

THIRD SPECIAL SESSION

FOURTEENTH DAY

St. Paul, Minnesota, Monday, January 11, 1982

The Senate met at 2:00 p.m. and was called to order by the President.

CALL OF THE SENATE

Mr. Nelson imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. M.E. Sandness.

The roll was called, and the following Senators answered to their names:

Ashbach	Dieterich	Kronebusch	Peterson, C.C.	Spear
Bang	Engler	Langseth	Peterson, D.L.	Stern
Belanger	Frank	Lantry	Peterson, R.W.	Stokowski
Benson	Frederick	Lessard	Petty	Stumpf
Berg	Frederickson	Lindgren	Pillsbury	Taylor
Berglin	Hanson	Luther	Purfeerst	Tennesen
Bernhagen	Hughes	Menning	Ramstad	Ulland
Bertram	Humphrey	Merriam	Renneke	Vega
Brataas	Johnson	Moe, D.M.	Rued	Waldorf
Chmielewski	Kamrath	Moe, R.D.	Schmitz	Wegener
Dahl	Keefe	Nelson	Setzepfandt	Willet
Davies	Knoll	Olhoft	Sieloff	
Davis	Knutson	Pehler	Sikorski	
Dicklich	Kroening	Penny	Solon	

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

January 4, 1982

The Honorable Harry A. Sieben, Jr.
Speaker of the House of Representatives

The Honorable Jack Davies
President of the Senate

I have the honor to inform you that the following enrolled Act of the 1981 Third Special Session of the State Legislature has been received from the Office of the Governor and is deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Third Special Session Laws Chapter No.	Date Approved 1981 December 31	Date Filed 1982 January 4
	1	1		

Sincerely,

Joan Anderson Growe
Secretary of State

RECESS

Mr. Moe, R.D. moved that the Senate do now recess until 3:30 p.m. The motion prevailed.

The hour of 3:30 p.m. having arrived, the President called the Senate to order.

CALL OF THE SENATE

Mr. Moe, R.D. imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Mr. Moe, R. D. moved that H.F. No. 4 be taken from the table. The motion prevailed.

SUSPENSION OF RULES

Mr. Moe, R.D. moved that the rules of the Senate be so far suspended that H. F. No. 4 be made a Special Order for immediate consideration. The motion prevailed.

SPECIAL ORDER

H.F. No. 4: A bill for an act relating to public welfare; altering certain provisions of the program of aid to families with dependent children; redefining the term "dependent child"; expanding the definition of persons ineligible; eliminating eligibility of the unborn; requiring rules to define "special needs" for eligible pregnant women; requiring recoupment of overpayments; requiring registration of certain dependent recipients for employment services, training, and employment; restricting the earned income disregard to four months; restricting work expense disregards; specifying the amount of step-parent income to be considered available in determining need; providing for voluntary third party payments; eliminating eligibility for recipients participating in a strike; eliminating a prepaid funeral contract and reverse mortgage loan guarantees as disregarded resources; modifying the service fee for child support collection services; modifying the resource limits for recipients of aid to families with dependent children; extending medical assistance coverage to certain pregnant women; amending Minnesota Statutes 1980, Sections 256.12, Subdivision 14; 256.73, Subdivisions 3a, 5, 6, and by adding a subdivision; 256.736, Subdivisions 3 and 4; 256.74, Subdivision 1, and by adding a subdivision; 256.81; 256.935, Subdivision 2; 256.99; Minnesota Statutes 1981 Supplement, Sections 256.73, Subdivision 2; 256B.06, Subdivision 1; and 518.551, Subdivision 7; proposing new law coded in Minnesota Statutes,

Chapter 256; repealing Minnesota Statutes 1981 Supplement, Section 257.021.

Mr. Sikorski moved to amend H.F. No. 4 as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1980, Section 256.12, Subdivision 14, is amended to read:

Subd. 14. [DEPENDENT CHILD.] "Dependent child," as used in sections 256.72 to 256.87 and 256.872, means a child under the age of 18 years, or a child under the age of 19 years who is regularly attending as a full time student ~~at, and is expected to complete before reaching age 19, a high school, college, or university, or regularly attending as a full time student in or a secondary level course of vocational or technical training designed to fit him for gainful employment, who is found to be deprived of parental support or care by reason of the death, continued absence from the home, physical or mental incapacity of a parent, or who is a child of an unemployed father parent as that term is defined by the commissioner of public welfare, such definition to be consistent with, and not to exceed minimum standards established by the congress of the United States and the secretary of health, education and welfare human services, and whose relatives, liable under the law for his support are not able to provide adequate care and support of such the child, and who is living with his father, mother, grandfather, grandmother, brother, sister, stepfather, step-mother, stepbrother, stepsister, uncle, aunt, first cousin, nephew, or niece in a place of residence maintained by one or more of such these relatives as his or their home.~~

The term "dependent child" ~~shall also mean~~ means a child who has been removed from the home of a relative after a judicial determination that continuance in the home would be contrary to the welfare and best interests of the child and whose care and placement in a foster home or a private licensed child care institution is, in accordance with the rules and regulations of the commissioner, the responsibility of the state or county agency under sections 256.72 to 256.87. *This child is eligible for benefits only through the foster care and adoption assistance program contained in Title IV-E of the Social Security Act, 42 U.S.C. 670 to 676, and is not entitled to benefits under sections 256.72 to 256.87.*

Sec. 2. Minnesota Statutes 1980, Section 256.12, is amended by adding a subdivision to read:

Subd. 20. [ASSISTANCE UNIT.] "Assistance unit" means the group of individuals whose needs or income, or both, are taken into account in determining eligibility for or the amount of a grant of assistance under sections 256.72 to 256.87.

Sec. 3. Minnesota Statutes 1980, Section 256.12, is amended by adding a subdivision to read:

Subd. 21. [CARETAKER RELATIVE.] "Caretaker relative" means a relative specified by rule to be an eligible relative and who exercises responsibility for the care and control of the dependent child.

Sec. 4. Minnesota Statutes 1980, Section 256.12, is amended by adding a subdivision to read:

Subd. 22. [PRINCIPAL EARNER.] *"Principal earner" means, in a home where both parents of the dependent child live, the parent who earned the greater amount of income in the 24 month period immediately preceding the month of application.*

Sec. 5. Minnesota Statutes 1981 Supplement, Section 256.73, Subdivision 2, is amended to read:

Subd. 2. [ALLOWANCE BARRED BY OWNERSHIP OF PROPERTY.] *Except as provided in clause (3), the Ownership by the father, mother, child, children, or any combination thereof, of property as follows shall be is a bar to any allowance under sections 256.72 to 256.87:*

(1) Real property other than the homestead, ~~except as described in clause (3).~~ For the purposes of this section "homestead" means the house owned and occupied by the ~~applicant child, relative or other member of the assistance unit~~ as his dwelling place, together with the land upon which it is situated and an area no greater than two contiguous lots in a platted or laid out city or town ~~or the smallest parcel allowed under applicable zoning regulations or 80 contiguous acres in unplatted land; or~~

(2) Personal property of a ~~reasonable market~~ *an equity* value in excess of \$400 ~~\$1,000 for a one child recipient or \$600 for more than one child recipient the entire assistance unit, exclusive of personal property used as the home, one automobile, insurance carried by a parent which does not exceed a cash surrender value of \$500 motor vehicle of an equity value not exceeding \$1,500, clothing and necessary household furniture and equipment and other basic maintenance items essential for daily living, the earnings of a dependent child which are placed in a savings account to be used for a future purpose approved by the county agency in accordance with the rules of promulgated by and standards established by the commissioner of public welfare; and such property that produces a net income applicable to the family's needs.~~

(3) Real estate not used as a home which produces net income applicable to the family's needs, which the family is making a continuing effort to sell at a fair and reasonable price; or the sale of which would net an insignificant amount of income applicable to the family's needs or would cause undue hardship; as determined by the commissioner, shall not be a bar to an allowance under sections 256.72 to 256.87. Net income shall be the residue after payment from gross income of taxes, insurance, maintenance, and interest on encumbrances; if any, on the property; provided that in computing net income the gross income shall not be charged with any expenses toward betterment of the property as improvements or by payment on the principal of a mortgage; provided, that the net income thus derived shall be applied on the family budget.

Sec. 6. Minnesota Statutes 1980, Section 256.73, Subdivision 3a, is amended to read:

Subd. 3a. [PERSONS INELIGIBLE.] No assistance shall be given under sections 256.72 to 256.87:

(1) On behalf of any person who is receiving supplemental security income under title XVI of the social security act unless permitted by federal regulations;

(2) For any month in which the assistance unit's gross income, without

application of deductions or disregards, exceeds 150 percent of the standard of need for a family of the same size and composition. If a stepparent's income is taken into account in determining need, the disregards specified in section 12 shall be applied to determine income available to the assistance unit before calculating the unit's gross income for purposes of this paragraph;

(3) To any assistance unit for any month in which any caretaker relative with whom the child is living is, on the last day of that month, participating in a strike;

(4) On behalf of any other individual in the assistance unit, nor shall the individual's needs be taken into account, for any month in which, on the last day of the month, the individual is participating in a strike;

(5) To an assistance unit if its eligibility is based on a parent's unemployment and the parent who is the principal earner, without good cause, fails or refuses to participate in the work incentive program under section 256.736, to accept employment, or to register with a public employment office, unless the principal earner is exempt from these work requirements.

Sec. 7. Minnesota Statutes 1980, Section 256.73, Subdivision 5, is amended to read:

Subd. 5. [ASSISTANCE FOR PREGNANT WOMEN.] For the purposes of sections 256.72 to 256.87, ~~dependent children shall include the unborn~~ assistance shall be provided to a pregnant woman with no children during the final three months of pregnancy and, insofar as possible, the provisions applicable to dependent children shall also be applicable to the unborn during the final three months of pregnancy if the woman would be eligible for assistance if the child were born and living with her as a dependent child. Payment for special needs occasioned by or resulting from pregnancy shall be provided as needed to pregnant women eligible under the previous sentence or otherwise eligible under sections 256.72 to 256.87, according to rules promulgated by the commissioner. The commissioner of public welfare shall promulgate, pursuant to the administrative procedures act, ~~regulations~~ rules to implement this subdivision.

Sec. 8. Minnesota Statutes 1980, Section 256.73, Subdivision 6, is amended to read:

Subd. 6. [REPORTS BY RECIPIENT.] Each recipient shall complete reports as requested by the local or state agency. All ~~net earned or unearned~~ income not specifically disregarded by the social security act, the code of federal regulations, or state law, and rules and regulations, shall be is income applicable to the budgetary needs of the family. If any amount of aid to families with dependent children assistance is paid to a recipient thereof in excess of the payment due it shall be recoverable by, the local agency shall recover the overpayment in accordance with Public Law No. 97-35, Section 2318, 42 U.S.C. 602, as amended. If the agency notifies the recipient in writing of an overpayment due solely to local agency error within three months after the overpayment, The local agency may commence recovery of the overpayment during the year after the notification is received by the recipient. The written notice shall inform the recipient shall give the recipient written notice of any overpayment and of the agency's its intention to recover the overpayment. If the recipient does not pay the amount of the overpayment in part or fully to the

local agency, the agency may recover the overpayment by reducing the amount of aid as follows:

(a) If the overpayment was caused by the recipient's wilful withholding of required information or wilful false statement, the aid amount may be reduced only to the extent that the reduced aid amount plus the assistance unit's liquid assets and gross income, before applying any disregards, equals not less than 90 percent of the amount payable to an assistance unit of the same composition with no income;

(b) If the overpayment was due solely to agency error, the aid amount may be reduced only to the extent that the reduced aid amount plus the assistance unit's liquid assets and income after deducting actual work expenses equals not less than 99 percent of the amount payable to an assistance unit of the same composition with no income;

(c) In all other cases, the aid amount may be reduced only to the extent that the reduced aid amount plus the assistance unit's liquid assets and income after deducting actual work expenses equals not less than 96 percent of the amount payable to an assistance unit of the same composition with no income.

Under clauses (a), (b), and (c) the amounts and standard of need shall be based on income, resources and circumstances in the month for which aid is being reduced. The recipient may appeal the agency's determination that an overpayment has occurred in accordance with section 256.045. If the amount of assistance paid to a recipient is less than the amount due, the agency shall pay the recipient a corrective payment and disregard that payment when determining the family's income and resources in the month when the payment is made and the following month. In cases where both an overpayment and an underpayment have occurred, one shall be offset against the other to correct the payment.

Sec. 9. Minnesota Statutes 1980, Section 256.736, Subdivision 3, is amended to read:

Subd. 3. [OPERATION OF PROGRAM.] To determine who shall be designated as an appropriate individual for certification to the commissioner of economic security, the commissioner of public welfare shall provide standards for county welfare agencies and human services boards consistent with the standards promulgated by the secretary of health, ~~education~~, and ~~welfare~~ *human services*. County welfare agencies shall certify appropriate individuals to the commissioner of economic security and shall require that every individual, as a condition of receiving aid to families with dependent children, register for employment services, training, and employment, unless such individual is:

(1) a child who is under age 16 ~~or~~, a child age 16 or 17 who is attending elementary or secondary school or a secondary level vocational or technical school full time, or a full-time student age 18 who is attending a secondary school or a secondary level vocational or technical program and who is expected to complete the school or program before reaching age 19;

(2) a person who is ill, incapacitated or of advanced age;

(3) a person so remote from a work incentive project that his effective participation is precluded;

(4) a person whose presence in the home is required because of illness or

incapacity of another member of the household;

(5) a ~~mother~~ parent or other caretaker relative of a child under the age of six who ~~is caring personally provides full-time care~~ for the child; or

(6) the mother or other female caretaker of a child if the father or another adult male relative is in the home and not excluded by clause (1), (2), (3), or (4), unless he has failed to register as required by this subdivision or has been found by the commissioner of economic security to have refused without good cause to participate under a work incentive program or accept employment a parent or other caretaker if another adult relative in the house is registered and has not, without good cause, failed or refused to participate or accept employment; or

(7) a parent who is not the principal earner if the parent who is the principal earner is not exempt under clauses (1) to (6).

Any individual referred to in clause (5) shall be advised of ~~her~~ the option to register for employment services, training, and employment if ~~she~~ the individual so desires, and shall be informed of the child care services, if any, which will be available to ~~her~~ in the event ~~she~~ should decide if the individual decides to register.

If, after planning with a recipient, a decision is made that ~~he~~ the recipient must register for employment services, training, and employment, the county welfare department shall give notice in writing to the individual recipient stating that he or she must register with the commissioner of economic security for participation in a work incentive program and that ~~he~~ the recipient has a right to a fair hearing under section 256.045 with respect to the appropriateness of ~~his~~ the registration.

Sec. 10. Minnesota Statutes 1980, Section 256.736, Subdivision 4, is amended to read:

Subd. 4. [CONDITIONS OF CERTIFICATION.] The commissioner of public welfare shall:

(1) Arrange for or provide any relative or child certified to the commissioner of economic security pursuant to this section with child-care services and other necessary family services;

(2) Pay ten percent of the cost of programs of training and employment established by the commissioner of economic security for persons certified hereunder;

(3) Provide that in determining a recipient's needs any monthly incentive training payment made to the recipient by the department of economic security is disregarded and the additional expenses attributable to his participation in a program are taken into account in grant determination; and

(4) Provide that when it has been certified by the commissioner of economic security, certification to be binding upon the commissioner of public welfare, that a relative or child certified under the work incentive program to the commissioner of economic security has been found by the commissioner, after a hearing conducted in the manner prescribed by section 268.10, subdivision 3, with the right of review in accordance with the provisions of section 268.10, subdivision 8, to have refused without good cause to participate under a work

incentive program or to have refused without good cause to accept a bona fide offer of public or other employment, the county welfare departments shall provide that:

(a) If the relative makes the refusal, the relative's needs shall not be taken into account in making the grant determination, and aid for any dependent child in the family will be made in the form of vendor payments.

(b) Aid with respect to a dependent child will be denied if a child who makes the refusal is the only child receiving aid in the family.

(c) If there is more than one child receiving aid in the family, aid for the child who makes the refusal will be denied and his needs will not be taken into account in making the grant determination; and

(d) Notwithstanding the other provisions of this subdivision, the county welfare department shall, for a period of 60 days after notification of the commissioner of economic security determination of refusal without cause to participate in a program of training or employment, make vendor payments on behalf of the relative specified or continue aid in the case of a child specified; if during the 60 day period the child or relative accepts counseling or other services which the county welfare department shall make available for the purpose of assisting the child or relative to participate in a program in accordance with the determination of the commissioner of economic security. *If the assistance unit's eligibility is based on the principal earner's unemployment and the principal earner fails or refuses without good cause to participate or to accept employment, the entire assistance unit is ineligible for benefits under sections 256.72 to 256.87.*

Sec. 11. Minnesota Statutes 1980, Section 256.74, Subdivision 1, is amended to read:

Subdivision 1. [AMOUNT.] The amount of assistance which shall be granted to or on behalf of any dependent child and mother or other needy eligible relative caring for ~~such the~~ dependent child shall be determined by the county agency with ~~due regard to the resources and necessary expenditures of the family and the conditions existing in each case and in accordance with the rules and regulations made promulgated by the state agency commissioner~~ and shall be sufficient, when added to all other income and support available to the child, to provide ~~such the~~ child with a reasonable subsistence compatible with decency and health. *The amount shall be based on the method of budgeting required in Public Law No. 97-35, Section 2315, 42 U.S.C. 602, as amended and federal regulations at 45 CFR Section 233.* In making its determination the county agency shall ~~exclude~~ *disregard* the following from family income:

(1) All of the earned income of each dependent child receiving aid to families with dependent children who is a full-time student or part-time student, and not a full-time employee, attending a school, college, or university, or a course of vocational or technical training designed to fit him for gainful employment;

(2) All educational grants and loans awarded pursuant to a federal law when public assistance was considered in making the award and the award was made on the basis of financial need; and that part of any other educational grant or loan which is used for educational purposes, such as tuition, fees, equipment, transportation and child care expenses necessary for school attendance; and

(3) *The first \$75 of each individual's earned income. In the case of an*

individual not engaged in full-time employment or not employed throughout the month the commissioner shall prescribe by rule a lesser amount to be disregarded. For self-employed persons, the expenses directly related to producing goods and services and without which the goods and services could not be produced shall be disregarded pursuant to rules promulgated by the commissioner;

(4) An amount equal to the actual expenditures but not to exceed \$160 for the care of each dependent child or incapacitated individual living in the same home and receiving aid. In the case of a person not engaged in full-time employment or not employed throughout the month, the commissioner shall prescribe by rule a lesser amount to be disregarded; and

(5) The first \$30 Thirty dollars plus one-third of the remainder of the combined monthly earnings of any dependent child not included under clause (1), and any adult who is a recipient of aid for families with dependent children each individual's earned income not already disregarded for individuals found otherwise eligible to receive aid or who have received aid in one of the four months before the month of application. With respect to any month, the county welfare agency shall not disregard under this clause (2) any earned income of any person who has:

(a) Reduced his earned income without good cause within 30 days preceding any month in which an assistance payment is made; or

(b) Refused without good cause to accept an offer of suitable employment; or

(c) Left employment or reduced his earnings without good cause and applied for assistance so that he might later return to employment with the advantage of the income disregard; or

(d) Failed without good cause to make a timely report of earned income in accordance with rules promulgated by the commissioner of public welfare.

Persons who are already employed and who apply for assistance shall have their needs computed with full account taken of their earned and other income. If earned and other income of the family is less than need, as determined on the basis of public assistance standards, the county agency shall determine the amount of the grant by applying the disregard of income provisions. The county agency shall not disregard earned income for persons in a family if the total monthly earned and other income exceeds their needs, unless for any one of the four preceding months their needs were met in whole or in part by a grant payment. If an individual without good cause leaves employment or reduces his earnings and applies for assistance so that he might later return to employment with advantages of income disregard, he shall not have the benefit of the disregard of income provisions.

The disregard of \$30 and one-third of the remainder of earned income described in clause (5) shall be applied to the individual's income for a period not to exceed four consecutive months. Any month in which the individual loses this disregard because of the provisions of clause (5)(a) to (5)(d) shall be considered as one of the four months. To again qualify for this earned income disregard, the individual must not be a recipient of aid for a period of 12 consecutive months. If an individual becomes ineligible for aid because this earned income disregard has been applied to income for four consecutive

months and will no longer be applied to income, the local agency shall inform the individual of the medical assistance program, its standards of eligibility, and the circumstances under which the individual would be eligible for medical assistance.

Sec. 12. Minnesota Statutes 1980, Section 256.74, is amended by adding a subdivision to read:

Subd. 1a. [STEPPARENT'S INCOME.] In determining income available, the county agency shall take into account the remaining income of the dependent child's stepparent who lives in the same household after disregarding:

(1) The first \$75 of the stepparent's gross earned income. The commissioner shall prescribe by rule lesser amounts to be disregarded for stepparents who are not engaged in full-time employment or not employed throughout the month;

(2) An amount for support of the stepparent and any other individuals whom the stepparent claims as dependents for tax purposes and who live in the same household but whose needs are not considered in determining eligibility for assistance under sections 256.72 to 256.87. The amount equals the standard of need for a family of the same composition as the stepparent and these other individuals;

(3) Amounts the stepparent actually paid to individuals not living in the same household but whom the stepparent claims as dependents for tax purposes; and

(4) Alimony or child support, or both, paid by the stepparent for individuals not living in the same household.

Sec. 13. [256.851] [RULES.]

The commissioner of public welfare shall promulgate temporary and permanent rules necessary to implement sections 1 to 20.

Sec. 14. Minnesota Statutes 1981 Supplement, Section 256.872, Subdivision 1, is amended to read:

Subdivision 1. [WITHHOLDING ORDER.] Whenever an obligation for support of a dependent child or maintenance of a spouse, or both, has been determined and ordered by a court of this state, the public agency responsible for child support enforcement may move and the district or county court shall grant an order providing for the withholding of the amount of child support or maintenance as determined by court order, from the income, regardless of source of the person obligated to pay the support or maintenance. If the public agency responsible for child support enforcement determines that the obligor's arrearages have accumulated for more than one month, and if the agency is not pursuing another appropriate remedy, the agency shall move the district or county court for an order for withholding under this section or shall document a reason or reasons why withholding would not result in payment being made. "Income" means any form of periodic payments to an individual, including, but not limited to, wages, salary, income as an independent contractor, workers' compensation, unemployment compensation, annuity, military and naval retirement, pension and disability payments.

Sec. 15. Minnesota Statutes 1981 Supplement, Section 256.872, is

amended by adding a subdivision to read:

Subd. 4. [PENALTY FOR NONCOMPLIANCE.] If the public agency responsible for child support enforcement fails to make reasonable efforts to comply with this section and sections 518.54 to 518.66 or to show why it cannot comply within four months after receiving notice that the commissioner of public welfare has determined that the agency is not in substantial compliance with this section and sections 518.54 to 518.66, the commissioner may withhold ten percent of the state's share of the difference between the total estimated cost and the federal funds available for payment of aid under sections 256.72 to 256.87 to all persons for which the county is the county of financial responsibility and the county shall pay the ten percent in addition to its usual share of payments, until the public agency complies.

Sec. 16. Minnesota Statutes 1980, Section 256.99, is amended to read:

256.99 [REVERSE MORTGAGE PROCEEDS DISREGARDED.]

All reverse mortgage loan proceeds received pursuant to section 47.58, including interest or earnings thereon, shall be disregarded and shall not be considered available to the borrower for purposes of determining initial or continuing eligibility for, or amount of, medical assistance or ~~any other public assistance program~~, *Minnesota supplemental assistance, general assistance, general assistance medical care, or a federal or state low interest loan or grant.* This section applies regardless of the time elapsed since the loan was made or the disposition of the proceeds.

Sec. 17. Minnesota Statutes 1981 Supplement, Section 256B.06, Subdivision 1, is amended to read:

Subdivision 1. Medical assistance may be paid for any person:

(1) Who is eligible for or receiving public assistance, *or a woman who is pregnant, as medically verified, and who would be eligible for public assistance if the child had been born and living with the woman,* under the aid to families with dependent children program; or

(2) Who is eligible for or receiving supplemental security income for the aged, blind and disabled; or

(3) Who except for the amount of income or resources would qualify for supplemental security income for the aged, blind and disabled, or aid to families with dependent children and is in need of medical assistance; or

(4) Who is under 21 years of age and in need of medical care that neither he nor his relatives responsible under sections 256B.01 to 256B.26 are financially able to provide; or

(5) Who is residing in a hospital for treatment of mental disease or tuberculosis and is 65 years of age or older and without means sufficient to pay the per capita hospital charge; and

(6) Who resides in Minnesota, or, if absent from the state, is deemed to be a resident of Minnesota in accordance with the regulations of the state agency; and

(7) Who alone, or together with his spouse, does not own real property other than the homestead. For the purposes of this section, "homestead" means the

house owned and occupied by the applicant as his dwelling place, together with the land upon which it is situated and an area no greater than two contiguous lots in a platted or laid out city or town or ~~the smallest parcel allowed under applicable zoning regulations~~ 80 contiguous acres in unplatted land. *Occupancy or exemption shall be determined as provided in chapter 510 and applicable law, including continuing exemption by filing notice under section 510.07.* Real estate not used as a home may not be retained unless it produces net income applicable to the family's needs or the family is making a continuing effort to sell it at a fair and reasonable price or unless sale of the real estate would net an insignificant amount of income applicable to the family's needs, or unless the commissioner determines that sale of the real estate would cause undue hardship; and

(8) Who individually does not own more than \$2,000 in cash or liquid assets, or if a member of a household with two family members (husband and wife, or parent and child), does not own more than \$4,000 in cash or liquid assets, plus \$200 for each additional legal dependent. When only one spouse resides, or will reside after applying for medical assistance, in a nursing home, or is receiving or will receive alternative care under the alternative care grants program in a county with preadmission screening under section 256B.091, the cash or liquid asset amount for two family members is \$10,000. The value of the following shall not be included:

(a) the homestead, and (b) one motor vehicle licensed pursuant to chapter 168 and defined as: (1) passenger automobile, (2) station wagon, (3) motorcycle, (4) motorized bicycle or (5) truck of the weight found in categories A to E, of section 168.013, subdivision 1e; and

(9) Who has or anticipates receiving an annual income not in excess of \$2,600 for a single person, or \$3,250 for two family members (husband and wife, parent and child, or two siblings), plus \$625 for each additional legal dependent, or who has income in excess of these maxima and in the month of application, or during the three months prior to the month of application, incurs expenses for medical care that total more than one-half of the annual excess income in accordance with the regulations of the state agency. In computing income to determine eligibility of persons who are not residents of long term care facilities, the commissioner shall disregard increases in income of social security or supplementary security income recipients due solely to increases required by sections 215(i) and 1617 of the social security act, and shall disregard income of disabled persons that is also disregarded in determining eligibility for supplemental aid under section 256D.37, subdivision 1, unless prohibited by federal law or regulation. If prohibited, the commissioner shall first seek a waiver. In excess income cases, eligibility shall be limited to a period of six months beginning with the first of the month in which these medical obligations are first incurred; and

(10) Who has continuing monthly expenses for medical care that are more than the amount of his excess income, computed on a monthly basis, in which case eligibility may be established before the total income obligation referred to in the preceding paragraph is incurred, and medical assistance payments may be made to cover the monthly unmet medical need. In licensed nursing home and state hospital cases, income over and above that required for justified needs, determined pursuant to a schedule of contributions established by the commissioner of public welfare, is to be applied to the cost of institutional

care. The commissioner of public welfare may establish a schedule of contributions to be made by the spouse of a nursing home resident to the cost of care and shall seek a waiver from federal regulations which establish the amount required to be contributed by either spouse when one spouse is a nursing home resident; and

(11) Who has applied or agrees to apply all proceeds received or receivable by him or his spouse from automobile accident coverage and private health care coverage to the costs of medical care for himself, his spouse, and children. The state agency may require from any applicant or recipient of medical assistance the assignment of any rights accruing under private health care coverage. Any rights or amounts so assigned shall be applied against the cost of medical care paid for under this chapter. Any assignment shall not be effective as to benefits paid or provided under automobile accident coverage and private health care coverage prior to receipt of the assignment by the person or organization providing the benefits.

Sec. 18. Minnesota Statutes 1980, Section 256B.07, is amended to read:

256B.07 [EXCEPTIONS IN DETERMINING RESOURCES.]

A local agency may, within the scope of regulations set by the commissioner of public welfare, waive the requirement of liquidation of excess assets when the liquidation would cause undue hardship. Household goods and furniture in use in the home, wearing apparel, insurance policies with cash surrender value not in excess of \$1,500 per insured person, personal property used as a regular abode by the applicant or recipient, *a prepaid funeral contract not in excess of \$750 per person plus accrued interest of not more than \$200*, and a lot in a burial plot shall not be considered as resources available to meet medical needs.

Sec. 19. Minnesota Statutes 1981 Supplement, Section 518.551, Subdivision 7, is amended to read:

Subd. 7. [SERVICE FEE.] When the public agency responsible for child support enforcement provides child support collection services either to a public assistance recipient or to a party who does not receive public assistance, the public agency may upon written notice to the obligor charge a monthly collection fee equivalent to the full monthly cost to the county of providing collection services, in addition to the amount of the child support which was ordered by the court. The fee shall be deposited in the county general fund. The service fee assessed is limited to ten percent of the monthly court ordered child support and shall not be assessed to obligors who are current in payment of the monthly court ordered child support. No fee shall be imposed on the party who requests child support collection services.

However, the limitations of this subdivision on the assessment of fees shall not apply to the extent inconsistent with the requirements of federal law for receiving funds for the programs under Title IV-A and Title IV-D of the Social Security Act, 42 U.S.C. 601 to 613 and 42 U.S.C. 651 to 662.

Sec. 20. [REPEALER.]

Minnesota Statutes 1980, Section 256.935, Subdivision 2 and Minnesota Statutes 1981 Supplement, Section 257.021, are repealed.

Sec. 21. [EFFECTIVE DATE.]

Sections 1 to 20 are effective on the first day of the first month immediately

following adjournment of the third special session of the legislature commenced in 1981."

Amend the title as follows:

Delete lines 2 to 32 and insert:

"relating to public welfare; changing certain provisions governing aid to families with dependent children as authorized or required by federal law; changing or adding provisions governing definitions, eligibility standards, payment levels and amounts, income disregards, budgeting methods, child support or maintenance orders; eliminating a general stepparents' support duty and coverage of the unborn; specifying medical assistance for certain pregnant women; amending Minnesota Statutes 1980, Sections 256.12, Subdivision 14, and by adding subdivisions; 256.73, Subdivisions 3a, 5, and 6; 256.736, Subdivisions 3 and 4; 256.74, Subdivision 1, and by adding a subdivision; 256.99; and 256B.07; Minnesota Statutes 1981 Supplement, Sections 256.73, Subdivision 2; 256.872, Subdivision 1, and by adding a subdivision; 256B.06, Subdivision 1; and 518.551, Subdivision 7; proposing new law coded in Minnesota Statutes, Chapter 256; repealing Minnesota Statutes 1980, Section 256.935, Subdivision 2; and Minnesota Statutes 1981 Supplement, Section 257.021."

The motion prevailed. So the amendment was adopted.

Mr. Ulland moved to amend the Sikorski amendment to H.F. No. 4, adopted by the Senate January 11, 1982, as follows:

Page 2, line 35, delete "80" and insert "10"

Page 15, line 9, delete "80" and insert "10"

The question was taken on the adoption of the amendment to the amendment.

The roll was called, and there were yeas 23 and nays 41, as follows:

Those who voted in the affirmative were:

Ashbach	Frederick	Kronebusch	Pillsbury	Taylor
Bang	Frederickson	Lessard	Ramstad	Ulland
Belanger	Kamrath	Lindgren	Renneke	Waldorf
Benson	Keefe	Menning	Rued	
Brataas	Knutson	Peterson, D.L.	Schmitz	

Those who voted in the negative were:

Berglin	Engler	Lantry	Peterson, C.C.	Stokowski
Bernhagen	Frank	Luther	Peterson, R.W.	Stumpf
Bertram	Hanson	Merriam	Petty	Tennessen
Chmielewski	Hughes	Moe, D. M.	Purfeerst	Vega
Dahl	Humphrey	Moe, R. D.	Setzepfandt	Willet
Davies	Johnson	Nelson	Sikorski	
Davis	Knoll	Olhoft	Solon	
Dicklich	Kroening	Pehler	Spear	
Dieterich	Langseth	Penny	Stem	

The motion did not prevail. So the amendment to the Sikorski amendment was not adopted.

H.F. No. 4 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 63 and nays 1, as follows:

Those who voted in the affirmative were:

Ashbach	Dieterich	Kronebusch	Peterson, D. L.	Spear
Bang	Engler	Lantry	Peterson, R. W.	Stern
Belanger	Frank	Lessard	Petty	Stokowski
Benson	Frederick	Lindgren	Pillsbury	Stumpf
Berglin	Frederickson	Luther	Purfeerst	Taylor
Bernhagen	Hanson	Menning	Ramstad	Tennesen
Bertram	Hughes	Merriam	Renneke	Ulland
Brataas	Humphrey	Moe, R. D.	Rued	Vega
Chmielewski	Johnson	Nelson	Schmitz	Waldorf
Dahl	Kamrath	Olhoft	Setzepfandt	Wegener
Davies	Keefe	Pehler	Sieloff	Willet
Davis	Knutson	Penny	Sikorski	
Dicklich	Kroening	Peterson, C. C.	Solon	

Mr. Knoll voted in the negative.

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

RECESS

Mr. Moe, R.D. moved that the Senate do now recess until 5:30 p.m. The motion prevailed.

The hour of 5:30 p.m. having arrived, the President called the Senate to order.

CALL OF THE SENATE

Mr. Moe, R.D. imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Without objection, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2, and re-passed said bill in accordance with the report of the Committee, so adopted.

House File No. 2 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted January 11, 1982

CONFERENCE COMMITTEE REPORT ON H.F. NO. 2

H.F. No. 2: A bill for an act relating to motor vehicles; defining vans and pickup trucks; providing for the registration and taxation of certain vans as passenger automobiles; correcting references to the taxation of farm trucks and commercial zone combinations; defining urban trucks; and certain collector's vehicles; including certain trucks among the motor vehicles entitled to collector

license plates; amending Minnesota Statutes 1980, Sections 168.011, by adding subdivisions; 168.10, Subdivision 1c; and Minnesota Statutes 1981 Supplement, Sections 168.011, Subdivisions 7 and 10; and 168.013, Subdivisions 1c, 1e and 1i.

January 11, 1982

The Honorable Harry A. Sieben, Jr.
Speaker of the House of Representatives

The Honorable Jack Davies
President of the Senate

We, the undersigned conferees for H.F. No. 2, 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. 2 be further amended as follows:

Delete everything after the enacting clause and insert:

“ARTICLE I

STATE AGENCY APPROPRIATION REDUCTIONS

Section 1. [APPROPRIATION REDUCTIONS: SUMMARY.]

The sums set forth in the columns designated “APPROPRIATION REDUCTIONS” are reduced from the various general fund appropriations to the specified agencies. The figures “1982” or “1983” whenever used in this article, mean that the listed appropriation reductions are from the appropriations for the years ending June 30, 1982 or June 30, 1983, respectively.

SUMMARY OF REDUCTIONS BY FUNCTION

(Including transfers to other funds)

	1982	1983	TOTAL
STATE DEPARTMENTS	(\$21,175,100)	(\$41,638,800)	(\$62,813,900)
TRANSPORTATION AND			
OTHER AGENCIES	(3,565,500)	(6,598,500)	(10,164,000)
EDUCATION	(13,576,900)	(25,430,000)	(39,006,900)
WELFARE, CORRECTIONS,			
HEALTH	(10,011,400)	(17,204,500)	(27,215,900)
TOTAL	(\$48,328,900)	(\$90,871,800)	(\$139,200,700)

APPROPRIATION REDUCTIONS

1982 1983

Sec. 2. [APPROPRIATION REDUCTIONS.]

Subdivision 1. [STATE DEPARTMENTS.]

The general fund appropriations in Laws 1981, Chapters 306, 346 and 356 as amended by Laws 1981, First Special Session, Chapter 4, Article 4, are reduced by the listed amounts:

(a) Legislature (1,435,500) (1,453,200)

The amounts that are reduced from each appropriation are as follows:

(1) House of Representatives

1982	1983
(1,014,000)	(300,000)

The reduction for 1983 shall apply only to the unencumbered balance on June 30, 1983.

(2) Senate

(-0-) (200,000)

The reduction for 1983 shall apply only to the unencumbered balance on June 30, 1983.

(3) Legislative Coordinating
Commission - General Support

(25,000) (900)

(4) LCC - Workers Compensation
Study

(3,000) (-0-)

(5) LCC - Transit Study

(20,000) (-0-)

(6) Legislative Reference
Library

(42,500) (48,800)

(7) Revisor of Statutes

(84,300) (450,700)

(8) Legislative Committee on
Science and Technology

(24,700) (125,300)

The Legislative Committee on Science and Technology is abolished, effective March 1, 1982. Committee staff should be given consideration for employment by other legislative agencies.

(9) Advisory Council on the
Economic Status of Women

(7,800) (17,700)

(10) Great Lakes Commission

(4,400) (4,900)

(11) Legislative Commission on
Pensions and Retirement

(9,500) (20,500)

(12) Legislative Commission on
Employee Relations

(14,100) (10,400)

(13) Legislative Commission to
Review Administrative Rules

(9,900) (11,200)

(14) Legislative Audit Commission

(1,800) (1,800)

(15) Legislative Auditor

(174,500) (261,000)

(b) Supreme Court	(-0-)	(-0-)
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The appropriation contained in Laws 1981, Chapter 356, Section 3 for judicial district computer hardware costs is transferred to the fiscal year 1983 appropriation made in Laws 1981, Chapter 356, Section 4 for district and county judge travel costs.

(c) Board on Judicial Standards	(-0-)	(3,000)
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(d) Tax Court of Appeals	(10,000)	(10,000)
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(e) Contingent Accounts - Unemployment Compensation	(350,000)	(-0-)
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(f) Governor	(175,200)	(218,700)
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(g) Secretary of State	(12,300)	(20,000)
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(h) State Auditor	(3,000)	(3,000)
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The commissioner of administration in cooperation with the commissioner of finance, the commissioner of transportation, and the state auditor is directed to review whether duplication of effort occurs between the fiscal studies unit of the department of transportation relating to local government financial reporting and the governmental information division within the office of the state auditor. By February 15, 1982, the commissioner of administration shall report to the chairmen of the house appropriations and senate finance committees what state and local cost savings would accrue with the merger of these activities within the office of the auditor.

(i) State Treasurer	(25,000)	(25,000)
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The insurance division shall assist and cooperate with the state treasurer in examining for unclaimed property. The state treasurer may act with the authority of the insurance division in examining for unclaimed property.

(j) Attorney General	(385,700)	(925,600)
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The appropriation from the trunk highway fund in Laws 1981, Chapter 357, Section 3, for Administration and Related Services is increased by \$250,000 in the first year and \$250,000 in the second year for the purchase of legal services from the attorney general.

The sum of \$30,000 the first year and \$130,000 the second year is appropriated from the highway user tax distribution fund to the commis-

sioner of public safety for the purchase of legal services from the attorney general relating to civil weight law enforcement.

The sum of \$315,000 the first year and \$345,000 the second year is appropriated from the general fund to the commissioner of public welfare to be used to purchase legal services from the attorney general for income maintenance programs. The commissioner of public welfare shall seek federal reimbursement for these legal costs, to be credited to the general fund.

(k) Administrative Hearings	(66,600)	(161,000)
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The appropriation reductions in this item are made after the appropriation transfers authorized by Laws 1981, Chapter 346, Section 144.

The office of administrative hearings shall station a compensation judge and necessary support staff in an office in Duluth during the biennium ending June 30, 1983.

The chief hearing examiner shall discontinue the use of court reporters who are state employees as soon as existing labor agreements allow. While there continue to be court reporters employed in the office of hearing examiners, the reporters shall be used primarily to provide court reporter services.

After September 30, 1982, all receipts from transcript fees shall be deposited in the general fund.

(l) Administration	(1,778,400)	(1,990,200)
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The reduction for the state band shall not be more than 50 percent in the second year.

(m) Capitol Area Architectural and Planning Board	(5,000)	(5,000)
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(n) Finance	(602,700)	(623,800)
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The positions of debt management director and research scientist within the economic analysis section shall not be held vacant to make this reduction.

(o) Employee Relations	(325,800)	(332,900)
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(p) Revenue	(530,700)	(726,900)
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Walk-in taxpayer assistance shall not be reduced by more than 50 percent.

(q) Agriculture	(2,327,200)	(3,266,300)
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No more than \$124,300 in 1982 and \$211,300 in 1983 shall be reduced from the family farm

security program.

(r) Animal Health, Board of	(158,800)	(163,000)
(s) Natural Resources	(3,076,900)	(3,617,100)

The commissioner of natural resources shall continue to operate the state nurseries during the biennium ending June 30, 1983 so that seedlings are produced and utilized for reforestation.

Money appropriated from the receipts for watercraft licenses shall not be reduced and shall be expended only as authorized by Minnesota Statutes, Section 361.03.

Of the moneys appropriated to the department of natural resources, \$75,000 shall be used for a timber weight study.

(t) Zoological Board	(432,600)	(566,200)
(u) Water Resources Board	(-0-)	(28,000)
(v) Pollution Control Agency	(790,400)	(747,300)
(w) Waste Management Board	(147,000)	(195,000)

General fund positions of the Waste Management Board may be converted to bond fund positions when their duties are limited to duties that are authorized to be paid for with bond proceeds:

(x) Energy, Planning and Development	(896,700)	(771,000)
(y) Natural Resources Acceleration (LCMR)	(1,996,500)	(2,397,500)

This appropriation reduction was made after consideration of the recommendations of the Legislative Commission on Minnesota Resources. The Legislative Commission on Minnesota Resources shall apportion this appropriation reduction among the several programs and activities in Laws 1981, Chapter 356, Section 31.

(z) Labor and Industry	(279,200)	(279,200)
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The appropriation reductions in this item are made after the appropriation transfers authorized by Laws 1981, Chapter 346, Section 144.

None of this reduction shall occur in the appropriations for the special compensation fund or for peace officer death benefits.

No reduction shall be made in the appropriation for the workers' compensation program, except as necessary to provide money for the OSHA program to minimize the loss of federal matching money or where the commissioner can demonstrate that the reduction can be made because

of cost savings that will not harm the workers' compensation program.

Expenditure of the monies appropriated in Laws 1981, Chapter 346, Section 144, Subdivision 7 shall not be governed by the low bid requirements of section 16.08.

(aa) Workers' Compensation Court of Appeals	(13,000)	(13,000)
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The appropriation reductions in this item are made after the appropriation transfers authorized by Laws 1981, Chapter 346, Section 144.

(bb) Mediation Services	(48,300)	(121,000)
(cc) Public Employment Relations Board	(2,500)	(3,000)
(dd) Military Affairs	(545,000)	(550,000)
(ee) Veterans Affairs	(158,900)	(166,300)

This reduction shall not be made in direct patient care positions at the veterans homes.

Notwithstanding the provisions of Minnesota Statutes, Section 198.055, the members of the veterans advisory committee may forego the compensation provided therein.

The nondedicated receipt limitation in Laws 1981, Chapter 356, Section 36 for fiscal year 1982 is reduced by \$627,800.

(ff) Indian Affairs Intertribal Board	(13,000)	(13,000)
(gg) Council on Black Minnesotans	(-0-)	(9,300)
(hh) Council for the Handicapped	(27,700)	(21,500)
(ii) Human Rights	(125,000)	(125,000)
(jj) Council On Affairs of Spanish-Speaking People	(2,600)	(2,700)
(kk) Housing Finance Agency	(2,500,000)	(-0-)

The appropriation in Laws 1981, Chapter 306, Section 21, is reduced by the amount indicated.

The spending limit on cost of general administration of agency programs is reduced by \$54,300 the first year and \$54,300 the second year.

(ll) Salary Supplement	(-0-)	(20,000,000)
(mm) Retirements	(1,927,900)	(2,085,100)

These reductions are made in recognition of the reduced employer contributions required by Minnesota Statutes, Sections 352.04 and 352.92, as amended by this article.

Of these amounts \$306,800 in fiscal year 1982

and \$330,000 in fiscal year 1983 are reduced from the general operation and maintenance appropriation made to the University of Minnesota in Laws 1981, Chapter 359, Section 7.

Of these amounts \$191,400 in fiscal year 1982 and \$191,400 in fiscal year 1983 are reduced from the public transit appropriation made to the metropolitan transit commission in Laws 1981, Chapter 363, Section 55, Subdivision 1.

It is estimated that the rate changes in Minnesota Statutes, Sections 352.04, Subdivision 3 and 352.92, Subdivision 2, as amended by this article, will produce reductions from employer contributions for state employees to the Minnesota state retirement system of \$1,429,700 in fiscal year 1982 and \$1,563,700 in fiscal year 1983.

Subd. 2. [TRANSPORTATION AND OTHER AGENCIES.]

The general fund appropriations in Laws 1979, Special Session, Chapter 1, and Laws 1981, Chapters 346, 357, and 363, as amended by Laws 1981, First Special Session, Chapter 4, Article 4, are reduced by the listed amounts:

(a) Transportation (1,305,200) (3,864,000)

Appropriations for Rail Service Improvement Grants are reduced by \$124,000 in the first year.

Appropriations for MTC operating subsidies are reduced \$2,400,000 in the second year. Appropriations for MTC social fare reimbursements are reduced \$227,000 in the first year and \$461,000 in the second year.

Notwithstanding Laws 1981, Chapter 363, Section 55, Subdivision 1, the metropolitan transit commission may add up to a \$.15 surcharge on fares during the peak hours. The surcharge shall expire on June 30, 1983.

The metropolitan transit commission shall reduce its support staff by 50 positions below the actual level existing on December 1, 1981. Thirty-one positions shall be reduced by April 1, 1982 and the remaining 19 positions shall be reduced by July 1, 1983. Support staff includes all staff other than drivers, mechanics and security personnel.

The metropolitan transit commission is directed to prepare a report to the legislature regarding both employee benefit packages, including pension programs, and peak hour staffing practices. The report shall include projections of both short and long term costs. The report shall be submitted to the chairman of the house appropriations committee and the chairman of the senate fi-

nance committee by February 1, 1982.

The metropolitan transit commission shall not expend capital or operating funds for the purchase of articulated buses with wheelchair lifts. This restriction shall apply to any articulated buses which may be on order.

The department shall reallocate resources in order to review MTC budgets and to contract for the disbursement of funds to the metropolitan transit commission pursuant to statutory requirements.

Appropriations for private transit operators in the metropolitan area are reduced \$73,000 in the first year and \$143,000 in the second year.

Appropriations for statewide transit operating assistance are reduced \$700,000 in the first year and \$850,000 in the second year.

No reductions shall be made for metro mobility projects, the metro mobility control center, and project mobility.

Appropriations for public transit capital grants are reduced \$37,200 in the first year.

Appropriations for a public transit study are reduced \$10,000 in the first year and \$10,000 in the second year.

Reimbursements from the general fund to the trunk highway fund are reduced \$116,000 in the first year and \$192,200 in the second year.

Any unexpended balance of the appropriation for AMTRAK rail subsidy Duluth-Twin Cities made by Laws 1980, Chapter 614, Section 27, Clause (c) and any reimbursements or refunds of expenditures made for the fiscal year ending June 30, 1981 are reappropriated for the subsidization of service during the biennium ending June 30, 1983.

The immediately available appropriation for AMTRAK operations made by Laws 1981, Chapter 357, Section 2, Subdivision 4, Clause (e) is reappropriated for the biennium ending June 30, 1983, and may be expended without regard to the restrictions stated therein.

The appropriation in Laws 1979, Special Session Chapter 1, Section 13 is reduced by \$134,000.

(b) Public Safety (726,300) (558,700)

Reimbursements from the general fund to the trunk highway fund are reduced \$37,600 in the first year and \$38,900 in the second year.

The liquor control program shall concentrate its activities along the border areas of Minnesota.

(c) Commerce	(318,900)	(380,100)
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Appropriations for the banking division shall be reduced \$6,300 in the first year and \$7,300 in the second year.

Appropriations for the securities and real estate division shall be reduced \$38,400 in the first year and \$67,700 in the second year.

Appropriations for the insurance division shall be reduced \$131,000 in the first year and \$13,100 in the second year. No more than seven positions shall be reduced or remain unfilled in the insurance division.

Appropriations for the office of consumer services shall be reduced \$109,400 in the first year and \$153,700 in the second year.

Appropriations for administrative services shall be reduced \$33,800 in the first year and \$138,300 in the second year.

(d) Abstractors, Board of	(500)	(500)
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The board may not hold more than four meetings a year unless an emergency requires a special meeting. This restriction is not effective after June 30, 1983.

(e) Accountancy, Board of	(-0-)	(3,800)
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(f) Architecture, Engineering and Land Surveying, Board of	(18,800)	(38,700)
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(g) Barber Examiners, Board of	(-0-)	(2,700)
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(h) Boxing, Board of	(8,000)	(11,400)
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The board may not hold more than four meetings a year unless an emergency requires a special meeting. This restriction is not effective after June 30, 1983.

(i) Peace Officer Standards and Training, Board of	(11,700)	(11,800)
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(j) Examiners in Watchmaking, Board of	(700)	(800)
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The board may not hold more than four meetings a year unless an emergency requires a special meeting. This restriction is not effective after June 30, 1983.

(k) Public Utilities Commission	(20,700)	(21,600)
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(l) Public Service	(33,300)	(33,400)
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(m) Ethical Practices Board	(17,000)	(15,400)
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(n) Minnesota Municipal Board	(20,700)	(21,000)
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(o) Minnesota-Wisconsin Boundary Area Commission	(3,400)	(3,700)
(p) Uniform Laws Commission	(-0-)	(3,200)
(q) Voyageurs National Park Citizens Committee	(-0-)	(5,500)
(r) Southern Minnesota River Basin Board	(5,800)	(6,000)
(s) Minnesota Historical Society	(635,900)	(969,500)

This reduction shall not apply to the Minnesota military history museum at Fort Snelling and Camp Ripley, the Sibley House Association, government learning center, Minnesota humanities commission, Minnesota international center, and the historic grant-in-aid program to encourage local historic preservation projects.

(t) Arts, Board of the	(254,800)	(400,200)
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The amounts to be reduced from each program are as follows:

(1) Administrative Services

1982	1983
(112,100)	(154,500)

(2) Subsidies and Grants

(142,700)	(245,700)
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Of the remaining appropriations, \$758,600 in the first year and \$897,800 in the second year is for the general support one program; \$136,700 in the first year and \$157,400 in the second year is for the general support two program; \$80,600 in the first year is for the sponsor grants program; and \$685,700 in the first year and \$677,600 in the second year is for the regional program. Regional grants shall be distributed according to the formula included in the work papers adopted by the conference committee.

(u) Minnesota Humane Society	(6,200)	(-0-)
(v) County Attorneys Council	(15,100)	(-0-)
(w) Minnesota Horticultural Society	(8,900)	(9,600)
(x) Minnesota Academy of Science	(-0-)	(5,800)
(y) Science Museum of Minnesota	(-0-)	(-0-)

The appropriation for the second year shall be reduced by \$25,000. This reduction shall be reinstated on the basis of \$1 for every \$1 received from the city of Saint Paul.

Subd. 3. [EDUCATION.]

The general fund appropriations in Laws 1973, Chapter 768, Section 14,

Subdivision 8, and in Laws 1981, Chapter 359, as amended by Laws 1981, First Special Session, Chapter 2, are reduced by the listed amounts:

(a) Education, Department of (1,500,000) (3,000,000)

None of this reduction shall be taken from the appropriations for the Minnesota School for the Deaf or the Minnesota Braille and Sight-saving School.

The department of education shall maintain the existing Minnesota Indian education scholarship office at Bemidji during the biennium ending June 30, 1983, with no reduction in general fund appropriations.

(b) Higher Education Coordinating Board (2,056,900) (2,280,000)

\$302,000 of the amount for 1983 is a reduction from the private college contract program. The private college contract program shall not provide funds for post baccalaureate students.

\$1,900,000 of the reduction for 1983 is a reduction in the appropriation for state scholarships, nurses scholarships, and grants-in-aid.

\$1,856,900 of the reduction for 1982 represents the cancelation of the appropriation and accrued interest on the appropriation in Laws 1973, Chapter 768, Section 14, Subdivision 8.

Notwithstanding any law to the contrary, if a portion of sums appropriated to the higher education coordinating board pursuant to Laws 1981, Chapter 359, Section 3, Subdivisions 3, 4, 5, 7, 9 and 10 for state scholarships, nurses scholarships, state grants-in-aid, part time student subsidy, special assistance, state work study, AVTI tuition subsidy and private college contracts for fiscal year 1983 are refunded and unused, that portion may be transferred to meet obligations under interstate tuition reciprocity agreements. However, the higher education coordinating board shall demonstrate to the commissioner of finance that the intended level of expenditure for the programs is not reduced. In addition, transfers made may be reversed if necessary to meet the needs and objectives of affected programs.

(c) State University Board (2,300,000) (4,600,000)

(d) State Community College Board (1,100,000) (2,200,000)

(e) University of Minnesota (6,500,000) (13,100,000)

(f) Mayo Medical School (120,000) (250,000)

Subd. 4. [WELFARE, CORRECTIONS, HEALTH.]

The general fund appropriations in Laws 1981, Chapter 354, and Chapter 360, as amended by Laws 1981, First Special Session, Chapter 2, are reduced by the listed amounts:

(a) Public Welfare (3,004,600) (14,784,400)

The sum of \$26,500,000 for 1982 is appropriated to the commissioner of public welfare for the income maintenance program.

This appropriation is available as indicated only if the amount already appropriated in Laws 1981, Chapter 360, Article I, Section 2, Subdivision 4, is insufficient to meet the costs. This appropriation is available only upon recommendation of the legislative advisory commission under Minnesota Statutes, Section 3.30.

Aid to families with dependent children and general assistance grants shall be increased by the commissioner of public welfare by seven percent on October 1, 1982, rather than July 1, 1982, unless federal statute or regulation requires otherwise.

For the rate year that begins during the fiscal year ending June 30, 1982, for each existing facility with a capacity increase of more than 25 percent but less than 50 percent for which a certificate of need has been issued on or after January 1, 1980 and for which contracts for construction had been let, and both ground breaking and construction were begun before July 1, 1981, increases in the per diem for depreciation and interest expense applicable to the new construction shall not be limited by the prevailing statutory percentage limit established by Minnesota Statutes 1981 Supplement, Section 256B.03, Subdivision 2 or the regional maximum rate. The additional amounts allowed for depreciation and interest under this provision shall be excluded from subsequent computations of the regional maxima.

The commissioner of public welfare shall study the fiscal and programmatic impact, the number of persons who would be affected, problems and benefits to persons who would be affected, and any other effects, if the costs of providing developmental achievement services and semi-independent living services were paid through Title 19 of the Social Security Act and Minnesota Statutes, Chapter 256B. The studies shall be completed and submitted to the legislature not later than two months following final enactment of federal appropriation amounts.

The provisions of Minnesota Statutes 1980,

Section 256D.22 are suspended during the fiscal year ending June 30, 1983.

(b) Economic Security (4,719,300) (-0-)

This amount includes a reduction of \$4,189,400 the first year for the training and community services program. However, there shall be no reduction in the displaced homemakers or summer youth programs. Reductions in the vocational rehabilitation program shall be \$529,900 for the biennium.

(c) Corrections (699,500) (1,627,500)

Notwithstanding the provisions of any other law to the contrary, the commissioner of corrections may for the purpose of maximizing the benefits of the subsidy paid to counties under Minnesota Statutes 1980, Sections 401.14 and 401.15, waive the requirements of 11 MCAR, Sections 2.006(c) and 2.007(b) that specify the percentages of the total subsidy received by each participating county that must be expended only for information systems, program evaluation, training, and education. This provision expires June 30, 1983.

(d) Sentencing Guidelines Commission (-0-) (1,500)

(e) Corrections Ombudsman (-0-) (2,300)

(f) Health (1,588,000) (788,800)

Notwithstanding any law to the contrary, the commissioner of health shall increase the fee charged for medical laboratory services to \$5.00.

The commissioner of health may charge a fee for voluntary certification of medical laboratories and environmental laboratories. The fee may be established without complying with Minnesota Statutes, Sections 15.041 to 15.052. This provision expires June 30, 1983.

The commissioner of health may charge fees for environmental laboratory services in amounts approximately equal to the costs of providing the services. The fees may be established without complying with Minnesota Statutes, Sections 15.041 to 15.052. This provision expires June 30, 1983.

Notwithstanding Laws 1981, Chapter 360, Article I, Section 14, the commissioner of health shall establish fees for licensure of health care facilities in accordance with Minnesota Statutes 1980, Section 16A.128. These fees may include increases for any licenses already issued or to be issued for the 1982 calendar year. The statutory

percentage limitation for long term care may be exceeded by the amounts of the increased license fees authorized by this provision and charged by the commissioner of health, and the increased fee amount shall be an allowed cost to the extent that the increase when added to other allowed costs exceeds the statutory limitation.

Subd. 5. [APPROPRIATION AVAILABILITY.] If the appropriation from the general fund to an agency listed in this section in either year of the biennium ending June 30, 1983, is insufficient, upon the advance approval of the commissioner of finance the appropriation for the other year is available for it.

Subd. 6. [RELATION TO PRIOR REDUCTIONS.] The appropriation reductions in this section are in addition to the general reductions, general staff reductions, and other reductions made in previous appropriation acts.

Subd. 7. [PROGRESS REPORTS.] Each state agency whose appropriation is reduced by this section shall submit a revised spending plan to the commissioner of finance pursuant to Minnesota Statutes, Section 16A.14. The revised spending plan shall be formulated on a quarterly basis in order to permit the commissioner of finance to monitor the agency's success at meeting its spending and position reduction goals. The commissioner of finance shall notify the committee on finance of the senate and the committee on appropriations of the house of representatives promptly after the end of each quarter of any agency that has failed to meet its spending and position reduction goals for that quarter.

Sec. 3. Laws 1981, Chapter 356, Section 45, is amended to read:

Sec. 45. [WORKERS' COMPENSATION.]

The appropriations in this act for the operation of each state department or agency, except the *game and fish fund appropriations* to the department of natural resources, in fiscal 1982 and 1983 include amounts needed to pay workers' compensation obligations to the state compensation revolving fund. It is the intent of the legislature not to appropriate additional money at any future time to pay workers' compensation obligations for fiscal 1982 and 1983, except for *game and fish fund appropriations* to the department of natural resources or as may be required by an increase in the statutory level of workers' compensation benefits.

Sec. 4. Laws 1981, Chapter 356, Section 46, is amended to read:

Sec. 46. [UNEMPLOYMENT COMPENSATION.]

The appropriations in this act for the operation of each state department or agency, except the *game and fish fund appropriations* to the department of natural resources, in fiscal 1982 and 1983 include amounts needed to pay unemployment compensation obligations to the unemployment compensation fund. It is the intent of the legislature not to appropriate additional money at any future time to pay unemployment compensation obligations for fiscal 1982 and 1983, except for *game and fish fund appropriations* to the department of natural resources or as may be required by an increase in the statutory level of unemployment compensation benefits.

Sec. 5. Laws 1981, Chapter 359, Section 3, Subdivision 3, is amended to read:

Subd. 3. State Scholarship, Nurses

Scholarship and State Grant-In-Aid

\$27,720,000 · \$27,720,000

The general goal of this program is that the proportion of funds flowing to students attending private institutions not exceed a figure which is approximately 50 percent of the total amount of money available.

It is expected that approximately \$3,000,000 of this appropriation will ~~revert to the general fund at the end of fiscal year 1983 not be needed and any balance may be transferred to subdivision 6 of this section to the extent a deficiency occurs in the interstate tuition reciprocity appropriation.~~

Sec. 6. [PLANS FOR DECLINING ENROLLMENT.]

Subdivision 1. [UNIVERSITY OF MINNESOTA; STATE UNIVERSITIES:] The board of regents of the University of Minnesota, and the state university board, shall each develop a plan for providing post-secondary education services under conditions of declining or reduced enrollments. Each plan shall specify the fiscal implications of declining enrollments. Each plan shall propose a strategy for adjusting the present level of facilities and services to the projected level of reduced demand. The strategies may include such methods as campus mergers, reorganizations, discontinuance of campuses or colleges, changes in system governance, and other such methods. The purpose of the plan is to reduce the cost of present facilities and services in proportion to the reduction in enrollment. Each plan shall be submitted to the legislature by January 1, 1983.

Subd. 2. [COMMUNITY COLLEGES; AREA VOCATIONAL-TECHNICAL INSTITUTES.] The community college board and the state board for vocational education shall continue the planning process which is currently ongoing and under discussion with legislative committees with regard to community colleges and area vocational technical institutes. One of the purposes of the planning process is to develop strategies to adjust the present cost of facilities and services to the projected level of reduced demand.

Subd. 3. [REVIEW AND COMMENT.] The higher education coordinating board shall review and comment on the strategies developed pursuant to subdivisions 1 and 2.

Subd. 4. [FACTORS.] In developing strategies for the adjustment of present facilities and services to reduced levels of demand, the boards shall consider such factors as the system's mission, the impact of such adjustments on students, short-term and long-term enrollment trends, fiscal implications, geographic accessibility to comparable public institutions, accessibility for the handicapped, availability of alternative programs, legal implications and feasibility of employee transfers.

Subd. 5. [STUDENT TRANSFERS.] In developing strategies for the adjustment of facilities and services to reduced levels of demand the boards shall, insofar as possible, plan to provide students with the opportunity to complete programs in their major course of study and to complete graduation requirements by transferring to other institutions. The plans should provide for full transfer of earned credits and flexibility in meeting graduation requirements to

the extent possible.

Subd. 6. [CONSULTATION.] In the process of developing strategies for the adjustment of facilities and services to reduced levels of demand each system shall consult with the other systems and with the higher education coordinating board.

Subd. 7. [EMPLOYEE TRANSFER.] To the extent possible, the strategies shall provide that employees whose positions will be eliminated by the adjustments will be allowed to transfer to positions in other post-secondary institutions within each system and will be given preference in new hirings. To the extent possible, the strategies shall provide for the maintenance of terms and conditions of employment provided for in any existing labor agreement and shall be implemented, to the extent possible, in a manner consistent with such labor agreements.

Sec. 7. Minnesota Statutes 1981 Supplement, Section 3.9222, Subdivision 2, is amended to read:

Subd. 2. The council shall consist of five members of the house of representatives appointed by the speaker, five members of the senate appointed by the committee on committees; and ~~twelve~~ eight citizens appointed by the governor. At least 50 percent of those appointed by the governor and by the speaker of the house shall be women. Members shall serve for two years or until the expiration of their legislative terms; except, in order to establish staggered membership terms for the citizen members, the governor shall appoint ~~six~~ four citizens for three-year terms and ~~six~~ four citizens for two-year terms starting July 1, 1981. The compensation of non-legislator members, their removal from office and the filling of vacancies shall be as provided in section 15.059. The persons appointed by the governor shall be representative of a range of economic interests and vocations and shall include persons who are not regularly employed on a full-time or part-time basis outside their homes.

Sec. 8. [GOVERNOR TO DESIGNATE MEMBERS.]

The governor shall designate the four citizens whose membership on the advisory council for the economic status of women will terminate because of the reduction in size of the council required by section 7. The terminations are effective the day following final enactment.

Sec. 9. [5.12] [CERTIFICATE; CERTIFIED COPY OF DOCUMENT; FEE.]

The secretary of state shall charge a fee of \$5 for each certificate or certification of a copy of any document filed in the office of the secretary of state.

Sec. 10. Minnesota Statutes 1981 Supplement, Section 15.052, Subdivision 5, is amended to read:

Subd. 5. [COURT REPORTERS; AUDIO RECORDINGS.] The office of administrative hearings may maintain a court reporter system and in addition to or in lieu thereof may contract with nongovernmental sources for court reporter services. The court reporters may additionally be utilized as the chief hearing examiner directs. Unless the chief hearing examiner determines that the use of a court reporter is more appropriate, an audio magnetic recording device shall be used to keep a record at any hearing which takes place under this chapter or under chapter 176. In cases arising under chapter 176, the chief hearing examiner, in consultation with the compensation judge, shall decide the method of recording use audio magnetic recording devices to keep the record of hear-

ings except when there are more than two primary parties in a case and the chief hearing examiner determines that the use of a court reporter is more appropriate. If the chief hearing examiner determines that the use of a court reporter is more appropriate, the cost of the court reporter shall be paid by the state. If the chief hearing examiner determines that the use of an audio magnetic recording device is more appropriate in a hearing under chapter 176, any party to that hearing may provide a court reporter at the party's expense. Court reporters provided by a party shall be selected from the chief hearing examiner's list of non-governmental sources.

The fee charged by a court reporter to a party shall not exceed the fee which would be charged to the state pursuant to the court reporter's contract with the state.

Court reporters serving in the court reporter system of the office of administrative hearings shall be in the classified service. Notwithstanding the provisions of section 15.17, subdivision 4, copies of transcriptions of hearings conducted pursuant to this section may be obtained only through the office of administrative hearings.

Sec. 11. Minnesota Statutes 1981 Supplement, Section 16A.128, is amended to read:

16A.128 [FEE ADJUSTMENTS.]

The fees fixed for the various accounts for which appropriations are made by law, shall be neither increased nor decreased except with the approval of the commissioner of finance. All these fees shall be reviewed at least once each six months, and, except in special fee situations as determined by the commissioner, adjustments shall be made to the end that the total fees received shall approximate the amount appropriated for the several accounts, plus the portion of the general support costs and statewide indirect costs of the agency that is attributable to the function for which the fee is charged. Fee adjustments authorized under this section may be made without a public hearing when the total fees estimated to be received during the fiscal biennium will not exceed ~~40 percent~~ of the sum of all direct appropriations, indirect costs, transfers in, and salary supplements for that purpose for the biennium.

Sec. 12. [35.84] [FEES FOR SERVICES TO STATE FAIR.]

The board of animal health shall charge fees to cover all direct and indirect costs of services rendered to the state agricultural society in connection with the state fair. Fee receipts shall be deposited in the state treasury and credited to the general fund.

Sec. 13. Minnesota Statutes 1980, Section 40.03, Subdivision 2, is amended to read:

Subd. 2. [EMPLOYEES.] The department of natural resources shall provide administrative functions of this section. The commissioner of natural resources shall make available by separate budget to the state soil and water conservation board the staff services, funds for operation, and office space necessary for the administration and coordination of its functions. The state board shall be responsible to the commissioner for reporting purposes in regard to staff functions and operations which relate to department activities.

The commissioner of natural resources shall, ~~subject to approval with the advice of the state board~~, provide an administrative officer and other necessary permanent and temporary technical experts, agents and employees. The state board shall ~~determine~~ recommend the personnel's qualifications and duties to

the commissioner of natural resources, and recommend compensation to the commissioner of employee relations. The state board may call upon the attorney general for necessary legal services. It shall have authority to delegate to its chairman or to one or more of its other officers or members or administrative officer any of its own powers and duties it may deem proper. The administrative officer is responsible to the state board and may be dismissed by the commissioner of natural resources only upon the advice and recommendation of the state board in the unclassified service. All permanent personnel of the state board are employees of the department of natural resources and are in the classified service of the state, except for the administrative officer or as otherwise required by statute. *All rights, duties and responsibilities of the existing staff of the state board on November 12, 1971 shall remain unchanged except as may be agreed upon by the state board and the commissioner.* In order to perform its duties, the state board may request information from the supervising officer of any state agency or state institution of higher education, including the state universities, the community colleges, and the post-secondary vocational technical schools. The supervising officer shall comply with the state board's request to the extent possible considering available appropriations and may assign agency or institution employees to compile existing information and to complete special reports, surveys, or studies concerning the problems specified in section 40.02.

Sec. 14. Minnesota Statutes 1981 Supplement, Section 169.871, Subdivision 3, is amended to read:

Subd. 3. [APPEARANCES.] Notwithstanding the provisions of section 8.01, county or city attorneys ~~shall~~ *may* appear for the ~~state commissioner of public safety~~ in civil actions commenced under this section *at the request of the attorney general.*

Sec. 15. Minnesota Statutes 1981 Supplement, Section 169.871, Subdivision 5, is amended to read:

Subd. 5. [FINES.] Any penalty imposed and fines collected pursuant to this section shall be disposed of as provided in section 299D.03, subdivision 5, with the following exceptions:

(a) If the violation occurs in the county, *and the county attorney appears in the action*, the remaining five-eighths shall be credited to the highway user tax distribution fund.

(b) If the violation occurs within the municipality, and the city attorney appears in the action, the remaining one-third shall be paid to the highway user tax distribution fund.

(c) In all cases when the attorney general appears in the action, all penalties imposed and fines collected shall be credited to the highway user tax distribution fund.

Sec. 16. Minnesota Statutes 1981 Supplement, Section 169.872, Subdivision 1, is amended to read:

Subdivision 1. [RECORD KEEPING.] A person who weighs goods before or after unloading or a person who loads or unloads goods on the basis of liquid volume measure shall keep a written record of the origin, weight and composition of each shipment, the date of loading or receipt, the name and address of

the shipper, the total number of axles on the vehicle or combination of vehicles, and the registration number of the power unit or some other means of identification by which the shipment was transported. The record shall be retained for 30 days and shall be open to inspection and copying by a state law enforcement officer or motor transport representative or a peace officer as defined in section 626.84, subdivision 1, clause (e), except state conservation officers, upon demand. For informational purposes only if inspection indicates excess weight of 3,000 pounds or more, the inspecting officer shall notify, within 30 days of inspection of the record, the person who consigned the goods for shipment. No search warrant is required to inspect or copy the record. This subdivision does not apply to a person weighing goods who is not involved in the shipping, receiving and transporting of those goods.

Sec. 17. Minnesota Statutes 1981 Supplement, Section 174.24, Subdivision 3a, is amended to read:

Subd. 3a. [TRANSIT COMMISSION.] The commissioner shall provide financial assistance by contract to the metropolitan transit commission from appropriations provided for that purpose. *In order to receive financial assistance, the commission shall provide to the commissioner all financial records and other information and shall permit any inspection reasonably necessary to identify the revenues, costs, and service plan upon which the appropriation is based.*

Sec. 18. Minnesota Statutes 1981 Supplement, Section 174.31, Subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT; OBJECTIVES.] A project for coordination of special transportation service in the metropolitan area as defined in section 473.121, subdivision 2, shall be established and implemented by the commissioner with the following objectives:

(a) To provide greater access to transportation for the elderly, handicapped and others with special transportation needs in the metropolitan area and particularly to fill all unmet needs for that transportation in the transit taxing district as defined in section 473.446, subdivision 2;

(b) To develop an integrated system of special transportation service providing transportation tailored to meet special individual needs in the most cost-efficient manner; and

(c) To use existing public and private providers of service wherever possible, to supplement rather than replace existing service, and to increase the productivity of all special transportation vehicles available in the area.

For the purpose of this section "project" means the project established under this subdivision.

Sec. 19. Minnesota Statutes 1981 Supplement, Section 174.31, Subdivision 3, is amended to read:

Subd. 3. [DUTIES OF COMMISSIONER.] In implementing the project the commissioner shall:

(a) Encourage participation in the project by public and private providers of special transportation service currently receiving capital or operating assistance from a public agency;

(b) Contract with public and private providers that have demonstrated their ability to effectively provide service at a reasonable cost;

(c) Encourage individuals using service provided through the project to use the type of service most appropriate to their particular needs;

(d) Insure that all persons providing service through the project receive equitable treatment in the allocation of the ridership;

(e) Encourage shared rides to the greatest extent practicable;

~~(f) Insure that a full range of service is made available through the project to all parts of the metropolitan transit taxing district;~~

~~(g) Encourage public agencies that provide transportation to eligible individuals as a component of human services and educational programs to coordinate with the project and to allow reimbursement for services provided through the project at rates that reflect the public cost of providing those services; and~~

~~(h)~~ (g) Adopt rules by January 15, 1982, establishing criteria to be used in determining individual eligibility for special transportation services.

Sec. 20. Minnesota Statutes 1981 Supplement, Section 176.131, Subdivision 10, is amended to read:

Subd. 10. The special compensation fund is created for the purposes provided in this chapter in the following manner:

(1) In every case of death of an employee resulting from personal injury arising out of and in the course of employment where there are no persons entitled to monetary benefits of dependency compensation, the employer shall pay to the commissioner the sum of \$5,000 for the benefit of the special compensation fund; in every case of death of an employee resulting from personal injury arising out of and in the course of employment where there are no persons entitled to at least \$5,000 in monetary benefits of dependency compensation, the employer shall pay to the commissioner for the benefit of the special compensation fund the difference between the amounts actually paid for the dependency benefits and \$5,000; but in no event shall the employer pay the commissioner less than \$1,000;

(2) When an employee suffers a personal injury which results in permanent partial disability, temporary total disability, temporary partial disability, permanent total disability or death and which entitles him or his dependents to compensation under sections 176.101 or 176.111, the employer shall, in addition to compensation provided therein, pay to the commissioner for the benefit of the special compensation fund a lump sum without interest deduction equal to a percent of the total compensation determined as provided in this subdivision as soon as the amount payable for the particular injury is determined, or arrived at by agreement of the parties, and the amount is approved by the commissioner.

The provisions of clauses (1) and (2) shall apply to all workers' compensation payments, exclusive of medical costs, paid under sections 176.101 and 176.111 for all injuries or death occurring on or after June 1, 1971.

Personal injuries that occurred prior to June 1, 1971 shall be assessed at the rate in effect on the date of occurrence.

In determining the percentage of the total compensation required to be paid by the employer to the commissioner for the benefit of the special compensation fund as provided in clause (2) beginning September 30, 1981 and each September 30 thereafter, the commissioner shall use the following schedule:

Balance in the Fund	Permissible Range of Rate Adjustment
Less than \$2,000,000	+ 1 percent to + 7 percent
At least \$2,000,000 but less than \$3,000,000	0 percent to + 6 percent
At least \$3,000,000 but less than \$4,000,000	-2 percent to + 4 percent
At least \$4,000,000 but less than \$5,000,000	-5 percent to + 3 percent
At least \$5,000,000 but less than \$6,000,000	-6 percent to + 2 percent
\$6,000,000 or more	-7 percent to + 2 percent

In determining the actual adjustment, the commissioner shall take into account his estimate of the likely amount of expenditures to be made from the fund in the next calendar year.

Sums paid to the commissioner pursuant to the provisions hereof, shall be deposited with the state treasurer for the benefit of the special compensation fund and be used to pay the benefits provided by this chapter. All money heretofore arising from the provisions of this section or similar law shall be transferred to this special compensation fund. Any interest or profit accruing from investment of these sums shall be credited to the special compensation fund.

The state treasurer shall be the custodian of this special fund and the workers' compensation division, compensation judges, the workers' compensation court of appeals or district court in cases before them shall direct the distribution thereof, the same to be paid as other payments of compensation are paid. In case deposit is or has been made under the provisions of clause (1) and dependency later is shown, or if deposit is or has been made pursuant to either clause (1) or (2) by mistake or inadvertence, or under circumstances that justice requires a refund thereof, the state treasurer is authorized to refund the deposit under order of the workers' compensation division, a compensation judge, the workers' compensation court of appeals or a district court. There is appropriated to the persons entitled to the refunds from the fund an amount sufficient to make the refund and payment.

~~Costs within the department for~~ The accounting, investigation, and legal ~~procedures costs~~ necessary for the administration of the programs financed by the special compensation fund shall ~~come as appropriated~~ be paid from the fund during each biennium commencing July 1, 1981. Staffing and expenditures related to the administration of the special compensation fund shall be approved through the regular budget and appropriations process.

Sec. 21. Minnesota Statutes 1980, Section 176.421, Subdivision 3, is amended to read:

Subd. 3. [NOTICE OF APPEAL.] The appellant or his attorney shall pre-

pare and sign a written notice of appeal specifying:

- (1) the order appealed from;
- (2) that appellant appeals from the order to the workers' compensation court of appeals;
- (3) the particular finding of fact or conclusion of law which he claims was unwarranted by the evidence or procured by fraud, coercion, or other improper conduct; and,
- (4) the testimony or other part of the record of the hearing necessary to be transcribed in order for the court of appeals to consider the appeal; and,
- (5) any other ground upon which the appeal is taken.

Sec. 22. Minnesota Statutes 1981 Supplement, Section 176.421, Subdivision 4, is amended to read:

Subd. 4. [SERVICE AND FILING OF NOTICE; COST OF TRANSCRIPT.] Within the 30 day period for taking an appeal, the appellant shall:

- (1) Serve a copy of the notice of appeal on each adverse party;
- (2) File the original notice, with proof of service by admission or affidavit, with the chief hearing examiner and file a copy with the commissioner;
- (3) In order to defray the cost of the transcript preparation of the record of the proceedings appealed from, pay to the chief hearing examiner state treasurer, office of administrative hearings account the sum of \$10 or so much of that sum as is necessary to present the question raised on the appeal.

The appellant is liable for the cost of the transcript in excess of \$10, but is entitled to a refund of any part of that sum not used to pay the cost of the transcript \$25; and

- (4) Submit a request that the chief hearing examiner order the preparation of a transcript of that part of the hearing delineated in the notice of appeal.

A party who desires a transcript of more of the hearing than has been requested by the appellant shall, within five working days of service of the notice of appeal, make a request of the chief hearing examiner that the additional testimony be transcribed.

The party requesting the preparation of the transcript or any part is liable for the cost of preparation. The cost of a transcript prepared by a non-governmental source shall be paid directly to that source and shall not exceed the cost that the source would be able to charge the state for the same service.

Upon a showing of cause, the chief hearing examiner may direct that a transcript be prepared without expense to the appellant party requesting its preparation, in which case the cost of the transcript shall be paid by the office of administrative hearings.

All fees received by the office of administrative hearings for the preparation of the record for submission to the workers' compensation court of appeals or for the cost of transcripts prepared by the office shall be deposited in the office of administrative hearings account in the state treasury and shall be used solely for the purpose of keeping the record of hearings conducted under this chapter and the preparation of transcripts of those hearings.

Sec. 23. Minnesota Statutes 1981 Supplement, Section 176.421, Subdivision 5, is amended to read:

Subd. 5. [TRANSCRIPT; CERTIFICATION OF THE RECORD.] When the notice of appeal has been filed with the chief hearing examiner and the ~~transcription~~ fee for the preparation of the record has been paid, the chief hearing examiner shall immediately ~~prepare~~ order the preparation of a type-written transcript of that part of the ~~proceedings~~ hearing delineated in the notice. The official reporter or other person designated by the chief hearing examiner who transcribes the proceedings shall certify to their correctness.

If the transcript is prepared by a person who is not an employee of the office of administrative hearings, upon completion of the transcript, the original shall be filed with the chief hearing examiner.

When the transcript has been completed and is on file with the chief hearing examiner, he shall certify the record to the workers' compensation court of appeals and notify the commissioner of the certification.

Sec. 24. Minnesota Statutes 1981 Supplement, Section 176.521, Subdivision 1, is amended to read:

Subdivision 1. [VALIDITY.] An agreement between an employee or his dependent and the employer or insurer to settle any claim, which is not upon appeal before the workers' compensation court of appeals, for compensation under this chapter is valid where it has been executed in writing and signed by the parties, and intervenors in the matter, and, *where one or more of the parties is not represented by an attorney*, the division or a compensation judge has approved the settlement and made an award thereon. If the matter is upon appeal before the workers' compensation court of appeals or district court, the workers' compensation court of appeals or district court is the approving body.

Sec. 25. Minnesota Statutes 1981 Supplement, Section 176.521, Subdivision 2, is amended to read:

Subd. 2. [APPROVAL.] Settlements shall be approved only where the terms conform with this chapter.

The division, a compensation judge, and the workers' compensation court of appeals, *and the district court* shall exercise discretion in approving or disapproving a proposed settlement.

The parties to the agreement of settlement have the burden of proving that the settlement is reasonable, fair, and in conformity with this chapter. A settlement agreement where both the employee or his dependent and the employer or insurer and intervenors in the matter are represented by an attorney shall be *conclusively* presumed to be reasonable, fair, and in conformity with this chapter.

Sec. 26. Minnesota Statutes 1980, Section 176.521, is amended by adding a subdivision to read:

Subd. 2a. [SETTLEMENTS NOT SUBJECT TO APPROVAL.] *When a settled case is not subject to approval, upon receipt of the stipulation for settlement, a compensation judge or a settlement judge shall immediately sign the award and file it with the commissioner. Payment pursuant to the award shall be made within 14 days after it is filed with the commissioner. The*

commissioner may correct mathematical or clerical errors at any time.

Sec. 27. Minnesota Statutes 1980, Section 184.30, Subdivision 2, is amended to read:

Subd. 2. The secretary of state shall be paid a filing fee of ~~\$5~~ \$10.

Sec. 28. Minnesota Statutes 1980, Section 197.23, is amended to read:

197.23 [MAY PROVIDE MARKERS.]

The commissioner of veterans affairs ~~shall~~ *may*, upon the petition of any five reputable freeholders of any township or municipality, or of any patriotic or ex-servicemen's organization, procure for and furnish to the petitioners some suitable and appropriate metal socket and an appropriate marker for the grave of each and every soldier, sailor, marine, or nurse who served with honor in the forces of the United States and who is buried within the limits of the state, to be placed on the grave of such soldier, sailor, marine, or nurse for the purpose of permanently marking and designating the grave for memorial purposes.

Sec. 29. Minnesota Statutes 1981 Supplement, Section 204B.11, Subdivision 1, is amended to read:

Subdivision 1. [AMOUNT.] Except as provided by subdivision 2, a filing fee shall be paid by each candidate who files an affidavit of candidacy. The fee shall be paid at the time the affidavit is filed. The amount of the filing fee shall vary with the office sought as follows:

(a) For the office of governor, lieutenant governor, attorney general, state auditor, state treasurer, secretary of state, representative in congress, judge of the supreme court, judge of the district court, or judge of the county municipal court of Hennepin County, ~~\$100~~ \$150;

(b) For the office of senator in congress, ~~\$150~~ \$200;

(c) For office of senator or representative in the legislature, ~~\$20~~ \$50; and

(d) For a county office, ~~\$20~~ \$50.

For the office of presidential elector, and for those offices for which no compensation is provided, no filing fee is required.

The filing fees received by the county auditor shall immediately be paid to the county treasurer. The filing fees received by the secretary of state shall immediately be paid to the state treasurer.

When an affidavit of candidacy has been filed with the appropriate filing officer and the requisite filing fee has been paid, the filing fee shall not be refunded.

Sec. 30. Minnesota Statutes 1980, Section 221.67, is amended to read:

221.67 [SERVICE OF PROCESS.]

The use of any of the public highways of this state for the transportation of persons or property for compensation by a motor carrier in interstate commerce shall be deemed an irrevocable appointment by ~~such~~ *the* carrier of the secretary of state to be his true and lawful attorney upon whom may be served all legal process in any action or proceeding brought under section 221.66 against him or his executor, administrator, personal representative, heirs, successors or

assigns. ~~Such~~ This use is a signification of agreement by ~~said~~ the interstate motor carrier that any ~~such~~ process in any action against him or his executor, administrator, personal representative, heirs, successors, or assigns which is so served shall be of the same legal force and validity as if served upon him personally. ~~Such~~ Service shall be made by serving a copy thereof upon the secretary of state or by filing ~~such~~ a copy in his office, together with payment of a fee of \$10 \$15, and ~~such~~ the service shall be sufficient service upon the absent motor carrier; ~~provided that if~~ notice of ~~such~~ the service and a copy of the process are within ten days thereafter sent by mail by the plaintiff to the defendant at his last known address and ~~that~~ the plaintiff's affidavit of compliance with the provisions of sections 221.61 to 221.68 is attached to the summons.

Sec. 31. Minnesota Statutes 1981 Supplement, Section 256B.02, Subdivision 8, is amended to read:

Subd. 8. "Medical assistance" or "medical care" means payment of part or all of the cost of the following care and services for eligible individuals whose income and resources are insufficient to meet all of such cost:

- (1) Inpatient hospital services.
- (2) Skilled nursing home services and services of intermediate care facilities.
- (3) Physicians' services.
- (4) Outpatient hospital or clinic services.
- (5) Home health care services.
- (6) Private duty nursing services.
- (7) Physical therapy and related services.
- (8) Dental services, excluding cast metal restorations.
- (9) Laboratory and x-ray services.

(10) The following if prescribed by a licensed practitioner: drugs, eyeglasses, dentures, and prosthetic devices. The commissioner shall designate a formulary committee which shall advise the commissioner on the names of drugs for which payment shall ~~not~~ be made, recommend a system for reimbursing providers on a set fee or charge basis rather than the present system, and develop methods encouraging use of generic drugs when they are less expensive and equally effective as trademark drugs. The commissioner shall appoint the formulary committee members no later than 30 days following July 1, 1981. The formulary committee shall consist of nine members, four of whom shall be physicians who are not employed by the department of public welfare, and a majority of whose practice is for persons paying privately or through health insurance, three of whom shall be pharmacists who are not employed by the department of public welfare, and a majority of whose practice is for persons paying privately or through health insurance, a consumer representative, and a nursing home representative. Committee members shall serve two year terms and shall serve without compensation. ~~Promulgation of the formulary shall be consistent with the requirements of section 15.0412, subdivision 5. The commissioner may establish a drug formulary. Its establishment and publication shall not be subject to the requirements of the administrative procedure act. The formulary shall not include: drugs for which~~

there is no federal funding; over the counter drugs, except for antacids, acetaminophen, family planning products, aspirin, insulin, prenatal vitamins, and vitamins for children under the age of seven; nutritional products; anorectics; and drugs for which medical value has not been established. Payment to drug vendors shall not be modified before the formulary is promulgated established. The commissioner may promulgate conditions for prohibiting payment for specific drugs after considering the formulary committee's recommendations.

The basis for determining the amount of payment shall be the actual acquisition cost of the drug plus a fixed dispensing fee established by the commissioner. Actual acquisition cost includes quantity and other special discounts except time and cash discounts. Establishment of this fee shall not be subject to the requirements of the administrative procedure act. Whenever a generically equivalent product is available, payment shall be on the basis of the actual acquisition cost of the generic drug, unless the prescriber specifically indicates "dispense as written" on the prescription as required by section 151.21, subdivision 2.

(11) Diagnostic, screening, and preventive services.

(12) Health care pre-payment plan premiums and insurance premiums if paid directly to a vendor and supplementary medical insurance benefits under Title XVIII of the Social Security Act.

(13) Abortion services, but only if one of the following conditions is met:

(a) The abortion is a medical necessity. "Medical necessity" means (1) the signed written statement of two physicians indicating the abortion is medically necessary to prevent the death of the mother, and (2) the patient has given her consent to the abortion in writing unless the patient is physically or legally incapable of providing informed consent to the procedure, in which case consent will be given as otherwise provided by law;

(b) The pregnancy is the result of criminal sexual conduct as defined in section 609.342, clauses (c), (d), (e)(i), and (f), and the incident is reported within 48 hours after the incident occurs to a valid law enforcement agency for investigation, unless the victim is physically unable to report the criminal sexual conduct, in which case the report shall be made within 48 hours after the victim becomes physically able to report the criminal sexual conduct; or

(c) The pregnancy is the result of incest, but only if the incident and relative are reported to a valid law enforcement agency for investigation prior to the abortion.

(14) Transportation costs incurred solely for obtaining emergency medical care or transportation costs incurred by non-ambulatory persons in obtaining emergency or non-emergency medical care when paid directly to an ambulance company, common carrier, or other recognized providers of transportation services. For the purpose of this clause, a person who is incapable of transport by taxicab or bus shall be considered to be non-ambulatory.

(15) To the extent authorized by rule of the state agency, costs of bus or taxicab transportation incurred by any ambulatory eligible person for obtaining non-emergency medical care.

(16) Any other medical or remedial care licensed and recognized under state

law unless otherwise prohibited by law.

Sec. 32. Minnesota Statutes 1981 Supplement, Section 256B.06, Subdivision 1, is amended to read:

Subdivision 1. Medical assistance may be paid for any person:

(1) Who is eligible for or receiving public assistance under the aid to families with dependent children program; or

(2) Who is eligible for or receiving supplemental security income for the aged, blind and disabled; or

(3) Who except for the amount of income or resources would qualify for supplemental security income for the aged, blind and disabled, or aid to families with dependent children and is in need of medical assistance; or

(4) Who is under 21 years of age and in need of medical care that neither he nor his relatives responsible under sections 256B.01 to 256B.26 are financially able to provide; or

(5) Who is residing in a hospital for treatment of mental disease or tuberculosis and is 65 years of age or older and without means sufficient to pay the per capita hospital charge; and

(6) Who resides in Minnesota, or, if absent from the state, is deemed to be a resident of Minnesota in accordance with the regulations of the state agency; and

(7) Who alone, or together with his spouse, does not own real property other than the homestead. For the purposes of this section, "homestead" means the house owned and occupied by the applicant as his dwelling place, together with the land upon which it is situated and an area no greater than two contiguous lots in a platted or laid out city or town or the smallest parcel allowed under applicable zoning regulations in unplatted land. Real estate not used as a home may not be retained unless it produces net income applicable to the family's needs or the family is making a continuing effort to sell it at a fair and reasonable price or unless sale of the real estate would net an insignificant amount of income applicable to the family's needs, or unless the commissioner determines that sale of the real estate would cause undue hardship; and

(8) Who individually does not own more than \$2,000 in cash or liquid assets, or if a member of a household with two family members (husband and wife, or parent and child), does not own more than \$4,000 in cash or liquid assets, plus \$200 for each additional legal dependent. ~~When only one spouse resides, or will reside after applying for medical assistance, in a nursing home, or is receiving or will receive alternative care under the alternative care grants program in a county with preadmission screening under section 256B.091, the cash or liquid asset amount for two family members is \$10,000. The value of the following shall not be included:~~

(a) the homestead, and (b) one motor vehicle licensed pursuant to chapter 168 and defined as: (1) passenger automobile, (2) station wagon, (3) motorcycle, (4) motorized bicycle or (5) truck of the weight found in categories A to E, of section 168.013, subdivision 1e; and

(9) Who has or anticipates receiving an annual income not in excess of \$2,600 for a single person, or \$3,250 for two family members (husband and

wife, parent and child, or two siblings), plus \$625 for each additional legal dependent, or who has income in excess of these maxima and in the month of application, or during the three months prior to the month of application, incurs expenses for medical care that total more than one-half of the annual excess income in accordance with the regulations of the state agency. In computing income to determine eligibility of persons who are not residents of long term care facilities, the commissioner shall disregard increases in income of social security or supplementary security income recipients due solely to increases required by sections 215(i) and 1617 of the social security act, and shall disregard income of disabled persons that is also disregarded in determining eligibility for supplemental aid under section 256D.37, subdivision 1, unless prohibited by federal law or regulation. If prohibited, the commissioner shall first seek a waiver. In excess income cases, eligibility shall be limited to a period of six months beginning with the first of the month in which these medical obligations are first incurred; and

(10) Who has continuing monthly expenses for medical care that are more than the amount of his excess income, computed on a monthly basis, in which case eligibility may be established before the total income obligation referred to in the preceding paragraph is incurred, and medical assistance payments may be made to cover the monthly unmet medical need. In licensed nursing home and state hospital cases, income over and above that required for justified needs, determined pursuant to a schedule of contributions established by the commissioner of public welfare, is to be applied to the cost of institutional care. The commissioner of public welfare may establish a schedule of contributions to be made by the spouse of a nursing home resident to the cost of care and shall seek a waiver from federal regulations which establish the amount required to be contributed by either spouse when one spouse is a nursing home resident; and

(11) Who has applied or agrees to apply all proceeds received or receivable by him or his spouse from automobile accident coverage and private health care coverage to the costs of medical care for himself, his spouse, and children. The state agency may require from any applicant or recipient of medical assistance the assignment of any rights accruing under private health care coverage. Any rights or amounts so assigned shall be applied against the cost of medical care paid for under this chapter. Any assignment shall not be effective as to benefits paid or provided under automobile accident coverage and private health care coverage prior to receipt of the assignment by the person or organization providing the benefits.

Sec. 33. Minnesota Statutes 1980, Section 268.16, Subdivision 3, is amended to read:

Subd. 3. [COLLECTION.] (1) If, after due notice, any employer defaults in any payment of contributions or interest due thereon or penalties for failure to file returns and other reports as and when required by the provisions of sections 268.03 to 268.24 or by any rule or regulation of the commissioner, the amount due shall be collected by civil action in the name of the state of Minnesota, and any money recovered on account thereof shall be credited to the funds provided for under the provisions of these sections. This remedy shall be in addition to such other remedies as may be herein provided or otherwise provided by law, and the employer adjudged in default shall pay the costs of such the action. Civil actions brought under this section to collect contributions, interest due

thereon, or penalties from an employer shall be heard by the court at the earliest possible date. No action for the collection of contributions or interest thereon shall be commenced more than four years after the contributions have been reported by the employer or determined by the commissioner to be due and payable. In any action herein provided for, judgment shall be entered against any defendant in default for want of answer or demurrer, for the relief demanded in the complaint without proof, together with costs and disbursements, upon the filing of an affidavit of default.

No action shall be commenced for the collection of contributions with respect to wages paid for services performed prior to the effective date of a subsequent provision of law enacted prior to July 1, 1941, excluding ~~such the~~ service from coverage under sections 268.03 to 268.24.

(2) Any employing unit which is not a resident of this state and which exercises the privilege of having one or more individuals perform service for it within this state, and any resident employing unit which exercises that privilege and thereafter removes from this state, shall be deemed thereby to appoint the secretary of state as its agent and attorney for the acceptance of process in any civil action under this subdivision. In instituting ~~such an~~ action against ~~any such the~~ employing unit the commissioner shall cause ~~such any~~ process or notice to be filed with the secretary of state, *together with payment of a fee of \$15, and such the service shall be sufficient service upon such the* employing unit, and shall be of the same force and validity as if served upon it personally within this state: Provided, that the commissioner shall forthwith send notice of the service of ~~such the~~ process or notice, together with a copy thereof, by certified mail, return receipt requested, to ~~such the~~ employing unit at its last known address and ~~such the~~ return receipt, the commissioner's affidavit of compliance with the provisions of this section, and a copy of the notice of service, shall be appended to the original of the process filed in the court in which ~~such the~~ civil action is pending.

Sec. 34. Minnesota Statutes 1980, Section 278.03, is amended to read:

278.03 [PAYMENT OF PORTION OF TAX.]

If the proceedings instituted by the filing of the petition have not been completed before the first day of June next following the filing, the petitioner shall pay to the county treasurer 50 percent of the tax levied for such year against the property involved, unless permission to continue prosecution of the petition without such payment is obtained as herein provided. If the proceedings instituted by the filing of the petition have not been completed by the next November 1, the petitioner shall pay to the county treasurer 50 percent of the unpaid balance of the taxes levied for the year against the property involved *if the unpaid balance is \$2,000 or less and 80 percent of the unpaid balance if the unpaid balance is over \$2,000*, unless permission to continue prosecution of the petition without payment is obtained as herein provided. The petitioner, upon ten days notice to the county attorney and to the county auditor, given at least ten days prior to the first day of June or the first day of November, may apply to the court for permission to continue prosecution of the petition without payment; and, if it is made to appear

(1) That the proposed review is to be taken in good faith;

(2) That there is probable cause to believe that the property may be held

exempt from the tax levied or that the tax may be determined to be less than 50 percent of the amount levied; and

(3) That it would work a hardship upon petitioner to pay 50 percent of such the taxes due,

the court may permit the petitioner to continue prosecution of the petition without payment, or may fix a lesser amount to be paid as a condition of continuing the prosecution of the petition.

Failure to make payment of the amount required when due shall operate automatically to dismiss the petition and all proceedings thereunder unless the payment is waived by an order of the court permitting the petitioner to continue prosecution of the petition without payment. The county treasurer shall, upon request of the petitioner, issue duplicate receipts for the tax payment, one of which shall be filed by the petitioner in the proceeding.

Sec. 35. Minnesota Statutes 1981 Supplement, Section 302A.901, Subdivision 2, is amended to read:

Subd. 2. [SERVICE ON SECRETARY OF STATE; WHEN PERMITTED.] If a corporation has appointed and maintained a registered agent in this state but neither its registered agent nor an officer of the corporation can be found at the registered office, or if a corporation fails to appoint or maintain a registered agent in this state and an officer of the corporation cannot be found at the registered office, then the secretary of state is the agent of the corporation upon whom the process, notice, or demand may be served. The return of the sheriff, or the affidavit of a person not a party, that no registered agent or officer can be found at the registered office in a county is conclusive evidence that the corporation has no registered agent or officer at its registered office. Service on the secretary of state of any process, notice, or demand is deemed personal service upon the corporation and shall be made by filing with the secretary of state duplicate copies of the process, notice, or demand. The secretary of state shall immediately forward, by ~~registered~~ certified mail, addressed to the corporation at its registered office, a copy of the process, notice, or demand. Service on the secretary of state is returnable in not less than 30 days notwithstanding a shorter period specified in the process, notice, or demand.

Sec. 36. Minnesota Statutes 1980, Section 303.07, is amended to read:

303.07 [INITIAL LICENSE FEE FEES.]

Subdivision 1. [INITIAL FEE.] At the time of making application for a certificate of authority the foreign corporation making such the application shall pay to the state treasurer the sum of ~~\$125~~ \$150 as an initial license fee.

Subd. 2. [ANNUAL FEE.] The secretary of state shall collect an annual license fee from each foreign corporation holding a certificate of authority to transact business in this state. A foreign corporation shall pay \$15 per \$100,000 or fraction thereof of its Minnesota taxable net income for the last taxable year ending prior to the payment of the fee. If the taxable year ended less than 75 days before the date the fee is received by the secretary of state, the taxable net income from the preceding taxable year shall determine the fee. In no event shall the annual license fee be less than \$30. The corporation shall pay this fee by April 1 of each year.

Sec. 37. Minnesota Statutes 1980, Section 303.13, Subdivision 1, is amended to read:

Subdivision 1. [FOREIGN CORPORATION.] A foreign corporation shall be subject to service of process, as follows:

(1) By service thereof on its registered agent;

(2) When any foreign corporation authorized to transact business in this state fails to appoint or maintain in this state a registered agent upon whom service of process may be had, or whenever any registered agent cannot be found at its registered office in this state, as shown by the return of the sheriff of the county in which the registered office is situated, or whenever any corporation withdraws from the state, or whenever the certificate of authority of any foreign corporation is revoked or canceled, service may be made by delivering to and leaving with the secretary of state, or with any deputy or clerk in the corporation department of his office, three copies thereof and a fee of \$10 \$15; provided, that after a foreign corporation withdraws from the state, pursuant to section 303.16, service upon the corporation may be made pursuant to the provisions of this section only when based upon a liability or obligation of the corporation incurred within this state or arising out of any business done in this state by the corporation prior to the issuance of a certificate of withdrawal.

(3) If a foreign corporation makes a contract with a resident of Minnesota to be performed in whole or in part by either party in Minnesota, or if a foreign corporation commits a tort in whole or in part in Minnesota against a resident of Minnesota, such acts shall be deemed to be doing business in Minnesota by the foreign corporation and shall be deemed equivalent to the appointment by the foreign corporation of the secretary of the state of Minnesota and his successors to be its true and lawful attorney upon whom may be served all lawful process in any actions or proceedings against the foreign corporation arising from or growing out of the contract or tort. Process shall be served in duplicate upon the secretary of state, together with a fee of \$10 \$15 and the secretary of state shall mail one copy thereof to the corporation at its last known address, and the corporation shall have 20 days within which to answer from the date of the mailing, notwithstanding any other provision of the law. The making of the contract or the committing of the tort shall be deemed to be the agreement of the foreign corporation that any process against it which is so served upon the secretary of state shall be of the same legal force and effect as if served personally on it within the state of Minnesota.

Sec. 38. Minnesota Statutes 1980, Section 303.14, Subdivision 1, is amended to read:

Subdivision 1. [FILED WITH SECRETARY OF STATE; CONTENTS.] Between January first and April first, in each year, every foreign corporation which holds a certificate of authority shall make and file with the secretary of state a report for the ~~next preceding~~ *previous* calendar year, setting forth:

(1) the name of the corporation and the state or country under the laws of which it is organized;

(2) if the name of the corporation does not end with the word "Corporation" or the word "Incorporated," or the abbreviation "Inc.," or does not contain the word "Company" or the abbreviation "Co." not immediately preceded by the word "and" or the character "&," then the name of the corporation

with the word or abbreviation which it has agreed to add thereto for use in this state;

(3) the date of its incorporation and the period of its duration;

(4) the address of its principal office in the state or country under the laws of which it is organized;

(5) the address of its registered office in this state and the name of its registered agent at such address;

(6) the names and respective addresses of its directors and officers;

(7) A statement of the aggregate number of shares having par value and of shares without par value which it has authority to issue, itemized by classes and series;

(8) A statement of the aggregate number of its issued or allotted shares having par value and of shares without par value, itemized by classes and series;

(9) A statement expressing in dollars the value of all the property owned by the corporation, wherever located, and the value of all its property located within this state;

(10) A statement expressing in dollars the gross receipts of the corporation in such calendar year derived from its business operations wherever transacted, and the gross receipts of the corporation in such calendar year derived from its business operations transacted, in whole or in part, within this state; and

(11) such additional information as may be necessary or appropriate to enable the secretary of state to determine the additional license fee, if any, payable by such the corporation.

The information required by clauses (7) to (9) shall be given as of the close of the next preceding calendar year;

(8) a statement of the corporate taxable net income as stated in its Minnesota corporate income tax return that was due in the previous year; and

(9) the fee required by section 303.07, subdivision 2. This fee shall be submitted with the annual report.

Sec. 39. Minnesota Statutes 1980, Section 303.14, Subdivision 3, is amended to read:

Subd. 3. [FORMS.] Such The annual report shall be made on forms prescribed by the secretary of state, in two separable parts, one part setting forth the facts required by subdivision 1, clauses (1) to ~~(8)~~ (6), and the other part the facts required by subdivision 1, clauses ~~(9)~~ (7), ~~(10)~~ (8), and ~~(11)~~ (9); such the report shall be executed, acknowledged and verified by the president or vice-president and by the treasurer, an assistant treasurer, secretary or an assistant secretary of the corporation; or, if the corporation is in the hands of a receiver or trustee, such the report shall be executed on behalf of the corporation and verified by such the receiver or trustee.

Sec. 40. Minnesota Statutes 1980, Section 303.14, Subdivision 5, is amended to read:

Subd. 5. [DIVULGENCE OF CONTENTS FORBIDDEN.] It shall be un-

lawful for the secretary of state or any other public official or employee to divulge or otherwise make known in any manner any of the particulars with reference to the ~~value of the property owned by such corporation or the amount of the gross receipts of such corporation taxable net income~~ set forth or disclosed as a part of any annual report. Nothing herein shall be construed to prohibit the inspection of the full reports by officials and employees of this state in the performance of their duties with respect to license fees due from the corporation making ~~such the~~ report. Any person violating any of the prohibitions of this subdivision shall be guilty of a gross misdemeanor.

Sec. 41. Minnesota Statutes 1980, Section 303.16, Subdivision 2, is amended to read:

Subd. 2. [CONTENTS OF APPLICATION.] The application for withdrawal shall set forth:

- (1) the name of the corporation and the state or country under the laws of which it is organized;
- (2) that it has no property located in this state and has ceased to transact business therein;
- (3) that its board of directors has duly determined to surrender its authority to transact business in this state;
- (4) that it revokes the authority of its registered agent in this state to accept service of process;
- (5) the address to which the secretary of state shall mail a copy of any process against the corporation that may be served upon him;
- (6) that it will pay to the state treasurer the amount of any additional license fees properly found by the secretary of state to be then due from such corporation; and
- (7) ~~such additional information as may be required or demanded by the secretary of state to enable him to determine the additional license fees, if any, payable by such the corporation, the determination thereof to be made in the manner provided by section 303.15, except that in computing such additional license fee the amount to be used as the value of the property of the corporation located within this state shall be the highest amount or value of such property at any time in the calendar year in which the application for withdrawal is filed~~ 303.07, subdivision 2.

Sec. 42. Minnesota Statutes 1980, Section 303.16, Subdivision 4, is amended to read:

Subd. 4. [APPROVAL; FILING.] ~~Such The~~ The application for withdrawal shall be delivered to the secretary of state. Upon receipt thereof he shall examine the same, and if he finds that it conforms to the provisions of this chapter, he shall, when all license fees, filing fees, and other charges have been paid as required by law, file the same in his office and shall issue and record a certificate of withdrawal, and shall thereupon transmit such certificate, together with a fee of \$1, to the county recorder of the county in which the registered office of the corporation in this state is situated, and the county recorder shall record such certificate for such fee. Upon the issuance of ~~such the~~ the certificate, the authority of the corporation to transact business in this state shall cease.

Sec. 43. Minnesota Statutes 1980, Section 303.17, Subdivision 4, is amended to read:

Subd. 4. [CERTIFICATE OF REVOCATION.] Upon revoking ~~such the~~ certificate of authority, the secretary of state shall:

(1) Issue a certificate of revocation, in duplicate; *and*

(2) ~~Transmit one of such certificates to the county recorder of the county in which the registered office of the corporation in this state is situated; and the county recorder shall record the same without any fee therefor; and~~

(3) ~~Mail to such the corporation, at its principal office in the state or country under the laws of which it is organized, a notice of such the revocation, accompanied by one such a certificate of revocation, and mail to such the corporation, at its registered office in this state, a notice of such the revocation.~~

Sec. 44. Minnesota Statutes 1980, Section 303.18, Subdivision 3, is amended to read:

Subd. 3. [JUDGMENT OF CANCELATION.] The attorney general shall cause two certified copies of the judgment canceling a certificate of authority to be delivered to the secretary of state. The secretary of state shall file one copy in his office, and shall transmit the other copy to the ~~county recorder of the county in which the registered office of the corporation in this state is situated. The county recorder shall record the same without any fee therefor.~~

Sec. 45. Minnesota Statutes 1980, Section 303.19, Subdivision 2, is amended to read:

Subd. 2. [FEE.] If the certificate of authority was revoked by the secretary of state pursuant to section 303.17, the corporation shall pay to the state treasurer ~~\$200~~ \$250 before it may be reinstated.

If the certificate of authority was canceled by a judgment pursuant to section 303.18, the corporation shall pay to the state treasurer \$500 before it may be reinstated.

Sec. 46. Minnesota Statutes 1980, Section 303.19, Subdivision 3, is amended to read:

Subd. 3. [CERTIFICATE OF REINSTATEMENT.] Upon the filing of ~~such the~~ application and upon payment of all penalties, fees and charges required by law, not including, ~~however,~~ an initial license fee or additional license fees to the extent that ~~the same they have theretofore previously~~ been paid by ~~such the~~ corporation, the secretary of state shall reinstate the license of ~~such the~~ corporation; ~~and shall issue and record a certificate of reinstatement and shall transmit such certificate, together with a fee of \$1, to the county recorder of the county in which the registered office of the corporation in this state is situated. The county recorder shall record such certificate for such fee.~~

Sec. 47. Minnesota Statutes 1980, Section 303.21, is amended by adding a subdivision to read:

Subd. 3. [OTHER INSTRUMENTS.] *A fee of \$20 shall be paid to the secretary of state for filing any instrument required or permitted to be filed under the provisions of this chapter. The fee shall be paid at the time of the filing of the instrument.*

Sec. 48. Minnesota Statutes 1980, Section 303.22, is amended to read:

303.22 [APPLICABLE TO PRESENT CORPORATIONS.]

Except as in this section otherwise provided, this chapter shall be applicable to all foreign corporations heretofore or hereafter transacting business in this state.

Any foreign corporation licensed to transact business in this state when this chapter became effective, which thereafter obtains a certificate of authority, pursuant to the provisions of this section, may continue to transact business in this state pursuant to ~~such the~~ certificate of authority, using the name under which it was, on the effective date of this chapter, licensed to transact business in this state, whether or not the use of ~~such the~~ name is in violation of the provisions of section 303.05.

Nothing herein contained shall be construed to exempt ~~such the~~ foreign corporation from the obligation of making annual reports and paying ~~additional~~ license fees in accordance with the provisions of this chapter.

~~In computing any additional license fees for such corporation there shall be credited all license fees paid by such corporation to this state under this chapter and under any prior laws relating to the admission of foreign corporations to do business in this state.~~

Sec. 49. Minnesota Statutes 1980, Section 303.23, Subdivision 1, is amended to read:

Subdivision 1. [PRIMA FACIE EVIDENCE; RECORDING.] Any certificate issued by the secretary of state pursuant to the provisions of this chapter, and copies of ~~such the~~ certificates certified by him, shall be prima facie evidence of the matters stated therein ~~and, except certificates issued pursuant to subdivision 2, may be recorded in the office of the county recorder of any county in this state.~~

Sec. 50. Minnesota Statutes 1980, Section 308.06, Subdivision 4, is amended to read:

Subd. 4. The original articles of incorporation, or a certified copy of them, verified by the affidavits of two of the incorporators, shall be filed with the secretary of state and a copy, certified and verified as above required, shall be recorded in the office of the county recorder of the county in which the principal place of business of the association is located. For filing the articles of incorporation, or amendments to them, with the secretary of state a fee of \$10 \$15 shall be paid to the secretary of state.

Sec. 51. Minnesota Statutes 1980, Section 308.85, is amended to read:

308.85 [FEES.]

For filing articles of incorporation, or amendments thereto, any association organized under sections ~~308.53~~ 308.29 to 308.84 shall pay \$10 \$15.

Sec. 52. Minnesota Statutes 1980, Section 317.04, Subdivision 2, is amended to read:

Subd. 2. [ELECTION TO REJECT.] (1) When there are members with voting rights, election by a corporation to reject the provisions of sections 317.01 to 317.25 shall be by a resolution (a) approved by the board of directors

at a meeting duly called for the purpose of considering it; and (b) adopted at a subsequent annual, regular, or special meeting, of which a notice stating the purpose has been duly given, by a majority vote of all members of record entitled to vote.

(2) When there are no members with voting rights, election by a corporation to reject the provisions of sections 317.01 to 317.25 shall be by a resolution adopted by a majority vote of all the directors entitled to vote at a special meeting of the board of directors, notice having been duly given.

(3) Within 15 months after April 21, 1951, the corporation shall file a copy of the adopted resolution to reject, certified by the president or vice president and the secretary or assistant secretary, accompanied by a filing fee of \$5 \$15, in the office of the secretary of state, and shall file a copy thereof, duly certified by the secretary of state, for record, accompanied by the required recording fee, in the office of the county recorder of the county in which the principal place of business of the corporation is located.

(4) The election to reject sections 317.01 to 317.25 becomes effective upon the filing for record of a copy of the adopted resolution, duly certified by the secretary of state, in the office of the county recorder only if the resolution is filed for record within the 15 month period prescribed in clause (3).

Sec. 53. Minnesota Statutes 1980, Section 317.04, Subdivision 3, is amended to read:

Subd. 3. [ELECTION TO ACCEPT.] (1) Whether or not a domestic corporation has elected to reject under subdivision 2, it may at any time accept and come under the provisions of sections 317.01 to 317.25 by adopting a resolution of acceptance by a majority vote of all the directors entitled to vote at a special meeting of the board of directors, notice having been duly given, and by certifying and filing the resolution in the manner prescribed by subdivision 2, clause (3), for effecting a rejection. For filing a resolution of acceptance the secretary of state shall collect a fee of \$10 \$15.

(2) The election to accept sections 317.01 to 317.25 becomes effective upon the filing for record (a) of a copy of the adopted resolution to accept, together with articles of incorporation and amendments thereto with the secretary of state, and (b) of the resolution to accept, duly certified by the secretary of state, with the county recorder of the county in which the principal place of business of the corporation is located.

Sec. 54. Minnesota Statutes 1980, Section 317.36, is amended to read:

317.36 [AGREEMENT, FILING, RECORDING; CERTIFICATE ISSUED.]

(1) Upon execution of the agreement of merger or consolidation, the agreement and required copies shall be delivered to the secretary of state at his office, accompanied by the fees prescribed by section 317.67.

(2) If the secretary of state finds that the agreement conforms to law, and the prescribed fees have been paid, he shall endorse his approval upon the agreement and each copy, file and record the original of the agreement in his office, and issue a certificate of merger or a certificate of consolidation and incorporation, as the case may be appropriate. The secretary of state shall file and record a copy of the certificate in his office. He shall retain a sufficient number

of the remaining copies of the agreement to enable him to comply with clause (3). He shall return the remaining copies bearing the endorsement of his approval, together with the certificate of merger or the certificate of consolidation and incorporation, to the single corporation.

(3) The secretary of state shall file for record a copy of the agreement, certified as required by section 317.35, clause (2), in the office of the county recorder of the county in which each constituent corporation had its registered office and in the county in which the single corporation has its registered office.

Sec. 55. Minnesota Statutes 1980, Section 317.42, Subdivision 3, is amended to read:

Subd. 3. [FILING, RECORDING.] When a domestic corporation merges or consolidates with a foreign corporation pursuant to the law of a state or place other than this state, the single corporation shall file for record a copy of the agreement of merger or consolidation, certified by the proper official of such the state or place, accompanied by the fees prescribed by section 317.67, in the office of the secretary of state of this state. The secretary of state shall file for record a certified copy of the agreement of merger or consolidation in the office of the county recorder of each county in this state in which the registered office of a constituent domestic corporation was located.

Sec. 56. Minnesota Statutes 1980, Section 317.67, Subdivision 2, is amended to read:

Subd. 2. In addition to the fees prescribed by subdivision 1, The secretary of state shall collect a fee of \$10 \$15 for filing any instrument that is required to be filed under this chapter.

Sec. 57. Minnesota Statutes 1980, Section 330.01, Subdivision 1, is amended to read:

Subdivision 1. (a) The county auditor may license any person having the qualifications specified in clause (b) of this subdivision as an auctioneer. Such The license shall be issued by the auditor and shall authorize the licensee to conduct the business of an auctioneer in the state of Minnesota for the period of one year. It shall be recorded by the auditor in a book kept for that purpose. Before such the license is issued the applicant shall pay into the county treasury a fee of \$15 \$20. The auditor shall, not later than the 15th day of the following month, transmit a copy of the license to the secretary of state together with \$5 \$10 of the fee, which shall be deposited in the general fund.

(b) A natural person is qualified to be licensed as an auctioneer if 18 years of age or over and a resident of the county of application for at least six months immediately preceding the date of application. No copartnership, association or corporation may be licensed as an auctioneer. However, nothing in this subdivision shall be construed as preventing auctioneers who are duly licensed in accordance with the provisions of this chapter, from combining in associations, copartnerships, or corporations, provided that each and every member of such these associations or copartnerships and each and every person or agent conducting auction sales on behalf of such these corporations is a duly licensed auctioneer as provided in this chapter. Nothing herein shall be construed to apply to a person selling at an auction property owned by him for at least six months.

Sec. 58. Minnesota Statutes 1980, Section 345.32, is amended to read:

345.32 [PROPERTY HELD BY BANKING OR FINANCIAL ORGANIZATIONS OR BY BUSINESS ASSOCIATIONS.]

The following property held or owing by a banking or financial organization or by a business association is presumed abandoned:

(a) Any demand, savings or matured time deposit made in this state with a banking organization, together with any interest or dividend thereon, excluding contracted service charges which may be deducted for a period not to exceed one year, unless the owner has, within ~~seven~~ five years:

(1) increased or decreased the amount of the deposit, or presented the pass-book or other similar evidence of the deposit for the crediting of interest; or

(2) corresponded in writing with the banking organization concerning the deposit; or

(3) otherwise indicated an interest in the deposit as evidenced by a memorandum on file with the banking organization; or

(4) received tax reports or regular statements of the deposit by mail from the banking or financial organization regarding the deposit. Receipt of the statement by the owner should be presumed if the statement is mailed first class by the banking or financial organization and not returned; or

(5) acted as provided in paragraphs (1), (2), (3) and (4) of this subsection in regard to another demand, savings or time deposit made with the banking or financial organization.

(b) Any funds or dividends deposited or paid in this state toward the purchase of shares or other interest in a business association where the stock certificates or other evidence of interest in the business have not been issued, or in a financial organization, and any interest or dividends thereon, excluding contracted service charges which may be deducted for a period not to exceed one year, unless the owner has within ~~seven~~ five years:

(1) increased or decreased the amount of the funds or deposit, or presented an appropriate record for the crediting of interest or dividends; or

(2) corresponded in writing with the financial organization concerning the funds or deposit; or

(3) otherwise indicated an interest in the funds or deposit as evidenced by a memorandum on file with the financial organization; or

(4) received tax reports or regular statements of the deposit or accounting by mail from the financial organization or business association regarding the deposit. Receipt of the statement by the owner should be presumed if the statement is mailed first class by the financial organization or business association and not returned.

(c) Any sum, excluding contracted service charges which may be deducted for a period not to exceed one year, payable on checks certified in this state or on written instruments issued in this state on which a banking or financial organization or business association is directly liable, including, by way of illustration but not of limitation, drafts, money orders and traveler's checks, that has been outstanding for more than ~~seven~~ five years from the date it was

payable, or from the date of its issuance if payable on demand, or, in the case of traveler's checks, has been outstanding for more than 15 years from the date of its issuance, unless the owner has within ~~seven~~ five years, or within 15 years in the case of traveler's checks, corresponded in writing with the banking or financial organization or business association concerning it, or otherwise indicated an interest as evidenced by a memorandum on file with the banking or financial organization or business association.

(d) Any funds or other personal property, tangible or intangible, removed from a safe deposit box or any other safekeeping repository in this state on which the lease or rental period has expired due to nonpayment of rental charges or other reason, that have been unclaimed by the owner for more than ~~seven~~ five years from the date on which the lease or rental period expired.

(1) If the amount due for the use or rental of a safe deposit box has remained unpaid for a period of six months, the bank, savings bank, trust company, savings and loan, or safe deposit company shall, within 60 days of the expiration of that period, send by certified mail, addressed to the renter or lessee of the safe deposit box, directed to the address standing on its books, a written notice that, if the amount due for the use or rental of the safe deposit box is not paid within 60 days after the date of the mailing of the notice, it will cause the safe deposit box to be opened and its contents placed in one of its general safe deposit boxes.

(2) Upon the expiration of 60 days from the date of mailing the notice, and in default of payment within the 60 days of the amount due for the use or rental of the safe deposit box, the bank, savings bank, trust company, savings and loan, or safe deposit company, in the presence of its president, vice-president, secretary, treasurer, assistant secretary, assistant treasurer or superintendent, or such other person as specifically designated by its board of directors, and of a notary public not in its employ, shall cause the safe deposit box to be opened and the contents thereof, to be removed and sealed by the notary public in a package, upon which he shall mark the name of the renter or lessee and also the estimated value of the contents of the safe deposit box and, in the presence of one of the bank officers listed above, the notary public shall place the package in one of the bank's general safe deposit boxes and set out the proceedings in a certificate under his official seal, which shall be delivered to the bank, savings bank, trust company, savings and loan, or safe deposit company.

(3) The bank, savings bank, trust company, savings and loan, or safe deposit company shall hold the contents of abandoned safe deposit boxes until they are claimed by the owner or the bank turns them over to the state treasurer pursuant to chapter 345.

Sec. 59. Minnesota Statutes 1980, Section 345.33, is amended to read:

345.33 [UNCLAIMED FUNDS HELD BY LIFE INSURANCE CORPORATIONS.]

(a) Unclaimed funds, as defined in this section, held and owing by a life insurance corporation shall be presumed abandoned if the last known address, according to the records of the corporation, of the person entitled to the funds is within this state. If a person other than the insured or annuitant is entitled to the funds and no address of such person is known to the corporation or if it is not definite and certain from the records of the corporation what person is entitled

to the funds; it is presumed that the last known address of the person entitled to the funds is the same as the last known address of the insured or annuitant according to the records of the corporation.

(b) "Unclaimed funds," as used in this section, means all moneys held and owing by any life insurance corporation unclaimed and unpaid for more than ~~seven~~ five years after the moneys became due and payable as established from the records of the corporation under any life or endowment insurance policy or annuity contract which has matured. A life insurance policy not matured by actual proof of the death of the insured is deemed to be matured and the proceeds thereof are deemed to be due and payable if such policy was in force when the insured attained the limiting age under the mortality table on which the reserve is based, unless the person appearing entitled thereto has within the preceding ~~seven~~ five years, (1) assigned, readjusted or paid premiums on the policy, or subjected the policy to loan, or (2) corresponded in writing with the life insurance corporation concerning the policy. Moneys or drafts otherwise payable according to the records of the corporation are deemed due and payable although the policy or contract has not been surrendered as required.

Sec. 60. Minnesota Statutes 1980, Section 345.34, is amended to read:

345.34 [DEPOSITS HELD BY UTILITIES.]

Any deposit held or owing by any utility made by a subscriber after January 1, 1960, to secure payment for, or any sum paid in advance for, utility services to be furnished in this state, excluding any charges that may lawfully be withheld, that has remained unclaimed by the person appearing on the records of the utility entitled thereto for more than ~~seven years~~ one year after the termination of the services for which the deposit or advance payment was made is presumed abandoned.

Sec. 61. Minnesota Statutes 1980, Section 345.37, is amended to read:

345.37 [PROPERTY HELD BY FIDUCIARIES.]

All intangible personal property and any income or increment thereon, held in a fiduciary capacity for the benefit of another person is presumed abandoned unless the owner has, within ~~seven~~ five years after it becomes payable or distributable, increased or decreased the principal, accepted payment of principal or income, corresponded in writing concerning the property, or otherwise indicated an interest as evidenced by a memorandum on file with the fiduciary if:

(a) the property is held by a banking organization or a financial organization or by a business association organized under the laws of or created in this state; or

(b) it is held by a business association, doing business in this state, but not organized under the laws of or created in this state, and the records of the business association indicate that the last known address of the person entitled thereto is in this state; or

(c) it is held in this state by any other person.

Sec. 62. Minnesota Statutes 1980, Section 345.38, is amended to read:

345.38 [PROPERTY HELD BY STATE COURTS AND PUBLIC OFFICERS AND AGENCIES.]

Subdivision 1. All intangible personal property held for the owner by any court, public corporation, public authority or public officer of this state, or a political subdivision thereof, that has remained unclaimed by the owner for more than ~~seven~~ five years is presumed abandoned except as provided in section 524.3-914.

Subd. 2. This section shall not apply to property held for persons while residing in public correctional or other institutions. As to such persons, said property shall be presumed abandoned if it has remained unclaimed by the owner for more than ~~seven~~ five years after such residence ceases.

Subd. 3. All intangible personal property held for the owner by any government or political subdivision or agency, that has remained unclaimed by the owner for more than ~~seven~~ five years is presumed abandoned and is reportable pursuant to section 345.41, if:

(a) the last known address as shown on the records of the holder of the apparent owner is in this state; or

(b) no address of the apparent owner appears on the records of the holder; and

(1) the last known address of the apparent owner is in this state; or

(2) the holder is domiciled in this state and has not previously transferred the property to the state of the last known address of the apparent owner.

Sec. 63. Minnesota Statutes 1980, Section 345.39, is amended to read:

345.39 [MISCELLANEOUS PERSONAL PROPERTY HELD FOR ANOTHER PERSON.]

All intangible personal property, not otherwise covered by sections 345.31 to 345.60, including any income or increment thereon, but excluding any charges that may lawfully be withheld, that is held or owing in this state in the ordinary course of the holder's business and has remained unclaimed by the owner for more than ~~seven~~ five years after it became payable or distributable is presumed abandoned. Property covered by this section includes, but is not limited to: (a) unclaimed wages or worker's compensation; (b) deposits or payments for repair or purchase of goods or services; (c) credit checks or memos, or customer overpayments; (d) unidentified remittances, unrefunded overcharges; (e) unpaid claims, unpaid accounts payable or unpaid commissions; (f) unpaid mineral proceeds, royalties or vendor checks; and (g) credit balances, accounts receivable and miscellaneous outstanding checks.

Sec. 64. Minnesota Statutes 1980, Section 352.04, Subdivision 2, is amended to read:

Subd. 2. [EMPLOYEE CONTRIBUTIONS.] The employee contribution to the fund shall be an amount equal to ~~four~~ 3.73 percent of salary, beginning with the first full pay period after ~~June 30, 1973~~ December 31, 1981; provided, however, that for the period beginning with the first full pay period after December 31, 1981, and ending with the last full pay period before July 1, 1982, the contribution shall be an amount equal to 3.46 percent of salary. These contributions shall be made by deduction from salary in the manner provided in subdivision 4.

Sec. 65. Minnesota Statutes 1980, Section 352.04, Subdivision 3, is

amended to read:

Subd. 3. [EMPLOYER CONTRIBUTIONS.] The employer contribution to the fund shall be an amount equal to the total amount deducted from the salaries of employees on each payroll abstract, plus an additional ~~two~~ 1.87 percent of salary beginning with the first full pay period after ~~June 30, 1973~~ December 31, 1981; *provided, however, that for the period beginning with the first full pay period after December 31, 1981, and ending with the last full pay period before July 1, 1982, the contribution shall be an amount equal to 3.46 percent of salary plus an additional 1.74 percent of salary.* The employer contribution shall be made in the manner provided in subdivisions 5 and 6.

Sec. 66. Minnesota Statutes 1980, Section 352.92, Subdivision 1, is amended to read:

Subdivision 1. [EMPLOYEE CONTRIBUTIONS.] Beginning with the first full pay period after ~~June 30, 1973~~ December 31, 1981, in lieu of employee contributions payable under section 352.04, subdivision 2, contributions by covered correctional employees shall be in an amount equal to ~~six~~ 4.89 percent of salary; *provided, however, that for the period beginning with the first full pay period after December 31, 1981, and ending with the last full pay period before July 1, 1982, the contribution shall be in an amount equal to 3.78 percent of salary.*

Sec. 67. Minnesota Statutes 1980, Section 352.92, Subdivision 2, is amended to read:

Subd. 2. [EMPLOYER CONTRIBUTIONS.] Beginning with the first full pay period after ~~June 30, 1973~~ December 31, 1981, in lieu of employer contributions payable under section 352.04, subdivision 3, the employer shall contribute for covered correctional employees (1) an amount equal to 1 1/2 times the deduction from salaries of covered correctional employees on each payroll abstract, plus (2) an additional amount of ~~five~~ 4.08 percent of salaries of covered correctional employees on each payroll abstract; *provided, however, that for the period beginning with the first full pay period after December 31, 1981, and ending with the last full pay period before July 1, 1982, the contribution shall be an amount equal to 5.66 percent of salaries of covered correctional employees on each payroll abstract plus an additional amount equal to 3.16 percent of salaries of covered correctional employees on each payroll abstract.*

Sec. 68. Minnesota Statutes 1981 Supplement, Section 352D.04, Subdivision 2, is amended to read:

Subd. 2. The moneys used to purchase shares under this section shall be the employee, ~~employer~~ and employer ~~additional~~ contributions ~~as provided in section 352.04, subdivisions 2 and 3 this subdivision.~~

(a) *The employee contribution shall be an amount equal to four percent of salary.*

(b) *The employer contribution shall be an amount equal to six percent of salary.*

These contributions shall be made by deduction from salary in the manner provided in section 352.04, subdivisions 4, 5, and 6.

Sec. 69. Minnesota Statutes 1980, Section 352D.09, Subdivision 7, is

amended to read:

Subd. 7. One-tenth of one percent of salary shall be deducted from the employee contributions ~~authorized by section 352.04, subdivision 2,~~ and one-tenth of one percent of salary from the employer contributions authorized by section ~~352.04, subdivision 3, clause (1) 352D.04, subdivision 2,~~ to pay the administrative expenses of the unclassified program.

Sec. 70. Minnesota Statutes 1980, Section 473.408, Subdivision 3, is amended to read:

Subd. 3. [SPECIAL FARES.] In off-peak hours the commission and other operators shall charge the following reduced fares for transit service:

(a) not more than 20 cents plus any zone charges for all persons under the age of 18 holding an identification card issued by the commission;

(b) not more than ten cents for all persons 65 years of age and over holding a medicare card or other identification card authorized or approved by the commission; and

(c) not more than one-half of the full fare for all handicapped persons, as defined by the commission.

Any person qualifying for a reduced fare pursuant to clause (b) whose income is below 150 percent of poverty guidelines established by the federal community services administration may qualify for exemption from the fare otherwise required to be paid under clause (b). The person may qualify for exemption by certifying income level on a form provided by the commission. The commission shall issue an annual pass to persons who qualify for exemption and shall require the persons to requalify annually. The commission shall make appropriate certification forms available by mail and at the offices and information centers maintained by the commission.

Sec. 71. Minnesota Statutes 1981 Supplement, Section 473.446, Subdivision 1, is amended to read:

Subdivision 1. [TAXATION WITHIN TRANSIT TAXING DISTRICT.] For the purposes of sections 473.401 to 473.451 and the metropolitan transit system, except as otherwise provided in this subdivision the metropolitan transit commission shall levy each year upon all taxable property within the metropolitan transit taxing district, defined in subdivision 2, a transit tax consisting of:

(a) An amount equal to ~~1.72~~ two mills times the assessed value of all such property, the proceeds of which shall be used for payment of the expenses of operating transit and paratransit service;

(b) An additional amount, if any, as the commission determines to be necessary to provide for the full and timely payment of its certificates of indebtedness and other obligations outstanding on July 1, 1977, to which property taxes under this section have been pledged; and

(c) An additional amount necessary to provide full and timely payment of certificates of indebtedness, bonds, or other obligations issued pursuant to section 473.436 for purposes of acquisition and betterment of property and other improvements of a capital nature and to which the commission has specifically pledged tax levies under this clause.

In any statutory or home rule charter city or town in the metropolitan transit taxing district which is receiving financial assistance under section 174.265, the commission shall levy a tax equal to ten percent of the sum of levies provided for in clauses (a) to (c), plus a levy sufficient to yield the amounts of available local transit funds transferred pursuant to section 174.265 from the state assistance available to the commission, less any amount paid to the commission by the city or town under a contract for service entered into pursuant to subdivision 2.

Sec. 72. Minnesota Statutes 1980, Section 540.152, is amended to read:

540.152 [SERVICE OF PROCESS ON UNIONS, GROUPS OR ASSOCIATIONS.]

The transaction of any acts, business or activities within the state of Minnesota by any officer, agent, representative, employee or member of any union or other groups or associations having officers, agents, members or property without the state on behalf of the union or other groups or associations or any of its members or affiliated local unions shall be deemed an appointment by the union or other groups or associations of the secretary of state of the state of Minnesota to be the true and lawful attorney of the union or other groups or associations, upon whom may be served all legal processes or notices in any action or proceeding against or involving the union or other groups or associations growing out of any acts, business or activities within the state of Minnesota resulting in damage or loss to person or property or giving rise to any cause of action under the laws of the state of Minnesota or to any matters or proceedings arising under the Minnesota Labor Relations Act. Such acts, business or activities shall be a signification of the agreement of the union or other groups or associations and its members that any process or notice in any action, matter or proceeding against or involving it, which is so served, shall be of the same legal force and validity as if served upon the union or other groups or associations and its members personally. Service of process or notice shall be made by filing a copy thereof in the office of the secretary of state, together with payment of a fee of \$40 \$15 and together with an affidavit that no officer or managing agent of the union or other group or association has been found in this state ~~and thereupon~~. The service shall be sufficient service upon the union or other groups or associations and its members; ~~and~~. Notice of service and a copy of the process or notice shall, within ten days thereafter, be sent by mail by the person who caused it to be served on the union or other groups or associations at its last known address and an affidavit of compliance with the provisions of this chapter shall be filed with the court or other state agency or department before which the action, matter, or proceeding is pending.

Sec. 73. Minnesota Statutes 1980, Section 543.08, is amended to read:

543.08 [SUMMONS, SERVICE UPON CERTAIN CORPORATIONS.]

If a private domestic corporation has no officer within the state upon whom service can be made, of which fact the return of the sheriff that none can be found in his county shall be conclusive evidence, service of the summons upon it may be made by depositing two copies, together with a fee of \$40 \$15 with the secretary of state, which shall be deemed personal service upon the corporation. One of the copies shall be filed by the secretary, and the other forthwith mailed by him to the corporation by *certified mail*, if the place of its main office is known to him or is disclosed by the files of his office.

If the defendant is a foreign insurance corporation, the summons may be served by two copies delivered to the insurance commissioner, who shall file one in his office and forthwith mail the other postage prepaid to the defendant at its home office.

Sec. 74. [REVIEW OF MANDATES.]

During the 1982 legislative session, the health and welfare committees of the legislature shall review policies which have been established by the legislature and the state departments of health and public welfare which have the effect of mandating expenditure of county funds. The purpose of the study is to enable the legislature to revise state statutes and the departments to revise state rules to the extent necessary to provide more flexibility to counties, now under increasing fiscal constraints because of reductions in revenue. The legislative review shall include but not be limited to review of restrictions on county authority to reduce expenditures, including expenditures resulting from court-ordered social services and review of requirements which result from state standards for services established by licensing laws or rules.

Sec. 75. [REPEALER.]

Minnesota Statutes 1980, Sections 303.08, Subdivision 3; 303.12; 303.14, Subdivision 2; 303.15; 303.21, Subdivisions 1 and 2; 317.11; 317.19, Subdivision 3; 317.43; and 317.67, Subdivision 1; and Minnesota Statutes 1981 Supplement, Sections 3.965, Subdivision 6; and 362.453, are repealed.

Sec. 76. [REPEALER.]

Laws 1981, Chapter 354, Section 3, is repealed. So much of the appropriation made available by that law as is unexpended, is canceled.

Sec. 77. [EFFECTIVE DATE.]

Except as otherwise specifically provided in this article, this article is effective the day following final enactment. On the day following final enactment, sections 64 to 69 are effective retroactively to January 1, 1982. Sections 36, subdivision 2, 38 to 41, and 48 are effective February 1, 1982. Sections 14 to 16 are effective April 1, 1982. Section 71 is effective for taxes levied in 1982, payable in 1983 and thereafter.

ARTICLE II

EDUCATION AIDS AND LEVIES

Section 1. [EDUCATION AID REDUCTIONS: SUMMARY.]

The sums set forth in the columns designated "APPROPRIATION REDUCTIONS" are reduced from the general fund appropriations to the department of education. The figures "1982" and "1983" when used in section 2 of this article mean that the appropriation reductions listed are from the appropriations for the fiscal years ending June 30, 1982 or June 30, 1983, respectively.

SUMMARY OF REDUCTIONS

	1982	1983
EDUCATION AIDS	(-0-)	(\$160,900,000)
	APPROPRIATION REDUCTIONS	
	1982	1983

Sec. 2. [APPROPRIATION REDUCTIONS.]

The general fund appropriations in Laws 1981, Chapter 358, as amended by

Laws 1981, First Special Session, Chapter 2, are reduced by the listed amounts. The appropriation reductions in this section are from the portion of the appropriation provided for the current year and not from the portion of the appropriation provided for the prior year.

(a) Foundation Aid (-0-) (\$68,481,500)

The appropriation reduction in paragraph (a) represents four and nine-tenths percent of the formula allowance for foundation aid for fiscal year 1983 payable in fiscal year 1983, plus a reduction due to the one mill levy increase authorized by this article.

(b) Summer School (-0-) (12,066,400)

(c) Transportation Aid (-0-) (34,655,400)

The appropriation reduction in paragraph (c) represents:

(1) the appropriation provided for fiscal year 1983 payable in fiscal year 1983 in Laws 1981, Chapter 358, Article II, Section 15, Subdivision 2, as amended by Laws 1981, First Special Session, Chapter 2, Section 9, Subdivision 2; plus
(2) the proceeds of the two-mill levy authorized by this article; times (3) seven and one-half percent.

(d) Special Education Aid (-0-) (7,076,000)

The appropriation reductions in paragraphs (d) to (k) represent seven and one-half percent of the appropriations provided for fiscal year 1983 payable in fiscal year 1983 in Laws 1981, Chapter 358, as amended by Laws 1981, First Special Session, Chapter 2.

(e) Summer School Special Education Aid (-0-) (366,500)

(f) Handicapped Pupils Placed in
Residential Facilities (-0-) (47,300)

(g) Limited English Proficiency Pupils
Program Aid (-0-) (251,600)

(h) American Indian Language and
Culture Program (-0-) (33,500)

(i) Hearing Impaired Support
Services Aid (-0-) (3,000)

(j) Adult Education Aid (-0-) (84,600)

(k) Community Education Aid (-0-) (240,000)

(l) Post-Secondary Vocational
Instructional Aids (-0-) (3,949,900)

The appropriation reductions in paragraphs (l) to (p) represent eight percent of the appropriations provided for fiscal year 1983 payable in fiscal

year 1983 in Laws 1981, Chapter 358.

(m) Post-Secondary Vocational Supply Aid	(-0-)	(1,186,300)
(n) Post-Secondary Vocational Support Services Aid	(-0-)	(1,215,300)
(o) Post-Secondary Vocational Equipment Aid	(-0-)	(729,600)
(p) Post-Secondary Vocational Repair and Betterment Aid	(-0-)	(95,200)
(q) Adult Vocational Education Aid	(-0-)	(481,400)

The appropriation reductions in paragraphs (q) to (ll) represent a reduction of seven and one-half percent of the appropriations provided for fiscal year 1983 payable in fiscal year 1983 in Laws 1981, Chapter 358.

(r) Adult Vocational Programs in Energy Management for Building Operators	(-0-)	(3,300)
(s) Veteran Farmers Cooperative Training Programs	(-0-)	(44,200)
(t) Secondary Vocational Education Aid	(-0-)	(1,348,300)
(u) Secondary Vocational Programs for Handicapped Children	(-0-)	(159,700)
(v) Health and Developmental Screening Programs	(-0-)	(80,600)
(w) Abatement Aid	(-0-)	(224,100)
(x) Capital Expenditure Equalization Aid	(-0-)	(28,200)
(y) Special Purpose Capital Expenditure Equalization Aid	(-0-)	(4,400)
(z) Educational Cooperative Service Units	(-0-)	(57,700)
(aa) Gifted and Talented Students	(-0-)	(40,800)
(bb) Alternative Grants	(-0-)	(11,300)
(cc) Council on Quality Education Venture Fund Grants	(-0-)	(38,300)
(dd) Early Childhood and Family Education Programs	(-0-)	(95,600)
(ee) Basic Support Grants for Library Services	(-0-)	(273,000)
(ff) Multi-County Library Systems	(-0-)	(11,600)
(gg) Nonpublic Educational Aids	(-0-)	(288,600)
(hh) Indian Education Programs	(-0-)	(11,300)
(ii) Chemical Use Programs	(-0-)	(62,000)
(jj) Extended Leaves of Absence	(-0-)	(118,100)

(kk) Part-time Teaching	(-0-)	(5,700)
(ll) Early Retirement Incentives	(-0-)	(135,400)
(mm) General Reduction	(-0-)	(26,894,300)

The commissioner of education shall apportion the reduction in paragraph (mm) among school districts, public library systems, multi-type library systems, educational cooperative service units, and regional management information systems in the same manner in which he apportioned the education aid reductions made in fiscal year 1981 pursuant to Minnesota Statutes 1980, Sections 16A.15, Subdivision 1, and 124.77, because funds in the state treasury were insufficient.

Sec. 3. Minnesota Statutes 1981 Supplement, Section 16A.15, Subdivision 1, is amended to read:

Subdivision 1. [REDUCTION.] In case the commissioner of finance shall discover at any time that the probable receipts from taxes or other sources for any appropriation, fund, or item will be less than was anticipated, and that consequently the amount available for the remainder of the biennium will be less than the amount estimated or allotted therefor, he shall, with the approval of the governor, and after notice to the agency concerned, either:

(a) after consultation with the legislative advisory commission created by section 3.30, transfer from the budget reserve account established in section 16A.153, to the general fund the amount necessary to balance revenue and expenditures;

(b) reduce the amount allotted or to be allotted so as to prevent a deficit; or

(c) make any combination of transfers and reductions as provided by clauses (a) and (b).

~~Provided, however, no allotment pursuant to an appropriation for state aids, payments, reimbursements or fund transfers to or on behalf of school districts shall be reduced pursuant to this subdivision.~~ In like manner he shall request reduction of the amount allotted or to be allotted to any agency by the amount of any saving which can be effected upon previous spending plans through a reduction in prices or other cause.

Sec. 4. Minnesota Statutes 1981 Supplement, Section 124.2121, Subdivision 4, is amended to read:

Subd. 4. [EQUALIZING FACTOR.] "Equalizing factor" means a number equal to the minimum EARC valuation per actual and AFDC pupil unit which disqualifies a district from earning any basic foundation aid. The equalizing factor for each school year and for levies for use in that school year equals the ratio, rounded to the nearest dollar, of the foundation aid formula allowance for that school year to the basic maintenance mill rate for that school year. *However, the equalizing factor for discretionary and replacement aids for the 1982-1983 school year shall be \$61,565.*

Sec. 5. Minnesota Statutes 1981 Supplement, Section 124.2122, Subdivision 1, is amended to read:

Subdivision 1. [FORMULA ALLOWANCE.] "Foundation aid formula allowance" or "formula allowance" means the amount of revenue per pupil

unit used in the computation of foundation aid for a particular school year and in the computation of permissible levies for use in that school year. The formula allowance shall be \$1,333 for foundation aid for the 1981-1982 school year. The formula allowance shall be ~~\$1,416~~ \$1,346 for 1981 payable 1982 levies and for foundation aid for the 1982-1983 school year.

Sec. 6. Minnesota Statutes 1981 Supplement, Section 124.2122, Subdivision 2, is amended to read:

Subd. 2. [BASIC MAINTENANCE MILL RATE.] "Basic maintenance mill rate" means the mill rate applicable to the adjusted assessed valuation of a district, used in the computation of basic foundation aid for a particular school year and of the basic maintenance levy for use in that school year. The basic maintenance mill rate shall be .021 for the 1980 payable 1981 levy and for foundation aid for the 1981-1982 school year. The basic maintenance mill rate shall be ~~.023~~ .024 for 1981 payable 1982 levies and for foundation aid for the 1982-1983 school year.

Sec. 7. Minnesota Statutes 1981 Supplement, Section 124.2124, Subdivision 1, is amended to read:

Subdivision 1. [REPLACEMENT COMPONENTS.] (a) A district's "fluctuating enrollment replacement component" shall equal the amount of additional foundation aid or basic maintenance levy revenue the district would have received for the 1980-1981 school year if declining or growing enrollment pupil units had been used in the computation of basic foundation aid for 1980-1981 pursuant to Minnesota Statutes 1980, Section 124.212, Subdivision 7c, Clause (1) or of the 1979 basic maintenance levy limitation pursuant to Minnesota Statutes, 1979 Supplement, Section 275.125, Subdivision 2b or 2c.

(b) A district's "sparsity replacement component" shall equal the amount of additional aid the district would have received for the 1980-1981 school year if Minnesota Statutes, 1979 Supplement, Section 124.224 had been effective for 1980-1981.

(c) A district's "basic replacement entitlement" shall equal the sum of its fluctuating enrollment replacement component and its sparsity replacement component, divided by its total pupil units in 1980-1981.

(d) "Replacement inflator" for any school year means the ratio of the foundation aid formula allowance for that school year to \$1,265. *However*, for the 1981-1982 school year, ~~however~~, the replacement inflator shall equal 107 percent, *and for the 1982-1983 school year the replacement inflator shall equal 112 percent.*

(e) A district's "replacement allowance" for each school year shall equal its basic replacement entitlement times the replacement inflator for that school year.

(f) A district's "replacement levy limitation" means its levy limitation computed pursuant to section 275.125, subdivision 6c.

Sec. 8. Minnesota Statutes 1981 Supplement, Section 124.2125, Subdivision 1, is amended to read:

Subdivision 1. [DISCRETIONARY ALLOWANCE; DEFINITION.] "Discretionary allowance" means the amount of revenue per pupil unit used to compute discretionary aid for a particular school year and the discretionary levy for use in that school year. The discretionary allowance shall equal the formula allowance for the school year times the ratio of the discretionary mill rate to the basic maintenance mill rate for levies for use in that school year,

rounded to the nearest cent. *However, the discretionary allowance for the 1981-1982; however, school year shall equal \$64.48, and the discretionary allowance for the 1982-1983 school year shall equal \$138.52.*

Sec. 9. Minnesota Statutes 1981 Supplement, Section 124.225, Subdivision 8a, is amended to read:

Subd. 8a. [AID COMPUTATION.] *Beginning with the 1982-1983 school year a district's aid pursuant to this section for each school year shall equal the district's aid entitlement per weighted FTE determined according to subdivision 7a times the total number of authorized weighted FTE's transported in the district in that school year, minus the amount raised by one mill two mills times the adjusted assessed valuation which is used to compute the transportation levy limitation for the levy attributable to that school year.*

Sec. 10. Minnesota Statutes 1980, Section 275.125, Subdivision 5, is amended to read:

Subd. 5. For school transportation services, a school district may levy an amount not to exceed the amount raised by a levy of ~~one mill two mills~~ times the adjusted assessed valuation of the taxable property of the district for the preceding year. A district may levy under this subdivision for the amount necessary to eliminate any projected deficit in the appropriated fund balance account for bus purchases in its transportation fund as of June 30 in the school year when the levy is recognized as revenue. A district may also levy for transportation costs or other related services which are approved by the commissioner as necessary because of extraordinary traffic hazards for the current fiscal year.

Sec. 11. [1981-1982 TRANSPORTATION AID.]

For the 1981-1982 school year, a district's aid pursuant to Minnesota Statutes 1981 Supplement, Section 124.225, shall equal the district's aid entitlement per weighted FTE determined according to the provisions of Minnesota Statutes 1981 Supplement, Section 124.225, Subdivision 7a, times the total number of authorized weighted FTE's transported in the district in the school year, minus the amount raised by one mill times the adjusted assessed valuation which is used to compute the transportation levy limitation for the levy attributable to the 1981-1982 school year.

Sec. 12. [RECERTIFICATION OF BASIC MAINTENANCE AND TRANSPORTATION LEVIES.]

Subdivision 1. [RECERTIFICATION PERMITTED.] *Notwithstanding the provisions of Minnesota Statutes, Chapters 124 and 275 or any other law to the contrary, by January 22, 1982, a school district may recertify the basic maintenance levy authorized in Minnesota Statutes, Section 275.125, Subdivision 2a, and the transportation levy authorized in Minnesota Statutes, Section 275.125, Subdivision 5, for taxes assessed in 1981, payable in 1982, as provided in this section.*

Subd. 2. [ADDITIONAL AMOUNT OF BASIC MAINTENANCE LEVY.] *The school district may add an amount to the basic maintenance levy up to the lesser of:*

(a) *the difference between*

(1) *the product of*

(A) the estimated number of actual pupil units, as defined in Minnesota Statutes, Section 124.2121, Subdivision 3, Clause (a), in the district in the 1982-1983 school year, times

(B) \$1,346, and

(2) the amount already certified in 1981 by the district for basic maintenance purposes; or

(b) one mill times the 1980 adjusted assessed valuation of the district.

A district in which the basic maintenance levy was computed under the provisions of Minnesota Statutes, Section 275.125, Subdivision 2e, shall not recertify its basic maintenance levy.

Subd. 3. [ADDITIONAL AMOUNT OF TRANSPORTATION LEVY.]
The school district may add an amount to the transportation levy up to one mill times the 1980 adjusted assessed valuation of the district.

Sec. 13. [DECEMBER, 1981 AND JANUARY, 1982 EDUCATION AID PAYMENTS SUSPENDED.]

Notwithstanding the provisions of Minnesota Statutes, Sections 16A.15 and 124.11, or any other law to the contrary, the commissioner of education may suspend payment of some or all state aids, payments, reimbursements and fund transfers from some or all school districts, public library systems, multi-type library systems, educational cooperative service units or regional management information systems in the months of December, 1981 and January, 1982. The commissioner may consider the cash flow requirements of each individual recipient when determining whether to suspend payments of any aid, payments, reimbursements or fund transfers.

Sec. 14. [CERTIFICATION.]

Within ten days of final enactment of this act, with respect to December, 1981 payments, and within ten days of the suspension of January, 1982 payments, the commissioner of education shall certify to each recipient the amount of aids, payments, reimbursements, or fund transfers suspended pursuant to section 13, and shall announce the date by which payment of the suspended amount shall be made. The commissioner shall issue a certificate of unpaid aids for the certified amount to be paid no later than June 30, 1982.

Sec. 15. [REPAYMENT BY END OF FISCAL YEAR.]

Notwithstanding any law to the contrary, by June 30, 1982, the commissioner of finance shall draw warrants in favor of school districts, public library systems, multi-type library systems, educational cooperative service units or regional management information systems for any of the state aids, payments, reimbursements and fund transfers that were suspended by the commissioner of education pursuant to section 13.

Sec. 16. [FOUNDATION AID APPROPRIATION FOR FISCAL YEARS 1984 AND 1985.]

The total amount appropriated for foundation aid for the biennium ending June 30, 1985 shall not exceed the total amount appropriated for foundation aid for the biennium ending June 30, 1983.

Sec. 17. [MINIMUM AID LIMITATION.]

Notwithstanding any law to the contrary, for the purpose of computing the minimum aid guarantee pursuant to Minnesota Statutes 1981 Supplement, Section 124.2126, Subdivision 2, for the 1982-1983 school year, a qualifying district's basic foundation aid shall be computed using a foundation aid formula allowance of \$1346 and a basic maintenance mill rate of .023.

Sec. 18. [REVIEW OF MANDATES.]

During the 1982 regular session, the education committees of the legislature shall review mandates to school districts established by the legislature and the state board of education. It is the intention of the legislature to revise these statutes and rules to provide more flexibility to school districts because of increasing fiscal constraints resulting from reductions in revenue. The mandates which the legislature shall review shall include at least the following: eligibility requirements for receiving certain categorical aids; restrictions on the school district's use of particular funds, including transfers from the capital outlay fund; restrictions on the school district's authority to raise revenue; and restrictions on the school district's authority to reduce expenditures in certain areas.

Sec. 19. [REPEALER.]

Minnesota Statutes 1981 Supplement, Sections 124.20, Subdivision 3; and 275.125, Subdivision 2f, are repealed.

Sec. 20. [EFFECTIVE DATE.]

Sections 1 to 9 and 11 to 19 are effective the day following final enactment. Section 10 is effective for levies certified in 1982 payable 1983.

ARTICLE III

INCOME TAX

Section 1. Minnesota Statutes 1981 Supplement, Section 270.75, is amended to read:

270.75 [INTEREST PAYABLE TO COMMISSIONER.]

Subdivision 1. If any tax payable to the commissioner of revenue or to the department of revenue is not paid within the time specified by law for payment, the unpaid tax shall bear interest *beginning February 1, 1982* at the rate of ~~42~~ 20 percent per annum from the date such tax should have been paid until the date that the tax was paid, unless otherwise provided by law.

Subd. 2. When an extension of time has been granted by the commissioner, interest shall be paid *beginning February 1, 1982* at the rate of ~~42~~ 20 percent per annum from the date such payment should have been made, if no extension had been granted, until the date of payment of such tax.

Subd. 3. If any penalty payable to the commissioner of revenue shall by law bear interest, such penalty shall bear interest *beginning February 1, 1982* at the rate of ~~42~~ 20 percent per annum from the date the penalty was assessable until the date that such penalty was paid, unless a different rate of interest is otherwise provided by law.

Subd. 4. There shall be added to the amount of any underpayment of estimated income tax, computed pursuant to chapter 290, an amount in lieu of interest determined at the rate of ~~42~~ 20 percent per annum *beginning February*

1, 1982.

Subd. 5. The rates of interest or amount in lieu of interest contained in subdivisions 1 to 4 shall be adjusted by the commissioner of revenue not later than October 15 of 1982 and any year thereafter if the adjusted prime rate charged by banks during September of that year, rounded to the nearest full percent, is at least a full percentage point more or less than the interest rate which is then in effect. The adjusted rate of interest or amount in lieu of interest shall be equal to the adjusted prime rate charged by banks, rounded to the nearest full percent, and shall become effective on January 1 of the immediately succeeding year. For purposes of this subdivision, the term "adjusted prime rate charged by banks" means the average predominant prime rate quoted by commercial banks to large businesses, as determined by the Board of Governors of the Federal Reserve System.

Sec. 2. Minnesota Statutes 1981 Supplement, Section 290.01, Subdivision 20, is amended to read:

Subd. 20. [GROSS INCOME.] Except as otherwise provided in this chapter, the term "gross income," as applied to corporations includes every kind of compensation for labor or personal services of every kind from any private or public employment, office, position or services; income derived from the ownership or use of property; gains or profits derived from every kind of disposition of, or every kind of dealing in, property; income derived from the transaction of any trade or business; and income derived from any source; except that gross income shall not include "exempt function income" of a "homeowners association" as those terms are defined in Section 528 of the Internal Revenue Code of 1954, as amended through December 31, 1980.

The term "gross income" in its application to individuals, estates, and trusts shall mean the adjusted gross income as defined in the Internal Revenue Code of 1954, as amended through the date specified herein for the applicable taxable year, with the modifications specified in this subdivision. For estates and trusts the adjusted gross income shall be their federal taxable income as defined in the Internal Revenue Code of 1954, as amended through the date specified herein for the applicable taxable year, with the modifications specified in this subdivision and with the modification that the federal deduction for personal exemptions for trusts and estates shall not be allowed.

(i) The Internal Revenue Code of 1954, as amended through December 31, 1974, shall be in effect for the taxable years beginning after December 31, 1974.

(ii) The Internal Revenue Code of 1954, as amended through December 31, 1976, including the amendments made to section 280A (relating to licensed day care centers) in H.R. 3477 as it passed the Congress on May 16, 1977, shall be in effect for the taxable years beginning after December 31, 1976. The provisions of the Tax Reform Act of 1976, P.L. 94-455, which affect adjusted gross income shall become effective for purposes of this chapter at the same time they become effective for federal income tax purposes. Section 207 (relating to extension of period for nonrecognition of gain on sale or exchange of residence) and section 402 (relating to time for making contributions to pension plans of self employed people) of P.L. 94-12 shall be effective for taxable years beginning after December 31, 1974.

The provisions of section 4 of P.L. 95-458, sections 131, 133, 134, 141,

152, 156, 157, 405, and 543 of P.L. 95-600, and section 2 of P.L. 96-608 (relating to pensions, individual retirement accounts, deferred compensation plans, the sale of a residence and to conservation payments to farmers) including the amendments made to these sections in P.L. 96-222 shall be effective at the same time that these provisions became effective for federal income tax purposes.

(iii) The Internal Revenue Code of 1954, as amended through December 31, 1979, shall be in effect for taxable years beginning after December 31, 1979.

(iv) The Internal Revenue Code of 1954, as amended through December 31, 1980, and as amended by sections 302(b) and 501 to 509 of Public Law Number 97-34, shall be in effect for taxable years beginning after December 31, 1980 including the provisions of section 404 (relating to partial exclusions of dividends and interest received by individuals) of the Crude Oil Windfall Profit Tax Act of 1980, P.L. 96-223. The provisions of P.L. 96-471 (relating to installment sales) and sections 501 to 507, of the Economic Recovery Tax Act of 1981, Public Law Number 97-34 shall be effective at the same time that they become effective for federal income tax purposes.

References to the Internal Revenue Code of 1954 in clauses (a), (b) and (c) following shall mean the code in effect for the purpose of defining gross income for the applicable taxable year.

(a) Modifications increasing federal adjusted gross income. There shall be added to federal adjusted gross income:

(1) Interest income on obligations of any state other than Minnesota or a political subdivision of any other state exempt from federal income taxes under the Internal Revenue Code of 1954;

(2) A business casualty loss if the taxpayer elected to deduct the loss on the current year's federal income tax return but had deducted the loss on the previous year's Minnesota income tax return;

(3) Income taxes imposed by this state or any other taxing jurisdiction, to the extent deductible in determining federal adjusted gross income and not credited against federal income tax;

(4) Interest on indebtedness incurred or continued to purchase or carry securities the income from which is exempt from tax under this chapter, to the extent deductible in determining federal adjusted gross income;

(5) Amounts received as reimbursement for an expense of sickness or injury which was deducted in a prior taxable year to the extent that the deduction for the reimbursed expenditure resulted in a tax benefit;

(6) The amount of any federal income tax overpayment for any previous taxable year, received as refund or credited to another taxable year's income tax liability, proportionate to the percentage of federal income tax that was claimed as a deduction in determining Minnesota income tax for the previous taxable year. The amount of the federal income tax overpayment shall be reported only to the extent that the amount resulted in a reduction of the tax imposed by this chapter.

The overpayment refund or credit, determined with respect to a husband and wife on a joint federal income tax return for a previous taxable year, shall be

reported on joint, combined, or separate Minnesota income tax returns. In the case of combined or separate Minnesota returns, the overpayment shall be reported by each spouse proportionately according to the relative amounts of federal income tax claimed as a deduction on his or her combined or separate Minnesota income tax return for such previous taxable year;

(7) In the case of a change of residence from Minnesota to another state or nation, the amount of moving expenses which exceed total reimbursements and which were therefore deducted in arriving at federal adjusted gross income;

(8) The amount of any increase in the taxpayer's federal tax liability under section 47 of the Internal Revenue Code of 1954 to the extent of the credit under section 38 of the Internal Revenue Code of 1954 that was previously allowed as a deduction either under section 290.01, subdivision 20 (b) (7);

(9) Expenses and losses arising from a farm which are not allowable under section 290.09, subdivision 29;

(10) Expenses and depreciation attributable to substandard buildings disallowed by section 290.101;

(11) The amount by which the gain determined pursuant to section 41.59, subdivision 2 exceeds the amount of such gain included in federal adjusted gross income;

(12) To the extent deducted in computing the taxpayer's federal adjusted gross income for the taxable year, losses recognized upon a transfer of property to the spouse or former spouse of the taxpayer in exchange for the release of the spouse's marital rights;

(13) Interest income from qualified scholarship funding bonds as defined in section 103(e) of the Internal Revenue Code of 1954, if the nonprofit corporation is domiciled outside of Minnesota;

(14) Exempt-interest dividends, as defined in section 852(b)(5)(A) of the Internal Revenue Code of 1954, not included in federal adjusted gross income pursuant to section 852(b)(5)(B) of the Internal Revenue Code of 1954, except for that portion of exempt-interest dividends derived from interest income on obligations of the state of Minnesota, any of its political or governmental subdivisions, any of its municipalities, or any of its governmental agencies or instrumentalities;

(15) The amount of any excluded gain recognized by a trust on the sale or exchange of property as defined in section 641(c)(1) of the Internal Revenue Code of 1954;

(16) ~~An amount equal to one-sixth of any gain from the sale or other disposition of property deducted under sections 1202(a) and 1202(c)(1) of the Internal Revenue Code of 1954 For taxable years beginning after December 31, 1980 but before January 1, 1983, in the case of recovery property within the meaning of section 168 of the Internal Revenue Code of 1954 as amended through December 31, 1981, the amount allowed under section 167 of the Internal Revenue Code;~~

(17) To the extent not included in the taxpayer's federal adjusted gross income, the amount of any gain, from the sale or other disposition of property having a lower adjusted basis for Minnesota income tax purposes than for

federal income tax purposes. This modification shall not exceed the difference in basis. If the gain is considered a long term capital gain for federal income tax purposes, the modification shall be limited to ~~50~~ 40 percent of the portion of the gain. This modification is limited to property that qualified for the energy credit contained in section 290.06, subdivision 14, and to property acquired in exchange for the release of the taxpayer's marital rights contained in section 290.14, clause (9);

(18) The amount of any loss from a source outside of Minnesota which is not allowed under section 290.17 including any capital loss or net operating loss carryforwards or carrybacks resulting from the loss;

(19) The amount of a distribution from an individual housing account which is to be included in gross income as required under section 290.08, subdivision 25;

(20) To the extent deducted in computing the taxpayer's federal adjusted gross income, interest, taxes and other expenses which are not allowed under section 290.10, clause (9) or (10); and

(21) To the extent excluded from federal adjusted gross income, in the case of a city manager or city administrator who elects to be excluded from the public employees retirement association and who makes contributions to a deferred compensation program pursuant to section 353.028, the amount of contributions made by the city manager or administrator which is equal to the amount which would have been the city manager's or administrator's employee contribution pursuant to section 353.27, subdivision 2, if he were a member of the public employees retirement association; and

(22) *For taxable years beginning after December 31, 1980 but before January 1, 1983; in the case of section 179 property within the meaning of the Internal Revenue Code of 1954, the amount allowed as a deduction under section 179 of the Internal Revenue Code.*

(b) Modifications reducing federal adjusted gross income. There shall be subtracted from federal adjusted gross income:

(1) Interest income on obligations of any authority, commission or instrumentality of the United States to the extent includible in gross income for federal income tax purposes but exempt from state income tax under the laws of the United States;

(2) The portion of any gain, from the sale or other disposition of property having a higher adjusted basis for Minnesota income tax purposes than for federal income tax purposes, that does not exceed such difference in basis; but if such gain is considered a long-term capital gain for federal income tax purposes, the modification shall be limited to ~~50~~ 60 per centum of the portion of the gain. This modification shall not be applicable if the difference in basis is due to disallowance of depreciation pursuant to section 290.101.

(3) Interest or dividend income on securities to the extent exempt from income tax under the laws of this state authorizing the issuance of the securities but includible in gross income for federal income tax purposes;

(4) Losses, not otherwise reducing federal adjusted gross income assignable to Minnesota, arising from events or transactions which are assignable to Minnesota under the provisions of sections 290.17 to 290.20, including any

capital loss or net operating loss carryforwards or carrybacks or out of state loss carryforwards resulting from the losses, and including any farm loss carryforwards or carrybacks;

(5) If included in federal adjusted gross income, the amount of any credit received, whether received as a refund or credit to another taxable year's income tax liability, pursuant to chapter 290A, and the amount of any overpayment of income tax to Minnesota, or any other state, for any previous taxable year, whether the amount is received as a refund or credited to another taxable year's income tax liability;

(6) To the extent included in federal adjusted gross income, or the amount reflected as the ordinary income portion of a lump sum distribution under section 402(e) of the Internal Revenue Code of 1954, notwithstanding any other law to the contrary, the amount received by any person (i) from the United States, its agencies or instrumentalities, the Federal Reserve Bank or from the state of Minnesota or any of its political or governmental subdivisions or from any other state or its political or governmental subdivisions, or a Minnesota volunteer firefighter's relief association, by way of payment as a pension, public employee retirement benefit, or any combination thereof, or (ii) as a retirement or survivor's benefit made from a plan qualifying under section 401, 403, 404, 405, 408, 409 or 409A of the Internal Revenue Code of 1954. The maximum amount of this subtraction shall be \$11,000 less the amount by which the individual's federal adjusted gross income, plus the ordinary income portion of a lump sum distribution as defined in section 402(e) of the Internal Revenue Code of 1954, exceeds \$17,000. In the case of a volunteer firefighter who receives an involuntary lump sum distribution of his pension or retirement benefits, the maximum amount of this subtraction shall be \$11,000; this subtraction shall not be reduced by the amount of the individual's federal adjusted gross income in excess of \$17,000;

(7) The amount of any credit to the taxpayer's federal tax liability under section 38 of the Internal Revenue Code of 1954 but only to the extent that the credit is connected with or allocable against the production or receipt of income included in the measure of the tax imposed by this chapter;

(8) To the extent included in the taxpayer's federal adjusted gross income for the taxable year, gain recognized upon a transfer of property to the spouse or former spouse of the taxpayer in exchange for the release of the spouse's marital rights;

(9) The amount of any distribution from a qualified pension or profit sharing plan included in federal adjusted gross income in the year of receipt to the extent of any contribution not previously allowed as a deduction by reason of a change in federal law which was not adopted by Minnesota law for a taxable year beginning in 1974 or later;

(10) Interest, including payment adjustment to the extent that it is applied to interest, earned by the seller of the property on a family farm security loan executed before January 1, 1986 that is guaranteed by the commissioner of agriculture as provided in sections 41.51 to 41.60;

(11) The first \$3,000 of compensation for personal services in the armed forces of the United States or the United Nations, and the next \$2,000 of compensation for personal services in the armed forces of the United States or

the United Nations wholly performed outside the state of Minnesota. This modification does not apply to compensation defined in clause (b)(6);

(12) The amount of any income earned for personal services rendered outside of Minnesota prior to the date when the taxpayer became a resident of Minnesota. This modification does not apply to compensation defined in clause (b)(6);

(13) In the case of wages or salaries paid or incurred on or after January 1, 1977, the amount of any credit for employment of certain new employees under sections 44B and 51 to 53 of the Internal Revenue Code of 1954 which is claimed as a credit against the taxpayer's federal tax liability, but only to the extent that the credit is connected with or allocable against the production or receipt of income included in the measure of the tax imposed by this chapter;

(14) In the case of work incentive program expenses paid or incurred on or after January 1, 1979, the amount of any credit for expenses of work incentive programs under sections 40, 50A and 50B of the Internal Revenue Code of 1954 which is claimed as a credit against the taxpayer's federal tax liability, but only to the extent that the credit is connected with or allocable against the production or receipt of income included in the measure of the tax imposed by this chapter;

(15) Unemployment compensation to the extent includible in gross income for federal income tax purposes under section 85 of the Internal Revenue Code of 1954;

(16) To the extent included in federal adjusted gross income, severance pay that may be treated as a lump sum distribution under the provisions of section 290.032, subdivision 5;

(17) The amount of any income or gain which is not assignable to Minnesota under the provisions of section 290.17;

(18) Minnesota exempt-interest dividends as provided by subdivision 27;

(19) A business casualty loss which the taxpayer elected to deduct on the current year's Minnesota income tax return but did not deduct on the current year's federal income tax return; and

(20) Income from the performance of personal or professional services which is subject to the reciprocity exclusion contained in section 290.081, clause (a);

(21) To the extent included in federal adjusted gross income, in the case of a city manager or city administrator who elects to be excluded from the public employees retirement association and who makes contributions to a deferred compensation program pursuant to section 353.028, the amount of payments from the deferred compensation program equivalent to the amount of contributions taxed under clause (a)(21); and

(22) Contributions to and interest earned on an individual housing account as provided by section 290.08, subdivision 25;

(23) *Interest earned on a contract for deed entered into for the purchase of property for agricultural use if the rate of interest set in the contract is no more than eight percent per year for the duration of the term of the contract. This exclusion shall be available only if (1) the purchaser is an individual who,*

together with his spouse and dependents, has a total net worth valued at less than \$150,000 and (2) the property purchased under the contract is farm land as defined in section 41.52, subdivision 6 of no more than 1,000 acres that the purchaser intends to use for agricultural purposes. Compliance with these requirements shall be stated in an affidavit to be filed with the first income tax return on which the taxpayer claims the exclusion provided in this clause. Upon request accompanied by the information necessary to make the determination, the commissioner shall determine whether interest to be paid on a proposed transaction will qualify for this exclusion; the determination shall be provided within 30 days of receipt of the request, unless the commissioner finds it necessary to obtain additional information, or verification of the information provided, in which case the determination shall be provided within 30 days of receipt of the final item of information or verification. The exclusion provided in this clause shall apply to interest earned on contracts for deed entered into after December 31, 1981 and before July 1, 1983;

(24) For the taxable year beginning after December 31, 1980, but before January 1, 1982, an amount equal to 85 percent of the deduction allowed under section 168 of the Internal Revenue Code of 1954 as amended through December 31, 1981. For the taxable year beginning after December 31, 1981 but before January 1, 1983, 83 percent of the deduction allowed under section 168 of the Internal Revenue Code of 1954 as amended through December 31, 1981. The depreciation adjustments made to basis in the case of recovery property within the meaning of section 168 of the Internal Revenue Code of 1954 as amended through December 31, 1981 shall be the depreciation adjustments made for federal income tax purposes under the Internal Revenue Code of 1954, as amended through December 31, 1981. Adoption of this provision shall not be construed as indicating the intent of the legislature to enact provisions authorizing amortization of the amount of depreciation not excludable under this clause; and

(25) For taxable years beginning after December 31, 1980 but before January 1, 1983, an amount equal to the deduction allowed under section 179 of the Internal Revenue Code of 1954 as amended through December 31, 1981.

(c) A modification affecting shareholders of electing small business corporations under section 1372 of the Internal Revenue Code of 1954 shall be made.

In cases where the election under section 1372 of the Internal Revenue Code of 1954 antedates the election under this chapter and at the close of the taxable year immediately preceding the effective election under this chapter the corporation has a reserve of undistributed taxable income previously taxed to shareholders under the provisions of the Internal Revenue Code of 1954, in the event and to the extent that the reserve is distributed to shareholders the distribution shall be taxed as a dividend for purposes of this chapter.

(d) Amounts transferred from a reserve or other account, if in effect transfers to surplus, shall, to the extent that the amounts were accumulated through deductions from gross income or entered into the computation of taxable net income during any taxable year, be treated as gross income for the year in which the transfer occurs, but only to the extent that the amounts resulted in a reduction of the tax imposed by this chapter and amounts received as refunds on account of taxes deducted from gross income during any taxable year shall

be treated as gross income for the year in which actually received, but only to the extent that such amounts resulted in a reduction of the tax imposed by this chapter.

(e) **Modification in computing taxable income of the estate of a decedent.** Amounts allowable under section 291.07, subdivision 1, clause (2) in computing Minnesota inheritance or estate tax liability shall not be allowed as a deduction (or as an offset against the sales price of property in determining gain or loss) in computing the taxable income of the estate or any person unless there is filed within the time and in the manner and form prescribed by the commissioner a statement that the amounts have not been allowed as a deduction under section 291.07 and a waiver of the right to have the amounts allowed at any time as deductions under section 291.07. The provisions of this paragraph shall not apply with respect to deductions allowed under section 290.077 (relating to income in respect of decedents). In the event that the election made for federal tax purposes under section 642(g) of the Internal Revenue Code of 1954 differs from the election made under this paragraph appropriate modification of the estate's federal taxable income shall be made to implement the election made under this paragraph in accordance with regulations prescribed by the commissioner.

Sec. 3. Minnesota Statutes 1981 Supplement, Section 290.06, Subdivision 1, is amended to read:

Subdivision 1. **[COMPUTATION, CORPORATIONS.]** The privilege and income taxes imposed by this chapter upon corporations shall be computed by applying to their taxable net income in excess of the applicable deductions allowed under section 290.21 the ~~rate of~~ following rates:

(1) *On the first \$25,000, for the first taxable year beginning after December 31, 1981 and before January 1, 1983 nine percent and, for taxable years beginning after December 31, 1982, six percent; provided that, in the case of a corporation having taxable net income allocated to this state pursuant to the provisions of section 290.19 or 290.20, the amount of income subject to this rate shall be that proportion of \$25,000 which its income allocable to this state bears to its total taxable net income; and*

(2) *On the remainder, 12 percent.*

Sec. 4. Minnesota Statutes 1980, Section 290.06, is amended by adding a subdivision to read:

Subd. 2e. **[ADDITIONAL INCOME TAX.]** *In addition to the tax computed pursuant to subdivisions 2c and 2d or subdivision 3d, there is hereby imposed an additional income tax on individuals, estates, and trusts, other than those taxable as corporations. The additional tax shall be computed by applying the following rates to the tax computed pursuant to subdivision 3d or, in the case of an individual who does not qualify for the low income alternative tax and estates and trusts, the tax computed pursuant to subdivisions 2c and 2d and sections 290.032 and 290.091 less the credits allowed by sections 290.06, subdivisions 3e, 3f, 9, 9a, 11 and 14; and 290.081.*

(1) *For taxable years beginning after December 31, 1981, but before January 1, 1983, seven percent;*

(2) *For taxable years beginning after December 31, 1982, but before Jan-*

uary 1, 1984, 3.5 percent.

On October 1, 1983 the commissioner of finance shall determine the amount of the state's unrestricted general fund balance at the close of the 1982-1983 biennium. If this amount is more than \$150,000,000, the commissioner shall reduce the rate of the surtax in effect for taxable years beginning after December 31, 1982 and before January 1, 1984, so that the amount of revenue raised by the surtax results in a fund balance of no more than \$150,000,000, provided that the rate so determined shall be rounded upward to the next one-tenth of one percent and no adjustment shall be required if the change in the rate of the surtax would be less than one-tenth of one percent.

Sec. 5. [ADJUSTMENT TO WITHHOLDING AND DECLARATIONS.]

For taxable years beginning after December 31, 1982, but before January 1, 1984, the commissioner of revenue shall adjust the withholding tables, notwithstanding section 290.92, subdivision 2a, so that the entire amount of the additional tax imposed by section 4 for the year, is withheld and remitted by employers during the first six months of the taxable year.

For the same period, the commissioner shall require that declarations filed during the first six months of the taxable year by individuals, estates, and trusts shall include the additional tax imposed by section 4.

Sec. 6. [290.068] [CREDIT FOR RESEARCH AND EXPERIMENTAL EXPENDITURES.]

Subdivision 1. [CREDIT ALLOWED.] In addition to the deduction provided in section 290.09, a credit shall be allowed equal to ten percent of research and experimental expenditures paid or incurred in Minnesota during the taxable year.

Subd. 2. [DEFINITION.] For purposes of this section "research and experimental expenditures" means expenditures incurred in Minnesota which qualify for the deduction provided in section 290.09, subdivision 18, to the extent the expenditures exceed the average of the three preceding taxable years' qualifying expenditures under section 290.09, subdivision 18, incurred in Minnesota. If the taxpayer has not conducted trade or business in Minnesota for the three preceding taxable years, the average expenditures incurred shall be determined by dividing the expenditures by the lesser number of complete prior taxable years. If there has been less than one prior taxable year of trade or business conducted in Minnesota the average expenditures for the three preceding taxable years shall be zero.

Subd. 3. [LIMITATION.] The credit for the taxable year shall not exceed \$300,000 or ten percent of the liability for tax, whichever is less. "Liability for tax" for purposes of this section means the tax imposed under this chapter for the taxable year reduced by the sum of the credits allowed under section 290.06, except the credit allowed under section 290.06, subdivision 13.

If the credit determined under subdivision 2 exceeds this limitation, the excess shall be a credit carryback to each of the three preceding taxable years and a credit carryover to each of the seven succeeding taxable years, provided the aggregate of the credit for the taxable year and any carryover and carryback credits shall not exceed \$300,000 or ten percent of the liability for tax, whichever is less. The entire amount of the excess unused credit for the taxable

year shall be carried first to the earliest of the taxable years to which the credit may be carried and then to each successive year to which the credit may be carried.

Sec. 7. Minnesota Statutes 1981 Supplement, Section 290.09, Subdivision 3, is amended to read:

Subd. 3. [INTEREST.] (a) All interest paid or accrued within the taxable year on indebtedness, except as hereinafter provided.

(b) Interest paid or accrued within the taxable year on indebtedness incurred or continued to purchase or carry obligations or securities the income from which is excludable from gross income under sections 290.01, subdivision 20 or 290.08, or shares of a regulated investment company which during the taxable year of the holder thereof distributes Minnesota exempt-interest dividends as defined in section 290.01, subdivision 27, or on indebtedness described in section 264(a)(2) and (3), (b) and (c) (relating to life insurance) of the Internal Revenue Code of 1954, as amended through December 31, 1980 shall not be allowed as a deduction.

(c) If personal property or educational services are purchased under a contract the provisions of section 163(b) of the Internal Revenue Code of 1954, as amended through December 31, 1980 shall apply.

(d) A cash basis taxpayer may elect to deduct interest as it accrues on a reverse mortgage loan as defined in section 47.58, subdivision 1, rather than when it is actually paid. This election must be made, if at all, in the first taxable year in which it is available to the cash basis taxpayer and, if made, shall be binding on the taxpayer for each subsequent taxable year until maturity of the loan.

(e) In the case of a taxpayer other than a corporation, the amount of interest on investment indebtedness allowable as a deduction shall be allowed and limited as set forth in section 163(d) of the Internal Revenue Code of 1954, as amended through December 31, 1980. The limitation prescribed in section 163(d)(1)(A) for married individuals who file separate returns shall also apply to married individuals who file separately on one return.

(f) A taxpayer may not deduct interest on indebtedness incurred or continued to purchase or carry obligations or shares, or to make deposits or other investments, the interest on which is described in section 116(c) of the Internal Revenue Code of 1954, as amended through December 31, 1980 to the extent such interest is excludable from gross income under section 116 of the Internal Revenue Code of 1954 as amended through December 31, 1980. *Interest and carrying costs in the case of straddles shall be treated as provided in section 263(g) of the Internal Revenue Code of 1954, as amended through December 31, 1981.*

Sec. 8. Minnesota Statutes 1981 Supplement, Section 290.09, Subdivision 7, is amended to read:

Subd. 7. [DEPRECIATION.] (A) [CUMULATIVE DEPRECIATION.] (a) There shall be allowed as a depreciation deduction a reasonable allowance for the exhaustion, wear and tear (including a reasonable allowance for obsolescence):

(1) of property used in the trade or business, or

(2) of property held for the production of income.

(b) The term "reasonable allowance" as used in clause (a) shall include (but shall not be limited to) an allowance computed in accordance with regulations prescribed by the commissioner, under any of the following methods:

(1) the straight line method.

(2) the declining balance method, using a rate not exceeding twice the rate which would have been used had the annual allowance been computed under the method described in paragraph (1).

(3) the sum of the years-digits method, and

(4) any other consistent method productive of an annual allowance, which, when added to all allowances for the period commencing with the taxpayer's use of the property and including the taxable year, does not, during the first two-thirds of the useful life of the property, exceed the total of such allowances which would have been used had such allowances been computed under the method described in (2). Nothing in this clause (b) shall be construed to limit or reduce an allowance otherwise allowable under clause (a).

(c) *For purposes of this subdivision "reasonable allowance" shall not include the accelerated cost recovery system provisions of section 168 of the Internal Revenue Code of 1954, as amended through December 31, 1981, except as provided in this subdivision unless specifically authorized by legislation enacted after the final enactment of this section. In the case of recovery property within the meaning of section 168 of the Internal Revenue Code of 1954, as amended through December 31, 1981, the term "reasonable allowance" as used in clause (a) shall mean 85 percent of the deduction allowed pursuant to section 168 of the Internal Revenue Code of 1954 for taxable years beginning after December 31, 1980 and before January 1, 1982; and 83 percent of the deduction allowed pursuant to section 168 of the Internal Revenue Code of 1954 for taxable years beginning after December 31, 1981 and before January 1, 1983.*

(d) Paragraphs (2), (3), and (4) of clause (b) shall apply only in the case of property (other than intangible property) described in clause (a) with a useful life of three years or more.

(1) the construction, reconstruction, or erection of which is completed after December 31, 1958, and then only to that portion of the basis which is properly attributable to such construction, reconstruction, or erection after December 31, 1958, or

(2) acquired after December 31, 1958, if the original use of such property commenced with the taxpayer and commences after such date.

(d) (e) Where, under regulations prescribed by the commissioner, the taxpayer and the commissioner have, after June 30, 1959, entered into an agreement in writing specifically dealing with the useful life and rate of depreciation of any property, the rate so agreed upon shall be binding on both the taxpayer and the commissioner in the absence of facts or circumstances not taken into consideration in the adoption of such agreement. The responsibility of establishing the existence of such facts and circumstances shall rest with the party initiating the modification. Any change in the agreed rate and useful life specified in the agreement shall not be effective for taxable years before the

taxable year in which notice in writing by certified mail is served by the party to the agreement initiating such change.

(e) (f) In the absence of an agreement under clause (d) containing a provision to the contrary, a taxpayer may at any time elect in accordance with regulations prescribed by the commissioner to change from the method of depreciation prescribed in clause (b) (2) to the method described in clause (b) (1).

(f) (g) The basis on which exhaustion, wear and tear, and obsolescence are to be allowed in respect of any property shall be the adjusted basis provided in sections 290.131 to 290.139, 290.14 and 290.15 for the purpose of determining the gain on the sale or other disposition of such property *except that in the case of recovery property within the meaning of section 168 of the Internal Revenue Code as amended through December 31, 1981, for taxable years beginning after December 31, 1980 but before January 1, 1983, the depreciation adjustment to basis shall be the same as the depreciation adjustments under the Internal Revenue Code of 1954 as amended through December 31, 1981.*

(g) (h) In the case of property held by one person for life with remainder to another person, the deduction shall be computed as if the life tenant were the absolute owner of the property and shall be allowed to the life tenant. In the case of property held in trust the allowable deduction shall be apportioned between the income beneficiary and the trustee in accordance with the pertinent provisions of the instrument creating the trust, or, in the absence of such provisions, on the basis of the trust income allocable to each. In the case of an estate, the allowable deduction shall be apportioned between the estate and the heirs, legatees, and devisees on the basis of the income of the estate allocable to each.

(h) (i) In the case of buildings or other structures or improvements constructed or made on leased premises by a lessee, and the fixtures and machinery therein installed, the lessee alone shall be entitled to the allowance of this deduction.

(B) [FIRST YEAR DEPRECIATION.] (a) In the case of section 1 property, the term "reasonable allowance" as used in subdivision 7, may, at the election of the taxpayer, include an allowance, for the first taxable year for which a deduction is allowable under subdivision 7, to the taxpayer with respect to such property, of 20 percent of the cost of such property. *For taxable years beginning after December 31, 1980 and before January 1, 1983, in the case of recovery property within the meaning of section 168 of the Internal Revenue Code of 1954, as amended through December 31, 1981, the first year depreciation allowance shall be the allowance for federal income tax purposes under section 179 of the Internal Revenue Code of 1954, as amended through December 31, 1981.*

(b) If in any one taxable year the cost of section 1 property with respect to which the taxpayer may elect an allowance under (a) for such taxable year exceeds \$10,000, then (a) shall apply with respect to those items selected by the taxpayer, but only to the extent of an aggregate cost of \$10,000. In the case of a husband and wife who file a joint return under section 290.38 for the taxable year, the limitation under the preceding sentence shall be \$20,000 in lieu of \$10,000.

(c) (1) The election under this subdivision for any taxable year shall be made

within the time prescribed by law (including extensions thereof) for filing the return for such taxable year. The election shall be made in such manner as the commissioner may by regulations prescribe.

(2) Any election made under this subdivision may not be revoked except with the consent of the commissioner.

(d) (1) For purposes of this subdivision, the term "Section 1 property" means tangible personal property (excluding buildings and structures)

(A) of a character subject to the allowance for depreciation under subdivision 7.

(B) acquired by purchase after December 31, 1958, for use in a trade or business or for holding for production of income, and

(C) with a useful life (determined at the time of such acquisition) of six years or more.

(2) For purposes of paragraph (1), the term "purchase" means any acquisition of property, but only if

(A) the property is not acquired from a person whose relationship to the person acquiring it would result in the disallowance of losses under section 290.10(6),

(B) the property is not acquired by one component member of a controlled group from another component member of the same controlled group, and

(C) the basis of the property in the hands of the person acquiring it is not determined

(i) in whole or in part by reference to the adjusted basis of such property in the hands of the person from whom acquired, or

(ii) under section 290.14(4) (relating to property acquired from a decedent).

(3) For purposes of this subdivision, the cost of property does not include so much of the basis of such property as is determined by reference to the basis of other property held at any time by the person acquiring such property.

(4) This subdivision shall not apply to trusts.

(5) In the case of an estate, any amount apportioned to an heir, legatee, or devisee shall not be taken into account in applying (B) of this subdivision to section 1 property of such heir, legatee, or devisee not held by such estate.

(6) For purposes of (B) of this subdivision

(A) all component members of a controlled group shall be treated as one taxpayer, and

(B) the commissioner shall apportion the dollar limitation contained in such (B) among the component members of such controlled group in such manner as he shall by regulations prescribe.

(7) For purposes of paragraphs (2) and (6), the term "controlled group" has the meaning assigned to it by section 1563(a) of the Internal Revenue Code of 1954, as amended through December 31, 1979, except that, for such purposes, the phrase "more than 50 percent" shall be substituted for the phrase "at least 80 percent" each place it appears in section 1563(a)(1) of the Internal Revenue

Code of 1954, as amended through December 31, 1979.

Sec. 9. Minnesota Statutes 1981 Supplement, Section 290.091, is amended to read:

290.091 [MINIMUM TAX ON PREFERENCE ITEMS.]

In addition to all other taxes imposed by this chapter there is hereby imposed, a tax which, in the case of a resident individual, shall be equal to 40 percent of the amount of the taxpayer's minimum tax liability for tax preference items pursuant to the provisions of sections 55 to 58 and 443(d) of the Internal Revenue Code of 1954 as amended through December 31, 1980 except that for purposes of the tax imposed by this section, capital gain as defined in section 57(a) of the Internal Revenue Code shall not include that portion of any gain occasioned by sale, transfer or the granting of a perpetual easement pursuant to any eminent domain proceeding or threat thereof as described in section 290.13, subdivision 5. This modification shall apply to the years in which the gain or reduction in loss is actually included in federal adjusted gross income even though amounts received pursuant to the eminent domain proceedings were received in prior years. ~~In the case of a taxpayer other than a corporation, an amount equal to one-half of the net capital gain for the taxable year shall be used as the definition of capital gain in place of the deduction determined under section 1202 of the Internal Revenue Code.~~ In the case of a resident individual, having preference items which could not be taken to reduce income from sources outside the state pursuant to section 290.17, subdivision 1, or any other taxpayer the tax shall equal 40 percent of that federal liability, multiplied by a fraction the numerator of which is the amount of the taxpayer's preference item income allocated to this state pursuant to the provisions of sections 290.17 to 290.20, and the denominator of which is the taxpayer's total preference item income for federal purposes.

Sec. 10. Minnesota Statutes 1980, Section 290.16, Subdivision 4, is amended to read:

Subd. 4. [DEDUCTIONS FOR CAPITAL GAINS.] If for any taxable year the net long-term capital gain exceeds the net short-term capital loss, ~~50~~ 60 percent of the amount of such excess shall be a deduction from gross income.

Sec. 11. Minnesota Statutes 1980, Section 290.16, Subdivision 15, is amended to read:

Subd. 15. [GAIN FROM DISPOSITIONS OF CERTAIN DEPRECIABLE PROPERTY.] For purposes of this subdivision "depreciable property" shall mean "Section 1245 property" as that phrase is defined in Section 1245(a) (3) of the Internal Revenue Code of 1954, as amended through December 31, 1979.

In determining net income of any corporate taxpayer, the gain realized from the disposition of "depreciable property" shall be treated in the same manner as is provided by Section 1245 of the Internal Revenue Code of 1954, as amended through December 31, 1979 and regulations adopted pursuant thereto *except that the determination shall be made using the basis computed under this chapter.*

Sec. 12. Minnesota Statutes 1980, Section 290.16, Subdivision 16, is amended to read:

Subd. 16. [GAIN FROM DISPOSITION OF CERTAIN DEPRECIABLE REALTY.] For purposes of this subdivision "depreciable realty" shall mean "Section 1250 realty" as that phrase is defined in Section 1250(c) of the Internal Revenue Code of 1954, as amended through December 31, 1979.

In determining net income of any corporate taxpayer, the gain realized from the disposition of "depreciable realty" shall be treated in the same manner as is provided by Section 1250 of the Internal Revenue Code of 1954, as amended through December 31, 1979, and regulations adopted pursuant thereto *except that the determination shall be made using the basis computed under this chapter.*

Sec. 13. Minnesota Statutes 1981 Supplement, Section 290.17, Subdivision 2, is amended to read:

Subd. 2. [OTHER TAXPAYERS.] In the case of taxpayers not subject to the provisions of subdivision 1, items of gross income shall be assigned to this state or other states or countries in accordance with the following principles:

(1) The entire income of all resident or domestic taxpayers from compensation for labor or personal services, or from a business consisting principally of the performance of personal or professional services, shall be assigned to this state, and the income of nonresident taxpayers from such sources shall be assigned to this state if, and to the extent that, the labor or services are performed within it; all other income from such sources shall be treated as income from sources without this state;

(2) Income from the operation of a farm shall be assigned to this state if the farm is located within this state and to other states only if the farm is not located in this state. Income and gains received from tangible property not employed in the business of the recipient of such income or gains, and from tangible property employed in the business of such recipient if such business consists principally of the holding of such property and the collection of the income and gains therefrom, shall be assigned to this state if such property has a situs within it, and to other states only if it has no situs in this state. Income or gains from intangible personal property not employed in the business of the recipient of such income or gains, and from intangible personal property employed in the business of such recipient if such business consists principally of the holding of such property and the collection of the income and gains therefrom, wherever held, whether in trust, or otherwise, shall be assigned to this state if the recipient thereof is domiciled within this state; income or gains from intangible personal property wherever held, whether in trust or otherwise shall be assigned to this state if the recipient of such income or gains is domiciled within this state, or if the grantor of any trust is domiciled within this state and such income or gains would be taxable to such grantor under section 290.25 or 290.29;

(3) Income derived from carrying on a trade or business, including in the case of a business owned by natural persons the income imputable to the owner for his services and the use of his property therein, shall be assigned to this state if the trade or business is conducted wholly within this state, and to other states if conducted wholly without this state. This provision shall not apply to business income subject to the provisions of clause (1);

(4) When a trade or business is carried on partly within and partly without

this state, the entire income derived from such trade or business, including income from intangible property employed in such business and including, in the case of a business owned by natural persons, the income imputable to the owner for his services and the use of his property therein, shall be governed, except as otherwise provided in sections 290.35 and 290.36, by the provisions of section 290.19, notwithstanding any provisions of this section to the contrary. This shall not apply to business income subject to the provisions of clause (1), *nor shall it apply to income from the operation of a farm which is subject to the provisions of clause (2)*. For the purposes of this clause, a trade or business located in Minnesota is carried on partly within and partly without this state if tangible personal property is sold by such trade or business and delivered or shipped to a purchaser located outside the state of Minnesota.

If the trade or business carried on wholly or partly in Minnesota is part of a unitary business, the entire income of that unitary business shall be subject to apportionment under section 290.19. The term "unitary business" shall mean a number of business activities or operations which are of mutual benefit, dependent upon, or contributory to one another, individually or as a group. Unity shall be presumed whenever there is unity of ownership, operation, and use, evidenced by centralized management or executive force, centralized purchasing, advertising, accounting, or other controlled interaction. Unity of ownership will not be deemed to exist unless the corporation owns more than 50 percent of the voting stock of the other corporation.

The entire income of a unitary business, including all income from each activity, operation or division, shall be subject to apportionment as provided in section 290.19. None of the income of a unitary business shall be considered as derived from any particular source and none shall be allocated to any particular place except as provided by the applicable apportionment formula.

In determining whether or not intangible property is employed in a unitary business carried on partly within and partly without this state so that income derived therefrom is subject to apportionment under section 290.19 the following rules and guidelines shall apply.

(a) Intangible property is employed in a business if the business entity owning intangible property holds it as a means of furthering the business operation of which a part is located within the territorial confines of this state.

(b) Where a business operation conducted in Minnesota, is owned by a business entity which carries on business activity outside of the state different in kind from that conducted within this state, and such other business is conducted entirely outside the state, it will be presumed that the two business operations are unitary in nature, interrelated, connected and interdependent unless it can be shown to the contrary.

(5) In the case of a nonresident who is liable for payment of a penalty for having withdrawn funds from an individual housing account established pursuant to section 290.08, subdivision 25, the amount so withdrawn and for which a deduction was allowed shall be an item of income assignable to this state, and the penalty tax of ten percent shall remain an additional liability of that taxpayer.

(6) For purposes of this section, amounts received by a non-resident from the United States, its agencies or instrumentalities, the Federal Reserve Bank, the

state of Minnesota or any of its political or governmental subdivisions, or a Minnesota volunteer fireman's relief association, by way of payment as a pension, public employee retirement benefit, or any combination thereof, or as a retirement or survivor's benefit made from a plan qualifying under section 401, 403, 404, 405, 408, 409 or 409A of the Internal Revenue Code of 1954, as amended through December 31, 1979, are not considered income derived from carrying on a trade or business or from performing personal or professional services in Minnesota, and are not taxable under this chapter.

(7) All other items of gross income shall be assigned to the taxpayer's domicile.

Sec. 14. Minnesota Statutes 1981 Supplement, Section 290.21, Subdivision 4, is amended to read:

Subd. 4. (a) 85 percent of dividends received by a corporation during the taxable year from another corporation, when the corporate stock with respect to which dividends are paid does not constitute the stock in trade of the taxpayer or would not be included in the inventory of the taxpayer, or does not constitute property held by the taxpayer primarily for sale to customers in the ordinary course of his trade or business, or when the trade or business of the taxpayer does not consist principally of the holding of the stocks and the collection of the income and gains therefrom. The remaining 15 percent shall be allowed if the recipient owns 80 percent or more of all the voting stock of such other corporation, and the dividends were paid from income arising out of business done in this state by the corporation paying such dividends; but if the income out of which the dividends are declared was derived from business done within and without this state, then so much of the remainder shall be allowed as a deduction as the amount of the taxable net income of the corporation paying the dividends assignable or allocable to this state bears to the entire net income of the corporation, such rate being determined by the returns under this chapter of the corporation paying such dividends for the taxable year preceding the distribution thereof; the burden shall be on the taxpayer of showing that the amount of remainder claimed as a deduction has been received from income arising out of business done in this state,

(b) if the trade or business of the taxpayer consists principally of the holding of the stocks and the collection of the income and gains therefrom, dividends received by a corporation during the taxable year from another corporation, if the recipient owns 80 percent or more of all the voting stock of such other corporation, from income arising out of business done in this state by the corporation paying such dividends; but, if the income out of which the dividends are declared was derived from business done within and without this state, then so much of the dividends shall be allowed as deduction as the amount of the taxable net income of the corporation paying the dividends assignable or allocable to this state bears to the entire net income of the corporation, such rate being determined by the returns under this chapter of the corporation paying such dividends for the taxable year preceding the distribution thereof. The burden shall be on the taxpayer of showing that the amount of dividends claimed as a deduction has been received from income arising out of business done in this state.

(c) The dividend deduction provided in this subdivision shall be allowed only with respect to dividends that are included in a corporation's Minnesota

taxable net income for the taxable year.

(d) In the case of a corporation, which is permitted or required to file a combined report under section 290.34, subdivision 2, dividends shall be excluded from the income of the recipient to the extent the dividends are already included as income on the combined report.

Sec. 15. Minnesota Statutes 1980, Section 290.34, Subdivision 2, is amended to read:

Subd. 2. [AFFILIATED OR RELATED CORPORATIONS, CONSOLIDATED STATEMENTS.] When a corporation which is required to file an income tax return is affiliated with or related to any other corporation through stock ownership by the same interests or as parent or subsidiary corporations, or has its income regulated through contract or other arrangement, the commissioner of revenue may permit or require such consolidated statements combined report as, in his opinion, are necessary in order to determine the taxable net income received by any one of the affiliated or related corporations. For purposes of computing either the arithmetic average or weighted apportionment formulas under section 290.19, subdivision 1 for each corporation involved, the numerator of the fraction shall be that corporation's sales, property, or payroll in Minnesota and the denominator shall be the total sales, payroll, and property of all the corporations shown on the combined report. The combined report shall reflect the income of the entire unitary business as provided in section 290.17, subdivision 2, clause (4). The combined report shall reflect income only from corporations created or organized in the United States or under the laws of the United States or of any state. Specifically, it is the intent of the legislature to adopt the combined reporting method provided in *Butler Brothers v. McColgan*, 111 P. 2d 334, and 315 U.S. 501, and *Edison California Stores v. McColgan*, 183 P. 2d 16 and to treat all income as business income to the maximum extent allowable under *Mobil Oil Corporation v. Commissioner of Taxes of Vermont*, 445 U.S. 425. This subdivision shall not apply to insurance companies whose income is determined under section 290.35.

Sec. 16. Minnesota Statutes 1980, Section 290.361, Subdivision 2, is amended to read:

Subd. 2. [COMPUTATION OF TAXABLE NET INCOME.] The taxable net income shall be computed in the manner provided by this chapter except that in the case of national and state banks: (a) the ~~rate~~ rates shall be 42 percent as established in section 290.06, subdivision 1; (b) the basic date for the purpose of computing gain or loss and depreciation shall be January 1, 1940, instead of January 1, 1933; (c) property consisting of investments in bonds, stocks, notes, debentures, mortgages, certificates, or any evidence of indebtedness, and any property acquired in liquidation thereof when such property is held for investment or for sale, shall not be deemed to be capital assets; and (d) in computing net income there shall be allowable as a deduction from gross income, in addition to deductions otherwise provided for in this chapter, any dividend (not including any distribution in liquidation) paid, within the taxable year, to the United States or to any instrumentality thereof exempt from federal income taxes, on the preferred stock of the bank owned by the United States or such instrumentality.

Sec. 17. Minnesota Statutes 1981 Supplement, Section 290.53, Subdivision

1, is amended to read:

Subdivision 1. [FAILURE TO PAY TAX.] If any tax imposed by this chapter is not paid within the time herein specified for the payment thereof, or within 30 days after final determination of an appeal to the tax court relating thereto *if the taxpayer is not required to pay the amount in dispute pending appeal under section 18*, there shall be added thereto a specific penalty equal to ten percent of the amount so remaining unpaid. Such penalty shall be collected as part of said tax, and the amount of said tax not timely paid, together with said penalty shall bear interest at the rate specified in section 270.75 from the time such tax should have been paid until paid. Interest accruing upon the tax due as disclosed by the return or upon the amount determined as a deficiency from the date prescribed for the payment of the tax (if the tax is payable in installments, from the date the installment or installments become due and payable under the provisions of section 290.45, subdivision 1) shall be added to the tax and be collected as a part thereof. Where an extension of time for payment has been granted under section 290.45, subdivision 2, interest shall be paid at the rate specified in section 270.75 from the date when such payment should have been made if no extension had been granted, until such tax is paid. If payment is not made at the expiration of the extended period the penalties provided in this section shall apply.

Sec. 18. [290.531] [PAYMENT OF TAX PENDING APPEAL.]

When a taxpayer appeals his tax liability under chapter 290 to the tax court, and the amount in dispute is more than \$4,000, the entire amount of the tax shall be paid at the time it is due unless permission to continue prosecution of the petition without payment is obtained as provided herein. The petitioner, upon ten days notice to the commissioner, may apply to the court for permission to continue prosecution of the petition without payment; and, if it is made to appear

(1) That the proposed review is to be taken in good faith;

(2) That there is probable cause to believe that the taxpayer may be held exempt from the tax or that the tax may be determined to be less than 50 percent of the amount due; and

(3) That it would work a substantial hardship upon petitioner to pay the tax,

the court may permit the petitioner to continue prosecution of the petition without payment, or may fix a lesser amount to be paid as a condition of continuing the prosecution of the petition.

Failure to make payment of the amount required when due shall operate automatically to dismiss the petition and all proceedings thereunder unless the payment is waived by an order of the court permitting the petitioner to continue prosecution of the petition without payment.

Sec. 19. Minnesota Statutes 1980, Section 299.08, is amended to read:

299.08 [LIEN; PAYMENT OF TAX.]

The situs of royalty, for all purposes of this chapter, shall be in this state; and the tax herein provided for shall be a specific lien from the time the royalty accrues upon all and singular the right, title, and interest of the person to whom such royalty is payable, in and to the land, for permission to explore, mine,

take out, and remove ore on which the royalty is paid, and shall be a specific lien upon such royalties as they accrue. Every person paying royalty to another which is subject to tax hereunder, upon which the royalty tax has not been paid, shall withhold the amount of the tax upon such royalty and remit the same to the commissioner of revenue at the time the royalty is paid. Such payment shall operate to discharge to that extent the liability of the person paying such royalty to the royalty recipient. In addition thereto, he shall withhold any additional amounts certified pursuant to section 299.012, subdivision 3. At the time of such payment he shall file with the commissioner of revenue a report thereof on forms to be prescribed by the commissioner of revenue. If any person paying royalty to another shall fail to withhold the tax thereon or the penalty imposed by section 299.06, after notice thereof as therein provided, and pay the same to the commissioner of revenue, he shall be liable for the amount of such tax and penalty, with interest at the rate of ~~42~~ 20 percent per annum, *adjusted as provided in section 1*, from the time the same should have been paid, to be recovered in an action by the attorney general for and on behalf of the state. The commissioner of revenue, may, upon petition of any royalty payor or recipient, upon such conditions as he may impose, permit the paying of the tax in one annual payment instead of as such royalty accrues, in which case such annual payment shall be made at such times as the commissioner of revenue directs, not later than June 30 of the year following the accrual of the royalty. No such extension of time shall be granted unless, as one of the conditions thereof, the royalty payor shall guarantee the payment of the tax.

In the event the royalty is paid in ore instead of in cash the tax provided for herein shall be a specific lien upon the ore apportioned to the royalty recipient; or, if such ore be not apportioned, upon the royalty recipient's interest in the ore mined, and such ore shall not be shipped from this state unless:

- (1) The royalty tax be paid; or
- (2) A bond be given to secure such payment, upon a form and with sureties approved by the commissioner of revenue, in an amount 25 percent in excess of his estimate of the tax; or
- (3) The estimated amount of the tax, such estimate to be made by the commissioner of revenue, be deposited with the state treasurer as security for such payment; or
- (4) The payment of the tax be guaranteed or secured in some other manner satisfactory to the commissioner of revenue.

Sec. 20. Minnesota Statutes 1980, Section 299.10, is amended to read:

299.10 [PENALTY FOR NON-PAYMENT; COLLECTION OF DELINQUENT TAX.]

If the tax herein provided for is not paid by July 15 of the year when due and payable a penalty of ten percent thereof shall immediately accrue and thereafter ~~one percent per month~~ 20 percent per annum, *adjusted as provided in section 1*, shall be added to such tax while it remains unpaid. On July 16, of each year, the commissioner of revenue shall deliver a certification of unpaid liability to the attorney general, whose duty it shall be to bring an action in the district court of Ramsey county for the amount of such tax, together with penalties, interest, and costs of the proceedings; and the judgment of the court, when so obtained and properly docketed, shall be a lien upon all right, title, and interest

of the taxpayer to the land upon which such tax is a lien from the time the same is docketed; and the lien shall continue without limitation, with interest at the rate of one percent per month, and the property may be sold in satisfaction of the judgment in the same manner as provided by law for the sale of property upon execution.

Sec. 21. Minnesota Statutes 1980, Section 340.492, is amended to read:

340.492 [MANNER AND TIME OF PAYMENT; PENALTIES; DEPOSIT OF TAX PROCEEDS.]

The commissioner of revenue shall issue rules adopting the reporting method for paying and collecting the excise tax on fermented malt beverages. The rules shall require reports to be filed with and the excise tax to be paid to the commissioner on or before the fifteenth day of the month following the month in which the importation into or the first sale is made in this state, whichever first occurs. If the excise tax is not paid when due, there shall be added to the amount of the tax as penalty a sum equivalent to ten percent thereof, and in addition thereto interest on the tax and penalty at the rate of ~~one percent a month or major portion thereof~~ 20 percent per annum, adjusted as provided in section 1, from the date the tax became due until paid. The commissioner shall deposit all moneys received in the funds as provided by section 340.47, subdivision 2.

Sec. 22. [EFFECTIVE DATE.] *Sections 1 and 19 to 21 are effective February 1, 1982. The provision of section 2 relating to commodity tax straddles and section 7 are effective for taxable years beginning after December 31, 1980. The provisions of section 2 relating to the exclusion of dividend and interest income are effective for taxable years beginning after December 31, 1981. Section 2, clauses (a)(22), (b)(24), the portion of clause (a)(16) relating to recovery property, (b)(25), and sections 8, 11, and 12 are effective for property placed in service after December 31, 1980 in taxable years ending after that date. Section 2, clauses (a)(17), (b)(2), the portion of clause (a)(16) relating to gain from the sale or disposition of property and section 9 are effective for the sale or other disposition of property after June 30, 1982. Section 6 is effective for taxable years beginning after December 31, 1981. Section 10 is effective for the sale or other disposition of property after December 31, 1982. Sections 13, 14, and 15 are effective for income earned after December 31, 1981. Section 16 is effective for taxable years beginning after December 31, 1981. Sections 17 and 18 are effective for petitions filed after January 31, 1982.*

ARTICLE IV

PROPERTY TAX

Section 1. Minnesota Statutes 1980, Section 121.904, is amended by adding a subdivision to read:

Subd. 4a. [LEVY RECOGNITION; PAYABLE 1983.] (1) For taxes assessed in 1982, payable in 1983, all current levies of local taxes; including portions assumed by the state, shall be recognized as provided in this subdivision.

(2) One-third of the March and May property tax settlements shall be recognized as receivable and recorded as revenue in the same fiscal year during

which collection normally takes place. These receivables shall be for use in the current fiscal year.

(3) Two-thirds of the March and May property tax settlements shall be recognized as receivable and shall be reserved for use in the fiscal year immediately following the fiscal year during which collection normally takes place.

(4) All of the October property tax settlements shall be recognized as receivable and recorded as revenue in the same fiscal year during which collection normally takes place. These receivables shall be for use in the current fiscal year.

Sec. 2. Minnesota Statutes 1980, Section 121.904, is amended by adding a subdivision to read:

Subd. 4b. [LEVY RECOGNITION; PAYABLE 1984 AND THEREAFTER.] (1) Beginning with taxes assessed in 1983 payable in 1984, all current levies of local taxes, including portions assumed by the state, shall be recognized as provided in this subdivision.

(2) For the March and May property tax settlements, an amount equal to one-sixth of the levy certified for the current fiscal year shall be recognized as receivable and recorded as revenue for that fiscal year. These receivables shall be for use in the current fiscal year.

(3) The remainder of the March and May property tax settlements shall be recognized as receivable and shall be reserved for use in the fiscal year immediately following the fiscal year during which collection normally takes place.

(4) All of the October property tax settlements shall be recognized as receivable and recorded as revenue in the same fiscal year during which collection normally takes place. These receivables shall be for use in the current fiscal year.

Sec. 3. [AID REDUCTIONS DUE TO TAX LEVY REVENUE RECOGNITION CHANGE.]

Subdivision 1. [AUTHORIZATION.] Notwithstanding any law to the contrary, state aid due school districts in fiscal year 1983 for the 1982-1983 school year shall be reduced as provided in this section.

Subd. 2. [AMOUNT OF REDUCTION.] State aid due any school district in fiscal year 1983 for the 1982-1983 school year under the provisions enumerated in subdivision 3 shall be reduced by the amount the district levied for taxes assessed in 1982, payable in 1983, which is to be recognized as revenue in fiscal year 1983 pursuant to section 1. The district levy against which the reduction is applied shall not include any levy portions that are assumed by the state. For purposes of computing this state aid reduction, the amount levied by the district shall not include the amounts levied to make payments for bonds issued and for interest thereon; the amounts levied for repayment of debt service loans and capital loans; the amounts levied to pay the district's obligations under section 268.06, subdivision 25; and amounts levied pursuant to section 275.125, subdivisions 2d, 6a, 9a, 14a, and 20.

Subd. 3. [SUBTRACTION FROM AIDS.] The amount specified in subdivision 2 shall be subtracted from the following state aid payments in the order listed in fiscal year 1983:

- (a) Foundation aid as authorized in section 124.212, subdivision 1;
- (b) Secondary vocational aid authorized in section 124.573;
- (c) Special education aid authorized in section 124.32;
- (d) Secondary vocational aid for handicapped children authorized in section 124.574;
- (e) Gifted and talented aid authorized in section 124.247;
- (f) Aid for pupils of limited English proficiency authorized in section 124.273;
- (g) Aid for improved learning programs authorized in section 124.251;
- (h) Aid for chemical use programs authorized in section 124.246;
- (i) Transportation aid authorized in section 124.225;
- (j) School lunch aid authorized in section 124.646;
- (k) Community education programs aid authorized in section 124.271;
- (l) Adult education aid authorized in section 124.26;
- (m) Capital expenditure equalization aid authorized in section 124.245;
- (n) Homestead credit payments authorized in section 273.13, subdivisions 6, 7, and 14a;
- (o) Taconite homestead credit payments authorized in section 273.135;
- (p) Wetlands credit authorized in section 273.115;
- (q) Native prairie credit authorized in section 273.116; and
- (r) Attached machinery aid authorized in section 273.138, subdivision 3.

The commissioner of education shall schedule the timing of the reductions from state aid payments specified in subdivision 2 in such a manner that will minimize the impact of this article on the cash flow needs of the school districts.

Subd. 4. [ACCOUNTING.] Notwithstanding any law to the contrary, the amount of the levy subtracted from state aid payments shall be recognized and reported on the school district books of account in the same way that the state aid payments would have been recognized and reported.

Sec. 4. Minnesota Statutes 1981 Supplement, Section 124.2121, Subdivision 5, is amended to read:

Subd. 5. [LEVY USE.] A levy "for use in a particular school year," "attributable to a particular school year," or "recognized as revenue in a particular school year," means the levy certified in the calendar year ending in the as recognized pursuant to section 121.904 school year preceding that particular school year, and payable in the calendar year in which that school year begins.

Sec. 5. [CASH FLOW LOAN FUND.]

Subdivision 1. There shall be maintained in the state treasury a cash flow loan fund for administration of moneys to be received and disbursed as authorized in this section. The purpose of this fund is to alleviate the impact of

altering the recognition of tax revenue pursuant to sections 1 and 3 on the cash flow needs of the school districts.

Subd. 2. [LOAN APPLICATIONS; REPAYMENTS.] The commissioner of education shall establish procedures for loan applications and criteria for determining increased cash flow needs of school districts caused by the altering of recognition of tax revenue. The commissioner shall approve or disapprove loan applications on the basis of need. Any loan made pursuant to this section shall constitute an advance to the district without interest. The school district shall repay the full amount of the loan by June 25, 1983.

Subd. 3. [APPROPRIATION.] There is appropriated from the general fund to the department of education for the cash flow loan fund the sum of \$15,000,000. This sum shall be transferred to the cash flow loan fund as needed.

Sec. 6. [LEGISLATURE TO EVALUATE CASH FLOW.]

Before July 1, 1982, the legislature intends to evaluate the effect of this article on the cash flow needs of school districts, and to reschedule the timing of payment of state aids and credits to school districts to the extent needed to ensure that the cash position of school districts is sufficiently favorable to ensure efficient operation.

Sec. 7. Minnesota Statutes 1980, Section 275.125, is amended by adding a subdivision to read:

Subdivision 1a. [CERTIFIED LEVY.] Beginning with taxes assessed in 1983, payable in 1984, the certified levy for each calendar year shall equal one-sixth of the local revenue to be collected for the current fiscal year plus five-sixths of the local revenue to be collected for the following fiscal year. The total certified levy shall be computed as provided in this section.

Sec. 8. Minnesota Statutes 1980, Section 276.11, is amended to read:

276.11 [WHEN TREASURER SHALL PAY FUNDS.]

As soon as practical after each settlement in March, June, and November the county treasurer shall pay over to the state treasurer or the treasurer of any town, city, school district, or special district, on the warrant of the county auditor, all receipts arising from taxes levied by and belonging to the state, or to such municipal corporation, or other body, and deliver up all orders and other evidences of indebtedness of such municipal corporation or other body, taking triplicate receipts therefor. ~~He~~ *The treasurer* shall file one of the receipts with the county auditor, and shall return one by mail on the day of its reception to the clerk of the town, city, school district, or special district to which payment was made. The clerk shall preserve the receipt in ~~his~~ *the clerk's* office. Upon written request of the state, a municipal corporation or other public body, the county treasurer shall, to the extent practicable, make partial payments of amounts collected periodically in advance of the next settlement and distribution. Accompanying each payment shall be a statement prepared by the county treasurer designating the years for which taxes included in the payment were collected and, for each year, the amount of the taxes and any penalties thereon. The county treasurer shall pay, upon written request of the state, a municipal corporation or other public body ~~pay except school districts~~, at least 70 percent of the estimated collection within 30 days after the settlement date.

Within 15 days after the settlement date, the county treasurer shall pay to the treasurer of the school districts at least 70 percent of the estimated collections arising from taxes levied by and belonging to the school district. He The treasurer shall pay the balance of the amounts collected to the state or to a municipal corporation or other body within 60 days after the settlement date, provided, however, that after 45 days interest shall accrue at a rate of eight percent per annum to the credit of and shall be paid to the state, municipal corporation or other body. Interest shall be payable upon appropriation from the general revenue fund of the county and, if not paid, may be recovered by the state, municipal corporation, or other body, in a civil action.

Sec. 9. Minnesota Statutes 1981 Supplement, Section 275.50, Subdivision 5, is amended to read:

Subd. 5. Notwithstanding any other law to the contrary for taxes levied in ~~1981~~ 1982 payable in ~~1982~~ 1983 and subsequent years, "special levies" means those portions of ad valorem taxes levied by governmental subdivisions to:

(a) satisfy judgments rendered against the governmental subdivision by a court of competent jurisdiction in any tort action, or to pay the costs of settlements out of court against the governmental subdivision in a tort action when substantiated by a stipulation for the dismissal of the action filed with the court of competent jurisdiction and signed by both the plaintiff and the legal representative of the governmental subdivision, but only to the extent of the increase in levy for such judgments and out of court settlements over levy year 1970, taxes payable in 1971;

(b) pay the costs of complying with any written lawful order initially issued prior to January 1, 1977 by the state of Minnesota, or the United States, or any agency or subdivision thereof, which is authorized by law, statute, special act or ordinance and is enforceable in a court of competent jurisdiction, or any stipulation agreement or permit for treatment works or disposal system for pollution abatement in lieu of a lawful order signed by the governmental subdivision and the state of Minnesota, or the United States, or any agency or subdivision thereof which is enforceable in a court of competent jurisdiction. The commissioner of revenue shall in consultation with other state departments and agencies, develop a suggested form for use by the state of Minnesota, its agencies and subdivisions in issuing orders pursuant to this subdivision;

(c) pay the costs to a governmental subdivision for their minimum required share of any program otherwise authorized by law for which matching funds have been appropriated by the state of Minnesota or the United States, excluding the administrative costs of public assistance programs, to the extent of the increase in levy for the taxes payable year ~~1982~~ 1983 and subsequent years over the amount levied for the local share of the program for the taxes payable year 1971. This clause shall apply only to those programs or projects for which matching funds have been designated by the state of Minnesota or the United States on or before September 1, ~~1981~~ of the previous year and only when the receipt of these matching funds is contingent upon the initiation or implementation of the project or program during ~~1982~~ the year in which the taxes are payable or those programs or projects approved by the commissioner;

(d) pay the costs not reimbursed by the state or federal government, of payments made to or on behalf of recipients of aid under any public assistance

program authorized by law, and the costs of purchase or delivery of social services. Except for the costs of general assistance medical care under section 256D.03 and the costs of hospital care pursuant to section 261.21, the aggregate amounts levied pursuant to this clause are subject to a maximum increase of 18 percent over the amount levied for these purposes for the taxes payable year 1981 in the previous year;

(e) pay the costs of principal and interest on bonded indebtedness, or, effective for taxes levied in 1973 and years thereafter, to reimburse for the amount of liquor store revenues used to pay the principal and interest due in the year preceding the year for which the levy limit is calculated on municipal liquor store bonds;

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

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

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

(i) pay the amounts required to compensate for a decrease in mobile homes property tax receipts to the extent that the governmental subdivision's portion of the total levy in the current levy year, pursuant to section 273.13, subdivision 3, as amended, is less than the distribution of the mobile homes tax to the governmental subdivision pursuant to section 273.13, subdivision 3, in calendar year 1971;

(j) pay the amounts required, in accordance with section 275.075, to correct for a county auditor's error of omission in levy year 1971 or a subsequent levy year, but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.50 to 275.56 in the preceding levy year;

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

(l) pay the increased cost of municipal services as the result of an annexation or consolidation ordered by the Minnesota municipal board in levy year 1971 or a subsequent levy year, but only to the extent and for the levy years as provided by the board in its order pursuant to section 414.01, subdivision 15. Special levies authorized by the board shall not exceed 50 percent of the levy limit base of the governmental subdivision and may not be in effect for more than three years after the board's order;

(m) pay the increased costs of municipal services provided to new private

industrial and nonresidential commercial development, to the extent that the extension of such services are not paid for through bonded indebtedness or special assessments, and not to exceed the amount determined as follows. The governmental subdivision may calculate the aggregate of:

(1) The increased expenditures necessary in preparation for the delivering of municipal services to new private industrial and nonresidential commercial development, but limited to one year's expenditures one time for each such development;

(2) The amount determined by dividing the overall levy limitation established pursuant to sections 275.50 to 275.56, and exclusive of special levies and special assessments, by the total taxable value of the governmental subdivision, and then multiplying this quotient times the total increase in assessed value of private industrial and nonresidential commercial development within the governmental subdivision. For the purpose of this clause, the increase in the assessed value of private industrial and nonresidential commercial development is calculated as the increase in assessed value over the assessed value of the real estate parcels subject to such private development as most recently determined before the building permit was issued. In the fourth levy year subsequent to the levy year in which the building permit was issued, the increase in assessed value of the real estate parcels subject to such private development shall no longer be included in determining the special levy.

The aggregate of the foregoing amounts, less any costs of extending municipal services to new private industrial and nonresidential commercial development which are paid by bonded indebtedness or special assessments, equals the maximum amount that may be levied as a "special levy" for the increased costs of municipal services provided to new private industrial and nonresidential commercial development. In the levy year following the levy year in which the special levy made pursuant to this clause is discontinued, one-half of the amount of that special levy made in the preceding year shall be added to the permanent levy base of the governmental subdivision;

(n) recover a loss or refunds in tax receipts incurred in non-special levy funds resulting from abatements or court action in the previous year pursuant to section 275.48;

(o) pay amounts required by law to be paid to pay the interest on and to reduce the unfunded accrued liability of public pension funds in accordance with the actuarial standards and guidelines specified in sections 356.215 and 326.216 reduced for levy year 1977 and subsequent years by 106 percent of the amount levied for that purpose in 1976, payable in 1977. For the purpose of this special levy, the estimated receipts expected from the state of Minnesota pursuant to sections 69.011 to 69.031 or any other state aid expressly intended for the support of public pension funds shall be considered as a deduction in determining the required levy for the normal costs of the public pension funds. No amount of these aids shall be considered as a deduction in determining the governmental subdivision's required levy for the reduction of the unfunded accrued liability of public pension funds;

(p) the amounts allowed under section 174.27 to establish and administer a commuter van program;

(q) pay the costs of financial assistance to local governmental units and

certain administrative, engineering, and legal expenses pursuant to Laws 1979, Chapter 253, Section 3;

(r) compensate for revenue lost as a result of abatements or court action pursuant to sections 270.07, 270.17 or 278.01 due to a reassessment ordered by the commissioner of revenue pursuant to section 270.16.

Sec. 10. Minnesota Statutes 1981 Supplement, Section 275.51, Subdivision 1, is amended to read:

Subdivision 1. Notwithstanding any provisions of law or municipal charter to the contrary which authorize ad valorem levies in excess of the limitations established by sections 275.50 to 275.56, but subject to section 275.56, the provisions of this section shall apply to the levies by governmental subdivisions for the taxes payable year ~~1982~~ 1983 and subsequent years for all purposes other than those for which special levies and special assessments are made. ~~Any law or special act enacted in 1981 which authorizes a property tax levy in excess of the limitation imposed by this section is exempt from the provisions of this section.~~

Sec. 11. Minnesota Statutes 1981 Supplement, Section 275.51, Subdivision 3e, is amended to read:

Subd. 3e. The property tax levy limitation for any governmental subdivision for the taxes payable year ~~1982~~ 1983 and subsequent years shall be calculated as follows:

(a) If the governmental subdivision was subject to the provisions of Minnesota Statutes 1980, Sections 275.50 to 275.56, the amounts levied by the governmental subdivision for the taxes payable year 1981 pursuant to Minnesota Statutes 1980, Section 275.50, Subdivision 5, Clause (i) and Subdivision 6 are added to The amount actually levied by the governmental subdivision for the taxes payable in the previous year 1981 pursuant to the levy limitation calculated under Minnesota Statutes 1980, Section 275.51 is determined.

For taxes payable in 1983 and subsequent years, (i) any amount levied pursuant to any law or special act enacted in 1981 which authorized a property tax levy in excess of the limitation imposed by this section shall be added to the amount levied, and (ii) any amount levied for indebtedness which the governmental subdivision elected to levy for taxes payable in 1982 within its levy limitation in lieu of the special levy provisions pursuant to Minnesota Statutes 1981, Section 275.51, Subdivision 3e, Clause (g) shall be subtracted from the amount levied.

(b) If the governmental subdivision was not subject to the provisions of Minnesota Statutes 1980, Sections 275.50 to 275.56, the total amount actually levied by the governmental subdivision for the taxes payable year 1981 is reduced by the amounts levied for those purposes described in Minnesota Statutes 1980, Section 275.50, Subdivision 5, Clauses (e), (f), (g), and (h).

(c) The total property tax levy of a governmental subdivision for the taxes payable year 1981 described in clause (b) shall be the amount certified on the abstracts of tax lists submitted pursuant to section 275.29. For a governmental subdivision within the metropolitan area defined by section 473F.02, subdivision 2, the property tax levy for payable 1981 includes the tax on distribution value for the taxes payable year 1981 pursuant to section 473F.12.

(d) (b) The amount determined in clause (a) or (b) is divided by the total number of homesteads within the governmental subdivision reported on the 1980 abstracts of tax lists for the year prior to the year in which the taxes were levied and multiplied by the total number of homesteads within the governmental subdivision reported on the 1981 abstracts of tax lists for the year in which the taxes are levied, both of which are submitted pursuant to section 275.29. If the resulting figure is less than the amount determined in clause (a) or (b), the resulting figure is increased to the amount calculated in clause (a) or (b) and shall be used to make the calculation required by clause (e) (c). If the resulting figure is equal to or greater than the amount determined in clause (a) or (b), the resulting figure shall be used to make the calculation required by clause (e) (c).

(e) (c) The result of the calculation in clause (d) (b) is multiplied by 108 percent. The resulting figure is the maximum amount that the governmental subdivision may levy for the taxes payable year 1982 1983 and subsequent years for all purposes except special levies and special assessments.

(f) To the extent the levy of the metropolitan council or a regional development commission for taxes payable in 1981 was less than its levy limitation for that year, it may apply to the commissioner to have its levy limitation increased by the amount by which the 1981 levy limitation exceeded the 1981 levy. The adjustment shall be added to the amount calculated in clause (a).

(g) If the sum of a governmental subdivision's levies for the principal and interest on bonded indebtedness or certificates of indebtedness pursuant to section 275.50, subdivision 5, clauses (e), (f), (g) and (h) for the taxes payable year 1982 is less than 108 percent of the total amount that it levied for those purposes for the taxes payable year 1981, the governmental subdivision may choose to levy for these purposes within its levy limitation in lieu of the special levy provisions of section 275.50, subdivision 5, clauses (e), (f), (g) and (h). If the governmental subdivision chooses to levy for these purposes within its levy limitation, it shall notify the commissioner of revenue of its intent by October 1, 1981. The amount levied by the governmental subdivision for the taxes payable year 1981 for the purposes described in section 275.50, subdivision 5, clauses (e), (f), (g) and (h) will then be added to the amount calculated in clause (a) or (b).

Sec. 12. Minnesota Statutes 1981 Supplement, Section 477A.03, Subdivision 2, is amended to read:

Subd. 2. [LIMITATION ON APPROPRIATION; PROPORTIONATE REDUCTION.] The amount appropriated under subdivision 1 shall not exceed \$270,725,464 \$240,725,464 for calendar year 1982 and shall not exceed \$293,561,978 \$270,561,978 for calendar year 1983. If the limitations contained in this subdivision result in a reduction in the amounts determined pursuant to sections 477A.012 and 477A.013, each governmental unit receiving local government aid shall have its distribution proportionally reduced, but no local government unit shall receive less aid than its previous year aid.

Sec. 13. [PRORATION OF 1982 AID PAYMENTS.]

Notwithstanding the provisions of Minnesota Statutes, Chapter 477A or any other law to the contrary, the reduction in state aids payable to local governments required under section 12 shall be effected by providing a pro rata reduction of the aids that would have been paid to each county and municipality under the provisions of Minnesota Statutes 1981 Supplement, Sections 477A.011 to 477A.014 if there had been no such reduction.

Sec. 14. [PROPERTY TAX REFUND REDUCTION.]

For claims filed in 1982 based upon rent paid in 1981, the commissioner of revenue shall pay 92 percent of the credits allowable under section 290A.04, subdivisions 1, 2, and 2a. For purposes of this section, the commissioner shall not reduce the property tax refund of a claimant who is disabled or who had attained the age of 65 by June 1 of the year in which the property taxes were payable. The commissioner shall include with each refund a statement that the reduction is made pursuant to this section.

Sec. 15. Laws 1981, First Special Session, Chapter 1, Article III, Section 3, Subdivision 6, is amended to read:

Subd. 6. [HOMESTEAD CREDIT.] The appropriation from the general fund to the commissioner of revenue for the purpose of making the payments provided in Minnesota Statutes, Section 273.13, Subdivisions 6, 7, and 14a shall be limited as follows: in fiscal year 1982, the appropriation shall not exceed \$436,800,000; and in fiscal year 1983, the appropriation shall not exceed ~~\$469,600,000~~ \$481,600,000. In the event that the sum of the county auditors' certifications exceeds ~~the appropriation~~ \$483,600,000, the certification amounts shall be proportionally reduced so that their sum equals ~~the appropriation~~ \$483,600,000. In any event, the sum of \$2,000,000 shall be subtracted from the amounts otherwise due to be paid from the appropriation for fiscal year 1983 to Hennepin, Ramsey, and St. Louis counties, allocated as follows: Hennepin county \$1,160,900, Ramsey county \$565,200, St. Louis county \$273,900. The reductions shall be applied one-sixth to each monthly payment July to December, 1982. The named counties shall apply at least one-half of this aid reduction to reduce county administrative costs rather than to reduce services provided directly to the public.

Sec. 16. [REPEALER.]

Minnesota Statutes 1981 Supplement, Section 275.515, is repealed.

Sec. 17. [EFFECTIVE DATE.]

Sections 9 to 11 are effective for property taxes levied in 1982 and thereafter, payable in 1983 and thereafter. Section 14 is effective the day following final enactment.

ARTICLE V

SALES TAX

Section 1. Minnesota Statutes 1981 Supplement, Section 297A.02, is amended to read:

297A.02 [IMPOSITION OF TAX.]

Except as otherwise provided in this chapter, there is hereby imposed an excise tax of four percent of the gross receipts from sales at retail, as hereinbefore defined, made by any person in this state, except that for sales at retail made after June 30, 1981 and prior to July 1, 1983, except sales of farm machinery, the rate shall be five percent.

Notwithstanding the foregoing, the tax imposed hereby upon sales at retail through coin-operated vending machines shall be three percent of the gross receipts of such sales.

Sec. 2. Minnesota Statutes 1981 Supplement, Section 297A.25, Subdivi-

sion 1, is amended to read:

Subdivision 1. The following are specifically exempted from the taxes imposed by sections 297A.01 to 297A.44:

(a) The gross receipts from the sale of food products including but not limited to cereal and cereal products, butter, cheese, milk and milk products, oleomargarine, meat and meat products, fish and fish products, eggs and egg products, vegetables and vegetable products, fruit and fruit products, spices and salt, sugar and sugar products, coffee and coffee substitutes, tea, cocoa and cocoa products, but not including foods which are prepared or specially sliced, wrapped, arranged or displayed, and sold cold or hot for immediate consumption on or off the premises on which the sale is made, whether sold in individual servings or in larger quantities, except food products which are not taxable pursuant to section 297A.01, subdivision 3, clause (c) and which are sold by a retailer, organized as a nonprofit corporation or association, within a place located on property owned by the state or an agency or instrumentality of the state, the entrance to which is subject to an admission charge;

(b) The gross receipts from the sale of prescribed drugs and medicine intended for use, internal or external, in the cure, mitigation, treatment or prevention of illness or disease in human beings and products consumed by humans for the preservation of health, including prescription glasses, therapeutic and prosthetic devices, but not including cosmetics or toilet articles notwithstanding the presence of medicinal ingredients therein;

(c) The gross receipts from the sale of and the storage, use or other consumption in Minnesota of tangible personal property, tickets, or admissions, electricity, gas, or local exchange telephone service, which under the Constitution or laws of the United States or under the Constitution of Minnesota, the state of Minnesota is prohibited from taxing;

(d) The gross receipts from the sale of tangible personal property (i) which, without intermediate use, is shipped or transported outside Minnesota and thereafter used in a trade or business or is stored, processed, fabricated or manufactured into, attached to or incorporated into other tangible personal property transported or shipped outside Minnesota and thereafter used in a trade or business outside Minnesota, and which is not thereafter returned to a point within Minnesota, except in the course of interstate commerce (storage shall not constitute intermediate use); or (ii) which the seller delivers to a common carrier for delivery outside Minnesota, places in the United States mail or parcel post directed to the purchaser outside Minnesota, or delivers to the purchaser outside Minnesota by means of the seller's own delivery vehicles, and which is not thereafter returned to a point within Minnesota, except in the course of interstate commerce;

(e) The gross receipts from the sale of packing materials used to pack and ship household goods, the ultimate destination of which is outside the state of Minnesota and which are not thereafter returned to a point within Minnesota, except in the course of interstate commerce;

(f) The gross receipts from the sale of and storage, use or consumption of petroleum products upon which a tax has been imposed under the provisions of chapter 296, whether or not any part of said tax may be subsequently refunded;

(g) The gross receipts from the sale of clothing and wearing apparel except

the following:

(i) all articles commonly or commercially known as jewelry, whether real or imitation; pearls, precious and semi-precious stones, and imitations thereof; articles made of, or ornamented, mounted or fitted with precious metals or imitations thereof; watches; clocks; cases and movements for watches and clocks; gold, gold-plated, silver, or sterling flatware or hollow ware and silver-plated hollow ware; opera glasses; lorgnettes; marine glasses; field glasses and binoculars.

(ii) articles made of fur on the hide or pelt, and articles of which such fur is the component material or chief value, but only if such value is more than three times the value of the next most valuable component material.

(iii) perfume, essences, extracts, toilet waters, cosmetics, petroleum jellies, hair oils, pomades, hair dressings, hair restoratives, hair dyes, aromatic ca-chous and toilet powders. The tax imposed by this act shall not apply to lotion, oil, powder, or other article intended to be used or applied only in the case of babies.

(iv) trunks, valises, traveling bags, suitcases, satchels, overnight bags, hat boxes for use by travelers, beach bags, bathing suit bags, brief cases made of leather or imitation leather, salesmen's sample and display cases, purses, handbags, pocketbooks, wallets, billfolds, card, pass, and key cases and toilet cases.

(h) The gross receipts from the sale of and the storage, use, or consumption of all materials, including chemicals, fuels, petroleum products, lubricants, packaging materials, including returnable containers used in packaging food and beverage products, feeds, seeds, fertilizers, electricity, gas and steam, used or consumed in agricultural or industrial production of personal property intended to be sold ultimately at retail, whether or not the item so used becomes an ingredient or constituent part of the property produced. Such production shall include, but is not limited to, research, development, design or production of any tangible personal property, manufacturing, processing (other than by restaurants and consumers) of agricultural products whether vegetable or animal, commercial fishing, refining, smelting, reducing, brewing, distilling, printing, mining, quarrying, lumbering, generating electricity and the production of road building materials. Such production shall not include painting, cleaning, repairing or similar processing of property except as part of the original manufacturing process. Machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture and fixtures, used in such production and fuel, electricity, gas or steam used for space heating or lighting, are not included within this exemption; however, accessory tools, equipment and other short lived items, which are separate detachable units used in producing a direct effect upon the product, where such items have an ordinary useful life of less than 12 months, are included within the exemption provided herein;

(i) The gross receipts from the sale of and storage, use or other consumption in Minnesota of tangible personal property (except as provided in section 297A.14) which is used or consumed in producing any publication regularly issued at average intervals not exceeding three months, and any such publication. For purposes of this subsection, "publication" as used herein shall include, without limiting the foregoing, a legal newspaper as defined by Min-

nesota Statutes 1965, Section 331.02, and any supplements or enclosures with or part of said newspaper; and the gross receipts of any advertising contained therein or therewith shall be exempt. For this purpose, advertising in any such publication shall be deemed to be a service and not tangible personal property, and persons or their agents who publish or sell such newspapers shall be deemed to be engaging in a service with respect to gross receipts realized from such newsgathering or publishing activities by them, including the sale of advertising. Machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture and fixtures used in such publication and fuel, electricity, gas or steam used for space heating or lighting, are not exempt;

(j) The gross receipts from all sales of tangible personal property to, and all storage, use or consumption of such property by, the United States and its agencies and instrumentalities or a state and its agencies, instrumentalities and political subdivisions;

(k) The gross receipts from the isolated or occasional sale of tangible personal property in Minnesota not made in the normal course of business of selling that kind of property, and the storage, use, or consumption of property acquired as a result of such a sale;

(l) The gross receipts from sales of rolling stock and the storage, use or other consumption of such property by railroads, freight line companies, sleeping car companies and express companies taxed on the gross earnings basis in lieu of ad valorem taxes. For purposes of this clause "rolling stock" is defined as the portable or moving apparatus and machinery of any such company which moves on the road, and includes, but is not limited to, engines, cars, tenders, coaches, sleeping cars and parts necessary for the repair and maintenance of such rolling stock.

(m) The gross receipts from sales of airlift equipment and the storage, use or other consumption of such property by airline companies taxed under the provisions of sections 270.071 to 270.079. For purposes of this clause, "airlift equipment" includes airplanes and parts necessary for the repair and maintenance of such airlift equipment, and flight simulators.

(n) The gross receipts from the sale of telephone central office telephone equipment used in furnishing intrastate and interstate telephone service to the public.

(o) The gross receipts from the sale of and the storage, use or other consumption by persons taxed under the in lieu provisions of chapter 298, of mill liners, grinding rods and grinding balls which are substantially consumed in the production of taconite, the material of which primarily is added to and becomes a part of the material being processed.

(p) The gross receipts from the sale of tangible personal property to, and the storage, use or other consumption of such property by, any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious or educational purposes if the property purchased is to be used in the performance of charitable, religious or educational functions, or any senior citizen group or association of groups that in general limits membership to persons age 55 or older and is organized and operated exclusively for pleasure, recreation and other nonprofit purposes, no part of the net earnings of which inures to the benefit of any private shareholders;

- (q) The gross receipts from the sale of caskets and burial vaults;
- (r) ~~The gross receipts from the sale of cigarettes.~~
- (s) The gross receipts from the sale of an automobile or other conveyance if the purchaser is assisted by a grant from the United States in accordance with 38 United States Code, Section 1901, as amended.
- (~~t~~) (s) The gross receipts from the sale to the licensed aircraft dealer of an aircraft for which a commercial use permit has been issued pursuant to section 360.654, if the aircraft is resold while the permit is in effect.
- (~~u~~) (t) The gross receipts from the sale of building materials to be used in the construction or remodeling of a residence when the construction or remodeling is financed in whole or in part by the United States in accordance with 38 United States Code, Sections 801 to 805, as amended. This exemption shall not be effective at time of sale of the materials to contractors, subcontractors, builders or owners, but shall be applicable only upon a claim for refund to the commissioner of revenue filed by recipients of the benefits provided in Title 38 United States Code, Chapter 21, as amended. The commissioner shall provide by regulation for the refund of taxes paid on sales exempt in accordance with this paragraph.
- (~~v~~) (u) The gross receipts from the sale of textbooks which are prescribed for use in conjunction with a course of study in a public or private school, college, university and business or trade school to students who are regularly enrolled at such institutions. For purposes of this clause a "public school" is defined as one that furnishes course of study, enrollment and staff that meets standards of the state board of education and a private school is one which under the standards of the state board of education, provides an education substantially equivalent to that furnished at a public school. Business and trade schools shall mean such schools licensed pursuant to section 141.25.
- (~~w~~) (v) The gross receipts from the sale of and the storage of material designed to advertise and promote the sale of merchandise or services, which material is purchased and stored for the purpose of subsequently shipping or otherwise transferring outside the state by the purchaser for use thereafter solely outside the state of Minnesota.
- (~~x~~) (w) The gross receipt from the sale of residential heating fuels in the following manner:
- (i) all fuel oil, coal, wood, steam, propane gas, and L.P. gas sold to residential customers for residential use;
- (ii) natural gas sold for residential use to customers who are metered and billed as residential users and who use natural gas for their primary source of residential heat, for the billing months of November, December, January, February, March and April;
- (iii) electricity sold for residential use to customers who are metered and billed as residential users and who use electricity for their primary source of residential heat, for the billing months of November, December, January, February, March and April.
- (y) (x) The gross receipts from the sale or use of tickets or admissions to the premises of or events sponsored by an association, corporation or other group

of persons which provides an opportunity for citizens of the state to participate in the creation, performance or appreciation of the arts and which qualifies as a tax-exempt organization within the meaning of section 290.05, subdivision 1, clause (i).

~~(z)~~ (y) The gross receipts from either the sales to or the storage, use or consumption of tangible personal property by an organization of military service veterans or an auxiliary unit of an organization of military service veterans, provided that:

(i) the organization or auxiliary unit is organized within the state of Minnesota and is exempt from federal taxation pursuant to section 501(c), clause (19), of the Internal Revenue Code as amended through December 31, 1978; and

(ii) the tangible personal property which is sold to or stored, used or consumed by the organization or auxiliary unit is for charitable, civic, educational, or nonprofit uses and not for social, recreational, pleasure or profit uses.

~~(aa)~~ (z) The gross receipts from the sale of sanitary napkins, tampons, or similar items used for feminine hygiene.

Sec. 3. [297A.275] [ACCELERATED PAYMENT OF JUNE LIABILITY.]

Every vendor having a liability of \$1,500 or more in May 1982 or in May of each subsequent year, shall remit the June liability in the manner required by this section.

On or before June 25, 1982, or June 25 of each subsequent year, the vendor shall remit the actual May liability and one-half of the estimated June liability to the commissioner and file the return on a form prescribed by the commissioner.

On or before August 25, 1982, or August 25 of each subsequent year, the vendor shall submit a return showing the actual June liability and paying any additional amount of tax not remitted in June. A penalty is hereby imposed equal to ten percent of the actual June liability less the amount remitted in June. However, the penalty shall not be imposed if the amount remitted in June equals the lesser of (a) 45 percent of the actual June liability, or (b) 50 percent of the preceding May's liability.

Sec. 4. Minnesota Statutes 1980, Section 297A.39, Subdivision 1, is amended to read:

Subdivision 1. If any tax imposed by sections 297A.01 to 297A.44, or any portion thereof, is not paid within the time herein specified for the payment, or an extension thereof, or within 30 days after final determination of an appeal to the tax court relating thereto *if the taxpayer is not required to pay the amount in dispute pending appeal under section 5*, there shall be added thereto a specific penalty equal to ten percent of the amount remaining unpaid.

Sec. 5. [297A.391] [PAYMENT OF TAX PENDING APPEAL.]

When a taxpayer appeals his tax liability under chapter 297A to the tax court, and the amount in dispute is more than \$4,000, the entire amount of the tax shall be paid at the time it is due unless permission to continue prosecution of the petition without payment is obtained as provided herein. The petitioner,

upon ten days notice to the commissioner, may apply to the court for permission to continue prosecution of the petition without payment; and, if it is made to appear

(1) That the proposed review is to be taken in good faith;

(2) That there is probable cause to believe that the taxpayer may be held exempt from payment of the tax or that the tax may be determined to be less than 50 percent of the amount due; and

(3) That it would work a substantial hardship upon petitioner to pay the tax;

the court may permit the petitioner to continue prosecution of the petition without payment, or may fix a lesser amount to be paid as a condition of continuing the prosecution of the petition.

Failure to make payment of the amount required when due shall operate automatically to dismiss the petition and all proceedings thereunder unless the payment is waived by an order of the court permitting the petitioner to continue prosecution of the petition without payment.

Sec. 6. [EFFECTIVE DATE.]

Sections 1 and 2 are effective for sales made after January 31, 1982. Sections 4 and 5 are effective for petitions filed after January 31, 1982.

ARTICLE VI

ESTATE TAX

Section 1. Minnesota Statutes 1981 Supplement, Section 291.005, Subdivision 1, is amended to read:

Subdivision 1. Unless the context otherwise clearly requires, the following terms used in this chapter shall have the following meanings:

(1) "Federal gross estate" means the gross estate of a decedent as valued and otherwise determined for federal estate tax purposes by federal taxing authorities pursuant to the provisions of the Internal Revenue Code.

(2) "Minnesota gross estate" means the federal gross estate of a decedent after (a) excluding therefrom any property included therein which has its situs outside Minnesota and (b) including therein any property omitted from the federal gross estate which is includable therein, has its situs in Minnesota, and was not disclosed to federal taxing authorities. The Minnesota gross estate shall be valued pursuant to the provisions of section 291.215, subdivision 1.

(3) "Personal representative" means the executor, administrator or other person appointed by the court to administer and dispose of the property of the decedent. If there is no executor, administrator or other person appointed, qualified, and acting within this state, then any person in actual or constructive possession of any property having a situs in this state which is included in the federal gross estate of the decedent shall be deemed to be a personal representative to the extent of the property and the Minnesota estate tax due with respect to the property.

(4) "Resident decedent" means an individual whose domicile at the time of his death was in Minnesota.

(5) "Nonresident decedent" means an individual whose domicile at the time

of his death was not in Minnesota.

(6) "Situs of property" means, with respect to real property, the state or country in which it is located; with respect to tangible personal property, the state or country in which it was normally kept or located at the time of the decedent's death; and with respect to intangible personal property, the state or country in which the decedent was domiciled at death.

(7) "Commissioner" means the commissioner of revenue or any person to whom the commissioner has delegated functions under this chapter.

(8) "Internal Revenue Code" means the United States Internal Revenue Code of 1954 as amended through ~~December 31, 1980~~ December 31, 1981.

Sec. 2. Minnesota Statutes 1980, Section 291.015, is amended to read:

291.015 [DETERMINATION OF MINNESOTA TAXABLE ESTATE.]

The Minnesota taxable estate of a decedent shall be the Minnesota gross estate less the sum of:

(1) The exemptions and deductions allowed pursuant to sections 291.05, 291.051, 291.065, 291.07, and 291.08; and

(2) The sum of ~~\$200,000, provided that, in the case of a nonresident decedent, this sum shall be an amount determined by multiplying \$200,000~~

\$225,000 for decedents dying after June 30, 1982;

\$275,000 for decedents dying in 1983;

\$325,000 for decedents dying in 1984;

\$400,000 for decedents dying in 1985;

\$500,000 for decedents dying in 1986;

\$600,000 for decedents dying in 1987 and

thereafter,

multiplied by a fraction, not greater than one, the numerator of which shall be the value of the Minnesota gross estate and the denominator of which shall be the value of the federal gross estate.

Sec. 3. Minnesota Statutes 1981 Supplement, Section 291.03, is amended to read:

291.03 [RATES.]

Subdivision 1. [GENERALLY.] The tax imposed shall be an amount equal to the greater of:

(1) A tax computed by applying to the Minnesota taxable estate the following prescribed rates:

~~7 percent on the first \$100,000;~~

~~8 percent on the next \$100,000 or part thereof;~~

~~9 percent on the next \$100,000 or part thereof;~~

~~10 percent on the next \$200,000 or part thereof first \$100,000,~~

~~11 percent on the next \$500,000 or part thereof,~~

~~12 percent on the excess over \$1,000,000, or~~

(2) A tax equal to the amount by which the maximum credit allowable under section 2011 of the Internal Revenue Code for state death taxes exceeds the aggregate amount of all estate, inheritance, legacy and succession taxes actually paid to other states of the United States in respect of any property subject to federal estate tax; provided that where the decedent is a nonresident the tax shall be in the same proportion of the maximum credit for state death taxes described herein as the Minnesota gross estate bears to the value of the federal gross estate.

Subd. 2. [INTENT.] It is hereby declared to be the intent and purpose of this section to obtain for Minnesota the benefit of not less than the maximum credit allowed for state death taxes under the federal estate tax law by imposing the tax provided in this section and the same shall be liberally construed to effect this purpose.

Subd. 3. [1982.] *In the case of a decedent dying after June 30, 1982, subdivision 1, clause (1), shall be applied by substituting for the rates prescribed therein the following rates:*

- 7 percent on the first \$75,000,
- 8 percent on the next \$100,000 or part thereof,
- 9 percent on the next \$100,000 or part thereof,
- 10 percent on the next \$200,000 or part thereof,
- 11 percent on the next \$500,000 or part thereof,
- 12 percent on the excess.

Subd. 4. [1983.] *In the case of a decedent dying in 1983, subdivision 1, clause (1), shall be applied by substituting for the rates prescribed therein the following rates:*

- 7 percent on the first \$25,000,
- 8 percent on the next \$100,000 or part thereof,
- 9 percent on the next \$100,000 or part thereof,
- 10 percent on the next \$200,000 or part thereof,
- 11 percent on the next \$500,000 or part thereof,
- 12 percent on the excess.

Subd. 5. [1984.] *In the case of a decedent dying in 1984, subdivision 1, clause (1), shall be applied by substituting for the rates prescribed therein the following rates:*

- 8 percent on the first \$75,000,
- 9 percent on the next \$100,000 or part thereof,
- 10 percent on the next \$200,000 or part thereof,
- 11 percent on the next \$500,000 or part thereof,
- 12 percent on the excess.

Subd. 6. [1985.] *In the case of a decedent dying in 1985, subdivision 1, clause (1), shall be applied by substituting for the rates prescribed therein the following rates:*

- 9 percent on the first \$100,000,
- 10 percent on the next \$200,000 or part thereof,
- 11 percent on the next \$500,000 or part thereof,
- 12 percent on the excess.

Subd. 7. [1986.] *In the case of a decedent dying in 1986, subdivision 1,*

clause (1), shall be applied by substituting for the rates prescribed therein the following rates:

- 10 percent on the first \$200,000,
- 11 percent on the next \$500,000 or part thereof,
- 12 percent on the excess.

Sec. 4. Minnesota Statutes 1980, Section 291.051, Subdivision 1, is amended to read:

Subdivision 1. For the purpose of section 291.015, clause (1), ~~and subject to subdivision 2 of this section,~~ the Minnesota taxable estate shall be determined by deducting from the Minnesota gross estate the value of any interest in property other than a terminable interest ~~as defined in for which no deduction is allowed under section 2056(b)~~ of the Internal Revenue Code, which passes or has passed from the decedent to his surviving spouse, but only to the extent that the interest is included in determining the value of the Minnesota gross estate and is not exempt from estate tax under sections 291.05 or 291.065. An interest in property shall be considered as passing from the decedent to his surviving spouse if it is considered as so passing under Section 2056(d)(c) of the Internal Revenue Code.

Sec. 5. Minnesota Statutes 1980, Section 291.09, Subdivision 1a, is amended to read:

Subd. 1a. In all instances in which a decedent dies after December 31, 1979 and before January 1, 1981 leaving a federal gross estate in excess of \$161,000 and in all instances in which a decedent dies after December 31, 1980 and before July 1, 1982 leaving a federal gross estate in excess of \$175,000, and the decedent has an interest in property with a situs in Minnesota, the personal representative shall submit to the commissioner, on a form prescribed by the commissioner, a Minnesota estate tax return.

In the case of a decedent dying after June 30, 1982 who has an interest in property with a situs in Minnesota, the personal representative shall submit to the commissioner, on a form prescribed by the commissioner, a Minnesota estate tax return in the following instances:

In the case of a decedent dying in

A Minnesota estate tax return shall be filed if the federal gross estate equals or exceeds

1982	\$225,000
1983	275,000
1984	325,000
1985	400,000
1986	500,000
1987 and thereafter	600,000.

The return shall be accompanied by a federal estate tax return and shall contain a computation of the Minnesota estate tax due. The return shall be signed by the personal representative.

Sec. 6. Minnesota Statutes 1980, Section 291.132, Subdivision 4, is

amended to read:

Subd. 4. (1) If the personal representative fails to pay a tax or interest installment on time, unless it is shown that such failure is due to reasonable cause, the election is revoked and the entire amount of unpaid tax plus accrued interest is due and payable 90 days after the date on which the installment was payable. The commissioner is not required to notify the personal representative when an installment is due.

(2) In the event of a disposition or cessation of the special use property, as defined under section 2032A (c) (1) and ~~(7)~~ (6) of the Internal Revenue Code, the personal representative shall immediately notify the commissioner of such cessation, and the entire balance of the tax, plus accrued interest, attributable to that property is due and payable 90 days after the disposition or cessation.

(3) The personal representative may pay any part of the balance due prior to the installment dates elected, but, after nine months after death, may not elect new installment dates.

Sec. 7. [REPEALER.]

Minnesota Statutes 1980, Section 291.051, Subdivisions 2 and 3, are repealed.

Sec. 8. [EFFECTIVE DATE.]

Sections 1 to 7 are effective for estates of decedents dying after June 30, 1982.

ARTICLE VII

SHORT-TERM BORROWING

Section 1. Minnesota Statutes 1980, Section 16A.63, is amended to read:

16A.63 [MINNESOTA STATE BUILDING FUND.]

Subdivision 1. [CREATION; USE.] For the purpose of providing money to state agencies for the acquisition and betterment of public lands and other public improvements of a capital nature, the Minnesota state building fund is created as a separate bookkeeping account in the general books of account of the state. Proceeds of state bonds credited to this fund are appropriated for construction and other permanent improvement and shall be available until the purposes for which the appropriation was made have been accomplished or abandoned. None of such moneys shall be canceled. When the purpose of any such appropriation has been accomplished or abandoned, the authority to whom the appropriation was made shall so certify to the commissioner of finance. Thereupon the unexpended balance of such appropriation, unless transferred under authority of the appropriation act to another purpose therein designated, shall be transferred and credited to the state bond fund. Amounts so transferred and credited are appropriated for the purpose of reducing the amount of tax otherwise required to be levied for the state bond fund by Article XI, Section 7 of the Constitution.

Subd. 2. [TEMPORARY FINANCING.] In anticipation of the receipt of proceeds of state bonds to be credited to the Minnesota state building fund, the commissioner of finance may transfer amounts not in excess of the anticipated proceeds from the general fund to the Minnesota state building fund. Upon

receipt of the state bond proceeds in anticipation of which a general fund transfer has been made, the commissioner of finance shall transfer from the Minnesota state building fund to the general fund an amount equal to the sum originally transferred from the general fund. There is annually appropriated to the commissioner of finance from the general fund and the Minnesota state building fund sums sufficient to effect the transfers authorized by this subdivision.

Sec. 2. Minnesota Statutes 1981 Supplement, Section 16A.671, Subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] For the purpose of assuring that cash or cash equivalent assets will be available at all times during each biennium to pay all warrants drawn on the general fund pursuant to appropriations and allotments for expenditure for any purpose during that biennium, the governor may authorize the commissioner of finance to issue certificates of indebtedness in anticipation of the collection of taxes levied for and other revenues appropriated to the general fund, and to issue additional certificates to refund outstanding certificates or interest thereon, under the provisions of the constitution, article XI, section 6. Before certificates of indebtedness are sold and issued pursuant to any authorization, except for the purpose of refunding, the governor shall secure the recommendation of the legislative advisory commission as to the necessity thereof, the terms and conditions of the sale and issuance, and the maximum amount to be issued and outstanding under the authorization. When certificates of indebtedness are to be sold and issued pursuant to subdivision 5, clause (b) or (c), the governor shall secure a recommendation before the line of credit is established *or the underwriting or placement agreement is entered into*, but need not secure an additional recommendation for each issuance of certificates of indebtedness pursuant to that line of credit *or agreement*. The recommendation of the commission shall be advisory only. The failure of the commission to make a recommendation promptly is a negative recommendation. If there is no legislative advisory commission, the governor shall request an advisory recommendation from the executive council.

Sec. 3. Minnesota Statutes 1981 Supplement, Section 16A.671, Subdivision 3, is amended to read:

Subd. 3. [LIMITATIONS OF AMOUNT.] The principal amount of certificates of indebtedness to be ~~sold and~~ issued at any time shall not exceed the smallest of the following:

(a) An amount which, with interest thereon to maturity, added to the then outstanding amount of certificates, less the amount thereof, if any, which will be paid from the proceeds, and interest thereon to maturity, will equal the then unexpended balance of all money which will be credited to the general fund during the current biennium under existing laws, as estimated by the commissioner of finance; *or*

(b) ~~An amount which, with the principal amount of any outstanding certificates equals \$360,000,000; or~~

(c) The maximum current cash flow requirement.

Sec. 4. Minnesota Statutes 1981 Supplement, Section 16A.671, Subdivision 5, is amended to read:

Subd. 5. [SALE.] Certificates of indebtedness ~~shall~~ may be sold by the commissioner of finance upon public advertisement for competitive bids, ~~except that or:~~

(a) They may be sold to the state board of investment without advertisement for bids, upon terms *at least as favorable as those* on which, in the judgment of the board, ~~investments direct obligations of the United States government of~~ comparable maturities and security can at the time be purchased from funds under its control, *including the special or dedicated funds described in clause (c) of subdivision 2, other than pension funds;*

(b) The commissioner may negotiate with a suitable bank or banks within or outside the state for a line of credit whereby, *for an agreed compensation,* certificates of indebtedness may be issued from time to time within an agreed period, at a fixed or variable interest rate and subject to redemption at par plus accrued interest at any time at the option of the commissioner; or

(c) The commissioner may negotiate with a firm or firms of underwriters *for the purchase of certificates of indebtedness or to act as an agent in the placement of certificates of indebtedness maturing on a date four months or less from the date of issue,* which may be sold to investors at a specified discount representing the interest included in the face amount payable at maturity, or at a stated interest rate on a stated principal amount, payable at maturity. *For the further security of the certificates of indebtedness the commissioner may negotiate a credit agreement pursuant to paragraph (b), providing for the payment thereof with interest at maturity, if necessary, by the issuance of new certificates of indebtedness to the bank or banks extending the credit.*

Sec. 5. Minnesota Statutes 1981 Supplement, Section 16A.671, is amended by adding a subdivision to read:

Subd. 6a. [FISCAL AGENT BANK.] The commissioner may enter into an agreement with a suitable bank or banks located within or outside the state to authenticate, issue, pay principal and interest on, cancel or otherwise deal with certificates of indebtedness issued pursuant to this section, for an agreed compensation.

Sec. 6. Minnesota Statutes 1980, Section 298.294, is amended to read:

298.294 [INVESTMENT OF FUND.]

The fund established by section 298.292 shall be invested pursuant to law and the net interest and dividends arising from the investment shall be included and become part of the fund; ~~provided that the governor may authorize the state treasurer to borrow an amount not exceeding 50 percent of the amount in the fund for a period terminating no later than December 31, 2001. The state treasurer, pursuant to the authorization, shall issue notes pledging the full faith and credit of the state for the purpose of repayment, and the notes shall bear interest at five percent per annum until paid.~~

Sec. 7. [REPEALER.]

Minnesota Statutes 1980, Section 7.08, is repealed.

Sec. 8. [EFFECTIVE DATE.]

This article is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to the financing of government in this state; reducing appropriations for the biennium ending June 30, 1983 with certain conditions; providing for a deficiency in income maintenance appropriations; imposing and increasing fees; imposing various cost saving measures; requiring the board of regents of the university, the state university board, the community college board and the state board for vocational education to develop plans for declining enrollment; providing that parties to administrative hearings will bear the cost of court reporters under certain circumstances; authorizing attorney general to appear in civil weight enforcement actions; modifying certain procedures for appeals of workers' compensation orders; providing certain workers' compensation settlements are conclusively presumed reasonable; modifying approval by the commissioner of labor and industry of the settlement of certain workers' compensation claims; eliminating the requirement that the commissioner of veterans affairs provide certain grave markers; providing for a medical assistance drug formulary and fixed dispensing fee; changing eligibility standards for medical assistance; changing calculation of certain fees paid by foreign corporations; shortening time for abandonment of unclaimed property; reducing rate of retirement contributions relating to state employees; changing requirements for reduced transit fares for certain persons; increasing the property tax mill rate of the transit taxing district; repealing review of administrative rules for business licenses; authorizing the transfer of certain funds appropriated to the higher education coordinating board for obligations under interstate tuition reciprocity agreements; altering the recognition of school district tax revenue; reducing state aids for education in fiscal year 1983 by one-third of the June, 1983 school district tax settlements; requiring payment of 70 percent of the estimated school district tax receipts within 15 days after the settlement date; establishing a cash flow loan fund; reducing education aid appropriations for fiscal year 1983; requiring the commissioner of finance to pay by June 30, 1982 any payments that were suspended; authorizing the commissioner of education to suspend certain education aids in December, 1981 and January, 1982; authorizing the commissioner of education to consider cash flow requirements of each recipient in determining whether to suspend education aids; requiring the commissioner to issue certificates of aid; providing for legislative review of educational mandates; removing the prohibition against unallotment of education aids; changing the formula allowance; authorizing recertification to increase the basic maintenance and transportation levies; limiting the foundation aid appropriations for fiscal years 1984 and 1985; increasing the rate of interest on unpaid taxes; conforming with federal treatment of commodity tax straddles, capital gains deduction, and interest deduction; allowing limited use of ACRS; reducing the corporate income tax rate; imposing an income tax surtax; providing a research and development credit; providing for taxation of unitary business income; modifying estate tax to conform with federal estate tax changes; prohibiting the commissioner of revenue from adopting certain depreciation schedules by rule; requiring payment of certain income and sales taxes pending appeal; reducing the maximum local aid appropriation; extending local government property tax levy limitations; making certain modifications to the levy limitations base; adjusting homestead credit appropriations; reducing aid payments to certain counties; repealing exemption of certain town levies; increasing the sales tax on coin-operated vending machines; extending the sales tax on cigarettes; accelerating the June sales tax liability for certain vendors; providing that farm income is wholly apportioned to Minnesota; authorizing general fund loans to the state building fund; removing the dollar limitation on state short-term borrowing; appropriating money; amending Minnesota Statutes 1980, Sections 16A.63; 40.03, Subdivision 2; 121.904, by adding subdivi-

sions; 176.421, Subdivision 3; 176.521, by adding a subdivision; 184.30, Subdivision 2; 197.23; 221.67; 268.16, Subdivision 3; 275.125, Subdivision 5, and by adding a subdivision; 276.11; 278.03; 290.06, by adding a subdivision; 290.16, Subdivisions 4, 15, and 16; 290.34, Subdivision 2; 290.361, Subdivision 2; 291.015; 291.051, Subdivision 1; 291.09, Subdivision 1a; 291.132, Subdivision 4; 297A.39, Subdivision 1; 298.294; 299.08; 299.10; 303.07; 303.13, Subdivision 1; 303.14, Subdivisions 1, 3, and 5; 303.16, Subdivisions 2 and 4; 303.17, Subdivision 4; 303.18, Subdivision 3; 303.19, Subdivisions 2 and 3; 303.21, by adding a subdivision; 303.22; 303.23, Subdivision 1; 308.06, Subdivision 4; 308.85; 317.04, Subdivisions 2 and 3; 317.36; 317.42, Subdivision 3; 317.67, Subdivision 2; 330.01, Subdivision 1; 340.492; 345.32; 345.33; 345.34; 345.37; 345.38; 345.39; 352.04, Subdivisions 2 and 3; 352.92, Subdivisions 1 and 2; 352D.09, Subdivision 7; 473.408, Subdivision 3; 540.152; 543.08; Minnesota Statutes 1981 Supplement, Sections 3.9222, Subdivision 2; 15.052, Subdivision 5; 16A.15, Subdivision 1; 16A.128; 16A.671, Subdivisions 1, 3, 5, and by adding a subdivision; 124.2121, Subdivisions 4 and 5; 124.2122, Subdivisions 1 and 2; 124.2124, Subdivision 1; 124.2125, Subdivision 1; 124.225, Subdivision 8a; 169.871, Subdivisions 3 and 5; 169.872, Subdivision 1; 174.24, Subdivision 3a; 174.31, Subdivisions 1 and 3; 176.131, Subdivision 10; 176.421, Subdivisions 4 and 5; 176.521, Subdivisions 1 and 2; 204B.11, Subdivision 1; 256B.02, Subdivision 8; 256B.06, Subdivision 1; 270.75; 275.50, Subdivision 5; 275.51, Subdivisions 1 and 3e; 290.01, Subdivision 20; 290.06, Subdivision 1; 290.09, Subdivisions 3 and 7; 290.091; 290.17, Subdivision 2; 290.21, Subdivision 4; 290.53, Subdivision 1; 291.005, Subdivision 1; 291.03; 297A.02; 297A.25, Subdivision 1; 302A.901, Subdivision 2; 352D.04, Subdivision 2; 473.446, Subdivision 1; 477A.03, Subdivision 2; Laws 1981, Chapters 356, Section 45 and 46; 359, Section 3, Subdivision 3; Laws 1981, First Special Session, Chapter 1, Article III, Section 3, Subdivision 6; proposing new law coded in Chapters 5, 35, 290, and 297A; repealing Minnesota Statutes 1980, Sections 7.08; 291.051, Subdivisions 2 and 3; 303.08, Subdivision 3; 303.12; 303.14, Subdivision 2; 303.15; 303.21, Subdivisions 1 and 2; 317.11; 317.19, Subdivision 3; 317.43; 317.67, Subdivision 1; Minnesota Statutes 1981 Supplement, Sections 3.965, Subdivision 6; 124.20, Subdivision 3; 275.125, Subdivision 2f; 275.515; 362.453; and Laws 1981, Chapter 354, Section 3."

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

House Conferees: (Signed) Michael R. Sieben, Irvin N. Anderson, Bob McEachern, Douglas W. Carlson, Gary W. Laidig

Senate Conferees: (Signed) Douglas J. Johnson, Roger D. Moe, Gerald L. Willet, Neil Dieterich, Ron Sieloff

Mr. Moe, R.D. moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

Mr. Moe, R.D. moved that H. F. No. 2 and the Conference Committee Report thereon be laid on the table. The motion prevailed.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 4.

H. F. No. 4: A bill for an act relating to public welfare; altering certain provisions of the program of aid to families with dependent children; redefining the term "dependent child"; expanding the definition of persons ineligible; eliminating eligibility of the unborn; requiring rules to define "special needs" for eligible pregnant women; requiring recoupment of overpayments; requiring registration of certain dependent recipients for employment services, training, and employment; restricting the earned income disregard to four months; restricting work expense disregards; specifying the amount of step-parent income to be considered available in determining need; providing for voluntary third party payments; eliminating eligibility for recipients participating in a strike; eliminating a prepaid funeral contract and reverse mortgage loan guarantees as disregarded resources; modifying the service fee for child support collection services; modifying the resource limits for recipients of aid to families with dependent children; extending medical assistance coverage to certain pregnant women; amending Minnesota Statutes 1980, Sections 256.12, Subdivision 14; 256.73, Subdivisions 3a, 5, 6, and by adding a subdivision; 256.736, Subdivisions 3 and 4; 256.74, Subdivision 1, and by adding a subdivision; 256.81; 256.935, Subdivision 2; 256.99; Minnesota Statutes 1981 Supplement, Sections 256.73, Subdivision 2; 256B.06, Subdivision 1; and 518.551, Subdivision 7; proposing new law coded in Minnesota Statutes, Chapter 256; repealing Minnesota Statutes 1981 Supplement, Section 257.021.

And the House respectfully requests that a Conference Committee of three members be appointed thereon.

Heinitz, Samuelson and Hokanson have been appointed as such committee on the part of the House.

House File No. 4 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted January 11, 1982

Mr. Benson moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 4, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

RECESS

Mr. Moe, R.D. moved that the Senate do now recess until 6:30 p.m. The motion prevailed.

The hour of 6:30 p.m. having arrived, the President called the Senate to order.

APPOINTMENTS

Mr. Moe, R.D. from the Subcommittee on Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

H.F. No. 4: Messrs. Benson, Sikorski and Ms. Berglin.

Mr. Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

Without objection, the Senate reverted to the Order of Business of Motions and Resolutions.

MOTIONS AND RESOLUTIONS

Mr. Moe, R.D. moved that H.F. No. 2 and the Conference Committee Report thereon be taken from the table. The motion prevailed.

H. F. No. 2 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 50 and nays 17, as follows:

Those who voted in the affirmative were:

Berg	Engler	Lantry	Penny	Spear
Berglin	Frank	Lessard	Peterson, C.C.	Stern
Bertram	Frederick	Luther	Peterson, R.W.	Stokowski
Brataas	Hanson	Menning	Petty	Stumpf
Chmielewski	Hughes	Merriam	Purfeerst	Tennessen
Dahl	Humphrey	Moe, D. M.	Schmitz	Ulland
Davies	Johnson	Moe, R. D.	Setzepfandt	Vega
Davis	Knoll	Nelson	Sieloff	Waldorf
Dicklich	Kroening	Olhoft	Sikorski	Wegener
Dieterich	Langseth	Pehler	Solon	Willett

Those who voted in the negative were:

Ashbach	Bernhagen	Knutson	Pillsbury	Taylor
Bang	Frederickson	Kronebusch	Ramstad	
Belanger	Kamrath	Lindgren	Renneke	
Benson	Keefe	Peterson, D.L.	Rued	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MEMBERS EXCUSED

Mr. Berg was excused from the Session of today from 3:30 to 5:30 p.m.

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Moe, R.D. moved that the Senate do now adjourn until 10:50 a.m., Thursday, January 14, 1982. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate