

## FORTY-FIFTH DAY

St. Paul, Minnesota, Thursday, May 2, 1991

The Senate met at 8:30 a.m. and was called to order by the President.

### CALL OF THE SENATE

Mr. Frank imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by Senator Pat Piper.

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

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

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. 1086 and 700.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 1, 1991

### FIRST READING OF HOUSE BILLS

The following bills were read the first time.

H.F. No. 1086: A bill for an act relating to the financing and operation

of government in Minnesota; establishing a homestead credit trust fund; allowing the imposition of certain local taxes and fees; modifying the administration, computation, collection, and enforcement of taxes and assessments; imposing taxes; changing tax classes, rates, bases, credits, exemptions, withholding, and payments; modifying levy limits and aids to local governments; updating references to the Internal Revenue Code; modifying tax increment financing laws; changing definitions; changing certain bonding provisions; providing for suspension of mandate requirements; providing for certain fund transfers; changing provisions for light rail transit; changing certain eminent domain powers; making technical corrections and clarifications; enacting provisions relating to certain cities, counties, watershed districts, and independent school districts; requiring studies; imposing a fee; imposing a surtax; changing certain provisions relating to certain ambulance and emergency services personnel plans; prescribing penalties; appropriating money; amending Minnesota Statutes 1990, sections 13.51, subdivision 2; 14.03, subdivision 3; 18.022, subdivision 2; 43A.316, subdivision 9; 60A.19, subdivision 8; 69.011, subdivisions 1 and 3; 69.021, subdivisions 4, 6, 7, 8, and 9; 69.54; 84.82, by adding a subdivision; 115B.24, subdivision 2; 116.07, subdivision 4h; 124A.03, subdivision 2, and by adding a subdivision; 138.17, subdivision 1a; 171.06, by adding a subdivision; 268.161, subdivision 1; 270.067, subdivisions 1 and 2; 270.11, subdivision 6; 270.12, subdivision 2, and by adding a subdivision; 270.274, subdivision 1; 270.60; 270.66, subdivision 3; 270.68, subdivision 1; 270.69, subdivisions 2, 8, 9, and by adding a subdivision; 270.70, subdivision 10; 270.75, subdivision 4; 270A.03, subdivision 7; 270B.09; 272.02, subdivision 4; 272.025, subdivision 1; 272.31; 272.479; 272.482; 272.483; 272.485; 272.486; 272.67, subdivision 6; 273.11, subdivision 1, and by adding subdivisions; 273.111, subdivision 6; 273.112, subdivisions 1, 2, 3, and 4; 273.12; 273.124, subdivisions 1, 7, 13, and 14; 273.13, subdivisions 22, 23, 24, 25, 31, 32, and by adding a subdivision; 273.1398, subdivisions 6 and 7; 273.1399, subdivisions 1 and 3; 275.065, subdivisions 1a, 3, 5a, and 6; 275.08, subdivision 1b; 275.125, by adding a subdivision; 275.50, subdivisions 5, 5a, and 5b; 275.51, subdivisions 3f, 3h, and 3j; 275.54, subdivision 3; 276.04, subdivision 2; 276.041; 277.01; 278.01; 279.01, subdivisions 1 and 2; 279.03, subdivision 1a; 279.06; 281.17; 282.01, subdivision 1; 287.22; 289A.01; 289A.02, by adding a subdivision; 289A.08, by adding a subdivision; 289A.11, subdivision 1; 289A.12, by adding a subdivision; 289A.18, subdivisions 1, 2, and 4; 289A.19, subdivisions 1 and 2; 289A.20, subdivisions 1, 2, 4, and by adding a subdivision; 289A.25, subdivision 10; 289A.26, subdivisions 1, 6, and by adding a subdivision; 289A.30, subdivision 1; 289A.31, subdivision 1; 289A.35; 289A.37, subdivision 1; 289A.38, subdivisions 9, 10, and 12; 289A.42, subdivisions 1 and 2; 289A.50, subdivision 1; 289A.56, subdivision 2; 289A.60, subdivisions 2, 4, 12, 15, and by adding a subdivision; 290.01, subdivisions 19, 19a, 19b, and 19d; 290.014, subdivisions 2, 3, 4, and 5; 290.05, subdivision 3; 290.06, subdivisions 2c, 2d, 21, 22, 23, and by adding subdivisions; 290.067, subdivisions 1 and 2a; 290.068, subdivisions 1, 2, and 5; 290.0802, subdivisions 1 and 2; 290.091, subdivisions 1 and 2; 290.0921, subdivision 8; 290.0922, subdivision 1, and by adding a subdivision; 290.17, subdivisions 1, 2, and 5; 290.191, subdivisions 6, 8, and 11; 290.35, subdivision 3; 290.431; 290.611, subdivision 1; 290.92, subdivisions 1, 4b, 4c, 12, 26, 27, and by adding a subdivision; 290.923, by adding a subdivision; 290.9727, subdivisions 1, 3, and by adding subdivisions; 290A.03, subdivisions 3 and 7; 290A.04, by adding

a subdivision; 290A.05; 290A.091; 295.01, subdivision 10; 295.34, subdivision 1; 296.026, subdivisions 2, 7, and by adding a subdivision; 296.14, subdivision 1; 297.01, subdivision 7; 297.03, subdivisions 1, 2, 4, and 6; 297.07, subdivision 5; 297.08, subdivision 1; 297.11, subdivision 1, and by adding subdivisions; 297.35, subdivision 1; 297.43, by adding a subdivision; 297A.01, subdivisions 3, 8, 10, 15, and by adding a subdivision; 297A.02, subdivisions 1, 2, 3, and by adding subdivisions; 297A.14, by adding a subdivision; 297A.15, by adding a subdivision; 297A.21, subdivisions 1 and 4; 297A.211, subdivision 2; 297A.24; 297A.25, subdivisions 1, 10, 11, 12, and by adding a subdivision; 297A.255, subdivision 5; 297A.257, subdivisions 2 and 2a; 297A.259; 297A.44, subdivision 1, and by adding a subdivision; 297B.02, by adding a subdivision; 297B.09, by adding a subdivision; 297C.03, subdivisions 1 and 6; 297C.04; 297C.10, by adding a subdivision; 297D.01, subdivision 3; 297D.02; 297D.04; 297D.05; 297D.07; 297D.09, subdivisions 1 and 1a; 297D.11; 297D.12, subdivision 1; 297D.13, subdivisions 1 and 3; 297D.14; 298.01, subdivisions 3, 4, and by adding subdivisions; 298.015, subdivision 1; 298.16; 298.21; 298.27; 325D.32, subdivision 10, and by adding a subdivision; 325D.415; 336.9-411; 349.212, subdivision 4; 353D.01; 353D.02; 353D.03; 353D.05; 353D.06; 357.18, subdivision 2; 375.192, subdivision 2; 386.46; 398A.04, subdivision 8; 414.031, subdivision 6; 414.0325, subdivision 4; 414.033, subdivision 7; 414.06, subdivision 4; 414.061, subdivision 3; 430.102, subdivisions 3 and 4; 462C.03, subdivision 10; 469.012, subdivision 8; 469.176, subdivision 1; 469.1763, subdivisions 1, 2, 3, 4, and by adding a subdivision; 469.177, subdivisions 1 and 8; 469.1771, subdivisions 2 and 4; 469.179, by adding a subdivision; 469.190, subdivision 7; 473.3994, by adding a subdivision; 473.843, subdivision 3; 473F.01; 473F.02, subdivisions 3, 8, 12, and 13; 473F.05; 473F.06; 473F.07; 473F.08, subdivisions 2, 5, and 6; 473F.09; 473F.13, subdivision 1; 477A.011, subdivisions 27, as amended, and 28, as amended; 477A.012, subdivision 6, as added, and by adding a subdivision; 477A.013, subdivision 8, as added; 477A.0135, as added; 477A.014, subdivisions 1, as amended, 4, and by adding subdivisions; 477A.015; 477A.03, subdivision 1; 508.25; 508A.25; 515A.1-105, subdivision 1; Laws 1974, chapter 285, section 4, as amended; Laws 1980, chapter 511, section 1, subdivision 2; Laws 1986, chapter 462, section 31; Laws 1987, chapter 268, article 11, section 12; Laws 1989, First Special Session chapter 1, article 14, section 16; Laws 1990, chapter 604, article 2, section 22; article 3, section 46, subdivision 1; and article 6, section 11; proposing coding for new law in Minnesota Statutes, chapters 16A; 117; 268; 270; 272; 273; 275; 276; 277; 290; 295; 296; 297; 297A; 325D; 353D; 373; 451; and 471; repealing Minnesota Statutes 1990, sections 272.487; 272.50; 272.51; 272.52; 272.53; 273.137; 273.1398; 277.02; 277.05; 277.06; 277.07; 277.08; 277.09; 277.10; 277.11; 277.12; 277.13; 289A.19, subdivision 6; 290.068, subdivision 6; 290.069, subdivisions 2a, 4a, and 4b; 290.17, subdivision 7; 290.191, subdivision 7; 290.48, subdivisions 5 and 8; 296.028; 297A.257, subdivisions 1, 2b, and 3; 297A.39, subdivision 9; 298.05; 298.06; 298.07; 298.08; 298.09; 298.10; 298.11; 298.12; 298.13; 298.14; 298.15; 298.19; 298.20; 473F.02, subdivisions 9, 11, 16, 17, 18, 19, and 20; 473F.12; 473F.13, subdivisions 2 and 3; 477A.011; 477A.012; 477A.013; 477A.014; 477A.015; 477A.016; 477A.017; and 477A.03; Laws 1986, chapter 399, article 1, section 5; and Laws 1989, chapter 277, article 4, section 2.

Mr. Moe, R.D. moved that H.F. No. 1086 be laid on the table. The motion prevailed.

H.F. No. 700: A bill for an act relating to education; providing for general education revenue; transportation; special programs; community service programs; facilities and equipment; other aids and levies; miscellaneous education related programs; library programs; education agency services; art education programs; maximum effort school loan programs; authorizing bonding; appropriating money; amending Minnesota Statutes 1990, sections 120.08, subdivision 3; 120.101, subdivisions 5, 9, and by adding a subdivision; 120.17, subdivisions 3b and 7a; 120.181; 121.11, subdivision 12; 121.148, subdivision 1; 121.15, subdivisions 7 and 9; 121.155; 121.585, subdivision 3; 121.611, subdivision 2; 121.88, subdivisions 9 and 10; 121.882, subdivisions 2, 6, and by adding a subdivision; 121.904, subdivisions 4a and 4e; 121.912, by adding a subdivision; 122.22, subdivisions 7a and 9; 122.23, subdivisions 2 and 3; 122.242, subdivision 9; 122.531, by adding subdivisions; 122.535, subdivision 6; 123.33, subdivision 1; 123.34, subdivision 9; 123.35, subdivisions 8, 17, and by adding a subdivision; 123.3514, subdivisions 3, 4, 4c, and by adding a subdivision; 123.38, subdivision 2b; 123.702; 123.951; 124.155, subdivision 2; 124.17, subdivisions 1 and 1b; 124.175; 124.19, subdivisions 1, 7, and by adding a subdivision; 124.195, subdivisions 9, 11, and 12; 124.223, subdivisions 1 and 8; 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, subdivisions 1 and 3; 124.2721, subdivisions 1, 2, and 3; 124.2725, subdivisions 6 and 13; 124.273, subdivision 1b; 124.311, subdivision 4; 124.32, subdivisions 1b and 10; 124.332, subdivisions 1 and 2; 124.431, by adding a subdivision; 124.573, subdivisions 2b and 3a; 124.574, subdivision 2b; 124.575, subdivisions 1, 2, 3, and 4; 124.646; 124.83, subdivision 4; 124.86, subdivision 2; 124A.03; 124A.04; 124A.22, subdivisions 2, 4, 5, 8, 9, and by adding subdivisions; 124A.23, subdivisions 1, 4, and 5; 124A.24; 124A.26, subdivision 1; 124A.29, subdivision 1; 124A.30; 124C.03, subdivision 2; 125.12, subdivisions 3, 6b, and by adding subdivisions; 125.17, subdivision 2, and by adding subdivisions; 125.185, subdivisions 4 and 4a; 125.231; 126.22, subdivisions 2 and 4; 126.23; 126.266, subdivision 2; 126.661, subdivision 5, and by adding a subdivision; 126.663, subdivision 2; 126.666, subdivision 2, and by adding subdivisions; 126.67, subdivision 2b; 126.70, subdivisions 1, 2, and 2a; 127.29, by adding a subdivision; 128A.05, subdivision 3; 129C.10; 136D.27, subdivisions 1, 2, and 3; 136D.72, subdivision 1; 136D.74, subdivisions 2, 2a, and 2b; 136D.76, subdivision 2; 136D.87, subdivisions 1, 2, and 3; 141.25, subdivision 8; 141.26, subdivision 5; 145.926; 148.191, subdivision 2; 171.29, subdivision 2; 245A.03, subdivision 2; 260.015, subdivision 19; 268.08, subdivision 6; 273.1398, subdivision 6; 275.06; 275.125, subdivisions 4, 5, 5b, 5c, 8b, 8e, and 11d, and by adding a subdivision; 298.28, subdivision 4; Laws 1989, chapter 329, article 6, section 53, as amended; proposing coding for new law in Minnesota Statutes, chapters 3; 120; 121; 123; 124; 125; 134; 373; 473; repealing Minnesota Statutes 1990, sections 3.865; 3.866; 120.011; 121.111; 122.531, subdivision 5; 123.351, subdivision 10; 123.706; 123.707; 123.744; 124.225, subdivisions 3, 4b, 7c, 8b, 8i, 8j; 124.252; 124.575; 124C.01, subdivision 2; 124C.41, subdivisions 6 and 7; 126.70, subdivisions 2 and 2a; 275.125, subdivision 8c; and Laws 1988, chapter 703, article 1, section 23, as amended; Laws 1989, chapter 293, section 82; Laws 1989, chapter 329, articles 4, section 40; 9, section 30; and 12, section 8; Laws 1990, chapter 562, article 6, section 36.

Mr. Moe, R.D. moved that H.F. No. 700 be laid on the table. The motion

prevailed.

### REPORTS OF COMMITTEES

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

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

H.F. No. 317 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.
317	227				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 317 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 317 and insert the language after the enacting clause of S.F. No. 227, the second engrossment; further, delete the title of H.F. No. 317 and insert the title of S.F. No. 227, the second engrossment.

And when so amended H.F. No. 317 will be identical to S.F. No. 227, and further recommends that H.F. No. 317 be given its second reading and substituted for S.F. No. 227, 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. 1054 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.
1054	813				

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. 813 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.
813	775				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 813 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 813 and insert the language after the enacting clause of S.F. No. 775, the first engrossment; further, delete the title of H.F. No. 813 and insert the title of S.F. No. 775, the first engrossment.

And when so amended H.F. No. 813 will be identical to S.F. No. 775, and further recommends that H.F. No. 813 be given its second reading and substituted for S.F. No. 775, 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. 922 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.
922	772				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 922 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 922 and insert the language after the enacting clause of S.F. No. 772, the second engrossment; further, delete the title of H.F. No. 922 and insert the title of S.F. No. 772, the second engrossment.

And when so amended H.F. No. 922 will be identical to S.F. No. 772, and further recommends that H.F. No. 922 be given its second reading and substituted for S.F. No. 772, 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. 1208 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:

<b>GENERAL ORDERS</b>		<b>CONSENT CALENDAR</b>		<b>CALENDAR</b>	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1208	970				

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. 478 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

<b>GENERAL ORDERS</b>		<b>CONSENT CALENDAR</b>		<b>CALENDAR</b>	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
478	508				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 478 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 478 and insert the language after the enacting clause of S.F. No. 508, the first engrossment; further, delete the title of H.F. No. 478 and insert the title of S.F. No. 508, the first engrossment.

And when so amended H.F. No. 478 will be identical to S.F. No. 508, and further recommends that H.F. No. 478 be given its second reading and substituted for S.F. No. 508, and that the Senate File be indefinitely postponed.

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

## **SECOND READING OF HOUSE BILLS**

H.F. Nos. 317, 1054, 813, 922, 1208 and 478 were read the second time.

## **MOTIONS AND RESOLUTIONS**

Mr. Davis moved that the name of Mr. Marty be added as a co-author to S.F. No. 1545. The motion prevailed.

### 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.

Mr. Moe, R.D. moved that H.F. No. 700 be taken from the table. The motion prevailed.

### SUSPENSION OF RULES

Mr. Moe, R.D. moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 700 and that the rules of the Senate be so far suspended as to give H.F. No. 700 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 700 was read the second time.

Mr. Dicklich moved to amend H.F. No. 700 as follows:

Delete everything after the enacting clause, and delete the title, of H.F. No. 700, and insert the language after the enacting clause, and the title, of S.F. No. 467, the fourth engrossment.

The motion prevailed. So the amendment was adopted.

H.F. No. 700 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 64 and nays 2, as follows:

Those who voted in the affirmative were:

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

Mr. Knaak and Ms. Traub voted in the negative.

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

Mr. Moe, R.D. moved that H.F. No. 1086 be taken from the table. The motion prevailed.

### SUSPENSION OF RULES

Mr. Moe, R.D. moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 1086 and that the rules of the Senate be so far suspended as to give H.F. No. 1086 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 1086 was read the second time.



Mr. Johnson, D.J. moved to amend H.F. No. 1086 as follows:

Delete everything after the enacting clause, and delete the title, of H.F. No. 1086, and insert the language after the enacting clause, and the title, of S.F. No. 1009, the first engrossment.

The motion prevailed. So the amendment was adopted.

### CALL OF THE SENATE

Mr. Pogemiller imposed a call of the Senate for the balance of the proceedings on H.F. No. 1086. The Sergeant at Arms was instructed to bring in the absent members.

Mr. Johnson, D.J. moved to amend H.F. No. 1086, as amended by the Senate May 2, 1991, as follows:

(The text of the amended House File is identical to S.F. No. 1009.)

Page 25, line 18, delete "(ii)" and insert "(iii)"

Page 26, line 35, after "under" insert "section 273.13, subdivision 25, paragraph (c), clause (3), item (iii), or valued under section 273.11, subdivision 11,"

Page 27, line 2, delete "this section had not been applied" and insert "the property had not been classified under section 273.13, subdivision 25, paragraph (c), clause (3), item (iii), or valued under section 273.11, subdivision 11"

Page 27, line 13, reinstate the stricken language and delete the new language

Page 27, line 20, delete "50" and insert "55"

Page 27, line 21, reinstate the stricken "ten" and delete "12"

Page 28, line 29, delete the new language and insert "\$40,100,000"

Page 65, line 26, after the period, insert "Notwithstanding section 9 and the requirements of the preceding sentence, no city with a population of 500 or less will receive an aid reduction under this subdivision."

Page 66, line 7, after the period, insert "Notwithstanding section 10 and the requirements of the preceding sentence, no city with a population of 500 or less will receive an aid reduction under this subdivision."

Page 66, after line 12, insert:

"Sec. 19. Minnesota Statutes 1990, section 477A.013, is amended by adding a subdivision to read:

*Subd. 11. [MUNICIPAL OVERBURDEN AID.] For aids payable in 1992 and subsequent years, cities of the first class within the metropolitan area as defined in section 473.121, subdivision 2, will receive municipal overburden aid of a total amount of \$2,500,000. The aid will be distributed among the cities on a per capita basis using populations as defined in section 477A.011, subdivision 3."*

Page 68, line 27, delete "\$6,000,000" and insert "\$6,800,000"

Renumber the sections of article 5 in sequence and correct the internal references

Page 83, line 9, delete "7, and 8" and insert "and 7"

Page 83, line 12, after the period, insert "*Section 8 is effective for taxable years beginning after December 31, 1989.*"

Page 86, line 29, delete " ; and" and insert a period

Page 86, delete lines 30 to 35

Page 91, after line 8, insert:

"Sec. 5. Minnesota Statutes 1990, section 297A.25, subdivision 12, is amended to read:

Subd. 12. [OCCASIONAL SALES.] (a) The gross receipts from the isolated or occasional sale of tangible personal property in Minnesota not made in the normal course of business of selling that kind of property, and the storage, use, or consumption of property acquired as a result of such a sale are exempt.

(b) *This exemption does not apply to sales of tangible personal property primarily used in a trade or business unless (1) the sale occurs in a transaction subject to or described in section 336, 351, 355, 368, or 721 of the Internal Revenue Code of 1986, as amended through December 31, 1990, or (2) the sale is between members of an affiliated group as defined in section 1504(a) of the Internal Revenue Code of 1986, as amended through December 31, 1990.*

(c) *This exemption does not apply to sales at an auction conducted by a person who is paid for conducting the auction.*"

Page 92, line 18, delete "42.8" and insert "42.9"

Page 92, line 19, delete "39" and insert "39.25"

Renumber the sections of article 8 in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Johnson, D.J. then moved to amend H.F. No. 1086, as amended by the Senate May 2, 1991, as follows:

(The text of the amended House File is identical to S.F. No. 1009.)

Page 74, after line 30, insert:

"Section 1. [268.55] [FOODSHELF ACCOUNT.]

*Subdivision 1. [ESTABLISHMENT.] A foodshelf account is established in the state general fund to receive contributions designated on income tax returns and property tax refund forms. The state treasurer shall credit all interest earned on the money to the account.*

*Subd. 2. [DISTRIBUTION OF MONEY.] The statewide grantee designated by the legislature shall periodically distribute money in the account to qualifying foodshelf programs. A foodshelf program qualifies under this section if it is a nonprofit corporation, or is affiliated with a nonprofit corporation, as defined under section 501(c)(3) of the Internal Revenue Code of 1986, and distributes a standard food order without charge to needy individuals. The standard food order must consist of, at least, a two-day supply or six pounds per person of nutritionally balanced food items. A*

*qualifying foodshelf program may not limit food distributions to individuals of a particular religious affiliation, race, or other criteria unrelated to need or to requirements necessary to administration of a fair and orderly distribution system. A qualifying foodshelf program may not use the money received or the food distribution program to foster or advance religious or political views. A qualifying foodshelf must have a stable address and directly serve individuals in a defined geographic area that is not also served in substantial part by another foodshelf. The statewide grantee shall resolve questions of whether two foodshelves are serving in substantial part the same area.*

*Subd. 3. [APPLICATION.] In order to receive money from the foodshelf account, a program must apply to the statewide grantee. The application must be in a form prescribed by the statewide grantee and must contain information specified by the statewide grantee to verify that the applicant is a qualifying foodshelf program and the amount the applicant is entitled to receive under subdivision 4. Applications must be filed at the times and for the periods determined by the statewide grantee.*

*Subd. 4. [DISTRIBUTION FORMULA.] The statewide grantee shall distribute the foodshelf account money to qualifying foodshelf programs either (1) in proportion to the number of individuals served by the program during the prior period of its operation or (2) in proportion to the share of contributions to the foodshelf account from taxpayers who reside in the geographic service area of the foodshelf. The statewide grantee shall gather data from applications or other appropriate sources to determine the proportionate amount each qualifying program is entitled to receive. The statewide grantee may increase or decrease the qualifying program's proportionate amount if it determines the increase or decrease is necessary or appropriate to meet changing needs or demands.*

*Subd. 5. [USE OF MONEY.] Money distributed to foodshelf programs under this section must be used to provide client services to needy individuals and families. Qualified expenditures include purchases of food or personal care items, expenditures for vouchers for those items, and expenditures for transportation of food. None of the money expended may be used to pay for other expenses, such as rent, salaries, and other administrative expenses. Recipients must retain records documenting expenditure of the money for a three-year period and comply with any additional requirements imposed by the statewide grantee.*

*Subd. 6. [ENFORCEMENT.] The statewide grantee may undertake any reasonable actions, including but not limited to on-site inspections and auditing of accounts and records, to ensure that recipients of money under this section comply with the requirements of the law. The statewide grantee may contract with an outside organization to audit or otherwise oversee recipients' use of the money. If ineligible expenditures are made by a recipient, the amount must be repaid to the statewide grantee and deposited in the foodshelf account.*

*Subd. 7. [APPROPRIATION.] (a) The money deposited in the foodshelf account is appropriated to the commissioner of jobs and training, to be awarded to a statewide grantee designated by the legislature, provided the grantee agrees to comply with the requirements in this section, to be distributed to foodshelf programs under this section and for administration of the distribution. None of the money may be retained by the commissioner for administrative expenses or other purposes.*

*(b) For each fiscal year, the statewide grantee may estimate the amounts that will be received during the year by the foodshelf account and may distribute the estimated receipts evenly over the fiscal year even though the contributions are not received until the second half of the year."*

Page 82, after line 36, insert:

"Sec. 9. Minnesota Statutes 1990, section 290.431, is amended to read:

290.431 [NONGAME WILDLIFE ~~CHECKOFF~~ AND FOODSHELF CHECKOFFS.]

*Subdivision 1. [CHECKOFF AUTHORIZED.] Every individual who files an income tax return or property tax refund claim form may designate on their original return that \$1 or more shall be added to the tax or deducted from the refund that would otherwise be payable by or to that individual and paid either into an account to be established for the management of nongame wildlife or into the foodshelf account, or both. The commissioner of revenue shall, on the income tax return and the property tax refund claim form, notify filers of their right to designate that a portion of their tax or refund shall be paid into either the nongame wildlife management account or the foodshelf account, or both.*

*Subd. 2. [DEPOSIT OF MONEY.] The sum of the amounts so designated to be paid shall be credited to the nongame wildlife management account for use by the nongame program of the section of wildlife in the department of natural resources and to the foodshelf account established under section 1.*

*Subd. 3. [NONGAME WILDLIFE ACCOUNT.] All interest earned on money accrued in the nongame wildlife management account shall be credited to the account by the state treasurer. The commissioner of natural resources shall submit a work program for each fiscal year and semiannual progress reports to the legislative commission on Minnesota resources in the form determined by the commission. None of the money provided in this section may be expended unless the commission has approved the work program.*

*Subd. 4. [STATE PLEDGE.] The state pledges and agrees with all contributors to the nongame wildlife management account to use the funds contributed solely for the management of nongame wildlife projects and further agrees that it will not impose additional conditions or restrictions that will limit or otherwise restrict the ability of the commissioner of natural resources to use the available funds for the most efficient and effective management of nongame wildlife.*

*The state further pledges that all money given to the foodshelf programs will be used for foodshelf programs for needy people in Minnesota.*

*Subd. 5. [INFORMATION ON SOURCE.] The commissioner shall annually report to the commissioner of jobs and training the amount of the contributions to that account designated on the tax returns of residents of each county.*

*Subd. 6. [LIMITATIONS ON CHECKOFFS.] (a) No more than two tax checkoffs may be included on income tax returns and property tax refund forms for any taxable year.*

*(b) Beginning with the third taxable year when a tax checkoff for contributions for a specific purpose is included on the tax form, if the contributions designated for a tax year equal less than \$300,000, the checkoff program for that purpose will terminate and that checkoff will no longer be included on the income tax returns and property tax refund forms for subsequent years."*

Page 83, after line 7, insert:

"Sec. 11. [STATEWIDE GRANTEE.]

*The statewide grantee for the fiscal year ending June 30, 1992, and subsequent years until changed by the legislature is the Minnesota foodshelf association."*

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 36 and nays 28, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Kroening	Piper	Spear
Benson, J.E.	Finn	Luther	Price	Stumpf
Berglin	Flynn	Marty	Ranum	Traub
Bernhagen	Frederickson, D.J.	Metzen	Reichgott	Waldorf
Brataas	Hottinger	Moe, R.D.	Riveness	
Cohen	Hughes	Mondale	Sams	
Davis	Johnson, D.J.	Neuville	Samuelson	
DeCramer	Kelly	Pappas	Solon	

Those who voted in the negative were:

Beckman	Day	Johnson, J.B.	Lessard	Olson
Belanger	Frank	Johnston	McGowan	Pogemiller
Benson, D.D.	Frederickson, D.R.	Knaak	Mehrrens	Renneke
Berg	Gustafson	Laidig	Merriam	Vickerman
Bertram	Halberg	Langseth	Morse	
Dahl	Johnson, D.E.	Larson	Novak	

The motion prevailed. So the amendment was adopted.

Mr. Moe, R.D. moved to amend H.F. No. 1086, as amended by the Senate May 2, 1991, as follows:

(The text of the amended House File is identical to S.F. No. 1009.)

Pages 4 to 29, delete article 2 and insert:

## "ARTICLE 2

### PROPERTY TAX CLASSIFICATION AND VALUATION

#### Section 1. [273.125] [DEFINITIONS.]

*Subdivision 1. [APPLICATION.] The definitions listed in subdivisions 2 to 10 must be used in classifying property under section 273.126.*

*Subd. 2. [RESIDENTIAL PROPERTY.] "Residential property" means a dwelling occupied by one or more persons and includes seasonal recreational property used for either commercial or noncommercial purposes, hospitals as defined in section 144.50, subdivision 6, and subsidized housing, but*

*excludes nonsubsidized residential property containing four or more dwelling units.*

**Subd. 3. [AGRICULTURAL LAND.]** "Agricultural land" means land primarily used during the preceding year for agricultural purposes. Agricultural land may include 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.

**Subd. 4. [AGRICULTURAL PURPOSES.]** "Agricultural purposes" means the raising or cultivation of agricultural products, including: (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 produced 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).

**Subd. 5. [TIMBERLAND PROPERTY.]** "Timberland property" is real estate, rural in character and used exclusively for growing trees for timber, lumber, and wood and wood products.

**Subd. 6. [SUBSIDIZED HOUSING.]** "Subsidized housing" means:

(a) A structure 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 loan made by the Minnesota housing finance agency pursuant to the provisions of either of those acts and acts amendatory thereof. This paragraph applies only to property of a nonprofit or limited dividend entity. Property is classified under this paragraph for 15 years from the date of the completion of the original construction or substantial rehabilitation, or for the original term of the loan.

(b) A structure that is:

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

(2) 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 under this clause for the term of the housing assistance payments contract, including all renewals, or for the term of its permanent financing, whichever is shorter; and

(3) a qualified low-income building that (i) receives a low-income housing credit under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1988, or (ii) meets the requirements of that section. Classification under this clause is limited to a term of 15 years.

(c) A parcel of land, not to exceed one acre, and its improvements or a parcel of unimproved land, not to exceed one acre, if it is owned by a neighborhood real estate trust and at least 60 percent of the dwelling units, if any, on all land owned by the trust are leased to or occupied by lower income families of individuals. This paragraph does not apply to any part

*of the land or improvements used for nonresidential purposes. For purposes of this paragraph, 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 paragraph, "neighborhood real estate trust" is further defined to mean an entity which is certified by the governing body of the municipality in which it is located to have the following characteristics: (1) it is a nonprofit corporation organized under chapter 317A; (2) it has as its principal purpose providing housing for lower income families in a specific geographic community designated in its articles or bylaws; (3) it limits membership with voting rights to residents of the designated community; and (4) 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.*

*(d) A structure:*

*(1) 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;*

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

*(3) financed by a direct loan or insured loan from the farmers home administration.*

*Property is classified under this paragraph for 15 years from the date of the completion of the original construction or for the original term of the loan.*

*This subdivision applies to the property described 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 has 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. This housing is property of a nonprofit or limited dividend entity.*

*Subd. 7. [SEASONAL RECREATIONAL PROPERTY.] "Seasonal recreational property" is real property devoted to seasonal residential occupancy for recreation purposes for not more than 225 days in the year preceding the year of assessment.*

*Subd. 8. [COMMERCIAL RECREATIONAL PROPERTY.] "Commercial recreational property" means real property devoted to a commercial purpose that is contiguous to and used in conjunction with seasonal recreational property that is under the same ownership and management.*

*Subd. 9. [NONPROFIT COMMUNITY SERVICE ORIENTED ORGANIZATION.] A "nonprofit community service oriented organization" means real property up to a maximum of one acre of land owned by a nonprofit community service oriented organization. The property must not be used for a revenue-producing activity for more than six days in the calendar year preceding the year of assessment, and the property must not be used for residential purposes on either a temporary or permanent basis. For purposes of this subdivision, 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, 1990. For purposes of this subdivision, "revenue-producing activities" includes but is not limited to property, or that part 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. 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, is not considered a revenue-producing activity.

Subd. 10. [MANUFACTURED HOME PARK.] "Manufactured home park" means any site, lot, field, or tract of land upon which two or more occupied manufactured homes are located, either free of charge or for compensation, and includes any building, structure, tent, vehicle, or enclosure used or intended for use as part of the equipment of the manufactured home park.

Sec. 2. [273.126] [VALUATION AND CLASSIFICATION OF PROPERTY.]

Subdivision 1. [MANNER OF VALUATION AND CLASSIFICATION.] All real and personal property subject to a general property tax and not subject to a gross earnings or other fee in lieu of tax, is classified as provided by this section.

Subd. 2. [CLASS 1.] Class 1 property must be valued at 100 percent of market value, provided that 75 percent of the market value is exempt from valuation for purposes of real estate taxes. Class 1 property includes agricultural land and improvements, and timberland property. The combined market value of each house, garage, and the immediately surrounding one acre of land is class 2 property.

Subd. 3. [CLASS 2.] Class 2 property must be valued at 100 percent of market value, provided that 50 percent of the market value is exempt from valuation for purposes of real estate taxes. Class 2 property includes residential property.

For all types of subsidized housing, the assessor shall determine the market value by using the normal approach to value and using normal unrestricted rents.

Subd. 4. [CLASS 3.] Class 3 property must be valued at 100 percent of market value, with a 25 percent exemption for purposes of valuation for real estate taxes. "Market value" for purposes of this subdivision includes the land and the buildings. Class 3 property includes:

(1) residential real estate with 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;

(2) that portion of the market value of commercial, industrial, and utility property that does not exceed \$120,000. In the case of state-assessed commercial, industrial, and utility property owned by one person or entity, only



*one parcel has a 25 percent exemption on the first \$120,000 of market value. In the case of other commercial, industrial, and utility property owned by one person or entity, only one parcel in each county has a 25 percent exemption on the first \$120,000 of market value;*

*(3) manufactured home parks of four or more units;*

*(4) commercial recreational property; and*

*(5) real property up to a maximum of one acre of land owned by a nonprofit community service oriented organization.*

*Subd. 5. [CLASS 4.] Class 4 property must be valued at 100 percent of market value. Class 4 property includes:*

*(1) that portion of the market value of commercial, industrial, and utility property in excess of \$120,000;*

*(2) tools, implements, and machinery of an electric generating 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, which are fixtures; and*

*(3) unmined iron ore and low-grade iron-bearing formations as defined in section 273.14.*

*Subd. 6. [UNIMPROVED LAND.] Real property that is not improved with a structure and that is not used as part of a commercial or industrial activity must be classified according to its highest and best use permitted under the local zoning ordinance, and consistent with this section. If no ordinance exists, the land must be classified in the same manner as the surrounding land or land in the most immediate proximity to the vacant land.*

*Subd. 7. [SUBSTANDARD BUILDINGS.] The amount of market value exempt from property taxes for residential property that is found to be a substandard building under section 273.1316 shall be reduced by 25 percent of the property's market value.*

*Subd. 8. [MULTI-USE PROPERTY.] In the case of multi-use property, the valuation and classification is apportioned according to the uses of the property.*

**Sec. 3. Minnesota Statutes 1990, section 273.13, is amended by adding a subdivision to read:**

**Subd. 33. [PAYABLE 1992 TRANSITION RATES FOR REAL PROPERTY.]**

*For taxes payable in 1992, the following class rates apply to properties, as classified and defined in Minnesota Statutes 1990, section 273.13, subdivisions 21a to 32:*

*(a) Class 1a and 1b property has a class rate of 1.3 percent for the first \$68,000 of market value, a class rate of 2.0 percent for the portion of market value in excess of \$68,000 but not exceeding \$110,000, and a class rate of 2.7 percent for that portion of market value exceeding \$110,000.*

*(b) Class 1c property has a class rate of 1.2 percent for the first \$32,000 of market value and a class rate of 1.3 percent for the portion of market value in excess of \$32,000 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. The remainder of class 1c property has a class rate of 2.2 percent.

(c) Class 2a agricultural land has the following class rates: the market value of the house and garage and immediately surrounding one acre of land has the same class rates specified in this subdivision for class 1a property. 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 class rate of 0.6 percent. The remaining value of class 2a property over \$110,000 of market value that does not exceed 320 acres has a class rate of 1.2 percent. The remaining property over \$110,000 market value in excess of 320 acres has a class rate of 1.4 percent.

(d) Class 2b timberland has a class rate of 1.4 percent.

(e) Class 2b agricultural land has a class rate of 2.7 percent for the house, garage, and immediately surrounding one acre; the remainder of the land has a class rate of 1.4 percent.

(f) Class 3a property has a class rate of 3.0 percent for the first \$120,000 of market value and a class rate of 4.6 percent for the portion of market value in excess of \$120,000. In the case of state-assessed commercial, industrial, and utility property owned by one person or entity, only one parcel has a reduced class rate on the first \$120,000 of market value. In the case of other class 3a property owned by one person or entity, only one parcel in each county has a reduced class rate on the first \$120,000 of market value.

(g) Class 3b property has a class rate of 3.0 percent for the first \$120,000 of market value and a class rate of 4.6 percent for the portion of market value in excess of \$120,000. Class 3b property qualifying for reduced class rates under subdivision 24, paragraph (b), has a class rate of 3.0 percent.

(h) Class 4a property has a class rate of 3.4 percent.

(i) Class 4b property has a class rate of 2.7 percent.

(j) Class 4c property has a class rate of 2.2 percent, except that the land on which structures described in subdivision 25, paragraphs (c), clauses (1) to (3), and (d), are located has the following class rate: 2.7 percent if the structure contains fewer than four units, and 3.1 percent if the structure contains four or more units.

(k) Class 4d property has a class rate of 2.0 percent.

(l) Class 5 property has a class rate of 4.6 percent.

Sec. 4. Minnesota Statutes 1990, section 273.13, is amended by adding a subdivision to read:

*Subd. 34. [PAYABLE 1993 TRANSITION RATES FOR REAL PROPERTY.] For taxes payable in 1993, the following class rates apply to properties, as classified and defined in Minnesota Statutes 1990, section 273.13, subdivisions 21a to 32.*

(a) Class 1a and 1b property has a class rate of 1.7 percent for the first \$68,000 of market value, a class rate of 2.0 percent for the portion of market value in excess of \$68,000 but not exceeding \$110,000, and a class rate

of 2.3 percent for that portion of market value exceeding \$110,000.

(b) Class 1c property has a class rate of 1.6 percent for the first \$32,000 of market value and a class rate of 1.7 percent for the portion of market value in excess of \$32,000 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. The remainder of class 1c property has a class rate of 2.1 percent.

(c) Class 2a agricultural land has the following class rates: the market value of the house and garage and immediately surrounding one acre of land has the same class rates specified in this subdivision for class 1a property. 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 class rate of 0.8 percent. The remaining value of class 2a property over \$110,000 of market value that does not exceed 320 acres has a class rate of 1.1 percent. The remaining property over \$110,000 market value in excess of 320 acres has a class rate of 1.2 percent.

(d) Class 2b timberland has a class rate of 1.2 percent.

(e) Class 2b agricultural land has a class rate of 2.4 percent for the house, garage, and immediately surrounding one acre; the remainder of the land has a class rate of 1.2 percent.

(f) Class 3a property has a class rate of 3.0 percent for the first \$120,000 of market value and a class rate of 4.3 percent for the portion of market value in excess of \$120,000. In the case of state-assessed commercial, industrial, and utility property owned by one person or entity, only one parcel has a reduced class rate on the first \$120,000 of market value. In the case of other class 3a property owned by one person or entity, only one parcel in each county has a reduced class rate on the first \$120,000 of market value.

(g) Class 3b property has a class rate of 3.0 percent for the first \$120,000 of market value and a class rate of 4.3 percent for the portion of market value in excess of \$120,000. Class 3b property qualifying for reduced class rates under subdivision 24, paragraph (b), has a class rate of 3.0 percent.

(h) Class 4a property has a class rate of 3.2 percent.

(i) Class 4b property has a class rate of 2.3 percent.

(j) Class 4c property has a class rate of 2.1 percent, except that the land on which structures described in subdivision 25, paragraphs (c), clauses (1) to (3), and (d), are located has the following class rate: 2.3 percent if the structure contains fewer than four units, and 2.5 percent if the structure contains four or more units.

(k) Class 4d property has a class rate of 2.0 percent.

(l) Class 5 property has a class rate of 4.3 percent.

Sec. 5. Minnesota Statutes 1990, section 273.1316, subdivision 6, is amended to read:

Subd. 6. [TIMING OF PROCESS.] If a notice of noncompliance is mailed before July 1 of any year, and the property owner has neither (1) successfully

appealed the determination, nor (2) brought the property into compliance by October 15 of that year, the property will be assessed under section 273.13 273.126, subdivision 25 7, ~~paragraph (e)~~, for taxes levied in that year and all subsequent years until the agency determines that the property is no longer a substandard building, or the property owner prevails on an appeal of the matter. If a notice of noncompliance is mailed after June 30 of any year, the disqualification would initially be effective for taxes levied in the following year.

Sec. 6. Minnesota Statutes 1990, section 275.08, is amended by adding a subdivision to read:

*Subd. 5. [COMPUTATION OF TAXABLE VALUE; MILL RATE.] For taxes levied in 1993 and payable in 1994 and subsequent years, the county auditor shall compute the taxable value for each parcel according to the classification system described in section 273.126. The taxable value is the parcel's market value, less any exemption. The tax rate is expressed as a mill rate.*

Sec. 7. [PROPOSED LEGISLATION.]

*The commissioner of revenue shall prepare legislation for introduction in the 1993 legislative session to change references to Minnesota Statutes, section 273.13, to the appropriate section and subdivision and to change references to particular class rates to the appropriate exemption rates. The proposed legislation shall also change "tax capacity" to "taxable value" where it is appropriate to the context of the statute, and change "class rates" to "exemption rates." The revisor of statutes shall assist in the preparation of the legislation as requested by the commissioner. Legislation proposed under this section is not subject to fees under Minnesota Statutes, sections 3C.035, subdivision 2, and 3C.056.*

Sec. 8. [REPEALER.]

*Minnesota Statutes 1990, sections 273.124 and 273.13, are repealed.*

Sec. 9. [EFFECTIVE DATES.]

*Section 3 is effective for taxes levied in 1991, and payable in 1992. Section 4 is effective for taxes levied in 1992, and payable in 1993. Sections 1, 2, 5, 6, and 8 are effective for taxes levied in 1993, payable in 1994, and thereafter.*

### ARTICLE 3

#### INCOME SENSITIVE HOMESTEAD CREDIT

Section 1. Minnesota Statutes 1990, section 289A.18, subdivision 5, is amended to read:

*Subd. 5. [PROPERTY TAX REFUND CLAIMS.] A claim for a refund based on property taxes payable must be filed with the commissioner on or before ~~August 15~~ May 15 of the year in which the property taxes are due and payable. Any claim for refund based on rent paid must be filed on or before August 15 of the year following the year in which the rent was paid.*

Sec. 2. Minnesota Statutes 1990, section 289A.56, subdivision 6, is amended to read:

*Subd. 6. [PROPERTY TAX REFUNDS UNDER CHAPTER 290A.] (a) When a renter is owed a property tax refund, an unpaid refund bears interest after August 14, or 60 days after the refund claim was made, whichever is*

later, until the date the refund is paid.

(b) When any other claimant is owed a property tax refund, the unpaid refund bears interest after ~~September 29~~ *July 14*, or 60 days after the refund claim was made, whichever is later, until the date the refund is paid.

Sec. 3. Minnesota Statutes 1990, section 290A.01, is amended to read:  
290A.01 [CITATION.]

This chapter may be cited as the "state of Minnesota ~~property tax refund~~ *income sensitive homestead credit* act."

Sec. 4. Minnesota Statutes 1990, section 290A.04, subdivision 2, is amended to read:

Subd. 2. [HOMEOWNERS.] A claimant whose property taxes payable are in excess of the percentage of the household income stated below shall pay an amount equal to the percent of income shown for the appropriate household income level along with the percent to be paid by the claimant of the remaining amount of property taxes payable. The state refund equals the amount of property taxes payable that remain, up to the state refund amount shown below.

Household Income	Percent of Income	Percent Paid by Claimant	Maximum State Refund
\$0 to 999	<del>1.2</del> 2.0 percent	22 8 percent	\$400 \$600
1,000 to 1,999	<del>1.3</del> 2.0 percent	24 10 percent	\$400 \$600
2,000 to 2,999	<del>1.4</del> 2.0 percent	26 12 percent	\$400 \$600
3,000 to 3,999	<del>1.6</del> 2.0 percent	28 14 percent	\$400 \$600
4,000 to 4,999	<del>1.7</del> 2.0 percent	30 16 percent	\$400 \$600
5,000 to 5,999	<del>1.9</del> 2.0 percent	33 20 percent	\$400 \$600
6,000 to 6,999	<del>1.9</del> 2.0 percent	35 22 percent	\$400 \$600
7,000 to 7,999	<del>2.1</del> 2.0 percent	38 24 percent	\$400 \$600
8,000 to 8,999	<del>2.2</del> 2.0 percent	40 26 percent	\$400 \$600
9,000 to 9,999	<del>2.3</del> 2.0 percent	42 27 percent	\$400 \$600
10,000 to <del>10,999</del> 14,999	<del>2.4</del> 2.1 percent	45 28 percent	\$400 \$600
<del>11,000 to 11,999</del>	<del>2.5 percent</del>	<del>48 percent</del>	\$400
<del>12,000 to 13,999</del>	<del>2.6 percent</del>	<del>48 percent</del>	\$400
<del>14,000 to 14,999</del>	<del>2.8 percent</del>	<del>48 percent</del>	\$400
<del>15,000 to 15,999</del> 19,999	<del>3.0</del> 2.1 percent	50 30 percent	\$400 \$600
<del>16,000 to 16,999</del>	<del>3.2 percent</del>	<del>50 percent</del>	\$400
<del>17,000 to 20,999</del>	<del>3.3 percent</del>	<del>50 percent</del>	\$400
<del>21,000 to 23,999</del>	<del>3.4 percent</del>	<del>50 percent</del>	\$400
<del>24,000 to 24,999</del>	<del>3.5 percent</del>	<del>50 percent</del>	\$400

25,000 to 27,999	3.5 percent	50 percent	\$400
28,000 to 29,999	3.5 percent	50 percent	\$400
30,000 to 34,999	3.5 percent	55 percent	\$400
35,000 to 39,999	3.7 percent	55 percent	\$400
40,000 to 56,999	4.0 percent	55 percent	\$400
20,000 to 45,999	2.2 percent	30 percent	\$600
46,000 to 46,999	2.2 percent	31 percent	\$600
47,000 to 47,999	2.2 percent	32 percent	\$600
48,000 to 48,999	2.2 percent	33 percent	\$600
49,000 to 49,999	2.2 percent	34 percent	\$600
50,000 to 50,999	2.2 percent	35 percent	\$600
51,000 to 51,999	2.2 percent	36 percent	\$600
52,000 to 52,999	2.2 percent	37 percent	\$600
53,000 to 53,999	2.2 percent	38 percent	\$600
54,000 to 54,999	2.2 percent	39 percent	\$600
55,000 to 55,999	2.2 percent	40 percent	\$600
56,000 to 56,999	2.2 percent	42 percent	\$600
57,000 to 57,999	4.0	55	\$300
	2.2 percent	44 percent	\$600
58,000 to 58,999	4.0	55	\$200
	2.2 percent	46 percent	\$600
59,000 to 59,999	4.0	55	\$100
	2.2 percent	48 percent	\$600
60,000 to 60,999	2.4 percent	50 percent	\$550
61,000 to 61,999	2.6 percent	52 percent	\$500
62,000 to 62,999	2.7 percent	54 percent	\$450
63,000 to 63,999	2.8 percent	56 percent	\$450
64,000 to 64,999	3.0 percent	57 percent	\$400
65,000 to 65,999	3.2 percent	57 percent	\$350
66,000 to 66,999	3.4 percent	59 percent	\$300
67,000 to 67,999	3.6 percent	59 percent	\$225
68,000 to 68,999	3.8 percent	60 percent	\$150
69,000 to 69,999	4.0 percent	60 percent	\$100

The payment made to a claimant shall be the amount of the state refund calculated under this subdivision. No payment is allowed if the claimant's household income is ~~\$60,000~~ \$70,000 or more.

Sec. 5. Minnesota Statutes 1990, section 290A.07, subdivision 2a, is amended to read:

Subd. 2a. A claimant who is a renter ~~or a homeowner who occupies a manufactured home~~, as defined in section 274.19, subdivision 8, paragraph (e), shall receive full payment after August 1 and before August 15 or 60 days after receipt of the application, whichever is later.

Sec. 6. Minnesota Statutes 1990, section 290A.07, subdivision 3, is amended to read:

Subd. 3. A claimant not included in subdivision 2a shall receive full payment after ~~September 15~~ July 1 and before ~~September 30~~ July 15.

Sec. 7. [REPEALER.]

Minnesota Statutes 1990, section 290A.04, subdivisions 2b, 2h, and 2i, are repealed.

Sec. 8. [INSTRUCTIONS TO REVISOR.]

*In the next edition of Minnesota Statutes, the revisor of statutes shall substitute the phrase "income sensitive homestead credit" for the words "property tax refund" wherever those words occur in Minnesota Statutes, chapters 289A and 290A.*

Sec. 9. [EFFECTIVE DATE.]

*Sections 1 to 7 are effective beginning for property taxes payable in 1992 and refunds payable in 1992.*

ARTICLE 4

PROPERTY TAX ADMINISTRATION

Section 1. Minnesota Statutes 1990, section 274.19, subdivision 3, is amended to read:

Subd. 3. [TAX STATEMENTS; PENALTIES; COLLECTIONS.] Not later than ~~July 15~~ *June 1* in the year of assessment the county treasurer shall mail to the taxpayer a statement of tax due on a manufactured home. The taxes are due on ~~the last day of August~~ *July 15*. Taxes remaining unpaid after the due date are delinquent, and a penalty of eight percent must be assessed and collected as part of the unpaid taxes. On ~~September 30~~ *August 15* the county treasurer shall make a list of taxes remaining unpaid and shall certify the list immediately to the court administrator of district court. The court administrator shall issue warrants to the sheriff for collection.

Sec. 2. 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 the 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 and thereafter, 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 school year to the immediately prior 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.

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.

(c) 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; and

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

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

(1) special assessments;

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

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

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

Sec. 3. Minnesota Statutes 1990, section 275.065, subdivision 6, is amended to read:

Subd. 6. [PUBLIC HEARING HEARINGS; 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. In three consecutive weeks beginning the second Monday in October, the governing bodies of the city and county shall hold public hearings to adopt their respective final budgets and property tax levies 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.~~



*(a) In the week beginning with the second Monday in October, each county shall hold its public hearing.*

*(b) In the week beginning with the third Monday in October, each school district shall hold its public hearing.*

*(c) In the week beginning with the fourth Monday in October, each city shall hold its public hearing.*

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 school districts, shall adopt its final property tax levy prior to adopting its final budget.

The hearing must be held after 5:00 p.m. if scheduled on a day other than Saturday. No hearing may be held on a Sunday. The 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. Minnesota Statutes 1990, section 275.07, subdivision 1, is amended to read:

Subdivision 1. The taxes voted by cities, counties, school districts, and special districts shall be certified by the proper authorities to the county auditor on or before ~~five working days after December 20~~ *November 15* in each year. A town must certify the levy adopted by the town board to the county auditor by September 1 each year. If the town board modifies the levy at a special town meeting after September 1, the town board must recertify its levy to the county auditor on or before ~~five working days after December 20~~ *November 15*. The taxes certified shall not be adjusted by the aid received under sections 273.1398, subdivisions 2 and 3, and 477A.013, subdivision 5. If a city, town, county, school district, or special district fails to certify its levy by that date, its levy shall be the amount levied by it for the preceding year.

Sec. 5. Minnesota Statutes 1990, section 275.07, subdivision 4, is amended to read:

Subd. 4. [REPORT TO COMMISSIONER.] On or before September 15 for taxes levied in 1990, and thereafter, the county auditor shall report to the commissioner of revenue the proposed levy certified by local units of government under section 275.065, subdivision 1. On or before ~~January 15~~ *December 1*, for taxes levied in ~~1989~~ *1991* and thereafter, the county auditor shall report to the commissioner of revenue the final levy certified by local units of government under subdivision 1. The levies must be reported in the manner prescribed by the commissioner. The reports must show a total levy and the amount of each special levy.

Sec. 6. 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) (2) any credits received under sections 273.119; 273.123; 273.135; 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10; and

(6) (3) 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. 7. Minnesota Statutes 1990, section 276.04, subdivision 3, is amended to read:

Subd. 3. [MAILING OF TAX STATEMENTS.] The county treasurer shall mail to taxpayers statements of their personal property taxes due not later than April 15 March 31 for property taxes payable in 1990 1991 and March 31 February 1 for property taxes payable in 1992 and thereafter, except in the case of manufactured homes and sectional structures taxed as personal property. Statements of the real property taxes due shall be mailed

not later than ~~April 15~~ *March 31* for property taxes payable in ~~1990~~ *1991* and ~~March 31~~ *February 1* for property taxes payable in 1992 and thereafter. The validity of the tax shall not be affected by failure of the treasurer to mail the statement. The taxpayer is defined as the owner who is responsible for the payment of the tax.

Sec. 8. Minnesota Statutes 1990, section 276.10, is amended to read:

**276.10 [APPORTIONMENT AND DISTRIBUTION OF FUNDS.]**

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

Sec. 9. Minnesota Statutes 1990, section 276.11, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] ~~As soon as practical after the settlement day determined in section 276.09, On or before April 30, August 14, and December 15,~~ the county treasurer shall pay to the state treasurer or the treasurer of a town, city, school district, or special district, on the warrant of the county auditor, all receipts of taxes levied by the taxing district and deliver up all orders and other evidences of indebtedness of the taxing district, taking triplicate receipts for them. The treasurer shall file one of the receipts with the county auditor, and shall return one by mail on the day of its receipt to the clerk of the town, city, school district, or special district to which payment was made. The clerk shall keep the receipt in the clerk's office. ~~Upon written request of the taxing district, to the extent practicable, the county treasurer shall make partial payments of amounts collected periodically in advance of the next settlement and distribution.~~ A statement prepared by the county treasurer must accompany each payment. It must state the years for which taxes included in the payment were collected and, for each year, the amount of the taxes and any penalties on the tax. ~~Upon written request of a taxing district, except school districts, the county treasurer shall pay at least 70 percent of the estimated collection within 30 days after the settlement date determined in section 276.09. Within seven business days after the due date, or 28 calendar days after the postmark date on the envelopes containing real or personal property tax statements, whichever is latest, the county treasurer shall pay to the treasurer of the school districts 50 percent of the estimated collections arising from taxes levied by and belonging to the school district, unless the school district elects to receive 50 percent of the estimated collections arising from taxes levied by and belonging to the school district after making a proportionate reduction to reflect any loss in collections as the result of any delay in mailing tax statements. In that case, 50 percent of those adjusted, estimated collections shall be paid by the county treasurer to the treasurer of the school district within seven business days of the due~~

date. The remaining 50 percent of the estimated collections must be paid to the treasurer of the school district within the next seven business days of the later of the dates in the preceding sentence, unless the school district elects to receive the remainder of its estimated collections after a proportionate reduction has been made to reflect any loss in collections as the result of any delay in mailing tax statements. In that case, the remaining 50 percent of those adjusted, estimated collections shall be paid by the county treasurer to the treasurer of the school district within 14 days of the due date. The treasurer shall pay the balance of the any additional amounts collected to the state or to a municipal corporation or other body within 60 45 days after the settlement date determined in section 276.09 distribution dates of April 30, August 14, or December 15. After 45 days the time for payment by the treasurer elapses, interest at an annual rate of eight percent accrues and must be paid to the taxing district. Interest must be paid upon appropriation from the general revenue fund of the county. If not paid, it may be recovered by the taxing district, in a civil action.

Sec. 10. Minnesota Statutes 1990, section 277.01, subdivision 1, is amended to read:

Subdivision 1. Except as provided in this subdivision, all unpaid personal property taxes shall be deemed delinquent on ~~May~~ March 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~~ March 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~~ July 16, and thereupon a penalty of eight percent shall attach on the unpaid second half. ~~This section shall not apply to class 2a property.~~

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.

Sec. 11. Minnesota Statutes 1990, section 278.01, is amended to read:

278.01 [DEFENSE OR OBJECTION TO TAX ON LAND; SERVICE AND FILING.]

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. 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~~ March of the year in which the tax becomes payable. The county auditor 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~~ March 16 of the year in which the taxes are payable.

Subd. 2. [HOMESTEADS.] Any person having any estate, right, title or interest in or lien upon any parcel which is classified as homestead under the provisions of section 273.13, subdivision 22 or 23, who claims that said parcel has been assessed at a valuation which exceeds by ten percent or more the valuation which the parcel would have if it were valued at the average assessment/sales ratio for real property in the same class, in that portion of the county in which that parcel is located, for which the commissioner is able to establish and publish a sales ratio study as determined by the applicable real estate assessment/sales ratio study published by the commissioner of revenue, 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 and one copy each on the county treasurer and the county attorney and filing the same, with proof of such service, in the office of the court administrator of the district court before the 16th day of ~~May~~ March of the year in which such tax becomes payable. The county auditor 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.

Subd. 3. [EXCEPTION.] The procedures established by this section are not available to contest the validity or amount of any special assessment made pursuant to chapters 429, 430, any special law or city charter.

Sec. 12. Minnesota Statutes 1990, section 278.03, is amended to read: 278.03 [PAYMENT OF TAX.]

If the proceedings instituted by the filing of the petition have not been completed before the 16th day of ~~May~~ March next following the filing, the

petitioner shall pay to the county treasurer 50 percent of the tax levied for such year against the property involved, unless permission to continue prosecution of the petition without such payment is obtained as herein provided. If the proceedings instituted by the filing of the petition have not been completed by the next ~~October 16, or, in the case of class 1b agricultural homestead, class 2a agricultural homestead, and class 2b(2) agricultural non-homestead property,~~ November 16, the petitioner shall pay to the county treasurer 50 percent of the unpaid balance of the taxes levied for the year against the property involved if the unpaid balance is \$2,000 or less and 80 percent of the unpaid balance if the unpaid balance is over \$2,000, unless permission to continue prosecution of the petition without payment is obtained as herein provided. The petitioner, upon ten days notice to the county attorney and to the county auditor, given at least ten days prior to the 16th day of ~~May March~~ or the 16th day of ~~October, or, in the case of class 1b agricultural homestead, class 2a agricultural homestead, and class 2b(2) agricultural nonhomestead property,~~ the 16th day of November, may apply to the court for permission to continue prosecution of the petition without payment; and, if it is made to appear

(1) that the proposed review is to be taken in good faith;

(2) that there is probable cause to believe that the property may be held exempt from the tax levied or that the tax may be determined to be less than 50 percent of the amount levied; and

(3) that it would work a hardship upon petitioner to pay the taxes due,

the court may permit the petitioner to continue prosecution of the petition without payment, or may fix a lesser amount to be paid as a condition of continuing the prosecution of the petition.

Failure to make payment of the amount required when due shall operate automatically to dismiss the petition and all proceedings thereunder unless the payment is waived by an order of the court permitting the petitioner to continue prosecution of the petition without payment. The petition shall be automatically reinstated upon payment of the entire tax plus interest and penalty if the payment is made within one year of the dismissal. The county treasurer shall, upon request of the petitioner, issue duplicate receipts for the tax payment, one of which shall be filed by the petitioner in the proceeding.

Sec. 13. Minnesota Statutes 1990, section 278.05, subdivision 5, is amended to read:

Subd. 5. Any time after the filing of the petition and before the trial of the issues raised thereby, when the defense or claim presented is that the property has been partially, unfairly, or unequally assessed, or that the parcel has been assessed at a valuation greater than its real or actual value, or that a parcel which is classified as homestead under the provisions of section 273.13, subdivision 22 or 23, has been assessed at a valuation which exceeds by ten percent or more the valuation which the parcel would have if it were valued at the average assessment/sales ratio for real property in the same class in that portion of the county in which the parcel is located, for which the commissioner is able to establish and publish a sales ratio study, the attorney representing the state, county, city or town in the proceedings may serve on the petitioner, or the petitioner's attorney, and file with the court administrator of the district court, an offer to reduce the valuation of any tract or tracts to a valuation set forth in the offer. If, within

ten days thereafter, the petitioner, or the attorney, gives notice in writing to the county attorney, or the attorney for the city or town, that the offer is accepted, the official notified may file the offer with proof of notice, and the court administrator shall enter judgment accordingly. Otherwise, the offer shall be deemed withdrawn and evidence thereof shall not be given; and, unless a lower valuation than specified in the offer is found by the court, no costs or disbursements shall be allowed to the petitioner, but the costs and disbursements of the state, county, city or town, including interest at six percent on the tax based on the amount of the offer from and after the 16th day of ~~October, or, in the case of class 1b agricultural homestead, class 2a agricultural homestead, and class 2b(2) agricultural nonhomestead property, the 16th day of November,~~ of the year the taxes are payable, shall be taxed in its favor and included in the judgment and when collected shall be credited to the county revenue fund, unless the taxes were paid in full before the 16th day of ~~October, or, in the case of class 1b agricultural homestead, class 2a agricultural homestead, and class 2b(2) agricultural nonhomestead property, the 16th day of November,~~ of the year in which the taxes were payable, in which event interest shall not be taxable.

Sec. 14. Minnesota Statutes 1990, section 279.01, is amended by adding a subdivision to read:

*Subd. 1a. [DUE DATES.] All taxes on real property are due in three equal installments, to be paid on March 15 or 20 calendar days after the postmark date on the envelope containing the property tax statement, whichever is later, July 15, and November 15.*

Sec. 15. Minnesota Statutes 1990, section 279.01, is amended by adding a subdivision to read:

*Subd. 2a. [PENALTIES.] Late payments of real property tax incur a penalty. The rate of the penalty increases with each successive month that the payment is late and is dependent upon the class of property taxed. The following is the schedule of penalties for late payment of property tax:*

<i>Property</i>	<i>March 16</i>	<i>April 1</i>	<i>May 1</i>	<i>June 1</i>	<i>July 1</i>	<i>July 16</i>	<i>Aug. 1</i>
<i>Class 1 and class 2:</i>							
<i>1st Installment (March 15)</i>	4%	5%	6%	7%	8%	—	8%
<i>2nd Installment (July 15)</i>						4%	5%
<i>3rd Installment (November 15)</i>							
<i>Class 3 and class 4:</i>							
<i>1st Installment (March 15)</i>	8%	9%	10%	11%	12%	—	12%
<i>2nd Installment (July 15)</i>						8%	9%
<i>3rd Installment (November 15)</i>							



<i>Sept.</i> <i>1</i>	<i>Oct.</i> <i>1</i>	<i>Nov.</i> <i>1</i>	<i>Nov.</i> <i>16</i>	<i>Dec.</i> <i>1</i>	<i>The first business day in January</i>
--------------------------	-------------------------	-------------------------	--------------------------	-------------------------	--

*Class 1 and  
class 2:*

*1st Installment  
(March 15)*      8%      8%      8%      —      8%      10%

*2nd Installment  
(July 15)*      6%      7%      8%      —      8%      10%

*3rd Installment  
(November 15)*                          4%      8%      10%

*Class 3 and  
class 4:*

*1st Installment  
(March 15)*      12%      12%      12%      —      12%      14%

*2nd Installment  
(July 15)*      10%      11%      12%      —      12%      14%

*3rd Installment  
(November 15)*                     8%      12%      14%

Sec. 16. Minnesota Statutes 1990, section 279.01, is amended by adding a subdivision to read:

*Subd. 3a. [EXTENDED DUE DATES.] Notwithstanding subdivision 2a, if any of the due dates provided in subdivision 1a are extended as a result of a delay in mailing property tax statements, no penalty accrues 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 not been extended must be charged.*

Sec. 17. Minnesota Statutes 1990, section 279.01, is amended by adding a subdivision to read:

*Subd. 4. [PARTIAL PAYMENTS.] 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. 18. Minnesota Statutes 1990, section 469.1763, subdivision 2, is amended to read:

*Subd. 2. [EXPENDITURES OUTSIDE DISTRICT.] (a) For each tax increment financing district, an amount equal to at least 75 percent of the revenue derived from tax increments paid by properties in the district must be expended on activities in the district or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities in the district or to pay, or secure payment of, debt service on credit enhanced bonds. Not more than 25 percent of the revenue derived from tax increments paid by properties in the district may be expended, through a development fund or*

otherwise, on activities outside of the district but within the defined geographic area of the project except to pay, or secure payment of, debt service on credit enhanced bonds. The revenue derived from tax increments for the district that are expended on costs under section 469.176, subdivision 4h, paragraph (b), may be deducted first before calculating the percentages that must be expended within and without the district.

(b) In the case of a housing district, a housing project, as defined in section 469.174, subdivision 11, is an activity in the district.

*(c) If the revenue derived from tax increments of any district is insufficient to expend on activities in the district for which binding contracts were entered into prior to April 30, 1991, or to pay bonds issued prior to April 30, 1991, increments from within the defined geographic area of the project may be expended on the activities or bonds for the district. If the revenue derived from tax increments of one district is insufficient to pay bonds issued under section 469.178, the authority must, in the next levy year, levy in an amount to pay the insufficiency.*

Sec. 19. Minnesota Statutes 1990, section 469.177, is amended by adding a subdivision to read:

*Subd. 1b. [LOCAL TAX RATE; CONVERSION TO MILLS.] The county auditor shall ensure that the calculations of local tax rates for tax increment districts certified after April 30, 1988, are made consistent with the provisions of section 273.126.*

Sec. 20. Minnesota Statutes 1990, section 469.177, subdivision 7, is amended to read:

*Subd. 7. [PROPERTY CLASSIFICATION CHANGES.] When any law governing the classification of real property and determining the percentage of market value to be assessed for ad valorem taxation purposes is amended, the increase or decrease in ~~net tax capacity~~ taxable values resulting therefrom shall be applied proportionately to original net ~~tax capacity~~ taxable value and captured net ~~tax capacity~~ taxable value of any tax increment financing district in each year thereafter. This subdivision applies to tax increment districts created pursuant to sections 469.174 to 469.178 or any prior tax increment law.*

Sec. 21. [INSTRUCTION TO REVISOR.]

*In the next edition of Minnesota Statutes, the revisor of statutes shall change the headnote of Minnesota Statutes, section 469.1763, from "RESTRICTIONS ON POOLING; FIVE-YEAR LIMIT" to "RESTRICTIONS AND REQUIREMENTS REGARDING POOLING; FIVE-YEAR LIMIT."*

Sec. 22. [REPEALER.]

*Minnesota Statutes 1990, sections 276.09; 276.11, subdivisions 2 and 3; 276.111; and 279.01, subdivisions 1, 2, and 3, are repealed.*

Sec. 23. [EFFECTIVE DATE.]

*Sections 1 to 17 and 22 are effective for taxes levied in 1991, payable in 1992. Sections 18 and 20 are effective on the day following final enactment. Section 19 is effective for taxes levied in 1993, payable in 1994, and thereafter."*

Page 60, line 34, delete "\$37,500,000" and insert "\$50,000,000"

Page 61, line 8, delete "\$87,000,000" and insert "\$200,000,000"

Renumber the articles 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 0 and nays 66, as follows:

Those who voted in the negative were:

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

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

Mr. Waldorf moved to amend H.F. No. 1086, as amended by the Senate May 2, 1991, as follows:

(The text of the amended House File is identical to S.F. No. 1009.)

Page 74, after line 30, insert:

"Section 1. Minnesota Statutes 1990, section 290.01, subdivision 19b, is amended to read:

Subd. 19b. [SUBTRACTIONS FROM FEDERAL TAXABLE INCOME.]  
For individuals, estates, and trusts, there shall be subtracted from federal taxable income:

(1) interest income on obligations of any authority, commission, or instrumentality of the United States to the extent includable in taxable income for federal income tax purposes but exempt from state income tax under the laws of the United States;

(2) if included in federal taxable income, the amount of any overpayment of income tax to Minnesota or to any other state, for any previous taxable year, whether the amount is received as a refund or as a credit to another taxable year's income tax liability;

(3) the amount paid to others not to exceed \$650 for each dependent in grades kindergarten to 6 and \$1,000 for each dependent in grades 7 to 12, for tuition, textbooks, and transportation of each dependent in attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363. As used in this clause, "textbooks" includes books and other instructional materials and equipment used in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets,

doctrines, or worship, nor does it include books or materials for, or transportation to, extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs. ~~In order to qualify for the subtraction under this clause the taxpayer must elect to itemize deductions under section 63(e) of the Internal Revenue Code;~~

(4) to the extent included in federal taxable income, distributions from a qualified governmental pension plan, an individual retirement account, simplified employee pension, or qualified plan covering a self-employed person that represent a return of contributions that were included in Minnesota gross income in the taxable year for which the contributions were made but were deducted or were not included in the computation of federal adjusted gross income. The distribution shall be allocated first to return of contributions until the contributions included in Minnesota gross income have been exhausted. This subtraction applies only to contributions made in a taxable year prior to 1985;

(5) income as provided under section 290.0802;

(6) the amount of unrecovered accelerated cost recovery system deductions allowed under subdivision 19g; and

(7) to the extent included in federal adjusted gross income, income realized on disposition of property exempt from tax under section 290.491."

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 26 and nays 38, as follows:

Those who voted in the affirmative were:

Beckman	DeCramer	Knaak	Olson	Vickerman
Benson, J.E.	Frank	Kroening	Pariseau	Waldorf
Bernhagen	Frederickson, D.R.	Laidig	Renneke	
Bertram	Halberg	Larson	Sams	
Davis	Johnston	Lessard	Solon	
Day	Kelly	Metzen	Stumpf	

Those who voted in the negative were:

Adkins	Dahl	Johnson, D.E.	Merriam	Price
Belanger	Dicklich	Johnson, D.J.	Moe, R.D.	Ranum
Benson, D.D.	Finn	Johnson, J.B.	Mondale	Reichgott
Berg	Flynn	Langseth	Morse	Samuelson
Berglin	Frederickson, D.J.	Luther	Neuville	Spear
Brataas	Gustafson	Marty	Pappas	Traub
Chmielewski	Hottinger	McGowan	Piper	
Cohen	Hughes	Mehrkins	Pogemiller	

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

Mr. Benson, D.D. moved to amend H.F. No. 1086, as amended by the Senate May 2, 1991, as follows:

(The text of the amended House File is identical to S.F. No. 1009.)

Page 4, after line 19, insert:

"Sec. 4. [STATE SPENDING REDUCTIONS.]

*The commissioner of finance shall determine \$24,000,000 in total expenditure reductions among the legislature, the judicial branch, state agencies, the governor's office, and the offices of the constitutional officers. The reduction as to each entity shall be determined in proportion to their total general fund appropriation for fiscal years 1992-1993. Once the appropriate amount has been determined as to each entity, the governor shall implement these reductions. To the extent possible, each entity shall implement its budget reduction by reducing expenditures for upper and middle management personnel."*

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 30 and nays 33, as follows:

Those who voted in the affirmative were:

Beckman	Bertram	Frank	Knaak	Mondale
Belanger	Brataas	Frederickson, D.R.	Laidig	Neuville
Benson, D.D.	Cohen	Gustafson	Larson	Olson
Benson, J.E.	Dahl	Halberg	Lessard	Pariseau
Berg	Davis	Johnson, D.E.	McGowan	Renneke
Bernhagen	Day	Johnston	Mehrkens	Sams

Those who voted in the negative were:

Adkins	Hottinger	Marty	Pogemiller	Spear
Chmielewski	Hughes	Merriam	Price	Stumpf
DeCramer	Johnson, D.J.	Metzen	Ranum	Traub
Dicklich	Johnson, J.B.	Moe, R.D.	Reichgott	Vickerman
Finn	Kroening	Morse	Riveness	Waldorf
Flynn	Langseth	Novak	Samuelson	
Frederickson, D.J.	Luther	Piper	Solon	

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

Mrs. Brataas moved to amend H.F. No. 1086, as amended by the Senate May 2, 1991, as follows:

(The text of the amended House File is identical to S.F. No. 1009.)

Page 93, after line 1, insert:

"Sec. 8. Laws 1983, chapter 342, article 19, section 1, is amended to read:

Section 1. [SALES AND USE TAX.]

Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Rochester 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, and may also, by ordinance, impose an additional compensating use tax of up to one percent on uses of property within the city, the sale of which would be subject to the additional sales tax but for the fact the property was sold outside the city."

Page 97, delete section 13

Page 97, line 16, delete "Section 13 is" and insert "Section 8 is effective January 1, 1984."

Page 97, delete line 17

Renumber the sections of article 8 in sequence and correct the internal

## references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Berg moved to amend H.F. No. 1086 as amended by the Senate May 2, 1991, as follows:

(The text of the amended House File is identical to S.F. No. 1009.)

Page 89, after line 14, insert:

"Sec. 3. Minnesota Statutes 1990, section 297A.25, subdivision 7, is amended to read:

Subd. 7. [PETROLEUM PRODUCTS; OTHER EROSION CONTROL MATERIALS.] (a) The gross receipts from the sale of and storage, use or consumption of the following petroleum products are exempt:

(1) products upon which a tax has been imposed and paid under the provisions of chapter 296, and no refund has been or will be allowed because the buyer used the fuel for nonhighway use, or

(2) products which are used in the improvement of agricultural land by constructing, maintaining, and repairing drainage ditches, tile drainage systems, grass waterways, water impoundment, and other erosion control structures.

*(b) The gross receipts from the sale of and storage, use, or consumption of seed, sod, and other materials directly applied to agricultural land for the purposes of controlling erosion of the soil are exempt."*

Page 97, line 11, after the period, insert "*Section 3 is effective for sales after January 1, 1990, and for outstanding balances due on January 1, 1990, for sales after December 31, 1985.*"

Renumber the sections of article 8 in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Knaak moved to amend H.F. No. 1086, as amended by the Senate May 2, 1991, as follows:

(The text of the amended House File is identical to S.F. No. 1009.)

Page 57, after line 15, insert:

"Sec. 4. Minnesota Statutes 1990, section 273.1398, subdivision 2, is amended to read:

Subd. 2. [HOMESTEAD AND AGRICULTURAL CREDIT AID.] (a) For aid payable in 1991, homestead and agricultural credit aid for each unique taxing jurisdiction equals the total gross taxes levied on all properties, minus the unique taxing jurisdiction's subtraction factor. The commissioner of revenue may, in computing the amount of the homestead and agricultural credit aid paid in 1990 and subsequent years, adjust the gross tax capacity, net tax capacity, and gross taxes of a taxing jurisdiction for taxes payable in 1989 to reflect auditor's errors in computing taxes payable for 1989 in unique taxing jurisdictions within independent school district Nos. 720 and 792. Homestead and agricultural credit aid cannot be less than zero.

(b)(1) The 1990 and 1991 homestead and agricultural credit aid is allocated to each local government levying taxes in the unique taxing jurisdiction in the proportion that the local government's gross taxes bears to the total gross taxes levied within the unique taxing jurisdiction. The net tax capacity adjustment is allocated to each local government levying taxes in the unique taxing jurisdiction in the proportion that the local government's taxes levied bears to the total taxes levied in the unique taxing jurisdiction.

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

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

(d) Payments under this subdivision to counties in 1990 and 1991 shall be reduced by the amount provided in section 477A.012, subdivisions 3, paragraph (d), 4, paragraph (d), and 5.

(e) Payments under this subdivision to towns in 1990 and 1991 shall be reduced by the amount of the homestead and agricultural credit aid adjustment, if any, determined for 1990 under section 477A.013, subdivision 6.

(f) Payments under this subdivision to cities in 1990 and 1991 shall be reduced by the amount of the homestead and agricultural credit aid adjustment, if any, determined for 1990 under section 477A.013, subdivisions 6 and 7.

(g) Payments under this subdivision to special taxing districts, excluding hospital districts and the regional transit board defined in section 473.373, in 1990 and 1991 shall be reduced by an amount equal to 2.35 percent of the amount levied for taxes payable in 1990, before reduction for homestead and agricultural credit aid and disparity reduction aid. Payments under this subdivision to the regional transit board in 1990 and 1991 shall be reduced by \$450,000.

(h) Payments under this subdivision to all taxing jurisdictions in 1992 and subsequent years are equal to the product of (1) the homestead and agricultural credit aid base, and (2) the growth adjustment factor, plus the net tax capacity adjustment and the fiscal disparity adjustment.

*(i) Payments under this subdivision in 1991 and subsequent years shall be reduced by the amount of taconite municipal aid received by the jurisdiction that year under section 298.282."*

Renumber the sections of article 5 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 21 and nays 39, as follows:

Those who voted in the affirmative were:

Belanger	Day	Laidig	Neuville	Waldorf
Benson, D.D.	Frederickson, D.R.	Larson	Olson	
Benson, J.E.	Halberg	McGowan	Pariseau	
Bernhagen	Johnston	Mehrkens	Renneke	
Brataas	Knaak	Merriam	Storm	

Those who voted in the negative were:

Adkins	DeCramer	Johnson, D.J.	Novak	Sams
Beckman	Dicklich	Johnson, J.B.	Pappas	Samuelson
Berglin	Finn	Lessard	Piper	Solon
Bertram	Flynn	Luther	Pogemiller	Spear
Chmielewski	Frank	Marty	Price	Stumpf
Cohen	Frederickson, D.J.	Metzen	Ranum	Traub
Dahl	Hottinger	Mondale	Reichgott	Vickerman
Davis	Hughes	Morse	Riveness	

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

Mr. Morse moved to amend H.F. No. 1086, as amended by the Senate May 2, 1991, as follows:

(The text of the amended House File is identical to S.F. No. 1009.)

Page 82, after line 36, insert:

"Sec. 8. Minnesota Statutes 1990, section 290.431, is amended to read:  
290.431 [NONGAME WILDLIFE CHECKOFF]

*Subdivision 1. [AUTHORIZATION.]* Every individual who files an income tax return or property tax refund claim form may designate on their original return that \$1 or more shall be added to the tax or deducted from the refund that would otherwise be payable by or to that individual and paid into an account to be established for the management of nongame wildlife. The commissioner of revenue shall, on the income tax return and the property tax refund claim form, notify filers of their right to designate that a portion of their tax or refund shall be paid into the nongame wildlife management account. The sum of the amounts so designated to be paid shall be credited to the nongame wildlife management account for use by the nongame program of the section of wildlife in the department of natural resources. All interest earned on money accrued in the nongame wildlife management account shall be credited to the account by the state treasurer. The commissioner of natural resources shall submit a work program for each fiscal year and semiannual progress reports to the legislative commission on Minnesota resources in the form determined by the commission. None of the money provided in this section may be expended unless the commission has approved the work program.

The state pledges and agrees with all contributors to the nongame wildlife management account to use the funds contributed solely for the management of nongame wildlife projects and further agrees that it will not impose additional conditions or restrictions that will limit or otherwise restrict the ability of the commissioner of natural resources to use the available funds for the most efficient and effective management of nongame wildlife.

*Subd. 2. [APPROPRIATION.]* *If the sum of the amounts designated under this section and section 290.432 in any year is less than the average of the annual amounts for the preceding five years, there is appropriated from the general fund to the commissioner of natural resources for use by the nongame program of the section of wildlife in the department of natural resources an amount equal to the difference between the amount designated for that year and the average for the preceding five years."*



Renumber the sections of article 7 in sequence and correct the internal references

Amend the title accordingly

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

H.F. No. 1086 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 34 and nays 33, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Johnson, J.B.	Moe, R.D.	Reichgott
Beckman	Finn	Kelly	Morse	Samuelson
Berglin	Flynn	Langseth	Novak	Solon
Bertram	Frederickson, D.J.	Lessard	Pappas	Spear
Cohen	Hottinger	Luther	Piper	Stumpf
Davis	Hughes	Merriam	Pogemiller	Vickerman
DeCramer	Johnson, D.J.	Metzen	Price	

Those who voted in the negative were:

Belanger	Dahl	Johnston	Mehrkens	Riveness
Benson, D.D.	Day	Knaak	Mondale	Sams
Benson, J.E.	Frank	Kroening	Neuville	Storm
Berg	Frederickson, D.R.	Laidig	Olson	Traub
Bernhagen	Gustafson	Larson	Pariseau	Waldorf
Brataas	Halberg	Marty	Ranum	
Chmielewski	Johnson, D.E.	McGowan	Renneke	

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

Mr. Johnson, D.J. moved that S.F. No. 1009, No. 198 on General Orders, be stricken and laid on the table. The motion prevailed.

### MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 1315 a Special Order to be heard immediately.

### SPECIAL ORDER

S.F. No. 1315: A bill for an act relating to commerce; real estate appraisers; amending Minnesota Statutes 1990, sections 82B.02, subdivisions 8 and 12; 82B.05, subdivision 1; 82B.11; 82B.13, subdivision 1, and by adding subdivisions; 82B.14; 82B.15, subdivision 3; 82B.17; 82B.18; and 82B.19, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 82B; repealing Minnesota Statutes 1990, sections 82B.05, subdivision 2; 82B.13, subdivision 2; and 82B.225.

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 60 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate revert to the Order of Business of Reports of Committees. The motion prevailed.

### REPORTS OF COMMITTEES

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

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

S.F. No. 951: A bill for an act relating to housing and economic development; modifying procedures relating to rent escrow actions; modifying procedures relating to the tenant's loss of essential services; modifying provisions relating to tenant remedy actions, retaliatory eviction proceedings, and receivership proceedings; modifying provisions relating to Minnesota housing finance agency low- and moderate-income housing programs; providing for an emergency mortgage and rental assistance pilot project; requiring counseling for reverse mortgage loans; modifying certain receivership, assignment of rents and profits, and landlord and tenant provisions; modifying provisions relating to housing and redevelopment authorities; providing for the issuance of general obligation bonds for housing by the cities of Minneapolis and St. Paul; authorizing the city of Minneapolis to make small business loans; authorizing certain economic development activities within the city of St. Paul; modifying the property tax classification of certain residential real estate; excluding housing districts from the calculation of local government aid reductions; modifying the interest rate reduction program; appropriating money; amending Minnesota Statutes 1990, sections 47.58, by adding a subdivision; 273.124, subdivisions 1 and 11; 273.13, subdivision 25; 273.1399, subdivision 1; 462A.03, subdivisions 10 and 13; 462A.05, by adding a subdivision; 462A.222, subdivision 3; 462C.03, subdivision 10; 469.002, subdivision 24; 469.011, subdivision 4; 469.012, subdivisions 1 and 3; 469.015, subdivisions 3, 4, and by adding a subdivision; 469.176, subdivision 4f; 481.02, subdivision 3; 504.02; 504.18, subdivision 1; 504.185, subdivision 2; 504.20, subdivisions 3, 4, 5, and 7; 504.27; 559.17, subdivision 2; 566.03, subdivision 1; 566.17, by adding a subdivision; 566.175, subdivision 6; 566.18, subdivision 9; 566.29, subdivisions 2 and 4; and 576.01, subdivision 2; Laws 1974, chapter 285, section 4, as amended; Laws 1988, chapter 594, section 6; proposing coding for new law in Minnesota Statutes, chapters 268 and 609.

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

Page 18, after line 12, insert:

"Sec. 6. Minnesota Statutes 1990, section 462A.05, subdivision 20, is amended to read:

Subd. 20. (a) The agency may make loans or grants to for profit, limited dividend, or nonprofit sponsors, as defined by the agency, for residential housing to be used to provide temporary or transitional housing to low- and moderate-income persons and families having an immediate need for temporary or transitional housing as a result of natural disaster, resettlement, condemnation, displacement, lack of habitable housing, or other cause defined by the agency.

*(b) Loans or grants for housing for chronic chemically dependent adults may be made under this subdivision. Housing for chronic chemically dependent adults must satisfy the following conditions:*

*(1) be certified by the department of health or the city as a board and lodging facility;*

*(2) meet all applicable health, building, fire-safety and zoning requirements;*

*(3) be located in a nonresidential area significantly distant from the present location of county detoxification service sites;*

*(4) make available the services of trained personnel to appraise each client before or upon admission and to provide information about medical, job training, and chemical dependency services as necessary;*

*(5) provide on-site security designed to ensure the health and safety of clients, staff, and neighborhood residents; and*

*(6) operate with the guidance of a neighborhood-based board.*

*Priority for loans and grants made under this paragraph must be given to proposals which address the needs of the Native American population and veterans of military services for this type of housing.*

(c) Loans or grants pursuant to this subdivision shall not be used for residential care facilities or for facilities that provide housing available for occupancy on less than a 24-hour continuous basis. To the extent possible, a sponsor shall combine the loan or grant with other funds obtained from public and private sources. In making loans or grants, the agency shall determine the circumstances under which and the terms and conditions under which all or any portion thereof will be repaid and the appropriate security should repayment be required."

Renumber the sections of article 3 in sequence

Pages 39 to 47, delete sections 1 to 3

Page 48, line 35, delete "and"

Page 49, lines 4 and 6, reinstate the stricken language

Page 49, line 5, reinstate the stricken language and after "for" insert "construction of new"

Page 49, line 8, delete "Sections" and insert "Section" and delete everything after "I"

Page 49, line 9, delete everything before "is"

Page 49, line 11, delete “. Section 4 is” and insert “and applies to”

Page 49, line 12, delete “effective for”

Page 49, line 13, delete “5” and insert “2” and before the period, insert “and applies to all tax increment districts, regardless of the date of certification”

Renumber the sections of article 7 in sequence

Page 49, after line 13, insert:

## “ARTICLE 8

### WAGE SUBSIDY PROGRAM

#### Section 1. [268.551] [DEFINITIONS.]

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

*Subd. 2. [COMMISSIONER.] “Commissioner” means the commissioner of the department of jobs and training.*

*Subd. 3. [ELIGIBLE APPLICANT.] “Eligible applicant” means a person who:*

*(1) has been a resident of this state for at least one month;*

*(2) is unemployed;*

*(3) is not receiving and is not eligible to receive unemployment compensation; and*

*(4) belongs to a category of individuals that have a national unemployment rate that is determined by the Bureau of Labor Statistics to be at least twice that of the state unemployment rate for all individuals.*

*Subd. 4. [EMPLOYER.] “Employer” means a private or public employer.*

#### Sec. 2. [268.552] [WAGE SUBSIDY PROGRAM.]

*Subdivision 1. [CREATION.] The commissioner shall provide wage subsidies to eligible applicants for work with an employer in the manner and amount specified in this section.*

*Subd. 2. [AMOUNT AND DURATION OF SUBSIDY.] The maximum subsidy is \$4 per hour for wages and \$1 per hour for fringe benefits. The subsidy for an eligible applicant may be paid for a maximum of 1,040 hours over a period of 26 weeks. Employers are encouraged to use money from other sources to provide increased wages to applicants they employ.*

*Subd. 3. [CONTRACTS TO ADMINISTER.] The commissioner may contract with local service units or certified local service providers to deliver the wage subsidies. The contract must require that no more than five percent of the contract amount be expended for administration.*

*Subd. 4. [AREA ALLOCATION OF SUBSIDIES.] Wage subsidy money must be allocated to local service units based on the number of eligible applicants in that area compared to the state total of eligible applicants. Money may be reallocated if it otherwise would not be used.*

*Subd. 5. [ALLOCATION TO APPLICANTS.] Priority for subsidies shall be in the following order:*

*(1) applicants living in households with no other income source;*

(2) applicants whose incomes and resources are less than the standard for eligibility for general assistance or work readiness; and

(3) applicants who are eligible for aid to families with dependent children.

*Subd. 6. [OUTREACH.] A local service unit shall publicize the availability of wage subsidies within its area.*

*Subd. 7. [REPORTS.] Each entity delivering wage subsidies shall report to the commissioner on a quarterly basis:*

*(1) the number of persons placed in private sector jobs, in temporary public sector jobs, or in other services;*

*(2) the outcome for each participant placed;*

*(3) the number and type of employers employing persons under the program;*

*(4) the amount of money spent in each local service unit for wages for each type of employment and each type of other expense;*

*(5) the age, educational experience, family status, gender, priority group status, race, and work experience of each person in the program;*

*(6) the amount of wages received by persons while in the program and 60 days after completing the program;*

*(7) for each classification of persons described in clause (5), the outcome of the wage subsidy placement, including length of time employed; nature of employment, whether private sector, temporary public sector, or other service; and the hourly wages; and*

*(8) any other information requested by the commissioner. Each report must include cumulative information, as well as information for each quarter.*

*Data collected on individuals under this subdivision are private data on individuals as defined in section 13.02, subdivision 12, except that summary data may be provided under section 13.05, subdivision 7.*

*Subd. 8. [PART-TIME EMPLOYMENT.] Subsidies under this section may be paid for part-time jobs.*

*Subd. 9. [LAYOFFS; WORK REDUCTIONS.] An employer may not lay off, terminate, or reduce the working hours of an employee for the purpose of hiring an individual with funds provided by this section. An employer may not hire an individual with funds available under this section if any other person is on layoff from the same or a substantially equivalent job.*

*Subd. 10. [RULES.] The commissioner may adopt rules to implement this section.*

### **Sec. 3. [APPROPRIATION.]**

*\$ . . . . . is appropriated to the commissioner of jobs and training from the general fund for the biennium ending June 30, 1993, for the purposes of section 2."*

Amend the title as follows:

Page 1, delete line 21

Page 1, line 22, delete "residential real estate;"

Page 1, line 27, delete "273.124, subdivisions 1 and 11; 273.13,"

Page 1, line 28, delete "subdivision 25;"

Page 1, line 29, after the comma, insert "subdivision 20, and"

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

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

S.F. No. 3: A bill for an act relating to wetlands; providing for preservation, enhancement, restoration, and establishment of wetlands; requiring identification of wetlands; requiring adoption of wetland public value and classification criteria; requiring designation of priority areas to establish and preserve wetlands; requiring local water plans to include wetlands with high public value; providing for establishment of wetland preservation areas; authorizing a tax exemption for wetland preservation areas; establishing a wetland restoration and compensation fund; requiring permits for alternative uses of wetlands; requiring compensation for denied uses of wetlands; creating a cost-share program for establishment and restoration of wetlands; requiring a report on simplification and coordination of state and federal wetland permitting procedures; designating and regulating activities in peatland scientific and natural areas; requiring the commissioner of natural resources to accept donated wetlands with certain exceptions; modifying the method of determining agricultural market value for property tax purposes; requiring the state to apply for authority to administer the permit program under section 404 of the federal Clean Water Act; appropriating money; amending Minnesota Statutes 1990, sections 84.085; 103B.155; 103B.231, subdivision 6; 103B.311, subdivision 6; 103G.005, subdivisions 15 and 18; 103G.141; 103G.221; 103G.225; 103G.231; 103G.235; 124.2131, subdivision 1; 272.02, subdivision 1; 273.11, subdivision 1, and by adding a subdivision; 273.111, subdivision 4; and 282.018, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 84; 103F; 103G; and 116P; repealing Minnesota Statutes 1990, section 273.11, subdivision 10.

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

Page 17, lines 28 to 36, reinstate the stricken language

Page 18, lines 1 and 2, reinstate the stricken language

Page 18, line 3, reinstate the stricken language and after the reinstated "bottoms" insert " ; or (3) land"

Page 21, line 18, after "(10)" insert ", clause (3)"

Page 21, line 26, delete "*for purposes of taxes levied beginning in 1991*"

Page 22, delete lines 7 to 12 and insert:

"Sec. 8. [EFFECTIVE DATE.]

*Sections 6 and 7 are effective for taxes levied in 1991, payable in 1992, and thereafter."*

Page 41, after line 28, insert:

"Sec. 14. Minnesota Statutes 1990, section 645.44, subdivision 8a, is amended to read:

Subd. 8a. [PUBLIC WATERS.] "Public waters" means public waters as defined in section 103G.005, subdivision 15, and includes "*public waters wetlands*" as defined in section 103G.005, subdivision 18."

Renumber the sections of article 6 in sequence

Pages 52 to 56, delete sections 2 to 5

Page 57, delete sections 7 and 8 and insert:

"Sec. 3. [STUDY OF FARMLAND VALUATION.]

*(a) The commissioner of revenue shall appoint a five-member farmland assessment technical advisory board, consisting of technical experts from the schools of agriculture of the University of Minnesota and the state college system and from state and federal agricultural agencies, to advise in and provide technical information regarding the method of valuing farmland according to productivity factors as described in this section. The department of revenue shall determine the following data on a per acre basis by soil productivity index, based on moving averages for the most recent five-year period for which statistics are available:*

*(1) gross income, estimated by using yields per acre as assigned to soil productivity indices, the crop mix for each soil productivity index as determined by the Minnesota extension service, and average prices received by farmers for principal crops as published by the Minnesota crop reporting service;*

*(2) production costs, other than land costs, provided by the Minnesota extension service; and*

*(3) net return to land, which is the difference between clauses (1) and (2).*

*(b) The department of revenue shall certify a proposed agricultural economic value per acre for each soil productivity index, determined by dividing the net return to land as calculated in paragraph (a), clause (3), by the moving average of the federal land bank farmland mortgage interest rate for the same five-year period used in calculating the net return to land.*

*(c) If the crop equivalency rating is not available in a county, the department of revenue shall use rentals or yield records of the United States Department of Agriculture Agricultural Stabilization and Conservation Service in determining the net income. The rentals or yield records must be capitalized in the same manner to determine the valuation of the tillable agricultural land. The commissioner shall provide a report to the legislature on the results of the study by December 1, 1991, that includes a plan for implementation of this method of valuing farmland and an analysis of the impacts on assessments of implementing it."*

Renumber the sections of article 11 in sequence

Amend the title as follows:

Page 1, line 21, delete "modifying the method"

Page 1, delete line 22

Page 1, line 23, delete "tax purposes" and insert "requiring a study of farmland valuation"

Page 1, line 30, delete "124.2131, subdivision 1;"

Page 1, delete line 31

Page 1, line 32, delete "273.111, subdivision 4; and" and after "2;" insert "and 645.44, subdivision 8a;"

Page 1, line 34, delete "; repealing Minnesota"

Page 1, line 35, delete everything before the period

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

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

S.F. No. 776: A bill for an act relating to agriculture; transferring the rural finance authority to the department of agriculture; providing for an agricultural development bond program to finance agricultural business enterprises and beginning farmers; appropriating funds; amending Minnesota Statutes 1990, sections 41B.025, subdivisions 1, 3, and 6; 41B.03, subdivision 3; 41B.036; 41B.211; 474A.02, subdivisions 13a and 23a; 474A.03, subdivision 1; 474A.061, subdivisions 1, 2b, 3, and 4; 474A.081; 474A.091; 474A.14; proposing coding for new law as Minnesota Statutes, chapter 41C.

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

Page 15, delete lines 30 to 36

Page 16, delete lines 1 to 10

Page 16, line 11, delete "5" and insert "4"

Page 16, line 19, delete "6" and insert "5"

Pages 19 to 29, delete sections 19 to 28

Page 29, line 22, delete "29" and insert "19"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 9, after the first semicolon, insert "and" and delete "474A.02, subdivisions 13a and 23a;"

Page 1, delete line 10

Page 1, line 11, delete everything before "proposing"

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

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

S.F. No. 720: A bill for an act relating to housing; authorizing the Minnesota housing finance agency to establish a shallow rent subsidy program, a family stabilization demonstration project, a lease-purchase housing program, a blighted property acquisition program, and a housing capital reserve program; appropriating money; amending Minnesota Statutes 1990, sections 273.124, subdivision 7; and 462A.05, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 462A.



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

Pages 1 and 2, delete section 1 and insert:

“Section 1. Minnesota Statutes 1990, section 462A.03, is amended by adding a subdivision to read:

*Subd. 22. [NONPROFIT ORGANIZATION.] “Nonprofit organization” means a housing and redevelopment authority established under sections 469.001 to 469.047, or other law, or a partnership, joint venture, corporation, or association which is established for a purpose not involving pecuniary gain to the members, partners, or shareholders; pays no dividends or other pecuniary remuneration to the members, partners, or shareholders; and in the case of a private nonprofit corporation, is established under chapter 317A and is in compliance with chapter 317A. A nonprofit organization does not include a limited dividend entity.”*

Page 2, line 16, after “grants” insert “or loans”

Page 2, line 18, after “of” insert “existing”

Page 2, line 19, delete “single-family”

Page 2, line 22, after the first “the” insert “greater of (1) state median income, or (2) area or county” and after “median” delete “area”

Page 2, line 26, after the period, insert “A loan made under this subdivision must be repaid to the agency upon sale of the housing. The agency may only make grants or loans under this subdivision from funds specifically appropriated by the legislature for that purpose.”

Page 2, line 30, delete everything after “make”

Page 2, line 31, delete everything before “grants” and after “cities” insert “for the purpose of acquisition and demolition of blighted residential property and gap financing for the rehabilitation of blighted residential property or construction of new housing on the property. Gap financing is financing for the difference between the cost of the improvement of the blighted property, including acquisition, demolition, rehabilitation, and construction, and the market value of the property upon sale. Grants under this section must be used for households with income less than or equal to the county or area median income as determined by the United States Department of Housing and Urban Development”

Page 2, line 33, after “grants” insert “to eligible mortgagors”

Page 3, delete lines 1 to 6

Page 3, delete lines 13 to 18 and insert:

“(b) “Gross income” means for a family or individual receiving rental assistance under this section, the gross amount of the wages, salaries, social security payments, pensions, workers’ compensation, unemployment compensation, public assistance payments, alimony, child support, and income from assets received by the family or individual.

(c) “Local housing agency” means the agency of local government responsible for administering the United States Department of Housing and Urban Development’s section 8 existing voucher and certificate program.”

Page 3, line 19, delete “(c) “Program” ” and insert “(d) “Self-sufficiency program or program” ”

Page 3, line 29, delete "60" and insert "50" and before "area" insert "county or" and after "income" insert "adjusted for family size"

Page 3, line 32, before "area" insert "county or" and after "The" insert "agency may contract with a local housing agency to administer the rent assistance under this section. The local housing agency must be paid an administrative fee. The administrative fee is equal to the greater of ten percent of the amount of the subsidy or \$15 per unit per month."

Page 3, delete lines 33 to 35

Page 3, line 36, delete "eligible tenants."

Page 4, line 1, after "subdivision" insert "to families or individuals receiving public assistance" and delete "whenever"

Page 4, line 2, delete "possible"

Page 4, line 11, after the period, insert "The amount of the family's or individual's portion of the rental payment is equal to at least 30 percent of gross income."

Page 5, line 1, after "families" insert "who at the time of initial eligibility for rental assistance under this section were"

Page 5, line 2, delete everything after "assistance" and insert ", and had a caretaker parent participating in a self-sufficiency program and at least one minor child. For the purposes of this subdivision, public assistance means aid to families with dependent children, family general assistance, or family work readiness. The funds may be distributed on a request for proposal basis."

Page 5, delete lines 3 and 4

Page 5, line 5, delete "the demonstration project."

Page 5, line 14, after "city" insert "financial"

Page 5, line 16, delete "LOAN POOL" and insert "RESERVE FUND"

Page 5, line 17, delete "loan pool" and insert "reserve fund"

Page 5, line 18, after "city" insert "funds for the purpose of securing"

Page 5, line 19, delete "pool" and insert "reserve fund"

Page 5, line 20, after "issue" insert "appropriate debt capital instruments, including"

Page 5, line 21, after "bonds" insert a comma and delete everything after "the"

Page 5, line 22, delete "loan-loss" and after "reserve" insert "fund" and delete everything after "may" and insert "use the reserve fund"

Page 5, line 23, delete "bonds" and insert "debt instruments" and delete "Bond"

Page 5, line 25, delete "loan-loss" and after "reserve" insert "fund"

Page 5, line 26, delete everything after "to" and insert "provide additional security for loans provided by public agencies and"

Amend the title as follows:

Page 1, line 8, delete "273.124, subdivision 7;" and insert "462A.03,

by adding a subdivision;"

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

Without objection, the Senate proceeded to the Order of Business of Introduction and First Reading of Senate Bills.

### **INTRODUCTION AND FIRST READING OF SENATE BILLS**

The following bill was read the first time and referred to the committee indicated.

Messrs. Merriam and Morse introduced—

S.F. No. 1549: A bill for an act relating to the environment; moving from the office of waste management to the environmental quality board the responsibility for supplementary review of the siting of waste facilities; amending the planning and siting process for new large solid waste management facilities and expansions of facilities to provide for earlier environmental review and public participation processes; amending Minnesota Statutes 1990, section 115A.32; proposing coding for new law in Minnesota Statutes, chapter 115A.

Referred to the Committee on Environment and Natural Resources.

### **MEMBERS EXCUSED**

Mr. Storm was excused from the Session of today from 11:25 a.m. to 1:20 p.m. Mr. Finn was excused from the Session of today from 2:30 to 2:45 p.m.

### **ADJOURNMENT**

Mr. Moe, R.D. moved that the Senate do now adjourn until 8:30 a.m., Friday, May 3, 1991. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate