

SEVENTY-SIXTH DAY

St. Paul, Minnesota, Thursday, April 12, 1984

The Senate met at 10:00 a.m. and was called to order by the President.

Prayer was offered by the Chaplain, Rev. John Quam.

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

Adkins	Diessner	Kroening	Olson	Sieloff
Anderson	Dieterich	Kronebusch	Pehler	Solon
Belanger	Frank	Laidig	Peterson, C.C.	Spear
Benson	Frederick	Langseth	Peterson, D.C.	Storm
Berg	Frederickson	Lantry	Peterson, D.L.	Stumpf
Berglin	Freeman	Lessard	Peterson, R.W.	Taylor
Bernhagen	Hughes	Luther	Petty	Ulland
Bertram	Isackson	McQuaid	Pogemiller	Vega
Brataas	Johnson, D.E.	Mehrkens	Purfeerst	Waldorf
Chmielewski	Johnson, D.J.	Merriam	Ramstad	Wegscheid
Dahl	Jude	Moe, D.M.	Reichgott	Willet
Davis	Kamrath	Moe, R.D.	Renneke	
DeCramer	Knaak	Nelson	Samuelson	
Dicklich	Knutson	Novak	Schmitz	

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

The following communication was received.

April 11, 1984

The Honorable Jerome M. Hughes
President of the Senate

Dear Sir:

I have the honor of informing you that I have received, approved, signed and deposited in the Office of the Secretary of State, S.F. Nos. 1127 and 1350.

Sincerely,
Rudy Perpich, Governor

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following

Senate Files, herewith returned: S.F. Nos. 868 and 2148.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 11, 1984

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 1750: A bill for an act relating to commerce; providing for the classification of crime reports of the department of commerce; including certain financial institutions within the definition of broker-dealer of securities; broadening the securities transaction exemption for corporate transactions; providing for the receipt of applications for renewal of real estate broker and salesperson licenses; establishing certain fees relating to the regulation of real estate brokers and salespersons; providing for real estate salesperson licensing requirements after examination; clarifying a certain definition relating to recovery from the real estate education, research, and recovery fund; limiting recovery to cases involving judgments against licensed individuals; providing for the depositing of funds under the unclaimed property statutes; regulating sales of unclaimed property; appropriating money; amending Minnesota Statutes 1982, sections 13.81, subdivision 1; 13.82, subdivision 1; 80A.14, subdivision 4; 80A.15, subdivision 2; 80A.30, subdivision 2; 82.17, subdivision 3; 82.20, subdivisions 8 and 9; 82.21, subdivision 1; 82.22, subdivisions 2 and 5; 345.32; 345.47, subdivision 1; 345.48; 345.49; Minnesota Statutes 1983 Supplement, sections 82.22, subdivisions 6 and 13; and 82.34, subdivision 7; proposing new law coded in Minnesota Statutes, chapter 345.

Senate File No. 1750 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 11, 1984

Mr. Wegscheid moved that S.F. No. 1750 be laid on the table. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 1810: A bill for an act relating to insurance; homeowner's; providing certain notice requirements upon policy nonrenewal, reduction in the limits of coverage, or elimination of coverage; authorizing the commissioner to adopt rules; amending Minnesota Statutes 1982, section 65A.29, by adding subdivisions; repealing Minnesota Statutes 1982, section 65A.29, subdivision 2.

Senate File No. 1810 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 11, 1984

Ms. Peterson, D.C. moved that the Senate do not concur in the amendments by the House to S.F. No. 1810, 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 to be appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1405:

H.F. No. 1405: A bill for an act relating to state monuments; adding the "Monument to the Living" in Ramsey County to the list of state monuments; amending Minnesota Statutes 1982, section 138.585, by adding a subdivision.

And the House respectfully requests that a Conference Committee of three members be appointed thereon.

Blatz, Quinn and Knuth have been appointed as such committee on the part of the House.

House File No. 1405 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 April, 11, 1984

Mr. Belanger moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1405, 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.

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 1421, 1809, 1606, 1651 and 2016.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 11, 1984

FIRST READING OF HOUSE BILLS

The following bills were read the first time and referred to the committees indicated.

H.F. No. 1421: A bill for an act relating to labor; authorizing certain payroll deductions; amending Minnesota Statutes 1982, section 181.06, subdivision 2.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1386, now on Special Orders.

H.F. No. 1809: A bill for an act relating to crimes; authorizing aggregation of thefts in medicaid fraud cases; extending the statute of limitations in medicaid fraud cases; amending Minnesota Statutes 1982, section 628.26;

Minnesota Statutes 1983 Supplement, section 609.52, subdivision 3.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1785, now on Special Orders.

H.F. No. 1606: A bill for an act relating to elections; prohibiting certain inquiries of voters at or near the polls; amending Minnesota Statutes 1982, section 204C.06, subdivision 1.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2131, now on Special Orders.

H.F. No. 1651: A bill for an act relating to crimes; including conservation officers as peace officers authorized to enforce the crime of fleeing a peace officer and related laws; setting penalties for flight from a peace officer under certain conditions; amending Minnesota Statutes 1982, sections 65B.605, subdivision 2; and 609.487, subdivisions 2 and 4.

Mr. Moe, R.D. moved that H.F. No. 1651 be laid on the table. The motion prevailed.

H.F. No. 2016: A bill for an act relating to taxation; repealing the income tax surtax; modifying the designation of enterprise zones; increasing the funding for enterprise zones; modifying the definition of political party under the political contribution credit; providing an income tax credit for conservation tillage farm equipment; eliminating racehorses from the farm loss modification; permitting certain net operating loss carrybacks; permitting deduction of certain foreign taxes paid; allowing deduction of foreign dividends and royalties; modifying the definition of apportionment factors; restricting tax exemptions for redevelopment companies; changing the computation of the school agricultural credit retroactive to taxes payable in 1984 in certain cases; modifying the maximum targeting credit for payable 1984; providing a targeting credit for payable 1985; changing computation of certain local government aid payments; directing the department of revenue to issue guidelines on certain topics; instructing the commissioner to determine production value ratio; authorizing certain additional levies in counties; modifying the use of the sales ratio study as evidence in court; changing the methodology of the sales ratio study; changing certain property tax appeal procedures; imposing requirements for disaster relief credits; increasing agricultural aid to certain property; modifying the homestead credit provisions for certain property and providing refunds; changing the classification ratio maximum value on commercial and industrial property; limiting the property tax exemption for certain projects; repealing the exemption for franchise and special taxes and fees for certain projects; modifying the property tax refund with respect to certain claims; repealing rent capitalization; changing the estate tax; allowing the commissioner more discretion in valuing railroad property; providing for equalization of railroad valuations; authorizing the Ramsey-Washington metro watershed district to establish a maintenance and repair fund and levy taxes; creating the Croft historical park board; authorizing the board to levy taxes; authorizing the city of Cloquet to levy taxes for certain transit expenses; authorizing the conveyance of certain land in St. Louis County; clarifying the application of the mortgage registry tax to revolving lines of credit; changing the procedures for refunds of the motor fuels tax; reducing the sales tax rate for purchases of capital equipment and manufactured housing; exempting agricultural electricity, residential hot water

district heating, and used manufactured housing from the sales tax; exempting certain sales by nonprofit organizations from the sales tax; exempting residential district heating from the St. Paul franchise tax; repealing the accelerated payment of sales tax; transferring motor vehicle excise tax proceeds to the highway user and transit funds; providing for the priority of certain liens securing revolving lines of credit; increasing the interest rate on state tax refunds; appropriating money; amending Minnesota Statutes 1982, sections 10A.31, subdivisions 3a and 5; 124.2131, subdivision 1; 270.80, subdivision 4; 270.84, subdivision 1; 270.86; 270.87; 270A.07, subdivision 5; 271.01, subdivision 5; 271.06, subdivision 6; 271.12; 273.123, by adding subdivisions; 273.13, subdivisions 9 and 19; 287.05, by adding subdivisions; 290.01, subdivision 20e; 290.06, by adding a subdivision; 290.19, subdivision 1a; 290.21, by adding a subdivision; 290.92, subdivision 11; 290.936; 290A.04, by adding a subdivision; 290A.07, subdivision 2a; 291.075; 291.09, subdivision 1a; 291.132, subdivision 2; 291.18; 291.215, subdivision 1; 294.09, subdivision 1; 296.18, subdivisions 3 and 8; 297A.01, by adding subdivisions; 297A.15, by adding a subdivision; 297B.035, subdivision 3; 298.09, subdivision 4; 299.05; 462.651, subdivision 1, and by adding a subdivision; and 477A.13; Minnesota Statutes 1983 Supplement, sections 16A.15, subdivision 6; 124.2137, subdivision 1; 273.11, subdivision 1; 273.13, subdivisions 6 and 21; 273.1314, subdivisions 6, 8, and 15; 278.01, subdivision 1; 278.05, subdivision 4; 290.06, subdivision 11; 290.09, subdivision 29; 290.18, subdivision 2; 290.21, subdivision 4; 290.50, subdivision 1; 290.92, subdivision 13; 290.93, subdivision 9; 290A.03, subdivisions 8 and 13; 290A.04, subdivision 2e, and by adding a subdivision; 290A.05; 290A.07, subdivision 3; 291.005, subdivision 1; 291.03, subdivision 1; 291.09, subdivision 3a; 296.14, subdivision 4; 296.18, subdivision 1; 297A.02, subdivision 2, and by adding a subdivision; 297A.14; 297A.25, subdivision 1; 297A.27, subdivision 1; 297A.35, subdivision 1; 297B.09; and 477A.013, subdivision 1; Laws 1979, chapter 189, section 2; proposing new law coded in Minnesota Statutes, chapters 270, 507 and 508; repealing Minnesota Statutes 1982, sections 270.90; 291.015; 291.03, subdivisions 3, 4, 5, 6, and 7; 291.05; 291.051; 291.06; 291.065; 291.07; 291.08; 291.09, subdivision 5; 291.111; and 462.651, subdivision 2; Minnesota Statutes 1983 Supplement, sections 273.11, subdivision 7; 290.06, subdivisions 2e and 13; 297A.275; and 462.651, subdivision 3; and Laws 1983, chapter 342, article 1, section 8.

Mr. Moe, R.D. moved that H.F. No. 2016 be laid on the table. The motion prevailed.

REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted, with the exception of reports pertaining to appointments. The motion prevailed.

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1237: A bill for an act relating to land surveying; authorizing counties to contract for the preservation and remonumentation of the United States public land survey; appropriating money; amending Minnesota Stat-

utes 1982, sections 287.21, subdivision 2; 287.25; 287.28; 287.29, subdivision 1; and 389.011, subdivision 2; proposing new law coded in Minnesota Statutes, chapter 287.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, delete section 1

Page 1, line 21, after the second period, insert "[389.10]"

Page 1, line 23, delete "12" and insert "11"

Page 1, line 26, after the second period, insert "[389.11]"

Page 2, line 6, delete "12" and insert "11"

Page 2, line 7, after the second period, insert "[389.12]"

Page 2, line 32, delete "*The information*"

Page 2, delete line 33

Page 2, line 36, delete "12" and insert "11"

Page 3, delete lines 4 to 7

Page 3, line 8, after the second period, insert "[389.13]"

Page 3, line 9, delete "*administration*" and insert "*commerce*"

Page 3, line 11, delete "12" and insert "11"

Page 3, line 12, delete "*by May 1, 1984*" and insert "*within one year following the effective date of this act*"

Page 3, line 13, after the second period, insert "[389.14]"

Page 3, line 21, after the second period, insert "[389.15]"

Page 3, line 26, delete "6" and insert "5"

Page 3, line 33, after the second period, insert "[389.16]"

Page 3, line 36, delete "*of the county in*"

Page 4, line 1, delete "*which the corner is located*" and insert "*when he maintains an office on a full-time basis in a building maintained by the county*"

Page 4, line 6, after the second period, insert "[389.17]"

Page 4, line 17, after the second period, insert "[389.18]"

Page 4, line 20, delete "4" and insert "3"

Page 4, line 22, after the second period, insert "[389.19]"

Page 4, line 29, after "*maintains*" insert "*an office on*"

Page 4, line 29, delete "*office*"

Page 4, line 30, delete everything after the period

Page 4, delete line 31

Page 4, line 32, after the second period, insert "[389.20]"

Page 4, delete lines 33 and 34

Page 4, line 35, delete "surveyor" and insert:

"The county board of each county must establish an advisory committee which consists of the following persons:

(a) one person designated by the commissioner of transportation;

(b) one person designated by the commissioner of commerce;

(c) three persons designated by the county board, of whom one must be a county commissioner, one must be a registered engineer or land surveyor who is not the county surveyor and one must be a lay member"

Page 4, line 36, delete "12" and insert "11"

Page 5, line 4, delete "5" and insert "4" and delete everything after the period and insert *"This section does not apply to a county which has certified completion of its remonumentation program under section 16, subdivision 2."*

Page 5, delete line 5

Page 6, line 22, delete "\$....." and insert "\$70,000, or so much thereof as is necessary,"

Page 6, line 22, delete "administration" and insert "commerce, in each of the fiscal years 1984 and 1985,"

Page 6, line 24, delete "5" and insert "4, provided that if the payment for either year is insufficient the payment for the other year is available"

Page 6, line 28, delete "remainder" and insert "total"

Page 6, line 31, delete "12" and insert "11"

Page 6, line 32, after "completed" insert "in compliance with standards promulgated under section 4"

Page 6, line 33, after "completion" insert "in compliance with the standards"

Page 6, line 33, delete everything after the period and insert *"The commissioner may distribute funds under this section to a county where the survey has not been completed only if the county certifies that the funds will be used only to complete the survey."*

Page 6, delete lines 34 and 35

Page 6, line 36, delete "the general fund."

Page 7, line 8, strike "TERMINATION OF"

Page 7, line 9, strike "OFFICE"

Page 8, after line 29, insert:

"Sec. 18. Minnesota Statutes 1982, section 389.011, subdivision 3, is amended to read:

Subd. 3. [BOND; OATH.] ~~Any~~ A county surveyor appointed or elected after July 1, 1961, before entering upon his duties shall ~~give bond to the state;~~

approved by the county board, in the sum of \$2,000 conditioned for the faithful discharge of his duties, which bond, with his oath, together with file for record a certified copy of his registration as a land surveyor or his certificate of election shall be filed for record with the county recorder. A county surveyor holding office on January 1, 1985, must have on file with the county recorder a bond to the state in the penal sum of \$25,000, to be approved and filed in the same manner as the bonds of other county officers. All premiums for the bond must be paid by the county. The state and its political subdivisions, or any person damaged by a wrongful act or omission of the county surveyor in the performance of his official duties may maintain an action on the bond for the recovery of the damages so sustained."

Page 8, line 31, delete "18" and insert "17"

Page 8, line 32, after the period, insert "Section 18 is effective January 1, 1985."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 7, delete "subdivision 2" and insert "subdivisions 2 and 3"

Page 1, line 8, delete "chapter" and insert "chapters" and after "287" insert "and 389"

And when so amended the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Amendments adopted. Report adopted.

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 2179: A bill for an act relating to local government; changing restrictions on filing and recording certain conveyances; amending Minnesota Statutes 1982, section 462.358, subdivision 4b.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [CITY OF THIEF RIVER FALLS; FILING AND RECORDING CONVEYANCES.]

In the city of Thief River Falls the restrictions on the filing and recording of conveyances provided by Minnesota Statutes, section 462.358, subdivision 4b, do not apply to a conveyance if the land described is a single parcel of residential or agricultural land of not less than five acres and its conveyance does not result in the division of the parcel into two or more parcels, any one of which is less than five acres in area or 250 feet in width.

Sec. 2. [LOCAL APPROVAL.]

This act is effective the day after the governing body of the city of Thief River Falls complies with Minnesota Statutes, section 645.021, subdivision 3."

Delete the title and insert:

"A bill for an act relating to the city of Thief River Falls; changing restric-

tions on filing and recording certain conveyances.”

And when so amended the bill do pass and be placed on the Consent Calendar. Amendments adopted. Report adopted.

Mr. Schmitz from the Committee on Local and Urban Government, to which was re-referred

H.F. No. 1381: A bill for an act relating to the city of Caledonia; providing for the appointment of members to the library board; authorizing terms of service.

Reports the same back with the recommendation that the bill do pass and be placed on the Consent Calendar. Report adopted.

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 2187: A bill for an act relating to towns; permitting towns to make charitable contributions; amending Minnesota Statutes 1982, section 365.10.

Reports the same back with the recommendation that the bill be amended as follows:

Page 3, line 2, delete “*annually make*” and insert “*contract with nonprofit organizations for health, social, or recreational services in an amount not to exceed a total of \$5,000 in any year when deemed in the public interest and of benefit to the town.*”

Page 3, delete line 3

Delete the title and insert:

“A bill for an act relating to towns; authorizing contracts with nonprofit organizations; amending Minnesota Statutes 1982, section 365.10.”

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 2100: A bill for an act relating to public finance; providing for allocation of federal authority to issue certain state and local obligations; amending Minnesota Statutes 1982, sections 116J.42, by adding a subdivision; 273.77; 429.091, by adding a subdivision; 430.12; and 472.09, by adding a subdivision; proposing new law coded in Minnesota Statutes, chapters 458; 459; 462; 474; and 475.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1982, section 116J.58, is amended by adding a subdivision to read:

Subd. 4. [FEDERAL LIMITATION ACT ALLOCATION.] The commissioner shall:

(1) in accordance with sections 9 to 16, review applications for and grant allocations of authority to issue bonds or other obligations subject to a federal limitation act; and

(2) adopt rules, including temporary rules under sections 14.29 to 14.36, to provide for the allocation of the amount of issuance authority allocated pursuant to section 10, subdivision 3. The rules shall contain criteria and procedures for allocation of authority for use by the department, and to other state agencies, political subdivisions, or other authorities authorized by other law to issue bonds subject to a federal limitation act; and

(3) obtain the approval of the governing body of a home rule or statutory city before issuing obligations allocated pursuant to this subdivision for a project located within the home rule or statutory city, if the city received an allocation as an entitlement issuer pursuant to section 11.

For the purposes of this subdivision, a "federal limitation act" is an act of congress defined in section 9, subdivision 5.

Sec. 2. Minnesota Statutes 1982, section 273.77, is amended to read:

273.77 [TAX INCREMENT BONDING.]

Any other law, general or special, notwithstanding, after August 1, 1979 no bonds, payment for which tax increment is pledged, shall be issued in connection with any project for which tax increment financing has been undertaken other than as is authorized hereby and the proceeds therefrom shall be used only in accordance with section 273.75, subdivision 4 as if said proceeds were tax increment, except that a tax increment financing plan need not be adopted for any project for which tax increment financing has been undertaken prior to August 1, 1979, pursuant to statutes not requiring a tax increment financing plan. Such bonds shall not be included for purposes of computing the net debt of any municipality.

(a) A municipality may issue general obligation bonds to finance any expenditure by the municipality or an authority the jurisdiction of which is wholly or partially within that municipality, pursuant to section 273.75, subdivision 4 in the same manner and subject only to the same conditions as those provided in chapter 475 for bonds financing improvement costs reimbursable from special assessments. Any pledge of tax increment, assessments or other revenues for the payment of the principal of and interest on general obligation bonds issued under this subdivision, except when the authority and the municipality are the same, shall be made by written agreement by and between the authority and the municipality and filed with the county auditor. When the authority and the municipality are the same, the municipality may by covenant pledge tax increment, assessments or other revenues for the payment of the principal of and interest on general obligation bonds issued under this subdivision and thereupon shall file the resolution containing such covenant with the county auditor. When tax increment, assessments and other revenues are pledged, the estimated collections of said tax increment, assessments and any other revenues so pledged may be deducted from the taxes otherwise required to be levied before the issuance of the bonds under section 475.61, subdivision 1, or the collections thereof may be certified annually to reduce or cancel the initial tax levies in accordance with section 475.61, subdivision 1 or 3.

(b) When the authority and the municipality are not the same, an authority may, by resolution, authorize, issue and sell its general obligation bonds to finance any expenditure which that authority is authorized to make by section 273.75, subdivision 4. Said bonds of the authority shall be authorized by its resolution, shall mature as determined by resolution of the authority in accordance with Laws 1979, Chapter 322, and may be issued in one or more series and shall bear such date or dates, bear interest at such rate or rates, be in such denomination or denominations, be in such form either coupon or registered, carry such conversion or registration privileges, have such rank or priority, be executed in such manner, be payable in medium of payment at such place or places, and be subject to such terms of redemption, with or without premium, as such resolution, its trust indenture or mortgage may provide. The bonds may be sold at public or private sale at the price or prices as the authority by resolution shall determine, and any provision of any law to the contrary notwithstanding, the bonds shall be fully negotiable. In any suit, actions, or proceedings involving the validity of enforceability of any bonds of the authority or the security therefor, any bond reciting in substance that it has been issued by the authority to aid in financing a project shall be conclusively deemed to have been issued for such purpose, and the tax increment financing district within the project shall be conclusively deemed to have been planned, located, and carried out in accordance with the purposes and provisions of Laws 1979, Chapter 322. Neither the authority, nor any director, commissioner, council member, board member, officer, employee or agent of the authority nor any person executing the bonds shall be liable personally on the bonds by reason of the issuance thereof. The bonds of the authority, and such bonds shall so state on their face, shall not be a debt of any municipality, the state or any political subdivision thereof, and neither the municipality nor the state or any political subdivision thereof shall be liable thereon, nor in any event shall such bonds be payable out of any funds or properties other than those of the authority and any tax increment and revenues of a tax increment financing district pledged therefor.

(c) Notwithstanding any other law general or special, an authority may, by resolution, authorize, issue and sell revenue bonds payable solely from all or a portion of revenues, including but not limited to tax increment revenues and assessments, derived from a tax increment financing district located wholly or partially within the municipality to finance any expenditure which the authority is authorized to make by section 273.75, subdivision 4. The bonds shall mature as determined by resolution of the authority in accordance with Laws 1979, Chapter 322 and may be issued in one or more series and shall bear such date or dates, bear interest at such rate or rates, be in such denomination or denominations, be in such form either coupon or registered, carry such conversion or registration privileges, have such rank or priority, be executed in such manner, be payable in medium of payment at such place or places, and be subject to such terms of redemption, with or without premium, as such resolution, its trust indenture or mortgage may provide. The bonds may be sold at public or private sale at the price or prices as the authority by resolution shall determine, and any provision of any law to the contrary notwithstanding, shall be fully negotiable. In any suit, action, or proceedings involving the validity or enforceability of any bonds of the authority or the security therefor, any bond reciting in substance that it has been issued by the authority to aid in financing a project shall be conclusively deemed to have been issued for such purpose, and the tax increment financing district within the project shall be conclusively deemed to have been planned, located, and carried out in accordance with the purposes and provisions of Laws 1979,

Chapter 322. Neither the authority, nor any director, commissioner, council member, board member, officer, employee or agent of the authority nor any person executing the bonds shall be liable personally on the bonds by reason of the issuance thereof. The bonds may be further secured by a pledge and mortgage of all or any portion of the district in aid of which the bonds are issued and such covenants as the authority shall deem by such resolution to be necessary and proper to secure payment of the bonds. The bonds, and the bonds shall so state on their face, shall not be payable from nor charged upon any funds other than the revenues and property pledged or mortgaged to the payment thereof, nor shall the issuing authority be subject to any liability thereon or have the powers to obligate itself to pay or pay the bonds from funds other than the revenues and properties pledged and mortgaged and no holder or holders of the bonds shall ever have the right to compel any exercise of any taxing power of the issuing authority or any other public body, other than as is permitted or required under Laws 1979, Chapter 322 and pledged therefor hereunder, to pay the principal of or interest on any such bonds, nor to enforce payment thereof against any property of the authority or other public body other than that expressly pledged or mortgaged for the payment thereof.

(d) (1) In anticipation of the issuance of bonds pursuant to either paragraph (a), (b) or (c) of this section, the authority or municipality may by resolution issue and sell temporary bonds pursuant to paragraph (a), (b) or (c), maturing within not more than three years from their date of issue, to pay any part or all of the cost of a project. To the extent that the principal of and interest on the temporary bonds cannot be paid when due from receipts of tax increment, assessments, or other funds appropriated for the purpose, they shall be paid from the proceeds of long-term bonds or additional temporary bonds which the authority or municipality shall offer for sale in advance of the maturity date of the temporary bonds, but the indebtedness funded by an issue of temporary bonds shall not be extended by the issue of additional temporary bonds for more than six years from the date of the first issue. Long-term bonds may be issued pursuant to paragraph (a), (b) or (c) without regard to whether the temporary bonds were issued pursuant to paragraph (a), (b) or (c). If general obligation temporary bonds are issued pursuant to paragraph (a), proceeds of long-term bonds or additional temporary bonds not yet sold may be treated as pledged revenues, in reduction of the tax otherwise required by section 475.61 to be levied prior to delivery of the obligations. Subject to the six-year maturity limitation contained above, but without regard to the requirement of section 475.58, if any temporary bonds are not paid in full at maturity, in addition to any other remedy authorized or permitted by law, the holders may demand, in which case the authority or municipality shall, issue pursuant to paragraph (a), (b) or (c) as the temporary bonds and in exchange for the temporary bonds, at par, replacement temporary bonds dated as of the date of the replaced temporary bonds, maturing within one year from the date of the replacement temporary bonds and earning interest at the rate set forth in the resolution authorizing the issuance of the replaced temporary bonds, provided that the rate shall not exceed the maximum rate permitted by law at the date of issue of the replaced temporary bonds.

(2) Funds of a municipality may be invested in its temporary bonds in accordance with the provisions of section 471.56, and may be purchased upon their initial issue, but shall be purchased only from funds which the governing body of the municipality determines will not be required for other purposes before the maturity date, and shall be resold before maturity only in

case of emergency. If purchased from a debt service fund securing other bonds, the holders of those bonds may enforce the municipality's obligations on the temporary bonds in the same manner as if they held the temporary bonds.

(e) Sections 9 to 16 apply to any issuance of obligations under this section which are subject to limitation under a federal limitation act as defined in section 9, subdivision 5.

Sec. 3. Minnesota Statutes 1982, section 429.091, is amended by adding a subdivision to read:

Subd. 8. [FEDERAL LIMITATION ACT.] Sections 9 to 16 apply to any issuance of obligations under this section which are subject to limitation under a federal limitation act as defined in section 9, subdivision 5.

Sec. 4. Minnesota Statutes 1982, section 430.12, is amended to read:

430.12 [BONDS FOR IMPROVEMENTS.]

The city council, for the purpose of realizing the funds for making an improvement and paying damages may, from time to time as may be needed, issue and sell special certificates of indebtedness, or special street or parkway improvement bonds, as they may decide, which shall entitle the holder thereof to all sums realized upon any assessment or, if deemed advisable, a series of two or more certificates or bonds against any one assessment, or against the assessments in two or more different proceedings, the principal and interest being payable at fixed dates out of the funds collected from the assessments, including interest and penalties, and the whole of the fund or funds is hereby pledged for the pro rata payment of the certificates or bonds and the interest thereon, as they severally become due. These certificates or bonds may be made payable to the bearer, with interest coupons attached, and the city council may bind the city to make good deficiencies in the collection up to, but not exceeding, the principal and interest at the rate fixed, as hereinafter provided, and for the time specified in section 430.06. If the city, because of this guaranty, shall redeem any certificate or bond, it shall thereupon be subrogated to the holder's rights. For the purpose of this guaranty, penalties collected shall be credited upon deficiencies of principal and interest before the city shall be liable. These certificates or bonds shall be sold at public sale or by sealed proposals at a meeting of which at least two weeks' published notice shall be given, to the purchaser who will pay the par value thereof at the lowest interest rate, and the certificates or bonds shall be drawn accordingly, but the rate of interest shall in no case exceed seven percent per annum, payable annually or semiannually. The city clerk shall certify to the county auditor the rate of interest so determined at the first bond sale held for any such improvement, and interest shall be computed upon the assessments at this annual rate, in accordance with the terms of section 430.06. In case the rate of interest so determined at any subsequent bond sale for the same improvement is greater than the rate so determined at the first bond sale therefor, the difference between these rates of interest shall be a general city charge.

In case the proceeds of any special certificates of indebtedness or special street or parkway improvement bonds are in excess of the amount actually necessary to make the improvements for which the same were issued, or in

case the proceeds are not immediately required for the prosecution or completion of the improvement, these proceeds may meanwhile be used by the city council for the making of other improvements authorized under the provisions of this chapter, and the amount of the proceeds so used shall be replaced and made good so far as may be necessary from the proceeds of special certificates of indebtedness or special bonds issued for the purpose of making such other improvements.

Sections 9 to 16 apply to any issuance of obligations under this section which are subject to limitation under a federal limitation act as defined in section 9, subdivision 5.

Sec. 5. [458.1941] [FEDERAL LIMITATION ACT.]

Sections 9 to 16 apply to any issuance of obligations under chapter 458 which are subject to limitation under a federal limitation act as defined in section 9, subdivision 5.

Sec. 6. [459.35] [FEDERAL LIMITATION ACT.]

Sections 9 to 16 apply to any issuance of obligations under chapter 459 which are subject to limitation under a federal limitation act as defined in section 9, subdivision 5.

Sec. 7. [462.556] [FEDERAL LIMITATION ACT.]

Sections 9 to 16 apply to any issuance of obligations under chapter 462 which are subject to limitation under a federal limitation act as defined in section 9, subdivision 5.

Sec. 8. Minnesota Statutes 1982, section 472.09, is amended by adding a subdivision to read:

Subd. 8. [FEDERAL LIMITATION ACT.] Sections 9 to 16 apply to any issuance of obligations under this section which are subject to limitation under a federal limitation act as defined in section 9, subdivision 5.

Sec. 9. [474.16] [DEFINITIONS.]

Subdivision 1. For the purposes of sections 9 to 16, the terms defined in this section have the meaning given them.

Subd. 2. "Local issuer" means any home rule charter or statutory city, any town, any housing and redevelopment authority referred to in chapter 462 or any body authorized to exercise the powers of a housing and redevelopment authority, any port authority referred to in chapter 458 or any body authorized to exercise the powers of a port authority, any area or municipal redevelopment agency referred to in chapter 472, any county, or any other municipal authority or agency established pursuant to special law other than the iron range resources and rehabilitation board, acting as an issuer of obligations pursuant to law.

Subd. 3. "Entitlement issuer" means a local issuer with an average annual previous use of \$1,000,000 or more based on the highest annual use in three of the calendar years from 1980 to 1983.

Subd. 4. "Previous use" means the principal amount of obligations of a type subject to limitation under the terms of a federal limitation act issued by a local issuer during a specified period.

Subd. 5. "Federal limitation act" means an act of congress of the United States of America other than the Mortgage Subsidy Bond Tax Act of 1980, Public Law Number 96-499, section 1102(a) and amendments to it, amending the Internal Revenue Code of 1954, to limit the aggregate amount of obligations of a specified type or types which may be issued by an issuing authority during any calendar year whose interest is exempt from inclusion in gross income for purposes of federal income taxation pursuant to section 103(a) of the Internal Revenue Code of 1954, as amended, and providing for an allocation of issuing authority by the legislature of a state.

Sec. 10. [474.17] [ALLOCATION OF PRIVATE ACTIVITY BONDS.]

Subdivision 1. [HIGHER EDUCATION COORDINATING BOARD ALLOCATION.] \$30,000,000 for calendar year 1984 and \$10,000,000 for calendar year 1985 of the aggregate limit of bond issuance authority allocated to the state pursuant to a federal limitation act is allocated to the higher education coordinating board for the issuance of obligations pursuant to chapter 136A. On September 1, 1985, any unused portion of the bonding authority allocated to the higher education coordinating board shall be canceled and the authority shall be allocated pursuant to section 12. If the commissioner of energy and economic development determines that pursuant to a federal limitation act, the higher education coordinating board cannot issue obligations whose interest is exempt from inclusion in gross income for purposes of federal income taxation pursuant to section 103(a) of the Internal Revenue Code of 1954, as amended, this allocation shall cancel and the allocation provided in subdivision 3 shall be increased to \$55,000,000 for calendar year 1984 and to \$65,000,000 for calendar year 1985.

Subd. 2. [IRON RANGE RESOURCES AND REHABILITATION ALLOCATION.] From January 1 to August 31 of each calendar year, \$25,000,000 of the aggregate limit of bond issuance authority allocated to the state for any calendar year pursuant to a federal limitation act is allocated to the iron range resources and rehabilitation commissioner. From September 1 to October 31 of each year, the iron range resources and rehabilitation commissioner may retain his allocation or a portion of it only if he has submitted to the department of energy and economic development on or before September 1 a letter which states (a) his intent to issue obligations pursuant to his allocation or a portion of it before the end of the calendar year or within the time period permitted by a federal limitation act and (b) a description of the specific project or projects for which the obligations will be issued, together with a deposit in the amount of one percent of the amount of the remaining unused allocation or the portion of it pursuant to which he intends to issue obligations. If the iron range resources and rehabilitation commissioner does not submit the required letter of intent and deposit, the amount originally allocated to the iron range resources and rehabilitation commissioner or the portion not already used not subject to a letter of intent shall be canceled and subject to reallocation in accordance with section 12. If the iron range resources and rehabilitation commissioner returns for reallocation all or any part of his allocation on or before October 31, that portion of his application deposit equal to one percent of the amount returned shall be refunded within 30 days. The iron range resources and rehabilitation commissioner shall obtain the approval of the governing body of a home rule or statutory city before issuing obligations allocated pursuant to this subdivision for a project located

within the city, if the city received an allocation as an entitlement issuer pursuant to section 11. The iron range resources and rehabilitation commissioner may enter into a joint powers agreement with any other state or municipal entity which has authority to issue obligations subject to a federal limitation act whereby the other entity issues the bonds on behalf of the iron range resources and rehabilitation commissioner.

Subd. 3. [DEPARTMENT OF ENERGY AND ECONOMIC DEVELOPMENT ALLOCATION.] *From January 1 to August 31 of calendar year 1984, \$40,000,000 and for calendar year 1985 \$60,000,000 of the aggregate limit of bond issuance authority allocated to the state pursuant to a federal limitation act is allocated to the department of energy and economic development for use or allocation pursuant to section 1, clause (2). From September 1 to October 31 of each year, the department or any entity which receives an allocation from the department pursuant to section 1, clause (2), may retain its allocation or a portion of it only if it has submitted to the division of the department responsible for administering this act on or before September 1 a letter which states (a) its intent to issue obligations pursuant to its allocation or a portion of it before the end of the calendar year or within the time period permitted by a federal limitation act, and (b) a description of the specific project or projects for which the obligations will be issued, together with a deposit in the amount of one percent of the amount of its remaining unused allocation or the portion of it pursuant to which it intends to issue obligations. If the department or any entity which receives an allocation from the department pursuant to section 1, clause (2), does not submit the required letter of intent and deposit, the amount originally allocated to the department or any entity which receives an allocation from the department pursuant to section 1, clause (2), or the portion not already used and not subject to a letter of intent shall be canceled and subject to reallocation in accordance with section 12. If the department or any entity which receives an allocation from the department pursuant to section 1, clause (2), returns for reallocation all or any part of its allocation on or before October 31, that portion of its application deposit equal to one percent of the amount returned shall be refunded within 30 days.*

Subd. 4. [LOCAL ISSUER ALLOCATION.] *Any amount of the aggregate limit of bond issuance authority allocated to the state for any calendar year pursuant to a federal limitation act which is not allocated pursuant to subdivisions 1 to 3 shall be allocated among local issuers pursuant to sections 11 to 16.*

Sec. 11. [474.18] [ALLOCATION AMONG ENTITLEMENT ISSUERS.]

Subdivision 1. [ALLOCATION AMOUNTS.] *From January 1 to August 31 of each calendar year, 80 percent of the amount of authority determined pursuant to section 10 shall be available solely for issuance of obligations by entitlement issuers.*

Subd. 2. [ALLOCATION PROCEDURE.] *To obtain an allocation pursuant to this section, an entitlement issuer shall within 30 days after the effective date of this act, submit to the department of energy and economic development a certification as to previous use for the four preceding calendar years, and the average annual previous use for the highest three of the four*

preceding calendar years. Within 15 days thereafter, the department of energy and economic development shall determine and publish the amount of issuance authority allocated to each entitlement issuer which submitted the information required above. The amount of authority for an issuer is the aggregate authority allocated to entitlement issuers pursuant to subdivision 1, multiplied by a fraction. The numerator of the fraction is the highest three-year previous use average as certified by the entitlement issuer. The denominator of the fraction is the combined highest three-year previous use average as certified by all entitlement issuers. Local issuers with boundaries which are coterminous shall be treated as a single issuer for purposes of determining their entitlement allocation, if any.

In such cases the amount of the issuance authority to be allocated to each issuer shall be determined by the city council in the case of a city or the county board in the case of a county. If an entitlement issuer grants approval for a project pursuant to section 1, clause (3), or section 10, subdivision 2, bonds issued by the department of energy and economic development or the iron range resources and rehabilitation commissioner shall be treated as if they were issued by the entitlement issuer pursuant to its entitlement allocation and shall not be counted in the allocation to the department of energy and economic development or the iron range resources and rehabilitation commissioner, but shall be counted against the allocation of the entitlement issuer. The entitlement issuer may allocate its entitlement allocation to any project for which obligations are issued or are to be issued after December 31, 1983, without regard to any preliminary resolutions which have been adopted for any project.

Subd. 3. [LETTER OF INTENT.] From September 1 to October 31 of each year, an entitlement issuer may retain its allocation or a portion of it only if it has submitted to the department of energy and economic development on or before September 1 a letter which states its intent to issue obligations pursuant to its allocation or a portion of it before the end of the calendar year or within the time period permitted by a federal limitation act, together with a deposit in the amount of one percent of the amount of its remaining unused allocation or the portion of it pursuant to which it intends to issue obligations. If an entitlement issuer does not submit the required letter of intent and deposit, the amount originally allocated to the entitlement issuer or the portion not already used and not subject to a letter of intent shall be canceled and subject to reallocation in accordance with section 12. If an entitlement issuer returns for reallocation all or any part of its allocation on or before October 31, that portion of its application deposit equal to one percent of the amount returned shall be refunded within 30 days.

Subd. 4. [JOINT POWERS.] An entitlement issuer may enter an agreement with a local issuer or the iron range resources and rehabilitation commissioner or the department of energy and economic development by which the local issuer or the iron range resources and rehabilitation commissioner or the department of energy and economic development issues bonds pursuant to issuance authority allocated to the entitlement issuer pursuant to this section. The amount of the issuance shall be considered as issued by the issuer granting use of its allocation for purposes of previous use determination.

Sec. 12. [474.19] [ALLOCATION OF POOL AMOUNT.]

Subdivision 1. [POOL AMOUNT.] From January 1 to August 31 of each year, 20 percent of the amount determined pursuant to section 13 shall be available solely for local issuers that do not qualify as entitlement issuers and shall be allocated as provided in this section. From September 1 to October 31 of any calendar year, any amounts remaining available for allocation or reallocation pursuant to section 11 or this section shall be allocated among all local issuers and the department of energy and economic development and the iron range resources and rehabilitation commissioner, pursuant to this section. An entitlement issuer, the department of energy and economic development or the iron range resources and rehabilitation commissioner may apply for an allocation pursuant to this section only if the applicant has issued bonds equal to any allocation received pursuant to section 10 or 11 or has returned any remaining allocation for reallocation pursuant to this section.

Subd. 2. [APPLICATION.] A local issuer that is not an entitlement issuer may apply for an allocation of bond issuance authority pursuant to this section by submitting to the department of energy and economic development on or before the 20th day of any month from December to September an application on forms provided by the department of energy and economic development, accompanied by (i) a resolution of the local issuer expressing a preliminary intention to issue obligations adopted in accordance with section 474.01, subdivision 7b, if applicable, which identifies the proposed project and the proposed amount of the obligations to be issued; and (ii) a deposit in the amount of one percent of the requested allocation. A local issuer may enter into a joint powers agreement with any other state or municipal entity which has authority to issue obligations subject to a federal limitation act whereby the other entity issues the bonds on behalf of the local issuer for the project for which an allocation was received by the local issuer. A local issuer may request an allocation for obligations issued prior to the effective date of this subdivision. A local issuer may elect not to submit an application for an allocation of bond issuance authority for a project for which the local issuer previously adopted a preliminary resolution.

After July 31 of any year, an entitlement issuer may also apply for an allocation under this section. Its application need not comply with clause (i).

Subd. 3. [ALLOCATION CRITERIA.] The department of energy and economic development shall rank each application on the basis of the number of points awarded to it, with one point being awarded for each of the following criteria satisfied:

(1) The current rate of unemployment for the applicant is at or above 110 percent of the statewide average unemployment rate for the previous year, as determined by the department of economic security. The unemployment rate for the applicant shall be the greater of (i) the most recent estimate available for the smallest jurisdiction which wholly includes the jurisdiction of the applicant, as reported by the department of economic security, or (ii) another estimate supplied by the applicant with respect to its jurisdiction, which is documented by the applicant.

(2) The number of individuals employed in the applicant's jurisdiction declined from the second calendar year before the application, to the first calendar year before the application. The estimate of the number of individuals employed for each year shall be based on the same source, and shall be (i) the

most recent estimate available for the smallest jurisdiction which wholly includes the applicant, as reported by the department of economic security, or (ii) another estimate supplied by the applicant with respect to its jurisdiction, which is documented by the applicant.

(3) The number of jobs to be created by the project described in the application is at least 1/10 of one percent of the number of individuals employed in the first calendar year before the application as determined in the manner provided in clause (2).

(4) The number of jobs to be created by the project described in the application is at least two jobs for each \$100,000 of issuance authority requested for the project.

(5) As of the date of application the total market value of all taxable property in the applicant's jurisdiction, as based on the most recent certification of assessed value to the commissioner of revenue, has either (i) declined in relation to the first calendar year before the certification, or (ii) increased in relation to the first calendar year before the certification at a rate which is not in excess of 90 percent of the rate of increase of the state average market value over the same period.

(6) The estimated market value of the project described in the application is at least one-half of one percent of the total market value of all taxable property in the applicant's jurisdiction as based on the most recent certification of assessed value to the commissioner of revenue.

(7) The project is wholly located in an enterprise zone designated pursuant to section 273.1312.

(8) The project site meets the criteria necessary to qualify as a tax increment redevelopment district as defined in section 273.73, subdivision 10. To qualify under this clause the project need not be included in a tax increment financing district.

(9) The project meets one of the following energy conservation criteria: (i) the project is eligible for the additional federal investment tax credits for energy property, (ii) the project involves construction or expansion of a district heating system as defined in section 116J.36, or (iii) the project involves construction of an alternative energy source as described in section 116J.26, clause (a), (b), or (d), or 116J.922, subdivision 6 or 7.

(10) Ninety percent or more of the proceeds of the proposed obligations will be used for construction, installation, or addition of equipment used primarily to abate or control pollutants to meet or exceed state laws, rules, or standards.

(11) The project consists of the renovation, rehabilitation, or reconstruction of an existing building which is (i) located in a historic district designated under section 138.73, or on a site listed in the state registry of historical sites under sections 138.53 to 138.5819; or (ii) designated in the National Register pursuant to United States Code, title 16, section 470a.

(12) Ninety percent or more of the proceeds of the proposed obligations will be used to finance facilities for waste management as defined in section 115A.03, subdivision 36, or solid waste as defined in section 116.06, subdivision 10.

(13) *Service connections to sewer and water systems are available to the project at the time the application is submitted.*

(14) *The minority population in the applicant's jurisdiction is at least 110 percent of the statewide average as determined by the affirmative action division of the department of economic security according to the most recent census data.*

(15) *When the application is submitted either (a) neither the anticipated owner of the project, nor any party of which the owner was a controlling partner or shareholder, or which was a controlling shareholder or partner of the owner, owned or operated a substantially similar business within the state or (b) the project is an expansion of the operations of an existing business which is not likely to have the effect of transferring existing employment from one or more other municipalities within the state to the municipality in which the project is located.*

(16) *A controlling interest in the project will be owned by one or more women or minority persons.*

(17) *Seventy-five percent or more of the proceeds of the proposed issue will be used to rehabilitate an existing structure.*

(18) *At the time of application, the property on which the project is to be located is properly zoned for the proposed use.*

(19) *The bond issue involves a credit enhancement device providing additional security for bondholders involving commitments or fees to be paid by the issuer other than out-of-bond proceeds. No points shall be awarded for credit enhancement devices financed directly or indirectly by a private, for-profit party which has a financial interest in or is related to any party which has a financial interest in the project.*

Subd. 4. [ALLOCATION PROCEDURE.] *The department of energy and economic development shall allocate available issuance authority to applications by the fifth day of the month succeeding each application deadline specified in subdivision 2 on the basis of the numerical rank determined pursuant to this section, but (i) no allocation shall be awarded to an application demonstrating less than four points, (ii) any project which is authorized by chapter 115A, chapter 400, or sections 473.801 to 473.834, shall receive an allocation of issuance authority without regard to its numerical rank to the extent that the amount of issuance authority allocated to the project when added to the issuance authority previously allocated during the calendar year pursuant to this clause does not exceed 49 percent of the amount provided in subdivision 1, provided that if obligations for any project described in this clause are not subject to a federal limitation act, no allocation shall be made pursuant to this clause, (iii) if on or before September 1, the department of energy and economic development returns a portion of its allocation for reallocation pursuant to this section, and the iron range resources and rehabilitation commissioner has issued obligations in an amount equal to its allocation or has submitted a letter of intent for any amount not issued, applications from the iron range resources and rehabilitation commissioner which demonstrate five or more points shall receive an allocation up to an amount equal to \$10,000,000 or the amount returned for reallocation by the department of energy and economic development or the amount remaining to be*

allocated, whichever is less, (iv) if on or before September 1, the iron range resources and rehabilitation commissioner returns a portion of his allocation for reallocation pursuant to this section, and the department of energy and economic development has issued obligations in an amount equal to its allocation or has submitted a letter of intent for any amount not issued, applications from the department of energy and economic development which demonstrate five or more points shall receive an allocation up to an amount equal to \$10,000,000 or the amount returned for reallocation by the iron range resources and rehabilitation commissioner or the amount remaining to be allocated, whichever is less, and (v) if two or more applications have the same numerical rank, the allocation of issuance authority as between the applications shall be by lot unless otherwise agreed by the respective local issuers. If an application is rejected, the department of energy and economic development shall return the deposit to the applicant within 30 days.

Subd. 5. [LETTER OF INTENT.] A local issuer which has received an allocation pursuant to this section prior to September 1 and which intends to issue obligations pursuant to it after August 31 of the year in which the allocation was received, shall submit to the department of energy and economic development on or before September 1 a letter stating its intent to issue bonds before the end of the calendar year or within the time period permitted by a federal limitation act. If the letter of intent is not submitted to the department of energy and economic development, the one percent deposit shall be returned to the local issuer, the issuance authority shall be canceled, and the issuance authority previously allocated to the local issuer will be available for reallocation pursuant to this section. If a local issuer returns for reallocation all or any part of its allocation on or before November 30, that portion of its application deposit equal to one percent of the amount returned shall be refunded within 30 days.

Subd. 6. [FINAL ALLOCATION.] From December 1 to November 30 of each year any amount determined pursuant to section 10, which is not both previously allocated and subject to a preliminary resolution for a specific project, whether or not committed pursuant to a letter of intent, shall be allocated among local issuers based on a ranking of points for criteria as set forth in subdivisions 3 and 4. No minimum number of points shall be required for allocation. If two or more applications receive an equal number of points, allocation among them shall be made by lot unless otherwise agreed by the respective applicants. An application for this allocation must be submitted by October 20, shall include evidence of passage of a preliminary resolution giving approval to a specific project and stating that it is the intent of the applicant that the obligations will be issued by the end of the year or within the time period permitted by a federal limitation act, and shall be accompanied by a deposit in the amount of one percent of the requested allocation. The department of energy and economic development shall notify applicants of their allocation on or before November 1.

Any amounts of authority which may become available for reallocation after November 1 shall be allocated among issuers which filed an application by October 20, pursuant to the criteria stated in subdivision 3.

Subd. 7. [CARRYOVER ALLOCATION.] If prior to December 20 of any year, an issuer determines that it will not issue obligations pursuant to authority allocated to it pursuant to this section or section 10 or 11 by the end of

that year or within the time period permitted by a federal limitation act, the issuer may notify the department of energy and economic development and such amount will be available for reallocation pursuant to this subdivision. In such case, the department of energy and economic development shall refund to the issuer within 30 days that portion of any application deposit equal to one-third of one percent of the amount returned for reallocation. The amounts available for reallocation shall be allocated on or before December 31 of each year among issuers which have submitted an application by December 10, and which have certified that the project to which the application relates qualifies for carryover treatment of allocated authority according to the terms of a federal limitation act, such that obligations may be issued pursuant to such allocation of authority after the end of the year, without expiration of such authority. If there is insufficient authority for allocation among applications received pursuant to this subdivision, allocation among them shall be made by lot unless otherwise agreed by the respective applicants.

Sec. 13. [474.20] [NOTICES REQUIRED.]

Subdivision 1. [NOTICE OF ISSUE.] Any issuer of obligations subject to limitation under a federal limitation act must give a notice of issue stating the date of issuance of the obligations, the allocation under which the obligations are issued, and the principal amount of the obligations to the department of energy and economic development within five days after the obligations are issued. If the notice of issue is not filed within five days after the obligations are issued, the obligations shall be void unless this provision is waived by the commissioner of the department of energy and economic development. Within 30 days after receipt of the notice, the department of energy and economic development shall refund a portion of any application deposit equal to one percent of the principal amount of the obligations issued.

Subd. 2. [NOTICE OF AVAILABLE AUTHORITY.] The department of energy and economic development shall as soon as possible after the fifth day of each month publish in the State Register a notice of the amount of authority available for allocation or reallocation in the following month as of the fifth day of the month, after allocation of authority pursuant to section 12.

Sec. 14. [474.21] [APPLICABILITY TO OTHER CHAPTERS.]

Sections 9 to 16 apply to any issuance of obligations subject to limitation under a federal limitation act, whether issued under sections 474.01 to 474.13, or other law.

Sec. 15. [474.22] [LEGISLATIVE REVIEW.]

On March 1, 1986, the department of energy and economic development shall deliver a comprehensive report to the secretary of the senate and the clerk of the house which provides detailed information concerning the allocation of issuing authority pursuant to sections 9 to 16.

Sec. 16. [474.23] [ADDITIONAL CONDITIONS.]

If a federal limitation act as defined in section 9, subdivision 5, is adopted, action under chapter 474 with respect to any project which is to be financed by obligations which are subject to a federal limitation act shall be subject to the following conditions:

(a) No municipality or redevelopment agency shall undertake any project,

except a project referred to in section 474.02, subdivision 1f, unless its governing body finds that the project would not be undertaken but for the availability of industrial development bond financing.

(b) Notwithstanding any provision of this chapter, the term "project" shall not include: an airplane; a private luxury box; a facility primarily used for gambling; or a store the principal business of which is the sale of alcoholic beverages for consumption off premises.

(c) No more than ten percent of the proceeds of revenue bonds may be used to finance movable equipment not constituting a fixture, no more than 25 percent of the proceeds of revenue bonds may be used to finance the acquisition of land, and not more than \$10,000,000 in revenue bonds which are industrial development bonds subject to the exemption described in section 103(b)(6) of the Internal Revenue Code of 1954, as amended through December 31, 1983, may be issued with respect to any one building which is used for commercial, office or industrial purposes, without regard to ownership of condominium units within the building.

This section takes effect 90 days after the federal limitation act is signed by the president or passed over his veto.

Sec. 17. [475.77] [OBLIGATIONS SUBJECT TO FEDERAL LIMITATION ACT.]

Sections 9 to 16 apply to any issuance of obligations which are subject to limitation under a federal limitation act as defined in section 9, subdivision 5.

Sec. 18. [474.24] [ORDER OF THE GOVERNOR.]

If for any reason the provisions of this act do not become effective insofar as they provide for an allocation of issuing authority by the legislature of the state under a federal limitation act and if the governor may under the federal limitation act effect the allocation, the governor may provide for the allocation but only in accordance with the terms and conditions of this act.

Sec. 19. [REPEALER.]

Sections 1, 3, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, and 18 are repealed effective January 1, 1986.

Sec. 20. [EFFECTIVE DATE.]

This act is effective the day after final enactment.

Amend the title as follows:

Page 1, line 5, delete "116J.42" and insert "116J.58"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 2247 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

SPECIAL ORDERS

H.F. No.	S.F. No.
2247	1924

CONSENT CALENDAR

H.F. No.	S.F. No.
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CALENDAR

H.F. No.	S.F. No.
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and that the above Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 2038 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

SPECIAL ORDERS

H.F. No.	S.F. No.
2038	2149

CONSENT CALENDAR

H.F. No.	S.F. No.
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CALENDAR

H.F. No.	S.F. No.
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and that the above Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 2081 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

SPECIAL ORDERS

H.F. No.	S.F. No.
2081	1951

CONSENT CALENDAR

H.F. No.	S.F. No.
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CALENDAR

H.F. No.	S.F. No.
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and that the above Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1770 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

SPECIAL ORDERS

H.F. No.	S.F. No.
1770	1831

CONSENT CALENDAR

H.F. No.	S.F. No.
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CALENDAR

H.F. No.	S.F. No.
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Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1770 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1770 and

insert the language after the enacting clause of S.F. No. 1831, the first engrossment; further, delete the title of H.F. No. 1770 and insert the title of S.F. No. 1831, the first engrossment.

And when so amended H.F. No. 1770 will be identical to S.F. No. 1831, and further recommends that H.F. No. 1770 be given its second reading and substituted for S.F. No. 1831, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1663 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

SPECIAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1663	1649				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1663 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1663 and insert the language after the enacting clause of S.F. No. 1649, the first engrossment; further, delete the title of H.F. No. 1663 and insert the title of S.F. No. 1649, the first engrossment.

And when so amended H.F. No. 1663 will be identical to S.F. No. 1649, and further recommends that H.F. No. 1663 be given its second reading and substituted for S.F. No. 1649, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which were referred the following appointments as reported in the Journal for March 8, 1984:

BOARD OF ANIMAL HEALTH

Jack Delaney
Herbert Halvorson

MINNESOTA ENVIRONMENTAL QUALITY BOARD

Barbara L. Hughes
Mary A. Ameson

MINNESOTA POLLUTION CONTROL AGENCY

Janet Green
Edward Fairbanks
Steve J. Gadler

MINNESOTA WATER RESOURCES BOARD

Georgia L. Holmes
Peggy Lynch

Reports the same back with the recommendation that the appointments be confirmed.

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which were referred the following appointments as reported in the Journal for March 12, 1984:

MINNESOTA POLLUTION CONTROL AGENCY

Marcia R. Gelpe
Duane A. Dahlberg

Reports the same back with the recommendation that the appointments be confirmed.

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Willet from the Committee on Finance, to which was re-referred

S.F. No. 1404: A bill for an act relating to education; providing for aids to education; tax levies; granting certain duties and powers to school boards, school districts, the state board of education, and the commissioner of education; modifying and establishing certain aspects of foundation aid; modifying certain aspects of state payments to school districts; providing for summer learning programs, early childhood and family education, technology programs, and other special programs; appropriating money; amending Minnesota Statutes 1982, sections 121.908, by adding a subdivision; 123.36, subdivision 10; 123.74; 123.741, as amended; 123.742, as amended; 124.20; 124.201, subdivision 1; 124.2126, subdivision 1; 124.214, subdivision 1; 124.245, by adding a subdivision; 124.565, subdivision 7; 124.573, subdivision 3; 125.12, subdivisions 2 and 3; 125.185, subdivision 4; 136A.02, subdivision 6; 275.125, by adding subdivisions; 465.721; and 475.61, subdivision 1; Minnesota Statutes 1983 Supplement, sections 120.17, subdivision 3b; 121.15, subdivision 1; 121.503, subdivision 5; 121.601; 121.608; 121.609; 121.904, subdivision 4a; 123.36, subdivision 13; 123.743; 124.155, subdivision 1; 124.195, subdivisions 1, 2, 3, 6, 9, and by adding a subdivision; 124.201, subdivisions 2, 4, and 5; 124.2122, subdivisions 1 and 2; 124.2138, subdivision 1; 124.271, subdivision 2b; 124.5615, subdivision 5; 124A.06, subdivision 1; 125.032, subdivision 2; 129B.02, subdivision 4; 129B.041, subdivisions 1 and 3; 129B.32, subdivision 3; 129B.36, subdivision 7; 136C.04, by adding a subdivision; 275.125, subdivisions 2e, 2k, 8, 8a, 9b, 11a, 11b, and 11c; 298.28, subdivision 1; 475.61, subdivision 3; Laws 1976, chapter 20, section 5, subdivision 1; Laws 1983, chapter 314, article 6, section 34, subdivision 12; article 8, section 23; and article 9, section 14, subdivision 3; proposing new law coded in Minnesota Statutes, chapters 121, 123, 124, 126, 129B, and 136C; repealing Minnesota Statutes 1982, sections 124.201, as amended; 124.212, subdivision 1; 124.245, sub-

division 1a; 129B.06; 129B.07; 129B.08; 129B.09, as amended; 275.125, subdivision 2g; Minnesota Statutes 1983 Supplement, sections 124.225, subdivision 12; 129B.041, subdivision 2; and 275.125, subdivisions 2i and 2j.

Reports the same back with the recommendation that the bill be amended as follows:

Page 22, after line 15, insert:

"Sec. 2. [REPEALER.]

Minnesota Statutes 1983 Supplement, section 124.32, subdivisions 1a, 1e, 2a, and 5a are repealed."

Page 29, after line 22, insert:

"Sec. 7. [REPEALER.]

Minnesota Statutes 1982, sections 124.572, subdivisions 2a and 8; 124.573, subdivisions 2a, 3b, and 5; and 124.574, subdivisions 2, 2a, and 3a are repealed."

Renumber the sections of article 5 in sequence

Page 33, after line 14, insert:

"Sec. 4. Minnesota Statutes 1982, section 124.245, subdivision 1, is amended to read:

Subdivision 1. [BASIC COMPUTATION.] (a) ~~For the 1981-1982 school year and~~ Each year thereafter, ~~except for the 1982-1983 school year,~~ the state shall pay a school district the difference by which an amount equal to \$90 per pupil unit in that school year or, in districts where the actual number of actual pupil units identified in section 124.17, subdivision 1, clauses (1) and (2), has increased from the prior year, \$95 per pupil unit in that school year, exceeds the amount raised by seven mills times the adjusted assessed valuation of the taxable property in the district for the preceding year. To qualify for aid pursuant to this subdivision in any school year, a district must have levied the full seven EARC mills for use for capital expenditures in that year pursuant to section 275.125, subdivision 11a.

~~For the 1982-1983 school year the state shall pay a school district the difference by which an amount equal to \$89 per pupil unit in that school year or, in districts where the actual number of pupil units identified in section 124.17, subdivision 1, clauses (1) and (2), has increased from the prior year, \$94 per pupil unit in that school year, exceeds the amount raised by seven mills times the adjusted assessed valuation of the taxable property in the district for the preceding year. To qualify for aid pursuant to this subdivision in any school year, a district must have levied the full seven EARC mills for use for capital expenditures in that year pursuant to section 275.125, subdivision 11a.~~

(b) In the 1982-1983 school year and each year thereafter, The aid under clause (a) for any district which operates an approved secondary vocational education program or an approved senior secondary industrial arts program shall be computed using a dollar amount per pupil unit which is \$5 higher than the amount specified in clause (a).

(c) If the sum of a district's capital expenditure levy under section 275.125,

subdivision 11a, attributable to any school year starting in 1982-1983 and its capital expenditure equalization aid, if any, under this subdivision for that school year exceeds \$89 per pupil unit or, in districts where the actual number of actual pupil units identified in section 124.17, subdivision 1, clauses (1) and (2), has increased from the prior year, \$94 per pupil unit, the amount of the excess may be expended only for the purpose of capital expenditures for equipment for secondary vocational education programs or senior secondary industrial arts programs."

Page 35, line 20, delete "4" and insert "5"

Page 36, line 22, delete "4" and insert "5"

Page 40, line 23, before "Minnesota" insert "Subdivision 1."

Page 40, after line 26, insert:

"Subd. 2. Minnesota Statutes 1982, sections 124.245, subdivision 1a; 124.246, subdivision 2a; 124.26, subdivision 1a; and 124.273, subdivisions 1a and 2a, are repealed."

Page 40, line 27, delete "ABATEMENT AID DEFICIENCY" and insert "DEFICIENCIES"

Page 40, line 28, before "The" insert "Subdivision 1. [ABATEMENT AID.]"

Page 40, after line 30, insert:

"Subd. 2. [NON-AVTI ADULT VOCATIONAL PROGRAMS.] There is appropriated from the general fund to the department of education, for fiscal year 1984, the sum of \$50,000 and, for fiscal year 1985, the sum of \$131,000 for the operation of non-AVTI adult vocational programs. This appropriation shall be added to the sums appropriated for fiscal years 1984 and 1985 for this purpose in Laws 1983, chapter 314, article 5, section 18, subdivision 7."

Page 41, line 4, delete "14" and insert "15"

Page 41, line 9, delete "6" and insert "7"

Page 41, line 10, delete "4" and insert "5"

Page 41, line 10, delete "14" and insert "16, subdivision 1"

Renumber the sections of article 6 in sequence

Page 41, after line 31, insert:

"Sec. 3. Minnesota Statutes 1982, section 121.912, is amended by adding a subdivision to read:

Subd. 4. [ACCOUNT TRANSFER FOR STATUTORY OPERATING DEBT.] On June 30 of each year, a district may make a permanent transfer from the general fund account entitled "unappropriated fund balance since statutory operating debt" to the account entitled "appropriated fund balance reserve account for purposes of reducing statutory operating debt." The amount of the transfer is limited to the lesser of (a) the net unappropriated operating fund balance, or (b) the sum of the remaining statutory operating debt levies authorized for all future years according to section 275.125, subdivision 9a. If the net unappropriated operating fund balance is less than

zero, the district may not make a transfer."

Page 47, after line 7, insert:

"Sec. 11. Minnesota Statutes 1982, section 275.125, subdivision 9a, is amended to read:

Subd. 9a. [STATUTORY OPERATING DEBT LEVY.] (1) In 1978 and each year thereafter in which so required by this subdivision, a district shall make an additional levy to eliminate its statutory operating debt, determined as of June 30, 1977 and certified and adjusted by the commissioner. This levy shall not be made in more than 20 successive years and each year before it is made, it must be approved by the commissioner and the approval shall specify its amount. This levy shall in each year be an amount which is equal to the amount raised by a levy of 1.5 mills times the adjusted assessed valuation of the district for the preceding year ~~as determined by the equalization aid review committee~~; provided that in the last year in which the district is required to make this levy, it shall levy an amount not to exceed the amount raised by a levy of 1.5 mills times the adjusted assessed valuation of the district for the preceding year ~~as determined by the equalization aid review committee~~. When the sum of the cumulative levies made pursuant to this subdivision ~~equal and transfers made according to section 121.912, subdivision 4 equals~~ an amount equal to the statutory operating debt of the district, the levy shall be discontinued.

(2) The district shall establish a special account in the general fund which shall be designated "appropriated fund balance reserve account for purposes of reducing statutory operating debt" on its books and records. This account shall reflect the levy authorized pursuant to this subdivision. The proceeds of this levy shall be used only for cash flow requirements and shall not be used to supplement district revenues or income for the purposes of increasing the district's expenditures or budgets.

(3) Any district which is required to levy pursuant to this subdivision shall certify the maximum levy allowable under subdivision 2a in that same year.

(4) Each district shall make permanent fund balance transfers so that the total statutory operating debt of the district is reflected in the general fund as of June 30, 1977."

Page 48, line 29, delete everything after "follows"

Page 48, line 30, delete everything before the colon

Page 51, after line 27, insert:

"Sec. 21. [INDEPENDENT SCHOOL DISTRICT NO. 622; SALE OF BUILDINGS.]

Subdivision 1. [EXCESS SALE PROCEEDS INTO GENERAL FUND.] Notwithstanding Minnesota Statutes, section 123.36, subdivision 13, or any other law to the contrary, Independent School District No. 622, North St. Paul-Maplewood, may deposit the excess proceeds from the sale of any building owned by the district that is sold after July 1, 1983 into the general fund after complying with the provisions of Minnesota Statutes, section 123.36, subdivision 13, clause (1).

Subd. 2. [EFFECTIVE DATE AND NO LOCAL APPROVAL.] Accord-

ing to Minnesota Statutes, section 645.023, subdivision 1, clause (a), subdivision 1 is effective without local approval the day following final enactment."

Page 54, line 5, delete "outlay" and insert "expenditure"

Page 55, after line 31, insert:

"Sec. 33. [FUND TRANSFER AUTHORIZATION.]

Subdivision 1. [INDEPENDENT SCHOOL DISTRICT NO. 833.] Notwithstanding any law to the contrary, for the school year 1984-1985 Independent School District No. 833, South Washington County, may permanently transfer an amount not to exceed \$500,000 from the capital expenditure fund to the general fund.

Subd. 2. [LOCAL APPROVAL.] Subdivision 1 is effective the day after compliance by the school board of Independent School District No. 833 with Minnesota Statutes, section 645.021, subdivision 3."

Page 56, line 32, delete "16" and insert "18"

Page 57, line 12, delete "6, 14, 30, and 32, subdivision 3" and insert "7, 16, 34, and 36, subdivisions 2 and 3"

Page 57, line 13, delete "10" and insert "12"

Renumber the sections of article 7 in sequence

Page 63, line 12, delete "5" and insert "6"

Page 80, line 13, after the second "for" insert "its duties relating to the"

Page 80, line 14, delete "grants" and insert "program established in this article"

Page 80, line 23, delete "\$730,000" and insert "\$973,000"

Page 80, line 25, after "12th," insert "14th," and delete "and" and after "22nd" insert "25th, and 42nd"

Page 81, line 2, after "22," insert "23," and delete "26, subdivision" and insert "27"

Page 81, line 3, delete "2"

Page 81, after line 5, insert:

"Section 1. [16A.151] [EDUCATION AIDS INCREASE ACCOUNT.]

Subdivision 1. [ESTABLISHMENT.] There is established an education aids increase account in the general fund of the state treasury for the deposit of funds to insure adequate funding for increases in aids to school districts for the biennium beginning July 1, 1985.

Subd. 2. [INITIAL TRANSFER.] The commissioner of finance shall transfer \$27,000,000 to the education aids increase account on July 1, 1984.

Subd. 3. [CONTINGENT TRANSFERS.] If forecasts of general fund revenues and expenditures prepared by the commissioner of finance pursuant to chapter 16A prior to December 1, 1984 indicate a projected general fund balance for the biennium ending June 30, 1985, the commissioner shall

transfer the amount of the balance to the education aids increase account, however, in no case shall the cumulative total of all transfers according to this subdivision exceed \$23,000,000. Transfers to the education aids increase account shall remain in the account until expended."

Page 82, after line 17, insert:

Sec. 3. Minnesota Statutes 1982, section 121.904, is amended by adding a subdivision to read:

Subd. 4c. [PROPERTY TAX SHIFT REDUCTION.] If the amount of the fund balance determined by the commissioner of finance, according to section 1, plus the amount of the contingent transfer to the education aids increase account exceeds \$31,000,000, the levy recognition percentage specified in subdivision 4a, clauses (b)(2) and (b)(3), shall be reduced for taxes payable in 1985 and thereafter according to the provisions of this subdivision. The levy recognition percentage factor shall equal the result of the following computation:

(1) 32 percent, times

(2) the ratio of

(a) the statewide total amount of levy recognized in June 1985 pursuant to subdivision 4a, clause (b), reduced by the sum of the fund balance plus the amount of the contingent transfer to the education aids increase account in excess of \$23,000,000, to

(b) the statewide total amount of the levy recognized in June 1985 pursuant to subdivision 4a, clause (b),

(3) rounded up to the nearest whole percent.

However, in no case shall the levy recognition percentage be reduced below 24 percent."

Page 88, after line 15, insert:

"Sec. 13. [CERTIFICATION AND NOTICE OF PERCENTAGE.]

The commissioner of finance shall certify to the commissioner of education the levy recognition percentage computed under section 1 by January 5, 1985. The commissioner of education shall notify school districts of any change by January 15, 1985.

Sec. 14. [TRANSFER IN FISCAL YEAR 1984 FOR ADDITIONAL AIDS.]

The commissioner of finance shall transfer from the general fund to the education aids appropriations specified by the commissioner of education, the amounts needed to finance the additional payments required because of the reduction of the levy recognition percentage in Minnesota Statutes, section 121.904, subdivision 4c. Payments to a school district of additional state aids resulting from a reduction in the levy recognition percentage pursuant to Minnesota Statutes, section 121.904, subdivision 4c, shall be added to the cash metering system, according to Minnesota Statutes, section 124.195, after January 15, 1985, and shall be paid in a manner consistent with the percentage factors specified in that section.

Sec. 15. [CASH FLOW EVALUATION.]

The commissioner of finance, in cooperation with the commissioner of education and the Minnesota association of school business officials, shall evaluate the impact on school districts of cash flow legislation established in Minnesota Statutes, section 124.195. The commissioner shall report the findings, along with recommendations, to the education committees of the legislature by February 15, 1985."

Page 88, line 17, before "*Minnesota*" insert "*Minnesota Statutes 1982, sections 124.246, subdivision 5; 124.26, subdivision 5; 124.572, subdivision 8a; 124.573, subdivision 6; and 124.574, subdivision 8, are repealed.*" and delete "*section*" and insert "*sections*"

Page 88, line 18, after the comma, insert "*and 124.271, subdivision 6*" and delete "*is*" and insert "*are*"

Page 88, line 25, delete "*Section 1*" and insert "*Sections*" and after "*1*" insert "*and 2*" and delete "*is*" and insert "*are*"

Page 88, line 26, delete "*2*" and insert "*3*"

Renumber the sections of article 9 in sequence

Amend the title as follows:

Page 1, line 12, before "*121.908*" insert "*121.904, by adding a subdivision;*"

Page 1, line 13, after the first semicolon, insert "*121.912, by adding a subdivision;*"

Page 1, line 16, after "*124.245,*" insert "*subdivision 1, and*"

Page 1, line 19, after "*275.125,*" insert "*subdivision 9a, and*"

Page 1, line 28, delete "*, 4,*"

Page 1, line 39, after "*chapters*" insert "*16A,*"

Page 1, line 42, after "*1a,*" insert "*124.246, subdivisions 2a and 5; 124.26, subdivisions 1a and 5; 124.273, subdivisions 1a and 2a; 124.572, subdivisions 2a, 8, and 8a; 124.573, subdivisions 2a, 3b, and 5; 124.574, subdivisions 2, 2a, 3a, and 8;*"

Page 1, line 45, after "*12;*" insert "*124.32, subdivisions 1a, 1e, 2a, and 5a; 124.271, subdivision 6;*"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Willet moved the adoption of the foregoing committee report. The motion prevailed.

SECOND READING OF SENATE BILLS

S.F. Nos. 2179, 2187, 2100 and 1404 were read the second time.

SECOND READING OF HOUSE BILLS

H.F. Nos. 1381, 2247, 2038, 2081, 1770 and 1663 were read the second time.

MOTIONS AND RESOLUTIONS

Mr. Stumpf moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 1793. The motion prevailed.

Mr. Wegscheid moved that the name of Mr. DeCramer be added as a co-author to S.F. No. 1853. The motion prevailed.

Mr. Purfeerst moved that S.F. No. 176 be withdrawn from the Committee on Judiciary and returned to its author. The motion prevailed.

Mrs. Lantry moved that S.F. No. 1930, No. 97 on Special Orders, be stricken and re-referred to the Committee on Local and Urban Government. The motion prevailed.

Mr. Willet moved that H.F. No. 1393 be withdrawn from the Committee on Finance and laid on the table. The motion prevailed.

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate proceed to the Order of Business of Introduction and First Reading of Senate Bills. The motion prevailed.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

Mr. Willet, for the Committee on Finance, introduced—

S.F. No. 2209: A bill for an act relating to capital improvements; authorizing the acquisition and betterment of public land and buildings and other public improvements of a capital nature with certain conditions; reducing and canceling certain appropriations; authorizing issuance of state bonds; appropriating money; amending Minnesota Statutes 1982, sections 16.825, subdivision 1; 16.826, subdivision 7; 16A.54; 16A.66; 16A.671; 16A.675; 115.03, subdivision 1; 116.16, subdivisions 2, 4, 5, 9, and by adding a subdivision; 116.18, as amended; 136.14; 136.40, subdivision 6; 136.62, as amended, by adding a subdivision; 475A.03, subdivision 1; 475A.05, subdivision 1, and by adding a subdivision; 475A.06, subdivision 7; Minnesota Statutes 1983 Supplement, sections 16A.672; and 116J.926, subdivision 3; and Laws 1983, chapter 344, section 6, subdivision 8; proposing new law coded in Minnesota Statutes, chapter 16A; repealing Minnesota Statutes 1982, sections 16A.63; 16A.64, as amended; 16A.65; 116.16, subdivisions 6 and 7; Laws 1981, chapters 275; and 334, section 11, subdivision 4; and Laws 1982, chapter 639, section 5.

Under the rules of the Senate, laid over one day.

Mr. Willet, for the Committee on Finance, introduced—

S.F. No. 2210: A bill for an act relating to the organization and operation of state government; clarifying, providing for deficiencies in, and supplementing appropriations for the expenses of state government with certain conditions; modifying agencies and functions; fixing and limiting fees; requiring studies and reports; appropriating money; amending Minnesota Statutes 1982, sections 3.3005; 10.12; 10.14; 10.15; 11A.08, subdivision 3; 16.02,

by adding a subdivision; 16.026, subdivisions 3 and 7; 16.06, subdivision 1; 16.081; 16.083, subdivision 2; 16.086, subdivision 2; 16.80, subdivision 1; 16A.04, subdivisions 1 and 4; 16A.06; 16A.065; 16A.125, subdivision 6; 16A.13, subdivisions 1 and 2; 16A.131, subdivision 1; 16A.14, subdivision 2; 16A.28; 16A.45; 40.036, by adding a subdivision; 43A.27, by adding a subdivision; 43A.30, by adding a subdivision; 84.085; 84A.53; 84A.54; 84A.55, subdivision 9; 84B.03, by adding a subdivision; 85A.04, subdivision 3; 94.16; 116J.19, subdivision 13; 116J.36, as amended; 116J.88, by adding a subdivision; 116J.89, by adding a subdivision; 117.195, subdivision 1; 136A.02; subdivision 1a; 136A.32, subdivision 7; 158.07; 158.08; 169.86, by adding a subdivision; 214.001, subdivision 2; 214.13, subdivisions 1, 2, 3, and 5; 241.66, subdivision 2; 256D.02, subdivisions 6 and 8; 256D.06, subdivision 1; 256D.15; 256E.03, subdivision 2; 256E.07, subdivision 1 and by adding subdivisions; 299F.63, by adding a subdivision; 340.11, subdivision 11a; 352E.02; 352E.04; 398.09; 462A.05, subdivision 20; Minnesota Statutes 1983 Supplement, sections 10A.04, subdivision 4; 15A.082; 16.083, subdivisions 1, 1a, 3, 4, 4a, 5, and 6; 16.084; 16.085; 16.086, subdivision 1; 16.28; 16A.125, subdivision 5; 16A.127, subdivision 1; 16A.15, subdivision 6; 16A.36; 38.02, subdivision 1; 43A.04, subdivision 8; 116J.31; 116J.90, by adding a subdivision; 116J.91, subdivision 4; 135A.03, subdivisions 3 and 4; 136A.02, subdivision 1; 136A.26; 148.01, subdivision 3; 161.43; 161.44, subdivision 6a; 180.03, subdivision 2; 214.06, subdivision 1; 214.13, subdivision 4; 256.01, subdivision 2; 256.737; 256D.01, subdivision 1; 256D.03, subdivision 4; 256D.06, subdivision 5; 256D.111, subdivisions 1, 2, and 5; 256D.112; 268.672, subdivision 6; 268.675; 268.676, subdivision 2; 268.677; 268.686; 268.80; 268.81; 297B.09; 298.296, subdivision 1; 352D.02, subdivision 1; 357.021, subdivision 2a; 462A.07, subdivision 15; 486.06; 517.08, subdivision 1c; Laws 1983, chapter 199, section 17, subdivision 2; chapter 290, section 172; chapter 293, section 1, section 2, subdivisions 2, 8, and 9, section 4, subdivisions 1 and 3, and section 6; chapter 301, sections 38, 39, 40, 41, and 42; proposing new law coded in Minnesota Statutes, chapters 48; 84; 84A; 94; 115A; 116J; 174; 214; 246; 256B; 268; and 349; proposing new law coded as Minnesota Statutes, chapters 40A; 44A; and 301B; repealing Minnesota Statutes 1982, sections 1.21; 1.23; 1.25; 10.13; 16A.132; 16A.51; 16A.59; 16A.73; 167.31; 167.32; 167.33; 167.34; 167.35; 167.36; 167.37; 167.38; 167.39; 167.42; 167.43; 167.44; 167.521; 256E.07, subdivision 3; Minnesota Statutes 1983 Supplement, section 16.083, subdivision 4b; Laws 1983, chapters 289, section 102; and 301, section 233.

Under the rules of the Senate, laid over one day.

MOTIONS AND RESOLUTIONS - CONTINUED

CONFIRMATION

Mr. Dieterich moved that the report from the Committee on Public Utilities and State Regulated Industries, reported April 11, 1984, pertaining to appointments, be taken from the table. The motion prevailed.

Mr. Dieterich moved that the foregoing report be now adopted. The motion prevailed.

Mr. Dieterich moved that in accordance with the report from the Commit-

tee on Public Utilities and State Regulated Industries, reported April 11, 1984, the Senate, having given its advice, do now consent to and confirm the appointments of:

CABLE COMMUNICATIONS BOARD

Judith C. Corrao, 2303 - 27th Ave. S., Minneapolis, Hennepin County, effective June 24, 1983, for a term expiring the first Monday in January, 1987.

Muriel Jean Runholt, Route 2, Marshall, Lyon County, effective June 24, 1983, for a term expiring the first Monday in January, 1987.

Janna R. King, Route 1, Box 216C, Browerville, Todd County, effective December 19, 1983, for a term expiring the first Monday in January, 1985.

John Starcevic, 3850 Stinson Blvd. N.E., Columbia Heights, Anoka County, effective January 3, 1984, for a term expiring the first Monday in January, 1988.

Jack W. Carlson, 10219 Scarborough Rd., Bloomington, Hennepin County, effective March 31, 1984, for a term expiring the first Monday in January, 1988.

The motion prevailed. So the appointments were confirmed.

CONFIRMATION

Mr. Dieterich moved that the report from the Committee on Public Utilities and State Regulated Industries, reported April 11, 1984, pertaining to appointments, be taken from the table. The motion prevailed.

Mr. Dieterich moved that the foregoing report be now adopted. The motion prevailed.

Mr. Dieterich moved that in accordance with the report from the Committee on Public Utilities and State Regulated Industries, reported April 11, 1984, the Senate, having given its advice, do now consent to and confirm the appointments of:

MINNESOTA RACING COMMISSION

Ray Eliot, 14 University Ave. N.E., Minneapolis, Hennepin County, effective May 23, 1983, for a term expiring June 30, 1989.

C. Elmer Anderson, 624 N. 3rd St., Brainerd, Crow Wing County, effective May 23, 1983, for a term expiring June 30, 1987.

Dan Gustafson, 2932 Jersey Ave. N., Minneapolis, Hennepin County, effective August 12, 1983, for a term expiring June 30, 1987.

John H. Daniels, 2104 Irving Ave. S., Minneapolis, Hennepin County, effective August 12, 1983, for a term expiring June 30, 1987.

Kris Sanda, Route 2, Box 5, Staples, Todd County, effective August 12, 1983, for a term expiring June 30, 1985.

Rosemary T. Fruehling, 4335 Chimo E., Wayzata, Hennepin County, effective August 12, 1983, for a term expiring June 30, 1989.

Carol Connolly, 111 E. Kellogg Blvd., St. Paul, Ramsey County, effective

August 12, 1983, for a term expiring June 30, 1989.

Joyce B. Farrell, Route 1, Box 132, Waverly, Wright County, effective August 12, 1983, for a term expiring June 30, 1985.

Lawrence Coss, Route 1, Box 20, Cannon Falls, Goodhue County, effective August 12, 1983, for a term expiring June 30, 1985.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 56 and nays 6, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Lantry	Peterson, D.L.	Spear
Anderson	Dieterich	Lessard	Peterson, R.W.	Storm
Belanger	Frederickson	Luther	Petty	Stumpf
Benson	Freeman	McQuaid	Pogemiller	Taylor
Berg	Hughes	Mehrkens	Purfeerst	Vega
Berglin	Isackson	Moe, D. M.	Ramstad	Waldorf
Bertram	Johnson, D.E.	Moe, R. D.	Reichgott	Wegscheid
Brataas	Johnson, D.J.	Nelson	Renneke	Willet
Chmielewski	Kamrath	Olson	Samuelson	
Davis	Kroening	Pehler	Schmitz	
DeCramer	Kronebusch	Peterson, C.C.	Sieloff	
Dicklich	Langseth	Peterson, D.C.	Solon	

Those who voted in the negative were:

Dahl	Knaak	Laidig	Merriam	Novak
Frank				

The motion prevailed. So the appointments were confirmed.

CONFIRMATION

Mr. Pehler moved that the report from the Committee on Education, reported April 11, 1984, pertaining to appointments, be taken from the table. The motion prevailed.

Mr. Pehler moved that the foregoing report be now adopted. The motion prevailed.

Mr. Pehler moved that in accordance with the report from the Committee on Education, reported April 11, 1984, the Senate, having given its advice, do now consent to and confirm the appointments of:

STATE BOARD OF VOCATIONAL TECHNICAL EDUCATION

Patricia Allinder, 801 S.W. 17th St., Willmar, Kandiyohi County, effective August 11, 1983, for a term expiring the first Monday in January, 1985.

Alan Olson, 5710 Upper 182nd St., Farmington, Dakota County, effective August 11, 1983, for a term expiring the first Monday in January, 1985.

Jane Preston, 2145 Lakeview Ave., White Bear Lake, Ramsey County, effective August 11, 1983, for a term expiring the first Monday in January, 1985.

Douglas D. Knowlton, 1924 River Rd., East Grand Forks, Polk County, effective August 11, 1983, for a term expiring the first Monday in January, 1986.

John O'Connor, 10677 - 114th St., Stillwater, Washington County, effective August 11, 1983, for a term expiring the first Monday in January, 1985.

tive August 11, 1983, for a term expiring the first Monday in January, 1986.

Marilyn Wolfe, 229 Hutter Rd., Gilbert, St. Louis County, effective August 11, 1983, for a term expiring the first Monday in January, 1986.

F.B. Daniel, 2056 Timmy St., Mendota Heights, Dakota County, effective August 11, 1983, for a term expiring the first Monday in January, 1987.

JoAnn Cardenes Enos, 149 Exeter Pl., St. Paul, Ramsey County, effective August 11, 1983, for a term expiring the first Monday in January, 1987.

Donald C. Ingram, 1003 - 9th St. N.W., Austin, Mower County, effective August 11, 1983, for a term expiring the first Monday in January, 1987.

Frank E. Adams, 605 Ramsey St. N.E., Minneapolis, Hennepin County, effective August 11, 1983, for a term expiring the first Monday in January, 1988.

Norma McKanna, 612 E. 16th St., Hibbing, St. Louis County, effective August 11, 1983, for a term expiring the first Monday in January, 1988.

STATE DIRECTOR OF VOCATIONAL TECHNICAL EDUCATION

Joseph P. Graba, 16826 Stanford St., Forest Lake, Washington County, effective August 1, 1983, to serve at the pleasure of the State Board of Vocational Technical Education.

STATE UNIVERSITY BOARD

Rita M. Lewis, 701 W. Howard, Winona, Winona County, effective February 19, 1983, for a term expiring the first Monday in January, 1985.

Bernard L. Brommer, 678 Greenway Ave. N., Oakdale, Washington County, effective February 19, 1983, for a term expiring the first Monday in January, 1987.

Nicholas John Zuber, 25 S. 26th Ave. E., Duluth, St. Louis County, effective February 19, 1983, for a term expiring the first Monday in January, 1987.

L.E. Danford, 4401 Browndale, Edina, Hennepin County, effective January 20, 1984, for a term expiring the first Monday in January, 1988.

Nellie Stone Johnson, 1239 Sheridan N., Minneapolis, Hennepin County, effective January 20, 1984, for a term expiring the first Monday in January, 1988.

Mr. Laidig requested that the confirmation of appointments to the State Board of Vocational Technical Education be divided out.

The question was taken on the motion of Mr. Pehler to confirm the remaining appointments. The motion prevailed. So the appointments were confirmed.

The question was taken on the adoption of the motion to confirm the appointments to the State Board of Vocational Technical Education.

The roll was called, and there were yeas 54 and nays 9, as follows:

Those who voted in the affirmative were:

Adkins	Dieterich	Kroening	Pehler	Schmitz
Berg	Frank	Langseth	Peterson, C. C.	Sieloff
Berglin	Frederick	Lantry	Peterson, D. C.	Solon
Bernhagen	Frederickson	Lessard	Peterson, D. L.	Spear
Bertram	Freeman	Luther	Peterson, R. W.	Storm
Chmielewski	Hughes	McQuaid	Petty	Stumpf
Dahl	Johnson, D. E.	Merriam	Pogemiller	Vega
Davis	Johnson, D. J.	Moe, R. D.	Purfeerst	Waldorf
DeCramer	Jude	Nelson	Ramstad	Wegscheid
Dicklich	Kamrath	Novak	Reichgott	Willet
Diessner	Knaak	Olson	Renneke	

Those who voted in the negative were:

Anderson	Benson	Isackson	Laidig	Taylor
Belanger	Brataas	Kronebusch	Mehrrens	

The motion prevailed. So the appointments were confirmed.

CONFIRMATION

Mr. Pehler moved that the report from the Committee on Education, reported April 11, 1984, pertaining to appointments, be taken from the table. The motion prevailed.

Mr. Pehler moved that the foregoing report be now adopted. The motion prevailed.

Mr. Pehler moved that in accordance with the report from the Committee on Education, reported April 11, 1984, the Senate, having given its advice, do now consent to and confirm the appointments of:

COUNCIL ON QUALITY EDUCATION

William F. Betzler, 301 Frantz St., Box 724, Buhl, St. Louis County, effective April 9, 1982, for a term expiring the first Monday in January, 1986.

Karen O. Schonebaum, 2330 E. Maple Ln., Maplewood, Ramsey County, effective April 9, 1982, for a term expiring the first Monday in January, 1985.

Carl A. Swenson, Route 2, Box 154, Monticello, Wright County, effective April 9, 1982, for a term expiring the first Monday in January, 1986.

Stephen P. Raukar, 301 - 1st Ave. S., Kelly Lake, Hibbing, St. Louis County, effective June 24, 1983, for a term expiring the first Monday in January, 1987.

Marvin Trammel, 1981 Lyman Ln., Wayzata, Hennepin County, effective June 24, 1983, for a term expiring the first Monday in January, 1987.

Marcy J. Waritz, 1271 Bluff Creek Dr., Chaska, Carver County, effective June 24, 1983, for a term expiring the first Monday in January, 1987.

John Huisman, Route 1, Box 2, Frost, Faribault County, effective January 23, 1984, for a term expiring the first Monday in January, 1988.

Judith Roy, P.O. Box 53, Red Lake, Beltrami County, effective January 23, 1984, for a term expiring the first Monday in January, 1988.

MINNESOTA HIGHER EDUCATION COORDINATING BOARD

Celeste O'Donnell, 6320 Lookout Trl., Stillwater, Washington County, effective April 27, 1983, for a term expiring the first Monday in January, 1987.

Robert E. Ferguson, 855 Cliff Rd., Eagan, Dakota County, effective April 27, 1983, for a term expiring the first Monday in January, 1987.

Duane Scribner, 49 Arthur Ave. S.E., Minneapolis, Hennepin County, effective October 20, 1983, for a term expiring the first Monday in January, 1987.

Carol Joy Kamper, 2204 Valkyrie Dr. N.W., Rochester, Olmsted County, effective January 3, 1984, for a term expiring the first Monday in January, 1988.

Patricia B. Spence, 120 S.E. First St., Little Falls, Morrison County, effective January 3, 1984, for a term expiring the first Monday in January, 1988.

Charles F. Mourin, 732 Arrowhead St., Aurora, St. Louis County, effective January 3, 1984, for a term expiring the first Monday in January, 1988.

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

Earl R. Herring, 109 - 14th Ave. S., Moorhead, Clay County, effective June 24, 1983, for a term expiring the first Monday in January, 1985.

Carlos Lopez, Jr., 839 Dwane St., South St. Paul, Dakota County, effective June 24, 1983, for a term expiring the first Monday in January, 1987.

Emily Anne Staples, 1640 Xanthus Ln., Plymouth, Hennepin County, effective June 24, 1983, for a term expiring the first Monday in January, 1987.

Catherine M. Warrick, 2423 Youngman Ave., St. Paul, Ramsey County, effective January 3, 1984, for a term expiring the first Monday in January, 1988.

John A. McHugh, 4800 Woodhill Way, Edina, Hennepin County, effective January 3, 1984, for a term expiring the first Monday in January, 1988.

STATE BOARD FOR COMMUNITY COLLEGES

Ruth Ann W. Eaton, 10049 North Shore Dr., Duluth, St. Louis County, effective March 19, 1982, for a term expiring the first Monday in January, 1986.

Clarence E. Harris, 2030 Fairview Ave. N., Roseville, Ramsey County, effective February 19, 1983, for a term expiring the first Monday in January, 1987.

Arleen Nycklemoe, Route 6, Box 134, Minnehuta Dr., Fergus Falls, Otter Tail County, effective February 19, 1983, for a term expiring the first Monday in January, 1987.

Rebecca L. Sawyer, 3990 Upper 71st E., Inver Grove Heights, Dakota County, effective April 4, 1983, for a term expiring the first Monday in January, 1985.

Lee Antell, 648 - 129th Ave. N.E., Blaine, Anoka County, effective August 11, 1983, for a term expiring the first Monday in January, 1984; and

effective January 3, 1984, for a term expiring the first Monday in January, 1988.

James B. Collier, Jr., 1101 E. Irene, Willmar, Kandiyohi County, effective August 11, 1983, for a term expiring the first Monday in January, 1986.

Richard M. Niemiec, 4239 Harriet Ave. S., Minneapolis, Hennepin County, effective January 16, 1984, for a term expiring the first Monday in January, 1988.

Franklin W. Iossi, 815 - 10 1/2 St. S.W., Rochester, Olmsted County, effective February 24, 1984, for a term expiring the first Monday in January, 1985.

STATE BOARD OF EDUCATION

James Hoesel, 5520 Polk Ave., Mayer, Carver County, effective April 27, 1983, for a term expiring the first Monday in January, 1986.

Joy Fogarty, 2001 - 5th Ave. N.E., Rochester, Olmsted County, effective April 27, 1983, for a term expiring the first Monday in January, 1987.

Ruth A. Myers, 121 A N. 1st Ave. W., Duluth, St. Louis County, effective April 27, 1983, for a term expiring the first Monday in January, 1987.

Mr. Pehler requested that the appointment of Joy Fogarty be divided out.

The question was taken on the motion of Mr. Pehler to confirm the remaining appointments. The motion prevailed. So the appointments were confirmed.

Mr. Pehler moved that the appointment of Joy Fogarty be laid on the table. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate take up the Consent Calendar. The motion prevailed.

CONSENT CALENDAR

H.F. No. 1774: A bill for an act relating to transportation; providing for distribution of town road funds; amending Minnesota Statutes 1983 Supplement, section 162.081, subdivision 4.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Knaak	Nelson	Sieloff
Anderson	Diessner	Kroening	Novak	Solon
Belanger	Dieterich	Kronebusch	Olson	Spear
Benson	Frank	Laidig	Pehler	Storm
Berg	Frederick	Langseth	Peterson, C. C.	Stumpf
Berglin	Frederickson	Lantry	Peterson, D. C.	Taylor
Bernhagen	Freeman	Lessard	Peterson, D. L.	Vega
Bertram	Hughes	Luther	Peterson, R. W.	Waldorf
Brataas	Isackson	McQuaid	Petty	Wegscheid
Chmielewski	Johnson, D. E.	Mehrkins	Purfeerst	Willet
Dahl	Johnson, D. J.	Merriam	Ramstad	
Davis	Jude	Moe, D. M.	Renneke	
DeCramer	Kamrath	Moe, R. D.	Schmitz	

So the bill passed and its title was agreed to.

SUSPENSION OF RULES

Mr. Moe, R.D. moved that the rules of the Senate be so far suspended as to waive the lie-over requirement for H.F. No. 1706. The motion prevailed.

H.F. No. 1706: A bill for an act relating to St. Louis Park; providing authority to the housing and redevelopment authority to review and approve development in redevelopment areas.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Knaak	Nelson	Sieloff
Anderson	Diessner	Kroening	Novak	Solon
Belanger	Dieterich	Kronebusch	Olson	Spear
Benson	Frank	Laidig	Pehler	Storm
Berg	Frederick	Langseth	Peterson, C. C.	Stumpf
Berglin	Frederickson	Lantry	Peterson, D. C.	Taylor
Bernhagen	Freeman	Lessard	Peterson, D. L.	Vega
Bertram	Hughes	Luther	Peterson, R. W.	Waldorf
Brataas	Isackson	McQuaid	Petty	Wegscheid
Chmielewski	Johnson, D. E.	Mehrkins	Purfeerst	Willet
Dahl	Johnson, D. J.	Merriam	Ramstad	
Davis	Jude	Moe, D. M.	Reichgott	
DeCramer	Kamrath	Moe, R. D.	Schmitz	

So the bill passed and its title was agreed to.

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate take up the Calendar. The motion prevailed.

CALENDAR

H.F. No. 1781: A bill for an act relating to taxes; clarifying the consequences of certain conveyances of tax-forfeited land; amending Minnesota Statutes 1982, section 282.01, subdivision 1.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 61 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Kroening	Novak	Solon
Anderson	Dieterich	Kronebusch	Olson	Spear
Belanger	Frank	Laidig	Pehler	Storm
Benson	Frederick	Langseth	Peterson, C.C.	Stumpf
Berg	Frederickson	Lantry	Peterson, D.C.	Taylor
Berglin	Freeman	Lessard	Peterson, D.L.	Vega
Bernhagen	Hughes	Luther	Peterson, R.W.	Waldorf
Bertram	Isackson	McQuaid	Petty	Wegscheid
Brataas	Johnson, D.E.	Mehrrens	Purfeerst	Willet
Dahl	Johnson, D.J.	Merriam	Ramstad	
Davis	Jude	Moe, D. M.	Reichgott	
DeCramer	Kamrath	Moe, R. D.	Schmitz	
Dicklich	Knaak	Nelson	Sieloff	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chairman of the Subcommittee on Bill Scheduling, designated the General Orders Calendar a Special Orders Calendar to be heard immediately.

SPECIAL ORDER

S.F. No. 1853: A bill for an act relating to veterinarians; permitting certain University of Minnesota employees to perform certain duties; amending Minnesota Statutes 1982, section 156.12, subdivision 2.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 57 and nays 1, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Knaak	Novak	Solon
Anderson	Diessner	Kroening	Olson	Spear
Belanger	Dieterich	Kronebusch	Pehler	Storm
Benson	Frank	Laidig	Peterson, C.C.	Stumpf
Berg	Frederick	Langseth	Peterson, D.C.	Taylor
Bernhagen	Frederickson	Lantry	Petty	Ulland
Bertram	Freeman	Lessard	Purfeerst	Waldorf
Brataas	Hughes	Luther	Ramstad	Wegscheid
Chmielewski	Isackson	McQuaid	Reichgott	Willet
Dahl	Johnson, D.E.	Merriam	Renneke	
Davis	Jude	Moe, R. D.	Schmitz	
DeCramer	Kamrath	Nelson	Sieloff	

Mr. Peterson, R.W. voted in the negative.

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 1954: A bill for an act relating to elections; making procedural changes; correcting erroneous and obsolete provisions; amending Minnesota Statutes 1982, sections 200.02, subdivision 7; 201.021; 201.061, subdivi-

sion 2; 203B.04, subdivision 4; 203B.06, subdivision 4; 204B.27, subdivisions 2 and 3; 204B.28, subdivision 2; 204B.29, subdivision 1; 204C.27; 204D.11, subdivision 3, and by adding a subdivision; 206.15; 208.04; Minnesota Statutes 1983 Supplement, sections 203B.12, subdivision 2; 204B.36, subdivision 2; 204C.10, subdivision 1; 204C.32, subdivision 2; and 204D.11, subdivisions 1 and 5; repealing Minnesota Statutes 1982, sections 201.018, subdivision 1; 204C.11; and 204C.30, subdivision 2.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Kroening	Olson	Solon
Anderson	Dieterich	Kronebusch	Pehler	Spear
Belanger	Frank	Laidig	Peterson, C.C.	Storm
Benson	Frederick	Langseth	Peterson, D.C.	Stumpf
Berg	Frederickson	Lantry	Peterson, R.W.	Taylor
Berglin	Freeman	Lessard	Petty	Ulland
Bernhagen	Hughes	Luther	Purfeerst	Vega
Bertram	Isackson	McQuaid	Ramstad	Waldorf
Chmielewski	Johnson, D.E.	Mehrkens	Reichgott	Wegscheid
Dahl	Johnson, D.J.	Merriam	Renneke	Willet
Davis	Jude	Moe, R. D.	Samuelson	
DeCramer	Kamrath	Nelson	Schmitz	
Dicklich	Knaak	Novak	Sieloff	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 1815: A bill for an act relating to hospitals; giving various public hospital authorities the powers of nonprofit corporations; proposing new law coded in Minnesota Statutes, chapter 144.

Mr. Stumpf moved to amend S.F. No. 1815 as follows:

Page 1, line 12, delete "253,"

Page 1, line 13, delete "447.33" and insert "447.31"

Page 2, line 19, delete "chapter 16" and insert "section 471.345"

Page 2, after line 20, insert:

"Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment."

The motion prevailed. So the amendment was adopted.

S.F. No. 1815 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 65 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Knaak	Nelson	Samuelson
Anderson	Diessner	Knutson	Novak	Schmitz
Belanger	Dieterich	Kroening	Olson	Sieloff
Benson	Frank	Kronebusch	Pehler	Solon
Berg	Frederick	Laidig	Peterson, C.C.	Spear
Berglin	Frederickson	Langseth	Peterson, D.C.	Storm
Bermhagen	Freeman	Lantry	Peterson, R.W.	Stumpf
Bertram	Hughes	Lessard	Petty	Taylor
Brataas	Isackson	Luther	Pogemiller	Ulland
Chmielewski	Johnson, D.E.	McQuaid	Purfeerst	Vega
Dahl	Johnson, D.J.	Mehrkens	Ramstad	Waldorf
Davis	Jude	Merriam	Reichgott	Wegscheid
DeCramer	Kamrath	Moe, R. D.	Renneke	Willet

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

SPECIAL ORDER

S.F. No. 1258: A bill for an act relating to the environment; requiring an agreement between the state and federal government prior to test drilling of geologic structures for disposal of high level radioactive waste and notification of results; regulating transportation of high level radioactive waste in the state; providing penalties; amending Minnesota Statutes 1982, section 116C.71, by adding subdivisions; and 116C.74; proposing new law coded in Minnesota Statutes, chapter 116C.

Mr. Merriam moved to amend S.F. No. 1258 as follows:

Page 6, line 15, delete "*addition to*" and insert "*accordance with*"

The motion prevailed. So the amendment was adopted.

Mr. Renneke moved to amend S.F. No. 1258 as follows:

Page 6, line 24, after "*waste*" insert "*that is not being shipped from a nuclear fission electrical generating plant assessed for nuclear safety preparedness under Minnesota Statutes 1983 Supplement, section 12.14,*"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 20 and nays 42, as follows:

Those who voted in the affirmative were:

Anderson	Bertram	Kamrath	Lessard	Peterson, D.L.
Benson	Brataas	Knutson	McQuaid	Renneke
Berg	Frederick	Kronebusch	Mehrkens	Sieloff
Bermhagen	Isackson	Laidig	Nelson	Taylor

Those who voted in the negative were:

Adkins	Dieterich	Langseth	Peterson, D.C.	Spear
Belanger	Frank	Lantry	Peterson, R.W.	Stumpf
Berglin	Frederickson	Luther	Petty	Vega
Chmielewski	Freeman	Merriam	Pogemiller	Waldorf
Dahl	Hughes	Moe, D. M.	Purfeerst	Wegscheid
Davis	Johnson, D.J.	Moe, R. D.	Ramstad	Willet
DeCramer	Jude	Novak	Reichgott	
Dicklich	Knaak	Pehler	Schmitz	
Diessner	Kroening	Peterson, C.C.	Solon	

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

Mr. Moe, D.M. moved to amend S.F. No. 1258 as follows:

Page 7, after line 34, insert:

"Sec. 17. [216B.70] [NUCLEAR POWER PLANTS; CONDITIONS FOR CONSTRUCTION.]

Notwithstanding any law to the contrary, no nuclear fission electric generating plant may be constructed in the state after July 1, 1984, unless the following conditions have been met:

(1) the commission finds that there has been developed and that the United States through its authorized agency has approved and there exists a demonstrated method for the permanent and terminal disposition of high-level nuclear waste; and

(2) the commission reports its findings to the legislature, and the construction of the nuclear generating power plant is expressly approved by law."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 7, before "amending" insert "regulating nuclear fission electric generating plants in Minnesota;"

Page 1, line 10, delete "chapter" and insert "chapters" and after "116C" insert "and 216B"

Mr. Frederickson moved to amend the Moe, D.M. amendment to S.F. No. 1258 as follows:

Page 1, line 11, after "demonstrated" insert "successful" and after "the" insert "safe"

The motion prevailed. So the amendment to the amendment was adopted.

The question recurred on the Moe, D.M. amendment, as amended.

The roll was called, and there were yeas 48 and nays 17, as follows:

Those who voted in the affirmative were:

Anderson	Frank	Lantry	Peterson, C. C.	Spear
Berglin	Frederickson	Lessard	Peterson, D. C.	Stumpf
Brataas	Freeman	Luther	Peterson, R. W.	Taylor
Chmielewski	Hughes	Merriam	Petty	Ulland
Dahl	Isackson	Moe, D. M.	Pogemiller	Vega
Davis	Johnson, D. J.	Moe, R. D.	Ramstad	Waldorf
DeCramer	Jude	Nelson	Reichgott	Wegscheid
Dicklich	Knaak	Novak	Renneke	Willet
Diessner	Kroening	Olson	Samuelson	
Dieterich	Langseth	Pehler	Schmitz	

Those who voted in the negative were:

Belanger	Bertram	Knutson	Mehrrens	Storm
Benson	Frederick	Kronebusch	Peterson, D. L.	
Berg	Johnson, D. E.	Laidig	Sieloff	
Bernhagen	Kamrath	McQuaid	Solon	

The motion prevailed. So the Moe, D.M. amendment, as amended, was adopted.

S.F. No. 1258 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 59 and nays 8, as follows:

Those who voted in the affirmative were:

Adkins	Dieterich	Kroening	Pehler	Schmitz
Anderson	Frank	Langseth	Peterson, C. C.	Solon
Belanger	Frederickson	Lantry	Peterson, D. C.	Spear
Berglin	Freeman	Lessard	Peterson, D. L.	Storm
Bertram	Hughes	Luther	Peterson, R. W.	Stumpf
Brataas	Isackson	McQuaid	Petty	Taylor
Chmielewski	Johnson, D. E.	Merriam	Pogemiller	Ulland
Dahl	Johnson, D. J.	Moe, D. M.	Purfeerst	Vega
Davis	Jude	Moe, R. D.	Ramstad	Waldorf
DeCramer	Kamrath	Nelson	Reichgott	Wegscheid
Dicklich	Knaak	Novak	Renneke	Willet
Diessner	Knutson	Olson	Samuelson	

Those who voted in the negative were:

Benson	Bernhagen	Kronebusch	Mehrkens	Sieloff
Berg	Frederick	Laidig		

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

SPECIAL ORDER

S.F. No. 1891: A bill for an act relating to public employees; providing standards for certain disciplinary actions; amending Minnesota Statutes 1982, section 43A.33, by adding a subdivision.

Mr. Petty moved to amend S.F. No. 1891 as follows:

Page 1, line 9, delete "*a grievance*" and insert "*an arbitration*"

Page 1, line 10, after "*for*" insert "*allegedly*"

The motion prevailed. So the amendment was adopted.

S.F. No. 1891 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 58 and nays 1, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Knaak	Novak	Samuelson
Anderson	Dieterich	Knutson	Olson	Sieloff
Belanger	Frank	Kroening	Pehler	Spear
Benson	Frederick	Kronebusch	Peterson, C. C.	Storm
Berg	Frederickson	Laidig	Peterson, D. C.	Taylor
Berglin	Freeman	Lantry	Peterson, D. L.	Ulland
Bernhagen	Hughes	Lessard	Peterson, R. W.	Vega
Bertram	Isackson	Luther	Petty	Waldorf
Brataas	Johnson, D. E.	McQuaid	Pogemiller	Wegscheid
Dahl	Johnson, D. J.	Mehrkens	Purfeerst	Willet
Davis	Jude	Merriam	Ramstad	
DeCramer	Kamrath	Moe, R. D.	Reichgott	

Mr. Chmielewski voted in the negative.

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

SPECIAL ORDER

S.F. No. 1849: A bill for an act relating to crimes; prohibiting the purchase or sale of human organs; amending Minnesota Statutes 1982, section 145.422, subdivision 3.

Mr. Jude moved to amend S.F. No. 1849 as follows:

Page 1, line 10, delete "living" and insert "nonrenewable"

Page 1, lines 14 to 17, delete the new language and insert "(2) payments for reasonable expenses associated with the removal, storage, and transportation of a human organ, including payments made to or on behalf of a living organ donor for actual expenses such as medical costs, lost income, or travel expenses that are incurred as a direct result of the donation of the nonrenewable organ; or (3) financial assistance payments provided under insurance and medicare reimbursement programs"

The motion prevailed. So the amendment was adopted.

S.F. No. 1849 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 62 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Knutson	Pehler	Sieloff
Anderson	Diessner	Kroening	Peterson, C. C.	Spear
Belanger	Dieterich	Kronebusch	Peterson, D. C.	Storm
Benson	Frank	Laidig	Peterson, D. L.	Stumpf
Berg	Frederickson	Lantry	Peterson, R. W.	Taylor
Berglin	Freeman	Lessard	Petty	Ulland
Bernhagen	Hughes	Luther	Pogemiller	Vega
Bertram	Isackson	McQuaid	Purfeerst	Waldorf
Brataas	Johnson, D. E.	Mehrkens	Ramstad	Wegscheid
Chmielewski	Johnson, D. J.	Merriam	Reichgott	Willet
Dahl	Jude	Moe, R. D.	Renneke	
Davis	Kamrath	Novak	Samuelson	
DeCramer	Knaak	Olson	Schmitz	

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

SPECIAL ORDER

S.F. No. 1859: A bill for an act relating to commerce; requiring insurance for motor vehicle service contracts; requiring motor vehicle service contract providers to file certain forms; prohibiting the issuance of motor vehicle service contracts in certain circumstances; authorizing the commissioner of commerce to adopt rules; proposing new law coded in Minnesota Statutes, chapter 65B.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 59 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Knaak	Olson	Samuelson
Anderson	Diessner	Knutson	Pehler	Schmitz
Belanger	Dieterich	Kroening	Peterson, C. C.	Sieloff
Benson	Frank	Kronebusch	Peterson, D. C.	Spear
Berg	Frederickson	Laidig	Peterson, D. L.	Storm
Berglin	Freeman	Lantry	Peterson, R. W.	Stumpf
Bertram	Hughes	Lessard	Petty	Taylor
Brataas	Isackson	Luther	Pogemiller	Ulland
Chmielewski	Johnson, D. E.	McQuaid	Purfeerst	Vega
Dahl	Johnson, D. J.	Merriam	Ramstad	Wegscheid
Davis	Jude	Moe, R. D.	Reichgott	Willet
DeCramer	Kamrath	Novak	Renneke	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 2047: A bill for an act relating to transportation; authorizing the expenditure of county turnback account funds and state transportation bond funds for bridges ten feet or more in length following replacement; amending Minnesota Statutes 1982, section 174.50, subdivision 7; and Minnesota Statutes 1983 Supplement, section 161.082, subdivision 2a.

Mr. Taylor moved to amend H.F. No. 2047 as follows:

Page 2, after line 17, insert:

“Sec. 3. Minnesota Statutes 1982, section 161.14, is amended by adding a subdivision to read:

Subd. 20. [VETERANS MEMORIAL BRIDGE.] The bridge over the Minnesota River between the cities of Mankato and North Mankato, being a part of legislative route no. 256, is named and designated the “Veterans Memorial Bridge.” Plaques or signs memorializing this bridge must be furnished by other than the Minnesota department of transportation and approved by the commissioner.”

Page 2, line 19, delete “and 2” and insert “to 3”

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after the semicolon, insert “designating a bridge as the Veterans Memorial Bridge;”

Page 1, line 6, delete “section” and insert “sections 161.14, by adding a subdivision;”

The motion prevailed. So the amendment was adopted.

H.F. No. 2047 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 0, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Knutson	Novak	Schmitz
Anderson	Diessner	Kroening	Olson	Sieloff
Belanger	Dieterich	Kronebusch	Pehler	Spear
Benson	Frank	Laidig	Peterson, C. C.	Storm
Berg	Frederickson	Lantry	Peterson, D. C.	Stumpf
Berglin	Freeman	Lessard	Peterson, D. L.	Taylor
Bernhagen	Hughes	Luther	Peterson, R. W.	Ulland
Bertram	Isackson	McQuaid	Petty	Vega
Brataas	Johnson, D. E.	Mehrkins	Pogemiller	Waldorf
Chmielewski	Johnson, D. J.	Merriam	Ramstad	Wegscheid
Dahl	Jude	Moe, D. M.	Reichgott	Willet
Davis	Kamrath	Moe, R. D.	Renneke	
DeCramer	Knaak	Nelson	Samuelson	

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

SPECIAL ORDER

S.F. No. 1905: A bill for an act relating to crimes; providing penalties for falsely reporting a medical emergency and for interfering with emergency communications over a citizen's band radio channel; imposing a penalty; amending Minnesota Statutes 1983 Supplement, section 609.78.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 57 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Kroening	Nelson	Spear
Anderson	Frank	Kronebusch	Novak	Storm
Belanger	Frederickson	Laidig	Pehler	Stumpf
Benson	Freeman	Langseth	Peterson, C. C.	Taylor
Berg	Hughes	Lantry	Peterson, D. C.	Ulland
Berglin	Isackson	Lessard	Peterson, D. L.	Vega
Bertram	Johnson, D. E.	Luther	Peterson, R. W.	Waldorf
Brataas	Johnson, D. J.	McQuaid	Petty	Wegscheid
Chmielewski	Jude	Mehrkins	Pogemiller	Willet
Dahl	Kamrath	Merriam	Ramstad	
Davis	Knaak	Moe, D. M.	Renneke	
DeCramer	Knutson	Moe, R. D.	Sieloff	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 1974: A bill for an act relating to commerce; clarifying the limitations on enforcement of indemnification agreements in construction contracts; amending Minnesota Statutes 1983 Supplement, sections 337.01, subdivisions 2, 3, and 4; 337.02; 337.03; and 337.05, subdivision 2, and by adding subdivisions; and Laws 1983, chapter 333, section 6; proposing new law coded in Minnesota Statutes, chapter 337.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 56 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dieterich	Knutson	Novak	Storm
Anderson	Frank	Kroening	Pehler	Stumpf
Benson	Frederick	Kronebusch	Peterson, C. C.	Taylor
Berg	Frederickson	Laidig	Peterson, D. C.	Ulland
Berglin	Freeman	Langseth	Peterson, R. W.	Vega
Bernhagen	Hughes	Lantry	Petty	Waldorf
Bertram	Isackson	Luther	Pogemiller	Wegscheid
Brataas	Johnson, D. E.	McQuaid	Ramstad	Willet
Chmielewski	Johnson, D. J.	Merriam	Reichgott	
Dahl	Jude	Moe, D. M.	Renneke	
Davis	Kamrath	Moe, R. D.	Sieloff	
DeCramer	Knaak	Nelson	Spear	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 1986: A bill for an act relating to public employment labor relations; recodifying the public employment labor relations act; proposing new law coded as Minnesota Statutes, chapter 179A; repealing Minnesota Statutes 1982, sections 179.61 to 179.76, as amended.

Mr. Nelson moved to amend S.F. No. 1986 as follows:

Page 16, line 9, delete "20" and insert "19"

The motion prevailed. So the amendment was adopted.

S.F. No. 1986 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 61 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dieterich	Kronebusch	Peterson, D. C.	Spear
Anderson	Frank	Laidig	Peterson, D. L.	Storm
Belanger	Frederick	Lantry	Peterson, R. W.	Stumpf
Benson	Frederickson	Lessard	Petty	Taylor
Berg	Freeman	Luther	Pogemiller	Ulland
Berglin	Hughes	McQuaid	Purfeerst	Vega
Bernhagen	Isackson	Mehrkins	Ramstad	Waldorf
Brataas	Johnson, D. E.	Moe, D. M.	Reichgott	Wegscheid
Chmielewski	Johnson, D. J.	Nelson	Renneke	Willet
Dahl	Jude	Novak	Samuelson	
Davis	Kamrath	Olson	Schmitz	
DeCramer	Knaak	Pehler	Sieloff	
Dicklich	Knutson	Peterson, C. C.	Solon	

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

SPECIAL ORDER

S.F. No. 1883: A bill for an act relating to occupations and professions; prohibiting evidence of the previous sexual conduct of a patient or client in proceedings concerning unprofessional conduct; proposing new law coded in Minnesota Statutes, chapters 147 and 148.

Mr. Sieloff moved that S.F. No. 1883, No. 64 on Special Orders, be stricken and re-referred to the Committee on Judiciary. The motion did not

prevail.

CALL OF THE SENATE

Mr. Moe, R.D. imposed a call of the Senate for the balance of today's proceedings. The Sergeant at Arms was instructed to bring in the absent members.

S.F. No. 1883 was then progressed.

SPECIAL ORDER

H.F. No. 1445: A bill for an act relating to crimes; defining aggravated criminal damage to property; amending Minnesota Statutes 1982, section 609.595, subdivision 1.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 62 and nays 2, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Knaak	Novak	Samuelson
Anderson	Diessner	Knutson	Olson	Sieloff
Belanger	Dieterich	Kronebusch	Pehler	Spear
Benson	Frank	Laidig	Peterson, C.C.	Storm
Berg	Frederick	Langseth	Peterson, D.C.	Stumpf
Berglin	Frederickson	Lantry	Peterson, D.L.	Taylor
Bernhagen	Freeman	Lessard	Peterson, R.W.	Ulland
Bertram	Hughes	Luther	Petty	Vega
Brataas	Isackson	McQuaid	Pogemiller	Waldorf
Chmielewski	Johnson, D.E.	Mehrkens	Purfeerst	Willet
Dahl	Johnson, D.J.	Merriam	Ramstad	
Davis	Jude	Moe, R. D.	Reichgott	
DeCramer	Kamrath	Nelson	Renneke	

Messrs. Kroening and Schmitz voted in the negative.

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 1528: A bill for an act relating to taxation; updating references to the internal revenue code; simplifying certain income tax and property tax refund provisions; making technical corrections and administrative changes to income tax, inheritance tax and property tax refund provisions; amending Minnesota Statutes 1982, sections 10A.31, subdivision 1; 62E.11, subdivision 8; 171.31; 271.19; 290.01, subdivision 20e; 290.012, subdivision 3; 290.05, subdivision 4; 290.06, subdivisions 3e, 3f, and 3g; 290.095, subdivision 11; 290.17, subdivision 1a; 290.19, subdivision 1a; 290.23, subdivision 3; 290.311, subdivision 1; 290.41, subdivision 2, and by adding a subdivision; 290.56, subdivisions 4 and 5; 290.61; 290.931, subdivision 1; 290A.07, subdivision 2a; 600.21; Minnesota Statutes 1983 Supplement, sections 176.186; 290.01, subdivisions 20, 20a, 20b, and 20f; 290.032, subdivision 2; 290.06, subdivisions 2c, 3d, 11, 13, and 14; 290.067, subdivisions 1 and 2; 290.077, subdivision 4; 290.089, subdivisions 2 and 3; 290.09, subdivisions 5 and 29; 290.091; 290.10; 290.17, subdivisions 1 and 2;

290.174; 290.175; 290.18, subdivision 1; 290.21, subdivision 3; 290.37, subdivision 1; 290.431; 290.45, subdivision 1; 290.46; 290.92, subdivision 26; 290.93, subdivision 10; 290.9726, subdivision 5; 290A.03, subdivisions 3, 6, 11, 12, and 14; 290A.04, subdivisions 1 and 2; 290A.07, subdivision 3; and 296.18, subdivision 1; Laws 1980, chapter 439, section 36; repealing Minnesota Statutes 1982, sections 290.011; 290.311, subdivision 2; Minnesota Statutes 1983 Supplement, section 290A.16; and Laws 1983, chapter 207, section 6.

Mr. Peterson, C.C. moved to amend H.F. No. 1528, as amended pursuant to Rule 49, adopted by the Senate April 9, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1516.)

Page 21, reinstate lines 3 to 5 and renumber the clauses in sequence

Page 25, line 26, delete "(15)" and insert "(18)"

Page 25, line 34, delete "(14)" and insert "(17)"

Pages 28 and 29, delete section 8

Page 33, lines 16 to 26, reinstate the stricken language and delete the new language

Page 34, lines 4 to 6 and 21 to 23, reinstate the stricken language and delete the new language

Page 35, lines 1 to 3, reinstate the stricken language and delete the new language

Pages 35 and 36, delete sections 14 and 15

Page 48, after line 21, insert:

"(6) Federal preference items which arise from a farm shall not be a preference item to the extent they exceed the loss allowed under section 290.09, subdivision 29, other than interest and taxes."

Page 61, line 36, delete the new language

Page 62, lines 1 to 3, delete the new language

Page 65, line 21, delete "9, and 38" and insert "8, and 35"

Page 65, line 22, delete "8, 10 to 21, 24 to 34, 37, and 39" and insert "9 to 18, 21 to 31, 34, and 36"

Page 65, line 24, delete "22" and insert "19"

Page 65, line 30, delete "23" and insert "20"

Page 65, line 33, delete "sections 35 and 36 are" and insert "section 32 is"

Page 65, line 35, after the period, insert "Section 33 is effective for claims based on rent paid in 1985 and thereafter."

Page 67, line 28, after "state" insert "for purposes of auditing corporate sales, excise, and income tax returns"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 9, delete "290.012, subdivision 3;"

Page 1, line 10, after "3e," insert "and" and after "3f" delete the comma

Page 1, line 11, delete "and 3g"

Page 1, line 19, delete "11,"

Mr. Merriam requested division of the amendment as follows:

First portion:

Page 21, reinstate lines 3 to 5 and renumber the clauses in sequence

Page 25, line 26, delete "(15)" and insert "(18)"

Page 25, line 34, delete "(14)" and insert "(17)"

Pages 28 and 29, delete section 8

Page 33, lines 16 to 26, reinstate the stricken language and delete the new language

Page 34, lines 4 to 6 and 21 to 23, reinstate the stricken language and delete the new language

Page 35, lines 1 to 3, reinstate the stricken language and delete the new language

Page 35, delete section 14

Page 48, after line 21, insert:

"(6) Federal preference items which arise from a farm shall not be a preference item to the extent they exceed the loss allowed under section 290.09, subdivision 29, other than interest and taxes."

Page 61, line 36, delete the new language

Page 62, lines 1 to 3, delete the new language

Page 65, line 21, delete "9, and 38" and insert "8, and 35"

Page 65, line 22, delete "8, 10 to 21, 24 to 34, 37, and 39" and insert "9 to 18, 21 to 31, 34, and 36"

Page 65, line 24, delete "22" and insert "19"

Page 65, line 30, delete "23" and insert "20"

Page 65, line 33, delete "sections 35 and 36 are" and insert "section 32 is"

Page 65, line 35, after the period, insert "Section 33 is effective for claims based on rent paid in 1985 and thereafter."

Page 67, line 28, after "state" insert "for purposes of auditing corporate sales, excise, and income tax returns"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 9, delete "290.012, subdivision 3;"

Page 1, line 10, after "3e," insert "and" and after "3f" delete the comma

Page 1, line 11, delete "and 3g"

Second portion:

Pages 35 and 36, delete section 15

Renumber the sections in sequence

Amend the title accordingly

The question was taken on the adoption of the first portion of the amendment. The motion prevailed. So the first portion of the amendment was adopted.

The question was taken on the adoption of the second portion of the amendment. The motion prevailed. So the second portion of the amendment was adopted.

Mr. Merriam then moved to amend H.F. No. 1528, as amended pursuant to Rule 49, adopted by the Senate April 9, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1516.)

Page 68, delete section 6

Page 73, line 10, delete "7, and 8" and insert "6, and 7"

Page 73, line 11, delete "Section 6 is effective for taxable years"

Page 73, line 12, delete "beginning after December 31, 1983." and delete "9, 10, and 11" and insert "8, 9, and 10"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 12, delete "290.19, subdivision 1a;"

The motion prevailed. So the amendment was adopted.

Mr. Sieloff moved to amend H.F. No. 1528, as amended pursuant to Rule 49, adopted by the Senate April 9, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1516.)

Page 88, after line 4, insert:

"ARTICLE 5

CHILD SUPPORT WITHHOLDING

Section 1. Minnesota Statutes 1982, section 290.50, subdivision 6, is amended to read:

Subd. 6. [WITHHOLDING OF REFUNDS FROM CHILD SUPPORT DEBTORS.] Upon a finding by a court of this state that a person obligated to pay child support is delinquent in making payments, the amount of child support unpaid and owing *including attorneys fees and costs incurred in ascertaining or collecting child support* shall be withheld from a refund due the person under this section. The public agency responsible for child support enforcement or the parent or guardian of a child for whom the support is, *attorneys fees and costs are* owed may petition the district or county court for an order providing for the withholding of the amount of child support, *attorneys fees and costs* unpaid and owing as determined by court order. The person from whom the refund may be withheld shall be notified of the peti-

tion pursuant to the rules of civil procedure prior to the issuance of an order pursuant to this subdivision. The order may be granted on a showing to the court that required support payments, *attorneys fees and costs* have not been made when they were due.

On order of the court, the ~~support~~ money shall be withheld by the commissioner from the refund due to the person obligated to pay the support and the amount withheld shall be remitted to the public agency responsible for child support enforcement or to the parent or guardian petitioning on behalf of the child, provided that any delinquent tax obligations of the taxpayer owed to the revenue department shall be satisfied first. Any amount received by the responsible public agency or the petitioning parent or guardian in excess of the amount of public assistance expended for the benefit of the child to be supported, or the amount of any support, *attorneys fees and costs* that had been the subject of the claim pursuant to this subdivision which has been paid by the taxpayer prior to the diversion of the refund, shall be remitted to the person entitled to the money. If the refund is based on a joint or combined return, the portion of the refund that shall be remitted to the petitioner shall be the proportion of the total refund that equals the proportion of the total federal adjusted gross income of the spouses that is the federal adjusted gross income of the spouse who is delinquent in making the child support payments. A petition filed pursuant to this subdivision shall be in effect with respect to any refunds due under this section ~~during a period of one year from the date when the petition was filed until the support money, attorneys fees and costs have been paid in full or the court orders the commissioner to discontinue withholding the money from the refund due the person obligated to pay the support, attorneys fees and costs.~~ If a petition is filed pursuant to this subdivision and a claim is made pursuant to chapter 270A with respect to the same individual's refund and notices of both are received prior to the time when payment of the refund is made on either claim, ~~the commissioner shall transmit the claims to the court that issued the order under this subdivision. The court shall order that the claim relating to the liability that accrued first in time shall be paid first; any amount of the refund remaining shall then be applied to the other claim.~~ The provisions of section 290.61 shall not prohibit the exchange of information among the department, the petitioner, and the court to the extent necessary to accomplish the intent of this subdivision. ~~Not later than five days after the court has notified the department of its withholding order, the department shall send a written notification of the order to the person to whom the refund would otherwise be paid.~~

Sec. 2. Laws 1982, chapter 523, article 4, section 2, is amended to read:

This article is effective the day following final enactment ~~and shall terminate June 30, 1984.~~

Sec. 3. [EFFECTIVE DATE.]

Section 1 is effective for court orders issued after May 31, 1984. Section 2 is effective the day after final enactment."

Amend the title as follows:

Page 1, line 6, after "provisions;" insert "making child support withholding permanent; providing for withholding of attorneys fees and costs;"

Page 1, line 14, after "subdivision;" insert "290.50, subdivision 6;"

Page 1, line 29, after "section 36;" insert "Laws 1982, chapter 523, article 4, section 2;"

The motion prevailed. So the amendment was adopted.

H.F. No. 1528 was then progressed.

SPECIAL ORDER

H.F. No. 1814: A bill for an act relating to taxation; providing for the determination of EARC adjusted assessed value; clarifying certain property tax credit provisions; simplifying iron ore valuation hearing requirements; modifying assessment procedures of certain class 3 property; extending 3cc classification to homesteads of private disability pension recipients; providing for assessment of certain homestead property; authorizing abatements; altering the process for determining flexible homestead brackets; changing dates for board of equalization meetings and filing of corrected assessment lists; clarifying levy limit provisions; allowing for the rounding of amounts of special assessments on tax statements; changing the date for the issuance of warrants for delinquent personal property taxes; providing for property tax appeals; providing for additional administrative procedures for cigarette tax collection; providing a credit for stockpiled ore; requiring annual payment of occupation taxes; changing payment method for production taxes; adopting certain procedures relating to liquor tax collections; authorizing issuance of capital notes by counties; authorizing county treasurers to charge for dishonored checks; amending Minnesota Statutes 1982, sections 124.2131, subdivision 1; 273.1104, subdivision 2; 273.13, subdivision 19; 274.14; 274.16; 277.03; 278.07; 298.031, subdivision 2; 298.09, subdivision 2; 298.27; 298.282, subdivision 3; 340.601; 373.01, by adding a subdivision; Minnesota Statutes 1983 Supplement, sections 124.2137, subdivision 1; 273.13, subdivisions 7 and 21; 273.1311; 273.1315; 275.50, subdivision 5; 275.51, subdivision 3i; 276.04; and 298.28, subdivision 1; proposing new law coded in Minnesota Statutes, chapters 297; 340; and 385; repealing Minnesota Statutes 1982, sections 298.045; 298.046; 298.047; and 298.048.

Mr. Chmielewski moved to amend H.F. No. 1814, as amended pursuant to Rule 49, adopted by the Senate April 11, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1551.)

Page 20, after line 14, insert:

"Sec. 17. Minnesota Statutes 1983 Supplement, section 279.01, subdivision 1, is amended to read:

Subdivision 1. On May 16, of each year, with respect to property actually occupied and used as a homestead by the owner of the property, a penalty of three percent shall accrue and thereafter be charged upon all unpaid taxes on real estate on the current lists in the hands of the county treasurer, and a penalty of seven percent on nonhomestead property, *except that this penalty shall accrue on June 1 of each year commercial use real property used for seasonal residential recreational purposes and classified as class 3 or 3a, and on other commercial use real property classified as class 4c, provided that over 60 percent of the gross income earned by the enterprise on the class 4c property is earned during the months of May, June, July, and August. Any*

property owner of such class 4c property who pays the first half of the tax due on the property after May 15 and before June 1 shall attach an affidavit to his payment attesting to compliance with the income provision of this subdivision. Thereafter, for both homestead and nonhomestead property, on the 16th day of each month, up to and including October 16 following, an additional penalty of one percent for each month shall accrue and be charged on all such unpaid taxes. When the taxes against any tract or lot exceed \$10, one-half thereof may be paid prior to May 16; and, if so paid, no penalty shall attach; the remaining one-half shall be paid at any time prior to October 16 following, without penalty; but, if not so paid, then a penalty of four percent shall accrue thereon for homestead property and a penalty of four percent on nonhomestead property. Thereafter, for homestead property, on the 16th day of each month up to and including December 16 following, an additional penalty of two percent for each month shall accrue and be charged on all such unpaid taxes. Thereafter, for nonhomestead property, on the 16th day of each month up to and including December 16 following, an additional penalty of four percent for each month shall accrue and be charged on all such unpaid taxes. If one-half of such taxes shall not be paid prior to May 16, the same may be paid at any time prior to October 16, with accrued penalties to the date of payment added, and thereupon no penalty shall attach to the remaining one-half until October 16 following; provided, also, that the same may be paid in installments as follows: One-fourth prior to March 16; one-fourth prior to May 16; one-fourth prior to August 16; and the remaining one-fourth prior to October 16, subject to the aforesaid penalties. Where the taxes delinquent after October 16 against any tract or parcel exceed \$40, they may be paid in installments of not less than 25 percent thereof, together with all accrued penalties and costs, up to the next tax judgment sale, and after such payment, penalties, interest, and costs shall accrue only on the sum remaining unpaid. Any county treasurer who shall make out and deliver or countersign any receipt for any such taxes without including all of the foregoing penalties therein, shall be liable to the county for the amount of such penalties."

Page 35, line 29, delete "23, 24, 25, 27, and 28" and insert "20, 24, 25, 26, 28, and 29"

Page 35, line 33, delete "20 to 22" and insert "21 to 23"

Amend the title as follows:

Page 1, line 11, after the semicolon insert "delaying imposition of a property tax penalty;"

Page 1, line 34, after "276.04;" insert "279.01, subdivision 1;"

The motion prevailed. So the amendment was adopted.

Mr. Johnson, D.J. moved to amend H.F. No. 1814, as amended pursuant to Rule 49, adopted by the Senate April 11, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1551.)

Page 9, line 7, after the period, insert "A duplex that is entitled to homestead classification for one or both units shall be assessed as 3b, 3c, or 3cc in its entirety."

Page 35, line 29, after "11," insert "12,"

The motion prevailed. So the amendment was adopted.

Mr. Bernhagen moved to amend H.F. No. 1814, as amended pursuant to Rule 49, adopted by the Senate April 11, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1551.)

Pages 19 and 20, delete section 16

Page 35, line 29, delete "17, 18, 19, 23, 24, 25, 27, and 28" and insert "16, 17, 18, 22, 23, 24, 26, and 27"

Page 35, line 32, delete everything after the period

Page 35, line 33, delete everything before "Sections"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 17, delete everything after the first semicolon

Page 1, line 28, delete "278.07;"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 26 and nays 38, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Knutson	Olson	Taylor
Belanger	Frederickson	Kronebusch	Peterson, D.L.	Ulland
Benson	Isackson	Laidig	Ramstad	
Berg	Johnson, D.E.	Lessard	Renneke	
Bernhagen	Kamrath	McQuaid	Sieloff	
Brataas	Knaak	Mehrkens	Storm	

Those who voted in the negative were:

Adkins	Diessner	Langseth	Pehler	Solon
Berglin	Dieterich	Lantry	Peterson, C.C.	Spear
Bertram	Frank	Luther	Peterson, D.C.	Stumpf
Chmielewski	Freeman	Merriam	Peterson, R.W.	Vega
Dahl	Hughes	Moe, D. M.	Petty	Waldorf
Davis	Johnson, D.J.	Moe, R. D.	Pogemiller	Willet
DeCramer	Jude	Nelson	Reichgott	
Dicklich	Kroening	Novak	Schmitz	

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

Mr. Sieloff moved to amend H.F. No. 1814, as amended pursuant to Rule 49, adopted by the Senate April 11, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1551.)

Page 35, after line 25, insert:

"Sec. 29. [PROPOSED AMENDMENT.]

An amendment to the Minnesota Constitution, article X, adding a section, is proposed to the people. If the amendment is adopted, the section will read:

Sec. 8. The sum of all ad valorem taxes, other than a charge for a specific service provided or a special assessment against the benefited property, levied upon property in any year by all taxing authorities shall not exceed 1.5 percent of the market value of homestead property or three percent of the

market value of nonhomestead property, after any reductions or credits applied against the tax except any credits or refunds which are determined with reference to the income of the property owner. The term "taxing authority" for purposes of this section means the state, any political subdivision, school district, taxing district, or any other entity authorized by law to levy, or have levied for it, ad valorem taxes on homestead property.

The limitation provided in this section does not include (a) taxes levied to pay the costs of principal and interest on bonded indebtedness or certificates of indebtedness issued prior to November 6, 1984 unless the bonds or certificates are issued in anticipation of receipt of taxes or aids for the purpose of funding current or general expenses or funding an insufficiency in receipts from taxes or other sources; or (b) taxes authorized to be levied by a majority vote of the residents of a taxing authority voting on a proposal to levy outside of this limit.

The legislature by law may define, for purposes of this section, the terms "homestead property" and "market value."

The legislature shall provide by law procedures implementing the limitation provided in this section.

Sec. 30. [SUBMISSION TO VOTERS.]

The amendment proposed in section 29 shall be submitted to the people at the 1984 general election. The question submitted shall be:

"Shall the Minnesota Constitution be amended to limit property taxes to 1.5 percent of market value in the case of homestead property and three percent in the case of nonhomestead property?"

Yes

No

Renumber the remaining section

Amend the title as follows:

Page 1, line 25, after the semicolon, insert "proposing an amendment to the Minnesota Constitution, article X, by adding a section providing that property taxes may not exceed a percentage of market value;"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 12 and nays 55, as follows:

Those who voted in the affirmative were:

Anderson	Knaak	McQuaid	Ramstad	Taylor
Belanger	Knutson	Olson	Sieloff	Ulland
Frederickson	Laidig			

Those who voted in the negative were:

Adkins	Dicklich	Kamrath	Nelson	Renneke
Benson	Diessner	Kroening	Novak	Samuelson
Berg	Dieterich	Kronebusch	Pehler	Schmitz
Berglin	Frank	Langseth	Peterson, C. C.	Solon
Bernhagen	Frederick	Lantry	Peterson, D. C.	Spear
Bertram	Freeman	Lessard	Peterson, D. L.	Storm
Brataas	Hughes	Luther	Peterson, R. W.	Stumpf
Chmielewski	Isackson	Mehrrens	Petty	Vega
Dahl	Johnson, D. E.	Merriam	Pogemiller	Waldorf
Davis	Johnson, D. J.	Moe, D. M.	Purfeerst	Wegscheid
DeCramer	Jude	Moe, R. D.	Reichgott	Willet

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

Mr. Solon moved to amend H.F. No. 1814, as amended pursuant to Rule 49, adopted by the Senate April 11, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1551.)

Page 20, after line 14, insert:

"Sec. 17. Minnesota Statutes 1982, section 279.37, subdivision 1, is amended to read:

Subdivision 1. [COMPOSITION INTO ONE ITEM.] Delinquent taxes upon any parcel of real estate which have been bid in for and are held by the state and not assigned by it, may be composed into one item or amount by confession of judgment at any time prior to the forfeiture of such parcel of land to the state for taxes, for the aggregate amount of all such taxes, costs, penalties, and interest accrued against said parcel, as hereinafter provided; provided that only taxes upon property which, for the previous year's assessment, was classified as ~~homestead property pursuant to section 273.13, subdivisions 6, 6a, 7, and 14a~~ *for assessment at an assessed value not exceeding 40 percent of market value* shall be eligible to be composed into any confession of judgment pursuant to this section."

Renumber the sections in sequence and correct the internal references

Amend the title as follows:

Page 1, line 28, after "278.07;" insert "279.37, subdivision 1;"

The motion prevailed. So the amendment was adopted.

H.F. No. 1814 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 66 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Kroening	Pehler	Solon
Anderson	Dieterich	Kronebusch	Peterson, C.C.	Spear
Belanger	Frank	Laidig	Peterson, D.C.	Storm
Benson	Frederick	Lantry	Peterson, D.L.	Stumpf
Berg	Frederickson	Lessard	Peterson, R.W.	Taylor
Berglin	Freeman	Luther	Petty	Uiland
Bernhagen	Hughes	McQuaid	Pogemiller	Vega
Bertram	Isackson	Mehrkens	Purfeerst	Waldorf
Brataas	Johnson, D.E.	Merriam	Ramstad	Wegscheid
Chmielewski	Johnson, D.J.	Moe, D. M.	Reichgott	Willet
Dahl	Jude	Moe, R. D.	Renneke	
Davis	Kamrath	Nelson	Samuelson	
DeCramer	Knaak	Novak	Schmitz	
Dicklich	Knutson	Olson	Sieloff	

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 7:00 p.m. The motion prevailed.

The hour of 7:00 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.

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Dicklich moved that H.F. No. 2180 be withdrawn from the Committee on Rules and Administration, given its second reading and placed on Special Orders. The motion prevailed.

H.F. No. 2180 was read the second time.

Mr. Johnson, D.J. moved that H.F. No. 2016 be taken from the table. The motion prevailed.

H.F. No. 2016: A bill for an act relating to taxation; repealing the income tax surtax; modifying the designation of enterprise zones; increasing the funding for enterprise zones; modifying the definition of political party under the political contribution credit; providing an income tax credit for conservation tillage farm equipment; eliminating racehorses from the farm loss modification; permitting certain net operating loss carrybacks; permitting deduction of certain foreign taxes paid; allowing deduction of foreign dividends and royalties; modifying the definition of apportionment factors; restricting tax exemptions for redevelopment companies; changing the computation of the school agricultural credit retroactive to taxes payable in 1984 in certain cases; modifying the maximum targeting credit for payable 1984; providing a targeting credit for payable 1985; changing computation of certain local government aid payments; directing the department of revenue to issue guidelines on certain topics; instructing the commissioner to determine production value ratio; authorizing certain additional levies in counties; modifying the use of the sales ratio study as evidence in court; changing the methodology of the sales ratio study; changing certain property tax appeal procedures; imposing requirements for disaster relief credits; increasing agricultural aid to certain property; modifying the homestead credit provisions for certain property and providing refunds; changing the classification ratio maximum value on commercial and industrial property; limiting the property tax exemption for certain projects; repealing the exemption for franchise and special taxes and fees for certain projects; modifying the property tax refund with respect to certain claims; repealing rent capitalization; changing the estate tax; allowing the commissioner more discretion in valuing railroad property; providing for equalization of railroad valuations; authorizing the Ramsey-Washington metro watershed district to establish a maintenance and repair fund and levy taxes; creating the Croft historical park board; authorizing the board to levy taxes; authorizing the city of Cloquet to levy taxes for certain transit expenses; authorizing the conveyance of certain land in St. Louis County; clarifying the application of the mortgage registry tax to revolving lines of credit; changing the procedures for refunds of the motor fuels tax; reducing the sales tax rate for purchases of capital equipment and manufactured housing; exempting agricultural electricity, residential hot water district heating, and used manufactured housing from the sales tax; exempting certain sales by nonprofit organizations from the sales tax; exempting

residential district heating from the St. Paul franchise tax; repealing the accelerated payment of sales tax; transferring motor vehicle excise tax proceeds to the highway user and transit funds; providing for the priority of certain liens securing revolving lines of credit; increasing the interest rate on state tax refunds; appropriating money; amending Minnesota Statutes 1982, sections 10A.31, subdivisions 3a and 5; 124.2131, subdivision 1; 270.80, subdivision 4; 270.84, subdivision 1; 270.86; 270.87; 270A.07, subdivision 5; 271.01, subdivision 5; 271.06, subdivision 6; 271.12; 273.123, by adding subdivisions; 273.13, subdivisions 9 and 19; 287.05, by adding subdivisions; 290.01, subdivision 20e; 290.06, by adding a subdivision; 290.19, subdivision 1a; 290.21, by adding a subdivision; 290.92, subdivision 11; 290.936; 290A.04, by adding a subdivision; 290A.07, subdivision 2a; 291.075; 291.09, subdivision 1a; 291.132, subdivision 2; 291.18; 291.215, subdivision 1; 294.09, subdivision 1; 296.18, subdivisions 3 and 8; 297A.01, by adding subdivisions; 297A.15, by adding a subdivision; 297B.035, subdivision 3; 298.09, subdivision 4; 299.05; 462.651, subdivision 1, and by adding a subdivision; and 477A.13; Minnesota Statutes 1983 Supplement, sections 16A.15, subdivision 6; 124.2137, subdivision 1; 273.11, subdivision 1; 273.13, subdivisions 6 and 21; 273.1314, subdivisions 6, 8, and 15; 278.01, subdivision 1; 278.05, subdivision 4; 290.06, subdivision 11; 290.09, subdivision 29; 290.18, subdivision 2; 290.21, subdivision 4; 290.50, subdivision 1; 290.92, subdivision 13; 290.93, subdivision 9; 290A.03, subdivisions 8 and 13; 290A.04, subdivision 2e, and by adding a subdivision; 290A.05; 290A.07, subdivision 3; 291.005, subdivision 1; 291.03, subdivision 1; 291.09, subdivision 3a; 296.14, subdivision 4; 296.18, subdivision 1; 297A.02, subdivision 2, and by adding a subdivision; 297A.14; 297A.25, subdivision 1; 297A.27, subdivision 1; 297A.35, subdivision 1; 297B.09; and 477A.013, subdivision 1; Laws 1979, chapter 189, section 2; proposing new law coded in Minnesota Statutes, chapters 270, 507 and 508; repealing Minnesota Statutes 1982, sections 270.90; 291.015; 291.03, subdivisions 3, 4, 5, 6, and 7; 291.05; 291.051; 291.06; 291.065; 291.07; 291.08; 291.09, subdivision 5; 291.111; and 462.651, subdivision 2; Minnesota Statutes 1983 Supplement, sections 273.11, subdivision 7; 290.06, subdivisions 2e and 13; 297A.275; and 462.651, subdivision 3; and Laws 1983, chapter 342, article 1, section 8.

SUSPENSION OF RULES

Mr. Moe, R.D. moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 2016 and that the rules of the Senate be so far suspended as to give H.F. No. 2016 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 2016 was read the second time.

Mr. Johnson, D.J. moved to amend H.F. No. 2016 as follows:

Delete everything after the enacting clause, and delete the title, of H.F. No. 2016, and insert the language after the enacting clause, and the title, of S.F. No. 1969, the first engrossment.

The motion prevailed. So the amendment was adopted.

Mr. Johnson, D.J. then moved to amend H.F. No. 2016, as amended by

the Senate April 12, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1969.)

Page 27, line 32, delete "19" and insert "24"

Page 28, line 2, delete "20" and insert "24"

Page 28, line 13, delete "20 and 21" and insert "24 and 25"

Page 29, line 15, delete "23" and insert "27"

Page 30, line 36, delete "14" and insert "18"

Page 31, line 1, delete "14" and insert "18"

Page 31, line 4, delete "20 and 21" and insert "24 and 25"

Page 31, line 14, delete "9" and insert "13"

Page 31, line 16, delete "11 and 12" and insert "14 and 15"

Page 31, line 17, delete "13" and insert "17"

Page 31, line 18, delete "14 to 16, and 18 to 22" and insert "18 to 20, and 22 to 26"

Page 31, line 21, delete "23" and insert "27"

The motion prevailed. So the amendment was adopted.

Mr. Lessard moved to amend H.F. No. 2016, as amended by the Senate April 12, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1969.)

Page 47, after line 1, insert:

"Sec. 12. Minnesota Statutes 1982, section 297A.01, subdivision 15, is amended to read:

Subd. 15. "Farm machinery" means new or used machinery, equipment, implements, accessories and contrivances used directly and principally in the production for sale, but not including the processing, of livestock, dairy animals, dairy products, poultry and poultry products, fruits, vegetables, forage, grains and bees and apiary products. "Farm machinery" shall include machinery for the preparation, seeding or cultivation of soil for growing agricultural crops, harvesting and threshing of agricultural products, and certain machinery for dairy, livestock and poultry farms, together with barn cleaners, milking systems, grain dryers, automatic feeding systems and similar installations. Irrigation equipment sold for exclusively agricultural use, including pumps, pipe fittings, valves, sprinklers and other equipment necessary to the operation of an irrigation system when sold as part of an irrigation system, except irrigation equipment which is situated below ground and considered to be a part of the real property, shall be included in the definition of farm machinery. *Logging equipment, except chain saws, shall be included in the definition of farm machinery.* Repair or replacement parts for farm machinery shall not be included in the definition of farm machinery.

Tools, shop equipment, grain bins, feed bunks, fencing material, communication equipment and other farm supplies shall not be considered to be farm

machinery. "Farm machinery" does not include motor vehicles taxed under chapter 297B, snowmobiles, snow blowers, lawn mowers, garden-type tractors or garden tillers and the repair and replacement parts for those vehicles and machines."

Page 60, line 24, delete "17, 19, and 20" and insert "18, 20, and 21"

Page 60, line 30, delete "16" and insert "17"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 25, delete "subdivision 8" and insert "subdivisions 8 and 15"

The motion prevailed. So the amendment was adopted.

Mr. Ulland moved to amend H.F. No. 2016, as amended by the Senate April 12, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1969.)

Delete everything after the enacting clause and insert:

"ARTICLE I

INCOME TAX; ESTATE TAX

Section 1. Minnesota Statutes 1983 Supplement, section 290.01, subdivision 20a, is amended to read:

Subd. 20a. [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) 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;

(3) 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;

(4) 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;

(5) 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 under Minnesota Statutes 1982, section 290.01, subdivision 20b, clause (7);

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

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

(8) 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;

(9) 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;

(10) 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;

(11) 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;

(12) 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;

(13) 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 40 percent of the portion of the gain. This modification is limited to property that qualified for the equity investment credit contained in section 290.069, subdivision 4, and to property acquired in exchange for the release of the taxpayer's marital rights contained in section 290.14, clause (7);

(14) 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;

(15) 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);

(16) The deduction for two-earner married couples provided in section 221 of the Internal Revenue Code of 1954;

(17) Losses from the business of mining as defined in section 290.05, subdivision 1, clause (a) which is not subject to the Minnesota income tax;

(18) Expenses and depreciation attributable to property subject to Laws 1982, chapter 523, article 7, section 3 which has not been registered; and

(19) The amount of contributions to an individual retirement account, including a qualified voluntary employee contribution, simplified employee pension plan, or self-employed retirement plan which is allowed under sections 341 and 312 of Public Law Number 97-34, section 238 of Public Law Number

~~97-248, and section 103(d)(1)(B) of Public Law Number 97-448 to the extent those contributions were not an allowable deduction prior to the enactment of that law; and~~

(20) To the extent not included in the taxpayer's federal adjusted gross income, the amount of any contributions to a qualified pension plan, designated as employee contributions but which the employing unit picks up and which are treated as employer contributions pursuant to section 414(h)(2) of the Internal Revenue Code of 1954.

Sec. 2. Minnesota Statutes 1983 Supplement, section 290.01, subdivision 20b, is amended to read:

Subd. 20b. [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 40 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) Income from the performance of personal or professional services which is subject to the reciprocity exclusion contained in section 290.081, clause (a);

(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, (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, or (iii) severance pay distributed to an individual upon discontinuance of the individual's employment due to termination of business operations by the individual's employer, provided that the termination is reasonably likely to be permanent, involves the discharge of at least 75 percent of the employees at that site within a one-year period, and the business is not acquired by another person who continues operations at that site. 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. For purposes of this clause, "severance pay" means an amount received for cancellation of an employment contract or a collectively bargained termination payment made as a substitute for income which would have been earned for personal services to be rendered in the future. 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 equal to the maximum annual family benefit available as a federal old-age, survivors, and disability insurance benefit, effective July 1 of the calendar year preceding the first day of the taxable year, pursuant to United States Code, section 415 (i), as amended through December 31, 1983;

(7) 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;

(8) 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, *including distributions from an individual retirement account which represent a return of contributions if they were included in gross income on the individual's 1982 or 1983 income tax return. The distribution shall be allocated first to the return of contributions included in gross income until the amount of the contributions has been exhausted;*

(9) 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;

(10) 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 subdivision 20b, clause (6);

(11) 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 subdivision 20b, clause (6);

(12) 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;

(13) 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;

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

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

(16) Interest earned on a contract for deed entered into for the sale of property for agricultural use if the rate of interest set in the contract is no more than nine 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 sold 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;

(17) Income from the business of mining as defined in section 290.05, subdivision 1, clause (a) which is not subject to the Minnesota income tax;

(18) To the extent included in federal adjusted gross income, distributions from a qualified governmental pension plan which represent a return of designated employee contributions to the plan and which contributions were included in gross income pursuant to subdivision 20a, clause (20); and

(19) To the extent included in federal adjusted gross income, distributions from an individual retirement account which represent a return of designated

employee contributions if the contributions were included in gross income pursuant to subdivision 20a, clause (19). The distribution shall be allocated first to return of contributions included in gross income until the amount of the contributions has been exhausted.

Sec. 3. Minnesota Statutes 1983 Supplement, section 290.06, subdivision 2c, is amended to read:

Subd. 2c. [SCHEDULE OF RATES FOR INDIVIDUALS, ESTATES AND TRUSTS.] (a) The income taxes imposed by this chapter upon individuals, estates and trusts, other than those taxable as corporations, shall be computed by applying to their taxable net income the following schedule of rates:

- (1) On the first \$500, ~~one and~~ six-tenths of one percent;
- (2) On the second \$500, ~~two one~~ and two-tenths percent;
- (3) On the next \$1,000, ~~three two~~ and five-tenths percent;
- (4) On the next \$1,000, ~~five four~~ and eight-tenths percent;
- (5) On the next \$1,000, ~~seven six~~ and three-tenths percent;
- (6) On the next \$1,000, ~~eight seven~~ and eight-tenths percent;
- (7) On the next \$2,000, ~~ten nine~~ and two-tenths percent;
- (8) On the next \$2,000, ~~eleven ten~~ and five-tenths percent;
- (9) On the next \$3,500, ~~twelve eleven~~ and eight-tenths percent;
- (10) On all over \$12,500, and not over \$20,000, ~~fourteen thirteen~~ percent;
- (11) On all over \$20,000 and not over \$27,500, ~~fifteen fourteen~~ percent;
- (12) On all over \$27,500, sixteen percent.

(b) In lieu of a tax computed according to the rates set forth in clause (a) of this subdivision, the tax of any individual taxpayer whose taxable net income for the taxable year is less than \$40,000 shall be computed in accordance with tables prepared and issued by the commissioner of revenue based on income brackets of not more than \$100. The amount of tax for each bracket shall be computed at the rates set forth in this subdivision, provided that the commissioner may disregard a fractional part of a dollar unless it amounts to 50 cents or more, in which case it may be increased to \$1.

Sec. 4. Minnesota Statutes 1983 Supplement, section 290.089, subdivision 2, is amended to read:

Subd. 2. [ITEMIZED DEDUCTIONS.] Subject to the provisions of section 290.18, subdivision 1, an amount equal to the amount determined pursuant to section 63(f) of the Internal Revenue Code is allowed with the following adjustments:

(a) add the amount paid to others not to exceed \$500 for each dependent in grades K to 6 and \$700 for each dependent in grades 7 to 12, for tuition, textbooks, and transportation of each dependent in attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and

which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363. As used in this clause, "textbooks" includes books and other instructional materials and equipment used in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for, or transportation to, extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs;

(b) add the amount of Minnesota and other states' estate or inheritance taxes which were allowed as a deduction under section 290.077, subdivision 4, on income in respect of a decedent;

(c) add the amount by which the deduction for the taxable year allowed pursuant to subdivision 4 exceeds the amount determined pursuant to section 222 of the Internal Revenue Code;

(d) add the amount the taxpayer has paid, not to exceed \$1,000, for tuition and fees charged by a postsecondary educational institution, including public or private colleges and universities, area vocational-technical institutes, and private professional and vocational schools for educational services provided to the taxpayer or the spouse or dependent of the taxpayer on whose behalf the taxpayer incurs the expense;

(e) subtract income taxes paid or accrued within the taxable year under this chapter;

(e) (f) subtract income taxes paid to any other state or to any province or territory of Canada if a credit is allowed for the taxes under section 290.081;

(f) (g) if the deduction computed under section 164 of the Internal Revenue Code is not reduced by the amount of the credit or refund allowed under chapter 290A, subtract that amount;

(g) (h) subtract the amount of interest on investment indebtedness paid or accrued in a taxable year beginning before January 1, 1981, which has been carried forward and is allowed as a deduction in the taxable year under section 163(d) of the Internal Revenue Code;

(h) (i) subtract the amount of charitable contributions deducted under section 170 of the Internal Revenue Code that (i) exceeds the following limitations: (A) an overall limit of 30 percent of the taxpayer's Minnesota gross income which, for purposes of this paragraph, shall include the ordinary income portion of a lump sum distribution as defined in section 402(e) of the Internal Revenue Code; and (B) the aggregate of contributions to organizations described in section 290.21, subdivision 3, clause (c) shall not exceed 20 percent of the taxpayer's Minnesota gross income; or (ii) was deducted as a carryover under section 170(d) of the Internal Revenue Code.

Sec. 5. Minnesota Statutes 1983 Supplement, section 290.10, is amended to read:

290.10 [NONDEDUCTIBLE ITEMS.]

In computing the net income no deduction shall in any case be allowed for:

- (1) Personal, living or family expenses;
- (2) Amounts paid out for new buildings or for permanent improvements or betterments made to increase the value of any property or estate, except as otherwise provided in this chapter;
- (3) Amounts expended in restoring property or in making good the exhaustion thereof for which an allowance is or has been made;
- (4) Premiums paid on any life insurance policy covering the life of the taxpayer or of any other person;
- (5) The shrinkage in value, due to the lapse of time, of a life or terminable interest of any kind in property acquired by gift, devise, bequest or inheritance;
- (6) Losses from sales or exchanges of property, directly or indirectly, between related taxpayers as defined and as provided in section 267 of the Internal Revenue Code of 1954, as amended through December 31, 1982;
- (7) In computing net income, no deduction shall be allowed under section 290.09, subdivision 2, relating to expenses incurred or under section 290.09, subdivision 3, relating to interest accrued as provided in section 267 of the Internal Revenue Code of 1954, as amended through December 31, 1982;
- (8) (a) Contributions by employees under the federal railroad retirement act and the federal social security act. (b) Payments to Minnesota or federal public employee retirement funds. (c) ~~Three-fourths (75 percent)~~ *In taxable years beginning after December 31, 1983 but before January 1, 1989, 60 percent of the amount of taxes imposed on self-employment income under section 1401 of the Internal Revenue Code after the credit determined under section 1401(c) of the Internal Revenue Code. In taxable years beginning after December 31, 1989, 60 percent of the amount of taxes imposed on self-employment income under section 1401 of the Internal Revenue Code of 1954, as amended through December 31, 1982. If the taxpayer has claimed a deduction for self-employment taxes under section 164(f) of the Internal Revenue Code, no deduction is allowed.*
- (9) Expenses, interest and taxes connected with or allocable against the production or receipt of all income not included in the measure of the tax imposed by this chapter.
- (10) In situations where this chapter provides for a subtraction from gross income of a specific dollar amount of an item of income assignable to this state, and within the measure of the tax imposed by this chapter, that portion of the federal income tax liability assessed upon such income subtracted, and any expenses attributable to earning such income, shall not be deductible in computing net income.
- (11) Amounts paid or accrued for such taxes and carrying charges as, under rules prescribed by the commissioner, are chargeable to capital account with respect to property, if the taxpayer elects, in accordance with such rules, to treat such taxes or charges as so chargeable.
- (12) No deduction or credit shall be allowed for any amount paid or incurred during the taxable year in carrying on any trade or business if the trade or business (or the activities which comprise the trade or business) consists of

trafficking in controlled substances (within the meaning of schedule I and II of the federal Controlled Substances Act) which is prohibited by federal law or the law of Minnesota.

For purposes of this section references to the Internal Revenue Code mean the Internal Revenue Code of 1954, as amended through December 31, 1983.

Sec. 6. Minnesota Statutes 1983 Supplement, section 290.18, subdivision 2, is amended to read:

Subd. 2. [FEDERAL INCOME TAX PAYMENTS AND REFUNDS.] The adjusted gross income shall be computed by deducting from the gross income assignable to this state under section 290.17, the deduction for allowable federal income taxes determined under the provisions of sections 290.09, subdivision 4, 290.10 (8), (9) or (10), and 290.18.

This deduction shall be allowed to individuals, estates, or trusts (i) for taxable years beginning after December 31, 1980 in the taxable year to which the liability applies. Such liability includes the portion of self-employment tax allowed under section 290.10, clause (8). The self-employment tax must be deducted by the person who is deriving the income. When the federal tax liability is joint and several under the computation of a joint federal return of husband and wife, the federal tax liability ~~must be split between the spouses in the same ratio that the federal adjusted gross income of that spouse bears to the total federal adjusted gross income. For purposes of the preceding sentence, "federal adjusted gross income" includes the ordinary income portion of a lump sum distribution as defined in section 402(e) of the Internal Revenue Code of 1954, as amended through December 31, 1981~~ may be taken by either spouse or divided between them as they elect.

(ii) Taxes paid for a taxable year beginning before January 1, 1981 shall be allowed as follows:

(1) Those taxes paid in a taxable year beginning before January 1, 1981, shall be claimed in the year in which the payment was made.

(2) ~~Those~~ To the extent not deducted in a taxable year beginning before January 1, 1984, taxes paid in a taxable year beginning after December 31, 1980 but before January 1, 1983 shall be ~~divided and~~ deducted in equal installments reflected by the yearly periods beginning with the first day of the taxable year in which the payment was made and ending December 31, 1986 the first taxable year beginning after December 31, 1983. For an amount which remains to be deducted in a taxable year beginning after December 31, 1982 1983, where the federal tax liability for the year in which the payment was made is joint and several under the computation of a joint federal return of husband and wife, the remaining amounts to be deducted ~~shall be claimed by the same spouse and in the same dollar amount as the deduction was claimed in the first taxable year beginning after December 31, 1981~~ may be taken by either spouse or divided between them as they elect.

(3) Those paid in a taxable year beginning after December 31, 1982 shall be claimed in the year in which the payment was made. This amount ~~shall~~ may be apportioned between spouses as provided in clause (i) and shall be allocated for exempt income under the provisions of section 290.10, clause (9) or (10) as though the payment was part of the federal tax liability for the

year in which the payment was made.

(4) In the case of a person who was self employed during all or a portion of the taxable year, the federal income tax liability for purposes of this clause shall be increased by the self-employment tax allowed under section 290.10, clause (8). The self-employment tax shall be deducted in the year paid as provided in paragraph (1), (2), or (3). The self-employment tax must be deducted by the person who earned the income. Self-employment tax paid in a taxable year beginning after December 31, 1982 shall be allocated for exempt income as provided in paragraph (3).

(iii) If a taxpayer's federal tax liability is eventually not paid by reason of compromise, discharge, or court order, the deduction allowed pursuant to this subdivision shall be disallowed for the taxable year in which the liability was accrued.

(iv) In the event a federal tax liability for a taxable year commencing after December 31, 1980 is increased, decreased or modified, and such increase, decrease or modification has resulted in a change in the amount of Minnesota income tax in the year to which such increase, decrease or modification is attributable, the taxpayer's deduction under this subdivision shall be modified for such year.

(v) If the readjustments required in (iii) or (iv) are for taxes reflected in the transition rule described in (ii)(2), the readjustment shall be made ~~equally to the remaining installments installment~~ and if a reduction to ~~such installments is required under this readjustment which exceeds the total of all remaining installments installment~~, the ~~remaining installments installment~~ will be reduced to zero and the excess included in income as a federal income tax refund.

(vi) Refunds which are not involved with any readjustments under the transition rule shall be included in income under Minnesota Statutes 1982, section 290.01, subdivision 20a, clause (6) if it is from a year beginning before January 1, 1981.

(vii) Refunds of taxes for years beginning after December 31, 1980, shall be used to adjust the deduction in the taxable year of the liability unless that year is closed by statute and no other adjustments are to be required or allowable in which case such refund shall be reportable in the year received.

Sec. 7. [TAX AMNESTY.]

The commissioner of revenue shall establish a tax amnesty program. The amnesty program applies to taxes payable to the commissioner and is only available to a taxpayer who either has an unpaid liability on the department of revenue's accounts receivable system as of February 1, 1984, or who has failed to file a return which, if filed on February 1, 1984, would be considered a delinquent return subject to penalty by law. For a taxpayer who has an existing liability as of February 1, 1984, the commissioner shall accept as full payment of the account a certified check, cashier's check, or money order in the amount of tax liability, not including penalties, plus any interest due on February 1, 1984, plus any interest accruing on that account since February 1, 1984, plus any additional liabilities including tax, penalty, and interest established by the commissioner subsequent to July 1, 1984. Tax amnesty is not available to any taxpayer who has an account which includes a civil fraud

penalty imposed by the commissioner. Payment must be received by the commissioner on or after July 1, 1984, but before October 1, 1984. For the purposes of this section, "received" means actual receipt by the commissioner either at his office in Saint Paul or at any field office of the department of revenue on or before the final date allowed for payment under the terms of this program.

In the case of a taxpayer who has failed to file returns which if filed on February 1, 1984, would be considered delinquent returns, the commissioner is authorized to accept the delinquent returns along with payment of all tax and interest if payment is made by certified check, cashier's check, or money order and received by the commissioner on or after July 1, 1984, but before October 1, 1984. For these delinquent returns filed pursuant to this tax amnesty program, the civil and criminal penalties imposed by law are waived unless the commissioner later finds that the tax as shown on any return was understated by 25 percent or more. In that case the civil and criminal penalties are hereby reinstated, and the commissioner shall collect the civil penalties and may pursue the criminal penalties.

The department of revenue shall help taxpayers determine the amounts of tax liability, interest, and penalties owed.

Sec. 8. [WITHHOLDING HOLIDAY.]

Notwithstanding the provisions of Minnesota Statutes, section 290.92, every employer who withholds taxes from an employee pursuant to that section shall, for the first payroll period beginning more than 30 days after the date of enactment of this act, reduce the amount of tax withheld pursuant to that section from each employee by an amount equal to the amount withheld with respect to wages normally earned by the employee during a two week period.

Sec. 9. Minnesota Statutes 1983 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 ~~March 12~~ December 31, 1983.

Sec. 10. Minnesota Statutes 1983 Supplement, section 291.03, subdivision 1, is amended to read:

Subdivision 1. ~~[GENERALLY TAX AMOUNT.]~~ 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:

10 percent on the first \$100,000;

11 percent on the next \$500,000 or part thereof;

12 percent on the excess; or

(2) A tax equal to the same proportion of the maximum credit allowable under section 2011 of the Internal Revenue Code for state death taxes described herein as the Minnesota gross estate bears to the value of the federal gross estate. The tax determined under this paragraph shall not be greater than the maximum credit allowable under section 2011 of the Internal Revenue Code.

Sec. 11. Minnesota Statutes 1982, section 291.075, is amended to read:

291.075 [SPECIAL USE VALUATION OF QUALIFIED PROPERTY.]

When property subject to the tax imposed by this chapter qualifies for valuation based on its use pursuant to section 2032A of the Internal Revenue Code, it shall have the same value for Minnesota estate tax purposes as it has for federal estate tax purposes. If, after the final determination of the tax imposed by this chapter, the property valued pursuant to section 2032A of the Internal Revenue Code is disposed of or fails to qualify and an additional tax is imposed pursuant to section 2032A(c), any increase in the credit for state death taxes shall be reported to the commissioner within 90 days after final determination of the increased credit. Upon notification the commissioner may assess an additional tax in accordance with section 291.03, subdivision 1, clause (2). No additional Minnesota estate tax computed in accordance with section 291.03, subdivision 1, clause (1) will be imposed nor will an additional

deduction for federal estate taxes paid be allowed under section 291.07 or 291.08.

Sec. 12. Minnesota Statutes 1982, 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 January 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 December 31, 1981/1983 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 all 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

in which a federal estate tax return is required to be filed.

The return shall be accompanied by a federal estate tax return, a schedule of all assets in the estate at their date of death values, and shall contain a computation of the Minnesota estate tax due. The return shall be signed by the personal representative.

Sec. 13. Minnesota Statutes 1983 Supplement, section 291.09, subdivision 3a, is amended to read:

Subd. 3a. (1) The commissioner may challenge matters of valuation or taxability of any assets reported on the return, or any deductions claimed, or the computation of tax, only if within 180 days from the due date of the return or the receipt of the return and all documents required to be filed with the return, whichever is later, the commissioner mails or delivers a written notice to the personal representative objecting to the return as filed and specifying the reasons for the objection.

(2) If the personal representative disagrees with the objection or does not wish to fully comply with the objection, he may request that the commissioner hold a hearing on the objection. Within 30 days of receipt of a request, the commissioner shall set a time and place for hearing. Unless otherwise agreed upon, the hearing date shall not be earlier than 30 days nor later than 60 days from the date of the notice setting the hearing. The notice of hearing shall set forth the rights available to the personal representative under chapter

14. Not later than 30 days after the commissioner receives the report and recommendation of the hearing examiner, or a written waiver of his hearing rights by the personal representative, the commissioner shall issue an order determining the tax. Any such determination made by the commissioner may be appealed to the tax court as provided in section 271.09.

(3) At any time together with or after the objection, the commissioner, on his own initiative, may set a time and place for a hearing in accordance with (2) above.

(4) In his objection, or at any time thereafter, the commissioner may assess any additional tax as the facts may warrant, subject to the right of the personal representative to demand a hearing under chapter 15. If the personal representative does not demand a hearing within 90 days of the date of the assessment, the tax so assessed shall be legally due and the commissioner may proceed to collect ~~any the~~ unpaid tax ~~after one year from the date of death~~. If the commissioner later finds the tax assessment to be erroneous, he may adjust the assessment prior to collection.

(5) The commissioner shall not be required to object to any subsequent original, amended or supplemental return in order to preserve his rights. The commissioner shall not be precluded from objecting to a subsequent original, amended or supplemental return even though an original return was accepted as filed. If the commissioner had accepted an original return showing no tax due and a subsequent original, amended or supplemental return discloses additional assets not disclosed on the original return, the commissioner may object to any matter of valuation, taxability, deduction or computation of tax on the original return within 180 days of receipt of the subsequent original, amended or supplemental return.

(6) Subject to the provisions of sections 291.11 and 291.215, the Minnesota estate tax liability shall be considered as finally determined on the date notification of acceptance is issued to the personal representative or, if no objection is filed, on the day following 180 days from the due date of the return or the receipt of the return, together with all other documents required to be filed with the return, whichever is later.

(7) Subject to the time limits imposed elsewhere in this chapter, the commissioner may refund an overpayment of tax, penalty or interest even though the personal representative has not made an application for refund.

Sec. 14. Minnesota Statutes 1982, section 291.132, subdivision 2, is amended to read:

Subd. 2. In lieu of an extension provided pursuant to subdivision 1 or payment of the estate tax in installments pursuant to section 291.11 on the property which qualifies under this subdivision, the personal representative may elect to extend the time for payment of the tax on property which qualifies for valuation under section ~~291.075~~ 2032A of the Internal Revenue Code. The personal representative of an estate containing such property may elect to pay all or part of the tax imposed by this chapter in one or more, but not to exceed ten, equal installments, provided that the maximum amount of tax which may be paid in installments pursuant to this subdivision shall be an amount which bears the same ratio to the estate's tax liability under this chapter as the value of property determined pursuant to section ~~291.075~~ 2032A of the Internal

Revenue Code and included in the Minnesota taxable estate bears to the amount of the Minnesota taxable estate. The first installment shall be paid on or before the date selected by the personal representative. The date may be no more than five years after the date prescribed by section 291.11, subdivision 1, for payment of the estate tax. Each succeeding installment shall be paid on or before that same date each year. An election under this subdivision shall be made not later than nine months after the decedent's death and shall be made in the manner as the commissioner shall prescribe by rule.

Sec. 15. Minnesota Statutes 1982, section 291.215, subdivision 1, is amended to read:

Subdivision 1. All property includable in the Minnesota gross estate of a decedent shall be valued in accordance with the provisions of sections 2031 or 2032 and, if applicable, 2032A, of the Internal Revenue Code and any elections made in valuing the federal gross estate shall be applicable in valuing the Minnesota gross estate. ~~Except as otherwise provided in section 291.075, the value of all property includable in the Minnesota gross estate of a decedent may be independently determined under said sections for Minnesota estate tax purposes.~~

Sec. 16. [REPEALER.]

Subdivision 1. Minnesota Statutes 1983 Supplement, section 290.06, subdivision 2e, and Laws 1983, chapter 342, article 1, section 8, are repealed.

Subd. 2. Minnesota Statutes 1982, sections 291.015; 291.03, subdivisions 3, 4, 5, 6, and 7; 291.05; 291.051; 291.06; 291.065; 291.07; 291.08; 291.09, subdivision 5; and 291.111 are repealed.

Sec. 17. [EFFECTIVE DATE.]

Sections 1 to 7 and 16, subdivision 1, are effective for taxable years beginning after December 31, 1983. Sections 9 to 15 and 16, subdivision 2, are effective for estates of decedents dying after December 31, 1984.

ARTICLE 2

PROPERTY TAX

Section 1. Minnesota Statutes 1983 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 .024 for 1981 payable 1982 levies and for foundation aid for the 1982-1983 school year. The basic maintenance mill rate shall be .024 for the 1982 payable 1983 levies and for foundation aid for the 1983-1984 school year. The basic maintenance mill rate shall be .024 for the 1983 payable 1984 levies and for foundation aid for the 1984-1985 school year. *The basic maintenance mill rate shall be .020 for the 1984 payable 1985 levies and for foundation aid for the 1985-1986 school year.*

Sec. 2. Minnesota Statutes 1983 Supplement, section 124.2137, subdivision 1, is amended to read:

Subdivision 1. [TAX REDUCTIONS.] The county auditor shall reduce the

tax for school purposes on all property receiving the homestead credit pursuant to section 273.13, subdivision 6, by an amount equal to ~~29~~ 37 percent of the tax levy imposed on up to 320 acres of land including the buildings and structures thereon but excluding the homestead dwelling and surrounding one acre of land. The county auditor shall reduce the tax for school purposes on the next 320 acres classified pursuant to section 273.13, subdivision 6 by an amount equal to ~~43~~ 20 percent of the tax levy imposed on the property. The tax on all other agricultural lands classified pursuant to section 273.13, subdivision 6 shall be reduced by an amount equal to ~~ten~~ 15 percent of the tax levy imposed on the property. The tax on the first 320 acres of agricultural land classified pursuant to section 273.13, subdivision 4 and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, shall be reduced by an amount equal to ~~43~~ 20 percent of the tax imposed on the property. The tax on timber land classified pursuant to section 273.13, subdivision 8a and agricultural land in excess of 320 acres classified pursuant to section 273.13, subdivision 4 shall be reduced by an amount equal to ~~ten~~ 15 percent of the tax levy imposed on the property. The amounts so computed by the county auditor shall be submitted to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under the provisions of section 275.29. Any prior year adjustments shall also be certified in the abstracts of tax lists. The commissioner of revenue shall review the certifications to determine their accuracy. He may make changes in the certification as he may deem necessary or return a certification to the county auditor for corrections. The amount of the reduction provided under this subdivision which any taxpayer can receive on all qualifying property which he owns ~~shall not exceed \$2,000 in the case of agricultural property and shall not exceed \$100 in the case of seasonal residential recreational property.~~ In the case of property owned by more than one person, the maximum amount of the reduction shall apply to the total of all the owners. For purposes of computing the credit pursuant to this subdivision, the "tax levy" shall be the tax levy reduced by the credits provided by sections 273.115, 273.116, 273.123, 273.42, subdivision 2, and 473H.10.

Sec. 3. [COMPUTATION; REFUNDS.]

The county auditor shall recompute the tax for taxes payable in 1984 for all property subject to section 2 and shall mail amended statements to the affected taxpayers by May 10, 1984. The statements shall contain the information required in section 276.04, except that a notice must be enclosed stating that the statement is amended pursuant to this section. The auditor shall recertify the agricultural aid amounts to the commissioner of revenue by the time and in the form determined by the commissioner. The commissioner of revenue shall review the recertifications to determine their accuracy. He may make changes in the recertification he deems necessary or return a certification to the county auditor for corrections.

If property taxes payable in 1984 have been paid in full without the adjustments required by this section, the taxpayer shall receive a refund equal to the difference between the taxes paid and the tax as recomputed. The county auditor shall determine the amount of the refund and mail it to the taxpayer.

If property taxes payable in 1984 have been partially paid without the adjustments required by this section, the auditor shall reduce the remaining

taxes due by the amount of the tax reduction required by this section, and refund any excess. In lieu of the reduction, a taxpayer may elect to receive a refund, and upon application of the taxpayer, the auditor shall refund the amount of the reduction attributable to the partial tax payment.

Refunds paid under this section do not include interest.

If the county auditor has settled and distributed funds under section 276.10 with respect to any amount refunded to taxpayers under this section, the amounts of the refund must be deducted from the next settlement and distribution. The county auditor shall notify the school districts of the amount to be deducted.

Sec. 4. [PAYMENT; PENALTIES.]

Sections 2 and 3 do not excuse timely payment of taxes as required in section 279.01. Penalties shall accrue as provided in section 279.01 only on the amount of the taxes as recomputed under section 3.

Sec. 5. [PROPERTY TAX REFUNDS.]

For purposes of Minnesota Statutes, section 290A.03, subdivision 13, "property taxes payable" means property taxes as recomputed under section 3. Taxpayers who filed property tax refund returns on property taxes before the recomputation must file an amended return and attach an amended property tax statement to the return.

Sec. 6. Minnesota Statutes 1983 Supplement, section 273.11, subdivision 7, is amended to read:

Subd. 7. [AGRICULTURAL LAND.] Tillable agricultural land shall be valued at the lesser of its market value or the value which could be derived from capitalizing its free market gross rental rate as determined for that grade of land at a rate of 5-6 seven percent. Each county assessor shall survey the farm rental values of each grade of farmland in each township in the county and shall determine a farm rental value to be used for the assessment of each grade. The values so determined shall be presented to township boards of review at their annual meetings held pursuant to section 274.01 in the year prior to that in which those values might be used in determining tillable agricultural land values. The boards of review and any property owners may present their comments on the values, including any evidence indicating that the values are inaccurate, by December 1 of the year when the values were presented to the board. The county assessor shall make his final determination of assessed valuations for January 2 of the subsequent year based on his determinations of the farm rental values as modified by any comments of board members or other property owners that he finds persuasive. Nontillable agricultural land and buildings on agricultural land shall be valued in the usual manner. The data collected by political subdivisions relating to farm rental values shall be classified as private data pursuant to section 13.02, subdivision 12. Any data collected shall be made available to the commissioner and, upon request, to other county assessors.

Sec. 7. [EFFECTIVE DATE.]

The percentage changes in section 2 are effective for taxes levied in 1983, payable in 1984, and thereafter. The removal of the maximum credit in section 2 is effective for taxes levied in 1983, payable in 1984, and thereafter.

Sections 3 to 5 are effective the day following final enactment. Section 6 is effective for taxes levied in 1984, payable in 1985, and thereafter.

ARTICLE 3

ECONOMIC DEVELOPMENT

Section 1. Minnesota Statutes 1983 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 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, 290.20, 290.35, or 290.36, 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~~ 9.8 percent.

Sec. 2. Minnesota Statutes 1983 Supplement, section 290.07, subdivision 1, is amended to read:

Subdivision 1. [ANNUAL ACCOUNTING PERIOD.] Net income and taxable net income shall be computed upon the basis of the taxpayer's annual accounting period. If a taxpayer has no annual accounting period, or has one other than a fiscal year, as heretofore defined, the net income and taxable net income shall be computed on the basis of the calendar year. Taxpayers shall employ the same accounting period on which they report, or would be required to report, their net income under the Internal Revenue Code. ~~The commissioner shall provide by rule for the determination of the accounting period for taxpayers who file a combined report under section 290.34, subdivision 2, when members of the group use different accounting periods for federal income tax purposes. Unless the taxpayer changes its accounting period for federal purposes, the due date of the return is not changed.~~

A taxpayer may change his accounting period only with the consent of the commissioner. In case of any such change, he shall pay a tax for the period not included in either his former or newly adopted taxable year, computed as provided in section 290.32.

Sec. 3. Minnesota Statutes 1982, section 290.095, subdivision 3, is amended to read:

Subd. 3. [CARRYOVER AND CARRYBACK.] (a) Except as provided in clause (d) or subdivision 8, a net operating loss for any taxable year shall be:

(1) A net operating loss carryback to each of the three taxable years preceding the taxable year of such loss, and

(2) A net operating loss carryover to each of the five taxable years following the taxable year of such loss.

(b) The entire amount of the net operating loss for any taxable year shall be

carried to the earliest of the taxable years to which, by reason of subdivision 3, clause (a) or (d), such loss may be carried. The portion of such loss which shall be carried to each of the other taxable years shall be the excess, if any, of the amount of such loss over the sum of the taxable net income, adjusted by the modifications specified in subdivision 4, for each of the prior taxable years to which such loss may be carried.

(c) Where a corporation does business both within and without Minnesota, and apports its income under the provisions of section 290.19, the net operating loss deduction shall be allowed to the extent of the apportionment ratio of the loss year, or the year to which the loss is carried, whichever is smaller.

~~(d) Where a corporation files a combined report which reflects the entire unitary business as provided in section 290.34, subdivision 2, the corporation shall not be allowed a net operating loss carryback to a year in which it did not file a combined report. The number of taxable years for which a net operating loss carryover is allowed shall be increased by the number of taxable years for which a net operating loss carryback is not allowed under this clause.~~

Sec. 4. Minnesota Statutes 1983 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) (a) 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.

(b) In the case of an individual who is a nonresident of Minnesota and who is an athlete or entertainer, income from compensation for labor or personal services performed within this state shall be determined in the following manner.

(i) The amount of income to be assigned to Minnesota for an individual who is a nonresident salaried athletic team employee shall be determined by using a fraction in which the denominator contains the total number of days in which the individual is under a duty to perform for the employer, and the numerator is the total number of those days spent in Minnesota. In order to eliminate the need to file state or provincial income tax returns in several states or provinces, Minnesota will exclude from income any income assigned to Minnesota under the provisions of this clause for a nonresident athlete who is employed by an athletic team whose operations are not based in this state if the state or province in which the athletic team is based provides a similar income exclusion. If the state or province in which the athletic team's operations are based does not have an income tax on an individual's personal service income, it will be deemed that that state or province has a similar income exclusion. As used in the preceding sentence, the term

"province" means a province of Canada.

(ii) The amount of income to be assigned to Minnesota for an individual who is a nonresident, and who is an athlete not listed in clause (i), or who is an entertainer, for that person's athletic or entertainment performance in Minnesota shall be determined by assigning to this state all income from performances or athletic contests in this state.

(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 from winnings on Minnesota pari-mutuel betting tickets shall be assigned to 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 or is a resident trust or estate.

(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 except for business income subject to the provisions of clause (1) and farm income subject to the provisions of clause (2). The term "unitary business" shall mean 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 but the absence of these centralized activities will not necessarily evidence a nonunitary business. Unity of ownership will not be deemed to exist when a corporation is involved unless that corporation is a member of a group of two or more corporations more than 50 percent of the voting stock of each member of the group is directly or indirectly owned by a common owner or by common owners, either corporate or noncorporate, or by one or more of the member corporations of the group.

The entire income of a unitary business 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) For purposes of this section, amounts received by a nonresident from the United States, its agencies or instrumentalities, the Federal Reserve Bank, the state of Minnesota or any of its political or governmental subdivisions, or a Minnesota volunteer 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, 1981, 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.

(6) All other items of gross income shall be assigned to the taxpayer's domicile.

Sec. 5. Minnesota Statutes 1983 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.

The dividend deduction provided in this subdivision does not apply to a dividend from a corporation which, for the taxable year of the corporation in which the distribution is made or for the next preceding taxable year of the corporation, is a corporation exempt from tax under section 501 of the Internal Revenue Code of 1954, as amended through December 31, 1982.

The dividend deduction provided in this subdivision applies to the amount of regulated investment company dividends only to the extent determined under section 854(b) of the Internal Revenue Code of 1954, as amended through December 31, 1982.

(d) If dividends received by a corporation that does not have nexus with Minnesota under the provisions of Public Law 86-272 are included as income on the return of an affiliated corporation permitted or required to file a combined report under section 290.34, subdivision 2, then for purposes of this subdivision the determination as to whether the trade or business of the corporation consists principally of the holding of stocks and the collection of income and gains therefrom shall be made with reference to the trade or business of the affiliated corporation having a nexus with Minnesota.

Sec. 6. Minnesota Statutes 1983 Supplement, section 290.34, subdivision 2, is amended to read:

Subd. 2. [AFFILIATED OR RELATED CORPORATIONS, ~~COMBINED REPORT 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 ~~combined report consolidated statements~~ as, in his opinion, ~~is are~~ necessary in order to determine the taxable net income of 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, and 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; the District of Columbia; the commonwealth of Puerto Rico; any possession of the United States; or any political subdivision of any of the foregoing. All inter-company transactions between companies which are contained on the combined report shall be eliminated. This subdivision shall not apply to insurance companies whose income is determined under section 290.35 or to investment companies whose income is determined under section 290.36.~~

Sec. 7. [JOBS PROGRAM; SUPPLEMENTAL APPROPRIATION.]

\$5,000,000 is appropriated to the department of economic security to be expended pursuant to the Minnesota emergency development act. The Minnesota emergency development coordinator shall allocate the funds to those service delivery areas having the highest unemployment levels.

Sec. 8. [ALLOCATION TO DULUTH.]

The city of Duluth is allocated \$6,610,940 of the tax reductions permitted by section 273.1314, subdivision 8, pursuant to its designation under section 273.1312, subdivision 4, paragraph (c), clause (3).

Sec. 9. [REPEALER.]

(a) Minnesota Statutes 1982, section 290.06, subdivision 15; and Laws 1982, chapter 523, article XXIX, section 6; and

(b) Minnesota Statutes 1983 Supplement, sections 16.072 and 16.0721, are repealed.

Sec. 10. [EFFECTIVE DATE.]

Section 1 is effective for taxable years beginning after December 31, 1984. Sections 2 to 6 and section 9, paragraph (a), are effective for tax years beginning after June 30, 1984. Section 9, paragraph (b), is effective August 1, 1984. Sections 7 and 8 are effective July 1, 1984."

Delete the title and insert:

"A bill for an act relating to taxation; adopting federal income tax treat-

ment of individual retirement accounts and other pension plans; changing the pension exclusion; reducing income tax rates; adding a deduction for higher education tuition; changing the self-employment tax deduction; changing the deduction for federal income taxes; providing a tax amnesty; providing that the estate tax equals the federal death tax credit; repealing the surtax; changing the basic maintenance mill rate; changing the agricultural aid credit and providing for a recomputation of 1984 taxes; increasing the rent capitalization rate; repealing the unitary reporting method; appropriating money; abolishing the buy Minnesota law; amending Minnesota Statutes 1982, sections 290.095, subdivision 3; 291.075; 291.09, subdivision 1a; 291.132, subdivision 2; and 291.215, subdivision 1; Minnesota Statutes 1983 Supplement, sections 124.2122, subdivision 2; 124.2137, subdivision 1; 273.11, subdivision 7; 290.01, subdivisions 20a and 20b; 290.06, subdivisions 1 and 2c; 290.07, subdivision 1; 290.089, subdivision 2; 290.10; 290.17, subdivision 2; 290.18, subdivision 2; 290.21, subdivision 4; 290.34, subdivision 2; 291.005, subdivision 1; 291.03, subdivision 1; and 291.09, subdivision 3a; repealing Minnesota Statutes 1982, sections 290.06, subdivision 15; 291.015; 291.03, subdivisions 3, 4, 5, 6, and 7; 291.05; 291.051; 291.06; 291.065; 291.07; 291.08; 291.09, subdivision 5; and 291.111; Minnesota Statutes 1983 Supplement, sections 16.072; 16.0721; and 290.06, subdivision 2e; Laws 1982, chapter 523, article XXIX, section 6; and Laws 1983, chapter 342, article 1, section 8."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 24 and nays 39, as follows:

Those who voted in the affirmative were:

Anderson	Brataas	Kamrath	McQuaid	Renneke
Belanger	Frederick	Knaak	Mehrkens	Sietoff
Benson	Frederickson	Knutson	Olson	Taylor
Berg	Isackson	Kronebusch	Peterson, D.L.	Ulland
Bernhagen	Johnson, D.E.	Laidig	Ramstad	

Those who voted in the negative were:

Adkins	Diessner	Langseth	Novak	Samuelson
Berglin	Dieterich	Lantry	Pehler	Schmitz
Bertram	Frank	Lessard	Peterson, D.C.	Spear
Chmielewski	Freeman	Luther	Peterson, R.W.	Stumpf
Dahl	Hughes	Merriam	Petty	Vega
Davis	Johnson, D.J.	Moe, D. M.	Pogemiller	Waldorf
DeCramer	Jude	Moe, R. D.	Purfeerst	Willet
Dicklich	Kroening	Nelson	Reichgott	

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

Mr. Merriam moved to amend H.F. No. 2016, as amended by the Senate April 12, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1969.)

Page 2, after line 9, insert:

"Section 1. Minnesota Statutes 1983 Supplement, section 290.01, subdivision 20b, is amended to read:

Subd. 20b. [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 40 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) Income from the performance of personal or professional services which is subject to the reciprocity exclusion contained in section 290.081, clause (a);

(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, (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, or (iii) severance pay distributed to an individual upon discontinuance of the individual's employment due to termination of business operations by the individual's employer, provided that the termination is reasonably likely to be permanent, involves the discharge of at least 75 percent of the employees at that site within a one-year period, and the business is not acquired by another person who continues operations at that site. 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. For purposes of this clause, "severance pay" means an amount received for cancellation of an employment contract or a collectively

bargained termination payment made as a substitute for income which would have been earned for personal services to be rendered in the future. 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 *Pension income as provided by section 2;*

(7) 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;

(8) 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;

(9) 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;

(10) 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 subdivision 20b, clause (6);

(11) 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 subdivision 20b, clause (6);

(12) 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;

(13) 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;

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

(15) The amount of any income or gain which is not assignable to Minne-

sota under the provisions of section 290.17;

(16) Interest earned on a contract for deed entered into for the sale of property for agricultural use if the rate of interest set in the contract is no more than nine 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 sold 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;

(17) Income from the business of mining as defined in section 290.05, subdivision 1, clause (a) which is not subject to the Minnesota income tax;

(18) To the extent included in federal adjusted gross income, distributions from a qualified governmental pension plan which represent a return of designated employee contributions to the plan and which contributions were included in gross income pursuant to subdivision 20a, clause (20); and

(19) To the extent included in federal adjusted gross income, distributions from an individual retirement account which represent a return of designated employee contributions if the contributions were included in gross income pursuant to subdivision 20a, clause (19). The distribution shall be allocated first to return of contributions included in gross income until the amount of the contributions has been exhausted.

Sec. 2. Minnesota Statutes 1982, section 290.08, is amended by adding a subdivision to read:

Subd. 32. [PENSION INCOME.] (a) [EXCLUSION.] Gross income shall not include the taxpayer's pension income. The maximum amount of this exclusion is the greater of the following two amounts:

(1) \$11,000 reduced by the amount of the taxpayer's federal adjusted gross income in excess of \$17,000; or

(2) \$11,000 reduced by the sum of

(A) social security benefits,

(B) railroad retirement benefits, and

(C) the excess over \$23,000 of federal adjusted gross income, but excluding social security benefits and railroad retirement benefits to the extent included in federal adjusted gross income.

(3) Notwithstanding clauses (1) and (2), in the case of an involuntary lump

sum distribution of pension or retirement benefits to volunteer firefighters, the maximum amount of the exclusion is \$11,000. This amount is not subject to reduction for other income of the taxpayer.

(b) [DEFINITIONS.] For purposes of this subdivision the following terms have the meanings given:

(1) "Internal Revenue Code" means the Internal Revenue Code of 1954, as amended through December 31, 1983.

(2) "Federal adjusted gross income" includes the ordinary income portion of a lump sum distribution as defined in section 402(e) of the Internal Revenue Code.

(3) "Pension income" means to the extent included in the taxpayer's federal adjusted gross income the amount received by the taxpayer

(A) 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,

(B) 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, or

(C) severance pay distributed to an individual upon discontinuance of the individual's employment due to termination of business operations by the individual's employer, if the termination is reasonably likely to be permanent, involves the discharge of at least 75 percent of the employees at that site within a one-year period, and the business is not acquired by another person who continues operations at that site.

(4) "Severance pay" means an amount received for cancellation of an employment contract or a collectively bargained termination payment made as a substitute for income which would have been earned for personal services to be rendered in the future."

Page 6, line 30, before "Section" insert "Sections 1 and 2 are effective for taxable years beginning after December 31, 1984." and delete "3" and insert "5"

Page 6, line 31, delete "3" and insert "5"

Page 6, line 34, delete "4" and insert "6"

Renumber the section in sequence

Amend the title as follows:

Page 1, line 24, after the semicolon insert "290.08, by adding a subdivision,"

Page 1, line 37, after "276.04;" insert "290.01, subdivision 20b;"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Knutson	Novak	Samuelson
Anderson	Dieterich	Kroening	Olson	Schmitz
Belanger	Frank	Kronebusch	Pehler	Sieloff
Benson	Frederick	Laidig	Peterson, C.C.	Spear
Berg	Frederickson	Langseth	Peterson, D.C.	Stumpf
Berglin	Freeman	Lantry	Peterson, D.L.	Taylor
Bernhagen	Hughes	Lessard	Peterson, R.W.	Ulfand
Bertram	Isackson	Luther	Petty	Vega
Brataas	Johnson, D.E.	McQuaid	Pogemiller	Waldorf
Chmielewski	Johnson, D.J.	Mehrkens	Purfeerst	Willet
Dahl	Jude	Merriam	Ramstad	
Davis	Kamrath	Moe, R. D.	Reichgott	
DeCramer	Knaak	Nelson	Renneke	

The motion prevailed. So the amendment was adopted.

Mr. Merriam then moved to amend H.F. No. 2016, as amended by the Senate April 12, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1969.)

Page 2, after line 9, insert:

"Section 1. Minnesota Statutes 1983 Supplement, section 290.06, subdivision 11, is amended to read:

Subd. 11. [CONTRIBUTIONS TO POLITICAL PARTIES AND CANDIDATES.] ~~A taxpayer~~ *An individual may take a credit against the tax due under this chapter of 50 percent of his contributions to candidates for elective state or federal public office and to any political party political contributions and newsletter fund contributions as defined in section 41 of the Internal Revenue Code of 1954, as amended through December 31, 1983, except that a contribution does not qualify for this credit if it is made to a candidate for elective office from another state. The maximum credit for an individual shall not exceed \$50 and, for a married couple filing jointly or filing a combined return, shall not exceed \$100. No credit shall be allowed under this subdivision for a contribution to any candidate, other than a candidate for elective judicial office or federal office, who has not signed an agreement to limit his campaign expenditures as provided in section 10A.32, subdivision 3b. For purposes of this subdivision, a political party means a major political party as defined in section 200.02, subdivision 7.*

This credit shall be allowed only if the contribution is verified in the manner the commissioner of revenue shall prescribe."

Page 6, line 30, before "Section" insert "Section 1 is effective for taxable years beginning after December 31, 1983." and delete "3" and insert "4"

Page 6, line 31, delete "3" and insert "4"

Page 6, line 34, delete "4" and insert "5"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 37, after "276.04;" insert "290.06, subdivision 11;"

The motion prevailed. So the amendment was adopted.

Mr. Taylor moved to amend H.F. No. 2016, as amended by the Senate

April 12, 1984, as follows:

(The text of the amended House File is identical to S.F. No.1969.)

Page 6, after line 14, insert:

"Sec. 3. Minnesota Statutes 1983 Supplement, section 290.10, is amended to read:

290.10 [NONDEDUCTIBLE ITEMS.]

In computing the net income no deduction shall in any case be allowed for:

- (1) Personal, living or family expenses;
- (2) Amounts paid out for new buildings or for permanent improvements or betterments made to increase the value of any property or estate, except as otherwise provided in this chapter;
- (3) Amounts expended in restoring property or in making good the exhaustion thereof for which an allowance is or has been made;
- (4) Premiums paid on any life insurance policy covering the life of the taxpayer or of any other person;
- (5) The shrinkage in value, due to the lapse of time, of a life or terminable interest of any kind in property acquired by gift, devise, bequest or inheritance;
- (6) Losses from sales or exchanges of property, directly or indirectly, between related taxpayers as defined and as provided in section 267 of the Internal Revenue Code of 1954, as amended through December 31, 1982;
- (7) In computing net income, no deduction shall be allowed under section 290.09, subdivision 2, relating to expenses incurred or under section 290.09, subdivision 3, relating to interest accrued as provided in section 267 of the Internal Revenue Code of 1954, as amended through December 31, 1982;
- (8) (a) Contributions by employees under the federal railroad retirement act and the federal social security act. (b) Payments to Minnesota or federal public employee retirement funds. (c) ~~Three-fourths (75 percent)~~ *In taxable years beginning after December 31, 1983, but before January 1, 1989, 60 percent of the amount of taxes imposed on self-employment income under section 1401 of the Internal Revenue Code after the credit determined under section 1401(c) of the Internal Revenue Code. In taxable years beginning after December 31, 1989, 60 percent of the amount of taxes imposed on self-employment income under section 1401 of the Internal Revenue Code of 1954, as amended through December 31, 1982. If the taxpayer has claimed a deduction for self-employment taxes under section 164(f) of the Internal Revenue Code, no deduction is allowed.*
- (9) Expenses, interest and taxes connected with or allocable against the production or receipt of all income not included in the measure of the tax imposed by this chapter.
- (10) In situations where this chapter provides for a subtraction from gross income of a specific dollar amount of an item of income assignable to this state, and within the measure of the tax imposed by this chapter, that portion of the federal income tax liability assessed upon such income subtracted, and

any expenses attributable to earning such income, shall not be deductible in computing net income.

(11) Amounts paid or accrued for such taxes and carrying charges as, under rules prescribed by the commissioner, are chargeable to capital account with respect to property, if the taxpayer elects, in accordance with such rules, to treat such taxes or charges as so chargeable.

(12) No deduction or credit shall be allowed for any amount paid or incurred during the taxable year in carrying on any trade or business if the trade or business (or the activities which comprise the trade or business) consists of trafficking in controlled substances (within the meaning of schedule I and II of the federal Controlled Substances Act) which is prohibited by federal law or the law of Minnesota.

For purposes of this section references to the Internal Revenue Code mean the Internal Revenue Code of 1954, as amended through December 31, 1983."

Page 6, line 30, delete "Section 3 is" and insert "Sections 3 and 4 are"

Page 6, line 31, delete "3" and insert "4"

Page 6, line 34, delete "4" and insert "5"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 39, after the first semicolon insert "290.10;"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 24 and nays 41, as follows:

Those who voted in the affirmative were:

Anderson	Brataas	Kamrath	McQuaid	Renneke
Belanger	Frederick	Knaak	Mehrkens	Sietoff
Benson	Frederickson	Knutson	Olson	Taylor
Berg	Isackson	Kronebusch	Peterson, D.L.	Ulland
Bernhagen	Johnson, D.E.	Laidig	Ramstad	

Those who voted in the negative were:

Adkins	Dieterich	Lessard	Peterson, D.C.	Spear
Berglin	Frank	Luther	Peterson, R.W.	Stumpf
Bertram	Freeman	Merriam	Petty	Vega
Chmielewski	Hughes	Moe, D. M.	Pogemiller	Waldorf
Dahl	Johnson, D.J.	Moe, R. D.	Purfeerst	Willet
Davis	Jude	Nelson	Reichgott	
DeCramer	Kroening	Novak	Samuelson	
Dicklich	Langseth	Pehler	Schmitz	
Diessner	Lantry	Peterson, C.C.	Solon	

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

Mr. Sietoff moved to amend H.F. No. 2016, as amended by the Senate April 12, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1969.)

Page 6, after line 28, insert:

"Sec. 5. [WITHHOLDING HOLIDAY.]

Notwithstanding the provisions of Minnesota Statutes, section 290.92, every employer who withholds taxes from an employee pursuant to that section shall, for the first payroll period beginning more than 30 days after the date of enactment of this act, reduce the amount of tax withheld pursuant to that section from each employee by an amount equal to the amount withheld with respect to wages normally earned by the employee during a two-week period."

Page 6, line 35, after the period insert "Section 5 is effective the day after final enactment."

Renumber the remaining section

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 23 and nays 40, as follows:

Those who voted in the affirmative were:

Anderson	Brataas	Kamrath	McQuaid	Renneke
Befanger	Frederick	Knaak	Mehrkens	Sietoff
Benson	Frederickson	Knutson	Olson	Ulland
Berg	Isackson	Kronebusch	Peterson, D.L.	
Bernhagen	Johnson, D.E.	Laidig	Ramstad	

Those who voted in the negative were:

Adkins	Diessner	Langseth	Pehler	Samuelson
Berglin	Dieterich	Lantry	Peterson, C.C.	Schmitz
Bertram	Frank	Lessard	Peterson, D.C.	Solon
Chmielewski	Freeman	Luther	Peterson, R.W.	Spear
Dahl	Hughes	Merriam	Petty	Stumpf
Davis	Johnson, D.J.	Moe, R. D.	Pogemiller	Vega
DeCramer	Jude	Nelson	Purfeerst	Waldorf
Dicklich	Kroening	Novak	Reichgott	Willet

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

Mr. Berg moved to amend H.F. No. 2016, as amended by the Senate April 12, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1969.)

Page 21, lines 32 and 35, strike "20" and insert "15"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 24 and nays 39, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Knaak	McQuaid	Ramstad
Benson	Frederickson	Knutson	Mehrkens	Renneke
Berg	Isackson	Kronebusch	Olson	Sietoff
Bernhagen	Johnson, D.E.	Laidig	Peterson, D.L.	Ulland
Brataas	Kamrath	Lessard	Purfeerst	

Those who voted in the negative were:

Adkins	Diessner	Langseth	Peterson, C.C.	Solon
Berglin	Dieterich	Lantry	Peterson, D.C.	Spear
Bertram	Frank	Luther	Peterson, R.W.	Stumpf
Chmielewski	Freeman	Merriam	Petty	Vega
Dahl	Hughes	Moe, R. D.	Pogemiller	Waldorf
Davis	Johnson, D.J.	Nelson	Reichgott	Wegschieb
DeCramer	Jude	Novak	Samuelson	Willet
Dicklich	Kroening	Pehler	Schmitz	

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

Mr. Frederick moved to amend H.F. No. 2016, as amended by the Senate April 12, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1969.)

Page 2, after line 9, insert:

“Section 1. Minnesota Statutes 1983 Supplement, section 290.01, subdivision 20a, is amended to read:

Subd. 20a. [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) 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;

(3) 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;

(4) 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;

(5) 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 under Minnesota Statutes 1982, section 290.01, subdivision 20b, clause (7);

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

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

(8) 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;

(9) 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;

(10) 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;

(11) 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;

(12) 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;

(13) 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 40 percent of the portion of the gain. This modification is limited to property that qualified for the equity investment credit contained in section 290.069, subdivision 4, and to property acquired in exchange for the release of the taxpayer's marital rights contained in section 290.14, clause (7);

(14) 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;

(15) 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);

(16) The deduction for two-earner married couples provided in section 221 of the Internal Revenue Code of 1954;

(17) Losses from the business of mining as defined in section 290.05, subdivision 1, clause (a) which is not subject to the Minnesota income tax;

(18) Expenses and depreciation attributable to property subject to Laws 1982, chapter 523, article 7, section 3 which has not been registered; and

(19) ~~The amount of contributions to an individual retirement account, including a qualified voluntary employee contribution, simplified employee pension plan, or self-employed retirement plan which is allowed under sections 311 and 312 of Public Law Number 97-34, section 238 of Public Law Number 97-248, and section 103(d)(1)(B) of Public Law Number 97-448 to the extent those contributions were not an allowable deduction prior to the enactment of that law; and~~

(20) To the extent not included in the taxpayer's federal adjusted gross income, the amount of any contributions to a qualified pension plan, designated as employee contributions but which the employing unit picks up and which are treated as employer contributions pursuant to section 414(h)(2) of the Internal Revenue Code of 1954.

Sec. 2. Minnesota Statutes 1983 Supplement, section 290.01, subdivision 20b, is amended to read:

Subd. 20b. [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 40 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) Income from the performance of personal or professional services which is subject to the reciprocity exclusion contained in section 290.081, clause (a);

(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, (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, or (iii) severance pay distributed to an individual upon discontinuance of the individual's employment due to termination of business operations by the individual's employer, provided that the termination is reasonably likely to be permanent, involves the discharge of at least 75 percent of the employees at that site within a one-year period, and the business is not acquired by another person who continues operations at that site. 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. For purposes of this clause, "severance pay" means an amount received for cancellation of an employment contract or a collectively bargained termination payment made as a substitute for income which would have been earned for personal services to be rendered in the future. 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) 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;

(8) 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, *including distributions from an individual retirement account which represent a return of contributions if they were included in gross income on the individual's 1982 or 1983 income tax return. The distribution shall be allocated first to the return of contributions included in gross income until the amount of the contributions has been exhausted;*

(9) 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;

(10) 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 subdivision 20b, clause (6);

(11) 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 subdivision 20b, clause (6);

(12) 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;

(13) 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;

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

Code of 1954;

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

(16) Interest earned on a contract for deed entered into for the sale of property for agricultural use if the rate of interest set in the contract is no more than nine 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 sold 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;

(17) Income from the business of mining as defined in section 290.05, subdivision 1, clause (a) which is not subject to the Minnesota income tax; and

(18) To the extent included in federal adjusted gross income, distributions from a qualified governmental pension plan which represent a return of designated employee contributions to the plan and which contributions were included in gross income pursuant to subdivision 20a, clause (20); and

~~(19) To the extent included in federal adjusted gross income, distributions from an individual retirement account which represent a return of designated employee contributions if the contributions were included in gross income pursuant to subdivision 20a, clause (19). The distribution shall be allocated first to return of contributions included in gross income until the amount of the contributions has been exhausted (19)."~~

Page 6, line 30, delete "Section 3 is" and insert "Sections 1, 2, and 5 are"

Page 6, line 31, delete "3" and insert "5"

Page 6, line 34, delete "4" and insert "6"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon insert "conforming to federal law for treatment of certain contributions to individual retirement plans and other pension plans;"

Page 1, line 37, after "276.04;" insert "290.01, subdivisions 2a and 2b;"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 24 and nays 38, as follows:

Those who voted in the affirmative were:

Anderson	Brataas	Jude	Laidig	Ramstad
Belanger	Frederick	Kamrath	McQuaid	Renneke
Benson	Frederickson	Knaak	Mehrkens	Sieloff
Berg	Isackson	Knutson	Olson	Ulland
Bernhagen	Johnson, D.E.	Kronebusch	Peterson, D.L.	

Those who voted in the negative were:

Adkins	Diessner	Lantry	Peterson, D.C.	Spear
Berglin	Dieterich	Lessard	Peterson, R.W.	Stumpf
Bertram	Frank	Luther	Petty	Vega
Chmielewski	Freeman	Merriam	Pogemiller	Waldorf
Dahl	Hughes	Moe, R. D.	Purfeerst	Wegscheid
Davis	Johnson, D.J.	Nelson	Reichgott	Willet
DeCramer	Kroening	Pehler	Samuelson	
Dicklich	Langseth	Peterson, C.C.	Solon	

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

Mr. Isackson moved to amend H.F. No. 2016, as amended by the Senate April 12, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1969.)

Page 7, line 2 to page 8, line 9, delete section 1 and insert:

“Section 1. Minnesota Statutes 1983 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 .024 for 1981 payable 1982 levies and for foundation aid for the 1982-1983 school year. The basic maintenance mill rate shall be .024 for the 1982 payable 1983 levies and for foundation aid for the 1983-1984 school year. The basic maintenance mill rate shall be .024 for the 1983 payable 1984 levies and for foundation aid for the 1984-1985 school year. *The basic maintenance mill rate shall be .020 for the 1984 payable 1985 levies and for foundation aid for the 1985-1986 school year.*

Sec. 2. Minnesota Statutes 1983 Supplement, section 124.2137, subdivision 1, is amended to read:

Subdivision 1. [TAX REDUCTIONS.] The county auditor shall reduce the tax for school purposes on all property receiving the homestead credit pursuant to section 273.13, subdivision 6, by an amount equal to ~~29~~ 37 percent of the tax levy imposed on up to 320 acres of land including the buildings and structures thereon but excluding the homestead dwelling and surrounding one acre of land. The county auditor shall reduce the tax for school purposes on the next 320 acres classified pursuant to section 273.13, subdivision 6 by an amount equal to ~~43~~ 20 percent of the tax levy imposed on the property. The tax on all other agricultural lands classified pursuant to section 273.13, subdivision 6 shall be reduced by an amount equal to ~~ten~~ 15 percent of the tax levy imposed on the property. The tax on the first 320 acres of agricultural land classified pursuant to section 273.13, subdivision 4 and all real estate

devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, shall be reduced by an amount equal to ~~43~~ 20 percent of the tax imposed on the property. The tax on timber land classified pursuant to section 273.13, subdivision 8a and agricultural land in excess of 320 acres classified pursuant to section 273.13, subdivision 4 shall be reduced by an amount equal to ~~ten~~ 15 percent of the tax levy imposed on the property. The amounts so computed by the county auditor shall be submitted to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under the provisions of section 275.29. Any prior year adjustments shall also be certified in the abstracts of tax lists. The commissioner of revenue shall review the certifications to determine their accuracy. He may make changes in the certification as he may deem necessary or return a certification to the county auditor for corrections. The amount of the reduction provided under this subdivision which any taxpayer can receive on all qualifying property which he owns ~~shall not exceed \$2,000 in the case of agricultural property and shall not exceed \$100 in the case of seasonal residential recreational property.~~ In the case of property owned by more than one person, the maximum amount of the reduction shall apply to the total of all the owners. For purposes of computing the credit pursuant to this subdivision, the "tax levy" shall be the tax levy reduced by the credits provided by sections 273.115, 273.116, 273.123, 273.42, subdivision 2, and 473H.10."

Page 8, line 12, delete "1" and insert "2"

Page 8, line 17, before "section" insert "this" and delete "1"

Page 8, line 25, before "section" insert "this" and delete "1"

Page 8, line 30, before "section" insert "this" and delete "1"

Page 8, line 32, before "section" insert "this" and delete "1"

Page 9, line 8, delete "1 and 2" and insert "2 and 3"

Page 9, line 11, delete "1" and insert "3"

Page 9, line 15, delete "1" and insert "3"

Page 29, line 15, delete "23" and insert "28"

Page 30, line 36, delete "14" and insert "25"

Page 31, line 1, delete "14" and insert "25"

Page 31, line 10, delete "1" and insert "2"

Page 31, line 11, delete "1984" and insert "1983"; delete "1985" and insert "1984"; delete "increase" and insert "elimination"

Page 31, line 12, delete "1" and insert "2"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after the semicolon insert "decreasing the basic maintenance mill rate;"

Page 1, line 32, after the semicolon insert "124.2122, subdivision 2;"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 24 and nays 40, as follows:

Those who voted in the affirmative were:

Anderson	Brataas	Kamrath	Mehrkens	Renneke
Belanger	Frederick	Knaak	Olson	Sieloff
Benson	Frederickson	Kronebusch	Peterson, D.L.	Taylor
Berg	Isackson	Laidig	Purfeerst	Ulland
Bernhagen	Johnson, D.E.	McQuaid	Ramstad	

Those who voted in the negative were:

Adkins	Diessner	Langseth	Novak	Schmitz
Berglin	Dieterich	Lantry	Peterson, C.C.	Solon
Bertram	Frank	Lessard	Peterson, D.C.	Spear
Chmielewski	Freeman	Luther	Peterson, R.W.	Stumpf
Dahl	Hughes	Merriam	Petty	Vega
Davis	Johnson, D.J.	Moe, D. M.	Pogemiller	Waldorf
DeCramer	Jude	Moe, R. D.	Reichgott	Wegscheid
Dicklich	Kroening	Nelson	Samuelson	Willet

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

Mr. Berg moved to amend H.F. No. 2016, as amended by the Senate April 12, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1969.)

Pages 15 and 16, delete section 8, and insert:

“Sec. 8. Minnesota Statutes 1983 Supplement, section 273.11, subdivision 7, is amended to read:

Subd. 7. [AGRICULTURAL LAND.] Tillable agricultural land shall be valued at the lesser of its market value or the value which could be derived from capitalizing its free market gross rental rate as determined for that grade of land at a rate of ~~5.6~~ seven percent. Each county assessor shall survey the farm rental values of each grade of farmland in each township in the county and shall determine a farm rental value to be used for the assessment of each grade. The values so determined shall be presented to township boards of review at their annual meetings held pursuant to section 274.01 in the year prior to that in which those values might be used in determining tillable agricultural land values. The boards of review and any property owners may present their comments on the values, including any evidence indicating that the values are inaccurate, by December 1 of the year when the values were presented to the board. The county assessor shall make his final determination of assessed valuations for January 2 of the subsequent year based on his determinations of the farm rental values as modified by any comments of board members or other property owners that he finds persuasive. Nontillable agricultural land and buildings on agricultural land shall be valued in the usual manner. The data collected by political subdivisions relating to farm rental values shall be classified as private data pursuant to section 13.02, subdivision 12. Any data collected shall be made available to the commissioner and, upon request, to other county assessors.”

Page 31, lines 6 to 8, delete section 33

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after the semicolon insert "changing the rent capitalization rate;"

Page 1, line 34, delete "1" and insert "7"

Page 2, line 3, delete "sections 273.11, subdivision 7; and" and insert "section"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 25 and nays 37, as follows:

Those who voted in the affirmative were:

Anderson	DeCramer	Kamrath	Mehrkens	Renneke
Belanger	Frederick	Knaak	Olson	Sieloff
Benson	Frederickson	Kronebusch	Peterson, D.L.	Stumpf
Berg	Isackson	Laidig	Purfeerst	Taylor
Bernhagen	Johnson, D.E.	McQuaid	Ramstad	Ulland

Those who voted in the negative were:

Adkins	Dieterich	Lantry	Peterson, C.C.	Spear
Berglin	Frank	Lessard	Peterson, D.C.	Vega
Bertram	Freeman	Luther	Peterson, R.W.	Waldorf
Chmielewski	Hughes	Merriam	Pogemiller	Wegscheid
Dahl	Johnson, D.J.	Moe, D. M.	Reichgott	Willet
Davis	Jude	Moe, R. D.	Samuelson	
Dicklich	Kroening	Nelson	Schmitz	
Diessner	Langseth	Novak	Solon	

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

Mr. Laidig moved to amend H.F. No. 2016, as amended by the Senate April 12, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1969.)

Page 83, line 17 to page 85, line 30, delete sections 1 and 2 and insert:

"Section 1. [TAX AMNESTY.]

The commissioner of revenue shall establish a tax amnesty program. The amnesty program applies to taxes payable to the commissioner and is only available to a taxpayer who either has an unpaid liability on the department of revenue's accounts receivable system as of February 1, 1984, or who has failed to file a return which, if filed on February 1, 1984, would be considered a delinquent return subject to penalty by law. For a taxpayer who has an existing liability as of February 1, 1984, the commissioner shall accept as full payment of the account a certified check, cashier's check, or money order in the amount of tax liability, not including penalties, plus any interest due on February 1, 1984, plus any interest accruing on that account since February 1, 1984, plus any additional liabilities including tax, penalty, and interest established by the commissioner subsequent to July 1, 1984. Tax amnesty is not available to any taxpayer who has an account which includes a civil fraud penalty imposed by the commissioner. Payment must be received by the commissioner on or after July 1, 1984, but before October 1, 1984. For the purposes of this section, "received" means actual receipt by the commissioner either at his office in Saint Paul or at any field office of the department of revenue on or before the final date allowed for payment under the terms of this program.

In the case of a taxpayer who has failed to file returns which if filed on February 1, 1984, would be considered delinquent returns, the commissioner is authorized to accept the delinquent returns along with payment of all tax and interest if payment is made by certified check, cashier's check, or money order and received by the commissioner on or after July 1, 1984, but before October 1, 1984. For these delinquent returns filed pursuant to this tax amnesty program, the civil and criminal penalties imposed by law are waived unless the commissioner later finds that the tax as shown on any return was understated by 25 percent or more. In that case the civil and criminal penalties are hereby reinstated, and the commissioner shall collect the civil penalties and may pursue the criminal penalties.

The department of revenue shall help taxpayers determine the amounts of tax liability, interest, and penalties owed."

Page 101, line 35, delete "2" and insert "1"

Page 102, line 2, delete everything up to and including the period and delete "2" and insert "1"

Page 102, line 3, delete "13" and insert "12"

Page 102, line 4, delete "14" and insert "13"; delete "3" and insert "2"

Page 102, line 6, delete "7" and insert "6"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 16, delete everything after the semicolon

Page 1, line 17, delete everything before "providing"

Page 2, line 1, delete "270,"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 25 and nays 41, as follows:

Those who voted in the affirmative were:

Anderson	Brataas	Kamrath	McQuaid	Renneke
Belanger	Frederick	Knaak	Mehrkens	Sieloff
Benson	Frederickson	Knutson	Olson	Storm
Berg	Isackson	Kronebusch	Peterson, D.L.	Taylor
Bernhagen	Johnson, D.E.	Laidig	Ramstad	Ulland

Those who voted in the negative were:

Adkins	Dieterich	Lessard	Peterson, D.C.	Stumpf
Berglin	Frank	Luther	Peterson, R.W.	Vega
Bertram	Freeman	Merriam	Petty	Waldorf
Chmielewski	Hughes	Moe, D. M.	Pogemiller	Wegscheid
Dahl	Johnson, D.J.	Moe, R. D.	Purfeerst	Willet
Davis	Jude	Nelson	Reichgott	
DeCramer	Kroening	Novak	Samuelson	
Dicklich	Langseth	Pehler	Schmitz	
Diessner	Lantry	Peterson, C.C.	Spear	

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

Mrs. McQuaid moved to amend H.F. No. 2016, as amended by the Senate April 12, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1969.)

Page 6, after line 14, insert:

"Sec. 3. Minnesota Statutes 1983 Supplement, section 290.18, subdivision 2, is amended to read:

Subd. 2. [FEDERAL INCOME TAX PAYMENTS AND REFUNDS.] The adjusted gross income shall be computed by deducting from the gross income assignable to this state under section 290.17, the deduction for allowable federal income taxes determined under the provisions of sections 290.09, subdivision 4, 290.10 (8), (9) or (10), and 290.18.

This deduction shall be allowed to individuals, estates, or trusts (i) for taxable years beginning after December 31, 1980 in the taxable year to which the liability applies. Such liability includes the portion of self-employment tax allowed under section 290.10, clause (8). The self-employment tax must be deducted by the person who is deriving the income. When the federal tax liability is joint and several under the computation of a joint federal return of husband and wife, the federal tax liability ~~must be split between the spouses in the same ratio that the federal adjusted gross income of that spouse bears to the total federal adjusted gross income. For purposes of the preceding sentence, "federal adjusted gross income" includes the ordinary income portion of a lump sum distribution as defined in section 402(e) of the Internal Revenue Code of 1954, as amended through December 31, 1981 may be taken by either spouse or divided between them as they elect.~~

(ii) Taxes paid for a taxable year beginning before January 1, 1981 shall be allowed as follows:

(1) Those taxes paid in a taxable year beginning before January 1, 1981, shall be claimed in the year in which the payment was made.

(2) Those paid in a taxable year beginning after December 31, 1980 but before January 1, 1983 shall be divided and deducted in equal installments reflected by the yearly periods beginning with the first day of the taxable year in which the payment was made and ending December 31, 1986. For an amount which remains to be deducted in a taxable year beginning after December 31, ~~1982 1983~~, where the federal tax liability for the year in which the payment was made is joint and several under the computation of a joint federal return of husband and wife, the remaining amounts to be deducted ~~shall be claimed by the same spouse and in the same dollar amount as the deduction was claimed in the first taxable year beginning after December 31, 1981 may be taken by either spouse or divided between them as they elect.~~

(3) Those paid in a taxable year beginning after December 31, 1982 shall be claimed in the year in which the payment was made. This amount ~~shall~~ may be apportioned between spouses as provided in clause (i) and shall be allocated for exempt income under the provisions of section 290.10, clause (9) or (10) as though the payment was part of the federal tax liability for the year in which the payment was made.

(4) In the case of a person who was self employed during all or a portion of the taxable year, the federal income tax liability for purposes of this clause shall be increased by the self-employment tax allowed under section 290.10, clause (8). The self-employment tax shall be deducted in the year paid as

provided in paragraph (1), (2), or (3). The self-employment tax must be deducted by the person who earned the income. Self-employment tax paid in a taxable year beginning after December 31, 1982 shall be allocated for exempt income as provided in paragraph (3).

(iii) If a taxpayer's federal tax liability is eventually not paid by reason of compromise, discharge, or court order, the deduction allowed pursuant to this subdivision shall be disallowed for the taxable year in which the liability was accrued.

(iv) In the event a federal tax liability for a taxable year commencing after December 31, 1980 is increased, decreased or modified, and such increase, decrease or modification has resulted in a change in the amount of Minnesota income tax in the year to which such increase, decrease or modification is attributable, the taxpayer's deduction under this subdivision shall be modified for such year.

(v) If the readjustments required in (iii) or (iv) are for taxes reflected in the transition rule described in (ii)(2), the readjustment shall be made equally to the remaining installments and if a reduction to such installments is required under this readjustment which exceeds the total of all remaining installments, the remaining installments will be reduced to zero and the excess included in income as a federal income tax refund.

(vi) Refunds which are not involved with any readjustments under the transition rule shall be included in income under Minnesota Statutes 1982, section 290.01, subdivision 20a, clause (6) if it is from a year beginning before January 1, 1981.

(vii) Refunds of taxes for years beginning after December 31, 1980, shall be used to adjust the deduction in the taxable year of the liability unless that year is closed by statute and no other adjustments are to be required or allowable in which case such refund shall be reportable in the year received."

Page 6, line 30, delete "Section 3 is" and insert "Sections 3 and 4 are"

Page 6, line 31, delete "3" and insert "4"

Page 6, line 34, delete "4" and insert "5"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon insert "allowing spouses to apportion the federal tax deduction as they elect;"

Page 1, line 39, after "29;" insert "290.18, subdivision 2;"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 24 and nays 41, as follows:

Those who voted in the affirmative were:

Anderson	Brataas	Kamrath	McQuaid	Sieloff
Belanger	Frederick	Knaak	Mehrkens	Storm
Benson	Frederickson	Knutson	Olson	Taylor
Berg	Isackson	Kronebusch	Ramstad	Ulland
Bernhagen	Johnson, D.E.	Laidig	Renneke	

Those who voted in the negative were:

Adkins	Dieterich	Lessard	Peterson, D. C.	Spear
Berglin	Frank	Luther	Peterson, R. W.	Stumpf
Bertram	Freeman	Merriam	Petty	Vega
Chmielewski	Hughes	Moe, D. M.	Pogemiller	Waldorf
Dahl	Johnson, D. J.	Moe, R. D.	Purfeerst	Willet
Davis	Jude	Nelson	Reichgott	
DeCramer	Kroening	Novak	Samuelson	
Dicklich	Langseth	Pehler	Schmitz	
Diessner	Lantry	Peterson, C. C.	Solon	

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

Mr. Sieloff moved to amend H.F. No. 2016, as amended by the Senate April 12, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1969.)

Page 6, after line 14, insert:

"Sec. 3. Minnesota Statutes 1983 Supplement, section 290.18, subdivision 2, is amended to read:

Subd. 2. [FEDERAL INCOME TAX PAYMENTS AND REFUNDS.]

The adjusted gross income shall be computed by deducting from the gross income assignable to this state under section 290.17, the deduction for allowable federal income taxes determined under the provisions of sections 290.09, subdivision 4, 290.10 (8), (9) or (10), and 290.18.

This deduction shall be allowed to individuals, estates, or trusts (i) for taxable years beginning after December 31, 1980 in the taxable year to which the liability applies. Such liability includes the portion of self-employment tax allowed under section 290.10, clause (8). The self-employment tax must be deducted by the person who is deriving the income. When the federal tax liability is joint and several under the computation of a joint federal return of husband and wife, the federal tax liability must be split between the spouses in the same ratio that the federal adjusted gross income of that spouse bears to the total federal adjusted gross income. For purposes of the preceding sentence, "federal adjusted gross income" includes the ordinary income portion of a lump sum distribution as defined in section 402(e) of the Internal Revenue Code of 1954, as amended through December 31, 1981.

(ii) Taxes paid for a taxable year beginning before January 1, 1981 shall be allowed as follows:

(1) Those taxes paid in a taxable year beginning before January 1, 1981, shall be claimed in the year in which the payment was made.

(2) *Those To the extent not deducted in a taxable year beginning before January 1, 1984, taxes paid in a taxable year beginning after December 31, 1980 but before January 1, 1983 shall be divided and deducted in equal installments reflected by the yearly periods beginning with the first day of the taxable year in which the payment was made and ending December 31, 1986 the first taxable year beginning after December 31, 1983.* For an amount which remains to be deducted in a taxable year beginning after December 31, 1982 1983, where the federal tax liability for the year in which the payment was made is joint and several under the computation of a joint federal return of husband and wife, the remaining amounts to be deducted shall be claimed by the same spouse ~~and in the same dollar amount~~ as the deduction was

claimed in the first taxable year beginning after December 31, 1981.

(3) Those paid in a taxable year beginning after December 31, 1982 shall be claimed in the year in which the payment was made. This amount shall be apportioned between spouses as provided in clause (i) and shall be allocated for exempt income under the provisions of section 290.10, clause (9) or (10) as though the payment was part of the federal tax liability for the year in which the payment was made.

(4) In the case of a person who was self employed during all or a portion of the taxable year, the federal income tax liability for purposes of this clause shall be increased by the self-employment tax allowed under section 290.10, clause (8). The self-employment tax shall be deducted in the year paid as provided in paragraph (1), (2), or (3). The self-employment tax must be deducted by the person who earned the income. Self-employment tax paid in a taxable year beginning after December 31, 1982 shall be allocated for exempt income as provided in paragraph (3).

(iii) If a taxpayer's federal tax liability is eventually not paid by reason of compromise, discharge, or court order, the deduction allowed pursuant to this subdivision shall be disallowed for the taxable year in which the liability was accrued.

(iv) In the event a federal tax liability for a taxable year commencing after December 31, 1980 is increased, decreased or modified, and such increase, decrease or modification has resulted in a change in the amount of Minnesota income tax in the year to which such increase, decrease or modification is attributable, the taxpayer's deduction under this subdivision shall be modified for such year.

(v) If the readjustments required in (iii) or (iv) are for taxes reflected in the transition rule described in (ii)(2), the readjustment shall be made ~~equally~~ to the remaining ~~installments~~ *installment* and if a reduction to such ~~installments~~ *is required under this readjustment which exceeds the total of all remaining installments* ~~installments~~, the ~~remaining installments~~ *installment* will be reduced to zero and the excess included in income as a federal income tax refund.

(vi) Refunds which are not involved with any readjustments under the transition rule shall be included in income under Minnesota Statutes 1982, section 290.01, subdivision 20a, clause (6) if it is from a year beginning before January 1, 1981.

(vii) Refunds of taxes for years beginning after December 31, 1980, shall be used to adjust the deduction in the taxable year of the liability unless that year is closed by statute and no other adjustments are to be required or allowable in which case such refund shall be reportable in the year received."

Page 6, line 30, delete "Section 3 is" and insert "Sections 3 and 4 are"

Page 6, line 31, delete "3" and insert "4"

Page 6, line 34, delete "4" and insert "5"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "allowing a final deduction in

1984 for certain taxes paid in tax year 1981 or 1982;''

Page 1, line 39, after "29;" insert "290.18, subdivision 2;''

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 25 and nays 40, as follows:

Those who voted in the affirmative were:

Anderson	Brataas	Kamrath	McQuaid	Renneke
Belanger	Frederick	Knaak	Mehrkens	Sieloff
Benson	Frederickson	Knutson	Olson	Storm
Berg	Isackson	Kronebusch	Peterson, D.C.	Taylor
Bernhagen	Johnson, D.E.	Laidig	Ramstad	Ulland

Those who voted in the negative were:

Adkins	Diessner	Langseth	Novak	Samuelson
Berglin	Dieterich	Lantry	Pehler	Schmitz
Bertram	Frank	Lessard	Peterson, C.C.	Solon
Chmielewski	Freeman	Luther	Peterson, R.W.	Spear
Dahl	Hughes	Merriam	Petty	Stumpf
Davis	Johnson, D.J.	Moe, D. M.	Pogemiller	Vega
DeCramer	Jude	Moe, R. D.	Purfeerst	Waldorf
Dicklich	Kroening	Nelson	Reichgott	Wegscheid

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

Mr. Belanger moved to amend H.F. No. 2016, as amended by the Senate April 12, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1969.)

Page 102, after line 7, insert:

“ARTICLE 7

INTEREST RATE ON REFUNDS

Section 1. [270.76] [INTEREST ON REFUNDS.]

When any tax payable to the commissioner of revenue or to the department of revenue is overpaid and an amount is due the taxpayer as a refund of the overpayment, the overpayment shall bear interest from the date of payment of the tax until the date the refund is paid or credit is made, unless another period for computing interest is provided by law. The interest rate per annum on overpayments shall be the interest rate contained in section 270.75, the rate shall be adjusted annually and become effective as provided in section 270.75, subdivision 5, and the result of the adjustment in the rate shall be rounded to the nearest full percent. The determination of the commissioner pursuant to this subdivision shall not be considered a "rule" and shall not be subject to the Administrative Procedure Act contained in chapter 14.

Sec. 2. Minnesota Statutes 1982, section 270A.07, subdivision 5, is amended to read:

Subd. 5. [INTEREST ON REFUNDS.] Any refund wrongfully or incorrectly applied to a debt and transferred to a claimant agency shall be paid by the agency to the debtor. The sum wrongfully or incorrectly withheld shall bear interest at ~~six percent per year~~ *the rate specified in section 270.76*, computed from the date when the refund would begin to bear interest under sec-

tion 290.92, subdivision 13, clause (1), regardless of whether the refund is payable under chapter 290 or 290A. If the claimant agency is a state agency, the payment shall be made out of the agency's appropriation.

Sec. 3. Minnesota Statutes 1982, section 271.12, is amended to read:

271.12 [WHEN ORDER EFFECTIVE.]

No order for refundment by the commissioner of revenue, the appropriate unit of government, or the tax court shall take effect until the time for appeal therefrom or review thereof by all parties entitled thereto has expired. Otherwise every order of the commissioner, the appropriate unit of government, or the tax court shall take effect immediately upon the filing thereof, and no appeal therefrom or review thereof shall stay the execution thereof or extend the time for payment of any tax or other obligation unless otherwise expressly provided by law; provided, that in case an order which has been acted upon, in whole or in part, shall thereafter be set aside or modified upon appeal, the determination upon appeal or review shall supersede the order appealed from and be binding upon all parties affected thereby, and such adjustments as may be necessary to give effect thereto shall be made accordingly. If it be finally determined upon such appeal or review that any person is entitled to refundment of any amount which has been paid for a tax or other obligation, such amount, unless otherwise provided by law, shall be paid to him by the state treasurer, or other proper officer, out of funds derived from taxes of the same kind, if available for the purpose, or out of other available funds, if any, with interest at ~~six percent~~ *the rate specified in section 270.76* from the date of payment of the tax, unless a different rate of interest is otherwise provided by law, in which case such other rate shall apply, upon certification by the commissioner of revenue, the appropriate unit of government, the tax court or the supreme court. If any tax, assessment, or other obligation be increased upon such appeal or review, the increase shall be added to the original amount, and may be enforced and collected therewith.

Sec. 4. Minnesota Statutes 1983 Supplement, section 290.50, subdivision 1, is amended to read:

Subdivision 1. [PROCEDURE, TIME LIMIT.] (a) A taxpayer who has paid or from whom there has been collected an amount of tax for any year in excess of the amount legally due for that year, may file with the commissioner a claim for a refund of such excess. Except as otherwise provided in this section, no claim or refund shall be allowed or made after three and one-half years from the date prescribed for filing the return (plus any extension of time granted for filing the return, but only if filed within the extended time) or after two years from the date of overpayment, whichever period is longer, unless before the expiration of the period a claim is filed by the taxpayer. For this purpose an income tax return or amended return claiming an overpayment shall constitute a claim for refund.

(b) If no claim was filed, the credit or refund shall not exceed the amount which would be allowable if a claim was filed on the date the credit or refund is allowed.

(c) If a claim relates to an overpayment on account of a failure to deduct a loss due to a bad debt or to a security becoming worthless, the claim shall be allowed if filed within seven years from the date prescribed in section 290.42

for the filing of the return, and the refund or credit shall be limited to the amount of overpayment attributable to the loss.

(d) For purposes of this section, the prepayment of tax made through the withholding of tax at the source, or payment of estimated tax, prior to the due date of the tax are considered as having been paid on the last day prescribed by law for the payment of the tax by the taxpayer. A return filed before the due date shall be considered as filed on the due date.

(e) Except as provided in sections 290.92, subdivision 13, 290.93, subdivision 9, and 290.936, interest on the overpayment refunded or credited to the taxpayer shall be allowed at the rate of ~~six percent per annum~~ *specified in section 270.76* computed from the date of payment of the tax until the date the refund is paid or credit is made to the taxpayer. However, to the extent that the basis for the refund is a net operating loss carryback or a capital loss carryback, interest shall be computed only from the end of the taxable year in which the loss occurs.

(f) If a taxpayer reports a change in his federal gross income, items of tax preference, deductions, credits, or a renegotiation, or files a copy of his amended federal return, within 90 days as provided by section 290.56, subdivision 2, a refund may be made of any overpayment within one year after such report or amended return is filed except as provided in subdivision 2.

(g) There is hereby appropriated from the general fund to the commissioner of revenue the amounts necessary to make payments of refunds allowed pursuant to this section.

Sec. 5. Minnesota Statutes 1982, section 290.92, subdivision 11, is amended to read:

Subd. 11. [REFUNDS.] Where there has been an overpayment of tax imposed by this section, refund of such overpayment or credit shall be made to the employer in accordance with regulations prescribed by the commissioner, but only to the extent that the amount of such overpayment was not deducted and withheld under subdivision 2a or subdivision 3 by the employer. Any overpayment which is refunded shall bear interest at the rate of ~~six percent per annum~~ *specified in section 270.76*, computed from the date of payment until the date the refund is paid to the employer. The commissioner of finance shall cause any such refund of tax and interest to be paid out of the general fund in accordance with the provisions of section 290.62 and so much of said fund as may be necessary is hereby appropriated for that purpose. Notwithstanding the provisions of section 290.50, written findings by the commissioner, notice by mail to the taxpayer, and certificate for refundment by the commissioner, shall not be necessary. The provisions of section 270.10, shall not be applicable.

Sec. 6. Minnesota Statutes 1983 Supplement, section 290.92, subdivision 13, is amended to read:

Subd. 13. [REFUNDS.] (1) Where the amount of the tax withheld at the source under subdivision 2a or subdivision 3 exceeds by \$1 or more the taxes (and any added penalties and interest) reported in the return of the employee taxpayer or imposed upon him by this chapter, the amount of such excess shall be refunded to the employee taxpayer. If the amount of such excess is less than \$1 the commissioner shall not be required to refund that amount.

Where any amount of such excess to be refunded exceeds \$10, such amount on the original return shall bear interest at the rate of ~~six percent per annum~~ *specified in section 270.76*, computed from 90 days after (a) the due date of the return of the employee taxpayer or (b) the date on which his return is filed, whichever is later, to the date the refund is paid to the taxpayer. A return shall not be treated as filed until it is in processible form. A return is in processible form when it is filed on a permitted form containing the taxpayer's name, address, social security account number, the required signature, and sufficient required information (whether on the return or on required attachments) to permit the mathematical verification of tax liability shown on the return. Notwithstanding the provisions of section 290.50, written findings by the commissioner, notice by mail to the taxpayer, and certificate for refundment by the commissioner, shall not be necessary. The provisions of section 270.10, shall not be applicable.

(2) Any action of the commissioner in refunding the amount of such excess shall not constitute a determination of the correctness of the return of the employee taxpayer within the purview of section 290.46.

(3) The commissioner of finance shall cause any such refund of tax and interest, to be paid out of the general fund in accordance with the provisions of section 290.62, and so much of said fund as may be necessary is hereby appropriated for that purpose.

Sec. 7. Minnesota Statutes 1983 Supplement, section 290.93, subdivision 9, is amended to read:

Subd. 9. [OVERPAYMENT OF ESTIMATED TAX.] (1) Where the amount of an installment payment of estimated tax exceeds the amount determined to be the correct amount of such installment payment, the overpayment shall be credited against the unpaid installments, if any. Where the total amount of the estimated tax payments plus (a) the total amount of tax withheld at the source under section 290.92, subdivision 2a or subdivision 3 (if any) and (b) and other payments (if any) exceeds by \$1 or more the taxes (and any added penalties and interest) reported in the return of the taxpayer or imposed upon him by this chapter, the amount of such excess shall be refunded to the taxpayer. If the amount of such excess is less than \$1 the commissioner shall not be required to refund that amount. Where any amount of such excess to be refunded exceeds \$10, such amount on the original return shall bear interest at the rate of ~~six percent per annum~~ *specified in section 270.76*, computed from 90 days after (a) the due date of the return of the taxpayer or (b) the date on which his return is filed, whichever is later, until the date the refund is paid to the taxpayer. A return shall not be treated as filed until it is in processible form. A return is in processible form when the return is filed on a permitted form, and the return contains the taxpayer's name, address, social security account number, the required signature, and sufficient required information (whether on the return or on required attachments) to permit the mathematical verification of tax liability shown on the return. Notwithstanding the provisions of section 290.50, written findings by the commissioner, notice by mail to the taxpayer, and certificate for refundment by the commissioner, shall not be necessary. The provisions of section 270.10, shall not be applicable.

(2) Any action of the commissioner in refunding the amount of such excess

shall not constitute a determination of the correctness of the return of the taxpayer within the purview of section 290.46.

(3) The commissioner of finance shall cause any such refund of tax and interest to be paid out of the general fund in accordance with the provisions of section 290.62, and so much of said fund as may be necessary is hereby appropriated for that purpose.

Sec. 8. Minnesota Statutes 1982, section 290.936, is amended to read:

290.936 [OVERPAYMENT OF ESTIMATED TAX.]

(1) Where the amount of an installment payment of estimated tax exceeds the amount determined to be the correct amount of such installment payment, the overpayment shall be credited against the unpaid installments, if any. Where the total amount of the estimated tax payments and other payments, if any, exceeds by \$1 or more the taxes (and any added penalties and interest) reported in the return of the taxpayer or imposed upon him by this chapter, the amount of such excess shall be refunded to the taxpayer. If the amount of such excess is less than \$1, the commissioner shall not be required to refund. Where any amount of such excess to be refunded exceeds \$10, such amount on the original return shall bear interest at the rate of ~~six percent per annum~~ *specified in section 270.76*, computed from 90 days after (a) the due date of the return of the taxpayer or (b) the date on which his return is filed, whichever is later, until the date the refund is paid to the taxpayer. Notwithstanding the provisions of section 290.50, written findings by the commissioner, notice by mail to the taxpayer, and certificate for refundment by the commissioner, shall not be necessary. The provisions of section 270.10, shall not be applicable.

(2) Any action of the commissioner in refunding the amount of such excess shall not constitute a determination of the correctness of the return of the taxpayer within the purview of section 290.46.

(3) The commissioner of finance shall cause any such refund of tax and interest to be paid out of the general fund in accordance with the provisions of section 290.62, and so much of said fund as may be necessary is hereby appropriated for that purpose.

Sec. 9. Minnesota Statutes 1982, section 290A.07, subdivision 2a, is amended to read:

Subd. 2a. A claimant who is a renter shall receive full payment prior to August 15 or 60 days after receipt of the application, whichever is later. Interest shall be added at ~~six percent per annum~~ *the rate specified in section 270.76* from August 15 or 60 days after receipt of the application whichever is later.

Sec. 10. Minnesota Statutes 1983 Supplement, section 290A.07, subdivision 3, is amended to read:

Subd. 3. Any claimant not included in subdivision 2a shall receive full payment after August 31 and prior to September 15. Interest shall be added at ~~six percent per annum~~ *the rate specified in section 270.76* from September 15 or 60 days after receipt of the application if the application is filed after August 31. Interest will be computed until the date the claim is paid.

Sec. 11. Minnesota Statutes 1982, section 291.18, is amended to read:

291.18 [OVERPAYMENT OF TAX; REFUNDS; APPROPRIATION.]

(1) When any tax or penalty and accrued interest thereon, imposed by this chapter shall have been paid or collected, in excess of the amount legally due, the person or corporation paying the same shall be entitled to a refundment of the amount of such taxes, penalty and interest overpaid, together with interest thereon at the rate of ~~six percent per annum~~ *specified in section 270.76* from the date of payment, or from the date beginning nine months after death of the decedent, whichever date occurs later, in the manner provided by section 291.32; provided that all applications for such refundment shall be made within two years from the date of final determination or adjustment of any part of such tax by the taxpayer and the commissioner, the probate court or the tax court, as the case may be.

(2) There is hereby appropriated to the persons entitled to such refund, from the fund or account in the state treasury to which the money was credited, an amount sufficient to make the refund and payment.

Sec. 12. Minnesota Statutes 1982, section 294.09, subdivision 1, is amended to read:

Subdivision 1. [PROCEDURES; TIME LIMIT.] A company, joint stock association, copartnership, corporation, or individual who has paid, voluntarily or otherwise, or from whom there has been collected (other than by proceedings instituted by the attorney general under sections 294.06 and 294.08, subdivision 3) an amount of gross earnings tax for any year in excess of the amount legally due for that year, may file with the commissioner of revenue a claim for a refund of such excess. Except as provided in subdivision 4, no such claim shall be entertained unless filed within two years after such tax was paid or collected, or within three and one-half years from the filing of the return, whichever period is the longer. Upon the filing of a claim the commissioner shall examine the same and shall make and file written findings thereon denying or allowing the claim in whole or in part and shall mail a notice thereof to such company, joint stock association, copartnership, corporation, or individual at the address stated upon the return. If such claim is allowed in whole or in part, the commissioner shall credit the amount of the allowance against any tax due the state from the claimant and for the balance of said allowance, if any, the commissioner shall issue his certificate for the refundment of the excess paid. The commissioner of finance shall cause such refund to be paid out of the proceeds of the gross earnings taxes imposed by Minnesota Statutes 1967, Chapters 294 and 295 as other state moneys are expended. So much of the proceeds as may be necessary are hereby appropriated for that purpose. Any allowance so made by the commissioner shall include interest at the rate of ~~six percent~~ *specified in section 270.76* computed from the date of payment or collection of the tax until the date the refund is paid to the claimant.

Sec. 13. Minnesota Statutes 1983 Supplement, section 297A.35, subdivision 1, is amended to read:

Subdivision 1. A person who has, pursuant to the provisions of this chapter, paid to the commissioner an amount of tax for any period in excess of the amount legally due for that period, may file with the commissioner a claim for a refund of such excess subject to the conditions specified in subdivision 5. Except as provided in subdivision 4 no such claim shall be enter-

tained unless filed within two years after such tax was paid, or within three years from the filing of the return, whichever period is the longer. The commissioner shall examine the claim and make and file written findings thereon denying or allowing the claim in whole or in part and shall mail a notice thereof to such person at the address stated upon the claim. Any allowance shall include interest on the excess determined at a rate of ~~six percent per annum~~ *specified in section 270.76* from the date such excess was paid or collected until the date it is refunded or credited. If such claim is allowed in whole or in part, the commissioner shall credit the amount of the allowance against any taxes under sections 297A.01 to 297A.44 due from the claimant and for the balance of said allowance, if any, the commissioner shall issue his certificate for the refundment of the excess paid, and the commissioner of finance shall cause such refund to be paid out of the proceeds of the taxes imposed by sections 297A.01 to 297A.44, as other state moneys are expended. So much of the proceeds of such taxes as may be necessary are hereby appropriated for that purpose.

Sec. 14. Minnesota Statutes 1982, section 298.09, subdivision 4, is amended to read:

Subd. 4. If the amount of tax determined by the commissioner is subsequently found to be erroneous, the commissioner may, at any time within three years from the date the tax is certified as provided in section 298.10, redetermine the amount thereof. No such redetermination shall be made increasing the tax unless the person from whom the additional amount is due is given ten days written notice thereof and an opportunity to be heard thereon. If an order is made increasing the tax, the same proceedings shall be had as provided for occupation taxes originally determined and certified. Any person who has paid an occupation tax may apply to the commissioner within the time herein limited for a redetermination of the tax, and if the commissioner determines that the tax has been overpaid, he shall make and file an order determining the amount of such overpayment, and credit it against occupation taxes otherwise payable by the person who has overpaid the amount as so determined. If the tax is increased, interest at the rate specified in section 270.75 from the date payment should have been made shall be determined and paid; if the tax is reduced, interest at the rate of ~~six percent per annum~~ *specified in section 270.76* from the date of overpayment shall be allowed.

Sec. 15. Minnesota Statutes 1982, section 299.05, is amended to read:

299.05 [ASSESSMENT BY COMMISSIONER.]

Upon receipt of the report provided for in section 299.03, the commissioner of revenue shall determine, from information as may be possessed, or obtained, whether the report is correct, or incorrect; and, if found correct, the commissioner shall determine the amount of tax due from the person, enter the amount of the tax in department records, make assessment of taxes due from the person, and the amount that has been paid; and, on or before June 30, of each year, demand payment from the person. The commissioner of revenue shall have power, in case he shall deem the report incorrect, or in case the report is not made and filed with the commissioner as provided in section 299.03, to make findings as to the amount of taxes due after hearing upon notice to the person interested, and the findings shall have the same effect as the determination of the amount of such taxes upon a report made as

hereinbefore provided.

A person subletting land for the use of which is received royalty shall be required to pay taxes only on the difference between the amount of royalty paid by him or her and the amount received.

If the amount of tax determined by the commissioner is subsequently found to be erroneous, the commissioner may, at any time within three years from the date allowed above for the original assessment, redetermine the amount of the tax. No redetermination shall be made increasing the tax unless the person from whom the additional amount is due is given ten days written notice of the proposed increase and the person's right to a hearing pursuant to chapter 14. Any person who has paid a royalty tax may apply to the commissioner within three years from the date allowed above for the original assessment for a redetermination of the tax and if the commissioner determines that the tax has been overpaid, he or she shall make and file an order determining the amount of the overpayment and credit the overpayment against the royalty taxes otherwise payable by the person who overpaid the tax. If the tax is increased, interest at the rate specified in section 270.75 from the date payment should have been made shall be determined and added to the tax. If the tax is reduced, interest at the rate of ~~six percent per annum~~ *specified in section 270.76* from the date of the overpayment shall be allowed.

Sec. 16. [EFFECTIVE DATE.]

This article is effective for interest earned on overpayments after December 31, 1984."

Amend the title as follows:

Page 1, line 20, after the first semicolon, insert "increasing the interest rate on state tax refunds;"

Page 1, line 22, after the second semicolon, insert "270A.07, subdivision 5;"

Page 1, line 23, after the first semicolon, insert "271.12;"

Page 1, line 24, after the first semicolon, insert "290.92, subdivision 11; 290.936;"

Page 1, line 25, after the semicolon, insert "290A.07, subdivision 2a; 291.18; 294.09, subdivision 1;"

Page 1, line 29, after the second semicolon, insert "299.05;"

Page 1, line 39, after the second semicolon, insert "290.50, subdivision 1; 290.92, subdivision 13; 290.93, subdivision 9;"

Page 1, line 40, after the first semicolon, insert "290A.07, subdivision 3;"

Page 1, line 41, after the second semicolon, insert "297A.35, subdivision 1;"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 24 and nays 40, as follows:

Those who voted in the affirmative were:

Anderson	Brataas	Kamrath	McQuaid	Sieloff
Belanger	Frederick	Knaak	Mehrkens	Storm
Benson	Frederickson	Knutson	Olson	Taylor
Berg	Isackson	Kronebusch	Ramstad	Ulland
Bernhagen	Johnson, D.E.	Laidig	Renneke	

Those who voted in the negative were:

Adkins	Diessner	Langseth	Novak	Samuelson
Berglin	Dieterich	Lantry	Pehler	Schmitz
Bertram	Frank	Lessard	Peterson, D.C.	Solon
Chmielewski	Freeman	Luther	Peterson, R.W.	Spear
Dahl	Hughes	Merriam	Petty	Stumpf
Davis	Johnson, D.J.	Moe, D. M.	Pogemiller	Waldorf
DeCramer	Jude	Moe, R. D.	Purfeerst	Wegscheid
Dicklich	Kroening	Nelson	Reichgott	Willet

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

Mr. Sieloff moved to amend H.F. No. 2016, as amended by the Senate April 12, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1969.)

Page 3, line 5, after "(d)" insert *"Add the amount the taxpayer has paid, not to exceed \$1,000, for tuition and fees charged by a postsecondary educational institution, including public or private colleges and universities, area vocational-technical institutes, and private professional and vocational schools for educational services provided to the taxpayer or the spouse or dependent of the taxpayer on whose behalf the taxpayer incurs the expense;*

(e)"

Page 3, line 7, strike "(e)" and insert "(f)"

Page 3, line 10, strike "(f)" and insert "(g)"

Page 3, line 13, strike "(g)" and insert "(h)"

Page 3, line 18, strike "(h)" and insert "(i)"

Page 6, line 30, delete "Section 3 is" and insert "Sections 1, clause (d), and 3 are"

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "allowing a deduction for higher education tuition;"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 25 and nays 41, as follows:

Those who voted in the affirmative were:

Anderson	Brataas	Kamrath	McQuaid	Renneke
Belanger	Frederick	Knaak	Mehrkens	Sieloff
Benson	Frederickson	Knutson	Moe, D. M.	Storm
Berg	Isackson	Kronebusch	Olson	Taylor
Bernhagen	Johnson, D.E.	Laidig	Ramstad	Ulland

Those who voted in the negative were:

Adkins	Dieterich	Lessard	Peterson, R. W.	Stumpf
Berglin	Frank	Luther	Petty	Vega
Bertram	Freeman	Merriam	Pogemiller	Waldorf
Chmielewski	Hughes	Moe, R. D.	Purfeerst	Wegscheid
Dahl	Johnson, D. J.	Nelson	Reichgott	Willet
Davis	Jude	Novak	Samuelson	
DeCramer	Kroening	Pehler	Schmitz	
Dicklich	Langseth	Peterson, C. C.	Solon	
Diessner	Lantry	Peterson, D. C.	Spear	

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

Mr. Isackson moved to amend H.F. No. 2016, as amended by the Senate April 12, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1969.)

Page 2, after line 9, insert:

"Section 1. Minnesota Statutes 1983 Supplement, section 290.06, subdivision 2c, is amended to read:

Subd. 2c. [SCHEDULE OF RATES FOR INDIVIDUALS, ESTATES AND TRUSTS.] (a) The income taxes imposed by this chapter upon individuals, estates and trusts, other than those taxable as corporations, shall be computed by applying to their taxable net income the following schedule of rates:

- (1) On the first \$500, ~~one~~ and six-tenths of one percent;
- (2) On the second \$500, ~~two~~ one and two-tenths percent;
- (3) On the next \$1,000, ~~three~~ two and five-tenths percent;
- (4) On the next \$1,000, ~~five~~ four and eight-tenths percent;
- (5) On the next \$1,000, ~~seven~~ six and three-tenths percent;
- (6) On the next \$1,000, ~~eight~~ seven and eight-tenths percent;
- (7) On the next \$2,000, ~~ten~~ nine and two-tenths percent;
- (8) On the next \$2,000, ~~eleven~~ ten and five-tenths percent;
- (9) On the next \$3,500, ~~twelve~~ eleven and eight-tenths percent;
- (10) On all over \$12,500, and not over \$20,000, ~~fourteen~~ thirteen percent;
- (11) On all over \$20,000 and not over \$27,500, ~~fifteen~~ fourteen percent;
- (12) On all over \$27,500, sixteen percent.

(b) In lieu of a tax computed according to the rates set forth in clause (a) of this subdivision, the tax of any individual taxpayer whose taxable net income for the taxable year is less than \$40,000 shall be computed in accordance with tables prepared and issued by the commissioner of revenue based on income brackets of not more than \$100. The amount of tax for each bracket shall be computed at the rates set forth in this subdivision, provided that the commissioner may disregard a fractional part of a dollar unless it amounts to 50 cents or more, in which case it may be increased to \$1.

(c) *The brackets contained in clause (a) are the brackets adjusted under subdivision 2d.*"

Page 6, after line 29, insert:

"Section 1 is effective for tax years beginning after June 30, 1984."

Page 6, lines 30 and 31, delete "3" and insert "4"

Page 6, line 34, delete "4" and insert "5"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "reducing income tax rates for individuals, estates, and trusts;"

Page 1, line 37, after "276.04" insert "290.06, subdivision 2c;"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 24 and nays 41, as follows:

Those who voted in the affirmative were:

Anderson	Brataas	Kamrath	McQuaid	Sieloff
Belanger	Frederick	Knaak	Mehrkins	Storm
Benson	Frederickson	Knutson	Olson	Taylor
Berg	Isackson	Kronebusch	Ramstad	Ulland
Bernhagen	Johnson, D.E.	Laidig	Renneke	

Those who voted in the negative were:

Adkins	Dieterich	Lessard	Peterson, D.C.	Stumpf
Berglin	Frank	Luther	Peterson, R.W.	Vega
Bertram	Freeman	Merriam	Petty	Waldorf
Chmielewski	Hughes	Moe, D. M.	Pogemiller	Wegscheid
Dahl	Johnson, D.J.	Moe, R. D.	Purfeerst	Willet
Davis	Jude	Nelson	Reichgott	
DeCramer	Kroening	Novak	Schmitz	
Dicklich	Langseth	Pehler	Solon	
Diessner	Lantry	Peterson, C.C.	Spear	

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

Mr. Belanger moved to amend H.F. No. 2016, as amended by the Senate April 12, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1969.)

Page 34, after line 25, insert:

"Sec. 3. Minnesota Statutes 1983 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 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, 290.20, 290.35, or 290.36, 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, ~~42~~ 9.8 percent."

Page 60, line 24, delete "17, 19 and 20" and insert "18, 20, and 21"

Page 60, line 24, after the period insert "Section 3 is effective for taxable years beginning after December 31, 1984."

Page 60, line 25, delete "3 to 10" and insert "4 to 11"

Page 60, line 28, delete "11" and insert "12"

Page 60, line 30, delete "12 to 16" and insert "13 to 17"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "reducing the corporate tax rate;"

Page 1, line 37, after the second semicolon, insert "290.06, subdivision 1;"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 24 and nays 39, as follows:

Those who voted in the affirmative were:

Anderson	Brataas	Kamrath	McQuaid	Sieloff
Belanger	Frederick	Knaak	Mehrkens	Storm
Benson	Frederickson	Knutson	Olson	Taylor
Berg	Isackson	Kronebusch	Ramstad	Ulland
Bernhagen	Johnson, D.E.	Laidig	Renneke	

Those who voted in the negative were:

Adkins	Diessner	Langseth	Pehler	Schmitz
Berglin	Dieterich	Lantry	Peterson, D.C.	Spear
Bertram	Frank	Lessard	Peterson, R.W.	Stumpf
Chmielewski	Freeman	Luther	Petty	Vega
Dahl	Hughes	Merriam	Pogemiller	Waldorf
Davis	Johnson, D.J.	Moe, R. D.	Purfeerst	Wegscheid
DeCramer	Jude	Nelson	Reichgott	Willet
Dicklich	Kroening	Novak	Samuelson	

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

Mr. Anderson moved to amend H.F. No. 2016, as amended by the Senate April 12, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1969.)

Page 102, after line 7, insert:

"ARTICLE 7

ESTATE TAX

Section 1. Minnesota Statutes 1982, section 290.01, subdivision 20e, is amended to read:

Subd. 20e. [MODIFICATION IN COMPUTING TAXABLE INCOME OF THE ESTATE OF A DECEDENT.] Amounts allowable under ~~section~~

291.07, subdivision 1, clause (2) sections 2053 or 2054 of the Internal Revenue Code of 1954 in computing Minnesota inheritance or federal 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 a valid election is 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. 2. Minnesota Statutes 1983 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 ~~March 12~~ *December 31, 1983*.

Sec. 3. Minnesota Statutes 1983 Supplement, section 291.03, subdivision 1, is amended to read:

Subdivision 1. ~~[GENERALLY TAX AMOUNT.]~~ 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:~~

~~10 percent on the first \$100,000,~~

~~11 percent on the next \$500,000 or part thereof,~~

~~12 percent on the excess; or~~

(2) ~~A tax equal to the same proportion of the maximum credit allowable under section 2011 of the Internal Revenue Code for state death taxes described herein as the Minnesota gross estate bears to the value of the federal gross estate. The tax determined under this paragraph shall not be greater than the maximum credit allowable under section 2011 of the Internal Revenue Code.~~

Sec. 4. Minnesota Statutes 1982, section 291.075, is amended to read:

291.075 [SPECIAL USE VALUATION OF QUALIFIED PROPERTY.]

~~When property subject to the tax imposed by this chapter qualifies for valuation based on its use pursuant to section 2032A of the Internal Revenue Code, it shall have the same value for Minnesota estate tax purposes as it has for federal estate tax purposes. If, after the final determination of the tax imposed by this chapter, the property valued pursuant to section 2032A of the Internal Revenue Code is disposed of or fails to qualify and an additional tax is imposed pursuant to section 2032A(c), any increase in the credit for state death taxes shall be reported to the commissioner within 90 days after final determination of the increased credit. Upon notification the commissioner may assess an additional tax in accordance with section 291.03, subdivision 1, clause (2). No additional Minnesota estate tax computed in accordance with section 291.03, subdivision 1, clause (1) will be imposed nor will an additional deduction for federal estate taxes paid be allowed under section 291.07 or 291.08.~~

Sec. 5. Minnesota Statutes 1982, 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 January 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 December 31, 1981 / 1983 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 all 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

in which a federal estate tax return is required to be filed.

The return shall be accompanied by a federal estate tax return, a schedule of all assets in the estate at their date of death values, and shall contain a computation of the Minnesota estate tax due. The return shall be signed by the personal representative.

Sec. 6. Minnesota Statutes 1983 Supplement, section 291.09, subdivision 3a, is amended to read:

Subd. 3a. (1) The commissioner may challenge matters of ~~valuation or~~ taxability of any assets reported on the return; ~~or any deductions claimed,~~ or the computation of tax, only if within 180 days from the due date of the return or the receipt of the return and all documents required to be filed with the return, whichever is later, the commissioner mails or delivers a written notice to the personal representative objecting to the return as filed and specifying the reasons for the objection.

(2) If the personal representative disagrees with the objection or does not wish to fully comply with the objection, he may request that the commissioner hold a hearing on the objection. Within 30 days of receipt of a request, the commissioner shall set a time and place for hearing. Unless otherwise agreed upon, the hearing date shall not be earlier than 30 days nor later than 60 days from the date of the notice setting the hearing. The notice of hearing shall set forth the rights available to the personal representative under chapter 14. Not later than 30 days after the commissioner receives the report and recommendation of the hearing examiner, or a written waiver of his hearing rights by the personal representative, the commissioner shall issue an order determining the tax. Any such determination made by the commissioner may be appealed to the tax court as provided in section 271.09.

(3) At any time together with or after the objection, the commissioner, on his own initiative, may set a time and place for a hearing in accordance with (2) above.

(4) In his objection, or at any time thereafter, the commissioner may assess any additional tax as the facts may warrant, subject to the right of the personal representative to demand a hearing under chapter 15. If the personal representative does not demand a hearing within 90 days of the date of the assessment, the tax so assessed shall be legally due and the commissioner may proceed to collect ~~any the~~ unpaid tax ~~after one year from the date of~~

death. If the commissioner later finds the tax assessment to be erroneous, he may adjust the assessment prior to collection.

(5) The commissioner shall not be required to object to any subsequent original, amended or supplemental return in order to preserve his rights. The commissioner shall not be precluded from objecting to a subsequent original, amended or supplemental return even though an original return was accepted as filed. If the commissioner had accepted an original return showing no tax due and a subsequent original, amended or supplemental return discloses additional assets not disclosed on the original return, the commissioner may object to any matter of valuation, taxability, deduction or computation of tax on the original return within 180 days of receipt of the subsequent original, amended or supplemental return.

(6) Subject to the provisions of sections 291.11 and 291.215, the Minnesota estate tax liability shall be considered as finally determined on the date notification of acceptance is issued to the personal representative or, if no objection is filed, on the day following 180 days from the due date of the return or the receipt of the return, together with all other documents required to be filed with the return, whichever is later.

(7) Subject to the time limits imposed elsewhere in this chapter, the commissioner may refund an overpayment of tax, penalty or interest even though the personal representative has not made an application for refund.

Sec. 7. Minnesota Statutes 1982, section 291.132, subdivision 2, is amended to read:

Subd. 2. In lieu of an extension provided pursuant to subdivision 1 or payment of the estate tax in installments pursuant to section 291.11 on the property which qualifies under this subdivision, the personal representative may elect to extend the time for payment of the tax on property which qualifies for valuation under section ~~291.075~~ 2032A of the Internal Revenue Code. The personal representative of an estate containing such property may elect to pay all or part of the tax imposed by this chapter in one or more, but not to exceed ten, equal installments, provided that the maximum amount of tax which may be paid in installments pursuant to this subdivision shall be an amount which bears the same ratio to the estate's tax liability under this chapter as the value of property determined pursuant to section ~~291.075~~ 2032A of the Internal Revenue Code and included in the Minnesota taxable estate bears to the amount of the Minnesota taxable estate. The first installment shall be paid on or before the date selected by the personal representative. The date may be no more than five years after the date prescribed by section 291.11, subdivision 1, for payment of the estate tax. Each succeeding installment shall be paid on or before that same date each year. An election under this subdivision shall be made not later than nine months after the decedent's death and shall be made in the manner as the commissioner shall prescribe by rule.

Sec. 8. Minnesota Statutes 1982, section 291.215, subdivision 1, is amended to read:

Subdivision 1. All property includable in the Minnesota gross estate of a decedent shall be valued in accordance with the provisions of sections 2031 or 2032 and, if applicable, 2032A, of the Internal Revenue Code and any elections made in valuing the federal gross estate shall be applicable in valu-

ing the Minnesota gross estate. Except as otherwise provided in section 291.075, the value of all property includable in the Minnesota gross estate of a decedent may be independently determined under said sections for Minnesota estate tax purposes.

Sec. 9. [REPEALER.]

Minnesota Statutes 1982, sections 291.015; 291.03, subdivisions 3, 4, 5, 6, and 7; 291.05; 291.051; 291.06; 291.065; 291.07; 291.08; 291.09, subdivision 5; and 291.111 are repealed.

Sec. 10. [EFFECTIVE DATE.]

Section 1 is effective for taxable years beginning after December 31, 1984. Sections 2 to 9 are effective for estates of decedents dying after December 31, 1984."

Amend the title as follows:

Page 1, line 20, after the first semicolon, insert "providing that the estate tax equals the federal death tax credit;"

Page 1, line 24, after the semicolon, insert "290.01, subdivision 20e;"

Page 1, line 25, after the semicolon, insert "291.075; 291.09, subdivision 1a; 291.132, subdivision 2; 291.215, subdivision 1;"

Page 1, line 40, after the first semicolon, insert "291.005, subdivision 1; 291.03, subdivision 1; 291.09, subdivision 3a;"

Page 2, line 2, after the semicolon, insert "291.015; 291.03, subdivisions 3, 4, 5, 6, and 7; 291.05; 291.051; 291.06; 291.065; 291.07; 291.08; 291.09, subdivision 5; and 291.111;"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 24 and nays 37, as follows:

Those who voted in the affirmative were:

Anderson	Brataas	Kamrath	McQuaid	Sieloff
Belanger	Frederick	Knaak	Mehrkens	Storm
Benson	Frederickson	Knutson	Olson	Taylor
Berg	Isackson	Kronebusch	Ramstad	Ulland
Bernhagen	Johnson, D.E.	Laidig	Renneke	

Those who voted in the negative were:

Adkins	Diessner	Langseth	Peterson, D.C.	Stumpf
Berglin	Dieterich	Lantry	Peterson, R.W.	Vega
Bertram	Frank	Lessard	Petty	Waldorf
Chmielewski	Freeman	Luther	Pogemiller	Wegscheid
Dahl	Hughes	Merriam	Reichgott	Willet
Davis	Johnson, D.J.	Moe, R. D.	Samuelson	
DeCramer	Jude	Nelson	Schmitz	
Dicklich	Kroening	Novak	Spear	

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

Mr. Storm moved to amend H.F. No. 2016, as amended by the Senate April 12, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1969.)

Page 102, after line 7, insert:

“ARTICLE 7

UNITARY TAX

Section 1. Minnesota Statutes 1983 Supplement, section 290.07, subdivision 1, is amended to read:

Subdivision 1. [ANNUAL ACCOUNTING PERIOD.] Net income and taxable net income shall be computed upon the basis of the taxpayer's annual accounting period. If a taxpayer has no annual accounting period, or has one other than a fiscal year, as heretofore defined, the net income and taxable net income shall be computed on the basis of the calendar year. Taxpayers shall employ the same accounting period on which they report, or would be required to report, their net income under the Internal Revenue Code. ~~The commissioner shall provide by rule for the determination of the accounting period for taxpayers who file a combined report under section 290.34, subdivision 2, when members of the group use different accounting periods for federal income tax purposes. Unless the taxpayer changes its accounting period for federal purposes, the due date of the return is not changed.~~

A taxpayer may change his accounting period only with the consent of the commissioner. In case of any such change, he shall pay a tax for the period not included in either his former or newly adopted taxable year, computed as provided in section 290.32.

Sec. 2. Minnesota Statutes 1982, section 290.095, subdivision 3, is amended to read:

Subd. 3. [CARRYOVER AND CARRYBACK.] (a) Except as provided in clause (d) or subdivision 8, a net operating loss for any taxable year shall be:

(1) A net operating loss carryback to each of the three taxable years preceding the taxable year of such loss, and

(2) A net operating loss carryover to each of the five taxable years following the taxable year of such loss.

(b) The entire amount of the net operating loss for any taxable year shall be carried to the earliest of the taxable years to which, by reason of subdivision 3, clause (a) or (d), such loss may be carried. The portion of such loss which shall be carried to each of the other taxable years shall be the excess, if any, of the amount of such loss over the sum of the taxable net income, adjusted by the modifications specified in subdivision 4, for each of the prior taxable years to which such loss may be carried.

(c) Where a corporation does business both within and without Minnesota, and apportions its income under the provisions of section 290.19, the net operating loss deduction shall be allowed to the extent of the apportionment ratio of the loss year, or the year to which the loss is carried, whichever is smaller.

(d) Where a corporation files a combined report which reflects the entire unitary business as provided in section 290.34, subdivision 2, the corporation shall not be allowed a net operating loss carryback to a year in which it did not file a combined report. The number of taxable years for which a net operating loss carryover is allowed shall be increased by the number of taxable years for

~~which a net operating loss carryback is not allowed under this clause.~~

Sec. 3. Minnesota Statutes 1983 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) (a) 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.

(b) In the case of an individual who is a nonresident of Minnesota and who is an athlete or entertainer, income from compensation for labor or personal services performed within this state shall be determined in the following manner.

(i) The amount of income to be assigned to Minnesota for an individual who is a nonresident salaried athletic team employee shall be determined by using a fraction in which the denominator contains the total number of days in which the individual is under a duty to perform for the employer, and the numerator is the total number of those days spent in Minnesota. In order to eliminate the need to file state or provincial income tax returns in several states or provinces, Minnesota will exclude from income any income assigned to Minnesota under the provisions of this clause for a nonresident athlete who is employed by an athletic team whose operations are not based in this state if the state or province in which the athletic team is based provides a similar income exclusion. If the state or province in which the athletic team's operations are based does not have an income tax on an individual's personal service income, it will be deemed that that state or province has a similar income exclusion. As used in the preceding sentence, the term "province" means a province of Canada.

(ii) The amount of income to be assigned to Minnesota for an individual who is a nonresident, and who is an athlete not listed in clause (i), or who is an entertainer, for that person's athletic or entertainment performance in Minnesota shall be determined by assigning to this state all income from performances or athletic contests in this state.

(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 from winnings on Minnesota pari-mutuel betting tickets shall be assigned to 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 or is a resident trust or estate.

(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 except for business income subject to the provisions of clause (1) and farm income subject to the provisions of clause (2). The term "unitary business" shall mean 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 but the absence of these centralized activities will not necessarily evidence a nonunitary business. Unity of ownership will not be deemed to exist when a corporation is involved unless that corporation is a member of a group of two or more corporations more than 50 percent of the voting stock of each member of the group is directly or indirectly owned by a common owner or by common owners, either corporate or noncorporate, or by one or more of the member corporations of the group.

The entire income of a unitary business 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) For purposes of this section, amounts received by a nonresident from the United States, its agencies or instrumentalities, the Federal Reserve Bank, the state of Minnesota or any of its political or governmental subdivisions, or a Minnesota volunteer 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, 1981, 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.

(6) All other items of gross income shall be assigned to the taxpayer's domicile.

Sec. 4. Minnesota Statutes 1983 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, divi-

dends 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.

The dividend deduction provided in this subdivision does not apply to a dividend from a corporation which, for the taxable year of the corporation in which the distribution is made or for the next preceding taxable year of the corporation, is a corporation exempt from tax under section 501 of the Internal Revenue Code of 1954, as amended through December 31, 1982.

The dividend deduction provided in this subdivision applies to the amount of regulated investment company dividends only to the extent determined under section 854(b) of the Internal Revenue Code of 1954, as amended through December 31, 1982.

(d) If dividends received by a corporation that does not have nexus with Minnesota under the provisions of Public Law 86-272 are included as income on the return of an affiliated corporation permitted or required to file a combined report under section 290.34, subdivision 2, then for purposes of this subdivision the determination as to whether the trade or business of the corporation consists principally of the holding of stocks and the collection of income and gains therefrom shall be made with reference to the trade or business of the affiliated corporation having a nexus with Minnesota.

Sec. 5. Minnesota Statutes 1983 Supplement, section 290.34, subdivision 2, is amended to read:

Subd. 2. [AFFILIATED OR RELATED CORPORATIONS, COMBINED REPORT 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 combined report consolidated statements as, in his opinion, is are necessary in order to determine the taxable net income of 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, and 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, the District of Columbia, the commonwealth of Puerto Rico, any possession of the United States, or any political subdivision of any of the foregoing. All inter-company transactions between companies which are contained on the combined report shall be eliminated. This subdivision shall not apply to insurance companies whose income is determined under section 290.35 or to investment companies whose income is determined under section 290.36.

Sec. 6. [REPEALER.]

Minnesota Statutes 1982, section 290.06, subdivision 15; and Laws 1982, chapter 523, article XXIX, section 6 are repealed.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 6 are effective for tax years beginning after June 30, 1984."

Amend the title as follows:

Page 1, line 20, after the first semicolon, insert "repealing the unitary tax;"

Page 1, line 24, after the semicolon, insert "290.095, subdivision 3;"

Page 1, line 38, after the first semicolon, insert "290.07, subdivision 1;"

Page 1, line 39, after the first semicolon, insert "290.17, subdivision 2;"

Page 1, line 39, after the second semicolon, insert "290.34, subdivision 2;"

Page 2, line 2, delete "section" and insert "sections" and after the semicolon, insert "and 290.06, subdivision 15;"

Page 2, line 4, after the second semicolon, insert "Laws 1982, chapter 523, article XXIX, section 6;"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 25 and nays 38, as follows:

Those who voted in the affirmative were:

Anderson	Brataas	Kamrath	McQuaid	Renneke
Belanger	Frederick	Knaak	Mehrkens	Sieloff
Benson	Frederickson	Knutson	Olson	Storm
Berg	Isackson	Kronebusch	Peterson, D.L.	Taylor
Bernhagen	Johnson, D.E.	Laidig	Ramstad	Ulland

Those who voted in the negative were:

Adkins	Diessner	Langseth	Peterson, D.C.	Spear
Berglin	Dieterich	Lantry	Peterson, R.W.	Stumpf
Bertram	Frank	Luther	Petty	Vega
Chmielewski	Freeman	Merriam	Pogemiller	Waldorf
Dahl	Hughes	Moe, R. D.	Purfeerst	Wegscheid
Davis	Johnson, D.J.	Nelson	Reichgott	Willet
DeCramer	Jude	Novak	Samuelson	
Dicklich	Kroening	Pehler	Schmitz	

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

Mr. Sieloff moved to amend H.F. No. 2016, as amended by the Senate April 12, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1969.)

Page 47, line 9, delete everything after "retail"

Page 47, delete lines 10 to 15

Page 47, line 16, delete everything before the period; and after the period, insert *"Repair or replacement parts for capital equipment are not included in the definition of capital equipment."*

"Capital equipment" includes: peripheral machinery and equipment necessary for the complete function of the machinery and equipment used directly in the manufacturing process; machinery and equipment required to handle materials, supplies, and finished goods during manufacture, warehousing, and shipment; engineering, laboratory, and testing machinery and equipment used to research, develop, and design products and conduct in-process or performance checks; and machinery and equipment used in marketing, sales, accounting, billing, payroll, or other office functions auxiliary to the manufacture or fabrication of the product to be sold at retail."

Page 60, line 30, before the period, insert *"and apply to capital equipment purchased or for which a purchase contract has been signed after November 30, 1983"*

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 24 and nays 37, as follows:

Those who voted in the affirmative were:

Anderson	Brataas	Kamrath	McQuaid	Sieloff
Belanger	Frederick	Knaak	Mehrkins	Storm
Benson	Frederickson	Knutson	Olson	Taylor
Berg	Isackson	Kronebusch	Ramstad	Ulland
Bernhagen	Johnson, D.E.	Laidig	Renneke	

Those who voted in the negative were:

Adkins	Dieterich	Lessard	Peterson, R.W.	Spear
Berglin	Freeman	Luther	Petty	Vega
Bertram	Hughes	Merriam	Pogemiller	Waldorf
Chmielewski	Johnson, D.J.	Moe, D. M.	Purfeerst	Wegscheid
Dahl	Jude	Moe, R. D.	Reichgott	Willet
DeCramer	Kroening	Pehler	Samuelson	
Dicklich	Langseth	Peterson, C.C.	Schmitz	
Diessner	Lantry	Peterson, D.C.	Solon	

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

Mr. Benson moved to amend the Lessard amendment to H.F. No. 2016, adopted by the Senate April 12, 1984, as follows:

Page 1, line 29, strike "not"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 28 and nays 38, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Knutson	Olson	Solon
Belanger	Frederickson	Kronebusch	Peterson, D.L.	Storm
Benson	Isackson	Laidig	Purfeerst	Taylor
Bernhagen	Johnson, D.E.	Langseth	Ramstad	Ulland
Brataas	Kamrath	McQuaid	Renneke	
DeCramer	Knaak	Mehrkins	Sieloff	

Those who voted in the negative were:

Adkins	Dieterich	Lessard	Peterson, C. C.	Spear
Berglin	Frank	Luther	Peterson, D. C.	Stumpf
Bertram	Freeman	Merriam	Peterson, R. W.	Vega
Chmielewski	Hughes	Moe, D. M.	Petty	Waldorf
Dahl	Johnson, D. J.	Moe, R. D.	Pogemiller	Wegscheid
Davis	Jude	Nelson	Reichgott	Willet
Dicklich	Kroening	Novak	Samuelson	
Diessner	Lantry	Pehler	Schmitz	

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

H.F. No. 2016 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 67 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Kroening	Olson	Sieloff
Anderson	Dieterich	Kronebusch	Pehler	Solon
Belanger	Frank	Laidig	Peterson, C. C.	Spear
Benson	Frederick	Langseth	Peterson, D. C.	Storm
Berg	Frederickson	Lantry	Peterson, D. L.	Stumpf
Berglin	Freeman	Lessard	Peterson, R. W.	Taylor
Bernhagen	Hughes	Luther	Petty	Ulland
Bertram	Isackson	McQuaid	Pogemiller	Vega
Brataas	Johnson, D. E.	Mehrkens	Purfeerst	Waldorf
Chmielewski	Johnson, D. J.	Merriam	Ramstad	Wegscheid
Dahl	Jude	Moe, D. M.	Reichgott	Willet
Davis	Kamrath	Moe, R. D.	Renneke	
DeCramer	Knaak	Nelson	Samuelson	
Dicklich	Knutson	Novak	Schmitz	

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

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Johnson, D. J. moved that S.F. No. 1969, No. 186 on Special Orders, be stricken and laid on the table. The motion prevailed.

Mr. Willet moved that H.F. No. 1393 be taken from the table and given its second reading. The motion prevailed.

H.F. No. 1393: A bill for an act relating to education; providing for aids to education, tax levies, and the distribution of tax revenues; modifying the foundation aid formula; granting certain powers and duties to school boards, school districts, the state board of education, the commissioner of education, the department of education, the state board of vocational-technical education, the state director of vocational-technical education, the higher education coordinating board, and others; providing for an equalized summer school aid and levy; increasing the community education aid and levy; modifying the vocational instructional aid payment formula; establishing a schools of excellence program; requiring an arts education study; expanding in-service and instructional effectiveness training programs; improving the planning, evaluation, and reporting process; establishing assessment programs; establishing a research and development grant program; appropriating money; amending Minnesota Statutes 1982, sections 121.908, by adding

a subdivision; 121.935, subdivisions 2 and 6; 121.936, subdivision 1; 122.532, by adding a subdivision; 123.36, subdivision 10; 123.74; 123.741, as amended; 123.742, as amended; 124.19, by adding a subdivision; 124.20; 124.201, subdivision 1; 124.214, subdivision 1; 124.565, subdivision 7; 136A.02, subdivision 6; 275.125, by adding subdivisions; 465.721; 471.61, subdivisions 1 and 2a; Minnesota Statutes 1983 Supplement, sections 120.17, subdivision 3b; 121.601; 121.608; 121.609; 121.904, subdivision 4a; 123.36, subdivision 13; 123.743; 124.155, subdivision 1; 124.195, subdivisions 1, 9, and 10; 124.201, subdivisions 2, 4, and 5; 124.2122; 124.2126, subdivision 3; 124.2138; 124.271, subdivision 2b; 124.5615, subdivision 5; 124.5629; 124A.06, subdivision 1; 124A.12, subdivision 1; 124A.14, subdivision 1; 124A.16, subdivision 4; 125.032, subdivision 2; 129B.32, subdivision 3; 129B.36, by adding a subdivision; 136C.04, by adding a subdivision; 275.125, subdivisions 2e, 2k, 8, 8a, 9b, 11a, and 11c; 298.28, subdivision 1; 466.06; 475.61, subdivision 3; Laws 1976, chapter 20, section 5, subdivision 1; Laws 1983, chapter 314, article 6, section 34, subdivision 12; article 7, section 45; article 8, section 23; and article 9, section 14, subdivision 3; proposing new law coded in Minnesota Statutes, chapters 121, 123, 124, and 136C; repealing Minnesota Statutes 1982, sections 124.201, as amended; 124.32, subdivisions 1a, 1e, and 2a; 125.60, subdivision 2a; and 275.125, subdivision 2g; and Minnesota Statutes 1983 Supplement, sections 124.32, subdivision 5a; and 275.125, subdivisions 2i and 2j.

H.F. No. 1393 was read the second time.

SUSPENSION OF RULES

Mr. Nelson moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 1393 and that the rules of the Senate be so far suspended as to give H.F. No. 1393 its third reading and place it on its final passage. The motion prevailed.

Mr. Nelson moved to amend H.F. No. 1393 as follows:

Delete everything after the enacting clause, and delete the title, of H. F. No. 1393, and insert the language after the enacting clause, and the title, of S. F. No. 1404, the third engrossment.

The motion prevailed. So the amendment was adopted.

Mr. Dieterich moved to amend H.F. No. 1393, as amended by the Senate April 12, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1404.)

Page 47, line 29, after "*position*" insert "*, or is not on unrequested leave of absence from a supervisory or administrative position,*"

The motion prevailed. So the amendment was adopted.

Mr. Berg moved to amend H.F. No. 1393 as amended by the Senate April 12, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1404.)

Page 49, after line 12, insert:

"Sec. 10. Minnesota Statutes 1982, section 126.12, is amended to read:

126.12 [SCHOOL CALENDAR.]

Subdivision 1. A school district shall not commence a school year prior to the existence of a collective bargaining agreement governing teacher employment during that school year.

Subd. 2. Every Saturday shall be a school holiday, except that school may be held on a Saturday if necessary to meet the requirement in section 124.19 of making a good faith attempt to make up time lost on account of circumstances which were beyond the control of the school board. The school board shall determine the number of school days of each school year on or before April 1 of the calendar year in which such school year commences."

Renumber the sections in sequence and change cross-references accordingly

Amend the title as follows:

Page 1, line 20, after "4;" insert "126.12;"

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

Mr. Mehrkens moved to amend H.F. No. 1393, as amended by the Senate April 12, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1404.)

Page 36, after line 31, insert:

"Sec. 7. [124.274] [CITATION.]

Sections 8 to 10 may be cited as the "Minnesota Initiatives for Excellence Act of 1984."

Sec. 8. [124.275] [PURPOSE OF INITIATIVES FOR EXCELLENCE.]

The purpose of sections 9 and 10 is:

(1) to recognize and support local initiatives that promise to improve educational programs for elementary and secondary students in this state;

(2) to provide incentives for innovative strategies that expand opportunities and reward achievement in the public schools; and

(3) to foster education renewal and change that increases local effort and commitment to excellence in education.

Sec. 9. [124.276] [INITIATIVES FOR EXCELLENCE GRANTS.]

Subdivision 1. [CONDITIONS FOR GRANT.] The state board of education shall award an initiatives for excellence grant to a district that agrees to implement new means to accomplish two or more of the following goals:

(1) to train, evaluate, and reward the outstanding performance of teachers, principals, and other school personnel;

(2) to establish firm, explicit, and demanding requirements concerning discipline, curriculum, attendance, homework, and grades;

(3) to clearly identify expected student skill levels and to regularly measure student progress;

(4) to increase student-teacher contact time; and

(5) to establish partnerships with business and community groups to marshal resources and cooperation with the community.

Subd. 2. [ELIGIBILITY.] A grant shall not be awarded to a district that has not entered into a collective bargaining agreement by May 15, 1984, between the school board and the teachers, as defined in section 179.63, subdivision 13.

Subd. 3. [AMOUNT OF GRANT.] A grant to a district shall equal \$1,550 times the number of full-time equivalent licensed classroom teachers employed by the district in the 1983-1984 school year.

Subd. 4. [PAYMENT SCHEDULE.] The commissioner shall pay one-half of the grant amount by November 1, 1984, and one-half by April 1, 1985.

Subd. 5. [CERTIFICATION.] Grant recipients shall certify to the commissioner by May 1, 1985, that the initiatives for excellence program described in the grant application has been implemented. Failure to certify or false certification of implementation shall be cause for the rescission of the grant and for the recovery of grant moneys in the same way erroneously paid state aids are recovered under section 124.14.

Sec. 10. [124.277] [SELECTION PROCEDURES.]

Subdivision 1. [APPLICATIONS.] The commissioner shall prescribe the form and manner of application for an initiatives for excellence grant. Applications for grants may be accepted after June 1, 1984 for grants to be paid in fiscal year 1985. Grants to be paid in 1985 shall be announced by October 1, 1984.

Subd. 2. [COMMISSIONER'S DETERMINATION.] The commissioner shall determine if the means to accomplish the goals listed in a district's application are a good faith effort at new means in the district to accomplish the listed goals. The application may contain and the commissioner may require documentation to support the application. After review of the applications, the commissioner shall recommend grant awards to the state board.

Subd. 3. [APPROVAL.] The state board shall award grants to districts meeting the conditions of section 9. The state board may waive a district's required compliance with its rules. The waiver applies to rules that would impair implementation of an initiatives for excellence program grant."

Page 43, after line 3, insert:

"Subd. 3. [INITIATIVES FOR EXCELLENCE.] There is appropriated from the general fund to the department of education \$62,500,000, for fiscal year 1985 for initiatives for excellence grants."

Page 43, line 5, after "7" insert "8, 9, 10, and 11" and delete "is" and insert "are"

Page 85, delete section 1

Page 87, line 3, delete "the amount of" and insert "forecasts of general fund revenues and expenditures prepared by the commissioner of finance pursuant to chapter 16A prior to December 1, 1984, indicate a projected general fund balance for the biennium ending June 30, 1985, in excess of

\$8,000,000"

Page 87, delete lines 4 to 6

Page 87, line 7, delete "\$31,000,000"

Page 87, line 15, delete "sum" and insert "amount"

Page 87, line 16, delete everything after "balance" and insert a comma

Page 87, delete line 17

Page 93, line 25, delete "1" and insert "2"

Renumber the sections in sequence and change the cross references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 23 and nays 37, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Knaak	Mehrkens	Sieloff
Belanger	Frederickson	Knutson	Olson	Storm
Berg	Isackson	Kronebusch	Peterson, D.L.	Ulland
Bernhagen	Johnson, D.E.	Laidig	Ramstad	
Brataas	Kamrath	McQuaid	Renneke	

Those who voted in the negative were:

Adkins	Diessner	Lantry	Peterson, D.C.	Stumpf
Berglin	Dieterich	Lessard	Peterson, R.W.	Vega
Bertram	Frank	Luther	Petty	Waldorf
Chmielewski	Hughes	Merriam	Pogemiller	Wegscheid
Dahl	Johnson, D.J.	Moe, D. M.	Purfeerst	Willet
Davis	Jude	Moe, R. D.	Reichgott	
DeCramer	Kroening	Nelson	Samuelson	
Dicklich	Langseth	Pehler	Spear	

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

Mr. Moe, D.M. moved to amend H.F. No. 1393, as amended by the Senate April 12, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1404.)

Page 52, line 11, delete "shall" and insert "may"

Page 52, line 14, after "plans" insert "for the 1984-1985, 1985-1986 school years"

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

Mr. Knutson moved to amend H.F. No. 1393, as amended by the Senate April 12, 1984, as follows:

(The text of the amended House File is identical to S.F. No. 1404.)

Page 47, after line 32, insert:

"Sec. 8. Minnesota Statutes 1983 Supplement, section 125.12, subdivision 6b, is amended to read:

Subd. 6b. [UNREQUESTED LEAVE OF ABSENCE.] The school board

may place on unrequested leave of absence, without pay or fringe benefits, as many teachers as may be necessary because of discontinuance of position, lack of pupils, financial limitations, or merger of classes caused by consolidation of districts. The unrequested leave shall be effective at the close of the school year. In placing teachers on unrequested leave, the board shall be governed by the following provisions:

(a) The board may place probationary teachers on unrequested leave first in the inverse order of their employment. No teacher who has acquired continuing contract rights shall be placed on unrequested leave of absence while probationary teachers are retained in positions for which the teacher who has acquired continuing contract rights is licensed;

(b) Teachers who have acquired continuing contract rights shall be placed on unrequested leave of absence in fields in which they are licensed *and have been employed during at least one of the five prior years* in the inverse order in which they were employed by the school district. In the case of equal seniority, the order in which teachers who have acquired continuing contract rights shall be placed on unrequested leave of absence in fields in which they are licensed shall be negotiable;

(c) Notwithstanding the provisions of clause (b), no teacher shall be entitled to exercise any seniority when that exercise results in that teacher being retained by the district in a field for which the teacher holds only a provisional license, as defined by the board of teaching, unless that exercise of seniority results in the placement on unrequested leave of absence of another teacher who also holds a provisional license in the same field. The provisions of this clause shall not apply to vocational education licenses;

(d) Notwithstanding clauses (a), (b) and (c), if the placing of a probationary teacher on unrequested leave before a teacher who has acquired continuing rights, the placing of a teacher who has acquired continuing contract rights on unrequested leave before another teacher who has acquired continuing contract rights but who has greater seniority, or the restriction imposed by the provisions of clause (c) would place the district in violation of its affirmative action program, the district may retain the probationary teacher, the teacher with less seniority, or the provisionally licensed teacher;

(e) Teachers placed on unrequested leave of absence shall be reinstated to the positions from which they have been given leaves of absence or, if not available, to other available positions in the school district in fields in which they are licensed *and have been employed during at least one of the five years prior to being placed on unrequested leave of absence*. Reinstatement shall be in the inverse order of placement on leave of absence. No teacher shall be reinstated to a position in a field in which the teacher holds only a provisional license, other than a vocational education license, while another teacher who holds a nonprovisional license in the same field remains on unrequested leave. The order of reinstatement of teachers who have equal seniority and who are placed on unrequested leave in the same school year shall be negotiable;

(f) No appointment of a new teacher shall be made while there is available, on unrequested leave, a teacher who is properly licensed to fill such vacancy, unless the teacher fails to advise the school board within 30 days of the date of notification that a position is available to that teacher, that he or she may

return to employment and that he or she will assume the duties of the position to which appointed on a future date determined by the board;

(g) A teacher placed on unrequested leave of absence may engage in teaching or any other occupation during the period of this leave;

(h) The unrequested leave of absence shall not impair the continuing contract rights of a teacher or result in a loss of credit for previous years of service;

(i) The unrequested leave of absence of a teacher who is placed on unrequested leave of absence prior to January 1, 1978 and who is not reinstated shall continue for a period of two years after which the right to reinstatement shall terminate. The unrequested leave of absence of a teacher who is placed on unrequested leave of absence on or after January 1, 1978 and who is not reinstated shall continue for a period of five years, after which the right to reinstatement shall terminate; provided the teacher's right to reinstatement shall also terminate if he or she fails to file with the board by April 1 of any year a written statement requesting reinstatement;

(j) The same provisions applicable to terminations of probationary or continuing contracts in subdivisions 3 and 4 shall apply to placement on unrequested leave of absence;

(k) Nothing in this subdivision shall be construed to impair the rights of teachers placed on unrequested leave of absence to receive unemployment compensation if otherwise eligible."

Renumber the sections in sequence and change cross references accordingly

Amend the title as follows:

Page 1, line 31, after "2;" insert "125.12, subdivision 6b;"

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

H.F. No. 1393 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 66 and nays 1, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Kroening	Pehler	Solon
Anderson	Dieterich	Kronebusch	Peterson, C. C.	Spear
Belanger	Frank	Laidig	Peterson, D. C.	Storm
Benson	Frederick	Langseth	Peterson, D. L.	Stumpf
Berg	Frederickson	Lantry	Peterson, R. W.	Taylor
Berglin	Freeman	Lessard	Petty	Ulland
Bernhagen	Hughes	Luther	Pogemiller	Vega
Bertram	Isackson	McQuaid	Purfeerst	Waldorf
Brataas	Johnson, D. E.	Mehrkens	Ramstad	Wegscheid
Chmielewski	Johnson, D. J.	Merriam	Reichgott	Willet
Dahl	Jude	Moe, R. D.	Renneke	
Davis	Kamrath	Nelson	Samuelson	
DeCramer	Knaak	Novak	Schmitz	
Dicklich	Knutson	Olson	Sieloff	

Mr. Moe, D.M. voted in the negative.

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

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Nelson moved that S.F. No. 1404 on Special Orders, be stricken and laid on the table. The motion prevailed.

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate take up the Special Orders Calendar. The motion prevailed.

SPECIAL ORDER

S.F. No. 1762: A bill for an act relating to the human rights department; prohibiting waiver of legal rights; changing the statute of limitations; providing sanctions for intentional delays; permitting award of attorney fees in administrative hearings; changing damage awards; amending Minnesota Statutes 1982, sections 363.06, subdivisions 1 and 3; 363.071, by adding a subdivision; 363.116; 363.117; 363.14, subdivisions 1 and 2; Minnesota Statutes 1983 Supplement, sections 363.06, subdivision 4; 363.071, subdivision 2; and 363.072, subdivision 1; proposing new law coded in chapter 363.

Mr. Sieloff moved to amend S.F. No. 1762 as follows:

Page 5, line 29, delete "*commissioner*" and insert "*hearing examiner*"

The motion prevailed. So the amendment was adopted.

Mr. Sieloff then moved to amend S. F. No. 1762 as follows:

Page 6, line 12, delete "*the charging*" and insert "*either*"

Page 6, line 13, delete "*respondent*" and insert "*losing party*" and delete "*charging*" and insert "*prevailing*"

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

Mr. Sieloff then moved to amend S.F. No. 1762 as follows:

Pages 1 and 2, delete section 2

Page 4, lines 15 and 16, reinstate the stricken language and delete the new language

Page 8, line 9, reinstate the stricken language and delete the new language

Page 9, delete section 9

Page 10, lines 28 to 30, reinstate the stricken language and delete the new language

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 8, delete "subdivisions 1 and" and insert "subdivision"

Page 1, line 9, delete "363.117;"

The motion prevailed. So the amendment was adopted.

Mr. Sieloff then moved to amend S. F. No. 1762 as follows:

Page 7, line 5, delete everything after the period

Page 7, delete lines 6 to 10

Page 7, line 11, delete everything before "In"

The motion prevailed. So the amendment was adopted.

Mr. Sieloff then moved to amend S. F. No. 1762 as follows:

Page 7, line 5, before the period, insert "*, but the excess amount over the actual damages shall not exceed \$8,000*"

Page 7, line 14, delete "*, in addition to*" and strike the old language

Page 7, strike lines 15 to 23

Page 7, line 24, strike everything before the period

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

S.F. No. 1762 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 50 and nays 14, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Kroening	Novak	Schmitz
Anderson	Dieterich	Langseth	Pehler	Solon
Belanger	Frank	Lantry	Peterson, C.C.	Spear
Berglin	Frederickson	Luther	Peterson, D.C.	Storm
Brataas	Freeman	McQuaid	Peterson, D.L.	Stumpf
Chmielewski	Hughes	Mehrkins	Peterson, R.W.	Ulland
Dahl	Johnson, D.E.	Merriam	Petty	Vega
Davis	Johnson, D.J.	Moe, D. M.	Pogemiller	Waldorf
DeCramer	Jude	Moe, R. D.	Ramstad	Wegscheid
Dicklich	Knaak	Nelson	Reichgott	Willet

Those who voted in the negative were:

Benson	Bertram	Kamrath	Laidig	Renneke
Berg	Frederick	Knutson	Lessard	Sieloff
Bernhagen	Isackson	Kronebusch	Purfeerst	

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

MOTIONS AND RESOLUTIONS - CONTINUED

RECONSIDERATION

Mr. Waldorf moved that the vote whereby H.F. No. 1445 was passed by the Senate on April 12, 1984, be now reconsidered. The motion prevailed.

H.F. No. 1445: A bill for an act relating to crimes; defining aggravated criminal damage to property; amending Minnesota Statutes 1982, section 609.595, subdivision 1.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Knaak	Moe, R. D.	Renneke
Anderson	Diessner	Knutson	Nelson	Schmitz
Belanger	Dieterich	Kroening	Novak	Sieloff
Benson	Frank	Kronebusch	Olson	Solon
Berg	Frederick	Laidig	Pehler	Spear
Berglin	Frederickson	Langseth	Peterson, C. C.	Storm
Bernhagen	Freeman	Lantry	Peterson, D. C.	Stumpf
Bertram	Hughes	Lessard	Peterson, D. L.	Taylor
Brataas	Isackson	Luther	Peterson, R. W.	Ulland
Chmielewski	Johnson, D. E.	McQuaid	Petty	Vega
Dahl	Johnson, D. J.	Mehrken	Pogemiller	Waldorf
Davis	Jude	Merriam	Ramstad	Wegscheid
DeCramer	Kamrath	Moe, D. M.	Reichgott	Williet

So the bill passed and its title was agreed to.

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate revert to the Order of Business of Reports of Committees. The motion prevailed.

REPORTS OF COMMITTEES

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was re-referred

S.F. No. 1514: A bill for an act relating to solid and hazardous waste management; defining resource recovery facility; amending various provisions of the waste management act; prescribing various powers and duties of the waste management board and the pollution control agency relating to hazardous waste management planning and the development of hazardous waste facilities; establishing programs for public education, technical, financial and research assistance to generators, and studies of hazardous waste reduction and processing and collection facilities; requiring a report on the need and feasibility of hazardous waste facilities; authorizing volunteer candidate sites; requiring requests for proposals for hazardous waste processing facilities; prescribing procedures for the designation of solid waste facilities by counties and waste management districts; amending various provisions relating to county and metropolitan solid waste management; designating resource recovery facilities; appropriating money; amending Minnesota Statutes 1982, sections 115A.03, subdivisions 1 and 28; 115A.06, by adding a subdivision; 115A.08, by adding a subdivision; 115A.18; 115A.21, by adding a subdivision; 115A.42; 115A.46, subdivisions 1 and 2; 115A.57, subdivision 1; 115A.59; 115A.70, by adding a subdivision; 116J.88, by adding a subdivision; 116J.90, by adding subdivisions; 116J.91, by adding a subdivision; 290.06, by adding a subdivision; 400.04, subdivision 3, and by adding a subdivision; 400.162; 473.181, subdivision 4; 473.811, subdivision 10; 473.833, subdivision 4; Minnesota Statutes 1983 Supplement, sections 115A.08, subdivision 5; 115A.11; 115A.21, subdivision 1; 115A.22, subdivisions 1 and 4; 115A.24; 115A.241; 115A.25, subdivisions 1, 1a, and 1b; 115A.26; 115A.27, subdivision 2; 115A.28, subdivision 1; 115A.291; 115B.22, subdivision 1; 116J.90, subdivision 4; 297A.25, subdivision 1; 473.823, subdivision 6; and 473.831; proposing new law coded in Minnesota Statutes, chapters 115A; 116E; and 473; repealing Minnesota Statutes 1982, sections 115A.071; 115A.46, subdivision 3; 115A.70, subdivisions 1, 2, 4,

5, and 6; 473.827; and Minnesota Statutes 1983 Supplement, section 115A.70, subdivisions 3 and 7.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, line 5, delete "55" and insert "54"

Page 3, line 36, delete "(1)" and insert "(a)"

Page 4, line 6, delete "clause (2)" and insert "paragraph (b)"

Page 4, line 7, delete "(2)" and insert "(b)"

Page 4, line 22, delete "clause" and insert "paragraph"

Page 4, line 25, delete "(3)" and insert "(c)"

Page 4, line 26, delete "clause (2)" and insert "paragraph (b)"

Page 4, line 27, delete "(a)" and insert "(1)"

Page 4, line 29, delete "clause (1)" and insert "paragraph (a)"

Page 4, line 31, delete "(b)" and insert "(2)"

Page 4, line 35, delete "(c)" and insert "(3)"

Page 5, line 1, delete "(4)" and insert "(d)"

Page 5, line 3, delete "(5)" and insert "(e)"

Page 5, line 26, before "The" insert "(a)"

Page 6, line 8, before "The" insert "(b)"

Page 12, line 28, after the semicolon, insert "and"

Page 21, line 22, before the stricken "On" insert "(a)"

Page 21, line 34, delete the paragraph coding

Page 22, line 20, before the stricken "The" insert "(b)"

Page 32, line 19, delete "3" and insert "4"

Page 33, line 6, delete "3" and insert "4"

Page 35, line 25, after the semicolon, insert "and"

Page 39, delete section 45

Page 39, line 12, delete "46" and insert "45"

Page 40, line 7, delete "area"

Page 40, line 12, delete "weight or"

Page 40, after line 20, insert:

"(d) Waste residue from energy and resource recovery facilities at which solid waste is processed for the purpose of extracting, reducing, converting to energy, or otherwise separated and prepared for reuse shall be exempt from one-half of the amount of the fee imposed by this subdivision if there is at least an 85 percent volume reduction in the solid waste processed. Any waste residue under this clause must be verified by the waste source appli-

cant and brought to a disposal facility separately before the waste source seeks a reduction of the amount of fee. The commissioner shall prescribe procedures for verification of the amount of waste residue by the waste source in applying for a reduction in the amount of fee."

Page 40, line 25, delete "pollution control"

Page 41, lines 15, 17, and 20, before "landfill" insert "metropolitan"

Page 41, line 19, before "LANDFILL" insert "METROPOLITAN"

Page 41, line 27, delete "47 to 53" and insert "46 to 52"

Page 41, line 30, after the semicolon, insert "and"

Page 42, line 3, before the period, insert "except that grants may not be made to a person owning a metalcasting facility until January 1, 1988"

Page 42, line 5, before the period, insert "except that grants and loans may not be made to a person owning a metalcasting facility until January 1, 1988"

Page 42, line 33, before "LANDFILL" insert "METROPOLITAN"

Page 42, line 34, before "landfill" insert "metropolitan"

Page 43, line 8, delete "51" and insert "50"

Page 43, line 19, before "contingency" insert "metropolitan landfill"

Page 43, line 26, before "landfill" insert "metropolitan"

Page 43, line 30, delete "metropolitran" and insert "metropolitan"

Page 43, line 33, delete "52" and insert "51"

Page 44, line 7, delete "49" and insert "48"

Page 44, line 8, delete "and" and delete "51" and insert "50" and after the third comma insert "and section 51, subdivision 1"

Page 45, line 12, after "This" insert "section"

Page 45, line 14, after "agency" insert "within the metropolitan area"

Page 45, line 15, after "the" insert "metropolitan"

Page 45, line 35, delete "charge an additional" and insert "impose a" and delete "to" and insert "on"

Page 46, after line 6, insert:

"Waste residue from energy and resource recovery facilities at which solid waste is processed for the purpose of extracting, reducing, converting to energy, or otherwise separating and preparing solid waste for reuse shall be exempt from one-half the amount of the fee imposed by a county under this section if there is at least an 85 percent volume reduction in the solid waste processed. Before any fee is reduced, the verification procedures of section 46, subdivision 1, paragraph (d), must be followed and submitted to the appropriate county."

Page 46, line 8, delete "\$1 per ton" and insert "30 cents per cubic yard"

Page 46, line 14, after the period, insert "Waste residue from energy and resource recovery facilities at which solid waste is processed for the purpose

of extracting, reducing, converting to energy, or otherwise separating and preparing solid waste for reuse shall be exempt from one-half the amount of the fee imposed by a city or town under this section if there is at least an 85 percent volume reduction in the solid waste processed. Before any fee is reduced, the verification procedures of section 46, subdivision 1, paragraph (d), must be followed and submitted to the appropriate city or town."

Page 47, line 9, before "The" insert "(a)"

Page 47, line 12, delete "therefore" and insert "therefor"

Page 47, line 23, delete "(a)" and insert "(1)"

Page 47, line 25, delete "(b)" and insert "(2)"

Page 47, line 27, delete "(c)" and insert "(3)"

Page 47, line 29, before "The" insert "(b)"

Page 47, line 32, before "The" insert "(c)"

Page 48, line 4, before "The" insert "(d)"

Pages 48 and 49, delete sections 60 to 62

Page 49, line 11, before "A" insert "(a)"

Page 49, line 12, delete "real and tangible personal property" and insert "equipment"

Page 49, line 17, before "If" insert "(b)"

Page 49, after line 20, insert:

"Sec. 60. Minnesota Statutes 1982, section 290.06, is amended by adding a subdivision to read:

Subd. 16. [POLLUTION CONTROL EQUIPMENT, CREDIT.] (a) A credit of five percent of the net cost of equipment used primarily to abate or control pollutants to meet or exceed state laws, rules, or standards, or equipment used primarily to reduce the generation of hazardous waste, to the extent the property is so used and which is included in section 290.09, subdivision 7, paragraph (A), clause (a), may be deducted from the tax due under this chapter in the first year for which a depreciation deduction is allowed for the equipment. The credit allowed by this subdivision may not exceed the lesser of the liability for tax for the taxable year or \$75,000. The credit shall apply only if

(1) the equipment meets rules prescribed by the Minnesota pollution control agency and is installed or operated in accordance with a permit or order issued by the agency; or

(2) the pollution control agency certifies that the equipment reduces the generation of hazardous waste and that the generator is in compliance with applicable hazardous waste laws and rules.

(b) If the amount of the credit determined under paragraph (a) for any taxable year for which a depreciation deduction is allowed exceeds the limitation provided by paragraph (a) for the taxable year, referred to in this subdivision as the "unused credit year", the excess is a credit carryover to each of the four taxable years following the unused credit year.

(c) *The entire amount of the unused credit for an unused credit year must be carried to the earliest of the four taxable years to which such credit may be carried and then to each of the other three taxable years. The maximum credit allowable in any one taxable year under this subdivision including the credit allowable under paragraph (a) and the carryforward allowable under paragraph (b) and this paragraph shall in no event exceed \$75,000.*

Sec. 61. Minnesota Statutes 1982, section 290.06, is amended by adding a subdivision to read:

Subd. 17. [FEEDLOT POLLUTION CONTROL EQUIPMENT.] A credit of ten percent of the net cost of pollution control and abatement equipment, including but not limited to, lagoons, concrete storage pits, slurry handling equipment, and other equipment and devices approved by the pollution control agency, purchased, installed and operated within the state by a feedlot operator to prevent pollution of air, land, or water in connection with the operation of a livestock feedlot, poultry lot or other animal lot, may be deducted from the tax due under this chapter in the taxable year in which the equipment is purchased; provided that no deduction may be taken for any portion of the cost of the same equipment pursuant to subdivision 16.

If the amount of the credit provided by this subdivision exceeds the taxpayer's liability for taxes pursuant to chapter 290 in the taxable year in which the equipment is purchased, the excess amount may be carried forward to the four taxable years following the year of purchase. The entire amount of the credit not used in the year purchased shall be carried to the earliest of the four taxable years to which the credit may be carried and then to each of the three successive taxable years."

Page 58, line 17, delete "tangible personal"

Page 58, line 18, delete "property" and insert "equipment"

Page 65, line 9, delete "(2)" and insert "(b)"

Page 69, lines 13 and 14, delete "solid waste management" and insert "resource recovery"

Page 69, line 14, delete "waste disposal" and insert "tipping"

Page 69, line 15, after the period, insert "Subject to review and approval by the metropolitan council, pursuant to section 473.813,"

Page 69, line 16, delete "40" and insert "30"

Page 69, line 17, delete everything after "any" and insert "resource recovery purposes."

Page 69, delete lines 18 to 21

Page 70, line 4, delete "53" and insert "68"

Page 71, line 35, delete "1 and 2" and insert "3 and 4"

Page 72, lines 5 and 7, delete "41" and insert "46"

Page 72, line 12, delete "53" and insert "77"

Page 72, delete line 20

Page 72, line 21, delete everything before "are" and insert "Sections 46 to

48 and 50"

Page 72, delete line 25 and insert "*Sections 1 to 45, 51 to 58, and 63 to 79 are effective the day following*"

Page 72, line 26, delete "*47 to 51, 54, and 55*" and insert "*46 to 50, 53, and 54*"

Page 72, line 27, before the period, insert "*except that the fees imposed in sections 46, 53, and 54 shall be effective on January 1, 1988, with respect to nonhazardous solid waste from metalcasting facilities. Prior to January 1, 1988, an operator of a facility that is located in the metropolitan area for the disposal of mixed municipal solid waste shall deduct from the fee charged under sections 46, 53, and 54 the amount attributable to nonhazardous solid waste from metalcasting facilities*"

Page 72, line 27, delete "*55*" and insert "*59*"

Page 72, line 28, delete "*63*" and insert "*62*"

Page 72, line 29, after the period, insert "*Sections 60 and 61 are effective for taxable years beginning after December 31, 1984.*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, after "to" insert "solid and"

Page 1, line 10, after "financial" insert a comma and delete ", and" and insert a semicolon

Page 1, line 11, delete "studies" and insert "development"

Page 1, line 11, delete "and" and insert a comma and after "processing" insert a comma

Page 1, line 17, delete "solid waste" and insert "resource recovery"

Page 1, line 20, delete "designating" and insert "imposing a solid waste landfill fee in the metropolitan area; providing an income tax credit and sales tax exemption to encourage processing of waste at"

Page 1, line 27, delete "subdivisions" and insert "a subdivision"

Page 1, line 28, delete everything before "290.06"

Page 1, line 28, delete the second "a"

Page 1, line 29, delete the first "subdivision" and insert "subdivisions"

Page 1, line 37, delete "116J.90, subdivision 4;"

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was re-referred

S.F. No. 1703: A bill for an act relating to transportation; public transit; creating a regional transit board and specifying its powers and duties; transferring certain powers and duties to the regional transit board from the com-

missioner of transportation and the metropolitan transit commission; specifying certain powers of the metropolitan council; creating a suburban service demonstration project; providing for tiered property tax levies; reducing and reappropriating certain appropriations; amending Minnesota Statutes 1982, sections 174.22, subdivisions 5, 10, 13, and by adding a subdivision; 174.23, subdivisions 2 and 4; 174.24, subdivisions 1, 2, and 5; 473.121, subdivisions 18, 19, and by adding a subdivision; 473.146, subdivision 3; 473.167, subdivision 1; 473.402; 473.404; 473.405; 473.411; 473.435; 473.446, subdivision 1a; Minnesota Statutes 1983 Supplement, sections 174.24, subdivision 3; 221.041, by adding a subdivision; 221.071, subdivision 1; 473.446, subdivision 1; proposing new law coded in Minnesota Statutes, chapters 221; and 473; repealing Minnesota Statutes 1982, sections 174.03, subdivision 5a; 174.24, subdivisions 3a and 4; 174.265; 174.31; 473.411, subdivision 1; 473.413, subdivisions 1 to 6, as amended.

Reports the same back with the recommendation that the bill be amended as follows:

Page 7, line 4, delete "221.096" and insert "221.296"

Page 12, line 4, reinstate the stricken "for the metropolitan area"

Page 12, line 5, after the period, insert "*The regional transit board is the legal successor in all respects of the metropolitan transit commission and all bonds, resolutions, contracts, and liabilities of the metropolitan transit commission are the bonds, resolutions, contracts, and liabilities of the regional transit board.*"

Page 13, line 8, delete "each commission" and insert "the transit board"

Page 13, line 15, delete "commission"

Pages 13 and 14, delete section 3 and insert:

"Sec. 3. [TERMS EXPIRE.]

Effective August 1, 1984, the terms of the members and chair of the metropolitan transit commission expire, provided that they may continue to serve as members until the chair and at least seven transit board members have been appointed and qualified under section 473.404."

Page 13, lines 17, 19, 31, 32, and 35, delete "commission" and insert "transit board"

Page 13, line 26, delete "commission's" and insert "transit board's"

Page 14, lines 7, 24, 28, 30 and 33, delete "commission" and insert "transit board"

Page 14, line 35, delete "commission's" and insert "transit board's"

Page 14, line 36, strike "commission" and insert "transit board"

Page 15, lines 11, 21, 23, and 33, strike "commission" and insert "transit board"

Page 16, line 7, strike "commission" and insert "board"

Page 16, lines 8, 11, and 15, strike "commission" and insert "transit board"

Page 16, lines 17, 26, 29, 31, and 36, delete "*commission*" and insert "*transit board*"

Page 16, line 34, delete "COMMISSION" and insert "TRANSIT BOARD"

Page 17, lines 3, 6, and 33, delete "*commission*" and insert "*transit board*"

Page 17, lines 9 and 26, strike "*commission*" and insert "*transit board*"

Page 18, lines 4, 7, and 12, delete "*commission*" and insert "*transit board*"

Page 18, line 14, after the period, insert "*Employees of a contract manager may serve only in the operations division.*"

Page 18, lines 25 and 28, strike "*commission*" and insert "*transit board*"

Page 19, lines 2, 4, and 18, strike "*commission*" and insert "*transit board*"

Page 19, lines 25, 31, 33, and 36, delete "*commission*" and insert "*transit board*"

Page 19, line 33, delete "*commission's*" and insert "*transit board's*"

Page 20, lines 5, 7, 11, 15, 20, 23, and 33, delete "*commission*" and insert "*transit board*"

Page 21, line 20, delete "*commission*" and insert "*board*"

Page 21, lines 26, 28, and 30, delete "*commission*" and insert "*transit board*"

Page 22, lines 1, 3, 6, 12, 14, 17, 19, 29, 32, and 33, delete "*commission*" and insert "*transit board*"

Page 23, lines 2, 17, 18, and 35, delete "*commission*" and insert "*transit board*"

Page 24, lines 4, 8, 13, 15, 18, 21, 23, 24, 25, 29, 31, 34, and 35, delete "*commission*" and insert "*transit board*"

Page 25, lines 1, 7, 8, 14, 15, 19, 20, 22, 26, and 27, delete "*commission*" and insert "*transit board*"

Page 27, lines 10 and 31, strike "*commission*" and insert "*board*"

Page 27, lines 15, 19, 20, 23, 25, and 34, strike "*commission*" and insert "*transit board*"

Page 27, line 27, delete "*commission*" and insert "*transit board*"

Page 28, line 10, delete "*commission*" and insert "*transit board*"

Page 28, line 13, strike "*commission*" and insert "*board*"

Page 28, lines 27, 28, and 36, strike "*commission*" and insert "*transit board*"

Page 29, lines 6 and 8, strike "*commission*" and insert "*transit board*"

Page 29, lines 18, 33, and 36, delete "*commission*" and insert "*transit*"

board"

Page 30, lines 2, 4, 11, and 16, delete "commission" and insert "transit board"

Page 30, line 15, delete "COMMISSION" and insert "TRANSIT BOARD"

Page 31, lines 2, 7, 9, 30, and 33, delete "commission" and insert "transit board"

Page 32, lines 3, 8, 26, 27, and 29, delete "commission" and insert "transit board"

Page 33, line 2, strike "commission" and insert "transit board"

Page 33, lines 5, 12, and 17, delete "commission" and insert "transit board"

Page 34, lines 2 and 11, strike "commission" and insert "transit board"

Page 34, after line 33, insert:

"Sec. 13. [APPROPRIATION.]

An amount sufficient to compensate for the reduction in property tax revenues attributable to sections 11 and 12 is appropriated from the general fund to the chair of the regional transit board, effective July 1, 1986."

Page 35, line 3, after the period, insert "Sections 11 and 12 are effective for taxes levied in 1985, payable in 1986, and thereafter."

Page 35, line 7, delete "commission" and insert "transit board"

Page 35, line 22, after "funded" insert " , or that a letter of intent is on file for with the commissioner of transportation,"

Page 35, line 23, delete "January 1, 1984" and insert "the effective date of section 4"

Page 35, line 25, after "board" insert "up to the amount of available local transit funds, as defined in Minnesota Statutes 1982, section 174.265, subdivision 1"

Page 35, line 25, after "participating" insert "or intending to participate"

Page 36, line 3, delete everything after "3." and insert "The chairman of the regional transit board may, on approval of the board, appoint no more than three persons in the unclassified service, not to exceed any other statutory complement limitations."

Page 36, delete line 4

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, after "board" insert "as a successor agency to the metropolitan transit commission"

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Mr. Spear from the Committee on Judiciary, to which was referred

S.F. No. 1461: A bill for an act relating to claims against the state; providing for claims arising out of the injury or death of an inmate conditionally released; amending Minnesota Statutes 1982, section 3.739, subdivision 1.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 10, strike "LEGISLATIVE AUTHORITY" and insert "PERMISSIBLE CLAIMS"

Page 1, line 12, strike "by the legislature" and insert "as provided in subdivision 2"

Page 1, line 19, delete "citizen" and insert "business or individual"

Page 1, line 22, after "court" delete "or" and insert a comma

Page 1, line 23, after "court" insert ", or subject to a court disposition order,"

Page 1, line 23, after "who" insert a comma

Page 1, line 24, after "work" insert "(a)"

Page 1, line 25, after the comma, insert "(b)" and after the first "of" insert "or to work off"

Page 1, line 25, delete the semicolon and insert ", (c)"

Page 2, line 1, delete "as punishment for crimes;" and after "or" insert "(d)"

Page 2, line 2, delete "or" and insert a comma

Page 2, line 2, after "suspended sentence," insert "or disposition order,"

Page 2, lines 4 and 5, strike ", including a juvenile"

Page 2, line 6, strike "in restitution" and insert "as described in paragraph (1) or (2)"

Page 2, after line 7, insert:

"Sec. 2. Minnesota Statutes 1982, section 3.739, subdivision 2, is amended to read:

Subd. 2. [EVALUATION AND PAYMENT OF CLAIMS.] Claims not to exceed \$500 arising out of this section shall be paid pursuant to legislative appropriation following evaluation of each claim by the appropriate committees of the senate and house of representatives. Compensation will not be paid for pain and suffering investigated by the state or local agency responsible for supervising the work to determine if the claim is valid and if the loss is covered by insurance. The investigating agency shall submit all appropriate claims to the department of corrections. The department shall pay the portion of any approved claim that is not covered by insurance within a reasonable period of time. On or before the first day of each legislative session, the department shall submit to the appropriate committees of the senate and the house of representatives a list of the claims paid by it during the preceding calendar year, and shall be reimbursed pursuant to legislative appropriation for the claims paid.

Any claim in excess of \$500, and any claim that was not paid by the de-

partment may be presented to, heard, and determined by the appropriate committees of the senate and the house of representatives and, if approved, shall be paid pursuant to legislative appropriation.

No juvenile claimant receiving payment pursuant to this section may be identified by name either in the list of claimants submitted by the department or in the legislative appropriation.

Sec. 3. Minnesota Statutes 1982, section 3.739, is amended by adding a subdivision to read:

Subd. 2a. [LIMITATIONS.] No compensation shall be paid pursuant to this section for pain and suffering. Payments made pursuant to this section shall be reduced by any proceeds received by the claimant from any insurance policy covering the loss."

Delete the title and insert:

"A bill for an act relating to claims against the state; providing for claims arising out of the injury or death of an inmate conditionally released or a person performing work pursuant to a court order; amending Minnesota Statutes 1982, section 3.739, subdivisions 1, 2, and by adding a subdivision."

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Mr. Moe, R.D. moved the adoption of the foregoing committee reports. The motion prevailed.

MEMBERS EXCUSED

Mr. Pogemiller was excused from the Session of today from 11:15 a.m. to 12:00 noon. Mr. Storm was excused from the Session of today from 7:00 to 9:00 p.m. Mr. Wegscheid was excused from the Session of today from 12:50 to 2:10 p.m. and from 7:00 to 8:30 p.m.

ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 11:00 a.m., Friday, April 13, 1984. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate