

FOURTEENTH DAY

St. Paul, Minnesota, Monday, February 20, 1989

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

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

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

Adkins	Decker	Knaak	Metzen	Reichgott
Anderson	DeCramer	Knutson	Moe, R.D.	Renneke
Belanger	Dicklich	Kroening	Morse	Samuelson
Benson	Diessner	Laidig	Novak	Schmitz
Berg	Frank	Langseth	Olson	Solon
Berglin	Frederick	Lantry	Pariseau	Spear
Bernhagen	Frederickson, D.J.	Larson	Pehler	Storm
Bertram	Frederickson, D.R.	Lessard	Peterson, D.C.	Stumpf
Brandl	Freeman	Luther	Peterson, R.W.	Taylor
Chmielewski	Gustafson	Marty	Piper	Vickerman
Cohen	Hughes	McQuaid	Pogemiller	Waldorf
Dahl	Johnson, D.E.	Mehrkens	Purfeerst	
Davis	Johnson, D.J.	Merriam	Ramstad	

The President declared a quorum present.

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

MEMBERS EXCUSED

Messrs. Beckman, McGowan and Moe, D.M. were excused from the Session of today.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communications were received and referred to the committees indicated.

February 2, 1989

The Honorable Jerome M. Hughes
President of the Senate

Dear Sir:

The following appointment to the Minnesota Racing Commission is hereby respectfully submitted to the Senate for confirmation as required by law:

Ralph Strangis, 1117 Marquette Ave., Minneapolis, Hennepin County,

has been appointed by me, effective February 1, 1989, for a term expiring June 30, 1989.

(Referred to the Committee on General Legislation and Public Gaming.)

February 7, 1989

The Honorable Jerome M. Hughes
President of the Senate

Dear Sir:

The following appointments to the State Board of Education are hereby respectfully submitted to the Senate for confirmation as required by law:

Thomas Lindquist, 12393 Flag Ave. S., Savage, Scott County, has been appointed by me, effective February 1, 1989, for a term expiring the first Monday in January, 1993.

Douglas Wallace, 5009 Wentworth Ave. S., Minneapolis, Hennepin County, has been appointed by me, effective February 1, 1989, for a term expiring the first Monday in January, 1993.

(Referred to the Committee on Education.)

February 7, 1989

The Honorable Jerome M. Hughes
President of the Senate

Dear Sir:

The following appointments to the State Board of Vocational Technical Education are hereby respectfully submitted to the Senate for confirmation as required by law:

Patricia Allinder, 801 W. 17th St., Willmar, Kandiyohi County, has been appointed by me, effective February 5, 1989, for a term expiring the first Monday in January, 1993.

Donna Anderson, 2221 Marillac Ln., St. Paul, Ramsey County, has been appointed by me, effective February 5, 1989, for a term expiring the first Monday in January, 1993.

Alan Olson, 1999 - 260th St., Farmington, Dakota County, has been appointed by me, effective February 5, 1989, for a term expiring the first Monday in January, 1993.

(Referred to the Committee on Education.)

Sincerely,
Rudy Perpich, Governor

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 218, 141, 247 and 363.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted February 16, 1989

FIRST READING OF HOUSE BILLS

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

H.F. No. 218: A bill for an act relating to motor vehicles; defining terms; including station wagon and certain passenger-carrying vans as passenger automobiles for all purposes; providing for registration of certain vehicles; amending Minnesota Statutes 1988, sections 65B.001, subdivision 3; 65B.43, subdivision 12; 116.60, subdivision 7; 168.011, subdivisions 7, and 28; 168.012, subdivision 1; 168.017, subdivision 1; 168.12, subdivisions 2b and 2c; 168.124, subdivision 5; 168.125, subdivision 1; and 168.126, subdivision 2; repealing Minnesota Statutes 1988, sections 168.011, subdivision 23; and 168.101, subdivision 5.

Referred to the Committee on Transportation.

H.F. No. 141: A bill for an act relating to education; correcting, clarifying, and changing certain education statutes; amending Minnesota Statutes 1988, sections 120.062, subdivisions 1 and 12; 120.075, subdivision 5; 120.0751, subdivision 6; 120.0752, subdivision 4; 121.88, subdivision 10; 121.904, subdivision 4a; 121.912, subdivision 1; 123.3515, subdivision 9; 123.36, subdivision 13; 123.705, subdivision 1; 124.155, subdivision 2; 124.214, subdivisions 2 and 3; 124.225, subdivisions 1, 4b, 7a, 7b, 8a, 8b, 8i, 8j, 8k, 8l, 10, and by adding a subdivision; 124.2445; 124.245, subdivision 6; 124.575, subdivision 1; 124A.24; 126.22, subdivisions 2 and 3; and 275.125, subdivisions 5b, 5c, 5e, 9, and 11d; Laws 1987, chapter 398, article 6, section 19, subdivision 9.

Referred to the Committee on Education.

H.F. No. 247: A bill for an act relating to education; clarifying the referendum levy language; creating a conversion method; amending Minnesota Statutes 1988, sections 124.82, subdivision 3; and 124A.03.

Referred to the Committee on Education.

H.F. No. 363: A resolution memorializing the President and Congress of the United States to prevent the imposition of any additional federal excise tax on motor fuel in order to reduce the federal deficit.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 173, now on General Orders.

REPORTS OF COMMITTEES

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

Mr. Davis from the Committee on Agriculture and Rural Development, to which was referred

S.F. No. 104: A bill for an act relating to agriculture; making changes in the rural finance authority loan program; amending Minnesota Statutes 1988, sections 41B.02, subdivisions 12, 15, and 18; 41B.03, subdivision 3, and by adding a subdivision; 41B.039, subdivision 1; proposing coding

for new law in Minnesota Statutes, chapter 41B; repealing Minnesota Statutes 1988, sections 41B.03, subdivision 4; and 41B.039, subdivisions 3, 4, and 5.

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

Page 3, line 28, delete "*or by a contract for deed*"

Page 3, delete lines 29 to 33 and insert:

"Subd. 3. [PROHIBITED PARTICIPATION.] The authority may not participate in seller-sponsored loans if the buyer or seller has previously participated in a family farm security loan or a seller-sponsored loan under chapter 41. Unless the loan is partially financed by an eligible lender, the authority may not participate in loans between persons that are related to each other as parent and child, grandparent and grandchild, uncle or aunt and niece or nephew, or first cousins."

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

Mrs. Lantry from the Committee on General Legislation and Public Gaming, to which was referred

S.F. No. 382: A bill for an act relating to animals; clarifying regulations pertaining to dangerous dogs; prohibiting local ordinances that define specific breeds of dogs as dangerous; amending Minnesota Statutes 1988, sections 347.50, subdivisions 4, 5, and by adding a subdivision; 347.51, subdivision 5, and by adding subdivisions; 347.53; 347.54; and 609.226, subdivision 1.

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

Page 2, after line 16, insert:

"Sec. 5. Minnesota Statutes 1988, section 347.51, subdivision 6, is amended to read:

Subd. 6. [COUNTIES WITHOUT LICENSING SYSTEMS.] If an owner of a dangerous dog resides in a county that does not license dogs under sections 347.08 to 347.21, the owner shall obtain a certificate as required under this section from the county auditor or other person designated by the county board in the county where the owner resides."

Page 2, after line 29, insert:

"Sec. 8. Minnesota Statutes 1988, section 347.51, is amended by adding a subdivision to read:

Subd. 9. [CONTRACTED SERVICES.] A county may contract with another political subdivision or other person to provide the services required under sections 347.50 to 347.54."

Page 3, line 21, delete "*killed*" and insert "*destroyed*"

Page 3, line 23, delete "*killing*" and insert "*destroying*"

Page 3, line 26, delete "*reasonable*"

Page 4, line 4, delete "*killed*" and insert "*destroyed*"

Page 4, line 6, delete "killing" and insert "destroying"

Page 4, line 8, delete "reasonable"

Page 4, line 14, after "confining" insert ", impounding,"

Page 4, line 26, delete "8" and insert "10"

Page 4, line 27, delete "9" and insert "11"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, delete the second "subdivision" and insert "subdivisions"

Page 1, line 7, after "5" insert "and 6"

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

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was referred

S.F. No. 61: A bill for an act relating to taxation; making technical corrections and tax capacity rate changes to the property taxation of unmined iron ore; making technical corrections and clarifications to the corporate franchise tax; retroactively providing a corporate franchise tax modification for mining income or gains; clarifying the computation of mining occupation taxes; exempting S corporations from business activity report filing requirements; repealing an obsolete reference; amending Minnesota Statutes 1988, sections 273.1104, subdivision 2; 273.13, subdivision 31; 290.01, subdivisions 4a and 19d; 290.015, subdivisions 1, 2, 3, and 4; 290.092, subdivision 4a; 290.191, subdivisions 6 and 11; 290.371; 298.01, subdivisions 3 and 4, and by adding subdivisions; and Laws 1988, chapter 719, article 2, section 57; repealing Minnesota Statutes 1988, sections 52.22 and 273.1104, subdivision 1.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

Section 1. Minnesota Statutes 1988, section 273.1104, subdivision 2, is amended to read:

Subd. 2. On or before ~~October 1~~ *September 15* in each year, the commissioner shall send to each person subject to the tax on unmined iron ores and to each taxing district affected, a notice of the ~~gross tax capacity~~ *market value* of the unmined ores as determined by the commissioner *prior to adjustment under subdivision 1*. Said notice shall be sent by mail directed to such person at the address given in the report filed and the assessor of such taxing district, but the validity of the tax shall not be affected by the failure of the commissioner of revenue to mail such notice or the failure of the person subject to the tax to receive it.

On the first secular day following the ~~tenth~~ *first* day of October, the commissioner of revenue shall hold a hearing which may be adjourned from day to day. All relevant and material evidence having probative value with respect to the issues shall be submitted at the hearing and such hearing

shall not be a "contested case" within the meaning of section 14.02, subdivision 3. Every person subject to such tax may at such hearing present evidence and argument on any matter bearing upon the validity or correctness of the tax determined to be due, and the commissioner of revenue shall review the determination of such tax.

Sec. 2. Minnesota Statutes 1988, section 290.01, subdivision 19d, is amended to read:

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

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

(2) the decrease in salary expense for federal income tax purposes due to claiming the federal jobs credit under section 51 of the Internal Revenue Code;

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

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

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

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

(5) the deduction for capital losses pursuant to sections 1211 and 1212 of the Internal Revenue Code of 1986, as amended through December 31, 1987, except that:

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

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

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

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

(6) an amount for interest and expenses relating to income not taxable

for federal income tax purposes, if (i) the income is taxable under this chapter and (ii) the interest and expenses were disallowed as deductions under the provisions of section 171(a)(2), 265 or 291 of the Internal Revenue Code of 1986, as amended through December 31, 1987, in computing federal taxable income;

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

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

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

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

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

Taxable Year	
Beginning After	Percentage
December 31, 1988	50 percent
December 31, 1990	80 percent; and

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

Sec. 3. Minnesota Statutes 1988, section 298.01, subdivision 3, is amended to read:

Subd. 3. [OCCUPATION TAX; OTHER ORES.] Every person engaged in the business of mining or producing ores *in this state*, except iron ore or taconite concentrates, shall pay an occupation tax to the state of Minnesota as provided in this subdivision. The tax is ~~measured by the person's taxable income for the year for which the tax is imposed, and computed in the manner and at the rates provided in chapter 290 determined in the~~

same manner as the tax imposed by section 290.02, except that sections 290.01, subdivisions 19e, clause (11), 19d, clause (7), and 290.05, subdivision 1, clause (a), and 290.17, subdivision 4, do not apply. Corporations and individuals shall be subject to the alternative minimum taxes imposed under chapter 290. The tax is in addition to all other taxes and is due and payable on or before June 15 of the year succeeding the calendar year covered by the report required by section 298.05.

Sec. 4. Minnesota Statutes 1988, section 298.01, is amended by adding a subdivision to read:

Subd. 3a. [GROSS INCOME.] (a) For purposes of determining a person's taxable income under subdivision 3, gross income is determined by the amount of gross proceeds from mining in this state under section 298.016 and includes any gain or loss recognized from the sale or disposition of assets used in the business in this state.

(b) In applying section 290.191, subdivision 5, transfers of ores are deemed to be sales outside this state if the ores are transported out of this state after the ores have been converted to a marketable quality.

Sec. 5. Minnesota Statutes 1988, section 298.01, is amended by adding a subdivision to read:

Subd. 3b. [DEDUCTIONS.] (a) For purposes of determining taxable income under subdivision 3, the deductions from gross income include only those expenses necessary to convert raw ores to marketable quality. Such expenses include costs associated with refinement but do not include expenses such as transportation, stockpiling, marketing, or marine insurance that are incurred after marketable ores are produced, unless the expenses are included in gross income.

(b) The provisions of section 290.01, subdivisions 19c, clauses (7) and (11), and 19d, clauses (7) and (12), are not used to determine taxable income.

Sec. 6. Minnesota Statutes 1988, section 298.01, subdivision 4, is amended to read:

Subd. 4. [OCCUPATION TAX; IRON ORE; TACONITE CONCENTRATES.] A person engaged in the business of mining or producing of iron ore or taconite concentrates in this state shall pay an occupation tax to the state of Minnesota. The tax is measured by the person's taxable income for the year for which the tax is imposed, and computed in the manner and at the rates provided for in chapter 290, determined in the same manner as the tax imposed by section 290.02, except that sections 290.01, subdivisions 19e, clause (11), 19d, clause (7), and 290.05, subdivision 1, clause (a), and 290.17, subdivision 4, do not apply. Corporations and individuals shall be subject to the alternative minimum taxes imposed under chapter 290. The tax is in addition to all other taxes and is due and payable on or before June 15 of the year succeeding the calendar year covered by the report required by section 298.05.

Sec. 7. Minnesota Statutes 1988, section 298.01, is amended by adding a subdivision to read:

Subd. 4a. [GROSS INCOME.] (a) For purposes of determining a person's taxable income under subdivision 4, gross income is determined by the mine value of the ore mined in Minnesota and includes any gain or loss recognized from the sale or disposition of assets used in the business in

this state.

(b) Mine value is the value, or selling price, of iron ore or taconite concentrates, f.o.b. mine. The mine value is calculated by multiplying the iron unit price for the period, as determined by the commissioner, by the tons produced and the weighted average analysis.

(c) In applying section 290.191, subdivision 5, transfers of iron ore and taconite concentrates are deemed to be sales outside this state if the iron ore or taconite concentrates are transported out of this state after the raw iron ore and taconite concentrates have been converted to a marketable quality.

Sec. 8. Minnesota Statutes 1988, section 298.01, is amended by adding a subdivision to read:

Subd. 4b. [DEDUCTIONS.] For purposes of determining taxable income under subdivision 4, the deductions from gross income include only those expenses necessary to convert raw iron ore or taconite concentrates to marketable quality. Such expenses include costs associated with beneficiation and refinement but do not include expenses such as transportation, stockpiling, marketing, or marine insurance that are incurred after marketable iron ore or taconite pellets are produced.

Sec. 9. Minnesota Statutes 1988, section 298.01, is amended by adding a subdivision to read:

Subd. 4c. [SPECIAL DEDUCTIONS.] (a) For purposes of determining taxable income under subdivision 4, the following modifications are allowed:

(1) the provisions of section 290.01, subdivisions 19c, clauses (7) and (11), and 19d, clauses (7) and (12), are not used to determine taxable income; and

(2) for assets placed in service before January 1, 1990, the deduction for depreciation will be the same amount allowed under chapter 290, except that after an asset has been fully depreciated for federal income tax purposes any remaining depreciable basis is allowed as a deduction using the straight-line method over the following number of years:

- (i) three-year property, one year;*
- (ii) five- and seven-year property, two years;*
- (iii) ten-year property, five years; and*
- (iv) all other property, seven years.*

No deduction is allowed if an asset is fully depreciated for occupation tax purposes before January 1990.

(b) For purposes of determining the deduction allowed under paragraph (a), clause (2), the remaining depreciable basis of property placed in service before January 1, 1990, is calculated as follows:

(1) the adjusted basis of the property on December 31, 1989, which was used to calculate the hypothetical corporate franchise tax under Minnesota Statutes 1988, section 298.40, including salvage value; less

(2) deductions for depreciation allowed under section 290.01, subdivision 19e.

(c) The basis for determining gain or loss on sale or disposition of assets

placed in service before January 1, 1990, is the basis determined under paragraph (b), less the deductions allowed under paragraph (a), clause (2).

(d) The amount of net operating loss incurred in a taxable year beginning before January 1, 1990, that may be carried over to a taxable year beginning after December 31, 1989, is the amount of net operating loss carryover determined in the calculation of the hypothetical corporate franchise tax under Minnesota Statutes 1988, sections 298.40 and 298.402.

Sec. 10. [EFFECTIVE DATES.]

Section 1 is effective for taxes levied in 1989, payable in 1990, and thereafter. Section 2 is effective for taxable years beginning after December 31, 1986. Sections 3 to 5 are effective for ores mined after December 31, 1986. Sections 6 to 9 are effective for ores mined after December 31, 1989.

ARTICLE 2

Section 1. Minnesota Statutes 1988, section 290.015, subdivision 2, is amended to read:

Subd. 2. [PRESUMPTION.] (a) A person is presumed, subject to rebuttal, to be obtaining or regularly soliciting business from within this state if:

(1) ~~it is a financial institution~~ and it conducts activities described in subdivision 1, paragraph (b), without regard to transactions described in subdivision 3, with 20 or more persons within this state during any tax period; or

(2) it is a financial institution as defined in section 290.01, subdivision 4a, and the sum of its assets and the absolute value of its deposits attributable to sources within this state equals or exceeds \$5,000,000, with assets and deposits attributed to sources within this state by applying the principles established under section 290.191, except as provided in subdivision 3.

(b) A financial institution that (i) is not engaged in activities within this state under subdivision 1, paragraph (a), and (ii) does not satisfy the requirements of paragraph (a) is not subject to taxes imposed by this chapter.

Sec. 2. Minnesota Statutes 1988, section 290.015, subdivision 3, is amended to read:

Subd. 3. [EXCEPTIONS.] (a) A person is not subject to tax under this chapter if the person is engaged in the business of selling tangible personal property and taxation of that person under this chapter is precluded by Public Law Number 86-272, United States Code, title 15, sections 381 to 384 or would be so precluded except for the fact that the person stored tangible personal property in a state licensed facility under chapter 231.

(b) Ownership of an interest in the following types of property (including those contacts with this state reasonably required to evaluate and complete the acquisition or disposition of the property, the servicing of the property or the income from it, the collection of income from the property, or the acquisition or liquidation of collateral relating to the property) shall not be a factor in determining whether the owner is subject to tax under this chapter:

(1) an interest in a real estate mortgage investment conduit, a real estate investment trust, or a regulated investment company *or a fund of a regulated*

investment company, as those terms are defined in the Internal Revenue Code of 1986, as amended through December 31, 1987;

(2) *an interest in money market instruments or securities as defined in section 290.191, subdivision 6, paragraphs (c) and (d);*

(3) *an interest in a loan-backed, mortgage-backed, or receivable-backed security representing either: (i) ownership in a pool of promissory notes, mortgages, or receivables or certificates of interest or participation in such notes, mortgages, or receivables, or (ii) debt obligations or equity interests which provide for payments in relation to payments or reasonable projections of payments on the notes, mortgages, or receivables, and which are issued by a financial institution or by an entity substantially all of whose assets consist of promissory notes, mortgages, receivables, or interests in them;*

~~(3)~~ (4) *an interest in any assets described in section 290.191, subdivision 11, paragraphs (e) to (l), and in which the payment obligations embodied in such assets were solicited and entered into by persons independent and not acting on behalf of the owner;*

(4) (5) *an interest in the right to service, or collect income from any assets described in section 290.191, subdivision 11, paragraphs (e) to (l), and in which the payment obligations embodied in such assets were solicited and entered into by persons independent and not acting on behalf of the owner;*

~~(5)~~ (6) *an interest of a person other than an individual, estate, or trust, in any intangible, tangible, real, or personal property acquired in satisfaction, whether in whole or in part, of any asset embodying a payment obligation which is in default, whether secured or unsecured, the ownership of an interest in which would be exempt under the preceding provisions of this subdivision, provided the property is disposed of within a reasonable period of time; or*

~~(6)~~ (7) *amounts held in escrow or trust accounts, pursuant to and in accordance with the terms of property described in this subdivision.*

If the person is a member of the unitary group, paragraph (b) ~~does~~, *clauses (2) to (7), do not apply to an interest acquired from another member of the unitary group.*

Sec. 3. Minnesota Statutes 1988, section 290.015, subdivision 4, is amended to read:

Subd. 4. [LIMITATIONS.] (a) This section does not subject a trade or business to any regulation, including any tax, of any local unit of government or subdivision of this state if the trade or business does not own or lease tangible or real property located within this state and has no employees or independent contractors present in this state to assist in the carrying on of the business.

(b) The purchase of tangible personal property or intangible property or services by a person that conducts a trade or business with the principal place of business outside of Minnesota (the "non-Minnesota person") from a person within Minnesota shall not be taken into account in determining whether the non-Minnesota person is subject to the taxes imposed by this chapter, except for services involving either the direct solicitation of Minnesota customers or relationships with Minnesota customers after sales are made. *This paragraph is subject to the limitations contained in subdivision*

3, paragraph (b), clauses (4) and (5).

(c) No contact with any Minnesota financial institution by any financial institution with its principal place of business outside Minnesota with respect to transactions described in subdivision 3, or with respect to deposits received from or by a Minnesota financial institution, shall be taken into account in determining whether such a financial institution is subject to the taxes imposed by this chapter. The fact of participation by a Minnesota financial institution in a transaction which also involves a borrower and a financial institution that conducts a trade or business with its principal place of business outside of Minnesota shall not be a factor in determining whether such financial institution is subject to the taxes imposed by this chapter. This paragraph does not apply to transactions between or among members of the same unitary group.

Sec. 4. Minnesota Statutes 1988, section 290.092, subdivision 2, is amended to read:

Subd. 2. [EXEMPTIONS.] Corporations subject to tax under sections 290.05, subdivision 3; or 60A.15, subdivision 1 and 290.35; real estate investment trusts; regulated investment companies *as defined in section 851(a) of the Internal Revenue Code of 1986 or funds of regulated investment companies as defined in section 851(h) of the Internal Revenue Code of 1986, as amended through December 31, 1988*; cooperatives taxable under subchapter T of the Internal Revenue Code of 1986 or organized under chapter 308 or a similar law of another state; and entities having a valid election in effect under section 1362 or 860D(b) of the Internal Revenue Code of 1986, as amended through December 31, 1987 1988, are not subject to the tax imposed in subdivision 1 or subdivision 5.

Sec. 5. Minnesota Statutes 1988, section 290.092, subdivision 4a, is amended to read:

Subd. 4a. [NEW BUSINESS EXCLUSION.] For the first five taxable years during which a corporation is subject to taxation under this chapter, the amount of its Minnesota property and payrolls must be excluded from the alternative minimum tax base unless it is disqualified in this subdivision. A corporation is considered subject to taxation under this chapter if it would be subject to Minnesota's jurisdiction to tax as provided in section 290.015, before claiming this exclusion. The following does not qualify for this exclusion:

(1) a corporation that is a member of a unitary group that includes at least one business that does not qualify for this exclusion;

(2) any corporation organized under the laws of this state or certified to do business within this state at least five taxable years before the taxable year in which this exclusion is claimed;

(3) corporations created by: reorganizations, as defined in section 368 of the Internal Revenue Code of 1986, as amended through December 31, 1987; or split-ups, split-offs, or spin-offs, as described in section 355 of the Internal Revenue Code of 1986, as amended through December 31, 1987; or the transfer or acquisition, whether directly or indirectly, of assets which constitute a trade or business, including stock purchases under section 338 of the Internal Revenue Code of 1986, as amended through December 31, 1987, where the surviving, newly formed, or acquiring corporation conducts substantially the same activities as the predecessor corporation,

regardless of whether or not the survivor corporation also conducts additional activities, and the predecessor corporation would not otherwise qualify for this exclusion if it had continued to conduct those activities;

(4) any change in identity or form of business where the original business entity would have been subject to Minnesota's taxing jurisdiction, as provided in section 290.015, at least five taxable years before the taxable year in which this exclusion is claimed;

(5) a corporation, the primary business activity of which is the providing of professional services as defined in section 319A.02; operation as a financial institution, as defined in section 290.01, subdivision 4a; sales or management of real estate; or operation as an insurance agency, as defined in section ~~60A.03~~ 60A.02; or

(6) a corporation the affairs of which the commissioner finds were arranged as they were primarily to reduce taxes by qualifying as a new business under this subdivision.

Sec. 6. Minnesota Statutes 1988, section 290.191, subdivision 6, is amended to read:

Subd. 6. [DETERMINATION OF RECEIPTS FACTOR FOR FINANCIAL INSTITUTIONS.] (a) For purposes of this section, the rules in this subdivision and subdivisions 7 and 8 apply in determining the receipts factor for financial institutions.

(b) "Receipts" for this purpose means gross income, including net taxable gain on disposition of assets, including securities and money market instruments, when derived from transactions and activities in the regular course of the taxpayer's trade or business.

(c) "Money market instruments" means federal funds sold and securities purchased under agreements to resell, commercial paper, banker's acceptances, and purchased certificates of deposit and similar instruments to the extent that the instruments are reflected as assets under generally accepted accounting principles.

(d) "Securities" means United States Treasury securities, obligations of United States government agencies and corporations, obligations of state and political subdivisions, corporate stock and other securities, participations in securities backed by mortgages held by United States or state government agencies, loan-backed securities and similar investments to the extent the investments are reflected as assets under generally accepted accounting principles.

(e) Receipts from the lease or rental of real or tangible personal property, including both finance leases and true leases, must be attributed to this state if the property is located in this state. Tangible personal property that is characteristically moving property, such as motor vehicles, rolling stock, aircraft, vessels, mobile equipment, and the like, is considered to be located in a state if:

(1) the operation of the property is entirely within the state; or

(2) the operation of the property is in two or more states, but the principal base of operations from which the property is sent out is in the state.

(f) Interest income and other receipts from assets in the nature of loans that are secured primarily by real estate or tangible personal property must be attributed to this state if the security property is located in this state

under the principles stated in paragraph (e).

(g) Interest income and other receipts from consumer loans not secured by real or tangible personal property that are made to residents of this state, whether at a place of business, by traveling loan officer, by mail, by telephone or other electronic means, must be attributed to this state.

(h) Interest income and other receipts from commercial loans and installment obligations ~~not secured that are unsecured~~ by real or tangible personal property *or secured by intangible property* must be attributed to this state if the proceeds of the loan are to be applied in this state. If it cannot be determined where the funds are to be applied, the income and receipts are attributed to the state in which the office of the borrower from which the application would be made in the regular course of business is located. If this cannot be determined, the transaction is disregarded in the apportionment formula.

(i) Interest income and other receipts from a participating financial institution's portion of participation *and syndication* loans must be attributed under paragraphs (e) to (h). A participation loan is ~~a loan in which more than one lender is a creditor to a common borrower~~ *an arrangement in which a lender makes a loan to a borrower and then sells all or a part of the loan to a purchasing financial institution. A syndication loan is a multibank loan transaction in which all the lenders are named as parties to the loan documentation, are known to the borrower, and have privity of contract with the borrower.*

(j) Interest income and other receipts including service charges from financial institution credit card and travel and entertainment credit card receivables and credit card holders' fees must be attributed to the state to which the card charges and fees are regularly billed.

(k) Merchant discount income derived from financial institution credit card holder transactions with a merchant must be attributed to the state in which the merchant is located. In the case of merchants located within and outside the state, only receipts from merchant discounts attributable to sales made from locations within the state are attributed to this state. It is presumed, subject to rebuttal, that the location of a merchant is the address shown on the invoice submitted by the merchant to the taxpayer.

(l) Receipts from the performance of fiduciary and other services must be attributed to the state in which the benefits of the services are consumed. If the benefits are consumed in more than one state, the receipts from those benefits must be apportioned to this state pro rata according to the portion of the benefits consumed in this state. If the extent to which the benefits of services are consumed in this state is not readily determinable, the benefits of the services shall be deemed to be consumed at the location of the office of the customer from which the services were ordered in the regular course of the customer's trade or business. If the ordering office cannot be determined, the benefits of the services shall be deemed to be consumed at the office of the customer to which the services are billed.

(m) Receipts from the issuance of travelers checks and money orders must be attributed to the state in which the checks and money orders are purchased.

(n) Receipts from investments of a financial institution in securities of this state, its political subdivisions, agencies, and instrumentalities must be attributed to this state.

(o) Receipts from a financial institution's interest in any property described in section 290.015, subdivision 3, paragraph (b), is not included in the numerator or the denominator of the receipts factor provided the financial institution's activities within this state with respect to any interest in the property are limited in the manner provided in section 290.015, subdivision 3, paragraph (b). If a financial institution is subject to tax under this chapter, its interest in property described in section 290.015, subdivision 3, paragraph (b), is included in the receipts factor in the same manner as assets in the nature of securities or money market instruments are included under paragraph (n) and subdivision 7.

Sec. 7. Minnesota Statutes 1988, section 290.191, subdivision 11, is amended to read:

Subd. 11. [FINANCIAL INSTITUTIONS; PROPERTY FACTOR.] (a) For financial institutions, the property factor includes, as well as tangible property, intangible property as set forth in this subdivision.

(b) Intangible personal property must be included at its tax basis for federal income tax purposes.

(c) Goodwill must not be included in the property factor.

(d) Coin and currency located in this state must be attributed to this state.

(e) Lease financing receivables must be attributed to this state if and to the extent that the property is located within this state.

(f) Assets in the nature of loans that are secured by real or tangible personal property must be attributed to this state if and to the extent that the security property is located within this state.

(g) Assets in the nature of consumer loans and installment obligations that are unsecured or secured by intangible property must be attributed to this state if the loan was made to a resident of this state.

(h) Assets in the nature of commercial loan and installment obligations that are unsecured *by real or tangible personal property* or secured by intangible property must be attributed to this state if the ~~loan~~ proceeds of the loan are to be applied in this state. If it cannot be determined where the funds are to be applied, the assets must be attributed to the state in which there is located the office of the borrower from which the application would be made in the regular course of business. If this cannot be determined, the transaction is disregarded in the apportionment formula.

(i) A participating financial institution's portion of a participation ~~loan~~ and syndication loans must be attributed under paragraphs (e) to (h).

(j) Financial institution credit card and travel and entertainment credit card receivables must be attributed to the state to which the credit card charges and fees are regularly billed.

(k) Receivables arising from merchant discount income derived from financial institution credit card holder transactions with a merchant are attributed to the state in which the merchant is located. In the case of merchants located within and without the state, only ~~receipts~~ *receivables* from merchant discounts attributable to sales made from locations within the state are attributed to this state. It is presumed, subject to rebuttal, that the location of a merchant is the address shown on the invoice submitted by the merchant to the taxpayer.

(l) Assets in the nature of securities and money market instruments are apportioned to this state based upon the ratio that total deposits from this state, its residents, its political subdivisions, agencies and instrumentalities bear to the total deposits from all states, their residents, their political subdivisions, agencies and instrumentalities. In the case of an unregulated financial institution, the assets are apportioned to this state based upon the ratio that its gross business income earned from sources within this state bears to gross business income earned from sources within all states. For purposes of this subsection, deposits made by this state, its residents, its political subdivisions, agencies, and instrumentalities are attributed to this state, whether or not the deposits are accepted or maintained by the taxpayer at locations within this state.

(m) A financial institution's interest in any property described in section 290.015, subdivision 3, paragraph (b), is not included in the numerator or the denominator of the property factor provided the financial institution's activities within this state with respect to any interest in such property are limited in the manner provided in section 290.015, subdivision 3, paragraph (b). If a financial institution is subject to tax under this chapter, its interest in property described in section 290.015, subdivision 3, paragraph (b), is included in the property factor in the same manner as assets in the nature of securities or money market instruments are included under paragraph (l).

Sec. 8. Minnesota Statutes 1988, section 290.371, is amended to read:

Subdivision 1. [REPORT REQUIRED.] Every corporation that, during any calendar year or fiscal accounting year beginning after December 31, 1986, obtained any business from within this state as described in section 290.015, subdivision 1, ~~with the exception of:~~

~~(1) activity levels lower than those set forth in section 290.015, subdivision 2, paragraph (a); if the corporation is a financial institution; or~~

~~(2) activities described in section 290.015, subdivision 3, paragraph (b); or~~

~~(3) except corporations specifically exempted under subdivision 3 2, must file a notice of business activities report, as provided in this section. Filing of the report is not a factor in determining whether a corporation is subject to taxation under this chapter.~~

Subd. ~~3~~ 2. [EXEMPTIONS.] A corporation is not required to file a notice of business activities report if:

(1) by the end of an accounting period for which it was otherwise required to file a notice of business activities report under this section, it had received a certificate of authority to do business in this state;

(2) a timely return or report has been filed under section 290.05, subdivision 4; or 290.37;

(3) the corporation is exempt from taxation under this chapter pursuant to section 290.05, subdivision 1; ~~or~~

(4) the corporation's activities in Minnesota, or the interests in property which it owns, consist solely of activities or property exempted from jurisdiction to tax under section 290.015, subdivision 3, paragraph (b); ~~or~~

(5) *the corporation has a valid election in effect under section 1362 of the Internal Revenue Code of 1986, as amended through December 31,*

1988.

Subd. 4-3. [ANNUAL FILING.] Every corporation not exempt under subdivision 3 must file annually a notice of business activities report, including such forms as the commissioner may require, with respect to each of its calendar or fiscal accounting years beginning after December 31, 1986, on or before the 15th day of the fourth month after the close of the calendar or fiscal accounting year.

Subd. 5-4. [FAILURE TO FILE TIMELY REPORT.] (a) Any corporation required to file a notice of business activities report does not have any cause of action upon which it may bring suit under Minnesota law, *except for issues related to its Minnesota tax liability*, unless the corporation has filed a notice of business activities report.

(b) The failure of a corporation to file a timely report prevents the use of the courts in this state, except regarding activities and property described in section 290.015, subdivision 3, paragraph (b), for all contracts executed and all causes of action that arose at any time before the end of the last accounting period for which the corporation failed to file a required report.

(c) The court in which the issues arise ~~has the power to~~ *must* excuse the corporation for its failure to file a report when due, and restore the corporation's cause of action under the laws of this state, if the corporation has paid all taxes, interest, and civil penalties due the state for all periods, or provided for payment of them by adequate security or bond approved by the commissioner.

(d) Notwithstanding the provisions of section 290.61, the commissioner may acknowledge whether or not a particular corporation has filed with the commissioner reports or returns required by this chapter if the acknowledgment:

(1) is to a party in a civil action;

(2) relates to the filing status of another party in the same civil action; and

(3) is in response to a written request accompanied by a copy of the summons and complaint in the civil action.

Sec. 9. Laws 1988, chapter 719, article 2, section 57, is amended to read:

Sec. 57. [EFFECTIVE DATE.]

Sections 1, 4, and 5 are effective January 1, 1988. Sections 7, 8, 9, 11, clause (13), 31, and 40 are effective for taxable years beginning after December 31, 1990, except that sections 7, 8, 9, 11, clause (13), and 40 are effective for taxable years beginning after December 31, 1989, insofar as they apply to 936 corporations *and sections 7 and 8 are effective for taxable years beginning after December 31, 1988, insofar as they apply to royalties, fees, or other like income as described in section 12, clause (11)*. In this section, "936 corporations" are corporations referred to in section 9, clause (2)(ii). Sections 12, clause (11), 14, 26, 33, and 56, paragraph (c), are effective for taxable years beginning after December 31, 1988. Sections 2, 3, 32, 36, 37, and 38 are effective for taxable years beginning after December 31, 1987. Section 30, paragraphs (f), (g), (h), and (j) are effective for taxable years beginning after December 31, 1990, except that insofar as they apply to 936 corporations, they are effective for

taxable years beginning after December 31, 1989. Sections 29, in its reference to section 290.17, subdivision 4, paragraph (i), and 30, paragraph (i), are effective for taxable years beginning after *December 31, 1987, in its application to dividends, for taxable years beginning after December 31, 1988, in its application to income described in section 290.01, subdivision 19d, clause (11), for taxable years beginning after December 31, 1989, in its application to other income of 936 corporations a deemed dividend from a 936 corporation, and for taxable years beginning after December 31, 1990, in its application to other income of foreign operating corporations deemed dividends.* Section 30, paragraph (k) is effective for taxable years beginning after December 31, 1987. *As used in this section, a "deemed dividend" has the meaning described in section 30, paragraph (g).*

Sections 10, 11, clauses (2) and (3), 12, except for clause (11), 13, 15 to 18, 20, 21, 23, 25, 29 insofar as it refers to companies subject to the occupation tax, 34, 35, 39, 41 to 49, and 56, paragraph (d), are effective for taxable years beginning after December 31, 1986. Section 22 is effective for taxable years beginning after December 31, 1986, except that the part relating to the apportionment of the exemption amount among members of a unitary group is effective for taxable years beginning after December 31, 1987. Section 27 is effective for taxable years beginning after December 31, 1986, except that the part relating to the allowance of a net operating loss incurred in any taxable year to the extent of the apportionment ratio of the loss year is effective for taxable years beginning after December 31, 1987. Section 28 is effective for losses incurred in taxable years beginning after December 31, ~~1986~~ 1987, and is repealed effective for taxable years beginning after December 31, 1993. Sections 6, 50, and 55 are effective the day following final enactment. Sections 51 and 52 are effective for ores mined after December 31, 1989. Section 53 is effective for ores mined after December 31, 1986, and before January 1, 1990. Section 54 is effective for ore mined after December 31, 1986. Section 56, paragraph (a), is effective for ores mined after December 31, 1989. Section 56, paragraph (b), is effective for ores mined after December 31, 1986, and supersedes the repealer in Laws 1987, chapter 268, article 9, section 43.

Sec. 10. [REPEALER.]

Minnesota Statutes 1988, section 52.22, is repealed.

Sec. 11. [EFFECTIVE DATE.]

Sections 1 to 8 are effective for taxable years beginning after December 31, 1986, except that the elimination of clause (1) in section 290.371, subdivision 1, is effective for taxable years beginning after December 31, 1988."

Delete the title and insert:

"A bill for an act relating to taxation; making technical corrections to the property taxation of unmined iron ore; making technical corrections and clarifications to the corporate franchise tax; retroactively providing a corporate franchise tax modification for mining income or gains; clarifying the computation of mining occupation taxes; exempting S corporations from business activity report filing requirements; repealing an obsolete reference; amending Minnesota Statutes 1988, sections 273.1104, subdivision 2; 290.01, subdivision 19d; 290.015, subdivisions 2, 3, and 4; 290.092, subdivisions 2 and 4a; 290.191, subdivisions 6 and 11; 290.371;

298.01, subdivisions 3, 4, and by adding subdivisions; and Laws 1988, chapter 719, article 2, section 57; repealing Minnesota Statutes 1988, section 52.22.”

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

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was referred

S.F. No. 205: A bill for an act relating to taxation; making technical corrections and clarifications and administrative changes to premium taxes, cigarette taxes, sales taxes, motor vehicle excise taxes, liquor taxes, marijuana and controlled substances taxes, lodging taxes, and the metropolitan solid waste landfill fee; providing for unmarked vehicles for use by the department of revenue; providing for use of radio equipment in the vehicles; providing for sales of unstamped tobacco products and liquor to Indian tribes; providing for cancellation of sales tax permits; exempting liquor used in law enforcement training; repealing obsolete or unnecessary terms or provisions; repealing express company, freight line company, and sleeping car company gross earnings taxes; repealing the Minnesota unfair cigarette sales act; amending Minnesota Statutes 1988, sections 16B.54, subdivision 2; 41A.09, subdivision 3; 69.54; 168.011, by adding a subdivision; 168.012, subdivision 1, and by adding a subdivision; 270.06; 297.04, subdivision 9; 297.041, subdivisions 1, 2, and 4; 297.06, subdivision 3; 297A.06; 297A.17; 297A.20; 297A.21, subdivision 4; 297A.25, subdivisions 11 and 16; 297B.01, subdivision 5; 297B.02, subdivision 1; 297C.02, subdivision 4; 297C.07; 299C.37, subdivision 1; 297D.13, by adding a subdivision; 469.190, subdivision 1; 473.843, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 297, 297A, 297C, and 297D; repealing Minnesota Statutes 1988, sections 295.01, subdivisions 4, 5, 6, 7, and 8; 295.15; 295.21; 295.23; 295.24; 295.25; 295.27; 295.29; 295.30; 295.31; 297A.19; 297A.253; 325D.30; 325D.31; 325D.32; 325D.33; 325D.34; 325D.35; 325D.36; 325D.37; 325D.38; 325D.39; 325D.40; 325D.42; and 477A.018.

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

Page 3, after line 32, insert:

“Sec. 3. Minnesota Statutes 1988, section 69.011, subdivision 2, is amended to read:

Subd. 2. [QUALIFICATION FOR FIRE OR POLICE STATE AID.] (a) In order to qualify to receive fire state aid, on or before ~~July~~ *March 15*, annually, in conjunction with the financial report required pursuant to section 69.051, the clerk of each municipality having a duly organized fire department as provided in subdivision 4, or the secretary of each independent nonprofit firefighting corporation having a subsidiary incorporated firefighters' relief association whichever is applicable, and the fire chief, shall jointly certify the existence of the municipal fire department or of the independent nonprofit firefighting corporation, whichever is applicable, which meets the minimum qualification requirements set forth in this subdivision, and the fire personnel and equipment of the municipal fire department or the independent nonprofit firefighting corporation as of the preceding December 31. Certification shall be made to the commissioner on a form

prescribed by the commissioner and shall include any other facts the commissioner may require. The certification shall be made to the commissioner in duplicate. Each copy of the certificate shall be duly executed and deemed an original. The commissioner shall forward one copy to the auditor of the county wherein the fire department is located and retain one copy.

(b) On or before ~~July~~ *March 15* annually the clerk of each municipality having a duly organized police department and having a duly incorporated relief association shall certify that fact to the county auditor of the county where the police department is located and to the commissioner on a form prescribed by the commissioner together with the other facts the commissioner or auditor may require.

On or before ~~July~~ *March 15* annually, the clerk of each municipality and the auditor of each county employing one or more peace officers as defined in subdivision 1, clause (h), shall certify the number of such peace officers to the commissioner on forms prescribed by the commissioner. Credit for officers employed less than a full year shall be apportioned. Each full month of employment of a qualifying officer during the calendar year shall entitle the employing municipality or county to credit for 1/12 of the payment for employment of a peace officer for the entire year. For purposes of sections 69.011 to 69.051, employment of a peace officer shall commence when the peace officer is entered on the payroll of the respective municipal police department or county sheriff's department. No peace officer shall be included in the certification of the number of peace officers by more than one municipality or county for the same month."

Page 4, line 16, delete "*means*" and insert "*includes*" and delete "*a state agency*" and insert "*the department of revenue*"

Page 4, line 19, delete "*a state agency*" and insert "*the department of revenue*"

Page 8, line 4, strike "To"

Page 9, line 4, delete "*and*"

Page 9, line 5, reinstate the stricken language

Page 9, line 6, reinstate the stricken "*, the Minnesota unfair cigarette sales*" and before the reinstated comma, insert " *325D.30 to 325D.42*"

Page 9, line 7, reinstate the stricken "*act*" and after the stricken period, insert "*; and*

(17)"

Page 9, line 9, delete the second "*The*"

Page 9, delete lines 10 and 11

Page 9, delete section 8 and insert:

"Sec. 9. Minnesota Statutes 1988, section 270.60, is amended to read:
270.60 [TAX REFUND AGREEMENTS WITH INDIANS.]

The commissioner of revenue is authorized to enter into a tax refund agreement with the governing body of any Sioux or Chippewa reservation in Minnesota. The agreement may provide for a mutually agreed upon amount as a refund to the governing body of any sales or excise tax paid by the Indian residents of a reservation into the state treasury, or for an amount which measures the economic value of an agreement by the council

to pay the equivalent of the state sales tax on items included in the sales tax base but exempt on the reservation, notwithstanding any other law which limits the refundment of taxes.

The commissioner of revenue is also authorized to enter into a tax refund agreement with the governing body of any federally recognized Indian reservation in Minnesota, for refund of a mutually agreed upon amount of the cigarette taxes collected from sales on reservations or trust lands of an Indian tribe to the established governing body of the tribe having jurisdiction over the reservation or trust land on which the sale is made.

There is annually appropriated from the general fund to the commissioner of revenue the amounts necessary to make the refunds provided in this section.

Sec. 10. Minnesota Statutes 1988, section 296.18, subdivision 1, is amended to read:

Subdivision 1. [GASOLINE OR SPECIAL FUEL USED IN OTHER THAN MOTOR VEHICLES.] Any person who shall buy and use gasoline for a qualifying purpose other than use in motor vehicles, snowmobiles, or motorboats, or special fuel for a qualifying purpose other than use in licensed motor vehicles, and who shall have paid the Minnesota excise tax directly or indirectly through the amount of the tax being included in the price of the gasoline or special fuel, or otherwise, shall be reimbursed and repaid the amount of the tax paid upon filing with the commissioner a signed claim in writing in the form and containing the information the commissioner shall require and accompanied by the original invoice thereof. By signing any such claim which is false or fraudulent, the applicant shall be subject to the penalties provided in this section for knowingly making a false claim. The claim shall set forth the total amount of the gasoline so purchased and used by the applicant other than in motor vehicles, or special fuel so purchased and used by the applicant other than in licensed motor vehicles, and shall state when and for what purpose it was used. When a claim contains an error in computation or preparation, the commissioner is authorized to adjust the claim in accordance with the evidence shown on the claim or other information available to the commissioner. The commissioner, on being satisfied that the claimant is entitled to the payments, shall approve the claim and transmit it to the commissioner of finance. No repayment shall be made unless the claim and invoice shall be filed with the commissioner within one year from the date of the purchase. The postmark on the envelope in which the claim is mailed shall determine the date of filing. The words "gasoline" or "special fuel" as used in this subdivision do not include aviation gasoline or special fuel for aircraft. Gasoline or special fuel bought and used for a "qualifying purpose" means:

(1) Gasoline or special fuel used in carrying on a trade or business, used on a farm situated in Minnesota, and used for a farming purpose. "Farm" and "farming purpose" have the meanings given them in section 6420(c)(2), (3), and (4) of the Internal Revenue Code of 1954 1986, as amended through December 31, 1983 1988.

(2) Gasoline or special fuel used for off-highway business use. "Off-highway business use" means any use by a person in that person's trade, business, or activity for the production of income. "Off-highway business use" does not include use as a fuel in a motor vehicle which, at the time of use, is registered or is required to be registered for highway use under the laws of any state or foreign country.

(3) Gasoline or special fuel placed in the fuel tanks of new motor vehicles, manufactured in Minnesota, and shipped by interstate carrier to destinations in other states or foreign countries.”

Page 11, delete section 12

Page 13, line 11, delete “2” and insert “1”

Page 15, line 33, after the period, insert “*This exemption does not apply to the leasing of a motor vehicle as defined in section 297B.01, subdivision 5, except for leases entered into by the United States or its agencies or instrumentalities.*”

Page 16, line 27, after the period, insert “*This exemption does not apply to the leasing of a motor vehicle as defined in section 297B.01, subdivision 5.*”

Page 16, line 32, strike “and” and after the stricken “and” insert “*for which registration is required by chapter 168. Motor vehicle*”

Page 16, line 35, strike everything after “rails”

Page 16, line 36, strike “is required by chapter 168,” and delete “or” and insert “*and motor vehicles*”

Page 17, line 2, delete the comma

Page 17, line 3, strike “but not including” and insert “. *“Motor vehicle” does not include snowmobiles,*” and after “trailers” insert a comma

Page 17, after line 14, insert:

“Sec. 24. Minnesota Statutes 1988, section 297B.03, is amended to read:
297B.03 [EXEMPTIONS.]

There is specifically exempted from the provisions of this chapter and from computation of the amount of tax imposed by it the following:

(1) Purchase or use, including use under a lease purchase agreement or installment sales contract made pursuant to section 465.71, of any motor vehicle by the United States and its agencies and instrumentalities and by any person described in and subject to the conditions provided in section 297A.25, subdivision 18.

(2) Purchase or use of any motor vehicle by any person who was a resident of another state at the time of the purchase and who subsequently becomes a resident of Minnesota, provided the purchase occurred more than 60 days prior to the date such person began residing in the state of Minnesota.

(3) Purchase or use of any motor vehicle by any person making a valid election to be taxed under the provisions of section 297A.211.

(4) Purchase or use of any motor vehicle previously registered in the state of Minnesota by any corporation or partnership when such transfer constitutes a transfer within the meaning of section 351 or 721 of the Internal Revenue Code of ~~1954~~ 1986, as amended through December 31, ~~1974~~ 1988.

(5) Purchase or use of any vehicle owned by a resident of another state and leased to a Minnesota based private or for hire carrier for regular use in the transportation of persons or property in interstate commerce provided the vehicle is titled in the state of the owner or secured party, and that state

does not impose a sales or motor vehicle excise tax on motor vehicles used in interstate commerce.

(6) Purchase or use of a motor vehicle by a private nonprofit or public educational institution for use as an instructional aid in automotive training programs operated by the institution.”

Pages 20 and 21, delete section 26

Page 21, after line 21, insert:

“Sec. 30. Minnesota Statutes 1988, section 325D.32, subdivision 10, is amended to read:

Subd. 10. (a) “Cost to wholesaler” means the basic cost of the cigarettes, prior to deducting manufacturer’s timely payment and stamping discounts and any other discounts or rebates, plus the cost of doing business by the wholesaler, as defined in sections 325D.30 to 325D.42.

(b) The cost of doing business by the wholesaler is presumed to be four percent of the basic cost of the cigarettes, plus cartage to the retail outlet, if furnished or paid for by the wholesaler, in the absence of proof of a lesser or higher cost. Such cartage cost is presumed to be one-half of one percent of the basic cost of the cigarettes in the absence of proof of a lesser or higher cost.

(c) *A wholesaler electing to sell cigarettes at a price other than that presumed by law must submit to the commissioner documentation substantiating the actual cost of the cigarettes before selling at actual cost. For purposes of this paragraph “actual cost” means basic cost as defined in subdivision 9 plus the wholesaler’s cost of doing business. The commissioner shall review the documents submitted and, if necessary, request additional documentation to verify the accuracy of the cost computations. If, within 15 days of submission of the documentation, the commissioner has not notified the wholesaler of any deficiencies in the cost computations, the wholesaler may begin selling at actual cost. The cost computations are effective for a period of not more than 12 months beginning 15 days after submission of the documentation. Fifteen days before expiration of the 12-month period, the wholesaler must submit new cost documentation for review by the commissioner to continue selling at less than the price presumed by law. New cost documentation must also be submitted to the commissioner on the last day of a month in which the basic cost of cigarettes increases.*

Sec. 31. Minnesota Statutes 1988, section 325D.37, is amended by adding a subdivision to read:

Subd. 3. Before selling cigarettes at a price set in good faith to meet competition, a wholesaler shall contact the commissioner to verify that a competitor has met the requirements of section 325D.32, subdivision 10, or that a competitor has contacted the commissioner under this subdivision in response to a wholesaler who has met the requirements of section 325D.32, subdivision 10.

Sec. 32. [325D.415] [CIGARETTE DISTRIBUTOR FEES.]

A cigarette distributor as defined in section 297.01, subdivision 7, shall pay to the commissioner an annual fee equal to 18 cents multiplied by the number of cases of cigarettes sold in Minnesota by the distributor during the 12 months preceding the date of application for a license under section

297.04 or, in the case of a distributor that has not been a licensed distributor prior to the date of application, a fee of \$100.

The annual fee must be paid at the time of licensing under chapter 297 and is a condition of the licensing. The annual fee must be deposited into a fund established for the enforcement of the Minnesota unfair cigarette sales act and is annually appropriated to the department of revenue for that purpose.

Page 22, after line 23, insert:

“Sec. 35. [CONTINUATION OF EFFECT.]

The repeal of Minnesota Statutes, sections 477A.018 and 477A.019, in this act shall be deemed to be a part of a repeal and reenactment under Laws 1987, chapter 291, with the effect provided in Minnesota Statutes, section 645.37. A statutory or home rule charter city, county, or town ordinance, resolution, or vote to impose a tax under Minnesota Statutes 1988, section 477A.018, may continue in effect under the terms of Minnesota Statutes, section 469.190.

Sec. 36. [COMPLEMENT INCREASE.]

The special taxes division of the department of revenue is given a complement of three positions for the enforcement of sections 325D.30 to 325D.42.”

Page 22, line 25, delete “(a)”

Page 22, line 27, delete “and” and before the comma, insert “; and 477A.019”

Page 22, delete lines 29 to 31

Page 22, line 33, delete “28” and insert “29” and after the period, insert “Section 3 is effective for reports filed in 1990 and thereafter. Section 9 is retroactively effective July 1, 1988. Section 17 is retroactively effective June 1, 1988. Sections 20 and 21 are effective for all sales made after June 30, 1989, but do not apply to sales of tangible personal property made pursuant to bona fide written contracts that were enforceable before July 1, 1989, and delivery is made on or before December 31, 1989. Sections 1, 2, 4 to 8, 10 to 16, 18, 19, 22 to 28, 30 to 34, 36, and 37 are effective July 1, 1989. Section 35 is effective August 1, 1987.”

ReNUMBER the sections in sequence

Amend the title as follows:

Page 1, line 5, after “excise taxes,” insert “gasoline and special fuel taxes,”

Page 1, delete line 9

Page 1, line 16, delete everything after the semicolon

Page 1, line 17, delete everything before the semicolon and insert “requiring notification of the commissioner prior to selling cigarettes at prices other than those presumed by law; imposing cigarette distributor fees; appropriating money”

Page 1, line 19, after “3;” insert “69.011, subdivision 2;”

Page 1, line 21, delete “297.04, subdivision 9” and insert “270.60; 296.18, subdivision 1”

Page 1, line 22, delete "297.06, subdivision 3;"

Page 1, line 25, after "1;" insert "297B.03;"

Page 1, line 26, delete "299C.37, subdivision 1;"

Page 1, line 27, after the first semicolon, insert "325D.32, subdivision 10; 325D.37, by adding a subdivision;"

Page 1, line 29, delete "and"

Page 1, line 30, after "297D" insert ", and 325D"

Page 1, lines 33, delete everything after "297A.253;"

Page 1, delete lines 34 and 35 and insert "477A.018; and 477A.019."

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

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was referred

S.F. No. 62: A bill for an act relating to taxation; making technical corrections and clarifications to individual income and corporate franchise taxes; updating references to the Internal Revenue Code; imposing a tax and providing for withholding of certain payments to nonresidents; requiring surety payment by out-of-state contractors; amending Minnesota Statutes 1988, sections 290.01, subdivisions 4, 7, 19, 19a, 19b, 19c, 19d, 19e, and 19f; 290.06, subdivision 22; 290.067, subdivision 1; 290.0802, subdivision 2; 290.095, subdivision 9; 290.17, subdivision 1; 290.92, by adding subdivisions; and 291.005, subdivision 1; proposing coding for new law in chapter 290; repealing Minnesota Statutes 1988, section 290.01, subdivision 6a.

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

Page 1, line 21, strike "851(q)" and insert "851(h)"

Page 3, line 1, strike "851(q)" and insert "851(h)"

Page 4, lines 15, 24, and 26, strike "of 1986"

Page 4, line 25, strike "851(q)" and insert "851(h)"

Page 5, line 5, after "*chapter*" insert ", *except that any such interest, expenses, or taxes shall remain deductible in the year paid or accrued in the case of any such interest, expenses, or taxes which pursuant to the terms of an escrow agreement with a trustee purchased or caused to be purchased United States obligations prior to January 1, 1989, and pursuant to the terms of the escrow agreement neither the partnership nor its partners have a power to sell or dispose of said obligations, provided that a taxpayer who claims to qualify for this exception from the addition under this clause should provide information required by the commissioner to verify eligibility for this exception with the tax return on which the deduction is claimed*"

Page 6, line 12, strike the second "of"

Page 6, line 13, strike "1986, as amended through December 31, 1987"

Page 7, lines 14, 17, 21, 25, 31, and 34, strike "of 1986"

Page 8, line 1, strike "of 1986"

Page 8, line 3, strike the second "of"

Page 8, line 4, strike "1986"

Page 9, lines 10 and 33, strike "of 1986"

Page 11, line 28, strike "of 1986"

Page 12, lines 8, 12, 24, 28, and 35, strike "of 1986"

Page 13, lines 8 and 14, strike "of 1986"

Page 14, line 35, strike the second "of"

Page 14, line 36, strike "1986"

Page 15, line 4, strike "of 1986"

Page 15, after line 22, insert:

"Sec. 10. Minnesota Statutes 1988, section 290.06, subdivision 2c, is amended to read:

Subd. 2c. [SCHEDULES OF RATES FOR INDIVIDUALS, ESTATES, AND TRUSTS.] (a) The income taxes imposed by this chapter upon married individuals filing joint returns and surviving spouses as defined in section 2(a) of the Internal Revenue Code of 1986 as amended through December 31, 1987, must be computed by applying to their taxable net income the following schedule of rates:

if taxable income is:	the tax is:
not over \$19,000	6 percent
over \$19,000	\$1,140 plus 8 percent of the excess over \$19,000

plus an amount computed using the following schedule of rates:

if taxable income is:	the tax is:
over \$75,500, but not over \$165,000	0.5 percent of the excess over \$75,500
over \$165,000	\$447.50.

Married individuals filing separate returns, estates, and trusts must compute their income tax by applying the above rates to their taxable income, except that the income brackets will be one-half of the above amounts. *In the case of married individuals filing separately, the additional 0.5 percent tax provided in this subdivision shall be applied to taxable income over \$37,750, but not over \$127,500.*

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

if taxable income is:	the tax is:
not over \$13,000	6 percent
over \$13,000	\$780 plus 8 percent of the excess over \$13,000

plus an amount computed using the following schedule of rates:

if taxable income is:	the tax is:
over \$42,700, but not	0.5 percent of the
over \$93,000	excess over \$42,700
over \$93,000	\$251.50.

(c) The income taxes imposed by this chapter upon unmarried individuals qualifying as a head of household as defined in section 2(b) of the Internal Revenue Code of 1986, as amended through December 31, 1987, must be computed by applying to taxable net income the following schedule of rates:

if taxable income is:	the tax is:
not over \$16,000	6 percent
over \$16,000	\$960 plus 8 percent
	of the excess over \$16,000

plus an amount computed using the following schedule of rates:

if taxable income is:	the tax is:
over \$64,300, but not	0.5 percent of the
over \$135,000	excess over \$64,300
over \$135,000	\$353.50.

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

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

(1) The numerator is the individual's Minnesota source federal adjusted gross income as defined in section 62 of the Internal Revenue Code of 1986, as amended through December 31, 1987, after applying the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

(2) the denominator is the individual's federal adjusted gross income as defined in section 62 of the Internal Revenue Code of 1986, as amended through December 31, 1987, increased by the addition required for interest income from non-Minnesota state and municipal bonds under section 290.01, subdivision 19a, clause (1).

(f) Any individual who has income which is included in the computation of federal adjusted gross income but is not subject to tax by Minnesota other than income specifically allowed as a subtraction under section 290.01, subdivision 19b, shall compute the tax in the same manner described in paragraph (e). The numerator of the fraction under paragraph (e) is the individual's Minnesota source federal adjusted gross income reduced by the income not subject to Minnesota tax and the denominator is the federal adjusted gross income."

Page 16, line 9, after "(1)" insert a comma

Page 17, line 21, delete "*client*" and insert "*child*"

Page 17, after line 25, insert:

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

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

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

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

Page 17, after line 32, insert:

"Sec. 13. Minnesota Statutes 1988, section 290.0802, subdivision 1, is amended to read:

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

(a) "Adjusted gross income" means federal adjusted gross income as used in section 22(d) of the Internal Revenue Code for the taxable year plus the ordinary income portion of a lump sum distribution as defined in section 407(e) 402(e) of the Internal Revenue Code.

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

(c) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 1987.

(d) "Nontaxable retirement and disability benefits" means the amount of pension, annuity, or disability benefits that would be included in the reduction under section 22(c)(3) of the Internal Revenue Code, but excluding tier one railroad retirement benefits.

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

Page 18, line 32, delete the comma

Page 18, line 33, delete "290.49,"

Page 18, line 36, delete ", 290.49,"

Page 19, line 34, after "to" insert "*income*."

Page 20, line 25, delete "*and shall be treated as income*" and insert a period

Page 20, delete lines 26 to 28

Page 22, after line 24, insert:

“Sec. 18. Minnesota Statutes 1988, section 290.311, subdivision 1, is amended to read:

Subdivision 1. [PARTNERS.] (a) Partner's modifications. In determining gross income and Minnesota taxable income of a partner, any modification described in section 290.01, subdivisions ~~20 19~~ to ~~20f 19f~~, which relates to an item of partnership income, gain, loss or deduction shall be made in accordance with the partner's distributive share, for federal income tax purposes, of the item to which the modification relates.

(b) Character of items. Each item of partnership income, gain, loss, or deduction shall have the same character for a partner under this section which it has for federal income tax purposes. Where an item is not characterized for federal income tax purposes, it shall have the same character for a partner as if realized directly from the source from which realized by the partnership, or incurred in the same manner as incurred by the partnership.

(c) Minnesota tax avoidance or evasion. Where a partner's distributive share of an item of partnership income, gain, loss or deduction is determined for federal income tax purposes by special provision in the partnership agreement with respect to such item, and where the effect of such provision is the avoidance or evasion of tax under this section, the partner's distributive share of such item, and any modifications required with respect thereto shall be determined as if the partnership agreement made no special provision with respect to such item.”

Page 22, line 30, after “*nonresident*” insert “*individual*”

Page 23, line 5, delete “*for*” and insert a period

Page 23, delete lines 6 to 8

Page 23, line 9, delete everything before “*The*”

Page 23, line 11, delete “*last*”

Page 23, delete line 12 and insert “*due date specified for filing the partnership return under section 290.42.*”

Page 23, line 17, after the period, insert “*The commissioner may reduce or abate the tax withheld under this subdivision if the partnership had reasonable cause to believe that no tax was due under this section.*”

Page 23, delete lines 20 and 21 and insert “*if*”:

(1) *the partner elects to have the tax due paid as part of the partnership's composite return under section 290.39, subdivision 5;*

(2) *the partner has Minnesota assignable federal adjusted gross income from the partnership of less than \$1,000; or*

(3) *the partnership is liquidated or terminated, the income was generated by a transaction related to the termination or liquidation, and no cash or other property was distributed in the current or prior taxable year.”*

Page 23, line 30, after “*nonresident*” insert “*individual*”

Page 24, line 7, delete “*for*” and insert a period

Page 24, delete lines 8 to 10

Page 24, line 11, delete everything before “*The*”

Page 24, line 14, delete “*last day of the month following the close of*

the year” and insert “*due date specified for filing the corporate income tax return under section 290.42*”

Page 24, delete lines 22 to 24 and insert “*shareholder, if:*

(1) *the shareholder elects to have the tax due paid as part of the corporation's composite return under section 290.39, subdivision 5;*

(2) *the shareholder has Minnesota assignable federal adjusted gross income from the corporation of less than \$1,000; or*

(3) *the corporation is liquidated or terminated, the income was generated by a transaction related to the termination or liquidation, and no cash or other property was distributed in the current or prior taxable year.”*

Pages 24 and 25, delete section 18

Page 25, line 29, delete “, *Wisconsin, North*”

Page 25, line 30, delete “*Dakota, or Michigan*” and insert “*or a state with which Minnesota has a reciprocal agreement under section 290.081*”

Page 25, line 32, after “*includes*” insert “, *but is not limited to,*”

Page 25, line 36, delete “*contract*” and insert “*contractor*”

Page 28, line 3, after “*corporation*” insert “*as defined in Minnesota Statutes 1986, section 290.01, subdivision 3,*”

Page 28, line 15, after “*if*” insert “(1)”

Page 28, line 19, after “297A” insert “, *or (2) the contractor has done construction work in Minnesota at any time during the three calendar years prior to entering the contract and has fully complied with all the provisions of chapters 290 and 297A for the three prior years*”

Page 31, line 9, delete “15” and insert “18”

Page 31, line 11, delete “16 to 19” and insert “19 to 21” and delete “20” and insert “22”

Page 31, line 13, delete “21” and insert “23”

Page 31, line 15, after the period, insert “*The part of section 17 pertaining to goodwill and covenants not to compete are only in effect on contracts entered into after the day of final enactment.*”

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after the semicolon, insert “*adjusting the rate of the tax on married individuals filing separately;*”

Page 1, line 10, delete the first “*subdivision*” and insert “*subdivisions 2c and*”

Page 1, line 11, delete the first “*subdivision*” and insert “*subdivisions 1 and*”

Page 1, line 12, delete “*subdivision 1*” and insert “*subdivisions 1 and 2; 290.311, subdivision 1*”

Page 1, line 14, after “*in*” insert “*Minnesota Statutes,*”

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

adopted.

Mr. Moe, D.M. from the Committee on Governmental Operations, to which was referred the following appointment as reported in the Journal for January 12, 1989:

**STATE OFFICE OF ADMINISTRATIVE HEARINGS
CHIEF ADMINISTRATIVE LAW JUDGE**

William Brown

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

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

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was referred the following appointment as reported in the Journal for January 30, 1989:

TAX COURT

Earl Gustafson

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

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

SECOND READING OF SENATE BILLS

S.F. Nos. 104, 382, 61 and 62 were read the second time.

MOTIONS AND RESOLUTIONS

Mr. Knutson moved that the name of Mr. Anderson be added as a co-author to S.F. No. 35. The motion prevailed.

Mr. Bertram moved that the name of Mr. Lessard be added as a co-author to S.F. No. 225. The motion prevailed.

Mr. Moe, D.M. moved that the name of Mr. Waldorf be added as a co-author to S.F. No. 307. The motion prevailed.

Ms. Berglin moved that the name of Mr. Novak be added as a co-author to S.F. No. 374. The motion prevailed.

Ms. Berglin moved that the name of Mr. Novak be added as a co-author to S.F. No. 379. The motion prevailed.

Mrs. Lantry moved that the name of Mr. Frederick be added as a co-author to S.F. No. 401. The motion prevailed.

Ms. Peterson, D.C. moved that the name of Mr. Novak be added as a co-author to S.F. No. 410. The motion prevailed.

Mr. Dahl moved that the name of Mr. Novak be added as a co-author to S.F. No. 415. The motion prevailed.

Mr. Dahl moved that the name of Mr. Novak be added as a co-author to S.F. No. 460. The motion prevailed.

Ms. Berglin moved that the name of Mr. Novak be added as a co-author to S.F. No. 493. The motion prevailed.

Mr. Berg moved that the names of Messrs. Gustafson and Vickerman be added as co-authors to S.F. No. 511. The motion prevailed.

Mr. Ramstad moved that the name of Mr. Belanger be added as a co-author to S.F. No. 568. The motion prevailed.

Mr. Ramstad moved that the name of Mr. Belanger be added as a co-author to S.F. No. 572. The motion prevailed.

Mr. Dahl moved that the name of Mr. Merriam be added as a co-author to S.F. No. 606. The motion prevailed.

Mr. Bertram introduced—

Senate Resolution No. 51: A Senate resolution congratulating KASM Radio, of Albany, Minnesota, for over 35 years of good broadcasting of Polka music.

Referred to the Committee on Rules and Administration.

Mr. Johnson, D.J. moved that S.F. No. 205 be withdrawn from the Committee on Finance and re-referred to the Committee on Taxes and Tax Laws. The motion prevailed.

CONSENT CALENDAR

S.F. No. 204: A bill for an act relating to elections; providing for the removal of certain voter registration cards; amending Minnesota Statutes 1988, section 201.13.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Adkins	Decker	Knaak	Metzen	Reichgott
Anderson	DeCramer	Knutson	Moe, R.D.	Renneke
Belanger	Dicklich	Kroening	Morse	Samuelson
Benson	Diessner	Laidig	Novak	Schmitz
Berg	Frank	Langseth	Olson	Spear
Berglin	Frederick	Lantry	Pariseau	Storm
Bernhagen	Frederickson, D.J.	Larson	Pehler	Stumpf
Bertram	Frederickson, D.R.	Lessard	Peterson, D.C.	Taylor
Brandl	Freeman	Luther	Peterson, R.W.	Vickerman
Chmielewski	Gustafson	Marty	Piper	Waldorf
Cohen	Hughes	McQuaid	Pogemiller	
Dahl	Johnson, D.E.	Mehrkens	Purfeerst	
Davis	Johnson, D.J.	Merriam	Ramstad	

So the bill passed and its title was agreed to.

S.F. No. 215: A bill for an act relating to notaries public; increasing the period of time during which reappointments may be made; amending Minnesota Statutes 1988, section 359.02.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Decker	Knaak	Metzen	Reichgott
Anderson	DeCramer	Knutson	Moe, R.D.	Renneke
Belanger	Dicklich	Kroening	Morse	Samuelson
Benson	Diessner	Laidig	Novak	Schmitz
Berg	Frank	Langseth	Olson	Solon
Berglin	Frederick	Lantry	Pariseau	Spear
Bernhagen	Frederickson, D.J.	Larson	Pehler	Storm
Bertram	Frederickson, D.R.	Lessard	Peterson, D.C.	Stumpf
Brandl	Freeman	Luther	Peterson, R.W.	Taylor
Chmielewski	Gustafson	Marty	Piper	Vickerman
Cohen	Hughes	McQuaid	Pogemiller	Waldorf
Dahl	Johnson, D.E.	Mehrkens	Purleerst	
Davis	Johnson, D.J.	Merriam	Ramstad	

So the bill passed and its title was agreed to.

GENERAL ORDERS

The Senate resolved itself into a Committee of the Whole, with Mr. Hughes in the chair.

After some time spent therein, the committee arose, and Mr. Hughes reported that the committee had considered the following:

S.F. Nos. 101 and 227, which the committee recommends to pass.

S.F. No. 156, which the committee recommends to pass with the following amendment offered by Mr. Knaak:

Page 1, line 13, delete “, *the*”

Page 1, line 14, delete everything before “*or*”

Page 1, line 15, delete “*their*” and insert “*the governor’s*” and delete “*representatives,*” and insert “*representative*”

Page 1, line 21, delete everything after “*governor*”

Page 1, delete line 22 and insert “*or the governor’s designee*”

Page 1, line 23, delete “*designees,*”

Amend the title as follows:

Page 1, line 2, delete “, *the*”

Page 1, delete line 3

Page 1, line 4, delete “*senate*”

The motion prevailed. So the amendment was adopted.

On motion of Mr. Moe, R.D., the report of the Committee of the Whole, as kept by the Secretary, was adopted.

INTRODUCTION AND FIRST READING OF SENATE BILLS

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

Mr. Metzen introduced—

S.F. No. 622: A bill for an act relating to retirement; authorizing early unreduced retirement for certain legislative employees; amending Minnesota Statutes 1988, section 352.116, by adding a subdivision.

Referred to the Committee on Governmental Operations.

Mr. Pehler, Ms. Peterson, D.C.; Messrs. Stumpf, Larson and Ms. Reichgott introduced—

S.F. No. 623: A bill for an act relating to libraries; increasing regional public library basic support grants for certain regional systems; appropriating money; amending Minnesota Statutes 1988, section 134.35, by adding a subdivision.

Referred to the Committee on Education.

Mr. Spear, Ms. Reichgott, Messrs. Ramstad and McGowan introduced—

S.F. No. 624: A bill for an act relating to civil actions; removing certain limitations on parental liability for thefts by minors; amending Minnesota Statutes 1988, section 332.51, subdivision 3.

Referred to the Committee on Judiciary.

Messrs. Beckman, Vickerman and Frederickson, D.J. introduced—

S.F. No. 625: A bill for an act relating to economic development; establishing a toll free provider referral system for small businesses; amending Minnesota Statutes 1988, section 116J.68, subdivision 2.

Referred to the Committee on Economic Development and Housing.

Messrs. Ramstad, Luther and Frederickson, D.R. introduced—

S.F. No. 626: A bill for an act relating to alcoholic beverages; making illegal gifts of alcoholic beverages to minors subject to civil liability; requiring homeowner's insurance to cover this type of liability; amending Minnesota Statutes 1988, sections 65A.295; 340A.801, subdivisions 1 and 4; and 340A.802.

Referred to the Committee on Commerce.

Messrs. Samuelson, Vickerman, Mses. Peterson, D.C.; Berglin and Mr. Johnson, D.E. introduced—

S.F. No. 627: A bill for an act relating to juveniles; authorizing county welfare boards to collect fees for court-ordered treatment; amending Minnesota Statutes 1988, section 260.251, subdivision 1.

Referred to the Committee on Health and Human Services.

Ms. Peterson, D.C.; Messrs. Pogemiller and Morse introduced—

S.F. No. 628: A bill for an act relating to eminent domain; providing for relocation benefits for displaced persons; amending Minnesota Statutes 1988, section 117.52, subdivision 1.

Referred to the Committee on Judiciary.

Messrs. Stumpf, Pehler and Johnson, D.J. introduced—

S.F. No. 629: A bill for an act relating to highways; specific service signs; changing rural agricultural business to rural commercial business, and

specifying that the term includes certain types of businesses; amending Minnesota Statutes 1988, section 160.292, subdivisions 2 and 10; 160.293, subdivision 3; and 160.295, subdivision 5.

Referred to the Committee on Transportation.

Mr. Stumpf introduced—

S.F. No. 630: A bill for an act relating to groundwaters; establishing a cost-sharing program for the identification and sealing of certain unused water wells to protect groundwaters from pollution.

Referred to the Committee on Environment and Natural Resources.

Messrs. Dicklich and Merriam introduced—

S.F. No. 631: A bill for an act relating to electric utilities; clarifying authority of public utilities commission to change boundaries of electric utility service areas; amending Minnesota Statutes 1988, section 216B.39, subdivisions 3, 5, and by adding a subdivision.

Referred to the Committee on Public Utilities and Energy.

Messrs. Samuelson, Belanger, Cohen and Solon introduced—

S.F. No. 632: A bill for an act relating to credit unions; clarifying requirements for credit unions to maintain reserve funds; allowing private insurance of member share and deposit accounts; amending Minnesota Statutes 1988, sections 52.17, subdivision 1; and 52.24, subdivisions 1 and 2.

Referred to the Committee on Commerce.

Ms. Peterson, D.C. introduced—

S.F. No. 633: A bill for an act relating to data practices; providing for classification of law enforcement data on child abuse; amending Minnesota Statutes 1988, sections 13.82, by adding a subdivision; and 626.556, subdivisions 11 and 11c.

Referred to the Committee on Judiciary.

Mr. Pehler, Ms. Peterson, D.C.; Messrs. Pogemiller, Morse and Mehrkens introduced—

S.F. No. 634: A bill for an act relating to education; proposing department of education initiatives in dropout prevention and youth community service; appropriating money; amending Minnesota Statutes 1988, sections 121.88, subdivisions 8 and 9; 123.39, by adding a subdivision; 124.223; 124.225; 124.271, by adding subdivisions; 126.22, subdivision 3; 126.23; 126.235; 275.125, subdivision 8; proposing coding for new law in Minnesota Statutes, chapter 125; repealing Minnesota Statutes 1988, section 124.271, subdivision 2b.

Referred to the Committee on Education.

Mr. Dahl introduced—

S.F. No. 635: A bill for an act relating to retirement; excluding members of the Andover volunteer fire department from membership in the public

employees retirement association.

Referred to the Committee on Governmental Operations.

Ms. Berglin introduced—

S.F. No. 636: A bill for an act relating to highways; limiting construction on and acquisition of rights-of-way on interstate highways in metropolitan area; amending Minnesota Statutes 1988, section 161.123.

Referred to the Committee on Transportation.

Ms. Berglin, Messrs. Brandl, Vickerman, Ms. Piper and Mr. Storm introduced—

S.F. No. 637: A bill for an act relating to human services; allowing rate review for nursing homes in involuntary receivership; eliminating the exemption of certain allowable employee pension contributions from care-related cost limits and other operating cost limits; clarifying historical cost of capital assets and issuance costs; providing payment rate adjustments for nursing homes; allowing a one-time adjustment to comply with OBRA; amending Minnesota Statutes 1988, sections 144.50, by adding a subdivision; 144.562, subdivisions 2 and 3; 144.651, subdivision 2; 144A.01, by adding subdivisions; 144A.04, subdivision 7, and by adding a subdivision; 144A.073, subdivision 1; 144A.10, by adding subdivisions; 144A.12, subdivision 1; 144A.15, subdivision 1, and by adding subdivisions; 144A.611; 256B.091, subdivision 3; 256B.25, by adding a subdivision; 256B.431, subdivisions 2c, 2e, 2i, 3a, 3f, 3g, 4, and by adding subdivisions; 256B.47, subdivision 3; and 256B.48, subdivision 6; Laws 1988, chapter 689, article 2, section 269, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 144; 144A; and 256B; repealing Minnesota Statutes 1988, section 144A.10, subdivision 4a.

Referred to the Committee on Health and Human Services.

Ms. Berglin, Messrs. Brandl, Vickerman, Ms. Piper and Mr. Storm introduced—

S.F. No. 638: A bill for an act relating to human services; allowing rate review for nursing homes in involuntary receivership; eliminating the exemption of certain allowable employee pension contributions from care-related cost limits and other operating cost limits; clarifying historical cost of capital assets and issuance costs; providing payment rate adjustments for nursing homes; allowing a one-time adjustment to comply with OBRA; amending Minnesota Statutes 1988, sections 144.50, by adding a subdivision; 144.562, subdivisions 2 and 3; 144.651, subdivision 27; 144A.01, by adding a subdivision; 144A.04, subdivision 7, and by adding a subdivision; 144A.073, subdivision 1; 144A.10, subdivision 4a, and by adding subdivisions; 144A.12, subdivision 1; 144A.15, subdivision 1, and by adding subdivisions; 144A.611; 256B.091, subdivision 3; 256B.431, subdivisions 2e, 2i, 3a, 3f, 3g, 4, and by adding subdivisions; 256B.47, subdivision 3; and 256B.48, subdivision 6; Laws 1988, chapter 689, article 2, section 269, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 144; 144A; and 256B.

Referred to the Committee on Health and Human Services.

Mr. Cohen introduced—

S.F. No. 639: A bill for an act relating to abandoned property; requiring written notice to owner; amending Minnesota Statutes 1988, section 345.41.

Referred to the Committee on Commerce.

Mr. Benson, Mrs. Pariseau, Messrs. Frederickson, D.R.; Frederick and Decker introduced—

S.F. No. 640: A bill for an act relating to workers' compensation; changing the definition of family farm; amending Minnesota Statutes 1988, section 176.011, subdivision 11a.

Referred to the Committee on Employment.

Messrs. Dahl, Merriam and Mrs. McQuaid introduced—

S.F. No. 641: A bill for an act relating to finance; appropriating money to the commissioner of public safety to develop fire safety standards for cigarettes and little cigars.

Referred to the Committee on Finance. Mr. Berg questioned the reference thereon and, under Rule 35, the bill was referred to the Committee on Rules and Administration.

Mr. Taylor introduced—

S.F. No. 642: A bill for an act relating to education; appropriating money for a pilot project for science and mathematics teachers at Mankato State University.

Referred to the Committee on Education.

Messrs. Moe, R.D.; Marty; Ramstad and Spear introduced—

S.F. No. 643: A bill for an act relating to peace officers; establishing reimbursement program for purchases of soft body armor by and for peace officers; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 299A.

Referred to the Committee on Local and Urban Government.

Mr. Pogemiller introduced—

S.F. No. 644: A bill for an act relating to medical assistance for needy persons; proposing changes to the method for calculating a nursing home's property-related payment rate upon refinancing; amending Minnesota Statutes 1988, section 256B.431, subdivisions 3f and 3g.

Referred to the Committee on Health and Human Services.

Mr. Pogemiller introduced—

S.F. No. 645: A bill for an act relating to housing; requiring notice to tenants of the intent to sell certain subsidized housing units; proposing coding for new law in Minnesota Statutes, chapter 504.

Referred to the Committee on Economic Development and Housing.

Mr. Pogemiller introduced—

S.F. No. 646: A bill for an act relating to housing; requiring housing impact statements before displacement of certain low-income housing; requiring state government units to replace certain displaced low-income housing; providing for enforcement; proposing coding for new law in Minnesota Statutes, chapter 504.

Referred to the Committee on Economic Development and Housing.

Mr. Pogemiller introduced—

S.F. No. 647: A bill for an act relating to child support enforcement; permitting obligors to withdraw from the automatic withholding program; amending Minnesota Statutes 1988, section 518.613, subdivision 4.

Referred to the Committee on Health and Human Services.

Messrs. Novak; Morse; Johnson, D.J.; Davis and Bernhagen introduced—

S.F. No. 648: A bill for an act relating to taxation; property; clarifying the agricultural classification of certain property; amending Minnesota Statutes 1988, sections 273.111; and 273.13, subdivision 23.

Referred to the Committee on Taxes and Tax Laws.

Mr. Mehrkens introduced—

S.F. No. 649: A bill for an act relating to taxation; property tax; modifying the formula for computing transition aid; repealing disparity reduction aid; amending Minnesota Statutes 1988, sections 124.155, subdivision 2; 124.2139; 273.1398, subdivisions 1, 5, and 6; 275.07, subdivision 1; and 276.04, subdivision 2; repealing Minnesota Statutes 1988, sections 273.1398, subdivision 3; and 275.08, subdivision 1c.

Referred to the Committee on Taxes and Tax Laws.

Mses. Piper, Berglin, Messrs. Solon, Marty and Spear introduced—

S.F. No. 650: A bill for an act relating to human services; setting a minimum level for the amount of assistance under the aid to families with dependent children program; amending Minnesota Statutes 1988, section 256.74, subdivision 1.

Referred to the Committee on Health and Human Services.

Messrs. Mehrkens; Johnson, D.E.; Frederickson, D.J.; Mrs. Pariseau and Mr. Langseth introduced—

S.F. No. 651: A bill for an act relating to workers' compensation; changing the definition of family farm; amending Minnesota Statutes 1988, section 176.011, subdivision 11a.

Referred to the Committee on Employment.

Mses. Reichgott, Piper, Messrs. Spear and Peterson, R.W. introduced—

S.F. No. 652: A bill for an act relating to the workers' compensation court of appeals; regulating salary, appointment, terms, confirmation, and qualifications of judges; requiring appointment of a chief judge; increasing staff; appropriating money; amending Minnesota Statutes 1988, sections 175A.01; 175A.02; 175A.05; and 175A.07, subdivision 2.

Referred to the Committee on Employment.

Messrs. Frederickson, D.J.; Langseth; Beckman; Johnson, D.E. and DeCramer introduced—

S.F. No. 653: A bill for an act relating to agriculture; requiring certain disposable waste containers to be degradable; requiring a minimum content of corn starch in certain disposable waste containers; amending Minnesota Statutes 1988, section 325E.045, subdivision 1, and by adding a subdivision.

Referred to the Committee on Agriculture and Rural Development.

Messrs. Frederickson, D.J.; Davis; Beckman and Johnson, D.E. introduced—

S.F. No. 654: A bill for an act relating to county and district agricultural societies; appropriating money.

Referred to the Committee on Agriculture and Rural Development.

Messrs. Frederickson, D.J.; Davis; Berg; Langseth and Beckman introduced—

S.F. No. 655: A bill for an act relating to agriculture; appropriating money for promoting the use of ethanol.

Referred to the Committee on Agriculture and Rural Development.

Messrs. Berg; Lessard; Merriam; Peterson, R.W. and Bernhagen introduced—

S.F. No. 656: A bill for an act relating to appropriations; continuing funding for programs to control the spread of purple loosestrife; appropriating money.

Referred to the Committee on Finance.

Messrs. Morse, Kroening, Beckman, Storm and Ms. Reichgott introduced—

S.F. No. 657: A bill for an act relating to economic development; establishing a small business innovation research bridge grant program; appropriating money.

Referred to the Committee on Economic Development and Housing.

Messrs. Stumpf, Langseth and Frederickson, D.J. introduced—

S.F. No. 658: A bill for an act relating to education; appropriating money for grants for telecommunications networks.

Referred to the Committee on Education.

Messrs. Purfeerst; Peterson, R.W.; Bernhagen; Johnson, D.J. and DeCramer introduced—

S.F. No. 659: A bill for an act relating to motor vehicles; increasing and allocating fees and motor vehicle excise tax for dealer plates; restricting use of dealer plates; amending Minnesota Statutes 1988, section 168.27, subdivision 16.

Referred to the Committee on Transportation.

Mrs. Adkins, Messrs. Chmielewski, Frank and Ms. Piper introduced—

S.F. No. 660: A bill for an act relating to workers' compensation; providing a penalty for failure to obtain insurance; amending Minnesota Statutes 1988, section 176.181, subdivision 3.

Referred to the Committee on Employment.

Mr. Chmielewski introduced—

S.F. No. 661: A bill for an act relating to state lands; authorizing sale of certain tax-forfeited land that borders public water in Aitkin county.

Referred to the Committee on Environment and Natural Resources.

Messrs. Cohen; Moe, D.M.; Pogemiller; Novak and Belanger introduced—

S.F. No. 662: A bill for an act relating to public safety; authorizing fire department access to criminal history data; proposing coding for new law in Minnesota Statutes, chapter 299F.

Referred to the Committee on Judiciary.

Messrs. Schmitz; Merriam; Freeman; Johnson, D.E. and Novak introduced—

S.F. No. 663: A bill for an act relating to municipal planning; authorizing municipalities to require the dedication of a reasonable portion of a proposed subdivision for use for fire service; amending Minnesota Statutes 1988, section 462.358, subdivision 2b.

Referred to the Committee on Local and Urban Government.

Ms. Berglin, Mr. Merriam, Mmes. Lantry, Brataas and Mr. Brandl introduced—

S.F. No. 664: A bill for an act relating to human services; providing for a supplementary payment for families who are adversely affected by the budgeting methods under the aid to families with dependent children program; amending Minnesota Statutes 1988, section 256.74, by adding a subdivision.

Referred to the Committee on Health and Human Services.

Messrs. Diessner, Vickerman, DeCramer and Purfeerst introduced—

S.F. No. 665: A bill for an act relating to motor vehicles; allowing second set of handicapped license plates to be issued to physically handicapped person who is furnished a vehicle as part of employment; allowing commissioner of public safety to accept photograph instead of physician's statement as evidence of physical handicap in certain circumstances; amending Minnesota Statutes 1988, sections 168.021, subdivision 1; and 169.345, subdivisions 2a and 3.

Referred to the Committee on Transportation.

Messrs. Frederickson, D.R.; Berg; Benson; Frederickson, D.J. and Larson introduced—

S.F. No. 666: A resolution memorializing Congress of ratification of a proposed amendment to the Constitution of the United States to provide for a delay in an increase in compensation to members of Congress until an intervening election of representatives has occurred.

Referred to the Committee on Governmental Operations.

Messrs. Stumpf; Samuelson; Moe, R.D.; Ms. Piper and Mr. Decker introduced—

S.F. No. 667: A bill for an act relating to human services; providing for full reimbursement to counties for human services programs for the Red Lake Indian Reservation; appropriating money.

Referred to the Committee on Finance.

Messrs. Stumpf; Samuelson; Moe, R.D.; Freeman and Decker introduced—

S.F. No. 668: A bill for an act relating to employment; providing funding for the Bemidji Area Indian Employment Council; appropriating money.

Referred to the Committee on Finance.

Messrs. Stumpf; Langseth; Moe, R.D. and Decker introduced—

S.F. No. 669: A bill for an act relating to education; appropriating money to continue programs at the Northern Coalition Teacher Center.

Referred to the Committee on Finance.

Messrs. Stumpf, Langseth and Decker introduced—

S.F. No. 670: A bill for an act relating to education; expanding the list of those whose home may be considered the residence of a pupil for transportation aid; amending Minnesota Statutes 1988, section 124.223.

Referred to the Committee on Education.

Messrs. Waldorf; Moe, D.M. and Mehrkens introduced—

S.F. No. 671: A bill for an act relating to the commission on uniform state laws; providing for its composition; amending Minnesota Statutes 1988, section 3.251.

Referred to the Committee on Governmental Operations.

Messrs. Dicklich and Johnson, D.J. introduced—

S.F. No. 672: A bill for an act relating to utilities; telephone company billing practices; prohibiting billing in advance for service; amending Minnesota Statutes 1988, section 325E.02.

Referred to the Committee on Public Utilities and Energy.

Messrs. Johnson, D.J. and Dicklich introduced—

S.F. No. 673: A bill for an act relating to game and fish; authorizing elderly residents to take fish by spearing without a license; amending Minnesota Statutes 1988, section 97A.451, by adding a subdivision.

Referred to the Committee on Environment and Natural Resources.

Messrs. Stumpf; Johnson, D.J.; Benson and Lessard introduced—

S.F. No. 674: A bill for an act relating to game and fish; restricting bear hunting guide licenses to residents only; amending Minnesota Statutes 1988, section 97B.431; repealing Minnesota Statutes 1988, section 97A.475, subdivision 17.

Referred to the Committee on Environment and Natural Resources.

Messrs. Pogemiller, Spear, Ms. Peterson, D.C.; Messrs. McGowan and Marty introduced—

S.F. No. 675: A bill for an act relating to crime; expanding the crime of failure to appear for a criminal court appearance; providing that the county attorney has jurisdiction to prosecute the crime; prescribing penalties; amending Minnesota Statutes 1988, sections 388.051, subdivision 2; and 609.49.

Referred to the Committee on Judiciary.

Messrs. DeCramer and Frederickson, D.J. introduced—

S.F. No. 676: A bill for an act relating to agriculture; changing voting rights in certain cooperative associations; amending Minnesota Statutes 1988, section 308.07, subdivision 4.

Referred to the Committee on Agriculture and Rural Development.

Mr. DeCramer introduced—

S.F. No. 677: A bill for an act relating to transportation; motor carriers; creating a legislative commission to study the regulation of irregular route carriers; deferring enforcement of Minnesota Statutes, chapter 221, and related rules with respect to irregular route carriers.

Referred to the Committee on Transportation.

Mr. DeCramer introduced—

S.F. No. 678: A bill for an act relating to veterans; providing for establishment of a veterans home in Luverne; proposing coding for new law in Minnesota Statutes, chapter 198.

Referred to the Committee on Veterans and Military Affairs.

Messrs. Bernhagen and Frank introduced—

S.F. No. 679: A bill for an act relating to economic development; authorizing a certified development company to contract for services or employ employees; providing a loan review procedure; amending Minnesota Statutes 1988, section 41A.065, subdivisions 1, 6, 8, and by adding a subdivision.

Referred to the Committee on Economic Development and Housing.

Messrs. Benson, Frederick, Gustafson and Bernhagen introduced—

S.F. No. 680: A bill for an act relating to workers' compensation; increasing maximum burial expense benefits; providing for certain death benefits; amending Minnesota Statutes 1988, sections 176.111, subdivision 18; and 176.129, subdivision 2.

Referred to the Committee on Employment.

Mr. Beckman, Ms. Piper and Mr. Frank introduced—

S.F. No. 681: A bill for an act relating to housing; changing terminology in the temporary housing demonstration program; extending the authorized duration of transitional housing; providing for an annual report to the legislature; amending Minnesota Statutes 1988, section 268.38, subdivisions 1, 2, 4, 8, 11, and 12.

Referred to the Committee on Economic Development and Housing.

Ms. Berglin introduced—

S.F. No. 682: A bill for an act relating to crime; including controlled substance offenses in the evidentiary provision of the disorderly house crime; amending Minnesota Statutes 1988, section 609.33, subdivision 4.

Referred to the Committee on Judiciary.

Messrs. Solon, Chmielewski and Gustafson introduced—

S.F. No. 683: A bill for an act relating to the Western Lake Superior Sanitary District; authorizing the district to issue refunding obligations without redemption of outstanding obligations prior to maturity; amending Laws 1971, chapter 478, section 9a, subdivision 4, as added; and section 13, subdivision 4.

Referred to the Committee on Environment and Natural Resources.

Messrs. Peterson, R. W.; Vickerman; Beckman; Bernhagen and DeCramer introduced—

S.F. No. 684: A bill for an act relating to commerce; providing a computerized system for notification of security interests in farm products; imposing a penalty; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 336A.

Referred to the Committee on Agriculture and Rural Development.

Messrs. Solon, Chmielewski and Gustafson introduced—

S.F. No. 685: A bill for an act relating to the environment; appropriating money for the Western Lake Superior Sanitary District; authorizing sale of state bonds.

Referred to the Committee on Environment and Natural Resources.

Messrs. Knaak; Luther; Moe, R.D.; Spear and Benson introduced—

S.F. No. 686: A resolution memorializing the President and Congress to condemn the government of Iran because of its action against Salman Rushdie and to refuse efforts to return frozen Iranian assets to Iran.

Referred to the Committee on General Legislation and Public Gaming.

Without objection, the Senate reverted to the Order of Business of Motions and Resolutions.

MOTIONS AND RESOLUTIONS

Mr. Bernhagen moved that S.F. No. 432 be withdrawn from the Committee on Agriculture and Rural Development and re-referred to the Committee on Economic Development and Housing. The motion prevailed.

ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 2:00 p.m., Thursday, February 23, 1989. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate