not including land used for the growing of agricultural crops.

(2) "Qualifying property" means taxable property: (i) that consists of an agricultural processing facility; and (ii) for which the agricultural processing facility project costs exceed \$100,000,000.

Subd. 2. [CITY MAY EXEMPT.] The governing body of a home rule or statutory city may by resolution exempt qualifying property from property taxation. The exemption may include the entire market value of the qualifying property as determined by the assessor, including the land and any improvements existing at the time the exemption is granted, any increases in the value of the land and improvements during the duration of the exemption, and the value of any improvements constructed or attached during the exemption period. The property tax exemption granted by the city may not exceed a ten-year period beginning with taxes payable the year following the year the exemption is granted. At the expiration of the exemption period, the facility shall be assessed and pay property taxes as otherwise provided by law.

Subd. 3. [APPLICATION; HEARING.] A person proposing to construct an agricultural processing facility may apply for a property tax exemption to the city clerk of the city where the facility is proposed to be located. The application must contain a plan that includes a legal description of the real estate on which the exemption is sought, a description of the proposed facility, a detailed estimate of acquisition and construction costs, a construction time schedule, and any other information required by the city.

Before approving a tax exemption pursuant to this section, the governing body of the city must hold a public hearing. The municipal clerk or auditor shall publish a notice in the official newspaper of the time and place of a hearing to be held by the governing body on the application, not less than 30 days after the notice is published. The notice shall state that the applicant, local government officials, and any taxpayer of the municipality may be heard or may present their views in writing at or before the hearing. The hearing may be adjourned from time to time, but the governing body shall take action on the application by resolution within 30 days after the hearing ends. If disapproved, the reasons shall be set forth in the resolution. If the application for a tax exemption is approved, the city clerk shall forward a copy of the resolution approving the tax exemption to the county assessor who shall exempt the property from taxation under the terms of and for the period contained in the resolution.

Subd. 4. [CONDITIONS; REVOCATION.] (a) The governing body of the city may set conditions to its approval or continuation of a tax exemption under this section. The conditions may include construction specifications; time limits for construction; traffic, parking, safety, or environmental requirements; requirements as to the type and number of jobs to be created; valuation or assessment requirements after the exemption expires; or any other conditions reasonably required by the city to safeguard the public welfare.

(b) If the city proposes to revoke its approval of a tax exemption granted under this section, it must notify the owner of the property and give the person an opportunity to be heard. The city must give the person 30 days' notice before holding the hearing. A revocation by the city must be made by resolution and must state the findings on which the revocation is based.

Sec. 23. Minnesota Statutes 1992, section 473.341, is amended to read:

473.341 [TAX EQUIVALENTS.]

In each of the four years after year in which the metropolitan council or park district, county or municipality an implementing agency as defined in section 473.351 acquires fee simple title to any real property included in the regional recreation open space system, the metropolitan council shall pay to the municipality or township in which the property is situated an amount equal to the grant sufficient funds to the appropriate implementing agency to make the tax equivalent payment required in this section. The council shall determine the total amount of the property taxes levied thereon on the real property for municipal or township purposes for collection in the year in which title passed, diminished by 20 percent for each subsequent year to and including the year of payment, provided that for any year in which taxes on the property, or on the privilege of using or possessing it, are paid. The municipality or township in which the real property is situated shall be paid 180 percent of the total tax amount determined by the council. If the implementing agency has granted a life estate to the seller of the real property and the seller is obligated to pay property taxes on the property, this tax equivalent shall not be paid until the life estate ends. All amounts paid pursuant to this section are costs of acquisition of the real property with respect to which they are paid acquired.

Sec. 24. Minnesota Statutes 1992, section 473H.05, is amended by adding a subdivision to read:

Subd. 4. [RE-ENROLLING.] If an owner's property was initially granted agricultural preserve status under subdivision 1 but the owner filed an agricultural preserve termination notice on that property, the owner may re-enroll the property in the program as provided in this subdivision. In lieu of the requirements in subdivision 1, the county may allow a property owner to re-enroll by completing a one page form or affidavit, as prepared by the county. The county may require whatever information is deemed necessary, except that approval by the city or township, in which the property is located, shall be required on the form or affidavit.

The county may charge the property owner a re-enrollment fee, not to exceed \$10, to defray any administrative cost.

Re-enrolling property under this subdivision shall be allowed only if the same property owner or owners wish to re-enroll the same property under the same conditions as was originally approved under subdivision 1.

Sec. 25. Minnesota Statutes 1992, section 473H.18, is amended to read:

473H.18 [TRANSFER FROM AGRICULTURAL PROPERTY TAX LAW TREATMENT.]

When land which has been receiving the special agricultural valuation and tax deferment provided in section 273.111 becomes an agricultural preserve pursuant to sections 473H.02 to 473H.17, the recapture of deferred tax and special assessments, as provided in section 273.111, subdivisions 9 and 11, shall not be made. Special assessments deferred under section 273.111, at the date of commencement of the preserve, shall continue to be deferred for the duration of the preserve. For purposes of this section, "deferred special assessments" shall include the total amount of deferred special assessments under section 273.111 on the property, including any portion of the deferred special assessments which have not yet been levied at the time the property transfers to the agricultural preserves program under this chapter. All special assessments so deferred shall be payable within 90 days of the date of expiration unless other terms are mutually agreed upon by the authority and the owner. In the event of early termination of a preserve or a portion of it under section 473H.09, all special assessments accruing to the terminated portion plus interest shall be payable within 90 days of the date of termination unless otherwise deferred or abated by executive order of the governor. In the event of a taking under section 473H.15 all special assessments accruing to the taken portion plus interest shall be payable within 90 days of the date the final certificate is filed with the court administrator of district court in accordance with section 117.205.

Sec. 26. Minnesota Statutes 1992, section 580.23, as amended by Laws 1993, chapter 40, section 2, is amended to read:

580.23 [REDEMPTION BY MORTGAGOR; AFFIDAVIT OF AGRICULTURAL NONAGRICULTURAL USE; WAIVER.]

Subdivision 1. [SIX-MONTH REDEMPTION PERIOD.] When lands have been sold in conformity with the preceding sections of this chapter, the mortgagor, the mortgagor's personal representatives or assigns, within six months after such sale, except as otherwise provided in subdivision 2 or section 582.032 or 582.32, may redeem such

lands, as hereinafter provided, by paying the sum of money for which the same were sold, with interest from the time of sale at the rate provided to be paid on the mortgage debt and, if no rate be provided in the mortgage note, at the rate of six percent per annum, together with any further sums which may be payable as provided in sections 582.03 and 582.031.

Subd. 2. [12-MONTH REDEMPTION PERIOD.] Notwithstanding the provisions of subdivision 1 hereof, when lands have been sold in conformity with the preceding sections of this chapter, the mortgagor, the mortgagor's personal representatives or assigns, within 12 months after such sale, may redeem such lands in accordance with the provisions of payment of subdivision 1 thereof, if:

- (1) the mortgage was executed prior to July 1, 1967;
- (2) the amount claimed to be due and owing as of the date of the notice of foreclosure sale is less than 66-2/3 percent of the original principal amount secured by the mortgage;
- (3) the mortgage was executed prior to July 1, 1987, and the mortgaged premises, as of the date of the execution of the mortgage, exceeded ten acres in size;
- (4) the mortgage was executed prior to August 1, 1994, and the mortgaged premises, as of the date of the execution of the mortgage, exceeded ten acres but did not exceed 40 acres in size and was in agricultural use as defined in section 40A.02, subdivision 3; or
- (5) the mortgaged premises, as of the date of the execution of the mortgage, exceeded 40 acres in size; or
- (6) the mortgage was executed on or after August 1, 1994, and the mortgaged premises, as of the date of the execution of the mortgage, exceeded ten acres but did not exceed 40 acres in size and was in agricultural use. For purposes of this clause, "in agricultural use" means that at least a portion of the mortgaged premises was classified for ad valorem tax purposes as:
 - (i) class 2a agricultural homestead property under section 273.13, subdivision 23;
 - (ii) class 2b rural or agricultural nonhomestead property under section 273.13, subdivision 23;
 - (iii) class 1b agricultural homestead property under section 273.13, subdivision 22; or
 - (iv) exempt wetlands under section 272.02, subdivision 1, clause (10).

Subd. 3. [AFFIDAVIT OF AGRICULTURAL NONAGRICULTURAL USE.] (a) With respect to mortgages executed prior to August 1, 1994, an affidavit signed by the mortgagor and a certificate signed by the county assessor where the land is located stating that the mortgaged premises as legally described in the affidavit and certificate are not in agricultural use as defined in section 40A.02, subdivision 3, may be recorded in the office of the county recorder or registrar of titles where the property is located and are prima facie evidence of the facts contained in the affidavit and certificate.

(b) With respect to mortgages executed on or after August 1, 1994, an affidavit signed by the mortgagor and a certificate signed by the county assessor where the land is located, stating that the mortgaged premises as legally described in the affidavit and certificate are not in agricultural use, may be recorded in the office of the county recorder or registrar of titles where the property is located and are prima facie evidence of the facts contained in the affidavit and certificate. For purposes of this paragraph, "not in agricultural use" means that no portion of the mortgaged premises, as legally described in the affidavit or certificate, is currently classified for ad valorem tax purposes in any classification listed in subdivision 2, clause (6), item (i), (ii), (iii), or (iv).

Subd. 4. [WAIVER OF 12-MONTH REDEMPTION BASED UPON AGRICULTURAL USE.] A mortgagor, before or at the time of granting a mortgage executed on or after August 1, 1994, may waive in writing the mortgagor's right under subdivision 2, clause (6), to have a 12-month redemption period based upon the premises being in agricultural use as of the date of execution of the mortgage. The written waiver must be either a document separate from the mortgage or a separately executed and acknowledged addendum to the mortgage on a separate page. If the written waiver is a separate document, it must be in recordable form and must either recite the recorded or filed document number of the mortgage or recite the names of the mortgagor and mortgagee, the legal description of the mortgaged property, and the date of the mortgage. If the written waiver is a separate document, it must be recorded in the office

of the county recorder or filed in the office of the registrar of titles no later than ten days after the recording or filing of the mortgage. Where there is a waiver of the rights under subdivision 2, clause (6), the redemption period in subdivision 1 applies.

Sec. 27. [RENTAL TAX EQUITY; SAINT PAUL PILOT PROJECT.]

Subdivision 1. [PILOT; TERM.] A pilot project for rental tax equity in the city of Saint Paul is established. The program is for property taxes payable in 1995. The program is available to owners of single- and two-family nonhomestead property.

Subd. 2. [PRIMARY OBJECTIVE.] The pilot project's primary objective is to help stabilize costs for the conscientious, industrious landlord who is already providing safe, decent, and affordable housing. The property tax reduction provided by the program is intended to give an incentive to other landlords to improve their tenant-occupied property and still offer affordable housing.

Subd. 3. [PROPERTY TAX TREATMENT.] (a) Single- and two-family nonhomestead property located in the city of Saint Paul and existing on the effective date of this section, that is classified under Minnesota Statutes, section 273.13, subdivision 25, paragraph (b), clause (1), and that meets the requirements of this section, is eligible for the property tax credit under subdivision 8.

(b) The program is not a housing or building code enforcement program.

(c) Participation in the program is voluntary.

(d) If reimbursements under subdivision 8 limit the number of participants in this program, priority shall be given to landlords who live in the city of Saint Paul.

Subd. 4. [NOTIFICATION TO OWNERS.] The city of Saint Paul shall notify the owner of each single- and two-family nonhomestead property located in the city that the property may be eligible to receive a property tax credit as provided in this section.

Subd. 5. [PROGRAM STEPS.] (a) A landlord who owns eligible property and who wishes to participate must arrange for a certified evaluator who is licensed by the city of Saint Paul to evaluate the property.

(b) The landlord must notify the tenant of the evaluation so that the tenant may be present if the tenant wishes.

(c) The evaluator must evaluate the property using program guidelines adopted by resolution of the Saint Paul city council prior to implementation of the program under this section.

(d) If the evaluator determines that repairs are necessary, the landlord must make the repairs and call for a reinspection by the evaluator. If the evaluator identifies life or safety hazards, the evaluator must notify appropriate city officials, who shall take immediate action to require and enforce repair of the life or safety hazard items.

(e) The evaluator must reinspect the property to see if the program guidelines have been followed.

(f) The evaluator must submit a report on the property's evaluation to the appropriate city officials, the landlord, and the tenant. A filing fee must be paid at the time the report is submitted to the city.

(g) Appropriate city officials must review the report and approve it or issue orders for further repair. In so doing, city staff members may make an on-site review. The landlord may withdraw from the program at any time without making required repairs except those for life or safety hazards, which may be otherwise required. Property for which the evaluator's report is approved must be certified by the appropriate city officials to the county assessor. The city must limit the number of qualifying properties so that the credit payable under subdivision 8 will not, in the city's estimate, exceed \$1,000,000.

(h) A landlord who chooses to participate must complete an application for certification by November 1, 1994.

(i) An owner may apply this program to no more than two nonhomestead, single- or two-family, tenant-occupied properties.

Subd. 6. [APPEALS.] (a) The board of equalization must serve as a board of review to hear appeals relating to the value of improvements and properties. Procedures for board actions and for appeals from board decisions are as provided for other matters decided by the board of equalization.

(b) The city may appoint a board of appeals to hear disputes regarding qualification. The board shall meet to hear appeals under this program between November 1 and December 1, 1994.

Subd. 7. [CITY FEES.] The landlord must pay the housing evaluator a fee, as determined by the city, for the initial inspection and necessary reinspections. The evaluator must pay a filing fee, as determined by the city, to file the evaluator's report. The evaluator may be reimbursed by the landlord for this fee. The landlord must pay the city a fee, as determined by the city, to apply for recertification. If additional inspections are required, a reinspection fee, as determined by the city, must be paid by the landlord.

Subd. 8. [CREDIT AND REIMBURSEMENT.] (a) [CREDIT PROVIDED.] Property that meets the requirements under this section is eligible for a property tax credit equal to the difference between (1) the tax on the property and (2) the tax that would be payable if the property were classified under Minnesota Statutes, section 273.13, subdivision 22, paragraph (a).

(b) [PROPERTY TAX STATEMENTS.] The property tax statement provided under Minnesota Statutes, section 276.04, to an owner of property that receives the credit under this subdivision shall include information on the amount of the credit given to the property. The Ramsey county treasurer shall notify the commissioner of revenue on how the county plans to modify the property tax statements to include the necessary information.

(c) [GENERAL FUND; REPLACEMENT OF REVENUE.] Payment from the general fund shall be made as provided in this subdivision for the purpose of replacing revenue lost as a result of the reduction of property taxes provided in this subdivision.

The Ramsey county auditor shall certify to the commissioner of revenue the amount of reduction resulting from this subdivision. This certification shall be submitted to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under the provisions of Minnesota Statutes, section 275.29. The commissioner of revenue shall review the certification to determine its accuracy and make changes in the certification as necessary or return the certification to the county auditor for corrections.

Based on current year tax data reported in the abstracts of tax lists, the commissioner of revenue shall determine the taxing district distribution of the amounts certified. The commissioner of revenue shall pay to each taxing district, other than school districts, its total payment for the year at the times provided in Minnesota Statutes, section 473H.10. The credit reimbursement to school districts must be certified to the commissioner of education and paid as provided under Minnesota Statutes, section 273.1392.

The reimbursement paid under this subdivision shall be made only in 1995, and is limited to \$1,000,000. To the extent the amount of credit originally certified exceeds \$1,000,000, reimbursements to the taxing districts shall be prorated according to the proportions of their levies so as not to exceed \$1,000,000.

Subd. 9. [REPORT TO THE LEGISLATURE.] By January 15, 1995, the Saint Paul city council shall provide a report to the committee on housing and the committee on taxes and tax laws of the senate and the housing committee and the tax committee of the house of representatives on the program. The report must include the program guidelines, housing costs, rents and the extent of participation in the program for the 1995 tax year.

Subd. 10. [EFFECTIVE DATE.] This section is effective the day following final enactment, upon compliance with Minnesota Statutes, section 645.021, subdivision 3, by the city of Saint Paul, and applies to property taxes payable in 1995 on nonhomestead, single- and two-family rental properties existing on the effective date.

Sec. 28. [PILOT PROJECT STUDY FOR INFORMATION ON SQUARE FOOTAGE OF PROPERTY.]

The commissioner of revenue shall coordinate a pilot project study with the counties of Hennepin and Blue Earth. The primary purpose is to collect, by legal classification of real property, information on the total square footage of land and structures within the respective counties by taxing jurisdiction. The square footage shall be identified separately for land and for structures.

By February 15, 1995, the commissioner shall provide a report to the tax committee of the house of representatives and the committee on taxes and tax laws of the senate. Besides reporting the basic data, the report shall discuss the feasibility of developing a statewide system of property taxation in which a property's tax base would be determined by its square footage.

Sec. 29. [STUDY OF HOMESTEAD PROPERTY TAX RELIEF.]

The commissioner of revenue shall conduct a study of the methods of delivering property tax relief to homeowners. The study must specifically include an analysis of the administrative feasibility, policy implications, and state revenue impacts of proposals to:

(1) pay the additional property tax refund under Minnesota Statutes, section 290A.04, subdivision 2h, as a state paid property tax credit on the property tax statement, and

(2) pay the property tax refund under Minnesota Statutes, section 290A.04, subdivision 2, as a state paid credit on the property tax statement.

The study must also consider alternative computations of the refund amounts wherein the additional property tax refund is deducted before computation of the regular property tax refund.

The study must consider options to pay the credits as an equal deduction from both of the property tax payments on the property tax statement, and as a deduction only from the second half payment, thus requiring a second property tax statement.

The study must determine income and other data needed to implement the proposals and consider the forms, methods, and dates by which the necessary data can be made available.

The study should consider the possibility of showing the credit(s) on the property tax statement only or on both the property tax statement and the notice of proposed property taxes.

The study must also determine the changes in property tax administration that would be necessary to implement the tax credit proposals.

The study must separately estimate the costs to each county necessary to implement and administer the tax credit proposals, considering both initial start-up costs and ongoing administrative expenses, including programming, form design, data entry, and computer hardware costs, and must also estimate the costs to the department of revenue.

The commissioner shall consult with the chair of the senate committee on taxes and tax laws and with the chair of the house of representatives committee on taxes, and with their staffs, in planning and conducting the study.

On or before January 20, 1995, the commissioner of revenue shall report to the legislature on the information collected, and on the study's findings, including its policy and fiscal implications to the state. The report shall include a discussion of the proposals and any statutory changes necessary to implement them.

Sec. 30. [EXTENSION OF PAYABLE 1995 LEVY CERTIFICATION DATE.]

The July 1 dates specified in Laws 1994, chapter 416, article 1, section 29, shall be extended to September 1, for the purposes of the 1994 levy, payable in 1995, for (1) the Cross Lake area water and sanitary sewer district under article 10, (2) the Chisholm/Hibbing airport authority under article 11, and (3) the airport municipal bonding under sections 17 to 20 of this article.

Sec. 31. [REPEALER.]

Minnesota Statutes 1993 Supplement, section 82.19, subdivision 9, is repealed.

Sec. 32. [EFFECTIVE DATE.]

Sections 1, 14, and 15 are effective for petitions relating to property taxes payable in 1995, and thereafter.

Sections 2, 17 to 20, 27, and 30 are effective the day following final enactment.

Section 4 is effective for the 1994 assessment, taxes payable in 1995, except that the changes requiring an application to be filed and the market value eligibility provisions made in section 4 are effective July 1, 1994, and thereafter.

Sections 5 and 31 are effective July 1, 1994.

Sections 6 and 25 are effective the day following final enactment for property which transfers from the agricultural property tax provisions under Minnesota Statutes, section 273.111, to the metropolitan agricultural preserves under Minnesota Statutes, chapter 473H.

Sections 7, 8, 10 to 12, and 16 are effective for taxes levied in 1994, payable in 1995, and thereafter.

Section 9 is only effective for homestead applications filed after the day following final enactment, for property taxes payable in 1995 and thereafter.

Section 13 is effective for property tax statements for taxes payable in 1995, and thereafter.

Section 22 is effective the day following final enactment and applies to agricultural processing facilities for which construction is commenced after that date.

Section 23 is effective for tax equivalent payments due in 1995 and thereafter, and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Section 24 is effective for property re-enrolled in the metropolitan agricultural preserve program on or after July 1, 1994.

Section 26 is effective August 1, 1994.

ARTICLE 6

MINERALS TAXATION

Section 1. [297A.2573] [MINERAL PRODUCTION FACILITIES; EXEMPTION.]

Materials, equipment, and supplies used or consumed in constructing, or incorporated into the construction of exempted facilities as defined in this section are exempt from the taxes imposed under this chapter and from any sales and use tax imposed by a local unit of government, notwithstanding any ordinance or city charter provision.

As used in this section, "exempted facilities" means:

(1) a value added iron products plant, which may be either a new plant or a facility incorporated into an existing plant that produces iron upgraded to a minimum of 75 percent iron content or any iron alloy with a total minimum metallic content of 90 percent;

(2) a facility used for the manufacture of fluxed taconite pellets as defined in section 298.24;

(3) a new capital project that has a total cost of over \$40,000,000 that is directly related to production, cost, or quality at an existing taconite facility that does not qualify under clause (1) or (2); and

(4) a new mine or minerals processing plant for any mineral subject to the net proceeds tax imposed under section 298.015.

The tax shall be imposed and collected as if the rates under sections 297A.02, subdivision 1, and 297A.021, applied, and then refunded in the manner provided in section 297A.15, subdivision 5.

Sec. 2. Minnesota Statutes 1993 Supplement, section 298.227, is amended to read:

298.227 [TACONITE ECONOMIC DEVELOPMENT FUND.]

An amount equal to that distributed pursuant to each taconite producer's taxable production and qualifying sales under section 298.28, subdivision 9a, 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. If a taconite production facility is sold after operations at the facility had ceased, any money remaining in the fund for the former producer may be released to the purchaser of the facility on the terms otherwise applicable to the former producer under this section. 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. 3. Minnesota Statutes 1992, section 298.24, subdivision 1, is amended to read:

Subdivision 1. (a) For concentrate produced in 1992 ~~and~~, 1993, and 1994 there is imposed upon taconite and iron sulphides, and upon the mining and quarrying thereof, and upon the production of iron ore concentrate therefrom, and upon the concentrate so produced, a tax of \$2.054 per gross ton of merchantable iron ore concentrate produced therefrom.

(b) For concentrates produced in 1994 ~~1995~~ and subsequent years, the tax rate shall be equal to the preceding year's tax rate plus an amount equal to the preceding year's tax rate multiplied by the percentage increase in the implicit price deflator from the fourth quarter of the second preceding year to the fourth quarter of the preceding year. "Implicit price deflator" for the gross national product means the implicit price deflator prepared by the bureau of economic analysis of the United States Department of Commerce.

(c) The tax shall be imposed on the average of the production for the current year and the previous two years. The rate of the tax imposed will be the current year's tax rate. This clause shall not apply in the case of the closing of a taconite facility if the property taxes on the facility would be higher if this clause and section 298.25 were not applicable.

(d) If the tax or any part of the tax imposed by this subdivision is held to be unconstitutional, a tax of \$2.054 per gross ton of merchantable iron ore concentrate produced shall be imposed.

(e) Consistent with the intent of this subdivision to impose a tax based upon the weight of merchantable iron ore concentrate, the commissioner of revenue may indirectly determine the weight of merchantable iron ore concentrate included in fluxed pellets by subtracting the weight of the limestone, dolomite, or olivine derivatives or other basic flux additives included in the pellets from the weight of the pellets. For purposes of this paragraph, "fluxed pellets" are pellets produced in a process in which limestone, dolomite, olivine, or other basic flux additives are combined with merchantable iron ore concentrate. No subtraction from the weight of the pellets shall be allowed for binders, mineral and chemical additives other than basic flux additives, or moisture.

(f) Notwithstanding any other provision of this subdivision, for concentrates produced in 1994 through 1999, the rate of the tax on direct reduced ore is determined under this paragraph. As used in this paragraph, "direct reduced ore" is ore that results in a product that has an iron content of at least 75 percent. The rate to be applied to direct reduced ore is 25 percent of the rate otherwise determined under this subdivision for the first 500,000 of taxable tons for the production year, and 50 percent of the rate otherwise determined for any remainder. If the taxpayer had no production in the two years prior to the the current production year, the tonnage eligible to be taxed at 25 percent of the rate otherwise determined under this subdivision is the first 166,667 tons. If the taxpayer had some production in the year prior to the current production year but no production in the second prior year, the tonnage eligible to be taxed at 25 percent of the rate otherwise determined under this subdivision is the first 333,333 tons.

Sec. 4. Minnesota Statutes 1993 Supplement, 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, ~~1995~~, and 1996 shall be paid to the taconite economic development fund. No distribution shall be made under this 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, is amended by adding a subdivision to read:

Subd. 11a. [PRORATED DISTRIBUTIONS.] For production years 1994 through 1999, distributions under this section that are based on a number of cents per ton explicitly provided in this section shall be reduced on a pro rata basis to reflect the reduction in tax proceeds as a result of the tax rate reduction applied to direct reduced ore under section 298.24, subdivision 1, paragraph (f).

Sec. 6. Minnesota Statutes 1992, section 298.296, subdivision 2, is amended to read:

Subd. 2. [EXPENDITURE OF FUNDS.] Before January 1, 2002, funds may be expended on projects and for administration of the trust fund only from the net interest, earnings, and dividends arising from the investment of the trust at any time, including net interest, earnings, and dividends that have arisen prior to July 13, 1982, plus \$10,000,000 made available for use in fiscal year 1983, except that any amount required to be paid out of the trust fund to provide the property tax relief specified in Laws 1977, chapter 423, article X, section 4, and to make school bond payments and payments to recipients of taconite production tax proceeds pursuant to section 298.225, may be taken from the corpus of the trust. Additionally, upon recommendation by the board, up to \$10,000,000 from the corpus of the trust may be made available for use as provided in subdivision 4. On and after January 1, 2002, funds may be expended on projects and for administration from any assets of the trust. Annual administrative costs, not including detailed engineering expenses for the projects, shall not exceed five percent of the net interest, dividends, and earnings arising from the trust in the preceding fiscal year.

Principal and interest received in repayment of loans made pursuant to this section, and earnings on other investments made under section 298.292, subdivision 2, clause (4), shall be deposited in the state treasury and credited to the trust. These receipts are appropriated to the board for the purposes of sections 298.291 to 298.298.

Sec. 7. Minnesota Statutes 1992, section 298.296, is amended by adding a subdivision to read:

Subd. 4. [TEMPORARY LOAN AUTHORITY.] The board may recommend that up to \$10,000,000 from the corpus of the trust may be used for loans as provided in this subdivision. The money would be available for loans for construction and equipping of facilities constituting (1) a value added iron products plant, which may be either a new plant or a facility incorporated into an existing plant that produces iron upgraded to a minimum of 75 percent iron content or any iron alloy with a total minimum metallic content of 90 percent; or (2) a new mine or minerals processing plant for any mineral subject to the net proceeds tax imposed under section 298.015. A loan under this subdivision may not exceed \$5,000,000 for any facility. The authority to make loans under this subdivision terminates December 31, 1995.

Sec. 8. [EFFECTIVE DATE.]

Section 1 is effective for sales after June 30, 1994, provided that no refunds will be paid under section 1 until after June 30, 1995.

ARTICLE 7

BUDGETING REFORM

Section 1. [16A.102] [BUDGETING REVENUES RELATIVE TO PERSONAL INCOME.]

Subdivision 1. [GOVERNOR'S RECOMMENDATION.] By the fourth Monday in January of each odd-numbered year, the governor shall submit to the legislature a recommended revenue target for the next two bienniums. The recommended revenue target must specify

(1) the maximum share of Minnesota personal income to be collected in taxes and other revenues to pay for state and local government services;

(2) the division of the share between state and local government revenues; and

(3) the appropriate mix and rates of income, sales, and other state and local taxes and other revenues, other than property taxes, and the amount of property taxes and the effect of the recommendations on the incidence of the tax burden by income class.

The recommendations must be based on the November forecast prepared under section 2.

Subd. 2. [LEGISLATIVE BUDGET RESOLUTION.] By March 15 of each odd-numbered year, the legislature shall by concurrent resolution adopt revenue targets for the next two bienniums. The resolution must specify:

(1) the maximum share of Minnesota personal income to be collected in taxes and other revenues to pay for state and local government services;

(2) the division of the share between state and local government services; and

(3) the appropriate mix and rates of income, sales, and other state and local taxes and other revenues, other than property taxes, and the amount of property taxes and the effect of the resolution on the incidence of the tax burden by income class.

The resolution must be based on the February forecast prepared under section 2 and take into consideration the revenue targets recommended by the governor under subdivision 1.

Subd. 3. [EVEN-NUMBERED YEAR AND SPECIAL SESSIONS.] The governor or the legislature may elect to modify their revenue targets in a special session or an even-numbered year regular session. The requirements of subdivisions 1 and 2 apply, except that within ten days of the start of the session the dates provided in those subdivisions must be modified to be consistent with the planned date of adjournment.

Sec. 2. [16A.103] [FORECASTS OF REVENUE AND EXPENDITURES.]

Subdivision 1. [STATE REVENUE AND EXPENDITURES.] In February and November each year, the commissioner shall prepare and deliver to the governor and legislature a forecast of state revenue and expenditures. The forecast must assume the continuation of current laws and reasonable estimates of projected growth in the national and state economies and affected populations. Revenue must be estimated for all sources provided for in current law. Expenditures must be estimated for all obligations imposed by law and those projected to occur as a result of inflation and variables outside the control of the legislature. In addition, the commissioner shall forecast Minnesota personal income for each of the years covered by the forecast and include these estimates in the forecast documents. A forecast prepared during the first fiscal year of a biennium must cover that biennium and the next biennium. A forecast prepared during the second fiscal year of a biennium must cover that biennium and the next two bienniums.

Subd. 2. [LOCAL REVENUE.] In February and November of each year, the commissioner of revenue shall prepare and deliver to the governor and the legislature forecasts of revenue to be received by school districts as a group, counties as a group, and the group of cities and towns that have a population of more than 2,500. The forecasts must assume the continuation of current laws, projections of valuation changes in real property, and reasonable estimates of projected growth in the national and state economies and affected populations. Revenue must be estimated for property taxes, state and federal aids, local sales taxes, if any, and a single projection for all other revenue for each group of affected local governmental units. As part of the February forecast, the commissioner of revenue shall report to the governor and legislature on which groups of local government units exceeded the revenue targets of the governor and legislature in the most recent biennium.

Subd. 3. [SEPARATE ESTIMATES OF FEE REVENUES.] In preparing the November estimates under subdivision 1, the commissioner shall separately report the amount of departmental earnings as defined in section 16A.1285. In preparing the estimates under subdivision 2, the commissioner of revenue shall separately estimate local government revenues similar to departmental earnings as defined in section 16A.1285.

Sec. 3. Minnesota Statutes 1992, section 124.196, is amended to read:

124.196 [CHANGE IN PAYMENT OF AIDS AND CREDITS.]

If the commissioner of finance determines that modifications in the payment schedule are required to avoid would reduce the need for state short-term borrowing, the commissioner of education shall modify payments to school districts according to this section. The modifications shall begin no sooner than September 1 of each fiscal year, and

shall remain in effect until no later than May 30 of that same fiscal year. In calculating the payment to a school district pursuant to section 124.195, subdivision 3, the commissioner may subtract the sum specified in that subdivision, plus an additional amount no greater than the following:

- (1) the net cash balance in the district's four operating funds on June 30 of the preceding fiscal year; minus
- (2) the product of \$150 times the number of actual pupil units in the preceding fiscal year; minus
- (3) the amount of payments made by the county treasurer during the preceding fiscal year, pursuant to section 276.11, which is considered revenue for the current school year. However, no additional amount shall be subtracted if the total of the net unappropriated fund balances in the district's four operating funds on June 30 of the preceding fiscal year, is less than the product of \$350 times the number of actual pupil units in the preceding fiscal year. The net cash balance shall include all cash and investments, less certificates of indebtedness outstanding, and orders not paid for want of funds.

A district may appeal the payment schedule established by this section according to the procedures established in section 124.195, subdivision 3a.

Sec. 4. [275.064] [ESTIMATED PERSONAL INCOME INCREASE.]

By July 1 of each year, the commissioner of revenue shall estimate the percentage increase in Minnesota personal income for the next calendar year over the current calendar year, using the most recent forecast prepared by the commissioner of finance. The commissioner of revenue shall notify each local government subject to the requirements of section 275.065 of this percentage by July 15.

Sec. 5. Minnesota Statutes 1993 Supplement, section 275.065, subdivision 3, is amended to read:

Subd. 3. [NOTICE OF PROPOSED PROPERTY TAXES.] (a) The county auditor shall prepare and the county treasurer shall deliver 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, 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. The notice must include the estimated percentage increase in Minnesota personal income, provided by the commissioner of revenue under section 275.064, in a way to facilitate comparison of the proposed budget and levy increases with the increase in personal income. 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 determined under section 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;

(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.

(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. 6. [EFFECTIVE DATE.]

Sections 1 to 3 are effective the day following final enactment. Sections 4 and 5 apply beginning for notices of proposed property taxes for taxes payable in 1995.

ARTICLE 8

BOARD OF GOVERNMENT INNOVATION AND COOPERATION

Section 1. Minnesota Statutes 1993 Supplement, section 465.795, subdivision 7, is amended to read:

Subd. 7. [SCOPE.] As used in sections 465.795 to 465.799 and sections ~~465.80~~ 465.801 to 465.87, the terms defined in this section have the meanings given them.

Sec. 2. Minnesota Statutes 1993 Supplement, section 465.796, subdivision 2, is amended to read:

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 465.797, 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 465.798 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 465.799, 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~~ 465.801, 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.

Sec. 3. Minnesota Statutes 1993 Supplement, section 465.797, subdivision 1, is amended to read:

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, in concept, the proposed waiver or exemption request by resolution at a meeting required to be public under section 471.705. A local government unit or two or more units acting jointly may apply for a waiver or exemption on behalf of a nonprofit organization providing services to clients whose costs are paid by the unit or units. A waiver or exemption granted to a nonprofit organization under this section applies to services provided to all the organization's clients.

(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.

Sec. 4. Minnesota Statutes 1993 Supplement, section 465.797, subdivision 2, is amended to read:

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; and
- (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~~ to represent employees who provide the service or program affected by the requested waiver or exemption.

Sec. 5. Minnesota Statutes 1993 Supplement, section 465.797, subdivision 3, is amended to read:

Subd. 3. [REVIEW PROCESS.] (a) 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.

(b) The board shall determine whether a law from which an exemption for enforcement is sought is a procedural law, specifying how a local government unit is to achieve an outcome, rather than a substantive law prescribing the outcome or otherwise establishing policy. In making its determination, the board shall consider whether the law specifies such requirements as:

- (1) who must deliver a service;
- (2) where the service must be delivered;
- (3) to whom and in what form reports regarding the service must be made; and
- (4) how long or how often the service must be made available to a given recipient.

(c) If the commissioner of finance, the commissioner of administration, or the state auditor has jurisdiction over a rule or law affected by an application, the chief administrative law judge, as soon as practicable after receipt of the application, shall designate a third administrative law judge to serve as a member of the board in place of that official while the board is deciding whether to grant the waiver or exemption.

(d) 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~~

(e) Within 15 days after receipt of 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. An agency's failure to do so is considered agreement to the waiver or exemption. The board shall decide whether to grant a waiver or exemption at its next regularly scheduled meeting following its receipt of an agency's response or the end of the 60-day response period. If consideration of an application is not concluded at that meeting, the matter may be carried over to the next meeting of the board. Interested persons may submit written comments to the board on the waiver or exemption request within 60 days of the board's receipt of up to the time of its vote on 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.~~

(f) If the exclusive representative of the affected 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.

Sec. 6. Minnesota Statutes 1993 Supplement, section 465.797, subdivision 4, is amended to read:

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.

Sec. 7. Minnesota Statutes 1993 Supplement, section 465.797, subdivision 5, is amended to read:

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. The board may reconsider or renegotiate the agreement if the rule or law affected by the waiver or exemption is amended or repealed during the term of the original agreement. 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.

Sec. 8. Minnesota Statutes 1993 Supplement, section 465.798, is amended to read:

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 a local unit of government acting in conjunction with a local unit of government~~ an organization or a state agency, or an organization established by two or more local units of government under a joint powers agreement may apply to the board of government innovation and management for a grant to be used to develop models for innovative service budget management. A copy of the application must be provided by the units to the exclusive representatives certified under section 179A.12 to represent employees who provide the service or program affected by the application.

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 board shall award grants on the basis of each qualified applicant's score under the scoring system in section 465.802. The amount of a grant under this section shall may not exceed \$50,000.

Sec. 9. Minnesota Statutes 1993 Supplement, section 465.799, is amended to read:

465.799 [COOPERATION PLANNING GRANTS.]

Two or more local government units; an association of local governments; a local unit of government acting in conjunction with the metropolitan council, an organization, or a state agency; or an organization formed by two or more local units of government under a joint powers agreement 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. A copy of the application must be submitted by the applicants to the exclusive representatives certified under section 179A.12 to represent employees who provide the service or program affected by the application.

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, and the board may disseminate it to other local units of government or interested groups. If the board finds that the grantee has failed to implement the plan according to the terms of the agreement, it may require the grantee to repay all or a portion of the grant. The board shall award grants on the basis of each qualified applicant's score under the scoring system in section 465.802. The amount of a grant under this section shall may not exceed \$50,000.

Sec. 10. [465.801] [SERVICE SHARING GRANTS.]

Two or more local units of government; an association of local governments; a local unit of government acting in conjunction with the metropolitan council, an organization, or a state agency; or an organization established by two or more local units of government under a joint powers agreement may apply to the board of government innovation and cooperation for a grant to be used to meet the start-up costs of providing shared services or functions. Agreements solely to make joint purchases are not sufficient to qualify under this section. A copy of the application must be provided by the applicants to the exclusive representatives certified under section 179A.12 to represent employees who provide the service or program affected by the application.

The proposal must include plans fully to integrate a service or function provided by two or more local government units. 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 grantee has failed to implement the plan according to the terms of the agreement, it may require the grantee to repay all or a portion of the grant. The board shall award grants on the basis of each qualified applicant's score under the scoring system in section 465.802. The amount of a grant under this section may not exceed \$100,000.

Sec. 11. [465.802] [SCORING SYSTEM.]

In deciding whether to award a grant under section 465.798, 465.799, or 465.801, the board shall use the following scoring system:

- (1) Up to 15 points shall be awarded to reflect the extent to which the application demonstrates creative thinking, careful planning, cooperation, involvement of the clients of the affected service, and commitment to assume risk.
- (2) Up to 20 points shall be awarded to reflect the extent to which the proposed project is likely to improve the quality of the service and to have benefits for other local governments.

(3) Up to 15 points shall be awarded to reflect the extent to which the application's budget provides sufficient detail, maximizes the use of state funds, documents the need for financial assistance, commits to local financial support, and limits expenditures to essential activities.

(4) Up to 20 points shall be awarded to reflect the extent to which the application reflects the statutory goal of the grant program.

(5) Up to 15 points shall be awarded to reflect the merit of the proposed project and the extent to which it warrants the state's financial participation.

(6) Up to five points shall be awarded to reflect the cost/benefit ratio projected for the proposed project.

(7) Up to five points shall be awarded to reflect the number of government units participating in the proposal.

(8) Up to five points shall be awarded to reflect the minimum length of time the application commits to implementation.

Sec. 12. [APPROPRIATION.]

\$2,200,000 is appropriated from the general fund to the board of government innovation and cooperation to implement and administer the programs of the board in fiscal year 1995.

Sec. 13. [REPEALER.]

Minnesota Statutes 1992, section 465.80, subdivision 3, is repealed. Minnesota Statutes 1993 Supplement, section 465.80, subdivisions 1, 2, 4, and 5, are repealed.

ARTICLE 9

LOCAL LAWS

Section 1. Minnesota Statutes 1992, section 466A.02, subdivision 3, is amended to read:

Subd. 3. [ADDITIONAL AREA ELIGIBLE FOR INCLUSION IN TARGETED NEIGHBORHOOD.] (a) The city may add to the area designated as a targeted neighborhood under subdivision 2 a contiguous area of one-half mile in all directions from the designated targeted neighborhood.

(b) Assisted housing is also considered a targeted neighborhood.

(c) A neighborhood that is partially targeted may be considered wholly targeted.

Sec. 2. Minnesota Statutes 1992, section 469.004, subdivision 1a, is amended to read:

Subd. 1a. [RAMSEY COUNTY AUTHORITY.] Ramsey county may exercise the powers of a housing and redevelopment authority. Before the commencement of a project by Ramsey county acting as a housing and redevelopment authority, the governing body of the municipality in which the project is to be located shall, by majority vote, approve the project as recommended by the authority. ~~The authority granted to Ramsey county under this subdivision and subdivision 1 terminates June 30, 1994, providing that obligations incurred by the county before that date shall remain in effect according to their terms. A resolution of the county board may provide that the board will constitute the county housing and redevelopment authority.~~

Sec. 3. [469.0775] [MANKATO; PORT AUTHORITY.]

The governing body of the city of Mankato may exercise all the powers of a port authority provided by sections 469.048 to 469.068, as if the city were a port authority; and the city may exercise all the powers relating to a port authority granted to a city by sections 469.048 to 469.068, or other law.

Sec. 4. Laws 1969, chapter 499, section 2, is amended to read:

Sec. 2. Notwithstanding any provisions of the charter of the city of Minneapolis, or of any statutory enactments, the said city may provide for the collection of special charges, fees or taxes for all or any part of the cost of

- (1) any service to streets, sidewalks, ~~or other property~~, street oiling, street flushing and cleaning;
- (2) sewer charges;
- (3) water charges;
- (4) solid waste disposal charges;
- (5) any other charges for abatement of nuisance conditions as defined by the city; and
- (6) any and all other services or improvements specified in ~~said Chapter 429~~, Minnesota Statutes, section 429.101;

~~in the same manner as a special assessment against the property benefitted. The procedure for the levy of said special assessment shall, if the city elects to proceed under the provisions of said the service charges may be defined by ordinance or the city may, at its option, elect the procedure set forth in Minnesota Statutes, chapter 429, be as provided in said Chapter 429.~~

Sec. 5. [BENTON COUNTY; ECONOMIC DEVELOPMENT AUTHORITY; ESTABLISHMENT AND POWERS.]

Subdivision 1. [ESTABLISHMENT.] The board of county commissioners of Benton county may establish an economic development authority in the manner provided in Minnesota Statutes, sections 469.090 to 469.1081, and may impose limits on the authority enumerated in Minnesota Statutes, section 469.092. The economic development authority has all of the powers and duties granted to or imposed upon economic development authorities under Minnesota Statutes, sections 469.090 to 469.1081. The county economic development authority may create and define the boundaries of economic development districts at any place or places within the county, provided that a project as recommended by the county authority that is to be located within the corporate limits of a city may not be commenced without the approval of the governing body of the city. 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. 2. [POWERS.] If an economic development authority is established as provided in subdivision 1, 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, or other law, including a tax levy to support the activities of the authority.

Subd. 3. [LOCAL APPROVAL.] This section is effective the day after the Benton county board complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 6. [SPECIAL SERVICE DISTRICT; CITY OF EAGAN.]

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

(b) "City" means the city of Eagan.

(c) "Special services" means:

(1) the promotion and management of a special service district as a trade or shopping area with the ability to provide the following special services within the boundaries of the district to be rendered or contracted for by the city;

(2) signage identifying the overall retail area;

(3) preparation, mowing, maintenance, and repair of landscaping on public right-of-way;

(4) installation, maintenance, and repair of street and pedestrian lighting in excess of the city standard;

(5) installation, maintenance, and repair of public parking facilities;

(6) provision and coordination of public safety services in excess of the city standard;

(7) repair, maintenance, operation, rerouting, and replacement of existing public improvements, and those authorized by Minnesota Statutes, section 429.021, within the boundaries of the special service district established under subdivision 2; and

(8) administration, coordination, and preparation of studies and designs for the defined special services.

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.

Subd. 2. [ESTABLISHMENT OF SPECIAL SERVICE DISTRICT.] The governing body of the city of Eagan may adopt ordinances establishing special service districts. The provisions of Minnesota Statutes, chapter 428A govern the establishment and operation of the special service districts in the city.

Subd. 3. [EFFECTIVE DATE; LOCAL APPROVAL.] This section is effective the day after the governing body of the city of Eagan complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 7. [SPECIAL SERVICE DISTRICT; CITY OF GAYLORD.]

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

(b) "City" means the city of Gaylord.

(c) "Special services" means:

(1) the promotion and management of a special service district as a trade or shopping area;

(2) snow removal services rendered or contracted for by the city; and

(3) the repair, maintenance, operation, and replacement of improvements, within the boundaries of a special service district established under subdivision 2.

Subd. 2. [ESTABLISHMENT OF A SPECIAL SERVICE DISTRICT.] The governing body of the city of Gaylord may adopt ordinances establishing special service districts. The provisions of Minnesota Statutes, chapter 428A, govern the establishment and operation of special service districts in the city.

Subd. 3. [LOCAL APPROVAL.] This section is effective the day after the governing body of the city of Gaylord complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 8. [ITASCA COUNTY CEMETERY ASSOCIATION.]

Subdivision 1. [TAX LEVIES.] Notwithstanding Minnesota Statutes, section 471.24, each of the following cities or towns is authorized to levy a tax and make an appropriation not to exceed \$15,000 annually to the Lakeview Cemetery Association, operated by the town of Iron Range, for cemetery purposes: the city of Coleraine, the city of Bovey, and each town which is a member of the cemetery association.

Subd. 2. [EFFECTIVE DATE.] This section is effective for taxes levied in 1994, payable in 1995, and thereafter.

Sec. 9. [CITY-COUNTY RURAL DEVELOPMENT FINANCE AUTHORITY; KOOCHICHING COUNTY.]

Subdivision 1. [ESTABLISHMENT.] The Koochiching county board and any or all of the cities of Koochiching county may, by adopting a written enabling resolution, establish a city-county rural development finance authority that, subject to subdivision 2, has the following powers: powers of an economic development authority under Minnesota Statutes, sections 469.090 to 469.107, and powers of a rural development financing authority under Minnesota Statutes, sections 469.142 to 469.151.

Subd. 2. [ECONOMIC DEVELOPMENT AUTHORITY POWERS.] If the city-county rural development finance 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 469.108. The levy imposed by the county board under Minnesota Statutes, section 469.107, may be levied in addition to levies

otherwise authorized by law. The city-county rural development finance 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 city-county economic development districts. The authority may acquire real property from Koochiching county or any other source.

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 enabling resolution.

(b) The enabling resolution may be modified at any time, but may not be applied in a manner that impairs contracts executed before the modification is made. All modifications to the enabling resolution must be by written resolution.

(c) Before the commencement of a project by the authority, the board shall by majority vote of six approve the project.

(d) Any project within a municipality requires approval of its city council; any project outside the corporate limits of a municipality shall require the approval of the county board.

(e) The authority may employ the personnel it deems necessary.

Subd. 4. [BOARD OF DIRECTORS.] (a) The authority consists of a board of ten directors. The directors shall be appointed as follows:

(1) one resident each from the cities of Ranier, Big Falls, and Little Fork appointed by the mayor of the city and confirmed by the city council;

(2) one resident of either the city of Northome or Mizpah appointed, as agreed by the mayors of the two cities, and confirmed by the two city councils;

(3) three members, one of whom must be from the Birchdale-Loman area and one from the city of International Falls, appointed by the board of commissioners of Koochiching county to be confirmed by the entire board, one of whom shall be designated as chair of the Koochiching development authority board. The Koochiching county board may appoint one of its commissioners whose district is not within any portion of the corporate limits of the city of International Falls to be a director; and

(4) three residents from the city of International Falls appointed by the mayor and confirmed by the city council, one of which may be an elected official.

(b) Any vacancy must be filled in the manner in which the original appointment was made. A vacancy occurs if a director no longer meets the residency requirements for a seat. No director shall be an officer, employee, director, shareholder, or member of any corporation, firm, or association with which the authority has entered into any operating lease, or other agreement. The directors may be removed by the appointing authority for the reasons and in the manner provided under Minnesota Statutes, section 469.010. Directors shall have no personal liability for obligations of the authority or the methods of enforcement and collection of the obligations.

(c) The directors and employees of the authority shall receive both travel and per diem expense payments as are allowed by a vote of 60 percent of the full membership of the authority's board.

(d) No director of the authority shall simultaneously serve in an elective public office, except that one of the appointments by the mayor of the city of International Falls may be a member of the International Falls city council and one of the appointments by the Koochiching county board may be a member of the Koochiching county board whose district is not within any portion of the corporate limits of the city of International Falls. Neither of such elected officials shall serve as chair of the Koochiching city-county rural development finance authority board.

Subd. 5. [BONDING, OCCUPATION TAX RECEIPTS; ASSETS.] (a) Notwithstanding Minnesota Statutes, section 469.102, or other law, authorization to issue general obligation bonds for economic development purposes must be approved by 80 percent of the county board, as must all property tax levies that are only for economic development purposes.

(b) All money received by Koochiching county under Minnesota Statutes, chapter 298, not otherwise allocated by statute for a specific purpose must be appropriated by the county board to the authority established in subdivision 1. The money must be used for the express purpose of furthering economic development of Koochiching county as defined by the Koochiching development authority board.

(c) Assets and obligations held by the authority repealed by subdivision 6 including, but not limited to, outstanding loans, buildings, and land must be transferred to the authority established in subdivision 1 within 90 days of the effective date of this section.

Subd. 6. [REPEALER.] Laws 1987, chapter 182, is repealed with the passage of the resolution specified in subdivision 7.

Subd. 7. [EFFECTIVE DATE.] This section is effective upon approval by the affirmative resolution of the Koochiching county board.

Sec. 10. [NASHWAUK AREA AMBULANCE DISTRICT.]

Subdivision 1. [AGREEMENT; POWERS; GENERAL DESCRIPTION.] (a) The cities of Nashwauk, Keewatin, Marble, Taconite, and Calumet, and the towns of Feely, Goodland, Iron Range, Greenway, Lone Pine, Lawrence, Nashwauk, Balsam, and Bearville, may by resolution of their city councils and town boards establish the Nashwauk area ambulance district. The district may consist of the territories described as follows:

- (1) Feely: Township 54 North, Range 23 West, Sections 1 to 3, 11 to 14, and 24;
- (2) Goodland: Township 55 North, Range 22 West;
- (3) Iron Range: Township 56 North, Range 24 West, Sections 1 to 4, 9 to 16, 22 to 26, and 36;
- (4) Greenway: Township 56 North, Range 23 West;
- (5) Lone Pine: Township 56 North, Range 22 West;
- (6) Lawrence: Township 57 North, Range 24 West, Sections 1 to 3, 10 to 15, 22 to 27, and 34 to 36;
- (7) Nashwauk: Township 57 North, Range 23 West, and Township 57 North, Range 22 West;
- (8) Balsam: Township 58 North, Range 24 West, Sections 1 to 5, 8 to 16, 21 to 24, 27 to 29, and 34 to 36;
- (9) Balsam: all of Township 58 North, Range 23 West, that is organized;
- (10) Bearville: Township 60 North, Range 22 West, Sections 1 to 5, and 7 to 36;
- (11) Bearville: Township 61 North, Range 22 West, Sections 24 to 26, and 34 to 36;
- (12) Township 55 North, Range 23 West, Sections 1 to 17, 21 to 28, and 34 to 36;
- (13) Township 58 North, Range 22 West;
- (14) all of the east part of Township 58 North, Range 23 West, that is organized;
- (15) Township 59 North, Range 22 West;
- (16) Township 59 North, Range 23 West, Sections 1 to 5, and 7 to 36;
- (17) Township 60 North, Range 23 West, Sections 13, 23 to 27, and 33 to 36; and

(18) Township 59 North, Range 24 West, Sections 13, 14, 22 to 29, and 32 to 36.

(b) The Itasca county board may by resolution provide that property located in unorganized territories described in paragraph (a), clauses (12) to (18), or any part of them, may be included within the district.

(c) The district shall make payments of the proceeds of the tax authorized in this section to the city of Nashauk, which shall provide ambulance services throughout the district and may exercise all the powers of the cities and towns that relate to ambulance service anywhere within its territory.

(d) 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 appointment and one-half the first Monday in January in the second year. The terms of those initially appointed must be determined by lot. If an additional member is added because an additional city or town joins the district, the member's term must 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. The Itasca county auditor and treasurer shall collect the tax and pay it to the Nashauk 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 cities of Nashauk, Keewatin, Marble, Taconite, and Calumet, and the towns of Feely, Goodland, Iron Range, Greenway, Lone Pine, Lawrence, Nashauk, Balsam, and Bearville the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of each. This section is effective for unorganized territories described in subdivision 1, paragraph (a), clauses (12) to (18), the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the Itasca county board.

Sec. 11. [TWO HARBORS LODGING TAX.]

Notwithstanding Minnesota Statutes, section 477A.016, or other law, in addition to a tax authorized in Minnesota Statutes, section 469.190, the city of Two Harbors may impose, by ordinance, a tax of up to one percent on the gross receipts subject to the lodging tax under Minnesota Statutes, section 469.190. The proceeds of the tax shall be dedicated and used to provide preservation, display, and interpretation of the tug boat Edna G. The total tax imposed by the city under this section and under Minnesota Statutes, section 469.190, shall not exceed three percent.

Sec. 12. [MAHNOMEN COUNTY BONDING.]

Subdivision 1. [AUTHORIZATION; PURPOSES.] The county of Mahnomen may issue its general obligation bonds in a principal amount not to exceed \$800,000 to (1) fund or refund certain existing warrants and loans of the county incurred in connection with its ownership and operation of the Mahnomen County and Village Hospital, Nursing Home, and Clinic, and (2) provide working capital for the Mahnomen County and Village Hospital, Nursing Home, and Clinic.

Subd. 2. [EXISTING LAW.] The bonds shall be issued according to Minnesota Statutes, chapter 475, except that (1) the bonds shall not constitute net debt within the meaning of Minnesota Statutes, section 475.53, or a debt of the county within the meaning of any other statutory provision, and (2) Minnesota Statutes, section 475.58, does not apply.

Subd. 3. [EFFECTIVE DATE.] This section is effective the day following final enactment, upon compliance by the Mahnomen county board with Minnesota Statutes, section 645.021.

Sec. 13. [CITY OF LAKE CRYSTAL; TIF DISTRICT.]

Subdivision 1. [DURATION.] Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivisions 1 and 1b, the authority may extend the duration of city of Lake Crystal tax increment financing district No. 2-1 through December 31, 2018.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon compliance by the governing body of the city of Lake Crystal with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 14. [BROOKLYN CENTER; REDEVELOPMENT DISTRICT.]

Subdivision 1. [ESTABLISHMENT.] The city of Brooklyn Center may establish an redevelopment tax increment financing district in which 15 percent of the revenues generated from tax increment in any year is deposited in the housing development account of the authority and expended according to the tax increment financing plan.

Subd. 2. [ELIGIBLE ACTIVITIES.] The authority must identify in the plan the housing activities that will be assisted by the housing development account. Housing activities may include rehabilitation, acquisition, demolition, and financing of new or existing single family or multifamily housing. Housing activities listed in the plan need not be located within the district or project area but must be activities that meet the requirements of a qualified housing district under Minnesota Statutes, section 273.1399 or 469.1761, subdivision 2.

Subd. 3. [HOUSING ACCOUNT.] Tax increment to be expended for housing activities under this section must be segregated by the authority into a special account on its official books and records. The account may also receive funds from other public and private sources.

Subd. 4. [EXEMPTION.] The district established under this section is exempt from the provisions of Minnesota Statutes, section 273.1399.

Subd. 5. [LOCAL APPROVAL.] This section is effective upon approval by the governing body of the city of Brooklyn Center under Minnesota Statutes, section 645.021, subdivision 2.

Sec. 15. [CITY OF MINNEAPOLIS; SEWARD SOUTH URBAN RENEWAL AREA.]

The Minneapolis community development agency may establish an economic development tax increment financing district under Minnesota Statutes, sections 469.174 to 469.178, for the retention and expansion of a private educational campus located within a certain area of Seward South urban renewal area which was incorporated into the urban renewal area pursuant to a modification no. 9 which was adopted by the city of Minneapolis as of April 12, 1985. The district established under this section is not subject to the limitations of Minnesota Statutes, section 469.176, subdivision 4c. The proceeds of the levy by Hennepin county on captured net tax capacity within the district established under this section will be paid to Hennepin county unless the Hennepin county board approves the implementation of tax increment financing with respect to the county's levy within and for the purposes of the district.

Sec. 16. [CITY OF MINNEAPOLIS; NORTH WASHINGTON INDUSTRIAL PARK REDEVELOPMENT PROJECT.]

(a) A hazardous substance subdistrict may be established by the Minneapolis community development agency and the city of Minneapolis within the North Washington industrial park redevelopment project in the city of Minneapolis. The district would be subject to the provisions of this section.

(b) In addition to the uses of tax increment revenues authorized in Minnesota Statutes, section 469.176, subdivision 4e, the city of Minneapolis or the Minneapolis community development agency may use tax increment revenues derived from the hazardous substance subdistrict to acquire property within the hazardous substance subdistrict.

(c) At any time on or after approval of the tax increment financing plan for the hazardous substance subdistrict, the Minneapolis community development agency may elect to designate any tax increment revenues from the hazardous substance subdistrict to be tax increment revenues generated solely from the hazardous substance subdistrict. This paragraph does not allow extension of the duration of the redevelopment project under Minnesota Statutes, section 469.176, subdivision 1c, or the use of revenues derived from increment from the project after April 1, 2001, except as provided under Minnesota Statutes, section 469.176, subdivision 1c, and by other general law.

(d) A parcel described in the tax increment financing plan or plan amendment may be designated and certified for inclusion in the hazardous substance subdistrict without approval of a development action response plan.

(e) Minnesota Statutes, section 273.1399, does not apply to the hazardous substance subdistrict.

Sec. 17. [SOUTH ST. PAUL; TAX INCREMENT FINANCING.]

Subdivision 1. [DISTRICT EXTENSION.] Notwithstanding Minnesota Statutes, section 469.176, subdivision 1c, the housing and redevelopment authority may collect and expend tax increment from the Concord Street redevelopment tax increment financing district, located within the city of South St. Paul, after April 1, 2001, for eligible activities within the redevelopment area. The authority under this section expires December 31, 2006.

Subd. 2. [LOCAL APPROVAL.] This section is effective upon compliance by the South St. Paul city council with Minnesota Statutes, section 645.021, subdivision 2.

Sec. 18. [CITY OF DAWSON; TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [DISTRICT EXTENSION.] Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision 1b, and Laws 1991, chapter 291, article 10, sections 22 and 23, the authority may extend the duration of city of Dawson tax increment financing district number four for up to ten years from the effective date of this section. The duration of district number four may not exceed eight years after the receipt by the authority of the first tax increment. The authority may waive the receipt of the tax increment for any year.

Subd. 2. [LOCAL APPROVAL.] This section is effective upon compliance by the governing body of the city of Dawson with Minnesota Statutes, section 645.021, subdivision 2.

Sec. 19. [CITY OF FERGUS FALLS; ECONOMIC DEVELOPMENT.]

Subdivision 1. [TAX INCREMENT FINANCING.] The Fergus Falls port authority may establish an economic development tax increment financing district in Industrial Authority Areas I-1 and I-2 for industrial and manufacturing projects. The district is established under and subject to Minnesota Statutes, sections 469.174 to 469.178, except:

(1) Minnesota Statutes, section 273.1399, does not apply;

(2) The city must pay at least ten percent of the project costs from its general fund, property tax levy, or other unrestricted money (other than tax increments);

(3) The authority may not establish the tax increment financing district under this section unless the tax increment financing plan is approved by resolution of the governing body of Otter Tail county;

(4) The duration limit for the district is 14 years after receipt of the first increment and the authority may elect to waive receipt of the first year of increment.

Subd. 2. [LOCAL APPROVAL.] This section is effective upon compliance by the governing body of the city of Fergus Falls with Minnesota Statutes, section 645.021, subdivision 2.

Sec. 20. [BROOKLYN PARK; ECONOMIC DEVELOPMENT DISTRICT.]

Subdivision 1. [ESTABLISHMENT.] The city of Brooklyn Park may establish an economic development tax increment financing district in which 15 percent of the revenue generated from tax increment in any year is deposited in the housing development account of the authority and expended according to the tax increment financing plan.

Subd. 2. [ELIGIBLE ACTIVITIES.] The authority must identify in the plan the housing activities that will be assisted by the housing development account. Housing activities may include rehabilitation, acquisition, demolition, and financing of new or existing single family or multifamily housing. Housing activities listed in the plan need not be located within the district or project area but must be activities that meet the requirements of a qualified housing district under Minnesota Statutes, section 273.1399 or 469.1761, subdivision 2.

Subd. 3. [HOUSING ACCOUNT.] Tax increment to be expended for housing activities under this section must be segregated by the authority into a special account on its official books and records. The account may also receive funds from other public and private sources.

Subd. 4. [EXEMPTION.] The district established under this act is exempt from the provisions of Minnesota Statutes, section 273.1399.

Sec. 21. [CITY OF PARK RAPIDS; ECONOMIC DEVELOPMENT.]

Subdivision 1. [TAX INCREMENT DISTRICT.] The city of Park Rapids may establish an economic development tax increment financing district under and subject to Minnesota Statutes, sections 469.174 to 469.178, except that:

(1) Minnesota Statutes, section 273.1399, does not apply to that district; and

(2) the city must pay at least five percent of the project costs from its general fund, a property tax levy, or other unrestricted money (other than tax increments).

Subd. 2. [LOCAL APPROVAL.] This section is effective the day after compliance by the governing body of the city of Park Rapids with Minnesota Statutes, section 645.021, subdivision 2.

Sec. 22. [HOPKINS HOUSING IMPROVEMENT AREA; DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] As used in sections 22 to 31, the terms defined in this section have the meanings given them.

Subd. 2. [CITY.] "City" means the city of Hopkins.

Subd. 3. [ENABLING ORDINANCE.] "Enabling ordinance" means the ordinance adopted by the city council establishing the housing improvement area.

Subd. 4. [HOUSING IMPROVEMENTS.] "Housing improvements" has the meaning given in the city's enabling ordinance. Housing improvements may include improvements to common elements of a condominium.

Subd. 5. [HOUSING IMPROVEMENT AREA.] "Housing improvement area" means a defined area within the city where housing improvements are made or constructed and the costs of the improvements are paid in whole or in part from fees imposed within the area.

Subd. 6. [HOUSING UNIT.] "Housing unit" means real property and improvements thereon consisting of a one-dwelling unit, or an apartment as described in Minnesota Statutes, chapter 515 or 515A, that is occupied by a person or family for use as a residence.

Sec. 23. [PETITION REQUIRED.]

No action may be taken under sections 24 and 25 unless owners of 25 percent or more of the housing units that would be subject to fees in the proposed housing improvement area file a petition requesting a public hearing on the proposed action with the city clerk. No action may be taken under section 25 to impose a fee unless owners of 25 percent or more of the housing units subject to the proposed fee file a petition requesting a public hearing on the proposed fee with the city clerk.

Sec. 24. [ESTABLISHMENT OF HOUSING IMPROVEMENT AREA.]

Subdivision 1. [ORDINANCE.] The governing body of the city may adopt an ordinance establishing a housing improvement area. The ordinance must specifically describe the portion of the city to be included in the area, the basis for the imposition of the fees, and the number of years the fee will be in effect. In addition, the ordinance must include findings that without the housing improvement area, the proposed improvements could not be made by the condominium associations or housing unit owners, and the designation is needed to maintain and preserve the housing units within the housing improvement area. The ordinance may not be adopted until a public hearing has been held regarding the ordinance. The ordinance may be amended by the governing body of the city, provided the governing body complies with the public hearing notice provisions of subdivision 2.

Subd. 2. [PUBLIC HEARING.] The notice of public hearing must include the time and place of hearing, a map showing the boundaries of the proposed area, and a statement that all persons owning housing units in the proposed area that would be subject to a fee for housing improvements will be given an opportunity to be heard at the hearing. Notice of the hearing must be given by publication in the official newspaper of the city. The public hearing must be held at least seven days after the publication. Not less than ten days before the hearing, notice must also be mailed to the owner of each housing unit within the proposed area. For the purpose of giving mailed notice, owners are those shown on the records of the county auditor. Other records may be used to supply the necessary information.

At the public hearing a person owning property in the proposed housing improvement area may testify on any issues relevant to the proposed area. The hearing may be adjourned from time to time. The ordinance establishing the area may be adopted at any time within six months after the date of the conclusion of the hearing by a vote of the majority of the governing body of the city.

Subd. 3. [PROPOSED HOUSING IMPROVEMENTS.] At the public hearing held under subdivision 2, the city shall provide a preliminary listing of the housing improvements to be made in the area. The listing shall identify those improvements, if any, that are proposed to be made to all or a portion of the common elements of a condominium. The listing shall also identify those housing units that have completed the proposed housing improvements and are proposed to be exempted from a portion of the fee. In preparing the list the city shall consult with the residents of the area and the condominium associations.

Subd. 4. [BENEFIT; OBJECTION.] Before the ordinance is adopted or at the hearing at which it is to be adopted, the owner of a housing unit in the proposed housing improvement area may file a written objection with the city clerk asserting that the owner's property should not be included in the area or should not be subjected to a fee and objecting to the inclusion of the housing unit in the area, for the reason that the property would not benefit from the improvements.

The governing body shall make a determination of the objection within 60 days of its filing. Pending its determination, the governing body may delay adoption of the ordinance or it may adopt the ordinance with a reservation that the landowner's property may be excluded from the housing improvement area or fee when the determination is made.

Subd. 5. [APPEAL TO DISTRICT COURT.] Within 30 days after the determination of the objection, any person aggrieved, who is not precluded by failure to object before or at the hearing, or whose failure to object is due to a reasonable cause, may appeal to the district court by serving a notice upon the mayor or city clerk. The notice shall be filed with the court administrator of the district court within ten days after its service. The city clerk shall furnish the appellant a certified copy of the findings and determination of the governing body. The court may affirm the action objected to or, if the appellant's objections have merit, modify or cancel it. If the appellant does not prevail upon the appeal, the costs incurred are taxed to the appellant by the court and judgment entered for them. All objections are deemed waived unless presented on appeal.

Sec. 25. [IMPROVEMENT FEES AUTHORITY; NOTICE AND HEARING.]

Subdivision 1. [AUTHORITY.] Fees may be imposed by the city on the housing units within the housing improvement area at a rate, term, or amount sufficient to produce revenue required to provide housing improvements in the area. The fee can be imposed on the basis of the tax capacity of the housing unit, or the total amount of square footage of the housing unit, or a method determined by the council and specified in the resolution. Before the imposition of the fees, a hearing must be held and notice must be published in the official newspaper at least seven days before the hearing and shall be mailed at least seven days before the hearing to any housing unit owner subject to a fee. For purposes of this section, the notice must also include:

(1) a statement that all interested persons will be given an opportunity to be heard at the hearing regarding a proposed housing improvement fee;

(2) the estimated cost of improvements including administrative costs to be paid for in whole or in part by the fee imposed under the ordinance;

(3) the amount to be charged against the particular property;

(4) the right of the property owner to prepay the entire fee;

(5) the number of years the fee will be in effect; and

(6) a statement that the petition requirements of section 23 have either been met or do not apply to the proposed fee;

Within six months of the public hearing, the city may adopt a resolution imposing a fee within the area not exceeding the amount expressed in the notice issued under this section.

Prior to adoption of the resolution approving the fee, the condominium associations located in the housing improvement area shall submit to the city a financial plan prepared by an independent third party, acceptable to the city and associations, that provides for the associations to finance maintenance and operation of the common elements in the condominium and a long-range plan to conduct and finance capital improvements.

Subd. 2. [LEVY LIMIT.] Fees imposed under this section are not included in the calculation of levies or limits on levies imposed under any law or charter.

Sec. 26. [COLLECTION OF FEES.]

The city may provide for the collection of the housing improvement fees according to the terms of Minnesota Statutes, section 428A.05.

Sec. 27. [BONDS.]

At any time after a contract for the construction of all or part of an improvement authorized under sections 22 to 31 has been entered into or the work has been ordered, the governing body of the city may issue obligations in the amount it deems necessary to defray in whole or in part the expense incurred and estimated to be incurred in making the improvement, including every item of cost from inception to completion and all fees and expenses incurred in connection with the improvement or the financing.

The obligations are payable primarily out of the proceeds of the fees imposed under section 25, or from any other special assessments or revenues available to be pledged for their payment under charter or statutory authority, or from two or more of those sources. The governing body may, by resolution adopted prior to the sale of obligations, pledge the full faith, credit, and taxing power of the city to assure payment of the principal and interest if the proceeds of the fees in the area are insufficient to pay the principal and interest. The obligations must be issued in accordance with Minnesota Statutes, chapter 475, except that an election is not required, and the amount of the obligations are not included in determination of the net debt of the city under the provisions of any law or charter limiting debt.

Sec. 28. [ADVISORY BOARD.]

The governing body of the city may create and appoint an advisory board for the housing improvement area in the city to advise the governing body in connection with the planning and construction of housing improvements. In appointing the board, the council shall consider for membership, members of condominium associations located in the housing improvement area. The advisory board shall make recommendations to the governing body to provide improvements or impose fees within the housing improvement area. Before the adoption of a proposal by the governing body to provide improvements within the housing improvement area, the advisory board of the housing improvement area shall have an opportunity to review and comment upon the proposal.

Sec. 29. [VETO POWERS OF OWNERS.]

Subdivision 1. [NOTICE OF RIGHT TO FILE OBJECTIONS.] The effective date of any ordinance or resolution adopted under sections 24 and 25 must be at least 45 days after it is adopted. Within five days after adoption of the ordinance or resolution, a summary of the ordinance or resolution shall be mailed to the owner of each housing unit included in the housing improvement area. The mailing shall include a notice that owners subject to a fee have a right to veto the ordinance or resolution by filing the required number of objections with the city clerk before the effective date of the ordinance or resolution and that a copy of the ordinance or resolution is on file with the city clerk for public inspection.

Subd. 2. [REQUIREMENTS FOR VETO.] If owners of 35 percent or more of the housing units in the area subject to the fee file an objection to the ordinance adopted by the city under section 24 with the city clerk before the effective date of the ordinance, the ordinance does not become effective. If owners of 35 percent or more of the housing units' tax capacity subject to the fee under section 25 file an objection with the city clerk before the effective date of the resolution, the resolution does not become effective.

Sec. 30. [ANNUAL REPORTS.]

Each condominium association located within the housing improvement area must, by August 15 annually, submit a copy of its audited financial statements to the city. The city may also, as part of the enabling ordinance, require the submission of other relevant information from the associations.

Sec. 31. [SPECIAL ASSESSMENTS.]

Within a housing improvement area, the governing body of the city may, in addition to the fee authorized in section 25, special assess housing improvements to benefited property. The governing body of the city may by ordinance adopt regulations consistent with this section.

Sec. 32. [RED WING TAX INCREMENT DISTRICT.]

Notwithstanding any restrictions otherwise applicable pursuant to Minnesota Statutes, section 469.176, subdivision 1c, the duration of the two city tax increment financing districts within Development Districts I and II, located within the city of Red Wing, may be extended by resolution of the Red Wing City Council to August 1, 2009.

Sec. 33. [LOCAL APPROVAL.]

Section 3 is effective the day after the governing body of the city of Mankato complies with section 645.021, subdivision 3.

ARTICLE 10

CROSS LAKE AREA WATER AND SEWER BOARD

Section 1. [DEFINITIONS.]

Subdivision 1. For the purposes of this article, the terms defined in this section have the meanings given them.

Subd. 2. "Cross Lake area water and sanitary sewer district" and "district" mean the area over which the Cross Lake area water and sanitary sewer board has jurisdiction, including the towns of Pokegama and Chengwatana and Pine City in Pine county, but only that part within 1,000 feet of the high waterline of Cross Lake in those townships.

Subd. 3. "Water and sanitary sewer board" or "board" means the Cross Lake area water and sanitary sewer board established for the district as provided in subdivision 2.

Subd. 4. "Person" means an individual, partnership, corporation, limited liability company, cooperative, or other organization or entity, public or private.

Subd. 5. "Local governmental unit" or "governmental unit" means the towns of Pokegama, Chengwatana, and Pine City.

Subd. 6. "Acquisition" and "betterment" have the meanings given in Minnesota Statutes, chapter 475.

Subd. 7. "Agency" means the Minnesota pollution control agency created in Minnesota Statutes, chapter 116.

Subd. 8. "Sewage" means all liquid or water-carried waste products from whatever sources derived, together with any groundwater infiltration and surface water as may be present.

Subd. 9. "Pollution of water" and "sewer system" have the meanings given in Minnesota Statutes, section 115.01.

Subd. 10. "Treatment works" and "disposal system" have the meanings given in Minnesota Statutes, section 115.01.

Subd. 11. "Interceptor" means a sewer and its necessary appurtenances, including but not limited to mains, pumping stations, and sewage flow-regulating and -measuring stations, that is:

(1) designed for or used to conduct sewage originating in more than one local governmental unit;

(2) designed or used to conduct all or substantially all the sewage originating in a single local governmental unit from a point of collection in that unit to an interceptor or treatment works outside that unit; or

(3) determined by the board to be a major collector of sewage used or designed to serve a substantial area in the district.

Subd. 12. "District disposal system" means any and all interceptors or treatment works owned, constructed, or operated by the board unless designated by the board as local water and sanitary sewer facilities.

Subd. 13. "Municipality" means any home rule charter or statutory city or town.

Subd. 14. "Total costs of acquisition and betterment" and "costs of acquisition and betterment" mean all acquisition and betterment expenses permitted to be financed out of stopped bond proceeds issued in accordance with section 13, whether or not the expenses are in fact financed out of the bond proceeds.

Subd. 15. "Current costs of acquisition, betterment, and debt service" means interest and principal estimated to be due during the budget year on bonds issued to finance said acquisition and betterment and all other costs of acquisition and betterment estimated to be paid during the year from funds other than bond proceeds and federal or state grants.

Subd. 16. [RESIDENT.] "Resident" means the owner of a dwelling located in the district and receiving water or sewer service.

Sec. 2. [WATER AND SANITARY SEWER BOARD.]

Subdivision 1. [ESTABLISHMENT.] A water and sewer district is established for the towns of Pokegama, Chengwatana, and Pine City in Pine county, to be known as the Cross Lake area water and sanitary sewer district. The water and sewer district is under the control and management of the Cross Lake area water and sanitary sewer board. The board is established as a public corporation and political subdivision of the state with perpetual succession and all the rights, powers, privileges, immunities, and duties that may be validly granted to or imposed upon a municipal corporation, as provided in this article.

Subd. 2. [MEMBERS AND SELECTION.] The board is composed of seven members selected as follows: the town boards of the governmental units each shall meet to appoint two members of the water and sanitary sewer board and each board member has one vote. One member must be selected by the city of Pine City. The first terms must be as follows: two for one year, two for two years, and three for three years, fixed by lot at the district's first meeting. Thereafter, all terms are for three years.

Subd. 3. [TIME LIMITS FOR SELECTION.] The board members must be selected as provided in subdivision 2 within 60 days after this article becomes effective. The successor to each board member must be selected at any time within 60 days before the expiration of the member's term in the same manner as the predecessor was selected. A vacancy on the board must be filled within 60 days after it occurs.

Subd. 4. [VACANCIES.] If the office of a board member becomes vacant, the vacancy must be filled for the unexpired term in the manner provided for selection of the member who vacated the office. The office is deemed vacant under the conditions specified in Minnesota Statutes, section 351.02.

Subd. 5. [REMOVAL.] A board member may be removed by the unanimous vote of the governing body appointing the member, with or without cause, or for malfeasance or nonfeasance in the performance of official duties as provided by Minnesota Statutes, sections 351.14 to 351.23.

Subd. 6. [QUALIFICATIONS.] One board member representing a town must be a resident of the district and the other member representing that town must be a resident of the township, and each may, but need not be, an elected public official.

Subd. 7. [CERTIFICATES OF SELECTION; OATH OF OFFICE.] A certificate of selection of every board member selected under subdivision 2 stating the term for which selected, must be made by the respective town clerks. The certificates, with the approval appended by other authority, if required, must be filed with the secretary of state. Counterparts thereof must be furnished to the board member and the secretary of the board. Each member shall qualify by taking and subscribing the oath of office prescribed by the Minnesota Constitution, article 5, section 8. The oath, duly certified by the official administering the same, must be filed with the secretary of state and the secretary of the board.

Subd. 8. [BOARD MEMBERS' COMPENSATION.] Each board member, except the chair, must be paid a per diem compensation of \$35 for meetings and for other services as are specifically authorized by the board, not to exceed \$1,000 in any one year. The chair must be paid a per diem compensation of \$45 for meetings and for other services specifically authorized by the board, not to exceed \$1,500 in any one year. All members of the board must be reimbursed for all reasonable and necessary expenses actually incurred in the performance of duties.

Sec. 3. [GENERAL PROVISIONS FOR ORGANIZATION AND OPERATION OF BOARD.]

Subdivision 1. [ORGANIZATION; OFFICERS; MEETINGS; SEAL.] After the selection and qualification of all board members, they shall meet to organize the board at the call of any two board members, upon seven days' notice by registered mail to the remaining board members, at a time and place within the district specified in the notice. A majority of the members shall constitute a quorum at that meeting and all other meetings of the board, but a lesser number may meet and adjourn from time to time and compel the attendance of absent members. At the first meeting the board shall select its officers and conduct other organizational business as may be necessary. Thereafter the board shall meet regularly at the time and place that the board designates by resolution. Special meetings may be held at any time upon call of the chair or any two members, upon written notice sent by mail to each member at least three days before the meeting, or upon other notice as the board by resolution may provide, or without notice if each member is present or files with the secretary a written consent to the meeting either before or after the meeting. Except as otherwise provided in this article, any action within the authority of the board may be taken by the affirmative vote of a majority of the board and may be taken by regular or adjourned regular meeting or at a duly held special meeting, but in any case only if a quorum is present. Meetings of the board must be open to the public. The board may adopt a seal, which must be officially and judicially noticed, to authenticate instruments executed by its authority, but omission of the seal does not affect the validity of any instrument.

Subd. 2. [CHAIR.] The board shall elect a chair from its membership. The term of the first chair of the board shall expire on January 1, 1996, and the terms of successor chairs expire on January 1 of each succeeding year. The chair shall preside at all meetings of the board, if present, and shall perform all other duties and functions usually incumbent upon such an officer, and all administrative functions assigned to the chair by the board. The board shall elect a vice-chair from its membership to act for the chair during temporary absence or disability.

Subd. 3. [SECRETARY AND TREASURER.] The board shall select a person or persons who may, but need not be, a member or members of the board, to act as its secretary and treasurer. The secretary and treasurer shall hold office at the pleasure of the board, subject to the terms of any contract of employment that the board may enter into with the secretary or treasurer. The secretary shall record the minutes of all meetings of the board, and be the custodian of all books and records of the board except those that the board entrusts to the custody of a designated employee. The treasurer is the custodian of all money received by the board except as the board otherwise entrusts to the custody of a designated employee. The board may appoint a deputy to perform any and all functions of either the secretary or the treasurer. No secretary or treasurer who is not a member of the board or a deputy of either shall have any right to vote.

Subd. 4. [EXECUTIVE DIRECTOR.] The board shall appoint an executive director, selected solely upon the basis of training, experience, and other qualifications and who shall serve at the pleasure of the board and at a compensation to be determined by the board. The executive director need not be a resident of the district. The executive director may also be selected by the board to serve as either secretary or treasurer, or both, of the board. The executive director shall attend all meetings of the board, but shall not vote, and shall have the following powers and duties:

- (1) to see that all resolutions, rules, regulations, or orders of the board are enforced;
- (2) to appoint and remove, upon the basis of merit and fitness, all subordinate officers and regular employees of the board except the secretary and the treasurer and their deputies;
- (3) to present to the board plans, studies, and other reports prepared for board purposes and recommend to the board for adoption the measures the executive director deems necessary to enforce or carry out the powers and the duties of the board, or the efficient administration of the affairs of the board;
- (4) to keep the board fully advised as to its financial condition, and to prepare and submit to the board and to the governing bodies of the local governmental units, the board's annual budget and other financial information the board may request;
- (5) to recommend to the board for adoption rules and regulations the executive director deems necessary for the efficient operation of the district disposal system; and
- (6) to perform other duties prescribed by the board.

Subd. 5. [PUBLIC EMPLOYEES.] The executive director and other persons employed by the district are public employees and have all the rights and duties conferred on public employees under Minnesota Statutes, sections 179A.01 to 179A.25. The board may elect to have employees become members of either the public employees retirement association or the Minnesota state retirement system. The compensation and conditions of employment of the employees must be governed by rules applicable to state employees in the classified service and to the provisions of Minnesota Statutes, chapter 15A.

Subd. 6. [PROCEDURES.] The board shall adopt resolutions or bylaws establishing procedures for board action, personnel administration, keeping records, approving claims, authorizing or making disbursements, safekeeping funds, and auditing all financial operations of the board.

Subd. 7. [SURETY BONDS AND INSURANCE.] The board may procure surety bonds for its officers and employees, in amounts deemed necessary to ensure proper performance of their duties and proper accounting for funds in their custody. It may procure insurance against risks to property and liability of the board and its officers, agents, and employees for personal injuries or death and property damage and destruction, in amounts deemed necessary or desirable, with the force and effect stated in Minnesota Statutes, chapter 466.

Sec. 4. [GENERAL POWERS OF BOARD.]

Subdivision 1. [SCOPE.] The board has all powers necessary or convenient to discharge the duties imposed upon it by law. The powers include those specified in this section, but the express grant or enumeration of powers does not limit the generality or scope of the grant of powers contained in this subdivision.

Subd. 2. [SUIT.] The board may sue or be sued.

Subd. 3. [CONTRACT.] The board may enter into any contract necessary or proper for the exercise of its powers or the accomplishment of its purposes.

Subd. 4. [RULEMAKING.] The board may adopt rules relating to its responsibilities and may provide penalties for their violation, not exceeding the maximum that may be specified for a misdemeanor, and the cost of prosecution may be added to the penalties imposed. Any rule prescribing a penalty for violation must be published at least once in a newspaper having general circulation in the district. The violations may be prosecuted before any court in the district having jurisdiction of misdemeanors, and every court having misdemeanor jurisdiction has jurisdiction of the violations. Any constable or other peace officer of any governmental unit in the district may make arrests for violations committed anywhere in the district in like manner and with like effect as for violations of city ordinances or for statutory misdemeanors. Fines collected in cases arising under this subdivision must be deposited in the treasury of the board, or may be allocated between the board and the governmental unit in which the prosecution occurs on a basis as the board and the governmental unit agree.

Subd. 5. [GIFTS, GRANTS, LOANS.] The board may accept gifts, apply for and accept grants or loans of money or other property from the United States, the state, or any person for any of its purposes, enter into any agreement required in connection with them, and hold, use, and dispose of the money or property in accordance with the terms of the gift, grant, loan, or agreement relating to it. With respect to loans or grants of funds or real or personal property or other assistance from any state or federal government or its agency or instrumentality, the board may contract to do and perform all acts and things required as a condition or consideration for the gift, grant, or loan pursuant to state or federal law or regulations, whether or not included among the powers expressly granted to the board in this article.

Subd. 6. [COOPERATIVE ACTION.] The board may act under Minnesota Statutes, section 471.59, or any other appropriate law providing for joint or cooperative action between governmental units.

Subd. 7. [STUDIES AND INVESTIGATIONS.] The board may conduct research studies and programs, collect and analyze data, prepare reports, maps, charts, and tables, and conduct all necessary hearings and investigations in connection with the design, construction, and operation of the district disposal system.

Subd. 8. [EMPLOYEES, TERMS.] The board may employ on terms it deems advisable, persons or firms performing engineering, legal, or other services of a professional nature; require any employee to obtain and file with it an individual bond or fidelity insurance policy; and procure insurance in amounts it deems necessary against liability of the board or its officers or both, for personal injury or death and property damage or destruction, with the force and effect stated in Minnesota Statutes, chapter 466, and against risks of damage to or destruction of any of its facilities, equipment, or other property as it deems necessary.

Subd. 9. [PROPERTY RIGHTS, POWERS.] The board may acquire by purchase, lease, condemnation, gift, or grant, any real or personal property including positive and negative easements and water and air rights, and it may construct, enlarge, improve, replace, repair, maintain, and operate any interceptor, treatment works, or water facility determined to be necessary or convenient for the collection and disposal of sewage in the district. Any local governmental unit and the commissioners of transportation and natural resources are authorized to convey to or permit the use of any of the above-mentioned facilities owned or controlled by it, by the board, subject to the rights of the holders of any bonds issued with respect to those facilities, with or without compensation, without an election or approval by any other governmental unit or agency. All powers conferred by this subdivision may be exercised both within or without the district as may be necessary for the exercise by the board of its powers or the accomplishment of its purposes. The board may hold, lease, convey, or otherwise dispose of the above-mentioned property for its purposes upon the terms and in the manner it deems advisable. Unless otherwise provided, the right to acquire lands and property rights by condemnation may be exercised only in accordance with Minnesota Statutes, sections 117.011 to 117.232, and shall apply to any property or interest in the property owned by any local governmental unit. No property devoted to an actual public use at the time, or held to be devoted to such a use within a reasonable time, shall be so acquired unless a court of competent jurisdiction determines that the use proposed by the board is paramount to the existing use. Except in the case of property in actual public use, the board may take possession of any property on which condemnation proceedings have been commenced at any time after the issuance of a court order appointing commissioners for its condemnation.

Subd. 10. [RELATIONSHIP TO OTHER PROPERTIES.] The board may construct or maintain its systems or facilities in, along, on, under, over, or through public waters, streets, bridges, viaducts, and other public rights-of-way without first obtaining a franchise from a county or municipality having jurisdiction over them. However, the facilities must be constructed and maintained in accordance with the ordinances and resolutions of the county or municipality relating to constructing, installing, and maintaining similar facilities on public properties and must not unnecessarily obstruct the public use of those rights-of-way.

Subd. 11. [DISPOSAL OF PROPERTY.] The board may sell, lease, or otherwise dispose of any real or personal property acquired by it which is no longer required for accomplishment of its purposes. The property may be sold in the manner provided by Minnesota Statutes, section 469.065, insofar as practical. The board may give notice of sale as it deems appropriate. When the board determines that any property or any part of the district disposal system acquired from a local governmental unit without compensation is no longer required but is required as a local facility by the governmental unit from which it was acquired, the board may by resolution transfer it to that governmental unit.

Subd. 12. [AGREEMENTS WITH OTHER GOVERNMENTAL UNITS.] The board may contract with the United States or any agency thereof, any state or agency thereof, or any regional public planning body in the state with jurisdiction over any part of the district, or any other municipal or public corporation, or governmental subdivision or agency or political subdivision in any state, for the joint use of any facility owned by the board or such entity, for the operation by that entity of any system or facility of the board, or for the performance on the board's behalf of any service, including but not limited to planning, on terms as may be agreed upon by the contracting parties. Unless designated by the board as a local water and sanitary sewer facility, any treatment works or interceptor jointly used, or operated on behalf of the board, as provided in this subdivision, is deemed to be operated by the board for purposes of including those facilities in the district disposal system.

Sec. 5. [COMPREHENSIVE PLAN.]

Subdivision 1. [BOARD PLAN AND PROGRAM.] The board shall adopt a comprehensive plan for the collection, treatment, and disposal of sewage in the district for a designated period the board deems proper and reasonable. The board shall prepare and adopt subsequent comprehensive plans for the collection, treatment, and disposal of sewage in the district for each succeeding designated period as the board deems proper and reasonable. The first plan, as modified by the board, and any subsequent plan shall take into account the preservation and best and most economic use of water and other natural resources in the area; the preservation, use, and potential for use of lands adjoining waters of the state to be used for the disposal of sewage; and the impact the disposal system will have on present and future land use in the area affected. The plans shall include the general location of needed interceptors and treatment works, a description of the area that is to be served by the various interceptors and treatment works, a long-range capital improvements program, and any other details as the board deems appropriate. In developing the plans, the board shall consult with persons designated for the purpose by governing bodies of any governmental unit within the district to represent the entities and shall consider the data, resources, and input offered to the board by the entities and any planning agency acting on behalf of one or more of the entities. Each plan, when adopted, must be followed in the district and may be revised as often as the board deems necessary.

Subd. 2. [COMPREHENSIVE PLANS; HEARING.] Before adopting any subsequent comprehensive plan, the board shall hold a public hearing on the proposed plan at a time and place in the district that it selects. The hearing may be continued from time to time. Not less than 45 days before the hearing, the board shall publish notice of the hearing in a newspaper having general circulation in the district, stating the date, time, and place of the hearing, and the place where the proposed plan may be examined by any interested person. At the hearing, all interested persons must be permitted to present their views on the plan.

Subd. 3. [GOVERNMENTAL UNIT PLANS AND PROGRAMS; COORDINATION WITH BOARD'S RESPONSIBILITIES.] Once the board's plan is adopted, no construction project involving the construction of new sewers or other disposal facilities may be undertaken by the local governmental unit unless its governing body shall first find the project to be in accordance with the governmental unit's comprehensive plan and program as approved by the board. Before approval by the board of the comprehensive plan and program of any local governmental unit in the district, no water and sanitary sewer construction project may be undertaken by the governmental unit unless approval of the project is first secured from the board as to those features of the project affecting the board's responsibilities as determined by the board.

Sec. 6. [POWERS TO ISSUE OBLIGATIONS AND IMPOSE SPECIAL ASSESSMENTS.]

The Cross Lake area water and sanitary sewer board, in order to implement the powers granted under this article to establish, maintain, and administer the Cross Lake area water and sanitary sewer district, may issue obligations and impose special assessments against benefited property within the limits of the district benefited by facilities constructed under this article in the manner provided for local governments by Minnesota Statutes, chapter 429.

Sec. 7. [SYSTEM EXPANSION; APPLICATION TO CITIES.]

The authority of the water and sanitary sewer board to establish water or sewer or combined water and sewer systems under this section extends to areas within the Cross Lake area water and sanitary sewer district organized into cities when requested by resolution of the governing body of the affected city or when ordered by the Minnesota pollution control agency after notice and hearing. For the purpose of any petition filed or special assessment levied with respect to any system, the entire area to be served within a city must be treated as if it were owned by a single person, and the governing body shall exercise all the rights and be subject to all the duties of an owner of the area, and shall have power to provide for the payment of all special assessments and other charges imposed upon the area with respect to the system by the appropriation of money, the collection of service charges, or the levy of taxes, which shall be subject to no limitation of rate or amount.

Sec. 8. [SEWAGE COLLECTION AND DISPOSAL; POWERS.]

Subdivision 1. [POWERS.] In addition to all other powers conferred upon the board in this article, it has the powers specified in this section.

Subd. 2. [DISCHARGE OF TREATED SEWAGE.] The board may discharge the effluent from any treatment works operated by it into any waters of the state, subject to approval of the agency if required and in accordance with any effluent or water quality standards lawfully adopted by the agency, any interstate agency, or any federal agency having jurisdiction.

Subd. 3. [UTILIZATION OF DISTRICT SYSTEM.] The board may require any person or local governmental unit to provide for the discharge of any sewage, directly or indirectly, into the district disposal system, or to connect any disposal system or a part of it with the district disposal system wherever reasonable opportunity for connection is provided; may regulate the manner in which the connections are made; may require any person or local governmental unit discharging sewage into the disposal system to provide preliminary treatment for it; may prohibit the discharge into the district disposal system of any substance that it determines will or may be harmful to the system or any persons operating it; and may require any local governmental unit to discontinue the acquisition, betterment, or operation of any facility for the unit's disposal system wherever and so far as adequate service is or will be provided by the district disposal system.

Subd. 4. [SYSTEM OF COST RECOVERY TO COMPLY WITH APPLICABLE REGULATIONS.] Any charges, connection fees, or other cost-recovery techniques imposed on persons discharging sewage directly or indirectly into the district disposal system must comply with applicable state and federal law, including state and federal regulations governing grant applications.

Sec. 9. [BUDGET.]

The board shall prepare and adopt, on or before October 1 in 1995 and each year thereafter, a budget showing for the following calendar year or other fiscal year determined by the board, sometimes referred to in this article as the budget year, estimated receipts of money from all sources, including but not limited to payments by each local governmental unit, federal or state grants, taxes on property, and funds on hand at the beginning of the year, and estimated expenditures for:

(1) costs of operation, administration, and maintenance of the district disposal system;

(2) cost of acquisition and betterment of the district disposal system; and

(3) debt service, including principal and interest, on general obligation bonds and certificates issued pursuant to section 13, and any money judgments entered by a court of competent jurisdiction. Expenditures within these general categories, and any other categories as the board may from time to time determine, must be itemized in detail as the board prescribes. The board and its officers, agents, and employees shall not spend money for any purpose other than debt service without having set forth the expense in the budget nor in excess of the amount set forth in the budget for it. No obligation to make an expenditure of the above-mentioned type is enforceable except as the obligation of the person or persons incurring it. The board may amend the budget at any time by transferring from one purpose to another any sums except money for debt service and bond proceeds or by increasing expenditures in any amount by which actual cash receipts during the budget year exceed the total amounts designated in the original budget. The creation of any obligation under section 13 or the receipt of any federal or state grant is a sufficient budget designation of the proceeds for the purpose for which it is authorized, and of the tax or other revenue pledged to pay the obligation and interest on it, whether or not specifically included in any annual budget.

Sec. 10. [ALLOCATION OF COSTS.]

Subdivision 1. [DEFINITION OF CURRENT COSTS.] The estimated cost of administration, operation, maintenance, and debt service of the district disposal system to be paid by the board in each fiscal year and the estimated costs of acquisition and betterment of the system that are to be paid during the year from funds other than state or federal grants and bond proceeds and all other previously unallocated payments made by the board pursuant to this article to be allocated in the fiscal year are referred to as current costs and must be allocated by the board as provided in subdivision 2 in the budget for that year.

Subd. 2. [METHOD OF ALLOCATION OF CURRENT COSTS.] Current costs must be allocated in the district on an equitable basis as the board may determine by resolution to be in the best interests of the district. The adoption or revision of any method of allocation used by the board must be by the affirmative vote of at least two-thirds of the members of the board.

Sec. 11. [TAX LEVIES.]

To accomplish any duty imposed on it the board may, in addition to the powers granted in this article and in any other law or charter, exercise the powers granted any municipality by Minnesota Statutes, chapters 117, 412, 429, 475, sections 115.46, 444.075, and 471.59, with respect to the area in the district. The board may levy taxes upon all taxable property in the district for all or a part of the amount payable to the board, pursuant to section 10, to be assessed and extended as a tax upon that taxable property by the county auditor for the next calendar year, free from any limitation of rate or amount imposed by law or charter. The tax must be collected and remitted in the same manner as other general taxes.

Sec. 12. [PUBLIC HEARING AND SPECIAL ASSESSMENTS.]

Subdivision 1. [PUBLIC HEARING REQUIREMENT ON SPECIFIC PROJECT.] Before the board orders any project involving the acquisition or betterment of any interceptor or treatment works, all or a part of the cost of which will be allocated pursuant to section 10 as current costs, the board shall hold a public hearing on the proposed project. The hearing must be held following two publications in a newspaper having general circulation in the district, stating the time and place of the hearing, the general nature and location of the project, the estimated total cost of acquisition and betterment, that portion of costs estimated to be paid out of federal and state grants, and that portion of costs estimated to be allocated. The estimates must be best available at the time of the meeting and if costs exceed the estimate, the project cannot proceed until an additional public hearing is held, with notice as required at the initial meeting. The two publications must be a week apart and the hearing at least three days after the last publication.

Not less than 45 days before the hearing, notice of the hearing must also be mailed to each clerk of all local governmental units in the district, but failure to give mailed notice or any defects in the notice does not invalidate the proceedings. The project may include all or part of one or more interceptors or treatment works. No hearing may be held on any project unless the project is within the area covered by the comprehensive plan adopted by the board pursuant to section 5 except that the hearing may be held simultaneously with a hearing on a comprehensive plan. A hearing is not required with respect to a project, no part of the costs of which are to be allocated as the current costs of acquisition, betterment, and debt service.

Subd. 2. [NOTICE TO BENEFITED PROPERTY OWNERS.] If the board proposes to assess against benefited property within the district all or any part of the allocable costs of the project as provided in subdivision 5, the board shall, not less than ten days before the hearing provided for in subdivision 1, cause mailed notice of the hearing to be given to the owner of each parcel within the area proposed to be specially assessed and shall also give one week's published notice of the hearing. The notice of hearing must contain the same information provided in the notice published by the board pursuant to subdivision 1, and a description of the area proposed to be assessed. For the purpose of giving mailed notice, owners are those shown to be 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. For properties that are tax exempt or subject to taxation on a gross earnings basis and not listed on the records of the county auditor or the county treasurer, the owners must be ascertained by any practicable means and mailed notice given them as herein provided. Failure to give mailed notice or any defects in the notice does not invalidate the proceedings of the board.

Subd. 3. [BOARD PROCEEDINGS PERTAINING TO HEARING.] Before adoption of the resolution calling for a hearing under this section, the board shall secure from the district engineer or some other competent person of the board's selection a report advising it in a preliminary way as to whether the proposed project is feasible and whether it should be made as proposed or in connection with some other project and the estimated costs of the project as recommended. No error or omission in the report invalidates the proceeding. The board may also take other steps before the hearing, as will in its judgment provide helpful information in determining the desirability and feasibility of the project, including but not limited to preparation of plans and specifications and advertisement for bids on them. The hearing may be adjourned from time to time and a resolution ordering the project may be adopted at any time within six months after the date of hearing. In ordering the project the board may reduce but not increase the extent of the project as stated in the notice of hearing and shall find that the project as ordered is in accordance with the comprehensive plan and program adopted by the board pursuant to section 5.

Subd. 4. [EMERGENCY ACTION.] If the board by resolution adopted by the affirmative vote of not less than two-thirds of its members determines that an emergency exists requiring the immediate purchase of materials or supplies or the making of emergency repairs, it may order the purchase of those supplies and materials and the making of the repairs before any hearing required under this section, provided that the board shall set as early a date as practicable for the hearing at the time it declares the emergency. All other provisions of this section must be followed in giving notice of and conducting the hearing. Nothing herein may be construed as preventing the board or its agents from purchasing maintenance supplies or incurring maintenance costs without regard to the requirements of this section.

Subd 5. [POWER OF THE BOARD TO SPECIALLY ASSESS.] The board may specially assess all or any part of the costs of acquisition and betterment as herein provided, of any project ordered pursuant to this section. The special assessments must be levied in accordance with the provisions of Minnesota Statutes, sections 429.051 to 429.081, except as otherwise provided in this subdivision. No other provisions of Minnesota Statutes, chapter 429, apply. For purposes of levying the special assessments, the hearing on the project required in subdivision 1 serves as the hearing on the making of the original improvement provided for by Minnesota Statutes, section 429.051. The area assessed may be less than but may not exceed the area proposed to be assessed as stated in the notice of hearing on the project provided for in subdivision 2.

Sec. 13. [BONDS, CERTIFICATES, AND OTHER OBLIGATIONS.]

Subdivision 1. [BUDGET ANTICIPATION CERTIFICATES OF INDEBTEDNESS.] At any time after adoption of its annual budget and in anticipation of the collection of tax and other revenues estimated and set forth by the board in the budget, except in the case of deficiency taxes levied under this subdivision and taxes levied for the payment of certificates issued under subdivision 2, the board may, by resolution, authorize the issuance, negotiation, and sale, in accordance with subdivision 4 in the form and manner and upon terms it determines, of its negotiable general obligation certificates of indebtedness in aggregate principal amounts not exceeding 50 percent of the total amount of tax collections and other revenues, and maturing not later than three months after the close of the budget year in which issued. The proceeds of the sale of the certificates must be used solely for the purposes for which the tax collections and other revenues are to be expended pursuant to the budget.

All the tax collections and other revenues included in the budget for the budget year, after the expenditure of the tax collections and other revenues in accordance with the budget, must be irrevocably pledged and appropriated to a special fund to pay the principal and interest on the certificates when due. If for any reason the tax collections and other revenues are insufficient to pay the certificates and interest when due, the board shall levy a tax in the amount of the deficiency on all taxable property in the district and shall appropriate this amount when received to the special fund.

Subd. 2. [EMERGENCY CERTIFICATES OF INDEBTEDNESS.] If in any budget year the receipts of tax and other revenues should for some unforeseen cause become insufficient to pay the board's current expenses, or if any public emergency should subject it to the necessity of making extraordinary expenditures, the board may by resolution authorize the issuance, negotiation, and sale, in accordance with subdivision 4 in the form and manner and upon the terms and conditions it determines, of its negotiable general obligation certificates of indebtedness in an amount sufficient to meet the deficiency. The board shall levy on all taxable property in the district a tax sufficient to pay the certificates and interest on the certificates and shall appropriate all collections of the tax to a special fund created for the payment of the certificates and the interest on them. Certificates issued under this subdivision mature not later than April 1 in the year following the year in which the tax is collectible.

Subd. 3. [GENERAL OBLIGATION BONDS.] The board may by resolution authorize the issuance of general obligation bonds for the acquisition or betterment of any part of the district disposal system, including but without limitation the payment of interest during construction and for a reasonable period thereafter, or for the refunding of outstanding bonds, certificates of indebtedness, or judgments. The board shall pledge its full faith and credit and taxing power for the payment of the bonds and shall provide for the issuance and sale and for the security of the bonds in the manner provided in Minnesota Statutes, chapter 475. The board has the same powers and duties as a municipality issuing bonds under that law, except that no election is required and the debt limitations of Minnesota Statutes, chapter 475, do not apply to the bonds. The board may also pledge for the payment of the bonds and deduct from the amount of any tax levy required under Minnesota Statutes, section 475.61, subdivision 1, and any revenues receivable under any state and federal grants anticipated by the board and may covenant to refund the bonds if and when and to the extent that for any reason the revenues, together with other funds available and appropriated for that purpose, are not sufficient to pay all principal and interest due or about to become due, provided that the revenues have not been anticipated by the issuance of certificates under subdivision 1.

Subd. 4. [MANNER OF SALE AND ISSUANCE OF CERTIFICATES.] Certificates issued under subdivisions 1 and 2 may be issued and sold by negotiation, without public sale, and may be sold at a price equal to the percentage of the par value of the certificates, plus accrued interest, and bearing interest at the rate determined by the board. No election is required to authorize the issuance of the certificates. The certificates must bear the same rate of interest after maturity as before and the full faith and credit and taxing power of the board must be pledged to the payment of the certificates.

Sec. 14. [DEPOSITORIES.]

The board shall designate one or more national or state banks, or trust companies authorized to do a banking business, as official depositories for money of the board, and shall require the treasurer to deposit all or a part of the money in those institutions. The designation must be in writing and set forth all the terms and conditions upon which the deposits are made, and must be signed by the chair and treasurer and made a part of the minutes of the board. A designated bank or trust company shall qualify as a depository by furnishing a corporate surety bond or collateral in the amounts required by Minnesota Statutes, section 118.01. No bond or collateral is required to secure any deposit insofar as it is insured under federal law.

Sec. 15. [MONEY, ACCOUNTS, AND INVESTMENTS.]

Subdivision 1. [RECEIPT AND APPLICATION.] Money received by the board must be deposited or invested by the treasurer and disposed of as the board may direct in accordance with its budget; provided that any money that has been pledged or dedicated by the board to the payment of obligations or interest on the obligations or expenses incident thereto, or for any other specific purpose authorized by law, must be paid by the treasurer into the fund to which it has been pledged.

Subd. 2. [FUNDS AND ACCOUNTS.] (a) The board's treasurer shall establish funds and accounts as may be necessary or convenient to handle the receipts and disbursements of the board in an orderly fashion.

(b) The funds and accounts must be audited annually by a certified public accountant at the expense of the district.

Subd. 3. [DEPOSIT AND INVESTMENT.] The money on hand in those funds and accounts may be deposited in the official depositories of the board or invested as provided in this subdivision. Any amount not currently needed or required by law to be kept in cash on deposit may be invested in obligations authorized for the investment of municipal sinking funds by Minnesota Statutes, section 475.66. The money may also be held under certificates of deposit issued by any official depository of the board.

Subd. 4. [BOND PROCEEDS.] The use of proceeds of all bonds issued by the board for the acquisition and betterment of the district disposal system, and the use, other than investment, of all money on hand in any sinking fund or funds of the board, is governed by the provisions of Minnesota Statutes, chapter 475, the provisions of this article, and the provisions of resolutions authorizing the issuance of the bonds. When received, the bond proceeds must be transferred to the treasurer of the board for safekeeping, investment, and payment of the costs for which they were issued.

Subd. 5. [AUDIT.] The board shall provide for and pay the cost of an independent annual audit of its official books and records by the state auditor or a public accountant authorized to perform that function under Minnesota Statutes, chapter 6.

Sec. 16. [SERVICE CONTRACTS WITH GOVERNMENTAL ENTITIES OUTSIDE THE JURISDICTION OF THE BOARD.]

(a) The board may contract with the United States or any agency of the federal government, any state or its agency, or any municipal or public corporation, governmental subdivision or agency or political subdivision in any state, outside the jurisdiction of the board, for furnishing services to those entities, including but not limited to planning for and the acquisition, betterment, operation, administration, and maintenance of any or all interceptors, treatment works, and local water and sanitary sewer facilities. The board may include as one of the terms of the contract that the entity must pay to the board an amount agreed upon as a reasonable estimate of the proportionate share properly allocable to the entity of costs of acquisition, betterment, and debt service previously allocated in the district. When payments are made by entities to the board, they must be applied in reduction of the total amount of costs thereafter allocated in the district, on an equitable basis as the board deems to be in the best interests of the district, applying so far as practicable and appropriate the criteria set forth in section 10, subdivision 2. A municipality in the state of Minnesota may enter into a contract and perform all acts and things required as a condition or consideration therefor consistent with the purposes of this article, whether or not included among the powers otherwise granted to the municipality by law or charter.

(b) The board shall contract with the city of Pine City, or another qualified entity to make necessary inspections on the district facilities, and to otherwise process or assist in processing any of the work of the district.

Sec. 17. [CONTRACTS FOR CONSTRUCTION, MATERIALS, SUPPLIES, AND EQUIPMENT.]

Subdivision 1. [PLANS AND SPECIFICATIONS.] When the board orders a project involving the acquisition or betterment of a part of the district disposal system, it shall cause plans and specifications of the project to be made, or if previously made, to be modified, if necessary, and to be approved by the agency if required, and after any required approval by the agency, one or more contracts for work and materials called for by the plans and specification may be awarded as provided in this section.

Subd. 2. [CONTRACTS IN EXCESS OF \$5,000.] No contract for construction work, or for the purchase of materials, supplies, or equipment, estimated to cost more than \$5,000 may be made by the board without publishing once in a newspaper having general circulation in the district and once in a trade paper or legal newspaper published in any city of the first class, not less than 14 days before the last day for submission of bids, notice that bids or proposals will be received. The notice must state the nature of the work or purchase, the terms and conditions upon which the contract is to be awarded, and the time and place where bids will be received, opened, and read publicly. After the bids have been duly received, opened, read publicly, and recorded, the board shall within a reasonable time award the contract to the lowest responsible bidder or it may reject all bids and readvertise. Each contract must be duly executed in writing and the party to whom the contract is awarded shall give sufficient bond or security to the board for the faithful performance of the contract as required by law. If the board by an affirmative vote of not less than two-thirds of its members declares that an emergency exists requiring the immediate purchase of materials or supplies or in making emergency repairs, at a cost estimated to be in excess of \$5,000, it shall not be necessary to advertise for bids.

Subd. 3. [CONTRACTS OR PURCHASES FOR \$5,000 OR LESS.] The board may, without advertising for bids, enter into any contract or purchase any materials, supplies, or equipment of the type referred to in subdivision 2, the cost of which is estimated to be \$5,000 or less, or it may authorize the executive director to enter into a contract on behalf of the board for that work or to make those purchases without prior approval of the board and without advertising for bids.

Subd. 4. [UNIFORM MUNICIPAL CONTRACTING LAW.] Except as otherwise provided in this section, Minnesota Statutes, section 471.345, shall apply.

Sec. 18. [PROPERTY EXEMPT FROM TAXATION.]

Any properties, real or personal, owned, leased, controlled, used, or occupied by the water and sanitary sewer board for any purpose under this article are declared to be acquired, owned, leased, controlled, used, and occupied for public, governmental, and municipal purposes, and are exempt from taxation by the state or any political subdivision of the state, provided that the properties are subject to special assessments levied by a political subdivision for a local improvement in amounts proportionate to and not exceeding the special benefit received by the properties from the improvement. No possible use of any properties in any manner different from their use as part of a disposal system at the time may be considered in determining the special benefit received by the properties. All assessments are subject to final approval by the board, whose determination of the benefits is conclusive upon the political subdivision levying the assessment.

Sec. 19. [RELATION TO EXISTING LAWS.]

The provisions of this article must be given full effect notwithstanding the provisions of any law or charter inconsistent with this article. The powers conferred on the board under this article do not in any way diminish or supersede the powers conferred on the agency by Minnesota Statutes, chapters 115 to 116.

Sec. 20. Laws 1993, chapter 55, section 1, is amended to read:

Section 1. [TEMPORARY RESOLUTION, EXTENSION.]

In addition to the periods allowed by Minnesota Statutes, section 394.34, the Pine county board of commissioners may by resolution extend a prior resolution on the subdivision of land by plat and by exemption certificate that was originally adopted by the board on March 13, 1991, for a one-year period, and extended on March 11, 1992. The resolution adopted under this section may extend the prior resolution for an additional period ending not later than March 13, 1994 April 1, 1995.

Sec. 21. [EFFECTIVE DATE.]

Subdivision 1. This article is effective the day following final enactment as to the city of Pine City when approved by the Pine City council and upon compliance with Minnesota Statutes, section 645.021.

Subd. 2. This article is effective the day following final enactment as to the towns of Pokegama, Chengwatana, and Pine City when approved by the town boards of each town and upon compliance with Minnesota Statutes, section 645.021.

Subd. 3. Section 20 is effective the day following final enactment.

ARTICLE 11

CHISHOLM/HIBBING AIRPORT

Section 1. [DEFINITIONS.]

Subdivision 1. [SCOPE.] For the purpose of this article, the words and terms defined in this section have the meanings given them.

Subd. 2. [AERONAUTICS.] "Aeronautics" means the transportation by aircraft; the operation, construction, repair, or maintenance of aircraft, air equipment, power plants, and accessories; the design, establishment, construction, operation, improvement, repair, or maintenance of airports, restricted landing areas, or other air navigation facilities and construction; and powers incidental to these activities.

Subd. 3. [AIRPORT.] (a) "Airport" means any locality of land or water, including intermediate landing fields, that is used or intended to be used for the landing and take-off of aircraft, whether or not facilities have been provided for the shelter, servicing, or repair of aircraft, or for receiving or discharging passengers or cargo. The term also includes any facility used in, available for use in, or designed for use in air navigation or to aid air navigation, including without limitation landing areas; lights; any apparatus or equipment for disseminating weather information, for signaling, for radio-directional finding, or for radio or other electrical communication; and any other structure or mechanism having a similar purpose for guiding or controlling flight in the air or for the landing or take-off of aircraft. The term also includes without limitation access roads, park areas, and those lands contiguous or not as may be required for installations necessary for safe and efficient operation, buildings, structures, hangars, shops, and any personal property usually used in connection with operating airports, including specifically, but not exclusively, snow-removal or impacting equipment, fire and ambulance equipment, motor vehicles, and equipment for buildings, structures, hangars, and shops.

(b) Whenever the words "airport" or "airport facilities" are used in this article, they have the meaning given them in paragraph (a) and specifically include the Chisholm/Hibbing airport, including any land, buildings, or other appurtenances incidental and necessary to the operation of that airport, and any land, buildings, or other appurtenances that may be acquired in the future for those purposes by the authority.

Subd. 4. [AUTHORITY.] "Authority" means the Chisholm/Hibbing airport authority created under this article.

Subd. 5. [CITIES.] "Cities" means the city of Chisholm and the city of Hibbing, in and for which an airport authority is created under this article.

Subd. 6. [CITY COUNCILS; COUNCILS.] "City councils" or "councils" means the governing bodies of the city of Chisholm as established under the home rule charter of that city and the city of Hibbing, a statutory city.

Subd. 7. [DIRECTOR.] "Director" means a person appointed or otherwise selected as, and after qualification, acting as a member of the authority.

Subd. 8. [DIRECTORS.] "Directors" means a quorum of the members of the authority.

Subd. 9. [PERSON.] "Person" means an individual, firm, copartnership, corporation, company, limited liability company, association, joint stock association, or body politic; and includes its trustee, receiver, assignee, or other similar representative.

Sec. 2. [AIRPORT AUTHORITY CREATED.]

For the purposes set forth in this article, the Chisholm/Hibbing airport authority is created in and for the city of Chisholm and the city of Hibbing.

Sec. 3. [DIRECTORS.]

Subdivision 1. [APPOINTMENTS; GENERAL POWERS AUTHORIZED.] The members of the authority created under this article shall consist of six directors, three of whom shall be appointed to membership in the authority by the city council of the city of Chisholm and three of whom shall be appointed to membership in the authority by the city council of the city of Hibbing. The members of the authority may exercise the powers and perform the duties set forth in this article.

Subd. 2. [TERMS; TRANSITION.] The members of the Chisholm/Hibbing airport commission as of the day before the effective date of this article shall be the original directors of the authority and shall serve until the remainder of their term and until their respective successors are appointed and qualified. Subsequent terms of directors are for three years, and all terms must expire on December 31 of the appropriate year. Directors shall serve until their respective successors are appointed and qualified.

Subd. 3. [EXPENSE REIMBURSEMENTS.] Each director may be paid a per diem for attending monthly, executive, and special meetings. Each director shall be reimbursed for reasonable and authorized out-of-pocket expenses incurred in the fulfillment of their duties.

Subd. 4. [VACANCY.] When a vacancy occurs in the membership of the authority by means of resignation, death, removal from the city, or removal for failure or neglect to perform the duties of a director, the vacancy must be filled for the unexpired term in the same manner as the predecessor was appointed.

Subd. 5. [OATH.] Appointments and removals of the directors of the authority must be made by the respective city councils evidenced by resolution. An appointee who fails within ten days after notification of appointment to file with the city clerk of the appointing city the oath or affirmation to perform faithfully, honestly, and impartially the duties of office, is deemed to have refused the appointment, and another person must be appointed in the manner prescribed in this section.

Subd. 6. [INITIAL APPOINTMENTS.] Within 30 days after the effective date of this article, the original directors must be appointed as provided in subdivision 2. Upon filing the oath of office required by subdivision 5, each director assumes all the rights, privileges, and powers of a director duly appointed as provided in this article.

Subd. 7. [ORGANIZING MEETING; QUORUM; RULES AND REGULATIONS.] Within 20 days after members of the authority have qualified for office, the authority shall meet and organize. The members shall adopt, and thereafter may amend, rules and regulations for the conduct of the authority as the authority deems in the public interest and most likely to advance, enhance, foster, and promote air transportation in the airports of the city of Chisholm and the city of Hibbing. The rules and regulations must at all times be consistent with this article. At this organizing meeting, and at all subsequent meetings of the authority, four directors constitutes a quorum for the transaction of business, and the affirmative vote of the majority of the directors present is required for the passage of any measure. The quorum must be present to act on any measure.

Subd. 8. [OFFICERS.] The directors shall elect from among their members a president, a vice-president, and a treasurer. They shall also elect a secretary, who may or may not be a director. No two offices may be held by one director. The officers shall have the duties and powers usually attendant upon the holders of those offices and other duties and powers not inconsistent with this article and as may be provided by the authority.

Subd. 9. [EXECUTIVE DIRECTOR.] As soon after the organization meeting as possible, the authority shall appoint an executive director to be the executive and operating officer of the authority. The executive director shall serve at the pleasure of the authority and receive compensation as may be fixed by it. The executive director must be experienced with aviation and meet the requirement of a written, authority-approved job description kept on file with the authority. Under the supervision of the authority, the executive director is responsible for the operation, management, and promotion of all activities with which the authority is charged, together with other duties as may be prescribed by the authority. The executive director has those powers necessary and incidental to the performance of duties, and other powers as may be granted by the authority.

Sec. 4. [FINANCIAL MATTERS.]

Subdivision 1. [TREASURER; BUDGET; ACCOUNTING; FINANCIAL STATEMENT.] The treasurer shall receive and retain custody of all money of the authority. That money is deemed public funds. The authority shall prepare an annual budget before the joint meeting of the city councils to approve the levy and a copy of the annual budget must be provided to the councils at the joint meeting. The treasurer shall disburse funds only in accordance with the annual budget of the authority and only upon written orders drawn against those funds, signed by the executive director and approved by the president of the authority, or in the president's absence, the vice-president of the authority or other employee of the authority as may be authorized or directed so to do. Each order must state the name of the payee and the nature of the claim for which the order is issued. The treasurer shall keep an account of all money received, showing the source of all receipts and the nature, purpose, and authority of all disbursements. At least four times each year, in the form to be determined by the directors, the authority shall file with the city clerks of the cities of Chisholm and Hibbing a financial statement from the authority, showing all receipts and disbursements, the nature and purposes of those receipts and disbursements, the money on hand, the credits and assets of the authority, and its outstanding liability.

Subd. 2. [SPENDING POWER.] Within the total budget approved as provided in subdivision 1, the authority has the exclusive power to receive, control, and order the expenditure of money in the control and management of the airport facilities of the authority.

Subd. 3. [AUDIT.] A complete examination and audit of all books and accounts of the authority must be done at least annually by a certified public accountant. One copy of the yearly audit must be filed with each city clerk as a public document.

Sec. 5. [POWERS.]

Subdivision 1. [SUITS; CONTRACTS; EMINENT DOMAIN; OPERATION; ACCEPT GIFTS; LEVY AND TAX.] Notwithstanding any law or charter or ordinance provision to the contrary, the following powers and duties are conferred upon the authority:

(1) to sue and be sued;

(2) to enter into and execute agreements, instruments, and other arrangements necessary, proper, and convenient to the exercise of its powers;

(3) to acquire:

(i) by purchase, lease, or gift any personal property, franchises, easements, or other rights in its own name that may be necessary or proper for the operation of the Chisholm/Hibbing airport, or any airport facilities that may be acquired in the future;

(ii) real property for use as airport terminal facilities, maintenance facilities, parking facilities, runway or taxiway facilities with approval of the city councils; and

(iii) other facilities used or useful for operating the airport;

(4) to acquire, construct, equip, improve, operate, and maintain airports and airport terminal facilities, maintenance facilities, runways and taxiways, parking areas, and other facilities useful for or related to operating an airport;

(5) to lease to or contract with any person or operator for the use of any real or personal property under the authority's control; provided, however, that the authority does not have the power to make agreements for the sale of any real estate under its control without the approval by resolution of the city councils;

(6) to accept gifts, grants, or loans of money or other property from the United States, the state, or any person or entity, and for those purposes may enter into any agreement required to do so, subject to prior notice to the city councils; and

(7) to levy a tax on all taxable property, according to the total tax capacity in each city, in the city of Chisholm and in the city of Hibbing, to provide funds for the operation of the authority. A joint meeting of the city councils must be convened annually for the purpose of either adopting or rejecting the proposed levy. Each city council shall vote separately on the proposed levy. If the proposed levy is rejected by either city council, the authority shall revise the levy and resubmit the proposal for consideration by the city councils who shall either reject or approve the revised proposed levy. This procedure shall continue until a levy is approved by resolution of both city councils. No later than September 15 each year, the secretary of the authority shall certify to the auditor of St. Louis county the total levy approved by the city councils, accompanied by a certified copy of the resolution of each city approving the levy. The auditor shall add the total levy made by the authority to other tax levies of the county on taxable property in the cities of Chisholm and Hibbing for collection by the county auditor with other taxes. When collected, the county auditor shall make settlement of those taxes with the treasurer of the authority in the same manner as other taxes are distributed to political subdivisions.

Subd. 2. [MANAGEMENT CONTRACTS.] Notwithstanding other provisions of this article to the contrary, the authority is authorized, in lieu of directly operating the Chisholm/Hibbing airports or any part of them, to enter into management contracts with persons for managing the airports or any part of them, for a period of time, for purposes, and under any compensation and other terms and conditions as deemed advisable and proper by the authority. The agreement is subject to the approval by resolution of the city councils.

Sec. 6. [ADDITIONAL POWERS.]

The authority is authorized:

(1) when not in conflict with this article, to adopt and alter bylaws and rules and regulations that it deems necessary for conducting the business of the authority, for using and operating the Chisholm/Hibbing airports and the facilities of the authority, and for carrying out the objects of this article;

(2) to appoint the executive director, engineers and other consultants, accountants, attorneys, and other officers, agents, and employees as it deems necessary, who shall perform duties and receive compensation as the authority may determine and who are removable at the pleasure of the authority;

(3) to prescribe or provide for a policy or policies of insurance for the defense and indemnification of the cities of Chisholm and Hibbing and their officers and employees, and the authority's directors, executive director, and other employees against claims arising against them out of the performance of duty, whether the claims be groundless or otherwise, with premiums for any policies of insurance required by this article to be paid out of the funds of the authority;

(4) to authorize and direct the treasurer to invest, in the manner provided by law, any funds held in reserve, sinking funds, or any funds not required for immediate disbursement; and

(5) to fix, alter, change, and collect fees, rentals, and all other charges to be made for all services or facilities furnished by the authority to the public, to any persons, or to public or private agencies leasing any and all facilities at the Chisholm/Hibbing airports.

Sec. 7. [EXECUTIVE DIRECTOR.]

Subdivision 1. [CUSTODY OF MONEY COLLECTED DAILY.] The executive director of the authority is responsible for the custody and control of all money received and collected from the daily operations of the Chisholm/Hibbing airports until that money is delivered to the treasurer and the executive director has obtained a receipt for it, or until the money is deposited in a bank account under the control of the treasurer.

Subd. 2. [INSURANCE.] In addition to other insurance provisions of this article, the executive director shall provide for insurance on any of the Chisholm/Hibbing airports' property, rights, revenue, workers' compensation, public liability, or any other risk or hazard arising from its activities; and the premiums for that insurance must be paid for out of funds of the Chisholm/Hibbing airport authority.

Sec. 8. [TAX-EXEMPT PROPERTY.]

Notwithstanding other law to the contrary, the property, money, and other assets of the authority, or revenues or other income of the authority are exempt from all taxation, licensing, fees, or charges of any kind imposed by the state of Minnesota, or by any county, municipality, political subdivision, taxing district, or other public agency or body of the state.

Sec. 9. [REVENUE BONDS.]

Subdivision 1. [AUTHORITY TO ISSUE.] Notwithstanding any limitations imposed by law or by the charter of the city of Chisholm, the authority is authorized to issue negotiable revenue bonds for any one or more of its purposes. Revenue bonds under this section shall be issued in the amounts, times, and series to the authority determined by resolution. No election is necessary to authorize the issuance of the revenue bonds. Except as otherwise provided by this section, the maturities, any right of prior redemption, execution, paying agency, provision for interest, and other terms of the bonds, are subject to Minnesota Statutes, sections 475.54 and 475.56.

Subd. 2. [PLEGDED FROM REVENUES.] Revenue bonds issued under this section do not constitute a debt of the city of Chisholm or the city of Hibbing, and no tax levy may be compelled for their payment. The bonds are payable only from the revenues of the Chisholm/Hibbing airport pledged by the authority; to payment of principal of and interest on the bonds; and they must so recite. At or before the issuance of revenue bonds, the authority, by resolution, shall pledge and appropriate to the payment of principal and interest the net revenues of the Chisholm/Hibbing airports, or some part of those airports, after provision for reasonable and necessary expenses of operation and maintenance, as described and defined in the authorizing resolution.

Subd. 3. [RESOLUTION.] By the authorizing resolution, the authority may provide covenants for the protection of the bondholders relating to disposition of bond proceeds and revenues; their reserves and investment; construction, acquisition, repair, replacement, operation and insurance of the Chisholm/Hibbing airports facilities; accounting and reports; issuance of parity or subordinate lien bonds, rates and charges to be established or maintained; and other covenants the authority finds to be usual and reasonably necessary for the protection of the airport revenue bondholders.

Subd. 4. [DEFAULT.] The authority may also define the event or events of default and other requisites for suit by bondholders or their representatives, conditions upon which any covenant may be amended. Any terms, covenants, or conditions of revenue bonds to be provided by resolution of the authority may be set forth in a trust indenture with a corporation having trust powers appointed by the authority, to represent and act for bondholders, to hold and disburse pledged revenues, and to perform other duties as may be provided in the trust indenture. However, the trust indenture must not confer or authorize any mortgage lien on the real or operating properties or general funds of the authority.

Subd. 5. [PUBLIC INSTRUMENTALITY.] Revenue bonds of the authority are deemed and must be treated as instrumentalities of the public government agency; and as such, together with interest on the bonds, are exempt from taxation.

Sec. 10. [GENERAL OBLIGATION BONDS.]

Subdivision 1. [AUTHORITY TO ISSUE.] The authority may request the issuance of general obligation bonds to improve or construct, and equip, terminal facilities, maintenance and hangar facilities, runway or taxiway facilities, parking areas, or similar facilities used or useful in connection with the operation by the authority of the Chisholm/Hibbing airports, or any part of them.

Subd. 2. [RESOLUTION.] General obligation bonds under this section shall be issued in the amounts, at times, and in a series as the cities shall determine by joint resolution. Except as otherwise provided by this section, the maturities, any right of prior redemption, execution, paying agency, provision for interest, or other terms of the bonds, are subject to Minnesota Statutes, sections 475.54 and 475.56.

Subd. 3. [PLEGGED WITH TAXES.] General obligation bonds issued according to the total tax capacity in each city under this section constitute a debt of the city of Chisholm and the city of Hibbing for which the full faith and credit of the city is pledged. A tax levy must be compelled for their payment and the bonds must recite that.

Sec. 11. [PROPERTY TRANSACTIONS.]

Subdivision 1. [EMINENT DOMAIN.] If it becomes necessary for any of the purposes provided in this article to exercise the power of eminent domain, that power must not be exercised by the authority. However, the city of Chisholm and the city of Hibbing shall, at the request of the authority, acquire any of the properties allowed pursuant to this article and necessary for the conduct and operation of the authority, or for the purpose of acquiring any land, waters, easements, or other rights or interests in them by the exercise of the power of eminent domain, either as provided for under the home rule charter of the city of Chisholm, or under Minnesota Statutes, chapter 117. An exercise of the power of eminent domain by the cities must be at the request and expense of the authority. The fact that the property is owned by a public service corporation organized for the purpose specified in Minnesota Statutes, section 300.03, or is already devoted to a public use, or to use by a corporation, or was acquired for a public use by condemnation, does not prevent its acquisition by the cities for the authority by condemnation. The cities, on behalf of the authority, may take possession of any property for which condemnation proceedings have been commenced at any time after the filing of the petition describing the property in the proceedings. After the condemnation is completed, the cities shall transfer the property condemned to the authority.

Subd. 2. [PROPERTY TRANSFERS.] Subject to prior notice to the city councils, any state department or other agency of the state government, or any county, municipality, or other public agency, may sell, lease, grant, transfer, or convey to the authority, with or without consideration, any facilities or any part of the facilities, or any interest in real or personal property, which may be useful to the authority for any authorized purpose.

Sec. 12. [LIMITED REGULATION BY OTHER GOVERNMENTAL UNITS.]

The exercise by the authority and the city councils of the powers provided in this article are not subject to regulation by the jurisdiction or control of any other public body or agency, whether state, county, or municipal, except as specifically provided in this article. However, the authority is subject to rules administered by the state department of public safety, division of aeronautics, and to laws of the United States or regulations of the Federal Aviation Administration of the United States Department of Transportation, as may be applicable to the operations of the Chisholm/Hibbing airports.

Sec. 13. [PROPERTY TRANSFERRED BY THIS ARTICLE.]

On the effective date of this article, the Chisholm/Hibbing airport commission is dissolved and the title to all real and personal property presently used and occupied by the Chisholm/Hibbing airport commission vests in the authority. The city of Chisholm and the city of Hibbing shall execute all deeds or other appropriate documents necessary to confirm the vesting of title in the Chisholm/Hibbing airport authority. If the authority is dissolved, the fair market value of all real estate owned by the city of Hibbing prior to the formation of the Chisholm/Hibbing joint airport commission in 1957 including improvements on that real estate prior to that time must be credited to the city of Hibbing.

Sec. 14. [EFFECTIVE DATE.]

This article is effective after its approval by a majority of the city council of the city of Chisholm and a majority of the city council of the city of Hibbing, and upon compliance with the provisions of Minnesota Statutes, section 645.021, subdivision 3.

ARTICLE 12

MISCELLANEOUS

Section 1. Minnesota Statutes 1993 Supplement, section 84.794, subdivision 1, is amended to read:

Subdivision 1. [REGISTRATION REVENUE.] Fees from the registration of off-highway motorcycles and the unrefunded gasoline tax attributable to off-highway motorcycle use under section 296.16 must be deposited in the state treasury and credited to the off-highway motorcycle account in the natural resources fund.

Sec. 2. Minnesota Statutes 1993 Supplement, section 84.803, subdivision 1, is amended to read:

Subdivision 1. [REGISTRATION REVENUE.] Fees from the registration of off-road vehicles and unrefunded gasoline tax attributable to off-road vehicle use under section 296.16 must be deposited in the state treasury and credited to the off-road vehicle account in the natural resources fund.

Sec. 3. Minnesota Statutes 1993 Supplement, section 270.78, is amended to read:

270.78 [PENALTY FOR FAILURE TO MAKE PAYMENT BY ELECTRONIC FUNDS TRANSFER.]

(a) 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.

(b) The penalty under paragraph (a) does not apply if the taxpayer pays by other means the amount due at least three business days before the date the payment is due. This paragraph does not apply after December 31, 1997.

Sec. 4. Minnesota Statutes 1993 Supplement, section 270.91, subdivision 4, is amended to read:

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, or (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; or (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 unless paragraph (d) applies.

(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. 5. Minnesota Statutes 1993 Supplement, section 270.94, is amended to read:

270.94 [EXEMPTIONS.]

(a) The tax imposed by sections 270.91 to 270.98 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 270.91 to 270.98 does not apply to the contamination value of a parcel that is attributable to asbestos, if:

(1) the work has been completed under an asbestos abatement plan or the property owner is implementing a proactive in-place asbestos management program consistent with the rules, requirements, and formal policies of the United States Environmental Protection Agency; and

(2) the property owner provides the assessor with an affidavit stating the work under the abatement plan has been completed, or the asbestos management plan is being implemented, and any other evidence or information the assessor requests.

Sec. 6. Minnesota Statutes 1993 Supplement, section 289A.60, subdivision 21, is amended to read:

Subd. 21. [PENALTY FOR FAILURE TO MAKE PAYMENT BY ELECTRONIC FUNDS TRANSFER.] (a) 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.

(b) The penalty under paragraph (a) does not apply if the taxpayer pays by other means the amount due at least three business days before the date the payment is due. This paragraph does not apply after December 31, 1997.

Sec. 7. Minnesota Statutes 1993 Supplement, section 296.02, subdivision 1a, is amended to read:

Subd. 1a. [TRANSIT SYSTEMS AND ALTERNATIVE FUELS EXEMPT.] The provisions of subdivision 1 do not apply to (1) gasoline purchased by a transit system or transit provider receiving financial assistance or reimbursement under section 174.24, 256B.0625, subdivision 17, or 473.384 or (2) sales of compressed natural gas or propane for use in vehicles displaying a valid annual alternate fuel permit.

Sec. 8. Minnesota Statutes 1993 Supplement, section 296.025, subdivision 1a, is amended to read:

Subd. 1a. [TRANSIT SYSTEMS AND ALTERNATIVE FUELS EXEMPT.] The provisions of subdivision 1 do not apply to (1) special fuel purchased by a transit system or transit provider receiving financial assistance or reimbursement under section 174.24, 256B.0625, subdivision 17, or 473.384 or (2) sales of compressed natural gas or propane for use in vehicles displaying a valid annual alternate fuel permit.

Sec. 9. [296.0261] [PERMIT FOR ALTERNATE FUEL VEHICLE.]

Subdivision 1. [ANNUAL ALTERNATE FUEL PERMIT.] A person owning a motor vehicle propelled by compressed natural gas, propane, or any other manner except gasoline or special fuel, shall obtain an annual permit for that vehicle in accordance with subdivision 2 or 3. The period for which the alternate fuel permit is valid must coincide with the motor vehicle registration period of the vehicle. A person shall obtain all required permits within 30 days of becoming a user of compressed natural gas, propane, or any other method of propulsion except gasoline or special fuel.

Subd. 2. [PERMIT FEES FOR ALTERNATE FUEL VEHICLES.] The fees for annual alternate fuel permits are based on the vehicle's gross weight as follows:

- (1) under 6,001 pounds, \$175;
- (2) 6,001-12,000 pounds, \$350;
- (3) 12,001-26,000 pounds, \$390; and
- (4) over 26,000 pounds, \$540.

Subd. 3. [PERMIT FEES FOR DUAL FUEL VEHICLES.] The owner of a motor vehicle capable of being propelled by gasoline as well as compressed natural gas or propane shall pay a permit fee equal to one-half the fee determined under subdivision 2.

Subd. 4. [PRO RATA FEE CALCULATION.] The fee for a permit required by this section must be calculated based on the number of unexpired months remaining in the registration year of the vehicle as measured from the date of the occurrence of the event requiring the permit.

Subd. 5. [PERMIT APPLICATION; CONTENT.] A person shall apply for an annual alternate fuel permit for each motor vehicle specified in this section each time the vehicle is registered. The commissioner of public safety shall prescribe the form of the application. The form must require the applicant to provide the following information:

- (1) the name and address of the owner or person licensing the vehicle;
- (2) a description of the vehicle, including the make, model and year, vehicle identification number, and the type of fuel used; and
- (3) other information the commissioner determines necessary for the proper implementation of this section.

A completed application must be submitted to the department of public safety. The department of public safety shall issue an alternate fuel permit and collect the fee provided in this section.

Subd. 6. [PERMIT STICKERS.] The alternate fuel permit required by this section must be a gummed sticker prepared by the department of public safety. The permit must be attached to the lower left corner of the windshield of the motor vehicle for which it was issued. The permit must provide a space to enter the license number of the motor vehicle for which the permit is issued. The permit must show the year for which it is issued and the date of expiration of the permit.

Subd. 7. [PERMIT NOT TRANSFERABLE.] An alternate fuel permit is not transferable, either to a new vehicle or to a new owner. Upon the transfer of ownership of a motor vehicle with a permit, the department of public safety shall credit the transferor with the number of unexpired months remaining in the registration period, except that when the vehicle is transferred within the same month in which acquired, no credit for the month is allowed. If a transferor acquires another motor vehicle for which an alternate fuel permit is required at the time of transfer, the credit provided by this section must be applied toward payment of the alternate fuel permit fee then due; otherwise the transferor may file a claim for the amount of the credit with the commissioner on a form prescribed by the commissioner. The department shall pay the claim from the undistributed alternate fuel permit fees.

Subd. 8. [MOTOR VEHICLE CONVERSION REPORT.] A person who installs equipment in a motor vehicle to permit it to be powered by compressed natural gas or propane shall report the installation to the department of public safety within 30 days. The report must include the name and address of the owner of the vehicle; the make, model, and identification number of the vehicle; the type of fuel that the vehicle was equipped to use before the installation; and, if the vehicle is registered, the license plate number of the vehicle.

Subd. 9. [FEES DEPOSITED IN HIGHWAY USER FUND.] The permit fees collected under subdivision 2 are in lieu of the gasoline and special fuels excise taxes imposed by sections 296.02 and 296.025. Compressed natural gas or propane sold as fuel for motor vehicles displaying valid annual alternate fuel permit stickers is not subject to any additional tax at the time of sale. All alternate fuel permit fees collected by the department of public safety must be deposited in the state treasury and credited to the highway user tax distribution fund.

Sec. 10. Minnesota Statutes 1992, section 296.16, subdivision 1, is amended to read:

Subdivision 1. [INTENT; GASOLINE USE.] All gasoline received in this state and all gasoline produced in or brought into this state except aviation gasoline and marine gasoline shall be determined to be intended for use in motor vehicles in this state.

Approximately 1-1/2 percent of all gasoline received in this state and 1-1/2 percent of all gasoline produced or brought into this state, except gasoline used for aviation purposes, is being used as fuel for the operation of motorboats on the waters of this state and of the total revenue derived from the imposition of the gasoline fuel tax for uses other than for aviation purposes, 1-1/2 percent of such revenues is the amount of tax on fuel used in motorboats operated on the waters of this state.

Approximately three-fourths of one percent of all gasoline received in and produced or brought into this state, except gasoline used for aviation purposes, is being used as fuel for the operation of snowmobiles in this state, and of the total revenue derived from the imposition of the gasoline fuel tax for uses other than for aviation purposes, three-fourths of one percent of such revenues is the amount of tax on fuel used in snowmobiles operated in this state.

Approximately 0.15 of one percent of all gasoline received in or produced or brought into this state, except gasoline used for aviation purposes, is being used for the operation of all-terrain vehicles in this state, and of the total revenue derived from the imposition of the gasoline fuel tax, 0.15 of one percent is the amount of tax on fuel used in all-terrain vehicles operated in this state.

Approximately 0.046 of one percent of all gasoline received or produced in or brought into this state, except gasoline used for aviation purposes, is being used for the operation of off-highway motorcycles in this state, and of the total revenue derived from the imposition of the gasoline fuel tax for uses other than for aviation purposes, 0.046 of one percent is the amount of tax on fuel used in off-highway motorcycles operated in this state.

Approximately .164 of one percent of all gasoline received or produced in or brought into this state, except gasoline used for aviation purposes, is being used for the off-road operation of off-road vehicles, as defined in section 84.797, in this state, and of the total revenue derived from the imposition of the gasoline fuel tax for uses other than aviation purposes, .164 of one percent is the amount of tax on fuel used for off-road operation of off-road vehicles in this state.

Sec. 11. Minnesota Statutes 1992, section 297C.03, subdivision 6, is amended to read:

Subd. 6. [INFORMATIONAL RETURNS REPORTS.] The following persons shall file with the commissioner a monthly informational report in the manner and on the form prescribed by the commissioner:

(a) manufacturers, wholesalers, and importers licensed to ship distilled spirits or wine into Minnesota shall file with the commissioner a monthly informational report on a form prescribed by the commissioner;

(b) persons who manufacture distilled spirits or wine within the state;

(c) all other persons who import distilled spirits or wine into Minnesota;

(d) those who possess, receive, store, or warehouse distilled spirits or wine in Minnesota, upon which the tax imposed by section 297C.02, subdivision 1, has not been paid; and

(e) those who possess, receive, store, or warehouse distilled spirits or wine in Minnesota, which are required to give bond pursuant to Internal Revenue Code, subtitle E, chapter 51.

No payment of any tax is required to be remitted with this report. The report must be filed on or before the tenth day following the end of each calendar month, regardless of whether or not any shipments were made the person shipped, manufactured, possessed, received, stored, or warehoused any distilled spirits or wine into or within Minnesota during the previous month, unless the commissioner determines that a longer filing period is appropriate for a particular manufacturer, wholesaler, or importer person. A person failing to file this report is subject to the provisions of section 297C.14, subdivision 8. This subdivision does not apply to the lawful importation of wine and distilled spirits pursuant to section 297C.09, nor to any lawful manufacture of wine or distilled spirits within the state for personal consumption.

Sec. 12. [469.301] [DEFINITIONS.]

Subdivision 1. [GENERALLY.] In sections 469.301 to 469.308, the terms defined in this section have the meanings given them, unless the context indicates a different meaning.

Subd. 2. [COMMISSIONER.] "Commissioner" means the commissioner of jobs and training.

Subd. 3. [ENTERPRISE ZONE.] "Enterprise zone" means an area in the state designated as such by the commissioner.

Subd. 4. [CITY.] "City" means any city that contains an area that meets the criteria for designation as a federal empowerment zone or enterprise community and meets the eligibility criteria in section 469.303, or a city of the second class that is designated as an economically depressed area by the United States Department of Commerce.

Subd. 5. [GOVERNING BODY.] "Governing body" means the city council or other body designated by its charter.

Subd. 6. [RESIDENT.] "Resident" means an individual residing within the enterprise zone that meets the income guidelines in Public Law Number 103-66.

Subd. 7. [BUSINESS.] "Business" means any for-profit business entity.

Subd. 8. [MINIMUM WAGE.] "Minimum wage" means the minimum wage that is required by federal law.

Sec. 13. [469.302] [DESIGNATIONS OF ENTERPRISE ZONES.]

Subdivision 1. [PROCESS.] The commissioner shall designate an area as an enterprise zone if:

(1) the application is made by the governing body of the city as prescribed by section 469.304;

(2) the area is determined by the commissioner to be eligible for designation under section 469.303.

Subd. 2. [DURATION.] The designation of an area as an enterprise zone is effective for ten years after the date of designation.

Subd. 3. [DATE OF DESIGNATION.] Designation is effective immediately following approval of the enterprise zone application by the commissioner.

Sec. 14. [469.303] [ELIGIBILITY REQUIREMENTS.]

An area within the city is eligible for designation as an enterprise zone if the area is (1) designated as a proposed federal empowerment zone or enterprise community by the city in an application to the United States Department of Housing and Urban Development under Public Law Number 103-66, provided the city can demonstrate that it can meet the maximum zone population standard under the federal empowerment zone program for cities with a population under 500,000 or (2) an area within a city of the second class that is designated as an economically depressed area by the United States Department of Commerce.

Sec. 15. [469.304] [APPLICATION FOR ENTERPRISE ZONE DESIGNATION.]

Subdivision 1. [SUBMISSION OF APPLICATIONS.] An applicant may seek enterprise zone designation by submitting an application to the commissioner. The commissioner shall establish procedures and forms for the submission of applications for enterprise zone designation. The commissioner may promulgate rules for the administration of the program. The commissioner of revenue shall establish a schedule to determine the tax credits in section 469.305.

Subd. 2. [APPLICATIONS; CONTENTS.] The application for designation as an enterprise zone must contain, at a minimum:

- (1) verification that the area is eligible for designation pursuant to section 469.303;
- (2) identification of the agency or unit of government that will implement the program;
- (3) any additional information required by the commissioner; and
- (4) any additional information that the municipality considers relevant to the designation of the area as an enterprise zone.

Subd. 3. [CERTIFICATION.] The governing body must certify to the commissioner that activity within the municipality's enterprise zone will not transfer existing employment from other municipalities within the state.

Sec. 16. [469.305] [ENTERPRISE ZONE CREDITS.]

Subdivision 1. [INCOME OR FRANCHISE TAX CREDIT.] An income or corporate franchise tax credit is available to businesses located in an enterprise zone that meet the conditions of this section. Each city designated as an enterprise zone is allocated \$3,000,000 to be used to provide credits under this section for the duration of the program. Each city of the second class designated as an economically depressed area by the United States Department of Commerce is allocated \$300,000 to be used to provide credits under this section for the duration of the program. For fiscal year 1998 and subsequent years, the proration in section 21 shall continue to apply until the amount designated in this subdivision is expended.

The credit is in an amount equal to 20 percent of the wages paid to an employee, not to exceed \$5,000 per employee per taxable year. The credit is available to an employer for a zone resident employed in the zone at full-time wage levels of not less than 170 percent of minimum wage. The credit is not available to workers employed in construction or employees of financial institutions, gambling enterprises, public utilities, sports, fitness, and health facilities, or racetracks. The employee must be employed at that rate at the time the business applies for a tax credit, and must have been employed for at least one year at the business. The credit applies to new jobs; for purposes of this section, a "new job" is a job that did not exist in Minnesota before the effective date of this section. The credit is applicable to the five taxable years after the application has been approved to the extent the allocation to the city remains available to fund the credit, and provided that the city certifies to the commissioner on an annual basis that the business is in compliance with the plan to recruit, hire, train, and retain zone residents.

Subd. 2. [REFUNDABLE CREDITS.] To the extent the credit provided under subdivision 1 exceeds the business' tax liability under chapter 290, the credit is refundable.

Subd. 3. [REVIEW AND ANALYSIS.] The city must submit the proposed tax credit proposal to the commissioner for approval. The proposal shall include a plan to recruit, hire, train, and retain zone residents. The tax credit proposal shall be approved unless the commissioner finds that the proposal is not in conformity with the provisions of sections 469.301 to 469.308.

If the city submits the tax credit proposal to the commissioner before the expiration of the zone designation under section 469.302, subdivision 2, the authority of the commissioner to approve the tax credit proposal continues until the commissioner acts on the proposal.

Sec. 17. [469.306] [REVOCATION.]

The commissioner may revoke a business' tax credit if the applicant has not proceeded in good faith with its operations in a manner which is consistent with the purpose of sections 469.301 to 469.308 and is possible under circumstances reasonably within the control of the applicant.

The commissioner may reconsider the revocation of the tax credit if the business provides evidence that circumstances of its failure to proceed were beyond its control or that it did not act in bad faith.

Sec. 18. [469.307] [RECAPTURE.]

Subdivision 1. [TERMINATION OF OPERATIONS; OTHER VIOLATIONS.] Any business that receives a tax credit authorized by section 469.305 and ceases to operate or otherwise violates the criteria for obtaining the credit for its facility located within the enterprise zone within seven years after the first receipt of a credit by the business shall repay the portion of the tax credit received as provided in the following schedule:

<u>Termination of Operations or Other Violations</u>	<u>Repayment of Portion</u>
<u>Less than two years</u>	<u>100 percent</u>
<u>Between two years and four years</u>	<u>75 percent</u>
<u>Between four years and seven years</u>	<u>50 percent</u>
<u>More than seven years</u>	<u>0 percent</u>

Subd. 2. [REPAYMENT.] The repayment must be paid to the state. The amount repaid must be credited to the amount certified as available for tax credits in the zone under section 469.305.

Subd. 3. [LIEN.] If an event occurs that creates an obligation under subdivision 1 to repay all or part of the tax credit, the repayment obligation immediately becomes a lien against the business's real and personal property located in Minnesota, including the property of subsidiaries, parents, and related corporations. A lien against real property under this subdivision has the same legal effect and must be collected in the same manner as unpaid real property taxes.

Sec. 19. [469.308] [ADMINISTRATION.]

Subdivision 1. [TECHNICAL ASSISTANCE.] The commissioner shall provide technical assistance to the city seeking an enterprise zone designation.

Subd. 2. [ADMINISTRATIVE PROCEDURE ACT.] Chapter 14 does not apply to the designation of enterprise zones.

Subd. 3. [REPORTING.] The commissioner shall require cities receiving enterprise zone designations to report to the state regarding the economic activity that has occurred in the zone following the designation.

Subd. 4. [REPORT TO THE LEGISLATURE.] The commissioner of jobs and training, in consultation with the commissioner of revenue and any cities receiving the designation, shall evaluate the enterprise zone program and assess options for expansion of the enterprise zone program to businesses throughout the metropolitan area that hire zone residents. The commissioner of jobs and training shall submit its findings in a report to the 1996 session of the legislature.

Sec. 20. [469.309] [RURAL JOB CREATION CREDIT.]

Subdivision 1. [CREDIT FOR JOB CREATION.] The commissioner of trade and economic development may approve a credit against the tax due under chapter 290 for an eligible business beginning with the first taxable year after December 31, 1994. The maximum credit available is \$5,000 per eligible employee. The actual credit is based on the following schedule:

\$2,000 for each eligible employee with wages greater than or equal to 170 percent and less than 200 percent of the minimum wage;

\$3,000 for each eligible employee with wages greater than or equal to 200 percent and less than 250 percent of the minimum wage;

\$4,000 for each eligible employee with wages greater than or equal to 250 percent and less than 300 percent of the minimum wage; and

\$5,000 for each eligible employee with wages greater than or equal to 300 percent of the minimum wage.

The total credit for an employer is equal to the actual credit multiplied by the number of employees eligible for that credit. For purposes of this section "minimum wage" means the minimum wage that is required by federal law. An eligible business may apply for a rural job creation credit only once for each new job. The credit is refundable.

Subd. 2. [ELIGIBLE BUSINESS.] An employer eligible for a job credit under this section must (1) be located outside the metropolitan area as defined under section 473.121 (2) create at least ten qualifying new jobs in a two-year period, and (3) consist of a for-profit business. For the purposes of this section, a "qualifying new job" is a job that did not exist in Minnesota before the effective date of this section.

Subd. 3. [ELIGIBLE EMPLOYEE.] To be eligible for a credit, the employee must be employed full-time by an eligible business at a wage level of not less than 170 percent of the minimum wage at the time the eligible business applies for the credit and must have been employed there at that wage level for a minimum of 12 months. The credit applies only to new jobs created at the eligible business after the effective date of this section.

Subd. 4. [RESTRICTIONS.] The tax credits provided by this section do not apply to racetracks, financial institutions, gambling enterprises, public utilities, or sports, fitness, and health facilities. An employer is not eligible for a tax credit if the commissioner determines that the position held by the employee for which the business is seeking a credit was transferred from an enterprise conducted by substantially the same business enterprise at another site in the state.

Sec. 21. [LIMIT ON TAX CREDITS.]

The maximum amount of tax credits allowable under Minnesota Statutes, sections 469.305 and 469.309 is \$900,000 for fiscal year 1997. Of that amount, one-third must be allocated to the city of Minneapolis, one-third to the city of St. Paul, and one-third to the remaining cities. Of the amounts allocated to the cities of Minneapolis and St. Paul, \$25,000 must be subtracted from each city's allocation and is appropriated to the commissioner of jobs and training for administration of this program, provided that \$25,000 of the appropriation is for fiscal year 1996 and \$25,000 is for fiscal year 1997. Of the amount allocated to the remaining cities, a minimum of \$60,000 must be allocated to the city of South St. Paul. No tax credits are allowable before fiscal year 1997. If the commissioner of revenue estimates by March 1, 1996, that tax credits for fiscal year 1997 will exceed \$900,000, the commissioner shall proportionately reduce each city's allocation to remain within the limit.

Sec. 22. [473.197] [HOUSING BOND CREDIT ENHANCEMENT PROGRAM.]

Subdivision 1. [AUTHORIZATION.] The metropolitan council may establish a housing bond credit enhancement program as provided in this section. The council may pledge its full faith and credit and taxing powers to the payment of bonds issued under section 469.034 for qualified housing development projects in the metropolitan area, as provided in this section. A "qualified housing development project" has the meaning given that term in section 469.034, subdivision 2, paragraph (e), except that the council is substituted for "general jurisdiction governmental unit" in clause (3) and "60 percent of the median family income" is substituted for "80 percent of the median family income."

Subd. 2. [PROJECT SELECTION.] Before pledging its full faith and credit, the council must establish criteria for selecting appropriate qualified housing development projects for the credit enhancement program. The council may award preferences for qualified housing development projects that meet criteria for preferences established by the council. The council must establish the criteria in consultation with housing providers in the metropolitan area. In developing priorities for projects for the credit enhancement program, the council shall give priority to projects that develop or redevelop housing for low income households. The council shall consider the extent to which projects for the credit enhancement program are developed in collaboration with Minnesota Youth-Build under sections 268.361 to 268.367; or training for housing programs for homeless adults under Laws 1992, chapter 376, article 6; or other employment training programs.

Subd. 3. [LIMITATION.] The aggregate principal amount of bonds that may be secured by a pledge of the council's full faith and credit under this section may not exceed \$20,000,000. The bonds must be payable from revenues derived from the project or projects financed under the credit enhancement program, or from income of the authority or authorities that participate in the program, including earnings on any reserves established for the program. The council must find that the pledged revenues will equal or exceed 110 percent of the principal and interest due on the bonds.

Subd. 4. [DEBT RESERVE; LEVY.] To provide money to pay debt service on bonds issued under the credit enhancement program if pledged revenues are insufficient to pay debt service, the council must maintain a debt reserve fund in the manner and with the effect provided by section 475.66 for public debt service funds. To provide funds for the debt reserve fund, the council may use up to \$3,000,000 of the proceeds of solid waste bonds issued by the council under section 473.831 before its repeal. To provide additional funds for the debt reserve fund, the council may levy a tax on all taxable property in the metropolitan area and must levy the tax if sums in the debt reserve fund are insufficient to cure any deficiency in the debt service fund established for the bonds. The tax authorized by this section does not affect the amount or rate of taxes that may be levied by the council for other purposes and is not subject to limit as to rate or amount.

Subd. 5. [AGREEMENTS.] The council and each authority that participates in the credit enhancement program may enter into agreements they determine to be necessary to implement the credit enhancement program. The agreements may extend over any period, notwithstanding any law to the contrary.

Sec. 23. [APPROPRIATION.]

\$225,000 is appropriated from the general fund to the commissioner of revenue for the costs of administering Laws 1994, chapter 383, and the provisions of this act. This amount does not cancel and is available until July 1, 1995.

Sec. 24. [EFFECTIVE DATE.]

Section 1 is effective July 1, 1994.

Section 2 is effective July 1, 1995.

Sections 3 and 6 are effective for payments due after the date of final enactment.

Sections 4 and 5 are effective for taxes levied in 1994, payable in 1995, and thereafter.

Section 10 applies to gasoline received or produced in or brought into this state (1) on or after July 1, 1994, in the case of gasoline used in off-highway motorcycles, and (2) on or after July 1, 1995, in the case of gasoline used for off-road operation of off-road vehicles.

Section 11 is effective for informational reports due on or after August 10, 1994.

Sections 12 to 21, and 23 are effective the day following final enactment.

Section 22 is effective the day following final enactment and applies to the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington."

Delete the title and insert:

"A bill for an act relating to the financing and operation of state and local government; conforming with certain changes in the federal income tax law; changing tax brackets, rates, bases, exemptions, withholding, payments, and refunds; allowing tax credits; changing the subtraction for the elderly and disabled; altering taconite production tax rates and distributions; providing for use of taconite economic development funds; altering procedures of the board of government innovation and cooperation and appropriating money to the board; providing aids to local governments; changing the calculation of property tax refunds; modifying property tax provisions relating to appeals, petitions, procedures, valuation, levies, classifications, homesteads, credits, and exemptions; changing certain tax return or report requirements; changing operation of the local government trust fund and providing for its future repeal; authorizing special assessments; authorizing a local lodging tax; enacting provisions relating to certain cities, counties, special taxing districts, and towns; changing certain redemption provisions; reforming state budget procedures; changing certain bonding provisions and authorizing bonding; creating a bond guarantee fund; modifying tax increment financing requirements; eliminating certain conditions relating to the contamination tax; providing for creation and operation of the Cross Lake area water and sewer board and the Chisholm/Hibbing airport authority; giving the commissioner of revenue certain authority; requiring certain permits and permit fees; requiring studies; appropriating money and limiting appropriations; amending Minnesota Statutes 1992, sections 16A.711, subdivisions 4 and 5; 60A.02, by adding a subdivision; 60A.15, by adding a subdivision; 124.196; 256E.06, subdivision 5, and by adding a subdivision; 271.06, subdivision 7; 273.061, by adding a subdivision; 273.111, subdivision 11; 273.138, by adding a subdivision; 273.1398, by adding a subdivision; 273.165, subdivision 1; 278.05, subdivision 6; 289A.02, by adding a subdivision; 289A.25, subdivision 5; 290.01, subdivision 19d, and by adding subdivisions; 290.05, subdivision 3, and by adding a subdivision; 290.06, subdivision 2c; 290.067, subdivision 1; 290.068, subdivision 2; 290.0802, subdivisions 1 and 2; 290.091, subdivision 3; 290.0921, subdivision 2; 290.35, by adding a subdivision; 290A.04, subdivisions 2 and 2a; 296.16, subdivision 1; 297.01, by adding a subdivision; 297A.01, by adding a subdivision; 297A.02; 297A.135, subdivision 1; 297A.15, subdivision 5; 297A.25, by adding subdivisions; 297A.256; 297A.44, subdivision 1; 297C.03, subdivision 6; 298.017, subdivision 2; 298.24, subdivision 1; 298.26; 298.28, by adding a subdivision; 298.296, subdivision 2, and by adding a subdivision; 360.036, subdivisions 2 and 3; 360.037, subdivision 2; 360.042, subdivision 10; 466A.02, subdivision 3; 469.004, subdivision 1a; 473.341; 473H.05, by adding a subdivision; 473H.18; 477A.014, subdivision 5; 477A.03, as amended; and 580.23, as amended; Minnesota Statutes 1993 Supplement, sections 16A.712; 84.794, subdivision 1; 84.803, subdivision 1; 256E.06, subdivision 12; 270.78; 270.91, subdivision 4; 270.94; 273.11, subdivisions 1a, 16, and by adding a subdivision; 273.112, subdivision 3; 273.124, subdivisions 1 and 13; 273.13, subdivisions 23 and 24; 273.166, by adding a subdivision; 275.065, subdivision 3; 276.04, subdivision 2; 278.01, subdivision 1; 289A.11, subdivision 1; 289A.26, subdivision 7; 289A.60, subdivision 21; 290.01, subdivision 19; 290.091, subdivision 2; 290A.04, subdivisions 2h, as amended, and 6; 290A.23, subdivision 1, and by adding a subdivision; 296.02, subdivision 1a; 296.025, subdivision 1a; 297A.01, subdivision 16; 297B.03; 298.227; 298.28, subdivision 9a; 383A.75, subdivision 3; 465.795, subdivision 7; 465.796, subdivision 2; 465.797, subdivisions 1, 2, 3, 4, and 5; 465.798; 465.799; 477A.013, subdivisions 1, 8, as amended, and 9; Laws 1969, chapter 499, section 2; and Laws 1993, chapters 55, section 1; and 375, article 9, section 51; proposing coding for new law in Minnesota Statutes, chapters 16A; 275; 296; 297A; 297B; 462C; 465; 469; 473; and 477A; repealing Minnesota Statutes 1992, sections 3.862; 16A.711; 273.1381; 273.1398, subdivision 7; 290.05, subdivision 6; 290.067, subdivision 6; 297A.021; 297A.44, subdivision 4; 297B.09, subdivision 3; 465.80, subdivision 3; 477A.012, subdivision 6; and 477A.0132, as amended; Minnesota Statutes 1993 Supplement, sections 16A.712; 82.19, subdivision 9; 256E.06, subdivision 12; 273.166, subdivision 4; 289A.25, subdivision 5a; 290A.23; 465.80, subdivisions 1, 2, 4, and 5; and 477A.03, subdivision 1; Laws 1973, chapter 650, article 24, section 6, as amended."

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

House Conferees: ANN H. REST, JOEL JACOBS, TOM RUKAVINA, ANDY DAWKINS AND KEVIN GOODNO.

Senate Conferees: DOUGLAS J. JOHNSON, CAROL FLYNN, EMBER D. REICHGOTT JUNGE, JOHN C. HOTTINGER AND WILLIAM V. BELANGER, JR.

Rest moved that the report of the Conference Committee on H. F. No. 3209 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 3209, A bill for an act relating to the financing and operation of state and local government; conforming with changes in the federal income tax law; changing tax brackets, rates, bases, exemptions, withholding, payments, and refunds; allowing tax credits; providing aids to local governments; changing the calculation of property tax

refunds; modifying property tax provisions relating to petitions, procedures, valuation, levies, classifications, homesteads, credits, and exemptions; abolishing limited market value; changing certain tax return or report requirements; changing operation of the local government trust fund; authorizing special assessments; authorizing local taxes; enacting provisions relating to certain cities, counties, special taxing districts, and towns; changing certain redemption provisions; reforming state budget procedures; changing the deposit of certain revenues; changing certain bonding provisions and authorizing bonding; modifying tax increment financing requirements; requiring certain permits and permit fees; requiring certain disclosures; requiring studies; transferring and appropriating money and limiting appropriations; amending Minnesota Statutes 1992, sections 16A.711, subdivisions 4 and 5; 60A.15, by adding a subdivision; 124.196; 271.06, subdivision 7; 272.121, subdivision 1; 273.111, subdivision 11; 273.1398, by adding a subdivision; 273.1399, by adding a subdivision; 273.165, subdivision 1; 278.05, subdivision 6; 289A.02, by adding a subdivision; 289A.25, subdivision 5; 290.01, subdivision 19d, and by adding a subdivision; 290.05, subdivision 3, and by adding a subdivision; 290.06, subdivisions 2c and 2d; 290.067, subdivision 1; 290.068, subdivision 2; 290.0802, subdivisions 1 and 2; 290.0921, subdivision 2; 290.35, by adding a subdivision; 290A.04, subdivisions 2 and 2a; 296.16, subdivision 1; 297.01, by adding a subdivision; 297A.01, by adding a subdivision; 297A.02, subdivision 2, and by adding a subdivision; 297A.021, by adding a subdivision; 297A.135, subdivision 1; 297A.15, subdivision 5; 297A.25, subdivision 9, and by adding subdivisions; 297A.256; 297A.44, subdivision 4; 297C.03, subdivision 6; 297C.13, subdivision 1; 298.017, subdivision 2; 298.26; 340A.311; 360.036, subdivisions 2 and 3; 360.037, subdivision 2; 360.042, subdivision 10; 469.004, subdivision 1a; 469.175, subdivisions 3, 4, and by adding a subdivision; 469.1761, subdivisions 1, 2, and 3; 469.177, subdivision 1a; 473.341; 473H.05, by adding a subdivision; 473H.18; and 580.23, as amended; Minnesota Statutes 1993 Supplement, sections 16A.712; 84.794, subdivision 1; 84.803, subdivision 1; 270.78; 273.11, subdivisions 5, 16, and by adding a subdivision; 273.121; 273.124, subdivision 1; 273.13, subdivisions 23 and 24; 275.065, subdivision 3; 276.04, subdivision 2; 278.01, subdivision 1; 289A.11, subdivision 1; 289A.26, subdivision 7; 289A.60, subdivision 21; 290.01, subdivision 19; 290.091, subdivision 2; 290A.03, subdivision 3; 290A.04, subdivisions 2h, as amended, and 6; 290A.23, subdivision 1; 296.02, subdivision 1a; 296.025, subdivision 1a; 297A.01, subdivision 16; 297B.03; 469.176, subdivisions 1b and 4c; and 477A.03, subdivision 1; Laws 1969, chapter 499, section 2; Laws 1993, chapter 375, article 9, section 51; proposing coding for new law in Minnesota Statutes, chapters 16A; 275; 296; 297A; 297B; 462C; 469; and 473; repealing Minnesota Statutes 1992, sections 290.05, subdivision 6; and 290.067, subdivision 6; Minnesota Statutes 1993 Supplement, sections 82.19, subdivision 9; 273.11, subdivision 1a; and 289A.25, subdivision 5a.

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.

Carruthers moved that those not voting be excused from voting. The motion prevailed.

There were 117 yeas and 16 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Asch	Evans	Holsten	Limmer	McCollum	Pawlenty
Commers	Farrell	Knight	Lindner	Neary	
Erhardt	Gutknecht	Krinkle	Macklin	Orenstein	

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

CALL OF THE HOUSE LIFTED

Bishop moved that the call of the House be dispensed with. The motion prevailed and it was so ordered.

Carruthers 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

The following messages were received from the Senate:

Mr. Speaker:

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

H. F. No. 2064, A bill for an act relating to housing; modifying programs of the housing finance agency for low-income and tribal housing and for accessibility loans; amending Minnesota Statutes 1992, sections 462A.05, subdivision 14d, and by adding subdivisions; 462A.10, by adding a subdivision; 462A.201, by adding a subdivision; 462A.21, by adding a subdivision; 462A.30, subdivision 9; and 462A.31, subdivision 4; Minnesota Statutes 1993 Supplement, sections 462A.07, subdivision 14; 462A.202, subdivision 7; and 462A.222, subdivision 3.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

H. F. No. 2411, A bill for an act relating to retirement; providing for coverage of employees of lessee of Itasca Medical Center facilities by the public employees retirement association.

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

Mr. Speaker:

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

H. F. No. 3209, A bill for an act relating to the financing and operation of state and local government; conforming with changes in the federal income tax law; changing tax brackets, rates, bases, exemptions, withholding, payments, and refunds; allowing tax credits; providing aids to local governments; changing the calculation of property tax refunds; modifying property tax provisions relating to petitions, procedures, valuation, levies, classifications, homesteads, credits, and exemptions; abolishing limited market value; changing certain tax return or report

requirements; changing operation of the local government trust fund; authorizing special assessments; authorizing local taxes; enacting provisions relating to certain cities, counties, special taxing districts, and towns; changing certain redemption provisions; reforming state budget procedures; changing the deposit of certain revenues; changing certain bonding provisions and authorizing bonding; modifying tax increment financing requirements; requiring certain permits and permit fees; requiring certain disclosures; requiring studies; transferring and appropriating money and limiting appropriations; amending Minnesota Statutes 1992, sections 16A.711, subdivisions 4 and 5; 60A.15, by adding a subdivision; 124.196; 271.06, subdivision 7; 272.121, subdivision 1; 273.111, subdivision 11; 273.1398, by adding a subdivision; 273.1399, by adding a subdivision; 273.165, subdivision 1; 278.05, subdivision 6; 289A.02, by adding a subdivision; 289A.25, subdivision 5; 290.01, subdivision 19d, and by adding a subdivision; 290.05, subdivision 3, and by adding a subdivision; 290.06, subdivisions 2c and 2d; 290.067, subdivision 1; 290.068, subdivision 2; 290.0802, subdivisions 1 and 2; 290.0921, subdivision 2; 290.35, by adding a subdivision; 290A.04, subdivisions 2 and 2a; 296.16, subdivision 1; 297.01, by adding a subdivision; 297A.01, by adding a subdivision; 297A.02, subdivision 2, and by adding a subdivision; 297A.021, by adding a subdivision; 297A.135, subdivision 1; 297A.15, subdivision 5; 297A.25, subdivision 9, and by adding subdivisions; 297A.256; 297A.44, subdivision 4; 297C.03, subdivision 6; 297C.13, subdivision 1; 298.017, subdivision 2; 298.26; 340A.311; 360.036, subdivisions 2 and 3; 360.037, subdivision 2; 360.042, subdivision 10; 469.004, subdivision 1a; 469.175, subdivisions 3, 4, and by adding a subdivision; 469.1761, subdivisions 1, 2, and 3; 469.177, subdivision 1a; 473.341; 473H.05, by adding a subdivision; 473H.18; and 580.23, as amended; Minnesota Statutes 1993 Supplement, sections 16A.712; 84.794, subdivision 1; 84.803, subdivision 1; 270.78; 273.11, subdivisions 5, 16, and by adding a subdivision; 273.121; 273.124, subdivision 1; 273.13, subdivisions 23 and 24; 275.065, subdivision 3; 276.04, subdivision 2; 278.01, subdivision 1; 289A.11, subdivision 1; 289A.26, subdivision 7; 289A.60, subdivision 21; 290.01, subdivision 19; 290.091, subdivision 2; 290A.03, subdivision 3; 290A.04, subdivisions 2h, as amended, and 6; 290A.23, subdivision 1; 296.02, subdivision 1a; 296.025, subdivision 1a; 297A.01, subdivision 16; 297B.03; 469.176, subdivisions 1b and 4c; and 477A.03, subdivision 1; Laws 1969, chapter 499, section 2; Laws 1993, chapter 375, article 9, section 51; proposing coding for new law in Minnesota Statutes, chapters 16A; 275; 296; 297A; 297B; 462C; 469; and 473; repealing Minnesota Statutes 1992, sections 290.05, subdivision 6; and 290.067, subdivision 6; Minnesota Statutes 1993 Supplement, sections 82.19, subdivision 9; 273.11, subdivision 1a; and 289A.25, subdivision 5a.

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

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 3211, A bill for an act relating to claims against the state; providing for payment of various claims; imposing a fee; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 3.

PATRICK E. FLAHAVEN, Secretary of the Senate

Steensma moved that the House refuse to concur in the Senate amendments to H. F. No. 3211, that the Speaker appoint a Conference Committee of 5 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 2493, A bill for an act relating to agriculture; changing the law on nuisance liability of agricultural operations; amending Minnesota Statutes 1992, section 561.19, subdivisions 1 and 2.

PATRICK E. FLAHAVEN, Secretary of the Senate

Bauerly moved that the House refuse to concur in the Senate amendments to H. F. No. 2493, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 2625, A bill for an act relating to the metropolitan waste control commission; reducing the salary range of the chair; providing for a part-time chair; applying the uniform municipal contracting law to the metropolitan waste control commission; amending Minnesota Statutes 1992, sections 15A.081, subdivision 7; 473.503; and 473.523, subdivisions 1 and 2.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mahon moved that the House refuse to concur in the Senate amendments to H. F. No. 2625, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 3230, A bill for an act proposing an amendment to the Minnesota Constitution; dedicating part of tax on vehicles to public transit; expanding transportation purposes for which highway user tax proceeds may be used by the metropolitan area; providing for annual inflation adjustments to motor fuel tax rate contingent on approval of constitutional dedication of motor fuel excise tax revenues; amending the Minnesota Constitution, article XI, by adding a section; and article XIV, section 5; amending Minnesota Statutes 1992, section 296.02, by adding a subdivision; repealing Minnesota Statutes 1992, section 297B.09, subdivision 1.

PATRICK E. FLAHAVEN, Secretary of the Senate

Lieder moved that the House refuse to concur in the Senate amendments to H. F. No. 3230, that the Speaker appoint a Conference Committee of 5 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

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

S. F. No. 2015, A bill for an act relating to metropolitan government; providing for a regional administrator and a management team; imposing organizational requirements; imposing duties; clarifying existing provisions and making conforming changes; amending Minnesota Statutes 1992, sections 6.76; 15.0597, subdivision 1; 15A.081, subdivision 7; 15A.082, subdivision 3; 16B.58, subdivision 7; 116.16, subdivision 2; 116.182, subdivision 1; 161.173; 161.174; 169.781, subdivision 1; 169.791, subdivision 5; 169.792, subdivision 11; 221.022; 221.041, subdivision 4; 221.071, subdivision 1; 221.295; 297B.09, subdivision 1; 352.03, subdivision 1; 352.75; 422A.01, subdivision 9; 422A.101, subdivision 2a; 471A.02, subdivision 8; 473.121, subdivisions 5a and 24; 473.123, subdivisions 1, 2a, and 4; 473.129; 473.13, subdivision 4; 473.146, subdivisions 1 and 4; 473.149, subdivision 3; 473.1623, subdivision 2; 473.164; 473.168, subdivision 2; 473.173, subdivisions 3 and 4; 473.223; 473.303, subdivisions 2, 3a, 4, 4a, 5, and 6; 473.371, subdivision 1; 473.375, subdivisions 11, 12, 13, 14, and 15; 473.382; 473.384, subdivisions 1, 3, 4, 5, 6, 7, and 8; 473.385; 473.386, subdivisions 1, 2, 3, 4, 5, and 6; 473.387, subdivisions 2, 3, and 4; 473.388, subdivisions 2, 3, 4, and 5; 473.39, subdivisions 1, 1a, 1b, and by adding a subdivision; 473.391; 473.392; 473.394; 473.399, as amended; 473.405, subdivisions 1, 3, 4, 5, 9, 10, 12, and 15; 473.408, subdivisions 1, 2, 2a, 4, 6, and 7; 473.409; 473.411, subdivisions 3 and 4; 473.415, subdivisions 1, 2, and 3; 473.416; 473.418; 473.42; 473.436, subdivisions 2, 3, and 6; 473.446, subdivisions 1, 1a, 2, 3, and 7; 473.448; 473.449;

473.504, subdivisions 4, 5, 6, 9, 10, 11, and 12; 473.511, subdivisions 1, 2, 3, and 4; 473.512, subdivision 1; 473.513; 473.515, subdivisions 1, 2, and 3; 473.5155, subdivisions 1 and 3; 473.516, subdivisions 2, 3, 4, and 5; 473.517, subdivisions 1, 2, 3, 6, and 9; 473.519; 473.521, subdivisions 1, 2, 3, and 4; 473.523, subdivisions 1 and 2; 473.535; 473.541, subdivision 2; 473.542; 473.543, subdivisions 1, 2, 3, and 4; 473.545; 473.547; 473.549; 473.553, subdivisions 1, 2, 4, 5, and by adding subdivisions; 473.561; 473.595, subdivision 3; 473.605, subdivision 2; 473.823, subdivision 3; and 473.852, subdivisions 8 and 10; Minnesota Statutes 1993 Supplement, sections 10A.01, subdivision 18; 15A.081, subdivision 1; 115.54; 174.32, subdivision 2; 216C.15, subdivision 1; 221.025; 221.031, subdivision 3a; 275.065, subdivisions 3 and 5a; 352.01, subdivisions 2a and 2b; 352D.02, subdivision 1; 353.64, subdivision 7a; 400.08, subdivision 3; 473.13, subdivision 1; 473.1623, subdivision 3; 473.167, subdivision 1; 473.386, subdivision 2a; 473.3994, subdivision 10; 473.3997; 473.4051; 473.407, subdivisions 1, 2, 3, 4, 5, and 6; 473.411, subdivision 5; 473.446, subdivision 8; and 473.516, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 473; repealing Minnesota Statutes 1992, sections 115A.03, subdivision 20; 115A.33; 174.22, subdivision 4; 473.121, subdivisions 14a, 15, and 21; 473.122; 473.123, subdivisions 3, 5, and 6; 473.141, as amended; 473.146, subdivisions 2, 2a, 2b, and 2c; 473.153; 473.161; 473.163; 473.181, subdivision 3; 473.325, subdivision 5; 473.373, as amended; 473.375, subdivisions 1, 2, 3, 4, 5, 6, 7, 10, 16, 17, and 18; 473.377; 473.38; 473.384, subdivision 9; 473.388, subdivision 6; 473.404, as amended; 473.405, subdivisions 2, 6, 7, 8, 11, 13, and 14; 473.417; 473.435; 473.436, subdivision 7; 473.445, subdivisions 1 and 3; 473.501, subdivision 2; 473.503; 473.504, subdivisions 1, 2, 3, 7, and 8; 473.511, subdivision 5; 473.517, subdivision 8; 473.543, subdivision 5; and 473.553, subdivision 4a; Minnesota Statutes 1993 Supplement, section 473.3996, subdivisions 1 and 2.

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

Ms. Flynn, Mrs. Pariseau and Mr. Mondale.

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

Orfield 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. 2015. The motion prevailed.

Mr. Speaker:

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

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

Messrs. Berg, Janezich and Neuville.

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

Kahn 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. 103. The motion prevailed.

CONSIDERATION UNDER RULE 1.10

Pursuant to rule 1.10, Solberg requested immediate consideration of H. F. No. 2742.

H. F. No. 2742 was reported to the House.

Gutknecht moved to amend H. F. No. 2742, the second engrossment, as follows:

Page 5, after line 10, insert:

"Subd. 6. National Volleyball Center

190,000

For planning and designing the national volleyball center at Rochester to be constructed adjacent to the recreation center."

Adjust totals accordingly

Renumber or reletter in sequence

Correct internal references

Amend the title accordingly

The question was taken on the Gutknecht amendment and the roll was called. There were 19 yeas and 113 nays as follows:

Those who voted in the affirmative were:

Bettermann	Gutknecht	Johnson, V.	Lindner	Olson, M.	Swenson	Worke
Davids	Haukoos	Knickerbocker	Lynch	Seagren	Vickerman	
Frerichs	Hugoson	Koppendraye	Morrison	Svigum	Waltman	

Those who voted in the negative were:

Abrams	Bauerly	Bertram	Brown, K.	Clark	Dauner	Delmont
Asch	Beard	Bishop	Carlson	Commers	Dawkins	Dempsey
Battaglia	Bergson	Brown, C.	Carruthers	Cooper	Dehler	Dorn

Erhardt	Jacobs	Krueger	Molnau	Ostrom	Sekhon	Wagenius
Evans	Jaros	Lasley	Mosel	Pauly	Simoneau	Weaver
Farrell	Jefferson	Leppik	Munger	Pawlenty	Skoglund	Wejzman
Finseth	Jennings	Lieder	Murphy	Pelowski	Smith	Wenzel
Garcia	Johnson, A.	Limmer	Neary	Perl	Solberg	Winter
Girard	Johnson, R.	Long	Nelson	Peterson	Stanius	Wolf
Goodno	Kahn	Lourey	Ness	Pugh	Steensma	Workman
Greenfield	Kalis	Luther	Olson, E.	Reding	Tomassoni	Spk. Anderson, I.
Greiling	Kelley	Macklin	Olson, K.	Rest	Tompkins	
Gruenes	Kelso	Mahon	Onnen	Rhodes	Trimble	
Hasskamp	Kinkel	Mariani	Opatz	Rice	Tunheim	
Hausman	Klinzing	McCollum	Orenstein	Rodosovich	Van Dellen	
Holsten	Knight	McGuire	Orfield	Rukavina	Van Engen	
Huntley	Krinkie	Milbert	Osthoff	Sarna	Vellenga	

The motion did not prevail and the amendment was not adopted.

Johnson, R., and Kinkel moved to amend H. F. No. 2742, the second engrossment, as follows:

Page 12, after line 19, insert:

"\$270,000 for planning additional classroom and instructional facilities, media center, child care, and conference center."

Correct the subdivision and section totals and the summaries by fund accordingly

The question was taken on the Johnson, R., and Kinkel amendment and the roll was called. There were 18 yeas and 115 nays as follows:

Those who voted in the affirmative were:

Bettermann	Davids	Johnson, R.	Kinkel	Olson, M.	Sviggum
Brown, K.	Holsten	Johnson, V.	Lindner	Osthoff	Swenson
Cooper	Jaros	Kelley	Morrison	Rukavina	Tomassoni

Those who voted in the negative were:

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

The motion did not prevail and the amendment was not adopted.

Frerichs and Vickerman moved to amend H. F. No. 2742, the second engrossment, as follows:

Page 36, after line 19, insert:

"Subd. 3. [TRUNK HIGHWAY BONDS.] The commissioner of finance is authorized and directed, on request of the commissioner of transportation, to issue and sell Minnesota trunk highway bonds under the provisions of Minnesota Statutes, sections 167.50 to 167.52, and of the Minnesota Constitution, article XI, sections 4 to 6, and article

XIV, section 11, at the time in calendar years 1994 and 1995, and in the amounts requested by the commissioner of transportation. Bonds issued under this section are authorized in an aggregate principal amount of \$73,500,000. The bonds shall mature within 15 years from their issuance."

Adjust the totals accordingly

Amend the title accordingly

The question was taken on the Frerichs and Vickerman amendment and the roll was called. There were 48 yeas and 85 nays as follows:

Those who voted in the affirmative were:

Abrams	Dehler	Gutknecht	Krinkie	Morrison	Seagren	Vickerman
Bauerly	Dempsey	Haukoos	Leppik	Ness	Smith	Waltman
Bettermann	Erhardt	Holsten	Limmer	Olson, M.	Sviggum	Weaver
Brown, K.	Finseth	Hugoson	Lindner	Onnen	Swenson	Wolf
Commers	Frerichs	Johnson, V.	Lynch	Ozment	Tompkins	Worke
Cooper	Goodno	Knickerbocker	Macklin	Pauly	Van Dellen	Workman
Davids	Gruenes	Koppendrayner	Molnau	Pawlenty	Van Engen	

Those who voted in the negative were:

Anderson, R.	Delmont	Jefferson	Lieder	Nelson	Rhodes	Tunheim
Asch	Dorn	Jennings	Long	Olson, E.	Rice	Vellenga
Battaglia	Evans	Johnson, A.	Lourey	Opatz	Rodosovich	Wagenius
Beard	Farrell	Johnson, R.	Luther	Orenstein	Rukavina	Wejcman
Bergson	Garcia	Kahn	Mahon	Orfield	Sarna	Wenzel
Bertram	Girard	Kalis	Mariani	Osthoff	Sekhon	Winter
Bishop	Greenfield	Kelley	McCollum	Ostrom	Simoneau	Spk. Anderson, I.
Brown, C.	Greiling	Kelso	McGuire	Pelowski	Skoglund	
Carlson	Hasskamp	Kinkel	Milbert	Perlt	Solberg	
Carruthers	Hausman	Klinzing	Mosel	Peterson	Stanis	
Clark	Huntley	Knight	Munger	Pugh	Steensma	
Dauner	Jacobs	Krueger	Murphy	Reding	Tomassoni	
Dawkins	Jaros	Lasley	Neary	Rest	Trimble	

The motion did not prevail and the amendment was not adopted.

The Speaker called Kahn to the Chair.

Van Engen moved to amend H. F. No. 2742, the second engrossment, as follows:

Page 30, after line 58, insert:

"Subd. 19. Prairie Woods Environmental Learning Center

250,000

This appropriation is for a grant to Kandiyohi county to plan, design, and construct a residential environmental learning center.

Appropriations must be used for qualified capital expenditures."

Adjust totals accordingly

ReNUMBER or reletter in sequence

Correct internal references

Amend the title accordingly

The question was taken on the Van Engen amendment and the roll was called. There were 16 yeas and 116 nays as follows:

Those who voted in the affirmative were:

Bettermann	Holsten	Knickerbocker	Olson, M.	Swenson	Workman
Davids	Hugoson	Lindner	Onnen	Van Engen	
Gutknecht	Johnson, V.	Lynch	Sviggun	Vickerman	

Those who voted in the negative were:

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

The motion did not prevail and the amendment was not adopted.

Osthoff was excused for the remainder of today's session.

Olson, M., moved to amend H. F. No. 2742, the second engrossment, as follows:

Page 2, line 14, delete "21,000,000" and insert "30,770,000"

Page 2, line 20, delete "\$476,923,000" and insert "\$486,693,000"

Page 2, after line 21, insert:

"Maximum effort school loan fund

9,770,000"

Page 26, after line 60, insert:

"Sec. 26. MAXIMUM EFFORT LOANS

9,770,000

To the commissioner of education to make debt service loans and capital loans to school districts as provided in Minnesota Statutes, sections 124.36 to 124.46.

The commissioner shall review the proposed plans and budgets of the projects and may reduce the amount of a loan to ensure that a project is 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.

\$9,770,000 is approved for a capital loan to independent school district No. 727, Big Lake, to construct a new high school; for remodeling, acquisition of equipment, and improvements to the existing elementary school; and for conversion of the present high school to a middle school with related improvements and equipment."

Page 36, after line 19, insert:

"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 \$9,770,000 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."

Renumber subsequent sections

Correct cross references

Amend the title accordingly

The question was taken on the Olson, M., amendment and the roll was called. There were 47 yeas and 81 nays as follows:

Those who voted in the affirmative were:

Bauerly	Finseth	Holsten	Krinkie	Olson, M.	Sviggum	Waltman
Bettermann	Frerichs	Hugoson	Leppik	Onnen	Swenson	Weaver
Commers	Girard	Johnson, V.	Lindner	Ozment	Tompkins	Wolf
Davids	Goodno	Klinzing	Lynch	Pauly	Van Dellen	Worke
Dehler	Gruenes	Krickerbocker	Molnau	Pawlenty	Van Engen	Workman
Dempsey	Gutknecht	Knight	Morrison	Seagren	Vellenga	
Erhardt	Haukoos	Koppendrayner	Ness	Smith	Vickerman	

Those who voted in the negative were:

Abrams	Cooper	Jacobs	Lieder	Murphy	Pugh	Steensma
Anderson, R.	Dauner	Jefferson	Long	Neary	Reding	Tomassoni
Asch	Dawkins	Jennings	Lourey	Nelson	Rest	Trimble
Battaglia	Delmont	Johnson, A.	Luther	Olson, E.	Rhodes	Tunheim
Beard	Dorn	Johnson, R.	Macklin	Olson, K.	Rice	Wagenius
Bergson	Evans	Kahn	Mahon	Opatz	Rodosovich	Wejzman
Bertram	Farrell	Kalis	Mariani	Orenstein	Rukavina	Wenzel
Bishop	Garcia	Kelley	McCollum	Orfield	Sama	Winter
Brown, K.	Greiling	Kelso	McGuire	Ostrom	Sekhon	Spk. Anderson, I.
Carlson	Hasskamp	Kinkel	Milbert	Pelowski	Simoneau	
Carruthers	Hausman	Krueger	Mosel	Perlt	Skoglund	
Clark	Huntley	Lasley	Munger	Peterson	Solberg	

The motion did not prevail and the amendment was not adopted.

Lindner and Limmer moved to amend H. F. No. 2742, the second engrossment, as follows:

Page 29, line 17, before the period, insert "and \$200,000 for development of the metropolitan regional trail linking Elm Creek regional park and Fish Lake regional park"

The question was taken on the Lindner and Limmer amendment and the roll was called. There were 27 yeas and 102 nays as follows:

Those who voted in the affirmative were:

Bergson	Frerichs	Holsten	Limmer	Olson, M.	Swenson	Weaver
Bettermann	Goodno	Johnson, V.	Lindner	Onnen	Van Dellen	Worke
Dauids	Gruenes	Knickerbocker	Luther	Smith	Van Engen	Workman
Dehler	Gutknecht	Koppendraye	Molnau	Sviggum	Vickerman	

Those who voted in the negative were:

Abrams	Delmont	Huntley	Krueger	Murphy	Peterson	Steensma
Anderson, R.	Dempsey	Jacobs	Lasley	Neary	Pugh	Tomassoni
Asch	Dorn	Jaros	Leppik	Nelson	Reding	Tompkins
Battaglia	Erhardt	Jefferson	Lieder	Ness	Rest	Trimble
Bauerly	Evans	Jennings	Long	Olson, E.	Rhodes	Tunheim
Beard	Farrell	Johnson, A.	Lourey	Olson, K.	Rice	Vellenga
Bertram	Finseth	Johnson, R.	Macklin	Opatz	Rodosovich	Wagenius
Bishop	Garcia	Kahn	Mahon	Orenstein	Rukavina	Wejcmán
Brown, K.	Girard	Kalis	Mariani	Orfield	Sarna	Wenzel
Carlson	Greenfield	Kelley	McCollum	Ostrom	Seagren	Winter
Clark	Greiling	Kelso	McGuire	Ozment	Sekhon	Wolf
Commers	Hasskamp	Kinkel	Milbert	Pauly	Simoneau	Spk. Anderson, I.
Cooper	Haukoos	Klinzing	Morrison	Pawlenty	Skoglund	
Dauner	Hausman	Knight	Mosel	Pelowski	Solberg	
Dawkins	Hugoson	Krinkie	Munger	Perlt	Stanius	

The motion did not prevail and the amendment was not adopted.

Holsten, Sviggum, Vickerman, Hugoson and Van Engen moved to amend H. F. No. 2742, the second engrossment, as follows:

Page 21, delete lines 37 to 48

Page 32, line 7, delete "4,000,000" and insert "14,000,000"

Adjust totals accordingly

Renumber or reletter in sequence

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Holsten et al amendment and the roll was called. There were 55 yeas and 72 nays as follows:

Those who voted in the affirmative were:

Abrams	Commers	Erhardt	Gruenes	Hugoson	Koppendraye	Lindner
Asch	Cooper	Finseth	Gutknecht	Johnson, R.	Krinkie	Long
Bergson	Dauids	Frerichs	Hasskamp	Johnson, V.	Lasley	Lynch
Bettermann	Dehler	Girard	Haukoos	Knickerbocker	Leppik	Macklin
Brown, K.	Dempsey	Goodno	Holsten	Knight	Limmer	Molnau

Mosel	Onnen	Rhodes	Stanius	Tompkins	Vickerman	Worke
Ness	Pauly	Seagren	Sviggum	Van Dellen	Waltman	Workman
Olson, M.	Pawlenty	Smith	Swenson	Van Engen	Weaver	

Those who voted in the negative were:

Anderson, R.	Dorn	Jennings	Mahon	Orenstein	Rukavina	Wagenius
Battaglia	Evans	Johnson, A.	Mariani	Orfield	Sarna	Wejcman
Bauerly	Farrell	Kahn	McCollum	Ostrom	Sekhon	Wenzel
Beard	Garcia	Kalis	McGuire	Pelowski	Simoneau	Winter
Bertram	Greenfield	Kelley	Milbert	Perlt	Skoglund	Wolf
Carlson	Greiling	Kinkel	Murphy	Peterson	Solberg	Spk. Anderson, I.
Carruthers	Hausman	Klinzing	Neary	Pugh	Steensma	
Clark	Huntley	Krueger	Nelson	Reding	Tomassoni	
Dauner	Jacobs	Lieder	Olson, E.	Rest	Trimble	
Dawkins	Jaros	Lourey	Olson, K.	Rice	Tunheim	
Delmont	Jefferson	Luther	Opatz	Rodosovich	Vellenga	

The motion did not prevail and the amendment was not adopted.

Knight moved to amend H. F. No. 2742, the second engrossment, as follows:

Page 2, line 33, to page 33, line 11, reduce the authorized amount in each subdivision by 5.8 percent

Correct the totals and adjust the figures accordingly

The motion did not prevail and the amendment was not adopted.

H. F. No. 2742, 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; authorizing assessments for debt service; reducing certain earlier project authorizations and appropriations; appropriating money, with certain conditions; amending Minnesota Statutes 1992, sections 16A.85, subdivision 1; 85.015, subdivision 4; 136.651; and 471.191, subdivision 1; Minnesota Statutes 1993 Supplement, sections 16B.335, by adding subdivisions; Laws 1993, chapter 373, sections 18; and 25, subdivision 5; proposing coding for new law in Minnesota Statutes, chapters 16A; 16B; 116J; 124C; 134; 135A; and 241.

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 116 yeas and 16 nays as follows:

Those who voted in the affirmative were:

Abrams	Cooper	Goodno	Johnson, A.	Leppik	Mosel	Pawlenty
Anderson, R.	Dauner	Greenfield	Johnson, R.	Lieder	Munger	Pelowski
Battaglia	Davids	Greiling	Johnson, V.	Long	Murphy	Perlt
Bauerly	Dehler	Gruenes	Kahn	Lourey	Neary	Peterson
Beard	Delmont	Hasskamp	Kalis	Luther	Nelson	Pugh
Bergson	Dempsey	Haukoos	Kelley	Lynch	Ness	Reding
Bertram	Dorn	Hausman	Kelso	Mahon	Olson, E.	Rest
Bettermann	Erhardt	Holsten	Kinkel	Mariani	Olson, K.	Rhodes
Bishop	Evans	Huntley	Klinzing	McCollum	Opatz	Rice
Brown, K.	Farrell	Jacobs	Knickerbocker	McGuire	Orenstein	Rodosovich
Carlson	Frerichs	Jaros	Koppendrayner	Milbert	Ostrom	Rukavina
Carruthers	Garcia	Jefferson	Krueger	Molnau	Ozment	Sarna
Clark	Girard	Jennings	Lasley	Morrison	Pauly	Seagren

Sekhon	Solberg	Tomassoni	Van Dellen	Waltman	Winter	Spk. Anderson, I.
Simoneau	Stanius	Tompkins	Vellenga	Weaver	Wolf	
Skoglund	Steensma	Trimble	Vickerman	Wejcman	Worke	
Smith	Swenson	Tunheim	Wagenius	Wenzel	Workman	

Those who voted in the negative were:

Asch	Dawkins	Hugoson	Limmer	Olson, M.	Van Engen
Brown, C.	Finseth	Knight	Lindner	Onnen	
Commers	Gutknecht	Krinkie	Macklin	Sviggum	

The bill was passed and its title agreed to.

The Speaker resumed the Chair.

SPECIAL ORDERS

S. F. No. 1735 was reported to the House.

Wejcman and Garcia moved to amend S. F. No. 1735 as follows:

Page 4, line 19, after "under" insert "section 245A.04,"

Page 4, line 20, after "under" insert "section 245A.04,"

Page 8, line 17, delete "and the child is not adoptable"

Page 8, lines 32 and 33, reinstate the stricken language

Page 8, line 33, delete "semiannual reviews"

Page 10, strike lines 11 to 13

The motion prevailed and the amendment was adopted.

The Speaker called Kahn to the Chair.

S. F. No. 1735, A bill for an act relating to children; modifying certain provisions concerning foster care and adoption; amending Minnesota Statutes 1992, section 260.141, subdivision 1; Minnesota Statutes 1993 Supplement, sections 245A.03, subdivisions 2 and 2a; 257.071, subdivision 3; 257.072, subdivision 9; 259.255; and 260.191, subdivision 3b.

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 107 yeas and 24 nays as follows:

Those who voted in the affirmative were:

Abrams	Bauerly	Bertram	Carlson	Commers	Dawkins	Evans
Anderson, R.	Beard	Brown, C.	Carruthers	Cooper	Delmont	Farrell
Battaglia	Bergson	Brown, K.	Clark	Dauner	Erhardt	Finseth

Garcia	Johnson, R.	Lieder	Murphy	Pelowski	Simoneau	Vickerman
Goodno	Johnson, V.	Limmer	Neary	Perlt	Skoglund	Wagenius
Greenfield	Kahn	Lourey	Nelson	Peterson	Smith	Weaver
Greiling	Kalis	Luther	Ness	Pugh	Solberg	Wejzman
Hasskamp	Kelley	Macklin	Olson, E.	Reding	Stanis	Wenzel
Hausman	Kelso	Mahon	Olson, K.	Rest	Steensma	Wolf
Holsten	Kinkel	Mariani	Onnen	Rhodes	Swenson	Worke
Huntley	Klinzing	McGuire	Opatz	Rice	Tomassoni	Spk. Anderson, I.
Jacobs	Knickerbocker	Milbert	Orenstein	Rodosovich	Trimble	
Jaros	Koppendraye	Molnau	Orfield	Rukavina	Tunheim	
Jefferson	Krueger	Morrison	Ozment	Sarna	Van Dellen	
Jennings	Lasley	Mosel	Pauly	Seagren	Van Engen	
Johnson, A.	Leppik	Munger	Pawlenty	Sekhon	Vellenga	

Those who voted in the negative were:

Asch	Dempsey	Gruenes	Knight	Lynch	Sviggum
Bettermann	Dorn	Gutknecht	Krinkie	McCollum	Waltman
Davids	Frerichs	Haukoos	Lindner	Olson, M.	Winter
Dehler	Girard	Hugoson	Long	Ostrom	Workman

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

S. F. No. 1996 was reported to the House.

Wolf moved to amend S. F. No. 1996 as follows:

Page 3, after line 7, insert:

"Sec. 4. [EFFECTIVE DATE; LOCAL APPROVAL.]

Section 3 is effective the day after compliance by the governing body of St. Louis county with Minnesota Statutes, section 645.021, subdivision 3."

The motion prevailed and the amendment was adopted.

S. F. No. 1996, A bill for an act relating to employment; modifying the definition of employer for personnel records review purposes; defining special investigators for purposes of inclusion in the unclassified civil service of St. Louis county; amending Minnesota Statutes 1992, sections 181.960, subdivision 1; 181.961, by adding a subdivision; and 383C.035.

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 0 nays as follows:

Those who voted in the affirmative were:

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

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

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

S. F. No. 2858 was reported to the House.

Wejcman moved to amend S. F. No. 2858 as follows:

Page 3, lines 20 to 33, delete the new language and insert "to enable the appointing authority to determine whether employees are fit and suitable for the position to which they have been appointed, transferred, or promoted. The appointing authority may discharge a newly appointed employee during the probationary period without specifying cause or granting a hearing, except as provided by section 197.46. The appointing authority may, during the probationary period, demote an employee appointed to a position as a result of a promotion without specifying cause or granting a hearing, except as provided by section 197.46. The employee so demoted shall be returned to a position in the class previously held by the affected employee. The appointing authority may, during the probationary period, return a transferred employee back to a position in the classification and organizational unit the employee previously held without specifying cause or granting a hearing, except as provided by section 197.46"

Page 8, line 23, delete "by" and insert "to"

Page 8, line 24, delete "A preliminary"

Page 8, line 25, delete "showing by the" and insert "Any such" and after "attorney" insert "ruling"

Page 16, line 10, after the period, insert "Except as provided by section 197.46,"

Page 17, delete section 13

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 2858, A bill for an act relating to counties; Hennepin; changing the personnel system to a human resources system; making other changes to the system; amending Minnesota Statutes 1992, sections 383B.26; 383B.27; 383B.28; 383B.29; 383B.31; 383B.32, subdivisions 2, 3, and 4; 383B.34, subdivision 2; 383B.37, subdivision 1; 383B.38, subdivision 1; 383B.39; and 383B.41; repealing Minnesota Statutes 1992, sections 383B.33, subdivision 1; 383B.38, subdivisions 2, 3, and 4; and 383B.40.

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 113 yeas and 17 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Bergson	Frerichs	Hugoson	Krinkie	Olson, M.	Vickerman
Davids	Girard	Knight	Lindner	Tompkins	Worke
Dehler	Haukoos	Koppendrayer	Ness	Van Engen	

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

The following Conference Committee Reports were received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1919

A bill for an act relating to manufactured homes; clarifying certain language governing application fees with in park sales; requiring a study; amending Minnesota Statutes 1992, section 327C.07, subdivisions 1, 2, 3, and 6.

May 2, 1994

The Honorable Irv Anderson
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 1919, report that we have agreed upon the items in dispute and recommend as follows:

That the House concur in the Senate amendment and that H. F. No. 1919 be further amended as follows:

Page 3, after line 30, insert:

"Sec. 6. [MANUFACTURED HOME PARKS; SHELTERS AND EVACUATION PLANS.]

The commissioner of health, in cooperation with the commissioner of administration and the director of the emergency management division of the department of public safety, shall collect, review, and analyze the data on the on-site shelters and evacuation plans of licensed manufactured home parks with 50 or more sites. The commissioner shall report the results of the data inventory and analysis to the legislature by January 10, 1995."

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "requiring a study;"

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

House Conferees: GERI EVANS, KAREN CLARK AND DENNIS OZMENT.

Senate Conferees: JANE KRENTZ, DON BETZOLD AND LINDA RUNBECK.

Evans moved that the report of the Conference Committee on H. F. No. 1919 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1919, A bill for an act relating to manufactured homes; clarifying certain language governing application fees with in park sales; requiring a study; amending Minnesota Statutes 1992, section 327C.07, subdivisions 1, 2, 3, and 6.

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 98 yeas and 33 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Dawkins	Holsten	Klinzing	Milbert	Pelowski	Solberg
Asch	Delmont	Huntley	Knickerbocker	Morrison	Perlt	Stanius
Battaglia	Dempsey	Jacobs	Krueger	Mosel	Peterson	Steensma
Bauerly	Dorn	Jaros	Lasley	Munger	Pugh	Swenson
Beard	Evans	Jefferson	Leppik	Murphy	Reding	Tomassoni
Bergson	Farrell	Jennings	Lieder	Neary	Rest	Tompkins
Bertram	Finseth	Johnson, A.	Long	Nelson	Rhodes	Trimble
Bishop	Garcia	Johnson, R.	Lourey	Olson, E.	Rice	Tunheim
Brown, K.	Goodno	Johnson, V.	Luther	Olson, K.	Rodosovich	Vellenga
Carlson	Greenfield	Kahn	Macklin	Opatz	Rukavina	Wagenius
Carruthers	Greiling	Kalis	Mahon	Orenstein	Sarna	Wejcman
Clark	Gruenes	Kelley	Mariani	Ostrom	Sekhon	Wenzel
Cooper	Hasskamp	Kelso	McCollum	Ozment	Simoneau	Winter
Dauner	Hausman	Kinkel	McGuire	Pauly	Skoglund	Spk. Anderson, I.

Those who voted in the negative were:

Abrams	Erhardt	Hugoson	Lindner	Onnen	Van Dellen	Wolf
Bettermann	Frerichs	Knight	Lynch	Pawlenty	Van Engen	Worke
Commers	Girard	Koppendraye	Molnau	Seagren	Vickerman	Workman
Davids	Gutknecht	Krinkie	Ness	Smith	Waltman	
Dehler	Haukoos	Limmer	Olson, M.	Svigum	Weaver	

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

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2365

A bill for an act relating to traffic regulations; making technical changes; removing requirement for auxiliary low beam lights to be removed or covered when snowplow blade removed; requiring seat belts for commercial motor vehicles; allowing transportation within state of raw farm and forest products exceeding maximum weight limitation

by not more than ten percent; amending Minnesota Statutes 1992, sections 169.743; and 169.851, subdivision 5; Minnesota Statutes 1993 Supplement, sections 169.122, subdivision 5; 169.47, subdivision 1; 169.522, subdivision 1; 169.56, subdivision 5; and 169.686, subdivision 1.

April 29, 1994

The Honorable Irv Anderson
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 2365, report that we have agreed upon the items in dispute and recommend as follows:

That the House concur in the Senate amendments and that H. F. No. 2365 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1993 Supplement, section 169.122, subdivision 5, is amended 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 vehicle providing limousine service as defined in section ~~168.011, subdivision 35~~ 221.84, subdivision 1.

Sec. 2. Minnesota Statutes 1993 Supplement, section 169.47, subdivision 1, is amended to read:

Subdivision 1. [MISDEMEANOR; EXCEPTIONS.] (a) It is unlawful and punishable as hereinafter provided for any person to drive or for the owner to cause or knowingly permit to be driven on any highway any vehicle or combination of vehicles which is in such unsafe condition as to endanger any person, or which does not contain those parts or is not at all times equipped with such lamps and other equipment in proper condition and adjustment as required in this chapter, or which is equipped in any manner in violation of this chapter, or for any person to do any act forbidden or fail to perform any act required under this chapter.

(b) The provisions of this chapter with respect to equipment on vehicles do not apply to implements of husbandry, road machinery, or road rollers except as otherwise provided in this chapter.

(c) For purposes of this section, a specialized vehicle resembling a low-slung ~~two-wheel~~ trailer having a short bed or platform shall be deemed to be an implement of husbandry when such vehicle is used exclusively to transport implements of husbandry, provided, however, that no such vehicle shall operate on the highway before sunrise or after sunset unless proper lighting is affixed to the implement being drawn.

Sec. 3. Minnesota Statutes 1993 Supplement, section 169.522, subdivision 1, is amended to read:

Subdivision 1. [DISPLAYING EMBLEM; RULES.] (a) All animal-drawn vehicles, motorized golf carts when operated on designated roadways pursuant to section 169.045, implements of husbandry ~~with load~~, and other machinery, including all road construction machinery, which are designed for operation at a speed of 25 miles per hour or less shall display a triangular slow-moving vehicle emblem, except (1) when being used in actual construction and maintenance work and traveling within the limits of a construction area which is marked in accordance with requirements of the manual of uniform traffic control devices, as set forth in section 169.06, or (2) for a towed implement of husbandry that is empty and that is not self-propelled, in which case it may be towed at lawful speeds greater than 25 miles per hour without removing the slow-moving vehicle emblem. The emblem shall consist of a fluorescent yellow-orange triangle with a dark red reflective border and be mounted so as to be visible from a distance of not less than 600 feet to the rear. When a primary power unit towing an implement of husbandry or other machinery displays a slow-moving vehicle emblem visible from a distance of 600 feet to the rear, it shall not be necessary to display a similar emblem on the secondary unit. After January 1, 1975, all slow-moving vehicle emblems

sold in this state shall be so designed that when properly mounted they are visible from a distance of not less than 600 feet to the rear when directly in front of lawful lower beam of head lamps on a motor vehicle. The commissioner of public safety shall adopt standards and specifications for the design and position of mounting the slow-moving vehicle emblem. Such standards and specifications shall be adopted by rule in accordance with the administrative procedure act. A violation of this section shall not be admissible evidence in any civil cause of action arising prior to January 1, 1970.

(b) An alternate slow-moving vehicle emblem consisting of a dull black triangle with a white reflective border may be used after obtaining a permit from the commissioner under rules of the commissioner. A person with a permit to use an alternate slow-moving vehicle emblem must:

(1) carry in the vehicle a regular slow-moving vehicle emblem and display the emblem when operating a vehicle between sunset and sunrise, and at any other time when visibility is impaired by weather, smoke, fog, or other conditions; and

(2) permanently affix to the rear of the slow-moving vehicle at least 72 square inches of reflective tape that reflects the color red.

Sec. 4. Minnesota Statutes 1993 Supplement, section 169.56, subdivision 5, is amended to read:

Subd. 5. [EXCEPTION FOR LIGHTS OBSTRUCTED LIGHTS BY SNOWPLOW BLADE.] (a) The auxiliary lamps permitted in ~~subdivisions 3 and 4~~ subdivision 3 and 4 may be mounted more than 42 inches high on any truck equipped with a snowplow blade that obstructs the required headlights. The lights may not be illuminated when a snowplow blade is not mounted so as to obstruct the required headlights, the auxiliary lamps permitted in subdivisions 3 and 4 and mounted above 42 inches high must be removed or the lens must be covered with an opaque material on the vehicle.

(b) No other vehicle may be operated on a public highway unless the auxiliary lamps permitted in subdivisions 3 and 4 comply with the height requirements or are completely covered with an opaque material.

Sec. 5. Minnesota Statutes 1993 Supplement, section 169.686, subdivision 1, is amended to read:

Subdivision 1. [SEAT BELT REQUIREMENT.] A properly adjusted and fastened seat belt, including both the shoulder and lap belt when the vehicle is so equipped, shall be worn by:

(1) the driver of a passenger vehicle or commercial motor vehicle;

(2) a passenger riding in the front seat of a passenger vehicle or commercial motor vehicle; and

(3) a passenger riding in any seat of a passenger vehicle who is older than three but younger than 11 years of age.

A person who is 15 years of age or older and who violates clause (1) or (2) is subject to a fine of \$25. The driver of the passenger vehicle or commercial motor vehicle in which the violation occurred is subject to a \$25 fine for a violation of clause (2) or (3) by a child of the driver under the age of 15 or any child under the age of 11. A peace officer may not issue a citation for a violation of this section unless the officer lawfully stopped or detained the driver of the motor vehicle for a moving violation other than a violation involving motor vehicle equipment. The department of public safety shall not record a violation of this subdivision on a person's driving record.

Sec. 6. Minnesota Statutes 1992, section 169.743, is amended to read:

169.743 [BUG DEFLECTORS.]

Bug deflectors shall be permitted but not required on motor vehicles. No bug deflector shall be sold, offered for sale, or used which is composed of other than nonilluminated material. No person shall operate any motor vehicle equipped with a bug deflector of nontransparent material having more than one inch of material extending above the highest part of the ~~front of the~~ hood, excluding any decorative ornament, and no person shall operate any motor vehicle equipped with a bug deflector of transparent material having more than three inches of material extending above the highest part of the ~~front of the~~ hood, excluding any decorative ornament; provided that trucks and truck-tractors of 12,000 pounds gross vehicle weight or larger may be operated with a clear, uncolored bug deflector extending no more than six inches above the highest part of the ~~front of the~~ hood, excluding any decorative ornament.

Sec. 7. Minnesota Statutes 1992, section 169.851, subdivision 5, is amended to read:

Subd. 5. [EXCEPTION FOR FARM AND FOREST PRODUCTS.] The maximum weight provisions of this section do not apply to the first haul of unprocessed or raw farm products and the transportation of raw and unfinished forest products when the prescribed maximum weight limitation is not exceeded by more than ten percent.

Sec. 8. Minnesota Statutes 1993 Supplement, section 221.0314, subdivision 10, is amended to read:

Subd. 10. [INSPECTION, REPAIR, AND MAINTENANCE.] Code of Federal Regulations, title 49, part 396, is incorporated by reference, except that sections 396.1, 396.9, and 396.17 to ~~396.25~~ 396.23 of that part are not incorporated."

Delete the title and insert:

"A bill for an act relating to traffic regulations; making technical changes; removing requirement for auxiliary low beam lights to be removed or covered when snowplow blade removed; requiring seat belts for commercial motor vehicles; allowing transportation within state of raw farm and forest products exceeding maximum weight limitation by not more than ten percent; amending Minnesota Statutes 1992, sections 169.743; and 169.851, subdivision 5; Minnesota Statutes 1993 Supplement, sections 169.122, subdivision 5; 169.47, subdivision 1; 169.522, subdivision 1; 169.56, subdivision 5; 169.686, subdivision 1; and 221.0314, subdivision 10."

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

House Conferees: CONNIE MORRISON, TOM OSTHOFF AND BERNARD L. "BERNIE" LIEDER.

Senate Conferees: KEITH LANGSETH, TERRY D. JOHNSTON AND JOE BERTRAM, SR.

Morrison moved that the report of the Conference Committee on H. F. No. 2365 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 2365, A bill for an act relating to traffic regulations; making technical changes; removing requirement for auxiliary low beam lights to be removed or covered when snowplow blade removed; requiring seat belts for commercial motor vehicles; allowing transportation within state of raw farm and forest products exceeding maximum weight limitation by not more than ten percent; amending Minnesota Statutes 1992, sections 169.743; and 169.851, subdivision 5; Minnesota Statutes 1993 Supplement, sections 169.122, subdivision 5; 169.47, subdivision 1; 169.522, subdivision 1; 169.56, subdivision 5; and 169.686, 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 130 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Abrams	Brown, K.	Dempsey	Gruenes	Jennings	Koppendrayner	Lynch
Anderson, R.	Carlson	Dorn	Gutknecht	Johnson, R.	Krinkie	Macklin
Asch	Carruthers	Erhardt	Hasskamp	Johnson, V.	Krueger	Mahon
Battaglia	Clark	Evans	Haukoos	Kahn	Lasley	Mariani
Bauerly	Connors	Farrell	Hausman	Kalis	Leppik	McCollum
Beard	Cooper	Finseth	Holsten	Kelley	Lieder	McGuire
Bergson	Dauner	Frerichs	Hugoson	Kelso	Limmer	Milbert
Bertram	Davids	Garcia	Huntley	Kinkel	Lindner	Molnau
Bettermann	Dawkins	Goodno	Jacobs	Klinzing	Long	Morrison
Bishop	Dehler	Greenfield	Jaros	Knickerbocker	Lourey	Mosel
Brown, C.	Delmont	Greiling	Jefferson	Knight	Luther	Munger

Murphy	Opatz	Perlt	Rukavina	Stanius	Van Engen	Winter
Neary	Orenstein	Peterson	Sarna	Steensma	Vellenga	Wolf
Nelson	Orfield	Pugh	Seagren	Sviggum	Vickerman	Worke
Ness	Ostrom	Reding	Sekhon	Swenson	Wagenius	Workman
Olson, E.	Ozment	Rest	Simoneau	Tomassoni	Waltman	Spk. Anderson, I.
Olson, K.	Pauly	Rhodes	Skoglund	Tompkins	Weaver	
Olson, M.	Pawlenty	Rice	Smith	Trimble	Wejcman	
Onnen	Pelowski	Rodosovich	Solberg	Van Dellen	Wenzel	

Those who voted in the negative were:

Girard Tunheim

The bill was repassed, as amended by Conference, 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:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 3011, A bill for an act relating to transportation; defining terms; making technical changes; ensuring safety is factor in standards for scenic highways and park roads; directing commissioner of transportation to accept performance-specification bids for constructing design-built bridges; prohibiting personal transportation vehicles from picking up passengers in seven-county metropolitan area; allowing horse trailer to be component of a recreational vehicle combination; increasing length limitations for recreational vehicle combinations; setting speed limit for residential roadways; providing for installation of override systems to allow operators of emergency vehicles to activate traffic signals; allowing self-propelled implement of husbandry to display flashing amber light; allowing emergency vehicles to display flashing blue lights; creating child passenger restraint and education account to assist families in financial need and for educational purposes; requiring use of mileage-recording equipment on motor vehicles after 1999; establishing youth charter carrier permit system; allowing rail carriers to participate in rail user loan guarantee program; requiring publicly owned or leased motor vehicles to be identified; establishing advisory council on major transportation projects; authorizing donation of vacation leave for state employee; directing commissioner of transportation to erect signs, traffic signals, and noise barriers; exempting public bodies from regulations on all-terrain vehicles; allowing commissioner of transportation to transfer certain real property acquired for highway purposes to former owner through negotiated settlement; modifying highway fund apportionment to counties and changing composition of screening board; providing for bridge inspection frequency and reports; delaying required revision of state transportation plan; authorizing expenditure of rail service maintenance account money for maintenance of rail lines and right-of-way in the rail bank; providing funding sources for rail bank maintenance account; authorizing sale of certain tax-forfeited land that borders public water in New Scandia township in Washington county, and an exchange of that land for land located in Stillwater township in Washington county between the state of Minnesota and the United States Department of Interior, National Park Service; requiring studies; providing for appointments; appropriating money; amending Minnesota Statutes 1992, sections 84.928, subdivision 1; 160.085, subdivision 3; 160.262, by adding a subdivision; 160.81; 160.82, subdivision 2; 161.25; 162.07, subdivisions 1, 3, 5, and 6; 162.09, subdivision 1; 165.03; 168.1281, by adding a subdivision; 169.01, by adding a subdivision; 169.06, by adding a subdivision; 169.14, subdivision 2; 169.64, subdivision 4; 169.685, by adding a subdivision; 174.03, subdivision 1a; 221.011, by adding a subdivision; 221.121, by adding a subdivision; 221.85, subdivision 1; 222.50, subdivision 7; 222.55; 222.56, subdivisions 5, 6, and by adding subdivisions; 222.57; 222.58, subdivision 2; and 222.63,

subdivision 8; Minnesota Statutes 1993 Supplement, sections 169.01, subdivision 78; 169.18, subdivision 5; 169.685, subdivision 5; 169.81, subdivision 3c; and 221.111; proposing coding for new law in Minnesota Statutes, chapters 161; 169; and 471; repealing Minnesota Statutes 1992, sections 162.07, subdivision 4; 173.14; and 222.58, subdivision 6; Minnesota Statutes 1993 Supplement, section 168.1281, subdivision 4; Laws 1993, chapter 323, sections 3; and 4; Minnesota Rules, part 8810.1300, subpart 6.

PATRICK E. FLAHAVEN, Secretary of the Senate

Long moved that the House refuse to concur in the Senate amendments to H. F. No. 3011, that the Speaker appoint a Conference Committee of 5 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

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

S. F. No. 2540, A bill for an act relating to energy; classifying and requiring information on applications for the municipal energy conservation investment loan program; amending Minnesota Statutes 1992, sections 13.99, by adding a subdivision; 216C.37, subdivision 3, and by adding subdivisions; Minnesota Statutes 1993 Supplement, section 216C.37, subdivision 1; repealing Minnesota Statutes 1992, section 216C.37, subdivision 8.

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

Ms. Lesewski, Mr. Vickerman and Ms. Johnson, J. B.

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

Jacobs 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. 2540. The motion prevailed.

CONSIDERATION UNDER RULE 1.10

Pursuant to rule 1.10, Solberg requested immediate consideration of S. F. No. 2354.

S. F. No. 2354, A bill for an act relating to transportation; regulating the transportation of hazardous material and hazardous waste; making technical changes; specifying that certain federal regulations do not apply to cargo tanks under 3,500 gallons used in the intrastate transportation of gasoline; establishing a uniform registration and permitting program for transporters of hazardous material and hazardous waste; defining terms; establishing requirements for applications; describing methods for calculating fees; specifying treatment of application data; establishing enforcement authority and administrative penalties; providing for suspension or revocation of registration and permits; providing for base state agreements; preempting and suspending conflicting programs; providing for the deposit and use of fees and grants; establishing exemptions; appropriating money; amending Minnesota Statutes 1992, sections 13.99, by adding a subdivision; and 221.033, subdivisions 1 and 2b; Minnesota Statutes 1993 Supplement, sections 115E.045, subdivision 2; and 221.036, subdivisions 1 and 3; proposing coding for new law in Minnesota Statutes, chapter 221; repealing Minnesota Statutes 1992, section 221.033, subdivision 4.

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

The question was taken on the passage of the bill and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

Carruthers 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 Kahn.

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:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 2742, 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; authorizing assessments for debt service; reducing certain earlier project authorizations and appropriations; appropriating money, with certain conditions; amending Minnesota Statutes 1992, sections 16A.85, subdivision 1; 85.015, subdivision 4; 136.651; and 471.191, subdivision 1; Minnesota Statutes 1993 Supplement, sections 16B.335, by adding subdivisions; Laws 1993, chapter 373, sections 18; and 25, subdivision 5; proposing coding for new law in Minnesota Statutes, chapters 16A; 16B; 116J; 124C; 134; 135A; and 241.

PATRICK E. FLAHAVER, Secretary of the Senate

Kalis moved that the House refuse to concur in the Senate amendments to H. F. No. 2742, that the Speaker appoint a Conference Committee of 5 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 2493:

Bauerly, Wenzel and Nelson.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 2742:

Kalis, Solberg, Rice, Simoneau and Pauly.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 3011:

Osthoff, Asch, Lieder, Long and Hugoson.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 3211:

Steensma, Trimble, Hasskamp, Molnau and Morrison.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 3230:

Lieder, Osthoff, McCollum, Johnson, A., and Johnson, V.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 103:

Kahn, Osthoff and Abrams.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 2015:

Orfield, Carruthers and Weaver.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 2540:

Jacobs, Brown, C., and Gruenes.

SPECIAL ORDERS

Carruthers moved that the remaining bills on Special Orders for today be continued. The motion prevailed.

GENERAL ORDERS

Carruthers moved that the bills on General Orders for today be continued. The motion prevailed.

MOTIONS AND RESOLUTIONS

Brown, K., moved that the following statement be printed in the Journal of the House: "It was my intention to vote in the affirmative on Friday, April 29, 1994, when the vote was taken on the Seagren and Swenson amendment to S. F. No. 103, the second unofficial engrossment, as amended." The motion prevailed.

McCollum moved that the following statement be printed in the Journal of the House: "It was my intention to vote in the affirmative on Friday, April 29, 1994, when the vote was taken on the first Swenson amendment to S. F. No. 103, the second unofficial engrossment, as amended." The motion prevailed.

Hausman moved that the following statement be printed in the Journal of the House: "It was my intention to vote in the negative on Friday, April 29, 1994, when the vote was taken on the final passage of S. F. No. 309." 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 affirmative on Friday, April 29, 1994, when the vote was taken on the final passage of S. F. No. 1948, as amended." The motion prevailed.

ADJOURNMENT

Carruthers moved that when the House adjourns today it adjourn until 9:30 a.m., Tuesday, May 3, 1994. The motion prevailed.

Carruthers moved that the House adjourn. The motion prevailed, and Speaker pro tempore Kahn declared the House stands adjourned until 9:30 a.m., Tuesday, May 3, 1994.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

