

FIFTY-FIRST DAY

St. Paul, Minnesota, Friday, May 3, 1985

The Senate met at 1:00 p.m. and was called to order by the President.

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.

Prayer was offered by the Chaplain, Rev. Darold Lehman.

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

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

The President declared a quorum present.

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

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. 86, 921, 1087, 1308, 1208, 1291 and 1411.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 2, 1985

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 con-

currence of the Senate is respectfully requested:

S.F. No. 1398: A bill for an act relating to deposit and investment of public funds; modifying the collateral requirements for public deposits; amending Minnesota Statutes 1984, sections 118.005, subdivision 1; 118.01; 475.66, subdivision 1; and 475.76, subdivision 1.

Senate File No. 1398 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 2, 1985

Mr. Luther moved that S.F. No. 1398 be laid on the table. 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. 592, 1280 and 782.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 2, 1985

FIRST READING OF HOUSE BILLS

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

H.F. No. 592: A bill for an act relating to local government; permitting the establishment of special service districts in the city of New Ulm; providing taxing and other financial authority for New Ulm.

Referred to the Committee on Taxes and Tax Laws.

H.F. No. 1280: A bill for an act relating to labor; providing for fair labor standard practice; providing penalties; amending Minnesota Statutes 1984, sections 177.23, subdivisions 4 and 7; 177.24, subdivisions 3, 4, and 5; 177.27; 177.28, subdivision 4; 177.32, subdivision 1; 181.79, subdivision 1; 181A.04, subdivision 3; and 181A.12, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 181; repealing Minnesota Statutes 1984, chapter 184A.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1218, now on General Orders.

H.F. No. 782: A bill for an act relating to human services; providing for participation by Indian tribes in the placement of their children; proposing coding for new law in Minnesota Statutes, chapter 257.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 691, now on General Orders.

REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Ms. Berglin from the Committee on Health and Human Services, to which was re-referred

S.F. No. 1080: A bill for an act relating to animals; prohibiting transfer of certain animals for use in research or experimentation; providing a penalty; amending Minnesota Statutes 1984, section 35.71.

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 1984, section 35.71, is amended to read:

35.71 [UNCLAIMED AND UNREDEEMED ANIMALS IMPOUNDED; SCIENTIFIC USE OR OTHER DISPOSITION.]

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

(a) "Adoption" means the delivery of a dog or cat to a person 18 years of age or older to be kept as a pet or companion animal.

(b) "Cat" means any member of the felid family.

(c) "Dealer" means any licensed or unlicensed public or private agency, person, society, or corporation which buys or sells live dogs or cats for research purposes.

(d) "Dog" means any member of the canid family.

(e) "Establishment" means any public or private agency, person, society, or corporation which assumes lawful custody of live animals seized under the authority of the state or any political subdivision of the state.

(f) "Institution" means any school or college of agriculture, veterinary medicine, medicine, pharmacy, or dentistry, or other educational or scientific ~~establishment~~ organization properly concerned with the investigation of, ~~or living organisms~~, instruction concerning the structure or functions of living organisms, or the cause, prevention, control, or cure of diseases or abnormal conditions of human beings or animals.

(g) "Research" means the activities of institutions described in paragraph (f).

Subd. 2. [APPLICATION FOR LICENSE.] ~~Such institutions~~ An institution may apply to the board for a license to obtain animals from establishments ~~as defined in subdivision 3~~. If, after investigation, the board finds that the institution making request for license is a fit and proper agency, within the meaning of this section, to receive a license, and that the public interest will be served ~~thereby by issuance of a license~~, it may issue a license to ~~such the institution authorizing it to obtain animals hereunder, subject to the restrictions and limitations herein provided under this section.~~

Subd. 3. [ESTABLISHMENT DEFINED, POWERS, STRAY ANIMALS, SEIZURE, DISPOSITION.] "Establishment" shall include any ~~public or private agency, person, society or corporation having custody of animals which are seized under the authority of the state or any political subdivision of the state~~. All animals seized by public authority shall ~~must~~ be held for redemption by the owner for a period not less than ~~five~~ eight regular business days of the impounding agency, or for a longer period of time specified by municipal ordinance. For the purpose of this subdivision, the term

"regular business day" means any day during which the establishment having custody of an animal is open to the public not less than four consecutive hours between the hours of 8:00 A.M. and 7:00 P.M. These establishments shall maintain the following records of the animals in custody, and preserve the records for a minimum of six months:

(a) the description of the animal, by species, breed, sex, approximate age, and other distinguishing traits;

(b) the location at which the animal was seized;

(c) the date of the seizure;

(d) The name and address of the person from whom any animal three months of age or over was received;

(e) the name and address of the person to whom any animal three months of age or over was transferred.

The records ~~shall~~ must be maintained in a form permitting easy perusal by the public. A person may view the records and may view any and all animals in custody at any time during which the establishment is open to the public. At the end of this ~~five day~~ eight-day period all animals which remain unredeemed by their owners or any other person entitled to ~~do so~~ redeem them, shall be made available to any institution licensed ~~hereunder~~ under this section which has submitted a prior request for the numbers which the institution requests. However, if a tag affixed to the animal, or a statement by the animal's owner after seizure, specifies that an animal ~~shall may~~ not be used for research, the animal ~~shall must~~ not be made available to any institution but may, in the discretion of the establishment, be destroyed after the expiration of the ~~five day~~ eight-day period. If a request is made by a licensed institution to an establishment for a larger number of animals than are available at the time of the request, the establishment shall withhold from destruction, all unclaimed and unredeemed animals until the request has been filled, provided that the actual expense of holding animals beyond the time of notice to the institution of their availability, ~~shall must~~ be borne by the institution receiving them. Any establishment which fails or refuses to comply with ~~these provisions shall become~~ this section is immediately ineligible for any further public funds from any county or municipality. Upon receipt of a sworn statement by an authorized officer or employee of any institution licensed ~~hereunder~~ under this section of noncompliance by any establishment with ~~these provisions~~ this section, it ~~shall be~~ is unlawful for the treasurer of any municipality or other political subdivision of the state to pay any public funds to an establishment until the complainant withdraws its statement of noncompliance or until the board ~~shall~~ either ~~determine~~ determines that the complaint of noncompliance was without foundation or that the establishment has given adequate assurance of future compliance, and the treasurer of the municipality or other political subdivision has been notified of the determination in writing. If it appears upon the complaint of any person that any officer, agent, or employee of an establishment is violating or failing to carry out the provisions of this section, the attorney general or county attorney of the county in which the establishment is located, in addition to any other remedies, may bring an action in the name of the state of Minnesota against any establishment, officer, agent or employee thereof to enjoin compliance with this section.

Subd. 4. [TRANSPORTATION OF ANIMALS.] ~~The~~ A licensed institution shall provide, at its own expense, for the transportation of ~~such~~ animals from the establishment to the institution and shall use them only in the conduct of its scientific and educational activities and for no other purpose.

Subd. 5. [ANNUAL LICENSE FEE.] Each institution licensed under this section shall pay an annual license fee of \$50 for each calendar year, or part ~~thereof~~ of a year, to the board. All ~~such~~ license fees ~~shall~~ must be deposited in the general fund of the state of Minnesota.

Subd. 6. [REVOCAION OF LICENSE.] The board upon 15 days written notice and an opportunity to be heard, may revoke the license granted any institution ~~(4)~~ if the institution has violated any provisions of this section, or ~~(2)~~ has failed to comply with the conditions required by the board in respect to the issuance of ~~such~~ its license.

Subd. 7. [DISPOSITION OF DOGS AND CATS.] *Any identified dog or cat not redeemed by its owner after eight days becomes the property of the establishment and must either be placed for adoption under the procedures of the establishment or be euthanized humanely. No operator of a pound or establishment may receive more compensation from the sale of dogs or cats for research or education purposes than the operator would have received upon redemption of the animal by the owner.*

Subd. 8. [VOLUNTARY CONTRIBUTION.] *Nothing contained in this section prohibits any person from making a voluntary contribution of a dog or cat owned by the person to an institution, without consideration.*

Subd. 9. [NO ESTABLISHMENT TO BE A DEALER.] *No establishment or person who has an interest in an establishment may be a dealer.*

Subd 10. [DEALERS TO PROVIDE PUBLIC NOTICE AND ACCESS.] *A person licensed as a dealer shall post a conspicuous notice in a format no less than 24 by 36 inches and easily readable by the general public, that states: (1) that the person is a licensed dealer in dogs and cats; (2) that dogs and cats left with the dealer may be used for research purposes; and (3) the hours the dealer is open to the public. The notice must be placed in not less than two locations on the dealer's premises, one of which must be on or near the mail delivery point and one of which must be at the regularly used point of exchange of dogs and cats. A person may view dogs and cats in the custody of a dealer during the time the dealer is open to the public. Dealers are required to be open on a regular basis at least four consecutive hours between 8:00 a.m. and 7:00 p.m. on at least five of the seven days of each week. Any advertisement placed by a dealer seeking dogs or cats must inform the public that dogs and cats brought to the dealer may be used for research purposes.*

Subd. 11. [RULES.] The board ~~shall have the power to~~ may adopt rules, not inconsistent with this section, necessary to carry out the provisions of this section, and ~~shall have the right may~~ whenever it ~~deems~~ considers it advisable, or in the public interest, to inspect or investigate any institution which has applied for a license or has been granted a license ~~hereunder~~ under this section.

Subd. & 12. [VIOLATIONS, PENALTIES.] ~~It shall be~~ A violation of this section is a misdemeanor for any person or corporation to violate any of the provisions of this section."

Delete the title and insert:

"A bill for an act relating to animals; prohibiting transfer of certain animals for use in research; regulating dealers in certain animals; amending Minnesota Statutes 1984, section 35.71."

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

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was re-referred under Joint Rule 2.03, together with the committee report thereon,

S.F. No. 928: A bill for an act relating to occupations and professions; providing for licensure of persons engaged in the sale of hearing instruments; appropriating money; providing penalties; proposing coding for new law as Minnesota Statutes, chapter 153A.

Reports the same back with the recommendation that the report from the Committee on Health and Human Services, shown in the Journal for April 22, 1985, be amended to read:

"the bill be amended and when so amended the bill be re-referred to the Committee on Finance."

Amendments adopted. Report adopted.

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

H.F. No. 968 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
968	946				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 968 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 968 and insert the language after the enacting clause of S.F. No. 946, the second engrossment; further, delete the title of H.F. No. 968 and insert the title of S.F. No. 946, the second engrossment.

And when so amended H.F. No. 968 will be identical to S.F. No. 946, and further recommends that H.F. No. 968 be given its second reading and substituted for S.F. No. 946, 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. 1109 for comparison with companion Senate File, reports the

following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1109	1233				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1109 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1109 and insert the language after the enacting clause of S.F. No. 1233, the first engrossment; further, delete the title of H.F. No. 1109 and insert the title of S.F. No. 1233, the first engrossment.

And when so amended H.F. No. 1109 will be identical to S.F. No. 1233, and further recommends that H.F. No. 1109 be given its second reading and substituted for S.F. No. 1233, 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. 1045 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1045	1104				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1045 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1045 and insert the language after the enacting clause of S.F. No. 1104, the first engrossment; further, delete the title of H.F. No. 1045 and insert the title of S.F. No. 1104, the first engrossment.

And when so amended H.F. No. 1045 will be identical to S.F. No. 1104, and further recommends that H.F. No. 1045 be given its second reading and substituted for S.F. No. 1104, 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.

SECOND READING OF HOUSE BILLS

H.F. Nos. 968, 1109 and 1045 were read the second time.

MOTIONS AND RESOLUTIONS

Mr. Wegscheid moved that the name of Mr. Jude be added as a co-author

to S.F. No. 1518. The motion prevailed.

Mr. Wegscheid moved that the name of Mr. Jude be added as a co-author to S.F. No. 1519. The motion prevailed.

Mr. Frederick introduced—

Senate Resolution No. 79: A Senate resolution congratulating Waseca High School on winning the 1985 Minnesota High School Mock Trial Competition.

Referred to the Committee on Rules and Administration.

Mrs. Adkins introduced—

Senate Resolution No. 80: A Senate resolution congratulating Rockford High School on participating in the 1985 Minnesota High School Mock Trial Competition.

Referred to the Committee on Rules and Administration.

Remaining on the Order of Business of Motions and Resolutions, pursuant to Rule 10, Mr. Moe, R.D., Chairman of the Subcommittee on Bill Scheduling, designated H.F. No. 756 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 756: A bill for an act relating to taxation; simplifying Minnesota income tax law by increasing conformity to federal income tax law; changing income tax rates, rate brackets, credits, and deductions; providing for computation of interest on overpayments; providing for timely payment of certain taxes; changing the estate tax; changing corporate income tax provisions; rescheduling payments and reducing the budget reserve; reducing sales tax rates and providing sales tax exemptions; authorizing lodging taxes for towns; reducing the basic maintenance mill rate; changing the computation of or eliminating certain property tax credits; changing property tax exemptions, classes, and classification ratios; changing the taxation of telephone companies; providing for studies; imposing duties on the commissioner of revenue and commissioner of natural resources; providing for changes in the levy limit base; changing property tax provisions relating to collection of property tax, confessions of judgment, and sale of tax forfeit lands; changing property tax refund benefit schedules, eligible claimants, and definition of property taxes payable; changing local government aids; appropriating money; amending Minnesota Statutes 1984, sections 10A.31, subdivisions 1 and 3; 13.04, subdivision 2; 16A.15, subdivision 6; 41.55; 60A.15, subdivision 12; 60A.199, subdivision 8; 92.46, subdivision 1; 117.55; 124.2137, subdivision 1; 124A.02, subdivision 7; 270A.07, subdivision 5; 271.12; 272.02, subdivision 1; 272.03, subdivision 1; 273.111, subdivision 11; 273.115, subdivisions 2 and 3; 273.116, subdivisions 2 and 3; 273.13, subdivisions 4, 5a, 6, 6a, 7, 7b, 7c, 7d, 8a, 9, 14a, 16, 17, 17b, 17c, 17d, 19, 20, and 21; 273.133, by adding a subdivision; 273.135, subdivisions 1, 2, and 5; 273.1391, subdivisions 1, 2, and 4; 273.1392; 273.40; 273.42, subdivision 2; 275.50, by adding a subdivision; 275.51, subdivision 3h; 277.03; 277.10; 279.37, subdivisions 1, 3, 4, 8, and by adding a subdivision; 281.23, subdivision 1; 281.29; 282.01, subdivision 7a; 282.021; 282.261, by adding a

subdivision; 290.01, subdivisions 20, 20a, 20b, 20d, 20e, and 20f; 290.032, subdivision 2; 290.05, subdivision 3; 290.06, subdivisions 2c, 2d, 3f, 3g, 11, and by adding a subdivision; 290.067, subdivision 1; 290.069, subdivision 4; 290.07, subdivision 1; 290.08, subdivision 26, and by adding a subdivision; 290.089, subdivision 2; 290.09, subdivisions 1 and 7; 290.091; 290.095, subdivisions 3, 7, 9, and 11; 290.10; 290.12, subdivision 2; 290.14; 290.17, subdivision 2; 290.175; 290.18, subdivision 2; 290.21, subdivisions 3 and 4; 290.34, subdivision 1, and by adding a subdivision; 290.37, subdivision 1; 290.38; 290.39, subdivision 1a; 290.41, subdivision 2; 290.50, subdivisions 1, 5, and 6; 290.92, subdivisions 2a, 6, 11, 13, and 19; 290.93, subdivision 9; 290.932, subdivision 1; 290.933, subdivision 1; 290.936; 290A.03, subdivisions 3 and 13; 290A.04, subdivisions 1, 2, 3, and by adding a subdivision; 290A.06; 290A.07, subdivisions 2a and 3; 290A.10; 290A.19; 291.005, subdivision 1; 291.03, subdivision 1; 291.075; 291.09, subdivisions 1a, 2a, and 3a; 291.11, subdivision 1; 291.15, subdivisions 1 and 3; 291.18; 291.215, subdivision 1; 291.32; 294.09, subdivision 1; 295.34, subdivision 1; 297A.01, subdivisions 15 and 16; 297A.02, subdivisions 1, 2, and 3; 297A.03, subdivision 2; 297A.14; 297A.25, subdivision 1; 297A.26, subdivision 1, and by adding a subdivision; 297A.27, subdivision 1; 297A.35, subdivision 1; 298.09, subdivision 4; 298.40, by adding a subdivision; 299.05; 299F.26, subdivision 1; 473.556, subdivision 4; 477A.011, subdivision 3, and by adding subdivisions; 477A.013; 477A.018; 524.3-1202; amending Laws 1984, chapter 644, section 85; proposing coding for new law in Minnesota Statutes, chapters 16A; 124A; 270; 290; and 297A; repealing Minnesota Statutes 1984, sections 41.58, subdivision 3; 41.59, subdivisions 2 and 3; 55.10, subdivision 2; 62E.03, subdivision 2; 270.75, subdivision 7; 273.115, subdivisions 1, 5, 6, and 7; 273.116, subdivisions 1, 5, 6, and 7; 273.1311; 273.1315; 290.01, subdivisions 20c and 26; 290.012; 290.06, subdivisions 2f, 3d, 3e, 14, 15, 16, 17, 18, and 19; 290.067, subdivisions 2 and 4; 290.068, subdivision 6; 290.077, subdivision 4; 290.08, subdivisions 23 and 24; 290.089, subdivisions 1, 3, 4, 5, and 6; 290.09, subdivision 29; 290.101; 290.18, subdivision 4; 290.21, subdivision 8; 290.34, subdivision 2; 290.39, subdivision 2; 290.41, subdivision 5; 290A.04, subdivisions 2a and 2b; 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; 291.131, subdivisions 5 and 6; 291.132; 291.15, subdivision 2; 291.18; 291.20; 291.29, subdivision 5; 295.34, subdivision 2; 297A.15, subdivision 5; 297A.26, subdivision 3; 297A.275; 385.36; 477A.011, subdivision 10; and 477A.0131; repealing Laws 1982, chapter 523, article 7, section 3.

Mr. Johnson, D.J. moved to amend H.F. No. 756, the unofficial engrossment, as follows:

Page 351, delete section 6

Page 353, line 20, delete "13" and insert "12"

Renumber the sections in sequence

Amend the title as follows:

Page 2, line 31, delete " , and by adding a subdivision"

The motion prevailed. So the amendment was adopted.

Mr. Taylor moved to amend H.F. No. 756, the unofficial engrossment, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 16A.15, subdivision 6, is amended to read:

Subd. 6. [BUDGET RESERVE ACCOUNT.] A budget reserve account is created in the general fund in the state treasury. The commissioner of finance on July 1, 1983, shall transfer \$250,000,000 to the budget reserve account. The commissioner of finance on July 1, 1984, shall transfer an additional \$125,000,000 to the budget reserve account in the general fund. *On July 1, 1985, the commissioner of finance shall reduce the amount credited to the budget reserve account by \$125,000,000. Except as provided in this subdivision, the amounts transferred shall remain in the budget reserve account until expended under subdivision 1.*

Sec. 2. Minnesota Statutes 1984, 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 ~~33~~ 53 percent of the tax levy imposed on up to 320 acres of land including the buildings and structures thereon but excluding all dwellings and an acre of land for each dwelling. 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 ~~45~~ 24 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~~ 16 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 including buildings and structures thereon but excluding all dwellings and an acre of land for each dwelling 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 ~~45~~ 24 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~~ 16 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 \$4,000 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. Minnesota Statutes 1984, section 273.13, is amended by adding a subdivision to read:

Subd. 9a. [COMMERCIAL-INDUSTRIAL PROPERTY TAX CREDIT.] The property taxes payable in commercial and industrial property constituting class 4c as determined by law must be reduced by an amount equal to 33 percent of the gross tax imposed on the first \$60,000 of market value plus 18 percent of the gross tax imposed on the excess market value.

Sec. 4. Minnesota Statutes 1984, section 273.13, subdivision 15a, is amended to read:

Subd. 15a. [GENERAL FUND, REPLACEMENT OF REVENUE.] (1) Payment from the general fund shall be made, as provided herein, for the purpose of replacing revenue lost as a result of the reduction of property taxes provided in subdivisions 6, 7, 9a, and 14a.

(2) Each county auditor shall certify, not later than May 1 of each year to the commissioner of revenue the amount of reduction resulting from subdivisions 6, 7, 9a, and 14a in his county. This certification shall be submitted to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under the provisions of section 275.29. Any prior year adjustments shall also be certified in the abstracts of tax lists. The commissioner of revenue shall review such certifications to determine their accuracy. He may make such changes in the certification as he may deem necessary or return a certification to the county auditor for corrections.

(3) Based on current year tax data reported in the abstracts of tax lists, the commissioner of revenue shall annually determine the taxing district distribution of the amounts certified under clause (2). The commissioner of revenue shall pay to each taxing district, other than school districts, its total payment for the year in equal installments on or before July 15, August 15, September 15, October 15, November 15, and December 15 of each year.

(4) There is annually appropriated to the commissioner of revenue the amounts necessary to make the payments required by this section.

Sec. 5. Minnesota Statutes 1984, section 273.1392, is amended to read:

273.1392 [PAYMENT; AIDS TO SCHOOL DISTRICTS.]

The amounts of homestead credit under section 273.13, subdivisions 6, 7, and 14a; wetlands credit and reimbursement under section 273.115; native prairie credit and reimbursement under section 273.116; *commercial-industrial credit under section 273.13, subdivision 9a*; disaster or emergency reimbursement under section 273.123; attached machinery aid under section 273.138; reimbursement under section 273.139; and metropolitan agricultural preserve reduction under section 473H.10, shall be certified to the department of education by the department of revenue. ~~The amounts so certified shall be paid according to the schedule for payment of foundation aids pursuant to section 124.11 for fiscal year 1983. Beginning in fiscal year 1984,~~ The amounts so certified shall be paid according to section 124.195, subdivisions 6 and 10. *There is annually appropriated to the commissioner of education the amounts necessary to make the payments provided by this*

section.

Sec. 6. Minnesota Statutes 1984, section 276.04, is amended to read:

276.04 [NOTICE OF RATES; PROPERTY TAX STATEMENTS.]

On receiving the tax lists from the county auditor, the county treasurer shall, if directed by the county board, give three weeks' published notice in a newspaper specifying the rates of taxation for all general purposes and the amounts raised for each specific purpose. He shall, whether or not directed by the county board, cause to be printed on all tax statements, or on an attachment, a tabulated statement of the dollar amount due to each taxing authority from the parcel of real property for which a particular tax statement is prepared. The dollar amounts due the county, township or municipality and school district shall be separately stated but the amounts due other taxing districts, if any, may be aggregated. The dollar amounts, including the dollar amount of any special assessments, may be rounded to the nearest even whole dollar. For purposes of this section whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar. The statement shall include the following sentence, printed in upper case letters in bold face print: **"THE STATE OF MINNESOTA DOES NOT RECEIVE ANY PROPERTY TAX REVENUES. THE STATE OF MINNESOTA REDUCES YOUR PROPERTY TAX BY PAYING CREDITS AND REIMBURSEMENTS TO LOCAL UNITS OF GOVERNMENT."** The property tax statements for class 2a property shall contain the same information that is required on the tax statements for real property. The county treasurer shall mail to taxpayers statements of their personal property taxes due, such statements to be mailed not later than February 15 (except in the case of Class 2a property), statements of the real property taxes due shall be mailed not later than January 31; provided, that the validity of the tax shall not be affected by failure of the treasurer to mail such statement. The taxpayer is defined as the owner who is responsible for the payment of the tax. Such real and personal property tax statements shall contain the market value, as defined in section 272.03, subdivision 8, used in determining the tax. The statement shall show the amount attributable to section 124.2137 as "state paid agricultural credit" and the amount attributable to section 273.13, subdivisions 6 and 7 as "state paid homestead credit." *The statement mailed to a taxpayer whose taxes are reduced under section 273.13, subdivision 9a, must state the amount of the reduction in dollars and identify it as "state paid commercial-industrial credit."* The statement shall show the reduction attributable to the aid given pursuant to section 273.139 and shall indicate that the reduction is paid by the state of Minnesota. If so directed by the county board, the treasurer shall visit places in the county as he deems expedient for the purpose of receiving taxes and the county board is authorized to pay the expenses of such visits and of preparing duplicate tax lists. Failure to mail the tax statement shall not be deemed a material defect to affect the validity of any judgment and sale for delinquent taxes.

Sec. 7. Minnesota Statutes 1984, 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) 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);

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

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

(6) 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;

(7) 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;

(8) 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;

(9) 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;

(10) 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;

(11) 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);

(12) For an estate or trust, 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;

(13) To the extent deducted in computing the estate or trust's federal taxable income, interest, taxes and other expenses which are not allowed under section 290.10, clause (9) or (10);

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

(15) 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;

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

(17) ~~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; provided that an individual on whose behalf stock worth less than \$300 is contributed during the taxable year to a tax credit employee stock ownership plan that satisfies the requirements of sections 44G and 409A of the Internal Revenue Code of 1954 shall not be required, as a consequence of that contribution, to include contributions to another plan or account in gross income under this clause to the extent the contributions do not exceed the difference between the value of the stock contributed during the taxable year and \$1,500; and~~

(18) 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, provided that employee contributions to police and fire relief associations that previously were not included within gross income as contributions to organizations qualified under section 501(c)(4) of the Internal Revenue Code of 1954 shall not be included in gross income under this clause.

Sec. 8. Minnesota Statutes 1984, 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 the preceding sentence, "federal adjusted gross income" shall not include railroad retirement or social security benefit amounts provided in sections 86 and 72(r) of the Internal Revenue Code of 1954. 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 that represent a return of contributions if they were included in gross income on the individual's 1982, 1983, or 1984 income tax return. The distribution must 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) 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;

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

(13) For an estate or trust, the amount of any income or gain which is not assignable to Minnesota under the provisions of section 290.17;

(14) 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;

(15) 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;

(16) 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 (18) (17). The provisions of this clause shall apply before the provisions of clause (6) apply and an amount subtracted under this clause may not be subtracted under clause (6); and

(17) To the extent included in federal adjusted gross income, distributions from an individual retirement account which represent a return of contributions if the contributions were included in gross income pursuant to subdivision 20a, clause (17). The distribution shall be allocated first to return of contributions included in gross income until the amount of the contributions has been exhausted; and

(18) To the extent included in federal adjusted gross income, social security benefits as defined and as provided in section 86 of the Internal Revenue Code of 1954, railroad retirement benefits as provided in section 72(r) of the Internal Revenue Code of 1954, and sick pay paid under the Railroad Unemployment Insurance Act as provided in section 105(i) of the Internal Revenue Code of 1954, provided that any amount subtracted under this clause may not be subtracted under clause (6).

Sec. 9. Minnesota Statutes 1984, 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) 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) an election is made for federal income tax purposes under section 642(g) of the Internal Revenue Code of 1954. The election made for federal tax purposes under section 642(g) of the Internal Revenue Code of 1954 is binding for Minnesota tax purposes.

Sec. 10. Minnesota Statutes 1984, 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~~ 1.3 percent;
- (2) On the second \$500, ~~two and two-tenths~~ 1.8 percent;
- (3) On the next \$1,000, ~~three and five-tenths~~ 2.8 percent;
- (4) On the next \$1,000, ~~five and eight-tenths~~ 4.7 percent;
- (5) On the next \$1,000, ~~seven and three-tenths~~ 5.9 percent;
- (6) On the next \$1,000, ~~eight and eight-tenths~~ 7.1 percent;
- (7) On the next \$2,000, ~~ten and two-tenths~~ 8.3 percent;
- (8) On the next \$2,000, ~~eleven and five-tenths~~ 9.3 percent;
- (9) On the next \$3,500, ~~twelve and eight-tenths~~ 10.4 percent;
- (10) On all over \$12,500, and not over \$20,000, ~~fourteen~~ 11.3 percent;
- (11) On all over \$20,000 and not over \$27,500, ~~fifteen~~ 12.2 percent;
- (12) On all over \$27,500, ~~sixteen~~ 13 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) An individual who is not a Minnesota resident for the entire year must compute his Minnesota income tax as provided in clause (a). After the application of the nonrefundable credits provided in this chapter, the tax liability must then be multiplied by a fraction in which:

- (1) The numerator is the individual's Minnesota gross income, computed as if the provisions of section 290.17, subdivision 2, or 290.171 applied; and
- (2) the denominator is the individual's federal adjusted gross income.

Sec. 11. Minnesota Statutes 1984, 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, 1983~~ *December 31, 1984*.

Sec. 12. Minnesota Statutes 1984, 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. For a resident decedent, the tax shall be the maximum credit allowable under section 2011 of the Internal Revenue Code reduced by the amount of the death tax paid the other state and credited against the federal estate tax if this results in a larger amount of tax than the proportionate amount of the credit. The tax determined under this paragraph shall not be greater than the maximum credit allowable under section 2011 of the Internal Revenue Code.~~

Sec. 13. Minnesota Statutes 1984, 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. 14. Minnesota Statutes 1984, 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, 1984 1985 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. 15. Minnesota Statutes 1984, section 291.09, subdivision 2a, is amended to read:

Subd. 2a. The commissioner may designate on the return the documents

that are required to be filed together with the return in order to determine the ~~proper valuation of assets and~~ computation of tax. The commissioner shall not be bound by any item on the return unless he has received all required documents and unless all items of information on the return have been completed.

Sec. 16. Minnesota Statutes 1984, 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 administrative law judge, 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~~ 14. 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 Minne-

sota 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. 17. Minnesota Statutes 1984, section 291.11, subdivision 1, is amended to read:

Subdivision 1. (1) All taxes imposed by this chapter shall take effect at and upon the death of the person whose estate is subject to taxation and shall be due and payable at the expiration of nine months from such death, except as otherwise provided in this chapter. *Where an extension to file the federal estate tax return has been granted under the provision of section 6081 of the Internal Revenue Code, the time for filing the estate tax return or making payment of the tax without penalty, is extended for the same period.* Provided, that any taxpayer who owes at least \$5,000 in taxes ~~may choose to pay these taxes in five equal installments over a period of time not to exceed five years from the death of the person whose estate is subject to taxation or five years from the expiration of the extension granted by the commissioner pursuant to section 291.132, whichever is later and who, under section 6161 or 6166 of the Internal Revenue Code, has been granted an extension for payment of the tax shown on the return, may elect to pay the commissioner the amount of tax due in equal amounts at the same time as required for federal purposes.~~ When a taxpayer elects to pay the tax in installments, he shall notify the commissioner in writing no later than nine months after the death of the person whose estate is subject to taxation. If the taxpayer fails to pay an installment on time, unless it is shown that such failure is due to reasonable cause, the election shall be revoked and the entire amount of unpaid tax plus accrued interest shall be due and payable 90 days after the date on which the installment was payable.

(2) (a) False return - in the case of a false or fraudulent return with the intent to evade tax, any additional tax resulting therefrom may be assessed at any time.

(b) No return - in the case of failure to file a return, the tax may be assessed at any time.

(c) Omissions - in the case where there is omitted from the estate items subject to tax under this chapter the tax on such omitted items may be assessed at any time.

In determining the items omitted, there shall not be taken into account any item which has been disclosed in the return or in a statement attached to the return in a manner adequate to apprise the commissioner of the nature and amount of such item.

(3) Where, before the expiration of the time prescribed in this chapter for the determination or adjustment of the tax, the commissioner and the taxpayer shall consent in writing to the extension of time for such determination or adjustment the tax may be determined at any time prior to the expiration

agreed upon and in the manner agreed upon. The period so agreed upon may be extended by subsequent agreements in writing made before the expiration of the period previously agreed upon.

Sec. 18. Minnesota Statutes 1984, section 291.15, subdivision 1, is amended to read:

Subdivision 1. If the tax is not paid within ~~nine months from the accruing thereof, the time specified for payment, the unpaid tax and any penalty imposed under section 291.131 shall bear interest shall be charged and collected thereon~~ at the rate specified in section 270.75 from the due date until the date the tax is paid. *Unpaid tax includes the unpaid tax when the taxpayer elects to pay the tax in installments and the due date is the date the tax was due without regard to any extension that is granted or an election to pay the tax in installments.* In the event a person or corporation upon proper authorization makes a payment to be applied against the tax thereafter, no interest shall accrue on the amount so paid. All payments shall be applied first to penalties, next to interest and then upon principal.

Sec. 19. Minnesota Statutes 1984, section 291.15, subdivision 3, is amended to read:

Subd. 3. Interest shall be paid on installment payments of the tax authorized under section 291.11, subdivision 1, ~~or 291.132, subdivision 2,~~ at the rate of interest in effect pursuant to section 270.75 nine months following the date of death.

Sec. 20. Minnesota Statutes 1984, 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. Values for purposes of the estate tax on both probate and nonprobate assets shall be the same as those finally determined for purposes of the federal estate tax on a decedent's estate.~~

Sec. 21. Minnesota Statutes 1984, section 291.32, is amended to read:

291.32 [REFUNDING OF TAX.]

Subdivision 1. ~~Whenever, If~~ under the provisions of this chapter any person or corporation ~~shall be~~ is entitled to a return of any part of a tax, ~~penalty or interest previously paid in excess of the amount legally due, he may make application apply~~ to the commissioner for a determination of the amount which he is entitled to have returned, ~~and on such application shall~~. The applicant must furnish the commissioner with affidavits and other evidence showing the facts which entitled him to such return and the amount he is entitled to have returned. ~~Upon the filing of such application,~~ The commissioner ~~shall must~~ examine the same application and ~~shall make a written order thereon denying or allowing deny or allow, in a written order,~~ the application in whole or in part ~~and shall mail~~. A copy of such order by cer-

~~ified mail the order must be mailed to the applicant at the address stated on the application. If such application is allowed in whole or in part, the commissioner shall cause such pay the refund to be paid in the manner provided by law. It shall be the duty of the state treasurer to pay warrants therefor out of any funds in the state treasury not otherwise appropriated. The amount of taxes, penalty and interest in excess of the amount legally due must be paid with interest from the date of payment or from the date beginning nine months after the death of the decedent, whichever is later. The moneys necessary to pay such warrants the amounts are hereby appropriated to the commissioner out of any moneys in the state treasury not otherwise appropriated the general fund.~~

Subd. 2. *All applications for refunds must be made within two years from the date of final determination or adjustment of any part of the tax, penalty or interest by the taxpayer, the commissioner or the tax court, as applicable. If the application is denied in whole or in part the taxpayer may commence an action against the commissioner to recover any overpayments of taxes claimed to be refundable but for which the commissioner has issued no order of refundment. Such action may be brought in the District Court of the district in which lies the county of his residence or principal place of business if an estate or trust, of the principal place of its administration, or in the district court for Ramsey County. Such action may be commenced after the expiration of six months after the application is filed if the commissioner has not taken final action thereon and shall be commenced within 18 months after the date of the order denying the application. If the commissioner has not acted within two years after the application is filed, it shall be considered denied.*

Sec. 22. Minnesota Statutes 1984, 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 and~~ replacement parts for farm machinery ~~shall not be~~ are 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 vehi-

cles and machines.

Sec. 23. Minnesota Statutes 1984, section 297A.02, subdivision 2, is amended to read:

Subd. 2. [MACHINERY AND EQUIPMENT.] Notwithstanding the provisions of subdivision 1, the rate of the excise tax imposed upon sales of ~~farm machinery~~, special tooling, and capital equipment is four percent *and upon sales of farm machinery is three percent.*

Sec. 24. Minnesota Statutes 1984, section 297A.14, is amended to read:

297A.14 [USING, STORING OR CONSUMING TANGIBLE PERSONAL PROPERTY; ADMISSIONS; UTILITIES.]

For the privilege of using, storing or consuming in Minnesota tangible personal property, tickets or admissions to places of amusement and athletic events, electricity, gas, and local exchange telephone service purchased for use, storage or consumption in this state, a use tax is imposed on every person in this state at the rate of six percent of the sales price of sales at retail unless the tax imposed by section 297A.02 was paid on the sales price. Notwithstanding the provisions of the preceding sentence, the rate of the use tax imposed upon the sales price of sales of ~~farm machinery~~, special tooling, and capital equipment is four percent *and upon the sales price of sales of farm machinery is three percent.*

A motor vehicle subject to tax under this section shall be taxed at its fair market value at the time of transport into Minnesota if the motor vehicle was acquired more than three months prior to its transport into this state.

Sec. 25. Minnesota Statutes 1984, section 297A.27, subdivision 1, is amended to read:

Subdivision 1. ~~Except as provided in section 297A.275,~~ On or before the 25th day of each month in which taxes imposed by sections 297A.01 to 297A.44 are payable, a return for the preceding reporting period shall be filed with the commissioner in such form as the commissioner may prescribe, verified by a written declaration that it is made under the criminal penalties for wilfully making a false return, and in addition shall contain a confession of judgment for the amount of the tax shown due thereon to the extent not timely paid. Any person making sales at retail at two or more places of business may file a consolidated return subject to such regulations as the commissioner may prescribe.

Sec. 26. Minnesota Statutes 1984, section 524.3-1202, is amended to read:

524.3-1202 [EFFECT OF AFFIDAVIT.]

The person paying, delivering, transferring, or issuing personal property or the evidence thereof pursuant to affidavit ~~shall submit a copy of the affidavit to the commissioner of revenue within five days of its receipt and then~~ is discharged and released to the same extent as if he dealt with a personal representative of the decedent. He is not required to see to the application of the personal property or evidence thereof or to inquire into the truth of any statement in the affidavit. If any person to whom an affidavit is delivered refuses to pay, deliver, transfer, or issue any personal property or evidence

thereof, it may be recovered or its payment, delivery, transfer, or issuance compelled upon proof of their right in a proceeding brought for the purpose by or on behalf of the persons entitled thereto. Any person to whom payment, delivery, transfer or issuance is made is answerable and accountable therefor to any personal representative of the estate or to any other person having a superior right.

Sec. 27. [REPEALER.]

(a) Minnesota Statutes 1984, sections 55.10, subdivision 2; 270.75, subdivision 7; 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; 291.131, subdivision 6; 291.132; 291.15, subdivision 2; 291.18; 291.20; and 385.36, are repealed.

(b) Minnesota Statutes 1984, sections 291.131, subdivision 5; 291.29, subdivision 5; and 297A.275, are repealed.

Sec. 28. [EFFECTIVE DATE.]

Sections 1 and 10 are effective July 1, 1985. Sections 2 to 6 are effective for property taxes levied in 1985 and thereafter, payable in 1986 and thereafter. Sections 7 and 8 are effective for taxable years beginning after December 31, 1984. Sections 22 to 24 are effective for sales after May 31, 1985. Sections 9, 11 to 21, and 27, paragraph (a), are effective for estates of persons dying after December 31, 1985, except that the update of the Internal Revenue Code in section 11 is effective for estates of persons dying after December 31, 1984. Sections 25, 26, and 27, paragraph (b), are effective the day after final enactment."

Delete the title and insert:

"A bill for an act relating to taxation; reducing income tax rates; reducing the budget reserve; conforming to federal treatment of contributions to individual retirement plans and certain other retirement plans; providing a state-paid commercial and industrial property tax credit; increasing the agricultural property tax credit; reducing the estate tax to the amount of the federal credit for state death taxes; eliminating sales and use tax accelerated payment of liability; reducing the sales and use tax rate on farm machinery and including repair and replacement parts in the definition; appropriating money; amending Minnesota Statutes 1984, sections 16A.15, subdivision 6; 124.2137, subdivision 1; 273.13, subdivision 15a, and by adding a subdivision; 273.1392; 276.04; 290.01, subdivisions 20a, 20b, and 20c; 290.06, subdivision 2c; 291.005, subdivision 1; 291.03, subdivision 1; 291.075; 291.09, subdivisions 1a, 2a, and 3a; 291.11, subdivision 1; 291.15, subdivisions 1 and 3; 291.215, subdivision 1; 291.32; 297A.01, subdivision 15; 297A.02, subdivision 2; 297A.14; 297A.27, subdivision 1; and 524.3-1202; repealing Minnesota Statutes 1984, sections 55.10, subdivision 2; 270.75, subdivision 7; 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; 291.131, subdivisions 5 and 6; 291.132; 291.15, subdivision 2; 291.18; 291.20; 291.29, subdivision 5; 297A.275; and 385.36."

CALL OF THE SENATE

Mr. Moe, R.D. imposed a call of the Senate for the balance of the pro-

ceedings on H.F. No. 756. The Sergeant at Arms was instructed to bring in the absent members.

The question recurred on the Taylor amendment.

The roll was called, and there were yeas 25 and nays 42, as follows:

Those who voted in the affirmative were:

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

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	Wegscheid
Davis	Jude	Nelson	Reichgott	Willet
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.

Ms. Berglin moved to amend H.F. No. 756, the unofficial engrossment, as follows:

Page 366, after line 32, insert:

“Sec. 5. [CITY OF MINNEAPOLIS; RENTAL REGISTRATION.]

The ordinance adopted by the governing body of the city of Minneapolis pursuant to Laws 1982, chapter 523, article 7, section 3, requiring registration of rental residential property may remain in effect notwithstanding the repeal of that law, provided that the denial of income tax deductions for unregistered property provided in Minnesota Statutes 1984, section 290.01, subdivision 20a, clause 16, shall not be applicable. The city of Minneapolis may impose a fine of up to \$250 for each unregistered rental residential unit, not to exceed \$2,000 for each building. The fine shall apply for each year after the effective date of the ordinance during which the property was not registered.”

Page 366, line 35, after the period insert “Section 5 is effective January 1, 1986.”

Renumber the remaining section

Amend the title as follows:

Page 1, line 30, after “account;” insert “providing penalties;”

The motion prevailed. So the amendment was adopted.

Mr. Benson moved to amend H.F. No. 756, the unofficial engrossment, as follows:

Page 223, delete subdivision 14

Page 248, delete section 42

Renumber the sections in sequence and correct the internal references

Mr. Benson requested division of the amendment as follows:

First portion:

Page 223, delete subdivision 14

Second portion:

Page 248, delete section 42

Renumber the sections in sequence and correct the internal references

The question was taken on the adoption of the first portion of the amendment.

The roll was called, and there were yeas 30 and nays 37, as follows:

Those who voted in the affirmative were:

Anderson	Brataas	Johnson, D.E.	Kronebusch	Ramstad
Belanger	Frank	Jude	Laidig	Renneke
Benson	Frederick	Kamrath	McQuaid	Sieloff
Berg	Frederickson	Knaak	Mehrkens	Storm
Bernhagen	Gustafson	Knutson	Olson	Taylor
Bertram	Isackson	Kroening	Peterson, D.L.	Waldorf

Those who voted in the negative were:

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

The motion did not prevail. So the first portion of the amendment was not adopted.

Mr. Waldorf moved to amend the Benson amendment to H.F. No. 756, the unofficial engrossment, as follows:

At the end of the Benson amendment insert:

Page 366, delete section 4

Mr. Benson questioned whether the amendment was germane.

The Chair ruled that the amendment was germane.

The question was taken on the adoption of the Waldorf amendment to the Benson amendment. The motion did not prevail. So the amendment to the amendment was not adopted.

The question recurred on the adoption of the second portion of the Benson amendment.

Mr. Johnson, D.J. moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 28 and nays 34, as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Adkins	Diessner	Lantry	Pehler	Schmitz
Berglin	Frank	Lessard	Peterson, C.C.	Solon
Chmielewski	Gustafson	Luther	Peterson, D.C.	Stumpf
Dahl	Hughes	Moe, D.M.	Petty	Vega
Davis	Johnson, D.J.	Moe, R.D.	Pogemiller	Wegscheid
DeCramer	Kroening	Nelson	Purfeerst	Willet
Dicklich	Langseth	Novak	Reichgott	

The motion did not prevail. So the second portion of the amendment was not adopted.

Mr. Sieloff moved to amend H.F. No. 756, the unofficial engrossment, as follows:

Page 17, line 36, delete "and"

Page 18, line 20, before the period insert "; and

(9) *To the extent included in federal adjusted gross income, the portion of any gain attributable to the discharge of indebtedness relating to a family farm as a result of foreclosure, involuntary liquidation, or similar involuntary event, or under threat of such an event but if the gain is long-term capital gain for federal income tax purposes, the modification is limited to 40 percent of the portion of the gain. This modification does not apply to any cash proceeds distributed to the taxpayer after discharge of the debt. For purposes of this clause, "family farm" means the business of agriculture that the taxpayer, the taxpayer's spouse, or a person related to the taxpayer or the taxpayer's spouse within the third degree of kindred, resides on the property or is actively engaged in the operation of the business, and includes any dwellings located on the property. "Agriculture" means the production of livestock, dairy animals or dairy products, poultry or poultry products, fur-bearing animals, horticultural and nursery stock that is covered by sections 18.44 to 18.61, fruit, vegetables, forage, grain, and bees and apiary products"*

Page 57, after line 13, insert:

"Sec. 48. Minnesota Statutes 1984, section 290.16, is amended by adding a subdivision to read:

Subd. 17. [GAIN RELATING TO DISCHARGE OF FARM INDEBTEDNESS.] Gain is not recognized due to discharge of indebtedness relating to a family farm corporation or an authorized farm corporation as a result of foreclosure, liquidation, or similar involuntary event or under threat of such an event, except to the extent of any cash proceeds distributed to the corporation after discharge of the debt. For purposes of this subdivision, "family farm corporation" and "authorized farm corporation" have the meanings given them in section 500.24, subdivision 2, except that the term

"farming" as used in those definitions shall include the activities listed in section 290.01, subdivision 20b, clause (9)."

Page 76, line 24, before the period insert *"and except that the provisions of sections 290.01, subdivision 20b, clause (9), and 290.16, subdivision 17, are effective for taxable years beginning after December 31, 1980. In addition to the regular prescribed time for filing, amended returns may be filed pursuant to sections 290.01, subdivision 20b, clause (9), and 290.16, subdivision 17 for one year after the date of enactment of this act, notwithstanding any other law to the contrary"*

Renumber the sections in sequence

Correct internal cross references

Amend the title accordingly

Mr. Johnson, D.J. moved to amend the Sieloff amendment to H.F. No. 756, the unofficial engrossment, as follows:

Page 1, line 8, delete everything after the first comma and before *"but"*

Page 1, line 12, delete *"cash"* and insert *"net"*

Page 2, line 7, delete everything before *"except"*

Page 2, line 8, delete *"cash"* and insert *"net"*

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

Mr. Sieloff moved to amend the Sieloff amendment to H.F. No. 756, the unofficial engrossment, as follows:

Page 1, line 23, after *"products"* insert *"No amount of gain excluded under this section shall be included in the computation of the alternative minimum tax under section 290.091"*

Page 2, line 14, after the period, insert *"No amount of gain excluded under this section shall be included in the computation of the alternative minimum tax under section 290.091."*

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

The question recurred on the amendment, as amended.

The roll was called, and there were yeas 60 and nays 1, as follows:

Those who voted in the affirmative were:

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

Mr. Petty voted in the negative.

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

Mr. Belanger moved to amend H.F. No. 756, the unofficial engrossment, as follows:

Pages 244 to 248, delete sections 40 and 41

Page 248, line 17, delete "43" and insert "41"

Page 248, line 30, delete "42" and insert "40"

Page 248, delete lines 31 to 36

Page 249, delete lines 1 to 3

Renumber the remaining sections in sequence

Amend the title as follows:

Page 1, delete line 15

The question was taken on the adoption of the amendment.

Mr. Moe, R.D. moved that those not voting be excused from voting.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 39 and nays 26, as follows:

Those who voted in the affirmative were:

Berg	Frank	Lantry	Peterson, C.C.	Schmitz
Berghin	Freeman	Lessard	Peterson, D.C.	Solon
Bertram	Gustafson	Luther	Peterson, R.W.	Spear
Chmielewski	Hughes	Merriam	Petty	Stumpf
DeCramer	Johnson, D.J.	Moe, R.D.	Pogemiller	Vega
Dicklich	Jude	Nelson	Purfeerst	Wegscheid
Diessner	Kroening	Novak	Reichgott	Willet
Dieterich	Langseth	Pehler	Samuelson	

Those who voted in the negative were:

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

The motion prevailed.

The roll was called, and there were yeas 33 and nays 32, as follows:

Those who voted in the affirmative were:

Anderson	Dieterich	Kamrath	Mehrkens	Spear
Belanger	Frederick	Knaak	Merriam	Storm
Benson	Frederickson	Knutson	Moe, D.M.	Taylor
Bernhagen	Freeman	Kronebusch	Olson	Waldorf
Brataas	Isackson	Laidig	Ramstad	Willet
Chmielewski	Johnson, D.E.	Luther	Renneke	
Dahl	Jude	McQuaid	Sieloff	

Those who voted in the negative were:

Adkins	Gustafson	Moe, R.D.	Peterson, R.W.	Solon
Berg	Hughes	Nelson	Petty	Stumpf
Bertram	Johnson, D.J.	Novak	Pogemiller	Vega
DeCramer	Kroening	Pehler	Purfeerst	Wegscheid
Dicklich	Langseth	Peterson, C.C.	Reichgott	
Diessner	Lantry	Peterson, D.C.	Samuelson	
Frank	Lessard	Peterson, D.L.	Schmitz	

The motion prevailed. So the amendment was adopted.

Mr. Sieloff moved to amend H.F. No. 756, the unofficial engrossment, as follows:

Page 13, lines 26 to 34, reinstate the stricken language

Page 13, line 35, reinstate the stricken "(3)"

Page 14, line 2, after the stricken "(4)" reinstate the stricken language

Page 14, lines 3 to 9, reinstate the stricken language

Page 15, line 24, reinstate the stricken language after the stricken "(8)"

Page 15, lines 25 to 29, reinstate the stricken language

Page 17, line 21, reinstate the stricken language after the stricken "(17)"

Page 17, lines 22 to 27, reinstate the stricken language

Renumber the clauses in sequence and correct the internal references

Page 76, delete section 65

Renumber the sections in sequence and correct the internal references

The question was taken on the adoption of the amendment.

Mr. Pehler moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 30 and nays 37, as follows:

Those who voted in the affirmative were:

Anderson	Brataas	Johnson, D.E.	Laidig	Renneke
Belanger	DeCramer	Jude	McQuaid	Sieloff
Benson	Frederick	Kamrath	Mehrkens	Storm
Berg	Frederickson	Knaak	Olson	Stumpf
Bernhagen	Gustafson	Knutson	Peterson, D.L.	Taylor
Bertram	Isackson	Kronebusch	Ramstad	Wegscheid

Those who voted in the negative were:

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

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

Mr. Frederickson moved to amend H.F. No. 756, the unofficial engrossment, as follows:

Page 238, line 29, delete "*For purposes of*"

Page 238, delete lines 30 to 33

Page 238, line 34, delete "*tangible personal property.*"

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

Mr. Johnson, D.E. moved to amend H.F. No. 756, the unofficial engrossment, as follows:

Page 366, line 28, delete "FORESTVILLE"

Page 366, delete lines 29 to 32 and insert:

"The amount paid from the state park road account, created by Minnesota Statutes 1984, section 162.06, subdivision 5, under Laws 1979, Extra Session, chapter 1, section 51, must not exceed \$113,000 in any year. The balance of the state park road account is available to reimburse up to \$1,000 of the costs incurred in each year by each county to maintain roads that provide access to state parks."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 19 and nays 37, as follows:

Those who voted in the affirmative were:

Adkins	Bertram	Isackson	Laidig	Schmitz
Anderson	Brataas	Johnson, D.E.	Lessard	Sieloff
Benson	Frederick	Kamrath	Peterson, D.L.	Taylor
Bernhagen	Frederickson	Kronebusch	Renneke	

Those who voted in the negative were:

Belanger	Frank	Lantry	Peterson, C.C.	Stumpf
Berglin	Hughes	Luther	Peterson, D.C.	Vega
Chmielewski	Johnson, D.J.	Moe, D.M.	Petty	Waldorf
Dahl	Jude	Moe, R.D.	Pogemiller	Wegscheid
Davis	Knaak	Nelson	Purfeerst	Willet
DeCramer	Knutson	Novak	Ramstad	
Dicklich	Kroening	Olson	Reichgott	
Diessner	Langseth	Pehler	Samuelson	

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

Mr. Sieloff moved to amend H.F. No. 756, the unofficial engrossment, as follows:

Page 17, line 27, reinstate the stricken "and"

Page 17, line 28, after the stricken "(18)" insert "(8)" and reinstate the remaining stricken language

Page 17, lines 29 to 35, reinstate the stricken language

Page 17, line 36, after the stricken "(6)" insert "(3)" and reinstate the stricken period and delete "and"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 30 and nays 36, as follows:

Those who voted in the affirmative were:

Anderson	Brataas	Isackson	Laidig	Renneke
Belanger	Chmielewski	Johnson, D.E.	McQuaid	Schmitz
Benson	Diessner	Kamrath	Mehrkens	Sieloff
Berg	Frederick	Knaak	Olson	Storm
Bernhagen	Frederickson	Knutson	Peterson, D.L.	Taylor
Bertram	Gustafson	Kronebusch	Ramstad	Wegscheid

Those who voted in the negative were:

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

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

Mr. Sieloff then moved to amend H.F. No. 756, the unofficial engrossment, as follows:

Page 19, line 22, delete "unmarried"

Page 21, line 12, delete "(1)" and delete "married" and delete "filing joint returns" and insert ", estates, and trusts"

Page 21, delete lines 22 to 36

Page 22, delete lines 1 to 9 and insert:

"For the first taxable year beginning after December 31, 1984, the commissioner of revenue shall proportionately adjust the rates established in this subdivision so that this amendment has no net revenue impact."

Page 25, line 32, reinstate the stricken language and delete the new language

Page 25, line 33, delete "a joint return" and reinstate the stricken ". If the spouses file separate,"

Page 25, lines 34 and 35, reinstate the stricken language

Page 26, lines 14 and 33, reinstate the stricken language and delete the new language

Page 26, lines 15 and 34, delete "a joint return"

Page 26, lines 18 to 20, reinstate the stricken language

Page 26, lines 35 and 36, reinstate the stricken language

Page 27, line 1, reinstate the stricken language

Page 27, line 12, reinstate the stricken language and delete the new language

Page 27, line 13, delete "a joint return"

Page 27, lines 14 to 16, reinstate the stricken language

Page 27, line 25, delete "the term "unmarried" "

Page 27, delete line 26

Page 27, line 27, delete "return, and"

Page 28, delete section 20

Page 39, lines 3 to 6, reinstate the stricken language and delete the new language

Pages 62 and 63, delete section 52

Pages 66 to 68, delete section 57

Page 72, line 25, delete the new language and reinstate the stricken language

Page 76, line 17, delete "290.39, subdivision 2;"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 27 and nays 39, as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

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

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

Mr. Pogemiller moved to amend H.F. No. 756, the unofficial engrossment, as follows:

Page 215, delete section 6

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 756 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 42 and nays 25, as follows:

Those who voted in the affirmative 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	Wegscheid
Davis	Jude	Nelson	Reichgott	Willet
DeCramer	Kroening	Novak	Samuelson	
Dicklich	Langseth	Pehler	Schmitz	
Diessner	Lantry	Peterson, C.C.	Solon	

Those who voted in the negative were:

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

So the bill, as amended, 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 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. 1523: A bill for an act relating to the organization and operation of state government; appropriating money for education and related purposes to the department of education, higher education coordinating board, state board of vocational technical education, state board for community colleges, state university board, board of regents of the University of Minnesota, the Mayo medical foundation, and the College of Saint Thomas, with certain conditions; providing for state board of education membership and staff assistance, a different source for an annual appropriation, student financial aid, course equivalency, common numbering, general education requirements, fees and licenses, vocational programs and budgets, vocational board policymaking, and emergency rulemaking; amending Minnesota Statutes 1984, sections 121.02, subdivision 1; 123.743; 125.08; 136A.09; 136A.095; 136A.101; 136A.121, subdivisions 1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 16, and by adding a subdivision; 136A.132, subdivisions 3, 4, 5, and 6; 136A.162; 136C.04, subdivision 15; 136C.08, subdivision 2; 136C.13, subdivision 3, and by adding a subdivision; 136C.26, subdivisions 4 and 5; 136C.28, subdivision 2; 136C.33, subdivision 1; 136C.34; 136C.36; 141.25, subdivision 8; and 141.26, subdivision 5; proposing coding for new law in Minnesota Statutes, chapters 124; 135A; and 136; repealing Minnesota Statutes 1984, sections 136A.121, subdivisions 8 and 14; 136C.26, subdivisions 2 and 8; 136C.28, subdivisions 3, 4, 5, 6, and 7; 136C.33, subdivisions 3 and 4; 136C.37; and 136C.38.

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

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

S.F. No. 1524: A bill for an act relating to the organization and operation of state government; appropriating money for the department of transportation and for other agencies with certain conditions; fixing and limiting fees; amending Minnesota Statutes 1984, sections 12.14; 15.0591, subdivision 2; 17.717, subdivision 6; 25.39, subdivision 4; 40.03, subdivision 1; 46.041, subdivision 1; 46.131, subdivision 10; 47.54, subdivision 1; 51A.51, subdivisions 1, 2, 3, 3a, and 5; 52.06, subdivision 1; 53.03, subdivisions 1 and 6; 56.02; 60A.02, subdivision 7; 60A.03, subdivisions 5 and 6; 60A.10; 60A.131, subdivision 1; 60A.14, subdivision 1; 60A.17, subdivision 1a;

60A.1701, subdivisions 5 and 10; 60A.197; 60A.23, subdivision 7; 60C.08, subdivision 1; 61B.05, subdivision 1; 62A.146; 62A.17, subdivision 6; 62B.05; 62D.19; 62E.10, subdivision 2; 62E.12; 62E.16; 65B.03; 65B.43, by adding a subdivision; 65B.44, subdivision 4; 65B.48, subdivision 3a; 65B.63, subdivision 1; 67A.25, subdivision 1; 72A.20, by adding a subdivision; 79.251, subdivision 1; 79.252, subdivision 4; 79.62; 84B.11, subdivision 1; 138.94; 168.67; 174.32, subdivisions 1, 2, 3, and by adding a subdivision; 214.06, subdivision 1; 216B.243, subdivision 6; 216B.62, subdivisions 2 and 3; 237.295, subdivisions 1 and 2; 239.10; 240.16, subdivision 5; 240.24; 296.13; 326.241, subdivision 3; 326.244, subdivision 2; 326.334, subdivision 7; 340.024; 340.60, subdivision 1; 340.62; 349.52, subdivisions 2 and 3; 360.018, subdivision 6; 360.024; 473.373, subdivisions 2, 4, and 6; 473.375, subdivision 4; 473.384, subdivision 6; 473.386, subdivision 2; 473.39, by adding a subdivision; 473.404, subdivision 7; 473.405, subdivision 12; 473.408, by adding a subdivision; 473.446, subdivision 1, 1a, 2a, and 3; 626.861, subdivision 3; 626.88, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 17, 45, 61A, and 340; repealing Minnesota Statutes 1984, sections 19.64, subdivision 5; 42.06, subdivision 4; 60A.15, subdivision 14; 62A.025; 340.113, subdivision 4; 340.493, subdivision 4; 473.373, subdivision 7; and 473.446, subdivision 6.

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

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

S.F. No. 1525: A bill for an act relating to the organization and operation of state government; authorizing cost containment programs in medical assistance and general assistance medical care programs; establishing a permanency planning program for children at risk of out-of-home placement; appropriating money for human services, corrections, health, and other purposes with certain conditions; amending Minnesota Statutes 1984, sections 62D.12, by adding a subdivision; 62E.06, subdivision 1; 129A.03; 214.06, subdivision 1; 241.01, subdivision 7; 241.71; 252.025, subdivision 1; 254.05; 256.045, subdivision 3, and by adding a subdivision; 256.737; 256.82, subdivision 2; 256.87, subdivision 1; 256.969, subdivisions 1, 2, and by adding a subdivision; 256B.02, by adding a subdivision; 256B.04, subdivision 14; 256B.062; 256B.19, subdivision 1; 256B.48, by adding a subdivision; 256B.69, subdivision 4; 256D.01, subdivisions 1a and 1b; 256D.03, subdivisions 4 and 6; 256D.37, subdivisions 1 and 2; 256E.08, subdivision 1; 260.311, subdivision 5; 260.38; 268.38, subdivisions 2, 10, and 11; 268.685; 290.089, subdivision 2; 363.03, by adding a subdivision; 390.11, by adding a subdivision; 393.07, subdivision 2; 401.01, subdivision 1; 401.13; 517.08, subdivisions 1b and 1c; 611A.22; and 611A.34, subdivision 1; Laws 1984, chapter 616, section 1; proposing coding for new law in Minnesota Statutes, chapters 62A; 144; 256; and 256B; proposing coding for new law as Minnesota Statutes, chapter 256F; repealing Minnesota Statutes 1984, sections 256.045, subdivision 2; 256.966, subdivision 2; 256.967; 259.405; and 268.686.

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

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Frederickson moved that H.F. No. 592 be withdrawn from the Com-

mittee on Taxes and Tax Laws and re-referred to the Committee on Rules and Administration for comparison with S.F. No. 593. The motion prevailed.

MEMBERS EXCUSED

The following member was excused from today's Session for a brief period of time: Mr. Mehrkens.

ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 10:00 a.m., Saturday, May 4, 1985. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate