

## EIGHTIETH DAY

St. Paul, Minnesota, Thursday, March 29, 1990

The Senate met at 12:00 noon and was called to order by the President.

### CALL OF THE SENATE

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

Prayer was offered by the Chaplain, Rev. Don Deines.

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

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

### MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 2343:

H.F. No. 2343: A bill for an act relating to insurance; accident and health; providing for the classification and disclosure of certain comprehensive health insurance data; regulating the Minnesota comprehensive health insurance plan; requiring insurers to provide written materials on the Minnesota comprehensive health insurance plan; amending Minnesota Statutes 1988, sections 13.71, by adding a subdivision; 62E.10, subdivision 9; 62E.14, by adding subdivisions; and 62E.15, subdivision 4.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Skoglund, Haukoos and Winter have been appointed as such committee on the part of the House.

House File No. 2343 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 28, 1990

Mr. Brandl moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 2343, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1927:

H.F. No. 1927: A bill for an act relating to traffic regulations; regulating approaches of vehicles to certain intersections; amending Minnesota Statutes 1988, section 169.20, subdivision 1.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Ogren, Brown and Uphus have been appointed as such committee on the part of the House.

House File No. 1927 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 28, 1990

Mr. Chmielewski moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1927, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1928:

H.F. No. 1928: A bill for an act relating to occupations and professions; providing for training for armed employees of private detectives and protective agents; prohibiting certain acts by protective agents and security guards during a labor dispute; amending Minnesota Statutes 1988, sections 326.32, by adding a subdivision; and 326.3384, by adding a subdivision; and amending Minnesota Statutes 1989 Supplement, section 326.3384, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 326.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Begich, Beard and Bishop have been appointed as such committee on the part of the House.

House File No. 1928 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 28, 1990

Mr. Dicklich moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1928, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1981:

H.F. No. 1981: A bill for an act relating to motor vehicles; providing for temporary permit while awaiting delivery of special vehicle license plates; requiring registered owner of motor vehicle to list address or mailing address of primary residence on application for registration; permitting motor vehicle owners to classify residence addresses as private data and to use mailing addresses on motor vehicle registration forms; clarifying when inspection fee must be paid to receive certificate of inspection for salvage vehicle; clarifying disclosure requirements for motor vehicle pollution control system; amending Minnesota Statutes 1988, sections 168.09, by adding a subdivision; 168.10, subdivision 1; and 325E.0951, subdivision 3a; Minnesota Statutes 1989 Supplement, section 168A.152, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 168.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Johnson, A.; Brown and Seaberg have been appointed as such committee on the part of the House.

House File No. 1981 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 28, 1990

Mr. Stumpf moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1981, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 2056:

H.F. No. 2056: A bill for an act relating to public safety; making it a crime for a driver to flee a peace officer from another state into Minnesota; authorizing a peace officer of another state to enter Minnesota in fresh pursuit for traffic and misdemeanor offenses; authorizing the admissibility of relevant evidence obtained in another state into evidence at Minnesota civil and criminal trials; granting peace officers of other states the authority to transport persons in legal custody under certain circumstances; amending Minnesota Statutes 1988, section 609.487, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 626 and 634.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Dauner, Dempsey and Vellenga have been appointed as such committee on the part of the House.

House File No. 2056 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 28, 1990

Mr. Langseth moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 2056, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1952:

H.F. No. 1952: A bill for an act relating to crimes; permitting individuals to request that the commissioner of public safety hold certain information on the individual as private; increasing penalties for certain acts of harassment; expanding the crime of terroristic threats to include threats made through an intermediary; authorizing courts to issue orders to restrain acts of harassment; amending Minnesota Statutes 1988, sections 171.12, by adding a subdivision; and 609.713, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 168 and 609.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Kelly, Seaberg and Pappas have been appointed as such committee on the part of the House.

House File No. 1952 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 28, 1990

Mr. Marty moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1952, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1913:

H.F. No. 1913: A bill for an act relating to commerce; regulating dividends on claims in liquidation proceedings; regulating the lending practices of regulated lenders; specifying the loan fees and charges that may be imposed by regulated lenders; amending Minnesota Statutes 1988, sections 49.24, subdivision 9; 56.131, subdivisions 1, and 2; 56.14; and 325G.22, by adding a subdivision.

The House respectfully requests that a Conference Committee of 5 members be appointed thereon.

Scheid, Osthoff, Dawkins, Neuenschwander and Boo have been appointed as such committee on the part of the House.

House File No. 1913 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 28, 1990

Mr. Solon moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1913, and that a Conference Committee of 5 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1960:

H.F. No. 1960: A bill for an act relating to natural resources; amending certain provisions concerned with the management of wildlife; amending Minnesota Statutes 1988, sections 97A.135, by adding a subdivision; and 97A.445, by adding a subdivision; and Minnesota Statutes 1989 Supplement, section 97B.603.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Battaglia, Osthoff and Kahn have been appointed as such committee on the part of the House.

House File No. 1960 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 28, 1990

Mr. Berg moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1960, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 2500:

H.F. No. 2500: A bill for an act relating to insurance; modifying the effective date of the statutory notice requirement for cancellation or non-renewal of individual life policies; amending Laws 1989, chapter 330, section 38.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Carruthers, Skoglund and Knickerbocker have been appointed as such a committee on the part of the House.

House File No. 2500 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 28, 1990

Mr. Solon moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 2500, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 2135:

H.F. No. 2135: A bill for an act relating to Anoka county; authorizing the sale or exchange of certain land.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Quinn, Weaver and Jacobs have been appointed as such committee on the part of the House.

House File No. 2135 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 28, 1990

Mr. Novak moved that the Senate accede to the request of the House for

a Conference Committee on H.F. No. 2135, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 796, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 796 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 28, 1990

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 796

A bill for an act relating to state lands; authorizing sale of certain tax-forfeited lands that border public waters in Pine and Fillmore counties.

March 21, 1990

The Honorable Robert Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 796, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 796 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. [SALE OF TAX-FORFEITED LAND; PINE COUNTY.]

*(a) Notwithstanding Minnesota Statutes, section 282.018, Pine county may sell the tax-forfeited lands bordering public waters that are described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.*

*(b) The conveyances must be in a form approved by the attorney general.*

*(c) The lands that may be conveyed are located in Pine county and are described as follows:*

*(1) In Windemere township, Lots 56, 57, and 58 on Sturgeon Island, Section 16, Township 45 North, Range 19 West;*

*(2) In the city of Willow River:*

*(i) Rearrangement of Auditor's Subdivision, Part of Lot 4, less the following: Commencing at the southeasterly corner of Lot 2, Block 2, Townsite of Willow River, running thence easterly on prolongation of southerly line of said Lot 2 150 feet to East bank of the creek running through said Auditor Lot 4, thence southerly along East bank of creek to South line of*

*Section 2, Township 44 North, Range 20 West, thence westerly along said South line to point of intersection with easterly line of Willow Street in Townsite of Willow River thence northerly along East line of Willow Street 304.5 feet, more or less, to Southwest corner of Auditor Lot 6 thence easterly 150 feet to prolongation of easterly line of said Auditor Lot 6 thence northerly 119 feet to point of beginning. Rearrangement of Auditor's Subdivision of Section 2, Township 44 North, Range 20 West; and*

*(ii) Part of Lot 15, viz: Beginning at the Northeast corner of Lot 4, Block 2, Townsite of Willow River, thence along North line of Lot 15, Rearrangement of Auditor's Subdivision of Section 2, Township 44 North, Range 20 West, to Creek, South along Creek approximately 75 feet, thence westerly to Southeast corner of Lot 4, Block 2, Townsite of Willow River and East 75 feet to point of beginning, Rearrangement of Auditor's Subdivision of Section 2, Township 44 North, Range 20 West.*

*(3) In Windemere township, Part of Government Lot 8 viz: Beginning at a point on the South line 1336.15 feet West of the Southeast corner thereof, thence to the right an angle of 77 degrees, 27 minutes, for a distance of 406.12 feet, more or less, to shore of Sand Lake, thence southwesterly on shore 620 feet, more or less, to South line of Lot 8, thence East 568.44 feet, more or less, to point of beginning, less 1.22 acres to Vogel and 0.37 acre to Lund and less 0.24 acre to Lund; all in Section 6, Township 45 North, Range 19 West.*

*(4) In Windemere township, Part of East 50 feet of West 100 feet of Government Lot 8 lying North of a line described as follows: Beginning at a point on West boundary line of Lot 8, which is 1742 feet North of the Southwest corner of Section 4, Township 45 North, Range 19 West, measured along West boundary line thence northeasterly forming an angle of 53 degrees 21 minutes with West boundary line 124.6 feet, more or less, to point 100 feet East of West boundary line measured at right angles thereto on East line of land.*

*(d) The county has determined that the county's land management interests would best be served if the lands were privately owned.*

Sec. 2. Minnesota Statutes 1989 Supplement, section 176.135, subdivision 1, is amended to read:

Subdivision 1. [MEDICAL, PSYCHOLOGICAL, CHIROPRACTIC, PODIATRIC, SURGICAL, HOSPITAL.] (a) The employer shall furnish any medical, psychological, chiropractic, podiatric, surgical and hospital treatment, including nursing, medicines, medical, chiropractic, podiatric, and surgical supplies, crutches and apparatus, including artificial members, or, at the option of the employee, if the employer has not filed notice as hereinafter provided, Christian Science treatment in lieu of medical treatment, chiropractic medicine and medical supplies, as may reasonably be required at the time of the injury and any time thereafter to cure and relieve from the effects of the injury. This treatment shall include treatments necessary to physical rehabilitation. *Exposure to rabies is an injury and an employer shall furnish preventive treatment to employees exposed to rabies.* The employer shall furnish replacement or repair for artificial members, glasses, or spectacles, artificial eyes, podiatric orthotics, dental bridge work, dentures or artificial teeth, hearing aids, canes, crutches, or wheel chairs damaged by reason of an injury arising out of and in the course of the employment. In case of the employer's inability or refusal seasonably to do so the employer is liable for the reasonable expense incurred by or on

behalf of the employee in providing the same, including costs of copies of any medical records or medical reports that are in existence, obtained from health care providers, and that directly relate to the items for which payment is sought under this chapter, limited to the charges allowed by subdivision 7, and attorney fees incurred by the employee. No action to recover the cost of copies may be brought until the commissioner adopts a schedule of reasonable charges under subdivision 7. Attorney's fees shall be determined on an hourly basis according to the criteria in section 176.081, subdivision 5. The employer shall pay for the reasonable value of nursing services by a member of the employee's family in cases of permanent total disability.

(b) Both the commissioner and the compensation judges have authority to make determinations under this section in accordance with sections 176.106 and 176.305.

Sec. 3. [EFFECTIVE DATE.]

*Section 1 is effective the day following final enactment."*

Delete the title and insert:

"A bill for an act relating to government affairs; providing coverage for preventive rabies treatment; authorizing sale of certain tax-forfeited lands that border public waters in Pine county; amending Minnesota Statutes 1989 Supplement, section 176.135, subdivision 1."

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

House Conferees: (Signed) Doug Carlson, Paul Anders Ogren, Tom Rukavina

Senate Conferees: (Signed) Florian Chmielewski, Robert J. Schmitz, Jim Gustafson

Mr. Chmielewski moved that the foregoing recommendations and Conference Committee Report on H.F. No. 796 be now adopted, and that the bill be repassed as amended by the Conference Committee.

### CALL OF THE SENATE

Mr. Merriam imposed a call of the Senate for the balance of the proceedings on H.F. No. 796. The Sergeant at Arms was instructed to bring in the absent members.

Mr. Merriam moved that the recommendations and Conference Committee Report on H.F. No. 796 be rejected, the Conference Committee discharged, and that a new Conference Committee be appointed by the Subcommittee on Committees to act with a like Conference Committee appointed on the part of the House.

The question was taken on the adoption of the motion of Mr. Merriam.

The roll was called, and there were yeas 46 and nays 15, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Johnson, D.E.	Merriam	Purfeerst
Anderson	Davis	Johnson, D.J.	Moe, D.M.	Ramstad
Beckman	Decker	Knaak	Moe, R.D.	Reichgott
Belanger	Diessner	Knutson	Morse	Storm
Benson	Flynn	Laidig	Novak	Vickerman
Berg	Frank	Langseth	Olson	Waldorf
Berglin	Frederick	Larson	Pariseau	
Bernhagen	Frederickson, D.J.	Marty	Pehler	
Brandl	Frederickson, D.R.	McGowan	Peterson, R. W.	
Brataas	Freeman	McQuaid	Piper	

Those who voted in the negative were:

Bertram	Hughes	Luther	Renneke	Solon
Chmielewski	Lantry	Metzen	Samuelson	Spear
Dicklich	Lessard	Piepho	Schmitz	Stumpf

The motion prevailed.

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 2200.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 28, 1990

### FIRST READING OF HOUSE BILLS

The following bill was read the first time.

H.F. No. 2200: A bill for an act relating to education; starting, developing, adding to, clarifying, and financing elementary and secondary and related education programs and services, including those relating to general education, transportation, special programs, drug prevention and other community programs, facilities, programs of cooperation, other aids and levies, rural health care, and the department of education; providing for technical rate changes; authorizing bonds and tax levies; appropriating money; amending Minnesota Statutes 1988, sections 120.062, subdivision 9, and by adding a subdivision; 121.148; 121.15, subdivisions 1 and 7; 121.88, subdivision 6; 121.882, subdivision 9, and by adding a subdivision; 121.908, subdivision 3; 121.917, subdivision 4; 122.91, by adding a subdivision; 122.93, by adding a subdivision; 122.94, subdivision 5; 123.33, subdivision 1; 123.35, by adding subdivisions; 123.3514, subdivisions 6 and 6b; 123.36, subdivision 10; 123.37, subdivision 1; 123.38, subdivisions 1 and 2b; 123.39, subdivision 6; 123.58, subdivisions 2 and 6; 123.9361; 123.947; 124.14, subdivision 7; 124.195, subdivision 10, and by adding subdivisions; 124.26, by adding a subdivision; 124.2711, subdivision 2; 124.494, by adding a subdivision; 124A.02, subdivision 1; 124A.036, subdivision 5, and by adding a subdivision; 125.12, by adding a subdivision; 125.17, by adding a subdivision; 125.185, by adding a subdivision; 125.231, subdivision 6; 125.60, subdivision 2; 126.12, subdivision 2; 126.666, subdivisions 2 and 4; 126.70, subdivision 2a; 129B.53, subdivision 3; 141.25, subdivisions 7 and 9; 181A.04, by adding a subdivision; 181A.12, subdivision 1; 275.125, subdivision 4; and 471.59, subdivision 2; Minnesota Statutes 1989 Supplement, sections 121.111, subdivisions 1 and 2; 121.15, subdivision 2; 121.612, subdivisions 3 and 5; 121.88,

subdivision 9; 121.882, subdivision 2; 122.243, subdivision 2; 122.91, subdivisions 1 and 5; 122.92, subdivision 1; 122.94, subdivision 6; 122.945, subdivision 2; 123.58, subdivision 9; 124.10, subdivision 2; 124.155, subdivision 2; 124.19, subdivision 7; 124.225, subdivisions 1, 3a, and 8k; 124.26, subdivisions 7 and 8; 124.2711, subdivisions 1 and 3; 124.2713; 124.2715; 124.2721; 124.2725, subdivision 8, and by adding a subdivision; 124.38, subdivision 7; 124.573, subdivision 2d; 124.83, subdivision 6; 124.90, subdivision 2; 124A.22, subdivision 2a; 126.22, subdivisions 2 and 3; 128B.03, subdivision 4; 129.128; 141.35; 275.125, subdivisions 5c, 5e, 6h, 6i, 8b, 9a, 9b, 9c, 11d, and 18; Minnesota Statutes Second 1989 Supplement, sections 124.2442, subdivision 1; 124.83, subdivisions 1 and 4; 124A.26, subdivision 1; Laws 1959, chapter 462, section 3, subdivision 10, as renumbered, as amended; Laws 1984, chapter 463, article 6, section 15, subdivision 2; Laws 1988, chapter 718, article 6, section 23; and Laws 1989, chapter 329, article 5, section 21, subdivision 4; article 11, sections 15, subdivisions 2 and 12; 16, subdivision 2; article 12, sections 9, subdivision 2; and 11; proposing coding for new law in Minnesota Statutes, chapters 121; 122; 124; 125; 126; 129B; and 237; proposing coding for new law as Minnesota Statutes, chapter 124B; repealing Minnesota Statutes 1988, sections 121.15, subdivision 4; 124.43, subdivisions 2, 3, 4, 5, and 6; Minnesota Statutes 1989 Supplement, section 124.43, subdivision 1.

Mr. Moe, R.D. moved that H.F. No. 2200 be laid on the table. The motion prevailed.

## REPORTS OF COMMITTEES

### SUSPENSION OF RULES

Mr. Moe, R.D. moved that Joint Rule 2.03 be suspended as to S.F. No. 1787. The motion prevailed.

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

Mr. Pehler from the Committee on Education, to which was referred

S.F. No. 1787: A bill for an act relating to education; modifying the maximum effort school aid law capital loan program; authorizing the issuance of state bonds; appropriating money; proposing coding for new law in chapter 124; repealing Minnesota Statutes 1988, section 124.43, subdivisions 2, 3, 4, 5, and 6; and Minnesota Statutes 1989 Supplement, section 124.43, subdivision 1.

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

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1988, section 121.148, subdivision 2, is amended to read:

Subd. 2. [NEGATIVE REVIEW AND COMMENT.] If the commissioner submits a negative review and comment for a proposal according to section 121.15, the school board, by resolution of the board, shall reconsider construction. If, upon reconsideration, the school board decides to proceed with construction, it may initiate proceedings for issuing bonds to finance

construction under sections 475.51 to 475.76. Unless ~~60 percent~~ *two-thirds* of the voters at the election approve of issuing the obligations, the board is not authorized to issue the obligations.

Sec. 2. Minnesota Statutes 1988, section 121.15, subdivision 1, is amended to read:

Subdivision 1. [CONSULTATION.] A school district shall consult with the commissioner of education before developing any plans and specifications to construct, remodel, or improve the building or site of an educational facility, other than a technical institute, for which the estimated cost exceeds \$100,000. This consultation shall occur before a referendum for bonds, solicitation for bids, or use of capital expenditure facilities revenue according to section 124.243, subdivision 6, clause (2). *The commissioner may require the district to participate in a management assistance plan before conducting a review and comment on the project.*

Sec. 3. Minnesota Statutes 1989 Supplement, section 121.15, subdivision 2, is amended to read:

Subd. 2. [PLAN SUBMITTAL.] For a project for which consultation is required under subdivision 1, the commissioner, after the consultation required in subdivision 1, may require a school district to submit the following for approval:

- (a) two sets of preliminary plans for each new building or addition, and
- (b) one set of final plans for each construction, remodeling, or site improvement project. The commissioner shall approve or disapprove the plans within ~~60~~ 90 days after submission.

Final plans shall meet all applicable state laws, rules, and codes concerning public buildings, including sections 16B.59 to 16B.73. The department may furnish to a school district plans and specifications for temporary school buildings containing two classrooms or less.

Sec. 4. Minnesota Statutes 1988, section 121.15, subdivision 7, is amended to read:

Subd. 7. [INFORMATION REQUIRED.] A school board proposing to construct a facility described in subdivision 6 shall submit to the commissioner a proposal containing information including at least the following:

- (a) the geographic area proposed to be served, whether within or outside the boundaries of the school district;
- (b) the people proposed to be served, including census findings and projections for the next ten years of the number of preschool and school-aged people in the area;
- (c) the reasonably anticipated need for the facility or service to be provided;
- (d) a description of the construction in reasonable detail, including: the expenditures contemplated; the estimated annual operating cost, including the anticipated salary and number of new staff necessitated by the proposal; and an evaluation of the energy efficiency and effectiveness of the construction, including estimated annual energy costs;
- (e) a description of existing facilities within the area to be served and within school districts adjacent to the area to be served; the extent to which existing facilities or services are used; the extent to which alternate space is available, including other school districts, post-secondary institutions,

or other public or private buildings; and the anticipated effect that the facility will have on existing facilities and services;

(f) the anticipated benefit of the facility to the area;

(g) if known, the relationship of the proposed construction to any priorities that have been established for the area to be served;

(h) the availability and manner of financing the facility and the estimated date to begin and complete the facility;

(i) desegregation requirements that cannot be met by any other reasonable means; and

(j) the relationship of the proposed facility to the cooperative integrated learning needs of the area; and

(k) the effects of operating the facility on the district's operating budget.

Sec. 5. Minnesota Statutes 1988, section 121.15, subdivision 8, is amended to read:

Subd. 8. [REVIEW OF PROPOSALS.] In reviewing each proposal, the commissioner shall submit to the school board, within ~~60~~ 90 days of receiving the proposal, the review and comment about the educational and economic advisability of the project. The review and comment shall be based on information submitted with the proposal, and other information the commissioner determines is necessary. If the commissioner submits a negative review and comment for a portion of a proposal, the review and comment shall clearly specify which portion of the proposal received a negative review and comment and which portion of the proposal received a positive review and comment.

Sec. 6. Minnesota Statutes Second 1989 Supplement, section 124.2442, subdivision 1, is amended to read:

Subdivision 1. [INSUFFICIENT FUNDS.] If the total appropriation for capital expenditure equipment aid or capital expenditure facilities aid for any fiscal year, plus any amount transferred under section 124.14, subdivision 7, is insufficient to pay all districts the full amount of aid earned, the department of education shall reduce each district's capital expenditure facilities and equipment revenue according to the calculations in subdivisions 2 to 4.

Sec. 7. Minnesota Statutes 1989 Supplement, section 124.38, subdivision 7, is amended to read:

Subd. 7. [MAXIMUM EFFORT DEBT SERVICE LEVY.] "Maximum effort debt service levy" means the lesser of:

(1) A levy in whichever of the following amounts is applicable:

(a) In any school district receiving a debt service loan for a debt service levy payable in 1991 and thereafter, or granted a capital loan which is approved after June 30, 1989, a levy in a total dollar amount computed at a rate of 20 percent of adjusted net tax capacity for taxes payable in 1991 and thereafter;

(b) In any school district granted a debt service loan after July 31, 1981, or granted a capital loan which is approved after July 31, 1981, a levy in a total dollar amount computed as a gross tax capacity rate of 13.08 percent on the adjusted gross tax capacity for taxes payable in 1990 or a net tax

capacity rate of ~~16.27~~ 18.42 percent on the adjusted net tax capacity for taxes payable in 1991 and thereafter;

(b) (c) In any school district granted a debt service loan before August 1, 1981, or granted a capital loan which was approved before August 1, 1981, a levy in a total dollar amount computed as a gross tax capacity rate of 12.26 percent on the adjusted gross tax capacity for taxes payable in 1990 or a net tax capacity rate of ~~15.26~~ 17.17 percent on the net tax capacity for taxes payable in 1991 and thereafter, until and unless the district receives an additional loan; or

(2) A levy in whichever of the following amounts is applicable:

(a) In any school district which received a debt service or capital loan from the state before January 1, 1965, a levy in a total dollar amount computed as 4.10 mills on the market value in each year, unless the district applies or has applied for an additional loan subsequent to January 1, 1965, or issues or has issued bonds on the public market, other than bonds refunding state loans, subsequent to January 1, 1967;

(b) In any school district granted a debt service or capital loan between January 1, 1965, and July 1, 1969, a levy in a total dollar amount computed as 5-1/2 mills on the market value in each year, until and unless the district receives an additional loan;

(c) In any school district granted a debt service or capital loan between July 1, 1969, and July 1, 1975, a levy in a total dollar amount computed as 6.3 mills on market value in each year until and unless the district has received an additional loan;

(d) In any school district for which a capital loan was approved prior to August 1, 1981, a levy in a total dollar amount equal to the sum of the amount of the required debt service levy and an amount which when levied annually will in the opinion of the commissioner be sufficient to retire the remaining interest and principal on any outstanding loans from the state within 30 years of the original date when the capital loan was granted; provided, that the school board in any district affected by the provisions of clause (2)(d) may elect instead to determine the amount of its levy according to the provisions of clause (1); provided further that if a district's capital loan is not paid within 30 years because it elects to determine the amount of its levy according to the provisions of clause (2)(d), the liability of the district for the amount of the difference between the amount it levied under clause (2)(d) and the amount it would have levied under clause (1), and for interest on the amount of that difference, shall not be satisfied and discharged pursuant to section 124.43, subdivision 4.

#### Sec. 8. [124.431] [CAPITAL LOANS.]

*Subdivision 1. [CAPITAL LOAN REQUESTS AND USES.] Capital loans are available only to qualifying districts. Capital loans must not be used for the construction of swimming pools, ice arenas, athletic facilities, auditoriums, day care centers, bus garages, or heating system improvements. Proceeds of the loans may be used only for sites for education facilities and for acquiring, bettering, furnishing, or equipping education facilities. Contracts must be entered into within 18 months after the date on which each loan is granted.*

*Subd. 2. [DISTRICT REQUEST FOR REVIEW AND COMMENT.] A school district that intends to apply for a capital loan must submit a*

*proposal to the commissioner for review and comment according to section 121.15 on or before July 1. The district shall present the proposed project to the school board of each adjacent district at a public meeting of that district. The board of each adjacent district shall submit an evaluation of the proposed project to the commissioner. The evaluation shall be retained by the commissioner as a part of a permanent record of the district submitting the evaluation.*

*The commissioner must prepare a review and comment on the proposed facility, regardless of the amount of the capital expenditure required to construct the facility. The commissioner shall consider the following criteria in determining whether to make a positive review and comment. All of the criteria do not have to be met in order to receive a positive review and comment. The criteria are:*

*(1) the facilities are needed for pupils for whom no adequate facilities exist or will exist;*

*(2) the district will enroll at least 400 pupils in grades seven to 12 or is eligible for sparsity revenue;*

*(3) no form of cooperation with another district would provide the necessary facilities;*

*(4) no existing facilities that would meet the district's needs could be purchased from any other source within the area;*

*(5) the facilities are comparable in size and quality to facilities recently constructed in other districts that have similar enrollments;*

*(6) the district's need for facilities is comparable to that of other district facilities that are financed by bonds;*

*(7) the district is projected to maintain or increase its average daily membership over the next five years or is eligible for sparsity revenue;*

*(8) the state demographer examines the population of the communities to be served by the facility and determines that the communities have grown during the previous five years;*

*(9) the state demographer determines that the economic and population bases of the communities to be served by the facility are likely to grow or to remain at a level sufficient, during the next ten years, to ensure use of the entire facility;*

*(10) the need for facilities could not be met within the district or adjacent districts by leasing, repairing, remodeling, or sharing existing facilities or by using temporary facilities;*

*(11) the district's graduation rate is at or above the state average graduation rate;*

*(12) the district has made a good faith effort, as evidenced by its maintenance expenditures, to adequately maintain the existing facility during the previous ten years and to comply with fire, health, and life safety codes and state and federal requirements for handicapped accessibility;*

*(13) evaluations by school boards of adjacent districts have been received; and*

*(14) the district plans include cooperation and collaboration with health and human services agencies and other political subdivisions.*

*Subd. 3. [DISTRICT APPLICATION FOR CAPITAL LOAN.] The school board of a district desiring a capital loan shall adopt a resolution stating the amount proposed to be borrowed, the purpose for which the debt is to be incurred, and an estimate of the dates when the facilities for which the loan is requested will be contracted for and completed. Applications for loans must be accompanied by a copy of the adopted board resolution.*

*Applications must be in the form and accompanied by the additional data required by the commissioner. Applications must be received by the commissioner by November 1. A district must resubmit an application each year. Capital loan applications that do not receive voter approval or are not approved by specific act of the legislature cancel July 1 of the year following application. When an application is received, the commissioner shall obtain from the commissioner of revenue the information in the revenue department's official records that is required to be used in computing the debt limit of the district under section 475.53, subdivision 4.*

*Subd. 4. [STATE BOARD REVIEW; INDIVIDUAL DISTRICT PROPOSALS.] By January 1 of each year, the state board must review all applications for capital loans that have received a positive review and comment. When reviewing applications, the state board shall consider whether the criteria of subdivision 2 have been met. The state board may either approve or reject an application for a capital loan. The state board may not approve an application if all required deadlines have not been met.*

*The state board may approve a capital loan application in a reduced amount or change the application to meet any of the criteria.*

*Subd. 5. [STATE BOARD REVIEW; MULTIPLE DISTRICT PROPOSALS.] In addition to the requirements of subdivision 4, the state board may place additional requirements on projects that are designed to serve more than one district. These requirements may include but not be limited to:*

- (1) limiting or increasing the number of districts that plan to use the facility;*
- (2) location of the facility;*
- (3) formation of a joint powers agreement among the participating districts;*
- (4) determination of which district, or group of districts acting under a joint powers agreement, will be responsible for issuing the bonds;*
- (5) determination of contributions by districts that are not directly responsible for issuance of the bonds; and*
- (6) minimum lengths of time that participating districts must contribute to the repayment of the bonds.*

*Subd. 6. [RECOMMENDATIONS OF THE COMMISSIONER.] The commissioner shall examine and consider applications for capital loans that have been approved by the state board of education, and promptly notify any district rejected by the state board of the state board's decision.*

*As part of reviewing an application for a capital loan, the commissioner of education shall prepare estimated yearly repayments by the school district and the estimated amount of principal and interest that may be forgiven after the term of the loan. The estimates must assume no growth in tax capacity over the term of the loan, must assume a levy equal to the amount*

computed in section 9, and must be prepared using a methodology approved by the commissioner of finance. The commissioner of education shall use a discount factor provided by the commissioner of finance in determining the present value of the estimated amount of interest and principal that may be forgiven after the term of the loan.

The commissioner shall make recommendations concerning each capital loan that has been approved by the state board and that has received voter approval to the education committees of the legislature by February 1 of each year. The commissioner must not recommend any capital loan that has not received voter approval. The commissioner shall also report on the money remaining in the capital loan account and, if necessary, request that another bond issue be authorized.

**Subd. 7. [LOAN AMOUNT LIMITS.]** (a) A loan must not be recommended for approval for any district exceeding an amount computed as follows:

(1) the amount requested by the district under subdivision 3;

(2) plus the aggregate principal amount of general obligation bonds of the district outstanding on June 30 of the year following the year the application was received, not exceeding the limitation on net debt of the district in section 475.53, subdivision 4, or 2.7 times its adjusted net tax capacity as most recently determined, whichever is less;

(3) less the maximum net debt permissible for the district on December 1 of the year the application is received, under the limitation in section 475.53, subdivision 4, or 2.7 times its adjusted net tax capacity as most recently determined, whichever is less;

(4) less any amount by which the amount voted exceeds the total cost of the facilities for which the loan is granted, as estimated in accordance with subdivision 4.

(b) The loan may be approved in an amount computed as provided in paragraph (a), clauses (1) to (3), subject to later reduction according to paragraph (a), clause (4).

**Subd. 8. [LEGISLATIVE ACTION.]** Each capital loan must be approved by specific act of the legislature.

If the aggregate amount of the capital loans exceeds the amount that is or can be made available, the commissioner shall allot the available amount among any number of qualified applicant districts, according to the commissioner's judgment and discretion, based upon the districts' respective needs.

**Subd. 9. [DISTRICT REFERENDUM.]** After receipt of the review and comment on the project and before February 1, the question authorizing the borrowing of money for the facilities must be submitted by the school board to the voters of the district at a regular or special election. The question submitted must state the total amount to be borrowed from all sources. Approval of a majority of those voting on the question is sufficient to authorize the issuance of the obligations on public sale in accordance with chapter 475. The district shall mail to the commissioner of education a certificate by the clerk showing the vote at the election.

**Subd. 10. [CONTRACT.]** Each capital loan must be evidenced by a

contract between the school district and the state acting through the commissioner. It must obligate the state to reimburse the district, from the maximum effort school loan fund, for eligible capital expenses for construction of the facility for which the loan is granted, an amount computed as provided in subdivision 6. The commissioner must receive from the school district a certified resolution of the school board reciting that contracts for construction of the facilities for which the loan is granted have been awarded and that bonds of the district have been issued and sold in the amount necessary to pay all costs of construction in excess of the amount of the loan, and estimating the costs. It must obligate the district to repay the loan out of the excesses of its maximum effort debt service levy over its required debt service levy, including interest at a rate equal to the weighted average annual rate payable on Minnesota state school loan bonds issued for the project and disbursed to the districts on a reimbursement basis, but in no event less than 3-1/2 percent per year on the principal amount from time to time unpaid. The district shall each year, as long as it is indebted to the state, levy for debt service (a) the amount of its maximum effort debt service levy or (b) the amount of its required debt service levy, whichever is greater, except as the required debt service levy may be reduced by a loan under section 124.42. On November 20 of each year each district having an outstanding capital loan shall compute the excess amount in the debt redemption fund. The commissioner shall prescribe the form and calculation to be used in computing the excess amount. A completed copy of this form shall be sent to the commissioner before December 1 of each year. The commissioner may recompute the excess amount and shall promptly notify the district of the recomputed amount. On December 15 of each year, the district shall remit to the commissioner an amount equal to the excess amount in the debt redemption fund. When the maximum effort debt service levy is greater, the district shall remit to the commissioner within ten days after its receipt of the last regular tax distribution in each year, that part of the debt service tax collections, including penalties and interest that exceeded the required debt service levy. The commissioner shall supervise the collection of outstanding accounts due the fund and may, by notice to the proper county auditor, require the maximum levy to be made as required in this subdivision. Interest on capital loans must be paid on December 15 of the year after the year the loan is granted and annually in later years. On or before November 1 in each year the commissioner shall notify the county auditor of each county containing taxable property situated within the school district of the amount of the maximum effort debt service levy of the district for that year. The county auditor or auditors shall extend upon the tax rolls an ad valorem tax upon all taxable property within the district in the aggregate amount so certified.

*Subd. 11. [LOAN FORGIVENESS.]* If any capital loan is not paid within 50 years after it is granted from maximum effort debt service levies in excess of required debt service levies, the liability of the school district on the loan is satisfied and discharged and interest on the loan ceases. After a district's capital loan has been outstanding for 20 years, the district must not issue bonds on the public market except to refund the loan.

*Subd. 12. [PARTICIPATION BY COUNTY AUDITOR; RECORD OF CONTRACT; PAYMENT OF LOAN.]* The school district shall file a copy of the capital loan contract with the county auditor of each county in which any part of the district is situated. The county auditor shall enter the capital loan, evidenced by the contract, in the auditor's bond register. The

*commissioner shall keep a record of each capital loan and contract showing the name and address of the district, the date of the contract, and the amount of the loan initially approved. Interest on each disbursement accrues from the date posted.*

*Subd. 13. [BOND SALE LIMITATIONS.] A district having an outstanding state loan must not issue and sell any bonds on the public market, except to refund state loans, unless it agrees to make the maximum effort debt service levy in each later year at the higher rate provided in section 124.38, subdivision 7, and unless it schedules the maturities of the bonds according to section 475.54, subdivision 2. The district shall report each sale to the commissioner of education.*

**Sec. 9. [124.432] [JOINT POWERS AGREEMENTS FOR MAXIMUM EFFORT EDUCATION FACILITY AID CAPITAL LOANS.]**

*Any group of districts may form a joint powers district representing all participating districts to obtain a maximum effort education facility aid capital loan. The joint powers board may submit an application for a capital loan under section 124.431. The joint powers board must hold a hearing on the capital loan proposal. The joint powers district must submit the question of authorizing the borrowing of funds for the project to the voters of the joint powers district at a special election, which may be held in conjunction with the annual election of the school board members of the member districts. The question submitted shall state the total amount of funding need from all sources. A majority of those voting in the affirmative on the question is sufficient to authorize the joint powers board to accept a capital loan and to issue the bonds on public sale according to chapter 475. The clerk of the joint powers board must certify the vote of the bond election to the commissioner of education.*

**Sec. 10. [124.478] [BOND ISSUE; MAXIMUM EFFORT LOANS; 1990.]**

*To provide money to be loaned to school districts as agencies and political subdivisions of the state to acquire and to better public land and buildings and other public improvements of a capital nature, in the manner provided by the maximum effort education facility aid law, the commissioner of finance shall issue and sell school loan bonds of the state of Minnesota in the maximum amount of \$ . . . . . , in addition to the bonds already authorized for this purpose. The same amount is appropriated to the maximum effort school loan fund and must be spent under the direction of the commissioner of education to make debt service loans and capital loans to school districts as provided in sections 124.36 to 124.47. The bonds must be issued and sold and provision for their payment must be made according to section 124.46. Expenses incidental to the sale, printing, execution, and delivery of the bonds, including, but without limitation, actual and necessary travel and subsistence expenses of state officers and employees for those purposes, must be paid from the maximum effort school loan fund, and the money necessary for the expenses is appropriated from that fund.*

**Sec. 11. [FACILITIES REVIEW.]**

*Subdivision 1. [TASK FORCE ON EDUCATION ORGANIZATION OF THE COMMISSION.] The task force on education organization of the legislative commission on public education shall provide advice and make recommendations to the commissioner of education according to subdivision 2.*

*Subd. 2. [DUTIES OF THE COMMISSIONER.] The commissioner of education, in consultation with the task force on education organization according to subdivision 1 and other appropriate state and local officials, shall:*

*(1) prepare a document for school districts that explains all statutes and rules that apply to facilities used for instruction;*

*(2) develop a comprehensive on-site review form to be used when school buildings are inspected for educational adequacy, health and safety, and handicapped accessibility;*

*(3) determine who will conduct on-site inspections and develop a curriculum and training program to qualify individuals as on-site inspectors;*

*(4) determine whether standard plans for instructional facilities should be developed by a state architect;*

*(5) define the data elements related to instructional facilities that must be submitted by school districts to the department;*

*(6) conduct an inventory of the condition of existing facilities; and*

*(7) conduct a regional demographic and economic analysis.*

**Sec. 12. [1990 LOAN APPLICATIONS.]**

*Notwithstanding section 8, subdivision 3, or any other law to the contrary, capital loan applications recommended by the state board of education to the legislature before March 15, 1990, do not cancel until July 1, 1992.*

**Sec. 13. [HOLDINGFORD CAPITAL LOAN.]**

*Subdivision 1. [TIME EXTENSION.] Notwithstanding Minnesota Statutes, section 124.43, subdivision 1, independent school district No. 738, Holdingford, may enter into construction contracts for facilities for which a capital loan was granted within 24 months after the date the capital loan was granted.*

*Subd. 2. [LOCAL APPROVAL.] Subdivision 1 is effective for independent school district No. 738 the day following compliance with Minnesota Statutes, section 645.021, subdivision 3, by the school board of the district.*

**Sec. 14. [APPROPRIATION.]**

*\$15,000 for fiscal year 1991 is appropriated from the general fund to the department of education for the purposes of section 11.*

**Sec. 15. [REPEALER.]**

*Minnesota Statutes 1988, section 124.43, subdivisions 2, 3, 3a, 3b, 4, 5, and 6; and Minnesota Statutes 1989 Supplement, section 124.43, subdivision 1, are repealed. The validity of bonds issued to fund loans issued under Minnesota Statutes 1988, section 124.43, or earlier law is not impaired. Districts obligated under contracts entered into under Minnesota Statutes 1988, section 124.43, or earlier law remain obligated until the obligations end under the terms of the contract.*

**Sec. 16. [EFFECTIVE DATE.]**

*Sections 8, 9, and 10 are effective the day following final enactment and apply to all capital loan requests received after that date."*

Delete the title and insert:

"A bill for an act relating to education; modifying the maximum effort education facility aid law capital loan program and review and comment procedures for certain construction; authorizing the issuance of state bonds; appropriating money; amending Minnesota Statutes 1988, sections 121.148, subdivision 2; 121.15, subdivisions 1, 7, and 8; Minnesota Statutes 1989 Supplement, sections 121.15, subdivision 2; 124.38, subdivision 7; Minnesota Statutes Second 1989 Supplement, section 124.2442, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 124; repealing Minnesota Statutes 1988, section 124.43, subdivisions 2, 3, 3a, 3b, 4, 5, and 6; and Minnesota Statutes 1989 Supplement, section 124.43, subdivision 1."

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

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

S.F. No. 2540: A bill for an act relating to taxation; updating references to the Internal Revenue Code; amending Minnesota Statutes 1989 Supplement, section 290.01, subdivision 19.

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

Delete everything after the enacting clause and insert:

"ARTICLE I  
INCOME, GROSS PREMIUMS,  
AND FRANCHISE TAXES

Section 1. Minnesota Statutes Second 1989 Supplement, section 60A.15, subdivision 1, is amended to read:

Subdivision 1. [DOMESTIC AND FOREIGN COMPANIES.] (a) On or before April 15, June 15, and December 15 of each year, every domestic and foreign company, including town and farmers' mutual insurance companies and domestic mutual insurance companies, shall pay to the commissioner of revenue installments equal to one-third of the insurer's total estimated tax for the current year. Except as provided in paragraph (b), installments must be based on a sum equal to two percent of the premiums described in paragraph (c).

(b) For town and farmers' mutual insurance companies and mutual property and casualty insurance companies other than those (i) writing life insurance, or (ii) whose total assets ~~at the end of the preceding calendar year exceeded on December 31, 1989, exceeded~~ \$1,600,000,000, the installments must be based on an amount equal to the following percentages of the premiums described in paragraph (c):

(1) for premiums paid after December 31, 1988, and before January 1, 1992, one percent; and

(2) for premiums paid after December 31, 1991, one-half of one percent.

(c) Installments under paragraph (a) or (b) are percentages of gross premiums less return premiums on all direct business received by the insurer in this state, or by its agents for it, in cash or otherwise, during

such year, excepting premiums written for marine insurance as specified in subdivision 6.

(d) Failure of a company to make payments of at least one-third of either (1) the total tax paid during the previous calendar year or (2) 80 percent of the actual tax for the current calendar year shall subject the company to the penalty and interest provided in this section.

Sec. 2. Minnesota Statutes 1989 Supplement, section 290.01, subdivision 19, is amended to read:

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

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

(1) the exclusion of net capital gain provided in section 852(b)(2)(A) of the Internal Revenue Code does not apply; and

(2) the deduction for dividends paid under section 852(b)(2)(D) of the Internal Revenue Code must be applied by allowing a deduction for capital gain dividends and exempt-interest dividends as defined in sections 852(b)(3)(C) and 852(b)(5) of the Internal Revenue Code.

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

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

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

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

Except as otherwise provided, references to the Internal Revenue Code in subdivisions 19a to 19g mean the code in effect for purposes of determining net income for the applicable year.

Sec. 3. Minnesota Statutes Second 1989 Supplement, section 290.05, subdivision 1, is amended to read:

Subdivision 1. The following corporations, individuals, estates, trusts, and organizations shall be exempted from taxation under this chapter, provided that every such person or corporation claiming exemption under this chapter, in whole or in part, must establish to the satisfaction of the commissioner the taxable status of any income or activity:

(a) corporations, individuals, estates, and trusts engaged in the business of mining or producing iron ore and other ores the mining or production of which is subject to the occupation tax imposed by section 298.01; but if any such corporation, individual, estate, or trust engages in any other business or activity or has income from any property not used in such business it shall be subject to this tax computed on the net income from such property or such other business or activity. Royalty shall not be considered as income from the business of mining or producing iron ore within the meaning of this section;

(b) the United States of America, the state of Minnesota or any political subdivision of either agencies or instrumentalities, whether engaged in the discharge of governmental or proprietary functions;

(c) any insurance company that is domiciled in a state or country other than Minnesota that imposes retaliatory taxes, fines, deposits, penalties, licenses, or fees and that does not grant, on a reciprocal basis, exemption from such retaliatory taxes to insurance companies or their agents domiciled in Minnesota. "Retaliatory taxes" means taxes imposed on insurance companies organized in another state or country that result from the fact that an insurance company organized in the taxing jurisdiction and doing business in the other jurisdiction is subject to taxes, fines, deposits, penalties, licenses, or fees in an amount exceeding that imposed by the taxing jurisdiction upon an insurance company organized in the other state or country and doing business to the same extent in the taxing jurisdiction; and

(d) town and farmers' mutual insurance companies and mutual property and casualty insurance companies, other than those (1) writing life insurance or (2) whose total assets ~~at the end of the preceding calendar year~~ ~~exceed~~ *on December 31, 1989, exceeded* \$1,600,000,000.

Sec. 4. Minnesota Statutes Second 1989 Supplement, section 290.06, subdivision 1, is amended to read:

Subdivision 1. [COMPUTATION, CORPORATIONS.] The franchise tax imposed upon corporations shall be computed by applying to their taxable

income the rate of ~~9.5~~ 9.7 percent.

Sec. 5. Minnesota Statutes Second 1989 Supplement, section 290.0921, subdivision 1, is amended to read:

Subdivision 1. [TAX IMPOSED.] ~~(a)~~ In addition to the taxes computed under this chapter without regard to this section, the franchise tax imposed on corporations includes a tax equal to the excess, if any, for the taxable year of:

(1) ~~seven~~ 5.7 percent of Minnesota alternative minimum taxable income less the credit allowed under section 290.35, subdivision 3; over

(2) the tax imposed under section 290.06, subdivision 1, without regard to this section.

~~(b) If the sum of the corporation's Minnesota sales and receipts, property, and payrolls, as defined in section 290.092, subdivision 4, exceeds \$5,000,000, the amount under paragraph (a), clause (1), is the greater of~~

~~(1) \$500 or~~

~~(2) the amount otherwise determined.~~

~~The provisions of this paragraph do not apply to corporations subject to tax under section 60A.15, subdivision 1; real estate investment trusts; and regulated investment companies or a fund thereof.~~

Sec. 6. Minnesota Statutes Second 1989 Supplement, section 290.0921, subdivision 3, is amended to read:

Subd. 3. [ALTERNATIVE MINIMUM TAXABLE INCOME.] "Alternative minimum taxable income" is Minnesota net income as defined in section 290.01, subdivision 19, and includes the adjustments and tax preference items in sections 56, 57, 58, and 59(d), (e), (f) and (h) of the Internal Revenue Code. If a corporation files a separate company Minnesota tax return, the minimum tax must be computed on a separate company basis. If a corporation is part of a tax group filing a unitary return, the minimum tax must be computed on a unitary basis. The following adjustments must be made.

(1) For purposes of the depreciation adjustments under section 56(a)(1) and 56(g)(4)(A) of the Internal Revenue Code, the basis for depreciable property placed in service in a taxable year beginning before January 1, 1990, is the adjusted basis for federal income tax purposes, including any modification made in a taxable year under section 290.01, subdivision 19e, or Minnesota Statutes 1986, section 290.09, subdivision 7, paragraph (c).

(2) The alternative tax net operating loss deduction under sections 56(a)(4) and 56(d) of the Internal Revenue Code does not apply.

(3) The special rule for ~~100 percent~~ *certain* dividends under section 56(g)(4)(C)(ii) of the Internal Revenue Code does not apply.

(4) The special rule for dividends from section 936 companies under section 56(g)(4)(C)(iii) does not apply.

(5) The tax preference for depletion under section 57(a)(1) of the Internal Revenue Code does not apply.

(6) The tax preference for intangible drilling costs under section 57(a)(2) of the Internal Revenue Code must be calculated without regard to the subtraction under section 290.01, subdivision 19d, clause (4).

(7) The tax preference for tax exempt interest under section 57(a)(5) of the Internal Revenue Code does not apply.

(8) The tax preference for charitable contributions of appreciated property under section 57(a)(6) of the Internal Revenue Code does not apply.

(9) For purposes of calculating the tax preference for accelerated depreciation or amortization on certain property placed in service before January 1, 1987, under section 57(a)(7) of the Internal Revenue Code, the deduction allowable for the taxable year is the deduction allowed under section 290.01, subdivision 19e.

(10) For purposes of calculating the adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code, the term "alternative minimum taxable income" as it is used in section 56(g) of the Internal Revenue Code, means alternative minimum taxable income as defined in this subdivision, determined without regard to the adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code.

(11) For purposes of determining the amount of adjusted current earnings under section 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under section 56(g)(4) of the Internal Revenue Code with respect to (i) the amount of foreign dividend gross-up subtracted as provided in section 290.01, subdivision 19d, clause (1), (ii) the amount of refunds of income, excise, or franchise taxes subtracted as provided in section 290.01, subdivision 19d, clause (10), or (iii) the amount of royalties, fees or other like income subtracted as provided in section 290.01, subdivision 19d, clause (11).

Items of tax preference must not be reduced below zero as a result of the modifications in this subdivision.

Sec. 7. [290.0922] [MINIMUM FEE; CORPORATIONS.]

Subdivision 1. [IMPOSITION.] (a) In addition to the tax imposed by this chapter without regard to this section, the franchise tax imposed on a corporation other than a corporation having a valid election in effect under section 1362 of the Internal Revenue Code of 1986, as amended through December 31, 1989, for the taxable year includes a tax equal to the following amounts:

If the sum of the corporation's Minnesota property, payrolls, and sales or receipts is:

less than \$ 1,000,000	the tax equals:	\$100
\$ 1,000,000 to \$ 4,999,999		\$300
\$ 5,000,000 to \$ 9,999,999		\$1,000
\$10,000,000 to \$19,999,999		\$2,000
\$20,000,000 or more		\$4,000

(b) A tax is imposed annually beginning in 1990 on a corporation required to file a return under section 290.41, subdivision 1, that has a valid election in effect for the taxable year under section 1362 of the Internal Revenue Code of 1986, as amended through December 31, 1989, and on a partnership required to file a return under section 290.41, subdivision 1, other than a partnership that derives over 80 percent of its income from farming. The tax imposed under this paragraph is due on or before the due date of the return due under section 290.41, subdivision 1, for the calendar year following the calendar year in which the tax is imposed. The commissioner

shall prescribe the return to be used for payment of this tax. The tax under this paragraph is equal to the following amounts:

<i>If the sum of the corporation's Minnesota property, payrolls, and sales or receipts is:</i>	<i>the tax equals:</i>
<i>less than \$ 1,000,000</i>	<i>\$100</i>
<i>\$ 1,000,000 to \$ 4,999,999</i>	<i>\$300</i>
<i>\$ 5,000,000 to \$ 9,999,999</i>	<i>\$1,000</i>
<i>\$10,000,000 to \$19,999,999</i>	<i>\$2,000</i>
<i>\$20,000,000 or more</i>	<i>\$4,000</i>

*Subd. 2. [EXEMPTIONS.] The following entities are exempt from the tax imposed by this section:*

- (1) corporations subject to tax under section 290.05, subdivision 3;*
- (2) real estate investment trusts;*
- (3) regulated investment companies or a fund thereof; and*
- (4) entities having a valid election in effect under section 860D(b) of the Internal Revenue Code of 1986, as amended through December 31, 1989.*

*Subd. 3. [DEFINITION.] "Minnesota sales or receipts," "Minnesota property," and "Minnesota payrolls" have the meanings given in section 290.092, subdivision 4.*

Sec. 8. Minnesota Statutes 1988, section 290.31, subdivision 1, is amended to read:

Subdivision 1. [PARTNERS, NOT PARTNERSHIP, SUBJECT TO TAX.] A partnership as such shall not be subject to the income tax imposed by this chapter, *but is subject to the tax imposed under section 290.0922.* Persons carrying on business as partners shall be liable for income tax only in their separate or individual capacities.

Sec. 9. Minnesota Statutes 1988, section 290.9725, is amended to read:  
290.9725 [S CORPORATION.]

For purposes of this chapter, the term "S corporation" means any corporation having a valid election in effect for the taxable year under section 1362 of the Internal Revenue Code of 1986, as amended through December 31, 1987. An S corporation shall not be subject to the taxes imposed by this chapter, except the taxes imposed under sections 290.0922, 290.92, 290.9727, 290.9728, and 290.9729.

Sec. 10. [INSTRUCTION TO REVISOR.]

*In the next edition of Minnesota Statutes, the revisor of statutes shall substitute the phrase "Internal Revenue Code of 1986, as amended through December 31, 1989" for the words "Internal Revenue Code of 1986, as amended through December 31, 1988" wherever it occurs in chapters 290, 290A, and 291 except for the use of the phrase in section 290.01, subdivision 19.*

Sec. 11. [FEDERAL CHANGES.]

*The changes made by sections 7841, 7304(a), 7817, 7110, 7815, 7816, 7811(d) of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, and sections 202, 203, and 204 of Public Law Number*

101-140 that affect the computation of gross income as defined in Minnesota Statutes, section 290.01, subdivision 20, the credit for research and experimental expenditures as defined in Minnesota Statutes, section 290.068, subdivision 2, the credit for state death taxes allowable as defined in Minnesota Statutes, section 291.03, subdivision 1, and the federal alternative minimum taxable income as defined in Minnesota Statutes, section 290.091, subdivision 2, shall be in effect at the same time they become effective for federal income and estate tax purposes.

The change made by section 7631 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, that changes the definition of wages subject to withholding in Minnesota Statutes, section 290.92, subdivision 1, paragraph (1), shall be effective for Minnesota for wages paid after December 31, 1990.

Sec. 12. [SEVERABILITY; INSURANCE TAXATION.]

(a) If the provision of Minnesota Statutes, section 60A.15, subdivision 1, enacted in section 1, providing a reduced insurance premiums tax rate to mutual insurance companies is found by a final nonappealable order of a court of competent jurisdiction to be unconstitutional or to have an unconstitutional effect on the application of the insurance premiums tax to other insurance companies, the legislature intends that section 1 be invalid and the otherwise applicable insurance premiums tax rates apply.

(b) If the provision of Minnesota Statutes, section 290.05, subdivision 1, clause (d), enacted in section 3, exempting a mutual insurance company from taxation under the corporate franchise tax is found by a final nonappealable order of a court of competent jurisdiction to be unconstitutional or to have an unconstitutional effect on the application of the corporate franchise tax to other insurance companies, the legislature intends that the exemption enacted in section 3 be invalid and the corporate franchise tax apply.

Sec. 13. [ESTIMATED TAXES; EXCEPTION.]

For taxable years beginning after December 31, 1989, but before January 1, 1991, the commissioner of revenue may not assess any penalties, interest, or additions to tax that are the result of a corporation's failure to make sufficient estimated tax payments due to the changes in this article.

Sec. 14. [SMALL BUSINESS TAX STUDY.]

The department of revenue shall conduct a study of the state and local tax burden in relation to ability to pay for businesses with combined Minnesota property, payroll, and sales of less than \$5,000,000 per year. The study shall present the state and local tax burden, net of federal income tax considerations, for representative businesses of various sizes, legal structures, and levels of profitability. The study shall relate tax burden to such measures of ability to pay as taxable income, economic income, assets, and sales. The study shall be submitted to the chairpersons of the tax committee of the house of representatives and senate by December 1, 1990.

Sec. 15. [REPEALER.]

Minnesota Statutes Second 1989 Supplement, section 290.06, subdivision 1a, is repealed.

Sec. 16. [EFFECTIVE DATE.]

Section 1 is effective for premiums paid after December 31, 1989. The

*remainder of this article is effective for taxable years beginning after December 31, 1989, except as otherwise provided.*

## ARTICLE 2

### PROPERTY TAX

Section 1. Minnesota Statutes Second 1989 Supplement, section 3.982, is amended to read:

#### 3.982 [FISCAL NOTES FOR STATE-MANDATED ACTIONS.]

When a bill ~~proposing a new or expanded mandate on a political subdivision~~ is introduced and referred to a standing committee, ~~the head of each affected department or agency of the state government shall the commissioner of finance shall determine whether the bill proposes a new or expanded mandate on a political subdivision. If the commissioner determines that a new or expanded mandate is proposed, the commissioner shall direct the appropriate department or agency of state government to prepare a fiscal note identifying the projected fiscal impact of the bill on state government and on the affected political subdivisions. The commissioner of finance shall be responsible for coordinating the fiscal note process, for assuring the accuracy and completeness of the note, and for ensuring that fiscal notes are prepared, delivered, and updated as provided in this section. The fiscal note shall categorize mandates as program or nonprogram mandates and shall include estimates of the levy impacts of the mandates. To the extent that the bill would impose new fiscal obligations on political subdivisions, the note shall indicate the efforts made to reduce those obligations, including consultations made with representatives of the political subdivisions. Chairs of legislative committees receiving bills on rereferrals from other legislative committees may request that fiscal notes be amended to reflect amendments made to the bills by prior committee action. Preparation of the fiscal notes required in this section shall be consistent with section 3.98. The commissioner of finance shall periodically report to and consult with the legislative commission on planning and fiscal policy on the issuance of the notes.~~

Sec. 2. Minnesota Statutes Second 1989 Supplement, section 124.83, subdivision 1, is amended to read:

Subdivision 1. [HEALTH AND SAFETY PROGRAM.] To receive health and safety revenue a district, *including an intermediate district*, must submit to the commissioner of education an application for aid and levy by June 1 in the previous school year. The application may be for hazardous substance removal, fire code compliance, or life safety repairs. The application must include a health and safety program adopted by the school district board. The program must include the estimated cost of the program by fiscal year.

Sec. 3. Minnesota Statutes 1989 Supplement, section 124.83, subdivision 6, is amended to read:

Subd. 6. [USES OF HEALTH AND SAFETY REVENUE.] Health and safety revenue may be used only for approved expenditures necessary to correct fire safety hazards, life safety hazards, or for the removal or encapsulation of asbestos from school buildings or property, asbestos-related repairs, cleanup and disposal of polychlorinated biphenyls found in school buildings or property, or the cleanup, removal, disposal, and repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline,

fuel oil, and special fuel, as defined in section 296.01. *The revenue may not be used for a building or property or part of a building or property used for post-secondary instruction or administration or for a purpose unrelated to elementary and secondary education.*

**Sec. 4. [134.342] [ALLOCATION OF LEVY AUTHORITY.]**

*Subdivision 1. [AUTHORITY.] A regional public library system board may adopt a written resolution to assume responsibility for the allocation of the regional library system levy authority throughout the region. If adopted, the board shall furnish a list to the commissioners of revenue and education by July 1 of the levy year, containing the name of each member city, town, and county that will be participating in that regional system.*

*Subd. 2. [DETERMINATION OF LEVY LIMITATION.] The levy limitation for a regional library system is equal to the sum of the total maximum amount allowable for operating regional library services for all member cities, towns, and counties within the region subject to the levy limitation under section 275.50, subdivision 5, clause (o). If a member city or town of a regional library system is not subject to the levy limitations under sections 275.50 to 275.56, the commissioner of revenue shall determine a levy limitation for the purposes of this section as if the member was subject to the provisions of section 275.50, subdivision 5, clause (o). The commissioner of revenue shall determine the total maximum amount allowable for the regional library system and shall certify the total amount to the regional library board and to the commissioner of education by August 1 of the levy year.*

*Subd. 3. [ALLOCATION OF AUTHORITY.] A regional public library system board that has resolved to allocate library levy authority among its member cities, towns, and counties shall allocate the amount, up to the total amount certified to the board by the commissioner of revenue, and shall notify each member city, town, and county by August 15 of the levy year of its respective share of the total library levy for the region. Each member city, town, or county located in the region may levy the amount so requested by the board, provided that the total levy of the regional public library system as a whole shall not exceed 106 percent of its levy for this purpose for the preceding levy year.*

*The board shall certify to the commissioners of revenue and education by September 1 of the levy year the levy amount allocated to each member city, town, and county in the regional library system.*

*Subd. 4. [NON-ALLOCATED REGIONAL LIBRARY LEVY LIMITATION.] A city, town, or county located within a regional library system that does not allocate library levy authority under subdivisions 1 to 3 but is subject to the levy limitations under sections 275.50 to 275.56, shall levy according to section 275.50, subdivision 5, clause (o), to pay the operating costs of a regional library system.*

**Sec. 5. Minnesota Statutes 1988, section 136D.27, subdivision 2, is amended to read:**

**Subd. 2. [PROHIBITED LEVIES.]** Notwithstanding section 136D.24 or any other law to the contrary, the joint school board may not certify, either itself, to any participating district, or to any cooperating school district, any levies for any purpose, except the levies authorized by subdivision 1, sections 124.83, subdivision 4, 127.05, 275.125, subdivisions 8c and 14a,

275.48, and 475.61, and for the joint school board's obligations under section 268.06, subdivision 25, for which a levy is authorized by section 275.125, subdivision 4.

Sec. 6. Minnesota Statutes 1989 Supplement, section 136D.27, subdivision 3, is amended to read:

Subd. 3. [PROHIBITED STATE AIDS.] Notwithstanding section 136D.24 or any law to the contrary, the department of education shall not pay, unless explicitly authorized by statute, any state aid, grant, credit, or other money to the joint school board, except the aid, credit, or money authorized by sections 121.201, 123.3514, 124.252, 124.32, 124.573, 124.574, and 124.646, 124.83, and chapter 273.

Sec. 7. Minnesota Statutes 1988, section 136D.74, subdivision 2a, is amended to read:

Subd. 2a. [PROHIBITED LEVIES.] Notwithstanding subdivisions 2 and 4, section 136D.73, subdivision 3, or any other law to the contrary, the intermediate school board may not certify, either itself, to any participating district, or to any cooperating school district, any levies for any purpose, except the levies authorized by subdivision 1, sections 124.83, subdivision 4, 127.05, 275.125, subdivisions 8c and 14a, 275.48, and 475.61, and for the intermediate school board's obligations under section 268.06, subdivision 25, for which a levy is authorized by section 275.125, subdivision 4.

Sec. 8. Minnesota Statutes 1989 Supplement, section 136D.74, subdivision 2b, is amended to read:

Subd. 2b. [PROHIBITED STATE AIDS.] Notwithstanding subdivision 4 or any law to the contrary, the department of education shall not pay, unless explicitly authorized, any state aid, grant, credit, or other money to the intermediate school board, except the aid, credit, or money authorized by sections 121.201, 123.3514, 124.252, 124.32, 124.573, 124.574, and 124.646, 124.83, and chapter 273.

Sec. 9. Minnesota Statutes 1988, section 136D.87, subdivision 2, is amended to read:

Subd. 2. [PROHIBITED LEVIES.] Notwithstanding section 136D.84 or any other law to the contrary, the joint school board may not certify, either itself, to any participating district, or to any cooperating school district, any levies for any purpose, except the levies authorized by subdivision 1, sections 124.83, subdivision 4, 127.05, 275.125, subdivisions 8c and 14a, 275.48, and 475.61, and for the joint school board's obligations under section 268.06, subdivision 25, for which a levy is authorized by section 275.125, subdivision 4.

Sec. 10. Minnesota Statutes 1989 Supplement, section 136D.87, subdivision 3, is amended to read:

Subd. 3. [PROHIBITED STATE AIDS.] Notwithstanding section 136D.24 or any law to the contrary, the department of education shall not pay, unless explicitly authorized, any state aid, grant, credit, or other money to the joint school board, except for aid, credit, or money authorized by sections 121.201, 123.3514, 124.252, 124.32, 124.573, 124.574, and 124.646, 124.83, and chapter 273.

Sec. 11. Minnesota Statutes 1988, section 169.86, subdivision 1, is

amended to read:

Subdivision 1. [APPLICATION FOR PERMIT.] The commissioner, with respect to highways under the commissioner's jurisdiction, and local authorities, with respect to highways under their jurisdiction, may, in their discretion, upon application in writing and good cause being shown therefor, issue a special permit, in writing, authorizing the applicant to move a vehicle or combination of vehicles of a size or weight of vehicle or load exceeding the maximum specified in this chapter, or otherwise not in conformity with the provisions of this chapter, upon any highway under the jurisdiction of the party granting such permit and for the maintenance of which such party is responsible.

*Permits relating to over-width, over-length manufactured homes shall not be issued to persons other than manufactured home dealers for movement of new units owned by the manufactured home dealer, until the person has presented a statement from the county auditor and treasurer where the unit is presently located, stating that all personal and real property taxes have been paid. This statement must be dated within 30 days of the contemplated move. The statement from the county auditor and treasurer where the unit is presently located, stating that all personal and real property taxes have been paid, may be made by telephone. If the statement is obtained by telephone, the permit shall contain the date and time of the telephone call and the names of the persons in the auditor's office and treasurer's office who verified that all personal and real property taxes had been paid.*

Sec. 12. Minnesota Statutes Second 1989 Supplement, section 273.064, is amended to read:

273.064 [EXAMINATION OF LOCAL ASSESSOR'S WORK; COMPLETION OF ASSESSMENTS.]

The county assessor shall examine the assessment appraisal records of each local assessor anytime after ~~January 15~~ *December 1* of each year and shall immediately give notice in writing to the governing body of said district of any deficiencies in the assessment procedures with respect to the quantity of or quality of the work done as of that date and indicating corrective measures to be undertaken and effected by the local assessor not later than 30 days thereafter. If, upon reexamination of such records at that time, the deficiencies noted in the written notice previously given have not been substantially corrected to the end that a timely and uniform assessment of all real property in the county will be attained, then the county assessor with the approval of the county board shall collect the necessary records from the local assessor and complete the assessment or employ others to complete the assessment. When the county assessor has completed the assessments, the local assessor shall thereafter resume the assessment function within the district. In this circumstance the cost of completing the assessment shall be charged against the assessment district involved. The county auditor shall certify the costs thus incurred to the appropriate governing body not later than August 1 and if unpaid as of September 1 of the assessment year, the county auditor shall levy a tax upon the taxable property of said assessment district sufficient to pay such costs. The amount so collected shall be credited to the general revenue fund of the county.

Sec. 13. Minnesota Statutes 1989 Supplement, section 273.11, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] Except as provided in subdivisions 6, 8,

and 9 or section 273.17, subdivision 1, all property shall be valued at its market value. The market value as determined pursuant to this section shall be stated such that any amount under \$100 is rounded up to \$100 and any amount exceeding \$100 shall be rounded to the nearest \$100. In estimating and determining such value, the assessor shall not adopt a lower or different standard of value because the same is to serve as a basis of taxation, nor shall the assessor adopt as a criterion of value the price for which such property would sell at a forced sale, or in the aggregate with all the property in the town or district; but the assessor shall value each article or description of property by itself, and at such sum or price as the assessor believes the same to be fairly worth in money. *The assessor shall take into account the effect on the market value of property of environmental factors in the vicinity of the property.* In assessing any tract or lot of real property, the value of the land, exclusive of structures and improvements, shall be determined, and also the value of all structures and improvements thereon, and the aggregate value of the property, including all structures and improvements, excluding the value of crops growing upon cultivated land. In valuing real property upon which there is a mine or quarry, it shall be valued at such price as such property, including the mine or quarry, would sell for a fair, voluntary sale, for cash. In valuing real property which is vacant, the fact that such property is platted shall not be taken into account. An individual lot of such platted property shall not be assessed in excess of the assessment of the land as if it were unplatted until the lot is improved with a permanent improvement all or a portion of which is located upon the lot, or for a period of three years after final approval of said plat whichever is shorter. When a lot is sold or construction begun, the net tax capacity of that lot or any single contiguous lot fronting on the same street shall be eligible for reassessment. All property, or the use thereof, which is taxable under section 272.01, subdivision 2, or 273.19, shall be valued at the market value of such property and not at the value of a leasehold estate in such property, or at some lesser value than its market value.

Sec. 14. Minnesota Statutes Second 1989 Supplement, section 273.119, subdivision 2, is amended to read:

Subd. 2. [REIMBURSEMENT FOR LOST REVENUE.] The county may transfer money from the county conservation account created in section 40A.152 to the county revenue fund to reimburse the fund for the cost of the property tax credit. The county auditor shall certify to the commissioner of revenue, as part of the abstracts of tax lists required to be filed with the commissioner under section 275.29, the amount of tax lost to the county from the property tax credit under subdivision 1 and the extent that the tax lost exceeds funds available in the county conservation account. Any prior year adjustments must also be certified in the abstracts of tax lists. The commissioner of revenue shall review the certifications to determine their accuracy. The commissioner may make the changes in the certification that are considered necessary or return a certification to the county auditor for corrections. The commissioner shall reimburse each taxing district, other than school districts, from the Minnesota conservation fund under section 40A.151 for the taxes lost in excess of the county account. The payments must be made at the ~~times~~ ~~time~~ provided in section ~~477A.015~~ ~~473H.10~~, subdivision 3, for payment of local government aid to taxing jurisdictions in the same proportion that the ad valorem tax is distributed.

Sec. 15. Minnesota Statutes Second 1989 Supplement, section 273.123, subdivision 4, is amended to read:

Subd. 4. [STATE REIMBURSEMENT.] The county auditor shall calculate the tax on the property described in subdivision 2 based on the assessment made on January 2 of the year in which the disaster or emergency occurred. The difference between the tax determined on the January 2 gross tax capacity and the tax actually payable based on the reassessed gross tax capacity determined under subdivision 2 shall be reimbursed to each taxing jurisdiction in which the damaged property is located. The amount shall be certified by the county auditor and reported to the commissioner of revenue. The commissioner shall make the payments to the taxing jurisdictions, other than school districts, containing the property at the time distributions are made under section ~~477A.015~~ 473H.10, subdivision 3, in the same proportion that the ad valorem tax is distributed.

Sec. 16. Minnesota Statutes 1988, section 273.124, is amended by adding a subdivision to read:

*Subd. 3a. [MANUFACTURED HOME PARK COOPERATIVE.] When a manufactured home park is owned by a corporation or association organized under chapter 308A, and each person who owns a share or shares in the corporation or association is entitled to occupy a lot within the park, the corporation or association may claim homestead treatment for each lot occupied by a shareholder. Each lot must be designated by legal description or number. The net tax capacity of the manufactured home park is the sum of the net tax capacities of each of the respective lots comprising the manufactured home park. To qualify for the treatment provided by this subdivision, the corporation or association must be wholly owned by persons having a right to occupy a lot owned by the corporation or association. A charitable corporation, organized under the laws of Minnesota, and granted a ruling by the Internal Revenue Service for 501(c)(3) tax-exempt status, which owns and operates a manufactured home park shall qualify for homestead treatment on the park.*

Sec. 17. Minnesota Statutes 1988, section 273.124, is amended by adding a subdivision to read:

*Subd. 15. [RESIDENCE OF DISABLED CHILD OF OWNER.] The principal residence of an individual who has a permanent disability as defined in section 290A.03, subdivision 10, shall be classified as a homestead if the residence is wholly owned by a parent or both parents of the individual. The application for homestead benefits must be on a form prescribed by the commissioner and must contain the information necessary for the assessor to determine whether homestead classification under this subdivision is warranted.*

Sec. 18. Minnesota Statutes Second 1989 Supplement, section 273.13, subdivision 23, is amended to read:

Subd. 23. [CLASS 2.] (a) Class 2a property is agricultural land including any improvements that is homesteaded. The market value of the house and garage and immediately surrounding one acre of land has the same class rates as class 1a property under subdivision 22. If the market value of the house, garage, and surrounding one acre of land is less than \$100,000, the value of the remaining land including improvements equal to the difference between \$100,000 and the market value of the house, garage, and surrounding one acre of land has a net class rate of .4 percent of market value and a gross class rate of 1.75 percent of market value. The remaining value of class 2a property over \$100,000 of market value that does not exceed 320 acres has a net class rate of 1.3 percent of market value for taxes

payable in 1990, 1.4 percent of market value for taxes payable in 1991, and 1.5 percent of market value for taxes payable in 1992 and thereafter, and a gross class rate of 2.25 percent of market value. The remaining property over the \$100,000 market value in excess of 320 acres has a class rate of 1.7 percent of market value for taxes payable in 1990, 1.6 percent of market value for taxes payable in 1991, and 1.5 percent of market value for taxes payable in 1992 and thereafter, and a gross tax capacity of 2.25 percent of market value.

(b) Class 2b property is (1) real estate, rural in character and used exclusively for growing trees for timber, lumber, and wood and wood products; and (2) real estate that is nonhomestead agricultural land. Class 2b property has a net class rate of 1.7 percent of market value for taxes payable in 1990, 1.6 percent of market value for taxes payable in 1991, and 1.5 percent of market value for taxes payable in 1992 and thereafter, and a gross class rate of 2.25 percent of market value.

(c) Agricultural land as used in this section means contiguous acreage of ten acres or more, primarily used during the preceding year for agricultural purposes. Agricultural use may include pasture, timber, waste, unusable wild land, and land included in federal farm programs. "Agricultural purposes" as used in this section means the raising or cultivation of agricultural products, and includes the commercial boarding of horses if the commercial boarding of horses is done in conjunction with the raising or cultivation of agricultural products.

(d) Real estate of less than ten acres used principally for raising poultry, livestock, fruit, vegetables or other agricultural products, including the breeding of fish for sale and consumption if the fish breeding occurs on land zoned for agricultural use, shall be considered as agricultural land, if it is not used primarily for residential purposes. The term "agricultural products" as used in the preceding sentence means any of the products identified in section 273.111, subdivision 6, clause (2). "Agricultural purposes" as used in this section means the raising or cultivation of agricultural products.

(e) If a parcel used for agricultural purposes is also used for commercial or industrial purposes, including but not limited to:

- (1) wholesale and retail sales;
- (2) processing of raw agricultural products or other goods;
- (3) warehousing or storage of processed goods; and
- (4) office facilities for the support of the activities enumerated in clauses (1), (2), and (3),

the assessor shall classify the part of the parcel used for agricultural purposes as class 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use. The grading, sorting, and packaging of raw agricultural products for first sale is considered an agricultural purpose. A greenhouse or other building where horticultural or nursery products are grown that is also used for the conduct of retail sales must be classified as agricultural if it is primarily used for the growing of horticultural or nursery products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products. Use of a greenhouse or building only for the display of already grown horticultural or nursery products does

not qualify as an agricultural purpose.

The assessor shall determine and list separately on the records the market value of the homestead dwelling and the one acre of land on which that dwelling is located. If any farm buildings or structures are located on this homesteaded acre of land, their market value shall not be included in this separate determination.

Sec. 19. Minnesota Statutes Second 1989 Supplement, section 273.13, subdivision 24, is amended to read:

Subd. 24. [CLASS 3.] (a) Commercial and industrial property and utility real and personal property, except class 5 property as identified in subdivision 31, clause (1), is class 3a. It has a class rate of 3.3 percent of the first \$100,000 of market value for taxes payable in 1990, ~~3.2 and 3.25~~ percent for taxes payable in 1991, ~~3.1 percent for taxes payable in 1992, and three percent for taxes payable in 1993~~ and thereafter, and 5.06 percent of the market value over \$100,000. In the case of state-assessed commercial, industrial, and utility property owned by one person or entity, only one parcel has a reduced class rate on the first \$100,000 of market value. In the case of other commercial, industrial, and utility property owned by one person or entity, only one parcel in each county has a reduced class rate on the first \$100,000 of market value.

(b) Employment property defined in section 469.166, during the period provided in section 469.170, shall constitute class 3b and has a class rate of 2.4 percent of the first \$50,000 of market value and 3.6 percent of the remainder, except that for employment property located in a border city enterprise zone designated pursuant to section 469.168, subdivision 4, paragraph (c), the class rate of the first \$100,000 of market value and the class rate of the remainder is determined under paragraph (a), unless the governing body of the city designated as an enterprise zone determines that a specific parcel shall be assessed pursuant to the first clause of this sentence. The governing body may provide for assessment under the first clause of the preceding sentence only for property which is located in an area which has been designated by the governing body for the receipt of tax reductions authorized by section 469.171, subdivision 1.

Sec. 20. Minnesota Statutes Second 1989 Supplement, section 273.13, subdivision 25, is amended to read:

Subd. 25. [CLASS 4.] (a) Class 4a is residential real estate containing four or more units and used or held for use by the owner or by the tenants or lessees of the owner as a residence for rental periods of 30 days or more. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt under section 272.02, and contiguous property used for hospital purposes, without regard to whether the property has been platted or subdivided. Class 4a property has a class rate of 3.6 percent of market value.

(b) Class 4b includes:

(1) residential real estate containing less than four units, other than seasonal residential, and recreational;

(2) post-secondary student housing not to exceed one acre of land which is owned by a nonprofit corporation organized under chapter 317 and is used exclusively by a sorority or fraternity organization for housing;

(3) manufactured homes not classified under any other provision;

(4) a dwelling, garage, and surrounding one acre of property on a non-homestead farm classified under subdivision 23, paragraph (b).

Class 4b property has a class rate of 3.0 percent of market value.

(c) Class 4c property includes:

(1) a structure that is situated on real property that is used for housing for the elderly or for low and moderate income families as defined by Title II of the National Housing Act or the Minnesota housing finance agency law of 1971 or rules promulgated by the agency pursuant thereto and financed by a direct federal loan or federally insured loan or a loan made by the Minnesota housing finance agency pursuant to the provisions of either of those acts and acts amendatory thereof. This clause applies only to property of a nonprofit or limited dividend entity. Property is classified as class 4c under this clause for 15 years from the date of the completion of the original construction or substantial rehabilitation, or for the original term of the loan;

(2) a structure that is:

(i) situated upon real property that is used for housing lower income families or elderly or handicapped persons, as defined in section 8 of the United States Housing Act of 1937, as amended; and

(ii) owned by an entity which has entered into a housing assistance payments contract under section 8 which provides assistance for 100 percent of the dwelling units in the structure, other than dwelling units intended for management or maintenance personnel. Property is classified as class 4c under this clause for the term of the housing assistance payments contract, including all renewals, or for the term of its permanent financing, whichever is shorter; and

(3) a qualified low-income building that (i) receives a low-income housing credit under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1988; or (ii) meets the requirements of that section. Classification pursuant to this clause is limited to ~~buildings the construction or rehabilitation of which began after May 1, 1988, and to~~ a term of 15 years.

For all properties described in clauses (1), (2), and (3) and in paragraph (d), the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents. The land on which these structures are situated has the class rate given in paragraph (b) if the structure contains fewer than four units, and the class rate given in paragraph (a) if the structure contains four or more units.

(4) a parcel of land, not to exceed one acre, and its improvements or a parcel of unimproved land, not to exceed one acre, if it is owned by a neighborhood real estate trust and at least 60 percent of the dwelling units, if any, on all land owned by the trust are leased to or occupied by lower income families or individuals. This clause does not apply to any portion of the land or improvements used for nonresidential purposes. For purposes of this clause, a lower income family is a family with an income that does not exceed 65 percent of the median family income for the area, and a lower income individual is an individual whose income does not exceed 65 percent of the median individual income for the area, as determined by the United States Secretary of Housing and Urban Development. For purposes of this clause, "neighborhood real estate trust" means an entity which is

certified by the governing body of the municipality in which it is located to have the following characteristics: (a) it is a nonprofit corporation organized under chapter 317; (b) it has as its principal purpose providing housing for lower income families in a specific geographic community designated in its articles or bylaws; (c) it limits membership with voting rights to residents of the designated community; and (d) it has a board of directors consisting of at least seven directors, 60 percent of whom are members with voting rights and, to the extent feasible, 25 percent of whom are elected by resident members of buildings owned by the trust; and

(5) except as provided in subdivision 22, paragraph (c), real property devoted to temporary and seasonal residential occupancy for recreation purposes, including real property devoted to temporary and seasonal residential occupancy for recreation purposes and not devoted to commercial purposes for more than 225 days in the year preceding the year of assessment. For this purpose, property is devoted to commercial use on a specific day if it is used, or offered for use, and a fee is charged for the use. Class 4c also includes commercial use real property used exclusively for recreational purposes in conjunction with class 4c property devoted to temporary and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than 225 days in the year preceding the year of assessment and is located within two miles of the class 4c property with which it is used. Class 4c property classified in this clause and clause (6) also includes the remainder of class 1c resorts; ~~and~~

(6) real property up to a maximum of one acre of land owned by a nonprofit community service oriented organization; provided that the property is not used for a revenue-producing activity for more than six days in the calendar year preceding the year of assessment and the property is not used for residential purposes on either a temporary or permanent basis. For purposes of this clause, a "nonprofit community service oriented organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, fraternal, civic, or educational purposes, and which is exempt from federal income taxation pursuant to section 501(c)(3), (10), or (19) of the Internal Revenue Code of 1986, as amended through December 31, 1988. For purposes of this clause, "revenue-producing activities" shall include but not be limited to property or that portion of the property that is used as an on-sale intoxicating liquor or nonintoxicating malt liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling alley, a retail store, gambling conducted by organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises. Any portion of the property which is used for revenue-producing activities for more than six days in the calendar year preceding the year of assessment shall be assessed as class 3a. The use of the property for social events open exclusively to members and their guests for periods of less than 24 hours, when an admission is not charged nor any revenues are received by the organization shall not be considered a revenue-producing activity; and

(7) *manufactured home parks as defined in section 327.14, subdivision 3.*

Class 4c property has a class rate of 2.4 percent of market value.

(d) Class 4d property includes any structure:

(i) situated on real property that is used for housing for the elderly or for low and moderate income families as defined by the farmers home administration;

(ii) located in a municipality of less than 10,000 population; and

(iii) financed by a direct loan or insured loan from the farmers home administration. Property is classified under this clause for 15 years from the date of the completion of the original construction or for the original term of the loan.

The class rates in paragraph (c), clauses (1), (2), and (3) and this clause apply to the properties described in them, only in proportion to occupancy of the structure by elderly or handicapped persons or low and moderate income families as defined in the applicable laws unless construction of the structure had been commenced prior to January 1, 1984; or the project had been approved by the governing body of the municipality in which it is located prior to June 30, 1983; or financing of the project had been approved by a federal or state agency prior to June 30, 1983. Classification under this clause is only available to property of a nonprofit or limited dividend entity.

Class 4d property has a class rate of 1.7 percent of market value for taxes payable in 1990, and two percent of market value for taxes payable thereafter.

(e) Residential rental property that would otherwise be assessed as class 4 property under paragraph (a); paragraph (b), clauses (1) and (2); paragraph (c), clause (1), (2), (3), or (4); or paragraph (d), is assessed at the class rate applicable to it under Minnesota Statutes 1988, section 273.13, if it is found to be a substandard building under section 273.1316.

Sec. 21. Minnesota Statutes Second 1989 Supplement, section 273.13, subdivision 32, is amended to read:

Subd. 32. [TARGET CLASS RATE.] All classes of property with a class rate of 5.06 percent have a target class rate of four percent. At the time of submission of the biennial budget under section 16A.11, the governor shall recommend the effective class rate for taxes payable in the following two calendar years by designating a "phase-in percentage," equal to the proportion of the effective class rate that will be based on the target class rate of four percent, with the remaining proportion based on the class rate of 5.06 percent. The governor shall identify and include within the budget funding for the increased expenditures for homestead and agricultural credit aid over the amount of expenditures for homestead and agricultural credit aid provided in Laws 1989, First Special Session chapter 1, that are estimated to result from the recommendation. At that time, the governor may propose alternative programs other than homestead and agricultural credit aid to prevent other taxpayers' taxes from increasing as a result of the governor's recommended increase in the phase-in percentage. The effective net class rate is the sum of the products of:

(1) the phase-in percentage adopted by the legislature multiplied by four percent; and

(2) 100 percent minus the phase-in percentage multiplied by 5.06 percent.

The phase-in percentage in any year cannot be less than it was in the prior year. The phase-in percentage for taxes payable in 1991 is ~~ten~~ five

percent provided that the governor may recommend an alternative phase-in percentage for taxes payable in 1991.

Beginning in 1991, the commissioner of revenue shall annually set the effective class rate to use for taxes payable in the following year as provided in this subdivision and announce it by June 1. For purposes of any aid, levy limitation, debt limit, or salary limitation, and property tax administration, net tax capacity must be computed with reference to the effective class rate for the properties affected by this subdivision.

Sec. 22. Minnesota Statutes Second 1989 Supplement, section 273.1398, subdivision 6, is amended to read:

Subd. 6. [PAYMENT.] The commissioner shall certify the aids provided in subdivisions 2, 2b, 3, and 5 before December 1, 1989, and October 1 thereafter of the year preceding the distribution year to the county auditor of the affected local government and pay them ~~and the credit reimbursements~~ to local governments other than school districts at the times provided in section 477A.015 for payment of local government aid to taxing jurisdictions. *The disparity reduction credit provided in subdivision 4 must be paid to taxing jurisdictions other than school districts at the time provided in section 473H.10, subdivision 3.* Aids and credit reimbursements to school districts must be certified to the commissioner of education and paid under section 273.1392. Except for education districts and secondary cooperatives that receive revenue according to section 124.2721 or 124.575, payment shall not be made to any taxing jurisdiction that has ceased to levy a property tax nor shall homestead and agricultural credit aid be payable on the part of a levy to which homestead and agricultural credit aid was separately allocated under subdivision 2, paragraph (b), clause (2), which is no longer levied.

Sec. 23. Minnesota Statutes Second 1989 Supplement, section 275.065, subdivision 1, is amended to read:

Subdivision 1. [PROPOSED LEVY.] Notwithstanding any law or charter to the contrary, on or before September 1, each taxing authority, other than a school district, shall adopt a proposed budget and each taxing authority shall certify to the county auditor the proposed property tax levy for taxes payable in the following year. *If the board of estimate and taxation or any similar board that establishes maximum tax levies for taxing jurisdictions within a first class city certifies the maximum property tax levies for funds under its jurisdiction by charter to the county auditor by September 1, the city shall be deemed to have certified its levies for those taxing jurisdictions.* For purposes of this section, "taxing authority" includes all home rule and statutory cities, towns ~~with a population over 5,000~~, counties, school districts, and special taxing districts.

Sec. 24. Minnesota Statutes Second 1989 Supplement, section 275.065, subdivision 3, is amended to read:

Subd. 3. [NOTICE OF PROPOSED PROPERTY TAXES.] (a) The county auditor shall prepare and the county treasurer shall deliver on or before November 10 each year, by first class mail to each taxpayer at the address listed on the county's current year's assessment roll, a notice of proposed property taxes *and, in the case of a town, final property taxes.*

(b) The commissioner of revenue shall prescribe the form of the notice.

(c) The notice must inform taxpayers that it contains the amount of

property taxes each taxing authority *other than a town* proposes to collect for taxes payable the following year as required in paragraph (d) or (e) *and, for a town, the amount of its final levy*. It must clearly state that each taxing authority, other than a town or special taxing district, will hold a public meeting to receive public testimony on the proposed budget and *proposed or final* property tax levy, or, in case of a school district, on the proposed property tax levy. It must clearly state the time and place of each taxing authority's meeting and an address where comments will be received by mail. It must state the time and place for the continuation of the hearing if the hearing is not completed on the original date.

(d) Except as provided in paragraph (e), the notice must state by county, city or town, and school district:

(1) the total proposed *or, for a town, final* property tax levy for taxes payable the following year after reduction for state aid;

(2) the percentage increase or decrease from the actual property tax levy for taxes payable in the current year; and

(3) for counties, cities, and towns, the increase or decrease in population from the second previous calendar year to the immediately prior calendar year, as determined by the state demographer, and for school districts, the increase or decrease in the number of pupils in average daily membership from the second previous school year to the immediately prior school year as determined by the commissioner of education.

For purposes of this paragraph, "proposed property taxes after reduction for state aid" means the taxing authority's levy certified under section 275.07, subdivision 1.

(e) In the case of a county containing a city of the first class, or taxing authority lying wholly within a county or counties containing a city of the first class, for taxes levied in ~~1994~~ 1990, and thereafter, the notice must state for each parcel:

(1) the market value of the property as defined under section 272.03, subdivision 8, for property taxes payable in the following year and for taxes payable the current year;

(2) by county, city or town, school district, the sum of the special taxing districts, and as a total of the taxing authorities, including special taxing districts, the proposed *or, for a town, final* net tax on the property for taxes payable the following year and the actual tax for taxes payable the current year; and

(3) the increase or decrease in the amounts in clause (2) from taxes payable in the current year to proposed *or, for a town, final* taxes payable the following year, expressed as a dollar amount and as a percentage.

(f) The notice must clearly state that the proposed *or final* taxes do not include the following:

(1) special assessments;

(2) levies approved by the voters after the date the proposed taxes are certified, including bond referenda, school district levy referenda, and levy limit increase referenda;

(3) amounts necessary to pay cleanup or other costs due to a natural disaster occurring after the date the proposed taxes are certified; and

(4) amounts necessary to pay tort judgments against the taxing authority that become final after the date the proposed taxes are certified.

Sec. 25. Minnesota Statutes Second 1989 Supplement, section 275.065, subdivision 6, is amended to read:

Subd. 6. [PUBLIC HEARING; ADOPTION OF BUDGET AND LEVY.] Between November 15 and December 20, the governing bodies of the city and county shall each hold a public hearing to adopt its final budget and property tax levy for taxes payable in the following year, and the governing body of the school district shall hold a public hearing to adopt its property tax levy for taxes payable in the following year.

At the hearing, the taxing authority, other than a school district, may amend the proposed budget and property tax levy and must adopt a final budget and property tax levy, and the school district may amend the proposed property tax levy and must adopt a final property tax levy.

The adopted property tax levy must not exceed the proposed levy determined under subdivision 1, except by an amount up to the sum of the following amounts:

(1) the amount of a school district levy whose voters approved a referendum to increase taxes under section 124A.03, subdivision 2, or 124.82, subdivision 3, after the proposed levy was certified;

(2) the amount of a city or county levy approved by the voters under section 275.58 after the proposed levy was certified;

(3) the amount of a levy to pay principal and interest on bonds issued or approved by the voters under section 475.58 after the proposed levy was certified;

(4) the amount of a levy to pay costs due to a natural disaster occurring after the proposed levy was certified, if that amount is approved by the commissioner of revenue under subdivision 6a; and

(5) the amount of a levy to pay tort judgments against a taxing authority that become final after the proposed levy was certified, if the amount is approved by the commissioner of revenue under subdivision 6a.

At the hearing the percentage increase in property taxes proposed by the taxing authority, if any, and the specific purposes for which property tax revenues are being increased must be discussed. During the discussion, the governing body shall hear comments regarding a proposed increase and explain the reasons for the proposed increase. The public shall be allowed to speak and to ask questions prior to adoption of any measures by the governing body. The governing body, other than the governing body school districts, shall adopt its final property tax levy prior to adopting its final budget.

The hearing must be held after 5:00 p.m. if scheduled on a day other than Saturday. No hearing may be held on a Sunday. ~~The commissioner of revenue county auditor shall provide for the coordination of hearing dates so that a taxing authority does not schedule public meetings on the days scheduled for the hearing by another taxing authority.~~

*By August 1, the county auditor shall notify the clerk of each school district within the county of the dates that the county board has designated for its hearing and any continuation under subdivision 3. By August 15, each school board shall certify to the county auditor the dates on which*

*it elects to hold its hearings and any continuations under subdivision 3. If a school board does not certify the dates by August 15, the auditor will assign the hearing date. The dates elected or assigned must not conflict with the county hearing dates. By August 20, the county auditor shall notify the clerks of the cities within the county of the dates on which the county and school districts have elected to hold their hearings. At the time a city certifies its proposed levy under subdivision 1 it shall certify the dates on which it elects to hold its hearings and any continuations under subdivision 3. The city must not select dates that conflict with those elected by or assigned to the county and school districts in which the city is located.*

*The hearing dates so elected or assigned must be designated on the notices required under subdivision 3.*

This subdivision does not apply to towns and special taxing districts. The commissioner of revenue shall determine what constitutes a special taxing district for the purpose of this exemption.

Sec. 26. Minnesota Statutes 1989 Supplement, section 275.125, subdivision 6i, is amended to read:

Subd. 6i. [RULE COMPLIANCE LEVY.] Each year a district that is required to implement a plan according to the requirements of Minnesota Rules, parts 3535.0200 to 3535.2200, may levy an amount not to exceed a gross tax capacity rate of ~~.80 percent times the adjusted gross tax capacity of the district for taxes payable in 1990~~ or a net tax capacity rate of ~~1.0~~ 2.0 percent times the adjusted net tax capacity of the district for taxes payable in 1991 and thereafter. Independent school district No. 625, St. Paul, may levy according to this subdivision and subdivision 6e. Notwithstanding section 121.904, the entire amount of this levy shall be recognized as revenue for the fiscal year in which the levy is certified. This levy shall not be considered in computing the aid reduction under section 124.155.

Sec. 27. Minnesota Statutes 1988, section 275.125, subdivision 10, is amended to read:

Subd. 10. [CERTIFICATION OF LEVY LIMITATIONS.] *By August 15, the commissioner shall notify the school districts of their levy limits. The commissioner shall certify to the county auditors the levy limits for all school districts headquartered in the respective counties together with adjustments for errors in levies not penalized pursuant to subdivision 15 as well as adjustments to final pupil unit counts.*

A school district ~~shall have the right to~~ may require the commissioner to review the certification and to present evidence in support of modification of the certification.

The county auditor shall reduce levies for any excess of levies over levy limitations pursuant to section 275.16. Such reduction in excess levies may, at the discretion of the school district, be spread over ~~not to exceed~~ two calendar years.

Sec. 28. Minnesota Statutes Second 1989 Supplement, section 275.50, subdivision 5, is amended to read:

Subd. 5. Notwithstanding any other law to the contrary for taxes levied in 1989 payable in 1990 and subsequent years, "special levies" means those portions of ad valorem taxes levied by governmental subdivisions to:

(a) for taxes levied in 1990, payable in 1991 and subsequent years, pay

the costs not reimbursed by the state or federal government, of payments made to or on behalf of recipients of aid under any public assistance program authorized by law, and the costs of purchase or delivery of social services. The aggregate amounts levied under this clause for the costs of purchase or delivery of social services and income maintenance programs, other than those identified in section 273.1398, subdivision 1, paragraph (i), are subject to a maximum increase over the amount levied for the previous year of 12 percent for counties within the metropolitan area as defined in section 473.121, subdivision 2, or counties outside the metropolitan area but containing a city of the first class, and 15 percent for other counties. For purposes of this clause, "income maintenance programs" include income maintenance programs in section 273.1398, subdivision 1, paragraph (i), to the extent the county provides benefits under those programs over the statutory mandated standards. Effective with taxes levied in 1990, the portion of this special levy for human service programs identified in section 273.1398, subdivision 1, paragraph (i), is eliminated;

(b) pay the costs of principal and interest on bonded indebtedness except on bonded indebtedness issued under section 471.981, subdivisions 4 to 4c, or to reimburse for the amount of liquor store revenues used to pay the principal and interest due in the year preceding the year for which the levy limit is calculated on municipal liquor store bonds;

(c) pay the costs of principal and interest on certificates of indebtedness, except tax anticipation or aid anticipation certificates of indebtedness, issued for any corporate purpose except current expenses or funding an insufficiency in receipts from taxes or other sources or funding extraordinary expenditures resulting from a public emergency; and to pay the cost for certificates of indebtedness issued pursuant to sections 298.28 and 298.282;

(d) fund the payments made to the Minnesota state armory building commission pursuant to section 193.145, subdivision 2, to retire the principal and interest on armory construction bonds;

(e) provide for the bonded indebtedness portion of payments made to another political subdivision of the state of Minnesota;

(f) pay the amounts required, in accordance with section 275.075, to correct for a county auditor's error of omission but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.50 to 275.56 in the preceding levy year;

(g) pay amounts required to correct for an error of omission in the levy certified to the appropriate county auditor or auditors by the governing body of a city or town with statutory city powers in a levy year, but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.50 to 275.56 in the preceding levy year;

(h) pay amounts required by law to be paid to pay the interest on and to reduce the unfunded accrued liability of public pension funds in accordance with the actuarial standards and guidelines specified in sections 356.215 and 356.216 reduced by 106 percent of the amount levied for that purpose in 1976, payable in 1977. For the purpose of this special levy, the estimated receipts expected from the state of Minnesota pursuant to sections 69.011

to 69.031 or any other state aid expressly intended for the support of public pension funds shall be considered as a deduction in determining the required levy for the normal costs of the public pension funds. No amount of these aids shall be considered as a deduction in determining the governmental subdivision's required levy for the reduction of the unfunded accrued liability of public pension funds;

(i) to compensate the state for the cost of a reassessment ordered by the commissioner of revenue pursuant to section 270.16;

(j) pay the debt service on tax increment financing revenue bonds to the extent that revenue to pay the bonds or to maintain reserves for the bonds is insufficient as a result of the provisions of Laws 1988, chapter 719, article 5;

(k) pay the cost of hospital care under section 261.21;

(l) pay the unreimbursed costs incurred in the previous year to satisfy judgments rendered against the governmental subdivision by a court of competent jurisdiction in any tort action, or to pay the costs of settlements out of court against the governmental subdivision in a tort action when substantiated by a stipulation for the dismissal of the action filed with the court of competent jurisdiction and signed by both the plaintiff and the legal representative of the governmental subdivision, provided that an appeal for the unreimbursed costs under this clause was approved by the commissioner of revenue under section 275.51, subdivision 3;

(m) pay the expenses reasonably and necessarily incurred in preparing for or repairing the effects of natural disaster including the occurrence or threat of widespread or severe damage, injury, or loss of life or property resulting from natural causes such as earthquake, fire, flood, wind storm, wave action, oil spill, water contamination, air contamination, or drought in accordance with standards formulated by the emergency services division of the state department of public safety, provided that an appeal for the expenses incurred under this clause were approved by the commissioner of revenue under section 275.51, subdivision 3;

(n) pay a portion of the losses in tax receipts to a city due to tax abatements or court actions in the year preceding the current levy year, provided that an appeal for the tax losses was approved by the commissioner of revenue under section 275.51, subdivision 3. This special levy is limited to the amount of the losses times the ratio of the nonspecial levies to total levies for taxes payable in the year the abatements were granted. County governments are not authorized to claim this special levy;

(o) pay the operating cost of regional library services authorized under section 134.34, subject to a maximum increase over the previous year of the greater of (1) 103 percent multiplied by one plus the percentage increase determined for the governmental subdivision under section 275.51, subdivision 3h, clause (b), or (2) six percent. If a governmental subdivision elected to include some or all of its levy for libraries within its adjusted levy limit base in the prior year, but elects to claim the levy as a special levy in the current levy year, the allowable increase is determined by applying the greater percentage determined under clause (1) or (2) to the total amount levied for libraries in the prior levy year. After levy year 1989, the increase must not be determined using a base amount other than the amount that could have been levied as a special levy in the prior year. *This limit may be redistributed according to the provisions of section*

134.342. In no event shall the special levy be less than the minimum levy required under sections 134.33 and 134.34, subdivisions 1 and 2;

(p) pay the amount of the county building fund levy permitted under section 373.40, subdivision 6;

(q) pay the county's share of the costs levied in 1989, 1990, and 1991 for the Minnesota cooperative soil survey under Minnesota Statutes 1988, section 40.07, subdivision 15;

(r) for taxes levied in 1989, payable in 1990 only, pay the cost incurred for the minimum share required by counties levying for the first time under section 134.34 as required under section 134.341. For taxes levied in 1990, and thereafter, counties levying under this provision must levy under clause (o), and their allowable increase must be determined with reference to the amount levied in 1989 under this paragraph;

(s) for taxes levied in 1989, payable in 1990 only, provide an amount equal to 50 percent of the estimated amount of the reduction in aids to a county under sections 273.1398, subdivision 2, paragraph (d), and 477A.012, subdivision 3, for aids payable in 1990;

(t) for taxes levied in 1990 only by a county in the eighth judicial district, provide an amount equal to the amount of the levy, if any, that is required under Laws 1989, chapter 335, article 3, section 54, subdivision 8;

(u) for taxes levied in 1989, payable in 1990 only, pay the costs not reimbursed by the state or federal government:

(i) for the costs of purchase or delivery of social services. The aggregate amounts levied under this item are subject to a maximum increase over the amount levied in the previous year of 12 percent for counties within the metropolitan area as defined in section 473.121, subdivision 2, or counties outside the metropolitan area but containing a city of the first class, and 15 percent for other counties.

(ii) for payments made to or on behalf of recipients of aid under any public assistance program authorized by law. The aggregate amounts levied under this item are subject to a maximum increase over the amount levied in the previous year of 12 percent and must be used only for the public assistance programs; ~~and~~.

*If the amount levied under this paragraph (u) in 1989 is less than the actual expenditures needed for these programs for 1990, the difference between the actual expenditures and the amount levied may be levied in 1990 as a special levy. If the amount levied in 1989 is greater than the actual expenditures needed for these programs for 1990, the difference between the amount levied and the actual expenditures shall be deducted from the 1990 levy limit, payable in 1991;*

(v) pay an amount of up to 25 percent of the money sought for distribution and approved under section 115A.557, subdivision 3, paragraph (b), clause (3);

*(w) pay the unreimbursed costs of per diem jail or correctional facilities services paid by the county in the previous 12-month period ending on July 1 of the current year provided that the county is operating under a department of corrections directive that limits the capacity of county jails or correctional facilities;*

(x) for taxes levied in 1990 and 1991, payable in 1991 and 1992 only,

*pay the operating or maintenance costs of a county jail as authorized in section 641.01 or 641.262, or of a correctional facility as defined in section 241.021, subdivision 1, paragraph (5), to the extent that the county can demonstrate to the commissioner of revenue that the amount has been included in the county budget as a direct result of a rule, minimum requirement, minimum standard, or directive of the department of corrections. If the county utilizes this special levy, any amount levied by the county in the previous levy year for the purposes specified under this clause and included in the county's previous year's levy limitation computed under section 275.51, shall be deducted from the levy limit base under section 275.51, subdivision 3f, when determining the county's current year levy limitation. The county shall provide the necessary information to the commissioner of revenue for making this determination.*

~~If the amount levied in 1989 is less than the actual expenditures needed for these programs for 1990, the difference between the actual expenditures and the amount levied may be levied in 1990 as a special levy. If the amount levied in 1989 is greater than the actual expenditures needed for these programs for 1990, the difference between the amount levied and the actual expenditures shall be deducted from the 1990 levy limit, payable in 1991.~~

Sec. 29. Minnesota Statutes Second 1989 Supplement, section 275.51, subdivision 3f, is amended to read:

Subd. 3f. [LEVY LIMIT BASE.] (a) The property tax levy limit base for governmental subdivisions for taxes levied in 1988 shall be equal to the total actual levy for taxes payable in 1988 with additions and subtractions as specified in paragraphs (b) and (c).

(b) The amounts to be added to the actual 1988 levy are (1) the amount of local government aid the governmental subdivision was certified to receive in 1988 under sections 477A.011 to 477A.014, (2) its 1988 taconite aids under sections 298.28 and 298.282, and (3) its 1988 wetlands and native prairie reimbursements under Minnesota Statutes 1986, sections 273.115, subdivision 3, and 273.116, subdivision 3.

(c) The amounts to be subtracted from the actual 1988 levy are (1) any special levies claimed for taxes payable in 1988 pursuant to Laws 1987, chapter 268, article 5, section 12, subdivision 4, clauses (1), (2), (3), and (4); and (2) for a governmental subdivision participating in a regional library system receiving grants from the department of education under section 134.34, the amount levied for taxes payable in 1988 for the operating costs of a public library service.

(d) For taxes levied in 1989 and subsequent years, a governmental subdivision's levy limit base is equal to its adjusted levy limit base for the preceding year, provided that for taxes levied in 1989, the amount of the administrative reimbursement aid received in 1988 shall be added to the base.

(e) For taxes levied by a county in 1989, the levy limit base determined under paragraph (d) shall be reduced by an amount equal to 90 percent of the cost of public defender services for felonies and gross misdemeanors and the costs of law clerks in the county that are assumed by the state during calendar year 1990, less 103 percent of one-half the amount of fees collected by the courts in the county during calendar year 1988. For taxes levied in 1990, the levy limit base determined under paragraph (d) shall

*first be increased by the product of (1) the amount deducted under this paragraph for taxes levied in 1989 and (2) the adjustments under subdivision 3h, paragraphs (a) and (b), for taxes levied in 1989, and then shall be reduced by an amount equal to the cost of public defender services for felonies and gross misdemeanors and the cost of law clerks in the county that are assumed by the state during calendar year 1991, less the amount of fees collected by the courts in the county during calendar year 1989, computed at the rate of \$30 for civil and probate filings and \$20 for marriage dissolutions.*

(f) For taxes levied in 1989 only, by a county that is located in the eighth judicial district, the levy limit base determined under paragraphs (d) and (e) shall be further reduced by an amount equal to 90 percent of the cost of operation of the trial courts in the county during calendar year 1990 that are assumed by the state and for which an appropriation is provided, less 103 percent of the sum of (1) the remaining one-half of the amount of fees and (2) 100 percent of the amount of fines collected by the courts in the county during calendar year 1988. For taxes levied in 1990 only by those counties, the levy limit base determined under paragraphs (d) and (e) shall first be increased by the product of (1) the amount deducted under this paragraph for taxes levied in 1989 and (2) the adjustments under subdivision 3h, paragraphs (a) and (b), for taxes levied in 1989, and then shall be further reduced by an amount equal to the cost of operation of the trial courts in the county during the first six months of calendar year 1991 that are assumed by the state less 50 percent of the amount of fines collected by the courts during calendar year 1989.

(g) By October 15, 1989, the board of public defense shall determine and certify to the commissioner of revenue the pro rata share for each county of the state-financed public defense services described in paragraph (e) during the six-month period beginning July 1, 1990. By October 15, 1989, the supreme court shall determine and certify to the department of revenue for each county the pro rata share for each county of the cost of providing law clerks during the three-month period beginning October 1, 1990, plus, for each county located in the eighth judicial district, the cost of operation of the trial courts during calendar year 1990.

By July 15, 1990, the board of public defense shall determine and certify to the department of revenue the pro rata share for each county of the state-financed public defense services described in paragraph (e) during calendar year 1991. By July 15, 1990, the supreme court shall determine and certify to the department of revenue for each county the pro rata share for each county of the cost of providing law clerks during calendar year 1991 plus, for each county located in the eighth judicial district, the cost of operation of the trial courts during the first six months of 1991.

(h) For taxes levied in a county in 1991, the levy limit base shall be reduced by an amount equal to the cost in the county of court reporters, judicial officers, and district court referees and the expenses of law clerks and court reporters as authorized in sections 484.545, subdivision 3, and 486.05, subdivisions 1 and 1a, as certified by the supreme court pursuant to section 477A.012, subdivision 4.

(i) If a governmental subdivision received an adjustment to its levy limit base for taxes levied in 1988 under section 275.51, subdivision 3j, its levy limit base for taxes levied in 1989 must be reduced by the lesser of (1) the adjustment under section 275.51, subdivision 3j, or (2) the difference between

its (i) levy limit for taxes levied in 1988 and its (ii) total actual levy for taxes levied in 1988 minus any special levies claimed for taxes levied in 1988 under section 275.50, subdivision 5.

Sec. 30. Minnesota Statutes Second 1989 Supplement, section 275.51, subdivision 4, is amended to read:

Subd. 4. If the levy made by a governmental subdivision exceeds the limitation provided in sections 275.50 to 275.56, except when such excess levy is due to the rounding of the tax capacity rates of the governmental subdivision in accordance with section 275.28, subsequent distributions required to be made by the commissioner of finance from any formula aids pursuant to sections 477A.011 to 477A.014, or homestead and agricultural credit aid under section 273.1398, or *taconite aids under sections 298.28 and 298.282* shall be reduced 33 cents for each full dollar the levy exceeds the limitation.

Sec. 31. Minnesota Statutes 1988, section 275.55, is amended to read:  
275.55 [STATE REVIEW AND REGULATION OF LEVIES.]

*Subdivision 1.* [REVIEW; PENALTIES FOR VIOLATIONS.] The commissioner of revenue, or designees, shall establish procedures by which levies of all governmental units shall be periodically reviewed. The commissioner shall be empowered to order withholding of state aids where such penalties are authorized by law, to issue, in accordance with chapter 14, rulings interpreting sections 275.50 to 275.56, and to take such other administrative actions as the commissioner deems necessary in order to carry out the provisions of sections 275.50 to 275.56. If the commissioner of revenue takes administrative action or any other action authorized by this section to enforce the provisions of sections 275.50 to 275.56, the commissioner shall give written notice of such action to the governmental subdivision affected. Such notice shall specify the actual or impending violations by the governmental subdivision of sections 275.50 to 275.56 or the rules of the department of revenue pertaining thereto, describe the corrective action required, including, in the case of an excess levy, reduction of the governmental subdivision's levy in the next succeeding levy year in an amount equal to the amount of the excess levy, set a reasonable period of time within which the governmental subdivision shall correct the specified actual or impending violations and caution the governmental subdivision that if the specified correction is not made within the time allowed, the state aids to the governmental subdivision pursuant to sections 477A.011 to 477A.014, or *homestead and agricultural credit aid pursuant to section 273.1398, or taconite aids pursuant to sections 298.28 and 298.282*, as amended, will be reduced as provided in section 275.51, subdivision 4. The time period first allowed for correction may be extended by the commissioner if there is a reasonable basis for delay. County auditors, in addition to duties otherwise provided by law, shall cooperate with the commissioner in establishing such procedures and enforcing the provisions of sections 275.50 to 275.56.

*Subd. 2.* [EXCESS LEVIES FOR 1992.] *Notwithstanding the provisions of subdivision 1, for a home rule charter city, statutory city, or town that exceeds its payable 1992 levy limitation determined under section 275.51, a penalty shall be imposed consisting of a reduction in state aids payable to the city or town in 1992. Notwithstanding the provisions of subdivision 1, for a county that exceeds its payable 1992 levy limitation determined under section 275.51, a penalty shall be imposed consisting of a reduction*

*in state aids payable to the county in 1992. The amount of the penalty imposed on the county, city, or town and the state aids affected shall be as determined under section 275.51, subdivision 4.*

Sec. 32. Minnesota Statutes Second 1989 Supplement, section 276.09, is amended to read:

276.09 [SETTLEMENT BETWEEN AUDITOR AND TREASURER.]

*On the later of May 20 of each year or 21 calendar days after the postmark date on the envelopes containing real or personal property tax statements, the county treasurer shall make full settlement with the county auditor of all receipts collected for all purposes, from the date of the last settlement up to and including each day mentioned. The county auditor shall, within 30 days after the settlement, send an abstract of it to the state auditor in the form prescribed by the state auditor. At the settlement the treasurer shall make complete returns of the receipts on the current tax list, showing the amount collected on account of the several funds included in the list.*

Settlement of receipts from *the later of May 20 or the actual settlement date* to December 31 of each year must be made as provided in section 276.111.

For purposes of this section, "receipts" includes all tax payments received by the county treasurer on or before the settlement date.

Sec. 33. Minnesota Statutes Second 1989 Supplement, section 276.10, is amended to read:

276.10 [APPORTIONMENT AND DISTRIBUTION OF FUNDS.]

On the settlement day ~~in May~~ *of determined in section 276.09* for each year, the county auditor and county treasurer shall distribute all undistributed funds in the treasury. The funds must be apportioned as provided by law, and credited to the state, town, city, school district, special district and each county fund. Within 20 days after the distribution is completed, the county auditor shall report to the state auditor in the form prescribed by the state auditor. The county auditor shall issue a warrant for the payment of money in the county treasury to the credit of the state, town, city, school district, or special districts on application of the persons entitled to receive the payment. The county auditor may apply the tax capacity rate from the year before the year of distribution when apportioning and distributing delinquent tax proceeds, if the composition of the previous year's tax capacity rate between taxing districts is not significantly different ~~than~~ *from* the tax capacity rate that existed for the year of the delinquency.

Sec. 34. Minnesota Statutes Second 1989 Supplement, section 276.11, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] As soon as practical after the ~~May~~ *settlement day determined in section 276.09*, the county treasurer shall pay to the state treasurer or the treasurer of a town, city, school district, or special district, on the warrant of the county auditor, all receipts of taxes levied by the taxing district and deliver up all orders and other evidences of indebtedness of the taxing district, taking triplicate receipts for them. The treasurer shall file one of the receipts with the county auditor, and shall return one by mail on the day of its receipt to the clerk of the town, city, school district, or special district to which payment was made. The clerk shall keep the receipt in the clerk's office. Upon written request of

the taxing district, to the extent practicable, the county treasurer shall make partial payments of amounts collected periodically in advance of the next settlement and distribution. A statement prepared by the county treasurer must accompany each payment. It must state the years for which taxes included in the payment were collected and, for each year, the amount of the taxes and any penalties on the tax. Upon written request of a taxing district, except school districts, the county treasurer shall pay at least 70 percent of the estimated collection within 30 days after the ~~May~~ settlement date *determined in section 276.09*. Within seven business days after the due date, or 28 calendar days after the postmark date on the envelopes containing real or personal property tax statements, whichever is latest, the county treasurer shall pay to the treasurer of the school districts 50 percent of the estimated collections arising from taxes levied by and belonging to the school district. The remaining 50 percent of the estimated collections must be paid to the treasurer of the school district within the next seven business days. The treasurer shall pay the balance of the amounts collected to the state or to a municipal corporation or other body within 60 days after the ~~May~~ settlement date *determined in section 276.09*. After 45 days interest at an annual rate of eight percent accrues and must be paid to the taxing district. Interest must be paid upon appropriation from the general revenue fund of the county. If not paid, it may be recovered by the taxing district, in a civil action.

Sec. 35. Minnesota Statutes 1988, section 276.111, is amended to read:

276.111 [DISTRIBUTIONS AND FINAL YEAR-END SETTLEMENT.]

Within seven business days after October 15, the county treasurer shall pay to the school districts 50 percent of the estimated collections arising from taxes levied by and belonging to the school district from ~~May 20~~ the settlement day *determined in section 276.09* to October 20. The remaining 50 percent of the estimated tax collections must be paid to the school district within the next seven business days. Within ten business days after November 15, the county treasurer shall pay to the school district 100 percent of the estimated collections arising from taxes levied by and belonging to the school districts from October 20 to November 20.

Within ten business days after November 15, the county treasurer shall pay to each taxing district, except any school district, 100 percent of the estimated collections arising from taxes levied by and belonging to each taxing district from ~~May 20~~ the settlement day *determined in section 276.09* to November 20.

On or before January 5, the county treasurer shall make full settlement with the county auditor of all receipts collected from ~~May 20~~ the settlement day *determined in section 276.09* to December 31. After subtracting any tax distributions that have been made to the taxing districts in October and November, the treasurer shall pay to each of the taxing districts on or before January 25, the balance of the tax amounts collected on behalf of each taxing district. Interest accrues at an annual rate of eight percent and must be paid to the taxing district if this final settlement amount is not paid by January 25. Interest must be paid upon appropriation from the general revenue fund of the county. If not paid, it may be recovered by the taxing district in a civil action.

Sec. 36. Minnesota Statutes 1989 Supplement, section 279.01, subdivision 1, is amended to read:

Subdivision 1. Except as provided in subdivision 3, on May 16, of each year, with respect to property actually occupied and used as a homestead by the owner of the property; or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, a penalty of three percent shall accrue and thereafter be charged upon all unpaid taxes on real estate on the current lists in the hands of the county treasurer; and a penalty of. The penalty shall be at a rate of three percent on homestead property and seven percent on nonhomestead property; except that. This penalty shall not accrue until June 1 of each year or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, on commercial use real property used for seasonal residential recreational purposes and classified as class 1c or 4c, and on other commercial use real property classified as class 3a, provided that over 60 percent of the gross income earned by the enterprise on the class 3a property is earned during the months of May, June, July, and August. Any property owner of such class 3a property who pays the first half of the tax due on the property after May 15 and before June 1 shall attach an affidavit to the payment attesting to compliance with the income provision of this subdivision. Thereafter, for both homestead and nonhomestead property, on the first day of each month, up to and including October 1 following, an additional penalty of one percent for each month shall accrue and be charged on all such unpaid taxes. When the taxes against any tract or lot exceed \$50, one-half thereof may be paid prior to May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later; and, if so paid, no penalty shall attach; the remaining one-half shall be paid at any time prior to October 16 following, without penalty; but, if not so paid, then a penalty of four percent shall accrue thereon for homestead property and a penalty of four percent on nonhomestead property. Thereafter, for homestead property, on the first day of November and December following, an additional penalty of two percent for each month shall accrue and be charged on all such unpaid taxes. Thereafter, for nonhomestead property, on the first day of November and December following, an additional penalty of four percent for each month shall accrue and be charged on all such unpaid taxes. If one-half of such taxes shall not be paid prior to May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, the same may be paid at any time prior to October 16, with accrued penalties to the date of payment added, and thereupon no penalty shall attach to the remaining one-half until October 16 following.

A county may provide by resolution that in the case of a property owner that has multiple tracts or parcels with aggregate taxes exceeding \$50, payments may be made in installments as provided in this subdivision.

The county treasurer may accept payments of more or less than the exact amount of a tax installment due. If the accepted payment is less than the amount due, payments must be applied first to the penalty accrued for the year the payment is made. Acceptance of partial payment of tax does not constitute a waiver of the minimum payment required as a condition for filing an appeal under section 278.03 or any other law, nor does it affect the order of payment of delinquent taxes under section 280.39.

Sec. 37. Minnesota Statutes 1988, section 282.09, subdivision 1, is amended to read:

Subdivision 1. [MONEYS PLACED IN FUND.] The county auditor and county treasurer shall place all moneys received through the operation of

sections 282.01 to 282.13 in a fund to be known as the forfeited tax sale fund and all disbursements and costs shall be charged against that fund, when allowed by the county board. Members of the county board may be paid a per diem pursuant to section 375.055, subdivision 1, and reimbursed for their necessary expenses, and may receive mileage as ~~now or hereafter~~ fixed by law. Compensation of a land commissioner and assistants, if a land commissioner is appointed, shall be in ~~such the~~ amount as shall be determined by the county board. The county auditor shall receive 50 cents for each certificate of sale, each contract for deed and each lease executed by the auditor, and, in counties where no land commissioner is appointed ~~such~~, additional annual compensation, not exceeding \$300, as shall be fixed by the county board. Compensation of any other clerical help that may be needed by the county auditor or land commissioner shall be in ~~such the~~ amount as shall be determined by the county board. All compensation provided for herein shall be in addition to other compensation allowed by law. Fees so charged in addition to the fee imposed in section 282.014 shall be included in the annual settlement by the county auditor as herein-after provided. On or before February 1 in each year, the commissioner of revenue shall certify to the commissioner of finance, by counties, the total number of state deeds issued and reissued during the preceding calendar year for which such fees are charged and the total amount thereof. When disbursements are made from the fund for repairs, refundments, expenses of actions to quiet title, or any other purpose which particularly affects specific parcels of forfeited lands, the amount of such disbursements shall be charged to the account of the taxing districts interested in such parcels. The county auditor shall make an annual settlement of the net proceeds received from sales and rentals by the operation of sections 282.01 to 282.13, at ~~on the regular March~~ settlement day determined in section 276.09, for the preceding calendar year.

Sec. 38. Minnesota Statutes 1989 Supplement, section 410.32, is amended to read:

410.32 [CITIES AUTHORIZED TO ISSUE CAPITAL NOTES FOR CERTAIN EQUIPMENT ACQUISITIONS.]

Notwithstanding any contrary provision of other law or charter, a home rule charter city may, by resolution and without public referendum, issue capital notes subject to the city debt limit to purchase public safety equipment, ambulance and other medical equipment, road construction and maintenance equipment, and other capital equipment having an expected useful life at least as long as the term of the notes. The notes shall be payable in not more than five years and be issued on terms and in the manner the city determines. The total principal amount of the capital notes issued in a fiscal year shall not exceed 0.03 percent of the market value of taxable property in the city for that year. A tax levy shall be made for the payment of the principal and interest on the notes, in accordance with section 475.61, as in the case of bonds. Notes issued under this section shall require an affirmative vote of two-thirds of the governing body of the city. ~~Unless prohibited by its~~ *Notwithstanding a contrary provision of other law or charter*, a home rule charter city may also issue capital notes subject to its debt limit in the manner and subject to the limitations applicable to statutory cities pursuant to section 412.301.

Sec. 39. Minnesota Statutes Second 1989 Supplement, section 469.171, subdivision 7a, is amended to read:

Subd. 7a. [PROPERTY TAX CREDIT; APPROPRIATION.] There is annually appropriated from the general fund to the commissioner of revenue the amounts required to reimburse taxing jurisdictions for the revenue lost due to the property tax credit provided in subdivision 1, clause (4). Payment shall be made to taxing jurisdictions in the same proportion that the ad valorem tax is distributed. Payment shall be made to taxing jurisdictions, other than school districts, at the ~~times~~ *time* provided in section ~~477A.015~~ *473H.10, subdivision 3.*

Sec. 40. Minnesota Statutes 1989 Supplement, section 473.446, subdivision 1, is amended to read:

Subdivision 1. [TAXATION WITHIN TRANSIT TAXING DISTRICT.] For the purposes of sections 473.404 to 473.449 and the metropolitan transit system, except as otherwise provided in this subdivision, the regional transit board shall levy each year upon all taxable property within the metropolitan transit taxing district, defined in subdivision 2, a transit tax consisting of:

(a) an amount which shall be used for payment of the expenses of operating transit and paratransit service and to provide for payment of obligations issued by the commission under section 473.436, subdivision 6;

(b) an additional amount, if any, the board determines to be necessary to provide for the full and timely payment of its certificates of indebtedness and other obligations outstanding on July 1, 1985, to which property taxes under this section have been pledged; and

(c) an additional amount necessary to provide full and timely payment of certificates of indebtedness, bonds, including refunding bonds or other obligations issued or to be issued under section 473.39 by the council for purposes of acquisition and betterment of property and other improvements of a capital nature and to which the council or board has specifically pledged tax levies under this clause.

The property tax levied by the regional transit board for general purposes under clause (a) must not exceed the following amount for the years specified:

(1) for taxes payable in 1988, the product of two mills multiplied by the total assessed valuation of all taxable property located within the metropolitan transit taxing district as adjusted by the provisions of Minnesota Statutes 1986, sections 272.64; 273.13, subdivision 7a; and 275.49;

(2) for taxes payable in 1989, the product of (i) the regional transit board's property tax levy limitation for general purposes for the taxes payable year 1988 determined under clause (1) multiplied by (ii) an index for market valuation changes equal to the assessment year 1988 total market valuation of all taxable property located within the metropolitan transit taxing district divided by the assessment year 1987 total market valuation of all taxable property located within the metropolitan transit taxing district; and

(3) for taxes payable in 1990 and subsequent years, the product of (i) the regional transit board's property tax levy limitation for general purposes for the previous year determined under this subdivision multiplied by (ii) an index for market valuation changes equal to the total market valuation of all taxable property located within the metropolitan transit taxing district for the current assessment year divided by the total market valuation of all taxable property located within the metropolitan transit taxing district for the previous assessment year.

For the purpose of determining the regional transit board's property tax

levy limitation for general purposes for the taxes payable year 1988 and subsequent years under this subdivision, "total market valuation" means the total market valuation of all taxable property within the metropolitan transit taxing district without valuation adjustments for fiscal disparities (chapter 473F), tax increment financing (sections 469.174 to 469.179), and high voltage transmission lines (section 273.425).

The county auditor shall reduce the tax levied pursuant to this subdivision on all property within statutory and home rule charter cities and towns that receive full-peak service and limited off-peak service by an amount equal to the tax levy that would be produced by applying a rate of 0.01209 percent of market value on the property. The county auditor shall reduce the tax levied pursuant to this subdivision on all property within statutory and home rule charter cities and towns that receive limited peak service by an amount equal to the tax levy that would be produced by applying a rate of 0.01813 percent of market value on the property. The amounts so computed by the county auditor shall be submitted to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under section 275.29. Any prior year adjustments shall also be certified in the abstracts of tax lists. The commissioner shall review the certifications to determine their accuracy and may make changes in the certification as necessary or return a certification to the county auditor for corrections. The commissioner shall pay to the regional transit board the amounts certified by the county auditors on the ~~dates~~ *date* provided in section ~~273.4398~~ *473H.10, subdivision 3*. There is annually appropriated from the general fund in the state treasury to the department of revenue the amounts necessary to make these payments.

For the purposes of this subdivision, "full-peak and limited off-peak service" means peak period regular route service, plus weekday midday regular route service at intervals longer than 60 minutes on the route with the greatest frequency; and "limited peak period service" means peak period regular route service only.

Sec. 41. Minnesota Statutes Second 1989 Supplement, section 473H.10, subdivision 3, is amended to read:

Subd. 3. [COMPUTATION OF TAX; STATE REIMBURSEMENT.] (a) After having determined the market value of all land valued according to subdivision 2, the assessor shall compute the gross tax capacity of those properties by applying the appropriate classification percentages. When computing the rate of tax pursuant to section 275.08, the county auditor shall include the gross tax capacity of land as provided in this clause.

(b) The county auditor shall compute the tax on lands valued according to subdivision 2 and nonresidential buildings by multiplying the gross tax capacity times the total rate of tax for all purposes as provided in clause (a).

(c) The county auditor shall then compute the maximum ad valorem property tax on lands valued according to subdivision 2 and nonresidential buildings by multiplying the gross tax capacity times 105 percent of the previous year's statewide average tax capacity rate levied on property located within townships for all purposes.

(d) The tax due and payable by the owner of preserve land valued according to subdivision 2 and nonresidential buildings will be the amount determined in clause (b) or (c), whichever is less. If the gross tax in clause (c)

is less than the gross tax in clause (b), the state shall reimburse the taxing jurisdictions for the amount of difference. Residential buildings shall continue to be valued and classified according to the provisions of sections 273.11 and 273.13, as they would be in the absence of this section, and the tax on those buildings shall not be subject to the limitation contained in this clause.

The county may transfer money from the county conservation account created in section 40A.152 to the county revenue fund to reimburse the fund for the tax lost as a result of this subdivision or to pay taxing jurisdictions within the county for the tax lost. The county auditor shall certify to the commissioner of revenue on or before June 1 the total amount of tax lost to the county and taxing jurisdictions located within the county as a result of this subdivision and the extent that the tax lost exceeds funds available in the county conservation account. ~~Payments~~ *Payment* shall be made by the state ~~at the times provided in section 477A.015~~ *on December 15* to each of the affected taxing jurisdictions, other than school districts, in the same proportion that the ad valorem tax is distributed if the county conservation account is insufficient to make the reimbursement. There is annually appropriated from the Minnesota conservation fund under section 40A.151 to the commissioner of revenue an amount sufficient to make the reimbursement provided in this subdivision. If the amount available in the Minnesota conservation fund is insufficient, the balance that is needed is appropriated from the general fund.

Sec. 42. Minnesota Statutes Second 1989 Supplement, section 477A.013, subdivision 6, is amended to read:

Subd. 6. [AID ADJUSTMENT.] For calendar year 1990, there shall be an amount equal to 3.4 percent of the town's or city's adjusted net tax capacity computed using the net class rates for taxes payable in 1990 and equalized market values as defined in section 273.1398, subtracted from the aid amounts computed under subdivision 1, in the case of towns, and under subdivisions 3 and 5 in the case of cities. For cities, the subtraction will be made first from the aid computed under subdivision 3. If the subtraction amount under this section is greater than the aid amount computed under subdivision 3, the remaining amount will be subtracted from the aid computed under subdivision 5. The resulting amounts shall be the town's local government aid or the city's local government aid and equalization aid for calendar year 1990. The local government aid and equalization aid amount for any city or town cannot be less than zero. If the subtraction amount under this section is greater than the amount for any town or city computed under subdivisions 1, 3, and 5, the remaining amount shall be subtracted from the town's or city's homestead and agricultural credit aid under section 273.1398, subdivision 2.

For purposes of this subdivision, "adjusted net tax capacity" means the city's total net tax capacity using the net class rates for taxes payable in 1990 and equalized market values as defined in section 273.1398, as adjusted for the contributions and distributions required by chapter 473F in the case of a city or town located within the metropolitan area and less the captured value in any tax increment district.

An increase in a city's property tax levy for taxes payable in 1990 attributable to the amount deducted from the city's aids under this subdivision is exempt from the city's per capita levy limit under section 275.11 and, from the city's percentage of market value levy limit under section 412.251

or 426.04, and from any limitation on levies under a city charter.

Sec. 43. Laws 1959, chapter 462, section 3, subdivision 10, as re-numbered, as amended by Laws 1963, chapter 645, section 3, Laws 1967, chapter 661, section 3, Laws 1969, chapter 994, section 1, Laws 1975, chapter 320, section 1, Laws 1980, chapter 525, section 2, and Laws 1989, chapter 329, article 5, section 17, is amended to read:

Subd. 10. [SPECIAL SCHOOL DISTRICT NO. 1; MINNEAPOLIS, CITY OF; EXTENDING BONDING AUTHORITY.] As used in this act the word "project" shall mean any proposed new or enlarged school building site, any proposed new school building or any proposed new addition to a school building, and "undertaking" shall mean any other purpose for which bonds may be issued as authorized in this subdivision. Subject to the limitations of subdivision 11, the special independent school district of Minneapolis may issue and sell bonds with the approval of 53 percent of the electors voting on the question at a general school district election or at a school district election held at the same time and place within the district as a state general or primary election, as determined by the board of education. Subject to the provisions of subdivision 11, the school district may also by a two-thirds majority vote of all the members of its board of education and without any election by the voters of the district, issue and sell in each calendar year bonds of the district in an amount not to exceed one-half of one percent of the assessed value of the taxable property in the district (plus, for calendar ~~year 1990~~ <sup>years 1990 to 1996</sup>, an amount not to exceed \$7,500,000; with an additional provision that any amount of bonds so authorized for sale in a specific year and not sold can be carried forward and sold in the year immediately following); provided, however, that the board shall submit the list of projects and undertakings to be financed by a proposed issue to the city planning commission as provided in subdivision 11(c). All bonds of the school district shall be payable in not more than 30 years. The proceeds of the sale of the bonds shall be used only for the rehabilitating, remodeling, expanding and equipping of existing school buildings and for the acquisition of sites, construction and equipping of new school buildings, and for acquisition and betterment purposes, and no part of the proceeds shall be used for maintenance. The provisions of this act shall apply to the issuance and sale of the bonds and to the purposes for which the bonds may be issued notwithstanding any provisions to the contrary in any other existing law relating thereto.

Sec. 44. Laws 1989, First Special Session chapter 1, article 5, section 52, is amended to read:

Sec. 52. [EFFECTIVE DATE.]

Except as otherwise provided, sections 12 to 19, 27, 35, 45, and 47 are effective for taxes levied in 1989, payable in 1990 and subsequent years. Section 49 is effective upon approval by the Itasca county board for taxes levied in 1988, payable in 1989 only. Sections 1, 5, 6, 20, 31, 34, 41, 44, and 51 are effective for taxes levied ~~by cities and towns in 1991, payable in 1992 and thereafter, and for taxes levied by counties in 1992, payable in 1993 and thereafter.~~ Sections 2, 4, 7, 9 to 11, 21 to 26, 28 to 30, 32, 33, 36 to 40, 42, and 43 are effective for taxes levied ~~in 1991 1992, payable in 1992 1993 and thereafter.~~ Sections 3 and 8 are effective for taxes levied in 1992, payable in 1993 and thereafter. Section 50 is effective for taxes payable in 1989 and 1990 only.

Sec. 45. [STEARNS COUNTY; SPECIAL LEVY.]

*For taxes levied in 1990, payable in 1991 only, Stearns county may levy a tax in an amount not to exceed \$208,000 to cover the cost of the investigation of criminal activity connected with a kidnapping. The levy under this section is not subject to the limitations of Minnesota Statutes, sections 275.50 to 275.56.*

**Sec. 46. [WASHINGTON COUNTY; PARCEL NOTICE OF PROPOSED TAXES.]**

*Subdivision 1. [AUTHORIZATION.] Notwithstanding Minnesota Statutes, section 275.065, subdivision 3, paragraph (d), the proposed property tax notice requirements of Minnesota Statutes, section 275.065, subdivision 3, paragraph (e), apply to Washington county, to any taxing authority lying wholly within Washington county, and to any taxing jurisdiction lying wholly within Washington county and a county containing a city of the first class.*

*Subd. 2. [EFFECTIVE DATE.] Under Minnesota Statutes, section 645.023, subdivision 1, paragraph (b), this section extends the applicability of a general statutory provision and is effective without local approval for taxes levied in 1992 and thereafter.*

**Sec. 47. [ST. PAUL BONDING AUTHORIZATION; TAX LEVY FOR DEBT SERVICE.]**

*Subdivision 1. [BONDING AUTHORIZATION.] To provide funds to acquire or better facilities, independent school district No. 625 may by two-thirds majority vote of all the members of the board of directors issue general obligation bonds in one or more series in calendar years 1990 and 1991 as provided in this section. The aggregate principal amount of any bonds issued under this section for each calendar year may not exceed one-ninth of one percent of the market value of the taxable property in the district, as computed in accordance with Minnesota Statutes, section 475.51, subdivision 4. Issuance of the bonds is not subject to Minnesota Statutes, section 475.58 or 475.59. As with other bonds issued by independent school district No. 625, the first sentence of Minnesota Statutes, section 475.53, subdivision 5, does not apply to issuance of the bonds. The bonds must otherwise be issued as provided in Minnesota Statutes, chapter 475. The authority to issue bonds under this section is in addition to any bonding authority authorized by Minnesota Statutes, chapter 124, or other law. The amount of bonding authority authorized under this section must be disregarded in calculating the bonding limit of chapter 124 or any other law other than Minnesota Statutes, section 475.53, subdivision 4.*

*Subd. 2. [TAX LEVY FOR DEBT SERVICE.] To pay the principal of and interest on bonds issued under subdivision 1, independent school district No. 625 must levy a tax annually in an amount sufficient under Minnesota Statutes, section 475.61, subdivisions 1 and 3, to pay the principal of and interest on the bonds. The tax authorized under this section is in addition to the taxes authorized to be levied under Minnesota Statutes, chapter 124A or 275, or other law.*

*Subd. 3. [EFFECTIVE DATE; LOCAL APPROVAL.] Subdivisions 1 and 2 are effective the day after the governing body of independent school district No. 625 complies with Minnesota Statutes, section 645.021, subdivision 3.*

**Sec. 48. [DULUTH BONDING AUTHORIZATION; TAX LEVY FOR DEBT SERVICE.]**

*Subdivision 1. [BONDING AUTHORIZATION.] To provide funds for the acquisition and betterment, as defined in Minnesota Statutes, section 475.51, subdivisions 7 and 8, of existing and new facilities, independent school district No. 709 may, by two-thirds majority vote of all the members of the school board, issue general obligation bonds in one or more series in calendar years 1990, 1991, 1992, and 1993 as provided in this section. The aggregate principal amount of any bonds issued under this section for calendar years 1990 through 1993 may not exceed one-third of one percent of the market value of the taxable property in the district, as computed in accordance with Minnesota Statutes, section 475.53, subdivision 4. Issuance of the bonds is not subject to Minnesota Statutes, section 475.58 or 475.59. As with other bonds issued by independent school district No. 709, Minnesota Statutes, section 475.53, subdivision 5, does not apply to issuance of the bonds. If the school board proposes to issue bonds under this section, it must publish a resolution describing the proposed bond issue once each week for two successive weeks in a legal newspaper published in the city of Duluth. The bonds may be issued without the submission of the question of their issue to the electors unless within 30 days after the second publication of the resolution a petition requesting an election signed by a number of people residing in the city equal to 15 percent of the people who voted in the last general election in the city is filed with the recording officer. If such a petition is filed, no bonds shall be issued under this section unless authorized by a majority of the electors voting on the question at the next general or special election called to decide the issue. The bonds must otherwise be issued as provided in Minnesota Statutes, chapter 475. The authority to issue bonds under this section is in addition to any bonding authority authorized by Minnesota Statutes, chapter 124, or other law. The amount of bonding authority authorized under this section must be disregarded in calculating the bonding limit of chapter 124 or any other law other than Minnesota Statutes, section 475.53, subdivision 4, as made applicable to independent school district No. 709 by Laws 1973, chapter 266.*

*Subd. 2. [TAX LEVY FOR DEBT SERVICE.] To pay the principal of and interest on bonds issued under subdivision 1, independent school district No. 709 shall levy a tax in an amount sufficient under Minnesota Statutes, section 475.61, subdivisions 1 and 3, to pay the principal of and interest on the bonds. The tax authorized under this section is in addition to the taxes authorized to be levied under Minnesota Statutes, chapter 124A or 275, or other law.*

*Subd. 3. [EFFECTIVE DATE; LOCAL APPROVAL.] Subdivisions 1 and 2 are effective the day after the governing body of independent school district No. 709 complies with Minnesota Statutes, section 645.021, subdivision 3.*

#### **Sec. 49. [FUND BALANCE CORRECTION.]**

*Independent school district No. 624, White Bear Lake, is eligible for reinstatement of the foundation levy lost through the fund balance reduction provisions of the foundation formula for the 1985-1986, 1986-1987, and 1987-1988 school years if the fund balance reduction was the result of either referendum revenues added to the net unappropriated general fund balance or a transfer of funds from the capital expenditure account to the general fund. The district may make a special levy in an amount not to exceed the amount of the levy reduction caused by the tier two foundation levy reductions for the 1985-1986, 1986-1987, and 1987-1988 school years,*

but not to exceed \$1,289,418. The district may levy part of the amount:

- (1) in 1990 and the remainder in 1991; or
- (2) in 1990 and 1991 and the remainder in 1992.

The district may not receive foundation aid, general education aid, or any other aid as a result of levying under this section.

Sec. 50. [EFFECTIVE DATE.]

Sections 1, 38, 43, 47, and 48 are effective the day following final enactment. Sections 2, 3, and 5 to 10 are effective for revenue for fiscal year 1992 and thereafter. Section 11 is effective August 1, 1990. Sections 14, 15, 22, 30 to 37, and 39 to 41 are effective for taxes levied in 1989, payable in 1990, and thereafter. The remainder of this article is effective for taxes levied in 1990, payable in 1991, and thereafter.

### ARTICLE 3

#### PROPERTY TAX AIDS AND CREDITS

Section 1. Minnesota Statutes Second 1989 Supplement, section 256.025, subdivision 4, is amended to read:

Subd. 4. [PAYMENT SCHEDULE.] Beginning July 1, 1991, the state will reimburse counties, according to the following payment schedule, for the county share of local agency expenditures for the programs specified in subdivision 2.

(a) Beginning July 1, 1991, the state will reimburse or pay the county share of local agency expenditures according to the reporting cycle as established by the commissioner, for the programs identified in subdivision 2. Payments for the period of January 1, ~~1991~~, through July 31, ~~1991~~, for calendar years 1991, 1992, and 1993 shall be made ~~subsequent to~~ on or before July ~~1, 1991~~ 10 in each of those years. Payments for the period August ~~1991~~ through December ~~1991~~ for calendar years 1991, 1992, and 1993 shall be made ~~subsequent to~~ on or before the first third of each month thereafter through December 31, ~~1991~~ in each of those years.

(b) Payment for 1/24 of the base amount and the January ~~1992~~ 1994 county share of local agency expenditures growth amount for the programs identified in subdivision 2 shall be made ~~during~~ on or before January ~~1992~~ 3, 1994. For the period of February 1, ~~1992~~ 1994, through July 31, ~~1992~~ 1994, payment of the base amount shall be made ~~subsequent to~~ on or before July ~~1, 1992~~ 10, 1994, and payment of the growth amount over the base amount shall be made ~~monthly~~ on or before the third of each month. Payments for the period August ~~1992~~ 1994 through December ~~1992~~ 1994 shall be made ~~subsequent to~~ on or before the first third of each month thereafter through December 31, ~~1992~~ 1994.

(c) Payment for the county share of local agency expenditures during January ~~1993~~ 1995 shall be made ~~during~~ on or before January ~~1993~~ 3, 1995. Payment for 1/24 of the base amount and the February ~~1993~~ 1995 county share of local agency expenditures growth amount for the programs identified in subdivision 2 shall be made ~~during~~ on or before February ~~1993~~ 3, 1995. For the period of March 1, ~~1993~~ 1995, through July 31, ~~1993~~ 1995, payment of the base amount shall be made ~~subsequent to~~ on or before July ~~1, 1993~~ 10, 1995, and payment of the growth amount over the base amount shall be made ~~monthly~~ on or before the third of each

month. Payments for the period August ~~1993~~ 1995 through December ~~1993~~ 1995 shall be made ~~subsequent to on or before~~ the first third of each month thereafter through December 31, ~~1993~~ 1995.

(d) Monthly payments for the county share of local agency expenditures from January ~~1994~~ 1996 through February ~~1994~~ 1996 shall be made ~~subsequent to on or before~~ the first third of each month through February ~~1994~~ 1996. Payment for 1/24 of the base amount and the March ~~1994~~ 1996 county share of local agency expenditures growth amount for the programs identified in subdivision 2 shall be made ~~during on or before~~ March ~~1994~~ 1996. For the period of April 1, ~~1994~~ 1996, through July 31, ~~1994~~ 1996, payment of the base amount shall be made ~~subsequent to on or before~~ July ~~1, 1994~~ 10, 1996, and payment of the growth amount over the base amount shall be made ~~monthly on or before the third of each month~~. Payments for the period August ~~1994~~ 1996 through December ~~1994~~ 1996 shall be made ~~subsequent to on or before~~ the first third of each month thereafter through December 31, ~~1994~~ 1996.

(e) Monthly payments for the county share of local agency expenditures from January ~~1995~~ 1997 through March ~~1995~~ 1997 shall be made ~~subsequent to on or before~~ the first third of each month through March ~~1995~~ 1997. Payment for 1/24 of the base amount and the April ~~1995~~ 1997 county share of local agency expenditures growth amount for the programs identified in subdivision 2 shall be made ~~during on or before~~ April ~~1995~~ 3, 1997. For the period of May 1, ~~1995~~ 1997, through July 31, ~~1995~~ 1997, payment of the base amount shall be made ~~subsequent to on or before~~ July ~~1, 1995~~ 10, 1997, and payment of the growth amount over the base amount shall be made ~~monthly on or before the third of each month~~. Payments for the period August ~~1995~~ 1997 through December ~~1995~~ 1997 shall be made ~~subsequent to on or before~~ the first third of each month thereafter through December 31, ~~1995~~ 1997.

(f) Monthly payments for the county share of local agency expenditures from January ~~1996~~ 1998 through April ~~1996~~ 1998 shall be made ~~subsequent to on or before~~ the first third of each month through April ~~1996~~ 1998. Payment for 1/24 of the base amount and the May ~~1996~~ 1998 county share of local agency expenditures growth amount for the programs identified in subdivision 2 shall be made ~~during on or before~~ May ~~1996~~ 3, 1998. For the period of June 1, ~~1996~~ 1998, through July 31, ~~1996~~ 1998, payment of the base amount shall be made ~~subsequent to on or before~~ July ~~1, 1996~~ 10, 1998, and payment of the growth amount over the base amount shall be made ~~monthly on or before the third of each month~~. Payments for the period August ~~1996~~ 1998 through December ~~1996~~ 1998 shall be made ~~subsequent to on or before~~ the first third of each month thereafter through December 31, ~~1996~~ 1998.

(g) Monthly payments for the county share of local agency expenditures from January ~~1997~~ 1999 through May ~~1997~~ 1999 shall be made ~~subsequent to on or before~~ the first third of each month through May ~~1997~~ 1999. Payment for 1/24 of the base amount and the June ~~1997~~ 1999 county share of local agency expenditures growth amount for the programs identified in subdivision 2 shall be made ~~during on or before~~ June ~~1997~~ 3, 1999. For the period of June 1, ~~1997~~ 1999, through July 31, ~~1997~~ 1999, payment shall be made ~~subsequent to on or before~~ July ~~1, 1997~~ 10, 1999. Payments for the period August ~~1997~~ 1999 through December ~~1997~~ 1999 shall be made ~~subsequent to on or before~~ the first third of each month thereafter through December 31, ~~1997~~ 1999.

(h) Effective January 1, ~~1998~~ 2000, monthly payments for the county share of local agency expenditures shall be made subsequent to the first of each month.

Payments under this subdivision are subject to the provisions of section 256.017.

Sec. 2. Minnesota Statutes Second 1989 Supplement, section 273.1398, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) In this section, the terms defined in this subdivision have the meanings given them.

(b) "Unique taxing jurisdiction" means the geographic area subject to the same set of tax capacity rates.

(c) "Gross tax capacity" means the product of the gross class rates and estimated market values. "Total gross tax capacity" means the gross tax capacities for all property within the unique taxing jurisdiction. The total gross tax capacity used shall be reduced by the sum of (1) the unique taxing jurisdiction's gross tax capacity of commercial industrial property as defined in section 473F02, subdivision 3, multiplied by the ratio determined pursuant to section 473F08, subdivision 6, for the municipality, as defined in section 473F02, subdivision 8, in which the unique taxing jurisdiction is located, (2) the gross tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the gross tax capacity of transmission lines deducted from a local government's total gross tax capacity under section 273.425. Gross tax capacity cannot be less than zero.

(d) "Net tax capacity" means the product of the appropriate net class rates for the year in which the aid is payable, except that for class 3 utility real and personal property the class rate applied shall be 5.38 percent, and estimated market values for the assessment two years prior to that in which aid is payable. "Total net tax capacity" means the net tax capacities for all property within the unique taxing jurisdiction. The total net tax capacity used shall be reduced by the sum of (1) the unique taxing jurisdiction's net tax capacity of commercial industrial property as defined in section 473F02, subdivision 3, multiplied by the ratio determined pursuant to section 473F08, subdivision 6, for the municipality, as defined in section 473F02, subdivision 8, in which the unique taxing jurisdiction is located, (2) the net tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the net tax capacity of transmission lines deducted from a local government's total net tax capacity under section 273.425. For purposes of determining the net tax capacity of property referred to in clauses (1) and (2), the net tax capacity shall be multiplied by the ratio of the highest class rate for class 3a property for taxes payable in the year in which the aid is payable to the highest class rate for class 3a property in the prior year. Net tax capacity cannot be less than zero.

(e) "Equalized market values" are market values that have been equalized by dividing the assessor's estimated market value for the second year prior to that in which the aid is payable by the assessment sales ratios determined by class in the assessment sales ratio study conducted by the department of revenue pursuant to section 124.2131 in the second year prior to that in which the aid is payable. The equalized market values shall equal the unequalized market values divided by the assessment sales ratio.

(f) "Local tax rate" means the quotient derived by dividing the gross taxes levied within a unique taxing jurisdiction for taxes payable in 1989 by the gross tax capacity of the unique taxing jurisdiction for taxes payable in 1989. For computation of the local tax rate for aid payable in 1991 and subsequent years, gross taxes for taxes payable in 1989 exclude equalized levies as defined in subdivision 2a. For purposes of computation of the local tax rate only, gross taxes shall not be adjusted by inflation or household growth.

(g) For purposes of calculating the homestead and agricultural credit aid authorized pursuant to subdivision 2, the "subtraction factor" is the product of (i) a unique taxing jurisdiction's local tax rate; (ii) its total net tax capacity; and (iii) 0.9767.

(h) For purposes of calculating and allocating homestead and agricultural credit aid authorized pursuant to subdivision 2 and the disparity reduction aid authorized in subdivision 3, "gross taxes levied on all properties" or "gross taxes" means the total gross taxes levied on all properties except that levied on the captured value of tax increment districts as defined in section 469.177, subdivision 2, and that levied on the portion of commercial industrial properties' assessed value or gross tax capacity, as defined in section 473F02, subdivision 3, subject to the areawide tax as provided in section 473F08, subdivision 6, in a unique taxing jurisdiction before reduction by any credits for taxes payable in 1989. Gross taxes are before any reduction for disparity reduction aid. Gross taxes levied cannot be less than zero.

For homestead and agricultural credit aid payable in 1991 and subsequent years, "gross taxes" or "gross taxes levied on all properties" shall mean gross taxes payable in 1989, excluding taxes defined as "equalized levies" in subdivision 2a, multiplied by the cost-of-living adjustment factor and the household adjustment factor.

(i) "Human services aids" means:

(1) aid to families with dependent children under sections 256.82, subdivision 1, and 256.935, subdivision 1;

(2) medical assistance under sections 256B.041, subdivision 5, and 256B.19, subdivision 1;

(3) general assistance medical care under section 256D.03, subdivision 6;

(4) general assistance under section 256D.03, subdivision 2;

(5) work readiness under section 256D.03, subdivision 2;

(6) emergency assistance under section 256.871, subdivision 6;

(7) Minnesota supplemental aid under section 256D.36, subdivision 1;

(8) preadmission screening and alternative care grants under section 256B.091;

(9) work readiness services under section 256D.051;

(10) case management services under section 256.736, subdivision 13;

(11) general assistance claims processing, medical transportation and related costs; and

(12) medical assistance, medical transportation and related costs.

(j) "Adjustment factor" means one plus the percentage change in (1) the ratio of estimated market value of residential homesteads to the estimated market value of all taxable property within the city or township containing the unique taxing jurisdiction based on the assessment one year prior to the year in which the aid is payable when compared to the same ratio based on the assessment two years prior to the year in which the aid is payable. If the market value of farm homesteads exceeds the market value of residential homesteads in the city or township containing the unique taxing jurisdiction, "adjusted factor" means one plus the percentage change in the ratio of the estimated market value of farm homesteads to the estimated market value of all taxable property within the city or township containing the unique taxing jurisdiction based on the assessment one year prior to the year in which the aid is payable when compared to the same ratio based on the assessment two years prior to the year in which the aid is payable. The adjustment factor cannot be less than one. Estimates of market value for the assessment one year prior to the year in which the aid is paid will be made on the basis of the abstract submitted pursuant to section 270.11. Discrepancies between the estimate and actual market values will not result in increased or decreased aid in the year in which the estimates are used to compute aid.

(k) "Cost-of-living adjustment factor" means *the greater of one or one plus the percentage increase in the consumer price index minus 1.15 percent.*

~~(l)~~ (l) *The "percentage increase in the consumer price index" means the percentage, if any, by which: the consumer price index for the calendar year preceding that in which aid is payable, exceeds* ~~(2)~~ *the consumer price index for calendar year 1989.*

~~(m)~~ (m) "Consumer price index for any calendar year" means the average of the consumer price index as of the close of the 12-month period ending on May 31 of such calendar year.

~~(n)~~ (n) "Consumer price index" means the last consumer price index for all-urban consumers published by the department of labor. For purposes of the preceding sentence, the revision of the consumer price index which is most consistent with the consumer price index for calendar year 1989 shall be used.

~~(o)~~ (o) "Household adjustment factor" means the number of households for the most recent year preceding that in which the aids are payable divided by the 1988 number of households. The household adjustment factor cannot be less than one.

Sec. 3. Minnesota Statutes Second 1989 Supplement, section 273.1398, subdivision 2, is amended to read:

Subd. 2. [HOMESTEAD AND AGRICULTURAL CREDIT AID.] (a) ~~Initial~~ Homestead and agricultural credit aid for each unique taxing jurisdiction equals the total gross taxes levied on all properties, minus the unique taxing jurisdiction's subtraction factor. The commissioner of revenue may, in computing the amount of the homestead and agricultural credit aid paid in 1990, adjust the gross tax capacity, net tax capacity, and gross taxes of a taxing jurisdiction for taxes payable in 1989 to reflect auditor's errors in computing taxes payable for 1989 in unique taxing jurisdictions within independent school district Nos. 720 and 792. Homestead and agricultural credit aid cannot be less than zero.

(b)(1) The homestead and agricultural credit aid is allocated to each local

government levying taxes in the unique taxing jurisdiction in the proportion that the local government's gross taxes bears to the total gross taxes levied within the unique taxing jurisdiction.

(2) The 1990 homestead and agricultural credit aid so determined for school districts for purposes of general education levies pursuant to section 124A.23, subdivisions 2 and 2a, and transportation levies pursuant to section 275.125, subdivisions 5 and 5c, shall be multiplied by the ratio of the adjusted gross tax capacity based upon the 1988 adjusted gross tax capacity to the estimated 1987 adjusted gross tax capacity based upon the 1987 adjusted assessed value.

(3) If a local government's total tax capacity rate for all funds for taxes payable in 1989 varies within the area in which it exercises taxing authority, the local government's allocated homestead and agricultural credit aid must be further allocated between the part of its levy in respect to which the tax capacity rate is constant throughout the area in which it exercises taxing authority and the part of its levy in respect to which the tax capacity rate varies throughout the area in which it exercises taxing authority.

(c) The calendar year 1990 homestead and agricultural credit aid shall be adjusted by the adjustment factor.

(d) Payments under this subdivision to counties in 1990 and subsequent years shall be reduced by the amount provided in section 477A.012, subdivisions 3, paragraph (d), and 4, paragraph (d).

(e) Payments under this subdivision to cities and towns shall be annually reduced by the amount of the homestead and agricultural credit aid adjustment, if any, determined for 1990 under section 477A.013, subdivision 6.

Sec. 4. Minnesota Statutes 1988, section 273.1398, is amended by adding a subdivision to read:

*Subd. 2c. [STATE AID REDUCTION.] (a) It is the intent of the legislature that the reduction in the state aids made under this subdivision be implemented as an equivalent and corresponding permanent reduction in the cost of administration and operations at the local level.*

*(b) For aids payable in 1990 and subsequent years, the commissioner of revenue shall reduce state aids payable to cities, counties, towns, and special taxing districts by an amount equal to \$43,000,000. The aid reduction shall be calculated as an equal percentage reduction in each local government's revenue base. "Revenue base," as used in this subdivision, means the amount levied for taxes payable in 1990 less the special levies under section 275.50, subdivision 5, clause (u), and, before reduction for the homestead and agricultural credit aid under subdivision 2, equalization aid under section 477A.013, subdivision 5, and disparity reduction aid under subdivision 3; plus the originally certified 1990 local government aid under sections 477A.012, determined without regard to subdivision 2; and 477A.013, subdivisions 1, 3, and 6; and the estimated taconite aids used to determine levy limits for taxes payable in 1990 under section 275.51, subdivision 3i.*

*(c) The reduction in aid shall be first applied to the local government aids payable under sections 477A.012, subdivisions 1 and 3, and 477A.013, subdivisions 1, 3, and that the local government would have received absent this section. In the event that aid is insufficient to obtain the required reduction, the commissioner shall apply the reduction to the following aids*

available to the local government, in the order listed:

- (1) equalization aid under section 477A.013, subdivision 5;
- (2) disparity reduction aid under subdivision 3; and
- (3) homestead and agricultural credit aid under this section.

(d) "Special taxing districts" means any local government other than a city, township, county, or school district.

(e) The total reduction for each city, town, or county must be subtracted from the levy year 1990 levy limit base, as provided in section 275.51, subdivision 3f, paragraph (d).

Sec. 5. Minnesota Statutes Second 1989 Supplement, section 273.1398, subdivision 5a, is amended to read:

Subd. 5a. [AID ADJUSTMENT FOR COUNTY HUMAN SERVICES AID.] (a) There shall be transferred to the human services aid account from the payment to a county under subdivision 2 an amount representing a county's human services aid ~~increase~~ as calculated in subdivision 5b, paragraphs (a) to (c). The amount calculated for each county shall be deducted from the first payment to the county under this section in 1991 and subsequent years. If the deduction exceeds the amount of the first payment, the balance shall be subtracted from the second payment. The amount of the payments under subdivision 2 shall not be less than zero as a result of this adjustment.

Sec. 6. Minnesota Statutes Second 1989 Supplement, section 273.1398, subdivision 5b, is amended to read:

Subd. 5b. [STATE AID FOR COUNTY HUMAN SERVICES COSTS.] (a) Human services aid ~~increase~~ for each county equals an amount representing the county's costs for human services programs cited in subdivision 1, paragraph (i). The amount of the aid ~~increase~~ is calculated as provided in this section. The aid ~~increase~~ shall be deposited in the human services account created pursuant to section 273.1392.

(b) On July 15, 1990, each county shall certify to the department of revenue the estimated difference between the county's base amount costs as defined in section 256.025 for human services programs cited in subdivision 1, paragraph (i), for calendar year 1990 and human services program revenues from all nonproperty tax sources excluding revenue from state and federal payments for the programs listed in subdivision 1, paragraph (i), and revenue from incentive programs pursuant to sections 256.019, 256.98, subdivision 7, 256D.06, subdivision 5, 256D.15, and 256D.54, subdivision 3, used at the time the levy was certified in 1989. At that time each county may revise its estimate for taxes payable in 1990 for purposes of this subdivision. The human services program estimates provided pursuant to this clause shall only include those costs and related revenues up to the extent the county provides benefits within statutory mandated standards. This amount shall be the county's human services aid amount under this section.

(c) On July 15, 1991, each county shall certify to the department of revenue the actual difference between the county's human services program costs and nonproperty tax revenues as provided in paragraph (b) for calendar year 1990. If the actual difference is larger than the estimated difference as calculated in paragraph (b), the aid amount for the county shall be

increased by that amount. If the actual difference is smaller than the estimated difference as calculated in paragraph (b), the aid amount to the county shall be reduced by that amount.

(d) On January 1, 1991, the department of finance shall certify to the department of revenue the estimated amount of county receipts deducted from county human services expenditures pursuant to Minnesota Statutes 1988, section 287.12, in calendar year 1990. This amount shall be added to the human services aid ~~increase~~ amount under this section.

Sec. 7. Minnesota Statutes 1989 Supplement, section 275.08, subdivision 1d, is amended to read:

Subd. 1d. If, after computing each local government's adjusted tax capacity rate within a unique taxing jurisdiction pursuant to subdivision 1c, the auditor finds that the total adjusted tax capacity rate of all local governments combined is less than 90 percent of gross tax capacity for taxes payable in 1989 and 1990 and ~~90~~ 100 percent of net tax capacity for taxes payable in ~~1990~~ 1991 and thereafter, the auditor shall increase each local government's adjusted tax capacity rate proportionately so the total adjusted tax capacity rate of all local governments combined equals 90 percent *for taxes payable in 1989 and 1990 and 100 percent for taxes payable in 1991 and thereafter*. The total amount of the increase in tax resulting from the increased tax capacity rates must not exceed the amount of disparity aid allocated to the unique taxing district under section 273.1398. The auditor shall certify to the department of revenue the difference between the disparity aid originally allocated under section 273.1398, subdivision 3, and the amount necessary to reduce the total adjusted tax capacity rate of all local governments combined to 90 percent *for taxes payable in 1989 and 1990 and 100 percent for taxes payable in 1991 and thereafter*. Each local government's disparity reduction aid payment under section 273.1398, subdivision 6, must be reduced accordingly.

Sec. 8. Minnesota Statutes Second 1989 Supplement, section 275.51, subdivision 3f, is amended to read:

Subd. 3f. [LEVY LIMIT BASE.] (a) The property tax levy limit base for governmental subdivisions for taxes levied in 1988 shall be equal to the total actual levy for taxes payable in 1988 with additions and subtractions as specified in paragraphs (b) and (c).

(b) The amounts to be added to the actual 1988 levy are (1) the amount of local government aid the governmental subdivision was certified to receive in 1988 under sections 477A.011 to 477A.014, (2) its 1988 taconite aids under sections 298.28 and 298.282, and (3) its 1988 wetlands and native prairie reimbursements under Minnesota Statutes 1986, sections 273.115, subdivision 3, and 273.116, subdivision 3.

(c) The amounts to be subtracted from the actual 1988 levy are (1) any special levies claimed for taxes payable in 1988 pursuant to Laws 1987, chapter 268, article 5, section 12, subdivision 4, clauses (1), (2), (3), and (4); and (2) for a governmental subdivision participating in a regional library system receiving grants from the department of education under section 134.34, the amount levied for taxes payable in 1988 for the operating costs of a public library service.

(d) For taxes levied in 1989 and subsequent years, a governmental subdivision's levy limit base is equal to its adjusted levy limit base for the preceding year, provided that for taxes levied in 1989, the amount of the

administrative reimbursement aid received in 1988 shall be added to the base, and that for taxes levied in 1990, the levy limit base shall be reduced as provided in sections 273.1398, subdivision 2c, 477A.012, subdivision 4, and 477A.013, subdivision 7.

(e) For taxes levied by a county in 1989, the levy limit base determined under paragraph (d) shall be reduced by an amount equal to 90 percent of the cost of public defender services for felonies and gross misdemeanors and the costs of law clerks in the county that are assumed by the state during calendar year 1990, less 103 percent of one-half the amount of fees collected by the courts in the county during calendar year 1988. For taxes levied in 1990, the levy limit base determined under paragraph (d) shall be reduced by an amount equal to the cost of public defender services for felonies and gross misdemeanors and the cost of law clerks in the county that are assumed by the state during calendar year 1991, less the amount of fees collected by the courts in the county during calendar year 1989, computed at the rate of \$30 for civil and probate filings and \$20 for marriage dissolutions.

(f) For taxes levied in 1989 only, by a county that is located in the eighth judicial district, the levy limit base determined under paragraphs (d) and (e) shall be further reduced by an amount equal to 90 percent of the cost of operation of the trial courts in the county during calendar year 1990 that are assumed by the state and for which an appropriation is provided, less 103 percent of the sum of (1) the remaining one-half of the amount of fees and (2) 100 percent of the amount of fines collected by the courts in the county during calendar year 1988. For taxes levied in 1990 only by those counties, the levy limit base determined under paragraphs (d) and (e) shall be further reduced by an amount equal to the cost of operation of the trial courts in the county during the first six months of calendar year 1991 that are assumed by the state less 50 percent of the amount of fines collected by the courts during calendar year 1989.

(g) By October 15, 1989, the board of public defense shall determine and certify to the commissioner of revenue the pro rata share for each county of the state-financed public defense services described in paragraph (e) during the six-month period beginning July 1, 1990. By October 15, 1989, the supreme court shall determine and certify to the department of revenue for each county the pro rata share for each county of the cost of providing law clerks during the three-month period beginning October 1, 1990, plus, for each county located in the eighth judicial district, the cost of operation of the trial courts during calendar year 1990.

By July 15, 1990, the board of public defense shall determine and certify to the department of revenue the pro rata share for each county of the state-financed public defense services described in paragraph (e) during calendar year 1991. By July 15, 1990, the supreme court shall determine and certify to the department of revenue for each county the pro rata share for each county of the cost of providing law clerks during calendar year 1991 plus, for each county located in the eighth judicial district, the cost of operation of the trial courts during the first six months of 1991.

(h) For taxes levied in a county in 1991, the levy limit base shall be reduced by an amount equal to the cost in the county of court reporters, judicial officers, and district court referees and the expenses of law clerks and court reporters as authorized in sections 484.545, subdivision 3, and 486.05, subdivisions 1 and 1a, as certified by the supreme court pursuant

to section 477A.012, subdivision 4.

(i) If a governmental subdivision received an adjustment to its levy limit base for taxes levied in 1988 under section 275.51, subdivision 3j, its levy limit base for taxes levied in 1989 must be reduced by the lesser of (1) the adjustment under section 275.51, subdivision 3j, or (2) the difference between its (i) levy limit for taxes levied in 1988 and its (ii) total actual levy for taxes levied in 1988 minus any special levies claimed for taxes levied in 1988 under section 275.50, subdivision 5.

Sec. 9. Minnesota Statutes 1988, section 477A.011, is amended by adding a subdivision to read:

*Subd. 26. [EQUALIZED TAX CAPACITY.] "Equalized tax capacity" means a city or township's tax capacity computed using the class rates in effect for taxes payable in 1991 and market values for the 1989 assessment. The tax capacity shall be computed using equalized market values. The market value utilized in computing tax capacity shall be reduced by the sum of (1) a city's market value of commercial-industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 2, paragraph (a), (2) the market value of the captured value of tax increment finance districts as defined in section 469.177, subdivision 2, and (3) the market value of transmission lines deducted from a local government's tax capacity under section 273.425.*

Sec. 10. Minnesota Statutes 1988, section 477A.012, subdivision 1, is amended to read:

*Subdivision 1. [AID AMOUNT.] In calendar ~~year~~ years 1988 and ~~calendar years thereafter~~, 1989, and 1990, each county government shall receive a distribution equal to the aid amount certified for 1987 pursuant to this subdivision. In calendar year 1991 and subsequent years, each county government shall receive a distribution equal to 75 percent of the aid amount certified for 1990 under this subdivision after reduction pursuant to subdivision 3.*

Sec. 11. Minnesota Statutes Second 1989 Supplement, section 477A.012, subdivision 3, is amended to read:

*Subd. 3. [AID OFFSET FOR COURT COSTS.] (a) There shall be deducted from the payment to a county under this section an amount representing the cost to the state for assumption of the cost of district court administration and operation of the trial court information system in the county and, in the case of Hennepin and Ramsey counties, of public defense services in juvenile and misdemeanor cases in the county. The amount of the deduction shall be computed as provided in this subdivision.*

*(b) By October 15, 1989, the board of public defense shall determine and certify to the department of revenue the cost of the state-financed public defense services in juvenile and misdemeanor cases for Hennepin and Ramsey counties during the fiscal year beginning the following July 1. By October 15, 1989, the supreme court shall determine and certify to the department of revenue for each county, except counties located in the eighth judicial district, the pro rata estimated share for each county of district court administration and trial court information system costs during the fiscal year beginning on the following July 1.*

*(c) One-half of the amount computed under paragraph (b) for each county*

shall be deducted from each payment to the county under section 477A.015 in 1990 and each subsequent year.

(d) If the amount computed under paragraph (b) plus, if applicable, the amount deducted under paragraph (e), exceeds the amount payable to a county under subdivision 1, the excess shall be deducted from the aid payable to the county under section 273.1398, subdivision 2.

(e) By July 15, 1990, the board of public defense and the supreme court shall determine and certify to the department of revenue the final actual budgeted amounts for the activities described in paragraph (b). If the amount certified under paragraph (b) is greater than the amount certified under this paragraph, the excess shall be ~~deducted from~~ *added to* the aid payable to the county in 1991 and each subsequent year under this section. If the amount certified under paragraph (b) is less than the amount certified under this paragraph, the difference shall be ~~added to~~ *subtracted from* the aid payable to the county in 1991 and each subsequent year under this section.

Sec. 12. Minnesota Statutes 1988, section 477A.012, is amended by adding a subdivision to read:

*Subd. 4. [LEVY LIMIT BASE REDUCTION.] The difference between the amount of aid certified under subdivision 1 for 1990 after reduction under subdivision 3 and that certified for 1991 after reduction under subdivision 3 shall be a levy limit base reduction as provided in section 275.51, subdivision 3f, paragraph (d).*

Sec. 13. Minnesota Statutes Second 1989 Supplement, section 477A.013, subdivision 1, is amended to read:

Subdivision 1. [TOWNS.] In calendar year 1989, each town that had levied for taxes payable in 1988 at least one mill on the dollar of the assessed value of the town shall receive a distribution equal to 106 percent of the distribution received under Minnesota Statutes 1987 Supplement, section 477A.013, subdivision 1, in 1988. In calendar year 1990, each town that had levied for taxes payable in the prior year a tax capacity rate of at least .008 shall receive a distribution equal to 106 percent of the amount received in 1989 under this subdivision. In calendar year 1991 and subsequent years, each town that had levied for taxes payable in the prior year a tax capacity rate of at least .008 shall receive a distribution equal to the amount it received in 1990 under this subdivision less *the sum of (1) .8 percent of the township's equalized tax capacity, plus (2) the amount deducted in 1989 under subdivision 6.*

Sec. 14. Minnesota Statutes Second 1989 Supplement, section 477A.013, subdivision 3, is amended to read:

*Subd. 3. [CITY AID DISTRIBUTION.] In 1989, a city whose initial aid is greater than \$0 will receive the following aid increases in addition to an amount equal to the local government aid it received in 1988 under Minnesota Statutes 1987 Supplement, section 477A.013:*

(1) for a city whose expenditure/unlimited aid ratio is at least 1.5, two percent of city revenue;

(2) for a city whose expenditure/unlimited aid ratio is at least 1.4 but less than 1.5, 2.5 percent of city revenue;

(3) for a city whose expenditure/unlimited aid ratio is at least 1.3 but less than 1.4, three percent of city revenue;

(4) for a city whose expenditure/unlimited aid ratio is at least 1.2 but less than 1.3, four percent of city revenue;

(5) for a city whose expenditure/unlimited aid ratio is at least 1.1 but less than 1.2, five percent of city revenue;

(6) for a city whose expenditure/unlimited aid ratio is at least 1.05 but less than 1.1, six percent of city revenue;

(7) for a city whose expenditure/unlimited aid ratio is at least 1.0 but less than 1.05, seven percent of city revenue;

(8) for a city whose expenditure/unlimited aid ratio is at least .95 but less than 1.0, 7.5 percent of city revenue;

(9) for a city whose expenditure/unlimited aid ratio is at least .75 but less than .95, 8.5 percent of city revenue; and

(10) for a city whose expenditure/unlimited aid ratio is less than .75, nine percent of city revenue.

In 1990, a city whose initial aid is greater than \$0 will receive an amount equal to the aid it received under this section in the year prior to that for which aids are being calculated plus an aid increase equal to 50 percent of the rates listed in clauses (1) to (10) multiplied by city revenue.

In 1991 and subsequent years, a city whose initial aid is greater than \$0 will receive an amount equal to the aid it received under this section in the year prior to that for which aids are being calculated plus an aid increase equal to 25 percent of the rates listed in clauses (1) to (10) multiplied by city revenue 1990 less the greater of: (a) .8 percent of a city's equalized tax capacity or (b) the lesser of: (1) the positive difference, if any, between a city's aid as originally certified under this section for 1990 and its initial aid for 1991, or (2) 2.4 percent of a city's equalized tax capacity.

A city's aid increase under this subdivision is limited to the lesser of (1) 20 percent of its levy for taxes payable in the year prior to that for which aids are being calculated after the adjustments provided in section 273.1398, subdivision 2, or (2) its initial aid amount, or (3) 15 percent of the total amount received under this section in the previous year, provided that no city will receive an increase that is less than two percent of its 1989 local government aid for aids payable in 1990.

~~A city whose initial aid is \$0 will receive in 1990 an amount equal to 102 percent of the local government aid it received in 1989 under Minnesota Statutes 1988, section 477A.013. A city whose initial aid is \$0 will receive in 1991 and subsequent years an amount equal to the aid it received in the previous year under this section. For purposes of this subdivision, the term "local government aid" includes equalization aid for aids payable in 1991 and thereafter.~~

Sec. 15. Minnesota Statutes 1988, section 477A.013, is amended by adding a subdivision to read:

*Subd. 7. [LEVY LIMIT BASE REDUCTION.] The difference between a city's or township's 1991 local government aid as computed under this section and its 1991 aid as computed under Minnesota Statutes Second 1989 Supplement, section 477A.013, subdivisions 1 and 3, shall be a levy limit base reduction as provided in section 275.51, subdivision 3f, paragraph (d).*

Sec. 16. [FURTHER REDUCTIONS IN AIDS AND CREDITS.]

*If the total of the reductions in aids and credits under this article and article 4 for calendar year 1992 is not at least \$174,000,000, the commissioner of revenue shall further reduce state aids payable to cities, counties, towns, and special taxing districts by an amount that, when added to the other reductions of aids and credits under this article, will equal \$174,000,000. Reductions under this section will be made in the manner provided in section 4.*

Sec. 17. [EFFECTIVE DATE.]

*This article is effective the day following final enactment.*

ARTICLE 4

PROPERTY TAX REFUND

Section 1. Minnesota Statutes 1988, section 290A.03, subdivision 11, is amended to read:

Subd. 11. [RENT CONSTITUTING PROPERTY TAXES.] "Rent constituting property taxes" means ~~the amount 20 percent of the gross rent actually paid in cash, or its equivalent, which is attributable (a) to the property tax paid on the unit or (b) to the amount paid in lieu of property taxes,~~ in any calendar year by a claimant *solely* for the right of occupancy of the claimant's Minnesota homestead in the calendar year, and which rent constitutes the basis, in the succeeding calendar year, of a claim for relief under this chapter by the claimant. ~~The amount of rent attributable to property taxes paid or payments in lieu made on the unit shall be determined by multiplying the net tax on the property where the unit is located by a fraction, the numerator of which is the gross rent paid by the claimant for the calendar year for the unit and the denominator of which is the gross rent paid for the calendar year for the property in which the unit is located. In no case may the rent constituting property taxes exceed 50 percent of the gross rent paid by the claimant during that calendar year. In the case of a claimant who resides in a unit for which (1) a rent subsidy is paid to, or for, the claimant based on the income of the claimant or the claimant's family, or (2) a subsidy is paid to a public housing authority that owns or operates the claimant's rental unit, pursuant to United States Code, title 42, section 1437c, 20 percent of gross rent actually paid in cash or its equivalent shall be the claimant's "rent constituting property taxes paid."~~ For purposes of this subdivision, "rent subsidy" does not include any housing assistance received under aid to families with dependent children, general assistance, Minnesota supplemental assistance, supplemental security income, or similar income maintenance programs.

Sec. 2. Minnesota Statutes 1989 Supplement, section 290A.03, subdivision 12, is amended to read:

Subd. 12. [GROSS RENT.] "Gross rent" means rental paid for the right of occupancy, at arms-length, of a homestead, exclusive of charges for any ~~medical~~ services furnished by the landlord as a part of the rental agreement, whether expressly set out in the rental agreement or not. If the landlord and tenant have not dealt with each other at arms-length and the commissioner determines that the gross rent charged was excessive, the commissioner may adjust the gross rent to a reasonable amount for purposes of this chapter.

Any amount paid by a claimant residing in property assessed pursuant

to section 273.124, subdivision 3, 4, 5, or 6 for occupancy in that property shall be excluded from gross rent for purposes of this chapter. However, property taxes imputed to the homestead of the claimant or the dwelling unit occupied by the claimant that qualifies for homestead treatment pursuant to section 273.124, subdivision 3, 4, 5, or 6 shall be included within the term "property taxes payable" as defined in subdivision 13, notwithstanding the fact that ownership is not in the name of the claimant.

Sec. 3. Minnesota Statutes 1988, section 290A.03, subdivision 13, is amended to read:

Subd. 13. [PROPERTY TAXES PAYABLE.] "Property taxes payable" means the property tax exclusive of special assessments, penalties, and interest payable on a claimant's homestead before reductions made under section 273.13 but after deductions made under sections 273.132, 273.135, 273.1391, 273.42, subdivision 2, and any other state paid property tax credits in any calendar year. In the case of a claimant who makes ground lease payments, "property taxes payable" includes the amount of the payments directly attributable to the property taxes assessed against the parcel on which the house is located. No apportionment or reduction of the "property taxes payable" shall be required for the use of a portion of the claimant's homestead for a business purpose if the claimant does not deduct any business depreciation expenses for the use of a portion of the homestead in the determination of federal adjusted gross income. For homesteads which are manufactured homes as defined in section 274.19, subdivision 8, "property taxes payable" shall also include ~~the amount 20 percent of the gross rent paid in the preceding year for the site on which the homestead is located; which is attributable to the net tax paid on the site. The amount attributable to property taxes shall be determined by multiplying the net tax on the parcel by a fraction, the numerator of which is the gross rent paid for the calendar year for the site and the denominator of which is the gross rent paid for the calendar year for the parcel.~~ When a homestead is owned by two or more persons as joint tenants or tenants in common, such tenants shall determine between them which tenant may claim the property taxes payable on the homestead. If they are unable to agree, the matter shall be referred to the commissioner of revenue whose decision shall be final. Property taxes are considered payable in the year prescribed by law for payment of the taxes.

In the case of a claim relating to "property taxes payable," the claimant must have owned and occupied the homestead on January 2 of the year in which the tax is payable and (i) the property must have been classified as homestead property pursuant to section 273.13, subdivision 22 or 23, on or before June 1 of the year in which the "property taxes payable" were levied; or (ii) the claimant must provide documentation from the local assessor that application for homestead classification has been made prior to October 1 of the year in which the "property taxes payable" were payable and that the assessor has approved the application.

Sec. 4. Minnesota Statutes Second 1989 Supplement, section 290A.04, subdivision 2h, is amended to read:

Subd. 2h. (a) If the gross property taxes payable on a homestead increase more than ten percent over the net property taxes payable in the prior year on the same property that is owned by the same owner in both years, and the amount of that increase is \$40 or more for taxes payable in 1990 and 1991, \$60 or more for taxes payable in 1992, \$80 or more for taxes payable

in 1993, and \$100 or more for taxes payable in 1994, a claimant who is a homeowner shall be allowed an additional refund equal to the sum of (1) 75 percent of the first \$250 of the amount of the increase over ten percent for taxes payable in 1990 and 1991, 75 percent of the first \$275 of the amount of the increase over ten percent for taxes payable in 1992, 75 percent of the first \$300 of the amount of the increase over ten percent for taxes payable in 1993, and 75 percent of the first \$325 of the amount of the increase over ten percent for taxes payable in 1994, and (2) 90 percent of the amount of the increase over ten percent plus \$250 for taxes payable in 1990 and 1991, 90 percent of the amount of the increase over ten percent plus \$275 for taxes payable in 1992, 90 percent of the amount of the increase over ten percent plus \$300 for taxes payable in 1993, and 90 percent of the amount of the increase over ten percent plus \$325 for taxes payable in 1994. This subdivision shall not apply to any increase in the net property taxes payable attributable to improvements made to the homestead.

(b) For purposes of this subdivision, the following terms have the meanings given:

(1) "Net property taxes payable" means property taxes payable after reductions made under sections 273.13, subdivisions 22 and 23; 273.132; 273.135; 273.1391; and 273.42, subdivision 2, and any other state paid property tax credits and after the deduction of tax refund amounts for which the claimant qualifies pursuant to subdivision 2 and this subdivision.

(2) "Gross property taxes" means net property taxes payable determined without regard to the refund allowed under this subdivision.

(c) In addition to the other proofs required by this chapter, each claimant under this subdivision shall file with the property tax refund return a copy of the property tax statement for taxes payable in the preceding year or other documents required by the commissioner.

On or before December 1, 1990, and December 1 of each of the following three years, the commissioner shall estimate the cost of making the payments provided by this subdivision for taxes payable in the following year. Notwithstanding the open appropriation provision of section 290A.23, if the estimated total refund claims exceed the following amounts for the taxes payable year designated, the commissioner shall decrease the percentages of the excess taxes the state will pay and increase the dollar amount of tax increase which must occur before a taxpayer qualifies for a refund.

Taxes payable in:	Appropriation limit
1991	<del>\$7,000,000</del> \$12,000,000
1992	\$6,500,000
1993	\$6,000,000
1994	\$5,500,000

The commissioner shall make the adjustments so that half of the estimated savings come from decreasing the percentages of the excess taxes the state will pay and half of the estimated savings come from increasing the dollar amount of the tax increase which must occur before a taxpayer qualifies for a refund. The determinations of the revised percentages and thresholds by the commissioner are not rules subject to chapter 14.

Sec. 5. Minnesota Statutes 1988, section 290A.19, is amended to read:

290A.19 [OWNER OR MANAGING AGENT TO FURNISH RENT CERTIFICATE; PENALTY.]

(a) The owner or managing agent of any property for which rent is paid for occupancy as a homestead shall furnish a certificate of rent constituting property tax to each person who is a renter on December 31, in the form prescribed by the commissioner. If the renter moves prior to December 31, the owner or managing agent has the option to either provide the certificate to the renter at the time of moving, or mail the certificate to the forwarding address if an address has been provided by the renter. The certificate shall be made available to the renter not later than January 31 of the year following the year in which the rent was paid. *The owner or managing agent must retain a duplicate of each certificate for a period of three years. The duplicate must be made available to the commissioner or the renter if either requests a copy.*

(b) Any owner or managing agent who willfully fails to furnish a certificate to the renter and the commissioner as required by this section is liable to the commissioner for a penalty of \$100 for each act or failure to act. The penalty shall be assessed and collected in the manner provided in chapter 290 for the assessment and collection of income tax. ~~If the owner or managing agent willfully furnishes certificates that report total rent constituting property taxes in excess of the amount of actual property taxes paid on the rented part of a property, as determined under this section, the owner or managing agent is liable for a penalty equal to the greater of (1) \$100 or (2) 50 percent of the excess that is reported. If the owner or managing agent reports a total amount of rent constituting property taxes that exceeds by ten percent or more the actual property taxes, the report is deemed to be willful.~~

(c) ~~If the owner or managing agent elects to provide the renter with the certificate at the time of moving, rather than after December 31, the amount of rent constituting property taxes shall be computed as follows:~~

~~(i) The net tax shall be reduced by 1/12 for each month remaining in the calendar year.~~

~~(ii) In calculating the denominator of the fraction pursuant to section 290A-03, subdivision 11, the gross rent paid through the last month of claimant's occupancy shall be substituted for "the gross rent paid for the calendar year for the property in which the unit is located."~~

~~(d) The certificate of rent constituting property taxes shall include the address of the property, including the county, and the property tax parcel identification number and any additional information which the commissioner determines is appropriate.~~

~~(e) If the owner or managing agent fails to provide the renter with a certificate of rent constituting property taxes, the commissioner shall allocate the net tax on the building to the unit on a square footage basis or other appropriate basis as the commissioner determines. The renter shall supply the commissioner with a statement from the county treasurer which gives the amount of property tax on the parcel, the address and property tax parcel identification number of the property, and the number of units in the building.~~

~~(f) The owner or managing agent must file a copy of the certificate of rent paid with the commissioner before April 15 of the year following the year in which the rent was paid. The commissioner may require that each owner or managing agent report on a single form the total property taxes for a property and the allocation of the property taxes as rent constituting~~

~~property taxes among the renters of the property.~~

Sec. 6. [REPEALER.]

*Minnesota Statutes Second 1989 Supplement, section 290A.045, is repealed.*

Sec. 7. [EFFECTIVE DATE.]

*Sections 1 to 3 and 5 are effective for claims based on rent paid in 1990 and thereafter. Section 6 is effective the day following final enactment and applies to taxes payable in 1990 and 1991.*

## ARTICLE 5

### MISCELLANEOUS

Section 1. [116J.871] [DEFINITIONS.]

*Subdivision 1. [APPLICABILITY.] For the purposes of this section and section 2, the following terms have the meanings given them.*

*Subd. 2. [FINANCIAL ASSISTANCE.] "Financial assistance" means (1) a grant of \$100,000 or more awarded by a government agency; (2) a loan or the guaranty or purchase of a loan of \$500,000 or more made by a government agency; (3) a reduction, credit, or abatement of a tax assessed under chapter 297A where the tax reduction, credit, or abatement applies to a geographic area smaller than the entire state; or (4) tax increment financing for a project with a total cost equal to or greater than \$500,000.*

*Subd. 3. [GOVERNMENT AGENCY.] "Government agency" means a state agency, the Greater Minnesota Corporation, a political subdivision of the state, a housing and redevelopment agency, port authority, economic development authority, an area redevelopment authority, or a rural development financing authority organized or operating under chapter 469, or a port authority organized under special law.*

*Subd. 4. [PROJECT SITE.] "Project site" means the location where improvements are made or business operations are undertaken that are financed in whole or in part by the financial assistance; or the location of employees that receive financial assistance in the form of employment and training services as defined in section 268.0111, subdivision 4.*

Sec. 2. [116J.872] [FINANCIAL ASSISTANCE; CERTIFICATION.]

*Subdivision 1. [FINANCIAL ASSISTANCE LIMITATIONS.] A government agency may provide financial assistance to a person only if the person receiving or benefiting from the financial assistance certifies to the commissioner of labor and industry that laborers, workers, and mechanics at the project site during construction, installation, remodeling, and repairs for which the financial assistance was provided will be paid the prevailing wage rate as defined in section 177.42, subdivision 6, for the county or other areas from which labor for the project is secured.*

*Subd. 2. [PREVAILING WAGE; PENALTY.] It is a misdemeanor for a person who has certified that prevailing wages will be paid to laborers, workers, and mechanics under subdivision 1 to subsequently fail to pay the prevailing wage. This misdemeanor is punishable by a fine of not more than \$700, or imprisonment for not more than 90 days, or both. Each day a violation of this subdivision continues is a separate offense.*

Sec. 3. [270.0682] [TAX INCIDENCE REPORTS.]

*Subdivision 1. [BIENNIAL REPORT.] The commissioner of revenue shall report to the legislature by March 1 of each odd-numbered year on the overall incidence of the income tax, sales and excise taxes, and property tax. The report shall present information on the distribution of the tax burden (1) for the entire income distribution, using a system-wide incidence measure such as the Suits index or other appropriate measures of equality and inequality, (2) by income classes, including at a minimum deciles of the income distribution, and (3) by household or family characteristics such as filing status, number of dependents, or other appropriate characteristics.*

*Subd. 2. [BILL ANALYSES.] At the request of the chair of the house of representatives tax committee or the senate committee on taxes and tax laws, the commissioner of revenue shall prepare an incidence impact analysis of a bill or a proposal to change the tax system. To the extent data is available on the changes in the distribution of the tax burden that are affected by the bill or proposal, the analysis shall report on the incidence effects that would result if the bill were enacted. The report may present information using system-wide measures, such as Suits or other similar indexes, by income classes, taxpayer characteristics, or other relevant categories. The report may include analyses of the effect of the bill or proposal on representative taxpayers. The analysis must include a statement of the incidence assumptions that were used in computing the burdens.*

*Subd. 3. [INCOME MEASURE.] The incidence analyses shall use the broadest measure of economic income for which reliable data is available. The analyses may be based on permanent or annual incomes, as the commissioner determines appropriate and for which reliable data is available.*

#### **Sec. 4. [BLOOMINGTON LODGING TAX.]**

*Subdivision 1. [AUTHORIZATION.] Notwithstanding Minnesota Statutes, section 469.190, 477A.016, or other law, in addition to the tax authorized in Laws 1986, chapter 391, section 4, the governing body of the city of Bloomington may impose a tax of up to one percent on the gross receipts from the furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing of it for a continuous period of 30 days or more, located in the city. The city may agree with the commissioner of revenue that a tax imposed under this section shall be collected by the commissioner together with the tax imposed by Minnesota Statutes, chapter 297A, and subject to the same interest, penalties, and other rules and that its proceeds, less the cost of collection, shall be remitted to the city. The proceeds of the tax must be used to promote the metropolitan sports area defined in Minnesota Statutes, section 473.551, subdivision 5.*

*Subd. 2. [EFFECTIVE DATE.] This section is effective the day after the filing of a certificate of local approval by the governing body of the city of Bloomington in compliance with Minnesota Statutes, section 645.021, subdivision 3.*

#### **Sec. 5. [COLERAINE, LAKE SUPERIOR, CHISHOLM, ELY, EVELETH, GILBERT, BABBITT, AND ST. LOUIS COUNTY SCHOOL DISTRICT BONDS.]**

*Subdivision 1. [AUTHORIZATION.] Independent school district No. 316, Coleraine, may issue bonds in an aggregate principal amount not exceeding \$950,000; independent school district No. 381, Lake Superior, may issue*

bonds in an aggregate principal amount not exceeding \$300,000; independent school district No. 695, Chisholm, may issue bonds in an aggregate principal amount not exceeding \$3,500,000; independent school district No. 696, Ely, may issue bonds in an aggregate principal amount not exceeding \$1,000,000; independent school district No. 697, Eveleth, may issue bonds in an aggregate principal amount not exceeding \$3,500,000; independent school district No. 699, Gilbert, may issue bonds in an aggregate principal amount not exceeding \$1,000,000; and independent school district No. 692, Babbitt, may issue bonds in an aggregate principal amount not exceeding \$500,000.

*Subd. 2. [AUTHORIZATION.] Independent school district No. 710, St. Louis county, may issue bonds in an aggregate amount not to exceed \$1,750,000.*

*Subd. 3. [USES; PROCESS.] The bonds authorized under subdivisions 1 and 2 may be issued in addition to any bonds already issued or authorized. The proceeds of the bonds shall be used to provide funds to construct, equip, furnish, remodel, rehabilitate, and acquire land for school facilities and buildings and to pay any architects', engineers', and legal fees incidental to those purposes or the sale. Except as permitted by this section, the bonds shall be authorized, issued, sold, executed, and delivered in the manner provided by Minnesota Statutes, chapter 475. A referendum on the question of issuing the bonds authorized under subdivision 2 is not required. A resolution of the board levying taxes for the payment of the bonds and interest on them as authorized by this section and pledging the proceeds of the levies for the payment of the bonds and interest on them shall be deemed to be in compliance with the provisions of chapter 475 with respect to the levying of taxes for their payment.*

*Subd. 4. [APPROPRIATION.] There is annually appropriated from the distribution of taconite production tax revenues to the taconite environmental protection fund pursuant to Minnesota Statutes, section 298.28, subdivision 11, and to the northeast Minnesota economic protection trust pursuant to section 298.28, subdivisions 9 and 11, in equal shares, an amount sufficient to pay when due 80 percent of the principal and interest on the bonds issued under subdivision 1 and 100 percent of the principal and interest on the bonds issued under subdivision 2. If the annual distribution to the northeast Minnesota economic protection trust is insufficient to pay its share after fulfilling any obligations of the trust under Minnesota Statutes, section 298.225 or 298.293, the deficiency shall be appropriated from the taconite environmental protection fund.*

*Subd. 5. [DISTRICT OBLIGATIONS.] Bonds issued under authority of this section shall be the general obligations of the school district, for which its full faith and credit and unlimited taxing powers shall be pledged. If there are any deficiencies in the amount received pursuant to subdivision 4, they shall be made good by general levies, not subject to limit, on all taxable properties in the district in accordance with Minnesota Statutes, section 475.74. If any deficiency levies are necessary, the school board may effect a temporary loan or loans on certificates of indebtedness issued in anticipation of them to meet payments of principal or interest on the bonds due or about to become due.*

*Subd. 6. [DISTRICT LEVY.] The school board of each school district authorized to issue bonds under subdivision 1 shall by resolution levy on all property in the school district subject to the general ad valorem school*

*tax levies, and not subject to taxation under Minnesota Statutes, sections 298.23 to 298.28, a direct annual ad valorem tax for each year of the term of the bonds in amounts that, if collected in full, will produce the amounts needed to meet when due 20 percent of the principal and interest payments on the bonds. A copy of the resolution shall be filed, and the necessary taxes shall be extended, assessed, collected, and remitted in accordance with Minnesota Statutes, section 475.61.*

*Subd. 7. [LEVY LIMITATIONS.] Taxes levied pursuant to this section shall be disregarded in the calculation of any other tax levies or limits on tax levies provided by other law.*

*Subd. 8. [BONDING LIMITATIONS.] Bonds may be issued under authority of this section notwithstanding any limitations upon the indebtedness of a district, and their amounts shall not be included in computing the indebtedness of a district for any purpose, including the issuance of subsequent bonds and the incurring of subsequent indebtedness.*

*Subd. 9. [TERMINATION OF APPROPRIATION.] The appropriation authorized in subdivision 4 shall terminate upon payment or maturity of the last of those bonds.*

*Subd. 10. [LOCAL APPROVAL.] This section is effective for independent school district No. 316, the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3, and for independent school district No. 381 the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3, and for independent school district No. 695 the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3, and for independent school district No. 696 the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3, and for independent school district No. 697 the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3, and for independent school district No. 699 the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3, and for independent school district No. 692 the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3, and for independent school district No. 710 the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3."*

Delete the title and insert:

"A bill for an act relating to the financing and operation of government in Minnesota; updating references to the Internal Revenue Code; imposing an annual fee on corporations and partnerships; changing the computation of state aids to local units of governments; modifying the computation and administration of taxes and property tax refunds; changing tax rates; authorizing certain local governments to borrow money; permitting the city of Bloomington to impose lodging taxes; changing truth-in-taxation requirements; requiring payment of the prevailing wage for financial assistance; requiring a report and study; imposing and transferring powers and duties; changing certain effective dates; authorizing issuance of bonds by special school district No. 1, Minneapolis; independent school district No. 625, St. Paul; independent school district No. 709, Duluth; independent school district No. 316, Coleraine; independent school district No. 381, Lake Superior; independent school district No. 695, Chisholm; independent school district No. 696, Ely; independent school district No. 697, Eveleth; independent school district No. 699, Gilbert; independent school district No.

692, Babbitt; and independent school district No. 710, St. Louis county; providing a fund balance correction for independent school district No. 624, White Bear Lake; authorizing a special levy by Stearns county; requiring certain property tax notices in Washington county; appropriating money; amending Minnesota Statutes 1988, sections 136D.27, subdivision 2; 136D.74, subdivision 2a; 136D.87, subdivision 2; 169.86, subdivision 1; 273.124, by adding subdivisions; 273.1398, by adding a subdivision; 275.125, subdivision 10; 275.55; 276.111; 282.09, subdivision 1; 290.31, subdivision 1; 290.9725; 290A.03, subdivisions 11 and 13; 290A.19; 477A.011, by adding a subdivision; 477A.012, subdivision 1, and by adding a subdivision; 477A.013, by adding a subdivision; Minnesota Statutes 1989 Supplement, sections 124.83, subdivision 6; 136D.27, subdivision 3; 136D.74, subdivision 2b; 136D.87, subdivision 3; 273.11, subdivision 4; 275.08, subdivision 1d; 275.125, subdivision 6i; 279.01, subdivision 1; 290.01, subdivision 19; 290A.03, subdivision 12; 410.32; 473.446, subdivision 1; Minnesota Statutes Second 1989 Supplement, sections 3.982; 60A.15, subdivision 1; 124.83, subdivision 1; 256.025, subdivision 4; 273.064; 273.119, subdivision 2; 273.123, subdivision 4; 273.13, subdivisions 23, 24, 25, and 32; 273.1398, subdivisions 1, 2, 5a, 5b, and 6; 275.065, subdivisions 1, 3, and 6; 275.50, subdivision 5; 275.51, subdivisions 3f and 4; 276.09; 276.10; 276.11, subdivision 1; 290.05, subdivision 1; 290.06, subdivision 1; 290.0921, subdivisions 1 and 3; 290A.04, subdivision 2h; 469.171, subdivision 7a; 473H.10, subdivision 3; 477A.012, subdivision 3; 477A.013, subdivisions 1, 3, and 6; Laws 1959, chapter 462, section 3, subdivision 10, as renumbered, as amended; Laws 1989, First Special Session chapter 1, article 5, section 52; proposing coding for new law in Minnesota Statutes, chapters 116J; 134; 270; and 290; repealing Minnesota Statutes Second 1989 Supplement, sections 290.06, subdivision 1a; and 290A.045."

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

Mr. Davis from the Committee on Agriculture and Rural Development, to which were referred the following appointments as reported in the Journal for March 5, 1990:

#### BOARD OF ANIMAL HEALTH

Theodore Huisinga

#### MINNESOTA RURAL FINANCE AUTHORITY

David Velde

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

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

Mr. Davis from the Committee on Agriculture and Rural Development, to which was referred the following appointment as reported in the Journal for January 9, 1989:

#### MINNESOTA RURAL FINANCE AUTHORITY

Paul A. Sobocinski

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. Pehler from the Committee on Education, to which were referred the following appointments as reported in the Journal for March 21, 1990:

**STATE BOARD FOR COMMUNITY COLLEGES**

John Borchert

**STATE BOARD OF VOCATIONAL TECHNICAL EDUCATION**

Douglas Knowlton

Gerald Mullen

John O'Connor

**STATE UNIVERSITY BOARD**

Paula Dykstra

Elizabeth Pegues

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

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

**SECOND READING OF SENATE BILLS**

S.F. Nos. 2540 and 2617 were read the second time.

**MOTIONS AND RESOLUTIONS**

Mr. Berg moved that the names of Messrs. Lessard; Frederickson, D.R.; Ramstad and Dahl be added as co-authors to S.F. No. 1706. The motion prevailed.

Mr. Moe, R.D. moved that S.F. No. 1787 be withdrawn from the Committee on Rules and Administration and re-referred to the Committee on Taxes and Tax Laws. The motion prevailed.

**SUSPENSION OF RULES**

Mr. Moe, R.D. moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to S.F. No. 2617 and that the rules of the Senate be so far suspended as to give S.F. No. 2617, now on General Orders, its third reading and place it on its final passage. The motion prevailed.

S.F. No. 2617: A bill for an act relating to the organization and operation of state government; appropriating money for the department of transportation and other agencies with certain conditions; reducing appropriations for the biennium ending June 30, 1991, with certain conditions; providing for the transfer of money in the state treasury; amending Minnesota Statutes 1989 Supplement, section 297B.09, subdivision 1.

Mr. Benson moved to amend S.F. No. 2617 as follows:

Page 4, line 13, after the period, insert "*By July 1, 1990, the commissioner of finance shall publish the revised spending plans in the State Register.*"

The motion prevailed. So the amendment was adopted.

Mr. Frederickson, D.J. moved to amend S.F. No. 2617 as follows:

Page 3, line 19, delete "(391,000)" and insert "(279,000)"

Page 3, after line 30, insert:

"The reduction for the second year includes an offsetting appropriation of \$112,000 to the commissioner of agriculture for grants to county and district agricultural societies under Minnesota Statutes, section 38.02."

Correct the summary by fund accordingly

The motion prevailed. So the amendment was adopted.

Mrs. McQuaid moved to amend S.F. No. 2617 as follows:

Page 1, line 26, delete "(3,408,000) (2,892,000)" and insert "-0- 516,000"

Page 2, line 8, delete "1,600,000" and insert "5,008,000"

Page 2, line 9, delete "This appropriation" and insert "\$1,600,000 the second year"

Page 2, after line 10, insert:

"\$3,408,000 the second year is for light rail transit."

Page 3, after line 37, insert:

"Sec. 11. GREATER MINNESOTA CORPORATION (3,408,000)

\$3,408,000 is transferred from the greater Minnesota account in the special revenue fund to the general fund."

Correct the section totals and the summary by fund accordingly

Renumber the sections in sequence

**CALL OF THE SENATE**

Mr. Langseth imposed a call of the Senate for the balance of the proceedings on S.F. No. 2617. The Sergeant at Arms was instructed to bring in the absent members.

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

The roll was called, and there were yeas 20 and nays 37, as follows:

Those who voted in the affirmative were:

Belanger	Decker	Johnson, D.E.	McQuaid	Pariseau
Benson	Diessner	Knaak	Metzen	Pogemiller
Berglin	Flynn	Kroening	Novak	Ramstad
Brataas	Gustafson	Laidig	Olson	Storm

Those who voted in the negative were:

Adkins	Davis	Langseth	Moe, R. D.	Renneke
Anderson	Dicklich	Lantry	Morse	Samuelson
Beckman	Frank	Lessard	Pehler	Spear
Berg	Frederick	Luther	Peterson, R. W.	Stumpf
Bernhagen	Frederickson, D.J.	Marty	Piepho	Vickerman
Bertram	Frederickson, D.R.	McGowan	Piper	
Brandl	Freeman	Mehrkens	Purfeerst	
Chmielewski	Johnson, D.J.	Moe, D.M.	Reichgott	

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

Mr. Frederick moved to amend S.F. No. 2617 as follows:

Page 2, delete lines 8 to 14

Page 2, delete lines 26 to 30

Pages 4 to 6, delete section 17

Page 6, line 15, delete "18" and insert "17"

Correct the summary by fund accordingly

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

### RECONSIDERATION

Having voted on the prevailing side, Ms. Berglin moved that the vote whereby the Frederickson, D.J. amendment to S.F. No. 2617 was adopted on March 29, 1990, be now reconsidered.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 35 and nays 29, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Knaak	Merriam	Piper
Belanger	Dicklich	Kroening	Moe, D.M.	Pogemiller
Berg	Diessner	Lantry	Moe, R. D.	Reichgott
Berglin	Flynn	Luther	Novak	Samuelson
Brandl	Frank	Marty	Olson	Spear
Brataas	Freeman	McGowan	Pehler	Storm
Cohen	Johnson, D.J.	McQuaid	Peterson, R. W.	Waldorf

Those who voted in the negative were:

Anderson	Davis	Johnson, D.E.	Mehrkens	Renneke
Beckman	Decker	Knutson	Metzen	Schmitz
Benson	Frederick	Laidig	Morse	Solon
Bernhagen	Frederickson, D.J.	Langseth	Pariseau	Stumpf
Bertram	Frederickson, D.R.	Larson	Piepho	Vickerman
Chmielewski	Gustafson	Lessard	Ramstad	

The motion prevailed. So the vote was reconsidered.

The question recurred on the adoption of the Frederickson, D.J. amendment. The motion did not prevail. So the amendment was not adopted.

Mr. Piepho moved to amend S.F. No. 2617 as follows:

Page 6, after line 14, insert:

"Sec. 18. [CONSTITUTIONAL AMENDMENT PROPOSED.]

*An amendment to the Minnesota Constitution is proposed to the people. If the amendment is adopted, a new article XIV, section 12, will read:*

*Sec. 12. The proceeds of a tax levied on the purchase price of a motor vehicle must be distributed according to the following schedule:*

(1) for the fiscal year ending June 30, 1992: 37.5 percent to the highway user tax distribution fund, and 12.5 percent for use by public bodies for public transit purposes other than those described in sections 1 to 4;

(2) for the fiscal year ending June 30, 1993: 45 percent to the highway user tax distribution fund, and 15 percent for use by public bodies for public transit purposes other than those described in sections 1 to 4;

(3) for the fiscal year ending June 30, 1994: 52.5 percent to the highway user tax distribution fund, and 17.5 percent for use by public bodies for public transit purposes other than those described in sections 1 to 4;

(4) for the fiscal year ending June 30, 1995: 60 percent to the highway user tax distribution fund, and 20 percent for use by public bodies for public transit purposes other than those described in sections 1 to 4;

(5) for the fiscal year ending June 30, 1996: 67.5 percent to the highway user tax distribution fund, and 22.5 percent for use by public bodies for public transit purposes other than those described in sections 1 to 4; and

(6) after June 30, 1996: 75 percent to the highway user tax distribution fund, and 25 percent for use by public bodies for public transit purposes other than those described in sections 1 to 4.

Sec. 19. [SUBMISSION TO VOTERS.]

The proposed amendment must be submitted to the people at the 1990 general election. The question submitted must be:

“Shall the Minnesota Constitution be amended to dedicate proceeds of any tax on the purchase price of a motor vehicle, over a five-year period, 75 percent to the highway user tax distribution fund and 25 percent for transit assistance purposes?

Yes . . . . .  
No . . . . .”

Election procedures must be as provided by law.”

Page 6, line 15, delete “18” and insert “20”

Amend the title as follows:

Page 1, line 8, after the semicolon, insert “proposing an amendment to the Minnesota Constitution, article XIV; dedicating proceeds of a tax on the purchase price of a motor vehicle to highway and transit purposes;”

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 27 and nays 35, as follows:

Those who voted in the affirmative were:

- |           |                    |         |          |           |
|-----------|--------------------|---------|----------|-----------|
| Anderson  | Brataas            | Knaak   | Mehrkens | Renneke   |
| Beckman   | Decker             | Knutson | Morse    | Storm     |
| Belanger  | Frederick          | Laidig  | Olson    | Vickerman |
| Benson    | Frederickson, D.R. | Larson  | Pariseau |           |
| Bernhagen | Gustafson          | McGowan | Piepho   |           |
| Bertram   | Johnson, D.E.      | McQuaid | Ramstad  |           |

Those who voted in the negative were:

Adkins	Dicklich	Kroening	Moe, R.D.	Reichgott
Berg	Diessner	Langseth	Novak	Samuelson
Berglin	Flynn	Lantry	Pehler	Schmitz
Brandl	Frank	Lessard	Peterson, R.W.	Solon
Chmielewski	Frederickson, D.J.	Luther	Piper	Spear
Cohen	Freeman	Marty	Pogemiller	Stumpf
Davis	Johnson, D.J.	Metzen	Purfeerst	Waldorf

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

Mr. Ramstad moved to amend S.F. No. 2617 as follows:

Page 3, line 14, delete "750,000" and insert "1,025,000"

Page 3, after line 37, insert:

"Sec. 11. GREATER MINNESOTA CORPORATION (275,000)

\$275,000 is transferred from the greater Minnesota account in the special revenue fund to the general fund to be an additional amount for the department of public safety to use to fight the war on drugs."

Correct the section totals and the summary by fund accordingly

Renumber the sections in sequence

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 28 and nays 32, as follows:

Those who voted in the affirmative were:

Anderson	Bertram	Gustafson	McGowan	Ramstad
Beckman	Brataas	Johnson, D.E.	McQuaid	Renneke
Belanger	Decker	Knaak	Mehrkens	Storm
Benson	Frederick	Knutson	Olson	Vickerman
Berglin	Frederickson, D.R.	Laidig	Pariseau	
Bernhagen	Freeman	Larson	Piepho	

Those who voted in the negative were:

Adkins	Dicklich	Langseth	Moe, R.D.	Samuelson
Berg	Diessner	Lantry	Morse	Schmitz
Brandl	Flynn	Lessard	Peterson, R.W.	Stumpf
Chmielewski	Frank	Luther	Piper	Waldorf
Cohen	Frederickson, D.J.	Marty	Pogemiller	
Dahl	Johnson, D.J.	Merriam	Purfeerst	
Davis	Kroening	Metzen	Reichgott	

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

Mrs. Pariseau moved to amend S.F. No. 2617 as follows:

Page 3, line 19, delete "(391,000)" and insert "(341,000)"

Page 3, after line 30, insert:

"The ethanol promotion fund is not reduced for the second year, but is increased by \$12,000."

Page 3, line 31, delete "(50,000)" and insert "(100,000)"

Correct the section totals and the summary by fund accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 27 and nays 33, as follows:

Those who voted in the affirmative were:

Anderson	Davis	Johnson, D.E.	McQuaid	Renneke
Beckman	Decker	Knaak	Mehrkens	Storm
Belanger	Frederick	Knutson	Morse	Vickerman
Benson	Frederickson, D.J.	Laidig	Olson	
Bernhagen	Frederickson, D.R.	Larson	Pariseau	
Brataas	Gustafson	McGowan	Piepho	

Those who voted in the negative were:

Berg	Diessner	Lantry	Novak	Samuelson
Berglin	Flynn	Lessard	Pehler	Schmitz
Bertram	Frank	Luther	Peterson, R. W.	Spear
Brandl	Freeman	Marty	Piper	Stumpf
Chmielewski	Johnson, D.J.	Merriam	Pogemiller	Waldorf
Cohen	Kroening	Metzen	Purfeerst	
Dicklich	Langseth	Moe, R.D.	Reichgott	

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

Mr. Benson moved to amend S.F. No. 2617 as follows:

Page 3, after line 30, insert:

“\$25,000 the second year is to research the potential economic consequences of the use of biosynthetic bovine somatotropin. The commissioner of agriculture shall prepare a report of the research and submit it to the legislature by January 15, 1991. After submitting the report to the legislature, the commissioner of agriculture shall first determine the number of milk producers in the state and then conduct a referendum of milk producers of the question, “Should biosynthetic bovine somatotropin be banned for general use in the state?” Notwithstanding any other law to the contrary, a state restriction on the general use of biosynthetic bovine somatotropin is not effective unless a majority of the milk producers in the state in a referendum answer the above question in the affirmative and the commissioner of agriculture publishes the result of the survey in the State Register.”

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 26 and nays 36, as follows:

Those who voted in the affirmative were:

Anderson	Davis	Johnson, D.E.	Mehrkens	Renneke
Belanger	Decker	Knaak	Olson	Storm
Benson	Diessner	Knutson	Pariseau	
Berg	Frederick	Laidig	Piepho	
Bernhagen	Frederickson, D.R.	McGowan	Purfeerst	
Brataas	Gustafson	McQuaid	Ramstad	

Those who voted in the negative were:

Adkins	Flynn	Lessard	Pehler	Spear
Beckman	Frank	Luther	Peterson, R. W.	Stumpf
Berglin	Frederickson, D.J.	Marty	Piper	Vickerman
Bertram	Freeman	Merriam	Pogemiller	Waldorf
Chmielewski	Johnson, D.J.	Metzen	Reichgott	
Cohen	Kroening	Moe, R.D.	Samuelson	
Dahl	Langseth	Morse	Schmitz	
Dicklich	Lantry	Novak	Solon	

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

S.F. No. 2617 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 42 and nays 21, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Kroening	Morse	Schmitz
Beckman	Dicklich	Langseth	Novak	Solon
Berg	Diessner	Lantry	Pehler	Spear
Berglin	Flynn	Luther	Peterson, R. W.	Stumpf
Bertram	Frank	Marty	Piper	Vickerman
Brandl	Frederickson, D.J.	Mehrkens	Pogemiller	Waldorf
Chmielewski	Freeman	Merriam	Purfeerst	
Cohen	Johnson, D.E.	Metzen	Reichgott	
Dahl	Johnson, D.J.	Moe, R.D.	Samuelson	

Those who voted in the negative were:

Anderson	Decker	Knutson	Olson	Storm
Belanger	Frederick	Laidig	Pariseau	
Benson	Frederickson, D.R.	Larson	Piepho	
Bernhagen	Gustafson	McGowan	Ramstad	
Brataas	Knaak	McQuaid	Renneke	

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

## MOTIONS AND RESOLUTIONS - CONTINUED

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate revert to the Order of Business of Reports of Committees. The motion prevailed.

## REPORTS OF COMMITTEES

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

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

H.F. No. 493: A bill for an act relating to education; requiring a pupil to identify reasons for enrolling in a nonresident district under the enrollment options program; providing a resident district with notice of a pupil's participation under the program; restricting transfers; restricting participation in extracurricular varsity athletic activities in a nonresident district; amending Minnesota Statutes 1988, section 120.062, subdivisions 4, 6, 9, and by adding a subdivision; repealing Minnesota Statutes 1988, section 120.062, subdivision 8.

Reports the same back with the recommendation that the report from

the Committee on Education, shown in the Journal for March 28, 1990, be adopted; that committee recommendation being:

“the bill be amended and when so amended the bill do pass and be referred to the Committee on Finance”. Amendments adopted. Report adopted.

### **MOTIONS AND RESOLUTIONS - CONTINUED**

Messrs. Bertram, Anderson, Larson and Diessner introduced—

Senate Concurrent Resolution No. 10: A Senate concurrent resolution supporting the efforts of the volunteers working to build a Minnesota Vietnam Veterans Memorial.

Mr. Moe, R.D. moved that Senate Concurrent Resolution No. 10 be laid on the table. The motion prevailed.

Mr. Piepho introduced—

Senate Resolution No. 175: A Senate resolution congratulating the Mankato Loyola High School Boys Basketball Team for its outstanding efforts and accomplishments during the 1989-1990 basketball season.

Referred to the Committee on Rules and Administration.

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

### **INTRODUCTION AND FIRST READING OF SENATE BILLS**

The following bill was read the first time and referred to the committee indicated.

Ms. Reichgott, Messrs. Spear and Luther introduced—

S.F. No. 2620: A bill for an act relating to civil actions; adopting the discovery rule for medical malpractice statutes of limitation; amending Minnesota Statutes 1989 Supplement, section 541.07.

Referred to the Committee on Judiciary.

### **MOTIONS AND RESOLUTIONS - CONTINUED**

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 2480 a Special Order to be heard immediately.

### **SPECIAL ORDER**

H.F. No. 2480: A bill for an act relating to taxation; making technical corrections and administrative changes to property, sales and use, motor vehicle excise, income, franchise, insurance, petroleum products, pull-tab and tipboard taxes, firefighter state aids, and property tax refunds; making technical corrections and administrative changes to certain aids to local government; including lottery prizes as refunds in the revenue recapture act; providing for posting of certain tax delinquencies; requiring a social security number on certain probate applications; imposing a tax on untaxed pull-tabs and tipboards; recodifying license inquiry provisions; providing

for payment and settlement of state elections campaign funds to political party state committees; transferring certain powers and duties; recodifying and providing for tax administrative, enforcement, and collection procedures; imposing penalties; amending Minnesota Statutes 1988, sections 60A.198, by adding a subdivision; 69.771, subdivision 3; 69.772, subdivision 2a; 69.774, subdivision 1; 116K.04, subdivision 4; 270.65; 270.67, subdivisions 1 and 2; 270.68, subdivisions 1 and 3; 270.69, subdivisions 2, 3, 7, 8, and by adding a subdivision; 270.70, subdivision 1; 270A.03, subdivision 7; 274.01, subdivision 1; 275.54; 287.21, subdivision 2; 290.05, subdivision 4; 290.17, subdivision 5; 290.39, subdivision 5; 290.49, subdivision 3; 290.92, subdivisions 6a, 12, 23, and 24; 290.93, subdivision 1; 290A.03, subdivision 3; 290A.04, subdivision 1; 290A.07, subdivision 3; 290A.19; 296.06, subdivision 2; 296.18, subdivisions 2 and 3; 296.25; 297A.01, subdivision 8; 297A.03, subdivision 2; 297A.041; 297A.14, subdivision 1; 297A.18; 297A.211, subdivision 3; 297A.25, subdivision 31; 297A.255, by adding a subdivision; 297B.035, subdivision 1; 299F.21, subdivision 1; 349.212, by adding a subdivision; 477A.011, by adding a subdivision; 524.3-1001; 524.3-301; Minnesota Statutes 1989 Supplement, sections 38.18; 50.14, subdivision 4; 69.021, subdivision 6; 110.70; 118.12; 163.04, subdivision 3; 163.06, subdivision 6; 165.10, subdivision 1; 168.013, subdivision 5; 168A.10, subdivision 1; 270.06; 270.73, subdivision 1; 270B.07, by adding a subdivision; 272.16; 273.01; 273.11, subdivision 1; 290.39, subdivision 4; 290.92, subdivision 4c; 290.9201, subdivisions 7 and 8; 290.9705, subdivision 4; 297A.17; 365.025, subdivision 4; 368.01, subdivision 23; 368.44; 368.47; 370.01; 383.06; 385.31; 386.34; 412.081, subdivision 1; 412.221, subdivision 2; 430.102, subdivision 2; 465.04; 469.177, subdivision 1a; 471.24; 471.73; 475.58, subdivision 2; 475.73, subdivision 1; 477A.011, subdivision 15; 505.173, subdivision 1; Minnesota Statutes Second 1989 Supplement, sections 10A.31, subdivision 5; 60A.15, subdivision 1; 273.13, subdivision 25; 273.1391, subdivision 2; 273.1398, subdivision 1, 2, 5a, and 6; 274.14; 274.175; 275.07, subdivision 3; 275.50, subdivision 5; 275.51, subdivisions 3f, 3h, and 6; 287.29, subdivision 1; 290.17, subdivision 2; 290A.04, subdivisions 2h and 2i; 290A.07, subdivision 2a; 349.212, subdivision 4; 373.40, subdivision 1; 473F.08, subdivision 8a; 477A.012, subdivision 3; 477A.013, subdivision 3; Laws 1989, chapter 28, section 24; and Laws 1989, First Special Session chapter 1, articles 3, section 35; and 9, section 86; proposing coding for new law in Minnesota Statutes, chapters 270 and 289A; repealing Minnesota Statutes 1988, sections 270.08; 270.10, subdivision 4; 270.651; 272.70; 290.05, subdivision 5; 290.067, subdivision 5; 290.23, subdivision 15; 290.281, subdivision 5; 290.29; 290.37, as amended; 290.39, as amended; 290.391; 290.40; 290.41; 290.42; 290.43; 290.44; 290.45; 290.46; 290.47; 290.49; 290.50, as amended; 290.52; 290.521; 290.522; 290.523, as amended; 290.53, subdivisions 1, 1a, 2, 2a, 3, 3a, 4, 5, 7, 8, 9, 10, and 11; 290.54; 290.56; 290.57; 290.58; 290.59; 290.611, subdivision 5; 290.612; 290.65; 290.92, subdivisions 6, 7, 8, 11, 13, 14, 15, and 18; 290.9201, subdivisions 4, 5, 9, and 10; 290.923, subdivision 7; 290.93; 290.931; 290.932; 290.933; 290.934, as amended; 290.935; 290.936; 290.9705, subdivision 2; 290.974; 290A.06; 290A.11, subdivisions 1, 2, 3, and 4; 290A.111; 290A.112, as amended; 290A.12; 291.09; 291.11; 291.131; 291.14; 291.15, subdivisions 1 and 3; 291.215, subdivisions 2 and 3; 291.31, subdivisions 1 and 2; 291.32; 296.027; 296.16, subdivision 3; 296.17, subdivision 13; 296.18, subdivisions 3a and 7; 296.24; 297A.08; 297A.121; 297A.15, subdivision 3; 297A.26, subdivisions 1 and 4; 297A.27; 297A.275; 297A.29; 297A.30; 297A.31; 297A.32; 297A.33, subdivisions

1, 3, 4, and 5; 297A.34; 297A.35; 297A.37; 297A.39, subdivisions 1, 2, 2a, 3, 4, 5, 7, and 8; 297A.40; 297A.41, 297A.42; 297A.431; 297A.44, subdivision 2; Minnesota Statutes 1989 Supplement, sections 290A.11, subdivision 1a; and 297A.20; Minnesota Statutes Second 1989 Supplement, sections 270.77 and 290.38; Minnesota Rules, parts 8052.0100; 8052.0200; and 8130.7800.

Mr. Pogemiller moved to amend H.F. No. 2480, as amended pursuant to Rule 49, adopted by the Senate March 26, 1990, as follows:

(The text of the amended House File is identical to S.F. No. 1653.)

Page 227, after line 24, insert:

"Sec. 5. Minnesota Statutes 1989 Supplement, section 124.26, subdivision 8, is amended to read:

Subd. 8. [ADULT BASIC EDUCATION LEVY.] To obtain adult basic education aid, a district may levy an amount not to exceed the amount raised by a ~~gross tax capacity rate of .16 percent times the adjusted gross tax capacity of the district for the preceding year for taxes payable in 1990~~ or a net tax capacity rate of ~~.20~~ .21 percent times the adjusted net tax capacity of the district for the preceding year for taxes payable in 1991 and thereafter.

Sec. 6. Minnesota Statutes 1989 Supplement, section 124.2713, subdivision 6, is amended to read:

Subd. 6. [COMMUNITY EDUCATION LEVY.] To obtain community education revenue, a district may levy the amount raised by a ~~gross tax capacity rate of 0.8 percent times the adjusted gross tax capacity of the district for taxes payable in 1990~~ or a net tax capacity rate of ~~1.0~~ 1.07 percent times the adjusted net tax capacity of the district for taxes payable in 1991 and thereafter. If the amount of the community education levy would exceed the community education revenue, the community education levy shall equal the community education revenue.

Sec. 7. Minnesota Statutes 1989 Supplement, section 124.2721, subdivision 3, is amended to read:

Subd. 3. [LEVY.] The education district levy is equal to the following:

(1) the education district revenue according to subdivision 2, times

(2) the lesser of

(a) one, or

(b) the ratio of the ~~adjusted gross tax capacity for taxes payable in 1990~~ and adjusted net tax capacity for taxes payable in 1991 and thereafter of the education district divided by the number of actual pupil units in the education district to an amount equal to \$60 divided by ~~1.5 percent for taxes payable in 1990~~ and ~~1.87~~ 2.24 percent for taxes payable in 1991 and thereafter.

The department of education shall allocate the levy amount proportionately among the member districts based on adjusted tax capacity. The member districts shall levy the amount allocated.

Sec. 8. Minnesota Statutes 1989 Supplement, section 124.575, subdivision 3, is amended to read:

Subd. 3. [LEVY.] The secondary vocational cooperative levy is equal to

the following:

(1) the secondary vocational cooperative revenue according to subdivision 2, times

(2) the lesser of

(a) one, or

(b) the ratio of the ~~adjusted gross tax capacity for taxes payable in 1990~~ and adjusted net tax capacity for taxes payable in 1991 and thereafter of the secondary vocational cooperative divided by the number of actual pupil units in the secondary vocational cooperative to an amount equal to \$20 divided by ~~.6 percent for taxes payable in 1990 and .74~~ .78 percent for taxes payable in 1991 and thereafter.

The department of education shall allocate the levy amount proportionately among the member districts based on adjusted tax capacity. The member districts shall levy the amount allocated.

Sec. 9. Minnesota Statutes Second 1989 Supplement, section 124.83, subdivision 4, is amended to read:

Subd. 4. [HEALTH AND SAFETY LEVY.] To receive health and safety revenue, a district may levy an amount equal to the district's health and safety revenue as defined in subdivision 3 multiplied by the lesser of one, or the ratio of:

(1) the quotient derived by dividing (a) the adjusted gross tax capacity for fiscal year 1991, and (b) the adjusted net tax capacity for 1992 and later fiscal years, of the district for the year preceding the year the levy is certified by the actual pupil units in the district for the school year to which the levy is attributable, to

(2) ~~\$7,128.10~~ \$7,103.60 for fiscal year 1991 and \$5,304 for 1992 and later fiscal years.

Sec. 10. Minnesota Statutes 1989 Supplement, section 136D.27, subdivision 1, is amended to read:

Subdivision 1. [LEVIES FOR CERTAIN PROGRAMS.] Each year the joint school board may certify to each participating school district tax levies that shall not in any year exceed the greater of:

(a) the amount of levy certified for taxes payable in 1989; or

(b) the lesser of (1) \$60 times the actual pupil units in the participating district for the fiscal year to which the levy is attributable, or (2) ~~4.4~~ 1.43 percent of adjusted ~~gross net~~ tax capacity. Each participating school district shall include these tax levies in the next tax roll which it shall certify to the county auditor or auditors, and shall remit the collections of such levies to the board promptly when received. These levies shall not be included in computing the limitations upon the levy of any participating district. The board may, any time after these levies have been certified to the participating school districts, issue and sell certificates of indebtedness in anticipation of the collection of such levies, but in aggregate amounts such as will not exceed the portion of the levies which is then not collected and not delinquent.

Five-elevenths of the proceeds of the levy must be used for special education and six-elevenths of the proceeds of the levy must be used for secondary vocational education.

Sec. 11. Minnesota Statutes 1989 Supplement, section 136D.74, subdivision 2, is amended to read:

Subd. 2. [TAX LEVY.] Each year the intermediate school board may certify to each county auditor of each county in which said intermediate school district shall lie, as a single taxing district, tax levies that shall not in any year exceed the greater of:

(a) the amount of levy certified for taxes payable in 1989; or

(b) the lesser of (1) \$60 times the actual pupil units in the participating district for the fiscal year to which the levy is attributable, or (2) ~~4.4~~ 1.43 percent of adjusted ~~gross net~~ tax capacity. Said annual tax levies shall be certified pursuant to section 275.07. Upon such certification the county auditor or auditors and other appropriate county officials shall levy and collect such levies and remit the proceeds of collection thereof to the intermediate school district as in the case with independent school districts. Such levies shall not be included in computing the limitations upon the levy of any of the participating districts.

Five-elevenths of the proceeds of the levy must be used for special education and six-elevenths of the proceeds of the levy must be used for secondary vocational education.

Sec. 12. Minnesota Statutes 1989 Supplement, section 136D.87, subdivision 1, is amended to read:

Subdivision 1. [LEVIES FOR CERTAIN PROGRAMS.] Each year the joint school board may certify to each participating school district tax levies that shall not in any year exceed the greater of:

(a) the amount of levy certified for taxes payable in 1989; or

(b) the lesser of (1) \$60 times the actual pupil units in the participating district for the fiscal year to which the levy is attributable, or (2) ~~4.4~~ 1.43 percent of adjusted ~~gross net~~ tax capacity. Each participating school district shall include these tax levies in the next tax roll which it shall certify to the county auditor or auditors and shall remit the collections of these levies to the board promptly when received. These levies shall not be included in computing the limitations upon the levy of any participating district. The board may, any time after these levies have been certified to the participating school districts, issue and sell certificates of indebtedness in anticipation of the collection of levies, but in aggregate amounts that will not exceed the portion of the levies which is then not collected and not delinquent.

Five-elevenths of the proceeds of the levy must be used for special education and six-elevenths of the proceeds of the levy must be used for secondary vocational education."

Page 229, after line 2, insert:

"Sec. 16. Minnesota Statutes 1989 Supplement, section 275.125, subdivision 5c, is amended to read:

Subd. 5c. [NONREGULAR TRANSPORTATION LEVY.] A school district may also make a levy for unreimbursed nonregular transportation costs pursuant to this subdivision. The amount of the levy shall be the result of the following computation:

(a) multiply

(1) the amount of the district's nonregular transportation revenue under section 124.225, subdivision 7c, that is more than the product of \$30 times the district's actual pupil units, by

(2) 60 percent;

(b) subtract the result in clause (a) from the district's total nonregular transportation revenue;

(c) multiply the result in clause (b) by the lesser of one or the ratio of (i) the quotient derived by dividing the adjusted ~~gross net~~ tax capacity of the district for the year before the year the levy is certified by the actual pupil units in the district for the school year to which the levy is attributable, to (ii) ~~\$9,722~~ \$7,258.

Sec. 17. Minnesota Statutes 1989 Supplement, section 275.125, subdivision 6h, is amended to read:

Subd. 6h. [MINNEAPOLIS HEALTH INSURANCE SUBSIDY LEVY.] Each year special school district No. 1, Minneapolis, may make an additional levy not to exceed the amount raised by a ~~gross tax capacity rate of .08 percent times the adjusted gross tax capacity for taxes payable in 1990 or a net tax capacity rate of .11~~ .10 percent times the adjusted net tax capacity for taxes payable in 1991 and thereafter of the property in the district for the preceding year. The proceeds may be used only to subsidize health insurance costs for eligible teachers as provided in this section.

"Eligible teacher" means a retired teacher who was a basic member of the Minneapolis teachers retirement fund association, who retired before May 1, 1974, and who is not eligible to receive the hospital insurance benefits of the federal Medicare program of the Social Security Act without payment of a monthly premium. The district shall notify eligible teachers that a subsidy is available. To obtain a subsidy, an eligible teacher must submit to the school district a copy of receipts for health insurance premiums paid. The school district shall disburse the health insurance premium subsidy to each eligible teacher according to a schedule determined by the district, but at least annually. An eligible teacher may receive a subsidy up to an amount equal to the lesser of 90 percent of the cost of the eligible teacher's health insurance or up to 90 percent of the cost of the number two qualified plan of health coverage for individual policies made available by the Minnesota comprehensive health association under chapter 62E.

If funds remaining from the previous year's health insurance subsidy levy, minus the previous year's required subsidy amount, are sufficient to pay the estimated current year subsidy, the levy must be discontinued until the remaining funds are estimated by the school board to be insufficient to pay the subsidy.

Sec. 18. Minnesota Statutes 1989 Supplement, section 275.125, subdivision 8b, is amended to read:

Subd. 8b. [EARLY CHILDHOOD FAMILY EDUCATION LEVY.] A district may levy for its early childhood family education program. The amount levied shall not exceed the lesser of:

(a) a ~~gross tax capacity rate of .4 percent times the adjusted gross tax capacity for taxes payable in 1990 or a net tax capacity rate of .49~~ .54 percent times the adjusted net tax capacity for taxes payable in 1991 and thereafter of the district for the year preceding the year the levy is certified, or

(b) the maximum revenue as defined in section 124.2711, subdivision 1, for the school year for which the levy is attributable.

Sec. 19. Minnesota Statutes 1989 Supplement, section 275.125, subdivision 9a, is amended to read:

Subd. 9a. [STATUTORY OPERATING DEBT LEVY.] (1) In each year in which so required by this subdivision, a district shall make an additional levy to eliminate its statutory operating debt, determined as of June 30, 1977, and certified and adjusted by the commissioner. This levy shall not be made in more than 20 successive years and each year before it is made, it must be approved by the commissioner and the approval shall specify its amount. This levy shall be an amount which is equal to the amount raised by a levy of a ~~gross tax capacity rate of 1.20 percent times the adjusted gross tax capacity of the district for the preceding year for taxes payable in 1990~~ or a net tax capacity rate of ~~1.50~~ 1.66 percent times the adjusted net tax capacity of the district for the preceding year for taxes payable in 1991 and thereafter; provided that in the last year in which the district is required to make this levy, it shall levy an amount not to exceed the amount raised by a levy of a ~~gross tax capacity rate of 1.20 percent times the adjusted gross tax capacity of the district for the preceding year for taxes payable in 1990~~ or a net tax capacity rate of ~~1.50~~ 1.66 percent times the adjusted net tax capacity of the district for the preceding year for taxes payable in 1991 and thereafter. When the sum of the cumulative levies made pursuant to this subdivision and transfers made according to section 121.912, subdivision 4, equals an amount equal to the statutory operating debt of the district, the levy shall be discontinued.

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

(3) Any district which is required to levy pursuant to this subdivision shall certify the maximum levy allowable under section 124A.23, subdivision 2, in that same year.

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

Sec. 20. Minnesota Statutes 1989 Supplement, section 275.125, subdivision 9b, is amended to read:

Subd. 9b. [OPERATING DEBT LEVY.] (1) Each year, a district may make an additional levy to eliminate a deficit in the net unappropriated operating funds of the district, determined as of June 30, 1983, and certified and adjusted by the commissioner. This levy may in each year be an amount not to exceed the amount raised by a levy of a ~~gross tax capacity rate of 1.20 percent times the adjusted gross tax capacity for taxes payable in 1990~~ or a net tax capacity rate of ~~1.50~~ 1.85 percent times the adjusted net tax capacity for taxes payable in 1991 and thereafter of the district for the preceding year as determined by the commissioner. However, the total amount of this levy for all years it is made shall not exceed the lesser of (a) the amount of the deficit in the net unappropriated operating funds of

the district as of June 30, 1983, or (b) the amount of the aid reduction, according to Laws 1981, Third Special Session chapter 2, article 2, section 2, but excluding clauses (l), (m), (n), (o), and (p), and Laws 1982, Third Special Session chapter 1, article 3, section 6, to the district in fiscal year 1983. When the cumulative levies made pursuant to this subdivision equal the total amount permitted by this subdivision, the levy shall be discontinued.

(2) The proceeds of this levy shall be used only for cash flow requirements and shall not be used to supplement district revenues or income for the purposes of increasing the district's expenditures or budgets.

(3) Any district that levies pursuant to this subdivision shall certify the maximum levy allowable under section 124A.23, subdivisions 2 and 2a, in that same year.

Sec. 21. Minnesota Statutes 1989 Supplement, section 275.125, subdivision 9c, is amended to read:

Subd. 9c. [1985 OPERATING DEBT LEVY.] (1) Each year, a district may levy to eliminate a deficit in the net unappropriated balance in the general fund of the district, determined as of June 30, 1985, and certified and adjusted by the commissioner. Each year this levy may be an amount not to exceed the amount raised by a levy of a ~~gross tax capacity rate of 1.20 percent times the adjusted gross tax capacity for taxes payable in 1990~~ or a net tax capacity rate of ~~1.50~~ 1.85 percent times the adjusted net tax capacity for taxes payable in 1991 and thereafter of the district for the preceding year. However, the total amount of this levy for all years it is made shall not exceed the amount of the deficit in the net unappropriated balance in the general fund of the district as of June 30, 1985. When the cumulative levies made pursuant to this subdivision equal the total amount permitted by this subdivision, the levy shall be discontinued.

(2) A district, if eligible, may levy under this subdivision or subdivision 9b but not both.

(3) The proceeds of this levy shall be used only for cash flow requirements and shall not be used to supplement district revenues or income for the purposes of increasing the district's expenditures or budgets.

(4) Any district that levies pursuant to this subdivision shall certify the maximum levy allowable under section 124A.23, subdivision 2, in that same year."

Page 242, after line 6, insert:

"Sec. 40. Laws 1984, chapter 463, article 6, section 15, subdivision 1, as amended by Laws 1987, chapter 398, article 6, section 16, is amended to read:

Subdivision 1. [AUTHORIZATION.] In 1985 and each year thereafter, the newly created district formed by the consolidation of Independent School District No. 694, Buhl, and Independent School District No. 703, Mountain Iron, may make an additional levy to eliminate a deficit in the net unappropriated operating funds of the newly created district, determined as of June 30, 1985, and certified and adjusted by the commissioner. This levy each year may be an amount not to exceed ~~4.0 mills~~ 4.21 percent times the adjusted ~~assessed valuation~~ net tax capacity of the newly created district for the preceding year as determined by the equalization aid review committee. When the cumulative amount of the levies made pursuant to this subdivision equals the total amount of the certified deficit of the newly

created district, the levy shall be discontinued.

Sec. 41. Laws 1965, chapter 705, as amended by Laws 1975, chapter 261, section 4, Laws 1980, chapter 609, article 6, section 37, and Laws 1989, chapter 329, article 13, section 18, is amended to read:

Sec. 6. The school board, for the purpose of providing moneys for the payment of its severance pay obligations under a plan approved by resolution of the district, in addition to all other powers possessed by the school district and in addition to and in excess of any existing limitation upon the amount it is otherwise authorized by law to levy as taxes, is authorized to levy taxes annually not exceeding in any one year an amount equal to a ~~gross tax capacity rate of .17 percent for taxes payable in 1990~~ or a net tax capacity rate of ~~.21~~ .22 percent for taxes payable in 1991 and thereafter upon all taxable property within the school district which taxes as levied shall be spread upon the tax rolls, and all corrections thereof shall be held by the school district, and allocated therefor to be disbursed and expended by the school district in payment of any public school severance pay obligations and for no other purpose. Disbursements and expenditures previously authorized on behalf of the school district for payment of severance pay obligations shall not be deemed to constitute any part of the cost of the operation and maintenance of the school district within the meaning of any statutory limitation of any school district expenditures.

The amount of such severance pay allowable or to become payable in respect of any such employment or to any such employee shall not exceed the amount permitted by Minnesota Statutes, Section 465.72."

Page 242, line 8, delete "23" and insert "37"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Pogemiller then moved to amend H.F. No. 2480, as amended pursuant to Rule 49, adopted by the Senate March 26, 1990, as follows:

(The text of the amended House File is identical to S.F. No. 1653.)

Page 83, lines 28 and 29, delete "290.9201, subdivisions 4, 5, 9, and 10;"

Page 83, lines 31 and 32, delete "290.9705, subdivision 2;"

Page 84, line 5, after "sections" insert "290.9201, subdivisions 4, 5, 9, and 10; 290.9705, subdivision 2;"

The motion prevailed. So the amendment was adopted.

Mr. Anderson moved to amend H.F. No. 2480, as amended pursuant to Rule 49, adopted by the Senate March 26, 1990, as follows:

(The text of the amended House File is identical to S.F. No. 1653.)

Page 132, after line 28, insert:

"Sec. 9. Minnesota Statutes 1988, section 297A.26, is amended by adding a subdivision to read:

*Subd. 5. A taxpayer may deduct from the taxes payable to the commissioner the cost of postage required to pay the tax and file a return under*

*this section and section 297A.27, or under section 297A.275. This deduction does not apply if postage paid remittance envelopes are made available to taxpayers by the commissioner of revenue at no postage charge."*

Page 133, line 35, delete "9" and insert "8 and 10"

Page 133, line 36, after the period, insert "Section 9 is effective for taxes paid after June 30, 1990."

Renumber the sections in sequence and correct the internal references

Amend the title as follows:

Page 1, line 35, after the first semicolon, insert "297A.26, by adding a subdivision;"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 29 and nays 31, as follows:

Those who voted in the affirmative were:

Anderson	Decker	Knaak	McQuaid	Purfeerst
Beckman	Frederick	Knutson	Mehrkens	Ramstad
Belanger	Frederickson, D.I.	Laidig	Metzen	Renneke
Benson	Frederickson, D.R.	Larson	Olson	Storm
Bernhagen	Gustafson	Lessard	Pariseau	Vickerman
Brataas	Johnson, D.E.	McGowan	Piepho	

Those who voted in the negative were:

Adkins	Davis	Langseth	Pehler	Spear
Berg	Dicklich	Lantry	Peterson, R. W.	Stumpf
Berglin	Diessner	Luther	Piper	Waldorf
Bertram	Flynn	Marty	Pogemiller	
Brandl	Frank	Merriam	Reichgott	
Chmielewski	Johnson, D.J.	Morse	Samuelson	
Cohen	Kroening	Novak	Schmitz	

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

Mr. Cohen moved to amend H.F. No. 2480, as amended pursuant to Rule 49, adopted by the Senate March 26, 1990, as follows:

(The text of the amended House File is identical to S.F. No. 1653.)

Page 128, line 7, delete the new language

Page 128, delete line 8

Page 128, line 9, delete the new language

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 30 and nays 33, as follows:

Those who voted in the affirmative were:

Anderson	Cohen	Laidig	Mehrkens	Piepho
Beckman	Decker	Langseth	Merriam	Purfeerst
Belanger	Frank	Larson	Moe, D.M.	Renneke
Benson	Frederick	Marty	Morse	Spear
Berg	Johnson, D.E.	McGowan	Olson	Storm
Bernhagen	Knaak	McQuaid	Pariseau	Vickerman

Those who voted in the negative were:

Adkins	Dicklich	Hughes	Novak	Samuelson
Berglin	Diessner	Johnson, D.J.	Pehler	Schmitz
Bertram	Flynn	Kroening	Peterson, R. W.	Solon
Brandl	Frederickson, D.J.	Lantry	Piper	Stumpf
Brataas	Frederickson, D.R.	Lessard	Pogemiller	Waldorf
Dahl	Freeman	Luther	Ramstad	
Davis	Gustafson	Metzen	Reichgott	

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

Mr. Peterson, R. W. moved to amend H.F. No. 2480, as amended pursuant to Rule 49, adopted by the Senate March 26, 1990, as follows:

(The text of the amended House File is identical to S.F. No. 1653.)

Page 209, delete lines 18 to 21

Page 209, line 22, delete the new language and strike "the"

Page 209, strike lines 23 to 26

Page 209, line 27, strike "board. The application must include a" and delete the new language

Page 209, delete line 28

Page 209, strike lines 29 to 33

Page 211, line 4, delete "Id" and insert "Ic"

Re-number the subdivisions in sequence

Page 217, line 31, delete "Ie" and insert "Id"

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

Mr. Frederickson, D.R. moved to amend H.F. No. 2480, as amended pursuant to Rule 49, adopted by the Senate March 26, 1990, as follows:

(The text of the amended House File is identical to S.F. No. 1653.)

Page 128, line 7, after "except" insert "(1)"

Page 128, line 9, after "league" insert "or (2) the 1992 Minnesota high school football prep bowl"

The motion prevailed. So the amendment was adopted.

H.F. No. 2480 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 58 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Decker	Knaak	Moe, R.D.	Reichgott
Beckman	Dicklich	Laidig	Morse	Renneke
Belanger	Diessner	Lantry	Novak	Samuelson
Benson	Flynn	Lessard	Oison	Schmitz
Berg	Frank	Luther	Pariseau	Solon
Berglin	Frederick	Marty	Pehler	Spear
Bernhagen	Frederickson, D.J.	McGowan	Peterson, R. W.	Storm
Bertram	Frederickson, D.R.	McQuaid	Piepho	Stumpf
Brataas	Freeman	Mehrrens	Piper	Vickerman
Cohen	Hughes	Merriam	Pogemiller	Waldorf
Dahl	Johnson, D.E.	Metzen	Purfeerst	
Davis	Johnson, D.J.	Moe, D.M.	Ramstad	

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

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 2236 a Special Order to be heard immediately.

### SPECIAL ORDER

S.F. No. 2236: A bill for an act relating to the environment; defining facility and employer for purposes of infectious and pathological waste regulations; clarifying persons subject to infectious and pathological waste requirements; restricting local regulation of certain incineration facilities; amending Minnesota Statutes 1989 Supplement, sections 116.76, subdivision 8, and by adding a subdivision; 116.77; and 116.82, by adding a subdivision.

Mr. Dahl moved to amend S.F. No. 2236 as follows:

Page 2, delete section 4

Amend the title as follows:

Page 1, delete line 6

Page 1, line 7, delete "facilities;"

Page 1, line 9, after "subdivision;" insert "and" and delete "; and 116.82, by adding a"

Page 1, line 10, delete "subdivision"

The motion prevailed. So the amendment was adopted.

S.F. No. 2236 was read the third time, as amended, and placed on its final passage.

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

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

Those who voted in the affirmative were:

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

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

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 1104 a Special Order to be heard immediately.

### SPECIAL ORDER

S.F. No. 1104: A bill for an act relating to probate; adopting the uniform anatomical gift act (1987); correcting cross-references; amending Minnesota Statutes 1988, sections 65B.44, subdivision 4; 171.07, subdivision 5;

390.36; and 525.921, subdivisions 1, 4, 5, 8, and by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 525; repealing Minnesota Statutes 1988, sections 525.921, subdivision 2; and 525.922 to 525.94, as amended.

Mr. Laidig moved to amend S.F. No. 1104 as follows:

Page 3, line 8, delete everything after the period

Page 3, delete lines 9 to 18

### CALL OF THE SENATE

Mr. Waldorf imposed a call of the Senate for the balance of the proceedings on S.F. No. 1104. The Sergeant at Arms was instructed to bring in the absent members.

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

The roll was called, and there were yeas 32 and nays 30, as follows:

Those who voted in the affirmative were:

Belanger	Dicklich	Knaak	Morse	Reichgott
Benson	Diessner	Laidig	Novak	Solon
Berg	Flynn	Larson	Pariseau	Spear
Berglin	Frederick	Luther	Peterson, R.W.	Storm
Brataas	Frederickson, D.J.	Marty	Piper	
Cohen	Freeman	Mehrkens	Pogemiller	
Decker	Gustafson	Moe, R.D.	Ramstad	

Those who voted in the negative were:

Adkins	Chmielewski	Johnson, D.E.	McGowan	Renneke
Anderson	Dahl	Johnson, D.J.	McQuaid	Samuelson
Beckman	Davis	Kroening	Merriam	Schmitz
Bernhagen	Frank	Langseth	Metzen	Stumpf
Bertram	Frederickson, D.R.	Lantry	Pehler	Vickerman
Brandl	Hughes	Lessard	Piepho	Waldorf

The motion prevailed. So the amendment was adopted.

S.F. No. 1104 was read the third time, as amended, and placed on its final passage.

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

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

Those who voted in the affirmative were:

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

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

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 2457 a Special Order to be heard

immediately.

### SPECIAL ORDER

H.F. No. 2457: A bill for an act relating to public financing; allocating authority to issue tax exempt revenue bonds; restricting loans from proceeds of mortgage revenue bonds under certain circumstances; amending Minnesota Statutes 1988, sections 474A.02, subdivisions 6, 8, and by adding a subdivision; 474A.03; 474A.061, subdivision 3, and by adding subdivisions; 474A.091, subdivisions 1, 4, and 5; 474A.131, subdivision 2; and 474A.14; Minnesota Statutes 1989 Supplement, section 290.01, subdivision 19a; Minnesota Statutes Second 1989 Supplement, sections 474A.061, subdivisions 1 and 4; and 474A.091, subdivisions 2 and 3; proposing coding for new law in Minnesota Statutes, chapter 474A; repealing Minnesota Statutes 1988, sections 474A.081, subdivisions 1, 2, and 4; and 474A.091, subdivision 4a; Minnesota Statutes Second 1989 Supplement, section 474A.061, subdivision 2.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 58 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.J.	Mehrckens	Ramstad
Anderson	Decker	Knaak	Metzen	Reichgott
Beckman	Diessner	Kroening	Moe, D.M.	Renneke
Belanger	Flynn	Laidig	Moe, R.D.	Samuelson
Benson	Frank	Langseth	Morse	Schmitz
Berglin	Frederick	Lantry	Olson	Spear
Bernhagen	Frederickson, D.J.	Larson	Pariseau	Storm
Bertram	Frederickson, D.R.	Lessard	Pehler	Stumpf
Brandl	Freeman	Luther	Peterson, R.W.	Vickerman
Brataas	Gustafson	Marty	Piepho	Waldorf
Cohen	Hughes	McGowan	Piper	
Dahl	Johnson, D.E.	McQuaid	Pogemiller	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 2350 a Special Order to be heard immediately.

### SPECIAL ORDER

H.F. No. 2350: A bill for an act relating to natural resources; authorizing the commissioner to designate agents to sell state park permits; amending Minnesota Statutes 1988, section 85.053, subdivision 1.

Mr. Dicklich moved to amend H.F. No. 2350 as follows:

Page 2, after line 8, insert:

“Sec. 2. Minnesota Statutes 1988, section 93.49, is amended to read:  
93.49 ~~[BOND FINANCIAL ASSURANCE OF OPERATOR.]~~

The commissioner shall require a bond or other security or *other financial* assurance satisfactory to the commissioner from an operator. ~~who (a) fails to take reclamation measures set forth in the permit or any amendment thereto; (b) fails to comply with rules promulgated by the commissioner pursuant to section 93.47; or (c) fails to perform research which may be~~

agreed upon by the permittee and the commissioner or required by sections 93.44 to 93.51, in regard to reclamation of mining areas under the control of the operator. The commissioner also may require a bond, security, or other assurance from an operator if the commissioner has reasonable doubts as to the operator's financial ability to comply with the rules relative to actions required to be taken after the completion of such mining operations or any phase thereof. The commissioner shall review annually the need for and extent of each operator's bond financial assurance under this section."

Re-number the sections in sequence

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 2350 was read the third time, as amended, and placed on its final passage.

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

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

Those who voted in the affirmative were:

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

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

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 1790 a Special Order to be heard immediately.

### SPECIAL ORDER

S.F. No. 1790: A bill for an act relating to health; establishing a legislative task force to study the regulation of health insurance premium rates and health care costs.

Mr. Solon moved to amend S.F. No. 1790 as follows:

Page 1, delete lines 8 to 23

Page 1, line 24, delete "Subd. 2." and insert "Subdivision 1."

Page 2, line 7, delete "3" and insert "2"

Page 2, line 9, delete "4" and insert "3"

Page 2, line 11, delete "5" and insert "4"

Page 3, line 19, delete "6" and insert "5"

The motion prevailed. So the amendment was adopted.

Mr. Solon then moved to amend S.F. No. 1790 as follows:

Page 3, after line 18, insert:

*“(g) The legislative task force shall study provider charges to determine why the charges increase at rates in excess of the general rate of inflation.”*

The motion prevailed. So the amendment was adopted.

Mr. Bernhagen moved to amend S.F. No. 1790 as follows:

Page 3, after line 18, insert:

*“(g) The legislative task force shall study the procedures used by medical care providers for billing recipients of medical care when payment is to be made by a third-party payor.”*

The motion prevailed. So the amendment was adopted.

S.F. No. 1790 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 2195 a Special Order to be heard immediately.

### SPECIAL ORDER

S.F. No. 2195: A bill for an act relating to waste; prohibiting certain types of low-level radioactive waste from being disposed of at other than licensed facilities; providing for a task force on radioactive waste deregulation; proposing coding for new law in Minnesota Statutes, chapter 116C.

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

So the bill passed and its title was agreed to.

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

### MESSAGES FROM THE HOUSE

Mr. President:

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

S.F. No. 2618: A bill for an act relating to public administration; appropriating money or reducing appropriations to the higher education coordinating board, regents of the University of Minnesota, state university board, state board for community colleges, and state board of vocational technical education, with certain conditions; excepting notification of committee chairs on certain capital projects; establishing a community college at Cambridge; clarifying the duties and powers of the higher education coordinating board; authorizing tuition reciprocity agreements with contiguous Canadian provinces; establishing a state matching grant program to match private gifts to endowment funds; requiring administrative service plans for technical colleges under certain circumstances; changing permitted kinds of investments for the permanent university fund; permitting capital gains of the fund to be used to support endowed academic chairs; authorizing the purchase of a certain building by the state university board; requiring development of a consumer information system for occupational programs; regulating public post-secondary plans; requiring reports; adjusting contributions to state system retirement plans; amending Minnesota Statutes 1988, sections 136.60; 136.602; 136C.05, by adding a subdivision; 137.022, subdivisions 1 and 3; 352.92, subdivision 2; 352B.02, subdivision 1c; 353.27, subdivision 3a; and 354.42, subdivision 5; Minnesota Statutes 1989 Supplement, sections 16B.335, subdivision 2; 136A.04; 136A.08; 352.04, subdivisions 2 and 3; and 354B.04, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 136A; repealing Minnesota Statutes 1988, section 353.27, subdivision 3.

Senate File No. 2618 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 29, 1990

Mr. Waldorf moved that the Senate do not concur in the amendments by

the House to S.F. No. 2618, and that a Conference Committee of 5 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate proceeded to the Order of Business of Introduction and First Reading of Senate Bills.

### INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bill was read the first time.

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

S.F. No. 2621: A bill for an act relating to the organization and operation of state government; appropriating money for human services and health and other purposes with certain conditions; amending Minnesota Statutes 1988, sections 13.46, subdivision 5; 144A.073, by adding a subdivision; 245A.07, subdivision 3; 245A.08, subdivision 3; 245A.16, subdivision 4; 254B.04, subdivision 1; 254B.08; 256.736, subdivision 3a; 256.936, by adding a subdivision; 256B.04, subdivisions 15 and 16; 256B.055, subdivisions 3, 5, 6, and 12; 256B.056, subdivisions 2 and 7, and by adding a subdivision; 256B.0625, subdivisions 4, 5, 9, and by adding subdivisions; 256B.091, subdivisions 4 and 6; 256B.092, subdivisions 1a and 1b, and by adding subdivisions; 256B.15; 256B.19, by adding a subdivision; 256B.431, subdivision 3e, and by adding subdivisions; 256B.48, subdivision 2, and by adding a subdivision; 256B.49, by adding a subdivision; 256B.50, subdivisions 1 and 1b; 256B.501, subdivision 3e, and by adding a subdivision; 256B.69, subdivision 3; 256D.03, subdivision 7; 256E.06, subdivisions 2 and 7; 256H.01, by adding subdivisions; 518.171, subdivisions 1, 3, 4, and 7; 518.54, by adding subdivisions; 518.551, subdivisions 1 and 5; 518.611, subdivisions 1, 2, 8, and 8a, and by adding a subdivision; 518C.02, by adding subdivisions; 518C.03; 518C.05; 518C.09; 518C.12; and 518C.27, subdivision 1; Minnesota Statutes 1988, section 252.27, as amended by Laws 1989, chapter 282, article 2, section 92; Minnesota Statutes 1989 Supplement, sections 144.50, subdivision 6; 245.470, subdivision 1; 245.488, subdivision 1; 245A.02, subdivision 6a; 245A.03, subdivision 2; 245A.04, subdivisions 3, 3a, and 3b; 245A.12; 245A.13; 245A.16, subdivision 1; 252.46, subdivisions 1, 2, 3, 4, and 12; 254B.03, subdivision 4; 256.736, subdivision 16; 256.74, subdivision 1; 256.936, subdivision 1; 256.969, subdivisions 2c and 6a; 256.9695, subdivisions 1 and 3; 256B.055, subdivision 7; 256B.056, subdivisions 3 and 4; 256B.057, subdivisions 1 and 2, and by adding subdivisions; 256B.0575; 256B.059, subdivisions 4 and 5; 256B.0595, subdivisions 1, 2, and 4; 256B.0625, subdivision 13; 256B.091, subdivision 8; 256B.14; 256B.431, subdivision 2b; 256B.495, subdivision 1; 256B.69, subdivision 16; 256D.03, subdivisions 3, 4, and 6; 256D.425, subdivision 3; 256H.03, subdivisions 2, 2a, and 2b; 256H.05, subdivisions 1b, 1c, 2, and 5; 256H.08; 256H.15, subdivisions 1 and 2; 256I.05, subdivisions 1 and 7; 257.57, subdivision 1; 518.551, subdivision 10; 518.611, subdivision 4; and 518.613, subdivision 2; Laws 1988, chapter 689, article 2, section 256; Laws 1989, chapter 282, article 3, section 98, subdivisions 4 and 5; proposing coding for new law in Minnesota Statutes, chapters 60A; 144; 245A; 252; 254A; 256; and 256B; repealing Minnesota Statutes 1988, sections 256.736, subdivision 8; 256B.0625, subdivision 2; 256B.431, subdivisions 3, 3b, 3c,

and 3d; and 256B.50, subdivision 2; Minnesota Statutes 1989 Supplement, sections 256.736, subdivision 15; 256B.055, subdivision 8; and 256B.431, subdivisions 3a and 3f.

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

### RECESS

Mr. Moe, R.D. moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

### APPOINTMENTS

Mr. Moe, R.D. from the Subcommittee on Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

H.F. No. 2056: Messrs. Langseth, Stumpf and Frederickson, D.J.

H.F. No. 1928: Messrs. Dicklich, Marty and McGowan.

H.F. No. 1960: Messrs. Berg, Lessard and Frederickson, D.R.

H.F. No. 1981: Messrs. Stumpf, Belanger and Langseth.

H.F. No. 1913: Messrs. Solon, Spear, Metzen, Larson and Dahl.

H.F. No. 2500: Messrs. Solon, Anderson and Freeman.

H.F. No. 1952: Messrs. Marty, Spear and Belanger.

H.F. No. 796: Messrs. Chmielewski, Gustafson and Merriam.

H.F. No. 1927: Messrs. Chmielewski, Renneke and Spear.

H.F. No. 2135: Messrs. Novak, Frank and Merriam.

S.F. No. 2618: Messrs. Waldorf; Hughes; Johnson, D.E.; Dicklich and Mrs. Brataas.

Mr. Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

### MOTIONS AND RESOLUTIONS - CONTINUED

#### CONFIRMATION

Mr. Pehler moved that the reports from the Committee on Education, reported March 21, 1990, pertaining to appointments, be taken from the table. The motion prevailed.

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

Mr. Pehler moved that in accordance with the reports from the Committee on Education, reported March 21, 1990, the Senate, having given its advice, do now consent to and confirm the appointments of:

#### BOARD OF THE MINNESOTA CENTER FOR ARTS EDUCATION

Philip Brunelle, 4211 Glencrest Rd., Golden Valley, Hennepin County, effective June 27, 1989, for a term expiring the first Monday in January,

1991.

Joe Duffy, 4208 W. 44th St., Edina, Hennepin County, effective December 4, 1989, for a term expiring the first Monday in January, 1991.

William Jones, 4900 Prescott Cir., Edina, Hennepin County, effective June 27, 1989, for a term expiring the first Monday in January, 1991.

Garland Wright, 1807 Dupont Ave. S., Minneapolis, Hennepin County, effective August 18, 1989, for a term expiring the first Monday in January, 1991.

#### DEPARTMENT OF EDUCATION COMMISSIONER

Tom Nelson, 15204 Portland Ave. S., Burnsville, Dakota County, effective January 8, 1990, for a term expiring the first Monday in January, 1991.

#### MINNESOTA HIGHER EDUCATION COORDINATING BOARD

Mark Bergmann, 716 W. Broadway, Winona, Winona County, effective January 24, 1990, for a term expiring the first Monday in January, 1992.

Marilyn Bryant, 17819 Maple Hill Rd., Wayzata, Hennepin County, effective October 15, 1989, for a term expiring the first Monday in January, 1993.

Paul Day, 1790 Carl St., St. Paul, Ramsey County, effective June 27, 1989, for a term expiring the first Monday in January, 1992.

Roger Nierengarten, 844 N. 1st St., Sartell, Stearns County, effective October 2, 1989, for a term expiring the first Monday in January, 1991.

Duane Scribner, 49 Arthur Ave. S.E., Minneapolis, Hennepin County, effective January 24, 1990, for a term expiring the first Monday in January, 1996.

#### MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

Jack Amundson, 2005 S. 14th St., St. Cloud, Stearns County, effective January 16, 1990, for a term expiring the first Monday in January, 1994.

Carol Blomberg, Rt. 1, Box 95A, Nashwauk, Itasca County, effective January 16, 1990, for a term expiring the first Monday in January, 1994.

#### STATE BOARD FOR COMMUNITY COLLEGES

James B. Collier, 604 S.E. 24th St., Willmar, Kandiyohi County, effective January 24, 1990, for a term expiring the first Monday in January, 1994.

Pierre Mattei, 823 - 5th Ave. S.W., Grand Rapids, Itasca County, effective January 24, 1990, for a term expiring the first Monday in January, 1994.

#### STATE BOARD OF EDUCATION

Erling O. Johnson, 832 Eastwood Ln., Anoka, Anoka County, effective January 30, 1990, for a term expiring the first Monday in January, 1994.

Alan T. Zdon, 3825 - 3rd Ave. E., Hibbing, St. Louis County, effective January 30, 1990, for a term expiring the first Monday in January, 1994.

The motion prevailed. So the appointments were confirmed.

**MOTIONS AND RESOLUTIONS - CONTINUED**

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Orders of Business of Messages From the House and First Reading of House Bills.

**MESSAGES FROM THE HOUSE**

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 1839.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 29, 1990

**FIRST READING OF HOUSE BILLS**

The following bill was read the first time.

H.F. No. 1839: A bill for an act relating to employment; raising the minimum wage; amending Minnesota Statutes 1988, sections 177.23, subdivision 7; 177.24, subdivisions 1 and 2 and by adding a subdivision.

**SUSPENSION OF RULES**

Mr. Moe, R.D. moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 1839 and that the rules of the Senate be so far suspended as to give H.F. No. 1839 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 1839 was read the second time.

Mrs. Adkins moved to amend H.F. No. 1839 as follows:

Page 4, after line 32, insert:

*“(d) Notwithstanding paragraph (b) or (c) to the contrary, the minimum hourly wage for employees who receive an average of \$25 or more per week in gratuities in a pay period shall be as follows:*

*(1) every large employer must pay each such adult employee wages at a rate of at least \$3.95 an hour beginning January 1, 1991; and each such minor employee wages at a rate of at least \$3.56 an hour beginning January 1, 1991;*

*(2) every small employer must pay each such adult employee wages at a rate of at least \$3.80 an hour beginning January 1, 1991; and each such minor employee wages at a rate of at least \$3.42 an hour beginning January 1, 1991.*

*This paragraph is effective until January 1, 1992.”*

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

### CALL OF THE SENATE

Mrs. Lantry imposed a call of the Senate for the balance of the proceedings on H.F. No. 1839. The Sergeant at Arms was instructed to bring in the absent members.

Mr. Knaak moved to amend H.F. No. 1839 as follows:

Page 3, line 32, delete "\$362,500" and insert "\$500,000"

Page 4, line 1, delete "\$362,500" and insert "\$500,000"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 31 and nays 34, as follows:

Those who voted in the affirmative were:

Anderson	Brandl	Johnson, D.E.	Mehrkens	Schmitz
Beckman	Brataas	Knaak	Morse	Storm
Belanger	Chmielewski	Knutson	Olson	Vickerman
Benson	Decker	Laidig	Pariseau	
Berg	Frederick	Larson	Piepho	
Bernhagen	Frederickson, D.R.	McGowan	Ramstad	
Bertram	Gustafson	McQuaid	Renneke	

Those who voted in the negative were:

Adkins	Flynn	Langseth	Moe, D.M.	Reichgott
Berglin	Frank	Lantry	Moe, R.D.	Samuelson
Cohen	Frederickson, D.J.	Lessard	Novak	Solon
Dahl	Freeman	Luther	Pehler	Spear
Davis	Hughes	Marty	Peterson, R. W.	Stumpf
Dicklich	Johnson, D.J.	Merriam	Piper	Waldorf
Diessner	Kroening	Metzen	Pogemiller	

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

H.F. No. 1839 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 47 and nays 17, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Kroening	Metzen	Reichgott
Beckman	Flynn	Laidig	Moe, D.M.	Samuelson
Berglin	Frank	Langseth	Moe, R.D.	Solon
Bertram	Frederickson, D.J.	Lantry	Morse	Spear
Brandl	Frederickson, D.R.	Lessard	Novak	Stumpf
Brataas	Freeman	Luther	Pehler	Vickerman
Chmielewski	Gustafson	Marty	Peterson, R. W.	Waldorf
Cohen	Hughes	McQuaid	Piepho	
Dahl	Johnson, D.E.	Mehrkens	Piper	
Davis	Johnson, D.J.	Merriam	Pogemiller	

Those who voted in the negative were:

Anderson	Bernhagen	Knutson	Pariseau	Storm
Belanger	Decker	Larson	Ramstad	
Benson	Frederick	McGowan	Renneke	
Berg	Knaak	Olson	Schmitz	

So the bill passed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

Mrs. Lantry moved that S.F. No. 1769, No. 20 on Special Orders, be stricken and laid on the table. The motion prevailed.

**MEMBERS EXCUSED**

Mr. DeCramer was excused from the Session of today. Mr. Purfeerst was excused from the Session of today at 6:00 p.m. Mr. Hughes was excused from the Session of today from 1:30 to 3:20 p.m. Mr. Lessard was excused from the Session of today from 2:30 to 2:45 p.m.

**ADJOURNMENT**

Mr. Moe, R.D. moved that the Senate do now adjourn until 12:00 noon, Friday, March 30, 1990. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate