

FORTY-FOURTH DAY

St. Paul, Minnesota, Wednesday, May 1, 1991

The Senate met at 9:30 a.m. and was called to order by the President.

CALL OF THE SENATE

Mr. Beckman 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. Fred Schwerdt.

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

Adkins	Day	Johnston	Moe, R.D.	Riveness
Beckman	DeCramer	Kelly	Mondale	Sams
Belanger	Dicklich	Knaak	Morse	Samuelson
Benson, D.D.	Finn	Kroening	Neuville	Solon
Benson, J.E.	Flynn	Laidig	Novak	Spear
Berg	Frank	Langseth	Olson	Storm
Berglin	Frederickson, D.J.	Larson	Pappas	Stumpf
Bernhagen	Frederickson, D.R.	Lessard	Pariseau	Traub
Bertram	Gustafson	Luther	Piper	Vickerman
Brataas	Halberg	Marty	Pogemiller	Waldorf
Chmielewski	Hottinger	McGowan	Price	
Cohen	Johnson, D.E.	Mehrkens	Ranum	
Dahl	Johnson, D.J.	Merriam	Reichgott	
Davis	Johnson, J.B.	Metzen	Renneke	

The President declared a quorum present.

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

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 317, 571, 813, 1054, 1208, 478 and 922.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 30, 1991

FIRST READING OF HOUSE BILLS

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

H.F. No. 317: A bill for an act relating to marriage dissolution; clarifying procedure for modification of certain custody orders; providing for additional child support payments; providing an alternative form of satisfaction of child support obligation; imposing a fiduciary duty and providing for compensation in cases of breach of that duty; clarifying certain mediation procedures; providing for attorneys' fees in certain cases; clarifying language concerning certain motions; imposing penalties; amending Minnesota Statutes 1990, sections 518.18; 518.551, subdivision 5; 518.57, by adding a subdivision; 518.58, subdivision 1, and by adding a subdivision; 518.619, subdivision 6; 518.64, subdivision 2; and 518.641, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 518.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 227, now on General Orders.

H.F. No. 571: A bill for an act relating to retirement; Minneapolis municipal employees; making various changes reflecting benefits, administration, and investment practices of the Minneapolis employees retirement fund; amending Minnesota Statutes 1990, sections 11A.24, subdivision 1; 356.71; 422A.03, subdivision 1; 422A.05, subdivision 2c; 422A.09, subdivision 3; 422A.13, subdivision 2; and 422A.16, subdivisions 1 and 3.

Referred to the Committee on Finance.

H.F. No. 813: A bill for an act relating to retirement; Minneapolis police relief association; adding a surviving spouse board member; changing board membership; providing for a phase-out of the board; amending Laws 1949, chapter 406, section 4, subdivisions 2 and 3, as amended; section 6, subdivision 3, as amended; Laws 1953, chapter 127, section 1, by adding a subdivision; Laws 1965, chapter 493, section 3, as amended.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 775, now on General Orders.

H.F. No. 1054: A bill for an act relating to retirement; teachers retirement association; permitting purchases of prior services by certain employees for periods of leave.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 813, now on General Orders.

H.F. No. 1208: A bill for an act relating to game and fish; extending the date by which fish houses and dark houses must be removed from certain state waters; amending Minnesota Statutes 1990, section 97C.355, subdivision 7.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 970, now on General Orders.

H.F. No. 478: A bill for an act relating to elections; changing requirement of absentee ballot applications for deer hunters; facilitating voting by certain students; defining certain terms; providing for use of certain facilities for elections; clarifying uses to be made of lists of registered voters; requiring commissioner of health to report deaths to secretary of state; authorizing facsimile applications for absentee ballots; authorizing certain experimental procedures for absentee ballots and mail balloting; requiring notarized affidavits of candidacy; providing for voting methods in combined local elections; providing order of counting gray box ballots; changing time for issuance of certificates of election; clarifying effect of changing the year

of municipal elections; changing certain deadlines; authorizing an experimental school board election; changing procedures for hospital district elections; amending Minnesota Statutes 1990, sections 97A.485, subdivision 1a; 200.02, by adding a subdivision; 201.061, subdivision 3; 201.091, subdivisions 1 and 4; 201.13, subdivision 1; 203B.02, by adding a subdivision; 203B.04, subdivision 1; 204B.09, subdivision 1; 204B.16, subdivision 6, and by adding a subdivision; 204B.32; 204B.35, by adding a subdivision; 204B.45, by adding a subdivision; 204C.19, subdivision 2; 204C.40, subdivision 2; 205.07, subdivision 1, and by adding a subdivision; 205.16, subdivision 4; 205A.04; 205A.07, subdivision 3; and 447.32, subdivisions 2, 3, and 4; proposing coding for new law in Minnesota Statutes, chapters 135A and 201.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 508, now on General Orders.

H.F. No. 922: A bill for an act relating to crimes; imposing a duty to investigate and render aid when a person is injured in a shooting accident; imposing penalties; providing immunity from civil liability under certain circumstances; proposing coding for new law in Minnesota Statutes, chapter 609.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 772, now on General Orders.

REPORTS OF COMMITTEES

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

Mr. Novak from the Committee on Energy and Public Utilities, to which was referred

S.F. No. 1337: A bill for an act relating to energy; removing requirement for foundation insulation; providing for energy audits of rental property; providing less favorable tax treatment of rental property that is in substantial noncompliance with energy code standards; providing a credit for energy conservation expenditures on rental property; requiring landlords to disclose certain energy information to prospective tenants; amending Minnesota Statutes 1990, sections 216C.27, subdivision 3; 216C.31; 273.1316, subdivisions 2, 5, and 8; 290.06, by adding a subdivision; and 504.22, by adding a subdivision.

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

Page 2, line 27, before the period, insert "*if the rental unit is individually metered for heating utility purposes and the occupant is directly responsible for paying the heating utility bill*"

Page 2, line 31, delete everything after "*completed*" and insert a period

Page 2, delete lines 32 and 33

Page 2, line 35, delete "*must be treated as current operating*"

Page 2, delete line 36

Page 3, delete line 1 and insert "*are considered conservation improvement program expenses under section 216B.241. The commission shall allow a*

utility to recover energy audit expenses under this section."

Pages 4 to 8, delete section 6

Page 9, line 1, after "tenant" insert "*, if the rental unit is individually metered for heating utility purposes and the occupant is directly responsible for paying the heating utility bill*"

Page 9, line 2, delete everything after "(1)"

Page 9, delete lines 3 and 4

Page 9, line 5, delete "(2)"

Page 9, line 7, delete "(3)" and insert "(2)"

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

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, delete "providing a"

Page 1, delete line 7

Page 1, line 8, delete "property;"

Page 1, line 12, delete everything before "and"

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

Mr. Waldorf from the Committee on Governmental Operations, to which was re-referred

S.F. No. 745: A bill for an act relating to education; changing the composition of the board of the state high school league; amending Minnesota Statutes 1990, section 128C.01, subdivision 4.

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

Page 2, after line 3, insert:

"(c) The appointing authorities shall seek to achieve gender balance in the membership of the board.

Sec. 2. [128C.06] [HOCKEY TOURNAMENT.]

Notwithstanding section 128C.05, beginning in 1992, the state high school league shall either (1) conduct a single state high school hockey tournament, or (2) conduct a state high school hockey tournament according to a format approved by a majority of the head hockey coaches in the state's hockey playing high schools."

Page 2, line 4, delete "2" and insert "3"

Page 2, line 5, delete "Section 1 is" and insert "Sections 1 and 2 are" and delete "its"

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "providing requirements for the state high school hockey tournament;"

Page 1, line 5, before the period, insert "; proposing coding for new law

in Minnesota Statutes, chapter 128C”

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

Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred

S.F. No. 511: A bill for an act relating to natural resources; Eurasian water milfoil; changing the watercraft surcharge; placing the surcharge in a dedicated account; providing for informational materials; providing for a pilot program; restricting new public access; amending Minnesota Statutes 1990, sections 86B.415, subdivisions 7 and 9; 103G.617, subdivision 3, and by adding subdivisions.

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 1990, section 86B.415, subdivision 7, is amended to read:

Subd. 7. [WATERCRAFT SURCHARGE.] A surcharge of \$2 is placed on each watercraft licensed under subdivisions 1 to 6, ~~that is 17 feet in length or longer,~~ for management of ~~purple loosestrife~~ and Eurasian water milfoil and zebra mussel according to law.

Sec. 2. Minnesota Statutes 1990, section 86B.415, subdivision 9, is amended to read:

Subd. 9. [DISPOSITION OF RECEIPTS.] Money received for watercraft licenses shall be deposited in the state treasury and credited to the water recreation account, *except that the surcharge under section 86B.415, subdivision 7, must be placed in a dedicated account and used for programs on control, law enforcement, inventory, education, management, and research on Eurasian water milfoil and zebra mussel.*

Sec. 3. Minnesota Statutes 1990, section 103G.617, subdivision 3, is amended to read:

Subd. 3. [EDUCATION.] The commissioner shall publish and distribute informational materials to lakeshore owners and boaters on ~~the control problems~~ *education, public awareness, and citizen action to understand and prevent spreading of Eurasian water milfoil, the zebra mussel, and other exotic species. In the summary of the fishing laws given to a person obtaining a fishing license, the commissioner must prominently mention the problems of Eurasian water milfoil, the zebra mussel, and other exotic species, how to curb their spread, and the penalty for illegal transportation.*

Sec. 4. [ROAD CHECKS FOR BOATS.]

The commissioner of natural resources shall establish a two-year program of at least five checks per year of trailered boats.

Sec. 5. [EFFECTIVE DATE.]

Sections 1 to 4 are effective the day following final enactment.”

Amend the title as follows:

Page 1, line 2, delete “Eurasian water milfoil;”

Page 1, line 3, delete "changing" and insert "expanding the coverage and purposes of"

Page 1, line 5, delete "providing for a pilot"

Page 1, line 6, delete everything before "amending"

Page 1, line 8, after "9;" insert "and" and delete ", and by" and insert a period

Page 1, delete line 9

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

Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred

H.F. No. 887: A bill for an act relating to game and fish; setting conditions under which a hunter may take two deer; amending Minnesota Statutes 1990, section 97B.301, subdivision 4.

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 1990, section 97A.015, subdivision 45, is amended to read:

Subd. 45. [SMALL GAME.] "Small game" means game birds, gray squirrel, fox squirrel, cottontail rabbit, snowshoe hare, jack rabbit, raccoon, lynx, bobcat, ~~red fox and~~ gray fox, fisher, pine marten, opossum, badger, cougar, wolverine, muskrat, mink, otter, and beaver.

Sec. 2. Minnesota Statutes 1990, section 97A.015, subdivision 53, is amended to read:

Subd. 53. [UNPROTECTED WILD ANIMALS.] "Unprotected wild animals" means wild animals that are not protected wild animals including weasel, coyote (brush wolf), gopher, porcupine, skunk, ~~and~~ civet cat, ~~red fox~~, and unprotected birds.

Sec. 3. Minnesota Statutes 1990, section 97A.431, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY.] Persons eligible for a moose license shall be determined under this section and commissioner's order. A person is eligible for a moose license only if the person:

(1) is a resident;

(2) is at least age 16 before the season opens; and

(3) has not been issued a moose license ~~for any of the last five seasons after January 1, 1981.~~

Sec. 4. Minnesota Statutes 1990, section 97A.475, subdivision 3, is amended to read:

Subd. 3. [NONRESIDENT HUNTING.] Fees for the following licenses, to be issued to nonresidents, are:

(1) to take small game, \$56;

- (2) to take deer with firearms, \$110;
- (3) to take deer by archery, \$110;
- (4) to take bear, \$165;
- (5) to take turkey, \$33; and
- (6) to take raccoon, bobcat, *gray* fox, coyote, or lynx, \$137.50.

Sec. 5. Minnesota Statutes 1990, section 97A.485, subdivision 9, is amended to read:

Subd. 9. [CERTAIN LICENSES NOT TO BE ISSUED AFTER SEASON OPENS.] (a) *Except as provided in paragraphs (b) and (d)*, the following licenses may not be issued after the day before the opening of the related firearms season:

- (1) to take deer with firearms or by archery;
- (2) to guide bear hunters; and
- (3) to guide turkey hunters.

(b) Paragraph (a) does not apply to deer licenses for discharged military personnel under section 97A.465, subdivision 4.

(c) A nonresident license or tag to take and possess raccoon, bobcat, Canada lynx, or *gray* fox may not be issued after the fifth day of the open season.

(d) The commissioner may issue a license to take deer to a person for whom the three-year period under section 97A.421, subdivision 3, ends during an open deer season.

Sec. 6. Minnesota Statutes 1990, section 97A.541, is amended to read:

97A.541 [NONRESIDENT: SMALL GAME TAGS.]

A nonresident may not possess or transport a raccoon, bobcat, Canada lynx, or *gray* fox taken in this state without a tag attached to the animal. The commissioner shall prescribe, by order, the type of tag and the number of tags to be issued with each nonresident raccoon, bobcat, Canada lynx, or *gray* fox license and shall furnish the tags with the licenses to be issued.

Sec. 7. Minnesota Statutes 1990, section 97B.075, is amended to read:

97B.075 [HUNTING RESTRICTED BETWEEN EVENING AND MORNING.]

A person may not take protected wild animals, except raccoon and *gray* fox, with a firearm or by archery between the evening and morning times established by commissioner's order.

Sec. 8. Minnesota Statutes 1990, section 97B.601, subdivision 3, is amended to read:

Subd. 3. [NONRESIDENTS: RACCOON, BOBCAT, *GRAY* FOX, COYOTE, CANADA LYNX.] A nonresident may not take raccoon, bobcat, *gray* fox, coyote, or Canada lynx without a separate license to take that animal in addition to a small game license.

Sec. 9. Minnesota Statutes 1990, section 97B.631, is amended to read:

97B.631 [*GRAY* FOX.]

Subdivision 1. [RESTRICTIONS ON TAKING.] A person may not remove a *gray fox* from a den or trap *gray fox* within 300 feet of a *gray fox* den from April 1 to August 31.

Subd. 2. [PERMIT REQUIRED TO SNARE.] A person may not use a snare to take *gray fox* except under a permit from the commissioner.

Sec. 10. Minnesota Statutes 1990, section 97B.655, subdivision 1, is amended to read:

Subdivision 1. [OWNERS AND OCCUPANTS MAY TAKE CERTAIN ANIMALS.] A person may take mink, squirrel, rabbit, hare, raccoon, lynx, bobcat, *gray fox*, muskrat, or beaver on land owned or occupied by the person where the animal is causing damage. The person may take the animal without a license and in any manner except by poison, or artificial lights in the closed season. Raccoons may be taken under this subdivision with artificial lights during open season. A person that kills mink, raccoon, lynx, bobcat, *gray fox*, muskrat, or beaver under this subdivision must bring the entire animal to a conservation officer or employee of the division within 24 hours after the animal is killed.

Sec. 11. [REPORT ON TAKING TWO DEER.]

The commissioner of natural resources shall study the impact of allowing persons to take one deer by firearm and one deer by archery in a single season. The commissioner shall report to the chairs of the environment and natural resources committees of the legislature on the results of the study by February 1, 1992.

Sec. 12. [EXPERIMENTAL MOURNING DOVE SEASON.]

Subdivision 1. [TIME PERIOD.] *Notwithstanding Minnesota Statutes, section 97B.731, subdivision 2, until December 31, 1992, mourning doves may be taken and possessed in that part of the state lying west of a line formed by U.S. Route 71 from the Iowa border north to Blackduck, then continuing north on Minnesota Route 72 to Baudette, in accordance with an order issued by the commissioner of natural resources under subdivision 2.*

Subd. 2. [COMMISSIONER'S ORDER.] *The commissioner may by order prescribe an open season and restrictions for taking mourning doves in the designated area. The order must expire on or before December 31, 1992.*

Subd. 3. [LICENSE AND STAMP REQUIRED.] *A person may not take mourning doves under this section without a small game license and a mourning dove stamp in possession.*

Subd. 4. [MOURNING DOVE STAMP.] *(a) The fee for a mourning dove stamp is \$5.*

(b) The commissioner may use revenue from mourning dove stamps for preparing the report required in section 13.

Sec. 13. [REPORT.]

The commissioner shall report to the legislature by March 1, 1993, on the results of the experimental mourning dove season authorized by section 12. The report must include a description of the impact of the experimental season on the mourning dove population in the designated area.

Sec. 14. [EFFECTIVE DATE.]

Sections 12 and 13 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to game and fish; designating red fox as an unprotected wild animal; changing the eligibility requirements for moose licenses; allowing certain deer licenses to be issued during the open season; authorizing an experimental season on mourning doves in a designated area; requiring mourning dove stamps and setting a fee for them; requiring a report to the legislature on the experimental season; requiring a report on the effects of allowing two deer to be taken in a season; amending Minnesota Statutes 1990, sections 97A.015, subdivisions 45 and 53; 97A.431, subdivision 2; 97A.475, subdivision 3; 97A.485, subdivision 9; 97A.541; 97B.075; 97B.601, subdivision 3; 97B.631; and 97B.655, subdivision 1."

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

Mr. Spear from the Committee on Judiciary, to which was referred

S.F. No. 351: A bill for an act relating to peace officers; guaranteeing peace officers certain rights when under investigation and in disciplinary proceedings; proposing coding for new law in Minnesota Statutes, chapter 626.

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

Delete everything after the enacting clause and insert:

"Section 1. [626.89] [PEACE OFFICER DISCIPLINE PROCEDURES ACT.]

Subdivision 1. [DEFINITIONS.] For purposes of this section, the terms defined in this subdivision have the meanings given them.

(a) "Administrative hearing" means a nonjudicial hearing or arbitration authorized to recommend, approve, or order discipline.

(b) "Formal statement" means the questioning of an officer in the course of obtaining a recorded, stenographic, or signed statement to be used as evidence in a disciplinary proceeding against the officer.

(c) "Officer" means a licensed peace officer or part-time peace officer, as defined in section 626.84, subdivision 1, paragraphs (c) and (f), who is employed by a unit of government.

Subd. 2. [APPLICABILITY.] The procedures and provisions of this section apply to law enforcement agencies and government units. The procedures and provisions of this section do not apply to:

(1) investigations and proceedings of the Minneapolis civilian police review authority; or

(2) investigations of criminal charges against an officer.

Subd. 3. [GOVERNING FORMAL STATEMENT PROCEDURES.] The formal statement of an officer must be taken in accordance with subdivisions 4 to 9.

Subd. 4. [PLACE OF FORMAL STATEMENT.] The formal statement must be taken at a facility of the employing or investigating agency or at

a place agreed to by the investigating individual and the investigated officer.

Subd. 5. [COMPLAINT.] An officer's formal statement may not be taken unless there is filed with the employing or investigating agency a written complaint signed by the complainant stating the complainant's knowledge, and the officer has been given a summary of the allegations. Before an administrative hearing is begun, the officer must be given a copy of the signed complaint.

Subd. 6. [SESSIONS.] Sessions at which a formal statement is taken must be of reasonable duration and must give the officer reasonable periods for rest and personal necessities. When practicable, sessions must be held during the officer's regularly scheduled work shift. If the session is not held during the officer's regularly scheduled work shift, the officer must be paid by the employing agency at the officer's current compensation rate for time spent attending the session.

Subd. 7. [RECORD.] A complete record of sessions at which a formal statement is taken must be made by electronic recording or otherwise. Upon written request of the officer whose statement is taken, a complete copy or transcript must be made available to the officer without charge or undue delay. The session may be tape recorded by the investigating officer and by the officer under investigation.

Subd. 8. [PRESENCE OF ATTORNEY OR UNION REPRESENTATIVE.] The officer whose formal statement is taken has the right to have an attorney or union representative of the officer's choosing present during the session. The officer may request the presence of an attorney or union representative at any time before or during the session. When a request under this subdivision is made, no formal statement may be taken until a reasonable opportunity is provided for the officer to obtain the presence of the attorney or union representative.

Subd. 9. [ADMISSIONS.] Before an officer's formal statement is taken, the officer shall be advised in writing or on the record that admissions made in the course of the formal statement may be used as evidence of misconduct or as a basis for discipline.

Subd. 10. [DISCLOSURE OF FINANCIAL RECORDS.] No employer may require an officer to produce or disclose the officer's personal financial records except pursuant to a valid search warrant or subpoena.

Subd. 11. [RELEASE OF PHOTOGRAPHS.] No law enforcement agency or governmental unit may publicly release photographs of an officer without the written permission of the officer, except that the agency or unit may display a photograph of an officer to a prospective witness as part of an agency or unit investigation, and the agency or unit may release a photograph to the civilian police review authority.

Subd. 12. [DISCIPLINARY LETTER.] No disciplinary letter or reprimand may be included in an officer's personnel record unless the officer has been given a copy of the letter or reprimand.

Subd. 13. [RETALIATORY ACTION PROHIBITED.] No officer may be discharged, disciplined, or threatened with discharge or discipline as retaliation for or solely by reason of the officer's exercise of the rights provided by this section.

Subd. 14. [RIGHTS NOT REDUCED.] The rights of officers provided by this section are in addition to and do not diminish the rights and privileges

of officers that are provided under an applicable collective bargaining agreement or any other applicable law.

Subd. 15. [ACTION FOR DAMAGES.] Notwithstanding section 3.736 or 466.03, a political subdivision or state agency that violates this section is liable to the officer for actual damages resulting from the violation, plus costs and reasonable attorney fees. The political subdivision or the state is deemed to have waived any immunity to a cause of action brought under this subdivision, except that the monetary limits on liability under section 3.736, subdivision 4, or 466.04 apply.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective August 1, 1991, and applies to formal statements or actions taken on or after that date."

Amend the title as follows:

Page 1, line 3, delete everything after "when" and insert "a formal statement is taken for disciplinary purposes"

Page 1, line 4, delete everything before the semicolon

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

Mr. Spear from the Committee on Judiciary, to which was referred

S.F. No. 526: A bill for an act relating to crime; sentencing; clarifying and revising the intensive community supervision program; amending Minnesota Statutes 1990, sections 244.05, subdivision 6; 244.12; 244.13; 244.14; and 244.15.

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

Page 1, lines 18 and 21, delete "supervised" and insert "supervision"

Page 1, lines 19 and 22, delete "release"

Page 3, line 17, before the period, insert "*and, after July 1, 1994, the commissioner shall award grants so that at least one-half of the money appropriated for the programs in each year is awarded to community corrections act counties*"

Page 3, line 20, delete "supervised release" and insert "supervision"

Page 3, line 23, delete "supervised" and insert "supervision"

Page 3, line 24, delete "release" and after the period, insert "*An intensive supervision agent must have qualifications comparable to those for a state corrections agent.*"

Page 3, after line 30, insert:

"Subd. 4. [DEFINITION.] For purposes of section 244.05, subdivision 6, and sections 244.12 to 244.15, "intensive supervision agent" means a probation officer, a corrections agent, or any other qualified person employed in supervising offenders serving a period of intensive community supervision or intensive supervised release."

Page 5, lines 1 and 36, delete "supervised release" and insert "supervision"

Page 6, lines 9 and 29, delete "*supervised release*" and insert "*supervision*"

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

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

S.F. No. 760: A bill for an act relating to taxation; providing for distribution of fire state aid to cities; amending Minnesota Statutes 1990, sections 69.011, subdivision 1; and 69.021, subdivisions 4, 6, 7, 8, and 9.

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 1990, section 69.011, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] Unless the language or context clearly indicates that a different meaning is intended, the following words and terms shall for the purposes of this chapter and chapters 423, 423A, 424 and 424A have the meanings ascribed to them:

(a) "Commissioner" means the commissioner of revenue.

(b) "Municipality" means any home rule charter or statutory city, organized town or park district subject to chapter 398, and the University of Minnesota.

(c) "Minnesota Firetown Premium Report" means a form prescribed by the commissioner containing space for reporting by insurers of fire, lighting, sprinkler leakage and extended coverage premiums received upon risks located or to be performed in this state less return premiums and dividends.

(d) "Firetown" means the area serviced by any municipality having a qualified fire department or a qualified incorporated fire department having a subsidiary volunteer firefighters' relief association.

(e) "~~Net tax capacity~~" "Market value" means latest available ~~net tax capacity~~ market value of all property in a taxing jurisdiction, whether the property is subject to taxation, or exempt from ad valorem taxation obtained from information which appears on abstracts filed with the commissioner of revenue or equalized by the state board of equalization.

(f) "Minnesota Aid to Police Premium Report" means a form prescribed by the commissioner for reporting by each fire and casualty insurer of all premiums received upon direct business received by it in this state, or by its agents for it, in cash or otherwise, during the preceding calendar year, with reference to insurance written for insuring against the perils contained in auto insurance coverages as reported in the Minnesota business schedule of the annual financial statement which each insurer is required to file with the commissioner in accordance with the governing laws or rules less return premiums and dividends.

(g) "Peace officer" means any person:

(1) whose primary source of income derived from wages is from direct

employment by a municipality or county as a law enforcement officer on a full-time basis of not less than 30 hours per week;

(2) who has been employed for a minimum of six months prior to December 31 preceding the date of the current year's certification ~~pursuant to~~ under subdivision 2, clause (b);

(3) who is sworn to enforce the general criminal laws of the state and local ordinances;

(4) who is licensed by the peace officers standards and training board and is authorized to arrest with a warrant; and

(5) who is a member of a local police relief association to which section 69.77 applies or the public employees police and fire fund.

(h) "Full-time equivalent number of peace officers providing contract service" means the integral or fractional number of peace officers which would be necessary to provide the contract service if all peace officers providing service were employed on a full-time basis as defined by the employing unit and the municipality receiving the contract service.

(i) "Retirement benefits other than a service pension" means any disbursement authorized ~~pursuant to~~ under section 424A.05, subdivision 3, clauses (2), (3) and (4).

(j) "Municipal clerk, municipal clerk-treasurer or county auditor" means the person who was elected or appointed to the specified position or, in the absence of the person, another person who is designated by the applicable governing body. In a park district the clerk is the secretary of the board of park district commissioners. In the case of the University of Minnesota, the clerk is that official designated by the board of regents.

Sec. 2. Minnesota Statutes 1990, section 69.021, subdivision 4, is amended to read:

Subd. 4. [DETERMINATION OF QUALIFIED STATE AID RECIPIENTS; CERTIFICATION TO COMMISSIONER OF REVENUE.] The commissioner shall determine which municipalities and independent nonprofit firefighting corporations are qualified to receive fire state aid and which municipalities and counties are qualified to receive ~~police~~ state peace officer aid. The commissioner shall determine qualification upon receipt of (1) the fire department personnel and equipment certification or the police department and qualified peace officers certificate, whichever is applicable, required ~~pursuant to~~ under section 69.011, (2) the financial compliance report required ~~pursuant to~~ under section 6.495, and (3) any other relevant information which comes to the attention of the commissioner. Upon completion of the determination, on or before September 1, the commissioner shall calculate ~~pursuant to~~ under subdivision 6 the amount of fire state aid and ~~police~~ (a) state peace officer aid which each county, or municipality, or independent nonprofit firefighting corporation is to receive and (b) fire state aid which each municipality or nonprofit firefighting corporation is to receive. The commissioner shall certify to the commissioner of finance the name of each county, or municipality, and the amount of state aid which each county or municipality is to receive, in the case of state peace officer aid; and the name of each municipality or independent nonprofit firefighting corporation and the amount of state aid which each municipality or independent nonprofit firefighting corporation is to receive, in the case of fire state aid.

Sec. 3. Minnesota Statutes 1990, section 69.021, subdivision 6, is amended to read:

Subd. 6. [CALCULATION OF APPORTIONMENT OF STATE PEACE OFFICER AID TO COUNTIES.] ~~With respect to firefighters, one-half of the state aid available shall be distributed to the counties in proportion to their population as shown by the last official statewide federal census. The remaining one-half of the state aid available shall be distributed to the counties in proportion to their net tax capacity, excluding mineral values.~~

In the case of incorporated or municipal fire departments furnishing fire protection to cities, towns, or townships in other counties as evidenced by valid fire service contracts filed with the commissioner and county auditor the distribution to the respective counties shall be adjusted proportionately to take into consideration the crossover fire protection service. Necessary adjustments shall be made to subsequent apportionments. The state aid available in respect to peace officers shall not exceed the amount of tax collected and shall be distributed to the counties in proportion to the total number of active peace officers, as defined in section 69.011, subdivision 1, clause (g), in each county who are employed either by municipalities maintaining police departments or by the county. Any necessary adjustments shall be made to subsequent apportionments.

Sec. 4. Minnesota Statutes 1990, section 69.021, subdivision 7, is amended to read:

Subd. 7. [APPORTIONMENT OF AID TO MUNICIPALITIES AND RELIEF ASSOCIATIONS.] (1) The commissioner shall apportion the state aid relative to the premiums reported on the Minnesota Firetown Premium Reports filed pursuant to under this chapter to each municipality and/or firefighters' relief association in the same manner that state aid is apportioned to the counties, one-half in proportion to the population as shown in the last official statewide federal census for each fire town and one-half in proportion to the net tax capacity market value of the each fire towns in the county for which aid is proportioned town, including the market value of tax exempt property, but excluding the market value of minerals. In the case of incorporated or municipal fire departments furnishing fire protection to other cities, towns, or townships as evidenced by valid fire service contracts filed with the commissioner, the distribution shall be adjusted proportionately to take into consideration the crossover fire protection service. Necessary adjustments shall be made to subsequent apportionments.

In the case of municipalities or independent fire departments qualifying for the aid, the commissioner shall calculate the state aid for the municipality or relief association on the basis of the population and the net tax capacity market value of the area furnished fire protection service by the fire department as evidenced by duly executed and valid fire service agreements filed with the commissioner. If one or more fire departments are furnishing contracted fire service to a city, town, or township, only the population and net tax capacity market value of the area served by each fire department shall be considered in calculating the state aid and the fire departments furnishing service shall enter into an agreement apportioning among themselves the percent of the population and the net tax capacity market value of each service area. The agreement shall be in writing and filed with the commissioner in duplicate. The commissioner shall forward one copy of the agreement to the county auditor of the county wherein the fire department is located and retain one copy.

The aid shall be paid to the treasurer of the municipality where the fire department is located and the treasurer of the municipality shall within 30 days transmit the aid to the relief association if the relief association has filed a financial report with the treasurer of the municipality and has met all other statutory provisions pertaining to the aid apportionment.

The commissioner is hereby empowered to may make rules to permit the administration of the provisions of this section.

(2) The commissioner shall apportion the state ~~police~~ *peace officer* aid to each municipality and to the county in the following manner:

(a) For all municipalities maintaining police departments and the county, the state aid shall be distributed in proportion to the total number of peace officers, as determined ~~pursuant to~~ *under* section 69.011, subdivision 1, clause (g), and subdivision 2, clause (b), employed by each municipality and by the county for 12 calendar months and the proportional or fractional number who were employed less than 12 months;

(b) For each municipality which contracts with the county for police service, a proportionate amount of the state aid distributed to the county based on the full-time equivalent number of peace officers providing contract service shall be credited against the municipality's contract obligation;

(c) For each municipality which contracts with another municipality for police service, a proportionate amount of the state aid distributed to the municipality providing contract service based on the full-time equivalent number of peace officers providing contract service on a full-time equivalent basis shall be credited against the contract obligation of the municipality receiving contract service;

(d) No municipality entitled to receive ~~police~~ *state peace officer* aid shall be apportioned less ~~police~~ *state peace officer* aid for any year under Laws 1976, chapter 315, than the amount which was apportioned to it for calendar year 1975 based on premiums reported to the commissioner for calendar year 1974; provided, the amount of ~~police~~ *state peace officer* aid to other municipalities within the county and to the county shall be adjusted in proportion to the total number of peace officers in the municipalities and the county, so that the amount of ~~police~~ *state peace officer* aid apportioned shall not exceed the amount of ~~police~~ *state peace officer* aid available for apportionment.

Sec. 5. Minnesota Statutes 1990, section 69.021, subdivision 8, is amended to read:

Subd. 8. [~~POPULATION AND TAX CAPACITY~~ *MARKET VALUE*.] In computations requiring the use of population figures only official statewide federal census figures are to be used. Increases or decreases in population disclosed by reason of any special census shall not be taken into consideration.

In calculations requiring the use of ~~net tax capacity~~ *market value* figures, only the latest available ~~net tax capacity~~ *market value* figures are to be used.

Sec. 6. Minnesota Statutes 1990, section 69.021, subdivision 9, is amended to read:

Subd. 9. [~~APPEAL~~.] In the event that any fire or police department feels itself to be aggrieved, it may request the commissioner to review and adjust the apportionment of funds within the county *in the case of state peace*

officer aid, and within the state in the case of fire state aid, and the decision of the commissioner shall be subject to appeal, review, and adjustment by the district court in the county in which the fire or police department is located.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 6 are effective for aids payable in 1991 and thereafter."

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

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

S.F. No. 362: A bill for an act relating to taxation; property tax; mortgage registry tax; making technical corrections and administrative changes; providing for mortgage registration tax on reverse mortgages; amending Minnesota Statutes 1990, sections 18.022, subdivision 2; 47.58, subdivision 6; 69.011, subdivision 3; 270.11, subdivision 6; 270.12, subdivision 2, and by adding a subdivision; 272.02, subdivision 4; 272.025, subdivision 1; 272.31; 272.67, subdivision 6; 273.11, subdivision 10; 273.111, subdivisions 3 and 6; 273.124, subdivisions 9 and 13; 273.13, subdivisions 22, 23, and 31; 273.1398, subdivisions 5 and 6; 273.1399, subdivisions 1 and 3; 275.065, subdivisions 3 and 5a; 276.04, subdivision 2; 276.041; 277.01; 278.01, subdivision 1; 279.01, subdivision 1; 279.06; 281.17; 282.01, subdivision 1; 287.05; 375.192, subdivision 2; 414.031, subdivision 6; 414.0325, subdivision 4; 414.033, subdivision 7; 414.06, subdivision 4; 414.061, subdivision 3; 469.174, subdivision 7; 477A.014, subdivisions 1, 4, and by adding a subdivision; and 515A.1-105, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 273; repealing Minnesota Statutes 1990, section 273.137; Laws 1989, chapter 277, article 4, section 2.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

PROPERTY TAX ADMINISTRATION

Section 1. Minnesota Statutes 1990, section 13.51, subdivision 2, is amended to read:

Subd. 2. [INCOME PROPERTY ASSESSMENT DATA.] The following data collected by political subdivisions from individuals or business entities concerning income properties are classified as private or nonpublic data pursuant to section 13.02, subdivisions 9 and 12:

(a) Detailed income and expense figures for the current year plus the previous three years;

(b) Average vacancy factors for the previous three years;

(c) Verified net rentable areas or net usable areas, whichever is appropriate;

(d) Anticipated income and expenses for the current year; ~~and~~

(e) Projected vacancy factor for the current year; *and*

(f) Lease information.

Sec. 2. Minnesota Statutes 1990, section 270.11, subdivision 6, is amended to read:

Subd. 6. [CHANGE OF ~~NET TAX CAPACITIES~~ MARKET VALUES.] The commissioner of revenue shall raise or lower the ~~net tax capacity~~ market value of any real or personal property, including the power to raise or lower the ~~net tax capacity~~ market value of the real or personal property of any individual, copartnership, company, association, or corporation; provided, that before any such assessment against the property of any individual, copartnership, company, association, or corporation is so raised, notice of an intention to raise such ~~net tax capacity~~ market value and of the time and place at which a hearing thereon will be held shall be given to such person, by mail, addressed to the person at the place of residence listed upon the assessment book, at least five days before the day of such hearing.

All relevant and material evidence concerning the ~~net tax capacity~~ market value of the real or personal property shall be submitted at the hearing, and the hearing shall not be a "contested case" within the meaning of section 14.02, subdivision 3. The person notified of the hearing, or any other person having an interest in the property, may present evidence and argument bearing upon the ~~net tax capacity~~ market value of the property.

Sec. 3. Minnesota Statutes 1990, section 270.12, subdivision 2, is amended to read:

Subd. 2. [POWERS AND DUTIES.] The board shall meet annually between April 15 and June 30 at the office of the commissioner of revenue and examine and compare the returns of the assessment of the property in the several counties, and equalize the same so that all the taxable property in the state shall be assessed at its market value, subject to the following rules:

(1) The board shall add to the aggregate valuation of the real property of every county, which the board believes to be valued below its market value in money, such percent as will bring the same to its market value in money;

(2) The board shall deduct from the aggregate valuation of the real property of every county, which the board believes to be valued above its market value in money, such percent as will reduce the same to its market value in money;

(3) If the board believes the valuation for a class or classes of the real property of any town or district in any county, or the valuation for a class or classes of the real property of any county not in towns or cities, should be raised or reduced, without raising or reducing the other real property of such county, or without raising or reducing it in the same ratio, the board may add to, or take from, the valuation of a class or classes in any one or more of such towns or cities, or of the property not in towns or cities, such percent as the board believes will raise or reduce the same to its market value in money;

(4) The board shall add to the aggregate valuation of any class of personal property of any county, town, or city, which the board believes to be valued below the market value thereof, such percent as will raise the same to its market value in money;

(5) The board shall take from the aggregate valuation of any class of

personal property in any county, town or city, which the board believes to be valued above the market value thereof, such percent as will reduce the same to its market value in money;

(6) The board shall not reduce the aggregate valuation of all the property of the state, as returned by the several county auditors, more than one percent on the whole valuation thereof;

(7) When it would be of assistance in equalizing values the board may require any county auditor to furnish statements showing assessments of real and personal property of any individuals, firms, or corporations within the county. The board shall consider and equalize such assessments and may increase the assessment of individuals, firms, or corporations above the amount returned by the county board of equalization when it shall appear to be undervalued, first giving notice to such persons of the intention of the board so to do, which notice shall fix a time and place of hearing. The board shall not decrease any such assessment below the valuation placed by the county board of equalization; ~~and~~

(8) In equalizing values pursuant to this section, the board shall utilize a 12-month assessment/sales ratio study conducted by the department of revenue containing only sales that are filed in the county auditor's office under section 272.115, by November 1 of the previous year and that occurred between October 1 of the year immediately preceding the previous year and September 30 of the previous year. The sales prices used in the study must be discounted for terms of financing. The board shall use the median ratio as the statistical measure of the level of assessment for any particular category of property; *and*

(9) *The board shall receive from each county the estimated market values on the assessment date falling within the study period for all parcels, by magnetic tape or other medium as prescribed by the commissioner of revenue.*

Sec. 4. Minnesota Statutes 1990, section 270.12, is amended by adding a subdivision to read:

Subd. 5. [EQUALIZATION ORDERS.] The board of equalization may, pursuant to its responsibilities under subdivisions 2 and 3, issue orders to ensure that the results of local and county boards of equalization are consistent with the objective of state equalization. The board may issue, at its discretion, a supplemental order to amend, supersede, or correct a prior order of the board or an order of a local or county board. The supplemental order must be issued within 60 days of the order to be changed. The board may issue to a local or county board of equalization, within ten business days of the receipt of minutes of a local or county board of equalization, an order explaining the action that the state board believes will be necessary to effect the objective of state equalization.

Sec. 5. Minnesota Statutes 1990, section 271.04, is amended to read:
271.04 [HEARINGS.]

The tax court shall hold hearings and meetings as may be prescribed by the rules of the tax court, *including a rule on the admissibility of evidence not produced 30 days before a hearing by an owner of income-producing property.* The principal office of the tax court shall be in Saint Paul, but it shall hold hearings at any other place within the state, so that taxpayers may appear before the court with as little inconvenience and expense to the

taxpayer as is practicable. The tax court shall be allowed to use the district court court room in all of the counties. The administrator of the tax court shall consult with the court administrator of the district court involved before a schedule of court room to be used by the tax court is established. Each tax court judge may hear and decide cases. Upon petition by a party to a case, or upon a motion by a tax court judge, and approval by a majority of the tax court, a case may be tried before the entire tax court. When an appeal is taken by a resident taxpayer from an order of the commissioner, not involving property taxes, venue for the case shall be, at the election of the taxpayer, in Ramsey county or in the district court judicial district in which the taxpayer resides. Venue shall be in Ramsey county for an appeal taken by a nonresident taxpayer from an order of the commissioner. Venue for all other cases arising under the tax laws of the state shall be in the same judicial district as if the case was being tried in district court.

Sec. 6. Minnesota Statutes 1990, section 271.21, subdivision 6, is amended to read:

Subd. 6. The hearing in the small claims division shall be informal and without a jury. The judge may hear any testimony and receive any evidence the judge deems necessary or desirable for a just determination of the case *except that evidence relating to the valuation of income-producing property not produced to the county assessor 30 days before a hearing by the property owner is not admissible, except when necessary to prevent undue hardship or when failure to produce is due to the unavailability of the evidence at that time.* Sales ratio studies published by the department of revenue may be admissible as a public record without foundation. All testimony shall be given under oath. A party may appear personally or may be represented or accompanied by an attorney. No transcript of the proceedings shall be kept.

Sec. 7. Minnesota Statutes 1990, section 272.02, subdivision 4, is amended to read:

Subd. 4. [CONVERSION TO EXEMPT OR TAXABLE USES.] (a) Any property exempt from taxation on January 2 of any year which, due to sale or other reason, loses its exemption prior to ~~December 20~~ *July 1* of any year, shall be placed on the current assessment rolls for that year.

The valuation shall be determined with respect to its value on January 2 of such year. The classification shall be based upon the use to which the property was put by the purchaser, or in the event the purchaser has not utilized the property by ~~December 20~~ *July 1*, the intended use of the property, determined by the county assessor, based upon all relevant facts.

(b) Property subject to tax on January 2 that is acquired by a governmental entity, church, or educational institution before ~~August~~ *July 1* of the year is exempt for that assessment year if (1) the property is to be used for an exempt purpose under subdivision 1, clauses (1) to (7), and (2) the property is not subject to the filing requirement under section 272.025.

Sec. 8. Minnesota Statutes 1990, section 272.025, subdivision 1, is amended to read:

Subdivision 1. Except as provided in subdivision 3, a taxpayer claiming an exemption from taxation on property described in section 272.02, subdivision 1, clauses (1) to (7), *(10), (11), (13), (15), (16), and (18)*, except churches and houses of worship and property solely used for educational purposes by academies, colleges, universities or seminaries of learning and property owned by the state of Minnesota or any political subdivision

thereof, shall file a statement of exemption with the assessor of the assessment district in which the property is located. ~~or.~~ In the case of a taxpayer claiming an exemption from taxation on property described in section 272.02, subdivision 1, clause (9), *the taxpayer* shall file a statement of exemption with the commissioner or revenue, on or before February 15 of each year for which the taxpayer claims an exemption. In case of sickness, absence or other disability or for good cause, the assessor may extend the time for filing the statement of exemption for a period not to exceed 60 days. The commissioner of revenue shall prescribe the form and contents of the statement of exemption.

Sec. 9. Minnesota Statutes 1990, section 272.03, subdivision 1, is amended to read:

Subdivision 1. [REAL PROPERTY.] (a) For the purposes of taxation, "real property" includes the land itself, rails, ties, and other track materials annexed to the land, and all buildings, structures, and improvements or other fixtures on it, bridges of bridge companies, and all rights and privileges belonging or appertaining to the land, and all mines, *iron ore and taconite minerals not otherwise exempt*, quarries, fossils, and trees on or under it.

(b) A building or structure shall include the building or structure itself, together with all improvements or fixtures annexed to the building or structure, which are integrated with and of permanent benefit to the building or structure, regardless of the present use of the building, and which cannot be removed without substantial damage to itself or to the building or structure.

(c) (i) ~~The term "Real property"~~ *shall* does not include tools, implements, machinery, and equipment attached to or installed in real property for use in the business or production activity conducted thereon, regardless of size, weight or method of attachment, *and mine shafts, tunnels, and other underground openings used to extract ores and minerals taxed under chapter 298 together with steel, concrete, and other materials used to support such openings.*

(ii) The exclusion provided in clause (i) shall not apply to machinery and equipment includable as real estate by paragraphs (a) and (b) even though such machinery and equipment is used in the business or production activity conducted on the real property if and to the extent such business or production activity consists of furnishing services or products to other buildings or structures which are subject to taxation under this chapter.

(iii) The exclusion provided in clause (i) does not apply to the exterior shell of a structure which constitutes walls, ceilings, roofs, or floors if the shell of the structure has structural, insulation, or temperature control functions or provides protection from the elements. Such an exterior shell is included in the definition of real property even if it also has special functions distinct from that of a building.

(d) The term real property does not include tools, implements, machinery, equipment, poles, lines, cables, wires, conduit, and station connections which are part of a telephone communications system, regardless of attachment to or installation in real property and regardless of size, weight, or method of attachment or installation.

Sec. 10. Minnesota Statutes 1990, section 272.31, is amended to read:

272.31 [LIEN OF REAL ESTATE TAXES.]

The taxes assessed upon real property shall be a perpetual lien thereon, and on all structures and standing timber thereon and on all minerals therein, from ~~and including January 2 in the year in which they are levied, until they are paid; but, the property is assessed.~~ As between grantor and grantee, such lien shall not attach until the first Monday of January of the year next thereafter.

Sec. 11. Minnesota Statutes 1990, section 273.111, subdivision 3, is amended to read:

Subd. 3. (a) ~~Real estate~~ *Agricultural land as defined in section 273.13, subdivision 23, consisting of ten acres or more or a nursery or greenhouse qualifying for classification as class 1b, 2a, or 2b under section 273.13, subdivision 23, paragraph (d), shall be entitled to valuation and tax deferment under this section only if it is actively and exclusively devoted to agricultural use as defined in subdivision 6 production for sale of agricultural products as defined in section 273.13, subdivision 23, paragraph (e), and either:*

(1) is the homestead of the owner, or of a surviving spouse, child, or sibling of the owner or is real estate which is farmed with the real estate which contains the homestead property; or

(2) has been in possession of the applicant, the applicant's spouse, parent, or sibling, or any combination thereof, for a period of at least seven years prior to application for benefits under the provisions of this section, or is real estate which is farmed with the real estate which qualifies under this clause and is within two townships or cities or combination thereof from the qualifying real estate; or

(3) is the homestead of a shareholder in a family farm corporation as defined in section 500.24, notwithstanding the fact that legal title to the real estate may be held in the name of the family farm corporation; or

(4) is in the possession of a nursery or greenhouse or an entity owned by a proprietor, partnership, or corporation which also owns the nursery or greenhouse operations on the parcel or parcels.

(b) Valuation of real estate under this section is limited to parcels the ownership of which is in noncorporate entities except for:

(1) family farm corporations organized pursuant to section 500.24; and

(2) corporations that derive 80 percent or more of their gross receipts from the wholesale or retail sale of horticultural or nursery stock.

Corporate entities who previously qualified for tax deferment pursuant to this section and who continue to otherwise qualify under subdivisions 3 and 6 for a period of at least three years following the effective date of Laws 1983, chapter 222, section 8, will not be required to make payment of the previously deferred taxes, notwithstanding the provisions of subdivision 9. Sale of the land prior to the expiration of the three-year period shall result in payment of deferred taxes as follows: sale within the first year requires payment of payable 1980, 1981, and 1982 deferred taxes; sale during the second year requires payment of payable 1981 and 1982 taxes deferred; and sale at any time during the third year will require payment of payable 1983 taxes deferred. Deferred taxes shall be paid even if the land qualifies pursuant to subdivision 11a. Special assessments are payable

at the end of the three-year period or at time of sale, whichever comes first.

Sec. 12. Minnesota Statutes 1990, section 273.111, subdivision 6, is amended to read:

Subd. 6. Real property shall be considered to be in agricultural use provided that annually: (1) at least 33 1/3 percent of the total family income of the owner is derived therefrom, or the total production income including rental from the property is \$300 plus \$10 per tillable acre; and (2) it is devoted to the production for sale of ~~livestock, dairy animals, dairy products, poultry and poultry products, fur bearing animals, horticultural and nursery stock which is under sections 18.44 to 18.61, fruit of all kinds, vegetables, forage, grains, bees and apiary products by the owner, slough, wasteland, and woodland contiguous to or surrounded by land described in subdivision 3 shall be considered to be in agricultural use if under the same ownership and management agricultural products as defined in section 273.13, subdivision 23, paragraph (e).~~

Sec. 13. Minnesota Statutes 1990, section 273.124, subdivision 1, is amended to read:

Subdivision 1. [GENERAL RULE.] (a) Residential real estate that is occupied and used for the purposes of a homestead by its owner, who must be a Minnesota resident, is a residential homestead.

Agricultural land, as defined in section 273.13, subdivision 23, that is occupied and used as a homestead by its owner, who must be a Minnesota resident, is an agricultural homestead.

Dates for establishment of a homestead and homestead treatment provided to particular types of property are as provided in this section.

The assessor shall require proof, by affidavit or otherwise, of the facts upon which classification as a homestead may be determined.

(b) For purposes of this section, homestead property shall include property which is used for purposes of the homestead but is separated from the homestead by a road, street, lot, waterway, or other similar intervening property. The term "used for purposes of the homestead" shall include but not be limited to uses for gardens, garages, or other outbuildings commonly associated with a homestead, but shall not include vacant land held primarily for future development. In order to receive homestead treatment for the noncontiguous property, the owner shall apply for it to the assessor by July 1 of the year when the treatment is initially sought. After initial qualification for the homestead treatment, additional applications for subsequent years are not required.

(c) In the case of property owned by a married couple in joint tenancy or tenancy in common, the assessor must not deny homestead treatment in whole or in part if only one of the spouses is occupying the property and the other spouse is absent due to divorce or separation, or is a resident of a nursing home or a boarding care facility.

(d) If an individual is purchasing property with the intent of claiming it as a homestead, and is required by the terms of the financing agreement to have ~~one or both parents a relative shown on the deed as coowners a coowner~~, the assessor shall allow a full homestead classification and ~~extend full homestead credit. This provision only applies to first time purchasers, whether married or single, or to a person who had previously been married and is purchasing as a single individual for the first time. The application for~~

homestead benefits must be on a form prescribed by the commissioner and must contain the data necessary for the assessor to determine if full homestead benefits are warranted. For purposes of this paragraph and paragraph (e), "relative" means a parent, stepparent, child, stepchild, grandparent, brother, sister, uncle, or aunt. This relationship may be by blood or marriage.

(e) In the case of property owned and formerly occupied by two or more persons in joint tenancy or tenancy in common and those persons are relatives as defined in paragraph (d), when one or more of the owners ceases to occupy the property, the assessor shall continue to allow a full homestead classification as long as at least one of the owners continues to occupy the property for purposes of a homestead. This paragraph applies only to single family residential property.

Sec. 14. Minnesota Statutes 1990, section 273.124, subdivision 9, is amended to read:

Subd. 9. [HOMESTEAD ESTABLISHED AFTER ASSESSMENT DATE.] Any property that was not used for the purpose of a homestead on the assessment date, but which was used for the purpose of a homestead by June 1 of a year, constitutes class 1 or class 2a.

Any taxpayer meeting the requirements of this subdivision must notify the county assessor, or the assessor who has the powers of the county assessor pursuant to section 273.063, in writing, prior to June 15 of the year of occupancy in order to qualify under this subdivision.

The county assessor and the county auditor may make the necessary changes on their assessment and tax records to provide for proper homestead classification as provided in this subdivision. *To be effective for taxes payable in the following calendar year, a change of homestead classification must be entered on assessment and tax records before July 1.*

The owner of any property qualifying under this subdivision, which has not been accorded the benefits of this subdivision, regardless of whether or not the notification has been timely filed, may be entitled to receive homestead classification by proper application as provided in section 270.07 or 375.192.

The county assessor shall publish in a newspaper of general circulation within the county no later than June 1 of each year a notice informing the public of the requirement to file an application for homestead prior to June 15.

Sec. 15. Minnesota Statutes 1990, section 273.124, subdivision 13, is amended to read:

Subd. 13. [SOCIAL SECURITY NUMBER REQUIRED FOR HOMESTEAD APPLICATION.] Every property owner applying for homestead classification must furnish to the county assessor that owner's social security number. If the social security number is not provided, the county assessor shall classify the property as nonhomestead. The social security numbers of the property owners are private data on individuals as defined by section 13.02, subdivision 12, but, notwithstanding that section, the private data may be disclosed to the commissioner of revenue.

At the request of the commissioner, each county must give the commissioner a list that includes the name and social security number of each property owner applying for homestead classification.

If, in comparing the lists supplied by the counties, the commissioner finds that a property owner is claiming more than one homestead, the commissioner shall notify the appropriate counties. Within 90 days of the notification, the county assessor shall investigate to determine if the homestead classification was properly claimed. If the property owner does not qualify, the county assessor shall notify the county auditor who will determine the amount of homestead benefits that had been improperly allowed. For the purpose of this section, "homestead benefits" means the tax reduction resulting from the classification as a homestead under section 273.13, ~~the homestead credit under section 273.1398 for taxes payable in 1990 and thereafter,~~ the taconite homestead credit under section 273.135, and the supplemental homestead credit; ~~and the tax reduction resulting from the agricultural credit under section 273.1398 for taxes payable in 1990 and thereafter under section 273.1391.~~ The county auditor shall send a notice to the owners of the affected property, demanding reimbursement of the homestead benefits plus a penalty equal to ~~25~~ 50 percent of the homestead benefits. The property owners may appeal the county's determination by filing a notice of appeal with the Minnesota tax court within 60 days of the date of the notice from the county.

If the amount of homestead benefits and penalty is not paid within 60 days, and if no appeal has been filed, the county auditor shall certify the amount to the succeeding year's tax list to be collected as part of the property taxes.

Any amount of homestead benefits recovered from the property owner must be transmitted to the commissioner by the end of each calendar quarter. Any amount recovered attributable to taconite homestead credit shall be transmitted to the St. Louis county auditor to be deposited in the taconite property tax relief account. The amount of *tax reduction resulting from classification as a homestead and the amount of penalty* collected must be deposited in the county general fund.

The commissioner will provide suggested homestead applications to each county. If a property owner has applied for more than one homestead and the county assessors cannot determine which property should be classified as homestead, the county assessors will refer the information to the commissioner. The commissioner shall make the determination and notify the counties within 60 days.

In addition to lists of homestead properties, the commissioner may ask the counties to furnish lists of all properties and the record owners.

Sec. 16. Minnesota Statutes 1990, section 273.124, subdivision 14, is amended to read:

Subd. 14. [AGRICULTURAL HOMESTEADS; SPECIAL PROVISIONS.] (a) Real estate of less than ten acres that is the homestead of its owner must be classified as class 2a under section 273.13, subdivision 23, paragraph (a), if:

(1) the parcel on which the house is located is contiguous to ~~agricultural land~~ and on at least two sides to (i) agricultural land, (ii) land owned or administered by the United States Fish and Wildlife Service, or (iii) land administered by the department of natural resources on which in lieu taxes are paid under sections 477A.11 to 477A.14;

(2) its owner also owns a noncontiguous parcel of agricultural land that is at least 20 acres;

(3) the noncontiguous land is located not farther than two townships or cities, or a combination of townships or cities from the homestead; and

(4) the agricultural use value of the noncontiguous land and farm buildings is equal to at least 50 percent of the market value of the house, garage, and one acre of land.

Homesteads initially classified as class 2a under the provisions of this subdivision shall remain classified as class 2a, irrespective of subsequent changes in the use of adjoining properties, as long as the homestead remains under the same ownership, the owner owns a noncontiguous parcel of agricultural land that is at least 20 acres, and the agricultural use value qualifies under clause (4).

(b) Noncontiguous land shall be included as part of a homestead under section 273.13, subdivision 23, paragraph (a), only if the homestead is classified as class 2a and the detached land is located in the same township or city, or not farther than two townships or cities or combination thereof from the homestead.

(c) Agricultural land used for purposes of a homestead and actively farmed by a person holding a vested remainder interest in it must be classified as a homestead under section 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other dwellings on the land used for purposes of a homestead by persons holding vested remainder interests who are actively engaged in farming the property, and up to one acre of the land surrounding each homestead and reasonably necessary for the use of the dwelling as a home, must also be assessed class 2a.

Sec. 17. Minnesota Statutes 1990, section 273.124, subdivision 15, is amended to read:

Subd. 15. [RESIDENCE OF DISABLED CHILD, PARENT, OR SIBLING 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, *by a child or children of the individual, or by a sibling or siblings of the individual. This subdivision does not apply to a residence owned by a child of a disabled parent if the property had been the homestead of the parent or parents of the child immediately prior to its acquisition by the child until the first levy year beginning three years after the date of acquisition.* 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 1990, section 273.13, subdivision 22, is amended to read:

Subd. 22. [CLASS 1.] (a) Except as provided in subdivision 23, real estate which is residential and used for homestead purposes is class 1. The market value of class 1a property must be determined based upon the value of the house, garage, and land.

The first \$68,000 of market value of class 1a property has a net class rate of one percent of its market value and a gross class rate of 2.17 percent of its market value. The market value of class 1a property that exceeds \$68,000 but does not exceed \$110,000 has a class rate of two percent of its market value. The market value of class 1a property that exceeds

\$110,000 has a class rate of three percent of its market value.

(b) Class 1b property includes real estate or manufactured homes used for the purposes of a homestead by

(1) any blind person, if the blind person is the owner thereof or if the blind person and the blind person's spouse are the sole owners thereof; or

(2) any person, hereinafter referred to as "veteran," who:

(i) served in the active military or naval service of the United States; and

(ii) is entitled to compensation under the laws and regulations of the United States for permanent and total service-connected disability due to the loss, or loss of use, by reason of amputation, ankylosis, progressive muscular dystrophies, or paralysis, of both lower extremities, such as to preclude motion without the aid of braces, crutches, canes, or a wheelchair; and

(iii) ~~with assistance by the administration of veterans affairs~~ has acquired a special housing unit with special fixtures or movable facilities made necessary by the nature of the veteran's disability, or the surviving spouse of the deceased veteran for as long as the surviving spouse retains the special housing unit as a homestead; or

(3) any person who:

(i) is permanently and totally disabled and

(ii) receives 90 percent or more of total income from

(A) aid from any state as a result of that disability; or

(B) supplemental security income for the disabled; or

(C) workers' compensation based on a finding of total and permanent disability; or

(D) social security disability, including the amount of a disability insurance benefit which is converted to an old age insurance benefit and any subsequent cost of living increases; or

(E) aid under the Federal Railroad Retirement Act of 1937, United States Code Annotated, title 45, section 228b(a)5; or

(F) a pension from any local government retirement fund located in the state of Minnesota as a result of that disability; or

~~(iii)~~ (4) any person who is permanently and totally disabled and whose household income as defined in section 290A.03, subdivision 5, is 150 percent or less of the federal poverty level.

Property is classified and assessed under clause (4) only if the government agency or income-providing source certifies that the owner of the property satisfies the disability requirements of this subdivision.

Property is classified and assessed pursuant to clause (1) only if the commissioner of jobs and training certifies to the assessor that the owner of the property satisfies the requirements of this subdivision.

Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings the person an income. The first \$32,000 market value of class 1b property has a net class rate of .45

percent of its market value and a gross class rate of .87 percent of its market value. The remaining market value of class 1b property has a gross or net class rate using the rates for class 1 or class 2a property, whichever is appropriate, of similar market value.

(c) Class 1c property is commercial use real property that abuts a lakeshore line and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 225 days in the year preceding the year of assessment, and that includes a portion used as a homestead by the owner, which includes a dwelling occupied as a homestead by a shareholder of a corporation that owns the resort or a partner in a partnership that owns the resort, even if the title to the homestead is held by the corporation or partnership. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property, excluding the portion used exclusively as a homestead, is used or available for use for residential occupancy and a fee is charged for residential occupancy. Class 1c property has a class rate of .4 percent of the first \$32,000 of market value for taxes payable in 1990, .6 percent of the first \$32,000 of market value for taxes payable in 1991, .8 percent of the first \$32,000 of market value for taxes payable in 1992, and one percent of market value in excess of \$32,000 for taxes payable in 1990, 1991, and 1992, and one percent of total market value for taxes payable in 1993 and thereafter with the following limitation: the area of the property must not exceed 100 feet of lakeshore footage for each cabin or campsite located on the property up to a total of 800 feet and 500 feet in depth, measured away from the lakeshore.

Sec. 19. Minnesota Statutes 1990, 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 \$110,000, the value of the remaining land including improvements equal to the difference between \$110,000 and the market value of the house, garage, and surrounding one acre of land has a net class rate of .45 percent of market value and a gross class rate of 1.75 percent of market value. The remaining value of class 2a property over \$110,000 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 and thereafter, and a gross class rate of 2.25 percent of market value. The remaining property over the \$110,000 market value in excess of 320 acres has a class rate of 1.7 percent of market value for taxes payable in 1990, and 1.6 percent of market value for taxes payable in 1991, and thereafter, and a gross class rate 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, and 1.6 percent of market value for taxes payable in 1991, 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 land~~ may include ~~pasture, timber, waste,~~

~~unusable wild land, and slough, wasteland, and woodland contiguous to or surrounded by agricultural land, if under the same ownership and management, and land included in state or 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 or cultivating agricultural use;~~ products shall be considered as agricultural land, if it is not used primarily for residential purposes.

(e) The term "agricultural products" as used in ~~the preceding sentence means any of the products identified in section 273.111, this subdivision 6, clause (2) includes:~~ (1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing animals, horticultural and nursery stock described in sections 18.44 to 18.61, fruit of all kinds, vegetables, forage, grains, bees and apiary products by the owner, (2) fish bred for sale and consumption if the fish breeding occurs on land zoned for agricultural use, and (3) the commercial boarding of horses if the boarding is done in conjunction with the raising or cultivation of agricultural products as defined in clause (1).

(e)(f) 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. 20. Minnesota Statutes 1990, section 276.041, is amended to read:
276.041 [FILING TO RECEIVE NOTICE OF DELINQUENT TAXES.]

Fee owners, vendees, mortgagees, lienholders, *escrow agents*, and lessees

of real property may file their names and current mailing addresses with the county auditor in the county where the land is located for the purpose of receiving notices affecting the land that are issued under sections 276.04, 281.23, and 279.091. A person filing shall pay a filing fee of \$15 to the county auditor for each parcel. The filing expires after three years. The county auditor shall give a copy of the list of names and addresses to the county treasurer. Taxpayers of record with the county auditor and mortgagees who remit taxes on their behalf shall receive tax statements and other notices and are not required to file and pay fees under this section.

Sec. 21. Minnesota Statutes 1990, section 277.01, is amended to read:
277.01 [WHEN TAX IS DELINQUENT; PENALTY.]

Subdivision 1. Except as provided in this subdivision and subdivision 3, all unpaid personal property taxes shall be deemed delinquent on May 16 next after they become due or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, and thereupon a penalty of eight percent shall attach and be charged upon all such taxes. In the case of unpaid personal property taxes due and owing under section 272.01, subdivision 2, or 273.19, the first half shall become delinquent if not paid before May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, and thereupon a penalty of eight percent shall attach on the unpaid first half; and the second half shall become delinquent if not paid before October 16, and thereupon a penalty of eight percent shall attach on the unpaid second half. This section shall not apply to ~~class 2a~~ property taxed under section 274.19, subdivision 8, paragraph (c).

A county may provide by resolution that in the case of a property owner that has multiple personal property tax statements with the 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 277.011 or any other law, nor does it affect the order of payment of delinquent taxes under section 280.39.

Subd. 3. [IMPROVEMENTS TO REAL PROPERTY.] Personal property taxes assessed upon improvements made to real property taxed under section 272.01, subdivision 2, or 273.19, if unpaid, become delinquent on May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later. If the tax against the improvements exceeds \$50, one-half may be paid before May 16 and the remaining one-half must be paid at any time before the following October 16, without penalty. Section 279.01, subdivision 1, otherwise governs imposition of penalties.

Sec. 22. Minnesota Statutes 1990, section 279.01, subdivision 1, is amended to read:

Subdivision 1. Except as provided in subdivision 3, on May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, a penalty shall accrue and thereafter be charged upon all unpaid taxes on real estate on the current lists in the hands of the county treasurer. The penalty shall be at a rate of three percent on homestead

property and seven percent on nonhomestead property. 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 statements, 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, or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, shall attach an affidavit to the payment attesting to compliance with the income provision of this subdivision. Thereafter, for both homestead and non-homestead 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 provided that if the due date was extended beyond May 15 as the result of any delay in mailing property tax statements no additional penalty shall accrue if the tax is paid by the extended due date. If the tax is not paid by the extended due date, then all penalties that would have accrued if the due date had been May 15 shall be charged. 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.

This section applies to payment of personal property taxes assessed against improvements to leased property, except as provided by section 277.01, subdivision 3.

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. 23. Minnesota Statutes 1990, section 279.01, subdivision 2, is amended to read:

Subd. 2. ~~In the case of any tax on class 1b, 2a, and 1a homestead property paid within 30 days after the due date specified in this section or after the 30-day extension as specified in subdivision 3,~~ The county board may, with the concurrence of the county treasurer, delegate to the county treasurer the power to abate the penalty provided for late payment of taxes in the current year. Notwithstanding section 270.07, if any county board so elects, the county treasurer may abate the penalty on finding that the imposition of the penalty would be unjust and unreasonable.

Sec. 24. Minnesota Statutes 1990, section 279.06, is amended to read:

279.06 [COPY OF LIST AND NOTICE.]

Subdivision 1. [LIST AND NOTICE.] Within five days after the filing of such list, the court administrator shall return a copy thereof to the county auditor, with a notice prepared and signed by the court administrator, and attached thereto, which may be substantially in the following form:

State of Minnesota)

) ss.

County of)

District Court
..... Judicial District.

The state of Minnesota, to all persons, companies, or corporations who have or claim any estate, right, title, or interest in, claim to, or lien upon, any of the several parcels of land described in the list hereto attached:

The list of taxes and penalties on real property for the county of remaining delinquent on the first Monday in January, 19 , has been filed in the office of the court administrator of the district court of said county, of which that hereto attached is a copy. Therefore, you, and each of you, are hereby required to file in the office of said court administrator, on or before the 20th day after the publication of this notice and list, your answer, in writing, setting forth any objection or defense you may have to the taxes, or any part thereof, upon any parcel of land described in the list, in, to, or on which you have or claim any estate, right, title, interest, claim, or lien, and, in default thereof, judgment will be entered against such parcel of land for the taxes on such list appearing against it, and for all penalties, interest, and costs. Based upon said judgment, the land shall be sold to the state of Minnesota on the second Monday in May, 19 The period of redemption for all lands sold to the state at a tax judgment sale shall be three years from the date of sale to the state of Minnesota if the land is within an incorporated area unless it is: (a) non-agricultural homesteaded land as defined in section 273.13, subdivision 22; (b) homesteaded agricultural land as defined in section 273.13, subdivision 23, paragraph (a); or (c) seasonal recreational land as defined in section 273.13, subdivision 22, paragraph (c), or subdivision 25, paragraph (d)(1) or (c)(4), clause (5), in which event the period of redemption is five years from the date of sale to the state of Minnesota.

The period of redemption for all other lands sold to the state at a tax judgment sale shall be five years from the date of sale.

Inquiries as to the proceedings set forth above can be made to the county auditor of county whose address is

(Signed)

Court Administrator of the District Court of the County
of
(Here insert list.)

The list referred to in the notice shall be substantially in the following form:

List of real property for the county of, on which taxes remain delinquent on the first Monday in January, 19 :

Town of (Fairfield),
Township (40), Range (20),

Names (and Current
Filed Addresses) for
the Taxpayers and
Fee Owners and in
Addition Those Par-
ties Who Have
Filed Their
Addresses Pursuant
to section 276.041

	Subdivision of Section	Section	Tax Parcel Number	Total Tax and Penalty \$ cts.
John Jones (825 Fremont Fairfield, MN 55000)	S.E. 1/4 of S.W. 1/4	10	23101	2.20
Bruce Smith (2059 Hand Fairfield, MN 55000) and Fairfield State Bank (100 Main Street Fairfield, MN 55000)	That part of N.E. 1/4 of S.W. 1/4 desc. as follows: Beg. at the S.E. corner of said N.E. 1/4 of S.W. 1/4; thence N. along the E. line of said N.E. 1/4 of S.W. 1/4 a distance of 600 ft.; thence W. parallel with the S. line of said N.E. 1/4 of S.W. 1/4 a distance of 600 ft.; thence S. parallel with said E. line a distance of 600 ft. to S. line of said N.E. 1/4 of S.W. 1/4; thence E. along said S. line a distance of 600 ft. to the point of beg.	21	33211	3.15

As to platted property, the form of heading shall conform to circumstances and be substantially in the following form:

City of (Smithtown)
Brown's Addition, or Subdivision

Names (and Current
Filed Addresses) for
the Taxpayers and
Fee Owners and in
Addition Those Par-
ties Who have
Filed Their
Addresses Pursuant
to section 276.041

	Lot	Block	Tax Parcel Number	Total Tax and Penalty \$ cts
John Jones (825 Fremont Fairfield, MN 55000)	15	9	58243	2.20
Bruce Smith (2059 Hand Fairfield, MN 55000) and Fairfield State Bank (100 Main Street Fairfield, MN 55000)	16	9	58244	3.15

The names, descriptions, and figures employed in parentheses in the above forms are merely for purposes of illustration.

The name of the town, township, range or city, and addition or subdivision, as the case may be, shall be repeated at the head of each column of the printed lists as brought forward from the preceding column.

Errors in the list shall not be deemed to be a material defect to affect the validity of the judgment and sale.

Subd. 2. [FORM OF LIST AND NOTICE.] Notwithstanding the provisions of subdivision 1, the commissioner of revenue shall prescribe the form of the list and notice required under subdivision 1. The form shall contain the information required under subdivision 1, but shall be organized and presented in a manner easily read and understood. The print must be easily read and contain standard use of capital and lower-case letters. The court administrator shall use the form prescribed by the commissioner for purposes of this section. *The notices published and mailed by the county auditor must also be in the form prescribed by the commissioner.*

Sec. 25. Minnesota Statutes 1990, section 281.17, is amended to read:
281.17 [PERIOD FOR REDEMPTION.]

The period of redemption for all lands sold to the state at a tax judgment sale shall be three years from the date of sale to the state of Minnesota if the land is within an incorporated area unless it is: (a) nonagricultural homesteaded land as defined in section 273.13, subdivision 22, (b) homesteaded agricultural land as defined in section 273.13, subdivision 23, paragraph (a), or (c) seasonal recreational land as defined in section 273.13, subdivision 22, paragraph (c), or subdivision 25, paragraph (d)(1) ~~or (c)(4), clause (5)~~, in which event the period of redemption is five years from the date of sale to the state of Minnesota.

The period of redemption for homesteaded lands as defined in section

273.13, subdivision 22, located in a targeted neighborhood as defined in Laws 1987, chapter 386, article 6, section 4, and sold to the state at a tax judgment sale is three years from the date of sale. The period of redemption for all lands located in a targeted neighborhood as defined in Laws 1987, chapter 386, article 6, section 4, except homesteaded lands as defined in section 273.13, subdivision 22, and sold to the state at a tax judgment sale is one year from the date of sale.

The period of redemption for all other lands sold to the state at a tax judgment sale shall be five years from the date of sale.

Sec. 26. Minnesota Statutes 1990, section 282.01, subdivision 1, is amended to read:

Subdivision 1. [CLASSIFICATION.] It is the general policy of this state to encourage the best use of tax-forfeited lands, recognizing that some lands in public ownership should be retained and managed for public benefits while other lands should be returned to private ownership. Parcels of land becoming the property of the state in trust under law declaring the forfeiture of lands to the state for taxes shall be classified by the county board of the county in which the parcels lie as conservation or nonconservation. In making the classification the board shall consider the present use of adjacent lands, the productivity of the soil, the character of forest or other growth, accessibility of lands to established roads, schools, and other public services, their peculiar suitability or desirability for particular uses and the suitability of the forest resources on the land for multiple use, sustained yield management. The classification, furthermore, must encourage and foster a mode of land utilization that will facilitate the economical and adequate provision of transportation, roads, water supply, drainage, sanitation, education, and recreation; facilitate reduction of governmental expenditures; conserve and develop the natural resources; and foster and develop agriculture and other industries in the districts and places best suited to them.

In making the classification the county board may use information made available by any office or department of the federal, state, or local governments, or by any other person or agency possessing pertinent information at the time the classification is made. The lands may be reclassified from time to time as the county board may consider necessary or desirable, except for conservation lands held by the state free from any trust in favor of any taxing district.

If the lands are located within the boundaries of an organized town, with taxable valuation in excess of \$20,000, or incorporated municipality, the classification or reclassification and sale must first be approved by the town board of the town or the governing body of the municipality in which the lands are located. The town board of the town or the governing body of the municipality is considered to have approved the classification or reclassification and sale if the county board is not notified of the disapproval of the classification or reclassification and sale within 90 days of the date the request for approval was transmitted to the town board of the town or governing body of the municipality. If the town board or governing body desires to acquire any parcel lying in the town or municipality by procedures authorized in this subdivision, it must file a written application with the county board to withhold the parcel from public sale. The application must be filed within 90 days of the request for classification or reclassification and sale. The county board shall then withhold the parcel from public sale for one year. *A clerical error made by county officials does not serve to*

eliminate the request of the town board or governing body if the board or governing body has forwarded the application to the county auditor.

Sec. 27. Minnesota Statutes 1990, section 375.192, subdivision 2, is amended to read:

Subd. 2. Upon written application by the owner of the property, the county board may grant the reduction or abatement of estimated market valuation or taxes and of any costs, penalties, or interest on them as the board deems just and equitable and order the refund in whole or part of any taxes, costs, penalties, or interest which have been erroneously or unjustly paid. *The county board may also grant the abatement of penalties for taxes paid within 30 days of the due date, regardless of the classification of the property.* The application must include the social security number of the applicant. The social security number is private data on individuals as defined by section 13.02, subdivision 12. The application must be approved by the county assessor, or, if the property is located in a city of the first or second class having a city assessor, by the city assessor, and by the county auditor before consideration by the county board. *If the application is for abatement of penalty or interest, the application must be first approved by the county treasurer and county auditor.* No reduction, abatement, or refund of any special assessments made or levied by any municipality for local improvements shall be made unless it is also approved by the board of review or similar taxing authority of the municipality. Before taking action on any reduction or abatement where the reduction of taxes, costs, penalties, and interest exceed \$10,000, the county board shall give 20 days' notice to the school board and the municipality in which the property is located. The notice must describe the property involved, the actual amount of the reduction being sought, and the reason for the reduction. If the school board or the municipality object to the granting of the reduction or abatement, the county board must refer the abatement or reduction to the commissioner of revenue with its recommendation. The commissioner shall consider the abatement or reduction under section 270.07, subdivision 1.

An appeal may not be taken to the tax court from any order of the county board made in the exercise of the discretionary authority granted in this section.

Sec. 28. Minnesota Statutes 1990, section 515A.1-105, subdivision 1, is amended to read:

Subdivision 1. [HOMESTEAD.] (a) Each unit together with its common element interest constitutes for all purposes a separate parcel of real estate.

(b) If a declaration is recorded prior to ~~ten~~ 30 days before any installment of real estate taxes becomes payable, the local taxing authority shall split the taxes so payable on the condominium among the units. Interest and penalties which would otherwise accrue shall not begin to accrue until at least 30 days after the split is accomplished.

(c) A unit used for residential purposes together with not more than two units used for vehicular parking and their common element interests shall be treated the same as any other real estate in determining whether homestead exemptions or classifications shall apply.

Sec. 29. Minnesota Statutes 1990, section 515A.4-102, is amended to read:

515A.4-102 [DISCLOSURE STATEMENT; GENERAL PROVISIONS.]

A disclosure statement shall fully disclose:

(a) the name and principal address of the declarant and the address and the name, if any, and number, if available, of the condominium;

(b) a general description of the condominium; including without limitation the types and number of all buildings, units and amenities, and declarant's schedule of commencement and completion of construction thereof;

(c) the total number of additional units that may be included in the condominium and whether the declarant intends to rent or market blocks of units to investors;

(d) a copy of the declaration other than the condominium plat, condominium plat for the particular unit, bylaws, articles of incorporation, rules and regulations, and any contracts and leases to which the unit owners or association will be subject and which may not be canceled upon 30 days notice by the association;

(e) any current balance sheet and a projected budget for the association for the first full or partial year during which a unit is conveyed to a unit owner other than a declarant and any projected budget for future years which the association has adopted, and a statement of who prepared the balance sheet, projected budget or budget. The budget or projected budget shall include, without limitation:

(1) a statement of the amount, or a statement that there is no amount, included in the budget as a reserve for repairs and replacement;

(2) a statement of any other reserves;

(3) the projected common expense assessment by category of expenditures for the association;

(4) the projected monthly common expense assessment for each type of unit;

(f) any supplies and services not reflected in the budget or projected budget which the declarant provides, or expenses which the declarant pays, and which the declarant expects may become at any subsequent time a common expense of the association and the projected common expense assessment attributable to each of those services or expenses for the association and for each type of unit;

(g) any initial or special fee due from the purchaser to the declarant or the association at closing, together with a description of the purpose and method of calculating the fee;

(h) a description of any liens, defects, or encumbrances on or affecting the title to the condominium after the contemplated conveyance;

(i) a description of any financing offered by the declarant;

(j) the terms of any warranties provided by the declarant, including the warranties set forth in sections 515A.4-111 and 515A.4-112, and limitations imposed by the declarant on the enforcement thereof;

(k) a statement that:

(1) within 15 days after receipt of a disclosure statement, a purchaser may, prior to conveyance, cancel any purchase agreement of a unit from a declarant;

(2) if a declarant fails to provide a disclosure statement to a purchaser before conveying a unit, that purchaser may recover from the declarant an amount not to exceed five percent of the sales price of the unit; and

(3) if a purchaser received the disclosure statement more than 15 days before signing a purchase agreement, the purchaser cannot cancel the agreement;

(l) a statement disclosing, to the extent of the actual knowledge of the declarant or an affiliate of the declarant after reasonable inquiry, any judgments against the association, the status of any pending suits to which the association is a party, and the status of any pending suits material to the condominium;

(m) a statement that any earnest money paid in connection with the purchase of a unit will be held in an escrow account until closing and will be returned to the purchaser if the purchaser cancels the purchase agreement pursuant to section 515A.4-106;

(n) a description of the insurance coverage to be provided for the benefit of unit owners;

(o) any current or expected fees or charges to be paid by unit owners for the use of the common elements and other facilities related to the condominium; and

(p) whether financial arrangements have been provided for completion of all improvements labeled "MUST BE BUILT" pursuant to section 515A.4-117 (Declarant's Obligation to Complete and Restore); and

(q) a statement (1) that there are no delinquent taxes on the property or, if there are delinquent taxes on the property, the amount of the delinquent taxes and the length of the delinquency, and (2) that discloses the amount, if known, of taxes due in the current year.

Sec. 30. [EFFECTIVE DATES.]

Sections 2, 7, 9, 13, 16, 17, 18, 21, and 22 are effective for taxes levied in 1991, payable in 1992 and subsequent years. Section 6 is effective for appeals filed after July 31, 1991. Sections 8, 10, 11, 12, and 19 are effective for taxes levied in 1992, payable in 1993 and thereafter. Sections 1, 4, 14, 15, 20, 24, 25, and 26 are effective the day following final enactment. Sections 3, 23, 27, and 28 are effective July 1, 1991.

ARTICLE 2

PROPERTY TAX TECHNICAL CORRECTIONS

Section 1. Minnesota Statutes 1990, section 18.022, subdivision 2, is amended to read:

Subd. 2. [COST.] (a) To defray the cost of the activities under subdivision 1, the governing body of the political subdivision may levy a tax which, except when levied by a county, must not exceed a ~~gross local tax rate of .55 percent or a net local tax rate of .68~~ 0.01596 percent of taxable market value in any year in excess of charter ~~local tax rate~~ limitations, but not in ~~any event~~ more than 50 cents per capita, except that the levy for the grasshopper control program under sections 18.0223 to 18.0227 is not subject to the 50 cents per capita limitation. The political subdivision may make the levy, where necessary, separate from the general levy and at any time of the year.

(b) If, because of the prevalence of Dutch elm disease, the governing body of such a political subdivision is unable to defray the cost of control activities authorized by this section within the limits set by this subdivision, the limits set by this subdivision are increased to a ~~gross local tax rate of 4.4 percent or a net local tax rate of 1.36~~ 0.03216 percent of taxable market value, but not in any event more than one dollar per capita.

Sec. 2. Minnesota Statutes 1990, section 69.011, subdivision 3, is amended to read:

Subd. 3. [FAILURE TO FILE CERTIFICATE DEEMED WAIVER.] ~~If the certificate a certification required by this section is not filed with the commissioner within the time prescribed by this section the municipality or nonprofit fire fighting corporation shall be deemed to have relinquished its rights for the year to the benefits under this chapter by the due date prescribed by this section, the commissioner shall notify the municipality or the nonprofit fire fighting corporation that a portion or all of its current year aid will be forfeited if the certification is not received within ten days. The amount of aid forfeited is equal to the amount of state police aid or state fire aid determined for the municipality or fire fighting corporation for the current year, multiplied by five percent for each week or fraction of a week that this certification is late. The penalty will be computed beginning ten days after the postmark date of the commissioner's notification as required under this subdivision. All forfeited aid amounts revert to the general fund in the state treasury. Failure to receive the certificate form cannot be used as a defense for not filing.~~

Sec. 3. Minnesota Statutes 1990, section 272.67, subdivision 6, is amended to read:

Subd. 6. A certified copy of every ordinance, amendment, and order adopted or entered pursuant to this section shall be filed with the county auditor before it becomes effective. *For the purposes of taxation, if the ordinance, amendment, or order is certified on or before August 1 of a levy year, it may be implemented that same levy year. If the ordinance, amendment, or order is certified after August 1 of a levy year, it may not be implemented until the following levy year.* The amount of taxes levied each year by each city shall be certified to the county auditor in the manner now or hereafter provided by law. Taxes levied for payment of bonds and judgments and interest thereon shall continue to be spread upon all taxable property within the boundaries of the city in proportion to the ~~gross net~~ tax capacity thereof. The remaining amount of the taxes levied each year shall be allocated by the county auditor to the urban service district and the rural service district in amounts proportionate to the current benefit ratio times the current ratio between the market values of all taxable property within the urban service district and all taxable property within the rural service district. Within each district, the amount so allocated shall be spread upon all taxable property in proportion to the net tax capacity thereof.

Sec. 4. Minnesota Statutes 1990, section 273.1398, subdivision 5, is amended to read:

Subd. 5. [ADDITIONAL HOMESTEAD AND AGRICULTURAL CREDIT GUARANTEE.] Beginning with taxes payable in 1990, each unique taxing jurisdiction may receive additional homestead and agricultural credit guarantee payments.

(1) ~~Each year In 1990, the commissioner shall determine the total education aids paid under chapters 124 and 124A, homestead and agricultural credit aid and disparity reduction aid paid under this section, local government aid to cities, counties, and towns paid under chapter 477A, and human services aids, including for aids paid in 1991 and thereafter, the amount paid under subdivision 5b, paid to counties for each taxing jurisdiction. The commissioner shall apportion each local government's aids to the unique taxing jurisdiction based upon the proportion that the unique taxing jurisdiction's tax capacity bears to the total tax capacity of the local government.~~

(2) ~~Each year In 1990, the commissioner will compute a gross local tax rate for each taxing jurisdiction equal to its total levy divided by its gross tax capacity under Minnesota Statutes 1988, section 273.13. For each unique taxing jurisdiction, a total gross local tax rate will be determined. This total gross local tax rate will be applied against the gross tax capacity of property that would have been eligible for the homestead credit or the agricultural credit for taxes payable in 1989. an estimated homestead and agricultural credit amount will be determined for all qualifying parcels based upon the credit rate structure in effect for taxes payable in 1989. The resulting credit amounts will be summed for all parcels in the unique taxing jurisdiction.~~

If the amount determined in clause (2) is greater than the amount determined in clause (1), the difference will be additional homestead and agricultural credit guarantee payments for the unique taxing jurisdiction. The additional credit amount shall proportionately reduce the local tax rates of all local governments levying taxes within the unique taxing jurisdiction in the following year for taxes payable in 1991 as provided in subdivision 3, clause (b). The commissioner shall certify the amounts of additional credits determined under this subdivision to the county auditor at the time provided in subdivision 6.

(3) *For taxes payable in 1992 and subsequent years, the additional homestead and agricultural credit guarantee shall be determined in accordance with the provisions of subdivision 3.*

Sec. 5. Minnesota Statutes 1990, 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. *The aids provided in subdivisions 2, 2b, 3, and 5 must be paid to local governments other than school districts at the times provided in section 477A.015 for payment of local government aid to taxing jurisdictions, except that the first one-half payment of disparity reduction aid provided in subdivision 3 must be paid on or before August 31. 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.*

Sec. 6. Minnesota Statutes 1990, section 477A.014, subdivision 1, is amended to read:

Subdivision 1. [CALCULATIONS AND PAYMENTS.] The commissioner of revenue shall make all necessary calculations and make payments pursuant to sections 477A.012, 477A.013, and 477A.03 directly to the affected taxing authorities annually. In addition, the commissioner shall notify the authorities of their aid amounts, as well as the computational factors used in making the calculations for their authority, and those state-wide total figures that are pertinent, before August 15 of the year preceding the aid distribution year; ~~except that for aid payable in 1990 the commissioner of revenue must notify the authorities of their aid amounts as well as the computational factors used in the calculation before October 23, 1989.~~

Sec. 7. [REPEALER.]

Laws 1989, chapter 277, article 4, section 2, is repealed.

Sec. 8. [EFFECTIVE DATES.]

Sections 1 and 7 are effective on the day following final enactment. Sections 2, 3, 5, and 6 are effective for aids payable in 1992. Section 4 is effective for aids payable in 1991.

ARTICLE 3

REVERSE MORTGAGES

Section 1. Minnesota Statutes 1990, section 47.58, subdivision 6, is amended to read:

Subd. 6. [TAXES; INSURANCE.] The borrower shall pay real estate taxes, assessments and insurance premiums on the property securing the loan, and the lender may require the borrower to provide evidence of payment. *Mortgage registry tax required under sections 287.01 to 287.12 must be paid at the time of the recording or registering of the original reverse mortgage.* If the borrower does not make timely payment the lender may pay taxes, assessments, insurance premiums and other similar charges for the protection of the property securing its loan and may add these payments to the outstanding loan balance if not repaid by the borrower within 60 days after the borrower receives notice that the lender has made the payment.

Sec. 2. Minnesota Statutes 1990, section 287.05, is amended to read:

287.05 [TAX ON RECORDATION OR REGISTRATION; SUPPLEMENTAL MORTGAGES.]

Subdivision 1. [TAX IMPOSED.] A tax of 23 cents is imposed upon each \$100, or fraction thereof, of the principal debt or obligation which is or may be secured by any mortgage of real property situated within the state executed, delivered, and recorded or registered; provided, however, that the tax shall be imposed but once upon any mortgage and extension thereof. If the mortgage describes real estate situated outside of this state, the tax shall be imposed upon that proportion of the whole debt secured thereby as the value of the real estate therein described situated in this state bears to the value of the whole of the real estate described therein. The tax imposed by this section shall not apply to a contract for the conveyance of any interest in real estate.

Subd. 2. [SUPPLEMENTAL MORTGAGES.] Any supplemental mortgage, *not including revisions to a reverse mortgage as described under subdivision 6*, securing a portion or all of the same indebtedness, whether or not additional security is included, shall be taxed in the following manner:

(a) Any additional indebtedness shall be taxed on the ratio that the value of the real estate therein described in this state bears to the value of the whole of the real estate described therein.

(b) If there is no additional indebtedness but the percentage of the Minnesota real estate as compared to the total real estate secured by the previous mortgage is increased, the tax shall be recomputed and paid on the remaining indebtedness multiplied by the difference between that percentage of Minnesota real estate included in the supplemental mortgage and that percentage included in any previous mortgage.

(c) In the event of both an increase in the indebtedness and a change in the Minnesota percentage of real estate given as security, the tax shall be recomputed on the portion representing new indebtedness in the manner provided in (a) and in the event of an increase in the percentage of Minnesota property included as security, the tax shall be computed on the remaining portion of the indebtedness as provided in (b).

Subd. 3. [REVOLVING LINES OF CREDIT.] When a mortgage, *including a reverse mortgage*, secures a revolving line of credit under which advances, payments, and readvances may be made from time to time, the tax imposed under subdivision 1 shall be paid on the maximum amount of the line of credit which may be secured at any one time, as expressed in the mortgage, regardless of the time or amount of advances, payments, or readvances.

Subd. 4. [ADVANCES BY MORTGAGEE.] No tax under subdivision 1 shall be paid on the indeterminate amount which may be advanced by the mortgagee in protection of the mortgaged premises or the mortgage, including taxes, assessments, charges, claims, fines, impositions, insurance premiums, amounts due upon prior or superior mortgages and other prior or superior liens, encumbrances and interests, and legal expenses and attorneys' fees.

Subd. 5. [INDETERMINATE AMOUNTS.] When a mortgage secures an indeterminate amount other than those described in subdivision 3 or 4, or 6, no tax shall be paid at the time the mortgage is recorded or registered, but the tax must be paid at the time of recording or filing an affidavit stating the amount and time of the actual advance.

Subd. 6. [REVERSE MORTGAGES.] *If real property secures a reverse mortgage, the principal debt or obligation to which mortgage registry tax applies is the expected total disbursements or cash equivalent to be made under the terms of the loan. Interest accruing on the disbursements made is not subject to mortgage registry tax. In the case of periodic payments made for an indefinite length of time, the expected total disbursements must equal the product of the periodic payment amounts and the number of payments and, if applicable, the amount of cash distribution or its equivalent. The number of payments must be based upon the life expectancy assumption used in determining the payment amount. In the case of reverse mortgages made as part of the Housing and Community Development Act of 1987, section 255 of the National Housing Act, and administered by the Department of Housing and Urban Development (HUD), mortgage registry tax must not be assessed on Federal Housing Administration mortgage insurance premiums, monthly lender service fees, or payments to be distributed to the borrower by HUD.*

Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective the day following final enactment.

ARTICLE 4

MISCELLANEOUS

Section 1. Minnesota Statutes 1990, section 276.04, subdivision 2, is amended to read:

Subd. 2. [CONTENTS OF TAX STATEMENTS.] (a) The treasurer shall provide for the printing of the tax statements. The commissioner of revenue shall prescribe the form of the property tax statement and its contents. The statement must contain a tabulated statement of the dollar amount due to each taxing authority from the parcel of real property for which a particular tax statement is prepared. The dollar amounts due the county, township or municipality and school district must be separately stated. The amounts due other taxing districts, if any, may be aggregated. The dollar amounts, including the dollar amount of any special assessments, may be rounded to the nearest even whole dollar. For purposes of this section whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar. The statement shall include the following sentence, printed in upper case letters in boldface print: "THE STATE OF MINNESOTA DOES NOT RECEIVE ANY PROPERTY TAX REVENUES. THE STATE OF MINNESOTA REDUCES YOUR PROPERTY TAX BY PAYING CREDITS AND REIMBURSEMENTS TO LOCAL UNITS OF GOVERNMENT."

(b) The property tax statements for manufactured homes and sectional structures taxed as personal property shall contain the same information that is required on the tax statements for real property.

(c) Real and personal property tax statements must contain the following information in the order given in this paragraph. The information must contain the current year tax information in the right column with the corresponding information for the previous year in a column on the left:

(1) the property's estimated market value as defined in section 272.03, subdivision 8;

(2) the property's gross tax, calculated by multiplying the property's gross tax capacity times the total local tax rate and adding to the result the sum of the aids enumerated in clause (3);

(3) a total of the following aids:

(i) education aids payable under chapters 124 and 124A;

(ii) local government aids for cities, towns, and counties under chapter 477A; and

(iii) disparity reduction aid under section 273.1398;

(4) for homestead residential and agricultural properties, the homestead and agricultural credit aid apportioned to the property. This amount is obtained by multiplying the total local tax rate by the difference between the property's gross and net tax capacities under section 273.13. This amount must be separately stated and identified as "homestead and agricultural credit." For purposes of comparison with the previous year's amount for the statement for taxes payable in 1990, the statement must show the homestead credit for taxes payable in 1989 under section 273.13, and the agricultural credit under section 273.132 for taxes payable in 1989;

(5) any credits received under sections 273.119; 273.123; 273.135;

273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, *except that the amount of credit received under section 273.135 must be separately stated and identified as "taconite tax relief"*; and

(6) the net tax payable in the manner required in paragraph (a).

The commissioner of revenue shall certify to the county auditor the actual or estimated aids enumerated in clauses (3) and (4) that local governments will receive in the following year. In the case of a county containing a city of the first class, for taxes levied in 1991, and for all counties for taxes levied in 1992 and thereafter, the commissioner must certify this amount by September 1.

Sec. 2. Minnesota Statutes 1990, section 278.01, subdivision 1, is amended to read:

Subdivision 1. [DETERMINATION OF VALIDITY.] Any person having any estate, right, title, or interest in or lien upon any parcel of land, who claims that such property has been partially, unfairly, or unequally assessed in comparison with other property in the (1) city, or (2) county, or (3) in the case of a county containing a city of the first class, the portion of the county excluding the first class city, or that the parcel has been assessed at a valuation greater than its real or actual value, or that the tax levied against the same is illegal, in whole or in part, or has been paid, or that the property is exempt from the tax so levied, may have the validity of the claim, defense, or objection determined by the district court of the county in which the tax is levied or by the tax court by serving two copies of a petition for such determination upon the county auditor, one copy on the county attorney, ~~and one copy on the county treasurer, and one copy on the county assessor.~~ In counties where the office of county treasurer has been combined with the office of county auditor, the petitioner must serve the number of copies required by the county. The petitioner must file the copies with proof of service, in the office of the court administrator of the district court before the 16th day of May of the year in which the tax becomes payable. The county ~~auditor~~ assessor shall immediately forward one copy of the petition to the appropriate governmental authority in a home rule charter or statutory city or town in which the property is located if that city or town employs its own certified assessor. A copy of the petition shall also be sent to the school board of the school district in which the property is located. A petition for determination under this section may be transferred by the district court to the tax court. An appeal may also be taken to the tax court under chapter 271 at any time following receipt of the valuation notice required by section 273.121 but prior to May 16 of the year in which the taxes are payable.

Sec. 3. Minnesota Statutes 1990, section 414.031, subdivision 6, is amended to read:

Subd. 6. [EFFECTIVE DATE OF ANNEXATION.] The annexation shall be effective as of the date fixed in the annexation order or on such later date as is fixed in the annexation order. *A copy of the annexation order must be delivered immediately by the executive director of the Minnesota municipal board to the appropriate county auditor or auditors. For the purposes of taxation, if the annexation becomes effective on or before August 1 of a levy year, the municipality may levy on the annexed area beginning with that same levy year. If the annexation becomes effective after August 1 of a levy year, the town may continue to levy on the annexed area for that levy year, and the municipality may not levy on the annexed area until the*

following levy year.

Sec. 4. Minnesota Statutes 1990, section 414.0325, subdivision 4, is amended to read:

Subd. 4. [EFFECTIVE DATE OF ANNEXATION.] The board's order shall be effective upon the issuance of the order or at such later time as is provided by the board in its order. *A copy of the annexation order must be delivered immediately by the executive director of the Minnesota municipal board to the appropriate county auditor or auditors. For the purposes of taxation, if the annexation becomes effective on or before August 1 of a levy year, the municipality may levy on the annexed area beginning with that same levy year. If the annexation becomes effective after August 1 of a levy year, the town may continue to levy on the annexed area for that levy year, and the municipality may not levy on the annexed area until the following levy year.*

Sec. 5. Minnesota Statutes 1990, section 414.033, subdivision 7, is amended to read:

Subd. 7. Any annexation ordinance provided for in this section must be filed with the board, the township, the county auditor and the secretary of state and is final on the date the ordinance is approved by the board. *A copy of the annexation ordinance must be delivered immediately by the governing body of the municipality to the appropriate county auditor or auditors. For the purposes of taxation, if the annexation becomes effective on or before August 1 of a levy year, the municipality may levy on the annexed area beginning with that same levy year. If the annexation becomes effective after August 1 of a levy year, the town may continue to levy on the annexed area for that levy year, and the municipality may not levy on the annexed area until the following levy year.*

Sec. 6. Minnesota Statutes 1990, section 414.06, subdivision 4, is amended to read:

Subd. 4. [EFFECTIVE DATE OF DETACHMENT.] The detachment shall be effective upon the issuance of the board's order, or at such later date, as provided by the board in its order. *A copy of the detachment order must be delivered immediately by the executive director of the Minnesota municipal board to the appropriate county auditor or auditors. For the purposes of taxation, if the detachment becomes effective on or before August 1 of a levy year, the town or towns acquiring the detached area may levy on it beginning with that same levy year. If the detachment becomes effective after August 1 of a levy year, the municipality may continue to levy on the detached area for that levy year, and the town or towns acquiring the detached area may not levy on it until the following levy year.*

Sec. 7. Minnesota Statutes 1990, section 414.061, subdivision 3, is amended to read:

Subd. 3. [EFFECTIVE DATE.] The concurrent detachment and annexation shall be effective upon the issuance of the board's order, or at such later date as provided by the board in its order. *A copy of the annexation order must be delivered immediately by the executive director of the Minnesota municipal board to the appropriate county auditor or auditors. For the purposes of taxation, if the annexation becomes effective on or before August 1 of a levy year, the municipality acquiring the detached area of another municipality may levy on it beginning with that same levy year. If*

the annexation becomes effective after August 1 of a levy year, the municipality losing the detached area may continue to levy on it for that levy year, and the municipality acquiring the detached area may not levy on it until the following levy year.

Sec. 8. Minnesota Statutes 1990, section 469.174, subdivision 7, is amended to read:

Subd. 7. [ORIGINAL NET TAX CAPACITY.] (a) Except as provided in paragraph (b), "original net tax capacity" means the tax capacity of all taxable real property within a tax increment financing district as ~~most recently~~ certified by the commissioner of revenue ~~as of the date of for the~~ *previous assessment year, provided that the request by an authority for certification by of a new tax increment financing district or for the expansion of an existing district has been made to the county auditor, on or before June 30. The original tax capacity of districts for which requests are filed after June 30 has an original tax capacity based on the current assessment year. In any case, the original tax capacity must be determined together with subsequent adjustments as set forth in section 469.177, subdivisions 1 and 4. In determining the original net tax capacity the net tax capacity of real property exempt from taxation at the time of the request shall be zero, except for real property which is tax exempt by reason of public ownership by the requesting authority and which has been publicly owned for less than one year prior to the date of the request for certification, in which event the net tax capacity of the property shall be the net tax capacity as most recently determined by the commissioner of revenue.*

(b) The original net tax capacity of any designated hazardous substance site or hazardous substance subdistrict shall be determined as of the date the authority certifies to the county auditor that the authority has entered a redevelopment or other agreement for the removal actions or remedial actions specified in a development response action plan, or otherwise provided funds to finance the development response action plan. The original net tax capacity equals (i) the net tax capacity of the parcel or parcels in the site or subdistrict, as most recently determined by the commissioner of revenue, less (ii) the estimated costs of the removal actions and remedial actions as specified in a development response action plan to be undertaken with respect to the parcel or parcels, (iii) but not less than zero.

(c) The original net tax capacity of a hazardous substance site or subdistrict shall be increased by the amount by which it was reduced pursuant to paragraph (b), clause (ii), upon certification by the municipality that the cost of the removal and remedial actions specified in the development response action plan, except for long-term monitoring and similar activities, have been paid or reimbursed.

(d) For purposes of this subdivision, "real property" shall include any property normally taxable as personal property by reason of its location on or over publicly owned property.

Sec. 9. [REPEALER.]

Minnesota Statutes 1990, section 273.137, is repealed.

Sec. 10. [EFFECTIVE DATES.]

Sections 1, 3 to 7, and 9 are effective for taxes payable in 1992 and thereafter. Section 2 is effective for tax petitions filed after May 16, 1991. Section 8 is effective June 30, 1991."

Delete the title and insert:

"A bill for an act relating to taxation; property tax; mortgage registry tax; making technical corrections and administrative changes; providing for classification of certain minerals and mining property; extending homestead treatment in certain instances; providing for mortgage registration tax on reverse mortgages; amending Minnesota Statutes 1990, sections 13.51, subdivision 2; 18.022, subdivision 2; 47.58, subdivision 6; 69.011, subdivision 3; 270.11, subdivision 6; 270.12, subdivision 2, and by adding a subdivision; 271.04; 271.21, subdivision 6; 272.02, subdivision 4; 272.025, subdivision 1; 272.03, subdivision 1; 272.31; 272.67, subdivision 6; 273.111, subdivisions 3 and 6; 273.124, subdivisions 1, 9, 13, 14, and 15; 273.13, subdivisions 22 and 23; 273.1398, subdivisions 5 and 6; 276.04, subdivision 2; 276.041; 277.01; 278.01, subdivision 1; 279.01, subdivisions 1 and 2; 279.06; 281.17; 282.01, subdivision 1; 287.05; 375.192, subdivision 2; 414.031, subdivision 6; 414.0325, subdivision 4; 414.033, subdivision 7; 414.06, subdivision 4; 414.061, subdivision 3; 469.174, subdivision 7; 477A.014, subdivision 1; 515A.1-105, subdivision 1; and 515A.4-102; repealing Minnesota Statutes 1990, section 273.137; Laws 1989, chapter 277, article 4, section 2."

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

Mr. Spear from the Committee on Judiciary, to which was re-referred

H.F. No. 424: A bill for an act relating to interscholastic athletics; providing that persons who assault a sports official may be excluded from certain events; proposing coding for new law in Minnesota Statutes, chapter 128C.

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

Page 1, line 13, after the first "*of*" insert "*immediate*"

Amend the report from the Committee on Education, adopted by the Senate April 18, 1991, as follows:

Page 1, line 16, delete "*other than a head varsity coach,*"

Page 1, line 27, delete "*, other than a head varsity coach,*"

Page 1, line 38, after "*A*" insert "*head varsity coach may be excluded under this section only by the*" and delete "*a*" and insert "*the*"

Page 2, line 1, delete "*head varsity*" and delete everything after "*coach*"

Page 2, delete lines 2 to 8

Page 2, line 9, delete everything before the period

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

Mr. Spear from the Committee on Judiciary, to which was referred

H.F. No. 154: A bill for an act relating to financial transactions; enacting conforming amendments to the Uniform Commercial Code proposed by the Uniform Laws Conference; proposing changes to articles relating to leases and bulk sales; amending Minnesota Statutes 1990, sections 47.015, by

adding a subdivision; 336.1-105; 336.2-403; 336.2A-103; 336.2A-209; 336.2A-303; 336.2A-304; 336.2A-307; 336.2A-309; 336.2A-407; 336.2A-501; 336.2A-503; 336.2A-507; 336.2A-508; 336.2A-516; 336.2A-517; 336.2A-518; 336.2A-519; 336.2A-523; 336.2A-525; 336.2A-527; 336.2A-528; 336.2A-529; proposing coding for new law in Minnesota Statutes, chapter 336; repealing Minnesota Statutes 1990, sections 336.6-101 to 336.6-111; and 336.9-111.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

AMENDMENTS TO UNIFORM COMMERCIAL CODE

ARTICLE 2A (LEASES)

Section 1. Minnesota Statutes 1990, section 336.2A-103, is amended to read:

336.2A-103 [DEFINITIONS AND INDEX OF DEFINITIONS.]

(1) In this article unless the context otherwise requires:

(a) "Buyer in ordinary course of business" means a person who in good faith and without knowledge that the sale is in violation of the ownership rights or security interest or leasehold interest of a third party in the goods, buys in ordinary course from a person in the business of selling goods of that kind but does not include a pawnbroker. "Buying" may be for cash or by exchange of other property or on secured or unsecured credit and includes receiving goods or documents of title under a preexisting contract for sale but does not include a transfer in bulk or as security for or in total or partial satisfaction of a money debt.

(b) "Cancellation" occurs when either party puts an end to the lease contract for default by the other party.

(c) "Commercial unit" means a unit of goods that by commercial usage is a single whole for purposes of lease and division of which materially impairs its character or value on the market or in use. A commercial unit may be a single article, as a machine, or a set of articles, as a suite of furniture or a line of machinery, or a quantity, as a gross or carload, or any other unit treated in use or in the relevant market as a single whole.

(d) "Conforming" goods or performance under a lease contract means goods or performance that are in accordance with the obligations under the lease contract.

(e) "Consumer lease" means a lease that a lessor regularly engaged in the business of leasing or selling makes to a lessee, ~~except an organization,~~ who is an individual and who takes under the lease primarily for a personal, family, or household purpose, if the total payments to be made under the lease contract, excluding payments for options to renew or buy, do not exceed \$25,000.

(f) "Fault" means wrongful act, omission, breach, or default.

(g) "Finance lease" means a lease in which

(1) the lessor does not select, manufacture, or supply the goods,

(2) the lessor acquires the goods or the right to possession and use of the goods in connection with the lease, and

(3) either

(i) the lessee receives a copy of the contract evidencing the lessor's purchase of the goods or a disclaimer statement on or before signing the lease contract, or

(ii) the lessee's approval of the contract evidencing the lessor's purchase of the goods or a disclaimer statement is a condition to effectiveness of the lease contract.

"Disclaimer statement" means a written statement that is part of or separate from the lease contract that discloses all warranties and other rights provided to the lessee by the lessor and supplier in connection with the lease contract and informs the lessee in a conspicuous manner that there are no warranties or other rights provided to the lessee by the lessor and supplier other than those disclosed in the statement.

(h) "Goods" means all things that are movable at the time of identification to the lease contract, or are fixtures (section 336.2A-309), but the term does not include money, documents, instruments, accounts, chattel paper, general intangibles, or minerals or the like, including oil and gas, before extraction. The term also includes the unborn young of animals.

(i) "Installment lease contract" means a lease contract that authorizes or requires the delivery of goods in separate lots to be separately accepted, even though the lease contract contains a clause "each delivery is a separate lease" or its equivalent.

(j) "Lease" means a transfer of the right to possession and use of goods for a term in return for consideration, but a sale, including a sale on approval or a sale or return, or retention or creation of a security interest is not a lease. Unless the context clearly indicates otherwise, the term includes a sublease.

(k) "Lease agreement" means the bargain, with respect to the lease, of the lessor and the lessee in fact as found in their language or by implication from other circumstances including course of dealing or usage of trade or course of performance as provided in this article. Unless the context clearly indicates otherwise, the term includes a sublease agreement.

(l) "Lease contract" means the total legal obligation that results from the lease agreement as affected by this article and any other applicable rules of law. Unless the context clearly indicates otherwise, the term includes a sublease contract.

(m) "Leasehold interest" means the interest of the lessor or the lessee under a lease contract.

(n) "Lessee" means a person who acquires the right to possession and use of goods under a lease. Unless the context clearly indicates otherwise, the term includes a sublessee.

(o) "Lessee in ordinary course of business" means a person who in good faith and without knowledge that the lease is in violation of the ownership rights or security interest or leasehold interest of a third party in the goods leases in ordinary course from a person in the business of selling or leasing goods of that kind but does not include a pawnbroker. "Leasing" may be for cash or by exchange of other property or on secured or unsecured credit

and includes receiving goods or documents of title under a pre-existing lease contract but does not include a transfer in bulk or as security for or in total or partial satisfaction of a money debt.

(p) "Lessor" means a person who transfers the right to possession and use of goods under a lease. Unless the context clearly indicates otherwise, the term includes a sublessor.

(q) "Lessor's residual interest" means the lessor's interest in the goods after expiration, termination, or cancellation of the lease contract.

(r) "Lien" means a charge against or interest in goods to secure payment of a debt or performance of an obligation, but the term does not include a security interest.

(s) "Lot" means a parcel or a single article that is the subject matter of a separate lease or delivery, whether or not it is sufficient to perform the lease contract.

(t) "Merchant lessee" means a lessee that is a merchant with respect to goods of the kind subject to the lease.

(u) "Present value" means the amount as of a date certain of one or more sums payable in the future, discounted to the date certain. The discount is determined by the interest rate specified by the parties if the rate was not manifestly unreasonable at the time the transaction was entered into; otherwise, the discount is determined by a commercially reasonable rate that takes into account the facts and circumstances of each case at the time the transaction was entered into.

(v) "Purchase" includes taking by sale, lease, mortgage, security interest, pledge, gift, or any other voluntary transaction creating an interest in goods.

(w) "Sublease" means a lease of goods the right to possession and use of which was acquired by the lessor as a lessee under an existing lease.

(x) "Supplier" means a person from whom a lessor buys or leases goods to be leased under a finance lease.

(y) "Supply contract" means a contract under which a lessor buys or leases goods to be leased.

(z) "Termination" occurs when either party pursuant to a power created by agreement or law puts an end to the lease contract otherwise than for default.

(2) Other definitions applying to this article and the sections in which they appear are:

"Accessions." Section 336.2A-310(1).

"Construction mortgage." Section 336.2A-309(1)(d).

"Encumbrance." Section 336.2A-309(1)(e).

"Fixtures." Section 336.2A-309(1)(a).

"Fixture filing." Section 336.2A-309(1)(b).

"Purchase money lease." Section 336.2A-309(1)(c).

(3) The following definitions in other articles apply to this article:

"Accounts Account." Section 336.9-106.

- "Between merchants." Section 336.2-104(3).
"Buyer." Section 336.2-103(1)(a).
"Chattel paper." Section 336.9-105(1)(b).
"Consumer goods." Section 336.9-109(1).
~~"Documents~~ *Document.*" Section 336.9-105(1)(f).
"Entrusting." Section 336.2-403(3).
"General intangibles." Section 336.9-106.
"Good faith." Section 336.2-103(1)(b).
~~"Instruments~~ *Instrument.*" Section 336.9-105(1)(i).
"Merchant." Section 336.2-104(1).
"Mortgage." Section 336.9-105(1)(j).
"Pursuant to commitment." Section 336.9-105(1)(k).
"Receipt." Section 336.2-103(1)(c).
"Sale." Section 336.2-106(1).
"Sale on approval." Section 336.2-326.
"Sale or return." Section 336.2-326.
"Seller." Section 336.2-103(1)(d).

(4) In addition, sections 336.1-101 to 336.1-109 contain general definitions and principles of construction and interpretation applicable throughout this article.

Sec. 2. Minnesota Statutes 1990, section 336.2A-209, is amended to read:

336.2A-209 [LESSEE UNDER FINANCE LEASE AS BENEFICIARY OF SUPPLY CONTRACT.]

(1) The benefit of ~~the~~ *a* supplier's promises to the lessor under the supply contract and of all warranties, whether express or implied, ~~under including those of any third party provided in connection with or as part of the supply contract,~~ extends to the lessee to the extent of the lessee's leasehold interest under a finance lease related to the supply contract, but *is* subject to the terms of the *warranty and of the supply contract* and all of ~~the supplier's~~ defenses or claims arising from the supply contract.

(2) The extension of the benefit of ~~the~~ *a* supplier's promises and of warranties to the lessee (section 336.2A-209(1)) does not: ~~(a)~~ *(i)* modify the rights and obligations of the parties to the supply contract, whether arising from the supply contract or otherwise, or ~~(b)~~ *(ii)* impose any duty or liability under the supply contract on the lessee.

(3) Any modification or rescission of the supply contract by the supplier and the lessor is effective ~~against between the supplier and the lessee unless,~~ *against between the supplier and the lessee unless,* ~~prior to before the modification or rescission, the supplier has received notice that the lessee has entered into a finance lease related to the supply contract. If the supply contract is modified or rescinded after the lessee enters the finance lease, the lessee has a cause of action against the lessor, and against the supplier if the supplier has notice of the lessee's entering the finance lease when the supply contract is modified or rescinded. The lessee's~~

recovery from such action shall put the lessee in as good a position as if the modification or rescission had not occurred. If the modification or rescission is effective between the supplier and the lessee, the lessor is deemed to have assumed, in addition to the obligations of the lessor to the lessee under the lease contract, promises of the supplier to the lessor and warranties that were so modified or rescinded as they existed and were available to the lessee before modification or rescission.

(4) In addition to the extension of the benefit of the supplier's promises and of warranties to the lessee under subsection (1), the lessee retains all rights that the lessee may have against the supplier that arise from an agreement between the lessee and the supplier or under other law.

Sec. 3. Minnesota Statutes 1990, section 336.2A-303, is amended to read:

336.2A-303 [ALIENABILITY OF PARTY'S INTEREST UNDER LEASE CONTRACT OR OF LESSOR'S RESIDUAL INTEREST IN GOODS; DELEGATION OF PERFORMANCE; ASSIGNMENT TRANSFER OF RIGHTS.]

(1) Any interest of a party under a lease contract and the lessor's residual interest in the goods may be transferred unless

(a) the transfer is voluntary and the lease contract prohibits the transfer; or

(b) the transfer materially changes the duty of or materially increases the burden or risk imposed on the other party to the lease contract, and within a reasonable time after notice of the transfer the other party demands that the transferee comply with subsection (2) and the transferee fails to comply.

(2) Within a reasonable time after demand pursuant to subsection (1)(b), the transferee shall:

(a) cure or provide adequate assurance that the transferee will promptly cure any default other than one arising from the transfer;

(b) compensate or provide adequate assurance that the transferee will promptly compensate the other party to the lease contract and any other person holding an interest in the lease contract, except the party whose interest is being transferred, for any loss to that party resulting from the transfer;

(c) provide adequate assurance of future due performance under the lease contract; and

(d) assume the lease contract.

(3) Demand pursuant to subsection (1)(b) is without prejudice to the other party's rights against the transferee and the party whose interest is transferred.

(1) As used in this section, "creation of a security interest" includes the sale of a lease contract that is subject to article 9, secured transactions, by reason of section 336.9-102(1)(b).

(2) Except as provided in subsections (3) and (4), a provision in a lease agreement that (i) prohibits the voluntary or involuntary transfer, including a transfer by sale, sublease, creation or enforcement of a security interest, or attachment, levy, or other judicial process, of an interest of a party under the lease contract or of the lessor's residual interest in the goods, or (ii) makes the transfer an event of default, gives rise to the rights and remedies provided in subsection (5), but a transfer that is prohibited or is an event of default under the lease agreement is otherwise effective.

(3) A provision in a lease agreement that (i) prohibits the creation or enforcement of a security interest in an interest of a party under the lease contract or in the lessor's residual interest in the goods, or (ii) makes the transfer an event of default, is not enforceable unless, and then only to the extent that, there is an actual transfer by the lessee of the lessee's right of possession or use of the goods in violation of the provision or an actual delegation of a material performance of either party to the lease contract in violation of the provision. Neither the granting nor the enforcement of a security interest in (i) the lessor's interest under the lease contract or (ii) the lessor's residual interest in the goods is a transfer that materially impairs the prospect of obtaining return performance by, materially changes the duty of, or materially increases the burden or risk imposed on, the lessee within the purview of subsection (5) unless, and then only to the extent that, there is an actual delegation of a material performance of the lessor.

(4) An assignment of "the lease" or of "all my rights under the lease" or an assignment in similar general terms is a transfer of rights, and unless the language or the circumstances, as in an assignment for security, indicate the contrary, the assignment is a delegation of duties by the assignor to the assignee and acceptance by the assignee constitutes a promise by the assignee to perform those duties. This promise is enforceable by either the assignor or the other party to the lease contract. A provision in a lease agreement that (i) prohibits a transfer of a right to damages for default with respect to the whole lease contract or of a right to payment arising out of the transferor's due performance of the transferor's entire obligation, or (ii) makes the transfer an event of default, is not enforceable, and the transfer is not a transfer that materially impairs the prospect of obtaining return performance by, materially changes the duty of, or materially increases the burden or risk imposed on, the other party to the lease contract within the purview of subsection (5).

(5) Subject to subsections (3) and (4):

(a) if a transfer is made that is made an event of default under a lease agreement, the party to the lease contract not making the transfer, unless that party waives the default or otherwise agrees, has the rights and remedies described in section 336.2A-501(2);

(b) if paragraph (a) is not applicable and if a transfer is made that (i) is prohibited under a lease agreement or (ii) materially impairs the prospect of obtaining return performance by, materially changes the duty of, or materially increases the burden or risk imposed on, the other party to the lease contract, unless the party not making the transfer agrees at any time to the transfer in the lease contract or otherwise, then, except as limited by contract, (i) the transferor is liable to the party not making the transfer for damages caused by the transfer to the extent that the damages could not reasonably be prevented by the party not making the transfer and (ii) a court having jurisdiction may grant other appropriate relief, including cancellation of the lease contract or an injunction against the transfer.

(6) A transfer of "the lease" or of "all my rights under the lease," or a transfer in similar general terms, is a transfer of rights and, unless the language or the circumstances, as in a transfer for security, indicate the contrary, the transfer is a delegation of duties by the transferor to the transferee. Acceptance by the transferee constitutes a promise by the transferee to perform those duties. The promise is enforceable by either the transferor or the other party to the lease contract.

~~(5) (7) Unless otherwise agreed by the lessor and the lessee, no a delegation of performance *relieves does not relieve* the assignor or transferor as against the other party of any duty to perform or of any liability for default.~~

~~(6) A right to damages for default with respect to the whole lease contract or a right arising out of the assignor's due performance of the assignor's entire obligation can be assigned despite agreement otherwise.~~

~~(7) (8) In a consumer lease, to prohibit the transfer of an interest of a party under a the lease contract or to make a transfer an event of default, the language of prohibition must be specific, by a writing, and conspicuous.~~

Sec. 4. Minnesota Statutes 1990, section 336.2A-304, is amended to read:

336.2A-304 [SUBSEQUENT LEASE OF GOODS BY LESSOR.]

(1) Subject to ~~the provisions of~~ section 336.2A-303, a subsequent lessee from a lessor of goods under an existing lease contract obtains, to the extent of the leasehold interest transferred, the leasehold interest in the goods that the lessor had or had power to transfer, and except as provided in subsection (2) and section 336.2A-527(4), takes subject to the existing lease contract. A lessor with voidable title has power to transfer a good leasehold interest to a good faith subsequent lessee for value but only to the extent set forth in the preceding sentence. ~~When~~ *If* goods have been delivered under a transaction of purchase, the lessor has that power even though:

- (a) the lessor's transferor was deceived as to the identity of the lessor;
- (b) the delivery was in exchange for a check which is later dishonored;
- (c) it was agreed that the transaction was to be a "cash sale"; or
- (d) the delivery was procured through fraud punishable as larcenous under the criminal law.

(2) If a lessee has entrusted leased goods to the lessee's lessor who is a merchant dealing in goods of that kind, a subsequent lessee from that lessor under a lease entered into after the entrustment and in the ordinary course of business takes those goods free of the existing lease contract and obtains, to the extent of the leasehold interest transferred, all of the lessor's and the earlier lessee's rights to the goods.

(3) A subsequent lessee from the lessor of goods that are subject to an existing lease contract and are covered by a certificate of title issued under a statute of this state or of another jurisdiction takes no greater rights than those provided both by this section and by the certificate of title statute.

Sec. 5. Minnesota Statutes 1990, section 336.2A-307, is amended to read:

336.2A-307 [PRIORITY OF LIENS ARISING BY ATTACHMENT OR LEVY ON, SECURITY INTERESTS IN, AND OTHER CLAIMS TO GOODS.]

(1) Except as otherwise provided in section 336.2A-306, a creditor of a lessee takes subject to the lease contract.

(2) Except as otherwise provided in subsections (3) and (4) and in sections 336.2A-306 and 336.2A-308, a creditor of a lessor takes subject to the lease contract *unless*:

- (a) ~~unless~~ the creditor holds a lien that attached to the goods before the

lease contract became enforceable; or;

(b) ~~unless the creditor holds a security interest in the goods that under the article on secured transactions (article 9) would have priority over any other security interest in the goods perfected by a filing covering the goods and made at the time the lease contract became enforceable, whether or not any other security interest existed- and the lessee did not give value and receive delivery of the goods without knowledge of the security interest; or~~

(c) *the creditor holds a security interest in the goods which was perfected (section 336.9-303) before the lease contract became enforceable.*

(3) A lessee in the ordinary course of business takes the leasehold interest free of a security interest in the goods created by the lessor even though the security interest is perfected (section 336.9-303) and the lessee knows of its existence.

(4) A lessee other than a lessee in the ordinary course of business takes the leasehold interest free of a security interest to the extent that it secures future advances made after the secured party acquires knowledge of the lease or more than 45 days after the lease contract becomes enforceable, whichever first occurs, unless the future advances are made pursuant to a commitment entered into without knowledge of the lease and before the expiration of the 45-day period.

Sec. 6. Minnesota Statutes 1990, section 336.2A-309, is amended to read:

336.2A-309 [LESSOR'S AND LESSEE'S RIGHTS WHEN GOODS BECOME FIXTURES.]

(1) In this section:

(a) goods are "fixtures" when they become so related to particular real estate that an interest in them arises under real estate law;

(b) a "fixture filing" is the filing, in the office where a mortgage on the real estate would be ~~filed or recorded or registered~~, of a financing statement ~~concerning~~ covering goods that are or are to become fixtures and conforming to the requirements of ~~subsection (5) of section 336.9-402~~ 336.9-402(5);

(c) a lease is a "purchase money lease" unless the lessee has possession or use of the goods or the right to possession or use of the goods before the lease agreement is enforceable;

(d) a mortgage is a "construction mortgage" to the extent it secures an obligation incurred for the construction of an improvement on land including the acquisition cost of the land, if the recorded writing so indicates; and

(e) "encumbrance" includes real estate mortgages and other liens on real estate and all other rights in real estate that are not ownership interests.

(2) Under this article a lease may be of goods that are fixtures or may continue in goods that become fixtures, but no lease exists under this article of ordinary building materials incorporated into an improvement on land.

(3) This article does not prevent creation of a lease of fixtures pursuant to real estate law.

(4) The perfected interest of a lessor of fixtures has priority over a conflicting interest of an encumbrancer or owner of the real estate if:

(a) the lease is a purchase money lease, the conflicting interest of the

encumbrancer or owner arises before the goods become fixtures, the interest of the lessor is perfected by a fixture filing before the goods become fixtures or within ten days after that, and the lessee has an interest of record in the real estate or is in possession of the real estate; or

(b) the interest of the lessor is perfected by a fixture filing before the interest of the encumbrancer or owner is of record, the lessor's interest has priority over any conflicting interest of a predecessor in title of the encumbrancer or owner, and the lessee has an interest of record in the real estate or is in possession of the real estate.

(5) The interest of a lessor of fixtures, whether or not perfected, has priority over the conflicting interest of an encumbrancer or owner of the real estate if:

(a) the fixtures are readily removable factory or office machines, readily removable equipment that is not primarily used or leased for use in the operation of the real estate, or readily removable replacements of domestic appliances that are goods subject to a consumer lease, and before the goods become fixtures the lease contract is enforceable; or

(b) the conflicting interest is a lien on the real estate obtained by legal or equitable proceedings after the lease contract is enforceable; or

(c) the encumbrancer or owner has consented in writing to the lease or has disclaimed an interest in the goods as fixtures; or

(d) the lessee has a right to remove the goods as against the encumbrancer or owner. If the lessee's right to remove terminates, the priority of the interest of the lessor continues for a reasonable time.

(6) Notwithstanding ~~paragraph (a) of subsection (4) (4)(a)~~ but otherwise subject to subsections (4) and (5), the interest of a lessor of fixtures, *including the lessor's residual interest*, is subordinate to the conflicting interest of an encumbrancer of the real estate under a construction mortgage recorded before the goods become fixtures if the goods become fixtures before the completion of the construction. To the extent given to refinance a construction mortgage, the conflicting interest of an encumbrancer of the real estate under a mortgage has this priority to the same extent as the encumbrancer of the real estate under the construction mortgage.

(7) In cases not within the preceding subsections, priority between the interest of a lessor of fixtures, *including the lessor's residual interest*, and the conflicting interest of an encumbrancer or owner of the real estate who is not the lessee is determined by the priority rules governing conflicting interests in real estate.

(8) If the interest of a lessor of fixtures, *including the lessor's residual interest*, has priority over all conflicting interests of all owners and encumbrancers of the real estate, the lessor or the lessee may: ~~(a)~~ (i) on default, expiration, termination, or cancellation of the lease agreement ~~by the other party but subject to the provisions of the lease agreement and this article,~~ or ~~(b)~~ (ii) if necessary to enforce the lessor's or lessee's other rights and remedies under this article; remove the goods from the real estate, free and clear of all conflicting interests of all owners and encumbrancers of the real estate, but the lessor or lessee must reimburse any encumbrancer or owner of the real estate who is not the lessee and who has not otherwise agreed for the cost of repair of any physical injury, but not for any diminution in value of the real estate caused by the absence of the goods removed or by

any necessity of replacing them. A person entitled to reimbursement may refuse permission to remove until the party seeking removal gives adequate security for the performance of this obligation.

(9) Even though the lease agreement does not create a security interest, the interest of a lessor of fixtures, *including the lessor's residual interest*, is perfected by filing a financing statement as a fixture filing for leased goods that are or are to become fixtures in accordance with the relevant provisions of the Article on Secured Transactions (article 9).

Sec. 7. [336.2A-311] [PRIORITY SUBJECT TO SUBORDINATION.]

Nothing in this article prevents subordination by agreement by any person entitled to priority.

Sec. 8. Minnesota Statutes 1990, section 336.2A-407, is amended to read:

336.2A-407 [IRREVOCABLE PROMISES: FINANCE LEASES.]

(1) In the case of a finance lease, the lessee's promises under the lease contract become irrevocable and independent upon the lessee's acceptance of the goods.

(2) A promise that has become irrevocable and independent under subsection (1):

(a) is effective and enforceable between the parties, and by or against third parties including assignees of the parties; and

(b) is not subject to cancellation, termination, modification, repudiation, excuse, or substitution without the consent of the party to whom the promise runs.

(3) This section does not affect the validity under any other law of a covenant in any lease contract making the lessee's promises irrevocable and independent upon the lessee's acceptance of the goods.

Sec. 9. Minnesota Statutes 1990, section 336.2A-501, is amended to read:

336.2A-501 [DEFAULT: PROCEDURE.]

(1) Whether the lessor or the lessee is in default under a lease contract is determined by the lease agreement and this article.

(2) If the lessor or the lessee is in default under the lease contract, the party seeking enforcement has rights and remedies as provided in this article and, except as limited by this article, as provided in the lease agreement.

(3) If the lessor or the lessee is in default under the lease contract, the party seeking enforcement may reduce the party's claim to judgment, or otherwise enforce the lease contract by self-help or any available judicial procedure or nonjudicial procedure, including administrative proceeding, arbitration, or the like, in accordance with this article.

(4) Except as otherwise provided in *section 336.1-106(1)* or this article or the lease agreement, the rights and remedies referred to in subsections (2) and (3) are cumulative.

(5) If the lease agreement covers both real property and goods, the party seeking enforcement may proceed under this part as to the goods, or under other applicable law as to both the real property and the goods in accordance

with ~~the~~ *that* party's rights and remedies in respect of the real property, in which case this part does not apply.

Sec. 10. Minnesota Statutes 1990, section 336.2A-503, is amended to read:

336.2A-503 [MODIFICATION OR IMPAIRMENT OF RIGHTS AND REMEDIES.]

(1) Except as otherwise provided in this article, the lease agreement may include rights and remedies for default in addition to or in substitution for those provided in this article and may limit or alter the measure of damages recoverable under this article.

(2) Resort to a remedy provided under this article or in the lease agreement is optional unless the remedy is expressly agreed to be exclusive. If circumstances cause an exclusive or limited remedy to fail of its essential purpose, or provision for an exclusive remedy is unconscionable, remedy may be had as provided in this article.

(3) Consequential damages may be liquidated under section 336.2A-504, or may otherwise be limited, altered, or excluded unless the limitation, alteration, or exclusion is unconscionable. Limitation, *alteration, or exclusion* of consequential damages for injury to the person in the case of consumer goods is *prima facie* unconscionable but limitation, *alteration, or exclusion* of damages where the loss is commercial is not *prima facie* unconscionable.

(4) Rights and remedies on default by the lessor or the lessee with respect to any obligation or promise collateral or ancillary to the lease contract are not impaired by this article.

Sec. 11. Minnesota Statutes 1990, section 336.2A-507, is amended to read:

336.2A-507 [PROOF OF MARKET RENT: TIME AND PLACE.]

(1) Damages based on market rent (section 336.2A-519 or 336.2A-528) are determined according to the rent for the use of the goods concerned for a lease term identical to the remaining lease term of the original lease agreement and prevailing at the ~~time of the default~~ *times specified in sections 336.2A-519 and 336.2A-528.*

(2) If evidence of rent for the use of the goods concerned for a lease term identical to the remaining lease term of the original lease agreement and prevailing at the times or places described in this article is not readily available, the rent prevailing within any reasonable time before or after the time described or at any other place or for a different lease term which in commercial judgment or under usage of trade would serve as a reasonable substitute for the one described may be used, making any proper allowance for the difference, including the cost of transporting the goods to or from the other place.

(3) Evidence of a relevant rent prevailing at a time or place or for a lease term other than the one described in this article offered by one party is not admissible unless and until the party has given the other party notice the court finds sufficient to prevent unfair surprise.

(4) If the prevailing rent or value of any goods regularly leased in any established market is in issue, reports in official publications or trade journals or in newspapers or periodicals of general circulation published as the

reports of that market are admissible in evidence. The circumstances of the preparation of the report may be shown to affect its weight but not its admissibility.

Sec. 12. Minnesota Statutes 1990, section 336.2A-508, is amended to read:

336.2A-508 [LESSEE'S REMEDIES.]

(1) If a lessor fails to deliver the goods in conformity to the lease contract (section 336.2A-509) or repudiates the lease contract (section 336.2A-402), or a lessee rightfully rejects the goods (section 336.2A-509) or justifiably revokes acceptance of the goods (section 336.2A-517), then with respect to any goods involved, and with respect to all of the goods if under an installment lease contract the value of the whole lease contract is substantially impaired (section 336.2A-510), the lessor is in default under the lease contract and the lessee may pursue any or all of the following remedies:

(a) cancel the lease contract (section 336.2A-505(1));

(b) recover so much of the rent and security as has been paid, ~~but in the case of an installment lease contract the recovery is that which~~ and is just under the circumstances;

(c) cover and recover damages as to all goods affected whether or not they have been identified to the lease contract (sections 336.2A-518 and 336.2A-520), or recover damages for nondelivery (sections 336.2A-519 and 336.2A-520);

(d) exercise any other rights or pursue any other remedies provided in the lease contract.

(2) If a lessor fails to deliver the goods in conformity to the lease contract or repudiates the lease contract, the lessee may also:

(a) if the goods have been identified, recover them (section 336.2A-522);
or

(b) in a proper case, obtain specific performance or replevy the goods (section 336.2A-521).

(3) If a lessor is otherwise in default under a lease contract, the lessee may exercise the rights and *pursue the* remedies provided in the lease contract, *which may include a right to cancel the lease, and this article in section 336.2A-519(3).*

(4) If a lessor has breached a warranty, whether express or implied, the lessee may recover damages (section 336.2A-519(4)).

(5) On rightful rejection or justifiable revocation of acceptance, a lessee has a security interest in goods in the lessee's possession or control for any rent and security that has been paid and any expenses reasonably incurred in their inspection, receipt, transportation, and care and custody and may hold those goods and dispose of them in good faith and in a commercially reasonable manner, subject to ~~the provisions of~~ section 336.2A-527(5).

(6) Subject to the provisions of section 336.2A-407, a lessee, on notifying the lessor of the lessee's intention to do so, may deduct all or any part of the damages resulting from any default under the lease contract from any part of the rent still due under the same lease contract.

Sec. 13. Minnesota Statutes 1990, section 336.2A-516, is amended to

read:

336.2A-516 [EFFECT OF ACCEPTANCE OF GOODS; NOTICE OF DEFAULT; BURDEN OF ESTABLISHING DEFAULT AFTER ACCEPTANCE; NOTICE OF CLAIM OR LITIGATION TO PERSON ANSWERABLE OVER.]

(1) A lessee must pay rent for any goods accepted in accordance with the lease contract, with due allowance for goods rightfully rejected or not delivered.

(2) A lessee's acceptance of goods precludes rejection of the goods accepted. In the case of a finance lease, if made with knowledge of a nonconformity, acceptance cannot be revoked because of it. In any other case, if made with knowledge of a nonconformity, acceptance cannot be revoked because of it unless the acceptance was on the reasonable assumption that the nonconformity would be seasonably cured. Acceptance does not of itself impair any other remedy provided by this article or the lease agreement for nonconformity.

(3) If a tender has been accepted:

(a) within a reasonable time after the lessee discovers or should have discovered any default, the lessee shall notify the lessor and the supplier, if any, or be barred from any remedy *against the party not notified*;

(b) except in the case of a consumer lease, within a reasonable time after the lessee receives notice of litigation for infringement or the like (section 336.2A-211) the lessee shall notify the lessor or be barred from any remedy over for liability established by the litigation; and

(c) the burden is on the lessee to establish any default.

(4) If a lessee is sued for breach of a warranty or other obligation for which a lessor or a supplier is answerable over *the following apply*:

(a) The lessee may give the lessor or the supplier, *or both*, written notice of the litigation. If the notice states that the ~~lessor or the supplier person notified~~ may come in and defend and that if the ~~lessor or the supplier person notified~~ does not do so ~~the lessor or supplier that person~~ will be bound in any action against ~~the lessor or supplier that person~~ by the lessee by any determination of fact common to the two litigations, then unless the ~~lessor or the supplier person notified~~ after seasonable receipt of the notice does come in and defend ~~the lessor or supplier that person~~ is so bound.

(b) The lessor or the supplier may demand in writing that the lessee turn over control of the litigation including settlement if the claim is one for infringement or the like (section 336.2A-211) or else be barred from any remedy over. If the demand states that the lessor or the supplier agrees to bear all expense and to satisfy any adverse judgment, then unless the lessee after seasonable receipt of the demand does turn over control the lessee is so barred.

(5) ~~The provisions of Subsections (3) and (4) apply to any obligation of a lessee to hold the lessor or the supplier harmless against infringement or the like (section 336.2A-211).~~

Sec. 14. Minnesota Statutes 1990, section 336.2A-517, is amended to read:

336.2A-517 [REVOCATION OF ACCEPTANCE OF GOODS.]

(1) A lessee may revoke acceptance of a lot or commercial unit whose nonconformity substantially impairs its value to the lessee if the lessee has accepted it:

(a) except in the case of a finance lease, on the reasonable assumption that its nonconformity would be cured and it has not been seasonably cured; or

(b) without discovery of the nonconformity if the lessee's acceptance was reasonably induced either by the lessor's assurances or, except in the case of a finance lease, by the difficulty of discovery before acceptance.

(2) Except in the case of a finance lease, a lessee may revoke acceptance of a lot or commercial unit if the lessor defaults under the lease contract and the default substantially impairs the value of that lot or commercial unit to the lessee.

(3) If the lease agreement so provides, the lessee may revoke acceptance of a lot or commercial unit because of other defaults by the lessor.

(4) Revocation of acceptance must occur within a reasonable time after the lessee discovers or should have discovered the ground for it and before any substantial change in condition of the goods which is not caused by the nonconformity. Revocation is not effective until the lessee notifies the lessor.

~~(3)~~ (5) A lessee who so revokes has the same rights and duties with regard to the goods involved as if the lessee had rejected them.

Sec. 15. Minnesota Statutes 1990, section 336.2A-518, is amended to read:

336.2A-518 [COVER; SUBSTITUTE GOODS.]

(1) After a default by a lessor under the lease contract ~~of the type described in section 336.2A-508(1)~~, or, if agreed, after other default by the lessor, the lessee may cover by making any purchase or lease or contract to purchase or lease goods in substitution for those due from the lessor.

(2) Except as otherwise provided with respect to damages liquidated in the lease agreement (section 336.2A-504) or otherwise determined by ~~the~~ *pursuant to* agreement of the parties (~~section sections~~ 336.1-102(3) and 336.2A-503), if a lessee's cover is by a lease agreement substantially similar to the original lease agreement and the new lease agreement is made in good faith and in a commercially reasonable manner, the lessee may recover from the lessor as damages ~~(a)~~ *(i)* the present value, as of the date of ~~default~~ *the commencement of the term of the new lease agreement*, of ~~the difference between the total rent for the lease term of under the new lease agreement and applicable to that period of the new lease term which is comparable to the then remaining term of the original lease agreement minus the present value as of the same date of the total rent for the then remaining lease term of the original lease agreement~~, and ~~(b)~~ *(ii)* any incidental or consequential damages, less expenses saved in consequence of the lessor's default.

(3) If a lessee's cover is by lease agreement that for any reason does not qualify for treatment under subsection (2), or is by purchase or otherwise, the lessee may recover from the lessor as if the lessee had elected not to cover and section 336.2A-519 governs.

Sec. 16. Minnesota Statutes 1990, section 336.2A-519, is amended to

read:

336.2A-519 [LESSEE'S DAMAGES FOR NONDELIVERY, REPUDIATION, DEFAULT, AND BREACH OF WARRANTY IN REGARD TO ACCEPTED GOODS.]

(1) Except as otherwise provided with respect to damages liquidated in the lease agreement (section 336.2A-504) or *otherwise determined by pursuant to* agreement of the parties (~~section sections~~ 336.1-102(3) and 336.2A-503), if a lessee elects not to cover or a lessee elects to cover and the cover is by lease agreement that for any reason does not qualify for treatment under section 336.2A-518(2), or is by purchase or otherwise, the measure of damages for nondelivery or repudiation by the lessor or for rejection or revocation of acceptance by the lessee is the present value, as of the date of the default, of the ~~difference between the then market rent and minus the present value as of the same date of the original rent~~, computed for the remaining lease term of the original lease agreement, together with incidental and consequential damages, less expenses saved in consequence of the lessor's default.

(2) Market rent is to be determined as of the place for tender or, in cases of rejection after arrival or revocation of acceptance, as of the place of arrival.

(3) *Except as otherwise agreed*, if the lessee has accepted goods and given notification (section 336.2A-516(3)), the measure of damages for nonconforming tender or delivery *or other default* by a lessor is the loss resulting in the ordinary course of events from the lessor's default as determined in any manner that is reasonable together with incidental and consequential damages, less expenses saved in consequence of the lessor's default.

(4) *Except as otherwise agreed*, the measure of damages for breach of warranty is the present value at the time and place of acceptance of the difference between the value of the use of the goods accepted and the value if they had been as warranted for the lease term, unless special circumstances show proximate damages of a different amount, together with incidental and consequential damages, less expenses saved in consequence of the lessor's default or breach of warranty.

Sec. 17. Minnesota Statutes 1990, section 336.2A-523, is amended to read:

336.2A-523 [LESSOR'S REMEDIES.]

(1) If a lessee wrongfully rejects or revokes acceptance of goods or fails to make a payment when due or repudiates with respect to a part or the whole, then, with respect to any goods involved, and with respect to all of the goods if under an installment lease contract the value of the whole lease contract is substantially impaired (section 336.2A-510), the lessee is in default under the lease contract and the lessor may pursue any or all of the following remedies:

(a) cancel the lease contract (section 336.2A-505(1));

(b) proceed respecting goods not identified to the lease contract (section 336.2A-524);

(c) withhold delivery of the goods and take possession of goods previously delivered (section 336.2A-525);

(d) stop delivery of the goods by any bailee (section 336.2A-526);

(e) dispose of the goods and recover damages (section 336.2A-527), or retain the goods and recover damages (section 336.2A-528), or in a proper case recover rent (section 336.2A-529);

(f) *exercise any other rights or pursue any other remedies provided in the lease contract.*

(2) If a lessor does not fully exercise a right or obtain a remedy to which the lessor is entitled under subsection (1), the lessor may recover the loss resulting in the ordinary course of events from the lessee's default as determined in any reasonable manner, together with incidental damages, less expenses saved in consequence of the lessee's default.

(3) If a lessee is otherwise in default under a lease contract, the lessor may exercise the rights and *pursue the remedies provided in the lease agreement and this article*, which may include a right to cancel the lease. In addition, unless otherwise provided in the lease contract:

(a) if the default substantially impairs the value of the lease contract to the lessor, the lessor may exercise the rights and pursue the remedies provided in subsection (1) or (2); or

(b) if the default does not substantially impair the value of the lease contract to the lessor, the lessor may recover as provided in subsection (2).

Sec. 18. Minnesota Statutes 1990, section 336.2A-525, is amended to read:

336.2A-525 [LESSOR'S RIGHT TO POSSESSION OF GOODS.]

(1) If a lessor discovers the lessee to be insolvent, the lessor may refuse to deliver the goods.

(2) ~~The lessor has on~~ After a default by the lessee under the lease contract of the type described in section 336.2A-523(1) or 336.2A-523(3)(a) or, if agreed, after other default by the lessee, the lessor has the right to take possession of the goods. If the lease contract so provides, the lessor may require the lessee to assemble the goods and make them available to the lessor at a place to be designated by the lessor which is reasonably convenient to both parties. Without removal, the lessor may render unusable any goods employed in trade or business, and may dispose of goods on the lessee's premises (section 336.2A-527).

(3) The lessor may proceed under subsection (2) without judicial process if ~~that it~~ can be done without breach of the peace or the lessor may proceed by action.

Sec. 19. Minnesota Statutes 1990, section 336.2A-527, is amended to read:

336.2A-527 [LESSOR'S RIGHTS TO DISPOSE OF GOODS.]

(1) After a default by a lessee under the lease contract ~~(of the type described in section 336.2A-523(1)) or 336.2A-523(3)(a)~~ or after the lessor refuses to deliver or takes possession of goods (section 336.2A-525 or 336.2A-526), *or, if agreed, after other default by a lessee*, the lessor may dispose of the goods concerned or the undelivered balance by lease, sale, or otherwise.

(2) Except as otherwise provided with respect to damages liquidated in

the lease agreement (section 336.2A-504) or otherwise determined by pursuant to agreement of the parties (~~section sections 336.1-102(3) and 336.2A-503~~), if the disposition is by lease agreement substantially similar to the original lease agreement and the new lease agreement is made in good faith and in a commercially reasonable manner, the lessor may recover from the lessee as damages ~~(a)~~ (i) accrued and unpaid rent as of the date of the start of the term of the new lease agreement, ~~(b)~~ (ii) the present value, as of the same date of the start of the term of the new lease agreement, of the difference between the total rent for the then remaining lease term of the original lease agreement and the total rent for the lease term minus the present value, as of the same date, of the rent under the new lease agreement applicable to that period of the new lease term that is comparable to the then remaining term of the original lease agreement, and ~~(c)~~ (iii) any incidental damages allowed under section 336.2A-530, less expenses saved in consequence of the lessee's default.

(3) If the lessor's disposition is by lease agreement that for any reason does not qualify for treatment under subsection (2), or is by sale or otherwise, the lessor may recover from the lessee as if the lessor had elected not to dispose of the goods and section 336.2A-528 governs.

(4) A subsequent buyer or lessee who buys or leases from the lessor in good faith for value as a result of a disposition under this section takes the goods free of the original lease contract and any rights of the original lessee even though the lessor fails to comply with one or more of the requirements of this article.

(5) The lessor is not accountable to the lessee for any profit made on any disposition. A lessee who has rightfully rejected or justifiably revoked acceptance shall account to the lessor for any excess over the amount of the lessee's security interest (section 336.2A-508(5)).

Sec. 20. Minnesota Statutes 1990, section 336.2A-528, is amended to read:

336.2A-528 [LESSOR'S DAMAGES FOR NONACCEPTANCE OR, FAILURE TO PAY, REPUDIATION, OR OTHER DEFAULT.]

(1) Except as otherwise provided with respect to damages liquidated in the lease agreement (section 336.2A-504) or otherwise determined by pursuant to agreement of the parties (~~section sections 336.1-102(3) and 336.2A-503~~), if a lessor elects to retain the goods or a lessor elects to dispose of the goods and the disposition is by lease agreement that for any reason does not qualify for treatment under section 336.2A-527(2), or is by sale or otherwise, the lessor may recover from the lessee as damages for ~~nonacceptance or repudiation by a default of the type described in section 336.2A-523(1) or 336.2A-523(3)(a)~~, or, if agreed, for other default of the lessee ~~(a)~~, (i) accrued and unpaid rent as of the date the lessor obtained possession of the goods or an earlier date when the lessee made an effective tender of possession of the goods back to the lessor of default if the lessee has never taken possession of the goods, or, if the lessee has taken possession of the goods, as of the date the lessor repossesses the goods or an earlier date on which the lessee makes a tender of the goods to the lessor, ~~(b)~~ (ii) the present value as of the date determined under paragraph ~~(a)~~ clause (i) of the difference between the total rent for the then remaining lease term of the original lease agreement and minus the present value as of the same date of the market rent at the time determined under paragraph ~~(a)~~, and place for tender where the goods are located computed for the same lease term,

and ~~(e)~~ (iii) any incidental damages allowed under section 336.2A-530, less expenses saved in consequence of the lessee's default.

(2) If the measure of damages provided in subsection (1) is inadequate to put a lessor in as good a position as performance would have, the measure of damages is the *present value of the profit*, including reasonable overhead, the lessor would have made from full performance by the lessee, together with any incidental damages allowed under section 336.2A-530, due allowance for costs reasonably incurred and due credit for payments or proceeds of disposition.

Sec. 21. Minnesota Statutes 1990, section 336.2A-529, is amended to read:

336.2A-529 [LESSOR'S ACTION FOR THE RENT.]

(1) After default by the lessee under the lease contract ~~(of the type described in section 336.2A-523(1)) or 336.2A-523(3)(a) or, if agreed, after other default by the lessee~~, if the lessor complies with subsection (2), the lessor may recover from the lessee as damages:

(a) for goods accepted by the lessee and *not repossessed by or tendered to the lessor*, and for conforming goods lost or damaged within a commercially reasonable time after risk of loss passes to the lessee (section 336.2A-219), (i) accrued and unpaid rent as of the date of entry of judgment in favor of the lessor, (ii) the present value as of the *same date of entry of judgment in favor of the lessor* of the rent for the then remaining lease term of the lease agreement, and (iii) any incidental damages allowed under section 336.2A-530, less expenses saved in consequence of the lessee's default; and

(b) for goods identified to the lease contract if the lessor is unable after reasonable effort to dispose of them at a reasonable price or the circumstances reasonably indicate that effort will be unavailing, (i) accrued and unpaid rent as of the date of entry of judgment in favor of the lessor, (ii) the present value as of the *same date of entry of judgment in favor of the lessor* of the rent for the then remaining lease term of the lease agreement, and (iii) any incidental damages allowed under section 336.2A-530, less expenses saved in consequence of the lessee's default.

(2) Except as provided in subsection (3), the lessor shall hold for the lessee for the remaining lease term of the lease agreement any goods that have been identified to the lease contract and are in the lessor's control.

(3) The lessor may dispose of the goods at any time before collection of the judgment for damages obtained pursuant to subsection (1). If the disposition is before the end of the remaining lease term of the lease agreement, the lessor's recovery against the lessee for damages ~~will be~~ is governed by section 336.2A-527 or 336.2A-528, *and the lessor will cause an appropriate credit to be provided against a judgment for damages to the extent that the amount of the judgment exceeds the recovery available pursuant to section 336.2A-527 or 336.2A-528.*

(4) Payment of the judgment for damages obtained pursuant to subsection (1) entitles the lessee to use and possession of the goods not then disposed of for the remaining lease term of *and in accordance with* the lease agreement.

(5) After a lessee has wrongfully rejected or revoked acceptance of goods, has failed to pay rent then due, or has repudiated (section 336.2A-402), a

lessor who is held not entitled to rent under this section must nevertheless be awarded damages for nonacceptance under sections 336.2A-527 and 336.2A-528.

In addition to any other recovery permitted by this article or other law, the lessor may recover from the lessee an amount that will fully compensate the lessor for any loss of or damage to the lessor's residual interest in the goods caused by the default of the lessee.

ARTICLE 2

UNIFORM COMMERCIAL CODE

ARTICLE 6 - BULK SALES

Section 1. Minnesota Statutes 1990, section 336.1-105, is amended to read:

336.1-105 [TERRITORIAL APPLICATION OF THE CHAPTER; PARTIES' POWER TO CHOOSE APPLICABLE LAW.]

(1) Except as provided hereafter in this section, when a transaction bears a reasonable relation to this state and also to another state or nation the parties may agree that the law either of this state or of such other state or nation shall govern their rights and duties. Failing such agreement this chapter applies to transactions bearing an appropriate relation to this state.

(2) Where one of the following provisions of this chapter specifies the applicable law, that provision governs and a contrary agreement is effective only to the extent permitted by the law (including the conflict of laws rules) so specified:

Rights of creditors against sold goods. Section 336.2-402.

Applicability of the article on leases. Sections 336.2A-105 and 336.2A-106.

Applicability of the article on bank deposits and collections. Section 336.4-102.

Governing law in the article on funds transfers. Section 336.4A-507.

~~Bulk transfers subject to the article on bulk transfers. Section 336.6-102.~~

Applicability of the article on investment securities. Section 336.8-106.

Perfection provisions of the article on secured transactions. Section 336.9-103.

Sec. 2. Minnesota Statutes 1990, section 336.2-403, is amended to read:

336.2-403 [POWER TO TRANSFER; GOOD FAITH PURCHASE OF GOODS; "ENTRUSTING".]

(1) A purchaser of goods acquires all title which the purchaser's transferor had or had power to transfer except that a purchaser of a limited interest acquires rights only to the extent of the interest purchased. A person with voidable title has power to transfer a good title to a good faith purchaser for value. When goods have been delivered under a transaction of purchase the purchaser has such power even though

(a) the transferor was deceived as to the identity of the purchaser, or

(b) the delivery was in exchange for a check which is later dishonored,
or

(c) it was agreed that the transaction was to be a "cash sale," or

(d) the delivery was procured through fraud punishable as larcenous under the criminal law.

(2) Any entrusting of possession of goods to a merchant who deals in goods of that kind gives the merchant power to transfer all rights of the entruster to a buyer in ordinary course of business.

(3) "Entrusting" includes any delivery and any acquiescence in retention of possession regardless of any condition expressed between the parties to the delivery or acquiescence and regardless of whether the procurement of the entrusting or the possessor's disposition of the goods have been such as to be larcenous under the criminal law.

(4) The rights of other purchasers of goods and of lien creditors are governed by the articles on secured transactions (article 9); ~~bulk transfers (article 6)~~ and documents of title (article 7).

Sec. 3. [SAVINGS CLAUSE.]

Rights and obligations that arose under sections 336.6-101 to 336.6-111 and 336.9-111 before their repeal remain valid and may be enforced as though they had not been repealed.

Sec. 4. [REPEALER.]

Minnesota Statutes 1990, sections 336.6-101; 336.6-102; 336.6-103; 336.6-104; 336.6-105; 336.6-106; 336.6-107; 336.6-108; 336.6-109; 336.6-110; 336.6-111; and 336.9-111, are repealed."

Delete the title and insert:

"A bill for an act relating to the Uniform Commercial Code; enacting conforming amendments proposed by the Uniform Laws Conference; proposing changes to articles relating to leases and bulk sales; amending Minnesota Statutes 1990, sections 336.1-105; 336.2-403; 336.2A-103; 336.2A-209; 336.2A-303; 336.2A-304; 336.2A-307; 336.2A-309; 336.2A-407; 336.2A-501; 336.2A-503; 336.2A-507; 336.2A-508; 336.2A-516; 336.2A-517; 336.2A-518; 336.2A-519; 336.2A-523; 336.2A-525; 336.2A-527; 336.2A-528; 336.2A-529; proposing coding for new law in Minnesota Statutes, chapter 336; repealing Minnesota Statutes 1990, sections 336.6-101 to 336.6-111; and 336.9-111."

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

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

S.F. No. 755: A bill for an act relating to the justice system; making various technical corrections and changes to the public defender law; limiting entitlement to appellate representation by the state public defender; providing for free documents and other items for public defenders; providing for payment of travel fees for defense witnesses; allowing persons in custody reasonable telephone access to their attorneys without charge; providing for certain compensation increases for district public defenders and assistant public defenders; providing who is eligible to be represented by the public defender; providing for a county aid offset for public defense costs in the

third and sixth judicial districts; providing for a county aid offset if certain court costs are assumed by the state; making the eighth judicial district court financing pilot project permanent; requiring the supreme court to study the costs and prepare a budget; appropriating money; amending Minnesota Statutes 1990, sections 357.24; 477A.012, by adding subdivisions; 481.10; 590.05; 611.14; 611.18; 611.20; 611.215, subdivision 2; 611.25, subdivision 1; 611.26, subdivision 6, and by adding subdivisions; 611.27, subdivisions 1 and 2; 611.271; and Laws 1989, chapter 335, article 3, section 44, as amended; repealing Minnesota Statutes 1990, sections 611.215, subdivision 4; 611.261; and Laws 1989, chapter 335, article 3, section 54, as amended.

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

Page 12, after line 8, insert:

"Section 1. Minnesota Statutes 1990, section 275.50, subdivision 5, is amended to read:

Subd. 5. Notwithstanding any other law to the contrary for taxes levied in 1990 payable in 1991 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, as amended by Laws 1990, chapter 604, article 9, section 14;

(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.

If the amount levied under this paragraph ~~(u)~~ (s) 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;

~~(w)~~ (t) 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)~~ (u) 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 a county jail as authorized in section 641.01 or 641.262, or a correctional facility as defined in section 241.021, subdivision 1, paragraph (5);

~~(x)~~ (v) 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;

~~(y)~~ (w) for taxes levied in 1990, payable in 1991 only, pay an amount equal to the unreimbursed county costs paid in 1989 and 1990 for the purpose of grasshopper control; and, for taxes levied in 1991 payable in 1992 only, pay an amount equal to the unreimbursed county costs paid in 1991 for the purpose of grasshopper control;

~~(z)~~ (x) for a county, provide an amount needed to fund comprehensive local water implementation activities under sections 103B.3361 to 103B.3369 as provided in this clause.

A county may levy an amount not to exceed the water implementation local tax rate times the adjusted net tax capacity of the county for the preceding year. The water implementation local tax rate shall be set by August 1 each year by the commissioner of revenue for taxes payable in the following year. As used in this paragraph, the "adjusted net tax capacity of the county" means the net tax capacity of the county as equalized by the commissioner of revenue based upon the results of an assessment/sales

ratio study. That rate shall be the rate, rounded up to the nearest one-thousandth of a percent, that, when applied to the adjusted net tax capacity for all counties, raises the amount specified in this clause. The water implementation local tax rate for taxes levied in 1990 shall be the rate that raises \$1,500,000 and the rate for taxes levied in 1991 shall be the rate that raises \$1,500,000. A county must levy a tax at the rate established under this clause to qualify for a grant from the board of water and soil resources under section 103B.3369, subdivision 5;

~~(aa)~~ (y) pay the unreimbursed county costs for court-ordered family-based services and court-ordered out-of-home placement for children to the extent that the county can demonstrate to the commissioner of revenue that the estimated amount included in the county's budget for the following levy year is for the purposes specified under this clause. For purposes of this special levy, costs for "family-based services" and "out-of-home placement" means costs resulting from court-ordered targeted family services designed to avoid out-of-home placement and from court-ordered out-of-home placement under the provisions of sections 260.172 and 260.191, which are unreimbursed by the state or federal government, insurance proceeds, or parental or child obligations. Any amount levied under this clause must only be used by the county for the purposes specified in this clause.

If the county uses this special levy and the county levied an amount in the previous levy year, for the purposes specified under this clause, under another special levy or under the levy limitation in section 275.51, the following adjustments must be made:

(i) The amount levied in the previous levy year for the purposes specified under this clause under the levy limitation in section 275.51 must be deducted from the levy limit base under section 275.51, subdivision 3f, when determining the current year levy limitation.

(ii) The amount levied in the previous levy year, for the purposes specified under clause (a) or (u) must be deducted from the previous year's amount used to calculate the maximum amount allowable under clause (a) in the current levy year; and

~~(bb)~~ (z) pay the amounts allowed as special levies under Laws 1989, First Special Session chapter 1, article 5, section 50, and subdivisions 5a and 5b; and

(aa) for taxes levied in 1991, payable in 1992 only, provide an amount equal to 50 percent of the estimated amount of the reduction in aids payable in 1992 to a county located in the third or sixth judicial district for public defense services in juvenile and misdemeanor cases under section 477A.012, subdivision 6.

Sec. 2. Minnesota Statutes 1990, 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 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.

(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) (f) 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.

(g) For taxes levied in 1991 in a county that is located in the third or sixth judicial districts, the levy limit base shall be reduced by an amount equal to the cost of public defense services in juvenile and misdemeanor cases in the county as certified by the board of public defense under section 477A.012, subdivision 6."

Page 13, after line 19, insert:

"Sec. 5. Minnesota Statutes 1990, section 611.27, subdivision 4, is amended to read:

Subd. 4. [COUNTY PORTION OF COSTS.] That portion of subdivision 1 directing counties to pay the costs of public defense service shall not be in effect between July 1, 1990/1991, and July 1, 1994/1993. This subdivision only relates to costs associated with felony and gross misdemeanor public defense services and all public defense services in the second, third, fourth, sixth, and eighth judicial districts."

Page 14, line 12, delete "1" and insert "3"

Page 14, line 13, delete "2" and insert "4"

Page 14, line 16, after the period, insert "Section 5 is effective July 1, 1991."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 16, after the semicolon, insert "financing public defender offices;"

Page 1, line 20, after "sections" insert "275.50, subdivision 5; 275.51, subdivision 3f;"

Page 1, line 24, delete "and 2" and insert ", 2, and 4"

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

Mr. Spear from the Committee on Judiciary, to which was referred

H.F. No. 345: A bill for an act relating to sexual abuse; extending the statute of limitations for intentional torts involving the sexual abuse of a

minor; expanding the statute of limitations in criminal sexual conduct cases involving a minor victim and in certain criminal sexual conduct cases involving an adult victim; amending Minnesota Statutes 1990, sections 541.073; and 628.26.

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 1990, section 541.073, is amended to read:

541.073 [ACTIONS FOR DAMAGES DUE TO SEXUAL ABUSE; SPECIAL PROVISIONS.]

Subdivision 1. [DEFINITION.] As used in this section, "sexual abuse" means conduct described in sections 609.342 to 609.345.

Subd. 2. [LIMITATIONS PERIOD.] (a) An action for damages based on personal injury caused by sexual abuse must be commenced; ~~in the case of an intentional tort, within two years, or, in the case of an action for negligence,~~ within six years of the time the plaintiff knew or had reason to know that the injury was caused by the sexual abuse.

(b) The plaintiff need not establish which act in a continuous series of sexual abuse acts by the defendant caused the injury.

(c) The knowledge of a parent or guardian may not be imputed to a minor.

(d) This section does not affect the suspension of the statute of limitations during a period of disability under section 541.15.

~~*As used in this section, "sexual abuse" means conduct described in sections 609.342 to 609.345.*~~

Subd. 3. [APPLICABILITY.] This section applies to an action for damages commenced against a person who caused the plaintiff's personal injury either by (1) committing sexual abuse against the plaintiff, or (2) negligently permitting sexual abuse against the plaintiff to occur.

Sec. 2. Minnesota Statutes 1990, section 609.3461, is amended to read:
609.3461 [DNA ANALYSIS OF SEX OFFENDERS REQUIRED.]

Subdivision 1. [UPON SENTENCING.] When a court sentences a person convicted of violating or attempting to violate section 609.342, 609.343, 609.344, or 609.345, or sentences a person as a patterned sex offender under section 609.1352, or the juvenile court adjudicates a person a delinquent child for violating or attempting to violate section 609.342, 609.343, 609.344, or 609.345, it shall order the person to provide a biological specimen for the purpose of DNA analysis as defined in section 299C.155. The biological specimen or the results of the analysis shall be maintained by the bureau of criminal apprehension as provided in section 299C.155.

Subd. 2. [BEFORE RELEASE.] If a person convicted of violating or attempting to violate section 609.342, 609.343, 609.344, or 609.345, or sentenced as a patterned sex offender under section 609.1352, and committed to the custody of the commissioner of corrections for a term of imprisonment, has not provided a biological specimen for the purpose of DNA analysis, the commissioner of corrections or local corrections authority shall order the person to provide a biological specimen for the purpose of

DNA analysis before completion of the person's term of imprisonment. The commissioner of corrections or local corrections authority shall forward the sample to the bureau of criminal apprehension.

Sec. 3. Minnesota Statutes 1990, section 628.26, is amended to read:
628.26 [LIMITATIONS.]

(a) Indictments or complaints for murder may be found or made at any time after the death of the person killed.

(b) Indictments or complaints for violation of section 609.42, subdivision 1, clause (1) or (2), shall be found or made and filed in the proper court within six years after the commission of the offense.

(c) Indictments or complaints for violation of sections 609.342 to 609.345 if the victim was under the age of 18 years at the time the offense was committed, ~~shall be found or made and filed in the proper court within seven years after the commission of the offense or, if the victim failed to report the offense within this limitation period, within two years after the offense was reported to law enforcement authorities, but in no event may an indictment or complaint be found or made after the victim attains the age of 25 years may be found or made at any time after the commission of the offense.~~

(d) Indictments or complaints for violation of sections 609.466 and 609.52, subdivision 2, clause (3)(c) shall be found or made and filed in the proper court within six years after the commission of the offense.

(e) Indictments or complaints for violation of section 609.52, subdivision 2, clause (3), items (a) and (b), (4), (15), or (16), 609.631, or 609.821, where the value of the property or services stolen is more than \$35,000, shall be found or made and filed in the proper court within five years after the commission of the offense.

(f) Except for violations relating to false material statements, representations or omissions, indictments or complaints for violations of section 609.671 shall be found or made and filed in the proper court within five years after the commission of the offense.

(g) In all other cases, indictments or complaints shall be found or made and filed in the proper court within three years after the commission of the offense; but the time during which the defendant shall not be an inhabitant of, or usually resident within, this state, shall not constitute any part of the limitations imposed by this section.

Sec. 4. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment, and applies to actions pending on or commenced on or after that date. Section 3 is effective August 1, 1991, and applies to crimes committed on or after that date, and to crimes committed before that date if the limitations period for the crime under Minnesota Statutes 1990 did not expire before August 1, 1991.

Sec. 5. [APPLICABILITY.]

Notwithstanding any other provision of law, a plaintiff whose claim would otherwise be time-barred under Minnesota Statutes 1990 has until August 1, 1992, to commence a cause of action for damages based on personal injury caused by sexual abuse."

Delete the title and insert:

"A bill for an act relating to sexual abuse; extending the statute of limitations for intentional torts involving sexual abuse; eliminating the statute of limitations in criminal sexual conduct cases involving a minor victim; amending Minnesota Statutes 1990, sections 541.073; 609.3461; and 628.26."

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

Mr. Spear from the Committee on Judiciary, to which was referred

H.F. No. 716: A bill for an act relating to crime victims; requiring victims to be notified of offender's escape; requiring notification to victim of final disposition of case; waiving fees necessary to obtain a temporary restraining order for harassment if petitioner is indigent; amending Minnesota Statutes 1990, sections 609.748, subdivisions 3, 4, and 6; 611A.02, subdivision 2; and 611A.06; proposing coding for new law in Minnesota Statutes, chapter 611A.

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 1990, section 609.748, subdivision 3, is amended to read:

Subd. 3. [CONTENTS OF PETITION.] A petition for relief must allege facts sufficient to show the following:

- (1) the name of the alleged harassment victim;
- (2) the name of the respondent; and
- (3) that the respondent has engaged in harassment.

The petition shall be accompanied by an affidavit made under oath stating the specific facts and circumstances from which relief is sought. The court shall provide simplified forms and clerical assistance to help with the writing and filing of a petition under this section *and shall advise the petitioner of the right to sue in forma pauperis under section 563.01.*

Sec. 2. Minnesota Statutes 1990, section 609.748, subdivision 4, is amended to read:

Subd. 4. [TEMPORARY RESTRAINING ORDER.] (a) The court may issue a temporary restraining order ordering the respondent to cease or avoid the harassment of another person or to have no contact with that person if the petitioner files a petition in compliance with subdivision 3 and if the court finds reasonable grounds to believe that the respondent has engaged in harassment.

(b) Notice need not be given to the respondent before the court issues a temporary restraining order under this subdivision. A temporary restraining order may be entered only against the respondent named in the petition.

(c) The temporary restraining order is in effect until a hearing is held on the issuance of a restraining order under subdivision 5. The court shall hold the hearing on the issuance of a restraining order within ~~seven~~ 14 days after the temporary restraining order is issued unless (1) the time period is extended upon written consent of the parties; or (2) the time period is

extended by the court for one additional ~~seven-day~~ 14-day period upon a showing that the respondent has not been served with a copy of the temporary restraining order despite the exercise of due diligence.

Sec. 3. Minnesota Statutes 1990, section 611A.02, subdivision 2, is amended to read:

Subd. 2. [VICTIMS' RIGHTS.] (a) The commissioner of public safety, in consultation with the crime victim and witness advisory council, must develop a notice of the rights of crime victims. The notice must include a form for the preparation of a preliminary written victim impact summary. A preliminary victim impact summary is a concise statement of the immediate and expected damage to the victim as a result of the crime. A victim desiring to file a preliminary victim impact summary must file the summary with the investigating officer no more than five days after the victim receives the notice from a peace officer. If a preliminary victim impact statement is filed with the investigating officer, it must be sent to the prosecutor with other investigative materials. If a prosecutor has received a preliminary victim impact summary, the prosecutor must present the summary to the court. This subdivision does not relieve a probation officer of the notice requirements imposed by section 609.115, subdivision 1c.

(b) The notice of the rights of crime victims must be distributed by a peace officer to each victim, as defined in section 611A.01, when the peace officer takes a formal statement from the victim. A peace officer is not obligated to distribute the notice if a victim does not make a formal statement. The notice must inform a victim of:

- (1) the victim's right to request restitution under section 611A.04;
- (2) the victim's right to be notified of any plea negotiations under section 611A.03; ~~and~~
- (3) the victim's right to be present at sentencing, and to object orally or in writing to a proposed agreement or disposition; ~~and~~
- (4) *the victim's right to be notified of the final disposition of the case.*

Sec. 4. [611A.039] [RIGHT TO NOTICE OF FINAL DISPOSITION OF CRIMINAL CASE.]

Subdivision 1. [NOTICE REQUIRED.] Except as otherwise provided in subdivision 2, within 15 working days after a conviction, acquittal, or dismissal in a criminal case in which there is an identifiable crime victim, the prosecutor shall make reasonable good faith efforts to provide to each affected crime victim oral or written notice of the final disposition of the case.

Subd. 2. [EXCEPTION.] If a prosecutor contacts an identifiable crime victim in advance of the final case disposition, either orally or in writing, and notifies the victim of the victim's right to request information on the final disposition of the case, the prosecutor shall only be required to provide the notice described in subdivision 1 to those victims who have indicated in advance their desire to be notified of the final case disposition.

Sec. 5. Minnesota Statutes 1990, section 611A.06, is amended to read:

611A.06 [RIGHT TO NOTICE OF RELEASE.]

Subdivision 1. [NOTICE OF RELEASE REQUIRED.] The commissioner of corrections or other custodial authority shall make a good faith effort

to notify the victim that the offender is to be released from imprisonment or incarceration, including release on extended furlough and for work release; released from a juvenile correctional facility; or released from a facility in which the offender was confined due to incompetency, mental illness, or mental deficiency, or commitment under section 253B.18, prior to the release if the victim has mailed to the commissioner of corrections or to the head of the facility in which the offender is confined a written request for this notice.

Subd. 2. [CONTENTS OF NOTICE.] The notice given to a victim of a crime against a person must include the conditions governing the offender's release, and either the identity of the corrections agent who will be supervising the offender's release or a means to identify the court services agency that will be supervising the offender's release. The commissioner or other custodial authority complies with this section upon mailing the notice of impending release to the victim at the address which the victim has most recently provided to the commissioner or authority in writing.

Subd. 3. [NOTICE OF ESCAPE.] If an offender escapes from imprisonment or incarceration, including from release on extended furlough or work release, or from any facility described in subdivision 1, the commissioner or other custodial authority shall make all reasonable efforts to notify a victim who has requested notice of the offender's release under subdivision 1 within six hours after discovering the escape and shall also make reasonable efforts to notify the victim within 24 hours after the offender is apprehended.

Subd. 4. [PRIVATE DATA.] All identifying information regarding the victim, including the victim's request and the notice provided by the commissioner or custodial authority, is classified as private data on individuals as defined in section 13.02, subdivision 12, and is accessible only to the victim.

Subd. 5. [DEFINITION.] As used in this section, "crime against the person" means a crime listed in section 611A.031.

Sec. 6. Minnesota Statutes 1990, section 611A.71, subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP.] (a) The crime victim and witness advisory council shall consist of the following members, appointed by the commissioner of public safety after consulting with the commissioner of corrections:

(1) ~~two members of the Minnesota legislature who have demonstrated expertise and interest in crime victims issues; one from each house;~~

(2) one district court judge appointed upon recommendation of the chief justice of the supreme court;

(3) (2) one county attorney appointed upon recommendation of the Minnesota county attorneys association;

(4) (3) one public defender appointed upon recommendation of the state public defender;

(5) (4) one peace officer;

(6) (5) one medical or osteopathic physician licensed to practice in this state;

(7) (6) five members who are crime victims or crime victim assistance

representatives; and

(8) (7) three public members.

The appointments should take into account sex, race, and geographic distribution. One of the nonlegislative members must be designated by the commissioner of public safety as chair of the council.

(b) Two members of the council shall be members of the legislature who have demonstrated expertise and interest in crime victims issues, one senator appointed under rules of the senate and one member of the house of representatives appointed under rules of the house of representatives.

Sec. 7. [EFFECTIVE DATE.]

Section 6 is effective for appointments occurring after January 1, 1993."

Amend the title as follows:

Page 1, line 6, before "amending" insert "modifying appointment of legislative members of the crime victim and witness advisory council;"

Page 1, line 8, delete ", 4, and 6" and insert "and 4" and after the second semicolon, delete "and"

Page 1, line 9, after the semicolon, insert "and 611A.71, subdivision 2;"

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

Mr. Spear from the Committee on Judiciary, to which was referred

H.F. No. 551: A bill for an act relating to drivers' licenses; extending waiting period for person to receive limited driver's license who has been convicted of certain crimes; providing a penalty; amending Minnesota Statutes 1990, sections 171.17; and 171.30, subdivisions 2, 4, and by adding a subdivision.

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 1990, section 171.17, is amended to read:
171.17 [REVOCATION.]

The department shall forthwith revoke the license of any driver upon receiving a record of such driver's conviction of any of the following offenses:

(1) manslaughter ~~or criminal vehicular operation~~ resulting from the operation of a motor vehicle ~~or criminal vehicular homicide or injury under section 609.21;~~

(2) any violation of section 169.121 or 609.487;

(3) any felony in the commission of which a motor vehicle was used;

(4) failure to stop and disclose identity and render aid, as required under ~~the laws of this state~~ section 169.09, in the event of a motor vehicle accident resulting in the death or personal injury of another;

(5) perjury or the making of a false affidavit or statement to the department under any law relating to the ownership or operation of a motor vehicle;

(6) except as this section otherwise provides, conviction, plea of guilty, or forfeiture of bail not vacated, upon three charges of violating, within a period of 12 months any of the provisions of chapter 169, or of the rules or municipal ordinances enacted in conformance therewith for which the accused may be punished upon conviction by imprisonment;

(7) conviction of an offense in another state which, if committed in this state, would be grounds for the revocation of the driver's license.

When any judge of a juvenile court, or any of its duly authorized agents, determines under a proceeding under chapter 260 that any person under the age of 18 years has committed any offense defined in this section, such judge, or duly authorized agent, shall immediately report this determination to the department, and the commissioner shall immediately revoke the license of that person.

Upon revoking the license of any person, as hereinbefore in this chapter authorized, the department shall immediately notify the licensee, in writing, by depositing in the United States post office a notice addressed to the licensee at the licensee's last known address, with postage prepaid thereon.

Sec. 2. Minnesota Statutes 1990, section 171.30, subdivision 2, is amended to read:

Subd. 2. A limited license shall not be issued for a period of 60 days to an individual whose license or privilege has been revoked or suspended for commission of the following offenses:

(a) ~~Manslaughter or criminal negligence resulting from the operation of a motor vehicle.~~

(b) (1) Any felony in the commission of which a motor vehicle was used-;
or

(c) (2) Failure to stop and disclose identity as required under ~~the laws of this state~~ section 169.09, in the event of a motor vehicle accident resulting in the death or personal injury of another.

Sec. 3. Minnesota Statutes 1990, section 171.30, is amended by adding a subdivision to read:

Subd. 2a. Notwithstanding subdivision 2, a limited license shall not be issued for a period of 180 days to an individual whose license or privilege has been revoked or suspended for commission of the offense of manslaughter, criminal negligence resulting from the operation of a motor vehicle, or criminal vehicular homicide or injury under section 609.21.

Sec. 4. Minnesota Statutes 1990, section 171.30, subdivision 4, is amended to read:

Subd. 4. [PENALTY.] A person who violates a condition or limitation of a limited license issued under subdivision 1 *or fails to have the license in immediate possession at all times when operating a motor vehicle* is guilty of a misdemeanor *and may not operate a motor vehicle for the remainder of the period of suspension or revocation, or 30 days, whichever is longer.*

Sec. 5. [171.305] [IGNITION INTERLOCK DEVICE; PILOT PROGRAM; LICENSE CONDITION.]

Subdivision 1. [DEFINITION.] "Ignition interlock device" or "device" means breath alcohol ignition equipment designed to prevent a motor vehicle's ignition from being started by a person whose alcohol concentration

exceeds the calibrated setting on the device.

Subd. 2. [PILOT PROGRAM.] *The commissioner shall establish a one-year statewide pilot program for the use of an ignition interlock device by a person whose driver's license or driving privilege has been canceled and denied by the commissioner for an alcohol or controlled substance related incident. After one year the commissioner shall evaluate the program and shall recommend to the legislature whether changes in the program are necessary and whether the program should be permanent. No limited license shall be issued under this program after August 1, 1992.*

Subd. 3. [PERFORMANCE STANDARDS.] *The commissioner shall specify performance standards for ignition interlock devices, including standards relating to accuracy, safe operation of the vehicle, and degree of difficulty rendering the device inoperative.*

Subd. 4. [CERTIFICATION.] *The commissioner shall certify ignition interlock devices that meet the performance standards and may charge the manufacturer of the ignition interlock device a certification fee.*

Subd. 5. [ISSUANCE OF LIMITED LICENSE.] *The commissioner may issue a limited license to a person whose driver's license has been canceled and denied due to an alcohol or controlled substance related incident under section 171.04, subdivision 1, clause (8), under the following conditions:*

- (1) at least one-half of the person's required abstinence period has expired;*
- (2) the person has completed all rehabilitation requirements; and*
- (3) the person agrees to drive only a motor vehicle equipped with a functioning and certified ignition interlock device.*

Subd. 6. [MONITORING.] *The ignition interlock device must be monitored for proper use and accuracy by an entity approved by the commissioner.*

Subd. 7. [PAYMENT.] *The commissioner shall require that the person issued a limited license under subdivision 5 pay all costs associated with use of the device.*

Subd. 8. [PROOF OF INSTALLATION.] *A person approved for a limited license must provide proof of installation prior to issuance of the limited license.*

Subd. 9. [PENALTIES.] *(a) A person who knowingly lends, rents, or leases a motor vehicle that is not equipped with a functioning ignition interlock device to a person with a limited license issued under subdivision 5 is guilty of a misdemeanor.*

(b) A person who tampers with, circumvents, or bypasses the ignition interlock device, or assists another to tamper with, circumvent, or bypass the device, is guilty of a misdemeanor.

(c) The penalties of this subdivision do not apply if the action was taken for emergency purposes or for mechanical repair, and the person limited to the use of an ignition interlock device does not operate the motor vehicle while the device is disengaged.

Subd. 10. [CANCELLATION OF LIMITED LICENSE.] *The commissioner shall cancel a limited license issued under this section if the device registers a positive reading for use of alcohol or the person violates any conditions of the limited license.*

Sec. 6. [EFFECTIVE DATE.]

Sections 1 to 4 and section 5, subdivision 9, are effective for violations that occur on or after August 1, 1991."

Delete the title and insert:

"A bill for an act relating to drivers' licenses; extending waiting period for person to receive limited driver's license who has been convicted of certain crimes; establishing a pilot program for the use of ignition interlock devices; imposing a penalty; amending Minnesota Statutes 1990, sections 171.17; and 171.30, subdivisions 2 and 4; proposing coding for new law in Minnesota Statutes, chapter 171."

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

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

H.F. No. 1475 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1475	1425				

and that the above Senate File be indefinitely postponed.

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

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

H.F. No. 1025 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1025	900				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1025 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1025 and insert the language after the enacting clause of S.F. No. 900, the first engrossment; further, delete the title of H.F. No. 1025 and insert the title of S.F. No. 900, the first engrossment.

And when so amended H.F. No. 1025 will be identical to S.F. No. 900, and further recommends that H.F. No. 1025 be given its second reading and substituted for S.F. No. 900, and that the Senate File be indefinitely postponed.

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

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

H.F. No. 1310 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1310	1206				

and that the above Senate File be indefinitely postponed.

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

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

H.F. No. 525 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
525	1099				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 525 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 525 and insert the language after the enacting clause of S.F. No. 1099, the first engrossment; further, delete the title of H.F. No. 525 and insert the title of S.F. No. 1099, the first engrossment.

And when so amended H.F. No. 525 will be identical to S.F. No. 1099, and further recommends that H.F. No. 525 be given its second reading and substituted for S.F. No. 1099, and that the Senate File be indefinitely postponed.

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

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

H.F. No. 1066 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1066	1451				

and that the above Senate File be indefinitely postponed.

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

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

H.F. No. 693 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
693	802				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 693 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 693 and insert the language after the enacting clause of S.F. No. 802, the first engrossment; further, delete the title of H.F. No. 693 and insert the title of S.F. No. 802, the first engrossment.

And when so amended H.F. No. 693 will be identical to S.F. No. 802, and further recommends that H.F. No. 693 be given its second reading and substituted for S.F. No. 802, and that the Senate File be indefinitely postponed.

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

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

H.F. No. 1542 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1542	1251				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1542 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1542 and insert the language after the enacting clause of S.F. No. 1251, the first engrossment; further, delete the title of H.F. No. 1542 and insert the title of S.F. No. 1251, the first engrossment.

And when so amended H.F. No. 1542 will be identical to S.F. No. 1251, and further recommends that H.F. No. 1542 be given its second reading and substituted for S.F. No. 1251, and that the Senate File be indefinitely postponed.

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

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

H.F. No. 1039 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1039	798				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1039 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1039 and insert the language after the enacting clause of S.F. No. 798, the first engrossment; further, delete the title of H.F. No. 1039 and insert the title of S.F. No. 798, the first engrossment.

And when so amended H.F. No. 1039 will be identical to S.F. No. 798, and further recommends that H.F. No. 1039 be given its second reading and substituted for S.F. No. 798, and that the Senate File be indefinitely postponed.

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

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

H.F. No. 1371 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1371	177				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1371 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1371 and insert the language after the enacting clause of S.F. No. 177, the second engrossment; further, delete the title of H.F. No. 1371 and insert the title of S.F. No. 177, the second engrossment.

And when so amended H.F. No. 1371 will be identical to S.F. No. 177, and further recommends that H.F. No. 1371 be given its second reading

and substituted for S.F. No. 177, and that the Senate File be indefinitely postponed.

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

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

H.F. No. 1151 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1151	1020				

and that the above Senate File be indefinitely postponed.

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

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

H.F. No. 654 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
654	990				

and that the above Senate File be indefinitely postponed.

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

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

H.F. No. 425 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
425	490				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 425 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 425 and insert the language after the enacting clause of S.F. No. 490, the first engrossment; further, delete the title of H.F. No. 425 and insert the title of S.F. No. 490, the first engrossment.

And when so amended H.F. No. 425 will be identical to S.F. No. 490, and further recommends that H.F. No. 425 be given its second reading and substituted for S.F. No. 490, and that the Senate File be indefinitely postponed.

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

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

S.F. No. 467: A bill for an act relating to education; providing for revenue for general education, transportation, special programs, community education, facilities, equipment, cooperation, libraries, state education agencies, Faribault academies, center for arts education, and other purposes; establishing a learning readiness program; altering the operations of regional education organizations; providing for teacher rights in certain circumstances; imposing duties on certain state agencies; requiring a report; appropriating money; amending Minnesota Statutes 1990, sections 120.062, subdivisions 8a and 9; 120.08, subdivision 3; 120.17, subdivisions 7a, 11a, 12, and by adding a subdivision; 120.59; 120.60; 120.61; 120.62; 120.63; 120.64; 120.65; 120.66; 120.67; 121.14; 121.165; 121.49, subdivision 1; 121.608; 121.609, subdivisions 1, 2, and 3; 121.612, subdivision 9; 121.88, subdivision 10; 121.882, by adding a subdivision; 121.904, subdivisions 4a and 4e; 121.912, by adding a subdivision; 121.917, subdivision 3; 121.931, subdivisions 6a, 7, and 8; 121.932, subdivisions 2, 3, and 5; 121.933, subdivision 1; 121.934, subdivision 7; 121.935, subdivisions 1, 4, 6, and by adding subdivisions; 121.936, subdivisions 1, 2, and 4; 121.937, subdivision 1; 122.241, subdivisions 1 and 2; 122.242, subdivision 9; 122.243, subdivision 2; 122.247, by adding a subdivision; 122.41; 122.531, by adding a subdivision; 122.535, subdivision 6; 122.541, subdivision 7; 122.94, subdivision 6, and by adding a subdivision; 123.34, subdivision 10; 123.35, by adding subdivisions; 123.351, subdivision 8; 123.3514, subdivisions 4, 8, and by adding subdivisions; 123.40, by adding a subdivision; 123.58, by adding subdivisions; 123.706, subdivisions 3 and 6; 123.707, subdivisions 1 and 2; 124.14, subdivision 7; 124.17, subdivisions 1, 1b, and by adding subdivisions; 124.223, subdivision 1; 124.225, subdivisions 1, 3a, 7a, 7b, 7d, 8a, 8k, 10, and by adding a subdivision; 124.26, subdivisions 1c and 2; 124.261; 124.2711; 124.2713, subdivisions 1, 3, 5, 6, and 9; 124.2721, subdivisions 1, 2, 3, 4, 5, and by adding a subdivision; 124.2725, subdivisions 4, 5, 6, 8, and 10; 124.273, subdivision 1b; 124.276, subdivision 4; 124.32, subdivisions 1b and 10; 124.431, subdivision 7, and by adding a subdivision; 124.493, by adding a subdivision; 124.573, subdivisions 2b and 3a; 124.574, subdivision 2b; 124.575, subdivisions 1, 2, 3, 4, and by adding a subdivision; 124.646, subdivision 1, and by adding a subdivision; 124.6472, subdivision 1; 124.83, subdivisions 3 and 4; 124.86; 124A.02, subdivisions 16 and 23; 124A.03, subdivision 2; 124A.04; 124A.22, subdivisions 2, 3, 4, 5, 8, and 9; 124A.23,

subdivision 1; 124A.24; 124A.26, subdivision 1; 124B.03, subdivision 2; 124C.03, subdivision 16; 125.09, subdivision 4; 126.113, subdivisions 1 and 2; 126.22, subdivisions 2, 3, 4, and 8; 126.23; 126.266, subdivision 2; 126.51, subdivision 1a; 126.663, subdivisions 2 and 3; 126.665; 126.666, subdivisions 1 and 2; 126.70, subdivisions 1 and 2a; 128A.02, subdivision 4; 128B.03, subdivisions 4, 5, 7, and by adding a subdivision; 128B.04; 128B.05, subdivisions 2 and 3; 128B.06, subdivision 1; 128B.08; 128B.09; 128B.10, subdivisions 1 and 2; 128C.01, by adding a subdivision; 128C.12, subdivision 3; 128C.20; 129C.10, subdivisions 3, 3a, and 4a; 134.001, subdivisions 2 and 3; 134.31, subdivision 4; 134.35; 134.351, subdivision 7; 136D.22, by adding a subdivision; 136D.29; 136D.71; 136D.72, subdivision 1; 136D.76, subdivision 2; 136D.82, by adding a subdivision; 136D.90; 141.25, subdivision 8; 141.26, subdivision 5; 203B.085; 214.10, by adding a subdivision; 245A.03, subdivision 2; 268.08, subdivision 6; 272.02, subdivision 8; 273.1398, subdivision 6; 275.065, subdivisions 3, 5a, and 6; 275.125, subdivisions 5, 5b, 5c, 11d, and by adding a subdivision; 279.03, subdivision 1a; 281.17; 364.09; and 631.40; Laws 1989, chapter 329, articles 6, section 53, as amended, and 9, section 35; proposing coding for new law in Minnesota Statutes, chapters 120; 121; 122; 124; 124A; 124C; 125; 126; 127; 128B; 129C; 134; 136D; and 181A; repealing Minnesota Statutes, sections 3.865; 3.866; 120.104; 121.11; 121.15, subdivision 10; 121.932, subdivision 1; 121.933, subdivision 2; 121.935, subdivisions 3 and 5; 121.936, subdivision 5; 121.937, subdivision 2; 122.43, subdivision 1; 122.531, subdivision 5; 122.91, subdivision 7; 122.945, subdivision 4; 123.3514, subdivisions 6 and 6b; 123.701; 123.702; 123.704; 123.706, subdivision 3a; 123.707, subdivision 3; 123.73; 124.17, subdivision 1b; 124.225, subdivisions 3, 4b, 7c, 8b, 8i, and 8j; 124.252; 124.2713, subdivision 4; 124.2721, subdivision 3a; 124.331; 124.332; 124.333; 124.48, subdivision 2; 124.493, subdivision 2; 124.575, subdivision 3a; 124A.02, subdivision 19; 124A.04, subdivision 1; 124C.02; 124C.41, subdivision 7; 125.231; 128B.01; 128B.03, subdivisions 3 and 8; 128B.07; 128B.10, subdivisions 2 and 3; 128C.12, subdivision 2; 129C.10, subdivision 5; 135A.10, subdivision 2; 136A.044; 136D.27, subdivision 1; 136D.28; 136D.30; 136D.74, subdivisions 2 and 3; 136D.87, subdivision 1; 136D.89; 136D.91; and 275.125, subdivisions 8b, 8c, 8d, and 8e.

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

Page 9, delete line 16 and insert "~~percentage of net tax capacity per actual pupil unit, the total amount~~"

Page 23, line 10, delete "*of the deficit*" and insert "*authorized in this subdivision*"

Page 23, line 13, delete "*for*"

Page 23, line 14, delete "*the first year*" and delete "*section*" and insert "*subdivision*"

Page 23, line 16, delete "*before*"

Page 23, line 18, delete "*to eliminate the*" and insert "*according to this subdivision*"

Page 23, line 19, delete "*deficit*"

Page 23, line 22, delete everything after the period

Page 23, delete lines 23 and 24 and insert:

"Sec. 25. [BADGER SCHOOL DISTRICT FUND BALANCE.]

If independent school district No. 676, Badger, receives payment of delinquent property taxes and the payment is more than five percent of the property taxes payable for the year before the payment is received, general education revenue for the district shall not be reduced for the fiscal year in which the payment is received and for the following two fiscal years."

Renumber the sections of article 1 in sequence

Page 45, line 35, delete "subdivision 3" and insert "subdivisions 1 and 2"

Page 46, line 6, after "or" insert "special education levy equalization revenue under"

Page 46, line 7, delete "subdivisions 1 and 2" and insert "subdivision 3"

Page 90, after line 2, insert:

"Sec. 9. [BONDS FOR CERTAIN CAPITAL FACILITIES.]

In addition to other bonding authority, with approval of the commissioner, independent school districts No. 393, LeSueur, No. 508, St. Peter, and No. 734, Henderson, may issue bonds for certain capital projects under this section. The bonds must be used only to make capital improvements including equipping school buildings, improving handicapped accessibility to school buildings, and bringing school buildings into compliance with fire codes.

Before a district issues bonds under this subdivision, it must publish notice of the intended projects, related costs, and the total amount of district indebtedness.

A bond issue tentatively authorized by the board under this subdivision becomes finally authorized unless a petition signed by more than 15 percent of the registered voters of the school district is filed with the school board within 30 days of the board's action. The percentage is to be determined with reference to the number of registered voters in the school district on the last day before the petition is filed with the school board. The petition must call for a referendum on the question of whether to issue the bonds for the projects under this section. The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this section.

The bonds may be issued in a principal amount that, when combined with interest thereon, will be paid off with 50 percent of current and anticipated revenue for capital facilities under this section or a successor section for the current year plus projected revenue not greater than the current year for the next ten years. Once finally authorized, the district must set aside 50 percent of the current year's revenue for capital facilities under this section or a successor section each year in a separate account until all principal and interest on the bonds is paid. The district must annually transfer this amount from its capital fund to the debt redemption fund. The bonds must be paid off within ten years of issuance. The bonds must be issued in compliance with Minnesota Statutes, chapter 475, except as otherwise provided in this section."

Renumber the sections of article 5 in sequence

Page 108, line 35, strike "as a percentage of net tax"

Page 108, line 36, strike "capacity" and insert "*per actual pupil unit*" and after "the" insert "*total*" and strike "by that local tax rate"

Page 109, line 1, strike "local tax"

Page 109, line 2, strike "rate" and insert "*proceeds of the levy*"

Page 109, line 4, before the period, insert "*which may not exceed five years*"

Page 109, line 9, strike "If" and insert "An" and strike ", the" and strike "provided by the approved local"

Page 109, line 10, strike everything before "for" and insert "*per actual pupil unit times the number of actual pupil units in the education district*" and before "year" insert "*fiscal*"

Page 109, line 12, strike ", if applicable,"

Page 109, line 30, after "of" insert "tax"

Page 109, line 34, strike ""In"

Page 109, strike lines 35 and 36

Page 110, strike lines 1 and 2

Page 110, delete line 3 and insert "~~and townships may increase.~~ "Passage of this referendum will"

Page 113, line 3, strike "as provided in"

Page 113, line 4, strike "section" and delete "31" and insert "*before termination*"

Page 117, line 24, strike "as provided in"

Page 117, line 25, strike "section" and delete "37" and insert "*before termination*"

Page 118, line 26, after the second comma, insert "*three, seven,*"

Page 121, line 25, delete "LEVY ADJUSTMENT" and insert "REVENUE ADJUSTMENTS"

Page 121, line 26, before "The" insert "(a)"

Page 121, line 31, delete everything before the period and insert "*this article*"

Page 121, after line 33, insert:

"(b) The department of education shall adjust the 1991 payable 1992 levy for each school district by the amount of the change in a district's secondary vocational cooperative levy for fiscal year 1992 according to Minnesota Statutes, section 124.575, subdivision 3, resulting from the change to secondary vocational cooperative revenue in this article. Notwithstanding Minnesota Statutes, section 121.904, the entire amount of this levy shall be recognized as revenue for fiscal year 1992.

(c) The department of education shall withhold state aids due to an intermediate school district for fiscal year 1992 equal to the amount the district levied according to Minnesota Statutes, sections 136D.27, subdivision 1; 136D.74, subdivision 2; and 136D.87, subdivision 1, for fiscal

year 1992. The department shall pay, according to Minnesota Statutes, section 124.195, to each member district of an intermediate district for fiscal year 1992 five-sixths of the aid withheld according to this paragraph according to the number of pupil units in the member district. Five-elevenths of the aid paid to a district shall be used for special education and six-elevenths shall be used for secondary vocational education. The amount needed to make aid payments to member school districts is appropriated to the department of education."

Page 123, line 9, delete everything after the first semicolon

Page 123, line 10, delete "3a;"

Page 123, line 13, after "sections" insert "124.2721, subdivision 3a; 124.575, subdivision 3a;"

Page 123, line 22, delete everything after "enactment." and insert "Sections 14, 15, 16, 17, 18, 25, 28, 29, 30, 31, and 32 are effective for revenue for fiscal year 1992 and thereafter."

Page 140, line 32, delete "30" and insert "15"

Page 143, after line 13, insert:

"Sec. 15. [TASK FORCE ON EDUCATION AND EMPLOYMENT TRANSITIONS.]

Subdivision 1. [DEFINITION.] For the purposes of this section, "education and employment transitions" means those processes and structures that provide an individual with awareness of employment opportunities, demonstrate the relationship between education and employment and the applicability of education to employment, identify an individual's employment interests, and assist the individual to make transitions between education and employment.

Subd. 2. [TASK FORCE ON EDUCATION AND EMPLOYMENT TRANSITIONS.] The state council on vocational technical education shall establish a task force on education and employment transitions.

Subd. 3. [PLAN.] The task force shall develop a statewide plan for implementing programs for education and employment transitions. The plan shall identify:

(1) existing public and private efforts in Minnesota that assist students to make successful transitions between education and employment;

(2) programs in other states and countries that are successfully preparing individuals for employment;

(3) how to overcome barriers that may prevent public and private collaboration in planning and implementing programs for education and employment transitions;

(4) the role of public and private groups in education and employment transitions;

(5) new processes and structures to implement statewide programs for education and employment transitions;

(6) how to integrate programs for education and employment transitions and outcome-based education initiatives;

(7) how to implement programs for education and employment transitions

in Minnesota; and

(8) models for administrative and legislative action.

Subd. 4. [MEMBERSHIP.] The task force shall include:

(1) the members of the higher education advisory council under Minnesota Statutes, section 136A.02, subdivision 6, or members' designees;

(2) the executive director of the higher education coordinating board or the executive director's designee;

(3) the commissioner of jobs and training or the commissioner's designee;

(4) the commissioner of trade and economic development or the commissioner's designee;

(5) the commissioner of human services or the commissioner's designee;

(6) the commissioner of labor and industry or the commissioner's designee;

(7) up to ten members who represent the interests of education, labor, business, agriculture, trade associations, local service units, private industry councils, and appropriate community groups selected by the state council on vocational technical education;

(8) two members from the house of representatives, appointed by the speaker of the house of representatives; and

(9) two members from the senate, appointed by the subcommittee on committees of the committee on rules and administration.

Subd. 5. [PLAN DESIGN.] The state council on vocational technical education shall select up to nine members appointed to the task force who represent the interests of business, labor, community, and education to serve as a plan design group to develop the plan described in subdivision 3. The task force shall make recommendations to the plan design group on the merits of the plan design.

Subd. 6. [ASSISTANCE OF AGENCIES.] Task force members may request information and assistance from any state agency or office to enable the task force to perform its duties.

Subd. 7. [REPORT AND RECOMMENDATION.] The task force shall provide an interim report describing its progress to the legislature by February 15, 1992. The task force shall report its plan and recommendations to the legislature by January 15, 1993."

Page 144, after line 17, insert:

"Sec. 17. [STATE BOARD OF TECHNICAL COLLEGES APPROPRIATION.]

Subdivision 1. [STATE BOARD OF TECHNICAL COLLEGES.] The sum indicated in this section is appropriated from the general fund to the state board of technical colleges for the state council on vocational technical education for the fiscal year designated.

Subd. 2. [TASK FORCE ON EDUCATION AND EMPLOYMENT TRANSITIONS.] For the task force on education and employment transitions:

\$40,000 1992

The appropriation is available until June 30, 1993.

The commissioner of education and the chancellor of the technical college system shall provide additional resources, as necessary, through the use of money appropriated to the state under the Carl D. Perkins Act of 1990, title II, part A, section 201."

Page 148, line 21, after "purchase" delete "or" and insert a comma and after "lease" insert ", or lease purchase"

Page 148, line 22, after "software" insert "and hardware"

Page 149, after line 5, insert:

"Subd. 19. [GRANT FOR PEACE OFFICER LIAISON SERVICES.] For a school district grant for reimbursement for peace officer liaison school services:

\$125,000 1992

The grant must be used to reimburse the cities that contract with the school district for peace officer liaison services in the district's middle and secondary schools. The contract must be limited to the peace officer's salary and benefits and transportation costs relating to that portion of the year for which the peace officer fulfills the responsibility to the school district. The school district must initially attempt to contract with the police department of each city within the district containing each middle or secondary school. If a local police department does not wish to provide the necessary services, the district may contract for the services with any other police department located entirely or partially within the school district's boundaries. The appropriation is available until June 30, 1993."

Renumber the sections of article 8 in sequence

Pages 149 and 150, delete section 1 and insert:

"Section 1. Minnesota Statutes 1990, section 120.062, subdivision 8a, is amended to read:

Subd. 8a. [~~WAIVER OF EXCEPTIONS TO DEADLINES.~~] (~~a~~) Notwithstanding subdivision 4, the following pupil application procedures apply:

(a) Upon agreement of the resident and nonresident school districts, a pupil may submit an application to a nonresident district after January 15 for enrollment beginning the following school year. ~~The pupil, the pupil's parent or guardian, the district of residence, and the district of attendance must observe, in a prompt and efficient manner, the application and notice procedures in subdivisions 4 and 6, except that the application and notice deadlines do not apply.~~

(b) ~~Notwithstanding subdivision 4,~~ If, as a result of entering into, modifying, or terminating an agreement under section 122.541 or 122.535 entered into after January 1, a pupil is assigned after December 1 to a different school, the pupil, the pupil's siblings, or any other pupil residing in the pupil's residence may submit an application to a nonresident district after January 1 but at any time before June 1 for enrollment beginning the following school year.

(c) A pupil who becomes a resident of a school district after December 1 may submit an application to a nonresident district on January 15 or any time after that date for enrollment beginning any time before the following December 1.

(d) If the commissioner of education and the commissioner of human

rights determine that the policies, procedures, or practices of a school district are in violation of Title VI of the Civil Rights Act of 1964 (Public Law Number 88-352) or chapter 363, any pupil in the district may submit an application to a nonresident district at any time for enrollment beginning at any time.

For exceptions under this subdivision, the pupil applicant, the pupil's applicant's parent or guardian, the district of residence, and the district of attendance must observe, in a prompt and efficient manner, the application and notice procedures in subdivisions 4 and 6, except that the application and notice deadlines do not apply."

Page 181, line 23, delete "or not"

Page 181, after line 36, insert:

"The commissioner of finance shall make the aid payments required by this subdivision. The commissioner may contract with the department of education for actual payments of school district aids and shall monitor all aspects related to the payments. The amount necessary to make aid payments to school districts is annually appropriated to the commissioner of finance."

Page 191, line 36, delete ", or are"

Page 192, line 1, delete everything before the semicolon

Page 192, line 20, strike "social or"

Page 192, line 21, strike "recreational activities" and insert a comma and after "children," insert "*including children who will be eligible to enter kindergarten within not more than four months, social and recreational activities,*"

Page 202, delete lines 3 to 6

Page 202, line 8, after "procedures" insert "needed" and delete "the" and insert "a"

Page 202, line 11, delete "*to make the department operational by July 1, 1993*"

Renumber the subdivisions in sequence

Page 204, line 30, after "Sections" insert "I,"

Page 222, line 22, strike "FUND APPROPRIATION" and insert "ACCOUNT"

Page 222, line 24, strike "fund" and insert "*account in the special revenue fund*"

Page 222, line 25, strike "fund" in both places and insert "account"

Page 222, line 26, strike "annually"

Page 222, delete lines 28 to 35

Page 231, lines 6 and 7, delete ", as amended by 1991 H.F. No. 73"

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

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

S.F. No. 1009: A bill for an act relating to taxation; property; modifying the newspaper publication requirements for truth-in-taxation; amending Minnesota Statutes 1990, section 275.065, subdivision 5a.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

STATE BUDGET

Section 1. Minnesota Statutes 1990, section 16A.15, subdivision 6, is amended to read:

Subd. 6. [BUDGET AND CASH FLOW RESERVE ACCOUNT.] A budget and cash flow reserve account is created in the general fund in the state treasury. The commissioner of finance shall, as authorized from time to time by law, restrict part or all of the budgetary balance in the general fund for use as the budget and cash flow reserve account. The commissioner of finance shall transfer ~~to from~~ the budget and cash flow reserve account ~~such amounts as are available~~ the amount necessary to bring the total amount, including any existing balance in the account on June 30, ~~1989~~ 1991, to ~~\$550,000,000~~ \$300,000,000. The amounts restricted shall remain in the account until drawn down under subdivision 1 or increased under section 16A.1541.

Sec. 2. [16A.711] [PROPERTY TAX RELIEF ACCOUNT.]

Subdivision 1. [CREATION.] The commissioner shall deposit to the credit of a dedicated property tax relief account within the general fund all money available under section 297A.44, subdivision 1, paragraph (e). The money in the account must be used only for property tax relief as described in subdivision 3, clause (2), or to repay advances made by the general fund, as provided under subdivision 4.

Subd. 2. [APPROPRIATION.] The money to be paid by law from the property tax relief account is appropriated annually.

Subd. 3. [ESTIMATES; REDUCTION OF PAYMENTS.] (a) At the beginning of each fiscal year the commissioner, in consultation with the commissioner of revenue, shall estimate for the fiscal year:

(1) the amount of revenues to be credited to the account under section 297A.44 or other law; and

(2) the payments authorized to be made under chapter 273, other than sections 273.119, 273.136, and 273.1398, subdivision 5b, and under chapter 477A, other than sections 477A.012, subdivision 2, and 477A.13.

If the estimated payments exceed the estimated receipts of the account, the appropriations from the account to each program are reduced as provided in section 3, unless otherwise provided by law.

If the estimated receipts of the account exceed the estimated payments by \$1,000,000 or more, the appropriation from the account to each inter-governmental aid program is increased as provided in section 3. The aid

paid to each local government under the program shall be increased proportionately unless otherwise provided by law.

(b) If as a result of changes in economic conditions or if information becomes available that indicates changes either in receipts or payments from the account, the commissioner may at other times estimate the amount of receipts or payments and reduce or restore the appropriations under paragraph (a).

Subd. 4. [GENERAL FUND ADVANCES.] If the money in the account is insufficient to make payments on the dates provided by law, but the commissioner estimates receipts for the fiscal year will be sufficient, the commissioner shall advance money from the general fund to the account necessary to make the payments. On or before the close of the biennium the account shall repay the advances with interest, calculated at the rate of earnings on invested treasurer's cash, to the general fund.

Sec. 3. Minnesota Statutes 1990, section 477A.014, is amended by adding a subdivision to read:

Subd. 1a. [ADJUSTMENTS FOR PROPERTY TAX RELIEF ACCOUNT REVENUES.] If the amount appropriated under section 2 for the payments authorized to be made under chapter 273, other than sections 273.119, 273.136, and 273.1398, subdivision 5b, and under chapter 477A, other than sections 477A.012, subdivision 2, and 477A.13 is less than or greater than the amounts certified to be paid by the commissioner of revenue, the aids will be reduced or increased in the following manner unless otherwise provided for in law.

Each city's, county's, town's, and special taxing district's aids will be reduced or increased by the product of its revenue base and the reduction percentage. In the case of an aid reduction, the reduction is first applied to the local government aid amount under chapter 477A. If the aid reduction is greater than the local government aid amount, the remaining reduction amount is then applied to the local government's homestead and agricultural credit aid, and then if necessary, to its disparity reduction aid. In the case of an aid increase, the increase will be added to the local government aid amount. The aid reduction or increase will be split equally between the July and December aid payments each year.

If the commissioner estimates an additional reduction or increase in appropriations for these programs after the July aid payment but before the December payment, the December aid payments to local governments for these programs will be reduced or increased proportionately.

ARTICLE 2

PROPERTY TAXES

Section 1. Minnesota Statutes 1990, section 13.51, is amended by adding a subdivision to read:

Subd. 3. [DATA ON INCOME OF INDIVIDUALS.] Income information on individuals collected and maintained by political subdivisions to determine eligibility of property for classification 4c under section 273.13, subdivision 25, paragraph (c), is private data on individuals as defined in section 13.02, subdivision 12.

Sec. 2. Minnesota Statutes 1990, section 13.54, is amended by adding a subdivision to read:

Subd. 5. [PRIVATE DATA ON INDIVIDUALS.] Income information on individuals collected and maintained by a housing agency to determine eligibility of property for classification 4c under section 273.13, subdivision 25, paragraph (c), is private data on individuals as defined in section 13.02, subdivision 12. The data may be disclosed to the county and local assessors responsible for determining eligibility of the property for classification 4c.

Sec. 3. Minnesota Statutes 1990, section 272.02, subdivision 1, is amended to read:

Subdivision 1. All property described in this section to the extent herein limited shall be exempt from taxation:

- (1) all public burying grounds;
- (2) all public schoolhouses;
- (3) all public hospitals;
- (4) all academies, colleges, and universities, and all seminaries of learning;
- (5) all churches, church property, and houses of worship;
- (6) institutions of purely public charity except parcels of property containing structures and the structures described in section 273.13, subdivision 25, paragraph (c), clauses (1), (2), and (3), or paragraph (d);
- (7) all public property exclusively used for any public purpose;
- (8) except for the taxable personal property enumerated below, all personal property and the property described in section 272.03, subdivision 1, paragraphs (c) and (d), shall be exempt.

The following personal property shall be taxable:

- (a) personal property which is part of an electric generating, transmission, or distribution system or a pipeline system transporting or distributing water, gas, crude oil, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings and structures;
- (b) railroad docks and wharves which are part of the operating property of a railroad company as defined in section 270.80;
- (c) personal property defined in section 272.03, subdivision 2, clause (3);
- (d) leasehold or other personal property interests which are taxed pursuant to section 272.01, subdivision 2; 273.124, subdivision 7; or 273.19, subdivision 1; or any other law providing the property is taxable as if the lessee or user were the fee owner;
- (e) manufactured homes and sectional structures; and
- (f) flight property as defined in section 270.071.
- (9) Personal property used primarily for the abatement and control of air, water, or land pollution to the extent that it is so used, and real property which is used primarily for abatement and control of air, water, or land pollution as part of an agricultural operation, *as a part of a centralized treatment and recovery facility operating under a permit issued by the Minnesota pollution control agency pursuant to chapters 115 and 116 and Minnesota Rules, parts 7001.0500 to 7001.0730, and parts 7045.0020 to*

7045.1260, as a wastewater treatment facility and for the treatment, recovery, and stabilization of metals, oils, chemicals, water, sludges, or inorganic materials from hazardous industrial wastes, or as part of an electric generation system. For purposes of this clause, personal property includes ponderous machinery and equipment used in a business or production activity that at common law is considered real property.

Any taxpayer requesting exemption of all or a portion of any *real property* or any equipment or device, or part thereof, operated primarily for the control or abatement of air or water pollution shall file an application with the commissioner of revenue. The equipment or device shall meet standards, rules, or criteria prescribed by the Minnesota pollution control agency, and must be installed or operated in accordance with a permit or order issued by that agency. The Minnesota pollution control agency shall upon request of the commissioner furnish information or advice to the commissioner. On determining that property qualifies for exemption, the commissioner shall issue an order exempting the property from taxation. The equipment or device shall continue to be exempt from taxation as long as the permit issued by the Minnesota pollution control agency remains in effect.

(10) Wetlands. For purposes of this subdivision, "wetlands" means (1) land described in section 103G.005, subdivision 18, or (2) land which is mostly under water, produces little if any income, and has no use except for wildlife or water conservation purposes, provided it is preserved in its natural condition and drainage of it would be legal, feasible, and economically practical for the production of livestock, dairy animals, poultry, fruit, vegetables, forage and grains, except wild rice. "Wetlands" shall include adjacent land which is not suitable for agricultural purposes due to the presence of the wetlands. "Wetlands" shall not include woody swamps containing shrubs or trees, wet meadows, meandered water, streams, rivers, and floodplains or river bottoms. Exemption of wetlands from taxation pursuant to this section shall not grant the public any additional or greater right of access to the wetlands or diminish any right of ownership to the wetlands.

(11) Native prairie. The commissioner of the department of natural resources shall determine lands in the state which are native prairie and shall notify the county assessor of each county in which the lands are located. Pasture land used for livestock grazing purposes shall not be considered native prairie for the purposes of this clause. Upon receipt of an application for the exemption provided in this clause for lands for which the assessor has no determination from the commissioner of natural resources, the assessor shall refer the application to the commissioner of natural resources who shall determine within 30 days whether the land is native prairie and notify the county assessor of the decision. Exemption of native prairie pursuant to this clause shall not grant the public any additional or greater right of access to the native prairie or diminish any right of ownership to it.

(12) Property used in a continuous program to provide emergency shelter for victims of domestic abuse, provided the organization that owns and sponsors the shelter is exempt from federal income taxation pursuant to section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1986, notwithstanding the fact that the sponsoring organization receives funding under section 8 of the United States Housing Act of 1937, as amended.

(13) If approved by the governing body of the municipality in which the property is located, property not exceeding one acre which is owned and operated by any senior citizen group or association of groups that in general limits membership to persons age 55 or older and is organized and operated exclusively for pleasure, recreation, and other nonprofit purposes, no part of the net earnings of which inures to the benefit of any private shareholders; provided the property is used primarily as a clubhouse, meeting facility, or recreational facility by the group or association and the property is not used for residential purposes on either a temporary or permanent basis.

(14) To the extent provided by section 295.44, real and personal property used or to be used primarily for the production of hydroelectric or hydro-mechanical power on a site owned by the state or a local governmental unit which is developed and operated pursuant to the provisions of section 103G.535.

(15) If approved by the governing body of the municipality in which the property is located, and if construction is commenced after June 30, 1983:

(a) a "direct satellite broadcasting facility" operated by a corporation licensed by the federal communications commission to provide direct satellite broadcasting services using direct broadcast satellites operating in the 12-ghz. band; and

(b) a "fixed satellite regional or national program service facility" operated by a corporation licensed by the federal communications commission to provide fixed satellite-transmitted regularly scheduled broadcasting services using satellites operating in the 6-ghz. band.

An exemption provided by clause (15) shall apply for a period not to exceed five years. When the facility no longer qualifies for exemption, it shall be placed on the assessment rolls as provided in subdivision 4. Before approving a tax exemption pursuant to this paragraph, the governing body of the municipality shall provide an opportunity to the members of the county board of commissioners of the county in which the facility is proposed to be located and the members of the school board of the school district in which the facility is proposed to be located to meet with the governing body. The governing body shall present to the members of those boards its estimate of the fiscal impact of the proposed property tax exemption. The tax exemption shall not be approved by the governing body until the county board of commissioners has presented its written comment on the proposal to the governing body or 30 days has passed from the date of the transmittal by the governing body to the board of the information on the fiscal impact, whichever occurs first.

(16) Real and personal property owned and operated by a private, non-profit corporation exempt from federal income taxation pursuant to United States Code, title 26, section 501(c)(3), primarily used in the generation and distribution of hot water for heating buildings and structures.

(17) Notwithstanding section 273.19, state lands that are leased from the department of natural resources under section 92.46.

(18) Electric power distribution lines and their attachments and appurtenances, that are used primarily for supplying electricity to farmers at retail.

(19) Transitional housing facilities. "Transitional housing facility" means a facility that meets the following requirements. (i) It provides temporary

housing to parents and children who are receiving AFDC or parents of children who are temporarily in foster care. (ii) It has the purpose of reuniting families and enabling parents to obtain self-sufficiency, advance their education, get job training, or become employed in jobs that provide a living wage. (iii) It provides support services such as child care, work readiness training, and career development counseling; and a self-sufficiency program with periodic monitoring of each resident's progress in completing the program's goals. (iv) It provides services to a resident of the facility for at least six months but no longer than three years, except residents enrolled in an educational or vocational institution or job training program. These residents may receive services during the time they are enrolled but in no event longer than four years. (v) It is sponsored by an organization that has received a grant under either section 256.7365 for the biennium ending June 30, 1989, or section 462A.07, subdivision 15, for the biennium ending June 30, 1991, for the purposes of providing the services in items (i) to (iv). (vi) It is sponsored by an organization that is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1987. This exemption applies notwithstanding the fact that the sponsoring organization receives financing by a direct federal loan or federally insured loan or a loan made by the Minnesota housing finance agency under the provisions of either Title II of the National Housing Act or the Minnesota housing finance agency law of 1971 or rules promulgated by the agency pursuant to it, and notwithstanding the fact that the sponsoring organization receives funding under Section 8 of the United States Housing Act of 1937, as amended.

(20) Real and personal property, including leasehold or other personal property interests, owned and operated by a corporation if more than 50 percent of the total voting power of the stock of the corporation is owned collectively by: (i) the board of regents of the University of Minnesota, (ii) the University of Minnesota Foundation, an organization exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1990, and (iii) a corporation organized under Minnesota Statutes, chapter 317A, which by its articles of incorporation is prohibited from providing pecuniary gain to any person or entity other than the regents of the University of Minnesota; which property is used primarily to manage or provide goods, services, or facilities utilizing or relating to large-scale advanced scientific computing resources to the regents of the University of Minnesota and others.

Sec. 4. Minnesota Statutes 1990, section 273.11, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] Except as provided in subdivisions 6, 8, ~~and 9, and 11~~ 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 valuation 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, that lot or any single contiguous lot fronting on the same street shall be eligible for revaluation. 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. 5. Minnesota Statutes 1990, section 273.11, is amended by adding a subdivision to read:

Subd. 11. [LOW-INCOME HOUSING.] In addition to the normal market value determination, a special market value for properties classified under section 273.13, subdivision 25, paragraph (c), clauses (1), item (ii), (3) and (4), which have applied to the assessor for treatment under this subdivision, shall be determined as provided in this subdivision. The owner may apply annually to the assessor for valuation under this subdivision. If a limited dividend entity owns the property, it must include as the managing general partner a nonprofit organization operating under the provisions of chapter 317A and qualifying under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1990, and the limited partnership agreement must provide that the managing general partner has sufficient powers so that it materially participates in the management and control of the limited dividend entity. The value shall be determined by capitalizing the net operating income derived from actual restricted rents and standardized expenses which are from time to time determined by the housing finance agency for similar projects. Net operating incomes must be greater than zero. The special market value shall be used to compute the taxes owing only on that portion of the structure occupied by low-income, elderly, or handicapped persons or low- and moderate-income families as defined in the applicable laws. The manager of properties valued under this subdivision must demonstrate annually to the assessor that tax savings realized by use of this method of valuation have inured to the tenants, with not less than 70 percent of the tax savings to be used for reduced rents, improved maintenance, capital improvements, or capital reserves. Capital reserves must be in accordance with agreements approved by the governmental regulatory authority. An amount not to exceed 30 percent must be used for other tenant services including, but not limited to, self-sufficiency services, job counseling, and education programs. After the first year, certification that the funds have been spent as required shall be made by an independent auditor performing the financial audit or review on the property as required by the regulatory authority. A copy of the certification must be submitted to the assessor by May 30 of each year. If the assessor determines upon review of the certification that the benefit has not inured

to the tenants, the property shall be subject to additional property taxes in the amount of triple the difference between the taxes determined in accordance with this subdivision and the amount of tax payable on the property if it were valued according to subdivision 1 and classified according to section 273.13, subdivision 25, paragraph (a) or (b), as appropriate for those years in which the benefit of the tax savings did not inure to the tenants.

Sec. 6. Minnesota Statutes 1990, section 273.124, subdivision 7, is amended to read:

Subd. 7. [LEASED BUILDINGS OR LAND.] For purposes of class 1 determinations, homesteads include:

(a) buildings and appurtenances owned and used by the occupant as a permanent residence which are located upon land the title to which is vested in a person or entity other than the occupant;

(b) all buildings and appurtenances located upon land owned by the occupant and used for the purposes of a homestead together with the land upon which they are located, if all of the following criteria are met:

(1) the occupant is using the property as a permanent residence;

(2) the occupant is paying the property taxes and any special assessments levied against the property;

(3) the occupant has signed a lease which has an option to purchase the buildings and appurtenances;

(4) the term of the lease is at least five years; and

(5) the occupant has made a down payment of at least \$5,000 in cash if the property was purchased by means of a contract for deed or subject to a mortgage; and

(c)(i) buildings and appurtenances, together with the land upon which they are located, leased by the occupant under a lease-purchase program administered by the Minnesota housing finance agency or a city, provided the occupant's income is no greater than 60 percent of the county or area median income and the building consists of existing single family or duplex housing. The lease agreement must provide for a portion of the lease payment to be escrowed as a down payment on the housing. For purposes of this subdivision, "city" has the meaning given in section 462C.02, subdivision 6;

(ii) buildings and appurtenances, together with the land upon which they are located, leased by the occupant under the community lending model lease-purchase mortgage loan program administered by the Federal National Mortgage Association, provided the occupant's income is no greater than 60 percent of the county or area median income and the building consists of existing single family or duplex housing. The lease agreement must provide for a portion of the lease payment to be escrowed as a down payment on the housing; or

(iii) federally acquired buildings and appurtenances, together with the land upon which they are located that is leased to a nonprofit corporation organized under chapter 317A that qualifies for tax exempt status under United States Code, title 26, section 501(c), or a housing and redevelopment authority authorized under sections 469.001 to 469.047; the purpose of the lease must be to allow the nonprofit corporation to provide transitional

housing for homeless persons under the program established in Code of Federal Regulations, title 55, section 49489. As used in this subdivision, "transitional housing" has the meaning given in section 268.38, subdivision 1. If the property is purchased from the federal government by the nonprofit corporation for the purpose of continuing to provide transitional housing after the expiration of the lease, the property shall continue to be eligible for this classification.

Any taxpayer meeting all the requirements of this paragraph must notify the county assessor, or the assessor who has the powers of the county assessor pursuant to section 273.063, in writing, as soon as possible after signing the lease agreement and occupying the buildings as a homestead.

Sec. 7. Minnesota Statutes 1990, section 273.124, subdivision 9, is amended to read:

Subd. 9. [HOMESTEAD ESTABLISHED AFTER ASSESSMENT DATE.] Any property that was not used for the purpose of a homestead on the assessment date, but which was used for the purpose of a homestead by June 1 of a year, constitutes class 1 or class 2a.

Any taxpayer meeting the requirements of this subdivision must notify the county assessor, or the assessor who has the powers of the county assessor pursuant to section 273.063, in writing, prior to June 15 of the year of occupancy in order to qualify under this subdivision. *The assessor must not deny full homestead treatment to a property that is partially homesteaded on January 2 but occupied for the purpose of a full homestead by June 1 of a year.*

The county assessor and the county auditor may make the necessary changes on their assessment and tax records to provide for proper homestead classification as provided in this subdivision.

The owner of any property qualifying under this subdivision, which has not been accorded the benefits of this subdivision, regardless of whether or not the notification has been timely filed, may be entitled to receive homestead classification by proper application as provided in section 270.07 or 375.192.

The county assessor shall publish in a newspaper of general circulation within the county no later than June 1 of each year a notice informing the public of the requirement to file an application for homestead prior to June 15.

Sec. 8. Minnesota Statutes 1990, section 273.13, subdivision 22, is amended to read:

Subd. 22. [CLASS 1.] (a) Except as provided in subdivision 23, real estate which is residential and used for homestead purposes is class 1. The market value of class 1a property must be determined based upon the value of the house, garage, and land.

The first \$68,000 of market value of class 1a property has a net class rate of one percent of its market value and a gross class rate of 2.17 percent of its market value. The market value of class 1a property that exceeds \$68,000 but does not exceed \$110,000 has a class rate of two percent of its market value. The market value of class 1a property that exceeds \$110,000 has a class rate of ~~three~~ 2.7 percent of its market value *for taxes payable in 1992, 2.4 percent for taxes payable in 1993, and 2 percent for taxes payable in 1994 and thereafter.*

(b) Class 1b property includes real estate or manufactured homes used for the purposes of a homestead by

(1) any blind person, if the blind person is the owner thereof or if the blind person and the blind person's spouse are the sole owners thereof; or

(2) any person, hereinafter referred to as "veteran," who:

(i) served in the active military or naval service of the United States; and

(ii) is entitled to compensation under the laws and regulations of the United States for permanent and total service-connected disability due to the loss, or loss of use, by reason of amputation, ankylosis, progressive muscular dystrophies, or paralysis, of both lower extremities, such as to preclude motion without the aid of braces, crutches, canes, or a wheelchair; and

(iii) with assistance by the administration of veterans affairs has acquired a special housing unit with special fixtures or movable facilities made necessary by the nature of the veteran's disability, or the surviving spouse of the deceased veteran for as long as the surviving spouse retains the special housing unit as a homestead; or

(3) any person who:

(i) is permanently and totally disabled and

(ii) receives 90 percent or more of total income from

(A) aid from any state as a result of that disability; or

(B) supplemental security income for the disabled; or

(C) workers' compensation based on a finding of total and permanent disability; or

(D) social security disability, including the amount of a disability insurance benefit which is converted to an old age insurance benefit and any subsequent cost of living increases; or

(E) aid under the Federal Railroad Retirement Act of 1937, United States Code Annotated, title 45, section 228b(a)5; or

(F) a pension from any local government retirement fund located in the state of Minnesota as a result of that disability; or

(iii) whose household income as defined in section 290A.03, subdivision 5, is 150 percent or less of the federal poverty level.

Property is classified and assessed pursuant to clause (1) only if the commissioner of jobs and training certifies to the assessor that the owner of the property satisfies the requirements of this subdivision.

Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings the person an income. The first \$32,000 market value of class 1b property has a net class rate of .45 percent of its market value and a gross class rate of .87 percent of its market value. The remaining market value of class 1b property has a gross or net class rate using the rates for class 1 or class 2a property, whichever is appropriate, of similar market value.

(c) Class 1c property is commercial use real property that abuts a lake-shore line and is devoted to temporary and seasonal residential occupancy

for recreational purposes but not devoted to commercial purposes for more than ~~225~~ 250 days in the year preceding the year of assessment, and that includes a portion used as a homestead by the owner, which includes a dwelling occupied as a homestead by a shareholder of a corporation that owns the resort or a partner in a partnership that owns the resort, even if the title to the homestead is held by the corporation or partnership. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property, excluding the portion used exclusively as a homestead, is used or available for use for residential occupancy and a fee is charged for residential occupancy. Class 1c property has a class rate of ~~.4 percent of the first \$32,000 of market value for taxes payable in 1990, .6 percent of the first \$32,000 of market value for taxes payable in 1991, .8 percent of the first \$32,000 of market value for taxes payable in 1992,~~ and one percent of market value in excess of \$32,000 for taxes payable in 1990, 1991, and 1992, and one percent of total market value for taxes payable in 1993 and thereafter with the following limitation: the area of the property must not exceed 100 feet of lakeshore footage for each cabin or campsite located on the property up to a total of 800 feet and 500 feet in depth, measured away from the lakeshore.

Sec. 9. Minnesota Statutes 1990, 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~~ 3.5 percent of market value.

(b) Class 4b includes:

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

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

(3) 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~~ 2.8 percent of market value for taxes payable in 1992, 2.6 percent for taxes payable in 1993, and 2.5 percent for taxes payable in 1994 and thereafter.

(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;~~

(i) *situated on real property that is used for housing for the elderly or*

for low- and moderate-income families as defined in Title II, as amended through December 31, 1990, of the National Housing Act and financed by a direct federal loan or federally insured loan made pursuant to Title II of the act; or

(ii) situated on real property that is used for housing the elderly or for low- and moderate-income families as defined by the Minnesota housing finance agency law of 1971, as amended, or rules promulgated by the agency pursuant thereto and financed by a loan made by the Minnesota housing finance agency pursuant to the provisions of the act.

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 as defined in section 42(c)(2) of the Internal Revenue Code of 1990, as amended through December 31, 1990, that (i) receives a low-income housing credit under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1988 1990; or (ii) meets the requirements of that section and receives public financing, except financing provided under sections 469.174 to 469.179, which contains terms restricting the rents; or (iii) meets the requirements of section 273.1317. Classification pursuant to this clause is limited 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 *unless the owner of the property elects to have the property assessed under section 273.11, subdivision 11. If the owner of the property elects to have the market value determined on the basis of the actual restricted rents, as provided in section 273.13, subdivision 11, the property will be assessed at the rate provided for class 4a or class 4b property, as appropriate.* 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. *This clause applies only to the property of a nonprofit or limited dividend entity.*

(4) a parcel of land, not to exceed ~~one acre~~ two acres, and its improvements or a parcel of unimproved land, not to exceed ~~one acre~~ two acres, 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 317A; (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~~ 250 days in the year preceding the year of assessment. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property is used, or available for use for residential occupancy, and a fee is charged for residential occupancy. 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~~ 250 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 also includes the remainder of class 1c resorts;

(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~~ 1990. 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;

(7) post-secondary student housing of not more than one acre of land that is owned by a nonprofit corporation organized under chapter 317A and is used exclusively by a student cooperative, sorority, or fraternity for on-campus housing or housing located within two miles of the border of a college campus; and

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

Class 4c property has a class rate of 2.3 percent of market value, except that ~~manufactured home park~~ *seasonal residential recreational property not used for commercial purposes* under clause ~~(8)~~ (5) has a class rate of 3 2.2 percent of market value for taxes payable in ~~1991 and 2-3 1992~~, 2.1 percent for taxes payable in 1993, and 2 percent of market value for taxes payable in ~~1992, 1994 and thereafter~~.

(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~~ *paragraph* 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 *paragraph (c), clause (1), or this clause paragraph* 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), 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. Residential rental property that would otherwise be assessed as class 4 property under paragraph (d) is assessed at 2.3 percent of market value if it is found to be a substandard building under section 273.1316.

Sec. 10. [273.1317] [CLASSIFICATION OF 4C PROPERTY; LOW-INCOME HOUSING.]

Subdivision 1. [DEFINITIONS.] (a) "Area median gross income" means area median gross income as determined by the United States Secretary of Housing and Urban Development under section 142(d)(2)(B) of the Internal

Revenue Code.

(b) *"Internal Revenue Code"* means the Internal Revenue Code of 1986, as amended through December 31, 1990.

(c) *"Low-income unit"* means a unit that meets the requirements of subdivision 3 and section 42(i)(3)(B), (C), and (D) of the Internal Revenue Code.

(d) *"Project"* means a project for residential rental property. A project consists of a single building and must include the entire residential part of the building. Property must not be treated as failing to be residential rental property merely because part of the building is used for purposes other than residential rental purposes.

(e) *"Rehabilitation expenditures"* has the meaning given it in section 42(e)(2) of the Internal Revenue Code.

(f) *"Rent restricted units"* means rent restricted units as defined and limited by section 42(g)(2) of the Internal Revenue Code.

Subd. 2. [REQUIREMENTS.] Residential rental property that does not receive a low-income housing credit under section 42 of the Internal Revenue Code must meet the requirements in subdivisions 3 to 5 to qualify for classification 4c under section 273.13, subdivision 25, paragraph (c), clause (3), item (ii).

Subd. 3. [RENT RESTRICTIONS; INCOME LIMITS.] (a) At the irrevocable election of the taxpayer, either:

(1) 20 percent or more of the residential units in the project must be both rent-restricted and occupied by individuals whose income is 50 percent or less of area median gross income; or

(2) 40 percent or more of the residential units in the project must be both rent-restricted and occupied by individuals whose income is 60 percent or less of area median gross income.

(b) For purposes of meeting the income limits under paragraph (a) of tenants whose incomes increase, the provisions of section 42(g)(2)(D) and (E) of the Internal Revenue Code apply.

Subd. 4. [NEW OR REHABILITATED BUILDING.] A building must be (1) a new building, the original use of which begins with the owners or developers of the building, or (2) an existing building with respect to which rehabilitation expenditures have been paid or incurred by the owner or developer. To qualify under this clause, the rehabilitation expenditures must meet the requirements of section 42(e)(3)(A) of the Internal Revenue Code.

Subd. 5. [AGREEMENT.] The owner or developer must execute an agreement with the local housing and redevelopment authority, or other authority as provided in subdivision 7. The agreement must be for a term of 15 years. The agreement must provide that the requirements of subdivision 3 will be met during the term of the agreement. The agreement must provide that the owner or developer must maintain and make available to the authority the information and records the authority considers necessary to monitor compliance with the provisions of this section, including rents, the incomes of tenants, and the number of low-income units in the building.

Subd. 6. [RECORDS REVIEW.] The local housing and redevelopment

authority or other authority shall annually review income and rental information and records maintained by the owner or developer to determine compliance with the requirements of this section. The local housing and redevelopment authority or other authority shall report to the assessor responsible for assessing the property at the time and in the manner required by the assessor. The assessor shall determine the classification of the property.

Subd. 7. [HOUSING AUTHORITY.] If a local housing or redevelopment authority does not exist in the jurisdiction, the county housing and redevelopment authority shall execute the duties imposed in subdivisions 5 and 6. If a county housing and redevelopment authority does not exist in the county, the municipality must appoint the administrator of section 8 certificates within the jurisdiction or contract with a qualified person or entity to perform the duties imposed in subdivisions 5 and 6.

Subd. 8. [ADDITIONAL TAX.] Notwithstanding the provisions of section 273.01, 274.01, or any other law, if the assessor determines that the provisions of this section have not been met for any period during which the property was classified under and received the benefits of this section, an additional tax is imposed. The additional tax is equal to the tax which would have been imposed if this section had not been applied, and the tax actually imposed, during the period of noncompliance. The additional tax must be extended against the property on the tax list for the current year. No interest or penalties may be levied on additional taxes if timely paid. The tax imposed by this subdivision is a lien upon the property assessed to the same extent and for the same duration as other taxes imposed on the property.

Sec. 11. Minnesota Statutes 1990, 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~~ 12 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 1993, and 1994, a claimant who is a homeowner shall be allowed an additional refund equal to the sum of (1) 75 50 percent of the first \$250 of the amount of the increase over ~~ten~~ 12 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 1993, and 1994. This subdivision shall not apply to any increase in the gross property taxes payable attributable to improvements made to the homestead after the assessment date for the prior year's taxes.

(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 increase the dollar amount of tax increase which must occur before a taxpayer qualifies for a refund so that the estimated total refund claims do not exceed the appropriation limit.

Taxes payable in:	Appropriation limit
1991	\$13,000,000
1992	\$6,500,000 \$30,000,000
1993	\$6,000,000
1994	\$5,500,000

The determinations of the revised thresholds by the commissioner are not rules subject to chapter 14.

Sec. 12. Laws 1990, chapter 604, article 3, section 46, subdivision 1, is amended to read:

Subdivision 1. [LIMITED VALUATION INCREASE.] (a) Notwithstanding Minnesota Statutes, section 273.11, or any other law to the contrary, the estimated market value of a manufactured home park, as defined in section 327.14, subdivision 3, and assessed under section 273.13, subdivision 25, for taxes levied in 1990, may not exceed 133-1/3 percent of its estimated market value for taxes levied in 1989 as limited by Laws 1989, First Special Session chapter 1, article 3, section 32, subdivision 1. The excess market value, *including market value added by the January 2, 1991, assessment*, must be entered equally in the next two succeeding assessment years.

(b) This subdivision does not apply to increases in value attributable to improvements made to the real estate since the January 2, 1989, assessment. It does not apply to property becoming subject to taxation since the January 2, 1989, assessment. The limitation in this subdivision applies to any increase in valuation imposed by the local boards of review under section 274.01, the county boards of equalization under section 274.13, and the state board of equalization and the commissioner of revenue under sections 270.11, 270.12, and 270.16.

Sec. 13. [EFFECTIVE DATE.]

Sections 1 to 3, 6 to 10, and 12 are effective for taxes levied in 1991, payable in 1992, and thereafter. Sections 4 and 5 and those parts of section 9 relating to valuation under section 5 are effective for taxes levied in 1992,

payable in 1993, and thereafter. Section 11 is effective for claims based on property taxes payable in 1992 and thereafter.

ARTICLE 3

LEVY LIMITS AND AUTHORIZATIONS

Section 1. Minnesota Statutes 1990, section 275.50, subdivision 5, is amended to read:

Subd. 5. Notwithstanding any other law to the contrary for taxes levied in 1990 payable in 1991 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 (4) (k), 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 (4) (k), 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 (4) (k), 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, as amended by Laws 1990, chapter 604, article 9, section 14;

(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.

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 a county jail as authorized in section 641.01 or 641.262, or a correctional facility as defined in section 241.021, subdivision 1, paragraph (5);

(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;

(y) for taxes levied in 1990, payable in 1991 only, pay an amount equal to the unreimbursed county costs paid in 1989 and 1990 for the purpose of grasshopper control; and, for taxes levied in 1991 payable in 1992 only, pay an amount equal to the unreimbursed county costs paid in 1991 for the purpose of grasshopper control;

(z) for a county, provide an amount needed to fund comprehensive local water implementation activities under sections 103B.3361 to 103B.3369 as provided in this clause.

A county may levy an amount not to exceed the water implementation local tax rate times the adjusted net tax capacity of the county for the preceding year. The water implementation local tax rate shall be set by August 1 each year by the commissioner of revenue for taxes payable in the following year. As used in this paragraph, the "adjusted net tax capacity of the county" means the net tax capacity of the county as equalized by the commissioner of revenue based upon the results of an assessment/sales ratio study. That rate shall be the rate, rounded up to the nearest one-thousandth of a percent, that, when applied to the adjusted net tax capacity for all counties, raises the amount specified in this clause. The water implementation local tax rate for taxes levied in 1990 shall be the rate that raises \$1,500,000 and the rate for taxes levied in 1991 shall be the rate that raises \$1,500,000. A county must levy a tax at the rate established under this clause to qualify for a grant from the board of water and soil resources under section 103B.3369, subdivision 5;

(aa) pay the unreimbursed county costs for court-ordered family-based services and court-ordered out-of-home placement for children to the extent

that the county can demonstrate to the commissioner of revenue that the estimated amount included in the county's budget for the following levy year is for the purposes specified under this clause. For purposes of this special levy, costs for "family-based services" and "out-of-home placement" means costs resulting from court-ordered targeted family services designed to avoid out-of-home placement and from court-ordered out-of-home placement under the provisions of sections 260.172 and 260.191, which are unreimbursed by the state or federal government, insurance proceeds, or parental or child obligations. Any amount levied under this clause must only be used by the county for the purposes specified in this clause.

If the county uses this special levy and the county levied an amount in the previous levy year, for the purposes specified under this clause, under another special levy or under the levy limitation in section 275.51, the following adjustments must be made:

(i) The amount levied in the previous levy year for the purposes specified under this clause under the levy limitation in section 275.51 must be deducted from the levy limit base under section 275.51, subdivision 3f, when determining the current year levy limitation.

(ii) The amount levied in the previous levy year, for the purposes specified under clause (a) or (u) must be deducted from the previous year's amount used to calculate the maximum amount allowable under clause (a) in the current levy year; and

(bb) pay the amounts allowed as special levies under Laws 1989, First Special Session chapter 1, article 5, section 50, and subdivisions 5a and 5b; and

(cc) for taxes levied in 1991 only, pay the costs reasonably expected to be incurred in 1992 related to the redistricting of election districts and establishment of election precincts pursuant to sections 204B.135 and 204B.14, the notices required by section 204B.14, subdivision 4, and the reassignment of voters in the statewide registration system, not to exceed \$2 per capita.

Sec. 2. Minnesota Statutes 1990, section 275.50, subdivision 5a, is amended to read:

Subd. 5a. [SPECIAL LEVIES; LOCAL.] "Special levies" also includes those portions of ad valorem taxes levied by the following governmental subdivisions for the years and purposes given in the cited laws:

(1) Goodhue county for the county historical society as provided in Laws 1990, chapter 604, article 3, section 50;

(2) the city of Windom for a municipal hospital as provided in Laws 1990, chapter 604, article 3, section 51;

(3) Koochiching county for ambulance service as provided in Laws 1990, chapter 604, article 3, section 52;

(4) Douglas county for solid waste management as provided in Laws 1990, chapter 604, article 3, section 53;

(5) the city of Bemidji and Beltrami county to pay bonds for an airport terminal as provided in Laws 1990, chapter 604, article 3, section 57;

(6) Ramsey county to pay bonds for a facility for the arts and sciences as provided in Laws 1990, chapter 604, article 3, section 58;

(7) the city of Rosemount for an armory as provided in Laws 1990, chapter 604, article 3, section 59;

(8) the cities of Maple Grove, Brooklyn Park, Brooklyn Center, and Coon Rapids for peace officer salaries and benefits as provided in Laws 1990, chapter 604, article 3, section 60; ~~and~~

(9) a city described in and for debt service as provided in Laws 1990, chapter 604, article 3, section 61; *and*

(10) *Itasca county for economic development purposes as provided in Laws 1988, chapter 517, and Laws 1989, First Special Session chapter 1, article 5, section 50, as amended.*

Sec. 3. Laws 1989, First Special Session chapter 1, article 5, section 50, is amended to read:

Sec. 50. [LEVY LIMIT EXCEPTION.]

For taxes levied in 1989 ~~and~~, 1990, *and* 1991 only, payable in 1990 ~~and~~, 1991, *and* 1992 only, a levy by the Itasca county board under Laws 1988, chapter 517, is not subject to the levy limitations of Minnesota Statutes, sections 275.50 to 275.56, or other law.

Sec. 4. [BECKER COUNTY; LEVY LIMIT BASE ADJUSTMENT.]

Subdivision 1. [AUTHORIZATION.] For taxes levied in 1991, payable in 1992, the levy limit base for Becker county computed under Minnesota Statutes, section 275.51, subdivision 3f, shall be increased by an amount of \$900,000.

Subd. 2. [EFFECTIVE DATE.] Subdivision 1 is effective the day following approval by the Becker county board and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 5. [MCLEOD COUNTY; LEVY AUTHORIZATIONS.]

Subdivision 1. [SPECIAL LEVY.] For taxes levied in 1991, payable in 1992, McLeod county may levy a special levy of up to \$815,396. This amount replaces reserve funds expended in excess of the levies adopted by the county board for calendar years 1986 and 1987. The county must provide evidence to the commissioner of revenue of the amount of reserve funds expended. The levy allowed under this section is not subject to the provisions of Minnesota Statutes, sections 275.51 to 275.56.

Subd. 2. [LEVY LIMIT BASE ADJUSTMENT.] For taxes levied in 1991, payable in 1992, the levy limit base for McLeod county computed under Minnesota Statutes, section 275.51, subdivision 3f, is increased by an amount up to \$99,156. This amount adjusts the county's levy limit base to reflect the actual reserve funds expended in excess of those adopted by the county board for calendar years 1988 and 1989. The county must provide evidence to the commissioner of revenue of the amount of reserve funds expended.

Subd. 3. [EFFECTIVE DATE.] This section is effective the day following approval by the McLeod county board and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 6. [MILLE LACS COUNTY; INCREASE IN SOCIAL SERVICES SPECIAL LEVY.]

Subdivision 1. [AUTHORIZATION.] The amount levied by Mille Lacs

county for taxes levied in 1991 under Minnesota Statutes 1990, section 275.50, subdivision 5, clause (a), is limited to 115 percent of the sum of (1) the amount levied under this clause in the previous year plus (2) the amount levied by Mille Lacs county for social services in 1990, payable in 1991, under Laws 1990, chapter 604, article 3, section 54.

Subd. 2. [EFFECTIVE DATE.] Subdivision 1 is effective the day following approval by the Mille Lacs county board and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 7. [SWIFT COUNTY; INCREASE IN SOCIAL SERVICES SPECIAL LEVY.]

Subdivision 1. [AUTHORIZATION.] The amount levied by Swift county for taxes levied in 1991 under Minnesota Statutes 1990, section 275.50, subdivision 5, clause (a), is limited to 115 percent of the sum of (1) the amount levied under that clause in the previous year plus (2) \$250,000.

Subd. 2. [LOCAL APPROVAL; EFFECTIVE DATE.] Subdivision 1 is effective the day following approval by the Swift county board and compliance with section 645.021, subdivision 3.

Sec. 8. [COON CREEK WATERSHED DISTRICT; WATER MAINTENANCE AND REPAIR FUND; CREATION OF FUNDS; TAX LEVY.]

The Coon Creek watershed district may, in addition to its other powers, establish a water maintenance and repair fund which shall be kept distinct from all other funds of the district. The fund shall be maintained by an annual ad valorem tax levy on all taxable property within the Coon Creek watershed district sufficient to raise not more than \$60,000 for taxes levied in 1991, and for taxes levied in subsequent years not more than \$30,000. The board of managers of the district shall adopt each year, by resolution, the amount to be raised by the levy for the fund for the ensuing year, which shall be levied, collected, and distributed to the district in accordance with Minnesota Statutes, section 103D.915, in addition to any other money levied, collected, and distributed to the district.

Sec. 9. [PURPOSE OF FUND.]

The water maintenance and repair fund may be used for maintenance, repair, restoration, upkeep, and rehabilitation of public ditches, drains, dams, storm sewers, rivers, streams, watercourses, and waterbodies, natural or artificial, lying wholly or partly within the district.

Sec. 10. [WORKS; MUNICIPALITIES.]

Works to be undertaken and paid for from the water maintenance and repair fund must be ordered by the board of managers of the district. Before the commencement of works ordered, affected municipalities must be notified in writing by the district of the proposed works and estimated costs. Within 30 days following receipt of the written notice, an affected municipality may notify the district in writing that it will perform the works ordered by the district. If the municipality undertakes the works, it must be paid by the district from the water maintenance and repair fund. If the municipality fails to perform the works, the district may have the works performed in any other manner authorized by law.

Sec. 11. [EFFECTIVE DATE.]

Sections 1 to 10 are effective for taxes levied in 1991, payable in 1992.

ARTICLE 4

TRUTH IN TAXATION

Section 1. Minnesota Statutes 1990, 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), for taxes levied in 1990 and 1991, 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, and for school districts, the increase or decrease in the number of pupils in average daily membership from the ~~second previous~~ *current* school year to the immediately ~~prior~~ *following* school year as determined by the commissioner of education. The data used to determine the increase or decrease in population under this clause must be the data used for purposes of the population adjustment to the levy limit base of the county, city, or town under section 275.51, subdivision 6.

The notice must also state a total proposed percentage increase or decrease in the proposed levies for taxes payable the following year from the actual property tax levy for taxes payable in the current year for the county, city or town, and school district. The county auditor shall compute the total percentage increase or decrease as an average percentage change weighted in proportion to each taxing jurisdiction's proportion of the total levy.

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 1991, and thereafter, and for all counties for

taxes levied in 1992 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. *In the case of a parcel where tax increment or the fiscal disparities areawide tax applies, the proposed tax levy on the captured value or the proposed tax levy on the tax capacity subject to the areawide tax must each be stated separately and not included in the sum of the special taxing districts; 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.

(g) *Except as provided in subdivision 7, failure of the county auditor to prepare or the county treasurer to deliver the notice as required in this section does not invalidate the proposed or final tax levy or the taxes payable pursuant to the tax levy.*

Sec. 2. Minnesota Statutes 1990, section 275.065, subdivision 5a, is amended to read:

Subd. 5a. [PUBLIC ADVERTISEMENT.] (a) A city, county, or school district shall advertise in a newspaper a notice of its intent to adopt a budget and property tax levy or in the case of a school district, a property tax levy, at a public hearing. The notice must be published not less than two *business* days nor more than six *business* days before the hearing.

For a city that has a population of less than 2,500 as determined under section 275.51, subdivision 6, the advertisement must be at least one-eighth page in size of a standard-size or a tabloid-size newspaper, and the headlines in the advertisement stating the notice of proposed property taxes and the notice of public hearing must be in a type no smaller than 24-point 14-point. The text of the advertisement must be no smaller than 18-point 12-point, except that the property tax amounts and percentages may be in 14-point 10-point type. For a city that has a population of 2,500 or more, and for a county or school district, the advertisement must be at least one-quarter page in size of a standard-size or a tabloid-size newspaper, and the headlines in the advertisement stating the notice of proposed property taxes and the notice of public hearing must be in a type no smaller than

30-point. The text of the advertisement must be no smaller than 22-point, except that the property tax amounts and percentages may be in 14-point type. The advertisement must not be placed in the part of the newspaper where legal notices and classified advertisements appear. The advertisement must be published in an official newspaper of general circulation in the taxing authority. The newspaper selected must be one of general interest and readership in the community, and not one of limited subject matter. The advertisement must appear in a newspaper that is published at least once per week.

(b) The advertisement must be in the following form, except that the notice for a school district must not include references to budget hearings or to adoption of a budget:

“NOTICE OF
PROPOSED PROPERTY TAXES

(City/County/School District) of

The governing body of will soon hold budget hearings and vote on the property taxes for (city/county services that will be provided in 199__ school district services that will be provided in 199__ and 199__).

The property tax amounts below compare current (city/county/school district) property taxes and the property taxes that would be collected in 199__ if the budget now being considered is approved.

199__	Proposed 199__	199__ Increase
Property Taxes	Property Taxes	or Decrease
\$	\$ %

NOTICE OF PUBLIC HEARING:

All concerned citizens are invited to attend a public hearing and express their opinions on the proposed (city/county/school district) budget and property taxes. The hearing will be held on (Month/Day/Year) at (Time) at (Location, Address).

A continuation of the hearing, if necessary, will be held on (Month/Day/Year) at (Time) at (Location, Address).

Written comments may be directed to (Address).”

(c) To determine the size of a city's advertisement under paragraph (a), the population of a city is the population used for purposes of the population adjustment to the levy limit base of the city under section 275.51, subdivision 6.

Sec. 3. Minnesota Statutes 1990, 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 property tax levy certified under section 275.07 by a city, county, or school district 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;

(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; and

(6) the amount of an increase in levy limits certified to the taxing authority by the commissioner of revenue or the commissioner of education after the proposed levy was certified.

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 of a school ~~districts~~ district, shall adopt its final property tax levy prior to adopting its final budget.

If the hearing is not completed on its scheduled date, the taxing authority must announce, prior to adjournment of the hearing, the date, time, and place for the continuation of the hearing. The continued hearing must be held at least five business days but no more than 14 business days after the original hearing.

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 county auditor shall provide for the coordination of hearing dates for all taxing authorities within the county.

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 auditors of the counties in

which the school district is located 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 counties 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.

Sec. 4. [EFFECTIVE DATE.]

Sections 1 to 3 are effective for taxes levied in 1991, payable in 1992, and thereafter.

ARTICLE 5

PROPERTY TAX AIDS AND CREDITS

Section 1. Minnesota Statutes 1990, section 273.135, subdivision 2, is amended to read:

Subd. 2. For taxes payable in 1990 and subsequent years, the amount of the reduction authorized by subdivision 1 shall be:

(a) In the case of property located within the boundaries of a municipality which meets the qualifications prescribed in section 273.134, 66 percent of the tax, provided that the reduction shall not exceed the maximum amounts specified in clause (c), and shall not exceed an amount sufficient to reduce the effective tax rate on each parcel of property located within a statutory or home rule charter city to the product of 95 percent of the base year effective tax rate multiplied by the ratio of the current year's tax rate to the payable 1989 tax rate. In no case will the reduction for each homestead resulting from this credit be less than \$10 .8 percent of market value for taxes payable in 1992, .9 percent of market value for taxes payable in 1993, and 1 percent of market value for taxes payable in 1994, and subsequent years.

(b) In the case of property located within the boundaries of a school district which qualifies as a tax relief area but which is outside the boundaries of a municipality which meets the qualifications prescribed in section 273.134, 57 percent of the tax, provided that the reduction shall not exceed the maximum amounts specified in clause (c), and shall not exceed an amount sufficient to reduce the effective tax rate on each parcel of property located within a statutory or home rule charter city to the product of 95 percent of the base year effective tax rate multiplied by the ratio of the current year's tax rate to the payable 1989 tax rate. In no case will the reduction for each homestead resulting from this credit be less than \$10 .8 percent of market value for taxes payable in 1992, .9 percent of market value for taxes payable in 1993, and 1 percent of market value for taxes payable in 1994, and subsequent years.

(c) The maximum reduction of the tax is \$225.40 on property described

in clause (a) and \$200.10 on property described in clause (b), for taxes payable in 1985. These maximum amounts shall increase by \$15 times the quantity one minus the homestead credit equivalency percentage per year for taxes payable in 1986 and subsequent years.

For the purposes of this subdivision, "homestead credit equivalency percentage" means one minus the ratio of the net class rate to the gross class rate applicable to the first \$68,000 of the market value of residential homesteads, "effective tax rate" means tax divided by the market value of a property, and the "base year effective tax rate" means the payable 1988 tax on a property with an identical market value to that of the property receiving the credit in the current year after the application of the credits payable under Minnesota Statutes 1988, section 273.13, subdivisions 22 and 23, and this section, divided by the market value of the property.

Sec. 2. Minnesota Statutes 1990, section 273.1391, subdivision 2, is amended to read:

Subd. 2. For taxes payable in 1990 and subsequent years, the amount of the reduction authorized by subdivision 1 shall be:

(a) In the case of property located within a school district which does not meet the qualifications of section 273.134 as a tax relief area, but which is located in a county with a population of less than 100,000 in which taconite is mined or quarried and wherein a school district is located which does meet the qualifications of a tax relief area, and provided that at least 90 percent of the area of the school district which does not meet the qualifications of section 273.134 lies within such county, 57 percent of the tax on qualified property located in the school district that does not meet the qualifications of section 273.134, provided that the amount of said reduction shall not exceed the maximum amounts specified in clause (c), and shall not exceed an amount sufficient to reduce the effective tax rate on each parcel of property located within a statutory or home rule charter city to the product of 95 percent of the base year effective tax rate multiplied by the ratio of the current year's tax rate to the payable 1989 tax rate. In no case will the reduction for each homestead resulting from this credit be less than \$10 .8 percent of market value for taxes payable in 1992, .9 percent of market value for taxes payable in 1993, and 1 percent of market value for taxes payable in 1994, and subsequent years. The reduction provided by this clause shall only be applicable to property located within the boundaries of the county described therein.

(b) In the case of property located within a school district which does not meet the qualifications of section 273.134 as a tax relief area, but which is located in a school district in a county containing a city of the first class and a qualifying municipality, but not in a school district containing a city of the first class or adjacent to a school district containing a city of the first class unless the school district so adjacent contains a qualifying municipality, 57 percent of the tax, but not to exceed the maximums specified in clause (c), and shall not exceed an amount sufficient to reduce the effective tax rate on each parcel of property located within a statutory or home rule charter city to the product of 95 percent of the base year effective tax rate multiplied by the ratio of the current year's tax rate to the payable 1989 tax rate. In no case will the reduction for each homestead resulting from this credit be less than \$10 .8 percent of market value for taxes payable in 1992, .9 percent of market value for taxes payable in 1993, and 1 percent of market value for taxes payable in 1994, and subsequent years.

(c) The maximum reduction of the tax is \$200.10 for taxes payable in 1985. This maximum amount shall increase by \$15 multiplied by the quantity one minus the homestead credit equivalency percentage per year for taxes payable in 1986 and subsequent years.

For the purposes of this subdivision, "homestead credit equivalency percentage" means one minus the ratio of the net class rate to the gross class rate applicable to the first \$68,000 of the market value of residential homesteads, and "effective tax rate" means tax divided by the market value of a property, and the "base year effective tax rate" means the payable 1988 tax on a property with an identical market value to that of the property receiving the credit in the current year after application of the credits payable under Minnesota Statutes 1988, section 273.13, subdivisions 22 and 23, and this section, divided by the market value of the property.

Sec. 3. Minnesota Statutes 1990, 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 local tax 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 (i) the appropriate net class rates for the year in which the aid is payable, except that for aids payable in 1991 the class rate applied to class 3 utility real and personal property shall be 5.38 percent; the class rate applied to class 4c property and that portion of class 3 property with an actual net class rate of 2.3 percent shall be 2.4 percent; the class rates applied to class 2a agricultural homestead property excluding the house, garage, and one acre shall be .4 percent for the first \$100,000 of value reduced by the value of the house, garage, and one acre; 1.3 percent for the remaining value of the first 320 acres; and 1.7 percent for the remaining value of any acreage in excess of 320 acres; the class rate applied to class 2b property shall be 1.7 percent; the class rate applied to class 1b property shall be .4 percent; and the class rate for the portion of class 1 property and the house, garage, and one acre portion of class 2a property with a market value in excess of \$100,000 shall be 3.0 percent 1992 the class rate applied to class 4b property shall be 2.9 percent; the class rate applied to class 4a property shall be 3.55 percent; and the class rate applied to noncommercial seasonal recreational residential property shall be 2.25 percent, and (ii) estimated market values for the assessment two years prior to that in which aid is payable. The reclassification of mobile home parks as class 4c shall not be considered in determining net tax capacity for

purposes of this paragraph for aids payable in 1991 or 1992. ~~The reclassification of fraternity and sorority houses as class 4e shall not be considered in determining net tax capacity for purposes of this paragraph for aids payable in 1991.~~ "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 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 6, for the municipality, as defined in section 473F.02, 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) "Previous net tax capacity" means the product of the appropriate net class rates for the year previous to the year in which the aid is payable, and estimated market values for the assessment two years prior to that in which aid is payable. "Total previous net tax capacity" means the previous net tax capacities for all property within the unique taxing jurisdiction. The total previous net tax capacity shall be reduced by the sum of (1) the unique taxing jurisdiction's previous net tax capacity of commercial-industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 6, for the municipality, as defined in section 473F.02, subdivision 8, in which the unique taxing jurisdiction is located, (2) the previous net tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the previous net tax capacity of transmission lines deducted from a local government's total net tax capacity under section 273.425. Previous net tax capacity cannot be less than zero.

(f) "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.

(g) "1989 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.

(h) "Current local tax rate" means the quotient derived by dividing the taxes levied within a unique taxing jurisdiction for taxes payable in the year prior to that for which aids are being calculated by the net tax capacity of the unique taxing jurisdiction.

(i) 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 1989 local tax rate; (ii) its total net tax capacity; and (iii) 0.9767.

(j) 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," "gross taxes," or "taxes levied" means the total 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 473F.02, subdivision 3, subject to the areawide tax as provided in section 473F.08, subdivision 6, in a unique taxing jurisdiction. Gross taxes levied on all properties or gross taxes are before reduction by any credits for taxes payable in 1989. "Gross taxes" are before any reduction for disparity reduction aid but "taxes levied" are after any reduction for disparity reduction aid. Gross taxes levied or taxes levied cannot be less than zero.

For homestead and agricultural credit aid payable in 1991, "gross taxes" or "gross taxes levied on all properties" shall mean gross taxes payable in 1989, excluding actual amounts levied for the purposes listed in subdivision 2a, multiplied by the cost-of-living adjustment factor and the household adjustment factor.

"Taxes levied" excludes actual amounts levied for purposes listed in subdivision 2a.

(k) "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.

(l) "Cost-of-living adjustment factor" means the greater of one or one plus the percentage increase in the consumer price index minus .36 percent. In no case may the cost of living adjustment factor exceed 1.0394.

(m) The percentage increase in the consumer price index means the percentage, if any, by which:

(1) 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.

(n) "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.

(o) "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.

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

(q) "Growth adjustment factor" means the household adjustment factor in the case of counties, cities, and towns. In the case of school districts the growth adjustment factor means the average daily membership of the school district under section 124.17, subdivision 2, for the school year ending in the second most recent year preceding that in which the aids are payable divided by the average daily membership for the third most recent year. In the case of special taxing districts, the growth adjustment factor equals one. The growth adjustment factor cannot be less than one.

(r) *For aid payable in 1992, "homestead and agricultural credit base" means the previous year's certified homestead and agricultural credit aid determined under subdivision 2 plus, for aid payable in 1992, fiscal disparity homestead and agricultural credit aid under subdivision 2b. For aid payable in 1993, "homestead and agricultural credit base" means the previous year's certified homestead and agricultural credit aid determined under subdivision 2, less any reductions in 1992 required under sections 477A.012, subdivision 8; 477A.013, subdivision 10; and 477A.0135, subdivision 3; and Laws 1990, chapter 604, article 4, section 19. For aid payable in 1994 and subsequent years, "homestead and agricultural credit base" means the previous year's certified homestead and agricultural credit aid determined under subdivision 2.*

(s) "Net tax capacity adjustment" means (1) the total previous net tax capacity minus the total net tax capacity, multiplied by (2) the unique taxing jurisdiction's current local tax rate. The net tax capacity adjustment cannot be less than zero.

(t) "Fiscal disparity adjustment" means the difference between (1) a taxing jurisdiction's fiscal disparity distribution levy under section 473F.08, subdivision 3, clause (a), for taxes payable in the year prior to that for which aids are being calculated, and (2) the same distribution levy multiplied by the ratio of the highest class rate for class 3 property for taxes payable in the year prior to that for which aids are being calculated to the highest class rate for class 3 property for taxes payable in the second prior year to that for which aids are being calculated. In the case of school districts, the fiscal disparity distribution levy shall exclude that part of the levy attributable to

equalized school levies as defined in subdivision 2a.

Sec. 4. Minnesota Statutes 1990, section 273.1398, subdivision 3, is amended to read:

Subd. 3. [DISPARITY REDUCTION AID.] (a) For taxes payable in 1990, and subsequent years, the amount of disparity aid originally certified for each unique taxing jurisdiction for taxes payable in the prior year shall be multiplied by the ratio of (1) the jurisdiction's tax capacity using the class rates for taxes payable in the year for which aid is being computed, to (2) its tax capacity using the class rates for taxes payable in the year prior to that for which aid is being computed, both based upon market values for taxes payable in the year prior to that for which aid is being computed. *For taxes payable in 1992 and subsequent years, the amount of disparity aid certified to each taxing jurisdiction shall be reduced by any reduction required in 1992 pursuant to sections 477A.012, subdivision 8; 477A.013, subdivision 10; and 477A.0135, subdivision 3; and Laws 1990, chapter 604, article 4, section 19.*

(b) The disparity reduction aid is allocated to each local government levying taxes in the unique taxing jurisdiction in the proportion that the local government's payable gross taxes bears to the total payable gross taxes levied within the unique taxing jurisdiction.

Sec. 5. Minnesota Statutes 1990, section 273.1398, subdivision 5, is amended to read:

Subd. 5. [ADDITIONAL HOMESTEAD AND AGRICULTURAL CREDIT GUARANTEE.] Beginning with taxes payable in 1990, each unique taxing jurisdiction may receive additional homestead and agricultural credit guarantee payments.

(1) Each year, the commissioner shall determine the total education aids paid under chapters 124 and 124A, homestead and agricultural credit aid and disparity reduction aid paid under this section, local government aid to cities, counties, and towns paid under chapter 477A, and human services aids, including for aids paid in 1991 and thereafter, the amount paid under subdivision 5b, paid to counties for each taxing jurisdiction. The commissioner shall apportion each local government's aids to the unique taxing jurisdiction based upon the proportion that the unique taxing jurisdiction's tax capacity bears to the total tax capacity of the local government.

(2) Each year, the commissioner will compute a gross local tax rate for each taxing jurisdiction equal to its total levy divided by its gross tax capacity under Minnesota Statutes 1988, section 273.13. For each unique taxing jurisdiction, a total gross local tax rate will be determined. This total gross local tax rate will be applied against the gross tax capacity of property that would have been eligible for the homestead credit or the agricultural credit for taxes payable in 1989. An estimated credit amount will be determined for all qualifying parcels based upon the credit rate structure in effect for taxes payable in 1989. The resulting credit amounts will be summed for all parcels in the unique taxing jurisdiction.

If the amount determined in clause (2) is greater than the amount determined in clause (1), the difference will be additional homestead and agricultural credit guarantee payments for the unique taxing jurisdiction. The additional credit amount shall proportionately reduce the local tax rates of all local governments levying taxes within the unique taxing jurisdiction in the following year. The commissioner shall certify the amounts of additional

credits determined under this subdivision to the county auditor at the time provided in subdivision 6. *For aid payable in 1992 and subsequent years, the aid payable under this subdivision shall be reduced by any reduction required in 1992 pursuant to sections 477A.012, subdivision 8; 477A.013, subdivision 10; and 477A.0135, subdivision 3; and Laws 1990, chapter 604, article 4, section 19.*

Sec. 6. Minnesota Statutes 1990, section 275.07, subdivision 3, is amended to read:

Subd. 3. The county auditor shall adjust each local government's levy certified under subdivision 1, except for the equalization levies defined in section 273.1398, subdivision 2a, paragraph (a), by the amount of homestead and agricultural credit aid certified by section 273.1398, subdivision 2, reduced by the amount under section 273.1398, subdivision 5a; fiscal disparity homestead and agricultural credit aid under section 273.1398, subdivision 2b; and equalization aid certified by section 477A.013, subdivision 5. *For each city that has nonhomestead property tax relief certified under section 477A.013, subdivision 5a, the county auditor shall divide the amount of aid certified for that city by the city's total net tax capacity as determined in section 275.08, subdivision 1b, less the net tax capacity of property classified as class 1 residential homesteads under section 273.13, subdivision 22, and class 2 agricultural property under section 273.13, subdivision 23. The resulting percentage shall be used by the county auditor to calculate a credit to reduce the levy on nonhomestead and nonagricultural property. For property within a tax increment district, the credit shall be prorated between the authority as defined in section 469.174, subdivision 2, and other taxing jurisdictions by the ratio of the captured net tax capacity of the district under section 469.174, subdivision 4, to the total net tax capacity of the district. Tax capacity in either case shall not include the tax capacity of class 1 and 2 property. The credit prorated to the authority shall reduce its tax increment under section 469.177, subdivision 3.*

Sec. 7. Minnesota Statutes 1990, section 477A.011, subdivision 27, as amended by Laws 1991, chapter 2, article 8, section 2, is amended to read:

Subd. 27. [REVENUE BASE.] "Revenue base" means the amount levied for taxes payable in 1991, including the levy on the fiscal disparity distribution under section 473F.08, subdivision 3, paragraph (a), and before reduction for the homestead and agricultural credit aid under section 273.1398, subdivision 2, equalization aid under section 477A.013, subdivision 5, and disparity reduction aid under section 273.1398, subdivision 3; plus the *originally certified* local government aid under sections 477A.011; 477A.012, subdivisions 1, 3, and 5, determined without regard to subdivision 2; and 477A.013, subdivisions 1, 3, 6, and 7; and the estimated taconite aids used to determine levy limits for taxes payable in 1991 under section 275.51, subdivision 3i.

Sec. 8. Minnesota Statutes 1990, section 477A.011, is amended by adding a subdivision to read:

Subd. 29. [ADJUSTED REVENUE BASE.] "*Adjusted revenue base*" means a revenue base as defined in subdivision 27 less the special levy under section 275.50, subdivision 5, paragraph (a).

Sec. 9. Minnesota Statutes 1990, section 477A.011, is amended by adding a subdivision to read:

Subd. 30. [SECOND HALF PAYMENT REDUCTION PERCENTAGE.]

"Second half payment reduction percentage" means the equal percentage reduction in each county, city, town, and special taxing district adjusted revenue base that is necessary to reduce 1991 aid payments under sections 477A.012, subdivisions 1 and 3; 477A.013, subdivisions 1, 3, and 5; and 273.1398, subdivisions 2, 2b, 3, and 5, after subtracting the reduction made pursuant to sections 477A.012, subdivision 6; 477A.013, subdivision 8; and 477A.0135, subdivision 1, by a combined amount of \$37,500,000.

Sec. 10. Minnesota Statutes 1990, section 477A.011, is amended by adding a subdivision to read:

Subd. 31. [1992 REDUCTION PERCENTAGE.] "1992 reduction percentage" means the equal percentage reduction in each county, city, town, and special taxing district adjusted revenue base that is necessary to reduce 1992 aid payments under sections 477A.012, subdivisions 1, 3, and 4; 477A.013, subdivisions 1, 3, and 5; 273.1398, subdivisions 2, 3, and 5, after subtracting the reduction made pursuant to Laws 1990, chapter 604, article 4, section 19, by a combined amount of \$87,000,000.

Sec. 11. Minnesota Statutes 1990, section 477A.012, subdivision 1, as amended by Laws 1991, chapter 2, article 8, section 4, is amended to read:

Subdivision 1. [AID AMOUNT.] In calendar year 1990, each county government shall receive a distribution equal to the aid amount certified for 1987 pursuant to this subdivision. Except as provided in subdivision subdivisions 6, 7, and 8, and Laws 1990, chapter 604, article 4, section 19, in calendar year 1991 and subsequent years 1992, each county government shall receive a distribution equal to the aid amount it received in 1990 under this subdivision less the reduction made under subdivision 5. In calendar year 1993 and subsequent years, each county government shall receive a distribution equal to the aid amount it received under this subdivision in 1992 less the reductions made under subdivision 8 and Laws 1990, chapter 604, article 4, section 19.

Sec. 12. Minnesota Statutes 1990, section 477A.012, is amended by adding a subdivision to read:

Subd. 7. [SECOND HALF 1991 COUNTY AID ADJUSTMENT.] A county's 1991 payment of local government aid, homestead and agricultural credit aid, fiscal disparity homestead and agricultural credit aid, disparity reduction aid, and additional homestead and agricultural credit guarantee is reduced by the product of its adjusted revenue base and the second half payment reduction percentage less the reduction made pursuant to subdivision 6. The aid reduction is first applied to a county's local government aid; then, if necessary, the sum of its homestead and agricultural credit aid and fiscal disparity homestead and agricultural credit aid; then, if necessary, its disparity reduction aid; and then, if necessary, its additional homestead and agricultural credit guarantee. To the maximum extent possible, the reductions shall be made in the scheduled December 31, 1991, payment.

Sec. 13. Minnesota Statutes 1990, section 477A.012, is amended by adding a subdivision to read:

Subd. 8. [1992 COUNTY AID ADJUSTMENT.] A county's 1992 payment of local government aid, homestead and agricultural credit aid, disparity reduction aid, and additional homestead and agricultural credit guarantee is reduced by the product of its adjusted revenue base and the 1992 reduction percentage less the reduction made pursuant to Laws 1990, chapter 604, article 4, section 19. The aid reduction is first applied to a county's local

government aid; then, if necessary, its homestead and agricultural credit aid; then, if necessary, its disparity reduction aid; and then, if necessary, its additional homestead and agricultural credit guarantee.

Sec. 14. Minnesota Statutes 1990, section 477A.013, subdivision 1, as amended by Laws 1991, chapter 2, article 8, section 6, 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 local tax rate of at least .008 shall receive a distribution equal to 106 percent of the amount received in 1989 under this subdivision. Except as provided in ~~subdivision subdivisions~~ 8, 9, and 10, in calendar year 1991 and ~~subsequent years~~ 1992, each town that had levied for taxes payable in the prior year a local tax rate of at least .008 shall receive a distribution equal to the amount it received in 1990 under this subdivision less the amount deducted in 1989 under subdivision 6. *In calendar year 1993 and subsequent years, each town that had levied for taxes payable in the prior year a local tax rate of at least .008 shall receive a distribution equal to the amount it received in 1992 under this subdivision less the amount deducted in 1992 under subdivision 10.*

Sec. 15. Minnesota Statutes 1990, section 477A.013, subdivision 3, as amended by Laws 1991, chapter 2, article 8, section 7, 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~~ 1992, a city will receive an amount equal to the local government aid it received under this section in the previous year, except as provided in ~~subdivision~~ subdivisions 8, 9, and 10, and Laws 1990, chapter 604, article 4, section 19. In 1993 and subsequent years, a city will receive an amount equal to the local government aid it received under this section in 1992 less the amounts deducted in 1992 under subdivision 10 and Laws 1990, chapter 604, article 4, section 19.

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, or (2) its initial aid amount, or (3) 15 percent of the total local government aid 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 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" does not include equalization aid amounts under subdivision 5.

Sec. 16. Minnesota Statutes 1990, section 477A.013, is amended by adding a subdivision to read:

Subd. 5a. [NONHOMESTEAD PROPERTY TAX RELIEF] A city is eligible for nonhomestead property tax relief if the local tax rate for the city as calculated under section 275.08 for taxes payable in 1991 was .15 or higher. For each eligible city, the amount of nonhomestead property tax relief for taxes payable in 1992 and thereafter is equal to the product of (i) the total net tax capacity of all property in the city other than property classified as class 1 residential homesteads under section 273.13, subdivision 22, and class 2 agricultural property under section 273.13, subdivision 23, (ii) .12, and (iii) 1 minus the ratio of the net tax capacity per capita to 900. For purposes of clause (i) of this subdivision, the net tax capacity of property within the city shall be calculated using the class rates and estimated market values for taxes payable in the year prior to the aid distribution. For purposes of clause (iii) of this subdivision, "net tax capacity" means the net tax capacity as defined in section 477A.011, subdivision 25.

If the amount allocated under section 477A.03, subdivision 1, is insufficient to pay the aid amounts calculated under this subdivision, the commissioner of revenue shall proportionately reduce the nonhomestead property tax relief for each city so that the sum of the amounts paid under this subdivision equals the amount allocated in section 477A.03, subdivision 1.

Sec. 17. Minnesota Statutes 1990, section 477A.013, is amended by adding a subdivision to read:

Subd. 9. [SECOND HALF 1991 CITY AND TOWN AID ADJUSTMENT.] A city's or town's 1991 payment of local government aid, equalization aid, homestead and agricultural credit aid, fiscal disparity

homestead and agricultural credit aid, disparity reduction aid, and additional homestead and agricultural credit guarantee is reduced by the product of its adjusted revenue base and the second half payment reduction percentage less the reduction made pursuant to subdivision 8. The aid reduction is first applied to a city's or town's local government aid; then, if necessary, its equalization aid; then, if necessary, the sum of its homestead and agricultural credit aid and fiscal disparity homestead and agricultural credit aid; then, if necessary, its disparity reduction aid; and then, if necessary, its additional homestead and agricultural credit guarantee. To the maximum extent possible, the reductions shall be made in the scheduled December 31, 1991, payment.

Sec. 18. Minnesota Statutes 1990, section 477A.013, is amended by adding a subdivision to read:

Subd. 10. [1992 CITY AID ADJUSTMENT.] A city's or town's 1992 payment of local government aid, equalization aid, homestead and agricultural credit aid, disparity reduction aid, and additional homestead and agricultural credit guarantee is reduced by the product of its adjusted revenue base and the 1992 reduction percentage less the reduction made pursuant to Laws 1990, chapter 604, article 4, section 19. The aid reduction is first applied to a city's or town's local government aid; then, if necessary, its equalization aid; then, if necessary, its homestead and agricultural credit aid; then, if necessary, its disparity reduction aid; and then, if necessary, its additional homestead and agricultural credit guarantee.

Sec. 19. Laws 1991, chapter 2, article 8, section 9, is amended to read:

477A.0135 [SPECIAL TAXING DISTRICTS; 1991 AID REDUCTION.]

Subdivision 1. [1991 SPECIAL TAXING DISTRICTS AID ADJUSTMENT.] A special taxing district's July 20, 1991 payment of homestead and agricultural credit aid, and disparity reduction aid is reduced by the product of its revenue base and the reduction percentage, as determined in section 477A.011, subdivision 28. The aid reduction is first applied to a special taxing district's homestead and agricultural credit aid amount in its scheduled July 20, 1991 aid payment. If the aid reduction is greater than the homestead and agricultural credit aid amount in its scheduled July 20, 1991 aid payment, the remaining amount is then applied to the special taxing district's disparity reduction aid. The July 20, 1991 homestead and agricultural credit aid and disparity reduction aid payment to a special taxing district after this reduction cannot be less than \$0.

Subd. 2. [SECOND HALF 1991 SPECIAL TAXING DISTRICT AID ADJUSTMENT.] A special taxing district's 1991 payment of homestead and agricultural credit aid and disparity reduction aid is reduced by the product of its adjusted revenue base and the second half payment reduction percentage less the reduction made pursuant to subdivision 1. The aid reduction is first applied to a special taxing district's homestead and agricultural credit aid amount. If the aid reduction is greater than the homestead and agricultural credit aid amount, the remaining amount is then applied to the special taxing district's disparity reduction aid. To the maximum extent possible, the reduction shall be made in the scheduled December 31, 1991, payment.

Subd. 3. [1992 SPECIAL TAXING DISTRICT AID ADJUSTMENT.] A special taxing district's 1992 payment of homestead and agricultural credit aid and disparity reduction aid is reduced by the product of its adjusted

revenue base and the 1992 reduction percentage less the reduction made pursuant to Laws 1990, chapter 604, article 4, section 19. The aid reduction is first applied to a special taxing district's homestead and agricultural credit aid amount. If the aid reduction is greater than the homestead and agricultural credit aid, the remaining amount is then applied to the special taxing district's disparity reduction aid.

Sec. 20. Minnesota Statutes 1990, section 477A.014, subdivision 1, as amended by Laws 1991, chapter 2, article 8, section 10, is amended to read:

Subdivision 1. [CALCULATIONS AND PAYMENTS.] The commissioner of revenue shall make all necessary calculations and make payments pursuant to sections 477A.012, 477A.013, and 477A.03 directly to the affected taxing authorities annually. In addition, the commissioner shall notify the authorities of their aid amounts, as well as the computational factors used in making the calculations for their authority, and those statewide total figures that are pertinent, before August 15 of the year preceding the aid distribution year, except that for aid payable in 1990 the commissioner of revenue must notify the authorities of their aid amounts as well as the computational factors used in the calculation before October 23, 1989. The commissioner shall reduce the July 20, 1991, payment of local government aid, equalization aid, homestead and agricultural credit aid, and disparity reduction aid to counties, cities, towns, and special taxing districts by a combined amount of \$50,000,000. *The commissioner shall reduce the county, city, town, and special taxing district aids for 1991 and subsequent years as specified in sections 477A.012, subdivisions 7 and 8; 477A.013, subdivisions 9 and 10; and 477A.0135, subdivisions 2 and 3, and Laws 1990, chapter 604, article 4, section 19.*

Sec. 21. Minnesota Statutes 1990, section 477A.015, is amended to read:

477A.015 [PAYMENT DATES.]

The commissioner of revenue shall make the payments of local government aid to affected taxing authorities in two installments on July 20 and December ~~45~~ 31 annually.

The commissioner may pay all or part of the payment due on December ~~45~~ 31 at any time after August 15 upon the request of a city that requests such payment as being necessary for meeting its cash flow needs.

Sec. 22. Minnesota Statutes 1990, section 477A.03, subdivision 1, is amended to read:

Subdivision 1. [ANNUAL APPROPRIATION.] A sum sufficient to discharge the duties imposed by sections 477A.011 to 477A.014 is annually appropriated from the general fund to the commissioner of revenue. For aids payable in 1991 and thereafter, the total amount of equalization aid paid under section 477A.013, subdivision 5, is limited to \$19,485,684. *For aids payable in 1992 and thereafter, the total amount of nonhomestead property tax relief paid under section 477A.013, subdivision 5a, is limited to \$6,000,000.*

ARTICLE 6
LOCAL GOVERNMENT SERVICE SHARING AND
COMBINATION INCENTIVES

Section 1. [465.80] [SERVICE SHARING GRANTS.]

Subdivision 1. [SCOPE.] This section establishes a program for grants to cities, counties, and towns to enable them to meet the start-up costs of providing shared services or functions.

Subd. 2. [ELIGIBILITY.] Any home rule charter or statutory city, county, or town that provides a plan for offering a governmental service under a joint powers agreement with another city, county, or town, or with an agency of state government, is eligible for a grant under this section, and is referred to in this section as an "eligible local government unit."

Subd. 3. [PLAN.] To apply for a grant under this section, the governing body of the eligible local government unit must by resolution adopt a plan that includes:

(1) a proposal to enter into an agreement for the joint exercise of powers under section 471.59 that will result in a fully integrated service or function provided by the eligible local unit of government and one or more other government units as defined in section 471.59. Agreements solely to make joint purchases are not sufficient to qualify under this section;

(2) specific projections of cost savings or more efficient service operations that are reasonably likely to result from the combined service or function; and

(3) evidence of the need for financial assistance to meet start-up costs that would be entailed in providing the combined service or function.

Subd. 4. [SUBMISSION OF PLAN TO DEPARTMENT.] The plan must be submitted to the department of trade and economic development. The commissioner of trade and economic development will approve a plan only if it contains the elements set forth in subdivision 3, with sufficient information to verify the assertions under clauses (2) and (3). The commissioner may request modifications of a plan. If the commissioner rejects a plan, written reasons for the rejection must be provided, and a governmental unit may modify the plan and resubmit it.

Subd. 5. [GRANTS.] The amount of each grant shall be equal to the additional start-up costs for which evidence is presented under subdivision 3, clause (3). Only one grant will be given to a local government unit for any function or service it proposes to combine with another government unit, but a unit may apply for separate grants for different services or functions it proposes to combine. If the amount of money available for making the grants is not sufficient to fully fund the grants to eligible local government units with approved plans, the commissioner shall award grants on the basis of each qualified applicant's score under a scoring system to be devised by the commissioner to measure the relative needs for the grants and the ratio of costs to benefits for each proposal.

Sec. 2. [465.81] [COOPERATION AND COMBINATION.]

Subdivision 1. [SCOPE.] Sections 2 to 8 establish procedures to be used by counties, cities, or towns that adopt by resolution an agreement providing a plan to provide combined services during an initial two-year cooperation

period and then to merge into a single unit of government over the succeeding two-year period.

Subd. 2. [DEFINITIONS.] As used in sections 2 to 8, the words defined in this subdivision have the meanings given them in this subdivision.

"City" means home rule charter or statutory cities.

"Commissioner" means the commissioner of trade and economic development.

"Department" means the department of trade and economic development.

"Governing body" means, in the case of a county, the county board; in the case of a city, the city council; and, in the case of a town, the town board.

"Local government unit" or "unit" includes counties, cities, and towns.

Subd. 3. [COMBINATION REQUIREMENTS.] Counties may combine with one or more other counties. Cities may combine with one or more other cities or with one or more towns. Towns may combine with one or more other towns or with one or more cities. Units that combine must be contiguous.

Sec. 3. [465.82] [COOPERATION AND COMBINATION PLAN.]

Subdivision 1. [ADOPTION AND STATE AGENCY REVIEW.] Each governing body that proposes to combine under sections 2 to 8 must adopt by resolution a plan for cooperation and combination. The plan must address each item in this section. The plan must be specific for any item that will occur within three years and may be general or set forth alternative proposals for an item that will occur more than three years in the future. The plan must be submitted to the department of trade and economic development for review and comment. Significant modifications and specific resolutions of items must be submitted to the department for review and comment. In the official newspaper of each local government unit proposed for combination, the governing body must publish at least a summary of the adopted plans, each significant modification and resolution of items, and the results of each department review and comment.

Subd. 2. [CONTENTS OF PLAN.] The plan shall state:

(1) the specific cooperative activities the units will engage in during the first two years of the venture;

(2) the steps to be taken to effect the merger of the governmental units, beginning in the third year of the process, with completion no later than four years after the process begins;

(3) the steps by which a single governing body will be created. Notwithstanding any other law to the contrary, all current members of the governing bodies of the local government units that propose to combine under sections 2 to 8 may serve on the initial governing body of the combined unit, until a gradual reduction in membership is achieved by foregoing election of new members when terms expire until the number permitted by other law is reached;

(4) changes in services provided, facilities used, administrative operations and staffing to effect the preliminary cooperative activities and the final merger;

(5) treatment of employees of the merging governmental units, specifically

including provisions for reassigning employees, dealing with unions, and providing financial incentives to encourage early retirements;

(6) financial arrangements for the merger, specifically including responsibility for debt service on outstanding obligations of the merging entities;

(7) two, five, and ten-year projections prepared by the department of revenue at the request of the local government unit, of revenues, expenditures, and property taxes for each unit if it combined and if it remained separate;

(8) procedures for a referendum to be held prior to the year of the proposed combination to approve combining the local government units, specifically stating whether a majority of those voting in each district proposed for combination or a majority of those voting on the question in the entire area proposed for combination would be needed to pass the referendum; and

(9) a time schedule for implementation.

Sec. 4. [465.83] [STATE AGENCY APPROVAL.]

Before scheduling a referendum on the question of combining local government units under section 5, the units shall submit the plan adopted under section 3 to the commissioner. The commissioner may require any information it deems necessary to evaluate the plan. The commissioner shall disapprove the proposed combination if the commissioner finds that the plan is not reasonably likely to enable the combined unit to provide services in a more efficient or less costly manner than the separate units would provide them, or if the plans or plan modification are incomplete.

Sec. 5. [465.84] [REFERENDUM.]

During the first or second year of cooperation, and after approval of the plan by the department under section 4, a referendum on the question of combination shall be conducted. The referendum shall be on a date called by the governing bodies of the units that propose to combine. The referendum shall be conducted according to the Minnesota election law, as defined in section 200.01. If the referendum fails, the same question or a modified question may be submitted the following year. If the referendum fails again, the same question may not be submitted. Referendums shall be conducted on the same date in all local government units.

Sec. 6. [465.85] [COUNTY AUDITOR TO PREPARE PLAT.]

Upon the request of two or more local government units that have adopted a resolution to cooperate and combine, the county auditor shall prepare a plat. If the proposed combined local government unit is located in more than one county, the request shall be submitted to the county auditor of the county that has the greatest land area in the proposed district. The plat must show:

(1) the boundaries of each of the present units;

(2) the boundaries of the proposed unit;

(3) the boundaries of proposed election districts, if requested; and

(4) other information deemed pertinent by the governing bodies or the county auditor.

Sec. 7. [465.86] [BONDED DEBT AT THE TIME OF COMBINATION.]

Debt service for bonds outstanding at the time of the combination may

be levied by the combined governing body consistent with the plan adopted according to section 3, and any subsequent modifications, subject to section 475.61. The primary obligation to pay the bonded indebtedness outstanding on the effective date of combination remains with the local government unit that issued the bonds, but a combined unit may make debt service payments on behalf of a preexisting unit.

Sec. 8. [465.87] [AIDS TO COOPERATING AND COMBINING UNITS.]

Subdivision 1. [ELIGIBILITY.] A local government unit is eligible for aid under this section if the commissioner has approved its plan to cooperate and combine under section 4.

Subd. 2. [AMOUNT OF AID.] The aid to be paid to each eligible local government unit is equal to the following per capita amounts, based on the combined population of the units, not to exceed \$100,000 per year for any unit.

<i>Combined Population after Combination</i>	<i>Aid Per Capita</i>
<i>0 - 2,500</i>	<i>\$25</i>
<i>2,500 - 5,000</i>	<i>20</i>
<i>5,000 - 20,000</i>	<i>15</i>
<i>over 20,000</i>	<i>10</i>

Payments shall be made on the dates provided for payments of local government aid under section 477A.013, beginning in the year during which substantial cooperative activities under the plan initially occur, unless those activities begin after July 1, in which case the initial aid payment shall be made in the following calendar year.

Subd. 3. [TERMINATION OF AID; RECAPTURE.] If a second referendum under section 5 fails, or if an initial referendum fails and the governing body does not schedule a second referendum within one year after the first has failed, or if one or more of the local government units that proposed to combine terminates its participation in the cooperation or combination, no additional aid will be paid under this section. The amount previously paid under this section to a unit must be repaid if the governing body of the unit acts to terminate its current level of participation in the plan. The amount previously paid to the unit must be repaid in annual installments equal to the total amount paid to the unit for all years under subdivision 2, divided by the number of years when payments were made.

Sec. 9. [APPROPRIATION.]

\$2,000,000 is appropriated to the commissioner of trade and economic development to be used to make the grants under section 1 and to pay the aids under sections 2 to 8. At least 40 percent of the amount appropriated under this section shall be used to make aid payments under sections 2 to 8 unless there are not enough qualified applicants for the cooperation and combination program to make use of the full appropriation.

ARTICLE 7

INCOME TAX

Section 1. Minnesota Statutes 1990, 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 on December 31, 1989, exceeded \$1,600,000,000-; ~~and~~

(e) the net income of an external nuclear decommissioning reserve fund shall be exempt from tax. As used in this paragraph, an "external nuclear decommissioning reserve fund" means a fund established by a utility company to provide money to pay nuclear decommissioning costs. The fund is derived from money that is periodically received from utility customers and is segregated from the assets of the utility company and outside its administrative control. This income shall be taxed to the utility when the utility receives it from the fund.

Sec. 2. Minnesota Statutes 1990, section 290.06, subdivision 2c, is amended to read:

Subd. 2c. [SCHEDULES OF RATES FOR INDIVIDUALS, ESTATES, AND TRUSTS.] (a) The income taxes imposed by this chapter upon married individuals filing joint returns and surviving spouses as defined in section 2(a) of the Internal Revenue Code of 1986 as amended through December 31, 1989, must be computed by applying to their taxable net income the following schedule of rates:

if taxable income is:
not over \$19,000

the tax is:
6 percent

over \$19,000

\$1,140 plus 8 percent of the excess
over \$19,000

plus an amount computed using the following schedule of rates:

if taxable income is:

over \$75,500, but not

over \$165,000

over \$165,000

the tax is:

0.5 percent of the

excess over \$75,500

\$447.50

(1) On the first \$19,910, 6 percent;

(2) All over \$19,910, but not over \$79,120, 8 percent;

(3) All over \$79,120, 8.5 percent.

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

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

if taxable income is:

not over \$13,000

over \$13,000

the tax is:

6 percent

\$780 plus 8 percent of the excess
over \$13,000

plus an amount computed using the following schedule of rates:

if taxable income is:

over \$42,700, but not

over \$93,000

over \$93,000

the tax is:

0.5 percent of the

excess over \$42,700

\$251.50

(1) On the first \$13,620, 6 percent;

(2) On all over \$13,620, but not over \$44,750, 8 percent;

(3) On all over \$44,750, 8.5 percent.

(c) The income taxes imposed by this chapter upon unmarried individuals qualifying as a head of household as defined in section 2(b) of the Internal Revenue Code of 1986, as amended through December 31, 1989, must be computed by applying to taxable net income the following schedule of rates:

if taxable income is:

not over \$16,000

over \$16,000

the tax is:

6 percent

\$960 plus 8 percent of the excess
over \$16,000

plus an amount computed using the following schedule of rates:

if taxable income is:

over \$64,300, but not

over \$135,000

over \$135,000

the tax is:

0.5 percent of the

excess over \$64,300

\$353.50

- (1) On the first \$16,770, 6 percent;
- (2) On all over \$16,770, but not over \$67,390, 8 percent;
- (3) On all over \$67,390, 8.5 percent.

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

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

(1) The numerator is the individual's Minnesota source federal adjusted gross income as defined in section 62 of the Internal Revenue Code of 1986, as amended through December 31, 1989, after applying the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

(2) the denominator is the individual's federal adjusted gross income as defined in section 62 of the Internal Revenue Code of 1986, as amended through December 31, 1989, increased by the addition required for interest income from non-Minnesota state and municipal bonds under section 290.01, subdivision 19a, clause (1).

Sec. 3. Minnesota Statutes 1990, section 290.06, subdivision 2d, is amended to read:

Subd. 2d. [INFLATION ADJUSTMENT OF BRACKETS.] (a) For taxable years beginning after December 31, ~~1990~~ 1991, the minimum and maximum dollar amounts for each rate bracket for which a tax is imposed in subdivision 2c shall be adjusted for inflation by the percentage determined under paragraph (b). For the purpose of making the adjustment as provided in this subdivision all of the rate brackets provided in subdivision 2c shall be the rate brackets as they existed for taxable years beginning after December 31, ~~1987~~ 1990, and before January 1, ~~1991~~ 1992. The rate applicable to any rate bracket must not be changed. The dollar amounts setting forth the tax shall be adjusted to reflect the changes in the rate brackets. The rate brackets as adjusted must be rounded to the nearest \$10 amount. If the rate bracket ends in \$5, it must be rounded up to the nearest \$10 amount.

(b) The commissioner shall adjust the rate brackets *and* by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code of 1986, as amended through December 31, ~~1989~~ 1990, except that in section 1(f)(3)(B) the word "~~1989~~" "1990" shall be substituted for the word "1987." For 1991, the commissioner shall then determine the percent change from the 12 months ending on August 31, ~~1989~~ 1990, to the 12 months ending on August 31, ~~1990~~ 1991, and in each subsequent year, from the 12 months ending on August 31, ~~1989~~ 1990, to the 12 months ending on August 31 of the year preceding the taxable year. The determination of the commissioner pursuant to this subdivision shall not be considered a "rule" and shall not be subject to the administrative procedure act contained

in chapter 14.

No later than December 15 of each year, the commissioner shall announce the specific percentage that will be used to adjust the tax rate brackets.

Sec. 4. Minnesota Statutes 1990, section 290.067, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT OF CREDIT.] A taxpayer may take as a credit against the tax due from the taxpayer and a spouse, if any, under this chapter an amount equal to the dependent care credit for which the taxpayer is eligible pursuant to the provisions of section 21 of the Internal Revenue Code subject to the limitations provided in subdivision 2 except that in determining whether the child qualified as a dependent, income received as an aid to families with dependent children grant or allowance to or on behalf of the child must not be taken into account in determining whether the child received more than half of the child's support from the taxpayer.

If a child who is six years of age or less at the close of the taxable year is cared for at a licensed family day care home operated by the child's parent, the taxpayer is deemed to have paid employment-related expenses. If the child is 16 months old or younger at the close of the taxable year, the amount of expenses deemed to have been paid equals the maximum limit for one qualified individual under section 21(c) and (d) of the Internal Revenue Code. If the child is older than 16 months of age but not older than six years of age at the close of the taxable year, the amount of expenses deemed to have been paid equals the amount the licensee would charge for the care of a child of the same age for the same number of hours of care. These deemed amounts apply regardless of whether any employment-related expenses have been paid.

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

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

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

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

In the case of a nonresident, part-year resident, or person whose tax is computed under section 290.06, subdivision 2c, paragraph (f), the credit determined under section 21 of the Internal Revenue Code must be allocated based on the ratio by which the earned income of the claimant and the claimant's spouse from Minnesota sources bears to the total earned income of the claimant and the claimant's spouse.

Sec. 5. Minnesota Statutes 1990, section 290.091, subdivision 1, is amended to read:

Subdivision 1. [IMPOSITION OF TAX.] In addition to all other taxes

imposed by this chapter a tax is imposed on individuals, estates, and trusts equal to the excess (if any) of

(a) an amount equal to ~~six~~ 6.5 percent of alternative minimum taxable income after subtracting the exemption amount, over

(b) the regular tax for the taxable year.

Sec. 6. Minnesota Statutes 1990, section 290.091, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For purposes of the tax imposed by this section, the following terms have the meanings given:

(a) "Alternative minimum taxable income" means the sum of the following for the taxable year:

(1) the taxpayer's federal alternative minimum taxable income as defined in section 55(b)(2) of the Internal Revenue Code;

(2) the taxpayer's itemized deductions allowed in computing federal alternative minimum taxable income, but excluding the Minnesota charitable contribution deduction *and the medical expense deduction*;

(3) to the extent not included in federal alternative minimum taxable income, the amount of interest income as provided by section 290.01, subdivision 19a, clause (1); less the sum of

(i) interest income as defined in section 290.01, subdivision 19b, clause (1);

(ii) an overpayment of state income tax as provided by section 290.01, subdivision 19b, clause (2); and

(iii) the amount of investment interest paid or accrued within the taxable year on indebtedness to the extent that the amount does not exceed net investment income, as defined in section 163(d)(4) of the Internal Revenue Code. Interest does not include amounts deducted in computing federal adjusted gross income.

In the case of an estate or trust, alternative minimum taxable income must be computed as provided in section 59(c) of the Internal Revenue Code.

(b) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 1989.

(c) "Investment interest" means investment interest as defined in section 163(d)(3) of the Internal Revenue Code.

(d) "Tentative minimum tax" equals six percent of alternative minimum taxable income after subtracting the exemption amount determined under subdivision 3.

(e) "Regular tax" means the tax that would be imposed under this chapter (without regard to this section and section 290.032), reduced by the sum of the nonrefundable credits allowed under this chapter.

(f) "Net minimum tax" means the minimum tax imposed by this section.

(g) "Minnesota charitable contribution deduction" means a charitable contribution deduction under section 170 of the Internal Revenue Code to or for the use of an entity described in section 290.21, subdivision 3, clauses

(a) to (e).

Sec. 7. Minnesota Statutes 1990, section 290.191, subdivision 4, is amended to read:

Subd. 4. [APPORTIONMENT FORMULA FOR CERTAIN MAIL ORDER BUSINESSES.] If the business consists exclusively of the selling of tangible personal property and services in response to orders received by United States mail or telephone, and 99 percent of the taxpayer's property and payroll is within Minnesota, then the taxpayer may apportion net income to Minnesota based solely upon the percentage that the sales made within this state in connection with the trade or business during the tax period are of the total sales wherever made in connection with the trade or business during the tax period. Property and payroll factors are disregarded. In determining eligibility for this subdivision:

(1) the sale not in the ordinary course of business of tangible or intangible assets used in conducting business activities must be disregarded; and

(2) property and payroll at a distribution center outside of Minnesota are disregarded if the sole activity at the distribution center is the filling of orders, and no solicitation of orders occurs at the distribution center.

Sec. 8. Minnesota Statutes 1990, section 290.923, is amended by adding a subdivision to read:

Subd. 11. [EXEMPTION FROM DEDUCTING AND WITHHOLDING.] *A person or entity whose shares or certificates of beneficial interest are traded on the New York Stock Exchange or publicly traded on any recognized stock exchange is exempt from deduction and withholding under this section.*

Sec. 9. [EFFECTIVE DATE.]

Sections 1 to 3, 5, 7, and 8 are effective for taxable years beginning after December 31, 1990. Section 4 is effective for taxable years beginning after December 31, 1991. Section 6 is effective for taxable years beginning after December 31, 1984.

ARTICLE 8

SALES TAX

Section 1. Minnesota Statutes 1990, section 297A.01, subdivision 3, is amended to read:

Subd. 3. A "sale" and a "purchase" includes, but is not limited to, each of the following transactions:

(a) Any transfer of title or possession, or both, of tangible personal property, whether absolutely or conditionally, and the leasing of or the granting of a license to use or consume tangible personal property other than manufactured homes used for residential purposes for a continuous period of 30 days or more, for a consideration in money or by exchange or barter;

(b) The production, fabrication, printing, or processing of tangible personal property for a consideration for consumers who furnish either directly or indirectly the materials used in the production, fabrication, printing, or processing;

(c) The furnishing, preparing, or serving for a consideration of food, meals, or drinks. "Sale" does not include:

(1) meals or drinks served to patients, inmates, or persons residing at hospitals, sanitariums, nursing homes, senior citizens homes, and correctional, detention, and detoxification facilities;

(2) meals or drinks purchased for and served exclusively to individuals who are 60 years of age or over and their spouses or to the handicapped and their spouses by governmental agencies, nonprofit organizations, agencies, or churches or pursuant to any program funded in whole or part through 42 USCA sections 3001 through 3045, wherever delivered, prepared or served; or

(3) meals and lunches served at public and private schools, universities, or colleges. Notwithstanding section 297A.25, subdivision 2, taxable food or meals include, but are not limited to, the following:

(i) heated food or drinks;

(ii) sandwiches prepared by the retailer;

(iii) single sales of prepackaged ice cream or ice milk novelties prepared by the retailer;

(iv) hand-prepared or dispensed ice cream or ice milk products including cones, sundaes, and snow cones;

(v) soft drinks and other beverages prepared or served by the retailer;

(vi) gum;

(vii) ice;

(viii) all food sold in vending machines;

(ix) party trays prepared by the retailers; and

(x) all meals and single servings of packaged snack food, single cans or bottles of pop, sold in restaurants and bars;

(d) The granting of the privilege of admission to places of amusement, recreational areas, or athletic events, except a world championship football game sponsored by the national football league, and the privilege of having access to and the use of amusement devices, tanning facilities, reducing salons, steam baths, turkish baths, massage parlors, health clubs, and spas or athletic facilities;

(e) The furnishing for a consideration of lodging and related services by a hotel, rooming house, tourist court, motel or trailer camp and of the granting of any similar license to use real property other than the renting or leasing thereof for a continuous period of 30 days or more;

(f) The furnishing for a consideration of electricity, gas, water, or steam for use or consumption within this state, or local exchange telephone service, intrastate toll service, and interstate toll service, if that service originates from and is charged to a telephone located in this state; the tax imposed on amounts paid for telephone services is the liability of and shall be paid by the person paying for the services. The furnishing for a consideration of access to telephone services by a hotel to its guests is a sale under this clause. Sales by municipal corporations in a proprietary capacity are included in the provisions of this clause. The furnishing of water and sewer services for residential use shall not be considered a sale;

(g) The furnishing for a consideration of cable television services, including charges for basic monthly service, charges for monthly premium service,

and charges for any other similar television services;

(h) Notwithstanding subdivision 4, and section 297A.25, subdivision 9, the sales of horses including claiming sales and fees paid for breeding a stallion to a mare. This clause applies to sales and fees with respect to a horse to be used for racing whose birth has been recorded by the Jockey Club or the United States Trotting Association or the American Quarter Horse Association;

(i) The furnishing for a consideration of parking services, whether on a contractual, hourly, or other periodic basis, except for parking at a meter;

(j) The furnishing for a consideration of services listed in this paragraph:

(i) laundry and dry cleaning services including cleaning, pressing, repairing, altering, and storing clothes, linen services and supply, cleaning and blocking hats, and carpet, drapery, upholstery, and industrial cleaning. Laundry and dry cleaning services do not include services provided by coin operated facilities operated by the customer;

(ii) motor vehicle washing, waxing, and cleaning services, including services provided by coin-operated facilities operated by the customer, and rustproofing, undercoating, and towing of motor vehicles;

(iii) building and residential cleaning, maintenance, and disinfecting and exterminating services;

(iv) services provided by detective agencies, security services, burglar, fire alarm, and armored car services not including services performed within the jurisdiction they serve by off-duty licensed peace officers as defined in section 626.84, subdivision 1;

(v) pet grooming services;

(vi) lawn care, fertilizing, mowing, spraying and sprigging services; garden planting and maintenance; arborist services; tree, bush, and shrub planting, pruning, bracing, spraying, and surgery; and tree trimming for public utility lines. *Services performed under a construction contract for the installation of shrubbery, plants, sod, trees, bushes, and similar items are not taxable;*

(vii) *solid waste collection and disposal services as described in section 297A.45;*

(viii) *the furnishing for consideration of space or services for the storage of yachts, ships, boats, or other watercraft, including charges for slip and marina rental, boat docking, and similar services;*

(ix) *the furnishing for consideration of lodging, board and care services for animals in kennels, stables, and other similar arrangements, but excluding veterinary services and services provided for animals primarily used for agricultural purposes or for racing;*

(x) *furniture refinishing and reupholstery services; and*

(xi) *services provided for the purpose of inducing weight loss, except when provided by a licensed health care facility or professional or upon written referral from a licensed health care facility or from a licensed health care professional who is not employed by and has no financial interest in the provider of the service.*

The services listed in this paragraph are taxable under section 297A.02 if the service is performed wholly within Minnesota or if the service is performed partly within and partly without Minnesota and the greater proportion of the service is performed in Minnesota, based on the cost of performance. In applying the provisions of this chapter, the terms "tangible personal property" and "sales at retail" include taxable services and the provision of taxable services, unless specifically provided otherwise. Services performed by an employee for an employer are not taxable under this paragraph. Services performed by a partnership or association for another partnership or association are not taxable under this paragraph if one of the entities owns or controls more than 80 percent of the voting power of the equity interest in the other entity. Services performed between members of an affiliated group of corporations are not taxable. For purposes of this section, "affiliated group of corporations" includes those entities that would be classified as a member of an affiliated group under United States Code, title 26, section 1504, and who are eligible to file a consolidated tax return for federal income tax purposes; and

~~(vii) solid waste collection and disposal services as described in section 297A.45;~~

(k) A "sale" and a "purchase" includes the transfer of computer software, meaning information and directions that dictate the function performed by data processing equipment. A "sale" and a "purchase" does not include the design, development, writing, translation, fabrication, lease, or transfer for a consideration of title or possession of a custom computer program; and

(l) The granting of membership in a club, association, or other organization if:

(1) the club, association, or other organization makes available for the use of its members sports and athletic facilities (without regard to whether a separate charge is assessed for use of the facilities); and

(2) use of the sports and athletic facilities is not made available to the general public on the same basis as it is made available to members.

Granting of membership includes both one-time initiation fees and periodic membership dues. Sports and athletic facilities include golf courses, tennis, racquetball, handball and squash courts, basketball and volleyball facilities, running tracks, exercise equipment, swimming pools, and other similar athletic or sports facilities. The provisions of this paragraph do not apply to camps or other recreation facilities owned and operated by an exempt organization under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1986, for educational and social activities for young people primarily age 18 and under.

Sec. 2. Minnesota Statutes 1990, section 297A.01, subdivision 4, is amended to read:

Subd. 4. A "retail sale" or "sale at retail" means a sale for any purpose other than resale in the regular course of business. Property utilized by the owner only by leasing such property to others or by holding it in an effort to so lease it, and which is put to no use by the owner other than resale after such lease or effort to lease, shall be considered property purchased for resale. Master computer software programs that are purchased and used to make copies for sale or lease are considered property purchased for resale.

Sales of building materials, supplies and equipment to owners, contractors, subcontractors or builders for the erection of buildings or the alteration, repair or improvement of real property are "retail sales" or "sales at retail" in whatever quantity sold and whether or not for purpose of resale in the form of real property or otherwise. A sale of carpeting, linoleum, or other similar floor covering which includes installation of the carpeting, linoleum, or other similar floor covering is a contract for the improvement of real property. *A sale of shrubbery, plants, sod, trees, and similar items that includes installation of the shrubbery, plants, sod, trees, and similar items is a contract for the improvement of real property.* Aircraft and parts for the repair thereof purchased by a nonprofit, incorporated flying club or association utilized solely by the corporation by leasing such aircraft to shareholders of the corporation shall be considered property purchased for resale. The leasing of the aircraft to the shareholders by the flying club or association shall be considered a sale.

Leasing of aircraft utilized by a lessee for the purpose of leasing to others, whether or not the lessee also utilizes the aircraft for flight instruction where no separate charge is made for aircraft rental or for charter service, shall be considered a purchase for resale; provided, however, that a proportionate share of the lease payment reflecting use for flight instruction or charter service is subject to tax pursuant to section 297A.14.

Sec. 3. Minnesota Statutes 1990, section 297A.25, subdivision 9, is amended to read:

Subd. 9. [MATERIALS CONSUMED IN PRODUCTION.] The gross receipts from the sale of and the storage, use, or consumption of all materials, including chemicals, fuels, petroleum products, lubricants, packaging materials, including returnable containers used in packaging food and beverage products, feeds, seeds, fertilizers, electricity, gas and steam, used or consumed in agricultural or industrial production of personal property intended to be sold ultimately at retail, whether or not the item so used becomes an ingredient or constituent part of the property produced are exempt. *Seeds, trees, fertilizers, and herbicides purchased for use by farmers in the Conservation Reserve Program under United States Code, title 16, section 590h, the Integrated Farm Management Program under section 1627 of Public Law Number 101-624, the Wheat and Feed Grain Programs under sections 301 to 305 and 401 to 405 of Public Law Number 101-624, and the conservation reserve program under sections 103F.505 to 103F.531, are included in this exemption.* Chemicals used for cleaning food processing machinery and equipment are included in this exemption. Such production shall include, but is not limited to, research, development, design or production of any tangible personal property, manufacturing, processing (other than by restaurants and consumers) of agricultural products whether vegetable or animal, commercial fishing, refining, smelting, reducing, brewing, distilling, printing, mining, quarrying, lumbering, generating electricity and the production of road building materials. Such production shall not include painting, cleaning, repairing or similar processing of property except as part of the original manufacturing process. Machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture and fixtures, used in such production and fuel, electricity, gas or steam used for space heating or lighting, are not included within this exemption; however, accessory tools, equipment and other short lived items, which are separate detachable units used in producing a direct effect upon the product, where such items have an ordinary useful life of less than 12 months, are included

within the exemption provided herein. Electricity used to make snow for outdoor use for ski hills, ski slopes, or ski trails is included in this exemption.

Sec. 4. Minnesota Statutes 1990, section 297A.25, subdivision 10, is amended to read:

Subd. 10. [PUBLICATIONS; *PUBLICATION MATERIALS.*] The gross receipts from the sale of and storage, use or other consumption in Minnesota of tangible personal property (except as provided in section 297A.14) which is used or consumed in producing any publication regularly issued at average intervals not exceeding three months, and any such publication are exempt. For purposes of this subdivision, "publication" as used herein shall include, without limiting the foregoing, a ~~legal~~ *qualified* newspaper as defined by section ~~331.02~~ *331A.02*, and any supplements or enclosures with or part of said newspaper; and the gross receipts of any advertising contained therein or therewith shall be exempt. For this purpose, advertising in any such publication shall be deemed to be a service and not tangible personal property, and persons or their agents who publish or sell such newspapers shall be deemed to be engaging in a service with respect to gross receipts realized from such newsgathering or publishing activities by them, including the sale of advertising. The term "publication" shall not include magazines and periodicals ~~sold over the counter~~. Machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture and fixtures used in such publication and fuel, electricity, gas or steam used for space heating or lighting, are not exempt.

Sec. 5. Minnesota Statutes 1990, section 297A.25, is amended by adding a subdivision to read:

Subd. 46. [SACRAMENTAL WINE.] The gross receipts from the sale of wine for sacramental purposes in religious ceremonies, as described in section 340A.316, are exempt if the wine is purchased from a nonprofit religious organization meeting the requirements of subdivision 16 or from the holder of a sacramental wine license as provided in section 340A.316.

Sec. 6. Minnesota Statutes 1990, section 297A.44, subdivision 1, is amended to read:

Subdivision 1. (a) Except as provided in paragraphs (b), (c), ~~and~~ (d), and (e), all revenues, including interest and penalties, derived from the excise and use taxes imposed by sections 297A.01 to 297A.44 shall be deposited by the commissioner in the state treasury and credited to the general fund.

(b) All excise and use taxes derived from sales and use of property and services purchased for the construction and operation of an agricultural resource project, from and after the date on which a conditional commitment for a loan guaranty for the project is made pursuant to section 41A.04, subdivision 3, shall be deposited in the Minnesota agricultural and economic account in the special revenue fund. The commissioner of finance shall certify to the commissioner the date on which the project received the conditional commitment. The amount deposited in the loan guaranty account shall be reduced by any refunds and by the costs incurred by the department of revenue to administer and enforce the assessment and collection of the taxes.

(c) All revenues, including interest and penalties, derived from the excise and use taxes imposed on sales and purchases included in section 297A.01, subdivision 3, paragraphs (d) and (l), clauses (1) and (2), must be deposited

by the commissioner in the state treasury, and credited as follows:

(1) first to the general obligation special tax bond debt service account in each fiscal year the amount required by section 16A.661, subdivision 3, paragraph (b); and

(2) after the requirements of clause (1) have been met, the balance must be credited to the general fund.

(d) The revenues, including interest and penalties, derived from the taxes imposed on solid waste collection services as described in section 297A.45 shall be deposited by the commissioner in the state treasury and credited to the general fund to be used for funding solid waste reduction and recycling programs.

(e) An amount equal to, for fiscal year 1992, 42.8 percent, and, for fiscal years after 1992, 39 percent of all revenues, not including interest and penalties, derived from the excise and use taxes imposed by sections 297A.01 to 297A.44, less the amounts credited under paragraphs (b), (c), and (d), shall be deposited by the commissioner in the property tax relief account in the general fund to be used exclusively to pay aids to local units of government as provided in article 1, section 2.

Sec. 7. Laws 1980, chapter 511, section 1, subdivision 2, is amended to read:

Subd. 2. Notwithstanding Minnesota Statutes, Section 477A.01, Subdivision 18, or any other law, ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance, impose an additional sales tax of up to one percent on sales transactions which are described in Minnesota Statutes, Section 297A.01, Subdivision 3, Clause (c). The imposition of this tax shall not be subject to voter referendum under either state law or city charter provisions. ~~The tax imposed pursuant to this subdivision shall terminate no later than December 31, 1992.~~

Sec. 8. Laws 1986, chapter 462, section 31, is amended to read:

Sec. 31. [AUTHORITY FOR TAXATION.]

Notwithstanding Minnesota Statutes, section 477A.016, or any other law, and supplemental to the tax imposed by Laws 1982, chapter 523, article 25, section 1, the city of St. Paul may impose, by ordinance, a tax, at a rate not greater than ~~two~~ three percent, on the gross receipts from the furnishing for consideration of lodging at a hotel, rooming house, tourist court, motel, or resort, other than the renting or leasing of space for a continuous period of 30 days or more. The tax does not apply to the furnishing of lodging by a business having less than 50 lodging rooms. The tax shall be collected by and its proceeds paid to the city. Ninety-five percent of the revenues generated by this tax shall be used to fund a convention bureau to market and promote the city as a tourist or convention center.

Sec. 9. Laws 1990, chapter 604, article 6, section 9, subdivision 1, is amended to read:

Sec. 9. [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 by the Bloomington convention bureau only to market and promote the city as a tourist or convention center. If the duties of the convention bureau as they existed on January 1, 1991, are assigned to another agency, the tax shall cease.

Subd. 1a. [LOCAL APPROVAL.] Subdivision 1 takes effect the day after the governing body of the city of Bloomington complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 10. [CITY OF MANKATO; SALES TAX.]

Subdivision 1. [SALES TAX AUTHORIZED.] Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Mankato may, by ordinance, impose an additional sales tax of up to one percent on sales transactions taxable pursuant to Minnesota Statutes, chapter 297A, that occur within the city.

Subd. 2. [EXCISE TAX.] Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Mankato may, by ordinance, impose an excise tax of up to \$20 per motor vehicle, as defined by ordinance, purchased or acquired from any person engaged within the city in the business of selling motor vehicles at retail.

Subd. 3. [USE OF REVENUES.] Revenues received from taxes authorized by subdivisions 1 and 2 shall be used by the city to pay the cost of collecting the tax and to pay all or a portion of the expenses of constructing and operating facilities as part of an urban revitalization project in downtown Mankato known as Riverfront 2000. Authorized expenses include, but are not limited to, acquiring property and paying relocation expenses related to the development of Riverfront 2000 and related facilities, and securing or paying debt service on bonds or other obligations issued to finance the construction of Riverfront 2000 and related facilities. For purposes of this section, "Riverfront 2000 and related facilities" means a civic-convention center, an arena, a riverfront park, and all publicly owned real or personal property that the governing body of the city determines will be necessary to facilitate the use of these facilities, including but not limited to parking, skyways, pedestrian bridges, lighting, and landscaping.

Subd. 4. [EXPIRATION OF TAXING AUTHORITY AND EXPENDITURE LIMITATION.] The authority granted by subdivisions 1 and 2 to the city to impose a sales tax and an excise tax shall expire when the principal and interest on any bonds or obligations issued to finance construction of Riverfront 2000 and related facilities have been paid or at an earlier time as the city shall, by ordinance, determine. The total capital, administrative, and operating expenditures payable from bond proceeds and revenues received from the taxes authorized by subdivisions 1 and 2, excluding investment earnings on bond proceeds and revenues, shall not exceed \$25,000,000 for Riverfront 2000 and related facilities.

Subd. 5. [BONDS.] The city of Mankato may issue general obligation bonds of the city in an amount not to exceed \$25,000,000 for Riverfront 2000 and related facilities, without election under Minnesota Statutes, chapter 475, on the question of issuance of the bonds or a tax to pay them. The debt represented by bonds issued for Riverfront 2000 and related facilities shall not be included in computing any debt limitations applicable to the city of Mankato, and the levy of taxes required by section 475.61 to pay principal of and interest on the bonds shall not be subject to any levy limitation or be included in computing or applying any levy limitation applicable to the city.

Subd. 6. [REFERENDUM.] An ordinance or other action under this section is subject to any provision of the Mankato city charter requiring a popular vote, to the same extent as other ordinances or actions.

Subd. 7. [ENFORCEMENT; COLLECTION; AND ADMINISTRATION OF TAXES.] A sales tax imposed under this section shall be reported and paid to the commissioner of revenue with the state sales taxes, and be subject to the same penalties, interest, and enforcement provisions. The proceeds of the tax, less refunds and a proportionate share of the cost of collection, shall be remitted at least quarterly to the city. The commissioner shall deduct from the proceeds remitted an amount that equals the indirect state-wide cost as well as the direct and indirect department costs necessary to administer, audit, and collect the tax. The amount deducted shall be deposited in the state general fund.

Subd. 8. [LOCAL APPROVAL; EFFECTIVE DATE.] This section is effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the city of Mankato, provided that the tax must be imposed and its rate fixed before December 31, 1992.

Sec. 11. [WINONA LODGING TAX.]

Subdivision 1. [AUTHORIZATION.] Notwithstanding Minnesota Statutes, section 469.190, 477A.016, or other law, in addition to the tax authorized in section 469.190, the city of Winona may, by ordinance, 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. The city may, by ordinance, impose the tax authorized under this section on the camping site receipts of a municipal campground.

Fifty percent of the proceeds of this tax shall be used to retire the indebtedness of the Julius C. Wilke Steamboat Center and the balance shall be used in the manner directed in Minnesota Statutes, section 469.190, subdivision 3. Upon retirement of the debt, the council shall by ordinance reduce the tax by one-half percent or dedicate the entire one percent in the manner directed in section 469.190, subdivision 3.

The tax shall be collected in the same manner as other taxes authorized under Minnesota Statutes, section 469.190.

Subd. 2. [LOCAL APPROVAL.] Subdivision 1 takes effect the day after the governing body of the city of Winona complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 12. [REFUNDS.]

No refunds may be paid under section 3 or 5 unless the claimant can demonstrate to the commissioner of revenue that the refunds will be paid

to those who paid the tax.

Sec. 13. [ROCHESTER USE TAX COLLECTIONS.]

No use tax may be imposed by the city of Rochester or collected by the department of revenue on behalf of the city of Rochester beginning the day following final enactment of this act. No refunds of previously collected use tax are required to be paid by the city of Rochester.

Sec. 14. [EFFECTIVE DATE.]

Sections 1, 2, and 4 are effective for sales after June 30, 1991. Section 3 is effective for sales after December 31, 1988. Section 5 is effective for sales of wine after December 31, 1987. Section 7 is effective the day after approval in compliance with Minnesota Statutes, section 645.021, subdivision 3, by the city council of Duluth. Sections 8 and 12 are effective the day following final enactment. Section 13 is effective June 1, 1991.

ARTICLE 9

MISCELLANEOUS

Section 1. Minnesota Statutes 1990, section 69.021, subdivision 2, is amended to read:

Subd. 2. [REPORT OF PREMIUMS.] Each insurer, including township and farmers mutual insurers where applicable, shall return to the commissioner with its annual financial statement the reports described in subdivision 1 certified by its secretary and president or chief financial officer. The Minnesota Firetown Premium Report shall contain a true and accurate statement of the total premium for all gross direct fire, lightning, ~~and~~ sprinkler leakage, *and extended coverage* insurance of all domestic mutual insurers and the total premiums for all gross direct fire, lightning, sprinkler leakage and extended coverage insurance of all other insurers, less return premiums and dividends received by them on that business written or done during the preceding calendar year upon property located within the state or brought into the state for temporary use. The fire and extended coverage portion of multiperil and multiple peril package premiums and all other combination premiums shall be determined by applying percentages determined by the commissioner or by rating bureaus recognized by the commissioner. The Minnesota Aid to Police Premium Report shall contain a true and accurate statement of the total premiums, less return premiums and dividends, on all direct business received by such insurer in this state, or by its agents for it, in cash or otherwise, during the preceding calendar year, with reference to insurance written for perils described in section 69.011, subdivision 1, clause (f), except that domestic mutual insurance companies must not file a report.

Sec. 2. Minnesota Statutes 1990, section 69.021, subdivision 5, is amended to read:

Subd. 5. [CALCULATION OF STATE AID.] The amount of state aid available for apportionment shall be two percent of the fire, lightning, sprinkler leakage, and extended coverage premiums reported to the commissioner by insurers on the Minnesota Firetown Premium Report and two percent of the premiums reported to the commissioner by insurers on the Minnesota Aid to Police Premium Report. This amount shall be reduced by the amount required to pay the state auditor's costs and expenses of the audits or exams of the firefighters relief associations. The total amount for apportionment in respect to police state aid shall not be greater or lesser

than the amount of premium taxes paid to the state upon the premiums reported to the commissioner by insurers on the Minnesota Aid to Police Premium Report after subtracting the amount required to pay the state auditor's costs and expenses of the audits or exams of the police relief associations. *The total amount for apportionment in respect to firefighters state aid shall not be greater or lesser than the amount of premium taxes paid to the state upon the premiums reported to the commissioner by insurers on the Minnesota Firetown Premium Report after subtracting the amount required to pay the state auditor's costs and expenses of the audits or exams of the firefighters relief associations.* The amount for apportionment in respect to police state aid shall be distributed to the municipalities maintaining police departments and to the county on the basis of the number of active peace officers, as certified pursuant to section 69.011, subdivision 2, clause (b). The commissioner shall calculate the percentage of increase or decrease reflected in the apportionment over or under the previous year's available state aid using the same premiums as a basis for comparison.

Sec. 3. Minnesota Statutes 1990, section 270.60, is amended to read:
270.60 [TAX REFUND AGREEMENTS WITH INDIANS.]

The commissioner of revenue is authorized to enter into a tax refund agreement with the governing body of any Sioux or Chippewa reservation in Minnesota. The agreement may provide for a mutually agreed upon amount as a refund to the governing body of any sales or excise tax paid by the ~~Indian residents of total resident Indian population on or adjacent~~ to a reservation into the state treasury, or for an amount which measures the economic value of an agreement by the council to pay the equivalent of the state sales tax on items included in the sales tax base but exempt on the reservation, notwithstanding any other law which limits the refundment of taxes. *The total resident Indian population on or adjacent to a reservation shall be defined according to the United States Department of the Interior, Bureau of Indian Affairs, as determined and stated in its Report on Service Population and Labor Force.*

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

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

Sec. 4. Minnesota Statutes 1990, section 287.22, is amended to read:
287.22 [EXCEPTIONS.]

The tax imposed by section 287.21 shall not apply to:

A. Any executory contract for the sale of land under which the vendee is entitled to or does take possession thereof, or any assignment or cancellation thereof.

B. Any mortgage or any assignment, extension, partial release, or satisfaction thereof.

C. Any will.

D. Any plat.

E. Any lease.

F. Any deed, instrument, or writing in which the United States or any agency or instrumentality thereof is the grantor, assignor, transferor, conveyer, grantee or assignee.

G. Deeds for cemetery lots.

H. Deeds of distribution by personal representatives.

I. Deeds to or from coowners partitioning undivided interests in the same piece of property.

J. Any deed or other instrument of conveyance issued pursuant to a land exchange under section 92.121 and related laws.

Sec. 5. Minnesota Statutes 1990, section 289A.18, subdivision 1, is amended to read:

Subdivision 1. [INDIVIDUAL INCOME, FIDUCIARY INCOME, CORPORATE FRANCHISE, AND ENTERTAINMENT TAXES; PARTNERSHIP AND S CORPORATION RETURNS; INFORMATION RETURNS.] The returns required to be made under sections 289A.08 and 289A.12 must be filed at the following times:

(1) returns made on the basis of the calendar year must be filed on April 15 following the close of the calendar year, except that returns of corporations must be filed on March 15 following the close of the calendar year;

(2) returns made on the basis of the fiscal year must be filed on the 15th day of the fourth month following the close of the fiscal year, except that returns of corporations must be filed on the 15th day of the third month following the close of the fiscal year;

(3) returns for a fractional part of a year must be filed on the 15th day of the fourth month following the end of the month in which falls the last day of the period for which the return is made, except that the returns of corporations must be filed on the 15th day of the third month following the end of the month in which falls the last day of the period for which the return is made;

(4) in the case of a final return of a decedent for a fractional part of a year, the return must be filed on the 15th day of the fourth month following the close of the 12-month period that began with the first day of that fractional part of a year;

(5) in the case of the return of a cooperative association, returns must be filed on or before the 15th day of the ninth month following the close of the taxable year;

(6) if a corporation has been divested from a unitary group and files a return for a fractional part of a year in which it was a member of a unitary business that files a combined report under section 290.34, subdivision 2, the divested corporation's return must be filed on the 15th day of the third month following the close of the common accounting period that includes the fractional year; ~~and~~

(7) returns of entertainment entities must be filed on April 15 following the close of the calendar year; *and*

(8) returns required to be filed under section 289A.08, subdivision 4,

must be filed on the 15th day of the fifth month following the close of the taxable year.

Sec. 6. Minnesota Statutes 1990, section 289A.26, subdivision 1, is amended to read:

Subdivision 1. [MINIMUM LIABILITY.] A corporation subject to taxation under chapter 290 (excluding section 290.92) *or an entity subject to taxation under section 290.05, subdivision 3*, must make payment of estimated tax for the taxable year if its tax liability so computed can reasonably be expected to exceed \$500, or in accordance with rules prescribed by the commissioner for an affiliated group of corporations electing to file one return as permitted under section 289A.08, subdivision 3.

Sec. 7. Minnesota Statutes 1990, section 289A.26, subdivision 6, is amended to read:

Subd. 6. [PERIOD OF UNDERPAYMENT.] The period of the underpayment runs from the date the installment was required to be paid to the earlier of the following dates:

(1) the 15th day of the third month following the close of the taxable year *for corporations, and the 15th day of the fifth month following the close of the taxable year for entities subject to tax under section 290.05, subdivision 3*; or

(2) with respect to any part of the underpayment, the date on which that part is paid. For purposes of this clause, a payment of estimated tax shall be credited against unpaid required installments in the order in which those installments are required to be paid.

Sec. 8. Minnesota Statutes 1990, section 289A.39, subdivision 1, as amended by Laws 1991, chapter 18, section 2, is amended to read:

Subdivision 1. [EXTENSIONS FOR SERVICE MEMBERS.] (a) The limitations of time provided by this chapter ~~and~~, chapter 290 relating to income taxes ~~and~~, chapter 271 relating to the tax court for filing returns, paying taxes, claiming refunds, commencing action thereon, appealing to the tax court from orders relating to income taxes, *and the filing of petitions under chapter 278 that would otherwise be due May 15, 1991*, and appealing to the Supreme Court from decisions of the tax court relating to income taxes are extended, as provided in section 7508 of the Internal Revenue Code of 1986, as amended through January 30, 1991.

(b) If a member of the national guard or reserves is called to active duty in the armed forces, the limitations of time provided by this chapter and chapters 290 and 290A relating to income taxes and claims for property tax refunds are extended by the following period of time:

(1) in the case of an individual whose active service is in the United States, six months; or

(2) in the case of an individual whose active service includes service abroad, the period of initial service plus six months.

Nothing in this paragraph reduces the time within which an act is required or permitted under paragraph (a).

(c) If an individual entitled to the benefit of paragraph (a) files a return during the period disregarded under paragraph (a), interest must be paid on an overpayment or refundable credit from the due date of the return,

notwithstanding section 289A.56, subdivision 2.

(d) The provisions of this subdivision apply to the spouse of an individual entitled to the benefits of this subdivision with respect to a joint return filed by the spouses.

Sec. 9. Minnesota Statutes 1990, section 297.07, subdivision 5, is amended to read:

Subd. 5. [OFFSET.] Upon audit, if a distributor's return reflects an overage *resulting from an inventory counting error*, the overage shall be offset against a shortage, if any, in the month immediately preceding the month of the overage. If any overage remains after that offset, the remainder may only be offset against a shortage, if any, in the month immediately following the month of the overage. *If the commissioner determines that an overage is attributable to a mistake by the distributor other than an inventory counting error, the commissioner may permit the overage to be offset against a shortage in any month or months during the 12-month period immediately following the month when the overage was discovered upon audit.*

Sec. 10. Minnesota Statutes 1990, section 469.167, subdivision 2, is amended to read:

Subd. 2. [DURATION.] The designation of an area as an enterprise zone shall be effective for seven years after the date of designation, except that enterprise zones in border cities eligible to receive allocations for tax reductions under section 469.169, subdivisions 7 and 8, and under section 469.171, subdivision 6a or 6b, shall be effective until these allocations have been expended.

Sec. 11. Minnesota Statutes 1990, section 469.171, is amended by adding a subdivision to read:

Subd. 6b. [ADDITIONAL BORDER CITY ALLOCATIONS.] *In addition to tax reduction authorized under section 469.169, subdivisions 7 and 8, and under subdivision 6a, the commissioner may allocate \$1,000,000 for tax reductions as provided in this section to enterprise zones designated under section 469.168, subdivision 4, paragraph (c), except for zones located in cities of the first class. The money shall be allocated among the zones on a per capita basis. Limits on the maximum allocation to a zone imposed by section 469.169, subdivision 7, do not apply to allocations made under this subdivision.*

Sec. 12. Laws 1988, chapter 719, article 16, section 1, subdivision 3, is amended to read:

Subd. 3. [SPECIAL SERVICES.] "Special services" means the following services rendered or contracted for by the city:

- (1) snow and ice removal;
- (2) sweeping and cleaning sidewalks, curbs, gutters, streets, and alleys;
- (3) litter, poster, and handbill removal;
- (4) construction, repair, operation, and maintenance of sidewalks, curbs, gutters, bus shelters, *parking facilities*, lighting, benches, chairs, tables, telephone booths, traffic signs, fire hydrants, newsstands, kiosks, trash receptacles, utility connections, marquees, awnings, canopies, display cases, information booths, and banners;
- (5) landscaping, planting, repair, maintenance, and care of trees, shrubs,

bushes, flowers, grass, and other decorative materials;

(6) security personnel, equipment, and systems;

(7) approval and supervision of special activities;

(8) insurance; and

(9) administration, coordination, studies, and preparation of designs.

Special service district funds may be used to pay operating costs of a neighborhood business association composed of a majority of owners or operators of businesses located within the district.

Sec. 13. [CITY OF CROOKSTON SPECIAL SERVICES DISTRICT.]

Subdivision 1. [DEFINITION.] For the purposes of this section, "special services" means all services rendered or contracted for by the city of Crookston, including, but not limited to:

(1) the repair, maintenance, operation, and construction of any improvement authorized by Minnesota Statutes, section 429.021;

(2) parking services rendered or contracted for by the city; and

(3) any other service or improvement provided by the city or development authority that is authorized by law or charter.

Subd. 2. [ESTABLISHMENT OF SPECIAL SERVICE DISTRICT.] The governing body of the city of Crookston may adopt an ordinance establishing a special service district to be operated by the city of Crookston. Minnesota Statutes, chapter 428A, governs the establishment and operation of special service districts in the city.

Subd. 3. [LOCAL APPROVAL.] This section is effective the day following compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the city of Crookston.

Sec. 14. [DEPARTMENT OF REVENUE; APPROPRIATION.]

\$76,000 is appropriated from the general fund to the commissioner of revenue for purposes of preparing the income tax samples under Minnesota Statutes, section 270.0681.

Sec. 15. [ENTERPRISE ZONE FUNDING; APPROPRIATION.]

\$1,000,000 is appropriated to the commissioner of trade and economic development to be used to provide additional enterprise zone allocations for tax reductions under section 11.

Sec. 16. [EFFECTIVE DATE.]

Sections 1 and 2 are effective for aids payable in 1991. Sections 4, 8, and 9 are effective the day following final enactment. Sections 5, 6, and 7 are effective for taxable years beginning after December 31, 1990. Section 12 takes effect the day after the governing body of the city of Minneapolis 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; providing for and modifying the imposition of certain local taxes and fees; modifying the administration, computation, collection, and enforcement of taxes; imposing taxes; changing tax rates, bases, credits, exemptions, withholding, and payments; modifying levy limits and aids to

local governments; reducing the amount in the budget and cash flow reserve account; creating a property tax relief account; establishing programs to provide incentives for local government service sharing and mergers; changing definitions; making technical corrections and clarifications; enacting provisions relating to certain cities, counties, and watershed districts; appropriating money; amending Minnesota Statutes 1990, sections 13.51, by adding a subdivision; 13.54, by adding a subdivision; 16A.15, subdivision 6; 69.021, subdivisions 2 and 5; 270.60; 272.02, subdivision 1; 273.11, subdivision 1, and by adding a subdivision; 273.124, subdivisions 7 and 9; 273.13, subdivisions 22 and 25; 273.135, subdivision 2; 273.1391, subdivision 2; 273.1398, subdivisions 1, 3, and 5; 275.065, subdivisions 3, 5a, and 6; 275.07, subdivision 3; 275.50, subdivisions 5 and 5a; 287.22; 289A.18, subdivision 1; 289A.26, subdivisions 1 and 6; 289A.39, subdivision 1, as amended; 290.05, subdivision 1; 290.06, subdivisions 2c and 2d; 290.067, subdivision 1; 290.091, subdivisions 1 and 2; 290.191, subdivision 4; 290.923, by adding a subdivision; 290A.04, subdivision 2h; 297.07, subdivision 5; 297A.01, subdivisions 3 and 4; 297A.25, subdivisions 9, 10, and by adding a subdivision; 297A.44, subdivision 1; 469.167, subdivision 2; 469.171, by adding a subdivision; 477A.011, subdivision 27, as amended, and by adding subdivisions; 477A.012, subdivision 1, as amended, and by adding subdivisions, 477A.013, subdivisions 1, as amended, and 3, as amended, and by adding subdivisions; 477A.014, subdivision 1, as amended, and by adding a subdivision; 477A.015; and 477A.03, subdivision 1; Laws 1980, chapter 511, section 1, subdivision 2; Laws 1986, chapter 462, section 31; Laws 1988, chapter 719, article 16, section 1, subdivision 3; Laws 1989, First Special Session chapter 1, article 5, section 50; Laws 1990, chapter 604, articles 3, section 46, subdivision 1; and 6, section 9, subdivision 1; and Laws 1991, chapter 2, article 8, section 9; proposing coding for new law in Minnesota Statutes, chapters 16A, 273, and 465."

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

SECOND READING OF SENATE BILLS

S.F. Nos. 745, 511, 351, 526, 760, 362, 467 and 1009 were read the second time.

SECOND READING OF HOUSE BILLS

H.F. Nos. 887, 424, 154, 345, 716, 551, 1475, 1025, 1310, 525, 1066, 693, 1542, 1039, 1371, 1151, 654 and 425 were read the second time.

MOTIONS AND RESOLUTIONS

Mr. Vickerman introduced—

Senate Resolution No. 66: A Senate resolution commemorating the centennial of Murray Lodge No. 199, Slayton, Minnesota.

Referred to the Committee on Rules and Administration.

Mr. Cohen introduced—

Senate Resolution No. 67: A Senate resolution congratulating the Sholom Home on its new facility, the Joseph and Blanche Numero Sholom Home

West.

Referred to the Committee on Rules and Administration.

Mr. Luther moved that S.F. No. 511, on General Orders, be stricken and re-referred to the Committee on Finance. The motion prevailed.

Mr. Belanger moved that S.F. No. 327, No. 28 on General Orders, be stricken and returned to its author. The motion prevailed.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 449 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 449: A bill for an act relating to retirement; Duluth teachers retirement fund association and St. Paul teachers retirement fund association; proposing coding for new law in Minnesota Statutes, chapter 354A; repealing Laws 1985, chapter 259, sections 2 and 3; and Laws 1990, chapter 570, article 7, section 4.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Adkins	DeCramer	Kelly	Moe, R.D.	Riveness
Beckman	Dicklich	Knaak	Mondale	Sams
Belanger	Finn	Kroening	Morse	Samuelson
Benson, D.D.	Flynn	Laidig	Neuville	Solon
Benson, J.E.	Frank	Langseth	Olson	Spear
Berg	Frederickson, D.J.	Larson	Pappas	Storm
Bernhagen	Frederickson, D.R.	Lessard	Pariseau	Stumpf
Bertram	Halberg	Luther	Piper	Traub
Brataas	Hottinger	Marty	Pogemiller	Vickerman
Chmielewski	Johnson, D.E.	McGowan	Price	Waldorf
Cohen	Johnson, D.J.	Mehrkens	Ranum	
Dahl	Johnson, J.B.	Merriam	Reichgott	
Day	Johnston	Metzen	Renneke	

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. 954 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 954: A bill for an act relating to retirement; public employees retirement association; granting the equivalent of two months maternity leave to a certain St. Louis county employee.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Adkins	Day	Kelly	Moe, R.D.	Sams
Beckman	Dicklich	Knaak	Mondale	Samuelson
Belanger	Finn	Kroening	Morse	Solon
Benson, D.D.	Flynn	Laidig	Olson	Spear
Benson, J.E.	Frank	Langseth	Pappas	Storm
Berg	Frederickson, D.J.	Larson	Pariseau	Stumpf
Berglin	Frederickson, D.R.	Lessard	Piper	Traub
Bernhagen	Halberg	Luther	Pogemiller	Vickerman
Bertram	Hottinger	Marty	Price	Waldorf
Brataas	Johnson, D.E.	McGowan	Ranum	
Chmielewski	Johnson, D.J.	Mehrkins	Reichgott	
Cohen	Johnson, J.B.	Merriam	Renneke	
Dahl	Johnston	Metzen	Riveness	

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 S.F. No. 861 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 861: A bill for an act relating to commerce; removing or modifying certain bond requirements; amending Minnesota Statutes 1990, sections 6.26; 10.38; 46.08, subdivision 1; 84.01, subdivision 4; 115A.06, subdivision 12; 116.03, subdivision 4; 233.08; 234.06; 241.08, subdivision 1; 246.15, subdivision 1; 257.05, subdivision 1; 280.27; 281.38; 299C.08; 299D.01, subdivision 4; 299D.03, subdivision 1; 340A.316; 375.03; 386.06; 388.01; 390.05; 398.10; 473.375, subdivision 5; 480.09, subdivision 2; 480.11, subdivision 1; and 488A.20, subdivision 2; repealing Minnesota Statutes 1990, sections 60B.08; 84.081, subdivision 2; 160.24, subdivision 5; 166.04; 196.02, subdivision 2; 234.07; 246.03; 340A.302, subdivision 4; 383A.20, subdivision 8; and 514.52.

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 54 and nays 0, as follows:

Those who voted in the affirmative were:

Beckman	Davis	Johnston	Mehrkins	Renneke
Belanger	Day	Kelly	Metzen	Riveness
Benson, D.D.	Dicklich	Knaak	Moe, R.D.	Sams
Benson, J.E.	Finn	Kroening	Mondale	Samuelson
Berg	Frank	Laidig	Morse	Solon
Bernhagen	Frederickson, D.J.	Langseth	Neuville	Spear
Bertram	Frederickson, D.R.	Larson	Olson	Storm
Brataas	Halberg	Lessard	Pariseau	Stumpf
Chmielewski	Hottinger	Luther	Pogemiller	Vickerman
Cohen	Johnson, D.E.	Marty	Price	Waldorf
Dahl	Johnson, D.J.	McGowan	Ranum	

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. 806 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 806: A bill for an act relating to retirement; St. Paul teachers retirement fund association; special postretirement adjustment for certain

pre-1978 retirees.

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 53 and nays 0, as follows:

Those who voted in the affirmative were:

Beckman	Davis	Johnston	Mehrkens	Renneke
Belanger	Day	Kelly	Metzen	Riveness
Benson, D.D.	Dicklich	Knaak	Moe, R.D.	Sams
Benson, J.E.	Finn	Kroening	Mondale	Solon
Berg	Frank	Laidig	Morse	Spear
Bernhagen	Frederickson, D.J.	Langseth	Neuville	Storm
Bertram	Frederickson, D.R.	Larson	Olson	Stumpf
Brataas	Halberg	Lessard	Pariseau	Vickerman
Chmielewski	Hottinger	Luther	Pogemiller	Waldorf
Cohen	Johnson, D.E.	Marty	Price	
Dahl	Johnson, D.J.	McGowan	Ranum	

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 S.F. No. 86 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 86: A bill for an act relating to education; providing for the arbitration of disputes concerning the proposed termination, discharge, or demotion of teachers following the probationary period; amending Minnesota Statutes 1990, sections 125.12, subdivision 4, and by adding a subdivision; 125.17, subdivision 5, and by adding a subdivision; 179A.04, subdivision 3; and 179A.20, subdivision 4.

Mr. Neuville moved to amend S.F. No. 86 as follows:

Page 2, line 15, after "teacher" insert "or the school board"

Page 2, line 30, delete "A" and insert "If the school board proposes"

Page 2, line 31, delete "teacher whose" and delete "is proposed" and insert "of a teacher"

Page 2, line 32, delete "whose" and delete "is"

Page 2, line 33, delete "proposed" and insert "of a teacher" and after the comma, insert "the teacher or the school board"

Page 3, after line 6, insert:

"If a hearing is requested by the teacher, the school board may determine that the hearing be before an arbitrator. The school board shall notify the teacher of its determination to have the hearing before an arbitrator within 14 days after receiving a request for a hearing from a teacher whose termination is proposed on grounds specified in subdivision 6 or within ten days after receiving a request for a hearing from a teacher whose discharge is proposed under subdivision 8.

A hearing shall be before an arbitrator if the teacher requests a hearing before an arbitrator or if the school board makes a determination to have the hearing before an arbitrator."

Page 4, line 19, after "teacher" insert "or the school board"

Page 4, line 31, delete "A" and insert "*If the school board files charges against a*"

Page 4, line 32, delete "*against whom charges have been filed*"

Page 4, line 34, after the fourth comma, insert "*the teacher or the school board*"

Page 5, after line 5, insert:

"If a hearing is requested by the teacher, the school board may determine that the hearing be before an arbitrator. The school board shall notify the teacher of its determination to have the hearing before an arbitrator within ten days of receiving a request for a hearing from the teacher.

A hearing shall be before an arbitrator if the teacher requests a hearing before an arbitrator or if the school board makes a determination to have the hearing before an arbitrator."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 18 and nays 42, as follows:

Those who voted in the affirmative were:

Belanger	Bernhagen	Halberg	Mehrkens	Renneke
Benson, D.D.	Brataas	Hottinger	Neuville	Storm
Benson, J.E.	Day	Johnston	Olson	
Berg	Frederickson, D.R.	Laidig	Pariseau	

Those who voted in the negative were:

Adkins	Finn	Langseth	Morse	Samuelson
Beckman	Flynn	Lessard	Novak	Solon
Berglin	Frank	Luther	Piper	Spear
Bertram	Frederickson, D.J.	Marty	Pogemiller	Stumpf
Chmielewski	Johnson, D.E.	McGowan	Price	Traub
Dahl	Johnson, D.J.	Merriam	Ranum	Vickerman
Davis	Johnson, J.B.	Metzen	Reichgott	
DeCramer	Knaak	Moe, R.D.	Riveness	
Dicklich	Kroening	Mondale	Sams	

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

Ms. Ranum moved to amend S.F. No. 86 as follows:

Pages 8 and 9, delete section 7

The motion prevailed. So the amendment was adopted.

S.F. No. 86 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 6, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Kelly	Metzen	Riveness
Beckman	DeCramer	Knaak	Moe, R.D.	Sams
Belanger	Dicklich	Kroening	Mondale	Samuelson
Benson, D.D.	Finn	Laidig	Morse	Solon
Benson, J.E.	Flynn	Langseth	Novak	Spear
Berglin	Frank	Larson	Olson	Storm
Bernhagen	Frederickson, D.J.	Lessard	Pappas	Stumpf
Bertram	Frederickson, D.R.	Luther	Pariseau	Traub
Brataas	Hottinger	Marty	Pogemiller	Vickerman
Chmielewski	Johnson, D.E.	McGowan	Price	Waldorf
Cohen	Johnson, D.J.	Mehrkens	Ranum	
Dahl	Johnson, J.B.	Merriam	Reichgott	

Those who voted in the negative were:

Berg	Halberg	Johnston	Neuville	Renneke
Day				

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. 1231 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 1231: A bill for an act relating to human services; authorizing the commissioner of human services to waive the requirement that emergency mental health services be provided by a provider other than the provider of fire and public safety emergency services; establishing conditions for a waiver; amending Minnesota Statutes 1990, sections 245.469, subdivision 2; and 245.4879, subdivision 2.

Mr. Sams moved to amend S.F. No. 1231 as follows:

Page 2, line 11, delete "four" and insert "eight" and delete "annually"

Page 2, line 12, after "services" insert "reviewed by the state advisory council on mental health and then"

Page 2, after line 12, insert:

"(2) every person who will be providing the first telephone contact will annually receive at least four hours of continued training on emergency mental health services reviewed by the state advisory council on mental health and then approved by the commissioner;"

Page 2, lines 17 and 20, delete "services" and insert "service"

Page 2, line 19, delete "and"

Page 2, line 21, before the period, insert "; and"

(6) the local social service agency describes how it will comply with paragraph (d)"

Renumber the clauses in sequence

Page 3, line 20, delete "four" and insert "eight" and delete "annually"

Page 3, line 21, after "services" insert "reviewed by the state advisory council on mental health and then"

Page 3, after line 21, insert:

"(2) every person who will be providing the first telephone contact will annually receive at least four hours of continued training on emergency"

mental health services reviewed by the state advisory council on mental health and then approved by the commissioner;"

Page 3, lines 26 and 29, delete "services" and insert "service"

Page 3, line 28, delete "and"

Page 3, line 30, before the period, insert "; and

(6) the local social service agency describes how it will comply with paragraph (d)"

Renumber the clauses in sequence

Page 3, line 33, after "available" insert "on call" and after "for" insert "an emergency assessment and crisis intervention services, and must be available for"

The motion prevailed. So the amendment was adopted.

S.F. No. 1231 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 50 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Chmielewski	Johnson, D.E.	Mehrkens	Renneke
Beckman	Davis	Johnson, D.J.	Metzen	Riveness
Belanger	Day	Johnson, J.B.	Moe, R.D.	Sams
Benson, D.D.	DeCramer	Johnston	Mondale	Samuelson
Benson, J.E.	Finn	Knaak	Morse	Solon
Berg	Flynn	Kroening	Neuville	Spear
Berglin	Frank	Laidig	Novak	Storm
Bernhagen	Frederickson, D.J.	Lessard	Pogemiller	Traub
Bertram	Frederickson, D.R.	Luther	Price	Vickerman
Brataas	Hottinger	McGowan	Ranum	Waldorf

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

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.

CALL OF THE SENATE

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

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Moe, R.D. moved that S.F. No. 1535 be taken from the table. The motion prevailed.

S.F. No. 1535: A bill for an act relating to public administration; appropriating money for education and related purposes to the higher education coordinating board, state board of technical colleges, state board for community colleges, state university board, University of Minnesota, higher education board, and the Mayo medical foundation, with certain conditions; creating the higher education board; merging the state university, community

college, and technical college systems; amending Minnesota Statutes 1990, sections 15A.081, subdivision 7b; 135A.03, subdivision 3; 135A.05; 136.11, subdivisions 3, 5, and by adding a subdivision; 136.142, subdivision 1, and by adding a subdivision; 136A.121, subdivision 10, and by adding subdivisions; 136A.233, subdivision 3; 179A.10, subdivision 2; and 298.28, subdivisions 4, 7, 10, 11, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 135A; 136; 136A; 136E; and 298; repealing Minnesota Statutes 1990, section 136A.05, subdivision 2.

Mr. Stumpf moved to amend S.F. No. 1535 as follows:

Page 2, line 3, delete:

“General \$ 972,187,000 \$ 943,073,000 \$1,915,260,000”

and insert:

“General \$ 979,288,000 \$ 960,972,000 \$1,940,260,000”

Page 2, line 8, delete:

“107,975,000 131,918,000 239,893,000”

and insert:

“108,023,000 131,166,000 239,189,000”

Page 2, line 10, delete:

“158,990,000 146,788,000 305,778,000”

and insert:

“161,625,000 152,863,000 314,488,000”

Page 2, line 12, delete:

“94,506,000 88,881,000 183,387,000”

and insert:

“95,350,000 89,661,000 185,011,000”

Page 2, line 14, delete:

“173,180,000 156,812,000 329,992,000”

and insert:

“173,180,000 160,112,000 333,292,000”

Page 2, line 16, delete:

“435,551,000 417,718,000 853,269,000”

and insert:

“439,125,000 426,214,000 865,339,000”

Page 2, line 28, delete:		
"Appropriation	107,975,000	131,918,000"
and insert:		
"Appropriation	108,023,000	131,166,000"
Page 2, line 33, delete:		
"3,407,000	3,400,000"	
and insert:		
"3,455,000	3,448,000"	
Page 4, line 21, delete:		
"89,281,000	114,381,000"	
and insert:		
"89,281,000	113,581,000"	
Page 5, line 30, delete:		
"Appropriation	158,990,000	146,788,000"
and insert:		
"Appropriation	161,625,000	152,863,000"
Page 6, line 4, delete:		
"Appropriation	94,506,000	88,881,000"
and insert:		
"Appropriation	95,350,000	89,661,000"
Page 6, line 36, delete:		
"Appropriation	173,180,000	156,812,000"
and insert:		
"Appropriation	173,180,000	160,112,000"
Page 7, line 13, delete:		
"Appropriation	435,551,000	417,718,000"
and insert:		
"Appropriation	439,125,000	426,214,000"
Page 7, line 18, delete:		
"Maintenance	354,859,000	337,026,000"

and insert:

“Maintenance 358,433,000 345,522,000”

Page 32, line 32, delete “act” and insert “article”

Page 33, line 3, delete “act” and insert “article”

The motion prevailed. So the amendment was adopted.

S.F. No. 1535 was read the third time, as amended, and placed on its final passage.

CALL OF THE SENATE

Mr. Merriam imposed a call of the Senate for the balance of the proceedings on S.F. No. 1535. The Sergeant at Arms was instructed to bring in the absent members.

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

The roll was called, and there were yeas 35 and nays 30, as follows:

Those who voted in the affirmative were:

Adkins	DeCramer	Kelly	Metzen	Samuelson
Beckman	Dicklich	Kroening	Moe, R.D.	Solon
Berglin	Frederickson, D.J.	Langseth	Pappas	Spear
Bertram	Frederickson, D.R.	Lessard	Piper	Stumpf
Brataas	Hughes	Luther	Ranum	Traub
Chmielewski	Johnson, D.J.	Marty	Reichgott	Vickerman
Cohen	Johnson, J.B.	Merriam	Sams	Waldorf

Those who voted in the negative were:

Belanger	Davis	Hottinger	Mehrkens	Pariseau
Benson, D.D.	Day	Johnson, D.E.	Mondale	Pogemiller
Benson, J.E.	Finn	Johnston	Morse	Price
Berg	Flynn	Knaak	Neuville	Renneke
Bernhagen	Frank	Laidig	Novak	Riveness
Dahl	Gustafson	McGowan	Olson	Storm

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. 467 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 467: A bill for an act relating to education; providing for revenue for general education, transportation, special programs, community education, facilities, equipment, cooperation, libraries, state education agencies, Faribault academies, center for arts education, and other purposes; establishing a learning readiness program; altering the operations of regional education organizations; providing for teacher rights in certain circumstances; imposing duties on certain state agencies; requiring a report; appropriating money; amending Minnesota Statutes 1990, sections 120.062, subdivisions 8a and 9; 120.08, subdivision 3; 120.17, subdivisions 7a, 11a, 12, and by adding a subdivision; 120.59; 120.60; 120.61; 120.62; 120.63; 120.64; 120.65; 120.66; 120.67; 121.14; 121.165; 121.49, subdivision 1; 121.608; 121.609, subdivisions 1, 2, and 3; 121.612, subdivision 9; 121.88, subdivision 10; 121.882, by adding a subdivision; 121.904, subdivisions

4a and 4e; 121.912, by adding a subdivision; 121.917, subdivision 3; 121.931, subdivisions 6a, 7, and 8; 121.932, subdivisions 2, 3, and 5; 121.933, subdivision 1; 121.934, subdivision 7; 121.935, subdivisions 1, 4, 6, and by adding subdivisions; 121.936, subdivisions 1, 2, and 4; 121.937, subdivision 1; 122.241, subdivisions 1 and 2; 122.242, subdivision 9; 122.243, subdivision 2; 122.247, by adding a subdivision; 122.41; 122.531, by adding a subdivision; 122.535, subdivision 6; 122.541, subdivision 7; 122.94, subdivision 6, and by adding a subdivision; 123.34, subdivision 10; 123.35, by adding subdivisions; 123.351, subdivision 8; 123.3514, subdivisions 4, 8, and by adding subdivisions; 123.40, by adding a subdivision; 123.58, by adding subdivisions; 123.706, subdivisions 3 and 6; 123.707, subdivisions 1 and 2; 124.14, subdivision 7; 124.17, subdivisions 1, 1b, and by adding subdivisions; 124.223, subdivision 1; 124.225, subdivisions 1, 3a, 7a, 7b, 7d, 8a, 8k, 10, and by adding a subdivision; 124.26, subdivisions 1c and 2; 124.261; 124.2711; 124.2713, subdivisions 1, 3, 5, 6, and 9; 124.2721, subdivisions 1, 2, 3, 4, 5, and by adding a subdivision; 124.2725, subdivisions 4, 5, 6, 8, and 10; 124.273, subdivision 1b; 124.276, subdivision 4; 124.32, subdivisions 1b and 10; 124.431, subdivision 7, and by adding a subdivision; 124.493, by adding a subdivision; 124.573, subdivisions 2b and 3a; 124.574, subdivision 2b; 124.575, subdivisions 1, 2, 3, 4, and by adding a subdivision; 124.646, subdivision 1, and by adding a subdivision; 124.6472, subdivision 1; 124.83, subdivisions 3 and 4; 124.86; 124A.02, subdivisions 16 and 23; 124A.03, subdivision 2; 124A.04; 124A.22, subdivisions 2, 3, 4, 5, 8, and 9; 124A.23, subdivision 1; 124A.24; 124A.26, subdivision 1; 124B.03, subdivision 2; 124C.03, subdivision 16; 125.09, subdivision 4; 126.113, subdivisions 1 and 2; 126.22, subdivisions 2, 3, 4, and 8; 126.23; 126.266, subdivision 2; 126.51, subdivision 1a; 126.663, subdivisions 2 and 3; 126.665; 126.666, subdivisions 1 and 2; 126.70, subdivisions 1 and 2a; 128A.02, subdivision 4; 128B.03, subdivisions 4, 5, 7, and by adding a subdivision; 128B.04; 128B.05, subdivisions 2 and 3; 128B.06, subdivision 1; 128B.08; 128B.09; 128B.10, subdivisions 1 and 2; 128C.01, by adding a subdivision; 128C.12, subdivision 3; 128C.20; 129C.10, subdivisions 3, 3a, and 4a; 134.001, subdivisions 2 and 3; 134.31, subdivision 4; 134.35; 134.351, subdivision 7; 136D.22, by adding a subdivision; 136D.29; 136D.71; 136D.72, subdivision 1; 136D.76, subdivision 2; 136D.82, by adding a subdivision; 136D.90; 141.25, subdivision 8; 141.26, subdivision 5; 203B.085; 214.10, by adding a subdivision; 245A.03, subdivision 2; 268.08, subdivision 6; 272.02, subdivision 8; 273.1398, subdivision 6; 275.065, subdivisions 3, 5a, and 6; 275.125, subdivisions 5, 5b, 5c, 11d, and by adding a subdivision; 279.03, subdivision 1a; 281.17; 364.09; and 631.40; Laws 1989, chapter 329, articles 6, section 53, as amended, and 9, section 35; proposing coding for new law in Minnesota Statutes, chapters 120; 121; 122; 124; 124A; 124C; 125; 126; 127; 128B; 129C; 134; 136D; and 181A; repealing Minnesota Statutes, sections 3.865; 3.866; 120.104; 121.11; 121.15, subdivision 10; 121.932, subdivision 1; 121.933, subdivision 2; 121.935, subdivisions 3 and 5; 121.936, subdivision 5; 121.937, subdivision 2; 122.43, subdivision 1; 122.531, subdivision 5; 122.91, subdivision 7; 122.945, subdivision 4; 123.3514, subdivisions 6 and 6b; 123.701; 123.702; 123.704; 123.706, subdivision 3a; 123.707, subdivision 3; 123.73; 124.17, subdivision 1b; 124.225, subdivisions 3, 4b, 7c, 8b, 8i, and 8j; 124.252; 124.2713, subdivision 4; 124.2721, subdivision 3a; 124.331; 124.332; 124.333; 124.48, subdivision 2; 124.493, subdivision 2; 124.575, subdivision 3a; 124A.02, subdivision 19; 124A.04, subdivision 1; 124C.02; 124C.41, subdivision 7; 125.231; 128B.01; 128B.03, subdivisions 3 and

8; 128B.07; 128B.10, subdivisions 2 and 3; 128C.12, subdivision 2; 129C.10, subdivision 5; 135A.10, subdivision 2; 136A.044; 136D.27, subdivision 1; 136D.28; 136D.30; 136D.74, subdivisions 2 and 3; 136D.87, subdivision 1; 136D.89; 136D.91; and 275.125, subdivisions 8b, 8c, 8d, and 8e.

Mr. Dicklich moved to amend S.F. No. 467 as follows:

Page 18, line 9, delete "\$923,500,000" and insert "\$897,000,000"

Page 23, line 26, before "property" insert "total" and delete "payable for" and insert "paid in" and before "year" insert "fiscal"

Page 23, line 27, delete "before" and insert "in which"

Page 23, line 28, delete everything after "reduced" and insert "according to Minnesota Statutes, section 124A.26, subdivision 1, for an excess fund balance"

Page 23, line 29, delete everything before "for"

Page 23, after line 29, insert:

"Sec. 26. [LEVY RECOGNITION DIFFERENCES.]

For each school district that levies under Minnesota Statutes, section 124A.03, the commissioner of education shall calculate the difference between:

(a) the total amount of the levy, under Minnesota Statutes, section 124A.03, that is recognized as revenue for fiscal year 1992 according to section 1; and

(b) the amount of the levy, under Minnesota Statutes, section 124A.03, that would have been recognized as revenue for fiscal year 1992 had the percentage according to section 1 not been increased.

The commissioner shall reduce other aids due the district by the amount of the difference. The total reduction is transferred to the appropriation for general and supplemental education aid in this article."

Page 23, line 36, delete "\$1,632,529,000" and insert "\$1,631,842,000"

Page 24, line 1, delete "\$1,724,259,000" and insert "\$1,729,899,000"

Page 24, line 3, delete "\$1,385,226,000" and insert "\$1,384,539,000"

Page 24, line 5, delete "\$1,466,496,000" and insert "\$1,472,136,000"

Page 24, line 7, delete "section" and insert "sections 122.531, subdivision 5, and"

Page 24, line 8, delete "is" and insert "are" and delete everything after "repealed" and insert a period

Page 24, line 9, delete everything before "Sections"

Renumber the sections of article 1 in sequence and correct the internal references

Page 46, line 13, delete "subdivision 3" and insert "subdivisions 1 and 2"

Page 75, line 32, delete "\$93.50" and insert "\$89.25" and delete "\$100" and insert "\$93"

Page 76, line 18, delete "*for fiscal*"

Page 76, delete line 19

Page 82, line 28, delete "\$ 7,199,000" and insert "\$6,731,000"

Page 82, line 29, delete "\$ 7,446,000" and insert "\$7,065,000"

Page 82, line 31, delete "\$6,438,000" and insert "\$5,970,000"

Page 82, line 32, delete "\$1,136,000" and insert "\$1,053,000"

Page 82, line 33, delete "\$6,310,000" and insert "\$6,012,000"

Page 83, line 17, delete "\$12,384,000" and insert "\$11,413,000"

Page 83, line 18, delete "\$12,631,000" and insert "\$12,020,000"

Page 83, line 20, delete "\$10,835,000" and insert "\$9,864,000"

Page 83, line 21, delete "\$1,912,000" and insert "\$1,741,000"

Page 83, line 22, delete "\$10,719,000" and insert "\$10,279,000"

Page 91, line 19, delete "\$72,496,000" and insert "\$73,428,000"

Page 91, line 23, delete "\$61,508,000" and insert "\$62,440,000"

Page 91, line 28, delete "\$36,247,000" and insert "\$36,713,000"

Page 91, line 32, delete "\$30,754,000" and insert "\$31,220,000"

Page 93, line 8, delete "*the day following final enactment*" and insert "*for revenue for fiscal year 1994*"

Page 123, line 27, delete everything after the period and insert "*The amount of aid withheld may be used by the department to make aid payments to member districts. The remaining aid shall be transferred to the appropriation for general education and supplemental aid in article 1.*"

Page 123, delete lines 28 and 29

Pages 125 to 127, delete sections 1 and 2

Page 129, line 8, after "*a*" insert "*comprehensive plan to coordinate*" and delete "*service plan*" and insert "*services*"

Page 129, line 13, delete everything after "*the*" and insert "*child*"

Page 129, line 14, delete "*development*"

Page 129, line 25, delete everything after "*child*" and insert a semicolon

Page 129, delete line 26

Page 130, delete line 1 and insert:

"(6) *efforts to expand collaboration with public organizations, businesses, nonprofit organizations, and other private organizations*"

Page 130, line 2, delete "*private collaboration*"

Page 130, line 6, after "*identified*" insert "*physical and mental*"

Page 130, line 16, delete the first "*or*" and insert "*organization, nonprofit organization, or other*"

Page 130, line 19, delete "*to*"

Page 130, line 24, delete "*maximize*" and insert "*optimize*"

Page 130, line 34, delete "PARTICIPATION ENCOURAGED" and insert "PRIORITY CHILDREN"

Page 130, line 35, delete everything before "eligible" and insert "give priority to providing services to"

Page 131, delete lines 10 to 13 and insert:

"Subd. 10. [SUPERVISION.] A program provided by a district shall be supervised by a licensed teacher who must be on the premises of the program. A licensed teacher is not required to be present during the time children and their parents are participating in the program. A program provided according to a contract between a school district and a nonprofit organization or another private organization shall be supervised according to the terms of the contract."

Subd. 11. [DISTRICT STANDARDS.] The school board of the district shall develop standards for the learning readiness program."

Page 131, line 17, delete everything after "to" and insert "enable eligible children of all socioeconomic levels to participate in the program."

Page 131, delete line 18

Page 131, line 19, after "or" insert "an"

Page 131, line 20, delete "the" and insert "a"

Renumber the subdivisions in sequence

Page 131, after line 31, insert:

"(3) comments about the district's proposed program by the advisory council required by section 6, subdivision 7; and"

Page 131, line 32, delete "(3)" and insert "(4)" and delete the semicolon and insert a period

Page 131, delete lines 33 to 36

Page 132, delete line 1

Page 132, line 25, after "used" insert "only"

Page 132, delete lines 33 to 36

Page 133, delete lines 1 and 2

Page 135, after line 14, insert:

"Sec. 13. [LEARNING READINESS PROGRAM REPORT.]

Each school district receiving learning readiness aid shall report to the commissioner of education by January 1 of 1992 and 1993 about the types of services provided through the program, progress made by participating children, the number of participating children receiving services without charge, the number of participating children paying reduced fees, the number of participating children paying the full fee, total expenditures for services, and the amount of money and in-kind services received from public or private organizations. A district shall report actual information to the extent the information is available, and estimated or expected information, if necessary."

Page 135, after line 35, insert:

"Any excess appropriations from fiscal year 1992 shall be allocated

among school districts providing learning readiness programs according to the proportion of aid determined under section 7, subdivision 2, for a school district to the amount of aid determined under section 7, subdivision 2, for all school districts providing learning readiness programs. The total amount of aid paid to a school district shall not exceed \$2,000 per participating eligible child."

Page 136, delete lines 23 to 35

Renumber the subdivisions in sequence

Page 137, line 4, delete "\$5,200,000" and insert "\$2,000,000"

Page 137, line 14, delete "in fiscal year 1992 and up to \$430,000" and insert "each year"

Page 137, line 15, delete "in fiscal year 1993"

Page 137, line 17, delete "in fiscal year 1992 and up to \$550,000" and insert "each year"

Page 137, line 18, delete "in fiscal year 1993"

Page 137, line 22, delete "in fiscal year 1992 and up to \$920,000" and insert "each year"

Page 137, line 23, delete "in fiscal year 1993"

Page 137, line 28, delete "\$3,300,000" and insert "\$950,000"

Renumber the sections of article 7 in sequence and correct the internal references

Page 141, line 19, delete "30" and insert "15"

Page 144, after line 24, insert:

"Sec. 11. Minnesota Statutes 1990, section 475.61, subdivision 3, is amended to read:

Subd. 3. [IRREVOCABILITY.] Tax levies so made and filed shall be irrevocable, except as provided in this subdivision.

In each year when there is on hand any excess amount in the debt redemption fund of a school district at the time the district makes its property tax levies, the amount of the excess shall be certified by the school board to the county auditor and the auditor shall reduce the tax levy otherwise to be included in the rolls next prepared by the amount certified; ~~unless. The commissioner shall prescribe the form and calculation to be used in computing the excess amount.~~ The school board ~~determines that may, with the approval of the commissioner, retain the excess amount if it is necessary to ensure the prompt and full payment of the obligations and any call premium on the obligations, or will be used for redemption of the obligations in accordance with their terms. An amount shall be presumed to be excess for a school district in the amount that it, together with the levy required by subdivision 1, will exceed 106 percent of the amount needed to meet when due the principal and interest payments on the obligations due before the second following July 1. This subdivision shall not limit a school board's authority to~~ The school board may, with the approval of the commissioner, specify a tax levy in a higher amount if necessary because of anticipated tax delinquency or for cash flow needs to meet the required payments from the debt redemption fund.

If the governing body, including the governing body of a school district, in any year makes an irrevocable appropriation to the debt service fund of money actually on hand or if there is on hand any excess amount in the debt service fund, the recording officer may certify to the county auditor the fact and amount thereof and the auditor shall reduce by the amount so certified the amount otherwise to be included in the rolls next thereafter prepared."

Page 144, line 26, delete "*In fiscal year*" and insert "*On June 30,*"

Page 144, line 32, delete "*By December 1, 1992,*"

Page 144, line 35, delete "*By January 15, 1992,*"

Renumber the sections of article 8 in sequence and correct the internal references

Page 153, line 23, delete "*school district*" and after "*grant*" insert "*to independent school district No. 281*"

Page 153, line 27, delete "*the*" and insert "*independent*" and after "*district*" insert "*No. 281*"

Page 209, line 35, delete "*I,*"

Page 210, line 1, after the period, insert "*Section 1, paragraphs (b) and (c), are effective retroactively to December 1, 1990.*"

Page 224, after line 1, insert:

"Sec. 14. Minnesota Statutes 1990, section 128A.05, subdivision 3, is amended to read:

Subd. 3. [OUT-OF-STATE ADMISSIONS.] An applicant from another state who can benefit from attending either academy may be admitted to the academy if the admission does not prevent an eligible Minnesota resident from being admitted. The ~~commissioner~~ *state board of education* must ~~get reimbursed~~ *obtain reimbursement* from the other state for the costs of the out-of-state admission. The ~~commissioner~~ *state board* may ~~make~~ *enter into* an agreement with the appropriate authority in the other state to ~~get reimbursed for the reimbursement.~~ Money received from another state must be ~~paid to the state treasurer and deposited by the treasurer~~ *deposited in the general fund and credited to the general operating account of the academies. The money is appropriated to the academies.*"

Renumber the sections of article 11 in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

CALL OF THE SENATE

Mr. Dicklich imposed a call of the Senate for the balance of the proceedings on S.F. No. 467. The Sergeant at Arms was instructed to bring in the absent members.

Mr. Price moved to amend S.F. No. 467 as follows:

Page 24, line 7, delete "*section*" and insert "*sections*"

Page 24, line 8, delete "*is*" and insert "*and 124A.22, subdivision 2a,*

are”

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

Mr. Belanger moved to amend S.F. No. 467 as follows:

Page 153, delete lines 22 to 36

Page 154, delete lines 1 to 3

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

Mr. Knaak moved to amend S.F. No. 467 as follows:

Pages 105 to 107, delete section 25

Page 112, after line 28, insert:

“Sec. 35. Minnesota Statutes 1990, 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~~ *the county auditor* 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) ~~4.43~~ *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. Upon the certification, the county auditor and other appropriate county officials shall levy and collect the levies and remit the proceeds of the collections of the levies to the intermediate school district.~~ 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.”

Page 117, after line 13, insert:

“Sec. 42. Minnesota Statutes 1990, 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~~ *the county auditor* 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) ~~4.43~~ *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. Upon the certification, the county auditor and other appropriate county officials shall levy and collect the levies and~~

remit the proceeds of the collections of the levies to the intermediate school district. 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 123, delete lines 16 to 29

Page 125, line 5, delete everything after the second semicolon

Page 125, line 6, delete everything before the second "and"

Renumber the sections of article 6 in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 22 and nays 40, as follows:

Those who voted in the affirmative were:

Belanger	Halberg	Mehrkins	Pariseau	Storm
Benson, J.E.	Johnston	Metzen	Price	Traub
Bernhagen	Knaak	Mondale	Reichgott	
Day	Laidig	Novak	Renneke	
Gustafson	McGowan	Olson	Riveness	

Those who voted in the negative were:

Adkins	Davis	Hughes	Lessard	Ranum
Beckman	DeCramer	Johnson, D.E.	Luther	Sams
Benson, D.D.	Dicklich	Johnson, D.J.	Merriam	Samuelson
Berglin	Finn	Johnson, J.B.	Moe, R.D.	Solon
Bertram	Frank	Kelly	Morse	Spear
Chmielewski	Frederickson, D.J.	Kroening	Pappas	Stumpf
Cohen	Frederickson, D.R.	Langseth	Piper	Vickerman
Dahl	Hottinger	Larson	Pogemiller	Waldorf

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

Mr. Knaak then moved to amend S.F. No. 467 as follows:

Page 123, delete lines 16 to 29

Page 125, line 18, delete "25,"

Page 125, line 20, after the period, insert "*Section 25 is effective for revenue for fiscal year 1993 and thereafter.*"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 22 and nays 39, as follows:

Those who voted in the affirmative were:

Belanger	Knaak	Metzen	Pariseau	Storm
Benson, J.E.	Laidig	Mondale	Price	Traub
Day	Larson	Neuville	Reichgott	
Hughes	McGowan	Novak	Renneke	
Johnston	Mehrkins	Olson	Riveness	

Those who voted in the negative were:

Adkins	Davis	Gustafson	Luther	Sams
Beckman	DeCramer	Johnson, D.E.	Merriam	Samuelson
Benson, D.D.	Dicklich	Johnson, D.J.	Moe, R.D.	Solon
Berglin	Finn	Johnson, J.B.	Morse	Spear
Bertram	Flynn	Kelly	Pappas	Stumpf
Chmielewski	Frank	Kroening	Piper	Vickerman
Cohen	Frederickson, D.J.	Langseth	Pogemiller	Waldorf
Dahl	Frederickson, D.R.	Lessard	Ranum	

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

Mr. Johnson, D.E. moved to amend S.F. No. 467 as follows:

Page 236, line 13, after the period, insert "*If a project has been previously approved by the voters, changes in that project that do not change the total project cost do not require further voter approval.*"

The motion prevailed. So the amendment was adopted.

Mr. Neuville moved to amend S.F. No. 467 as follows:

Page 195, delete section 53

Renumber the sections of article 9 in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

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

Those who voted in the affirmative were:

Adkins	Brataas	Johnson, D.E.	Merriam	Samuelson
Beckman	Chmielewski	Johnston	Morse	Solon
Belanger	Davis	Knaak	Neuville	Storm
Benson, D.D.	Day	Laidig	Olson	Vickerman
Benson, J.E.	Finn	Larson	Pariseau	
Berg	Frederickson, D.R.	Lessard	Pogemiller	
Bernhagen	Gustafson	McGowan	Renneke	
Bertram	Hottinger	Mehrkens	Sams	

Those who voted in the negative were:

Berglin	Frank	Kroening	Mondale	Reichgott
Cohen	Frederickson, D.J.	Langseth	Novak	Riveness
Dahl	Hughes	Luther	Pappas	Spear
DeCramer	Johnson, D.J.	Marty	Piper	Stumpf
Dicklich	Johnson, J.B.	Metzen	Price	Traub
Flynn	Kelly	Moe, R.D.	Ranum	Waldorf

The motion prevailed. So the amendment was adopted.

Ms. Reichgott moved to amend S.F. No. 467 as follows:

Page 139, line 32, delete "*and*" and insert a comma and after "*supervisory*" insert "*, and lunchroom utility*"

Page 139, lines 34 and 35, delete "*lunchroom utilities,*"

The motion prevailed. So the amendment was adopted.

Mr. Benson, D.D. moved to amend S.F. No. 467 as follows:

Page 165, after line 4, insert:

"Sec. 5. Minnesota Statutes 1990, section 120.101, subdivision 5, is

amended to read:

Subd. 5. [AGES AND TERMS.] ~~For the 1988-1989 school year and the school years thereafter, Every child between seven and 16 years of age shall receive instruction for at least 170 days each year. For the 2000-2001 school year and later school years, every child between seven and 18 years of age shall receive instruction for at least 170 days each year.~~ Every child under the age of seven who is enrolled in a half-day kindergarten, or a full-day kindergarten program on alternate days, or other kindergarten programs shall receive instruction at least equivalent to 170 half days. Except as provided in subdivision 5a, a parent may withdraw a child under the age of seven from enrollment at any time.

Sec. 6. Minnesota Statutes 1990, section 120.101, subdivision 9, is amended to read:

Subd. 9. [LEGITIMATE EXEMPTIONS.] A parent, guardian, or other person having control of a child may apply to a school district to have the child excused from attendance for the whole or any part of the time school is in session during any school year. Application may be made to any member of the board, a truant officer, a principal, or the superintendent. The school board of the district in which the child resides may approve the application upon the following being demonstrated to the satisfaction of that board:

(1) That the child's bodily or mental condition is such as to prevent attendance at school or application to study for the period required; or

(2) That ~~for the school years 1988-1989 through 1999-2000 the child has already completed the studies ordinarily required in the 10th grade and that for the school years beginning with the 2000-2001 school year the child has already completed the studies ordinarily required to graduate from high school;~~
or

(3) That it is the wish of the parent, guardian, or other person having control of the child, that the child attend for a period or periods not exceeding in the aggregate three hours in any week, a school for religious instruction conducted and maintained by some church, or association of churches, or any Sunday school association incorporated under the laws of this state, or any auxiliary thereof. This school for religious instruction shall be conducted and maintained in a place other than a public school building, and in no event, in whole or in part, shall be conducted and maintained at public expense. However, a child may be absent from school on such days as the child attends upon instruction according to the ordinances of some church."

Page 185, after line 27, insert:

"Sec. 37. Minnesota Statutes 1990, section 123.35, subdivision 8, is amended to read:

Subd. 8. The board may establish and maintain public evening schools and adult and continuing education programs and such evening schools and adult and continuing education programs when so maintained shall be available to all persons over 16 years of age ~~through the 1999-2000 school year and over 18 years of age beginning with the 2000-2001 school year~~ who, from any cause, are unable to attend the full-time elementary or secondary schools of such district."

Page 189, after line 26, insert:

"Sec. 45. Minnesota Statutes 1990, section 124.26, subdivision 1b, is

amended to read:

Subd. 1b. [PROGRAM REQUIREMENTS.] An adult basic and continuing education program is a day or evening program offered by a district that is for people over 16 years of age ~~through the 1999-2000 school year and over 18 years of age beginning with the 2000-2001 school year~~ who do not attend an elementary or secondary school. The program offers academic instruction necessary to earn a high school diploma or equivalency certificate. Tuition and fees may not be charged for instruction subsidized under this section, except for a security deposit to assure return of materials, supplies, and equipment."

Page 198, after line 20, insert:

"Sec. 61. Minnesota Statutes 1990, section 260.015, subdivision 19, is amended to read:

Subd. 19. [HABITUAL TRUANT.] "Habitual truant" means a child under the age of 16 years ~~through the 1999-2000 school year and under the age of 18 beginning with the 2000-2001 school year~~ who is absent from attendance at school without lawful excuse for seven school days if the child is in elementary school or for one or more class periods on seven school days if the child is in middle school, junior high school, or high school."

Page 209, line 27, after "*sections*" insert "*120.105*;"

Renumber the sections of article 9 in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Ms. Reichgott moved to amend S.F. No. 467 as follows:

Page 78, after line 18, insert:

"Sec. 17. Minnesota Statutes 1990, section 124C.03, subdivision 2, is amended to read:

Subd. 2. [MEMBERS; MEETINGS; OFFICERS.] The interagency adult learning advisory council shall have ~~16~~ 20 to ~~18~~ 22 members. Members must have experience in educating adults or in programs addressing welfare recipients and incarcerated, unemployed, and underemployed people.

The members of the interagency adult learning advisory council are appointed as follows:

(1) one member appointed by the commissioner of the state planning agency;

(2) one member appointed by the commissioner of jobs and training;

(3) one member appointed by the commissioner of human services;

(4) one member appointed by the director of the refugee and immigrant assistance division of the department of human services;

(5) one member appointed by the commissioner of corrections;

(6) one member appointed by the commissioner of education;

(7) one member appointed by the chancellor of the state board of technical colleges;

- (8) one member appointed by the chancellor of community colleges;
- (9) one member appointed by the Minnesota adult literacy campaign or by another nonprofit literacy organization, as designated by the commissioner of the state planning agency;
- (10) one member appointed by the council on Black Minnesotans;
- (11) one member appointed by the Spanish-speaking affairs council;
- (12) one member appointed by the council on Asian-Pacific Minnesotans;
- (13) one member appointed by the Indian affairs council; and
- (14) one member appointed by the disability council.

Up to four additional members of the council may be nominated by the participating agencies. Based on the council's recommendations, the commissioner of the state planning agency must appoint at least ~~two~~ *six*, but not more than ~~four~~ *eight*, additional members. Nominees shall include, but are not limited to, representatives of local education, government, nonprofit agencies, employers, labor organizations, and libraries.

The council shall elect its officers."

Renumber the sections of article 4 in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mrs. Benson, J.E. moved to amend S.F. No. 467 as follows:

Page 47, after line 33, insert:

"Sec. 7. [124.2716] [PREVENTION AND RISK REDUCTION.]

Subdivision 1. [ELIGIBILITY.] A school board may use the revenue authorized in this section at each elementary school for which a site-based management council has been established and which adopts a prevention and risk reduction plan according to this subdivision. The council must be composed of parents or families and educators. The educators must include student service professionals, teachers, and administrators. Each council shall develop a prevention and risk reduction plan and submit it to the school board. If the school board approves the plan, the district may receive and use the revenue authorized for fiscal year 1993, and thereafter. Fiscal year 1992 funds may be utilized for the planning process. Plans for fiscal year 1993 must be submitted to the commissioner of education between January 1, 1992, and November 1, 1992.

Subd. 2. [CONTENTS OF THE PLAN.] The plan must include:

(a) Needs assessment of prevention and risk issues including, but not limited to:

- (1) alcohol and other drugs - family or student;*
- (2) mental health;*
- (3) medically fragile;*
- (4) physical, sexual, and psychological abuse;*
- (5) economically disadvantaged;*

- (6) *failing in school;*
- (7) *violence or delinquency;*
- (8) *homelessness;*
- (9) *adjudicated children in need of protection or services;*
- (10) *health issues; and*
- (11) *social service issues;*

(b) *Identification, assessment, and evidence of coordination of available services in school, health agencies, social service agencies, community agencies, and early childhood programs. This item may be addressed at district or multidistrict levels by groups of site-based management council representatives to ensure collaboration, avoid duplication of effort, and improve cost effectiveness of coordination;*

(c) *Identification of gaps in services and programs;*

(d) *Identification and prioritization of training needs of staff and families;*

(e) *Process for identification and implementation of prevention curriculum and services;*

(f) *Process for identification and referral, including case management;*

(g) *Procedures for evaluating efforts and setting future priorities;*

(h) *Process for involving families;*

(i) *Identification of resources to be coordinated and/or allocated;*

(j) *Recommendations for use of fiscal year 1993 funds to meet building prevention and risk reduction needs; and*

(k) *Provisions for annual review of plans and recommendations by the site-based management council for future years.*

Subd. 3. [PREVENTION AND RISK REDUCTION REVENUE.] *For fiscal year 1992, prevention and risk reduction revenue equals \$3.70 times the number of actual pupil units in kindergarten through grade six in the district. For fiscal year 1993 and thereafter, prevention and risk reduction revenue equals \$11.98 times the number of actual pupil units in kindergarten through grade six in the district.*

Subd. 4. [PREVENTION AND RISK REDUCTION LEVY.] *To obtain prevention and risk reduction revenue, a district may levy the amount raised by a tax rate of .047 percent times the adjusted net tax capacity of the district for taxes payable in 1992 and thereafter. If the amount of the prevention and risk reduction levy would exceed the prevention and risk reduction revenue, the prevention and risk reduction levy shall equal the prevention and risk reduction revenue.*

Subd. 5. [PREVENTION AND RISK REDUCTION AID.] *For fiscal year 1992, a district's prevention and risk reduction aid is equal to its prevention and risk reduction revenue. Beginning in fiscal year 1993, a district's prevention and risk reduction aid is the difference between its prevention and risk reduction revenue and its prevention and risk reduction levy. If the district does not levy the entire amount permitted, the prevention and risk reduction aid shall be reduced in proportion to the actual amount levied.*

Subd. 6. [OTHER FUNDING.] Schools may accept:

- (1) resources and services from post-secondary institutions;*
- (2) resources and services from department of human services and county human services;*
- (3) resources and services from department of health and public health departments;*
- (4) resources and services from department of education and regional education entities;*
- (5) resources and services from department of jobs and training; and*
- (6) private resources, foundation grants, gifts, corporate contributions, federal grants, and other grants.*

Subd. 7. [USES OF PREVENTION AND RISK REDUCTION REVENUE.] For fiscal year 1992, funds must be used to create the prevention and risk reduction plan. Fiscal year 1992 funds may also be used to implement the plan. For fiscal year 1993, funds shall be utilized to implement the plan. Permitted uses include:

- (1) increase the number of student service professionals providing counseling and support services to children and families;*
- (2) pool resources with other schools and/or districts to increase the number of student service professionals;*
- (3) facilitate co-location of services for families at or near schools;*
- (4) pool resources with other agencies to provide services; and*
- (5) in all instances, funds must be used to supplement or increase existing services and programs, and in no case shall funds be used to supplant existing services and programs.*

Subd. 8. [ROLE OF THE DEPARTMENT.] The department shall:

- (1) provide technical assistance to districts to implement this program;*
- (2) review building plans; and*
- (3) report to the legislature regarding implementation of subdivisions 1 to 7. This report must be part of the biennial budget document. Supplemental information may be provided as appropriate.*

Sec. 8. [124.2717] [FAMILIES PLUS: INNOVATIVE SERVICE DELIVERY.]

Subdivision 1. [FOCUS.] The focus of the families plus initiative is to foster the delivery of integrated services at the neighborhood and community level. The services to be integrated are an array of support for all families to intense, comprehensive treatment strategies for families with multiple risk factors. Families plus focuses on multiple services for families with children from prebirth to 21 years of age. The commissioner of the state planning agency shall award grants to eligible applicants whose programs are in accord with the goals and characteristics of this section and the criteria adopted by the steering committee required by this section.

Subd. 2. [GOALS.] To receive a grant under this section, an applicant's plan must demonstrate the coordination and integration of services that:

- (1) encourage families to make better use of existing community services;*

(2) help families to build a network of friends, relatives, and community people to support them in raising children;

(3) expand identification of factors which can be deterrents to optimal development;

(4) identify needed services for families and children and find ways to support them;

(5) raise public awareness about the practices and importance of healthy child development;

(6) raise the quality of community services by providing programs with information, technical assistance, and incentives for coordination; and

(7) identify barriers to service.

Subd. 3. [CHARACTERISTICS.] Plans providing for the consolidation and integration of services will be eligible to receive grants under this section if the plan has the general characteristics enumerated in this subdivision:

(1) has a locally determined approach to design and implementation;

(2) is family-focused, and neighborhood and community centered;

(3) is administered by a community council composed of residents, service providers, schools, and business and civic organizations;

(4) has inclusive participation, culturally-appropriate approaches;

(5) provides for co-location of services to the extent possible; and

(6) provides for family mutual support networks, and for parenting education and support at all levels and through all existing programs.

Subd. 4. [POSSIBLE PROGRAM ELEMENTS.] To receive grants under this section, a thorough community assessment of existing services and gaps must be completed and a system designed for integrating and expanding some or all of the following program components:

(1) family resource centers;

(2) way to grow;

(3) early childhood screening;

(4) children's health plan and other primary health care;

(5) early childhood family education expanded to grade three;

(6) headstart wrap-around program;

(7) mentoring programs;

(8) child care;

(9) educational opportunities for children and parents; and

(10) home visits by paraprofessional community residents to link families to services.

Subd. 5. [DESIRABLE PROGRAM COMPONENTS.] Any plan to receive grants under this section is encouraged to have or develop the following components in its delivery system:

(1) community linkages, by providing centralized information, referral,

and service coordination for families and service providers, including identifying gaps in existing services;

(2) home visits to families of newborns, and other families as appropriate, by trained paraprofessionals working within communities and neighborhoods;

(3) public education and outreach;

(4) education and training for families by paraprofessional home visitors; and

(5) an evaluation plan for measuring the outcomes of the program.

Subd. 6. [IMPLEMENTATION.] The grant program under this section must be administered by the commissioner of the state planning agency by convening a steering committee made up of representatives from the business community, the department of health, the department of human services, the department of education, the department of corrections, the department of jobs and training, the department of public safety, the council on black Minnesotans, the Spanish-speaking affairs council, the Asian-Pacific council, and the Indian affairs council. The steering committee shall:

(1) form criteria for project selection that include goals, measurable objectives, and evaluation strategy;

(2) review and recommend projects for funding to the commissioner of the state planning agency; and

(3) assess and eliminate, as appropriate, barriers to service as identified by local recipients or providers.

Subd. 7. [GRANT AWARDS.] (a) The commissioner of the state planning agency shall award grants as provided in this section after considering the recommendations of the steering committee. Grants of up to \$10,000 may first be awarded for needs assessment, community organization, or program development.

(b) On successful completion and evaluation of the use of the planning grants, implementation grants may be awarded for up to \$50,000 to implement a service delivery program under this section.

(c) The grants must be awarded on a competitive basis based on criteria contained in the request for proposals.

(d) The grants must reflect the cultural diversity of the grantee's community.

(e) The fiscal agent for the grant recipient must be a public, private, or nonprofit agency to provide an appropriate audit trail.

(f) Grants must also take into account geographical distribution among metropolitan, suburban, and rural areas.

Subd. 8. [REPORT.] The commissioner of the state planning agency after consultation with the steering committee shall report to the governor and the legislature in January of 1992 and 1993 on the progress of the family plus program and recommendations for the next two years."

Renumber the sections of article 3 in sequence and correct the internal references

Page 75, line 32, delete "\$93.50" and insert "\$96.50" and delete "\$100"

and insert "\$101.25"

Correct the appropriations accordingly

Pages 128 to 133, delete sections 6 and 7

Page 135, delete lines 32 to 36

Page 136, delete lines 1 to 5

Renumber the subdivisions in sequence

Page 138, after line 3, insert:

"Subd. 9. [PREVENTION AND RISK REDUCTION AID.] For prevention and risk reduction aid:

\$1,275,000 1992

\$3,115,000 1993

The 1992 appropriation includes \$1,275,000 for 1992.

The 1993 appropriation includes \$225,000 for 1992 and \$2,890,000 for 1993.

Sec. 15. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF JOBS AND TRAINING.] The sum indicated in this section is appropriated from the general fund to the department of jobs and training for the fiscal years designated.

Subd. 2. [HEAD START.] For distribution to Head Start program providers:

\$10,000,000 1992

\$15,000,000 1993

Sec. 16. [APPROPRIATIONS.]

Subdivision 1. [STATE PLANNING AGENCY.] The sums indicated in this section are appropriated from the general fund to the state planning agency for the fiscal years designated.

Subd. 2. [WAY TO GROW GRANTS.] For grants for the way to grow program under Minnesota Statutes, section 145.926:

\$1,000,000 1992

\$1,000,000 1993

Subd. 3. [FAMILIES PLUS GRANTS.] For families plus grants:

\$2,000,000 1992

\$2,000,000 1993

Money for implementation grants must not be disbursed to the grantee until an equal amount is available for other state or nonstate sources."

Renumber the sections of article 7 in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 20 and nays 40, as follows:

Those who voted in the affirmative were:

Adkins	Bernhagen	Gustafson	Laidig	Olson
Belanger	Brataas	Halberg	Larson	Pariseau
Benson, D.D.	Day	Johnston	McGowan	Renneke
Benson, J.E.	Frederickson, D.R.	Knaak	Neuville	Storm

Those who voted in the negative were:

Beckman	Dicklich	Johnson, D.J.	Metzen	Ranum
Berglin	Finn	Johnson, J.B.	Moe, R. D.	Reichgott
Bertram	Flynn	Kelly	Morse	Riveness
Chmielewski	Frank	Langseth	Novak	Sams
Cohen	Frederickson, D.J.	Lessard	Pappas	Spear
Dahl	Hottinger	Luther	Piper	Stumpf
Davis	Hughes	Marty	Pogemiller	Traub
DeCramer	Johnson, D.E.	Merriam	Price	Vickerman

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

Mr. Waldorf moved to amend S.F. No. 467 as follows:

Pages 141 to 144, delete sections 8 to 10

Renumber the sections of article 8 in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 23 and nays 42, as follows:

Those who voted in the affirmative were:

Adkins	Chmielewski	Halberg	Neuville	Stumpf
Beckman	Davis	Johnston	Pariseau	Vickerman
Benson, J.E.	Day	Laidig	Renneke	Waldorf
Bernhagen	Frank	Lessard	Sams	
Bertram	Gustafson	McGowan	Samuelson	

Those who voted in the negative were:

Belanger	Flynn	Knaak	Moe, R. D.	Ranum
Benson, D.D.	Frederickson, D.J.	Kroening	Mondale	Reichgott
Berglin	Frederickson, D.R.	Langseth	Morse	Riveness
Brataas	Hottinger	Larson	Novak	Spear
Cohen	Hughes	Luther	Olson	Storm
Dahl	Johnson, D.E.	Marty	Pappas	Traub
DeCramer	Johnson, D.J.	Mehrkens	Piper	
Dicklich	Johnson, J.B.	Merriam	Pogemiller	
Finn	Kelly	Metzen	Price	

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

Mr. Knaak moved to amend S.F. No. 467 as follows:

Pages 22 and 23, delete section 24

Renumber the sections of article 1 in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 14 and nays 47, as follows:

Those who voted in the affirmative were:

Belanger	Bertram	Frank	Knaak	Renneke
Benson, J.E.	Brataas	Halberg	Laidig	Storm
Bernhagen	Day	Johnston	Morse	

Those who voted in the negative were:

Adkins	Finn	Kelly	Moe, R.D.	Riveness
Beckman	Flynn	Langseth	Neuville	Sams
Benson, D.D.	Frederickson, D.J.	Larson	Olson	Spear
Berglin	Frederickson, D.R.	Lessard	Pappas	Stumpf
Chmielewski	Gustafson	Luther	Pariseau	Traub
Cohen	Hottinger	Marty	Piper	Vickerman
Dahl	Hughes	McGowan	Pogemiller	Waldorf
Davis	Johnson, D.E.	Mehrkens	Price	
DeCramer	Johnson, D.J.	Merriam	Ranum	
Dicklich	Johnson, J.B.	Metzen	Reichgott	

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

Mr. Neuville moved to amend S.F. No. 467 as follows:

Pages 8 to 11, delete section 10 and insert:

"Sec. 10. Minnesota Statutes 1990, section 124A.03, is amended to read:
124A.03 [REFERENDUM ~~LEVY~~ REVENUE.]

Subd. 1b. [INITIAL REFERENDUM ALLOWANCE.] The department of education shall convert the referendum levy authority existing under this section for 1990 taxes payable in 1991 to a revenue allowance per actual pupil unit for future years. A district's initial revenue allowance for all later years for which the levy is authorized equals the referendum levy authority for 1990 taxes payable in 1991 divided by its actual pupil units for the 1991-1992 school year.

Subd. 1c. [REFERENDUM ALLOWANCE LIMIT.] (a) A district's referendum allowance shall not exceed the greater of:

(1) the district's initial referendum allowance for fiscal year 1992; or

(2) 35 percent of the formula allowance for the year the revenue is attributable, plus the cost-of-living allowance computed for the district according to paragraph (b) or (c).

(b) The cost-of-living allowance for a school district headquartered in the seven-county metropolitan area is \$264.

(c) The cost-of-living allowance for a school district headquartered outside of the seven-county metropolitan area shall be computed using the overall cost-of-living index computed for the county in which the school district is headquartered as reported in the January 1989 report published by the office of the legislative auditor entitled Statewide Cost-of-Living Differences. The allowance equals the greater of zero or the result of the following computation:

(1) subtract 89 from the cost-of-living index;

(2) multiply the result in clause (1) by \$24.

Subd. 1d. [REFERENDUM ALLOWANCE.] For fiscal year 1993 and subsequent fiscal years, a district's referendum allowance equals the district's initial referendum allowance, plus the amount of referendum revenue per actual pupil unit authorized under subdivision 2 in a referendum held after July 1, 1991.

Subd. 1e. [TOTAL REFERENDUM REVENUE.] The total referendum

revenue for each district equals the district's referendum allowance times the actual pupil units for the school year.

Subd. 1f. [EQUALIZED REFERENDUM REVENUE.] *The equalized referendum revenue for each district equals the lesser of the district's total referendum revenue or \$200 times the actual pupil units for the current school year.*

Subd. 1g. [EQUALIZED REFERENDUM LEVY.] *To receive equalized referendum revenue, a district may levy an amount equal to the district's equalized referendum revenue as defined in subdivision 1f multiplied by the lesser of one, or the ratio of:*

(a) *the quotient derived by dividing the adjusted net tax capacity 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*

(b) *\$3,400.*

Subd. 1h. [REFERENDUM AID.] *A district's referendum aid is the difference between its equalized referendum revenue and its equalized referendum levy. If a district does not levy the entire amount permitted, referendum aid must be reduced in proportion to the actual amount levied.*

Subd. 1i. [UNEQUALIZED REFERENDUM LEVY.] *Each year, a district may levy an amount equal to the difference between its total referendum revenue and its equalized referendum revenue according to subdivision 1f.*

Subd. 2. [REFERENDUM ~~LEVY~~ REVENUE.] (a) ~~The levy revenue~~ authorized by section ~~124A.23~~ 124A.22, subdivision 2 1, may be increased in the amount approved by the voters of the district at a referendum called for the purpose. The referendum may be called by the school board or shall be called by the school board upon written petition of qualified voters of the district. The referendum must be held on the first Tuesday after the first Monday in November. The ballot shall state the maximum amount of the increased ~~levy as a percentage of net tax capacity; the amount that will be raised by that local tax rate revenue per actual pupil unit, the estimated net tax capacity rate~~ in the first year it is to be levied, and that the ~~local tax rate revenue~~ shall be used to finance school operations. The ballot shall designate the specific number of years for which the referendum authorization shall apply. The ballot may contain a textual portion with the information required in this subdivision and a question stating substantially the following:

"Shall the increase in the ~~levy revenue~~ proposed by (petition to) the board of, School District No., be approved?"

If approved, ~~the an amount provided by equal to the approved local tax rate applied to the net tax capacity revenue per actual pupil unit times the actual pupil units for the school year preceding beginning in the year after the levy is certified shall be authorized for certification for the number of years approved, if applicable, or until revoked or reduced by the voters of the district at a subsequent referendum.~~

(b) The school board shall prepare and deliver by first class mail at least 15 days but no more than 30 days prior to the day of the referendum to each taxpayer at the address listed on the school district's current year's assessment roll, a notice of the referendum and the proposed ~~levy revenue~~ increase. For the purpose of giving mailed notice under this subdivision, owners shall be

those shown to be owners on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer. Every property owner whose name does not appear on the records of the county auditor or the county treasurer shall be deemed to have waived this mailed notice unless the owner has requested in writing that the county auditor or county treasurer, as the case may be, include the name on the records for this purpose. The notice must project the anticipated amount of *tax* increase in annual dollars and annual percentage for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the school district.

The notice must include the following statement: ~~"In 1989 the legislature reduced property taxes for education by increasing the state share of funding for education. However, state aid for cities and townships was reduced by a corresponding amount. As a result, property taxes for cities and townships may increase."~~ "Passage of this referendum will result in an increase in your property taxes."

(c) A referendum on the question of revoking or reducing the increased ~~levy revenue~~ amount authorized pursuant to paragraph (a) may be called by the school board and shall be called by the school board upon the written petition of qualified voters of the district. ~~A levy Revenue~~ approved by the voters of the district pursuant to paragraph (a) must be ~~made received~~ at least once before it is subject to a referendum on its revocation or reduction for subsequent years. Only one revocation or reduction referendum may be held to revoke or reduce a ~~levy referendum revenue~~ for any specific year and for years thereafter.

(d) A petition authorized by paragraph (a) or (c) shall be effective if signed by a number of qualified voters in excess of 15 percent of the registered voters of the school district on the day the petition is filed with the school board. A referendum invoked by petition shall be held on the date specified in paragraph (a).

(e) The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this subdivision.

(f) At least 15 days prior to the day of the referendum, the district shall submit a copy of the notice required under paragraph (b) to the commissioner of education. Within 15 days after the results of the referendum have been certified by the school board, or in the case of a recount, the certification of the results of the recount by the canvassing board, the district shall notify the commissioner of education of the results of the referendum."

Pages 22 and 23, delete section 24

Page 24, after line 5, insert:

"Subd. 3. [REFERENDUM AID.] *For referendum aid:*
\$18,500,000 1993"

Renumber the sections of article 1 in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

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

The roll was called, and there were yeas 24 and nays 39, as follows:

Those who voted in the affirmative were:

Belanger	Dahl	Johnson, J.B.	McGowan	Pariseau
Benson, D.D.	Davis	Johnston	Mehrkens	Renneke
Benson, J.E.	Day	Knaak	Morse	Sams
Bernhagen	Frank	Laidig	Neuville	Storm
Brataas	Halberg	Larson	Olson	

Those who voted in the negative were:

Adkins	Finn	Johnson, D.J.	Metzen	Reichgott
Beckman	Flynn	Kelly	Moe, R.D.	Riveness
Berglin	Frederickson, D.J.	Kroening	Mondale	Samuelson
Bertram	Frederickson, D.R.	Langseth	Pappas	Spear
Chmielewski	Gustafson	Lessard	Piper	Stumpf
Cohen	Hottinger	Luther	Pogemiller	Traub
DeCramer	Hughes	Marty	Price	Vickerman
Dicklich	Johnson, D.E.	Merriam	Ranum	

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

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. 467 and that the rules of the Senate be so far suspended as to give S.F. No. 467, now on Special Orders, its third reading and place it on its final passage. The motion prevailed.

Ms. Traub moved to amend S.F. No. 467 as follows:

Pages 192 and 193, delete sections 45 and 46

Pages 193 and 194, delete section 48

Page 194, delete lines 12 to 14

Page 194, line 23, delete "*Subdivision 1. [PARENTAL APPROVAL.]*"

Page 194, line 24, delete "*approve or*"

Page 194, line 25, delete "*personal*" and insert "*specific courses or units of instruction.*"

Page 194, delete lines 26 to 36

Page 195, delete lines 1 to 14

Page 209, delete section 69 and insert:

"Sec. 69. [STUDY OF THE ROLE OF PARENTAL INVOLVEMENT.]

The state board of education shall study the role of parent involvement in curriculum development and review, the PER process, and selection of instructional materials. The state board shall appoint an advisory committee of 15 members composed of parents, teachers, school board members, superintendents, and members of the public to assist the board in the study. The state board shall report its recommendations to the education committees of the legislature by January 15, 1992, including a policy on when students may be removed from a specific course or unit of instruction by a parent or guardian."

Renumber the sections of article 9 in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 22 and nays 40, as follows:

Those who voted in the affirmative were:

Berglin	Hottinger	Marty	Ranum	Stumpf
Brataas	Johnson, J.B.	Mondale	Reichgott	Traub
Cohen	Kelly	Pappas	Riveness	
Finn	Langseth	Piper	Sams	
Flynn	Luther	Price	Spear	

Those who voted in the negative were:

Adkins	Dahl	Gustafson	Lessard	Pariseau
Beckman	Davis	Halberg	McGowan	Pogemiller
Belanger	Day	Johnson, D.E.	Mehrkens	Renneke
Benson, J.E.	DeCramer	Johnston	Metzen	Samuelson
Berg	Dicklich	Knaak	Morse	Solon
Bernhagen	Frank	Kroening	Neuville	Storm
Bertram	Frederickson, D.J.	Laidig	Novak	Vickerman
Chmielewski	Frederickson, D.R.	Larson	Olson	Waldorf

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

Mrs. Benson, J.E. moved to amend S.F. No. 467 as follows:

Page 215, after line 4, insert:

"Sec. 5. [APPLICABILITY.]

Section 3 applies only to the Pipestone school district and the city of Pipestone."

Renumber the sections of article 10 in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

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

Those who voted in the affirmative were:

Beckman	Bernhagen	Frederickson, D.J.	Larson	Olson
Belanger	Brataas	Halberg	Lessard	Pariseau
Benson, D.D.	Davis	Johnston	McGowan	Sams
Benson, J.E.	Day	Laidig	Mehrkens	Storm

Those who voted in the negative were:

Adkins	Flynn	Kelly	Neuville	Solon
Berglin	Frank	Knaak	Pappas	Spear
Bertram	Frederickson, D.R.	Kroening	Piper	Stumpf
Chmielewski	Gustafson	Langseth	Pogemiller	Traub
Cohen	Hottinger	Marty	Price	Vickerman
Dahl	Hughes	Metzen	Ranum	Waldorf
DeCramer	Johnson, D.E.	Moe, R.D.	Reichgott	
Dicklich	Johnson, D.J.	Mondale	Riveness	
Finn	Johnson, J.B.	Morse	Samuelson	

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

S.F. No. 467 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 2, as follows:

Those who voted in the affirmative were:

Adkins	Day	Johnson, J.B.	Metzen	Renneke
Beckman	DeCramer	Johnston	Moe, R.D.	Riveness
Belanger	Dicklich	Kelly	Mondale	Sams
Benson, D.D.	Finn	Kroening	Morse	Samuelson
Benson, J.E.	Frank	Laidig	Neuville	Solon
Berglin	Frederickson, D.J.	Langseth	Novak	Spear
Bernhagen	Frederickson, D.R.	Larson	Olson	Storm
Bertram	Gustafson	Lessard	Pappas	Stumpf
Brataas	Halberg	Luther	Pariseau	Traub
Chmielewski	Hottinger	Marty	Piper	Vickerman
Cohen	Hughes	McGowan	Pogemiller	Waldorf
Dahl	Johnson, D.E.	Mehrkens	Price	
Davis	Johnson, D.J.	Merriam	Reichgott	

Ms. Flynn and Mr. Knaak voted in the negative.

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

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Moe, R.D. moved that S.F. No. 467 be laid on the table. The motion prevailed.

Mr. Lessard moved that the name of Mr. Morse be added as a co-author to S.F. No. 218. The motion prevailed.

Mr. Moe, R.D. moved that S.F. No. 467 be taken from the table. The motion prevailed.

RECONSIDERATION

Mr. Moe, R.D. moved that the vote whereby S.F. No. 467 was passed by the Senate on May 1, 1991, be now reconsidered. The motion prevailed.

S.F. No. 467 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 3, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.J.	Metzen	Reichgott
Beckman	Day	Johnson, J.B.	Moe, R.D.	Renneke
Belanger	DeCramer	Johnston	Mondale	Riveness
Benson, D.D.	Dicklich	Kelly	Morse	Sams
Benson, J.E.	Finn	Kroening	Neuville	Samuelson
Berg	Frank	Laidig	Novak	Solon
Berglin	Frederickson, D.J.	Langseth	Olson	Spear
Bernhagen	Frederickson, D.R.	Larson	Pappas	Storm
Bertram	Gustafson	Luther	Pariseau	Stumpf
Brataas	Halberg	Marty	Piper	Vickerman
Chmielewski	Hottinger	McGowan	Pogemiller	Waldorf
Cohen	Hughes	Mehrkens	Price	
Dahl	Johnson, D.E.	Merriam	Ranum	

Ms. Flynn, Mr. Knaak and Ms. Traub voted in the negative.

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

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Moe, R.D. moved that S.F. No. 467 be laid on the table. The motion prevailed.

INTRODUCTION AND FIRST READING OF SENATE BILLS

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

Ms. Piper, Mr. Marty, Mses. Flynn, Traub and Ranum introduced—

S.F. No. 1544: A bill for an act relating to taxation; expanding eligibility for the child care credit; amending Minnesota Statutes 1990, section 290.067, subdivision 1.

Referred to the Committee on Taxes and Tax Laws.

Mr. Davis introduced—

S.F. No. 1545: A bill for an act relating to highways; designating a portion of trunk highway No. 169 as Elmer L. Andersen scenic highway; amending Minnesota Statutes 1990, section 161.14, by adding a subdivision.

Referred to the Committee on Finance.

Messrs. Larson; Johnson, D.E.; Renneke; Neuville and Frederickson, D.J. introduced—

S.F. No. 1546: A bill for an act relating to agriculture; providing for a study of the potential for making ethanol from Minnesota produced whey; appropriating money.

Referred to the Committee on Agriculture and Rural Development.

Mr. Marty and Ms. Piper introduced—

S.F. No. 1547: A bill for an act relating to individual income taxation; increasing the tax rates on high income individuals; amending Minnesota Statutes 1990, section 290.06, subdivisions 2c and 2d.

Referred to the Committee on Taxes and Tax Laws.

Ms. Olson, Messrs. Benson, D.D.; Belanger; Ms. Reichgott and Mr. Johnson, D.J. introduced—

S.F. No. 1548: A bill for an act relating to taxation; deferring homestead property taxes over two percent of income for persons age 60 or older; providing for payment of lost revenue to taxing jurisdictions; requiring reimbursement when the deferred taxes are paid; appropriating money; amending Minnesota Statutes 1990, sections 273.1392; 276.04, subdivision 2; and 290A.03, subdivision 13; proposing coding for new law in Minnesota Statutes, chapter 273.

Referred to the Committee on Taxes and Tax Laws.

MEMBERS EXCUSED

Mr. Davis was excused from the Session of today from 9:30 to 10:15 a.m. Mr. DeCramer was excused from the Session of today from 10:20 to

11:00 a.m. Mr. Gustafson was excused from the Session of today from 9:30 a.m. to 12:30 p.m. Mr. Hughes was excused from the Session of today from 9:30 a.m. to 1:15 p.m. Ms. Traub was excused from the Session of today from 10:00 to 10:55 a.m. Messrs. Beckman and Johnson, D.E. were excused from the Session of today from 1:05 to 1:40 p.m. Mr. Berg was excused from the Session of today from 1:00 to 5:00 p.m. Messrs. Johnson, D.J.; Merriam and Moe, R.D. were excused from the Session of today from 5:00 to 6:00 p.m. Mr. Lessard was excused from the Session of today at 6:10 p.m.

ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 8:30 a.m., Thursday, May 2, 1991. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate