

FIFTY-THIRD DAY

St. Paul, Minnesota, Friday, May 7, 1993

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

CALL OF THE SENATE

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

Prayer was offered by the Chaplain, Bishop David W. Preus.

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

Adkins	Dille	Krentz	Morse	Robertson
Anderson	Finn	Kroening	Murphy	Runbeck
Beckman	Flynn	Laidig	Neuville	Sams
Belanger	Frederickson	Langseth	Novak	Samuelson
Benson, D.D.	Hanson	Larson	Oliver	Solon
Benson, J.E.	Hottinger	Lesewski	Olson	Spear
Berg	Janezich	Lessard	Pappas	Stevens
Berglin	Johnson, D.E.	Luther	Pariseau	Stumpf
Bertram	Johnson, D.J.	Marty	Piper	Terwilliger
Betzold	Johnson, J.B.	McGowan	Pogemiller	Vickerman
Chandler	Johnston	Merriam	Price	Wiener
Chmielewski	Kelly	Metzen	Ranum	
Cohen	Kiscaden	Moe, R.D.	Reichgott	
Day	Knutson	Mondale	Riveness	

The President declared a quorum present.

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

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communications were received.

May 5, 1993

The Honorable Allan H. Spear
President of the Senate

Dear President Spear:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State, S.F. Nos. 397, 737 and 1466.

Warmest regards,
Arne H. Carlson, Governor

May 6, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1993 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 1993	Date Filed 1993
	1122	83	6:18 p.m. May 5	May 6
	1428	84	6:25 p.m. May 5	May 6
737		85	6:12 p.m. May 5	May 6
	667	86	6:15 p.m. May 5	May 6
	1424	87	6:22 p.m. May 5	May 6
	945	88	6:18 p.m. May 5	May 6
	768	89	6:15 p.m. May 5	May 6
	893	90	6:17 p.m. May 5	May 6
	1153	91	6:20 p.m. May 5	May 6
397		92	6:10 p.m. May 5	May 6
	51	93	6:13 p.m. May 5	May 6
	1404	94	6:20 p.m. May 5	May 6
1466		104	6:13 p.m. May 5	May 6

Sincerely,
Joan Anderson Growe
Secretary of State

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S.F. Nos. 550, 470, 629, 403 and 741.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 6, 1993

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 1315: A bill for an act relating to burial grounds; creating a council of traditional Indian practitioners to make recommendations regarding the management, treatment, and protection of Indian burial grounds and of human

remains or artifacts contained in or removed from those grounds; proposing coding for new law in Minnesota Statutes, chapter 307.

There has been appointed as such committee on the part of the House:

Clark, Pugh and Bishop.

Senate File No. 1315 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 6, 1993

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1503, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1503: A bill for an act relating to the organization and operation of state government; appropriating money for criminal justice, corrections, and related purposes; providing for the transfer of certain money in the state treasury; fixing and limiting the amount of fees, penalties, and other costs to be collected in certain cases; amending Minnesota Statutes 1992, sections 3.732, subdivision 1; 43A.02, subdivision 25; 43A.24, subdivision 2; 241.01, subdivision 5; 242.195, subdivision 1; 242.51; 401.13; 611.20; 611.216, by adding a subdivision; 611.25, subdivision 3; and 626.861, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 611; repealing Minnesota Statutes 1992, sections 241.43, subdivision 2; and 611.20, subdivision 3.

Senate File No. 1503 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 6, 1993

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 373, 1081, 192, 543 and 623.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 6, 1993

FIRST READING OF HOUSE BILLS

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

H.F. No. 373: A bill for an act relating to labor; requiring arbitration in certain circumstances; establishing procedures; providing penalties; amending Minnesota Statutes 1992, sections 179.06, by adding a subdivision; and 179A.16, subdivision 3, and by adding a subdivision.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 891.

H.F. No. 1081: A bill for an act relating to commerce; regulating collection agencies; modifying prohibited practices; requiring notification to the commissioner upon certain employee terminations; repealing inconsistent surety bond and term and fee rules; regulating credit services organizations; modifying registration and bond requirements; modifying enforcement powers; amending Minnesota Statutes 1992, sections 332.37; 332.54, subdivision 1, and by adding subdivisions; 332.55; and 332.59; proposing coding for new law in Minnesota Statutes, chapter 332; repealing Minnesota Rules, parts 2870.1300; and 2870.1600.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1597, now on General Orders.

H.F. No. 192: A bill for an act relating to state heating plant facilities; prohibiting state permits for expansion or enhancement of coal-fired steam heating facilities within a certain portion of the Mississippi river critical area; providing continued coverage in the Minnesota state retirement system for certain employees affected by changes in the operation of heating facilities; amending Minnesota Statutes 1992, sections 352.01, subdivision 2a; and 352.04, subdivision 6; proposing coding for new law in Minnesota Statutes, chapter 116G.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 255, now on General Orders.

H.F. No. 543: A bill for an act relating to state lands; authorizing the sale of certain tax-forfeited land that borders public water in Cook county; correcting the legal description of the state land to be sold in Anoka county; amending Laws 1989, chapter 150, section 6.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 388, now on General Orders.

H.F. No. 623: A bill for an act relating to transportation; including in state transportation plan and development guide certain matters relating to metropolitan area; prohibiting federal block grant funds from being spent on trunk highways unless ancillary to public transit facilities; requiring compliance with comprehensive choice housing requirements before metropolitan council may approve proposed highway project or plan; adding metropolitan transit goals; amending Minnesota Statutes 1992, sections 174.03, subdivision 1a; 473.146, subdivision 3; 473.167, by adding a subdivision; and 473.371; proposing coding for new law in Minnesota Statutes, chapter 174.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 474, now on General Orders.

REPORTS OF COMMITTEES

Mr. Luther 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. 199 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.
199	112				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 199 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 199 and insert the language after the enacting clause of S.F. No. 112, the first engrossment; further, delete the title of H.F. No. 199 and insert the title of S.F. No. 112, the first engrossment.

And when so amended H.F. No. 199 will be identical to S.F. No. 112, and further recommends that H.F. No. 199 be given its second reading and substituted for S.F. No. 112, 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. 1245 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.
1245	976				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1245 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1245 and insert the language after the enacting clause of S.F. No. 976, the first engrossment; further, delete the title of H.F. No. 1245 and insert the title of S.F. No. 976, the first engrossment.

And when so amended H.F. No. 1245 will be identical to S.F. No. 976, and further recommends that H.F. No. 1245 be given its second reading and substituted for S.F. No. 976, 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. 327 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.
327	13				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 327 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 327 and insert the language after the enacting clause of S.F. No. 13, the first engrossment; further, delete the title of H.F. No. 327 and insert the title of S.F. No. 13, the first engrossment.

And when so amended H.F. No. 327 will be identical to S.F. No. 13, and further recommends that H.F. No. 327 be given its second reading and substituted for S.F. No. 13, 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. 199, 1245 and 327 were read the second time.

MOTIONS AND RESOLUTIONS

Ms. Johnson, J.B. moved that the name of Mr. Marty be added as a co-author to S.F. No. 788. The motion prevailed.

Mr. Morse moved that the name of Ms. Piper be added as a co-author to S.F. No. 1138. The motion prevailed.

Mr. Langseth moved that the name of Mr. Moe, R.D. be added as a co-author to S.F. No. 1193. The motion prevailed.

Mr. Morse moved that the name of Ms. Johnson, J.B. be added as a co-author to S.F. No. 1570. The motion prevailed.

Mr. Luther moved that H.F. No. 1274 be made a Special Order for immediate consideration. The motion prevailed.

SPECIAL ORDER

H.F. No. 1274: A bill for an act relating to veterans; authorizing the legislature to hear and determine claims by patients at the Minnesota veterans homes; amending Minnesota Statutes 1992, section 3.738, subdivision 1.

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 46 and nays 1, as follows:

Those who voted in the affirmative were:

Adkins	Day	Knutson	Moe, R.D.	Robertson
Belanger	Dille	Krentz	Morse	Spear
Benson, D.D.	Finn	Laidig	Murphy	Stevens
Benson, J.E.	Flynn	Langseth	Neuville	Terwilliger
Berg	Frederickson	Larson	Oliver	Vickerman
Berglin	Hanson	Lesewski	Olson	Wiener
Bertram	Hottinger	Lessard	Pariseau	
Betzold	Johnson, D.E.	Luther	Piper	
Chandler	Johnson, J.B.	Marty	Price	
Chmielewski	Johnston	McGowan	Ranum	

Ms. Runbeck voted in the negative.

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 1039 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 1039: A bill for an act relating to auctioneers; prohibiting certain cities and towns from requiring additional licenses of persons licensed as auctioneers by a county; proposing coding for new law in Minnesota Statutes, chapter 330.

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 50 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Day	Kiscaden	McGowan	Ranum
Belanger	Dille	Knutson	Moe, R.D.	Robertson
Benson, D.D.	Finn	Krentz	Morse	Runbeck
Benson, J.E.	Flynn	Laidig	Murphy	Sams
Berg	Frederickson	Langseth	Neuville	Spear
Berglin	Hanson	Larson	Oliver	Stevens
Bertram	Hottinger	Lesewski	Olson	Stumpf
Betzold	Johnson, D.E.	Lessard	Pariseau	Terwilliger
Chandler	Johnson, J.B.	Luther	Piper	Vickerman
Chmielewski	Johnston	Marty	Price	Wiener

So the bill passed and its title was agreed to.

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 384: A bill for an act relating to creditors remedies; regulating executions and garnishments; providing that executions and garnishments on

child support judgments are effective until the judgments are satisfied; exempting child support payments from execution; amending Minnesota Statutes 1992, sections 550.135, subdivision 10; 550.136, subdivisions 3, 4, and 5; 550.143, subdivision 3; 550.37, subdivision 15; 551.04, subdivisions 2 and 11; 551.05, subdivision 1a; 551.06, subdivisions 3, 4, and 5; 570.025, subdivision 6; 570.026, subdivision 2; 571.72, subdivision 7; 571.73, subdivision 3; 571.912; 571.922; and 571.923.

Senate File No. 384 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 6, 1993

CONCURRENCE AND REPASSAGE

Ms. Berglin moved that the Senate concur in the amendments by the House to S.F. No. 384 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 384 was read the third time, as amended by the House, and placed on its repassage.

The question was taken on the repassage of the bill, as amended.

The roll was called, and there were yeas 48 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Day	Krentz	Morse	Runbeck
Anderson	Dille	Laidig	Murphy	Sams
Belanger	Finn	Langseth	Neuville	Spear
Benson, D.D.	Flynn	Larson	Oliver	Stevens
Benson, J.E.	Frederickson	Lesewski	Olson	Stumpf
Berg	Hottinger	Lessard	Pariseau	Terwilliger
Berglin	Johnson, J.B.	Luther	Piper	Vickerman
Bertram	Johnston	Marty	Price	Wiener
Betzold	Kiscaden	McGowan	Ranum	
Chmielewski	Knutson	Moe, R.D.	Robertson	

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

MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 4 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 4: A bill for an act relating to retirement; providing an open appropriation for payment of state reimbursement for supplemental retirement benefits paid to volunteer firefighters; amending Minnesota Statutes 1992, section 424A.10, subdivision 3.

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 51 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Day	Knutson	Morse	Sams
Anderson	Dille	Krentz	Murphy	Spear
Belanger	Finn	Laidig	Neuville	Stevens
Benson, D.D.	Flynn	Langseth	Oliver	Stumpf
Benson, J.E.	Frederickson	Larson	Olson	Terwilliger
Berg	Hanson	Lesewski	Pariseau	Vickerman
Berglin	Hottinger	Lessard	Piper	Wiener
Bertram	Johnson, D.E.	Luther	Price	
Betzold	Johnson, J.B.	Marty	Ranum	
Chandler	Johnston	McGowan	Robertson	
Chmielewski	Kiscaden	Moe, R.D.	Runbeck	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 1101 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 1101: A bill for an act relating to health-related occupations; requiring hearing instrument dispensers to be certified by the commissioner of health; requiring holders of temporary hearing instrument dispensing permits to be supervised by certified hearing instrument dispensers; authorizing cease and desist orders; providing for penalties; appropriating money; amending Minnesota Statutes 1992, sections 153A.13, subdivisions 4 and 5; 153A.14; 153A.15; and 153A.17; proposing coding for new law in Minnesota Statutes, chapter 214.

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 45 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Chandler	Johnston	Marty	Ranum
Anderson	Chmielewski	Kiscaden	McGowan	Robertson
Belanger	Day	Knutson	Moe, R.D.	Sams
Benson, D.D.	Dille	Krentz	Morse	Spear
Benson, J.E.	Finn	Laidig	Murphy	Stevens
Berg	Flynn	Larson	Neuville	Stumpf
Berglin	Frederickson	Lesewski	Oliver	Terwilliger
Bertram	Hanson	Lessard	Piper	Vickerman
Betzold	Johnson, J.B.	Luther	Price	Wiener

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 760 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 760: A bill for an act relating to natural resources; granting power to the commissioner of natural resources to give nominal gifts, acknowledge contributions, and sell advertising; appropriating money; amending Minnesota Statutes 1992, section 84.027, by adding a subdivision.

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 50 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Chmielewski	Johnson, J.B.	Marty	Ranum
Anderson	Day	Johnston	Moe, R.D.	Robertson
Belanger	Dille	Kiscaden	Mondale	Runbeck
Benson, D.D.	Finn	Knutson	Morse	Sams
Benson, J.E.	Flynn	Krentz	Murphy	Spear
Berg	Frederickson	Laidig	Neuville	Stevens
Berglin	Hanson	Langseth	Olson	Stumpf
Bertram	Hottinger	Larson	Pariseau	Terwilliger
Betzold	Janezich	Lessard	Piper	Vickerman
Chandler	Johnson, D.E.	Luther	Price	Wiener

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 498 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 498: A bill for an act relating to St. Louis county; solid waste management; clarifying St. Louis county contracting authority to include management operations; modifying contracting procedure; amending Minnesota Statutes 1992, section 383C.807, subdivision 1.

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 50 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Day	Johnston	Marty	Price
Belanger	Dille	Kiscaden	Moe, R.D.	Ranum
Benson, D.D.	Finn	Knutson	Mondale	Robertson
Benson, J.E.	Flynn	Krentz	Morse	Runbeck
Berg	Frederickson	Laidig	Murphy	Sams
Berglin	Hanson	Langseth	Neuville	Spear
Bertram	Hottinger	Larson	Oliver	Stumpf
Betzold	Janezich	Lesewski	Olson	Terwilliger
Chandler	Johnson, D.E.	Lessard	Pariseau	Vickerman
Chmielewski	Johnson, J.B.	Luther	Piper	Wiener

Mr. Stevens voted in the negative.

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 259 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 259: A bill for an act relating to local government; providing for the publication of certain accounts and delinquent property tax information; amending Minnesota Statutes 1992, sections 281.13; 281.23, subdivision 3; and 375.17.

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 46 and nays 4, as follows:

Those who voted in the affirmative were:

Adkins	Dille	Krentz	Murphy	Sams
Anderson	Finn	Laidig	Neuville	Spear
Belanger	Flynn	Langseth	Oliver	Stevens
Benson, J.E.	Hanson	Larson	Olson	Stumpf
Berg	Hottinger	Lessard	Pariseau	Vickerman
Berglin	Janezich	Luther	Piper	Wiener
Bertram	Johnson, J.B.	Marty	Price	
Betzold	Johnston	Moe, R.D.	Ranum	
Chmielewski	Kiscaden	Mondale	Robertson	
Day	Knutson	Morse	Runbeck	

Messrs. Benson, D.D.; Frederickson; Ms. Lesewski and Mr. Terwilliger voted in the negative.

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 162 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 162: A bill for an act relating to retirement; increasing the individual retirement account plans employer contribution rate; amending Minnesota Statutes 1992, section 354B.04, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 354B.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 53 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Chmielewski	Johnston	Moe, R.D.	Robertson
Anderson	Day	Kiscaden	Mondale	Runbeck
Beckman	Dille	Knutson	Morse	Sams
Belanger	Finn	Krentz	Murphy	Spear
Benson, D.D.	Flynn	Laidig	Neuville	Stevens
Benson, J.E.	Frederickson	Langseth	Oliver	Stumpf
Berg	Hanson	Larson	Olson	Terwilliger
Berglin	Hottinger	Lesewski	Pariseau	Vickerman
Bertram	Janezich	Lessard	Piper	Wiener
Betzold	Johnson, D.E.	Luther	Price	
Chandler	Johnson, J.B.	Marty	Ranum	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 1472 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 1472: A bill for an act relating to economic development; limiting certain daily payments; amending Minnesota Statutes 1992, section 469.011, subdivision 4.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 53 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Chmielewski	Johnston	Moe, R.D.	Robertson
Anderson	Day	Kiscaden	Mondale	Runbeck
Beckman	Dille	Knutson	Morse	Sams
Belanger	Finn	Krentz	Murphy	Spear
Benson, D.D.	Flynn	Laidig	Neuville	Stevens
Benson, J.E.	Frederickson	Langseth	Oliver	Stumpf
Berg	Hanson	Larson	Olson	Terwilliger
Berglin	Hottinger	Lesewski	Pariseau	Vickerman
Bertram	Janezich	Lessard	Piper	Wiener
Betzold	Johnson, D.E.	Luther	Price	
Chandler	Johnson, J.B.	Marty	Ranum	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 993 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 993: A bill for an act relating to public safety; allowing social security numbers of commercial drivers to be provided to the federal commercial driver license information system; allowing person whose vehicle license plates are impounded to designate a licensed driver for the purpose of obtaining special series license plates; prohibiting person whose license plates are impounded from purchasing a motor vehicle under certain conditions; clarifying driver's license classification provisions; imposing fee for duplicate identification card; requiring application for duplicate identification card when certain information changes; including certain traffic offenses as being serious violations when committed by commercial vehicle drivers; providing for driver's license reinstatement fees; amending Minnesota Statutes 1992, sections 13.69, subdivision 1; 168.042, subdivision 12, and by adding a subdivision; 171.02, subdivision 2; 171.06, subdivision 2; 171.11; 171.165, subdivision 4; and 171.29, subdivision 2.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 56 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Day	Knutson	Morse	Samuelson
Anderson	Dille	Krentz	Murphy	Solon
Beckman	Finn	Laidig	Neuville	Spear
Belanger	Flynn	Langseth	Oliver	Stevens
Benson, D.D.	Frederickson	Larson	Olson	Stumpf
Benson, J.E.	Hanson	Lesewski	Pariseau	Terwilliger
Berg	Hottinger	Lessard	Piper	Vickerman
Berglin	Janezich	Luther	Price	Wiener
Bertram	Johnson, D.E.	Marty	Ranum	
Betzold	Johnson, J.B.	McGowan	Robertson	
Chandler	Johnston	Moe, R.D.	Runbeck	
Chmielewski	Kiscaden	Mondale	Sams	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 1403 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 1403: A bill for an act relating to utilities; expanding duties of chair of public utilities commission; amending Minnesota Statutes 1992, section 216A.03, subdivision 3a.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 54 and nays 3, as follows:

Those who voted in the affirmative were:

Adkins	Dille	Laidig	Murphy	Runbeck
Beckman	Flynn	Langseth	Neuville	Sams
Belanger	Frederickson	Larson	Oliver	Samuelson
Benson, J.E.	Hanson	Lesewski	Olson	Solon
Berg	Hottinger	Lessard	Pariseau	Spear
Berglin	Janezich	Luther	Piper	Stevens
Bertram	Johnson, D.E.	Marty	Price	Stumpf
Betzold	Johnston	McGowan	Ranum	Terwilliger
Chandler	Kiscaden	Moe, R.D.	Reichgott	Vickerman
Chmielewski	Knutson	Mondale	Riveness	Wiener
Day	Krentz	Morse	Robertson	

Ms. Anderson, Mr. Finn and Ms. Johnson, J.B. voted in the negative.

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 1418 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 1418: A bill for an act relating to state government; public employment; establishing a pilot project in certain entities; permitting the waiver of rules governing the classified and unclassified service of the state by joint committees.

Mr. Moe, R.D. moved to amend S.F. No. 1418 as follows:

Page 3, after line 21, insert:

"Subd. 6. [PILOT PROJECTS.] The commissioner of employee relations shall meet and confer with affected exclusive representatives of state employees to design pilot projects that will improve human resource practices in the state civil service within executive branch agencies. To further projects under this subdivision, the commissioner shall convene a task force to propose and review pilot projects affecting employees and positions represented by exclusive representatives. The task force must consist of a representative of each of the ten exclusive representatives of employees in the executive branch, selected by the exclusive representatives, and no more than an equal number of management-level employees selected by the commissioner. The task force shall consider projects to improve human resource practices and may also consider innovative projects that introduce total quality management prac-

tices or that empower employees in the workplace. The impact of job security and retraining efforts in the organization of work may also be examined, as well as any other practices, procedures, or theories designed to improve service to the customers of state agencies and to taxpayers in general. For projects conducted in particular departments or agencies or affecting only employees represented by one or more exclusive representatives, the task force shall designate a pilot project team of affected parties made up equally of representatives of exclusive representatives and management-level employees. The task force or project teams may also involve or consult with representatives of other affected groups as necessary. If the task force determines that a project could be implemented only by waiving any civil service rule, the task force may request the commissioner to grant a waiver. The commissioner may grant the waiver, subject to the limitations in subdivision 4, paragraph (b). The task force shall measure and monitor the results of a project conducted under a waiver. The commissioner shall notify the legislative commission on employee relations before conducting any projects under this subdivision and shall report any results from these projects to the commission by September 1, 1993, September 1, 1994, and September 1, 1995. This subdivision is repealed June 30, 1995."

Amend the title as follows:

Page 1, line 6, before the period, insert "requiring the commissioner of employee relations to conduct experimental or research projects to improve human resource management practices"

The motion prevailed. So the amendment was adopted.

Mr. Moe, R.D. then moved that H.F. No. 1418 be laid on the table. The motion prevailed.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 1114 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 1114: A bill for an act relating to game and fish; stamp design; training of hunting dogs; clothing requirements; raccoon season; rough fish taking by nonresidents; muskie size limits; taking of mussels; advance of matching funds; financing waterfowl development; defining "undressed bird"; regulating the taking of deer; regulating seasons on muskrat, mink, otter, and beaver; required license to take and condition of fish brought into the state from Canada; authorizing suspension of requirements upon action by Canadian authorities; amending Minnesota Statutes 1992, sections 84.085, by adding a subdivision; 97A.015, subdivision 49, and by adding a subdivision; 97A.045, subdivision 7; 97A.091, subdivision 2; 97A.531; 97B.005, subdivisions 2 and 3; 97B.041; 97B.071; 97B.621, subdivision 1; 97B.911; 97B.915; 97B.921; 97B.925; 97C.375; 97C.405; and 97C.701, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 97A; repealing Minnesota Statutes 1992, sections 97A.541; 97C.701, subdivisions 3, 4, and 5; 97C.705; and 97C.711.

Mr. Samuelson moved to amend H.F. No. 1114, as amended pursuant to Rule 49, adopted by the Senate May 6, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 669.)

Page 2, after line 8, insert:

"Sec. 2. Minnesota Statutes 1992, section 86B.101, subdivision 2, is amended to read:

Subd. 2. [YOUTH WATERCRAFT SAFETY COURSE.] (a) The commissioner shall establish an educational course and a testing program for watercraft operators and for persons age 13 12 or older but younger than age 18 required to take the watercraft safety course. The commissioner shall prescribe a written test as part of the course.

(b) The commissioner shall issue a watercraft operator's permit to a person age 13 12 or older but younger than age 18 who successfully completes the educational program and the written test.

Sec. 3. Minnesota Statutes 1992, section 86B.305, subdivision 1, is amended to read:

Subdivision 1. [UNDER AGE 13 12.] Except in case of an emergency, a person under age 13 12 may not operate or be allowed to operate a watercraft propelled by a motor with a factory rating of more than 24 horsepower unless there is present in the watercraft, in addition to the operator, the operator's parent or legal guardian or at least one person of the age 18 or older.

Sec. 4. Minnesota Statutes 1992, section 86B.305, subdivision 2, is amended to read:

Subd. 2. [AGE 13 12 TO 17; PERMIT REQUIRED.] Except as provided in this subdivision, a person age 13 12 or older and younger than age 18 may not operate a motorboat powered by a motor over 24 horsepower without possessing a valid watercraft operator's permit from this state or from the operator's state of residence unless there is a person age 18 or older in the motorboat."

Page 9, after line 5, insert:

"Sec. 31. [EFFECTIVE DATE.]

Sections 2 to 4 are effective June 1, 1993."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Finn moved to amend H.F. No. 1114, as amended pursuant to Rule 49, adopted by the Senate May 6, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 669.)

Page 7, after line 27, insert:

"Sec. 21. Minnesota Statutes 1992, section 97C.081, is amended by adding a subdivision to read:

Subd. 4. [ICE FISHING CONTEST IN CONJUNCTION WITH RAFFLE.] *An organization that is permitted under this section, is licensed by the lawful gambling control board to conduct raffles, and is located in Hubbard, Cass, Crow Wing, Koochiching, or St. Louis county, may conduct a raffle in conjunction with an ice fishing contest. The organization may sell a combined*

ticket for a single price for the ice fishing contest and raffle. All other provisions of sections 349.11 to 349.23 apply to the raffle."

Renumber the sections in sequence and correct the internal references

Amend the title as follows:

Page 1, line 7, after the first semicolon, insert "ice fishing contests in conjunction with raffles;"

Page 1, line 17, after the first semicolon, insert "97C.081, by adding a subdivision;"

Mr. Berg questioned whether the amendment was germane.

The President ruled that the amendment was germane.

Mr. Vickerman moved to amend the Finn amendment to H.F. No. 1114 as follows:

Page 1, line 10, delete the comma and insert "and"

Page 1, line 12, delete everything after "raffles"

Page 1, line 13, delete everything before "may"

Mr. Berg questioned whether the amendment was germane.

The President ruled that the amendment was germane.

The question was taken on the adoption of the Vickerman amendment to the Finn amendment. The motion prevailed. So the amendment to the amendment was adopted.

The question recurred on the Finn amendment, as amended. The motion prevailed. So the amendment, as amended, was adopted.

H.F. No. 1114 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 60 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Day	Krentz	Mondale	Riveness
Anderson	Dille	Kroening	Morse	Robertson
Beckman	Finn	Laidig	Murphy	Runbeck
Belanger	Flynn	Larson	Neuville	Sams
Benson, D.D.	Frederickson	Lesewski	Novak	Samuelson
Benson, J.E.	Hanson	Lessard	Oliver	Solon
Berg	Hottinger	Luther	Olson	Spear
Berglin	Johnson, D.E.	Marty	Pariseau	Stevens
Bertram	Johnson, J.B.	McGowan	Piper	Stumpf
Betzold	Johnston	Merriam	Pogemiller	Terwilliger
Chandler	Kiscaden	Metzen	Ranum	Vickerman
Chmielewski	Knutson	Moe, R.D.	Reichgott	Wiener

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

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 931 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 931: A bill for an act relating to motor fuels; increasing minimum

oxygen content in certain areas at certain times; amending Minnesota Statutes 1992, section 239.791, subdivisions 1 and 2.

Mr. Merriam moved to amend H.F. No. 931, as amended pursuant to Rule 49, adopted by the Senate May 5, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 771.)

Page 1, line 19, strike "at any time" and after "area" insert "*not during a carbon monoxide control period*"

Page 1, line 20, reinstate the stricken "two" and delete "2.7"

Page 1, line 21, strike "After" and insert "*Beginning*"

Page 1, line 22, after "Minnesota" insert ":

(1) *from October 1 to May 1, must contain at least 2.7 percent oxygen by weight; and*

(2) *at other times,*" and reinstate the stricken "two" and delete "2.7"

CALL OF THE SENATE

Mr. Morse imposed a call of the Senate for the balance of the proceedings on H.F. No. 931. The Sergeant at Arms was instructed to bring in the absent members.

The question recurred on the adoption of the amendment.

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

Those who voted in the affirmative were:

Anderson	Kroening	Mondale	Ranum	Spear
Benson, J.E.	Lessard	Novak	Reichgott	Wiener
Betzold	Luther	Oliver	Riveness	
Chandler	Marty	Olson	Robertson	
Johnston	Merriam	Pariseau	Runbeck	
Knutson	Metzen	Price	Solon	

Those who voted in the negative were:

Adkins	Day	Johnson, D.E.	Lesewski	Pogemiller
Beckman	Dille	Johnson, D.J.	McGowan	Sams
Belanger	Finn	Johnson, J.B.	Moe, R.D.	Samuelson
Benson, D.D.	Flynn	Kelly	Morse	Stevens
Berg	Frederickson	Kiscaden	Murphy	Stumpf
Berglin	Hanson	Laidig	Neuville	Terwilliger
Bertram	Hottinger	Langseth	Pappas	Vickerman
Chmielewski	Janezich	Larson	Piper	

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

Mr. Johnson, D.J. moved to amend H.F. No. 931, as amended pursuant to Rule 49, adopted by the Senate May 5, 1993, as follows:

(The text of the amended House File is identical to S.F. No. 771.)

Page 2, line 8, delete "AGRICULTURAL PROCESSING" and insert "ETHANOL PRODUCTION"

Page 2, line 11, delete everything after "for" and insert "*production of ethanol*"

Page 2, line 12, delete "*products*"

Page 2, delete line 14 and insert "*production of ethanol.*"

The motion prevailed. So the amendment was adopted.

H.F. No. 931 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 60 and nays 4, as follows:

Those who voted in the affirmative were:

Adkins	Day	Kelly	McGowan	Ranum
Anderson	Dille	Kiscaden	Metzen	Reichgott
Beckman	Finn	Knutson	Moe, R.D.	Riveness
Belanger	Flynn	Krentz	Mondale	Sams
Benson, D.D.	Frederickson	Kroening	Morse	Samuelson
Benson, J.E.	Hanson	Laidig	Murphy	Solon
Berg	Hottinger	Langseth	Neuville	Spear
Berglin	Janezich	Larson	Novak	Stevens
Bertram	Johnson, D.E.	Lesewski	Olson	Stumpf
Betzold	Johnson, D.J.	Lessard	Pappas	Terwilliger
Chandler	Johnson, J.B.	Luther	Piper	Vickerman
Chmielewski	Johnston	Marty	Price	Wiener

Messrs. Merriam, Oliver, Mses. Robertson and Runbeck voted in the negative.

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

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1570 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 1570

A bill for an act relating to the organization and operation of state government; appropriating money for environmental, natural resource, and agricultural purposes; transferring responsibilities to the commissioner of natural resources; continuing the citizen's council on Voyageurs national park; providing for crop protection assistance; changing certain license fees; imposing a solid waste assessment; modifying the hazardous waste generator tax; establishing a hazardous waste generator loan program; expanding the number of facilities subject to pollution prevention requirements; providing for membership on the legislative commission on Minnesota resources; requiring a toxic air contaminant strategy; amending Minnesota Statutes 1992, sections 17.59, subdivision 5; 17A.11; 18B.05, subdivision 2; 18C.131; 21.115; 21.92; 25.39, subdivision 4; 27.07, subdivision 6; 32.394, subdivision 9; 32A.05, subdivision 4; 41A.09, by adding a subdivision; 84.027, by adding a subdivision; 85.016; 85.22, subdivision 2a; 85A.02, subdivision 17; 88.79, subdivision 2; 97A.055, subdivision 1, and by adding a subdivision; 97A.065, subdivision 3; 97A.071, subdivision 2; 97A.075, subdivisions 1 and 4; 97A.441, by adding a subdivision; 97A.475, subdivision 12; 97C.355, subdivision 2; 103F.725, by adding a subdivision; 115A.96, subdivisions 3 and 4; 115B.22, by adding subdivisions; 115B.24, subdivision 6; 115B.42, subdivision 2; 115D.07, subdivision 1; 115D.10; 115D.12, subdivision 2; 116J.401; 116P.05, subdivision 1; 116P.10; 116P.11; 160.265; 297A.45, by adding a subdivision; 299K.08, by adding a subdivision; 473.351, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 85; 97A; 115A; 115B; and 115D; repealing Minnesota Statutes 1992, sections 97A.065, subdivision 3; 97A.071, subdivision 2; 97A.075, subdivisions 2, 3,

and 4; 97B.715, subdivision 1; 97B.801; 97C.305; 115B.21, subdivisions 4 and 6; 115B.22, subdivisions 1, 2, 3, 4, 5, and 6.

May 6, 1993

The Honorable Allan H. Spear
President of the Senate

The Honorable Dee Long
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1570, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 1570 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. [ENVIRONMENT AND NATURAL RESOURCES; APPROPRIATIONS.]

The sums shown in the columns marked “APPROPRIATIONS” are appropriated from the general fund, or another fund named, to the agencies and for the purposes specified in this act, to be available for the fiscal years indicated for each purpose. The figures “1993,” “1994,” and “1995,” where used in this act, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1993, June 30, 1994, or June 30, 1995, respectively.

SUMMARY BY FUND

	1994	1995	TOTAL
General \$	\$147,433,000	\$143,836,000	\$291,269,000
Environmental	29,568,000	30,028,000	59,596,000
Metro Landfill			
Contingency Trust	797,000	797,000	1,594,000
Special Revenue	10,316,000	10,351,000	20,667,000
Natural Resources	18,066,000	17,547,000	35,613,000
Game and Fish	52,110,000	53,201,000	105,311,000
Permanent School Trust	374,000	104,000	478,000
Minnesota Resources	14,662,000		14,662,000
Environmental Trust	24,600,000		24,600,000
Oil Overcharge	2,012,000		2,012,000
TOTAL	299,938,000	255,864,000	555,802,000

APPROPRIATIONS
Available for the Year
Ending June 30
1994 1995

**Sec. 2. POLLUTION CONTROL
AGENCY**

Subdivision 1. Total Appropriation 38,888,000 37,140,000

Summary by Fund

General	9,230,000	6,822,000
Environmental	28,006,000	28,666,000
Metro Landfill		
Contingency	797,000	797,000
Special Revenue	855,000	855,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Water Pollution Control

7,865,000 5,418,000

Summary by Fund

General	5,873,000	3,426,000
Environmental	1,992,000	1,992,000

\$1,946,000 the first year is for grants to local units of government for the clean water partnership program. Any unencumbered balance remaining in the first year does not cancel and is available for the second year of the biennium.

\$500,000 the first year is appropriated for Minnesota's contribution to the Great Lakes Protection Fund. This is the final payment of a \$1,500,000 obligation.

General fund money appropriated for the nonpoint source pollution Minnesota River project must be matched by federal dollars.

Subd. 3. Air Pollution Control

6,222,000 6,398,000

Summary by Fund

Environmental	5,367,000	5,543,000
Special Revenue	855,000	855,000

Subd. 4. Groundwater and Solid Waste Pollution Control

13,137,000 13,329,000

Summary by Fund

Environmental	12,348,000	12,540,000
Metro Landfill		
Contingency	789,000	789,000

All money in the environmental response, compensation, and compliance account in

the environmental fund not otherwise appropriated is appropriated to the commissioners of the pollution control agency and the department of agriculture for purposes of Minnesota Statutes, section 115B.20, subdivision 2, clauses (1), (2), (3), (4), (11), (12), and (13). At the beginning of each fiscal year, the two commissioners shall jointly submit an annual spending plan to the commissioner of finance that maximizes the utilization of resources and appropriately allocates the money between the two agencies. This appropriation is available until June 30, 1995.

\$3,800,000 the first year and \$4,000,000 the second year is from the landfill cleanup account in the environmental fund for the purposes specified in Minnesota Statutes, section 115B.42. This appropriation may be used for staff costs related to response actions at landfills under Minnesota Statutes, chapter 115B.

All money in the metropolitan landfill abatement account in the environmental fund not otherwise appropriated is appropriated to the pollution control agency for payment to the metropolitan council and may be used by the council for the purposes of Minnesota Statutes, section 473.844. The council shall report to the legislative commission on waste management its budget and work program for spending this appropriation.

The commissioner of the pollution control agency shall evaluate the feasibility of using a 900 telephone number as a means of ensuring that the agency recovers its costs for the property transfer program under Minnesota Statutes, section 115B.17, subdivision 14.

Any unencumbered balance from the metropolitan landfill contingency action trust fund remaining in the first year does not cancel but is available for the second year.

Subd. 5. Hazardous Waste Pollution Control

4,988,000 5,027,000

Summary by Fund

General	1,595,000	1,634,000
Environmental	3,393,000	3,393,000

\$250,000 the first year and \$250,000 the second year is from the environmental fund for the purposes of the hazardous waste generator loan program established in section 115B.223.

The commissioner of the pollution control agency shall evaluate the feasibility of using a 900 telephone number as a means of ensuring that the agency recovers its costs of providing assistance under Minnesota Statutes, section 115C.03, subdivision 9.

Subd. 6. Regional Support

52,000	52,000
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This appropriation is from the environmental fund.

Subd. 7. General Support

6,624,000	6,916,000
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Summary by Fund

General	1,762,000	1,762,000
Environmental	4,854,000	5,146,000
Metro Landfill		
Contingency	8,000	8,000

(a) The following amounts are appropriated for Phase I of an environmental computer compliance management system:

General	400,000	400,000
Environmental	1,309,000	1,599,000

From the environmental fund, \$381,000 the first year and \$420,000 the second year are appropriated from the agency's indirect cost account; \$350,000 the first year is appropriated from the balance in the hazardous waste fee account; \$200,000 the first year is appropriated from the balance in the low level radiation fee account; \$790,000 the second year is appropriated from the unexpended balance in the motor vehicle transfer fee account; and \$378,000 the first year and \$389,000 are appropriated proportion-

ately from all salary accounts in the environmental fund.

The project must be coordinated to access department of natural resources computer information. The commissioner must report on the project to the house ways and means and senate finance committee by July 1, 1995.

(b) \$150,000 is appropriated in each of fiscal years 1994 and 1995 to the commissioner of the pollution control agency from the motor vehicle transfer account in the environmental fund for the purpose of making grants for development of management alternatives for shredder residue under article 2, section 29. The unencumbered balance remaining in the first year does not cancel but is available for the second year and any amount of this appropriation not used to make grants under article 2, section 29 reverts to the motor vehicle transfer account on June 30, 1995.

(c) \$140,000 is appropriated to the commissioner of the pollution control agency from the motor vehicle transfer account in the environmental fund for the purpose of studying management of shredder residue from motor vehicles, appliances, and other sources of recyclable steel and administering the grants authorized under article 2, section 29.

(d) None of the money appropriated in paragraphs (b) and (c) may be spent unless the legislative commission on waste management has approved a work program prepared by the commissioner of the pollution control agency.

Sec. 3. OFFICE OF WASTE MANAGEMENT

Subdivision 1. Total Appropriation	20,229,000	20,214,000
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Summary by Fund

General	19,139,000	19,124,000
Environmental	1,090,000	1,090,000

Notwithstanding any other law to the contrary, any outstanding obligations that may be held in St. Louis county for grants and loans issued to the county for con-

struction or operation of the Babbitt waste tire facility under Minnesota Statutes 1986, section 116M.07; Minnesota Statutes, section 115A.54, subdivision 2a; or 298.22; shall be suspended until June 30, 1995.

The amounts that may be spent from this appropriation for each program are specified in the following sections.

Subd. 2. Business Assistance

2,960,000 2,819,000

Summary by Fund

General	1,870,000	1,729,000
Environmental	1,090,000	1,090,000

\$1,327,000 the first year and \$1,332,000 the second year are for grants for market development, source reduction, and pollution prevention. Of these amounts, \$103,000 the first year and \$190,000 the second year from the environmental fund, and \$47,000 the first year and \$50,000 the second year from the general fund, are for pollution prevention grants. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

\$100,000 the first year and \$100,000 the second year are from the environmental fund for payment of a grant to the Minnesota technical assistance program and for pollution prevention assistance.

Notwithstanding Minnesota Statutes, chapter 115A, money from this appropriation may, at the discretion of the director, be used for demonstration or pilot programs for farm animal waste management techniques or facilities. This money may not be used for these programs unless the director has notified the chairs of the legislative committees or divisions with jurisdiction over appropriations for environmental and natural resources activities.

Subd. 3. Citizen Outreach

696,000 696,000

Subd. 4. Local Government Assistance

15,437,000 15,556,000

\$14,008,000 the first year and \$14,008,000 the second year are for the SCORE block grants to counties.

Subd. 5. Research and Policy Development

324,000 324,000

Subd. 6. Administrative Assistance

812,000 819,000

Sec. 4. ZOOLOGICAL BOARD

Subdivision 1. Total Appropriation 5,048,000 5,051,000

The amounts that may be spent from this appropriation are specified in the following subdivisions.

Subd. 2. Biological Programs

755,000 651,000

Subd. 3. Enterprise Program

92,000 94,000

Subd. 4. Operations

4,201,000 4,306,000

Sec. 5. NATURAL RESOURCES

Subdivision 1. Total Appropriation 151,154,000 151,192,000

Summary by Fund

General	80,604,000	80,340,000
Game and Fish	52,110,000	53,201,000
Natural Resources	18,066,000	17,547,000
Permanent School	374,000	104,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Any unencumbered balances remaining in the first year from appropriations made in this section for organizational realignment do not cancel, but are available for the second year.

Subd. 2. Mineral Resources Management

4,751,000 4,714,000

\$311,000 the first year and \$311,000 the second year are for iron ore cooperative research, of which \$225,000 the first year and \$225,000 the second year are avail-

able only as matched by \$1 of nonstate money for each \$1 of state money. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

\$375,000 the first year and \$375,000 the second year are for mineral diversification. Any unencumbered balance remaining in the first year does not cancel but is available for the second year. The commissioner is authorized one position in the unclassified service for minerals diversification.

The commissioner of natural resources, before adopting amendments to the mineland reclamation rules governing permits to mine for taconite and iron ore mining operations, shall study how to effectively implement the financial assurance requirements of Minnesota Statutes, section 93.49. The commissioner, by June 30, 1994, shall submit a report to the legislature containing:

- (1) an analysis of the types of financial assurance used for mineland reclamation, including the availability, strengths, and weaknesses of the different types;
- (2) an analysis of the feasibility of establishing financial assurance pools; and
- (3) recommendations for procedures to phase financial assurance requirements in over a period of years for ferrous mine operations.

The commissioner shall solicit and receive advice from the ferrous mining industry, environmental organizations, the state investment board, the Iron Range Resources and Rehabilitation Board, and the Minnesota pollution control agency.

\$30,000 the first year and \$45,000 the second year are for minerals cooperative environmental research, of which \$20,000 the first year and \$35,000 the second year are available only as matched by \$1 of nonstate money for each \$1 of state money. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

\$20,000 is appropriated in 1994 for a project to be completed in cooperation with the Iron Range Resources and Rehabilitation Board and the department of trade and economic development utilizing available information on iron product production in Minnesota, steel production using the newest mini mill technology and steel market projections to produce a report on the feasibility of locating a steel mill in northern Minnesota. This report is to be completed by March 31, 1994.

Subd. 3. Water Resources Management

7,985,000 7,747,000

Summary by Fund

General	7,884,000	7,643,000
Natural Resources	101,000	104,000

\$35,000 the first year is for reimbursement of the cost of emergency flood damage repairs to the dike on the Root river in Hokah township, section 32. The commissioner of natural resources shall pursue any federal funds that might be available for this project.

\$180,000 is for payment of a grant to the metropolitan council for development of a mathematical, state-of-the-art groundwater model for the seven-county metropolitan area. The funds are available for the biennium ending June 30, 1995. This appropriation is available only if matched by \$150,000 from nonstate sources.

\$40,000 is appropriated in 1994 for bank stabilization on the Middle River-Snake River Watershed. The money must be matched by nonstate funds.

Subd. 4. Forest Management

27,200,000 26,805,000

Summary by Fund

General	26,546,000	26,130,000
Game and Fish	321,000	331,000
Natural Resources	333,000	344,000

\$735,000 the first year and \$735,000 the second year are for presuppression and suppression costs of emergency fire fight-

ing. If the appropriation for either year is insufficient, the appropriation for the other year is available for it. If these appropriations are insufficient to cover all costs of suppression, the amount necessary to pay for emergency firefighting expenses during the biennium is appropriated from the general fund.

\$114,000 the first year and \$114,000 the second year are for transfer to the board of water and soil resources for grants to soil and water conservation districts for cost-sharing with landowners in the state forest improvement program. This appropriation is not subject to any budget reductions made in the agency.

The commissioner of natural resources shall continue the oak regeneration technical assistance program described in Laws 1991, chapter 254, article 1, section 14, subdivision 7, paragraph (e).

Subd. 5. Parks and Recreation Management

22,239,000 22,974,000

Summary by Fund

General	21,631,000	22,345,000
Natural Resources	608,000	629,000

\$608,000 the first year and \$629,000 the second year are from the water recreation account in the natural resources fund for state park development projects. If the appropriation in either year is insufficient, the appropriation for the other year is available for it.

\$2,238,000 the first year and \$2,238,000 the second year are for payment of a grant to the metropolitan council for metropolitan area regional parks maintenance and operation.

The commissioner of natural resources shall study the management and operational costs of the state park system and evaluate alternative funding approaches for the system. Results of the study must be reported to the legislature by July 1, 1994, and must include a review of the size, type, and number of units within the system; alternative management strate-

gies and organizational structures; revenue generating alternatives; potential stable funding sources; and potential alternatives for reducing costs and improving self-sufficiency.

Any increase in general fund appropriations for state parks for each year of the biennium ending June 30, 1995, above the amount appropriated for fiscal year 1993 must be used only for state park field operations.

\$5,000 is appropriated in 1994 for the development and completion of the management plan for the Cuyuna Country State Recreational Area.

The commissioner of natural resources may not operate a work training program for unemployed and underemployed individuals during the biennium ending June 30, 1995, unless the terms and conditions of employment of such individuals have been negotiated with the exclusive bargaining representatives of employees pursuant to Minnesota Statutes, chapter 179A.

Subd. 6. Trails and Waterways

11,039,000 10,726,000

Summary by Fund

General	1,125,000	1,163,000
Game and Fish	836,000	859,000
Natural Resources	9,078,000	8,704,000

\$2,249,000 the first year and \$2,249,000 the second year are from the snowmobile trails and enforcement account in the natural resources fund for snowmobile grants-in-aid.

\$250,000 the first year and \$250,000 the second year are from the water recreation account in the natural resources fund for a safe harbor program on Lake Superior. Any unencumbered balance at the end of the first year does not cancel and is available for the second year.

Subd. 7. Fish and Wildlife Management

36,613,000 37,537,000

Summary by Fund

General	2,496,000	2,460,000
Game and Fish	32,339,000	33,234,000
Natural Resources	1,778,000	1,843,000

\$874,000 the first year and \$874,000 the second year are appropriated from the game and fish fund for payments to counties in lieu of taxes on acquired wildlife lands and are not subject to transfer.

\$984,000 the first year and \$1,020,000 the second year are from the nongame wildlife management account in the natural resources fund for the purpose of nongame wildlife management. Any unencumbered balance remaining in the first year does not cancel but is available the second year. The commissioner of natural resources shall submit to the legislature by January 15, 1994, a budget request to spend any excess receipts from the nongame checkoff.

\$1,310,000 the first year and \$1,310,000 the second year are for the reinvest in Minnesota programs of game and fish, critical habitat, and wetlands established under Minnesota Statutes, section 84.95, subdivision 2. Any unencumbered balance for the first year does not cancel but is available for use the second year.

\$810,000 the first year and \$2,618,000 the second year are from the fish management intensification account and \$1,440,000 the first year is from the game and fish fund for only the purposes specified in Minnesota Statutes, section 97A.065, subdivision 3.

\$1,342,000 the first year and \$1,342,000 the second year are from the wildlife acquisition account for only the purposes specified in Minnesota Statutes, section 97A.071, subdivision 3. Of these amounts, \$540,000 the first year and \$360,000 the second year are for acquisition, \$360,000 the first year and \$540,000 the second year are for development, and \$120,000 each year is for ditch assessments. \$322,000 each year is for development work performed by participants in youth programs.

\$975,000 the first year and \$1,041,000 the second year are from the deer habitat improvement account, and \$225,000 the first year and \$159,000 the second year are from the game and fish fund, for only the purposes specified in Minnesota Statutes, section 97A.075, subdivision 1, paragraph (b).

\$424,000 the first year and \$424,000 the second year are from the deer and bear management account for only the purposes specified in Minnesota Statutes, section 97A.075, subdivision 1, paragraph (c).

\$130,000 the first year and \$130,000 the second year are from the game and fish fund for deer and bear management to include emergency deer feeding. If the appropriation for either year is insufficient, the appropriation for the other year is available.

\$222,000 the first year and \$485,000 the second year are from the waterfowl habitat improvement account, and \$486,000 the first year and \$224,000 the second year are from the game and fish fund, for only the purposes specified in Minnesota Statutes, section 97A.075, subdivision 2.

\$531,000 the first year and \$531,000 the second year are from the trout stream management account for only the purposes specified in Minnesota Statutes, section 97A.075, subdivision 3.

\$605,000 the first year and \$605,000 the second year are from the pheasant habitat improvement account for only the purposes specified in Minnesota Statutes, section 97A.075, subdivision 4.

\$390,000 the first year and \$370,000 the second year are from the game and fish fund for activities relating to reduction and prevention of property damage by wildlife. Of these amounts, \$110,000 and two full-time equivalent positions each year is for technical assistance, \$95,000 and two full-time equivalent positions each year is for continued development of the geographic information system for wildlife management, and \$100,000 each year is for emergency damage abatement materials.

The commissioner shall report to the house environment and natural resource finance and the senate environment and natural resource committee on the activities and budgeting of the deer population management program by February 15, 1994.

\$44,000 is appropriated in 1994 for the construction of barrier reefs on the west traverse bay of the Lake of the Woods, for fish habitat improvement.

\$8,000 is appropriated in 1994 for construction of an interpretive display in the Thief Lake WMA.

The department of natural resources shall establish a task force to examine the feasibility of creating an urban trout fishing site in St. Paul. Potential sites shall include, but not be limited to, Swede Hollow, the historic Trout Brook, or a route from near downtown to the department of natural resources metro fish hatchery. The task force shall include representatives of the city of St. Paul, the office of tourism, the Minnesota chapter of Trout Unlimited, the University of Minnesota, and other interested parties. A report shall be presented to the house and senate committees on environment and natural resources by February 15, 1994.

Subd. 8. Enforcement

15,930,000 16,121,000

Summary by Fund

General	2,945,000	2,916,000
Game and Fish	10,386,000	10,556,000
Natural Resources	2,599,000	2,649,000

\$1,082,000 the first year and \$1,082,000 the second year are from the water recreation account in the natural resources fund for grants to counties for boat and water safety.

\$80,000 the first year and \$50,000 the second year are for costs related to the 1837 Treaty with the Chippewa.

The commissioner shall study the county sheriff's water patrol grant funding, including but not limited to the aid formula and county level activities, and make

recommendations for any needed legislation. The commissioner shall report to the house environment and natural resources finance and senate environment and natural resources committees by January 15, 1994.

Subd. 9. Operations Support

25,397,000 24,568,000

Summary by Fund

General	13,226,000	12,969,000
Game and Fish	8,228,000	8,221,000
Natural Resources	3,569,000	3,274,000
Permanent School	374,000	104,000

\$95,000 the first year and \$95,000 the second year are for a grant to the Mississippi headwaters board for up to 50 percent of the cost of implementing the comprehensive plan for the upper Mississippi within areas under its jurisdiction.

\$17,000 the first year and \$17,000 the second year are for payment to the Leech Lake Band of Chippewa Indians to implement its portion of the comprehensive plan for the upper Mississippi.

The commissioner of natural resources shall have the authority to contract with and make grants to nonprofit agencies to carry out the purposes, plans, and programs of the office of youth programs, Minnesota conservation corps.

The commissioner of natural resources shall complete a study of the payment in lieu of taxes program. The commissioner shall compare the amount of payments that would be made under an ad valorem system to the current payments to counties. The findings of the study must be reported by January 15, 1994, to the environment and natural resources and finance committees of the senate and the environment and natural resources and ways and means committees of the house of representatives.

\$286,000 the first year and \$104,000 the second year are from the lakeshore sales account in the permanent school fund for land sale costs under Minnesota Statutes, section 92.67, subdivision 3. \$88,000 the

first year is from the permanent school fund suspense account, and must be repaid to the suspense account from closing costs collected at the August 1993 lease sale. Any unencumbered balance remaining in the first year does not cancel and is available for the second year.

The commissioner of natural resources shall prepare a report on the support service costs incurred by each department program by fund. The report must include a history of these costs for the past four years and measures the department has taken to reduce and manage these costs. The report must be submitted to the senate environment and natural resources finance division and the house of representatives committee on environment and natural resources finance by December 31, 1993.

The appropriation in Laws 1991, chapter 254, article 1, section 5, subdivision 9, from the land acquisition account is available until expended.

\$100,000 is appropriated in 1994 to the commissioner of natural resources for transfer to the environment quality board. The money is to be used for the coordination of the preparation of a strategic plan for Minnesota's environment based on sustainable human and economic development.

The department of natural resources, with the cooperation of other state agencies, shall identify state employees who are potentially eligible for approval as certified ecologists under guidelines of the Ecological Society of America. Employees shall be eligible for reimbursement in accordance with personnel regulations for expenses directly related to becoming certified ecologists.

Subd. 10. Deficiency Appropriations

\$240,000 is appropriated to the commissioner of the department of natural resources. Of this amount, \$120,000 is from the permanent school fund suspense account and is to be added to the appropriation in, and used for the purposes of Laws 1991, chapter 254, article 1, section 5, subdivision 9, and \$120,000 is to pay

legal costs of litigation and settlement of disputes relating to the 1837 Treaty. The amounts appropriated are for the fiscal year ending June 30, 1993.

Sec. 6. BOARD OF WATER AND SOIL RESOURCES

11,874,000

12,126,000

\$5,003,000 the first year and \$5,353,000 the second year are for natural resources block grants to local governments. Of this amount, \$50,000 in each year is for a grant to the north shore management board.

Grants must be matched with a combination of local cash or in-kind contributions. The base grant portion related to water planning must be matched by an amount that would be raised by a levy under Minnesota Statutes, section 103B.3369.

\$1,599,000 the first year and \$1,599,000 the second year are for grants to soil and water conservation districts for general purposes and for implementation of the RIM conservation reserve program. Upon approval of the board, expenditures may be made from these appropriations for supplies and services benefiting soil and water conservation districts.

\$2,220,000 the first year and \$2,120,000 the second year are for grants to soil and water conservation districts for cost-sharing contracts for erosion control and water quality management. This appropriation is available until expended.

Any unencumbered balance in the board's program of grants to soil and water conservation districts and counties does not cancel at the end of the first year and is available for the second year for the same grant program.

Funds may not be used by the board for providing assistance for individual on-site household waste treatment systems.

\$189,000 the first year and \$189,000 the second year are for grants to watershed districts and other local units of government in the southern Minnesota river basin study area 2 for flood plain management.

Sec. 7. AGRICULTURE

Subdivision 1. Total Appropriation	23,669,000	22,572,000
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Summary by Fund

General	13,936,000	12,804,000
Environmental	272,000	272,000
Special Revenue	9,461,000	9,496,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Protection Service

15,709,000	15,744,000
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Summary by Fund

General	6,159,000	6,159,000
Environmental	272,000	272,000
Special Revenue	9,278,000	9,313,000

\$272,000 the first year and \$272,000 the second year are from the environmental response, compensation, and compliance account in the environmental fund.

\$4,500,000 the first year and \$4,500,000 the second year are appropriated from the pesticide regulatory account established under Minnesota Statutes, section 18B.05 for administration and enforcement of Minnesota Statutes, chapter 18B.

The commissioner shall continue to operate a tractor and machinery safety training program for youth.

The unexpended balance appropriated for farm safety projects and programs at the discretion of the commissioner in Laws 1991, chapter 254, article 1, section 7, subdivision 5, does not cancel and is reappropriated to the commissioner for the biennium ending June 30, 1995, to carry out farm safety projects and programs. These funds can be used in either year of the biennium.

\$650,000 the first year and \$650,000 the second year are appropriated from the fertilizer inspection account established under Minnesota Statutes, section 18C.131 for administration and enforcement of Minnesota Statutes, chapter 18C.

\$400,000 the first year and \$400,000 the second year are appropriated from the

seed potato inspection fund established under Minnesota Statutes, section 21.115 for administration and enforcement of Minnesota Statutes, sections 21.111 to 21.122.

\$600,000 the first year and \$600,000 the second year are appropriated from the seed inspection fund established under Minnesota Statutes, section 21.92 for administration and enforcement of Minnesota Statutes, sections 21.80 to 21.92.

\$650,000 the first year and \$650,000 the second year are appropriated from the commercial feed inspection account established under Minnesota Statutes, section 25.39, subdivision 4 for administration and enforcement of Minnesota Statutes, sections 25.35 to 25.44.

\$620,000 the first year and \$620,000 the second year are appropriated from the fruit and vegetables inspection account established under Minnesota Statutes, section 27.07, subdivision 6 for administration and enforcement of Minnesota Statutes, section 27.07.

\$1,563,000 the first year and \$1,598,000 the second year are appropriated from the dairy services account established under Minnesota Statutes, section 32.394, subdivision 9, for the purpose of dairy services under Minnesota Statutes, chapter 32.

\$295,000 the first year and \$295,000 the second year are appropriated from the livestock weighing fund established under Minnesota Statutes, section 17A.11 for the purpose of livestock weighing costs under Minnesota Statutes, chapter 17A.

Subd. 3. Promotion and Marketing

2,142,000 1,142,000

Summary by Fund

General	1,959,000	959,000
Special Revenue	183,000	183,000

Notwithstanding Minnesota Statutes, section 41A.09, subdivision 3, the total payments from the ethanol development account to all producers may not exceed \$15,800,000 for the biennium ending

June 30, 1995. In fiscal year 1994, the commissioner shall first reimburse producers up to \$981,024 for eligible, unpaid claims accumulated through June 30, 1993.

\$1,000,000 is appropriated in 1994 for use by the rural finance authority for purposes of assisting in the finance of ethanol production facilities in Minnesota. Any amount of this appropriation that remains unencumbered at the end of any biennium does not revert to the general fund but remains available as a revolving account.

\$100,000 the first year and \$100,000 the second year are for ethanol promotion and public education.

\$100,000 the first year and \$100,000 the second year must be spent for the WIC coupon program.

\$45,000 is appropriated in each year for a project to expand agriculture opportunities for the Hmong and other Southeast Asian farmers by expansion of the existing market base and to target new wholesale and retail markets. The money may also be used to expand the wholesale and retail market for other groups involved in direct marketing efforts such as alternative meat and food products. The department must report on the project to the finance committees by January 15, 1995.

\$71,000 the first year and \$71,000 the second year are for transfer to the Minnesota grown matching account and may be used as grants for Minnesota grown promotion under Minnesota Statutes, section 17.109.

\$183,000 the first year and \$183,000 the second year are from the commodities research and promotion account in the special revenue fund.

Subd. 4. Administration and Financial Service

5,818,000 5,686,000

\$1,200,000 from the balance in the special account created in Minnesota Statutes, section 41.61, shall be transferred to the general fund by June 30, 1994.

\$389,000 the first year and \$389,000 the second year are for family farm security interest payment adjustments. If the appropriation for either year is insufficient, the appropriation for the other year is available for it. No new loans may be approved in fiscal year 1994 or 1995.

\$199,000 the first year and \$199,000 the second year are to manage the family farm advocacy program.

\$80,000 the first year and \$80,000 the second year are for grants to farmers for demonstration projects involving sustainable agriculture. If a project cost is more than \$25,000, the amount above \$25,000 must be cost-shared at a state-applicant ratio of one to one. Priorities must be given for projects involving multiple parties. Up to \$20,000 each year may be used for dissemination of information about the demonstration grant projects. If the appropriation for either year is insufficient, the appropriation for the other is available.

\$70,000 the first year and \$70,000 the second year are for the Northern Crops Institute. These appropriations may be spent to purchase equipment and are available until spent.

\$150,000 the first year and \$150,000 the second year are for grants to agriculture information centers. The grants are only available on a match basis. The funds may be released at the rate of two state dollars for each \$1 of matching nonstate money that is raised. Any appropriated amounts not matched by April 1 of each year are available for other purposes within the department.

\$45,000 the first year and \$45,000 the second year are for payment of claims relating to livestock damaged by endangered animal species and agricultural crops damaged by elk. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

\$80,000 the first year and \$80,000 the second year are for the seaway port authority of Duluth.

\$19,000 the first year and \$19,000 the second year is for a grant to the Minnesota livestock breeder's association.

Money from this appropriation may, at the discretion of the commissioner, be used for demonstration or pilot programs for farm animal waste management techniques or facilities. This money may not be used for these programs unless the commissioner has notified the chairs of the legislative committees or divisions with jurisdiction over appropriations for environmental and natural resources activities.

The unencumbered balance on June 1, 1993, of amounts authorized under Laws 1992, chapter 513, article 2, section 6, subdivision 5, for legal challenges to discriminatory aspects of the federal milk market order system are transferred to the supreme court for the same purposes.

Sec. 8. BOARD OF ANIMAL HEALTH

2,071,000 2,071,000

This appropriation includes \$25,000 the first year and \$25,000 the second year for payment of indemnities. If the appropriation for indemnities for either year is insufficient, the appropriation for the other year is available for it. Indemnities of less than \$1 must not be paid.

\$200,000 the first year and \$200,000 the second year are for an integrated pseudorabies control and research program. The board of animal health must consult with the pseudorabies advisory council about how this money should be spent. The appropriation is available only as matched, dollar for dollar, by money from nonstate sources.

Sec. 9. MINNESOTA-WISCONSIN BOUNDARY AREA COMMISSION

129,000 130,000

This appropriation is only available to the extent it is matched by an equal amount from the state of Wisconsin.

Sec. 10. CITIZEN'S COUNCIL ON VOYAGEURS NATIONAL PARK

72,000 72,000

The council shall have an executive committee composed of the legislative members and the chair. The executive committee shall act on matters of person-

nel, out-of-state trips by members of the council, and nonroutine monetary issues.

Sec. 11. SCIENCE MUSEUM OF MINNESOTA

1,114,000 1,108,000

\$6,000 is appropriated for a project to study the creation of a freshwater aquarium on the Mississippi river in downtown St. Paul. The project will look at displaying and interpreting the aquatic life and surrounding cultures of the great river of the world. The science museum will work with groups including but not limited to the department of natural resources, Minnesota tourism office, University of Minnesota, city of St. Paul, the Minnesota alliance for geographic education, and other interested parties. A report must be submitted to the appropriate finance committees of the house and senate by February 1, 1994. This appropriation is contingent upon securing matching funds.

Sec. 12. MINNESOTA ACADEMY OF SCIENCE

36,000 36,000

Sec. 13. MINNESOTA HORTICULTURAL SOCIETY

72,000 72,000

Sec. 14. MINNESOTA RESOURCES

Subdivision 1. Total Appropriation 41,274,000

Summary by Fund

Minnesota Future Resources Fund

14,662,000

Minnesota Environment and Natural Resources Trust Fund

24,600,000

Of this appropriation \$10,298,000 is for trust fund acceleration.

Oil Overcharge Money in the Special Revenue Fund

2,012,000

The appropriations in this section are available until June 30, 1995.

In this section:

(a) "Future resources fund" means the Minnesota future resources fund referred to in Minnesota Statutes, section 116P.13.

(b) "Trust fund" means the Minnesota environment and natural resources trust fund referred to in Minnesota Statutes, section 116P.02, subdivision 6.

(c) "Trust fund acceleration" means the Minnesota environment and natural resources trust fund to be expended only for capital investments in parks and trails referred to in Minnesota Statutes, section 116P.11, paragraph (b), clause (3).

(d) "Oil overcharge money" means the money referred to in Minnesota Statutes, section 4.071, subdivision 2.

Subd. 2. Legislative Commission on Minnesota Resources

695,000

\$425,000 of this appropriation is from the future resources fund and \$270,000 is from the trust fund pursuant to Minnesota Statutes, section 116P.09, subdivision 5.

For the biennium ending June 30, 1995, the commission shall monitor the programs in this section; assess the status of the state's natural resources; convene a state resource congress; establish priorities for, request, review, and recommend programs for the 1995-1997 biennium from the future resources fund, environment and natural resources trust fund, and oil overcharge money, and for support of the citizen advisory committee activities.

Subd. 3. Agriculture

(a) Biological Control of Plant and Animal Pests

880,000

This appropriation is from the oil overcharge money to the commissioner of administration for transfer to the commissioner of agriculture to develop, test, and implement biological control agents to reduce the use of petroleum-based chemicals. A grant request to supplement this appropriation must be submitted to the United States Department of Agriculture and the results reported to the legislative commission on Minnesota resources.

(b) Cover Crops in a Corn and Soybean Rotation

150,000

This appropriation is from the future resources fund to the commissioner of ag-

riculture for a contract with the University of Minnesota for the development of economic management strategies of cover crops for corn and soybean rotations to reduce soil erosion, nitrate leaching, and pesticide use.

(c) Increasing Utilization of Federal Cost Share Feedlot Funds

480,000

This appropriation is from the future resources fund to the commissioner of agriculture to provide technical assistance for the rehabilitation of priority feedlots with water quality concerns.

(d) Demonstration of Production Scale Waste Collection in Aquaculture

100,000

This appropriation is from the future resources fund to the commissioner of the pollution control agency for a contract with Minnesota aquafarms to evaluate operational efficiencies of a fish waste collection system and to evaluate the potential for the waste collection system to meet state water quality requirements.

(e) Reinvest in Minnesota - Conservation Reserve Easements

823,000

\$500,000 of this appropriation is from the trust fund and \$323,000 of this appropriation is from the future resources fund to the board of water and soil resources to accelerate the RIM program to acquire perpetual conservation easements on marginal agricultural lands. Up to \$165,000 may be used to implement conservation practices on the easements. None of this appropriation may be used for administrative costs.

(f) Alternative Aquaculture Methods

230,000

This appropriation is from the future resources fund to the commissioner of agriculture to develop and evaluate alternative methods of raising fish, focusing on water conservation through waste removal, and collection involving recirculating aquaculture systems. Grant requests to supplement this appropriation must be submitted to the United States Department of Agriculture and the national Sea Grant program and the results reported to the legislative commission on Minnesota resources.

(g) Minnesota Aquaculture Development Program

230,000

This appropriation is from the future resources fund to the commissioner of agriculture to conduct a grant program for the evaluation and development of environmentally sound aquaculture systems.

(h) Managing Agricultural Environments of North-Central Minnesota Sandy Soils

480,000

This appropriation is from the future resources fund to the commissioner of agriculture for a contract with the University of Minnesota to develop improved management strategies for water, nitrogen, and herbicide use on sandy soils in north central Minnesota.

(i) Nutrient Availability From Land-Applied Manure

280,000

This appropriation is from the future resources fund to the commissioner of agriculture for a contract with the University of Minnesota to determine nutrient availability from manure/soil/crop systems to improve manure utilization by crops, reduce environmental impacts on water resources, and provide best management practices (BMPs) to guide manure management decisions.

(j) Effective Manure Management in Conservation Tillage Systems for Karst Areas

500,000

This appropriation is from the future resources fund to the commissioner of agriculture for a contract with the University of Minnesota to investigate factors that influence losses of contaminants to surface and groundwater. The emphasis will be on soil, crop residue, and manure management to maximize crop recovery of nitrogen and minimize losses to surface and groundwater.

(k) Nutrient Recycling Through Plants and Animals

260,000

This appropriation is from the future resources fund to the commissioner of agriculture for a contract with the University of Minnesota to improve techniques to predict nitrogen mineralization from manure and soil organic matter in west central Minnesota.

(l) Developing Soil Specific Nitrogen Management as a Best Management Practice (BMP)

294,000

This appropriation is from the oil overcharge money to the commissioner of administration for transfer to the commissioner of agriculture for development of new soil specific, variable rate nitrogen applications that will increase operating efficiency and reduce applied nitrogen without reducing yield.

Subd. 4. Energy

(a) Reducing Energy and CO2

230,000

This appropriation is from the oil overcharge money to the commissioner of administration for a contract with the center for energy and urban environment to develop a comprehensive action plan that will focus on energy efficiency, alternative energy, and fuel switching through an assessment of opportunities for the reduction of CO2 and other greenhouse gases.

(b) Photovoltaic Demonstration Project

230,000

This appropriation is from the future resources fund to the commissioner of public service for a grant to the St. Paul school district for purchase and installation of a photovoltaic demonstration system at the Battle Creek environmental magnet school.

(c) Operational Implications of Alternate Transit Bus Fuels

78,000

This appropriation is from the oil overcharge money to the commissioner of administration for a contract with the metropolitan transit commission to test alternate bus fuels to evaluate their potential for reduced fuel consumption and increased operational efficiency.

(d) The Bus, Bike, or Car Pool (B-BOP) Challenge

150,000

This appropriation is from the oil overcharge money to the commissioner of administration for a contract with the center for energy and urban environment to reduce energy use by the delivery of an employer-based program that cost effec-

tively reduces the use of single occupant vehicles by commuters who pledge to B-BOP or telecommute regularly during the summer.

(e) Tree and Grass Production for Ethanol 380,000

This appropriation is from the oil overcharge money to the commissioner of administration for a contract with the agricultural utilization research institute to implement a program to supply biomass feedstock derived from trees and grass to a national renewable energy laboratory (NREL), United States Department of Energy Engineering Development facility for converting biomass to ethanol and thermochemical fuels. This appropriation is contingent on a NREL agreement by January 1, 1994, to purchase biomass.

Subd. 5. Forestry

(a) Development of Tree Seed Orchard Complex 80,000

This appropriation is from the future resources fund to the commissioner of natural resources for production of genetically improved forest tree seed.

(b) Como Park Replanting Program 93,000

This appropriation is from the future resources fund to the commissioner of natural resources for a contract with the metropolitan council for a subgrant to the city of St. Paul to replant areas in Como Park that have lost trees due to disease, age, or other causes.

(c) Reforestation in Ramsey County Parks and Open Space 50,000

This appropriation is from the future resources fund to the commissioner of natural resources for a contract with Ramsey county to accelerate the reforestation program in Ramsey county regional and county parks to replace trees lost to storm damage, drought, and disease and begin establishment of new plantings. None of this appropriation is to be used for administration.

(d) Developing Quality Hardwood Forests 210,000

This appropriation is from the future resources fund to the commissioner of nat-

ural resources for a contract with the University of Minnesota to conduct research on the effects of different canopy gap sizes and site preparation methods on natural hardwood regeneration.

Subd. 6. General

(a) Minnesota County Biological Survey
- Continuation

900,000

This appropriation is from the trust fund to the commissioner of natural resources to continue the Minnesota county biological survey of systematic collection (\$432,000) and management of data on the distribution of rare plants, animals, and natural habitats (\$288,000) and to provide for distribution and integration of rare features information (\$180,000).

(b) Minnesota's Forest-Bird Diversity Initiative - Continuation

500,000

This appropriation is from the trust fund to the commissioner of natural resources to monitor forest songbird populations and to utilize geographic information system tools to correlate forest bird populations with dynamics of the forest landscape.

(c) Description and Evaluation of Minnesota Old Growth Forests - Continuation

250,000

This appropriation is from the future resources fund to the commissioner of natural resources to accelerate the evaluation of old growth candidate stands (\$90,000), develop detailed descriptions of old growth forest types (\$110,000), and determine habitat relations of forest fungi in old growth forests (\$50,000) for completion of the implementation of the department of natural resources old growth guidelines.

(d) Mississippi Headwaters River Inquiry and Education Project

75,000

This appropriation is from the future resources fund to the commissioner of natural resources for a contract with the Mississippi headwaters board to provide for the investigation of river corridor biology, hydrology, and cultural issues, training of local government officials; and

public education on river protection strategies.

(e) Anadromous Fish Monitoring 137,000

This appropriation is from the future resources fund to the commissioner of natural resources for biologic monitoring to improve the management of the steelhead population on the north shore of Lake Superior.

(f) Land and Water Conservation Fund Administration 80,000

This appropriation is from the future resources fund to the commissioner of natural resources for administration of the federal land and water conservation program and other contract administration activities assigned to the commissioner in this section.

Subd. 7. Information/Education

(a) Quantify Pesticide and Fertilizer Runoff from Golf Courses 49,000

This appropriation is from the future resources fund to the commissioner of the pollution control agency for a contract with suburban Hennepin Regional Park district for a study of the quantity of pesticide and fertilizer runoff water from golf courses and an assessment of the impact of these contaminants on downstream waterbodies. This appropriation must be matched by \$49,000 of nonstate funds.

(b) Developing Multi-Use Urban Green Space 220,000

This appropriation is from the future resources fund to the commissioner of natural resources for a contract with the Minneapolis park and recreation board to develop city tax forfeited lands into neighborhood gardens, orchards, alternative landscape demonstration areas, and tree nurseries.

(c) K-12 Prairie Wetland Field Study Program - Ecology Bus 270,000

This appropriation is from the future resources fund to the commissioner of education for a contract with Heron Lake Environmental Learning Center, Inc., to

purchase, equip, and operate an ecology bus to deliver an interdisciplinary K-12 school environmental education program in southwest Minnesota. This appropriation is contingent on the learning center employing a specialist to guide student and teacher participation in the ecology bus.

(d) The On-Line Museum: Computer and Interactive Video

260,000

This appropriation is from the trust fund to the commissioner of education for a contract with the science museum of Minnesota to create an interactive video data base of selected cultural and natural history collections as a prototype for a unique learning experience in environmental education for museum visitors and school children.

(e) Environmental Education Outreach Program

215,000

This appropriation is from the future resources fund to the commissioner of education for a contract with metropolitan waste control commission (MWCC) to develop a multidisciplinary environmental science and math curriculum for grades K-12 and team-taught by private sector volunteers, teachers, and MWCC volunteer staff. A grant request to supplement this appropriation must be submitted to the United States Environmental Protection Agency and the results reported to the legislative commission on Minnesota resources. This appropriation must be matched by an equal amount of nonstate funds.

(f) Summer Youth History Program

100,000

This appropriation is from the future resources fund to the Minnesota state historical society to provide summer employment for high school students of at least 50 percent minority or disadvantaged at historic sites.

(g) The Ecology of Minnesota - Book

51,000

This appropriation is from the future resources fund to the University of Minnesota for a grant to the university press to assist in the preparation and production of

a book presenting a comprehensive overview of Minnesota's natural environment.

(h) Green Street: An Urban Environmental Awareness Project

550,000

This appropriation is from the trust fund to the commissioner of education for a contract with the science museum of Minnesota to develop a comprehensive, coordinated urban environmental education project, which will be a core exhibit and outreach program focused on revealing the links between modern lifestyles and major environmental issues.

(i) Minnehaha Park Environmental Interpretive Center

300,000

This appropriation is from the trust fund to the commissioner of natural resources for a contract with the metropolitan council for a subgrant to the Minneapolis park and recreation board to adaptively reuse the Longfellow house in Minnehaha Park as an urban interpretive center. This appropriation must be matched by \$37,000 from the Minneapolis park and recreation board.

(j) Nicollet Conservation Club Swan Lake Interpretive Room

18,000

This appropriation is from the future resources fund to the commissioner of natural resources for a contract with the Nicollet conservation club to equip a Swan Lake interpretive center at the Nicollet conservation club. Facilities will be open for use by local school groups and state agencies for interpretive programs and meetings at no charge. This appropriation must be matched by an equal amount of nonstate funds.

(k) Project City Camp: Experiential Urban Environmental Education

130,000

This appropriation is from the future resources fund to the commissioner of education for a contract with Pillsbury Neighborhood Services, Inc., to implement Project City Camp, to help inner city poor and minority youth and adults understand the urban environment and its impact on human development.

(l) Granite Quarry Park and Interpretive Center Planning

50,000

This appropriation is from the future resources fund to the commissioner of natural resources for a contract with Stearns county to study the features of the quarry sites and plan for the development of an interpretive and recreational regional park. This appropriation must be matched by \$50,000 of nonstate funds.

(m) Expanded Crosby Farm Park Nature Program

91,000

This appropriation is from the future resources fund to the commissioner of education for a contract with the city of St. Paul to accelerate the nature study program established at Crosby Farm Park utilizing the Como zoo, Como conservatory, and Crosby Farm Nature Park.

(n) Multiple-Use Forest Management Learning Kit

15,000

This appropriation is from the future resources fund to the commissioner of education for a contract with Deep Portage environmental learning center to develop a multiple use forest management learning kit. This appropriation must be matched by \$5,500 of nonstate funds.

(o) An Outdoor Classroom to Improve Rural Environmental Education

60,000

This appropriation is from the future resources fund to the commissioner of education for a contract with the Faribault County Environmental Learning Center, Inc., in cooperation with area 4-H, communities and schools, for an outdoor classroom project using native Minnesota vegetation, to train instructors, educate youth and community members, and evaluate changes in environmental awareness.

Subd. 8. Land

(a) Base Maps for 1990s - Continuation

710,000

This appropriation is from the trust fund to the commissioner of administration to provide the state share of a 50/50 match program with the United States Geological Survey to continue statewide coverage of orthophoto maps, update mapping for

the state major urban areas, and plan for future cooperative mapping and air photos programs.

(b) Rural County Use of National Aerial Photography Program Flight

90,000

This appropriation is from the future resources fund to the commissioner of administration for a contract with Houston county to evaluate the quality of digital planimetric map products and the effectiveness of national aerial photography program products in meeting the needs of Houston county users and to assist other counties in the future use of the products. This project must comply with the data compatibility requirements set forth in subdivision 14.

(c) Recreational Resource Planning in the Metro Mississippi Corridor

175,000

This appropriation is from the future resources fund to the commissioner of natural resources for a contract with the University of Minnesota to investigate the potential for enhancing and enriching the recreational opportunities along the Mississippi river in the metropolitan corridors of the Mississippi National River and Recreation Area (MNRRA). This appropriation must be matched by \$25,000 of nonstate funds.

Subd. 9. Minerals

Mitigating Concrete Aggregate Problems in Minnesota

179,000

This appropriation is from the future resources fund to the commissioner of transportation for a contract with the University of Minnesota to study means of mitigating concrete aggregate problems in southern Minnesota.

Subd. 10. Recreation

The appropriations in items (a) to (l) are for trust fund acceleration.

(a) State Park Betterment

3,000,000

This appropriation is from the trust fund to the commissioner of natural resources to develop, improve, and rehabilitate state park facilities to meet growing user demand as well as prevent further deterior-

ration of outstanding historically significant structures.

(b) Americans With Disabilities Act:
Retrofitting Regional Parks

220,000

This appropriation is from the trust fund to the commissioner of natural resources for a contract with the metropolitan council to make subgrants to regional park implementing agencies to retrofit existing facilities to meet federal Americans with Disabilities Act (ADA) requirements.

(c) Trail Linkages, Metropolitan Regional Network

2,327,000

This appropriation is from the trust fund to the commissioner of natural resources for a contract with the metropolitan council to make subgrants to acquire and improve regional trails which link existing and planned regional, local, and state parks and trails.

(d) Initiate Gateway Segment of the Willard Munger State Trail into Downtown St. Paul

254,000

Of this appropriation, \$200,000 is from the trust fund and \$54,000 is from the future resources fund to the commissioner of natural resources for acquisition and development of the trail right-of-way of the gateway segment of the Willard Munger state trail into downtown St. Paul. This appropriation is for acquisition and development only and must be done in cooperation with the city of St. Paul.

(e) Birch Lake Regional Bikeway/
Walkway

450,000

This appropriation is from the trust fund to the commissioner of natural resources for a contract with the metropolitan council for a subgrant to Ramsey county which shall cooperate with the city of White Bear Lake to develop a bikeway/walkway linking trunk highway 96 regional bikeway with Tamarack nature center and business centers, and a trailside interpretive program. This appropriation is contingent on this facility being designated part of the metropolitan regional park and open space system.

(f) Cedar Lake Trail Development

610,000

This appropriation is from the trust fund to the commissioner of natural resources for a contract with the metropolitan council for a subgrant to the Minneapolis park and recreation board to plan and construct Cedar Lake recreational and nonmotorized commuter trail from Highway 100 to downtown Minneapolis intersecting with the chain of lakes. This appropriation must be matched by \$200,000 of nonstate funds. This appropriation is contingent on this facility being designated part of the metropolitan regional park and open space system.

(g) State Trail Development

2,327,000

This appropriation is from the trust fund to the commissioner of natural resources to start development of the Paul Bunyan state trail, the development of an abandoned railroad grade located between Barnum and Carlton, and provide for the acquisition and development of a trail connection from Harmony to the Root river state trail.

(h) Shingle Creek Trail Improvement

130,000

This appropriation is from the trust fund to the commissioner of natural resources for a contract with the metropolitan council for a subgrant to the Minneapolis park and recreation board to develop the Shingle Creek trail connection between Minneapolis and Hennepin county regional trail.

(i) Lilydale/Harriet Island Regional Park Trail

246,000

This appropriation is from the trust fund to the commissioner of natural resources for a contract with the metropolitan council for a contract with the city of St. Paul to plan and construct a pedestrian bicycle trail in the Lilydale/Harriet Island Regional Park.

(j) Como Park East Lakeshore Reclamation

163,000

This appropriation is from the trust fund to the commissioner of natural resources for a contract with the metropolitan council for a subgrant to the city of St. Paul to

provide site improvements for reclamation and restoration of severely eroded areas on east lakeshore in Como Park.

(k) Acquisition of Palace Restaurant Site on Mississippi River

325,000

This appropriation is from the trust fund to the commissioner of natural resources for a contract with the metropolitan council for a subgrant to the Minneapolis park and recreation board to acquire the Palace Restaurant property located on the east bank of the Mississippi for open space and recreational opportunities. This appropriation is contingent on this facility being designated part of the metropolitan regional park and open space system.

(l) Access to Lakes and Rivers - Continuation

1,000,000

This appropriation is from the trust fund to the commissioner of natural resources to accelerate access to lakes and rivers statewide. \$500,000 is for boat access to lakes and rivers and \$500,000 is for shoreline access and fishing piers statewide.

(m) Saint Louis River Land Acquisition

1,000,000

This appropriation is from the trust fund to the commissioner of natural resources to acquire and protect undeveloped lands known for their resource and recreation values located along the Saint Louis, Cloquet, and Whiteface rivers. Up to \$50,000 of this appropriation may be used as a grant to the Saint Louis river board for the implementation of the Saint Louis river management plan.

(n) Lake Minnetonka Water Access Acquisition

944,000

This appropriation is from the future resources fund to the commissioner of natural resources to acquire land for a water access site on Maxwell and Crystal Bays in Lake Minnetonka.

(o) Lake Superior Safe Harbors - Continuation

1,000,000

This appropriation is from the future resources fund to the commissioner of natural resources to acquire a site not to

exceed 25 acres and construct a Lake Superior safe harbor site at Silver Bay in cooperation with the north shore management board. This appropriation is contingent on additional funding being requested from the IRRRB, the United States Army Corps of Engineers and other federal/local sources as described in the north shore harbors plan.

(p) Cooperative Trails Grant Program

800,000

This appropriation is from the future resources fund to the commissioner of natural resources for a grant program to assist in the acquisition and development of local connections to planned and existing state trails and other public recreation facilities.

(q) Agassiz Recreational Trails (ART)

650,000

This appropriation is from the future resources fund to the commissioner of natural resources for a contract with Agassiz Recreational Trail Joint Powers Board to plan, purchase, and develop Agassiz recreational trails and improve up to five local parks.

(r) Mesabi Trail Acquisition, Planning and Development

700,000

This appropriation is from the future resources fund to the commissioner of natural resources for a contract with the St. Louis and Lake county regional rail authority to plan and begin acquiring and developing a 132-mile multipurpose trail linking the Mesabi iron range between Grand Rapids and Ely. This appropriation must be matched by \$350,000 cash from IRRRB or nonstate funds.

(s) Recreational Programming: Inclusiveness for Persons with Disabilities

160,000

This appropriation is from the future resources fund to the commissioner of education for a contract with Vinland National Center to provide staff training and consultation, targeted outreach and resource education, to enhance the inclusiveness, accessibility, and utilization of existing recreational programs by persons with disabilities.

- (t) Enhanced Recreational Opportunities for Southeast Asian Ethnic Communities 300,000

This appropriation is from the future resources fund to the commissioner of natural resources to provide community education, develop bilingual communication exchanges, and cultural and sensitivity training with community members and natural resource professionals.

- (u) Urban Community Gardening Program 110,000

This appropriation is from the future resources fund to the commissioner of natural resources for a contract with the Sustainable Resources center to provide technical assistance and information to neighborhood based groups, special populations, and municipalities for community gardening, including the rehabilitation of urban open space.

- (v) National Register Grants Program 165,000

This appropriation is from the future resources fund to the Minnesota state historical society to assist in the preservation of outstanding historical properties such as Pickwick Mill (1854-58), Sibley County Courthouse (1879), Wendelin Grimm Farmstead (1876), and Tugboat Edna G (1896), and other emergency needs of properties of national or statewide historic significance.

- (w) Historical Research and Planning for Traverse Des Sioux 68,000

This appropriation is from the future resources fund to the Minnesota state historical society to research and develop a master plan for Traverse des Sioux, a historic site owned by the Minnesota historical society and located in Nicollet county.

- (x) Peninsula Point Two Rivers Historical Park 435,000

This appropriation is from the future resources fund to the commissioner of natural resources for a contract with the city of Anoka to develop Peninsula Point Two Rivers Historical Park located at the confluence of the Rum and Mississippi rivers.

Subd. 11. Water

(a) Minnesota River Implementation - Continuation

1,100,000

This appropriation is from the trust fund to the commissioner of the pollution control agency to accelerate the adoption of best management practices (BMPs) and to accelerate related state and local implementation activities for the Minnesota river basin.

(b) Local River Planning - Continuation

480,000

This appropriation is from the future resources fund to the commissioner of natural resources for contracts of up to two-thirds of the cost to counties or groups of counties acting pursuant to a joint powers agreement, to develop comprehensive plans for the management and protection of rivers in northern and central Minnesota. The commissioner of natural resources shall include in the work plan for review and approval by the legislative commission on Minnesota resources a proposed list of rivers and a planning process developed by the consensus of the affected counties. All plans must meet or exceed the requirements of state shoreland and floodplain laws. Up to \$100,000 is available for administration and technical assistance.

(c) Mercury Reduction in Fish - Continuation

200,000

This appropriation is from the trust fund to the commissioner of the pollution control agency for a contract with the University of Minnesota to complete pilot studies testing mercury reduction in fish for Minnesota waters. Grant requests to supplement this appropriation must be submitted to the United States Environmental Protection Agency and the results reported to the legislative commission on Minnesota resources.

(d) Stream Flow Protection

280,000

This appropriation is from the future resources fund to the commissioner of natural resources to collect stream habitat data (width, depth, velocity, substrate, water elevation) in up to 39 watersheds to

develop community-based flows that protect stream resources. This project must comply with the data compatibility requirements set forth in subdivision 15.

(e) The South Central Minnesota Groundwater Contamination Susceptibility Project – Continuation

290,000

This appropriation is from the future resources fund to the commissioner of natural resources for a contract with Mankato state university to couple surface hydrology, subsurface geology, and hydrogeology for environmental analysis to assess present environmental conditions, establish benchmarks, and develop regional priorities for south central Minnesota. This project must comply with the data compatibility requirements set forth in subdivision 14.

(f) White Bear Lake Levels Feasibility Study

228,000

This appropriation is from the future resources fund to the commissioner of natural resources to install additional observation wells at White Bear Lake (\$50,000), to study lake and groundwater relationships, to conduct a feasibility study to address lake level issues (\$50,000), and to abandon or retrofit existing augmentation wells (\$128,000).

(g) County Geologic Atlases and Regional Hydrogeologic Assessments – Continuation

850,000

\$425,000 is from the trust fund to the University of Minnesota, Minnesota geologic survey, and \$425,000 is from the trust fund to the commissioner of natural resources to expand production of county geologic atlases and regional hydrogeologic assessments. This project must comply with the data compatibility requirements set forth in subdivision 14.

(h) Septic System Replacement for Water Related Tourism Businesses

500,000

This appropriation is from the future resources fund to the commissioner of trade and economic development to provide matching grants of up to \$10,000 to resorts and related tourism businesses

located on lakes and rivers for replacement of failing or nonconforming septic systems. Businesses that begin replacement of failing or nonconforming septic systems after the effective date of this act are eligible for these grants.

(i) Optical Brighteners: Indicators of Sewage Contamination of Groundwaters

157,000

This appropriation is from the future resources fund to the commissioner of the pollution control agency for a contract with Dakota county to study the correlation of optical brighteners present in domestic sewage from detergent use with nonagricultural nitrogen as interferences with atrazine detection.

Subd. 12. Wildlife, Fisheries, Plants

(a) Reinvest in Minnesota – Critical Habitat Match, Scientific and Natural Area, Wildlife, and Prairie Acquisition

4,000,000

This appropriation is from the trust fund to the commissioner of natural resources to accelerate the reinvest in Minnesota program. \$2,600,000 is to protect and improve critical fish, wildlife, and native plant habitat through critical habitat match; \$1,000,000 is to acquire land for scientific and natural areas; \$300,000 is to acquire North American waterfowl management plan projects; and \$100,000 is to acquire prairie bank easements to protect native prairie on private lands.

(b) Reinvest in Minnesota – Wildlife Habitat Stewardship and Property Development

900,000

This appropriation is from the trust fund to the commissioner of natural resources to accelerate the reinvest in Minnesota program, to develop state land, to protect wildlife and native plant populations, restore native plant communities, and enhance wildlife habitat.

(c) Reinvest in Minnesota – Statewide Fisheries Habitat Development

687,000

This appropriation is from the trust fund to the commissioner of natural resources to accelerate the reinvest in Minnesota program through the development of trout, walleye, and smallmouth bass hab-

itat in streams, removal of the Flandrau dam on the Cottonwood river to allow migration of fish, and the installation of aeration systems on winterkill-prone lakes.

(d) Establishment of Critical Winter Habitat Areas on Intensively Farmed Land

100,000

This appropriation is from the future resources fund to the commissioner of natural resources for a contract with Pheasants Forever, Inc., to acquire and establish areas of critical winter habitat for wildlife on farmland in Scott county. This appropriation must be matched by \$60,000 nonstate funds.

(e) Wild Turkey Hunting Safety/Education

39,000

This appropriation is from the future resources fund to the commissioner of natural resources for a contract with the wild turkey federation to develop a program to promote safety in the sport of wild turkey hunting, to minimize accidents, and improve hunter/landowner relationships.

(f) Niemackl Watershed Restoration

500,000

This appropriation is from the future resources fund to the commissioner of natural resources for the restoration of the Niemackl watershed by improvement of water quality, flood reduction, fish and wildlife habitat, and recreation through citizen participation with federal, state, and local governments, and nongovernment agencies. \$200,000 is available to begin the project and the remaining \$300,000 is contingent on a match of \$300,000 of nonstate funds.

(g) Deer Critical Habitat Survey - Koochiching County

75,000

This appropriation is from the future resources fund to the commissioner of natural resources in cooperation with Koochiching county to conduct an intensive survey of deer winter cover in Koochiching county to identify critical habitat for deer for improved timber management and for deer population management. This appropriation must be matched by \$5,000 of nonstate funds.

(h) Reinvest in Minnesota – Fisheries Acquisition for Angler Access and Habitat Development

300,000

This appropriation is from the trust fund to the commissioner of natural resources to accelerate the reinvest in Minnesota program. \$50,000 is for trout stream easements; \$50,000 is for warm water stream easements; and \$200,000 is for aquatic management areas acquisition.

(i) Establishing Goose Nesting Sites in Northern Minnesota and Relocation of Giant Canada Goslings

21,000

This appropriation is from the future resources fund to the commissioner of natural resources for a contract with Geese International, Inc., to manufacture and place 160 permanent goose nesting sites in the Squaw Lake and Baudette areas and to purchase a four-wheel drive vehicle capable of towing a trailer for 400 goslings. This appropriation must be matched by \$31,890 from Geese International, Inc.

(j) Prairie Ecosystem Restoration in the Minneapolis Park System

60,000

This appropriation is from the future resources fund to the commissioner of natural resources for a contract with the Minneapolis park and recreation board to restore and rehabilitate the remnant, secondary, and introduced prairie tracts in the Minneapolis park system. This appropriation must be matched by \$60,000 from nonstate funds.

(k) Theodore Wirth Park Tamarack Bog Preservation Project

40,000

This appropriation is from the future resources fund to the commissioner of natural resources for a contract with the People for Minneapolis Parks fund in cooperation with the Minneapolis park and recreation board to restore the Theodore Wirth park tamarack bog, improve the access trail, construct a boardwalk, and develop and install self-guided interpretive signage.

(l) Biological Control of Eurasian Water Milfoil and Purple Loosestrife

400,000

This appropriation is from the trust fund to the commissioner of natural resources to research biological control for purple loosestrife and Eurasian water milfoil. The purple loosestrife research must be done in cooperation with the commissioner of agriculture. \$100,000 is for the propagation, release, and evaluation of insects for purple loosestrife control; \$50,000 is for the development of myco-herbicides to control purple loosestrife; \$200,000 is for evaluation of biocontrol agents for Eurasian water milfoil fungi and insects; and \$50,000 is to research the biology of Eurasian water milfoil. The \$250,000 for Eurasian water milfoil must be matched by \$200,000 of nonstate funds.

(m) Replacement of Eurasian Water Milfoil with Native Minnesota Plants

40,000

This appropriation is from the future resources fund to the commissioner of natural resources for a contract with the White Bear Lake conservation district to research the replanting of areas treated for Eurasian water milfoil with native aquatic plants.

(n) Integrated Control of Purple Loosestrife

90,000.

This appropriation is from the future resources fund to the commissioner of agriculture in cooperation with the commissioner of natural resources to accelerate evaluation of integrated biological control agents for purple loosestrife infestations in Houston, Hennepin, Wabasha, and Goodhue counties.

(o) Ecological Impacts of Releasing Genetically Engineered Fishes

175,000

This appropriation is from the trust fund to the commissioner of agriculture in cooperation with the commissioner of natural resources for a contract with the University of Minnesota to assess impacts of the release of genetically engineered fish on Minnesota's game fish and aquatic ecosystems and formulate recommendations to reduce detrimental impacts through measurement of bioenergetic and behavioral traits.

Subd. 13. MFRF Contingent Account

If cancellations or increased revenue, or both, create an excess balance in the future resources fund, up to \$600,000 for the biennium is appropriated from the fund for acquisition or development of state land or other projects that are part of a natural resources acceleration activity, when deemed to be of an emergency or critical nature. This appropriation is also available for projects initiated by the legislative commission on Minnesota resources that are found to be proper in order for the commission to carry out its legislative charge.

This appropriation is not available until the legislative commission on Minnesota resources has made a recommendation to the legislative advisory commission regarding each expenditure from the account. The legislative advisory commission must then hold a meeting and provide its recommendation on each item, which may be spent only with the approval of the governor.

Subd. 14. Data Compatibility Requirements

During the biennium ending June 30, 1995, the data collected by the projects funded under this section that have common value for natural resource planning and management must conform to information architecture as defined in guidelines and standards adopted by the information policy office. Data review committees may be established to develop or comment on plans for data integration and distribution and shall submit semiannual status reports to the legislative commission on Minnesota resources on their findings. In addition, the data must be provided to and integrated with the Minnesota land management information center's geographic data bases with the integration costs borne by the activity receiving funding under this section.

Subd. 15. Work Program

It is a condition of acceptance of the appropriations in this section that any agency or entity receiving the appropriation must submit a work program and

semiannual progress reports in the form determined by the legislative commission on Minnesota resources. None of the money provided may be spent unless the commission has approved the pertinent work program.

Subd. 16. Temporary Positions

Persons employed by a state agency and paid by an appropriation in this section are in the unclassified civil service, and their continued employment is contingent upon the availability of money from the appropriation. The positions are in addition to any other approved complement for the agency. Part-time employment of persons is authorized.

Subd. 17. Match Requirements

Appropriations in this section that must be matched and for which the match has not been committed by January 1, 1994, must be canceled.

Subd. 18. Purchase of Recycled and Recyclable Materials

A political subdivision, public or private corporation, or other entity that receives an appropriation in this section must use the appropriation in compliance with Minnesota Statutes, sections 16B.121 to 16B.125, regarding the purchase of recycled, repairable, and durable materials, the purchase of uncoated paper stock, and the use of soy-based ink, the same as if it were a state agency.

Subd. 19. Carryforward

The appropriation in Laws 1991, chapter 254, article 1, section 14, subdivision 7, paragraph (e), Private Forest Management Oak Regeneration, is available until December 31, 1993.

Sec. 15. AGRICULTURAL UTILIZATION RESEARCH INSTITUTE

3,958,000 3,930,000

\$28,000 the first year is appropriated from the general fund for a grant to the southwest regional development commission to pay for the planning and final system design for connecting four rural water systems to the federal Lewis and Clark Rural Water System. Any funds not

spent in the first year may be spent in the second year.

Sec. 16. PUBLIC FACILITIES AUTHORITY

\$150,000 \$150,000

\$150,000 the first year and \$150,000 the second year are for the individual on-site treatment program under Minnesota Statutes, section 116.18, subdivision 3c. In awarding grants, the public facilities authority shall give priority to projects within the Minnesota river watershed.

The commissioner of the pollution control agency shall report to the legislative committees on environment and natural resources by December 15, 1993, on the advisability and feasibility of expanding the individual on-site treatment systems program under Minnesota Statutes, section 116.18, subdivision 3c, to include areas outside municipalities. The report must include an assessment of alternative means of providing assistance to individuals for on-site treatment systems.

Sec. 17. COMMERCE

200,000

This appropriation is from the landfill cleanup account in the environmental fund for development of the insurance buyout formula under section 88.

Sec. 18. [TRANSFERS.]

Subdivision 1. [GENERAL PROCEDURE.] If the appropriation in this act to an agency in the executive branch is specified by program, the agency may transfer unencumbered balances among the programs specified in that section after getting the approval of the commissioner of finance. The commissioner shall not approve a transfer unless the commissioner believes that it will carry out the intent of the legislature. The transfer must be reported immediately to the committee on finance of the senate and the committee on ways and means of the house of representatives. If the appropriation in this act to an agency in the executive branch is specified by activity, the agency may transfer unencumbered balances among the activities specified in that section using the same procedure as for transfers among programs.

Subd. 2. [TRANSFER PROHIBITED.] If an amount is specified in this act for an item within an activity, that amount must not be transferred or used for any other purpose.

Sec. 19. [INFORMATION POLICY OFFICE (IPO) APPROVAL.]

Appropriations for information systems shall not be allotted until the commissioner of the agency certifies to the commissioner of finance that all IPO project requirements have been met or will be met. If the appropriation for either year is insufficient, the appropriation for the other year is available.

Sec. 20. [TRANSFER OF RESPONSIBILITIES TO COMMISSIONER OF NATURAL RESOURCES.]

The responsibilities of the commissioner of trade and economic development relating to conservation and recreation grants under Minnesota Statutes, sections 116J.401, clause (5), and 116J.406, are transferred to the commissioner of natural resources under Minnesota Statutes, section 15.039.

Sec. 21. Minnesota Statutes 1992, section 17.59, subdivision 5, is amended to read:

Subd. 5. [COMMODITIES RESEARCH AND PROMOTION ACCOUNT.] All fees collected by the department under sections 17.51 to 17.69 and any other fees and income received by the department in the administration of these statutes shall be deposited in a separate account known as the commodity research and promotion account in the special revenue fund. ~~These funds shall be appropriated to the department for the purpose of defraying the expenses of administering and enforcing the sections listed in this subdivision.~~

Sec. 22. Minnesota Statutes 1992, section 17A.11, is amended to read:

17A.11 [FEES FOR LIVESTOCK WEIGHING.]

The commissioner shall prescribe the fee necessary to cover the cost of state weighing, to be assessed and collected from the seller in the manner the commissioner may prescribe. The fee assessed must be the same, and the manner of collection of the fee must be uniform at all facilities. At any location where state weighing is performed in accordance with this chapter and the total annual fees collected are insufficient to pay the cost of the weighing, the annual deficit shall be assessed and collected in the manner the commissioner may prescribe. Additional money arising from the weighing of animals by the commissioner, which has been collected and retained by any person, shall be paid on demand to the commissioner. All money collected by the commissioner shall be deposited in the state treasury and credited to the livestock weighing fund, ~~and shall be paid out only on the order of the commissioner and the state's warrant.~~

Sec. 23. Minnesota Statutes 1992, section 18B.05, subdivision 2, is amended to read:

Subd. 2. [ANNUAL APPROPRIATION EXPENDITURES.] *Subject to appropriation by the legislature, money in the account, including the amount of interest attributable to money in the account and any money appropriated for the purposes of this chapter, is annually appropriated to may be used by the commissioner for the administration and enforcement of this chapter.*

Sec. 24. Minnesota Statutes 1992, section 18C.131, is amended to read:

18C.131 [FERTILIZER INSPECTION ACCOUNT.]

A fertilizer inspection account is established in the state treasury. The fees collected under this chapter *and interest attributable to money in the account* must be deposited in the state treasury and credited to the fertilizer inspection account. ~~Money in that account, including interest earned and money appropriated for the purposes of this chapter, is annually appropriated to the commissioner for the administration of this chapter.~~

Sec. 25. Minnesota Statutes 1992, section 21.115, is amended to read:

21.115 [FEES; SEED POTATO INSPECTION FUND.]

The commissioner shall fix the fees for all inspections and certifications in such amounts as from time to time may be found necessary to pay the expenses of carrying out and enforcing the purposes of sections 21.111 to 21.122, with a reasonable reserve, and shall require the same to be paid before such inspections or certifications are made. All moneys collected as fees or as penalties for violations of any of the provisions of such sections shall be paid into the state treasury and therein credited to the seed potato inspection fund of the commissioner, which fund is hereby created and ~~appropriated for carrying out the purposes of such sections.~~ Interest, if any, received on deposits of these moneys shall be credited to such fund, and there shall be paid into this fund any sum provided by the legislature for the purpose of carrying out the provisions of such sections.

Sec. 26. Minnesota Statutes 1992, section 21.92, is amended to read:

21.92 [SEED INSPECTION FUND.]

There is established in the state treasury an account known as the seed inspection fund. Fees and penalties collected by the commissioner under sections 21.80 to 21.92 *and interest attributable to money in the account* shall be deposited into this account. The rates at which the fees are charged may be adjusted pursuant to section 16A.128. ~~Money in this account, including interest earned and any appropriations made by the legislature for the purposes of sections 21.80 to 21.92, is annually appropriated to the commissioner for the administration and enforcement of sections 21.80 to 21.92.~~

Sec. 27. Minnesota Statutes 1992, section 25.39, subdivision 4, is amended to read:

Subd. 4. [COMMERCIAL FEED INSPECTION ACCOUNT.] A commercial feed inspection account is established in the state treasury. Fees and penalties collected under sections 25.35 to 25.44 *and interest attributable to money in the account* must be deposited in the state treasury and credited to the commercial feed inspection account. ~~Money in that account, including interest earned and money appropriated for the enforcement and administration of sections 25.35 to 25.44, is annually appropriated to the commissioner for the administration and enforcement of sections 25.35 to 25.44.~~

Sec. 28. Minnesota Statutes 1992, section 27.07, subdivision 6, is amended to read:

Subd. 6. [COOPERATIVE AGREEMENTS; FEES; ACCOUNT.] The commissioner may collect fees as provided for in cooperative agreements between the commissioner and the United States Department of Agriculture for the inspection of fresh fruits, vegetables, and other products. The fees *and interest attributable to money in the account* must be deposited in the state treasury and credited to a fruit and vegetables inspection account. ~~The money in the account, including interest earned, is appropriated to the commissioner to carry out the cooperative agreements.~~

Sec. 29. Minnesota Statutes 1992, section 32.394, subdivision 9, is amended to read:

Subd. 9. [PAYMENTS; REFUNDS; DISPOSITION.] Fees are payable by a processor or marketing organization by July 1 of each year for Grade A, and by January 1 of each year for manufacturing grade, and if not paid within 30

days of the due date, the service must be discontinued, and permission to market manufacturing grade or Grade A milk or milk products or use the Grade A label must be withdrawn. A processor may terminate payment and service without loss of the Grade A label if written notice of that intention is given prior to the due date of the payment of an assessment and if the continuous inspection of the plant is assumed by a city whose milk control ordinance is substantially equivalent to Minnesota law and rule and is enforced with equal effectiveness. If a farm discontinues the production of milk within six months of the billing date, a request for a refund based on inspection services not received may be made by the processor or by the marketing organization on behalf of its patrons. This request must be made in writing by July 1 for manufacturing grade, or by December 31 for Grade A, and on approval by the commissioner refunds must be made to the processor or marketing organization.

The fees for services performed by the activities of this section must be deposited in the state treasury and constitute a separate account to be known as the milk inspection service account, which is hereby created, set aside, and appropriated as a revolving fund to be used to help to defray the cost of administration, refunds and expenses of the preliminary and continuous milk inspection services and is in addition to and not in substitution for the sums appropriated or otherwise made available for this purpose to the department of agriculture.

Sec. 30. Minnesota Statutes 1992, section 41A.09, subdivision 1, is amended to read:

Subdivision 1. [APPROPRIATION.] A sum sufficient to make the payments required by this section is annually appropriated from the general fund to the commissioner of ~~revenue~~ *agriculture* and all money so appropriated is available until expended.

Sec. 31. Minnesota Statutes 1992, section 41A.09, subdivision 3, is amended to read:

Subd. 3. [PAYMENTS FROM ACCOUNT.] The commissioner of ~~revenue~~ *agriculture* shall make cash payments from the account to producers of ethanol or wet alcohol located in the state. These payments shall apply only to ethanol or wet alcohol fermented in the state. The amount of the payment for each producer's annual production shall be as follows:

(a) For each gallon of ethanol produced on or before June 30, 2000, 20 cents per gallon.

(b) For each gallon produced of wet alcohol on or before June 30, 2000, a payment in cents per gallon calculated by the formula "alcohol purity in percent divided by five," and rounded to the nearest cent per gallon, but not less than 11 cents per gallon. The producer payment for wet alcohol under this section may be paid to either the original producer of wet alcohol or the secondary processor, at the option of the original producer, but not to both.

(c) The total payments from the account to all producers during the period beginning July 1, 1991, and ending June 30, 1993 may not exceed \$8,550,000. This amount may be paid in either fiscal year of the biennium. Total payments from the account to any producer in each fiscal year may not exceed \$3,000,000.

(4) The total payments from the account to all producers may not exceed \$10,000,000 in any fiscal year during the period beginning July 1, 1993, and ending June 30, 2000. Total payments from the account to any producer in any fiscal year may not exceed \$3,000,000.

By the last day of October, January, April, and July, each producer shall file a claim for payment for production during the preceding three calendar months. The volume of production must be verified by a certified financial audit performed by an independent certified public accountant using generally accepted accounting procedures.

Payments shall be made November 15, February 15, May 15, and August 15.

Sec. 32. Minnesota Statutes 1992, section 84.027, is amended by adding a subdivision to read:

Subd. 11. [FEDERAL CONSERVATION GRANTS.] The commissioner of natural resources shall receive and administer grants under the land and water conservation grant program authorized by Congress in the Land and Water Conservation Fund Act of 1965, as amended.

Sec. 33. Minnesota Statutes 1992, section 84B.11, subdivision 1, is amended to read:

Subdivision 1. The governor shall appoint, except for the legislative members, a citizen's council on Voyageurs National Park, consisting of 17 members as follows:

Four residents of Koochiching county;

Four residents of St. Louis county;

Five residents of the state at large from outside Koochiching and St. Louis counties;

Two members of the state senate to be appointed by the committee on committees;

Two members of the state house of representatives to be appointed by the speaker of the house.

The governor shall designate one of the appointees to serve as chair and the committee may elect such other officers as it deems necessary. Members shall be appointed so as to represent differing viewpoints and interest groups on the facilities included in and around the park. Legislator members shall serve for the term of the legislative office to which they were elected. The terms, compensation and removal of nonlegislator members; and expiration of the council shall be as provided in section 15.059. *Notwithstanding section 15.059, subdivision 5, the council shall continue to exist.*

Sec. 34. [CUYUNA COUNTRY STATE RECREATION AREA.]

Subdivision 1. [85.013] [Subd. 5c.] [CUYUNA COUNTRY STATE RECREATION AREA.] Cuyuna country state recreation area is established in Crow Wing county.

Subd. 2. [ACQUISITION.] The commissioner of natural resources is authorized to acquire by gift or purchase the lands for Cuyuna country state recreation area. The commissioner must manage the area for multiple

recreational use, including allowance of hunting, and provide for limited timber harvesting.

Subd. 3. [MINING.] The commissioner shall recognize the possibility that mining may be conducted in the future within the Cuyuna country state recreation area, and that use of portions of the surface estate and control of the flowage of water may be necessary for future mining operations.

Subd. 4. [ADVISORY COMMITTEE.] (a) A local area advisory committee is established to provide direction on the establishment, planning, development, and operation of the Cuyuna country state recreation area.

(b) Membership on the advisory committee shall include:

(1) a representative of the Cuyuna range mineland recreation area joint powers board;

(2) a representative of the Croft Mine historical park joint powers board;

(3) a designee of the Cuyuna range mineland reclamation committee who has worked as a miner in the local area;

(4) a representative of the Crow Wing county board;

(5) a state representative appointed by the speaker of the house of representatives;

(6) a state senator appointed by the senate committee on committees;

(7) a representative of the Brainerd regional office of the department of natural resources;

(8) a designee of the Iron Range resources and rehabilitation board;

(9) a designee of the local business community selected by the area chambers of commerce;

(10) a designee of the local environmental community selected by the Cuyuna country conservation club;

(11) a designee of a local education organization selected by the school board; and

(12) a designee of the local tourism community selected by the Cuyuna country tourism group.

(c) The advisory committee shall elect its own chair and meetings shall be at the call of the chair.

(d) The advisory committee shall serve as volunteers and accept no per diem.

Subd. 5. [MANAGEMENT PLAN.] The commissioner and local area advisory committee must cooperatively develop a comprehensive management plan that provides for multiple use recreation, protection of natural resources, allowance of hunting, snowmobiling, horse trails and forest management, interpretation of cultural and historic resources, land acquisition needs, fee structure, and road and facility development. The completed management plan shall serve as the master plan for purposes of Minnesota Statutes, section 86A.09.

Subd. 6. [BOUNDARIES.] The following described lands are located within the boundaries of Cuyuna country state recreation area:

That part of Crow Wing county, Minnesota, lying within:

Section 1, Township 46 North, Range 29 West.

EXCEPT that part of the Northwest Quarter lying west of the easterly right-of-way line of the Soo Line Railroad.

EXCEPT the South Half of the Southeast Quarter.

EXCEPT that part of the SE1/4 of the SW1/4 lying east of the easterly line of the Croft Mine Tract.

The Southeast Quarter of Section 2, Township 46 North, Range 29 West.

All of Sections 3 and 4, Township 46 North, Range 29 West.

EXCEPT Government Lot 2, Section 4, Township 46, Range 29.

That part of Section 5, Township 46 North, Range 29 West, lying southeasterly of the existing Township Road running through said Section 5.

Section 8, Township 46 North, Range 29 West.

EXCEPT the Southwest Quarter.

EXCEPT the South Half of the Northwest Quarter.

EXCEPT that part of the North Half of the Northwest Quarter, lying west of an existing Township Road thereof.

All of Section 9, Township 46 North, Range 29 West.

Section 10, Township 46 North, Range 29 West.

EXCEPT the East Half of the Southeast Quarter.

EXCEPT the SW1/4 of the SE1/4.

EXCEPT the SE1/4 of the SW1/4 thereof.

Section 11, Township 46 North, Range 29 West.

EXCEPT the South Half.

EXCEPT the South Half of the Northeast Quarter.

EXCEPT the SE1/4 of the NW1/4.

EXCEPT the North Half of the North Half of the Northwest Quarter.

EXCEPT that part of the NE1/4 of the NE1/4 lying southeasterly of the easterly right-of-way line of the railroad thereof.

That part of Section 16, Township 46 North, Range 29 West, lying northwest of Black Hoof Lake.

Section 19, Township 46 North, Range 29 West.

EXCEPT that part of the Southeast Quarter, lying southerly of the northerly right-of-way line of an existing Township Road.

That part of Section 34, Township 47 North, Range 29 West, bounded as follows:

On the North by the southerly right-of-way line of County State-Aid Highway No. 30.

On the West by the easterly right-of-way line of County State-Aid Highway No. 34.

On the East by the east line of said Section 34.

On the South by the south line of said Section 34.

That part of Section 33, Township 47 North, Range 29 West, lying southeasterly of the easterly right-of-way line of County State-Aid Highway No. 34.

Subject to easements of record for the following County Roads. An easement for C.S.A.H. No. 31 right-of-way purposes over, under and across the east line of said Section 1, also C.S.A.H. No. 30 easement for right-of-way purposes over, under and across the West Half of the Northwest Quarter and the Section line between said Sections 2 and 3, Township 46 North, Range 29 West and the Section line between Sections 34 and 35, Township 47 North, Range 29 West, also for County Road No. 128 right-of-way purposes over, under and across the Section line between said Sections 16 and 17 and between Sections 8 and 17, also C.S.A.H. No. 34 right-of-way purposes over, under and across the Section line between said Sections 4 of Township 46 North, Range 29 West and Section 33 of Township 47 North, Range 29 West; subject to an easement of record for State Highway No. 6 right-of-way purposes over, under and across the East Half of the Southwest Quarter of said Section 1 and the Section line between said sections 1 and 2; subject to any other easements, reservations and restrictions of record; subject to an easement for City of Ironton Street right-of-way purposes over, under and across the SW1/4 of the NW1/4 in Section 11, Township 46 North, Range 29 West, according to the recorded plat thereof.

Subject to easements of record for the following state roads, all Trunk Highway 6 and Trunk Highway 210 rights-of-way, in fee or easement, in the described land are exempted.

Subd. 7. [FEE.] Notwithstanding Minnesota Statutes, section 85.053, subdivision 2, no fee may be charged by the commissioner for use of the Cuyuna country state recreation area before May 1, 1994.

Subd. 8. [ADOPT-A-RECREATION AREA.] The commissioner must utilize Minnesota Statutes, section 85.045, as much as possible in development and operation of the Cuyuna country state recreation area.

Sec. 35. [85.019] [GRANTS-IN-AID FOR RECREATIONAL BETTERMENT.]

Subdivision 1. [DEFINITIONS.] (a) For purposes of this section, the terms in this subdivision have the meanings given, except as otherwise expressly provided or indicated by the context.

(b) "Athletic courts" means special surface area and supporting equipment or structures, such as nets, hoops, and walls, that can be used for active games that have definite boundaries and are played on a marked surface, limited to basketball, volleyball, handball, and tennis.

(c) "Metropolitan council" and "metropolitan area" have the meanings given in section 473.121.

(d) "Unit of government" means a county, city and home rule charter city, town, school district, public post-secondary educational institution, special park district, or an elected park and recreation board having control over parks, parkways, playgrounds, and trees in a city of the first class.

Subd. 2. [GRANTS FOR PARKS AND TRAILS.] The commissioner shall administer a program to provide grants to units of government located within standard metropolitan statistical areas, as designated by the United States Office of Management and Budget, but outside of the metropolitan area defined in section 473.121. The grants shall be for acquisition and betterment by units of government of public land and improvements needed for parks, trails, conservatories, zoos, and other special use facilities having recreational significance for the entire population of the particular standard metropolitan statistical area. Appropriations made for this purpose shall be expended with the approval of the governor after consultation with the legislative advisory commission. The legislative commission on Minnesota resources shall make recommendations to the legislative advisory commission regarding the expenditures. The local contribution required shall be not less than ten percent. The program shall be administered so as to ensure the maximum possible use of available federal money.

Subd. 3. [GRANTS FOR TRAILS IN LOCAL PARKS.] The commissioner shall administer a program to provide grants to units of government for the betterment of public land and improvements needed for recreational trails in parks owned and operated by units of government. A grant shall not exceed 40 percent of the costs of the betterment of the trail. To be eligible for a grant, a unit of government must provide at least ten percent of the cost of the betterment of the trail.

Subd. 4. [GRANTS FOR LOCAL OUTDOOR ATHLETIC COURTS.] The commissioner shall administer a program to provide grants to units of government for the betterment of public land and improvements needed for local athletic courts. A grant may not exceed 50 percent of the costs of the betterment of the athletic court. To be eligible for a grant, a unit of government must provide at least 50 percent of the costs of the betterment of the athletic court. In making grants the commissioner shall consider, among other factors, evidence of cooperation between units of government, local need and available financial resources, and court locations that encourage maximum use, patronage, and availability.

Subd. 5. [POWERS; RULES.] The commissioner has all powers necessary and convenient to establish programs for recreational betterment grants-in-aid for parks, trails, and athletic courts under this section, including the authority to adopt rules for the program under chapter 14.

Sec. 36. Minnesota Statutes 1992, section 85.045, subdivision 2, is amended to read:

Subd. 2. [PURPOSE.] The purpose of the program is to encourage business and civic groups or individuals to assist, on a volunteer basis, in improving and maintaining state parks, *state recreation areas*, monuments, historic sites, and trails.

Sec. 37. Minnesota Statutes 1992, section 85.22, subdivision 2a, is amended to read:

Subd. 2a. [RECEIPTS, APPROPRIATION.] All receipts derived from the rental or sale of state park items *and operation of Douglas Lodge* shall be deposited in the state treasury and be credited to the state parks working capital account. *Receipts and expenses from Douglas lodge shall be tracked separately within the account.* Money in the account is annually appropriated for the purchase and payment of expenses attributable to items for resale or rental *and operation of Douglas Lodge.* *Any excess receipts in this account are annually appropriated for state park management and interpretive programs.*

Sec. 38. Minnesota Statutes 1992, section 86A.04, is amended to read:

86A.04 [COMPOSITION OF SYSTEM.]

The outdoor recreation system shall consist of all ~~natural~~ state parks; ~~recreational~~ state ~~parks~~ *recreation areas*; state trails established pursuant to sections 84.029, subdivision 2, and 85.015; state scientific and natural areas; state wilderness areas; state forests; state wildlife management areas; state water access sites, which include all lands and facilities established by the commissioner of natural resources or the commissioner of transportation to provide public access to water; state wild, scenic, and recreational rivers; state historic sites; and state rest areas, which include all facilities established by the commissioner of transportation for the safety, rest, comfort and use of the highway traveler, and shall include all existing facilities designated as rest areas and waysides by the commissioner of transportation. Each individual ~~natural~~ state park, ~~recreational~~ state ~~park~~ *recreation area*, and so forth is called a "unit."

Sec. 39. Minnesota Statutes 1992, section 86A.05, subdivision 2, is amended to read:

Subd. 2. [NATURAL STATE PARK; PURPOSE; RESOURCE AND SITE QUALIFICATIONS; ADMINISTRATION.] (a) A ~~natural~~ state park shall be established to protect and perpetuate extensive areas of the state possessing those resources which illustrate and exemplify Minnesota's natural phenomena and to provide for the use, enjoyment, and understanding of such resources without impairment for the enjoyment and recreation of future generations.

(b) No unit shall be authorized as a ~~natural~~ state park unless its proposed location substantially satisfies the following criteria:

(1) Exemplifies the natural characteristics of the major landscape regions of the state, as shown by accepted classifications, in an essentially unspoiled or restored condition or in a condition that will permit restoration in the foreseeable future; or contains essentially unspoiled natural resources of sufficient extent and importance to meaningfully contribute to the broad illustration of the state's natural phenomena; and

(2) Contains natural resources, sufficiently diverse and interesting to attract people from throughout the state; and

(3) Is sufficiently large to permit protection of the plant and animal life and other natural resources which give the park its qualities and provide for a broad range of opportunities for human enjoyment of these qualities.

(c) Natural State parks shall be administered by the commissioner of natural resources in a manner which is consistent with the purposes of this subdivision to preserve, perpetuate, and interpret natural features that existed in the area of the park prior to settlement and other significant natural, scenic, scientific, or historic features that are present. Management shall seek to maintain a balance among the plant and animal life of the park and to reestablish desirable plants and animals that were formerly indigenous to the park area but are now missing. Programs to interpret the natural features of the park shall be provided. Outdoor recreation activities to utilize the natural features of the park that can be accommodated without material disturbance of the natural features of the park or the introduction of undue artificiality into the natural scene may be permitted. Park use shall be primarily for aesthetic, cultural, and educational purposes, and shall not be designed to accommodate all forms or unlimited volumes of recreational use. Physical development shall be limited to those facilities necessary to complement the natural features and the values being preserved.

Sec. 40. Minnesota Statutes 1992, section 86A.05, subdivision 3, is amended to read:

Subd. 3. ~~RECREATIONAL STATE PARK RECREATION AREA; PURPOSE; RESOURCE AND SITE QUALIFICATIONS; ADMINISTRATION.~~

(a) A ~~recreational~~ state park recreation area shall be established to provide a broad selection of outdoor recreation opportunities in a natural setting which may be used by large numbers of people.

(b) No unit shall be authorized as a ~~recreational~~ state park recreation area unless its proposed location substantially satisfies the following criteria:

(1) Contains natural or artificial resources which provide outstanding outdoor recreational opportunities that will attract visitors from beyond the local area;

(2) Contains resources which permit intensive recreational use by large numbers of people; and

(3) May be located in areas which have serious deficiencies in public outdoor recreation facilities, provided that ~~recreational~~ state parks recreation areas should not be provided in lieu of municipal, county, or regional facilities.

(c) ~~Recreational~~ State parks recreation areas shall be administered by the commissioner of natural resources in a manner which is consistent with the purposes of this subdivision primarily to provide as broad a selection of opportunities for outdoor recreation as is consistent with maintaining a pleasing natural environment. Scenic, historic, scientific, scarce, or disappearing resources within ~~recreational~~ state parks recreation areas shall be recommended for authorization as historic sites or designated scientific and natural areas pursuant to section 86A.08 to preserve and protect them. Physical development shall enhance and promote the use and enjoyment of the natural recreational resources of the area.

Sec. 41. Minnesota Statutes 1992, section 86A.08, subdivision 1, is amended to read:

Subdivision 1. [SECONDARY AUTHORIZATION; WHEN PERMITTED.] A unit of the outdoor recreation system may be authorized wholly or partially within the boundaries of another unit only when the authorization is consistent with the purposes and objectives of the respective units and only in the instances permitted below:

(a) The following units may be authorized wholly or partially within a ~~natural~~ state park: historic site, scientific and natural area, wilderness area, wild, scenic, and recreational river, trail, rest area, and water access site.

(b) The following units may be authorized wholly or partially within a ~~recreational~~ state park ~~recreation area~~: historic site, scientific and natural area, wild, scenic, and recreational river, trail, rest area, and water access site.

(c) The following units may be authorized wholly or partially within a state forest: ~~natural~~ state park, ~~recreational~~ state park ~~recreation area~~, historic site, wildlife management area, scientific and natural area, wilderness area, wild, scenic, and recreational river, trail, rest area, and water access site.

(d) The following units may be authorized wholly or partially within a state historic site: wild, scenic, and recreational river, trail, rest area, and water access site.

(e) The following units may be authorized wholly or partially within a state wildlife management area: state water access site.

(f) The following units may be authorized wholly or partially within a state wild, scenic, or recreational river: ~~natural~~ state park, historic site, scientific and natural area, wilderness area, trail, rest area, and water access site.

(g) The following units may be authorized wholly or partially within a state rest area: historic site, trail, wild, scenic, and recreational river, and water access site.

Sec. 42. Minnesota Statutes 1992, section 88.79, subdivision 2, is amended to read:

Subd. 2. [CHARGE FOR SERVICE; RECEIPTS TO GENERAL SPECIAL REVENUE FUND.] The commissioner of natural resources may charge the owner receiving such services such sums as the commissioner shall determine to be fair and reasonable. *The charges must account for differences in the value of timber.* The receipts from such services shall be credited to the ~~general special revenue fund and are annually appropriated to the commissioner for the purposes specified in subdivision 1.~~

Sec. 43. Minnesota Statutes 1992, section 90.031, subdivision 4, is amended to read:

Subd. 4. The executive council may formulate and establish, from time to time, rules it deems advisable for the transaction of timber business of the state, including approval of the sale of timber on any tract in a lot exceeding ~~\$20,000~~ \$50,000 when the sale is in the best interests of the state, and may abrogate, modify, or suspend rules at its pleasure.

Sec. 44. Minnesota Statutes 1992, section 90.041, is amended by adding a subdivision to read:

Subd. 6. The commissioner may sell at public auction timber that has been damaged by fire, windstorm, flood, or other natural cause on notice that the commissioner considers reasonable when there is a high risk that the salvage value of the timber would be lost.

Sec. 45: Minnesota Statutes 1992, section 90.101, subdivision 1, is amended to read:

90.101 [TIMBER SOLD AT PUBLIC AUCTION, MAXIMUM LOTS OF ~~\$20,000~~ \$50,000.]

Subdivision 1. The commissioner may sell the timber on any tract of state land in lots not exceeding ~~\$20,000~~ \$50,000 in appraised value and may determine the number of sections or fractional sections of land to be covered by any one permit issued to the purchaser of timber on state lands, or in any one contract or other instrument relating thereto. No timber shall be sold, except (1) to the highest bidder at public auction, or (2) if unsold at public auction the commissioner may offer the timber for private sale for a period of no more than 90 days after the public auction to any person who pays the appraised value for the timber. The minimum price shall be the appraised value as fixed by the report of the state appraiser. All sales shall be held in the county in which the tract is located. In adjoining counties, sales may not be held less than two hours apart.

Sec. 46. Minnesota Statutes 1992, section 90.121, is amended to read:

90.121 [INTERMEDIATE AUCTION SALES; MAXIMUM LOTS OF ~~\$7,000~~ \$15,000.]

The commissioner may sell the timber on any tract of state land in lots not exceeding ~~\$7,000~~ \$15,000 in appraised value, in the same manner as timber sold at public auction under section 90.101, and related laws, subject to the following special exceptions and limitations:

(1) sales shall be at the forest office or other public facility most accessible to potential bidders or close to where the tract is located;

(2) the commissioner's list describing the tract, quantity of timber, and appraised price shall be compiled not less than 30 days before the date of sale and a copy of the list posted not less than 30 days before the date of the sale;

(3) notice of the sale shall be published once, not less than one week before the date of the sale;

(4) no bidder may be awarded more than 25 percent of the total tracts offered at the first round of bidding unless fewer than four tracts are offered, in which case not more than one tract shall be awarded to one bidder. Any tract not sold shall be available for a period of 90 days for purchase by persons eligible under this section at the appraised value;

(5) the bond or deposit required pursuant to section 90.161 or 90.173 shall be given or deposited before any cutting begins or not later than nine months after the date of sale, whichever is earlier;

(6) in lieu of the placing of the marks M I N on cut products as prescribed under section 90.151, subdivision 2, all landings of cut products shall be legibly marked with the name of the permit holder and the assigned permit number;

(7) no person may hold more than six permits issued under this section and no sale may be made to a person holding six permits which are still in effect or to a person having more than 20 employees;

(8) the permit may not exceed one year in duration;

(9) if the purchaser for good and sufficient reason is unable to cut the timber within the one year permit period, the commissioner may grant one extension for a period of up to one year from the date of expiration of the original permit without interest, and one additional extension of one year with interest at the rate in effect under section 549.09 at the time the extension is granted;

(10) if all cut timber, equipment, and buildings, are not removed at the end of any 120-day extension period which the commissioner may grant for removal, the commissioner may grant a second period of time not to exceed 120 days for the removal of cut timber, equipment, and buildings upon receipt of a request by the permit holder for hardship reasons only.

The auction sale procedure set forth in this section constitutes an additional alternative timber sale procedure available to the commissioner and is not intended to replace other authority possessed by the commissioner to sell timber in lots of \$7,000 \$15,000 or less.

Sec. 47. Minnesota Statutes 1992, section 90.201, is amended by adding a subdivision to read:

Subd. 4. When standing timber under a valid permit is damaged through fire, windstorm, flood, or other natural cause, the commissioner may reappraise the timber and modify the permit. The commissioner shall ensure that the reappraisal is in the best interest of the state and the trust.

Sec. 48. Minnesota Statutes 1992, section 92.46, subdivision 1, is amended to read:

Subdivision 1. [PUBLIC CAMPGROUNDS.] (a) The director may designate suitable portions of the state lands withdrawn from sale and not reserved, as provided in section 92.45, as permanent state public campgrounds. The director may have the land surveyed and platted into lots of convenient size, and lease them for cottage and camp purposes under terms and conditions the director prescribes, subject to the provisions of this section.

(b) A lease may not be for a term more than 20 years. The lease may allow renewal, from time to time, for additional terms of no longer than 20 years each. The lease may be canceled by the commissioner 90 days after giving the person leasing the land written notice of violation of lease conditions. The lease rate shall be based on the appraised value of leased land as determined by the commissioner of natural resources and shall be adjusted by the commissioner at the fifth, tenth, and 15th anniversary of the lease, if the appraised value has increased or decreased. For leases that are renewed in 1991 and following years, the lease rate shall be five percent of the appraised value of the leased land. The appraised value shall be the value of the leased land without any private improvements and must be comparable to similar land without any improvements within the same county. The minimum appraised value that the commissioner assigns to the leased land must be substantially equal to the county assessor's estimated market value of similar land adjusted by the assessment/sales ratio as determined by the department of revenue.

(c) By July 1, 1986, the commissioner of natural resources shall adopt rules under chapter 14 to establish procedures for leasing land under this section. The rules shall be subject to review and approval by the commissioners of revenue and administration prior to the initial publication pursuant to chapter 14 and prior to their final adoption. The rules must address at least the following:

- (1) method of appraising the property; and
- (2) an appeal procedure for both the appraised values and lease rates.

(d) All money received from these leases must be credited to the fund to which the proceeds of the land belong.

Notwithstanding section 16A.125 or any other law to the contrary, 50 percent of the money received from the lease of permanent school fund lands leased pursuant to this subdivision shall be deposited into the permanent school trust fund. However, in fiscal years 1987, 1988, 1989, 1990, 1991, 1992, 1993, and 1994 and 1995, ~~the this money received from the lease of permanent school fund lands that would otherwise be deposited into must be credited to the lakeshore sales account in the permanent school fund is hereby appropriated and, subject to appropriation, may be used to survey, appraise, and pay associated selling costs of lots as required in section 92.67, subdivision 3. The money appropriated may not be used to pay the cost of surveying lots not scheduled for sale. Any money designated for deposit in the permanent school fund that is not needed to survey, appraise, and pay associated selling costs of lots, as required in section 92.67, shall be deposited in the permanent school fund. The commissioner shall add to the appraised value of any lot offered for sale the costs of surveying, appraising, and selling the lot, and shall first deposit into the permanent school fund an amount equal to the costs of surveying, appraising, and selling any lot paid out of the permanent school fund. Any remaining money shall be deposited into any other contributing funds in proportion to the contribution from each fund. In no case may the commissioner add to the appraised value of any lot offered for sale an amount more than \$700 for the costs of surveying and appraising the lot.~~

Sec. 49. Minnesota Statutes 1992, section 94.165, is amended to read:

94.165 [LAND ACQUISITION ACCOUNT.]

There is created in the state treasury a land acquisition account. ~~Subject to appropriation by law, Money in the account is available appropriated to the commissioner of natural resources for the acquisition of natural resource lands or interests in lands within the outdoor recreation system established in chapter 86A. The commissioner must file a report to the house ways and means and the senate finance committees and the environment and natural resources committees of the senate and house of representatives by October 1 of each year indicating all purchases and sales from this account.~~

Sec. 50. [97A.028] [CROP PROTECTION ASSISTANCE.]

Subdivision 1. [DEFINITIONS.] (a) The definitions in this subdivision apply to this section.

(b) "Agricultural crops" means annually seeded crops, legumes, fruit orchards, tree farms and nurseries, turf farms, and apiaries.

(c) "Specialty crops" means fruit orchards, vegetables, tree farms and nurseries, turf farms, and apiaries.

Subd. 2. [TECHNICAL ASSISTANCE.] *The commissioner shall establish a statewide program to provide technical assistance to persons for the protection of agricultural crops from destruction by wild animals. As part of the program, the commissioner shall develop and identify the latest and most effective abatement techniques; acquire appropriate demonstration supplies and materials required to meet specialized needs; train property owners, field staff, public land managers, extension agents, pest control operators, and others; provide technical manuals and brochures; and provide field personnel with supplies and materials for damage abatement demonstrations and short-term assistance and for the establishment of food or lure crops where appropriate.*

Subd. 3. [EMERGENCY DETERRENT MATERIALS ASSISTANCE.] (a) *For the purposes of this subdivision, "cooperative damage management agreement" means an agreement between a landowner and the commissioner that establishes a program for addressing the problem of destruction of specialty crops by wild animals on the landowner's property.*

(b) *A person may apply to the commissioner for emergency deterrent materials assistance in controlling destruction of specialty crops by wild animals. Subject to the availability of money appropriated for this purpose, the commissioner shall provide suitable deterrent materials, up to \$3,000 in value per individual or corporation, when the commissioner determines that:*

(1) *immediate action is necessary to prevent significant damage from continuing; and*

(2) *a cooperative damage management agreement cannot be implemented immediately.*

(c) *As a condition of receiving emergency deterrent materials assistance under this subdivision, a landowner shall enter into a cooperative damage management agreement with the commissioner. Deterrent materials provided by the commissioner may include repellents, fencing materials, or other materials recommended in the agreement to alleviate the damage problem. A landowner may not receive emergency deterrent materials assistance under this subdivision more than once. A landowner who receives emergency deterrent materials assistance under this subdivision shall comply with the terms of the cooperative damage management agreement.*

Sec. 51. Minnesota Statutes 1992, section 97A.055, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT; PURPOSES.] *The game and fish fund is established as a fund in the state treasury. The money in the fund is annually appropriated to the commissioner for the activities of the division of fish and wildlife and the division of enforcement.*

Sec. 52. Minnesota Statutes 1992, section 97A.055, is amended by adding a subdivision to read:

Subd. 4. [ANNUAL REPORT.] (a) *By November 15 each year, the commissioner shall report to the legislative committees having jurisdiction over appropriations and the environment and natural resources on:*

(1) the amount of revenue from the following and purposes for which expenditures were made:

- (i) the fishing license surcharge under section 97A.475, subdivision 9;
- (ii) the small game license surcharge under section 97A.475, subdivision 4;
- (iii) the Minnesota migratory waterfowl stamp under section 97A.475, subdivision 5, clause (1);
- (iv) the trout and salmon stamp under section 97A.475, subdivision 10; and
- (v) the pheasant stamp under section 97A.475, subdivision 5, clause (2); and

(2) the amounts available under section 97A.075, subdivision 1, paragraphs (b) and (c), and the purposes for which these amounts were spent.

(b) The report must include the commissioner's recommendations, if any, for changes in the laws relating to the stamps and surcharges referenced in paragraph (a).

Sec. 53. Minnesota Statutes 1992, section 97A.071, subdivision 2, is amended to read:

Subd. 2. [REVENUE FROM THE SMALL GAME LICENSE SURCHARGE.] Revenue from the small game surcharge shall be credited to the wildlife acquisition account and the money in the account shall be used by the commissioner for the purposes of this section, and acquisition and development of wildlife lands under section 97A.145, in accordance with appropriations made by the legislature.

Sec. 54. Minnesota Statutes 1992, section 97A.075, subdivision 1, is amended to read:

Subdivision 1. [DEER AND BEAR LICENSES.] (a) For purposes of this subdivision, "deer license" means a license issued under section 97A.475, subdivisions 2, clauses (4) and (5), and 3, clauses (2) and (3).

(b) At least \$2 from each deer license shall be used for deer habitat improvement or deer management programs.

(c) At least \$1 from each resident deer license and each resident bear license shall be used for deer and bear management programs, including a computerized licensing system.

Sec. 55. Minnesota Statutes 1992, section 97A.441, is amended by adding a subdivision to read:

Subd. 7. [OWNERS OR TENANTS OF AGRICULTURAL LAND.] (a) The commissioner may issue, without an additional fee, a license to take additional deer with firearms under section 97B.301, subdivision 4, to a person who is an owner or tenant and lives on at least ten acres of agricultural land, as defined in section 97B.001, in an area where the commissioner has made these licenses available. Landowners and tenants applying for a license under this subdivision must receive preference over other applicants for the licenses.

(b) Persons who obtain a license under paragraph (a) must allow public deer hunting on their land during that deer hunting season.

Sec. 56. Minnesota Statutes 1992, section 97A.475, subdivision 12, is amended to read:

Subd. 12. [FISH HOUSES; NONRESIDENT.] *The fee Fees for a fish house license licenses for a nonresident is \$21.50 are:*

- (1) *annual, \$25; and*
- (2) *seven consecutive days, \$14.*

Sec. 57. Minnesota Statutes 1992, section 97C.355, subdivision 2, is amended to read:

Subd. 2. [LICENSE REQUIRED.] *A person may not take fish from a dark house or fish house unless the house is licensed and has a metal license tag attached to the exterior as prescribed by the commissioner, except as provided in this subdivision. The commissioner must issue a metal tag that is at least two inches in diameter with a 3/16 inch hole in the center with a dark house or fish house license. The metal tag must be stamped with a number to correspond with the license and the year of issue. A dark house or fish house license is not required of a resident on boundary waters where the adjacent state does not charge a fee for the same activity.*

Sec. 58. Minnesota Statutes 1992, section 115A.90, is amended by adding a subdivision to read:

Subd. 6a. [SHREDDER RESIDUE.] *"Shredder residue" means the residue generated by shredding a motor vehicle, an appliance, or other source of recyclable steel after removing the reusable and recyclable materials.*

Sec. 59. Minnesota Statutes 1992, section 115A.908, subdivision 2, is amended to read:

Subd. 2. [DEPOSIT OF REVENUE.] *Revenue collected shall be credited to the motor vehicle transfer account in the environmental fund.*

Sec. 60. Minnesota Statutes 1992, section 115A.908, subdivision 3, is amended to read:

Subd. 3. [REPEALER.] *This section is repealed on December 31, 1994 1996.*

Sec. 61. [115A.909] [SHREDDER RESIDUE; MANAGEMENT.]

The commissioner, in consultation with persons who are engaged in the business of shredding motor vehicles, appliances, and other sources of recyclable steel, shall study management of shredder residue. To the extent possible under state and federal law, the commissioner shall encourage reduction in the amount of residue generated, allow beneficial use of the residue, and minimize costs of management and disposal. The commissioner shall study all reasonably ascertainable alternatives for management of the residue, including use as cover material at solid waste disposal facilities, use in manufacture of refuse derived fuel, and any other resource recovery management technique.

Sec. 62. Minnesota Statutes 1992, section 115A.96, subdivision 3, is amended to read:

Subd. 3. [OTHER PARTICIPANTS.] (a) *The agency may establish or*

operate all or part of the management program or may provide for services by contract or other agreement with public or private entities.

(b) The agency shall allow these programs to accept up to 100 pounds of waste per year from a hazardous waste generator that generates 220 pounds or less of hazardous waste per month.

Sec. 63. Minnesota Statutes 1992, section 115A.96, subdivision 4, is amended to read:

Subd. 4. [MANAGEMENT.] Any person who establishes or operates all or part of a household hazardous waste management program shall manage collected waste in compliance with standards applicable to a hazardous waste generator. If collected waste must be stored for a time exceeding those standards, the agency or other entity shall obtain the approval of the commissioner of the agency and shall manage the waste in compliance with applicable standards for the use and management of containers, but no facility permit is required. *Waste accepted under subdivision 3, paragraph (b), must be managed in accordance with standards applicable to the waste.*

Sec. 64. Minnesota Statutes 1992, section 115B.22, is amended by adding a subdivision to read:

Subd. 1a. [TAXES IMPOSED.] Until January 1, 2004, a generator of hazardous waste shall pay a tax in an amount equal to the greater of the applicable base tax under subdivision 2a or the quantity tax determined under subdivision 3a.

Sec. 65. Minnesota Statutes 1992, section 115B.22, is amended by adding a subdivision to read:

Subd. 2a. [BASE TAX.] (a) The base tax for large quantity generators, as defined in rules of the agency, is \$500.

(b) The base tax for small quantity generators, as defined in rules of the agency, is \$200.

(c) The base tax for very small quantity generators, as defined in rules of the agency, that produce more than 100 pounds per year of hazardous waste is \$50.

(d) There is no base tax for very small quantity generators, as defined in rules of the agency, that produce 100 pounds or less per year of hazardous waste.

Sec. 66. Minnesota Statutes 1992, section 115B.22, is amended by adding a subdivision to read:

Subd. 3a. [QUANTITY TAX.] (a) The quantity tax does not apply to very small quantity generators, as defined in the rules of the agency. The quantity tax is determined as provided in paragraphs (b) to (d).

(b) Generators of hazardous waste managed using either of the following methods as defined in rules adopted under sections 115.03, 116.07, and 116.37 shall pay taxes on the waste at the rate of 1.5 cents per pound of solid or 15 cents per gallon of liquid:

(1) hazardous wastes that are hazardous prior to discharge to a publicly owned wastewater treatment works; and

(2) hazardous wastes managed as a hazardous waste fuel or using thermal treatment.

(c) Generators of hazardous waste managed using any of the following methods as defined in rules adopted under sections 115.03, 116.07, and 116.37 are exempt from paying taxes on the wastes:

(1) hazardous wastes that are destined for recycling, including waste accumulated, stored, or treated prior to recycling;

(2) hazardous waste that is destined for incineration at a permitted hazardous waste incineration facility in Minnesota;

(3) hazardous wastes that are either (i) pretreated to a nonhazardous state prior to discharge to a publicly owned treatment works, or (ii) treated to a nonhazardous state after treatment in an on-site treatment system, if the publicly owned treatment works or on-site treatment system is operated in accordance with a national pollution discharge elimination system permit, state disposal system permit, or both, issued by the agency; and

(4) hazardous wastes that are neutralized and are not otherwise hazardous waste after neutralizing.

(d) Generators of hazardous waste shall pay taxes on hazardous wastes managed using any other method not mentioned in this subdivision at the rate of three cents per pound of solid or 30 cents per gallon of liquid.

Sec. 67. Minnesota Statutes 1992, section 115B.22, is amended by adding a subdivision to read:

Subd. 4a. [HAZARDOUS WASTES NOT SUBJECT TO TAX.] *The taxes imposed by this section do not apply to hazardous wastes generated as a result of a response action or hazardous wastes generated as a result of lead acid battery smelting.*

Sec. 68. [115B.223] [HAZARDOUS WASTE GENERATOR LOAN PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] *A hazardous waste generator revolving loan program is established to provide loans to small businesses for the purpose of conducting response actions to clean up releases of hazardous waste.*

Subd. 2. [RULES.] (a) *The commissioner of the pollution control agency may adopt rules regarding practices and procedures including, but not limited to:*

(1) *form and procedure for loan application;*

(2) *terms for loans and loan repayment; and*

(3) *criteria for eligibility.*

(b) *The commissioner of the pollution control agency may adopt emergency rules under this subdivision for one year following the effective date of this section.*

Subd. 3. [ELIGIBLE BORROWER.] *To be eligible for a loan under this section, a borrower must:*

(1) *be a generator of hazardous waste;*

- (2) have a release or suspected release of hazardous waste;
- (3) own or operate the facility at which the release of hazardous waste occurred;
- (4) have less than 50 full-time employees;
- (5) have an after-tax profit of less than \$500,000; and
- (6) have a net worth of less than \$1,000,000.

Subd. 4. [LOAN APPLICATION PROCEDURE.] *An eligible borrower may apply for a loan after the commissioner approves a plan for the response actions. Loans will be awarded to eligible borrowers in the order that applications are received by the pollution control agency.*

Subd. 5. [LIMITATION ON LOAN OBLIGATION.] *A loan made under this section is limited to the money available in the hazardous waste generator loan account.*

Subd. 6. [LOAN CONDITIONS.] *A loan made under this section must include:*

- (1) *an interest rate of one percent less than the prime rate;*
- (2) *a term of payment of not more than five years; and*
- (3) *an amount not less than \$1,000 or exceeding \$50,000.*

Sec. 69. [115B.224] [HAZARDOUS WASTE GENERATOR LOAN ACCOUNT.]

The hazardous waste generator loan account is established in the environmental response, compensation, and compliance account for the purposes described in section 115B.223. Money in the account is annually appropriated to the commissioner of the pollution control agency for the purposes of this section. Loan repayments must be credited to the hazardous waste generator loan account.

Sec. 70. Minnesota Statutes 1992, section 115B.24, subdivision 6, is amended to read:

Subd. 6. [PAYMENT BY OUT-OF-STATE GENERATORS.] *A generator of any hazardous waste which is generated outside of this state and is transported into this state for ~~long-term containment or treatment~~ as described in section 115B.22, subdivisions 2 to 5 ~~treatment or disposal~~ shall pay the tax imposed by section 115B.22 at the first point at which the hazardous wastes are received by a person in this state for ~~storage, treatment or long-term containment~~ ~~treatment or disposal~~. The tax shall be paid to the person who first receives the wastes in this state at the time the waste is received and shall be remitted by that person to the commissioner of revenue quarterly in the form and manner provided by the commissioner.*

Sec. 71. Minnesota Statutes 1992, section 115B.42, subdivision 2, is amended to read:

Subd. 2. [EXPENDITURES.] *Subject to appropriation, money in the account may be spent for:*

- (1) *inspection of mixed municipal solid waste disposal facilities to:*

(4) (i) evaluate the adequacy of final cover, slopes, vegetation, and erosion control;

(2) (ii) determine the presence and concentration of hazardous substances, pollutants or contaminants, and decomposition gases; and

(3) (iii) determine the boundaries of fill areas; and

(2) response actions at mixed municipal solid waste disposal facilities under chapter 115B.

Sec. 72. Minnesota Statutes 1992, section 115D.07, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT TO PREPARE AND MAINTAIN A PLAN.] (a) Persons who operate a facility required by United States Code, title 42, section 11023, or section 299K.08, subdivision 3, to submit a toxic chemical release form shall prepare a toxic pollution prevention plan for that facility. The plan must contain the information listed in subdivision 2.

(b) Except as provided in paragraphs (d) and (e), for facilities that release less than a total of 10,000 pounds or more of toxic pollutants annually, the plan must be completed as follows:

(1) on or before July 1, 1991, for facilities having a two-digit standard industrial classification of 35 to 39;

(2) by January 1, 1992, for facilities having a two-digit standard industrial classification of 28 to 34; and

(3) by July 1, 1992, for all other persons required to prepare a plan under this subdivision.

(c) Except as provided in paragraphs (d) and (e), facilities that release less than a total of 10,000 pounds of toxic pollutants annually must complete their plans by July 1, 1992.

(d) For the following facilities, the plan must be completed as follows:

(1) by January 1, 1995, for facilities required to report under section 299K.08, subdivision 3, that have a two-digit standard industrial classification of 01 to 50; and

(2) by July 1, 1995, for facilities required to report under section 299K.08, subdivision 3, that have a two-digit standard industrial classification of 51 to 99.

(e) For facilities that become subject to this subdivision after July 1, 1993, the plan must be completed by six months after the first submittal for the facility under United States Code, title 42, section 11023, or section 299K.08, subdivision 3.

(f) Each plan must be updated every two years and must be maintained at the facility to which it pertains.

Sec. 73. Minnesota Statutes 1992, section 115D.10, is amended to read:

115D.10 [TOXIC POLLUTION PREVENTION EVALUATION REPORT.]

The director, in cooperation with the commissioner and commission, shall report to the environment and natural resources committees of the legislature ~~annually~~ on progress being made in achieving the objectives of sections 115D.01 to 115D.12. The report must be submitted by ~~December 15~~ February 1 of each even-numbered year, ~~beginning in 1992~~.

Sec. 74. Minnesota Statutes 1992, section 115D.12, subdivision 2, is amended to read:

Subd. 2. [FEES.] (a) Persons required by United States Code, title 42, section 11023, to submit a toxic chemical release form to the commission, and owners or operators of facilities listed in section 299K.08, subdivision 3, shall pay a pollution prevention fee of \$150 for each toxic pollutant reported released plus a fee based on the total pounds of toxic pollutants reported as released from each facility. Facilities reporting less than 25,000 pounds annually of toxic pollutants released per facility shall be assessed a fee of \$500. Facilities reporting annual releases of toxic pollutants in excess of 25,000 pounds shall be assessed a graduated fee at the rate of two cents per pound of toxic pollutants reported.

(b) Persons who generate more than 1,000 kilograms of hazardous waste per month but who are not subject to the fee under paragraph (a) must pay a pollution prevention fee of \$500 per facility. Hazardous waste as used in this paragraph has the meaning given it in section 116.06, subdivision 11, and Minnesota Rules, chapter 7045.

(c) Fees required under this subdivision must be paid to the director by January 1 of each year. The fees shall be deposited in the state treasury and credited to the environmental fund.

Sec. 75. [115D.14] [DEFINITIONS.]

Subdivision 1. [SCOPE.] *As used in sections 64 and 65, the terms defined in this section have the meanings given.*

Subd. 2. [AGENCY.] *"Agency" means the pollution control agency.*

Subd. 3. [INTEGRITY OF AQUATIC OR TERRESTRIAL ECOSYSTEMS.] *"Integrity of aquatic or terrestrial ecosystems" means the maintenance of mutually beneficial species of plants and animals and of other natural characteristics so that the biological viability of the ecosystem is ensured.*

Subd. 4. [TOXIC AIR CONTAMINANT.] *"Toxic air contaminant" means an air contaminant that may cause or contribute to an increase in mortality or an increase in a chronic or an acute illness, or which may pose a present or potential hazard to human health or the integrity of aquatic or terrestrial ecosystems.*

Sec. 76. [115D.15] [REPORTS TO THE LEGISLATURE.]

Subdivision 1. [INITIAL REPORT.] *By January 1, 1995, the agency must submit to the environment and natural resources committees of the legislature a report that includes:*

(1) a five-year regulatory strategy to protect the public health and the environment from emissions of toxic air contaminants; and

(2) a list prioritizing and categorizing facilities emitting toxic air contaminants.

Subd. 2. [CONTINUING REPORTS.] Beginning January 1, 1997, and every two years thereafter, the agency shall submit to the legislative committees with jurisdiction over environment and natural resource issues a report that provides an update of the following:

(1) an analysis of the achievements, shortfalls, and resource needs for implementing the agency's strategy under subdivision 1, clause (1);

(2) an analysis of the data collected from the agency's statewide monitoring and inventory program under section 116.454;

(3) an analysis of reductions in emissions of toxic air contaminants; and

(4) an updated list prioritizing and categorizing facilities emitting toxic air contaminants.

Sec. 77. Minnesota Statutes 1992, section 116.07, is amended by adding a subdivision to read:

Subd. 10. [SOLID WASTE ASSESSMENTS.] (a) A person that collects mixed municipal solid waste shall collect and remit to the commissioner of revenue a solid waste assessment from each of the person's customers as provided in paragraphs (b) and (c).

(b) The amount of the assessment for each residential customer is \$2 per year. Each waste collector shall collect the assessment annually from each residential customer that is receiving waste collection service on July 1 of each year and shall remit the amount collected along with the collector's first remittance of the sales tax on solid waste collection services, described in section 297A.45, made after October 1 of each year. Any amount of the assessment that is received by the waste collector after October 1 of each year must be remitted along with the collector's next remittance of sales tax after receipt of the assessment.

(c) The amount of the assessment for each nonresidential customer is 12 cents per noncompacted cubic yard of periodic waste collection capacity purchased by the customer. Each waste collector shall collect the assessment from each nonresidential customer as part of each statement for payment of waste collection charges and shall remit the amount collected along with the next remittance of sales tax after receipt of the assessment.

(d) The commissioner of revenue shall redesign sales tax forms for solid waste collectors to accommodate payment of the assessment. The commissioner of revenue shall deposit the amounts remitted under this subdivision in the environmental fund and shall credit four-sevenths of the receipts to the landfill cleanup account established in section 115B.42.

(e) For the purposes of this subdivision, a "person that collects mixed municipal solid waste" means each person that pays sales tax on solid waste collection services under section 297A.45.

(f) The audit, penalty, enforcement, and administrative provisions applicable to taxes imposed under chapter 297A apply to the assessments imposed under this subdivision.

Sec. 78. Minnesota Statutes 1992, section 116J.401, is amended to read:

116J.401 [POWERS AND DUTIES.]

The commissioner of trade and economic development shall:

(1) provide regional development commissions, the metropolitan council, and units of local government with information, technical assistance, training, and advice on using federal and state programs;

(2) receive and administer the small cities community development block grant program authorized by Congress under the Housing and Community Development Act of 1974, as amended;

(3) receive and administer the section 107 technical assistance program grants authorized by Congress under the Housing and Community Development Act of 1974, as amended;

(4) receive and administer grants for the Minnesota jail resource center authorized by Congress under the Juvenile Justice and Delinquency Prevention Act of 1974, as amended;

(5) ~~receive and administer the land and water conservation grant program authorized by Congress under the Land and Water Conservation Fund Act of 1965, as amended;~~

~~(6)~~ receive and administer other state and federal grants and grant programs for planning, community affairs, community development purposes, and other state and federal programs assigned to the department by law or by the governor in accordance with section 4.07; and

~~(7)~~ (6) receive applications for state and federal grants and grant programs for planning, community affairs, and community development purposes, and other state and federal programs assigned to the department by law or by the governor in accordance with section 4.07.

Sec. 79. Minnesota Statutes 1992, section 116P.10, is amended to read:

116P.10 [ROYALTIES, COPYRIGHTS, PATENTS.]

This section applies to projects supported by the trust fund, the Minnesota future resources fund, and the oil overcharge money referred to in section 4.071, subdivision 2, each of which is referred to in this section as a "fund." The ~~trust~~ fund owns and shall take title to the percentage of a royalty, copyright, or patent resulting from a project supported by the ~~trust~~ fund equal to the percentage of the project's total funding provided by the ~~trust~~ fund. Cash receipts resulting from a royalty, copyright, or patent, or the sale of the ~~trust~~ fund's rights to a royalty, copyright, or patent, must be credited immediately to the principal of the ~~trust~~ fund. Before a project is included in the budget plan, the commission may vote to relinquish the ownership or rights to a royalty, copyright, or patent resulting from a project supported by the ~~trust~~ fund to the project's proposer when the amount of the original grant or loan, plus interest, has been repaid to the ~~trust~~ fund.

Sec. 80. Minnesota Statutes 1992, section 297A.45, is amended by adding a subdivision to read:

Subd. 5. [SEPARATE ACCOUNTING.] The commissioner shall account for revenue collected from public and private mixed municipal solid waste collection and disposal services under this section separately from other tax revenue collected under this chapter.

Sec. 81. Minnesota Statutes 1992, section 299K.08, is amended by adding a subdivision to read:

Subd. 3. [TOXIC CHEMICAL RELEASE REPORTING.] (a) Except as provided in paragraph (b), in addition to facilities specified in the federal act, the following facilities shall comply with the toxic chemical release reporting requirements of section 11023 of the federal act and United States Code, title 42, section 13106, to the same extent as facilities that are required by federal law to comply with these requirements: facilities having a two-digit standard industrial classification of 10, 40, 45, or 49; a three-digit standard industrial classification of 806, 807, or 822; or a four-digit standard industrial classification of 5161, 5162, 5169, 7384, 7389 (solvent recovery facilities only), 8734, or 9223.

(b) For the facilities added in this section, the toxic chemical release reporting requirements of section 11023 of the federal act, and sections 115D.07, 115D.08, and 115D.12, do not apply to substances that are associated with or incidental to the combustion of fossil fuels or other fuels for the generation of electricity or the production of steam.

Sec. 82. Minnesota Statutes 1992, section 299K.08, is amended by adding a subdivision to read:

Subd. 4. [EXEMPTIONS.] (a) A person may petition the commission to:

(1) exempt all facilities having a standard industrial classification listed in subdivision 3, or a classification within one of the listed classifications, from the reporting requirements of subdivision 3; or

(2) review a previously granted exemption.

(b) In making a determination on a petition under paragraph (a), the commission shall consider:

(1) the reported or estimated releases and transfers from facilities within the affected classification;

(2) the quality of the data submitted;

(3) the extent to which facilities within the affected classification report no releases or transfers;

(4) the number of reporting facilities in the affected classification;

(5) the percentage of all releases and transfers in the state that are reported by facilities in the affected classification;

(6) hazards to public safety and the environment posed by releases and transfers from facilities in the affected classification; and

(7) other factors identified by the commission.

(c) The commission shall hold at least one public meeting to receive testimony on the petition. The commission shall publish in the State Register notice of granted exemptions. The commission shall report on the status of petitions and exemptions as part of the annual toxic release inventory report.

(d) A facility specified in paragraph (a) that is not within a classification exempted under paragraph (b) and does not release or transfer chemicals subject to reporting under section 11023 of the federal act is exempt from reporting under subdivision 3 if the owner or operator of the facility certifies

in writing to the commission that there are no releases or transfers at the facility. The certification must be submitted to the commission by the first reporting date for the facility under the federal act. The facility is exempt from further reporting unless there is a release or transfer from the facility or there is a change in the facility's standard industrial classification. Facilities that qualify for this exemption shall maintain documentation supporting the exemption and shall provide this documentation at the request of the commission.

Sec. 83. Minnesota Statutes 1992, section 473.351, subdivision 2, is amended to read:

Subd. 2. [METROPOLITAN COUNCIL OBLIGATION.] Annually before August 1 the metropolitan council shall distribute grant money received from the commissioner of ~~trade and economic development~~ *natural resources* to fund the operation and maintenance expenditures of the implementing agencies for the operation and maintenance of regional park and open space systems. The metropolitan council shall annually report to the legislature the amount distributed to each implementing agency and its estimate of the percentage of operation and maintenance expenditures paid for with operation and maintenance money.

Sec. 84. [ADMINISTRATION OF EXISTING UNITS NOT AFFECTED.]

This act does not affect the administration, as defined in Minnesota Statutes, section 86A.03, subdivision 4, of state parks and recreation areas in existence before July 1, 1993.

Sec. 85. [MODIFICATION OF TIMBER PERMITS.]

The commissioner may modify a timber permit covering standing timber that was damaged as a result of windstorms that occurred on September 16, 1992. This subdivision expires June 1, 1995.

Sec. 86. [LAKE SUPERIOR DIVER ACCESS.]

The \$20,000 appropriated by Laws 1991, chapter 254, article 1, section 14, subdivision 3(h), for diver access at Split Rock Lighthouse state park may be used for diver access at other areas along the north shore of Lake Superior.

Sec. 87. [INFORMATION POLICY OFFICE (IPO) APPROVAL.]

Appropriations for information systems shall not be allotted until the commissioner of the agency certifies to the commissioner of finance that all IPO project requirements have been met or will be met. If the appropriation for either year is insufficient, the appropriation for the other year is available.

Sec. 88. [INSURANCE BUYOUT FORMULA FOR LANDFILL LIABILITY.]

The commissioner of commerce shall prepare a recommended formula for determining a specific amount an insurance company may tender to the state in lieu of payment of benefits, if any, under all policies issued by the company which may be claimed to provide coverage for damages arising out of contamination at permitted mixed municipal solid waste disposal facilities. By November 1, 1993, the commissioner shall submit the recommended formula to the senate committees on environment and natural resources and commerce and consumer protection and the house of representatives committees on environment and natural resources and financial institutions and insurance.

The formula must take into account the likelihood and extent of coverage, if any, under the policies, and other factors determined by the commissioner to be relevant. The commissioner shall also report on the fiscal impact of the formula on insurance companies which may have issued policies. The commissioner shall consult with insurance industry representatives in developing the formula. The commissioner may contract with actuaries and other consultants in developing the formula. The commissioner of the pollution control agency shall cooperate with the commissioner of commerce in developing the formula.

Sec. 89. [CLAIMS OF MARSHALL COUNTY RELATING TO CONSOLIDATED CONSERVATION LANDS.]

The commissioner of natural resources shall review claims from Marshall county for road construction and maintenance costs from 1986 to 1992 that are payable under Minnesota Statutes, section 84A.32, subdivision 1, paragraph (d), and shall pay appropriate amounts from the state portion of Marshall county receipts. The commissioner shall prepare a five-year projection of receipts available to pay the claims and report the amounts to the county and the legislature. Claims for calendar year 1993 and subsequent years must be submitted on forms provided by the commissioner by April 15 of the following calendar year.

Sec. 90. [SHREDDER RESIDUE; GRANTS.]

The commissioner of the pollution control agency may make a grant to a person engaged in the business of shredding and recycling motor vehicles, appliances, and other sources of recyclable steel for the purposes of studying the feasibility of alternative methods of managing shredder residue left over after the reusable and recyclable materials are removed. A person applying for a grant shall include in the application a list of the activities the person will undertake and reasonable estimates of the costs of those activities. The commissioner shall determine the amount of the grant, not to exceed \$300,000 or 50 percent of the total cost of the studies proposed in the grant application, whichever is less.

A person receiving a grant under this section may use the proceeds of the grant for the costs of:

- (1) determining and testing methods of reducing the amount of shredder residue and the amount of hazardous constituents in the residue;*
- (2) periodic testing of shredder residue for hazardous constituents over a limited time period to be determined by the commissioner, but not less than six months;*
- (3) research and development of potential beneficial uses of the residue, including any preprocessing methods that may be applied to the residue to enable it to be beneficially used; and*
- (4) any necessary testing of alternative management technologies to determine the environmental and economic effects of the technologies.*

Sec. 91. [STUDY; WEIGHTING HAZARDOUS SUBSTANCES BY SEVERITY OF HAZARD.]

The commissioner of the pollution control agency shall study the feasibility and advisability of weighting hazardous substances by the severity of the hazards associated with the substances for the purposes of assessing hazard-

ous waste generator fees under Minnesota Statutes 1992, section 116.12, hazardous waste generator taxes under Minnesota Statutes 1992, section 115B.22, toxic pollution prevention fees under Minnesota Statutes 1992, section 115D.12, and any other fees paid by persons who use, store, transport, or treat hazardous substances or who generate hazardous waste or emit hazardous substances to the air, land, or waters of the state. By January 15, 1994, the commissioner shall report the findings of the study to the legislative commission on waste management and to each chair and member of the environment and natural resources policy and finance committees of the legislature.

Sec. 92. [SOLID WASTE FEE STUDY.]

The director of the office of waste management, in consultation with the commissioner of the pollution control agency, shall conduct a study of all taxes, surcharges, service charges, service fees, license fees, utility fees, permit fees, and all other taxes, surcharges, or fees imposed on solid waste collection, processing, or disposal by state, county, and local units of government. The study shall include the rate and amount of each charge collected and shall include analysis of the use of all the money collected. The study shall be completed by December 1, 1994, and shall be submitted to the legislative commission on waste management and the environment and natural resources finance committees and divisions of the legislature. The study shall recommend appropriate sources of revenue for funding of:

- (1) agency solid waste regulatory activities;
- (2) solid waste management activities of local units of government; and
- (3) the appropriateness of redirecting existing waste management fees to the cleanup of landfills.

Sec. 93. [REPEALER.]

(a) Minnesota Statutes 1992, sections 115B.21, subdivisions 4 and 6; and 115B.22, subdivisions 1, 2, 3, 4, 5, and 6, are repealed on January 1, 1994.

(b) Minnesota Statutes 1992, section 116J.406, is repealed.

(c) Minnesota Statutes 1992, sections 115B.21 to 115B.24, are repealed effective January 1, 2004.

Sec. 94. [EFFECTIVE DATES.]

Sections 5, subdivision 10; 44; 47; 85; and 86 are effective the day following final enactment. Sections 43; 45; and 46 are effective August 1, 1993. Sections 64 and 80 are effective January 1, 1994."

Delete the title and insert:

"A bill for an act relating to the organization and operation of state government; appropriating money for environmental, natural resource, and agricultural purposes; transferring responsibilities to the commissioner of natural resources; continuing the citizen's council on Voyageurs national park; establishing the Cuyuna country state recreation area; modifying provisions relating to timber sales; providing for crop protection assistance; establishing a grant program to determine how to manage motor vehicle shredder residue; imposing a solid waste assessment; modifying the hazardous waste generator

tax; establishing a hazardous waste generator loan program; expanding the number of facilities subject to pollution prevention requirements; requiring reports relating to toxic air contaminants; amending Minnesota Statutes 1992, sections 17.59, subdivision 5; 17A.11; 18B.05, subdivision 2; 18C.131; 21.115; 21.92; 25.39, subdivision 4; 27.07, subdivision 6; 32.394, subdivision 9; 41A.09, subdivisions 1 and 3; 84.027, by adding a subdivision; 84B.11, subdivision 1; 85.045, subdivision 2; 85.22, subdivision 2a; 86A.04; 86A.05, subdivisions 2 and 3; 86A.08, subdivision 1; 88.79, subdivision 2; 90.031, subdivision 4; 90.041, by adding a subdivision; 90.101, subdivision 1; 90.121; 90.201, by adding a subdivision; 92.46, subdivision 1; 94.165; 97A.055, subdivision 1, and by adding a subdivision; 97A.071, subdivision 2; 97A.075, subdivision 1; 97A.441, by adding a subdivision; 97A.475, subdivision 12; 97C.355, subdivision 2; 115A.90, by adding a subdivision; 115A.908, subdivisions 2 and 3; 115A.96, subdivisions 3 and 4; 115B.22, by adding subdivisions; 115B.24, subdivision 6; 115B.42, subdivision 2; 115D.07, subdivision 1; 115D.10; 115D.12, subdivision 2; 116.07, by adding a subdivision; 116J.401; 116P.10; 297A.45, by adding a subdivision; 299K.08, by adding subdivisions; and 473.351, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 85; 97A; 115A; 115B; and 115D; repealing Minnesota Statutes 1992, sections 115B.21; 115B.22; 115B.23; 115B.24; and 116J.406."

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

Senate Conferees: (Signed) Steven Morse, Gene Merriam, Gary W. Laidig, Janet B. Johnson, Bob Lessard

House Conferees: (Signed) David Battaglia, Tom Osthoff, Steve Trimble, Willard Munger, Virgil J. Johnson

Mr. Morse moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1570 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1570 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 62 and nays 2, as follows:

Those who voted in the affirmative were:

Adkins	Finn	Kroening	Morse	Runbeck
Anderson	Flynn	Laidig	Neuville	Sams
Beckman	Frederickson	Langseth	Novak	Samuelson
Benson, D.D.	Hanson	Larson	Oliver	Solon
Berg	Janezich	Lesewski	Olson	Spear
Berglin	Johnson, D.E.	Lessard	Pappas	Stevens
Bertram	Johnson, D.J.	Luther	Pariseau	Stumpf
Betzold	Johnson, J.B.	Marty	Piper	Terwilliger
Chandler	Johnston	McGowan	Pogemiller	Vickerman
Chmielewski	Kelly	Merriam	Price	Wiener
Cohen	Kiscaden	Metzen	Ranum	
Day	Knutson	Moe, R.D.	Reichgott	
Dille	Krentz	Mondale	Riveness	

Mrs. Benson, J.E. and Ms. Robertson voted in the negative.

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS – CONTINUED

Mr. Stumpf moved that H.F. No. 574 be taken from the table. The motion prevailed.

H.F. No. 574: A bill for an act relating to retirement; administrative changes, age discrimination act compliance, death-while-active surviving spouse benefit improvements by the Minnesota state retirement system, the public employees retirement association, and teachers retirement association; amending Minnesota Statutes 1992, sections 3A.02, subdivision 1, and by adding a subdivision; 352.01, subdivisions 2b, and by adding a subdivision; 352.03, subdivisions 4, 4a, and 6; 352.04, subdivision 9; 352.113, subdivisions 2, 4, and 7; 352.115, subdivision 8; 352.12, subdivisions 1, 2, 3, 4, 7, 10, and 13; 352.15, subdivision 1a, and by adding subdivisions; 352.22, subdivisions 1 and 2; 352.23; 352.85, subdivision 4; 352.93, subdivision 2a; 352.94; 352.95, subdivisions 1, 2, 3, and 5; 352.951; 352.96, subdivisions 3 and 4; 352B.01, subdivisions 3 and 11; 352B.08, subdivisions 1 and 2a; 352B.10, subdivisions 1, 2, and 5; 352B.101; 352B.105; 352B.11, subdivision 2; 352C.01; 352C.021; 352C.031; 352C.033; 352C.04; 352C.051; 352C.09; 352D.015, subdivision 4; 352D.02, subdivision 3, and by adding a subdivision; 352D.04, subdivision 1; 352D.05, subdivisions 1, 3, and 4; 352D.09, subdivision 5, and by adding subdivisions; 353.01, subdivisions 2, 2a, 2b, 6, 7, 10, 11a, 12, 16, 28, 31, 32, and by adding subdivisions; 353.017; 353.27, subdivision 7; 353.29, subdivision 1; 353.32, subdivision 1a; 353.33, subdivisions 1, 2, 3, 4, 6, 8, 11, and by adding a subdivision; 353.34, subdivisions 1 and 3; 353.35; 353.37; 353.64, subdivisions 1 and 5a; 353.656, subdivisions 1, 1a, 3, 5, and by adding subdivisions; 353A.08, subdivisions 1, 3, and 5; 353A.10, subdivision 4; 353B.11, subdivision 6; 353C.08, subdivisions 1 and 2; 353D.02; 353D.04; 353D.05, subdivision 3; 353D.07, subdivision 2; 354.35; 354.46, subdivisions 1 and 2; 354.48, subdivisions 3 and 10; 356.302, subdivisions 4 and 6; 356.453; 356.61; and 490.124, subdivisions 1 and 4; proposing coding for new law in Minnesota Statutes, chapter 3A; repealing Minnesota Statutes 1992, sections 3A.06; 352.01, subdivision 7; 352.12, subdivision 5; 352.22, subdivision 9; 352.73; 352B.01, subdivision 2a; 352B.131; 352B.14; 352B.261; 352B.262; 352B.28; 352D.05, subdivision 5; and 353.656, subdivision 6.

RECONSIDERATION

Having voted on the prevailing side, Mr. Frederickson moved that the vote whereby the Frederickson amendment to H.F. No. 574 was adopted on May 5, 1993, be now reconsidered. The motion prevailed. So the vote was reconsidered.

Mr. Frederickson withdrew his amendment.

Mr. Riveness moved to amend the Kroening amendment to H.F. No. 574, adopted by the Senate May 5, 1993, as follows:

Page 3, delete section 43 and insert:

“Sec. 43. [STUDY OF BENEFIT OPTIONS FOR PUBLIC EMPLOYEES WHO BECOME NONPUBLIC EMPLOYEES.]

The legislative commission on pensions and retirement shall study the issue of benefit options for public employees who become nonpublic employees for the purpose of determining whether the employees should have the same or similar benefits subsequent to public employment as they did during public employment. The commission shall report the results of the study and any proposed legislation to the chairs of the committee on governmental operations and gaming and the committee on ways and means of the house of representatives and the committee on governmental operations and reform and the committee on finance of the senate by January 15, 1994."

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

Mr. Bertram moved to amend H.F. No. 574 as follows:

Page 101, after line 15, insert:

"ARTICLE 9

VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION

Section 1. Minnesota Statutes 1992, section 424A.10, subdivision 3, is amended to read:

Subd. 3. [STATE REIMBURSEMENT.] By February 15 of each year, the relief association shall apply to the commissioner of revenue for state reimbursement of the amount of supplemental benefits paid under subdivision 2 during the preceding calendar year. By March 15 the commissioner shall reimburse the relief association for the amount of the supplemental benefits paid to qualified recipients. The commissioner of revenue shall prescribe the form of and supporting information that must be supplied as part of the application for state reimbursement. The reimbursement payment must be deposited in the special fund of the relief association. *A sum sufficient to make the payments is appropriated from the general fund to the commissioner of revenue.*

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment and applies to reimbursements payable March 15, 1993, and thereafter."

Amend the title as follows:

Page 1, line 7, after the semicolon, insert "providing an open appropriation for payment of state reimbursement for supplemental retirement benefits paid to volunteer firefighters;"

Page 1, line 38, delete "and"

Page 1, line 39, after the semicolon, insert "and 424A.10, subdivision 3;"

The motion prevailed. So the amendment was adopted.

Mr. Pogemiller moved to amend H.F. No. 574 as follows:

Page 101, after line 15, insert:

"ARTICLE 9

MINNEAPOLIS EMPLOYEES RETIREMENT FUND

Section 1. Minnesota Statutes 1992, section 422A.05, subdivision 1, is amended to read:

Subdivision 1. The members of the retirement board shall be the trustees and custodians of the several funds created by sections 422A.01 to 422A.25 and shall have exclusive control and management of these funds, and power to invest them and to hold, purchase, sell, assign, transfer, or dispose of any of the securities and investments in which any of the funds created by sections 422A.01 to 422A.25 shall have been invested as well as the proceeds of the investments, and of the money belonging to these funds. *The power to manage and invest the assets of the funds must be exercised by the retirement board solely through professional investment or property management firms that are independent of the retirement fund. No financial or property assets of the funds may be managed, serviced, or invested internally or in-house at the retirement fund, except that any investment held by a fund on February 1, 1993, that is not readily tradeable on an established securities exchange may continue to be managed directly by the retirement board until the investment is converted to cash. The retirement board's functions under this section consist primarily of establishing and effectuating investment policy and structure, managing the investment process, monitoring and measuring the performance of the external independent professional investment or property management firms, retaining or terminating agreements with these firms, apportioning the assets of the funds to be managed among these firms, and making financial decisions on issues if approvals have been specifically reserved by and to the board.*

Sec. 2. Minnesota Statutes 1992, section 422A.05, subdivision 2a, is amended to read:

Subd. 2a. [FIDUCIARY DUTY.] (a) In the discharge of their respective duties, the members of the board, the executive director, the board staff, and any ~~other~~ person charged with the responsibility of ~~investing money servicing assets of the funds~~ pursuant to the standards set forth in this chapter shall act in good faith and shall exercise that degree of judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived therefrom. In addition, the members of the board and the chief administrative officer shall act in a manner consistent with chapter 356A.

(b) *Individuals authorized by the board to manage or invest the assets of the funds must act in a manner consistent with chapter 356A. In addition, these individuals must act in good faith and exercise that degree of judgment, skill, diligence, and care, under the circumstances then prevailing, that persons of prudence, discretion, and intelligence acting in a like capacity and familiar with the activity would exercise.*

Sec. 3. Minnesota Statutes 1992, section 422A.08, subdivision 5, is amended to read:

Subd. 5. Any contributor ~~or retired employee~~ who prior to entering the service of the city was an employee of a public corporation, ~~shall be allowed is authorized, using the procedure in subdivision 5a, to purchase allowable service credit in the retirement fund for employment by the public corporation in the same manner as though the service had been rendered to the city, providing that the individual has not received service credit and is not eligible to receive service credit for this period under any other plan or fund listed in section 356.30, subdivision 3.~~ Before receiving credit for service rendered to

a public corporation as herein set forth, the contributing ~~or~~ retired employee shall make application therefor in writing to the retirement board, and shall contribute to the retirement fund the amount ~~which would have been contributed had the employee been a contributing member of the fund during the time the service was rendered to the public corporation, plus six percent compound interest to date of payment or date of retirement, with the total amount to be determined by the retirement board amount specified in subdivision 5a.~~

Sec. 4. Minnesota Statutes 1992, section 422A.08, is amended by adding a subdivision to read:

Subd. 5a. [PURCHASE PAYMENT AMOUNT.] (a) To purchase credit for prior service under this section, there must be paid to the Minneapolis employees retirement fund an amount equal to the present value, on the date of payment, of the amount of the additional retirement annuity obtained by the purchase of the additional service credit. Calculation of this amount must be made using the applicable preretirement interest rate for the association specified in section 356.215, subdivision 4d, and the mortality table adopted for the fund. The calculation must assume continuous future service in the fund until, and retirement at, the age at which the minimum requirements of the fund for normal retirement or retirement with an annuity unreduced for retirement at an early age, including section 356.30, are met with the additional service credit purchased. The calculation must also assume a future salary history that includes annual salary increases at the applicable salary increase rate for the fund or association specified in section 356.215, subdivision 4d. The member must establish in the records of the fund proof of the service for which the purchase of prior service is requested. The manner of the proof of service must be in accordance with procedures prescribed by the executive director.

(b) Payment must be made in one lump sum.

(c) Payment of the amount calculated under this subdivision must be made by the member. However, the current or former governmental subdivision employer of the member may, at its discretion, pay all or any portion of the payment amount that exceeds an amount equal to the employee contribution rates in effect during the period or periods of prior service applied to the actual salary rates in effect during the period or periods of prior service, plus interest at the rate of six percent a year compounded annually from the date on which the contributions would otherwise have been made to the date on which the payment is made.

Sec. 5. Minnesota Statutes 1992, section 422A.101, subdivision 1, is amended to read:

Subdivision 1. [FINANCIAL REQUIREMENTS OF FUND.] Prior to August July 31 annually, the retirement board, in consultation with the commission-retained actuary, shall prepare an itemized statement of the financial requirements of the fund for the succeeding fiscal year. A copy of the statement shall be submitted to the city council, the board of estimate and taxation of the city, the managing board or chief administrative officer of each city owned public utility, improvement project or municipal activity supported in whole or in part by revenues other than real estate taxes, public corporation, or unit of metropolitan government employing members of the fund, the board of special school district No. 1, and the state commissioner of finance prior to

~~September 15~~ July 31 annually. The statement shall be itemized and shall include the following:

(1) an estimate of the administrative expenses of the fund for the following year, ~~which shall be determined by multiplying, by the factor of 1.035, the figure for administrative expenses as reported in the most recent actuarial valuation prepared by the commission-retained actuary,~~ including the amount necessary to amortize through June 30, 2020, the annual costs that are determined by the retirement board to be related to investment activities of the deposit accumulation fund other than actual investment transaction amounts;

(2) an estimate of the normal cost of the fund expressed as a dollar amount, which shall be determined by applying the normal cost of the fund as reported in the most recent actuarial valuation prepared by the commission-retained actuary and expressed as a percentage of covered payroll to the estimated total covered payroll of all employees covered by the fund for the following year;

(3) an estimate of the contribution required to amortize on a level annual dollar basis the unfunded actuarial accrued liability of the fund by June 30, 2020, using an interest rate of six percent compounded annually as reported in the most recent actuarial valuation, prepared by the commission-retained actuary expressed as a dollar amount. In determining the amount of the unfunded actuarial accrued liability of the fund, all assets other than the assets of the retirement benefit fund shall be valued as current assets as defined under section 356.215, subdivision 1, clause (6), and the assets of the retirement benefit fund shall be valued equal to the actuarially determined required reserves for benefits payable from that fund;

(4) the amount of any deficiency in the actual amount of any employer contribution provided for in this section when compared to the required contribution amount certified for the previous year, plus interest on the amount at the rate of six percent per annum.

Sec. 6. [EFFECTIVE DATE.]

Sections 1 to 5 are effective the day following final enactment."

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 574 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 60 and nays 4, as follows:

Those who voted in the affirmative were:

Adkins	Day	Kelly	Metzen	Price
Anderson	Dille	Kiscaden	Moe, R.D.	Ranum
Beckman	Finn	Knutson	Mondale	Riveness
Belanger	Flynn	Krentz	Murphy	Robertson
Benson, D.D.	Frederickson	Kroening	Neuville	Sams
Benson, J.E.	Hanson	Laidig	Novak	Samuelson
Berg	Hottinger	Langseth	Oliver	Spear
Berglin	Janezich	Larson	Olson	Stevens
Bertram	Johnson, D.E.	Lesewski	Pappas	Stumpf
Betzold	Johnson, D.J.	Lessard	Pariseau	Terwilliger
Chandler	Johnson, J.B.	Marty	Piper	Vickerman
Chmielewski	Johnston	McGowan	Pogemiller	Wiener

Messrs. Cohen, Luther, Merriam and Ms. Runbeck voted in the negative.

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

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 735 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 735: A bill for an act relating to highway traffic regulations; implements of husbandry; defining implements of husbandry; exempting trailers that carry dry fertilizer from vehicle registration tax; reducing the maximum speed limit for implements of husbandry to 25 miles per hour; requiring hazard warning lights on implements of husbandry; regulating brakes on implements of husbandry; imposing certain size and weight restrictions; requiring slow-moving vehicle safety to be included in driver examinations and driver education courses; amending Minnesota Statutes 1992, sections 168.012, subdivision 2b; 169.01, subdivision 55; 169.145; 169.18, subdivision 5; 169.47; 169.55, subdivision 2, and by adding a subdivision; 169.64, subdivision 6; 169.67, subdivisions 3, 4, and by adding a subdivision; 169.72, subdivision 1; 169.781, subdivision 3; 169.80, subdivisions 1 and 2; 169.82; 169.86, subdivision 5; and 171.13, subdivision 1, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 169.

Mr. Dille moved that the amendment made to H.F. No. 735 by the Committee on Rules and Administration in the report adopted May 4, 1993, pursuant to Rule 49, be stricken. The motion prevailed. So the amendment was stricken.

Mr. Dille then moved to amend H.F. No. 735 as follows:

Page 4, after line 10; insert:

"Sec. 6. Minnesota Statutes 1992, section 169.522, subdivision 1, is amended to read:

Subdivision 1. [DISPLAYING EMBLEM; RULES.] (a) All animal-drawn vehicles, motorized golf carts when operated on designated roadways pursuant to section 169.045, implements of husbandry *with load*, and other machinery, including all road construction machinery, which are designed for operation at a speed of 25 miles per hour or less shall display a triangular slow-moving vehicle emblem, except (1) when being used in actual construction and maintenance work and traveling within the limits of a construction area which is marked in accordance with requirements of the manual of uniform traffic control devices, as set forth in section 169.06, or (2) *for a towed implement of husbandry that is empty and that is not self-propelled, in which case it may be towed at lawful speeds greater than 25 miles per hour without removing the slow moving vehicle emblem*. The emblem shall consist of a fluorescent yellow-orange triangle with a dark red reflective border and be mounted so as to be visible from a distance of not less than 600 feet to the rear. When a primary power unit towing an implement of husbandry or other machinery displays a slow-moving vehicle emblem visible from a distance of 600 feet to the rear, it shall not be necessary to display a similar emblem on the secondary unit. After January 1, 1975, all slow-moving vehicle emblems sold in this state shall be so designed that when properly mounted they are

visible from a distance of not less than 600 feet to the rear when directly in front of lawful lower beam of head lamps on a motor vehicle. The commissioner of public safety shall adopt standards and specifications for the design and position of mounting the slow-moving vehicle emblem. Such standards and specifications shall be adopted by rule in accordance with the administrative procedure act. A violation of this section shall not be admissible evidence in any civil cause of action arising prior to January 1, 1970.

(b) An alternate slow-moving vehicle emblem consisting of a dull black triangle with a white reflective border may be used after obtaining a permit from the commissioner under rules of the commissioner. A person with a permit to use an alternate slow-moving vehicle emblem must:

(1) carry in the vehicle a regular slow-moving vehicle emblem and display the emblem when operating a vehicle between sunset and sunrise, and at any other time when visibility is impaired by weather, smoke, fog, or other conditions; and

(2) permanently affix to the rear of the slow-moving vehicle at least 72 square inches of reflective tape that reflects the color red."

Page 7, line 1, delete "owned" and insert "used"

Page 7, line 2, delete "owner's" and insert "user's"

Page 7, line 3, delete "owner" and insert "user"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 735 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 60 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Day	Kiscaden	Moe, R.D.	Ranum
Anderson	Dille	Knutson	Mondale	Reichgott
Beckman	Finn	Krentz	Morse	Riveness
Belanger	Flynn	Kroening	Murphy	Robertson
Benson, D.D.	Frederickson	Langseth	Novak	Runbeck
Benson, J.E.	Hottinger	Larson	Oliver	Sams
Berglin	Janezich	Lesewski	Olson	Samuelson
Bertram	Johnson, D.E.	Lessard	Pappas	Solon
Betzold	Johnson, D.J.	Luther	Pariseau	Spear
Chandler	Johnson, J.B.	Marty	Piper	Stevens
Chmielewski	Johnston	Merriam	Pogemiller	Vickerman
Cohen	Kelly	Metzen	Price	Wiener

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

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 502 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 502: A bill for an act relating to health; asbestos abatement; modifying provisions relating to asbestos-related work, licenses, and fees;

providing penalties; appropriating money; amending Minnesota Statutes 1992, sections 326.71, subdivisions 3, 4, 5, 6, 8, and by adding subdivisions; 326.72; 326.73; 326.74; 326.75; 326.76; 326.78; 326.785; 326.79; 326.80; and 326.81; repealing Minnesota Statutes 1992, sections 326.71, subdivision 7.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Adkins	Day	Laidig	Murphy	Runbeck
Anderson	Finn	Langseth	Neuville	Sams
Beckman	Flynn	Larson	Novak	Samuelson
Belanger	Frederickson	Lesewski	Oliver	Solon
Benson, D.D.	Hanson	Lessard	Olson	Spear
Benson, J.E.	Hottinger	Luther	Pappas	Stevens
Berg	Johnson, D.E.	Marty	Pariseau	Stumpf
Berglin	Johnson, J.B.	McGowan	Piper	Terwilliger
Bertram	Johnston	Merriam	Price	Vickerman
Betzold	Kelly	Metzen	Ranum	Wiener
Chandler	Kiscaden	Moe, R.D.	Reichgott	
Chmielewski	Knutson	Mondale	Riveness	
Cohen	Krentz	Morse	Robertson	

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS – CONTINUED

Mr. Moe, R.D. moved that S.F. No. 1418 be taken from the table. The motion prevailed.

S.F. No. 1418: A bill for an act relating to state government; public employment; establishing a pilot project in certain entities; permitting the waiver of rules governing the classified and unclassified service of the state by joint committees.

Ms. Robertson moved to amend S.F. No. 1418 as follows:

Page 3, line 9, after the third comma, insert “1993, 1994, and”

Page 3, line 21, after “project” insert “by September 1, 1993, 1994, and 1995, and”

The motion prevailed. So the amendment was adopted.

S.F. No. 1418 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 0, as follows:

Those who voted in the affirmative were:

Adkins	Day	Kiscaden	Moe, R.D.	Reichgott
Anderson	Dille	Knutson	Mondale	Riveness
Beckman	Finn	Krentz	Morse	Robertson
Belanger	Flynn	Kroening	Murphy	Runbeck
Benson, D.D.	Frederickson	Langseth	Neuville	Sams
Benson, J.E.	Hanson	Larson	Novak	Samuelson
Berg	Hottinger	Lesewski	Oliver	Spear
Berglin	Janezich	Lessard	Pappas	Stevens
Bertram	Johnson, D.E.	Luther	Pariseau	Stumpf
Betzold	Johnson, D.J.	Marty	Piper	Terwilliger
Chandler	Johnson, J.B.	McGowan	Pogemiller	Vickerman
Chmielewski	Johnston	Merriam	Price	Wiener
Cohen	Kelly	Metzen	Ranum	

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

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Orders of Business of Messages From the House, First Reading of House Bills, Reports of Committees, Second Reading of Senate Bills and Second Reading of House Bills.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, herewith returned: S.F. No. 386.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 7, 1993

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 1275: A bill for an act relating to the environment; providing protection from liability for releases of hazardous substances to lenders and owners for redevelopment of property under an approved cleanup plan; providing authority to issue determinations regarding association with a release; amending Minnesota Statutes 1992, section 115B.175, subdivisions 4, 7, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 115B.

Senate File No. 1275 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 7, 1993

Mr. Mondale moved that the Senate do not concur in the amendments by the House to S.F. No. 1275, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 674: A bill for an act relating to civil actions; regulating the posting of a bond required of plaintiffs in certain actions against a public body; amending Minnesota Statutes 1992, section 562.02.

Senate File No. 674 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 6, 1993

CONCURRENCE AND REPASSAGE

Mr. Cohen moved that the Senate concur in the amendments by the House to S.F. No. 674 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 674 was read the third time, as amended by the House, and placed on its repassage.

The question was taken on the repassage of the bill, as amended.

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Day	Kiscaden	Moe, R.D.	Ranum
Anderson	Finn	Knutson	Mondale	Reichgott
Beckman	Flynn	Krentz	Morse	Riveness
Belanger	Frederickson	Kroening	Murphy	Robertson
Benson, D.D.	Hanson	Langseth	Novak	Runbeck
Benson, J.E.	Hottinger	Larson	Oliver	Sams
Berg	Janezich	Lesewski	Olson	Samuelson
Berglin	Johnson, D.E.	Lessard	Pappas	Spear
Bertram	Johnson, D.J.	Luther	Pariseau	Stevens
Betzold	Johnson, J.B.	Marty	Piper	Stumpf
Chandler	Johnston	Merriam	Pogemiller	Vickerman
Cohen	Kelly	Metzen	Price	Wiener

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

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 190: A bill for an act relating to background checks; providing that certain criminal conviction data are public; providing that a record of conviction of certain crimes and other determinations disqualify an individual from obtaining certain human services licenses; providing for access to certain data on day care and foster care licensees; amending Minnesota Statutes 1992, sections 13.46, subdivision 4; 13.87, subdivision 2; and 245A.04, subdivision 3b.

Senate File No. 190 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 6, 1993

CONCURRENCE AND REPASSAGE

Mr. Cohen moved that the Senate concur in the amendments by the House to S.F. No. 190 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 190 was read the third time, as amended by the House, and placed on its repassage.

The question was taken on the repassage of the bill, as amended.

The roll was called, and there were yeas 58 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Kiscaden	Moe, R.D.	Riveness
Anderson	Day	Knutson	Morse	Robertson
Beckman	Finn	Krentz	Murphy	Runbeck
Belanger	Flynn	Kroening	Novak	Sams
Benson, D.D.	Frederickson	Langseth	Oliver	Samuelson
Benson, J.E.	Hanson	Larson	Olson	Solon
Berg	Hottinger	Lesewski	Pappas	Spear
Berglin	Janezich	Lessard	Pariseau	Stevens
Bertram	Johnson, D.E.	Luther	Piper	Vickerman
Betzold	Johnson, D.J.	Marty	Price	Wiener
Chandler	Johnson, J.B.	Merriam	Ranum	
Chmielewski	Johnston	Metzen	Reichgott	

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

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 519.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 7, 1993

FIRST READING OF HOUSE BILLS

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

H.F. No. 519: A bill for an act relating to recreational vehicles; regulating registration and operation of off-highway motorcycles; setting fees and penalties; requiring reports to the legislature; appropriating money; amending Minnesota Statutes 1992, sections 85.018, subdivisions 2, 3, and 5; 171.03; and 466.03, subdivision 16; proposing coding for new law in Minnesota Statutes, chapter 84.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 184, now on General Orders.

REPORTS OF COMMITTEES

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

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

S.F. No. 891: A bill for an act relating to labor; requiring arbitration in certain circumstances; establishing procedures; providing penalties; amending

Minnesota Statutes 1992, sections 179.06, by adding a subdivision; and 179A.16, subdivision 3, and by adding a subdivision.

Reports the same back with the recommendation that the report from the Committee on Governmental Operations and Reform, shown in the Journal for May 6, 1993, be adopted; that committee recommendation being:

“the bill do pass”. Report adopted.

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

S.F. No. 553: A bill for an act relating to retirement; teachers retirement association; providing for the consolidation of the St. Paul teachers retirement fund association; making conforming amendments; amending Minnesota Statutes 1992, sections 3.85, subdivisions 11 and 12; 354.05, subdivisions 2 and 13; 354A.011, subdivisions 8 and 15a; 354A.021, subdivision 1; 354A.092; 354A.093; 354A.095; 354A.096; 354A.12, subdivisions 1, 2, 2a, and 2b; 354A.23, subdivision 1; 354A.30; 354A.32, subdivision 1; 354A.39; 354A.40, subdivision 1; 354A.41; 356.20, subdivision 2; 356.215, subdivision 2; 356.30, subdivision 3; 356.302, subdivision 7; 356.303, subdivision 4; 356.32, subdivision 2; 356.35, subdivisions 2 and 5; 356.36, subdivision 1; 356.86, subdivisions 1, 2, and 3; Laws 1965, chapter 705, section 1, subdivision 4; Laws 1989, chapter 319, article 13, section 94; Laws 1990, chapter 570, article 7, section 4; and Laws 1992, chapter 598, articles 5, section 2; and 6, section 18; repealing Minnesota Statutes 1992, sections 354A.23, subdivision 2; 355.201; 355.202; 355.203; 355.204; 355.205; 355.206; 355.207; 355.208; 355.209; Laws 1976, chapter 238, section 14; Laws 1977, chapter 429, sections 60 and 61; Laws 1979, chapter 109; Laws 1981, chapter 157; Laws 1985, chapter 259, section 3; Laws 1987, chapter 372, article 7, section 6; Laws 1988, chapter 709, article 8, section 8; Laws 1990, chapter 570, article 7, section 3; and Laws 1991, chapter 67.

Reports the same back with the recommendation that the report from the Committee on Governmental Operations and Reform, shown in the Journal for May 6, 1993, be adopted; that committee recommendation being:

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

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Rule 35, together with the committee report thereon,

H.F. No. 1585: A bill for an act relating to crime; imposing penalties for a variety of firearms-related offenses; expanding forfeiture provisions; revising and increasing penalties for stalking, harassment, and domestic abuse offenses; providing for improved training, investigation and enforcement of these laws; increasing penalties for and making revisions to certain controlled substance offenses; increasing penalties for crimes committed by groups; increasing penalties and improving enforcement of arson and related crimes; making certain changes to restitution and other crime victim laws; revising laws relating to law enforcement agencies, and state and local corrections agencies; requiring certain counties to establish pretrial diversion programs; revising and increasing penalties for a variety of other criminal laws;

clarifying certain provisions for the new felony sentencing system; making technical corrections to sentencing statutes; regulating crimes in certain shopping areas; making knowing transfer of HIV virus a felony; increasing parental liability; limiting right to refuse blood testing; appropriating money; amending Minnesota Statutes 1992, sections 8.16, subdivision 1; 13.87, subdivision 2; 16B.08, subdivision 7; 127.03, subdivision 3; 144.765; 144A.04, subdivisions 4 and 6; 144A.11, subdivision 3a; 144B.08, subdivision 3; 152.01, by adding a subdivision; 152.021, subdivision 3; 152.022, subdivisions 1, 2, and 3; 152.023, subdivisions 2 and 3; 152.024, subdivisions 1 and 3; 152.025, subdivision 3; 152.026; 152.0971, subdivisions 1, 3, and by adding subdivisions; 152.0972, subdivision 1; 152.0973, subdivisions 2, 3, and by adding a subdivision; 152.0974; 152.18, subdivision 1; 168.346; 169.121, subdivision 3a; 169.222, subdivisions 1 and 6; 169.64, subdivision 3; 169.98, subdivision 1a; 214.10, by adding subdivisions; 238.16, subdivision 2; 241.09; 241.26, subdivision 5; 241.67, subdivision 2; 243.166, subdivision 1; 243.23, subdivision 3; 244.01, subdivision 8, and by adding a subdivision; 244.05, subdivisions 1b, 4, 5, and by adding a subdivision; 244.065; 244.101; 244.14, subdivisions 2 and 3; 244.15, subdivision 1; 244.17, subdivision 3; 244.171, subdivisions 3 and 4; 244.172, subdivisions 1 and 2; 260.185, subdivisions 1 and 1a; 260.193, subdivision 8; 260.251, subdivision 1; 299A.35, subdivision 2; 299C.46, by adding a subdivision; 299D.03, subdivision 1; 299D.06; 299F.04, by adding a subdivision; 299F.815, subdivision 1; 388.23, subdivision 1; 390.11, by adding a subdivision; 390.32, by adding a subdivision; 401.02, subdivision 4; 473.386, by adding a subdivision; 480.0591, subdivision 6; 480.30; 485.018, subdivision 5; 518B.01, subdivisions 2, 3, 6, 7, 9, and 14; 540.18, subdivision 1; 541.15; 609.02, subdivision 6; 609.0341, subdivision 1; 609.035; 609.05, subdivision 1; 609.06; 609.101, subdivisions 2, 3, and 4; 609.11; 609.135, subdivisions 1, 1a, and 2; 609.1352, subdivision 1; 609.14, subdivision 1; 609.15, subdivision 2; 609.152, subdivisions 1 and 2; 609.175, subdivision 2, and by adding a subdivision; 609.184, subdivision 2; 609.196; 609.224, subdivision 2; 609.229, subdivision 3; 609.251; 609.341, subdivisions 10, 17, 18, and 19; 609.344, subdivision 1; 609.345, subdivision 1; 609.346, subdivisions 2, 2b, and 5; 609.3461; 609.378, subdivision 1; 609.494; 609.495; 609.505; 609.531, subdivision 1; 609.5314, subdivision 1; 609.562; 609.563, subdivision 1; 609.576, subdivision 1; 609.582, subdivision 1a; 609.585; 609.605, subdivision 1, and by adding a subdivision; 609.66, subdivisions 1, 1a, and by adding subdivisions; 609.67, subdivisions 1 and 2; 609.686; 609.71; 609.713, subdivision 1; 609.746, by adding a subdivision; 609.748, subdivisions 1, 2, 3, 5, 6, 8, and by adding subdivisions; 609.79, subdivision 1; 609.795, subdivision 1; 609.856, subdivision 1; 609.891, subdivision 2; 609.902, subdivision 4; 611A.02, subdivision 2; 611A.031; 611A.0315; 611A.04, subdivisions 1, 1a, 3, and by adding a subdivision; 611A.06, subdivision 1; 611A.52, subdivisions 5, 8, and 9; 611A.57, subdivisions 2, 3, and 5; 611A.66; 624.711; 624.712, subdivisions 5, 6, and by adding a subdivision; 624.713; 624.7131, subdivisions 1, 4, and 10; 624.7132; 626.05, subdivision 2; 626.13; 626.556, subdivision 10; 626.8451, subdivision 1a; 626A.05, subdivision 1; 626A.06, subdivisions 4, 5, and 6; 626A.10, subdivision 1; 626A.11, subdivision 1; 628.26; 629.291, subdivision 1; 629.34, subdivision 1; 629.341, subdivision 1; 629.342, subdivision 2; 629.72; 631.046, subdivision 1; 631.41; and 641.14; Laws 1991, chapter 279, section 41; Laws 1992, chapter 571, article 7, section 13, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 121; 152; 169; 174; 242; 260; 401; 473; 593; 609; 611A; and 624; repealing

Minnesota Statutes 1992, sections 152.0973, subdivision 4; 214.10, subdivisions 4, 5, 6, and 7; 241.25; 609.02, subdivisions 12 and 13; 609.131, subdivision 1a; 609.605, subdivision 3; 609.746, subdivisions 2 and 3; 609.747; 609.79, subdivision 1a; 609.795, subdivision 2; 611A.57, subdivision 1; and 629.40, subdivision 5.

Reports the same back with the recommendation that the report from the Committee on Finance, shown in the Journal for May 5, 1993, be adopted; that committee recommendation being:

“the bill be amended and when so amended the bill do pass”. Amendments adopted. Report adopted.

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

H.F. No. 671 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.
671	529				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 671 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 671 and insert the language after the enacting clause of S.F. No. 529, the second engrossment; further, delete the title of H.F. No. 671 and insert the title of S.F. No. 529, the second engrossment.

And when so amended H.F. No. 671 will be identical to S.F. No. 529, and further recommends that H.F. No. 671 be given its second reading and substituted for S.F. No. 529, 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.

Ms. Reichgott from the Committee on Judiciary, to which were referred the following appointments as reported in the Journal for January 19, 1993:

BOARD ON JUDICIAL STANDARDS

Harriette Burkhalter
Peter Hustad Watson

HARMFUL SUBSTANCE COMPENSATION BOARD

Beth A. Baker
Mara R. Thompson
Peter Westerhaus

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

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

Ms. Reichgott from the Committee on Judiciary, to which was referred the following appointment as reported in the Journal for January 28, 1993:

BOARD ON JUDICIAL STANDARDS

Jon O. Haaven

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

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

Ms. Reichgott from the Committee on Judiciary, to which was referred the following appointment as reported in the Journal for March 1, 1993:

BOARD ON JUDICIAL STANDARDS

Virginia Ward

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

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

Ms. Reichgott from the Committee on Judiciary, to which was referred the following appointment as reported in the Journal for March 24, 1993:

HARMFUL SUBSTANCE COMPENSATION BOARD

M.J. "Mac" McCauley

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

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

SECOND READING OF SENATE BILLS

S.F. No. 891 was read the second time.

SECOND READING OF HOUSE BILLS

H.F. Nos. 1585 and 671 were read the second time.

MOTIONS AND RESOLUTIONS - CONTINUED

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. 1585 and that the rules of the Senate be so far suspended as to give H.F.

No. 1585, now on General Orders, its third reading and place it on its final passage. The motion prevailed.

H.F. No. 1585: A bill for an act relating to crime; imposing penalties for a variety of firearms-related offenses; expanding forfeiture provisions; revising and increasing penalties for stalking, harassment, and domestic abuse offenses; providing for improved training, investigation and enforcement of these laws; increasing penalties for and making revisions to certain controlled substance offenses; increasing penalties for crimes committed by groups; increasing penalties and improving enforcement of arson and related crimes; making certain changes to restitution and other crime victim laws; revising laws relating to law enforcement agencies, and state and local corrections agencies; requiring certain counties to establish pretrial diversion programs; revising and increasing penalties for a variety of other criminal laws; clarifying certain provisions for the new felony sentencing system; making technical corrections to sentencing statutes; regulating crimes in certain shopping areas; making knowing transfer of HIV virus a felony; increasing parental liability; limiting right to refuse blood testing; appropriating money; amending Minnesota Statutes 1992, sections 8.16, subdivision 1; 13.87, subdivision 2; 16B.08, subdivision 7; 127.03, subdivision 3; 144.765; 144A.04, subdivisions 4 and 6; 144A.11, subdivision 3a; 144B.08, subdivision 3; 152.01, by adding a subdivision; 152.021, subdivision 3; 152.022, subdivisions 1, 2, and 3; 152.023, subdivisions 2 and 3; 152.024, subdivisions 1 and 3; 152.025, subdivision 3; 152.026; 152.0971, subdivisions 1, 3, and by adding subdivisions; 152.0972, subdivision 1; 152.0973, subdivisions 2, 3, and by adding a subdivision; 152.0974; 152.18, subdivision 1; 168.346; 169.121, subdivision 3a; 169.222, subdivisions 1 and 6; 169.64, subdivision 3; 169.98, subdivision 1a; 214.10, by adding subdivisions; 238.16, subdivision 2; 241.09; 241.26, subdivision 5; 241.67, subdivision 2; 243.166, subdivision 1; 243.23, subdivision 3; 244.01, subdivision 8, and by adding a subdivision; 244.05, subdivisions 1b, 4, 5, and by adding a subdivision; 244.065; 244.101; 244.14, subdivisions 2 and 3; 244.15, subdivision 1; 244.17, subdivision 3; 244.171, subdivisions 3 and 4; 244.172, subdivisions 1 and 2; 260.185, subdivisions 1 and 1a; 260.193, subdivision 8; 260.251, subdivision 1; 299A.35, subdivision 2; 299C.46, by adding a subdivision; 299D.03, subdivision 1; 299D.06; 299F.04, by adding a subdivision; 299F.815, subdivision 1; 388.23, subdivision 1; 390.11, by adding a subdivision; 390.32, by adding a subdivision; 401.02, subdivision 4; 473.386, by adding a subdivision; 480.0591, subdivision 6; 480.30; 485.018, subdivision 5; 518B.01, subdivisions 2, 3, 6, 7, 9, and 14; 540.18, subdivision 1; 541.15; 609.02, subdivision 6; 609.0341, subdivision 1; 609.035; 609.05, subdivision 1; 609.06; 609.101, subdivisions 2, 3, and 4; 609.11; 609.135, subdivisions 1, 1a, and 2; 609.1352, subdivision 1; 609.14, subdivision 1; 609.15, subdivision 2; 609.152, subdivisions 1 and 2; 609.175, subdivision 2, and by adding a subdivision; 609.184, subdivision 2; 609.196; 609.224, subdivision 2; 609.229, subdivision 3; 609.251; 609.341, subdivisions 10, 17, 18, and 19; 609.344, subdivision 1; 609.345, subdivision 1; 609.346, subdivisions 2, 2b, and 5; 609.3461; 609.378, subdivision 1; 609.494; 609.495; 609.505; 609.531; subdivision 1; 609.5314, subdivision 1; 609.562; 609.563, subdivision 1; 609.576, subdivision 1; 609.582, subdivision 1a; 609.585; 609.605, subdivision 1, and by adding a subdivision; 609.66, subdivisions 1, 1a, and by adding subdivisions; 609.67, subdivisions 1 and 2; 609.686; 609.71; 609.713, subdivision 1; 609.746, by adding a subdivision; 609.748, subdivisions 1, 2, 3, 5, 6, 8, and by adding subdivisions; 609.79, subdivision 1; 609.795, subdivision 1; 609.856, subdivision 1;

609.891, subdivision 2; 609.902, subdivision 4; 611A.02, subdivision 2; 611A.031; 611A.0315; 611A.04, subdivisions 1, 1a, 3, and by adding a subdivision; 611A.06, subdivision 1; 611A.52, subdivisions 5, 8, and 9; 611A.57, subdivisions 2, 3, and 5; 611A.66; 624.711; 624.712, subdivisions 5, 6, and by adding a subdivision; 624.713; 624.7131, subdivisions 1, 4, and 10; 624.7132; 626.05, subdivision 2; 626.13; 626.556, subdivision 10; 626.8451, subdivision 1a; 626A.05, subdivision 1; 626A.06, subdivisions 4, 5, and 6; 626A.10, subdivision 1; 626A.11, subdivision 1; 628.26; 629.291, subdivision 1; 629.34, subdivision 1; 629.341, subdivision 1; 629.342, subdivision 2; 629.72; 631.046, subdivision 1; 631.41; and 641.14; Laws 1991, chapter 279, section 41; Laws 1992, chapter 571, article 7, section 13, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 121; 152; 169; 174; 242; 260; 401; 473; 593; 609; 611A; and 624; repealing Minnesota Statutes 1992, sections 152.0973, subdivision 4; 214.10, subdivisions 4, 5, 6, and 7; 241.25; 609.02, subdivisions 12 and 13; 609.131, subdivision 1a; 609.605, subdivision 3; 609.746, subdivisions 2 and 3; 609.747; 609.79, subdivision 1a; 609.795, subdivision 2; 611A.57, subdivision 1; and 629.40, subdivision 5.

Mr. Lessard moved to amend H.F. No. 1585, the unofficial engrossment, as follows:

Page 19, lines 4 and 5, delete the new language

Page 19, after line 14, insert:

“(d) ‘Trigger activator’ means a removable manual or power driven trigger activating device constructed and designed so that, when attached to a firearm, the rate at which the trigger may be pulled increases and the rate of fire of the firearm increases to that of a machine gun.

(e) ‘Machine gun conversion kit’ means any part designed and intended solely and exclusively, or combination of parts designed and intended, for use in converting a weapon into a machine gun, and any combination of parts from which a machine gun can be assembled.”

Page 19, lines 19 and 20, delete the new language and insert “trigger activator or machine gun conversion kit,”

The motion prevailed. So the amendment was adopted.

Mr. Lessard then moved to amend H.F. No. 1585, the unofficial engrossment, as follows:

Page 20, lines 5, 7, 9, 14, and 15, delete “military” and insert “semiautomatic military-style”

Page 20, line 18, delete “ ‘Military’ ” and insert “ ‘Semiautomatic military-style’ ”

Page 21, line 30, delete “ ‘military’ ” and insert “ ‘semiautomatic military-style’ ”

Page 21, after line 34, insert:

“Sec. 25. Minnesota Statutes 1992, section 624.712, is amended by adding a subdivision to read:

Subd. 8. [INCLUDED WEAPONS.] By August 1, 1993, and annually thereafter, the superintendent of the bureau of criminal apprehension shall

publish a current authoritative list of the firearms included within the definition of "semiautomatic military-style assault weapon" under this section. Dealers, purchasers, and other persons may rely on the list in complying with this chapter."

Page 22, line 1, delete "MILITARY" and insert "SEMIAUTOMATIC MILITARY-STYLE"

Page 22, lines 4, 7, and 17, delete "military" and insert "semiautomatic military-style"

Page 23, lines 28, 30, and 35, delete "military" and insert "semiautomatic military-style"

Page 24, lines 5, 23, and 33, delete "military" and insert "semiautomatic military-style"

Page 25, lines 2, 14, and 27, delete "military" and insert "semiautomatic military-style"

Page 26, lines 7, 12, 18, 22, 26, 31, and 35, delete "military" and insert "semiautomatic military-style"

Page 27, lines 21, 23, 27, 30, and 32, delete "military" and insert "semiautomatic military-style"

Page 28, lines 19 and 34, delete "military" and insert "semiautomatic military-style"

Page 28, lines 35 and 36, delete the new language

Page 29, lines 4, 12, 15, 18, 21, 24, 28, and 30, delete "military" and insert "semiautomatic military-style"

Page 30, lines 10, 11, and 14, delete the new language

Page 30, line 15, delete "military assault weapon"

Page 31, line 7, before the semicolon, insert ", or at funerals, parades, or other lawful ceremonies"

Page 31, line 35, delete "30" and insert "31" and delete "32" and insert "33"

Page 31, line 36, after the period, insert "Section 25 is effective the day following final enactment."

Renumber the sections of article 1 in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Ms. Anderson moved to amend H.F. No. 1585, the unofficial engrossment, as follows:

Page 4, delete section 3 and insert:

"Sec. 3. [471.635] [ZONING ORDINANCES.]

Notwithstanding section 471.633, a governmental subdivision may adopt reasonable, nondiscriminatory, and nonarbitrary zoning ordinances to regu-

late the location of businesses where firearms are sold by a firearms dealer. For the purposes of this section, a firearms dealer is a person who is federally licensed to sell firearms and a governmental subdivision is an entity described in sections 471.633 and 471.634."

The motion prevailed. So the amendment was adopted.

Mr. Finn moved to amend H.F. No. 1585, the unofficial engrossment, as follows:

Page 31, after line 7, insert:

"(2) the carrying by a person of a rifle or shotgun that is unloaded and in a gun case expressly made to contain a firearm, if the case fully encloses the firearm by being zipped, snapped, buckled, tied, or otherwise fastened, and no portion of the firearm is exposed;"

Page 31, line 8, delete "(2)" and insert "(3)"

Page 31, line 10, delete "(3)" and insert "(4)"

Page 31, line 12, delete "(4)" and insert "(5)"

The motion prevailed. So the amendment was adopted.

Mr. Kelly moved to amend H.F. No. 1585, the unofficial engrossment, as follows:

Page 126, line 35, after the period, insert "*The department of public safety shall provide the bureau with administrative support, including fiscal services, personnel administration, and information systems management.*"

The motion prevailed. So the amendment was adopted.

Ms. Ranum moved to amend H.F. No. 1585, the unofficial engrossment, as follows:

Page 102, line 26, after "person" insert "or by mail," and delete "telephone"

Page 103, line 5, after "person" insert "or by mail," and delete "telephone"

The motion prevailed. So the amendment was adopted.

Mr. McGowan moved to amend H.F. No. 1585, the unofficial engrossment, as follows:

Page 45, line 27, before the period, insert "*, except that if the conviction is for a felony under section 609.2241, the stay shall be for not less than the life of the offender*"

Page 47, after line 3, insert:

"Sec. 13. [609.2241] [KNOWING TRANSMISSION OF HIV.]

Subdivision 1. [DEFINITIONS.] As used in this section:

(a) "*Bodily fluid*" includes blood, semen, and vaginal secretion;

(b) "*HIV*" means the human immunodeficiency virus; and

(c) "*Transmit*" means to engage in sexual intercourse; to permit reuse of

a hypodermic needle, syringe, or similar device without sterilization; or to give blood or semen to a person, blood bank, or other medical facility for the purpose of transfusion or insemination.

Subd. 2. [CRIME.] Any person who transmits bodily fluid to another person, knowing or having reason to know that the bodily fluid is infected with HIV, is guilty of a felony and may be sentenced to imprisonment for not more than three years or to payment of a fine of not more than \$6,000, or both. In addition, the court shall sentence the offender to a life sentence, to be served in accordance with section 609.135, subdivision 2.

Subd. 3. [AFFIRMATIVE DEFENSES.] If proven by a preponderance of the evidence, it is an affirmative defense to a prosecution under subdivision 2 that:

(1) the transmission involved consensual sexual intercourse, after disclosure of the risk of HIV infection and the fact that the person has HIV; or

(2) the transmission occurred after advice from a physician that the actor was noninfectious."

Renumber the sections of article 4 in sequence and correct the internal references

Amend the title accordingly

CALL OF THE SENATE

Mr. McGowan imposed a call of the Senate for the balance of the proceedings on H.F. No. 1585. The Sergeant at Arms was instructed to bring in the absent members.

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

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

Those who voted in the affirmative were:

Beckman	Day	Kroening	Murphy	Stevens
Belanger	Dille	Laidig	Néuville	Stumpf
Benson, D.D.	Frederickson	Langseth	Oliver	Terwilliger
Benson, J.E.	Hanson	Larson	Olson	Vickerman
Berg	Johnson, D.E.	Lescwski	Pariseau	
Bertram	Johnston	Lessard	Runbeck	
Chmielewski	Knutson	McGowan	Samuelson	

Those who voted in the negative were:

Anderson	Hottinger	Marty	Pappas	Sams
Berglin	Janezich	Merriam	Piper	Solon
Betzold	Johnson, D.J.	Metzen	Pogemiller	Spear
Chandler	Johnson, J.B.	Moe, R.D.	Price	Wiener
Cohen	Kelly	Mondale	Ranum	
Finn	Krentz	Morse	Reichgott	
Flynn	Luther	Novak	Riveness	

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

Ms. Wiener moved to amend H.F. No. 1585, the unofficial engrossment, as follows:

Page 47, after line 3, insert:

"Sec. 13. Minnesota Statutes 1992, section 609.224, subdivision 2, is amended to read:

Subd. 2. [GROSS MISDEMEANOR.] (a) Whoever violates the provisions of subdivision 1 against the same victim within five years of a previous conviction under ~~subdivision 1 this section~~, sections 609.221 to 609.2231, 609.342 to 609.345, or 609.713, or any similar law of another state, *is guilty of a gross misdemeanor and* may be sentenced to imprisonment for not more than one year or to a payment of a fine of not more than \$3,000, or both. Whoever violates the provisions of subdivision 1 against a family or household member as defined in section 518B.01, subdivision 2, within five years of a previous conviction under ~~subdivision 1 this section~~ or sections 609.221 to 609.2231, 609.342 to 609.345, or 609.713 against a family or household member; *is guilty of a gross misdemeanor and* may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both.

(b) Whoever violates the provisions of subdivision 1 within two years of a previous conviction under ~~subdivision 1 this section~~ or sections 609.221 to 609.2231 or 609.713 *is guilty of a gross misdemeanor and* may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both.

Sec. 14. Minnesota Statutes 1992, section 609.224, is amended by adding a subdivision to read:

Subd. 4. [FELONY.] (a) Whoever violates the provisions of subdivision 1 against the same victim within five years of the first of two or more previous convictions under this section or sections 609.221 to 609.2231, 609.342 to 609.345, or 609.713 *is guilty of a felony and* may be sentenced to imprisonment for not more than five years or payment of a fine of not more than \$10,000, or both.

(b) Whoever violates the provisions of subdivision 1 within three years of the first of two or more previous convictions under this section or sections 609.221 to 609.2231 or 609.713 *is guilty of a felony and* may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both."

Renumber the sections of article 4 in sequence and correct the internal references

Amend the title as follows:

Page 2, line 13, before "609.229," insert "609.224, subdivision 2, and by adding a subdivision;"

The motion prevailed. So the amendment was adopted.

Mr. Finn moved to amend H.F. No. 1585, the unofficial engrossment, as follows:

Page 17, line 16, delete "an" and insert "a public or private"

Page 17, line 17, after "grounds" insert " , including property leased or rented by a school for school purposes"

The motion prevailed. So the amendment was adopted.

Mr. Betzold moved to amend H.F. No. 1585, the unofficial engrossment, as follows:

Page 129, after line 1, insert:

“ARTICLE 13

CRUELTY TO ANIMALS

Section 1. Minnesota Statutes 1992, section 343.21, subdivision 9, is amended to read:

Subd. 9. [PENALTY.] A person who fails to comply with any provision of this section is guilty of a misdemeanor. *A person convicted of a second or subsequent violation of subdivision 1 or 7 within five years of a previous violation of subdivision 1 or 7 is guilty of a gross misdemeanor.*

Sec. 2. Minnesota Statutes 1992, section 343.21, subdivision 10, is amended to read:

Subd. 10. [RESTRICTIONS.] If a person is convicted of violating this section, the court ~~may~~ *shall* require that pet or companion animals, as defined in section 346.36, subdivision 6, that have not been seized by a peace officer or agent and are in the custody of the person must be turned over to a peace officer or other appropriate officer or agent ~~if~~ *unless* the court determines that the person is ~~unable or unfit~~ *able and fit* to provide adequately for an animal. If the evidence indicates lack of proper and reasonable care of an animal, the burden is on the person to affirmatively demonstrate by clear and convincing evidence that the person is able and fit to have custody of and provide adequately for an animal. The court may limit the person's further possession or custody of pet or companion animals, and may impose other conditions the court considers appropriate, including, but not limited to:

- (1) imposing a probation period during which the person may not have ownership, custody, or control of a pet or companion animal;
- (2) requiring periodic visits of the person by an animal control officer or agent appointed pursuant to section 343.01, subdivision 1;
- (3) requiring performance by the person of community service in a humane facility; and
- (4) requiring the person to receive behavioral counseling.

Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective August 1, 1993, and apply to crimes committed on or after that date, but previous convictions occurring before that date may serve as the basis for enhancing penalties under section 1.”

Page 129, line 2, delete “13” and insert “14”

Amend the title as follows:

Page 2, line 5, after “299D.06;” insert “343.21, subdivisions 9 and 10;”

The motion prevailed. So the amendment was adopted.

Mr. Metzen moved to amend H.F. No. 1585, the unofficial engrossment, as follows:

Page 106, after line 24, insert:

“Sec. 5. Minnesota Statutes 1992, section 299C.065, subdivision 1, is amended to read:

Subdivision 1. [GRANTS.] The commissioner of public safety shall make grants to local officials for the following purposes:

(1) the cooperative investigation of cross jurisdictional criminal activity relating to the possession and sale of controlled substances;

(2) receiving or selling stolen goods;

(3) participating in gambling activities in violation of section 609.76;

(4) violations of section 609.322, 609.323, or any other state or federal law prohibiting the recruitment, transportation, or use of juveniles for purposes of prostitution; and

(5) witness assistance services in cases involving criminal gang activity in violation of section 609.229, or domestic assault, as defined in section 611A.0315; and

(6) *for partial reimbursement of local costs associated with unanticipated, intensive, long-term, multijurisdictional criminal investigations that exhaust available local resources.*”

Renumber the sections of article 11 in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Betzold moved to amend H.F. No. 1585, the unofficial engrossment, as follows:

Page 44, after line 11, insert:

“Sec. 8. Minnesota Statutes 1992, section 307.08, subdivision 2, is amended to read:

Subd. 2. A person who intentionally, willfully, and knowingly destroys, mutilates, injures, *disturbs*, or removes human skeletal remains or human ~~burials~~ *burial grounds*, is guilty of a felony. A person who intentionally, willfully, or knowingly removes any tombstone, monument, or structure placed in any public or private cemetery or unmarked human burial ground, or any fence, railing, or other work erected for protection or ornament, or any tree, shrub, or plant or grave goods and artifacts within the limits of the cemetery or burial ground, and a person who, without authority from the trustees, state archaeologist, or Indian affairs intertribal board, discharges any firearms upon or over the grounds of any public or private cemetery or authenticated and identified Indian burial ground, is guilty of a gross misdemeanor.”

Page 48, line 29, delete “9” and insert “8, 10” and delete “13 to 16” and insert “14 to 17”

Page 48, line 31, delete “12” and insert “13”

Page 48, line 32, delete “8 and 10” and insert “9 and 11”

Renumber the sections of article 4 in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. McGowan moved to amend H.F. No. 1585, the unofficial engrossment, as follows:

Page 45, after line 4, insert:

“Sec. 10. [609.111] [USE OF FIREARM IN COMMITTING A CRIME OF VIOLENCE.]

Subdivision 1. [FELONY.] A person is guilty of a felony who commits a crime of violence as defined in section 624.712 and uses or possesses a firearm in committing that crime of violence and may be sentenced to imprisonment for not more than ten years or to payment of a fine of not more than \$20,000, or both.

Subd. 2. [SENTENCE.] (a) Notwithstanding sections 609.035 and 609.04, a person may be punished separately for this offense and the crime of violence. Any sentence imposed under this section shall be served consecutively to the sentence imposed for the crime of violence, and shall precede the sentence for the violent crime.

(b) If the firearm was possessed during commission of the crime of violence, the court shall sentence a person convicted under this section to be committed to the commissioner of corrections for a mandatory minimum term of imprisonment of not less than one year. For a second or subsequent offense, the court shall sentence the person to be committed to the commissioner of corrections for a mandatory minimum term of imprisonment of not less than three years.

(c) If the firearm was used during the commission of the crime of violence, the court shall sentence a person convicted under this section to be committed to the commissioner of corrections for a mandatory minimum term of imprisonment of not less than three years. For a second or subsequent offense, the court shall sentence the person to be committed to the commissioner of corrections for a mandatory minimum term of imprisonment of not less than five years.

Subd. 3. [PLEA BARGAIN PROHIBITED.] No plea bargain may be accepted in a proceeding under this section unless the defendant discloses:

- (1) the source of the firearm;*
- (2) the disposition of the firearm; and*
- (3) the identity of any accomplices.”*

Page 46, after line 27, insert:

“Sec. 13. [609.1353] [VULNERABLE VICTIM; SPECIAL SENTENCING PROVISION.]

A court shall sentence a person to a term of imprisonment of not less than double the presumptive sentence under the sentencing guidelines and not more than the statutory maximum, or if the statutory maximum is less than double the presumptive sentence, to a term of imprisonment equal to the statutory

maximum, if the person committed a crime against the person and the victim of the crime was particularly vulnerable due to age, infirmity, or reduced physical or mental capacity, which was known or should have been known to the offender. For purposes of this provision, a crime against the person means any crime resulting in bodily harm to a person."

Renumber the sections of article 4 in sequence and correct the internal references

Page 60, line 8, strike the first comma and insert "or" and strike everything after "disability"

Page 60, line 9, strike "participate in an education or treatment program"

Page 60, line 18, delete the first comma and insert "or" and delete everything after "disability"

Page 60, line 19, delete "an education or treatment program"

Pages 119 to 129, delete article 12

Renumber the articles in sequence and correct the internal references

Amend the title accordingly

Mr. Kelly requested division of the amendment as follows:

First portion:

Pages 119 to 129, delete article 12

Renumber the articles in sequence and correct the internal references

Amend the title accordingly

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

The roll was called, and there were yeas 27 and nays 37, as follows:

Those who voted in the affirmative were:

Belanger	Day	Laidig	Neuville	Runbeck
Benson, D.D.	Dille	Larson	Novak	Stevens
Benson, J.E.	Frederickson	Lesewski	Oliver	Terwilliger
Berg	Johnson, D.E.	Lessard	Olson	
Bertram	Kiscaden	McGowan	Pariseau	
Chmielewski	Knutson	Merriam	Robertson	

Those who voted in the negative were:

Anderson	Hanson	Langseth	Piper	Solon
Beckman	Hottinger	Luther	Pogemiller	Spear
Berglin	Janezich	Metzen	Price	Stumpf
Betzold	Johnson, D.J.	Moe, R.D.	Ranum	Vickerman
Chandler	Johnston	Mondale	Reichgott	Wiener
Cohen	Kelly	Morse	Riveness	
Finn	Krentz	Murphy	Sams	
Flynn	Kroening	Pappas	Samuelson	

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

Mr. McGowan withdrew the remainder of his amendment.

Mr. Finn moved to amend the Finn amendment to H.F. No. 1585, adopted by the Senate May 7, 1993, as follows:

Page 1, line 5, delete "*including*" and insert "*whether leased or owned by the school*"

Page 1, delete line 6

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

Mr. Neuville moved to amend H.F. No. 1585, the unofficial engrossment, as follows:

Pages 39 and 40, delete article 3 and insert:

"ARTICLE 3

PROSTITUTION AND FORFEITURE

Section 1. Minnesota Statutes 1992, section 609.531, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purpose of sections 609.531 to 609.5317, the following terms have the meanings given them.

(a) "Conveyance device" means a device used for transportation and includes, but is not limited to, a motor vehicle, trailer, snowmobile, airplane, and vessel and any equipment attached to it. The term "conveyance device" does not include property which is, in fact, itself stolen or taken in violation of the law.

(b) "Weapon used" means a weapon used in the furtherance of a crime and defined as a dangerous weapon under section 609.02, subdivision 6.

(c) "Property" means property as defined in section 609.52, subdivision 1, clause (1).

(d) "Contraband" means property which is illegal to possess under Minnesota law.

(e) "Appropriate agency" means the bureau of criminal apprehension, the Minnesota state patrol, a county sheriff's department, the suburban Hennepin regional park district park rangers, the department of natural resources division of enforcement, the University of Minnesota police department, or a city or airport police department.

(f) "Designated offense" includes:

(1) for weapons used: any violation of this chapter;

(2) for all other purposes: a felony violation of, or a felony-level attempt or conspiracy to violate, section 609.185; 609.19; 609.195; 609.21; 609.221; 609.222; 609.223; 609.2231; 609.24; 609.245; 609.25; 609.255; 609.322; 609.342, subdivision 1, clauses (a) to (f); 609.343, subdivision 1, clauses (a) to (f); 609.344, subdivision 1, clauses (a) to (e), and (h) to (j); 609.345, subdivision 1, clauses (a) to (e), and (h) to (j); 609.42; 609.425; 609.466; 609.485; 609.487; 609.52; 609.525; 609.53; 609.54; 609.551; 609.561; 609.562; 609.563; 609.582; 609.59; 609.595; 609.631; 609.671, subdivisions 3, 4, 5, 8, and 12; 609.687; 609.821; 609.825; 609.86; 609.88; 609.89; 609.893; 617.246; or a gross misdemeanor or felony violation of section 609.891; or a violation of section 609.324.

(g) "Controlled substance" has the meaning given in section 152.01, subdivision 4.

Sec. 2. Minnesota Statutes 1992, section 609.531, subdivision 5a, is amended to read:

Subd. 5a. [BOND BY OWNER FOR POSSESSION.] (a) If the owner of property that has been seized under sections 609.531 to 609.5317 seeks possession of the property before the forfeiture action is determined, the owner may, subject to the approval of the appropriate agency, give security or post bond payable to the appropriate agency in an amount equal to the retail value of the seized property. On posting the security or bond, the seized property must be returned to the owner and the forfeiture action shall proceed against the security as if it were the seized property. This subdivision does not apply to contraband property.

(b) *If the owner of a vehicle that has been seized under this section seeks possession of the vehicle before the forfeiture action is determined, the owner may surrender the vehicle's certificate of title in exchange for the vehicle. The motor vehicle must be returned to the owner within 24 hours if the owner surrenders the motor vehicle's certificate of title to the appropriate agency, pending resolution of the forfeiture action. If the certificate is surrendered, the owner may not be ordered to post security or bond as a condition of release of the vehicle. When a certificate of title is surrendered under this provision, the agency shall notify the department of public safety and any secured party noted on the certificate. The agency shall also notify the department and the secured party when it returns a surrendered title to the motor vehicle owner.*

Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective August 1, 1993, and apply to crimes committed on or after that date."

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 1585 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 40 and nays 25, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Langseth	Morse	Reichgott
Beckman	Hottinger	Lessard	Murphy	Riveness
Bertram	Janezich	Luther	Novak	Sams
Betzold	Johnson, D.J.	Marty	Pappas	Solon
Chandler	Johnson, J.B.	Merriam	Piper	Spear
Chmielewski	Kelly	Metzen	Pogemiller	Stumpf
Cohen	Krentz	Moe, R.D.	Price	Vickerman
Flynn	Kroening	Mondale	Ranum	Wiener

Those who voted in the negative were:

Belanger	Dille	Kiscaden	McGowan	Robertson
Benson, D.D.	Finn	Knutson	Neuville	Runbeck
Benson, J.E.	Frederickson	Laidig	Oliver	Samuelson
Berg	Johnson, D.E.	Larson	Olson	Stevens
Day	Johnston	Lesewski	Pariseau	Terwilliger

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

MOTIONS AND RESOLUTIONS – CONTINUED

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

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1735, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1735 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 7, 1993

CONFERENCE COMMITTEE REPORT ON H.F. NO. 1735

A bill for an act relating to the financing and operation of government in Minnesota; revising the operation of the local government trust fund; modifying the administration, computation, collection, and enforcement of taxes; imposing taxes; changing tax rates, bases, credits, exemptions, withholding, and payments; modifying proposed tax notice and hearing requirements; modifying aids to local governments; modifying provisions relating to property tax valuations, classifications, and levies; changing tax increment financing provisions; changing the amount in the budget and cash flow reserve account; authorizing imposition of local taxes; updating references to the Internal Revenue Code; changing certain bonding and local government finance provisions; changing definitions; making technical corrections and clarifications; providing for grants and loans in certain cases; enacting provisions relating to certain cities, counties, and special taxing districts; prescribing penalties; appropriating money; amending Minnesota Statutes 1992, sections 16A.15, subdivision 6; 16A.1541; 17A.03, subdivision 5; 31.51, subdivision 9; 31A.02, subdivisions 4 and 10; 31B.02, subdivision 4; 35.821, subdivision 4; 60A.15; subdivisions 2a, 9a, and by adding a subdivision; 60A.198, subdivision 3; 60A.199, subdivision 4, and by adding a subdivision; 97A.061, subdivisions 2 and 3; 103B.635, subdivision 2, as amended; 115B.22, subdivision 7; 124.2131, subdivision 1; 134.001, by adding a subdivision; 134.351, subdivision 4; 239.785; 256E.06, subdivision 12; 270.06; 270.07, subdivision 3; 270.41; 270.70, subdivision 1; 270A.10; 270B.01, subdivision 8; 270B.12, by adding a subdivision; 270B.14, subdivision 8; 272.02, subdivisions 1 and 4; 272.115, subdivisions 1 and 4; 273.061, subdivisions 1 and 8; 273.11, subdivisions 1, 6a, 13, and by adding subdivisions; 273.112, by adding a subdivision; 273.121; 273.124, subdivisions 1, 9, 13, and by adding subdivisions; 273.13, subdivisions 23, 24, 25, and 33; 273.135, subdivision 2; 273.1398, subdivisions 1, 2, and by adding subdivisions; 273.33, subdivision 2; 275.065, subdivisions 1, 3, 5a, 6, and by adding a subdivision; 275.07, subdivision 1, and by adding a subdivision; 275.08, subdivision 1d; 276.02; 276.04, subdivision 2; 279.37,

subdivision 1a; 289A.09, by adding a subdivision; 289A.18, subdivision 4; 289A.20, subdivisions 2 and 4; 289A.26, subdivision 7; 289A.36, subdivision 3; 289A.50, subdivision 5; 289A.56, subdivision 3; 289A.60, subdivisions 1, 2, 15, and by adding subdivisions; 290.01, subdivisions 7, 19, 19a, and 19c; 290.06, subdivisions 2c and 2d; 290.0671, subdivision 1; 290.091, subdivisions 1, 2, and 6; 290.0921, subdivision 3; 290A.03, subdivisions 3, 7, and 8; 290A.04, subdivision 2h, and by adding a subdivision; 290A.23; 294.03, subdivisions 1, 2, and by adding a subdivision; 296.01, by adding a subdivision; 296.02, subdivision 8; 296.03; 296.14, subdivision 1; 296.18, subdivision 1; 297.03, subdivision 6; 297.07, subdivisions 1 and 4; 297.35, subdivisions 1 and 5; 297.43, subdivisions 1, 2, and by adding a subdivision; 297A.01, subdivisions 6, 13, and 15; 297A.136; 297A.14, subdivision 1; 297A.25, subdivisions 3, 7, 11, 16, 34, 41, and by adding a subdivision; 297C.03, subdivision 1; 297C.04; 297C.05, subdivision 2; 297C.14, subdivisions 1, 2, and by adding a subdivision; 298.75, subdivisions 4 and 5; 299F.21, subdivision 2; 299F.23, subdivision 2, and by adding a subdivision; 319A.11, subdivision 1; 349.212, subdivision 4; 349.217, subdivisions 1, 2, and by adding a subdivision; 375.192, subdivision 2; 429.061, subdivision 1; 469.012, subdivision 1; 469.174, subdivisions 19 and 20; 469.175, by adding a subdivision; 469.176, subdivisions 1 and 4e; 469.1763, by adding a subdivision; 469.177, subdivisions 1 and 8; 469.1831, subdivision 4; 473.13, subdivision 1; 473.1623, subdivision 3; 473.167, subdivision 4; 473.249, subdivision 2; 473.843, subdivision 3; 477A.011, subdivisions 1a, 20, and by adding subdivisions; 477A.013, by adding subdivisions; 477A.03, subdivision 1; and 477A.14; Laws 1953, chapter 387, section 1; Laws 1969, chapter 561, section 1; Laws 1971, chapters 373, sections 1 and 2; 455, section 1; Laws 1985, chapter 302, sections 1, subdivision 3; 2, subdivision 1; and 4; proposing coding for new law in Minnesota Statutes, chapters 17; 116; 134; 270; 272; 273; 295; 297A; 383A; and 469; repealing Minnesota Statutes 1992, sections 115B.24, subdivision 10; 272.115, subdivision 1a; 273.1398, subdivision 5; 275.07, subdivision 3; 297A.01, subdivision 16; 297A.25, subdivision 42; 297B.09, subdivision 3; 477A.011, subdivisions 1b, 3a, 15, 16, 17, 18, 22, 23, 25, and 26; and 477A.013, subdivisions 2, 3, and 5; Laws 1953, chapter 387, section 2; Laws 1963, chapter 603, section 1; and Laws 1969, chapter 592, sections 1 to 3.

May 6, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 1735, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 1735 be further amended as follows:

Delete everything after the enacting clause and insert:

“ARTICLE 1

LOCAL AIDS

Section 1. Minnesota Statutes 1992, section 16A.712, is amended to read:

16A.712 [LOCAL GOVERNMENT TRUST; APPROPRIATIONS IN FISCAL YEAR 1993 AND SUBSEQUENT YEARS.]

(a) The amounts necessary to make the following payments in fiscal year 1993 and subsequent years are appropriated from the local government trust fund to the commissioner of revenue unless otherwise specified:

- (1) attached machinery aid to counties under section 273.138;
- (2) in fiscal year 1993 only, supplemental homestead credit under section 273.1391;
- (3) \$560,000 in fiscal year 1993 and \$300,000 annually in fiscal years 1994 and 1995 for tax administration;
- (4) \$105,000 annually to the commissioner of finance in fiscal years 1993, 1994, and 1995 to administer the trust fund;
- (5) \$25,000 annually to the advisory commission on intergovernmental relations in fiscal years 1993, 1994, and 1995 to pay nonlegislative members' per diem expenses and such other expenses as the commission deems appropriate;
- (6) \$350,000 in fiscal year 1993 and \$1,200,000 annually in fiscal years 1994 and year 1995 to the intergovernmental information systems advisory council to develop a local government financial reporting system, with the participation and ongoing oversight of the legislative commission on planning and fiscal policy; and
- (7) in fiscal year 1993 only, the transition credit under section 273.1398, subdivision 5, and the disparity reduction credit under section 273.1398, subdivision 4, for school districts. The school districts' transition credit and disparity reduction credit shall be appropriated to the commissioner of education.

(b) In addition, the legislature shall appropriate the rest of the trust fund receipts for fiscal year 1993 and subsequent years to finance intergovernmental aid formulas or programs prescribed by law.

Sec. 2. Minnesota Statutes 1992, section 256E.06, subdivision 12, is amended to read:

Subd. 12. [APPROPRIATION.] \$51,566,000 is appropriated from the local government trust fund in fiscal year 1993 and \$53,113,000 annually, \$50,762,000 in fiscal years year 1994, and \$49,499,000 in fiscal year 1995, and thereafter to the commissioner of human services for payment of aid under this section. Notwithstanding subdivisions 4 and 2, the increased appropriation available in fiscal year 1994 and thereafter shall be used to increase each county's aid proportionately over the aid received in calendar year 1992. For calendar year 1993 only, each county's aid will be adjusted appropriately to reflect the increase that is dictated to occur in the second half of the calendar year.

Sec. 3. Minnesota Statutes 1992, section 273.1398, subdivision 1, is amended to read:

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

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

(c) "Gross tax capacity" means the product of the gross class rates and estimated market values. "Total gross tax capacity" means the gross tax capacities for all property within the unique taxing jurisdiction. The total gross tax capacity used shall be reduced by the sum of (1) the unique taxing jurisdiction's gross tax capacity of commercial industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 6, for the municipality, as defined in section 473F.02, subdivision 8, in which the unique taxing jurisdiction is located, (2) the gross tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the gross tax capacity of transmission lines deducted from a local government's total gross tax capacity under section 273.425. Gross tax capacity cannot be less than zero.

(d) "Net tax capacity" means the product of (i) the appropriate net class rates for the year in which the aid is payable, except that for aids payable in 1992 the class rate applied to class 4b property shall be 2.9 percent; the class rate applied to class 4a property shall be 3.55 percent; the class rate applied to noncommercial seasonal recreational residential property shall be 2.25 percent; and the class rates applied to portions of class 1a, 1b, and 2a property shall be 2 percent for the market value between \$68,000 and \$110,000 and 2.5 percent for the market value over \$110,000; for aid payable in 1993 the class rate applicable to class 4a shall be 3.5 percent; and the class rate applicable to class 4b shall be 2.65 percent; and for aid payable in 1994 the class rate applicable to class 4b shall be 2.4 percent, and (ii) estimated market values for the assessment two years prior to that in which aid is payable. The reclassification of mobile home parks as class 4e shall not be considered in determining net tax capacity for purposes of this paragraph for aids payable in 1991 or 1992. Any reclassification of property by Laws 1991, chapter 291, shall not be considered in determining net tax capacity for aids payable in 1992. "Total net tax capacity" means the net tax capacities for all property within the unique taxing jurisdiction. The total net tax capacity used shall be reduced by the sum of (1) the unique taxing jurisdiction's net tax capacity of commercial industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 6, for the municipality, as defined in section 473F.02, subdivision 8, in which the unique taxing jurisdiction is located, (2) the net tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the net tax capacity of transmission lines deducted from a local government's total net tax capacity under section 273.425. For purposes of determining the net tax capacity of property referred to in clauses (1) and (2), the net tax capacity shall be multiplied by the ratio of the highest class rate for class 3a property for taxes payable in the year in which the aid is payable to the highest class rate for class 3a property in the prior year. Net tax capacity cannot be less than zero.

(e) (d) "Previous net tax capacity" means the product of the appropriate net class rates for the year previous to the year in which the aid is payable, and estimated market values for the assessment two years prior to that in which aid is payable. "Total previous net tax capacity" means the previous net tax capacities for all property within the unique taxing jurisdiction. The total previous net tax capacity shall be reduced by the sum of (1) the unique taxing jurisdiction's previous net tax capacity of commercial-industrial property as

defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 6, for the municipality, as defined in section 473F.02, subdivision 8, in which the unique taxing jurisdiction is located, (2) the previous net tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the previous net tax capacity of transmission lines deducted from a local government's total net tax capacity under section 273.425. Previous net tax capacity cannot be less than zero.

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

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

(h) (f) "Equalized school levies" means the amounts levied for:

- (1) general education under section 124A.23, subdivision 2;
- (2) supplemental revenue under section 124A.22, subdivision 8a;
- (3) capital expenditure facilities revenue under section 124.243, subdivision 3;
- (4) capital expenditure equipment revenue under section 124.244, subdivision 2; and
- (5) basic transportation under section 124.226, subdivision 1.

(g) "Current local tax rate" means the quotient derived by dividing the taxes levied within a unique taxing jurisdiction for taxes payable in the year prior to that for which aids are being calculated by the net tax capacity of the unique taxing jurisdiction.

(i) For purposes of calculating the homestead and agricultural credit aid authorized pursuant to subdivision 2, the "subtraction factor" is the product of (i) a unique taxing jurisdiction's 1989 local tax rate; (ii) its total net tax capacity; and (iii) 0.9767.

(j) (h) For purposes of calculating and allocating homestead and agricultural credit aid authorized pursuant to subdivision 2 and the disparity reduction aid authorized in subdivision 3, "gross taxes levied on all properties," "gross taxes," or "taxes levied" means the total taxes levied on all properties except that levied on the captured value of tax increment districts as defined in section 469.177, subdivision 2, and that levied on the portion of commercial industrial properties' assessed value or gross tax capacity, as defined in section 473F.02, subdivision 3, subject to the areawide tax as provided in section 473F.08, subdivision 6, in a unique taxing jurisdiction. Gross taxes

levied on all properties or gross taxes are before reduction by any credits for taxes payable in 1989. "Gross taxes" are before any reduction for disparity reduction aid but "taxes levied" are after any reduction for disparity reduction aid. Gross taxes levied or taxes levied cannot be less than zero.

"Taxes levied" excludes actual amounts levied for purposes listed in subdivision 2a equalized school levies.

(k) (i) "Human services aids" means:

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

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

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

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

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

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

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

(8) preadmission screening and alternative care grants;

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

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

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

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

(l) "Cost of living adjustment factor" means the greater of one or one plus the percentage increase in the consumer price index minus .36 percent. In no case may the cost of living adjustment factor exceed 1.0394.

(m) The percentage increase in the consumer price index means the percentage, if any, by which:

(1) the consumer price index for the calendar year preceding that in which aid is payable, exceeds

(2) the consumer price index for calendar year 1989.

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

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

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

(q) (k) "Growth adjustment factor" means the household adjustment factor in the case of counties, cities, and towns. In the case of school districts the growth adjustment factor means the average daily membership of the school district under section 124.17, subdivision 2, for the school year ending in the second most recent year preceding that in which the aids are payable divided by the average daily membership for the third most recent year. In the case of cities, towns, school districts, and special taxing districts, the growth adjustment factor equals one. The growth adjustment factor cannot be less than one.

(r) (l) For aid payable in 1992 and subsequent years, "homestead and agricultural credit base" means the previous year's certified homestead and agricultural credit aid determined under subdivision 2 less any permanent aid reduction in the previous year to homestead and agricultural credit aid under section 477A.0132, plus, for aid payable in 1992, fiscal disparity homestead and agricultural credit aid under subdivision 2b.

(s) (m) "Net tax capacity adjustment" means (1) the total previous net tax capacity minus the total net tax capacity, multiplied by (2) the unique taxing jurisdiction's current local tax rate. The net tax capacity adjustment cannot be less than zero.

(t) (n) "Fiscal disparity adjustment" means the difference between (1) a taxing jurisdiction's fiscal disparity distribution levy under section 473F.08, subdivision 3, clause (a), for taxes payable in the year prior to that for which aids are being calculated, and (2) the same distribution levy multiplied by the ratio of the highest class rate for class 3 property for taxes payable in the year prior to that for which aids are being calculated to the highest class rate for class 3 property for taxes payable in the second prior year to that for which aids are being calculated. In the case of school districts, the fiscal disparity distribution levy shall exclude that part of the levy attributable to equalized school levies as defined in subdivision 2a.

Sec. 4. Minnesota Statutes 1992, 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.

Sec. 5. Minnesota Statutes 1992, section 273.1398, is amended by adding a subdivision to read:

Subd. 3a. [DISPARITY REDUCTION AID TO CITIES.] Notwithstanding the provisions of subdivision 3 or section 275.08, subdivision 1d, the amount of disparity reduction aid for a city for aid payable in calendar year 1994 and thereafter is zero, and the local tax rate for taxes payable in 1994 and thereafter for a city shall not be adjusted under section 275.08, subdivision 1d. For purposes of this subdivision, city means a statutory or home rule charter city.

Sec. 6. Minnesota Statutes 1992, 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 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. The taxes certified shall not be adjusted reduced 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. 7. Minnesota Statutes 1992, section 275.07, is amended by adding a subdivision to read:

Subd. 1a. [APPLICATION OF LIMITATIONS.] Any limitation upon the amount that may be levied by a local taxing jurisdiction shall apply to the sum of the levy as certified under subdivision 1 plus the certified homestead and agricultural credit aid amount under section 273.1398, subdivision 2, unless the commissioner of revenue certifies to the county auditor that the limitation applies to the levy under subdivision 1 only.

Sec. 8. Minnesota Statutes 1992, section 477A.011, subdivision 1a, is amended to read:

Subd. 1a. [CITY.] "City" means a statutory or home rule charter city. City also means a town having a population of 5,000 or more for purposes of the aid payable under section 477A.013, subdivision 3. Towns are not eligible to be treated as cities for purposes of aid payable under section 477A.013, subdivision 5, or the aid adjustment under section 477A.013, subdivision 7.

Sec. 9. Minnesota Statutes 1992, section 477A.011, subdivision 20, is amended to read:

Subd. 20. [CITY NET TAX CAPACITY.] "City net tax capacity" means (1) 23 percent of the net tax capacity computed using the net tax capacity rates listed in Minnesota Statutes 1988, section 273.13, and the market values for aids payable in 1990 and the net tax capacity rates listed in Minnesota Statutes 1989 Supplement, section 273.13, for aids payable in 1991 and subsequent years for all taxable property within the city based on the assessment two years prior to that for which aids are being calculated, taxes payable in the year prior to the aid distribution plus (2) a city's levy on the fiscal disparities distribution tax capacity under section 473F.08, subdivision 3 2, paragraph (a) (b), for taxes payable in the year prior to that for which aids are being calculated. The market value utilized in computing city net tax capacity shall be reduced by the sum of (1) a city's market value of commercial industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 2, paragraph (a), (2) the market value of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the market value of transmission lines deducted from a city's total net tax capacity under section 273.425. The city net tax capacity will be computed using equalized market values.

Sec. 10. Minnesota Statutes 1992, section 477A.011, is amended by adding a subdivision to read:

Subd. 30. [PRE-1940 HOUSING PERCENTAGE.] "Pre-1940 housing percentage" for a city is 100 times the most recent federal census count of all housing units in the city built before 1940, divided by the total number of all housing units in the city. Housing units includes both occupied and vacant housing units as defined by the federal census.

Sec. 11. Minnesota Statutes 1992, section 477A.011, is amended by adding a subdivision to read:

Subd. 31. [POPULATION DECLINE PERCENTAGE.] "Population decline percentage" for a city is the percent decline in a city's population for the last ten years, based on the most recently available population estimate from the state demographer or a federal census. A city's population decline percentage cannot be less than zero.

Sec. 12. Minnesota Statutes 1992, section 477A.011, is amended by adding a subdivision to read:

Subd. 32. [COMMERCIAL INDUSTRIAL PERCENTAGE.] "Commercial industrial percentage" for a city is 100 times the sum of the estimated market values of all real property in the city classified as class 3 under section 273.13, subdivision 24, excluding public utility property, to the total market value of all taxable real and personal property in the city. The market values are the amounts computed before any adjustments for fiscal disparities under section 473F.08. The market values used for this subdivision are not equalized.

Sec. 13. Minnesota Statutes 1992, section 477A.011, is amended by adding a subdivision to read:

Subd. 33. [TRANSFORMED POPULATION.] "Transformed population" for a city is the city population raised to the .3308 power, times 30.5485.

Sec. 14. Minnesota Statutes 1992, section 477A.011, is amended by adding a subdivision to read:

Subd. 34. [CITY REVENUE NEED.] (a) For a city with a population equal to or greater than 2,500, "city revenue need" is the sum of (1) 3.462312 times the pre-1940 housing percentage; plus (2) 2.093826 times the commercial industrial percentage; plus (3) 6.862552 times the population decline percentage; plus (4) .00026 times the city population; plus (5) 152.0141.

(b) For a city with a population less than 2,500, "city revenue need" is the sum of (1) 1.795919 times the pre-1940 housing percentage; plus (2) 1.562138 times the commercial industrial percentage; plus (3) 4.177568 times the population decline percentage; plus (4) 1.04013 times the transformed population; minus (5) 107.475.

(c) The city revenue need cannot be less than zero.

(d) For calendar year 1995 and subsequent years, the city revenue need for a city, as determined in paragraphs (a) to (c), is multiplied by the ratio of the annual implicit price deflator for state and local government purchases, as prepared by the United States Department of Commerce, for the most recently available year to the 1993 implicit price deflator for state and local government purchases.

Sec. 15. Minnesota Statutes 1992, section 477A.011, is amended by adding a subdivision to read:

Subd. 35. [TAX EFFORT RATE.] "Tax effort rate" means the sum of the net levy for all cities divided by the sum of the city net tax capacity for all cities. For purposes of this section, "net levy" means the city levy, after all adjustments, used for calculating the local tax rate under section 275.08 for taxes payable in the year prior to the aid distribution. The fiscal disparity distribution levy is included in net levy.

Sec. 16. Minnesota Statutes 1992, section 477A.011, is amended by adding a subdivision to read:

Subd. 36. [CITY AID BASE.] "City aid base" means, for each city, the sum of the local government aid and equalization aid it was originally certified to receive in calendar year 1993 under Minnesota Statutes 1992, section 477A.013, subdivisions 3 and 5, and the amount of disparity reduction aid it received in calendar year 1993 under Minnesota Statutes 1992, section 273.1398, subdivision 3.

Sec. 17. Minnesota Statutes 1992, section 477A.011, is amended by adding a subdivision to read:

Subd. 37. [BASE REDUCTION PERCENTAGE.] "Base reduction percentage" is (1) the difference between the amount available for city aid under section 477A.03 for the year for which aid is being calculated and the amount available for city aid under section 477A.03 for calendar year 1994, (2) divided by the sum of the city aid base for all cities and (3) multiplied by 100. The reduction percentage for any year may not be less than the reduction percentage from the previous year. For aid paid in calendar year 1994, the reduction percentage is zero. The reduction percentage may not be more than 100 percent.

Sec. 18. Minnesota Statutes 1992, section 477A.013, is amended by adding a subdivision to read:

Subd. 8. [CITY AID INCREASE.] (a) In calendar year 1994 and subsequent years, the aid increase for a city is equal to the need increase percentage multiplied by the difference between (1) the city's revenue need multiplied by its population, and (2) the city's net tax capacity multiplied by the tax effort rate. The need increase percentage must be the same for all cities and must be calculated by the department of revenue so that the total of the aid under subdivision 9 equals the total amount available for aid under section 477A.03, subdivision 1.

(b) The percentage aid increase for a first class city in calendar year 1994 must not exceed the percentage increase in the sum of calendar year 1994 city aids under this section compared to the sum of the city aid base for all cities. The aid increase for any other city in 1994 must not exceed five percent of the city's net levy for taxes payable in 1993.

(c) The aid increase in calendar year 1995 and subsequent years for any city must not exceed the sum of (1) ten percent of the city's net levy for the year prior to the aid distribution plus (2) its city aid base multiplied by the base reduction percentage.

Sec. 19. Minnesota Statutes 1992, section 477A.013, is amended by adding a subdivision to read:

Subd. 9. [CITY AID DISTRIBUTION.] In calendar year 1994 and thereafter, each city shall receive an aid distribution equal to the sum of (1) the city aid increase under subdivision 8, and (2) its city aid base multiplied by a percentage equal to 100 minus the base reduction percentage.

Sec. 20. Minnesota Statutes 1992, section 477A.03, subdivision 1, is amended to read:

Subdivision 1. [ANNUAL APPROPRIATION.] A sum sufficient to discharge the duties imposed by sections 477A.011 to 477A.014 is annually

appropriated from the local government trust fund to the commissioner of revenue. For aids payable in 1993 ~~and thereafter~~, the total amount of equalization aid paid under section 477A.013, subdivision 5, is limited to \$20,011,000. *For aid payable in 1994 and thereafter, the total aid paid to cities under section 477A.013, subdivision 9, is limited to \$330,636,900.*

In 1993 and subsequent years, \$8,400,000 per year is appropriated from the local government trust fund to make payments under section 477A.0121.

Sec. 21. [REPEALER.]

Minnesota Statutes 1992, sections 273.1398, subdivision 5; and 275.07, subdivision 3, are repealed.

Minnesota Statutes 1992, sections 477A.011, subdivisions 3a, 15, 16, 17, 18, 22, 23, 25, and 26; and 477A.013, subdivisions 2, 3, and 5, are repealed.

Sec. 22. [EFFECTIVE DATE.]

Section 2 is effective July 1, 1993. Sections 3 to 21 are effective for property taxes and aids payable in 1994, and thereafter.

ARTICLE 2

PROPERTY TAXES

Section 1. Minnesota Statutes 1992, section 82.19, is amended by adding a subdivision to read:

Subd. 8. [DISCLOSURE OF VALUATION EXCLUSION.] No real estate broker or salesperson shall sell or offer for sale property that, for purposes of property taxation, has an exclusion from market value for home improvements under section 273.11, subdivision 16, without disclosing to the buyer the existence of the excluded valuation and informing the buyer that the exclusion will end upon the sale of the property and that the property's estimated market value for property tax purposes will increase accordingly.

Sec. 2. Minnesota Statutes 1992, section 272.01, subdivision 3, is amended to read:

Subd. 3. The provisions of subdivision 2 shall not apply to:

(a) Federal property for which payments are made in lieu of taxes in amounts equivalent to taxes which might otherwise be lawfully assessed;

(b) Real estate exempt from ad valorem taxes and taxes in lieu thereof which is leased, loaned, or otherwise made available to telephone companies or electric, light and power companies upon which personal property consisting of transmission and distribution lines is situated and assessed pursuant to sections 273.37, 273.38, 273.40 and 273.41, or upon which are situated the communication lines of express, railway, telephone or telegraph companies, ~~and~~ or pipelines used for the transmission and distribution of petroleum products, ~~or the equipment items of a cable communications company subject to sections 238.35 to 238.42;~~

(c) Property presently owned by any educational institution chartered by the territorial legislature;

(d) Indian lands;

(e) Property of any corporation organized as a tribal corporation under the Indian Reorganization Act of June 18, 1934, (Statutes at Large, volume 48, page 984);

(f) Real property owned by the state and leased pursuant to section 161.23 or 161.431, and acts amendatory thereto;

(g) Real property owned by a seaway port authority on June 1, 1967, upon which there has been constructed docks, warehouses, tank farms, administrative and maintenance buildings, railroad and ship terminal facilities and other maritime and transportation facilities or those directly related thereto, together with facilities for the handling of passengers and baggage and for the handling of freight and bulk liquids, and personal property owned by a seaway port authority used or usable in connection therewith, when said property is leased to a private individual, association or corporation, but only when such lease provides that the said facilities are available to the public for the loading and unloading of passengers and their baggage and the handling, storage, care, shipment, and delivery of merchandise, freight and baggage and other maritime and transportation activities and functions directly related thereto, but not including property used for grain elevator facilities; it being the declared policy of this state that such property when so leased is public property used exclusively for a public purpose, notwithstanding the one-year limitation in the provisions of section 273.19;

(h) Notwithstanding the provisions of clause (g), when the annual rental received by a seaway port authority in any calendar year for such leased property exceeds an amount reasonably required for administrative expense of the authority per year, plus promotional expense for the authority not to exceed the sum of \$100,000 per year, to be expended when and in the manner decided upon by the commissioners, plus an amount sufficient to pay all installments of principal and interest due, or to become due, during such calendar year and the next succeeding year on any revenue bonds issued by the authority, plus 25 percent of the gross annual rental to be retained by the authority for improvement, development, or other contingencies, the authority shall make a payment in lieu of real and personal property taxes of a reasonable portion of the remaining annual rental to the county treasurer of the county in which such seaway port authority is principally located. Any such payments to the county treasurer shall be disbursed by the treasurer on the same basis as real estate taxes are divided among the various governmental units, but if such port authority shall have received funds from the state of Minnesota and funds from any city and county pursuant to Laws 1957, chapters 648, 831, and 849 and acts amendatory thereof, then such disbursement by the county treasurer shall be on the same basis as real estate taxes are divided among the various governmental units, except that the portion of such payments which would otherwise go to other taxing units shall be divided equally among the state of Minnesota and said county and city.

Sec. 3. Minnesota Statutes 1992, section 272.02, subdivision 1, is amended to read:

Subdivision 1. All property described in this section to the extent herein limited shall be exempt from taxation:

- (1) all public burying grounds;
- (2) all public schoolhouses;

- (3) all public hospitals;
- (4) all academies, colleges, and universities, and all seminaries of learning;
- (5) all churches, church property, and houses of worship;
- (6) institutions of purely public charity except parcels of property containing structures and the structures described in section 273.13, subdivision 25, paragraph (c), clauses (1), (2), and (3), or paragraph (d), *other than those that qualify for exemption under clause (25)*;
- (7) all public property exclusively used for any public purpose;
- (8) except for the taxable personal property enumerated below, all personal property and the property described in section 272.03, subdivision 1, paragraphs (c) and (d), shall be exempt.

The following personal property shall be taxable:

(a) personal property which is part of an electric generating, transmission, or distribution system or a pipeline system transporting or distributing water, gas, crude oil, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings and structures;

(b) railroad docks and wharves which are part of the operating property of a railroad company as defined in section 270.80;

(c) personal property defined in section 272.03, subdivision 2, clause (3);

(d) leasehold or other personal property interests which are taxed pursuant to section 272.01, subdivision 2; 273.124, subdivision 7; or 273.19, subdivision 1; or any other law providing the property is taxable as if the lessee or user were the fee owner;

(e) manufactured homes and sectional structures, including storage sheds, decks, and similar removable improvements constructed on the site of a manufactured home, sectional structure, park trailer or travel trailer as provided in section 274.19, subdivision 8, paragraph (f); and

(f) flight property as defined in section 270.071.

(9) Personal property used primarily for the abatement and control of air, water, or land pollution to the extent that it is so used, and real property which is used primarily for abatement and control of air, water, or land pollution as part of an agricultural operation, as a part of a centralized treatment and recovery facility operating under a permit issued by the Minnesota pollution control agency pursuant to chapters 115 and 116 and Minnesota Rules, parts 7001.0500 to 7001.0730, and 7045.0020 to 7045.1260, as a wastewater treatment facility and for the treatment, recovery, and stabilization of metals, oils, chemicals, water, sludges, or inorganic materials from hazardous industrial wastes, or as part of an electric generation system. For purposes of this clause, personal property includes ponderous machinery and equipment used in a business or production activity that at common law is considered real property.

Any taxpayer requesting exemption of all or a portion of any real property or any equipment or device, or part thereof, operated primarily for the control or abatement of air or water pollution shall file an application with the commissioner of revenue. The equipment or device shall meet standards,

rules, or criteria prescribed by the Minnesota pollution control agency, and must be installed or operated in accordance with a permit or order issued by that agency. The Minnesota pollution control agency shall upon request of the commissioner furnish information or advice to the commissioner. On determining that property qualifies for exemption, the commissioner shall issue an order exempting the property from taxation. The equipment or device shall continue to be exempt from taxation as long as the permit issued by the Minnesota pollution control agency remains in effect.

(10) Wetlands. For purposes of this subdivision, "wetlands" means: (i) land described in section 103G.005, subdivision 18; (ii) land which is mostly under water, produces little if any income, and has no use except for wildlife or water conservation purposes, provided it is preserved in its natural condition and drainage of it would be legal, feasible, and economically practical for the production of livestock, dairy animals, poultry, fruit, vegetables, forage and grains, except wild rice; or (iii) land in a wetland preservation area under sections 103F.612 to 103F.616. "Wetlands" under items (i) and (ii) include adjacent land which is not suitable for agricultural purposes due to the presence of the wetlands, but do not include woody swamps containing shrubs or trees, wet meadows, meandered water, streams, rivers, and floodplains or river bottoms. Exemption of wetlands from taxation pursuant to this section shall not grant the public any additional or greater right of access to the wetlands or diminish any right of ownership to the wetlands.

(11) Native prairie. The commissioner of the department of natural resources shall determine lands in the state which are native prairie and shall notify the county assessor of each county in which the lands are located. Pasture land used for livestock grazing purposes shall not be considered native prairie for the purposes of this clause. Upon receipt of an application for the exemption provided in this clause for lands for which the assessor has no determination from the commissioner of natural resources, the assessor shall refer the application to the commissioner of natural resources who shall determine within 30 days whether the land is native prairie and notify the county assessor of the decision. Exemption of native prairie pursuant to this clause shall not grant the public any additional or greater right of access to the native prairie or diminish any right of ownership to it.

(12) Property used in a continuous program to provide emergency shelter for victims of domestic abuse, provided the organization that owns and sponsors the shelter is exempt from federal income taxation pursuant to section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1986; notwithstanding the fact that the sponsoring organization receives funding under section 8 of the United States Housing Act of 1937, as amended.

(13) If approved by the governing body of the municipality in which the property is located, property not exceeding one acre which is owned and operated by any senior citizen group or association of groups that in general limits membership to persons age 55 or older and is organized and operated exclusively for pleasure, recreation, and other nonprofit purposes, no part of the net earnings of which inures to the benefit of any private shareholders; provided the property is used primarily as a clubhouse, meeting facility, or recreational facility by the group or association and the property is not used for residential purposes on either a temporary or permanent basis.

(14) To the extent provided by section 295.44, real and personal property used or to be used primarily for the production of hydroelectric or hydromechanical power on a site owned by the state or a local governmental unit which is developed and operated pursuant to the provisions of section 103G.535.

(15) If approved by the governing body of the municipality in which the property is located, and if construction is commenced after June 30, 1983:

(a) a "direct satellite broadcasting facility" operated by a corporation licensed by the federal communications commission to provide direct satellite broadcasting services using direct broadcast satellites operating in the 12-ghz. band; and

(b) a "fixed satellite regional or national program service facility" operated by a corporation licensed by the federal communications commission to provide fixed satellite-transmitted regularly scheduled broadcasting services using satellites operating in the 6-ghz. band.

An exemption provided by clause (15) shall apply for a period not to exceed five years. When the facility no longer qualifies for exemption, it shall be placed on the assessment rolls as provided in subdivision 4. Before approving a tax exemption pursuant to this paragraph, the governing body of the municipality shall provide an opportunity to the members of the county board of commissioners of the county in which the facility is proposed to be located and the members of the school board of the school district in which the facility is proposed to be located to meet with the governing body. The governing body shall present to the members of those boards its estimate of the fiscal impact of the proposed property tax exemption. The tax exemption shall not be approved by the governing body until the county board of commissioners has presented its written comment on the proposal to the governing body or 30 days have passed from the date of the transmittal by the governing body to the board of the information on the fiscal impact, whichever occurs first.

(16) Real and personal property owned and operated by a private, nonprofit corporation exempt from federal income taxation pursuant to United States Code, title 26, section 501(c)(3), primarily used in the generation and distribution of hot water for heating buildings and structures.

(17) Notwithstanding section 273.19, state lands that are leased from the department of natural resources under section 92.46.

(18) Electric power distribution lines and their attachments and appurtenances, that are used primarily for supplying electricity to farmers at retail.

(19) Transitional housing facilities. "Transitional housing facility" means a facility that meets the following requirements. (i) It provides temporary housing to individuals, couples, or families. (ii) It has the purpose of reuniting families and enabling parents or individuals to obtain self-sufficiency, advance their education, get job training, or become employed in jobs that provide a living wage. (iii) It provides support services such as child care, work readiness training, and career development counseling; and a self-sufficiency program with periodic monitoring of each resident's progress in completing the program's goals. (iv) It provides services to a resident of the facility for at least three months but no longer than three years, except residents enrolled in an educational or vocational institution or job training program. These residents may receive services during the time they are enrolled but in no event longer than four years. (v) It is owned and operated

or under lease from a unit of government or governmental agency under a property disposition program and operated by one or more organizations exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1987. This exemption applies notwithstanding the fact that the sponsoring organization receives financing by a direct federal loan or federally insured loan or a loan made by the Minnesota housing finance agency under the provisions of either Title II of the National Housing Act or the Minnesota housing finance agency law of 1971 or rules promulgated by the agency pursuant to it; and notwithstanding the fact that the sponsoring organization receives funding under Section 8 of the United States Housing Act of 1937, as amended.

(20) Real and personal property, including leasehold or other personal property interests, owned and operated by a corporation if more than 50 percent of the total voting power of the stock of the corporation is owned collectively by: (i) the board of regents of the University of Minnesota, (ii) the University of Minnesota Foundation, an organization exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1990, and (iii) a corporation organized under chapter 317A, which by its articles of incorporation is prohibited from providing pecuniary gain to any person or entity other than the regents of the University of Minnesota; which property is used primarily to manage or provide goods, services, or facilities utilizing or relating to large-scale advanced scientific computing resources to the regents of the University of Minnesota and others.

(21) Wind energy conversion systems, as defined in section 216C.06, subdivision 12, installed after January 1, 1991, and used as an electric power source.

(22) Containment tanks, cache basins, and that portion of the structure needed for the containment facility used to confine agricultural chemicals as defined in section 18D.01, subdivision 3, as required by the commissioner of agriculture under chapter 18B or 18C.

(23) Photovoltaic devices, as defined in section 216C.06, subdivision 13, installed after January 1, 1992, and used to produce or store electric power.

(24) Real and personal property owned and operated by a private, nonprofit corporation exempt from federal income taxation pursuant to United States Code, title 26, section 501(c)(3), primarily used for an ice arena or ice rink, and used primarily for youth and high school programs.

(25) *A structure that is situated on real property that is used for:*

(i) housing for the elderly or for low- and moderate-income families as defined in Title II of the National Housing Act, as amended through December 31, 1990, and funded by a direct federal loan or federally insured loan made pursuant to Title II of the act; or

(ii) housing lower income families or elderly or handicapped persons, as defined in section 8 of the United States Housing Act of 1937, as amended; and which meets each of the following criteria:

(A) is owned by an entity which is operated as a nonprofit corporation organized under chapter 317A;

(B) is owned by an entity which has not entered into a housing assistance payments contract under section 8 of the United States Housing Act of 1937, or, if the entity which owns the structure has entered into a housing assistance payments contract under section 8 of the United States Housing Act of 1937, the contract provides assistance for less than 90 percent of the dwelling units in the structure, excluding dwelling units intended for management or maintenance personnel;

(C) operates an on-site congregate dining program in which participation by residents is mandatory, and provides assisted living or similar social and physical support services for residents; and

(D) was not assessed and did not pay tax under chapter 273 prior to the 1991 levy, while meeting the other conditions of this clause.

An exemption under this clause remains in effect for taxes levied in each year or partial year of the term of its permanent financing.

(26) Real and personal property that is located in the Superior National Forest, and owned or leased and operated by a nonprofit organization that is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1992, and primarily used to provide recreational opportunities for disabled veterans and their families.

Sec. 4. Minnesota Statutes 1992, section 272.02, subdivision 4, is amended to read:

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

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

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

Sec. 5. Minnesota Statutes 1992, section 272.115, subdivision 1, is amended to read:

Subdivision 1. ~~Except as provided in subdivision 1a,~~ Whenever any real estate is sold for a consideration in excess of \$1,000, whether by warranty deed, quitclaim deed, contract for deed or any other method of sale, the grantor, grantee or the legal agent of either shall file a certificate of value with the county auditor in the county in which the property is located ~~within 30 days of the sale when the deed or other document is presented for recording.~~ *Contract for deeds are subject to recording under section 507.235, subdivision 1.* Value shall, in the case of any deed not a gift, be the amount of the full actual consideration thereof, paid or to be paid, including the amount of any

lien or liens assumed. The certificate of value shall include the classification to which the property belongs for the purpose of determining the fair market value of the property. The certificate shall include financing terms and conditions of the sale which are necessary to determine the actual, present value of the sale price for purposes of the sales ratio study. The commissioner of revenue shall promulgate administrative rules specifying the financing terms and conditions which must be included on the certificate.

Sec. 6. Minnesota Statutes 1992, section 272.115, subdivision 4, is amended to read:

Subd. 4. No real estate sold or transferred on or after January 1, 1993, under subdivision 4a / shall be classified as a homestead, unless a certificate of value has been filed with the county auditor in accordance with this section.

This subdivision shall apply to any real estate taxes that are payable the year or years following the sale or transfer of the property.

Sec. 7. Minnesota Statutes 1992, section 273.061, subdivision 8, is amended to read:

Subd. 8. [POWERS AND DUTIES.] The county assessor shall have the following powers and duties:

(1) To call upon and confer with the township and city assessors in the county, and advise and give them the necessary instructions and directions as to their duties under the laws of this state, to the end that a uniform assessment of all real property in the county will be attained.

(2) To assist and instruct the local assessors in the preparation and proper use of land maps and record cards, in the property classification of real and personal property, and in the determination of proper standards of value.

(3) To keep the local assessors in the county advised of all changes in assessment laws and all instructions which the assessor receives from the commissioner of revenue relating to their duties.

(4) To have authority to require the attendance of groups of local assessors at sectional meetings called by the assessor for the purpose of giving them further assistance and instruction as to their duties.

(5) To immediately commence the preparation of a large scale topographical land map of the county, in such form as may be prescribed by the commissioner of revenue, showing thereon the location of all railroads, highways and roads, bridges, rivers and lakes, swamp areas, wooded tracts, stony ridges and other features which might affect the value of the land. Appropriate symbols shall be used to indicate the best, the fair, and the poor land of the county. For use in connection with the topographical land map, the assessor shall prepare and keep available in the assessor's office tables showing fair average minimum and maximum market values per acre of cultivated, meadow, pasture, cutover, timber and waste lands of each township. The assessor shall keep the map and tables available in the office for the guidance of town assessors, boards of review, and the county board of equalization.

(6) To also prepare and keep available in the office for the guidance of town assessors, boards of review and the county board of equalization, a land valuation map of the county, in such form as may be prescribed by the commissioner of revenue. This map, which shall include the bordering tier of

townships of each county adjoining, shall show the average market value per acre, both with and without improvements, as finally equalized in the last assessment of real estate, of all land in each town or unorganized township which lies outside the corporate limits of cities.

(7) To regularly examine all conveyances of land outside the corporate limits of cities of the first and second class, filed with the county recorder of the county, and keep a file, by descriptions, of the considerations shown thereon. From the information obtained by comparing the considerations shown with the market values assessed, the assessor shall make recommendations to the county board of equalization of necessary changes in individual assessments or aggregate valuations.

(8) To prepare annually and keep available in the assessor's office for the guidance of boards of review and the county board of equalization, a table showing the market value per capita of all personal property in each assessment district in the county as finally equalized in the last previous assessment of personal property. For the guidance of the county board of equalization, the assessor shall also add to the table the market value per capita of all personal property of each assessment district for the current year as equalized by the local board of review.

(9) To become familiar with the values of the different items of personal property so as to be in a position when called upon to advise the boards of review and the county board of equalization concerning property, market values thereof.

(10) While the county board of equalization is in session, to give it every possible assistance to enable it to perform its duties. The assessor shall furnish the board with all necessary charts, tables, comparisons, and data which it requires in its deliberations, and shall make whatever investigations the board may desire.

(11) At the request of either the board of county commissioners or the commissioner of revenue, to investigate applications for reductions of valuation and abatements and settlements of taxes, examine the real or personal property involved, and submit written reports and recommendations with respect to the applications, in such form as may be prescribed by the board of county commissioners and commissioner of revenue.

(12) To make diligent search each year for real and personal property which has been omitted from assessment in the county, and report all such omissions to the county auditor.

(13) To regularly confer with county assessors in all adjacent counties about the assessment of property in order to uniformly assess and equalize the value of similar properties and classes of property located in adjacent counties. The conference shall emphasize the assessment of agricultural and commercial and industrial property or other properties that may have an inadequate number of sales in a single county.

(14) To render such other services pertaining to the assessment of real and personal property in the county as are not inconsistent with the duties set forth in this section, and as may be required by the board of county commissioners or by the commissioner of revenue.

(15) *To maintain a record, in conjunction with other county offices, of all transfers of property to assist in determining the proper classification of*

property, including but not limited to, transferring homestead property and name changes on homestead property.

(16) To determine if a homestead application is required due to the transfer of homestead property or an owner's name change on homestead property.

Sec. 8. Minnesota Statutes 1992, section 273.11, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] Except as provided in subdivisions 6, 8, 9, 11, and 14 this section or section 273.17, subdivision 1, all property shall be valued at its market value. The market value as determined pursuant to this section shall be stated such that any amount under \$100 is rounded up to \$100 and any amount exceeding \$100 shall be rounded to the nearest \$100. In estimating and determining such value, the assessor shall not adopt a lower or different standard of value because the same is to serve as a basis of taxation, nor shall the assessor adopt as a criterion of value the price for which such property would sell at a forced sale, or in the aggregate with all the property in the town or district; but the assessor shall value each article or description of property by itself, and at such sum or price as the assessor believes the same to be fairly worth in money. The assessor shall take into account the effect on the market value of property of environmental factors in the vicinity of the property. In assessing any tract or lot of real property, the value of the land, exclusive of structures and improvements, shall be determined, and also the value of all structures and improvements thereon, and the aggregate value of the property, including all structures and improvements, excluding the value of crops growing upon cultivated land. In valuing real property upon which there is a mine or quarry, it shall be valued at such price as such property, including the mine or quarry, would sell for a fair, voluntary sale, for cash. In valuing real property which is vacant, platted property shall be assessed as provided in subdivision 14. All property, or the use thereof, which is taxable under section 272.01, subdivision 2, or 273.19, shall be valued at the market value of such property and not at the value of a leasehold estate in such property, or at some lesser value than its market value.

Sec. 9. Minnesota Statutes 1992, section 273.11, is amended by adding a subdivision to read:

Subd. 1a. [LIMITED MARKET VALUE.] In the case of all property classified as agricultural homestead or non-homestead, residential homestead or non-homestead, or non-commercial seasonal recreational residential, the assessor shall compare the value with that determined in the preceding assessment. The amount of the increase entered in the current assessment shall not exceed the greater of (1) ten percent of the value in the preceding assessment, or (2) one-third of the difference between the current assessment and the preceding assessment. This limitation shall not apply to increases in value due to improvements. For purposes of this subdivision, the term "assessment" means the value prior to any exclusion under section 273.11, subdivision 16.

The provisions of this subdivision shall be in effect only for assessment years 1993 through 1998.

For purposes of the assessment/sales ratio study conducted under section 124.2131, and the computation of state aids paid under chapters 124, 124A, and 477A, market values and net tax capacities determined under this subdivision and section 273.11, subdivision 16, shall be used.

Sec. 10. Minnesota Statutes 1992, section 273.11, subdivision 5, is amended to read:

Subd. 5. Notwithstanding any other provision of law to the contrary, the limitation contained in ~~subdivision~~ subdivisions 1 and 1a shall also apply to the authority of the local board of review as provided in section 274.01, the county board of equalization as provided in section 274.13, the state board of equalization and the commissioner of revenue as provided in sections 270.11, 270.12 and 270.16.

Sec. 11. Minnesota Statutes 1992, section 273.11, subdivision 6a, is amended to read:

Subd. 6a. **[RESIDENTIAL FIRE-SAFETY SPRINKLER SYSTEMS.]** For purposes of property taxation, the market value of automatic fire-safety sprinkler systems *installed in existing buildings after January 1, 1992, meeting the standards of the Minnesota fire code shall be excluded from the market value of (1) existing multifamily residential real estate containing four or more units and used or held for use by the owner or by the tenants or lessees of the owner as a residence and (2) existing real estate containing four or more contiguous residential units for use by customers of the owner, such as hotels, motels, and lodging houses and (3) existing office buildings or mixed use commercial-residential buildings, in which at least one story capable of occupancy is at least 75 feet above the ground. The market value exclusion under this section shall expire if the property is sold.*

Sec. 12. Minnesota Statutes 1992, section 273.11, is amended by adding a subdivision to read:

Subd. 15. **[VACANT HOSPITALS.]** *In valuing a hospital, as defined in section 144.50, subdivision 2, that is located outside of a metropolitan county, as defined in section 473.121, subdivision 4, and that on the date of sale is vacant and not used for hospital purposes or for any other purpose, the assessor's estimated market value for taxes levied in the year of the sale shall be no greater than the sales price of the property, including both the land and the buildings, as adjusted for terms of financing. If the sale is made later than December 15, the market value as determined under this subdivision shall be used for taxes levied in the following year. This subdivision applies only if the sales price of the property was determined under an arms length transaction.*

Sec. 13. Minnesota Statutes 1992, section 273.11, is amended by adding a subdivision to read:

Subd. 16. **[VALUATION EXCLUSION FOR CERTAIN IMPROVEMENTS.]** *Improvements to homestead property made before January 2, 2003, shall be fully or partially excluded from the value of the property for assessment purposes provided that the house is at least 35 years old at the time of the improvement. In the case of an owner-occupied duplex or triplex, the improvement is eligible regardless of which portion of the property was improved.*

If the property lies in a jurisdiction which is subject to a building permit process, a building permit must have been issued covering the improvement. If the property lies in a jurisdiction which is not subject to a building permit process, the improvement must add at least \$1,000 to the value of the property. Only improvements to the structure which is the residence of the

qualifying homesteader or the garage qualify for the provisions of this subdivision.

Whenever a building permit is issued for property currently classified as homestead, the issuing jurisdiction shall notify the assessor of the possibility of valuation exclusion under this subdivision. The assessor may require an application process and documentation of the age of the house from the owner, if unknown.

The assessor shall note the qualifying value of each improvement on the property's record, and the sum of those amounts shall be subtracted from the value of the property in each year for ten years after the improvement has been made, at which time an amount equal to 20 percent of the qualifying value shall be added back in each of the five subsequent assessment years. The valuation exclusion shall terminate whenever (1) the property is sold, or (2) the property is reclassified to a class which does not qualify for treatment under this subdivision.

The total qualifying value for a homestead may not exceed \$50,000. The total qualifying value for a homestead with a house that is less than 70 years old may not exceed \$25,000. The term "qualifying value" means the increase in estimated market value resulting from the improvement if the improvement occurs when the house is at least 70 years old, or one-half of the increase in estimated market value resulting from the improvement otherwise. The \$25,000 and \$50,000 maximum qualifying value under this section may result from up to three separate improvements to the homestead.

Sec. 14. Minnesota Statutes 1992, section 273.112, subdivision 3, is amended to read:

Subd. 3. Real estate shall be entitled to valuation and tax deferment under this section only if it is:

(a) actively and exclusively devoted to golf, skiing, or archery or firearms range recreational use or uses and other recreational uses carried on at the establishment;

(b) five acres in size or more, except in the case of an archery or firearms range;

(c)(1) operated by private individuals and open to the public; or

(2) operated by firms or corporations for the benefit of employees or guests; or

(3) operated by private clubs having a membership of 50 or more, provided that the club does not discriminate in membership requirements or selection on the basis of sex or marital status; and

(d) made available, in the case of real estate devoted to golf, for use without discrimination on the basis of sex during the time when the facility is open to use by the public or by members, except that use for golf may be restricted on the basis of sex no more frequently than one, or part of one, weekend each calendar month for each sex and no more than two, or part of two, weekdays each week for each sex.

If a golf club membership allows use of golf course facilities by more than one adult per membership, the use must be equally available to all adults entitled to use of the golf course under the membership, except that use may

be restricted on the basis of sex as permitted in this section. Memberships that permit play during restricted times may be allowed only if the restricted times apply to all adults using the membership. A golf club may not offer a membership or golfing privileges to a spouse of a member that provides greater or less access to the golf course than is provided to that person's spouse under the same or a separate membership in that club, except that the terms of a membership may provide that one spouse may have no right to use the golf course at any time while the other spouse may have either limited or unlimited access to the golf course.

A golf club may have or create an individual membership category which entitles a member for a reduced rate to play during restricted hours as established by the club. The club must have on record a written request by the member for such membership.

A golf club that has food or beverage facilities or services must allow equal access to those facilities and services for both men and women members in all membership categories at all times. Nothing in this paragraph shall be construed to require service or access to facilities to persons under the age of 21 years or require any act that would violate law or ordinance regarding sale, consumption, or regulation of alcoholic beverages.

For purposes of this subdivision and subdivision 7a, discrimination means a pattern or course of conduct and not linked to an isolated incident.

Sec. 15. Minnesota Statutes 1992, section 273.112, is amended by adding a subdivision to read:

Subd. 4a. Real estate devoted to golf and operated by a private club that does not meet the requirements of subdivision 3, and is not eligible for valuation and deferment under this section, must be valued for ad valorem tax purposes by the assessor as if it were converted to commercial, industrial, residential, or seasonal residential use and were platted and available for sale as individual parcels.

Sec. 16. Minnesota Statutes 1992, section 273.121, is amended to read:

273.121 [VALUATION OF REAL PROPERTY, NOTICE.]

Any county assessor or city assessor having the powers of a county assessor, valuing or classifying taxable real property shall in each year notify those persons whose property is to be assessed or reclassified that year if the person's address is known to the assessor, otherwise the occupant of the property. The notice shall be in writing and shall be sent by ordinary mail at least ten days before the meeting of the local board of review or equalization. It shall contain: (1) the amount of the valuation in terms of market value, (2) the limited market value under section 273.11, subdivision 1a, (3) the qualifying amount of any improvements under section 273.11, subdivision 16, (4) the market value subject to taxation after subtracting the amount of any qualifying improvements, (5) the new classification, (6) the assessor's office address, and (7) the dates, places, and times set for the meetings of the local board of review or equalization and the county board of equalization. If the assessment roll is not complete, the notice shall be sent by ordinary mail at least ten days prior to the date on which the board of review has adjourned. The assessor shall attach to the assessment roll a statement that the notices required by this section have been mailed. Any assessor who is not provided sufficient funds from the assessor's governing body to provide such notices,

may make application to the commissioner of revenue to finance such notices. The commissioner of revenue shall conduct an investigation and, if satisfied that the assessor does not have the necessary funds, issue a certification to the commissioner of finance of the amount necessary to provide such notices. The commissioner of finance shall issue a warrant for such amount and shall deduct such amount from any state payment to such county or municipality. The necessary funds to make such payments are hereby appropriated. Failure to receive the notice shall in no way affect the validity of the assessment, the resulting tax, the procedures of any board of review or equalization, or the enforcement of delinquent taxes by statutory means.

Sec. 17. Minnesota Statutes 1992, section 273.124, subdivision 1, is amended to read:

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

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

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

The assessor shall require proof, as provided in subdivision 13, of the facts upon which classification as a homestead may be determined. Notwithstanding any other law, the assessor may at any time require a homestead application to be filed in order to verify that any property classified as a homestead continues to be eligible for homestead status.

When there is a name change or a transfer of homestead property, the assessor may reclassify the property in the next assessment unless a homestead application is filed to verify that the property continues to qualify for homestead classification.

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

(c) Residential real estate that is occupied and used for purposes of a homestead by a relative of the owner is a homestead but only to the extent of the homestead treatment that would be provided if the related owner occupied the property. For purposes of this paragraph, "relative" means a parent, stepparent, child, stepchild, spouse, grandparent, grandchild, brother, sister, uncle, or aunt. This relationship may be by blood or marriage. Property that was classified as seasonal recreational residential property at the time when treatment under this paragraph would first apply shall continue to be classified as seasonal recreational residential property for the first two *four* assessment

years beginning after the date when the relative of the owner occupies the property as a homestead; this delay also applies to property that, in the absence of this paragraph, would have been classified as seasonal recreational residential property at the time when the residence was constructed. Neither the related occupant nor the owner of the property may claim a property tax refund under chapter 290A for a homestead occupied by a relative. In the case of a residence located on agricultural land, only the house, garage, and immediately surrounding one acre of land shall be classified as a homestead under this paragraph, except as provided in paragraph (d).

(d) Agricultural property that is occupied and used for purposes of a homestead by a relative of the owner, is a homestead, only to the extent of the homestead treatment that would be provided if the related owner occupied the property, and only if all of the following criteria are met:

(1) the relative who is occupying the agricultural property is a son or daughter of the owner of the agricultural property,

(2) the owner of the agricultural property must be a Minnesota resident,

(3) the owner of the agricultural property is not eligible to receive homestead treatment on any other agricultural property in Minnesota, and

(4) the owner of the agricultural property is limited to only one agricultural homestead per family under this paragraph.

For purposes of this paragraph, "agricultural property" means the house, garage, other farm buildings and structures, and agricultural land.

Application must be made to the assessor by the owner of the agricultural property to receive homestead benefits under this paragraph. The assessor may require the necessary proof that the requirements under this paragraph have been met.

Sec. 18. Minnesota Statutes 1992, section 273.124, is amended by adding a subdivision to read:

Subd. 6a. [PRELIMINARY APPROVAL OF LEASEHOLD COOPERATIVES.] *Preliminary approval for classification as a leasehold cooperative may be granted to property when a developer proposes to construct one or more residential dwellings or buildings using funds provided by the Minnesota housing finance agency if all of the following conditions are met:*

(a) The developer must present an affidavit to the county attorney and to the governing body of the municipality that includes a statement of the developer's intention to comply with all requirements in subdivision 6 and a detailed description of the plan for doing so.

(b) The commissioner of the Minnesota housing finance agency must provide the county attorney and governing body with a description of the financing and related terms the commissioner proposes to provide with respect to the project, together with an objective assessment of the likelihood that the project will comply with the requirements of subdivision 6.

(c) The county attorney must review the materials provided under paragraphs (a) and (b), and may require the developer or the Minnesota housing finance agency to provide additional information. If the county attorney determines that it is reasonably likely that the project will meet the

requirements of this subdivision, the county attorney shall provide preliminary approval to treatment of the property as a leasehold cooperative.

(d) The governing body shall conduct a public hearing as provided in subdivision 6, paragraph (j), and make its preliminary findings based on the information provided by the developer and the Minnesota housing finance agency.

Upon completion of the project and creation of the leasehold cooperative, actual compliance with the requirements of this subdivision must be demonstrated, and certified by the county attorney. A second hearing by the governing body is not required.

If the county attorney finds that the homestead treatment granted pursuant to a preliminary approval under this subdivision must be revoked because the completed project failed to meet the requirements of this subdivision, the benefits of the treatment shall be recaptured. The county assessor shall determine the amount by which the tax imposed on the property was reduced because it was treated as a leasehold cooperative. The developer shall be charged an amount equal to the tax reduction received or, if the county attorney determines that the failure to meet the requirements was due to the developer's intentional disregard of the requirements, 150 percent of the tax reduction received. The penalty must be paid to the county treasurer within 90 days after receipt of a statement from the treasurer. The proceeds of the penalty shall be distributed to the local taxing jurisdictions in proportion to the amounts of their levies on the property.

Sec. 19. Minnesota Statutes 1992, section 273.124, subdivision 9, is amended to read:

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

Any taxpayer meeting the requirements of this subdivision must notify the county assessor, or the assessor who has the powers of the county assessor under section 273.063, in writing, ~~prior to June~~ by December 15 of the year of occupancy in order to qualify under this subdivision. The assessor must not deny full homestead treatment to a property that is partially homesteaded on January 2 but occupied for the purpose of a full homestead by ~~June~~ December 1 of a year.

The county assessor and the county auditor may make the necessary changes on their assessment and tax records to provide for proper homestead classification as provided in this subdivision.

If homestead classification has not been requested as of December 15, the assessor will classify the property as nonhomestead for the current assessment year for taxes payable in the following year, provided that the owner of any property qualifying under this subdivision, which has not been accorded the benefits of this subdivision, may be entitled to receive homestead classification by proper application as provided in section 375.192.

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

prior to June 15 as soon as practicable after acquisition of a homestead, but no later than December 15.

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

Sec. 20. Minnesota Statutes 1992, section 273.124, subdivision 13, is amended to read:

Subd. 13. [HOMESTEAD APPLICATION.] (a) *A person who meets the homestead requirements under subdivision 1 must file a homestead application with the county assessor to initially obtain homestead classification.*

(b) On or before January 2, 1993, each county assessor shall mail a homestead application to the owner of each parcel of property within the county which was classified as homestead for the 1992 assessment year. The format and contents of a uniform homestead application shall be prescribed by the commissioner of revenue. The commissioner shall consult with the chairs of the house and senate tax committees on the contents of the homestead application form. The application must clearly inform the taxpayer that this application must be signed by all owners of the property and returned to the county assessor in order for the property to continue receiving homestead treatment. The envelope containing the homestead application shall clearly identify its contents and alert the taxpayer of its necessary immediate response.

~~Every four years after the initial homestead application has been filed under this subdivision, a county shall mail a homestead application to the owner of each parcel of property to verify the continued eligibility for homestead status for all properties classified as homestead within the county in the prior year's assessment. The homestead application and procedures shall be done in the same manner as contained in this subdivision for the 1993 homestead application.~~

(c) On the homestead application each owner shall disclose the location of any other residential property in the state in which the owner holds full or partial ownership and for which homestead status has been granted or has been applied for at the time of the application. Each owner must also disclose the name and social security number of any relative occupying a property qualifying as a homestead under subdivision 1, paragraph (c). Failure to disclose the information required under this paragraph may result in the imposition of the penalty provided under this subdivision.

(d) Every property owner applying for homestead classification must furnish to the county assessor the social security number of each person who is listed as an owner of the property listed on the homestead application. If the social security number is not provided, the county assessor shall classify the property as nonhomestead. The social security numbers of the property owners are private data on individuals as defined by section 13.02, subdivision 12, but, notwithstanding that section, the private data may be disclosed to the commissioner of revenue.

(e) If residential real estate is occupied and used for purposes of a homestead by a relative of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for the property to receive homestead

status, a homestead application must be filed with the assessor. The social security number of each relative occupying the property and the social security number of each owner of the property shall be required on the homestead application filed under this subdivision. If a different relative of the owner subsequently occupies the property, the owner of the property must notify the assessor within 30 days of the change in occupancy.

(f) The homestead application shall also notify the property owners that the application filed under this section will not be mailed annually and that *if the initial application is granted or if the property is granted homestead status for the 1993 assessment, that same property shall remain classified as homestead until the property is sold or transferred to another person, or the owners or the relatives no longer use the property as their homestead.* Upon the sale or transfer of the homestead property, a certificate of value must be timely filed with the county auditor as provided under section 272.115. Failure to notify the county within 30 days that the property has been sold, transferred, or that the owner or the relative is no longer occupying the property as a homestead, shall result in the penalty provided under this subdivision and the property will lose its current homestead status.

(g) If the ~~initial~~ homestead application is not returned within 30 days, the county will send a second application to the present owners of record. The notice of proposed property taxes prepared under section 275.065, subdivision 3, shall reflect the property's classification. If a homestead application has not been filed with the county by December 15, the assessor shall classify the property as nonhomestead for the current assessment year for taxes payable in the following year, provided that the owner may be entitled to receive the homestead classification by proper application under section 375.192.

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

(i) If, in comparing the lists supplied by the counties, the commissioner finds that a property owner is claiming more than one homestead, the commissioner shall notify the appropriate counties. Within 90 days of the notification, the county assessor shall investigate to determine if the homestead classification was properly claimed. If the property owner does not qualify, the county assessor shall notify the county auditor who will determine the amount of homestead benefits that had been improperly allowed. For the purpose of this section, "homestead benefits" means the tax reduction resulting from the classification as a homestead under section 273.13, the taconite homestead credit under section 273.135, and the supplemental homestead credit under section 273.1391.

The county auditor shall send a notice to the owners of the affected property, demanding reimbursement of the homestead benefits plus a penalty equal to 100 percent of the homestead benefits. The property owners may appeal the county's determination by filing a notice of appeal with the Minnesota tax court within 60 days of the date of the notice from the county. If the amount of homestead benefits and penalty is not paid within 60 days, and if no appeal has been filed, the county auditor shall certify the amount of taxes and penalty to the succeeding year's tax list to be collected as part of the property taxes.

(j) Any amount of homestead benefits recovered by the county from the property owner shall be distributed to the county, city or town, and school district where the property is located in the same proportion that each taxing district's levy was to the total of the three taxing districts' levy for the current year. Any amount recovered attributable to taconite homestead credit shall be transmitted to the St. Louis county auditor to be deposited in the taconite property tax relief account. The total amount of penalty collected must be deposited in the county general fund.

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

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

Sec. 21. Minnesota Statutes 1992, section 273.124, is amended by adding a subdivision to read:

Subd. 17. [OWNER-OCCUPIED MOTEL PROPERTY.] For purposes of class 1a determinations, a homestead includes that portion of property defined as a motel under chapter 157, provided that the person residing in the motel property is using that property as a homestead, is part owner, and is actively engaged in the operation of the motel business. Homestead treatment applies even if legal title to the property is in the name of a corporation or partnership and not in the name of the person residing in the motel. The homestead is limited to that portion of the motel actually occupied by the person.

A taxpayer meeting the requirements of this subdivision must notify the county assessor, or the assessor who has the powers of the county assessor under section 273.063, in writing, in order to qualify under this subdivision for 1a homestead classification.

Sec. 22. Minnesota Statutes 1992, section 273.124, is amended by adding a subdivision to read:

Subd. 18. [PROPERTY UNDERGOING RENOVATION.] Property that is not occupied as a homestead on the assessment date will be classified as a homestead if it meets each of the following requirements on that date:

(a) The structure is a single family or duplex residence.

(b) The property is owned by a church or an organization that is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986.

(c) The organization is in the process of renovating the property for use as a homestead by an individual or family whose income is no greater than 60 percent of the county or area gross median income, adjusted for family size, and that renovation process and conveyance for use as a homestead can reasonably be expected to be completed within 12 months after construction begins.

The organization must apply to the assessor for classification under this subdivision within 30 days of its acquisition of the property, and must provide

the assessor with the information necessary for the assessor to determine whether the property qualifies.

Sec. 23. Minnesota Statutes 1992, section 273.13, subdivision 23, is amended to read:

Subd. 23. [CLASS 2.] (a) Class 2a property is agricultural land including any improvements that is homesteaded. The market value of the house and garage and immediately surrounding one acre of land has the same class rates as class 1a property under subdivision 22. If the market value of the house, garage, and surrounding one acre of land is less than \$115,000, the value of the remaining land including improvements equal to the difference between \$115,000 and the market value of the house, garage, and surrounding one acre of land has a net class rate of .45 percent of market value and a gross class rate of 1.75 percent of market value. The remaining value of class 2a property over \$115,000 of market value that does not exceed 320 acres has a net class rate of 1.3 percent of market value, and a gross class rate of 2.25 percent of market value. The remaining property over the \$115,000 market value in excess of 320 acres has a class rate of 1.6 percent of market value, and a gross class rate of 2.25 percent of market value.

(b) Class 2b property is (1) real estate, rural in character and used exclusively for growing trees for timber, lumber, and wood and wood products; ~~and~~ (2) *real estate that is not improved with a structure and is used exclusively for growing trees for timber, lumber, and wood and wood products, if the owner has participated or is participating in a cost-sharing program for afforestation, reforestation, or timber stand improvement on that particular property, administered or coordinated by the commissioner of natural resources; or* (3) real estate that is nonhomestead agricultural land. Class 2b property has a net class rate of 1.6 percent of market value, and a gross class rate of 2.25 percent of market value.

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

(d) Real estate of less than ten acres used principally for raising or cultivating agricultural products, shall be considered as agricultural land, if it is not used primarily for residential purposes.

(e) The term "agricultural products" as used in this subdivision includes:

(1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing animals, horticultural and nursery stock described in sections 18.44 to 18.61, fruit of all kinds, vegetables, forage, grains, bees, and apiary products by the owner;

(2) fish bred for sale and consumption if the fish breeding occurs on land zoned for agricultural use;

(3) the commercial boarding of horses if the boarding is done in conjunction with raising or cultivating agricultural products as defined in clause (1); and

(4) property which is owned and operated by nonprofit organizations used for equestrian activities, excluding racing.

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

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

the assessor shall classify the part of the parcel used for agricultural purposes as class 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use. The grading, sorting, and packaging of raw agricultural products for first sale is considered an agricultural purpose. A greenhouse or other building where horticultural or nursery products are grown that is also used for the conduct of retail sales must be classified as agricultural if it is primarily used for the growing of horticultural or nursery products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products. Use of a greenhouse or building only for the display of already grown horticultural or nursery products does not qualify as an agricultural purpose.

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

Sec. 24. Minnesota Statutes 1992, section 273.13, subdivision 24, is amended to read:

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

(1) if the market value of the parcel is less than \$100,000, and additional parcels are owned by the same person or entity in the same city or town within that county, the reduced class rate shall be applied up to a combined total market value of \$100,000 for all parcels owned by the same person or entity in the same city or town within the county; and

(2) in the case of grain, fertilizer, and feed elevator facilities, as defined in section 18C.305, subdivision 1, or 232.21, subdivision 8, the limitation to one parcel per owner per county for the reduced class rate shall not apply, but there shall be a limit of \$100,000 of preferential value per site of contiguous parcels owned by the same person or entity. Only the value of the elevator portion of each parcel shall qualify for treatment under this clause. For

purposes of this subdivision, contiguous parcels include parcels separated only by a railroad or public road right-of-way.

To receive the reduced class rate on additional parcels under clauses (1) and (2), the taxpayer must notify the county assessor that the taxpayer owns more than one parcel that qualifies under clause (1) or (2).

(b) Employment property defined in section 469.166, during the period provided in section 469.170, shall constitute class 3b and has a class rate of 2.3 percent of the first \$50,000 of market value and 3.6 percent of the remainder, except that for employment property located in a border city enterprise zone designated pursuant to section 469.168, subdivision 4, paragraph (c), the class rate of the first \$100,000 of market value and the class rate of the remainder is determined under paragraph (a), unless the governing body of the city designated as an enterprise zone determines that a specific parcel shall be assessed pursuant to the first clause of this sentence. The governing body may provide for assessment under the first clause of the preceding sentence only for property which is located in an area which has been designated by the governing body for the receipt of tax reductions authorized by section 469.171, subdivision 1.

Sec. 25. Minnesota Statutes 1992, section 273.13, subdivision 25, is amended to read:

Subd. 25. [CLASS 4.] (a) Class 4a is residential real estate containing four or more units and used or held for use by the owner or by the tenants or lessees of the owner as a residence for rental periods of 30 days or more. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt under section 272.02, and contiguous property used for hospital purposes, without regard to whether the property has been platted or subdivided. Class 4a property has a class rate of 3.5 percent of market value for taxes payable in 1992, and 3.4 percent of market value for taxes payable in 1993 and thereafter.

(b) Class 4b includes:

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

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

(3) a dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b).

Class 4b property has a class rate of 2.8 percent of market value for taxes payable in 1992, 2.5 percent of market value for taxes payable in 1993, and 2.3 percent of market value for taxes payable in 1994 and thereafter.

(c) Class 4c property includes:

(1) a structure that is:

(i) situated on real property that is used for housing for the elderly or for low- and moderate-income families as defined in Title II, as amended through December 31, 1990, of the National Housing Act or the Minnesota housing finance agency law of 1971, as amended, or rules promulgated by the agency and financed by a direct federal loan or federally insured loan made pursuant to Title II of the Act; or

(ii) situated on real property that is used for housing the elderly or for low- and moderate-income families as defined by the Minnesota housing finance agency law of 1971, as amended, or rules adopted by the agency pursuant thereto and financed by a loan made by the Minnesota housing finance agency pursuant to the provisions of the act.

This clause applies only to property of a nonprofit or limited dividend entity. Property is classified as class 4c under this clause for 15 years from the date of the completion of the original construction or substantial rehabilitation, or for the original term of the loan.

(2) a structure that is:

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

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

(3) a qualified low-income building as defined in section 42(c)(2) of the Internal Revenue Code of 1986, as amended through December 31, 1990, that (i) receives a low-income housing credit under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1990; or (ii) meets the requirements of that section and receives public financing, except financing provided under sections 469.174 to 469.179, which contains terms restricting the rents; or (iii) meets the requirements of section 273.1317. Classification pursuant to this clause is limited to a term of 15 years.

For all properties described in clauses (1), (2), and (3) and in paragraph (d), the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents unless the owner of the property elects to have the property assessed under Laws 1991, chapter 291, article 1, section 55. If the owner of the property elects to have the market value determined on the basis of the actual restricted rents, as provided in Laws 1991, chapter 291, article 1, section 55, the property will be assessed at the rate provided for class 4a or class 4b property, as appropriate. Properties described in clauses (1)(ii), (3), and (4) may apply to the assessor for valuation under Laws 1991, chapter 291, article 1, section 55. The land on which these structures are situated has the class rate given in paragraph (b) if the structure contains fewer than four units, and the class rate given in paragraph (a) if the structure contains four or more units. This clause applies only to the property of a nonprofit or limited dividend entity.

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

individual is an individual whose income does not exceed 65 percent of the median individual income for the area, as determined by the United States Secretary of Housing and Urban Development. For purposes of this clause, "neighborhood real estate trust" means an entity which is certified by the governing body of the municipality in which it is located to have the following characteristics:

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

(5) except as provided in subdivision 22, paragraph (c), real property devoted to temporary and seasonal residential occupancy for recreation purposes, including real property devoted to temporary and seasonal residential occupancy for recreation purposes and not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property is used for residential occupancy, and a fee is charged for residential occupancy. Class 4c also includes commercial use real property used exclusively for recreational purposes in conjunction with class 4c property devoted to temporary and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than 250 days in the year preceding the year of assessment and is located within two miles of the class 4c property with which it is used. Class 4c property classified in this clause also includes the remainder of class 1c resorts. Owners of real property devoted to temporary and seasonal residential occupancy for recreation purposes and all or a portion of which was devoted to commercial purposes for not more than 250 days in the year preceding the year of assessment desiring classification as class 1c or 4c, must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located will be designated class 1c or 4c as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located will be designated as class 3a. The first \$100,000 of the market value of the remainder of the cabins or units and a proportionate share of the land on which they are located shall have a class rate of three percent. The owner of property desiring designation as class 1c or 4c property must provide guest registers or other records demonstrating that the units for which class 1c or 4c designation is sought were not occupied for more than 250 days in the second year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, and (4) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes shall not qualify for class 1c or 4c;

(6) real property up to a maximum of one acre of land owned by a nonprofit community service oriented organization; provided that the property is not used for a revenue-producing activity for more than six days in the calendar year preceding the year of assessment and the property is not used for residential purposes on either a temporary or permanent basis. For purposes of this clause, a "nonprofit community service oriented organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, fraternal, civic, or educational purposes, and which is exempt from federal income taxation pursuant to section 501(c)(3), (10), or (19) of the Internal Revenue Code of 1986, as amended through December 31, 1990. For purposes of this clause, "revenue-producing activities" shall include but not be limited to property or that portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling alley, a retail store, gambling conducted by organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises. Any portion of the property which is used for revenue-producing activities for more than six days in the calendar year preceding the year of assessment shall be assessed as class 3a. The use of the property for social events open exclusively to members and their guests for periods of less than 24 hours, when an admission is not charged nor any revenues are received by the organization shall not be considered a revenue-producing activity;

(7) post-secondary student housing of not more than one acre of land that is owned by a nonprofit corporation organized under chapter 317A and is used exclusively by a student cooperative, sorority, or fraternity for on-campus housing or housing located within two miles of the border of a college campus; and

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

Class 4c property has a class rate of 2.3 percent of market value, except that (i) each parcel of seasonal residential recreational property not used for commercial purposes under clause (5) has a class rate of 2.2 percent of market value for taxes payable in 1992, and for taxes payable in 1993 and thereafter, the first \$72,000 of market value on each parcel has a class rate of two percent and the market value of each parcel that exceeds \$72,000 has a class rate of 2.5 percent, and (ii) manufactured home parks assessed under clause (8) have a class rate of two percent for taxes payable in 1993, 1994, and 1995 only.

(d) Class 4d property includes:

(1) a structure that is:

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

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

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

The class rates in paragraph (c), clauses (1), (2), and (3) and this clause apply to the properties described in them, only in proportion to occupancy of

the structure by elderly or handicapped persons or low and moderate income families as defined in the applicable laws unless construction of the structure had been commenced prior to January 1, 1984; or the project had been approved by the governing body of the municipality in which it is located prior to June 30, 1983; or financing of the project had been approved by a federal or state agency prior to June 30, 1983. For ~~property for which application is made for 4c or 4d classification for taxes payable in 1994 and thereafter, and which was not classified 4c or 4d for taxes payable in 1993~~ those properties, 4c or 4d classification is available only for those units meeting the requirements of section 273.1318.

Classification under this clause is only available to property of a nonprofit or limited dividend entity.

In the case of a structure financed or refinanced under any federal or state mortgage insurance or direct loan program exclusively for housing for the elderly or for housing for the handicapped, a unit shall be considered occupied so long as it is actually occupied by an elderly or handicapped person or, if vacant, is held for rental to an elderly or handicapped person.

(2) For taxes payable in 1992, 1993 and 1994, only, buildings and appurtenances, together with the land upon which they are located, leased by the occupant under the community lending model lease-purchase mortgage loan program administered by the Federal National Mortgage Association, provided the occupant's income is no greater than 60 percent of the county or area median income, adjusted for family size and the building consists of existing single family or duplex housing. The lease agreement must provide for a portion of the lease payment to be escrowed as a nonrefundable down payment on the housing. To qualify under this clause, the taxpayer must apply to the county assessor by May 30 of each year. The application must be accompanied by an affidavit or other proof required by the assessor to determine qualification under this clause.

(3) Qualifying buildings and appurtenances, together with the land upon which they are located, leased for a period of up to five years by the occupant under a lease-purchase program administered by the Minnesota housing finance agency or a housing and redevelopment authority authorized under sections 469.001 to 469.047, provided the occupant's income is no greater than 80 percent of the county or area median income, adjusted for family size, and the building consists of two or less dwelling units. The lease agreement must provide for a portion of the lease payment to be escrowed as a nonrefundable down payment on the housing. The administering agency shall verify the occupants income eligibility and certify to the county assessor that the occupant meets the income criteria under this paragraph. To qualify under this clause, the taxpayer must apply to the county assessor by May 30 of each year. For purposes of this section, "qualifying buildings and appurtenances" shall be defined as one or two unit residential buildings which are unoccupied and have been abandoned and boarded for at least six months.

Class 4d property has a class rate of two percent of market value *except that property classified under clause (3); shall have the same class rate as class 1a property.*

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

substandard building under section 273.1316. Residential rental property that would otherwise be assessed as class 4 property under paragraph (d) is assessed at 2.3 percent of market value if it is found to be a substandard building under section 273.1316.

Sec. 26. Minnesota Statutes 1992, section 273.13, subdivision 33, is amended to read:

Subd. 33. [CLASSIFICATION OF UNIMPROVED PROPERTY.] (a) ~~Except as provided in paragraph~~ *All real property that is not improved with a structure must be classified according to its current use.*

(b) *Real property that is not improved with a structure and for which there is no identifiable current use must be classified according to its highest and best use permitted under the local zoning ordinance. If the ordinance permits more than one use, the land must be classified according to the highest and best use permitted under the ordinance. If no such ordinance exists, the assessor shall consider the most likely potential use of the unimproved land based upon the use made of surrounding land or land in proximity to the unimproved land.*

~~(b) Real property that is not improved with a structure and is in commercial, industrial, or agricultural use under this section must be classified according to its actual use.~~

Sec. 27. Minnesota Statutes 1992, section 273.1318, subdivision 1, is amended to read:

Subdivision 1. [INCOME LIMITATION.] (a) Subject to the exception in paragraph (b), for a building for which application is made for class 4c for taxes payable in 1994 and thereafter, and which was not class 4c for taxes payable in 1993, only those units occupied by a household whose income is 100 percent or less of the county or area median income adjusted for family size as determined by the department of housing and urban development are eligible for class 4c.

(b) For a building for which application is made for class 4c for taxes payable in 1994 and thereafter, ~~and which was not class 4c for taxes payable in 1993, but~~ for which a formal application was received by a local, state, or federal agency for financing, refinancing, or insurance before July 1, 1992, ~~and for a building that was classified as class 4c for taxes payable in 1993 or an earlier year,~~ the income limit is 100 percent or less of county or area median income not adjusted for family size as determined by the department of housing and urban development.

Sec. 28. Minnesota Statutes 1992, section 273.135, subdivision 2, is amended to read:

Subd. 2. The amount of the reduction authorized by subdivision 1 shall be:

(a) In the case of property located within the boundaries of a municipality which meets the qualifications prescribed in section 273.134, 66 percent of the tax, provided that the reduction shall not exceed the maximum amounts specified in clause (c), and shall not exceed an amount sufficient to reduce the effective tax rate on each parcel of property to ~~the product of 95 percent of the base year effective tax rate multiplied by the ratio of the current year's tax rate to the payable 1989 tax rate.~~ In no case will the reduction for each homestead resulting from this credit be less than \$10.

(b) In the case of property located within the boundaries of a school district which qualifies as a tax relief area but which is outside the boundaries of a municipality which meets the qualifications prescribed in section 273.134, 57 percent of the tax, provided that the reduction shall not exceed the maximum amounts specified in clause (c), and shall not exceed an amount sufficient to reduce the effective tax rate on each parcel of property to the product of 95 percent of the base year effective tax rate multiplied by the ratio of the current year's tax rate to the payable 1989 tax rate. In no case will the reduction for each homestead resulting from this credit be less than \$10.

(c) The maximum reduction of the tax is \$225.40 on property described in clause (a) and \$200.10 on property described in clause (b), for taxes payable in 1985. These maximum amounts shall increase by \$15 times the quantity one minus the homestead credit equivalency percentage per year for taxes payable in 1986 and subsequent years.

For the purposes of this subdivision, "homestead credit equivalency percentage" means one minus the ratio of the net class rate to the gross class rate applicable to the first \$72,000 of the market value of residential homesteads, "effective tax rate" means tax divided by the market value of a property, and the "base year effective tax rate" means the payable 1988 tax on a property with an identical market value to that of the property receiving the credit in the current year after the application of the credits payable under Minnesota Statutes 1988, section 273.13, subdivisions 22 and 23, and this section, divided by the market value of the property.

Sec. 29. Minnesota Statutes 1992, section 273.33, subdivision 2, is amended to read:

Subd. 2. The personal property, consisting of the pipeline system of mains, pipes, and equipment attached thereto, of pipeline companies and others engaged in the operations or business of transporting natural gas, gasoline, crude oil, or other petroleum products by pipelines, shall be listed with and assessed by the commissioner of revenue. This subdivision shall not apply to the assessment of the products transported through the pipelines nor to the lines of local commercial gas companies engaged primarily in the business of distributing gas to consumers at retail nor to pipelines used by the owner thereof to supply natural gas or other petroleum products exclusively for such owner's own consumption and not for resale to others. *If more than 85 percent of the natural gas or other petroleum products actually transported over the pipeline is used for the owner's own consumption and not for resale to others, then this subdivision shall not apply; provided, however, that in that event, the pipeline shall be assessed in proportion to the percentage of gas actually transported over such pipeline that is not used for the owner's own consumption.* On or before June 30, the commissioner shall certify to the auditor of each county, the amount of such personal property assessment against each company in each district in which such property is located.

Sec. 30. Minnesota Statutes 1992, 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~~ under section 272.03, ~~subdivision 8~~ 273.11, subdivision 1;

(2) the property's taxable market value after reductions under sections 273.11, subdivisions 1a and 16;

(3) 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) (4) 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) (5) 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) (6) any credits received under sections 273.119; 273.123; 273.135; 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit received under section 273.135 must be separately stated and identified as "taconite tax relief";

(6) (7) the net tax payable in the manner required in paragraph (a); and

(7) (8) any additional amount of tax authorized under sections 124A.03, subdivision 2a, and 275.61. These amounts shall be listed as "voter approved referenda levies."

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. 31. Minnesota Statutes 1992, section 375.192, subdivision 2, is amended to read:

Subd. 2. Upon written application by the owner of any property, the county board may grant the reduction or abatement of estimated market valuation or taxes and of any costs, penalties, or interest on them as the board deems just and equitable and order the refund in whole or part of any taxes, costs, penalties, or interest which have been erroneously or unjustly paid. *The county board is authorized to consider and grant reductions or abatements on applications only as they relate to taxes payable in the current year and the two prior years; provided that reductions or abatements for the two prior years shall be considered or granted only for (i) clerical errors, or (ii) when the taxpayer fails to file for a reduction or an adjustment due to hardship, as determined by the county board.* The application must include the social security number of the applicant. The social security number is private data on individuals as defined by section 13.02, subdivision 12. All applications must be approved by the county assessor, or, if the property is located in a city of the first or second class having a city assessor, by the city assessor, and by the county auditor before consideration by the county board, except that the part of the application which is for the abatement of penalty or interest must be approved by the county treasurer and county auditor. Approval by the county or city assessor is not required for abatements of penalty or interest. No reduction, abatement, or refund of any special assessments made or levied by any municipality for local improvements shall be made unless it is also approved by the board of review or similar taxing authority of the municipality. Before taking action on any reduction or abatement where the reduction of taxes, costs, penalties, and interest exceed \$10,000, the county board shall give 20 days' notice to the school board and the municipality in which the property is located. The notice must describe the property involved, the actual amount of the reduction being sought, and the reason for the reduction. If the school board or the municipality object to the granting of the reduction or abatement, the county board must refer the abatement or reduction to the commissioner of revenue with its recommendation. The commissioner shall consider the abatement or reduction under section 270.07, subdivision 1.

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

The county auditor shall notify the commissioner of revenue of all abatements resulting from the erroneous classification of real property, for tax purposes, as nonhomestead property. For the abatements relating to the current year's tax processed through June 30, the auditor shall notify the commissioner on or before July 31 of that same year of all abatement applications granted. For the abatements relating to the current year's tax processed after June 30 through the balance of the year, the auditor shall notify the commissioner on or before the following January 31 of all applications granted. The county auditor shall submit a form containing the social security

number of the applicant and such other information the commissioner prescribes.

Sec. 32. [PENDING APPLICATIONS.]

(a) *For applications under Minnesota Statutes, section 375.192, subdivision 2, pending prior to the effective date of this act, the county board's current policy is ratified by this act.*

(b) *If an applicant has filed a judicial action before January 1, 1993, for a reduction or abatement requiring the county to consider the application, paragraph (a) does not apply; provided, however, that no reduction or abatement may be considered by the county board for more than three years.*

Sec. 33. Minnesota Statutes 1992, section 429.061, is amended by adding a subdivision to read:

Subd. 5. [SPECIAL ASSESSMENTS; ADMINISTRATIVE EXPENSES.] *Notwithstanding any general or special law to the contrary, a municipality shall pay to the county auditor all administrative expenses incurred by the county under subdivision 3 for each special assessment of any local improvement certified by the municipality to the county auditor.*

Sec. 34. Minnesota Statutes 1992, section 469.040, subdivision 3, is amended to read:

Subd. 3. [STATEMENT FILED WITH ASSESSOR; PERCENTAGE TAX ON RENTALS.] *Notwithstanding the provisions of subdivision 1, after a housing project carried on under sections 469.016 to 469.026 has become occupied, in whole or in part, an authority shall file with the assessor, on or before May 4 April 15 of each year, a statement of the aggregate shelter rentals of that project collected during the preceding calendar year. Unless a greater amount has been agreed upon between the authority and the governing body or bodies for which the authority was created, in whose jurisdiction the project is located, five percent of the aggregate shelter rentals shall be charged to the authority as a service charge for the services and facilities to be furnished with respect to that project. The service charge shall be collected from the authority in the manner provided by law for the assessment and collection of taxes. The amount so collected shall be distributed to the several taxing bodies in the same proportion as the tax rate of each bears to the total tax rate of those taxing bodies. The governing body or bodies for which the authority has been created, in whose jurisdiction the project is located, may agree with the authority for the payment of a service charge for a housing project in an amount greater than five percent of the aggregate annual shelter rentals of any project, upon the basis of shelter rentals or upon another basis agreed upon. The service charge may not exceed the amount which would be payable in taxes were the property not exempt. If such an agreement is made, the service charge so agreed upon shall be collected and distributed in the manner above provided. If the project has become occupied, or if the land upon which the project is to be constructed has been acquired, the agreement shall specify the location of the project for which the agreement is made. "Shelter rental" means the total rentals of a housing project exclusive of any charge for utilities and special services such as heat, water, electricity, gas, sewage disposal, or garbage removal. "Service charge" means payment in lieu of taxes. The records of each housing project shall be open to inspection by the proper assessing officer.*

Sec. 35. Laws 1985, chapter 302, section 1, subdivision 3, is amended to read:

Subd. 3. [SPECIAL SERVICES.] "Special services" means all services rendered or contracted for by the city for ~~snow, ice, and litter removal and cleaning of sidewalks, curbs, gutters, and streets and for banners and other decorations to be used to identify and promote the commercial area.~~

- (1) snow, ice removal, and sanding of public areas;
- (2) cleaning of streets, curbs, gutters, sidewalks, and alleys;
- (3) watering, fertilizing, maintenance, and replacement of trees and bushes on public right-of-way;
- (4) poster and handbill removal;
- (5) cleaning and scrubbing of sidewalks;
- (6) provision, installation, maintenance, removal, and replacement of banners and decorative items for promotion of commercial area;
- (7) repair and maintenance of sidewalks;
- (8) installation and maintenance of areawide security systems;
- (9) provision and coordination of security personnel to supplement regular city personnel;
- (10) maintenance, repair, and cleaning of commercial area directories, kiosks, benches, bus shelters, newspaper stands, trash receptacles, information booths, bicycle racks and bicycle storage containers, sculptures, murals, and other public area art pieces;
- (11) installation, maintenance, and removal of lighting on commercial area trees;
- (12) cost of electrical service for pedestrian and tree lighting;
- (13) repair of low-level pedestrian lights and poles;
- (14) provision of comprehensive liability insurance for public space improvements;
- (15) trash removal and recycling costs; and
- (16) provision, maintenance, and replacement of special signage relating to vehicle and bicycle parking, vehicle and pedestrian movement, and special events.

Special services do not include services that are ordinarily provided throughout the city from ordinary revenues of the city unless an increased level of service is provided in the special service district.

Sec. 36. Laws 1985, chapter 302, section 2, subdivision 1, is amended to read:

Subdivision 1. [ORDINANCE.] The governing body of the city may adopt ~~an ordinance~~ ordinances:

- (a) establishing a special service district in the part of Minneapolis which is south of 28th Street, west of ~~Fremont~~ Dupont Avenue South, north of 31st

Street, and east of ~~Humboldt Avenue South~~ East Calhoun Parkway and East Lake of the Isles Parkway; and

(b) establishing a special service district south of Sixth Street southeast, west of Sixteenth Avenue Southeast, north of a line parallel to and 200 feet south of University Avenue and east of Twelfth Avenue Southeast.

Only property which is zoned for commercial, business, or industrial use under a municipal zoning ordinance may be included in a special service district. The ordinance shall describe with particularity the areas to be included in the district and the special services to be furnished. The ordinance may not be adopted until after a public hearing on the question. Notice of the hearing shall include:

- (1) the time and place of the hearing;
- (2) a map showing the boundaries of the proposed district; and
- (3) a statement that all persons owning property in the proposed district will be given an opportunity to be heard at the hearing.

Sec. 37. Laws 1985, chapter 302, section 4, is amended to read:

Sec. 4. [ENLARGEMENT OF SPECIAL SERVICE DISTRICTS.]

The boundary of a special service district may be enlarged, ~~to an area not to exceed one square mile,~~ within the part of Minneapolis described in section 2 only after hearing and notice as provided in section 2. Notice shall be served in the original district and in the area proposed to be added to the district. Property added to the district shall be subject to all taxes levied and service charges imposed within the district after the property becomes a part of the district.

Sec. 38. [LOCAL APPROVAL.]

Sections 35 to 37 take effect the day after the governing body of the city of Minneapolis complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 39. [FLOODWOOD AREA AMBULANCE DISTRICT.]

Subdivision 1. [AGREEMENT.] The city of Floodwood and one or more of the towns of Floodwood, Van Buren, Halden, Cedar Valley, Ness, Arrowhead, Fine Lakes, and Prairie Lake, may by resolution of their city council and town boards establish the Floodwood area ambulance district. The town of Ness may provide that only a described part of its territory be included within the district. The St. Louis county board may by resolution provide that property located in unorganized territory 52-21 may be included within the district. The district shall make payments of the proceeds of the tax authorized in this section to the city of Floodwood, which shall provide ambulance services throughout the territory of the district and may exercise all the powers of the city and towns that relate to ambulance service anywhere within its territory. Any other contiguous town or home rule charter or statutory city may join the district with the agreement of the cities and towns that comprise the district at the time of its application to join. Action to join the district may be taken by the city council or town board of the city or town.

Subd. 2. [BOARD.] The district shall be governed by a board composed of one member appointed by the city council or town board of each city and town

in the district. A district board member may, but is not required to, be a member of a city council or town board. Except as provided in this section, members shall serve two-year terms ending the first Monday in January and until their successors are appointed and qualified. Of the members first appointed, as far as possible, the terms of one-half shall expire on the first Monday in January in the first year following their appointment and one-half the first Monday in January in the second year. The terms of those initially appointed shall be determined by lot. If an additional member is added because an additional city or town joins the district, the member's term shall be fixed so that, as far as possible, the terms of one-half of all the members expire on the same date.

Subd. 3. [TAX.] The district may impose a property tax on real and personal property in the district in an amount sufficient to discharge its operating expenses and debt payable in each year, but not to exceed \$25,000 each year. The St. Louis county auditor and treasurer shall collect the tax and pay it to the Floodwood area ambulance district.

Subd. 4. [PUBLIC INDEBTEDNESS.] The district may incur debt in the manner provided for a municipality by Minnesota Statutes, chapter 475, when necessary to accomplish a duty charged to it.

Subd. 5. [WITHDRAWAL.] Upon two years' notice, a city or town may withdraw from the district. Its territory shall remain subject to taxation for debt incurred prior to its withdrawal pursuant to Minnesota Statutes, chapter 475.

Subd. 6. [EFFECTIVE DATE.] This section is effective in the city of Floodwood, and the towns of Floodwood, Van Buren, Halden, Cedar Valley, Ness, Arrowhead, Fine Lakes, and Prairie Lake the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of each. This section is effective for unorganized territory 52-21 the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the St. Louis county board.

Sec. 40. [CITY OF DULUTH; SPECIAL SERVICE DISTRICT.]

Subdivision 1. [DEFINITIONS.] For the purpose of this section, the terms defined in this subdivision have the following meanings:

- (1) "City" means the city of Duluth.
- (2) "Special services" means all services rendered or contracted for by the city, including but not limited to:
 - (i) the construction, repair, maintenance, and operation of any improvements authorized by Minnesota Statutes, sections 429.021 and 469.126;
 - (ii) the acquisition of property within a special service district, including through the use of the power of eminent domain;
 - (iii) the sale or lease of property in the special service district at or below "market rate" for the promotion of development within the district;
 - (iv) parking services rendered or contracted for by the city;
 - (v) promotional services provided or contracted for by the city; and
 - (vi) any other service provided to the public by the city as authorized by law or charter.

(3) "Special service district" means a defined area within the city in which special services are rendered and the costs of special services are paid from revenues collected from service charges imposed within the area as provided in this section.

Subd. 2. [RELATION TO MINNESOTA STATUTES, CHAPTER 428A.] The creation of a special service district under this section must be in accordance with the provisions of Minnesota Statutes, chapter 428A.

Subd. 3. [ESTABLISHMENT OF SPECIAL SERVICE DISTRICT; AREA.] The governing body of the city may establish a special service district in the city. The district shall be bounded on the northwest by Interstate Highway 35, on the northeast by the centerline of Sixth Avenue West and as the same is extended to the United States Harbor Line in St. Louis Bay, on the southeast by said Harbor Line and on the southwest by the centerline of Ninth Avenue West and as the same is extended to said Harbor Line.

Subd. 4. [SERVICE CHARGES; DETERMINATION OF AMOUNT.] Service charges based on the net tax capacity of the property within the district shall be distributed in a manner determined by the city council to be a fair, equitable, and reasonable method of determination, taking into account the character and impact of the services to be provided on each parcel in the district; provided, it shall not be necessary to establish a relationship between any special service charges on a parcel of property and the value of special benefits conferred upon that property.

Subd. 5. [DELEGATION TO ECONOMIC DEVELOPMENT AUTHORITY.] After the creation of a special service district, the city council may, by resolution, delegate the operation of the district to an economic development authority created pursuant to Minnesota Statutes, sections 469.090 to 469.108.

Sec. 41. [PROPERTY ACQUIRED FROM ELECTRIC COOPERATIVE.]

Subdivision 1. [PROPERTY EXEMPTION.] Property owned by a cooperative association, as defined in Minnesota Statutes, section 273.40, that is purchased by a public utility, as defined in Minnesota Statutes, section 216B.02, remains exempt from property taxes, if the property:

(1) was exempt under Minnesota Statutes, section 272.02, subdivision 1, clause (18), or section 273.41 when it was owned by the cooperative association; and

(2) is located in St. Louis, Koochiching, Itasca, and Lake counties.

This exemption applies for three assessment years from the date of purchase. The tax under Minnesota Statutes, section 273.41, continues to apply during the three-year exemption period. The rates charged by the public utility must reflect the property tax exemption provided under this section.

Subd. 2. [LOCAL APPROVAL.] Subdivision 1 is effective in St. Louis, Koochiching, Itasca, and Lake counties the day after the governing body of the county complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 42. [REPORT TO LEGISLATURE.]

By February 1 of each year, the commissioner of revenue shall make a report to the legislature on the use of limited market value under section 273.13, subdivision 1a, and the valuation exclusion under section 273.13,

subdivision 16. For the limited market value provision, the report shall include the total value excluded from taxation by type of property for each city and town. For the valuation exclusion provision, the report shall include the total market value excluded from taxation for each city and town, as well as a breakdown of the excluded improvement amounts by age and value of the property being improved and the amount of the qualifying improvement. The county assessors shall provide the information necessary for the commissioner to compile the report in a manner prescribed by the commissioner.

Sec. 43. [REPEALER.]

(a) Minnesota Statutes 1992, section 272.115, subdivision 1a, is repealed.

(b) Minnesota Statutes 1992, section 273.124, subdivision 16, is repealed.

(c) Minnesota Statutes 1992, section 383C.78, is repealed.

Sec. 44. [EFFECTIVE DATE.]

Section 1 is effective April 1, 1994.

Sections 2, 3, clause (26), and 43, paragraph (b), are effective for taxes levied in 1993, payable in 1994, and thereafter.

Section 3, clause (25), is effective for taxes levied in 1991, payable in 1992, and thereafter. Upon application to and approval by the county auditor, the county treasurer shall refund to the taxpayer any taxes paid for 1992 that are exempt under section 3, clause (25). The refund shall be paid without interest. Each taxing jurisdiction must reimburse the county for the refund in the same proportion as the taxing jurisdiction's levy bears to the total levies of all jurisdictions for taxes payable in 1992. The amount of the reimbursement may be deducted in the next distribution of tax proceeds to the taxing jurisdiction.

Sections 4 to 7, 17, and 43, paragraph (a), are effective the day following final enactment, except that section 17, paragraphs (c) and (d) are effective for taxes payable in 1994 and thereafter.

Sections 8 to 10, 12, 19, 21 to 27, and 30 are effective for 1993 assessments for taxes payable in 1994 and subsequent years, except if provided otherwise.

Section 11, clauses (1) and (2), are effective for the 1992 assessment, taxes payable in 1993 and thereafter. Section 11, clause (3), is effective for the 1993 assessment, taxes payable in 1994 and thereafter.

Section 13 is effective for qualifying improvements made after January 2, 1993.

Sections 14 and 15 are effective for the 1994 assessment, payable in 1995, and thereafter. Notwithstanding Minnesota Statutes, section 273.112, subdivision 6, in order to qualify for valuation under Minnesota Statutes, section 273.112, for the 1994 assessment, the taxpayer of the property devoted to golf and operated by private clubs, that does not meet the requirement of Minnesota Statutes, section 273.112, subdivision 3, for the 1993 assessment year, must submit an affidavit or other written verification to the assessor showing that the bylaws in rules and regulations of the private club meet the eligibility requirements of Minnesota Statutes, section 273.112, by January 1, 1994.

Sections 16 and 18 are effective for assessment year 1994 and subsequent years.

Section 20 is effective for taxes payable in 1995 and thereafter.

Section 28 is effective for taxes payable in 1994 and thereafter.

Section 29 is effective for the 1991 assessment and thereafter, for taxes payable in 1992 and thereafter. For taxes payable in 1992 and 1993, any amounts paid by the property owner in excess of the amounts required by section 29 shall be paid by the county treasurer to the property owner under the abatement procedures.

Section 31 is effective for applications for reductions or abatements filed after the day of final enactment.

Section 33 is effective for assessments certified after July 1, 1993.

Section 40 is effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the city of Duluth.

Section 43, clause (c) is repealed effective January 2, 1993, provided that any improvements made prior to January 2, 1993, shall continue to qualify for the delayed assessment provisions under section 383C.78 for the duration of the period provided in that section.

ARTICLE 3

PROPERTY TAX REFUND

Section 1. Minnesota Statutes 1992, section 290A.03, subdivision 3, is amended to read:

Subd. 3. [INCOME.] (1) "Income" means the sum of the following:

(a) federal adjusted gross income as defined in the Internal Revenue Code; and

(b) the sum of the following amounts to the extent not included in clause (a):

(i) all nontaxable income;

(ii) the amount of a passive activity loss that is not disallowed as a result of section 469, paragraph (i) or (m) of the Internal Revenue Code and the amount of passive activity loss carryover allowed under section 469(b) of the Internal Revenue Code;

(iii) an amount equal to the total of any discharge of qualified farm indebtedness of a solvent individual excluded from gross income under section 108(g) of the Internal Revenue Code;

(iv) cash public assistance and relief;

(v) any pension or annuity (including railroad retirement benefits, all payments received under the federal Social Security Act, supplemental security income, and veterans benefits), which was not exclusively funded by the claimant or spouse, or which was funded exclusively by the claimant or spouse and which funding payments were excluded from federal adjusted gross income in the years when the payments were made;

(vi) interest received from the federal or a state government or any instrumentality or political subdivision thereof;

- (vii) workers' compensation;
- (viii) nontaxable strike benefits;

(ix) the gross amounts of payments received in the nature of disability income or sick pay as a result of accident, sickness, or other disability, whether funded through insurance or otherwise;

(x) a lump sum distribution under section 402(e)(3) of the Internal Revenue Code;

(xi) contributions made by the claimant to an individual retirement account, including a qualified voluntary employee contribution; simplified employee pension plan; self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal Revenue Code; and

- (xii) nontaxable scholarship or fellowship grants.

In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" shall mean federal adjusted gross income reflected in the fiscal year ending in the calendar year. Federal adjusted gross income shall not be reduced by the amount of a net operating loss carryback or carryforward or a capital loss carryback or carryforward allowed for the year.

- (2) "Income" does not include

(a) amounts excluded pursuant to the Internal Revenue Code, sections 101(a), 102, and 121;

(b) amounts of any pension or annuity which was exclusively funded by the claimant or spouse and which funding payments were not excluded from federal adjusted gross income in the years when the payments were made;

(c) surplus food or other relief in kind supplied by a governmental agency;

(d) relief granted under this chapter; or

(e) child support payments received under a temporary or final decree of dissolution or legal separation.

- (3) The sum of the following amounts may be subtracted from income:

(a) for the claimant's first dependent, the exemption amount multiplied by 1.4;

(b) for the claimant's second dependent, the exemption amount multiplied by 1.3;

(c) for the claimant's third dependent, the exemption amount multiplied by 1.2;

(d) for the claimant's fourth dependent, the exemption amount multiplied by 1.1;

(e) for the claimant's fifth dependent, the exemption amount; and

(f) if the claimant or claimant's spouse was disabled or attained the age of 65 prior to June 1 on or before December 31 of the year for which the taxes were levied or rent paid, the exemption amount.

For purposes of this subdivision, the "exemption amount" means the exemption amount under section 151(d) of the Internal Revenue Code of

1986, as amended through December 31, 1991, for the taxable year for which the income is reported.

Sec. 2. Minnesota Statutes 1992, section 290A.03, subdivision 7, is amended to read:

Subd. 7. [DEPENDENT.] "Dependent" means any person who is considered a dependent under sections 151 and 152 of the Internal Revenue Code of 1986, as amended through December 31, 1991. In the case of a son, stepson, daughter, or stepdaughter of the claimant, amounts received as an aid to families with dependent children grant ~~or~~, allowance to or on behalf of the child, *surplus food, or other relief in kind supplied by a governmental agency* must not be taken into account in determining whether the child received more than half of the child's support from the claimant.

Sec. 3. Minnesota Statutes 1992, section 290A.03, subdivision 8, is amended to read:

Subd. 8. [CLAIMANT.] (a) "Claimant" means a person, other than a dependent, *as defined under sections 151 and 152 of the Internal Revenue Code of 1986, as amended through December 31, 1992, disregarding section 152(b)(3) of the Internal Revenue Code*, who filed a claim authorized by this chapter and who was a resident of this state as provided in chapter 290 during the calendar year for which the claim for relief was filed.

(b) In the case of a claim relating to rent constituting property taxes, the claimant shall have resided in a rented or leased unit on which ad valorem taxes or payments made in lieu of ad valorem taxes, including payments of special assessments imposed in lieu of ad valorem taxes, are payable at some time during the calendar year covered by the claim.

(c) "Claimant" shall not include a resident of a nursing home, intermediate care facility, or long-term residential facility whose rent constituting property taxes is paid pursuant to the supplemental security income program under title XVI of the Social Security Act, the Minnesota supplemental aid program under sections 256D.35 to 256D.54, the medical assistance program pursuant to title XIX of the Social Security Act, or the general assistance medical care program pursuant to section 256D.03, subdivision 3. If only a portion of the rent constituting property taxes is paid by these programs, the resident shall be a claimant for purposes of this chapter, but the refund calculated pursuant to section 290A.04 shall be multiplied by a fraction, the numerator of which is income as defined in subdivision 3, paragraphs (1) and (2), reduced by the total amount of income from the above sources other than vendor payments under the medical assistance program or the general assistance medical care program and the denominator of which is income as defined in subdivision 3, paragraphs (1) and (2), plus vendor payments under the medical assistance program or the general assistance medical care program, to determine the allowable refund pursuant to this chapter.

(d) Notwithstanding paragraph (c), if the claimant was a resident of the nursing home, intermediate care facility or long-term residential facility for only a portion of the calendar year covered by the claim, the claimant may compute rent constituting property taxes by disregarding the rent constituting property taxes from the nursing home, intermediate care facility, or long-term residential facility and use only that amount of rent constituting property taxes or property taxes payable relating to that portion of the year when the claimant

was not in the facility. The claimant's household income is the income for the entire calendar year covered by the claim.

(e) In the case of a claim for rent constituting property taxes of a part-year Minnesota resident, the income and rental reflected in this computation shall be for the period of Minnesota residency only. Any rental expenses paid which may be reflected in arriving at federal adjusted gross income cannot be utilized for this computation. When two individuals of a household are able to meet the qualifications for a claimant, they may determine among them as to who the claimant shall be. If they are unable to agree, the matter shall be referred to the commissioner of revenue whose decision shall be final. If a homestead property owner was a part-year Minnesota resident, the income reflected in the computation made pursuant to section 290A.04 shall be for the entire calendar year, including income not assignable to Minnesota.

(f) If a homestead is occupied by two or more renters, who are not husband and wife, the rent shall be deemed to be paid equally by each, and separate claims shall be filed by each. The income of each shall be each renter's household income for purposes of computing the amount of credit to be allowed.

Sec. 4. Minnesota Statutes 1992, section 290A.04, subdivision 2h, is amended to read:

Subd. 2h. (a) If the gross property taxes payable on a homestead increase more than 12 percent over the net property taxes payable in the prior year on the same property that is owned by the same owner in both years, and the amount of that increase is \$80 or more for taxes payable in 1993, and \$100 or more for taxes payable in 1994, 1995, and 1996, a claimant who is a homeowner shall be allowed an additional refund equal to 75 percent of the amount of the increase over the greater of 12 percent of the prior year's net property taxes payable or \$80 for taxes payable in 1993, and 75 percent of the amount of the increase over the greater of 12 percent of the prior year's net property taxes payable or \$100 for taxes payable in 1994, 1995, and 1996. This subdivision shall not apply to any increase in the gross property taxes payable attributable to improvements made to the homestead after the assessment date for the prior year's taxes.

In the case of refunds for property taxes payable in 1993 and thereafter, The maximum refund allowed under this subdivision is \$1,500.

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

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

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

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

On or before December 1, 1993, 1994, and 1995, the commissioner shall estimate the cost of making the payments provided by this subdivision for taxes payable in the following year. Notwithstanding the open appropriation provision of section 290A.23, if the estimated total refund claims for taxes payable in 1994, 1995, and 1996 exceed \$5,500,000; for each of the three years the commissioner shall increase the \$100 amount of tax increase which must occur before a taxpayer qualifies for a refund, and increase by an equal amount the \$100 threshold used in determining the amount of the refund, so that the estimated total refund claims do not exceed \$5,500,000 for taxes payable in 1994, for taxes payable in 1995, or for taxes payable in 1996.

The determinations of the revised thresholds by the commissioner are not rules subject to chapter 14.

Sec. 5. Minnesota Statutes 1992, section 290A.04, is amended by adding a subdivision to read:

Subd. 6. [INFLATION ADJUSTMENT.] Beginning for property tax refunds payable in calendar year 1995, the commissioner shall annually adjust the dollar amounts of the income thresholds and the maximum refund amounts under subdivisions 2 and 2a for inflation. The commissioner shall make the inflation adjustments using the same percentage determined under section 290.06, subdivision 2d, for taxable years beginning during the calendar year. The commissioner shall round the thresholds and maximum refund amounts, as adjusted, to the nearest \$10 amount. If the amount ends in \$5, the commissioner shall round it up to the next \$10 amount.

The commissioner shall annually announce the adjusted refund schedule at the same time provided under section 290.06. The determination of the commissioner under this subdivision is not a rule under the administrative procedure act.

Sec. 6. Minnesota Statutes 1992, section 290A.23, is amended to read:

290A.23 [APPROPRIATION.]

Subdivision 1. [RENTERS CREDIT AND TARGETING.] For payments made before July 1, 1996, there is appropriated from the general fund in the state treasury to the commissioner of revenue the amount necessary to make the payments required under section 290A.04, subdivisions 2a and 2h. For payments made after June 30, 1996, the amount necessary to make the payments required under section 290A.04, subdivision 2a, are appropriated to the commissioner of revenue from the local government trust fund.

Subd. 2. [HOMEOWNERS PROPERTY TAX REFUND AND TARGETING.] There is appropriated from the local government trust fund to the commissioner of revenue the amount necessary to make the payments required under section 290A.04, ~~subdivision~~ subdivisions 2 and 2h.

Sec. 7. [INCREASE IN PROPERTY TAX REFUNDS FOR RENTERS.]

(a) On the basis of the most recent forecast of local government trust fund revenues and expenditures, not including expenditures under this section, the commissioner of finance shall determine on or before July 1, 1994, whether the local government trust fund revenues for fiscal year 1995 will exceed the amount appropriated from the fund. If the amount of revenues are estimated to exceed appropriations, up to the first \$3,000,000 of the excess is appropriated from the local government trust fund to the commissioner of

revenue to increase the payment of property tax refunds to renters under Minnesota Statutes, section 290A.04, subdivision 2a, for claims relating to rent constituting property taxes for rents paid in 1993. The commissioner shall proportionately increase each claimant's refund by an amount the commissioner estimates is sufficient to pay out the additional appropriation. The amount paid to a claimant under this appropriation is not subject to the limitations under Minnesota Statutes, chapter 290A, on the maximum amount of a refund. The additional refund under this section shall be included with the originally authorized refund and paid at the same time as prescribed for the original refund under Minnesota Statutes, section 290A.07. The commissioner's adjustments are final. If, as a result of the commissioner's estimates the additional refund paid under this section exceeds the amount the commissioner originally determined as the available local government trust fund surplus, the excess is appropriated first from any remaining local government trust fund surplus and then, if necessary, from the general fund.

(b) If an additional appropriation is made under the provision of paragraph (a), the commissioner of revenue shall recommend modifications of the property tax refund schedule to the 1995 legislature to provide an equivalent permanent increase in the property tax refund for renters.

Sec. 8. [EFFECTIVE DATE.]

Section 1 is effective for refunds payable for rents paid in 1993 and property taxes payable in 1994, and thereafter.

Sections 2 and 3 are effective for refunds payable for rents paid in 1992 and property taxes payable in 1993, and thereafter.

Section 4 is effective for refunds for property taxes payable in 1994, 1995, and 1996 only.

ARTICLE 4

TRUTH IN TAXATION AND LEVY LIMIT TECHNICAL

Section 1. Minnesota Statutes 1992, section 103B.635, subdivision 2, is amended to read:

Subd. 2. [MUNICIPAL FUNDING OF DISTRICT.] (a) The governing body or board of supervisors of each municipality in the district must provide the funds necessary to meet its proportion of the total cost determined by the board, provided the total funding from all municipalities in the district for the costs shall not exceed an amount equal to .00242 percent of the total taxable market value within the district, unless three-fourths of the municipalities in the district pass a resolution concurring to the additional costs.

(b) A municipality may raise the funds by any means that the municipality has to raise funds. The municipalities may each levy a tax not to exceed .00242 percent of taxable market value on the taxable property located in the district for funding the district. The levy must be within all other limitations provided by law.

(c) The funds must be deposited in the treasury of the district in amounts and at times as the treasurer of the district requires.

Sec. 2. Minnesota Statutes 1992, section 134.001, is amended by adding a subdivision to read:

Subd. 8. [REGIONAL PUBLIC LIBRARY DISTRICT.] "Regional public library district" means a governmental unit formed according to this chapter to operate multicounty public library services.

Sec. 3. [134.201] [REGIONAL LIBRARY DISTRICT.]

Subdivision 1. [ESTABLISHMENT.] Regional public library districts may be established under this section in the areas of the existing Great River Regional library system and the East Central Regional library system. The geographic boundaries shall be those established by the state board of education under section 134.34, subdivision 3.

Subd. 2. [FORMATION.] A regional public library district may be formed by:

(1) approval of a majority of the city councils and boards of county commissioners of the cities and counties that finance regional public library system services and represent a majority of the population to be served; or

(2) a majority of those voting on the issue in the entire area to be served by the district in a referendum called after petitions for the referendum have been filed in each of the local governmental units. Petitions must be signed by eligible voters in a number not less than five percent of the number of persons who voted in the last general election in each city and county that is a party to the system contract or agreement.

A city that is not participating in a regional public library system may join the district by majority vote of the city council or by referendum under clause (2) and with the approval of the board of the regional public library district.

Subd. 3. [TERMINATION.] A regional public library district may be terminated at any time after the district has been in operation for three years. The procedure for termination is the same as that for creation under subdivision 2, clause (2).

Subd. 4. [BOARD.] (a) If the district is formed under subdivision 2, clause (1), the board of the public regional library district shall be composed of one county commissioner or the commissioner's designee from each county in the district's service area and one elected member from each county for each ten percent or a major fraction of the district's population. A majority of the members of the board must be elected members.

(b) If the district is formed under subdivision 2, clause (2), the board of the regional library district shall be composed of one member elected from each county in the district's service area and one member elected from each county for each ten percent or a major fraction of the district's population.

(c) Elected board members shall be elected at large from a county at a November election. Board members elected shall assume office on the following January 2. The term of a member shall be four years, with the terms of an initial board to expire in two years for one-half of the members. The board shall organize itself under section 134.11, subdivision 1. The board has the powers and duties set forth in section 134.11, subdivision 2.

Subd. 5. [GENERAL LEVY AUTHORITY.] The board may levy for operation of public library service. This levy shall replace levies for operation of public library service by cities and counties authorized in section 134.07. The amount levied shall be spread on the net tax capacity of all taxable property in the district at a uniform tax rate.

(a) *The maximum amount that may be levied by a board under this section is the greater of: (1) the statewide average local support per capita for public library services for the most recent reporting period available, as certified by the commissioner of education, multiplied by the population of the district according to the most recent estimate of the state demographer or the metropolitan council; or (2) the total amount provided by participating counties and cities under section 134.34, subdivision 4, during the year preceding the first year of operation.*

(b) *For its first year of operation, the board shall levy an amount not less than the total dollar amount provided by participating cities and counties during the preceding year under section 134.34, subdivision 4.*

Subd. 6. [BASIC SYSTEM SUPPORT GRANT.] *A regional public library district that meets federal and state requirements for a regional library basic system support grant is eligible to receive a grant. A regional library basic system support grant shall not be made to a regional public library district if the district board reduces its levy for operation of public library service below the amount of the levy in the preceding year.*

Subd. 7. [LIBRARY BUILDINGS.] *In addition to the levy authorized in subdivision 5 and all other levies authorized for cities and counties, a city or county served by a library district may levy for the construction, acquisition, maintenance, and utilities costs of library buildings. The board of a district may issue bonds, with an election, according to chapter 475 or levy under this section a special capital levy for capital improvements for a library building. A district may purchase or lease a building to be used for library purposes from a city or county.*

Subd. 8. [BORROW MONEY.] *The board of a district may borrow money and issue tax anticipation certificates as needed to provide library services or for library buildings.*

Subd. 9. [TRANSITION PROVISIONS.] *If a regional public library system is reorganized into a regional public library district there will be a transition period. The transition period shall begin at the time the regional public library system board adopts a resolution that recommends formation of a district to its participants and that sets an effective date for the establishment of the district. During the transition period participating counties and cities must fund public library services under their existing contracts, and planning for administrative changes may occur. The regional public library system board shall continue until the district board members assume their duties, at which time the transition period ends.*

Subd. 10. [ASSUMPTION OF ASSETS, LIABILITIES, AND CONTRACTS.] *Upon assumption of responsibilities by the regional public library district board, the regional public library system assets, liabilities, and existing contracts, including contracts negotiated under chapter 179A, shall become the assets, liabilities, and contracts of the regional public library district board.*

Sec. 4. Minnesota Statutes 1992, section 134.35, subdivision 1, is amended to read:

Subdivision 1. [GRANT APPLICATION.] *Any regional public library system which qualifies according to the provisions of section 134.34 may apply for an annual grant for regional library basic system support. Regional*

public library districts under section 134.201 may not compensate board members using grant funds. The amount of each grant for each fiscal year shall be calculated as provided in this section.

Sec. 5. Minnesota Statutes 1992, section 134.351, subdivision 4, is amended to read:

Subd. 4. [GOVERNANCE.] In any area where the boundaries of a proposed multicounty, multitype library system coincide with the boundaries of the regional library system *or district*, the regional library system *or district* board shall be designated as the governing board for the multicounty, multitype library system. In any area where a proposed multicounty, multitype library system encompasses more than one regional library system *or district*, the governing board of the multicounty, multitype library system shall consist of nine members appointed by the cooperating regional library system *or district* boards from their own membership in proportion to the population served by each cooperating regional library system *or district*. In each multicounty, multitype library system there shall be established an advisory committee consisting of two representatives of public libraries, two representatives of school media services, one representative of special libraries, one representative of public supported academic libraries, and one representative of private academic libraries. The advisory committee shall recommend needed policy to the system governing board.

Sec. 6. Minnesota Statutes 1992, section 204D.19, is amended by adding a subdivision to read:

Subd. 5. [PROHIBITION.] *No special election shall be held under this section on the second Tuesday in December.*

Sec. 7. Minnesota Statutes 1992, section 205.10, is amended by adding a subdivision to read:

Subd. 3. [PROHIBITION.] *No special election shall be held under this section on the second Tuesday in December.*

Sec. 8. Minnesota Statutes 1992, section 205A.05, subdivision 1, is amended to read:

Subdivision 1. [QUESTIONS.] Special elections must be held for a school district on a question on which the voters are authorized by law to pass judgment. The school board may on its own motion call a special election to vote on any matter requiring approval of the voters of a district. Upon petition of 50 or more voters of the school district or five percent of the number of voters voting at the preceding regular school district election, the school board shall by resolution call a special election to vote on any matter requiring approval of the voters of a district. A question is carried only with the majority in its favor required by law. The election officials for a special election are the same as for the most recent school district general election unless changed according to law. Otherwise, special elections must be conducted and the returns made in the manner provided for the school district general election. A special election may not be held during the 30 days before and the 30 days after the state primary or state general election, *or on the second Tuesday in December*. In addition, a special election may not be held during the 20 days before and the 20 days after any regularly scheduled election of a municipality wholly or partially within the school district. Notwithstanding any other law to the contrary, the time period in which a special election must be conducted

under any other law may be extended by the school board to conform with the requirements of this subdivision.

Sec. 9. Minnesota Statutes 1992, 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 after November 10 and on or before November 24 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 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~~ *including regional library districts established under section 134.201, and including the metropolitan taxing districts as defined in paragraph (i), but excluding all other special taxing districts and towns,* will hold a public meeting to receive public testimony on the proposed budget and proposed or final property tax levy, or, in case of a school district, on the current budget and 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. *For 1993, the notice must clearly state that each taxing authority holding a public meeting will describe the increases or decreases of the total budget, including employee and independent contractor compensation in the prior year, current year, and the proposed budget year.*

(d) The notice must state for each parcel:

(1) the market value of the property as ~~defined~~ *determined* under section ~~272.03, subdivision 8~~ *273.11*, and used for computing property taxes payable in the following year and for taxes payable in the current year; and, in the case of residential property, whether the property is classified as homestead or nonhomestead. The notice must clearly inform taxpayers of the years to which the market values apply and that the values are final values;

(2) by county, city or town, school district *excess referenda levy, remaining school district levy, regional library district, if in existence, the total of the metropolitan special taxing districts as defined in paragraph (i) and the sum of the remaining special taxing districts,* and as a total of the taxing authorities, including *all* special taxing districts, the proposed or, for a town, final net tax on the property for taxes payable the following year and the actual tax for taxes payable the current year. *In the case of the city of Minneapolis, the levy for the Minneapolis library board and the levy for Minneapolis park and recreation shall be listed separately from the remaining amount of the city's levy.* In the case of a parcel where tax increment or the fiscal disparities areawide tax applies, the proposed tax levy on the captured value or the proposed tax levy on the tax capacity subject to the areawide tax must each be stated separately and not included in the sum of the special taxing districts; and

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

(e) 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;

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

(5) any additional amount levied in lieu of a local sales and use tax, unless this amount is included in the proposed or final taxes.

(f) Except as provided in subdivision 7, failure of the county auditor to prepare or the county treasurer to deliver the notice as required in this section does not invalidate the proposed or final tax levy or the taxes payable pursuant to the tax levy.

(g) If the notice the taxpayer receives under this section lists the property as nonhomestead and the homeowner provides satisfactory documentation to the county assessor that the property is owned and has been used as the owner's homestead prior to June 1 of that year, the assessor shall reclassify the property to homestead for taxes payable in the following year.

(h) In the case of class 4 residential property used as a residence for lease or rental periods of 30 days or more, the taxpayer must either:

(1) mail or deliver a copy of the notice of proposed property taxes to each tenant, renter, or lessee; or

(2) post a copy of the notice in a conspicuous place on the premises of the property.

(i) For purposes of this subdivision, subdivisions 5a and 6, "metropolitan special taxing districts" means the following taxing districts in the seven-county metropolitan area that levy a property tax for any of the specified purposes listed below:

(1) metropolitan council under section 473.132, 473.167, 473.249, 473.325, 473.521, 473.547, or 473.834;

(2) metropolitan airports commission under section 473.667, 473.671, or 473.672;

(3) regional transit board under section 473.446; and

(4) metropolitan mosquito control commission under section 473.711.

For purposes of this section, any levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A shall be included with the appropriate county's levy and shall be discussed at that county's public hearing.

The notice must be mailed or posted by the taxpayer by November 27 or within three days of receipt of the notice, whichever is later. A taxpayer may notify the county treasurer of the address of the taxpayer, agent, caretaker, or

manager of the premises to which the notice must be mailed in order to fulfill the requirements of this paragraph.

Sec. 10. Minnesota Statutes 1992, section 275.065, subdivision 5a, is amended to read:

Subd. 5a. [PUBLIC ADVERTISEMENT.] (a) A city that has a population of more than 1,000, county, a metropolitan special taxing district as defined in subdivision 3, paragraph (i), a regional library district established under section 134.201, or school district shall advertise in a newspaper a notice of its intent to adopt a budget and property tax levy or, in the case of a school district, to review its current budget and proposed property taxes payable in the following year, at a public hearing. The notice must be published not less than two business days nor more than six business days before the hearing.

For a city that has a population of more than 1,000 but less than 2,500 the advertisement must be at least one-eighth page in size of a standard-size or a tabloid-size newspaper. The first headline in the advertisement stating the notice of proposed property taxes and the notice of public hearing must be in a type no smaller than 14-point, and the second headline must be in a type no smaller than 12-point. The text of the advertisement must be no smaller than 10-point, except that the property tax amounts and percentages may be in 9-point type.

For a city that has a population of 2,500 or more, a county or a school district, the first headline in the advertisement stating the notice of proposed property taxes and the notice of public hearing must be in a type no smaller than 30-point, and the second headline must be in a type no smaller than 22-point. The text of the advertisement must be no smaller than 14-point, except that the property tax amounts and percentages may be in 12-point type.

The advertisement must be at least one-eighth page in size of a standard-size or a tabloid-size newspaper. The advertisement must not be placed in the part of the newspaper where legal notices and classified advertisements appear. The advertisement must be published in an official newspaper of general circulation in the taxing authority. The newspaper selected must be one of general interest and readership in the community, and not one of limited subject matter. The advertisement must appear in a newspaper that is published at least once per week.

For purposes of this section, the metropolitan special taxing district's advertisement must only be published in the Minneapolis Star and Tribune and the St. Paul Pioneer Press.

(b) The advertisement must be in the following form, except that the notice for a school district may include references to the current budget in regard to proposed property taxes.

"NOTICE OF
PROPOSED PROPERTY TAXES

(City/County/School District/Metropolitan
Special Taxing District/Regional
Library District) of

The governing body of will soon hold budget hearings and vote on the

property taxes for (city/county/metropolitan special taxing district/regional library district services that will be provided in 199__ /school district services that will be provided in 199__ and 199__).

NOTICE OF PUBLIC HEARING:

All concerned citizens are invited to attend a public hearing and express their opinions on the proposed (city/county/school district/metropolitan special taxing district/regional library district) budget and property taxes, or in the case of a school district, its current budget and proposed property taxes, payable in the following year. The hearing will be held on (Month/Day/Year) at (Time) at (Location, Address)."

(c) A city with a population of 1,000 or less must advertise by posted notice as defined in section 645.12, subdivision 1. The advertisement must be posted at the time provided in paragraph (a). It must be in the form required in paragraph (b).

(d) For purposes of this subdivision, the population of a city is the most recent population as determined by the state demographer under section 4A.02.

(e) The commissioner of revenue, subject to the approval of the chairs of the house and senate tax committees, shall prescribe the form and format of the advertisement.

(f) For calendar year 1993, each taxing authority required to publish an advertisement must include on the advertisement a statement that information on the increases or decreases of the total budget, including employee and independent contractor compensation in the prior year, current year, and proposed budget year will be discussed at the hearing.

(g) Notwithstanding paragraph (f), for 1993, the commissioner of revenue shall prescribe the form, format, and content of an advertisement comparing current and proposed expense budgets for the metropolitan council, the metropolitan airports commission, the metropolitan mosquito control commission, and the regional transit board. The expense budget must include occupancy, personnel, contractual and capital improvement expenses. The form, format, and content of the advertisement must be approved by the chairs of the house and senate tax committees prior to publication.

Sec. 11. Minnesota Statutes 1992, section 275.065, subdivision 6, is amended to read:

Subd. 6. [PUBLIC HEARING; ADOPTION OF BUDGET AND LEVY.] Between November 29 and December 20, the governing bodies of the city and county, metropolitan special taxing districts as defined in subdivision 3, paragraph (i), and regional library districts shall each hold a public hearing to adopt discuss and seek public comment on 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 review its current budget and adopt its proposed property tax levy for taxes payable in the following year. The metropolitan special taxing districts shall be required to hold only a single joint public hearing, the location of which will be determined by the affected metropolitan agencies.

At the a subsequent 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, metropolitan special taxing district, regional library district, 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 124.82, subdivision 3, 124A.03, subdivision 2, 124B.03, subdivision 2, or 136C.411, after the proposed levy was certified;

(2) the amount of a city or county levy approved by the voters 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 under this subdivision, 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. At the hearing held in 1993 only, specific information for previous year, current year, and proposed budget year must be presented on:

(i) percent of total proposed budget representing total compensation cost;

(ii) numbers of employees by general classification, and whether full or part time;

(iii) number and budgeted expenditures for independent contractors; and

(iv) the effect of budget increases or decreases on the proposed property tax levy.

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. At a subsequent hearing, the governing body, other than the governing body of a school district, shall adopt its final property tax levy prior to adopting its final budget.

If the hearing is not completed on its scheduled date, the taxing authority must announce, prior to adjournment of the hearing, the date, time, and place for the continuation of the hearing. The continued hearing must be held at

least five business days but no more than 14 business days after the original hearing.

The hearing must be held after 5:00 p.m. if scheduled on a day other than Saturday. No hearing may be held on a Sunday. The governing body of a county shall hold ~~its~~ a hearing on the second Tuesday in December each year, *and may hold additional hearings on other dates before December 20 if necessary for the convenience of county residents.* The county auditor shall provide for the coordination of hearing dates for all cities and school districts within the county.

By August ~~15~~ 10, each school board *and the board of the regional library district* shall certify to the county auditors of the counties in which the school district *or regional library district* is located the dates on which it elects to hold its hearings and any continuations. If a school board *or regional library district* does not certify the dates by August ~~15~~ 10, the auditor will assign the hearing date. The dates elected or assigned must not conflict with the county hearing dates. *The county auditor shall coordinate with the metropolitan special taxing districts as defined in subdivision 3, paragraph (i), a date on which the metropolitan special taxing districts will hold their joint public hearing and any continuation.* By August 20, the county auditor shall notify the clerks of the cities within the county of the dates on which school districts, *metropolitan special taxing districts, and regional library 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. The city must not select dates that conflict with the county hearing dates, *metropolitan special taxing district dates,* or with those elected by or assigned to the school districts *or regional library district* in which the city is located.

The county hearing dates and the city, *metropolitan special taxing district, regional library district,* and school district hearing dates must be designated on the notices required under subdivision 3. The continuation dates need not be stated on the notices.

This subdivision does not apply to towns and special taxing districts *other than regional library districts and metropolitan special taxing districts.*

Notwithstanding the requirements of this section, the employer is required to meet and negotiate over employee compensation as provided for in chapter 179A.

Sec. 12. Minnesota Statutes 1992, section 275.065, is amended by adding a subdivision to read:

Subd. 8. [HEARING.] *Notwithstanding any other provision of law, Ramsey county, the city of St. Paul, and independent school district No. 625 are authorized to and shall hold their public hearing jointly. The hearing must be held on the second Tuesday of December each year. The advertisement required in subdivision 5a may be a joint advertisement. The hearing is otherwise subject to the requirements of this section.*

Ramsey county is authorized to hold an additional hearing or hearings as provided under this section, provided that any additional hearings must not conflict with the hearing dates of the other taxing districts. However, if Ramsey county elects not to hold such additional hearing or hearings, the

joint hearing required by this subdivision must be held in a St. Paul location convenient to residents of Ramsey county.

Sec. 13. Minnesota Statutes 1992, 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, the total of the metropolitan special taxing districts as defined in section 275.065, subdivision 3, paragraph (i), school district excess referenda levy, remaining school district levy, and the total of other voter approved referenda levies based on market value under section 275.61* must be separately stated. The amounts due *all other special taxing districts*, if any, may be aggregated. The dollar amounts, including the dollar amount of any special assessments, may be rounded to the nearest even whole dollar. For purposes of this section whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar. The statement shall include the following sentence, printed in upper case letters in boldface print: "THE STATE OF MINNESOTA DOES NOT RECEIVE ANY PROPERTY TAX REVENUES. THE STATE OF MINNESOTA REDUCES YOUR PROPERTY TAX BY PAYING CREDITS AND REIMBURSEMENTS TO LOCAL UNITS OF GOVERNMENT."

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

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

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

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

(3) a total of the following aids:

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

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

(iii) disparity reduction aid under section 273.1398;

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

payable in 1989 under section 273.13, and the agricultural credit under section 273.132 for taxes payable in 1989;

(5) any credits received under sections 273.119; 273.123; 273.135; 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit received under section 273.135 must be separately stated and identified as "taconite tax relief"; and

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

(7) any additional amount of tax authorized under sections 124A.03, subdivision 2a, and 275.61. These amounts shall be listed as "voter approved referenda levies."

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. 14. [383A.75] [JOINT PROPERTY TAX ADVISORY COMMITTEE.]

Subdivision 1. [CREATION.] There is created the joint property tax advisory committee.

Subd. 2. [MEMBERSHIP.] The membership of the committee consists of the mayor and up to three members of the city council of the city of St. Paul; the county manager and up to three members of the county board of Ramsey county; and the superintendent and up to three members of the board of education of independent school district No. 625. The chair of the Ramsey county league of local governments shall be a nonvoting ex officio member. The committee shall be convened by the mayor of St. Paul, and at the first meeting, the chair for the first year must be determined by lot, and thereafter, the chair must annually rotate among the mayor or designee, the superintendent or designee, and the county manager or designee.

Subd. 3. [DUTIES.] The committee is authorized to and shall meet from time to time to make appropriate recommendations for the efficient and effective use of property tax dollars raised by the jurisdictions for programs, buildings, and operations. In addition, the committee shall:

(1) identify trends and factors likely to be driving budget outcomes over the next five years with recommendations for how the jurisdictions should manage those trends and factors to increase efficiency and effectiveness;

(2) agree, by August 1 of each year, on the appropriate level of overall property tax levy for the three jurisdictions and publicly report such to the governing bodies of each jurisdiction for ratification or modification by resolution;

(3) plan for the joint truth-in-taxation hearings under section 275.065, subdivision 8; and

(4) identify, by December 31 of each year, areas of the budget to be targeted in the coming year for joint review to improve services or achieve efficiencies.

In carrying out its duties, the committee shall consult with public employees

of each jurisdiction and with other stakeholders of the city, county, and school district, as appropriate.

Subd. 4. [STAFF; FUNDING.] The committee must be staffed by employees as designated by each jurisdiction. The committee may also seek public or private funding from any source to assist its work and may utilize volunteer help as appropriate.

Subd. 5. [RECOGNITION OF INNOVATIVE EFFORTS BY LOCAL EMPLOYEES.] The committee may use public or private funding to recognize or reward efforts by local government employees to restructure service delivery to improve efficiency or achieve cost savings.

Sec. 15. Minnesota Statutes 1992, section 473.13, subdivision 1, is amended to read:

Subdivision 1. [BUDGET.] On or before ~~October 4~~ December 20 of each year the council, after ~~a~~ the public hearing required in section 275.065, shall adopt a final budget covering its anticipated receipts and disbursements for the ensuing year and shall decide upon the total amount necessary to be raised from ad valorem tax levies to meet its budget. The budget shall state in detail the expenditures for each program to be undertaken, including the expenses for salaries, consultant services, overhead, travel, printing, and other items. The budget shall state in detail the capital expenditures of the council for the budget year, based on a five-year capital program adopted by the council and transmitted to the legislature. After adoption of the budget, an increase of over \$10,000 in the council's budget, a program or department budget, or a budget item, must be approved by the council before the increase is allowed or the funds obligated. After adoption of the budget and no later than ~~October 4~~ five working days after December 20, the council shall certify to the auditor of each metropolitan county the share of the tax to be levied within that county, which must be an amount bearing the same proportion to the total levy agreed on by the council as the net tax capacity of the county bears to the net tax capacity of the metropolitan area. The maximum amount of any levy made for the purpose of this chapter may not exceed the limits set by sections 473.167 and 473.249.

Sec. 16. Minnesota Statutes 1992, section 473.1623, subdivision 3, is amended to read:

Subd. 3. [FINANCIAL REPORT.] By ~~December~~ February 15 of even-numbered years, the council, in consultation with the advisory committee, shall publish a consolidated financial report for the council and all metropolitan agencies and their functions, services, and systems. The financial report must cover the calendar year in which the report is published and the ~~two~~ three years preceding and ~~three~~ two years succeeding that year. The financial report must contain the following information, for each agency, function, or system, respectively, and in the aggregate, in a consistent format that allows comparison over time and among agencies in expenditure and revenue categories:

(1) financial policies, goals, and priorities;

(2) levels and allocation of public expenditure, including capital, debt, operating, and pass-through funds, stated in the aggregate and by appropriate functional, programmatic, administrative, and geographic categories, and the changes in expenditure levels and allocations that the report represents;

- (3) the resources available under existing fiscal policy;
- (4) additional resources, if any, that are or may be required;
- (5) changes in council or agency policies on regional sources of revenue and in levels of debt, user charges, and taxes;
- (6) other changes in existing fiscal policy, on regional revenues and intergovernmental aids respectively, that are expected or that have been or may be recommended by the council or the respective agencies;
- (7) an analysis that links, as far as practicable, the uses of funds and the sources of funds, by appropriate categories and in the aggregate;
- (8) a description of how the fiscal policies effectuate current policy and implementation plans of the council and agencies concerned; and.
- (9) a summary of significant changes in council and agency finance and an analysis of fiscal trends.

The council shall present the report for discussion and comment at a public meeting in the metropolitan area and request, in writing, an opportunity to make presentations on the report before appropriate committees of the legislature.

Sec. 17. Minnesota Statutes 1992, section 473.167, subdivision 4, is amended to read:

Subd. 4. [STATE REVIEW.] *The commissioner of revenue shall certify the council's levy limitation under this section to the council by August 1 of the levy year. The council must certify its proposed property tax levy to the commissioner of revenue by August 4 September 1 of the levy year. The commissioner of revenue shall annually determine whether the property tax for the right-of-way acquisition loan fund certified by the metropolitan council for levy following the adoption of its proposed budget is within the levy limitation imposed by this section. The determination must be completed prior to September 4 10 of each year. If current information regarding market valuation in any county is not transmitted to the commissioner in a timely manner, the commissioner may estimate the current market valuation within that county for purposes of making the calculation.*

Sec. 18. Minnesota Statutes 1992, section 473.249, subdivision 2, is amended to read:

Subd. 2. *The commissioner of revenue shall certify the council's levy limitation under this section to the council by August 1 of the levy year. The council must certify its proposed property tax levy to the commissioner of revenue by August 4 September 1 of the levy year. The commissioner of revenue shall annually determine whether the ad valorem property tax certified by the metropolitan council for levy following the adoption of its proposed budget is within the levy limitation imposed by this section. The determination shall be completed prior to September 4 10 of each year. If current information regarding gross tax capacity in any county is not transmitted to the commissioner in a timely manner, the commissioner may estimate the current gross tax capacity within that county for purposes of making the calculation.*

Sec. 19. Minnesota Statutes 1992, section 473.446, subdivision 8, is amended to read:

Subd. 8. [STATE REVIEW.] The board must certify its property tax levy to the commissioner of revenue by August 1 of the levy year. The commissioner of revenue shall annually determine whether the property tax for general purposes certified by the regional transit board for levy following the adoption of its budget is within the levy limitation imposed by subdivision 1. The commissioner shall also annually determine whether the transit tax imposed on all taxable property within the metropolitan transit area but outside of the metropolitan transit taxing district is within the levy limitation imposed by subdivision 1a. The determination must be completed prior to September 4 10 of each year. If current information regarding market valuation in any county is not transmitted to the commissioner in a timely manner, the commissioner may estimate the current market valuation within that county for purposes of making the calculations.

Sec. 20. Minnesota Statutes 1992, section 473.741, subdivision 5, is amended to read:

Subd. 5. [STATE REVIEW.] The commission must certify its property tax levy to the commissioner of revenue by August 1 of the levy year. The commissioner of revenue shall annually determine whether the property tax certified by the metropolitan mosquito control commission for levy following the adoption of its budget is within the levy limitation imposed by subdivision 2. The determination must be completed prior to September 4 10 of each year. If current information regarding market valuation in any county is not transmitted to the commissioner in a timely manner, the commissioner may estimate the current market valuation within that county for purposes of making the calculation.

Sec. 21. Laws 1953, chapter 387, section 1, is amended to read:

Section 1. [Library board, Minneapolis.] The library board of any city now or hereafter having more than 450,000 inhabitants may levy annually on all real and personal property within such city a tax not exceeding four mills on each dollar of the assessed valuation of such city for the establishment, maintenance and government of the libraries of such city, and for the payment of all other expenses proper and incidental to the establishment, maintenance and government of such libraries. The tax herein authorized to be levied shall not at any time be in excess of the maximum rate of taxation fixed for the purposes herein mentioned by any board or department of any such city upon whom the duty of fixing the maximum rate of taxation for the various boards and departments thereof is placed by the charter of such city. For the purpose of determining such tax limitations the property classified as Class 3b or as Class 3e by Section 273.13 M.S. may be computed at 33 1/3 percent and 40 percent, respectively, of the full and true value of such real property is not subject to any limitations on levies in the city charter.

Sec. 22. Laws 1969, chapter 561, section 1, is amended to read:

Section 1. [Minneapolis, city of; park improvement fund; tax levy.] The board of park commissioners of the City of Minneapolis may create a park improvement fund to be maintained by an annual tax levy on the real and personal property of the city not exceeding six-tenths of a mill on each dollar of the assessed valuation of the city. The amount of any such levy shall be subject to the supervision of any fiscal control agency which is now or hereafter provided in the charter of any such city, but is not subject to any charter limitation on the amount of levies for this purpose.

Sec. 23. Laws 1971, chapter 373, section 1, is amended to read:

Section 1. [MINNEAPOLIS, CITY OF; TAX LEVY FOR PARK AND RECREATION FACILITIES.] Subdivision 1. The park and recreation board of the city of Minneapolis may levy annually on the real and personal property of the city a tax ~~not exceeding 8.7 mills on each dollar of the assessed valuation of the city for the purpose of acquiring, equipping, improving, maintaining, operating, and governing parks, parkways, playgrounds and other recreational facilities, and conducting recreational programs for the public use.~~

Sec. 24. Laws 1971, chapter 373, section 2, is amended to read:

Sec. 2. Any levy under this act shall ~~not~~ be in addition to any levy now authorized for any of such purposes by the charter of the city or by Laws 1969, Chapter 592; the amount of such levy shall be subject to the supervision of any fiscal control agency which is now or hereafter provided in the charter of any such city. All taxes so levied shall be certified to the county auditor on or before ~~October 10~~ *September 1* each year, and shall be collected with, and the payment thereof enforced, in the same manner as the general tax and with like penalties and interest.

Sec. 25. Laws 1971, chapter 455, section 1, is amended to read:

Section 1. [MINNEAPOLIS, CITY OF; PARKS AND PARKWAYS; MAINTENANCE FUND; CREATION OF FUND, TAX LEVY.] The park and recreation board of the city of Minneapolis may create a park rehabilitation and parkway maintenance fund to be maintained by an annual tax levy on the real and personal property of the city ~~not exceeding 1.1 mills on each dollar of the assessed valuation of the city.~~ The amount of any such levy shall be subject to the supervision of any fiscal control agency which is now or hereafter provided in the charter of any such city, *but is not subject to any charter limitations on the amount of levies for this purpose.*

Sec. 26. [CANCELLATION OF LEVY LIMIT PENALTIES.]

Any penalty imposed on a local government under Minnesota Statutes 1990, section 275.51, subdivision 4, is canceled provided that (1) the penalty has not been collected from aid payments to the local government by the end of calendar year 1992 and (2) the local government is not certified to receive any aid in 1993 from which the penalty can be collected.

Sec. 27. [APPLICATION.]

The provisions of this article relating to metropolitan taxing districts apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 28. [REPEALER.]

Laws 1953, chapter 387, section 2; Laws 1963, chapter 603, section 1; and Laws 1969, chapter 592, sections 1, 2, and 3, are repealed.

Sec. 29. [EFFECTIVE DATE.]

Sections 1, 6 to 8, 13, 15 to 25, 27, and 28 are effective for taxes levied in 1993, payable in 1994 and thereafter.

Section 3, subdivision 5, and the provisions of sections 9 to 11 relating to regional library districts are effective for property taxes levied in 1994,

payable in 1995, and thereafter. The other provisions of sections 9 to 11 are effective for property taxes levied in 1993, payable in 1994 and thereafter.

Sections 12 and 14 are effective the day following final enactment and without local approval, as provided in Minnesota Statutes, section 645.023, subdivision 1, clause (a), and shall expire after December 31, 1997.

Section 26 is effective beginning with aids payable in calendar year 1993.

ARTICLE 5

INCOME TAX AND FEDERAL UPDATE

Section 1. Minnesota Statutes 1992, section 289A.09, is amended by adding a subdivision to read:

Subd. 3. [FEDERAL ANNUITIES; TAX WITHHOLDING REQUEST.] The commissioner of revenue shall participate with the United States Office of Personnel Management in a program of voluntary state income tax withholding on the federal annuities of retired federal employees. Upon the request of the taxpayer to the commissioner of revenue, and only on request of the taxpayer, the commissioner shall provide for state income tax withholding on federal annuities paid to the taxpayer.

Sec. 2. Minnesota Statutes 1992, section 289A.20, subdivision 2, is amended to read:

Subd. 2. [WITHHOLDING FROM WAGES, ENTERTAINER WITHHOLDING, WITHHOLDING FROM PAYMENTS TO OUT-OF-STATE CONTRACTORS, AND WITHHOLDING BY PARTNERSHIPS AND SMALL BUSINESS CORPORATIONS.] (a) A tax required to be deducted and withheld during the quarterly period must be paid on or before the last day of the month following the close of the quarterly period, unless an earlier time for payment is provided. A tax required to be deducted and withheld from compensation of an entertainer and from a payment to an out-of-state contractor must be paid on or before the date the return for such tax must be filed under section 289A.18, subdivision 2. Taxes required to be deducted and withheld by partnerships and S corporations must be paid on or before the date the return must be filed under section 289A.18, subdivision 2.

(b)(1) Unless clause (2) applies, if during any calendar month, other than the last month of the calendar quarter, the aggregate amount of the tax withheld during that quarter under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, exceeds \$500, the employer shall deposit the aggregate amount with the commissioner within 15 days after the close of the calendar month.

(2) If at the close of any eighth-monthly period the aggregate amount of undeposited taxes is \$3,000 or more, the employer, or person withholding tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, shall deposit the undeposited taxes with the commissioner within three banking days after the close of the eighth-monthly period. For purposes of this clause, the term "eighth-monthly period" means the first three days of a calendar month, the fourth day through the seventh day of a calendar month, the eighth day through the 11th day of a calendar month, the 12th day through the 15th day of a calendar month, the 16th day through the 19th day of a calendar month, the 20th day through the 22nd day of a calendar month, the 23rd day through the 25th day of a calendar month, or the part of a calendar month

~~following the 25th day of the month.~~ An employer who, during the previous quarter, withheld more than \$500 of tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, must deposit tax withheld under those sections with the commissioner within the time allowed to deposit the employer's federal withheld employment taxes under Treasury Regulation, section 31.6302-1, without regard to the safe harbor or de minimus rules in subparagraph (f) or the one-day rule in subsection (c), clause (3). Taxpayers must submit a copy of their federal notice of deposit status to the commissioner upon request by the commissioner.

(c) The commissioner may prescribe by rule other return periods or deposit requirements. In prescribing the reporting period, the commissioner may classify payors according to the amount of their tax liability and may adopt an appropriate reporting period for the class that the commissioner judges to be consistent with efficient tax collection. In no event will the duration of the reporting period be more than one year.

(d) If less than the correct amount of tax is paid to the commissioner, proper adjustments with respect to both the tax and the amount to be deducted must be made, without interest, in the manner and at the times the commissioner prescribes. If the underpayment cannot be adjusted, the amount of the underpayment will be assessed and collected in the manner and at the times the commissioner prescribes.

(e) If the aggregate amount of the tax withheld during a fiscal year ending June 30 under section 290.92, subdivision 2a or 3, is equal to or exceeds \$240,000, the employer must remit each required deposit in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the deposit is due. If the date the deposit is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the deposit is due.

Sec. 3. Minnesota Statutes 1992, section 289A.26, subdivision 7, is amended to read:

Subd. 7. [REQUIRED INSTALLMENTS.] (a) Except as otherwise provided in this subdivision, the amount of a required installment is 25 percent of the required annual payment.

(b) Except as otherwise provided in this subdivision, the term "required annual payment" means the lesser of:

(1)(i) for tax years beginning in calendar year 1992, 93 97 percent of the tax shown on the return for the taxable year, or, if no return is filed, 93 97 percent of the tax for that year;

(ii) for tax years beginning after December 31, 1992, 95 percent of the tax shown on the return for the taxable year, or if no return is filed 95 percent of the tax for that year; or

(2) 100 percent of the tax shown on the return of the entity for the preceding taxable year provided the return was for a full 12-month period, showed a liability, and was filed by the entity.

(c) Except for determining the first required installment for any taxable year, paragraph (b), clause (2), does not apply in the case of a large

corporation. The term "large corporation" means a corporation or any predecessor corporation that had taxable net income of \$1,000,000 or more for any taxable year during the testing period. The term "testing period" means the three taxable years immediately preceding the taxable year involved. A reduction allowed to a large corporation for the first installment that is allowed by applying paragraph (b), clause (2), must be recaptured by increasing the next required installment by the amount of the reduction.

(d) In the case of a required installment, if the corporation establishes that the annualized income installment is less than the amount determined in paragraph (a), the amount of the required installment is the annualized income installment and the recapture of previous quarters' reductions allowed by this paragraph must be recovered by increasing later required installments to the extent the reductions have not previously been recovered.

(e) The "annualized income installment" is the excess, if any, of:

(1) an amount equal to the applicable percentage of the tax for the taxable year computed by placing on an annualized basis the taxable income:

(i) for the first two months of the taxable year, in the case of the first required installment;

(ii) for the first two months or for the first five months of the taxable year, in the case of the second required installment;

(iii) for the first six months or for the first eight months of the taxable year, in the case of the third required installment; and

(iv) for the first nine months or for the first 11 months of the taxable year, in the case of the fourth required installment, over

(2) the aggregate amount of any prior required installments for the taxable year.

(3) For the purpose of this paragraph, the annualized income shall be computed by placing on an annualized basis the taxable income for the year up to the end of the month preceding the due date for the quarterly payment multiplied by 12 and dividing the resulting amount by the number of months in the taxable year (2, 5, 6, 8, 9, or 11 as the case may be) referred to in clause (1).

(4) The "applicable percentage" used in clause (1) is:

For the following
required installments:

The applicable
percentage is:

	for tax years beginning in 1992	for tax years beginning after December 31, 1992
1st	23.25 24.25	23.75
2nd	46.5 48.5	47.5
3rd	69.75 72.75	71.25
4th	93 97	95

(f)(1) If this paragraph applies, the amount determined for any installment must be determined in the following manner:

(i) take the taxable income for the months during the taxable year preceding the filing month;

(ii) divide that amount by the base period percentage for the months during the taxable year preceding the filing month;

(iii) determine the tax on the amount determined under item (ii); and

(iv) multiply the tax computed under item (iii) by the base period percentage for the filing month and the months during the taxable year preceding the filing month.

(2) For purposes of this paragraph:

(i) the "base period percentage" for a period of months is the average percent that the taxable income for the corresponding months in each of the three preceding taxable years bears to the taxable income for the three preceding taxable years;

(ii) the term "filing month" means the month in which the installment is required to be paid;

(iii) this paragraph only applies if the base period percentage for any six consecutive months of the taxable year equals or exceeds 70 percent; and

(iv) the commissioner may provide by rule for the determination of the base period percentage in the case of reorganizations, new corporations, and other similar circumstances.

(3) In the case of a required installment determined under this paragraph, if the entity determines that the installment is less than the amount determined in paragraph (a), the amount of the required installment is the amount determined under this paragraph and the recapture of previous quarters' reductions allowed by this paragraph must be recovered by increasing later required installments to the extent the reductions have not previously been recovered.

Sec. 4. Minnesota Statutes 1992, section 289A.50, subdivision 5, is amended to read:

Subd. 5. [WITHHOLDING OF REFUNDS FROM CHILD SUPPORT AND MAINTENANCE DEBTORS.] (a) If a court of this state finds that a person obligated to pay child support or maintenance is delinquent in making payments, the amount of child support or maintenance unpaid and owing, including attorney fees and costs incurred in ascertaining or collecting child support or maintenance, must be withheld from a refund due the person under chapter 290. The public agency responsible for child support enforcement or the parent or guardian of a child for whom the support, attorney fees, and costs are owed or the party to whom maintenance, attorney fees, and costs are owed may petition the district or county court for an order providing for the withholding of the amount of child support, maintenance, attorney fees, and costs unpaid and owing as determined by court order. The person from whom the refund may be withheld must be notified of the petition under the rules of civil procedure before the issuance of an order under this subdivision. The order may be granted on a showing to the court that required support or maintenance payments, attorney fees, and costs have not been paid when they were due.

(b) On order of the court, the commissioner shall withhold the money from the refund due to the person obligated to pay the child support or maintenance. The amount withheld shall be remitted to the public agency responsible for child support enforcement or to, the parent or guardian petitioning on

behalf of the child, *or the party to whom maintenance is owed*, after any delinquent tax obligations of the taxpayer owed to the revenue department have been satisfied and after deduction of the fee prescribed in section 270A.07, subdivision 1. An amount received by the responsible public agency, or the petitioning parent or guardian, *or the party to whom maintenance is owed*, in excess of the amount of public assistance spent for the benefit of the child to be supported, or the amount of any support, *maintenance*, attorney fees, and costs that had been the subject of the claim under this subdivision that has been paid by the taxpayer before the diversion of the refund, must be paid to the person entitled to the money. If the refund is based on a joint return, the part of the refund that must be paid to the petitioner is the proportion of the total refund that equals the proportion of the total federal adjusted gross income of the spouses that is the federal adjusted gross income of the spouse who is delinquent in making the child support *or maintenance* payments.

(c) A petition filed under this subdivision remains in effect with respect to any refunds due under this section until the support ~~money~~ *or maintenance*, attorney fees, and costs have been paid in full or the court orders the commissioner to discontinue withholding the money from the refund due the person obligated to pay the support *or maintenance*, attorney fees, and costs. If a petition is filed under this subdivision *concerning child support* and a claim is made under chapter 270A with respect to the individual's refund and notices of both are received before the time when payment of the refund is made on either claim, the claim relating to the liability that accrued first in time must be paid first. The amount of the refund remaining must then be applied to the other claim.

Sec. 5. Minnesota Statutes 1992, section 290.01, subdivision 7, is amended to read:

Subd. 7. [RESIDENT.] The term "resident" means (1) any individual domiciled in Minnesota, except that an individual is not a "resident" for the period of time that the individual is a "qualified individual" as defined in section 911(d)(1) of the Internal Revenue Code of 1986, as amended through December 31, 1991, ~~unless, during that period, a Minnesota homestead application is filed for property in which the individual has an interest if the qualified individual notifies the county within three months of moving out of the country that homestead status be revoked for the Minnesota residence of the qualified individual, and the property is not classified as a homestead while the individual remains a qualified individual;~~ and (2) any individual domiciled outside the state who maintains a place of abode in the state and spends in the aggregate more than one-half of the tax year in Minnesota, unless the individual or the spouse of the individual is in the armed forces of the United States, or the individual is covered under the reciprocity provisions in section 290.081.

For purposes of this subdivision, presence within the state for any part of a calendar day constitutes a day spent in the state. Individuals shall keep adequate records to substantiate the days spent outside the state.

The term "abode" means a dwelling maintained by an individual, whether or not owned by the individual and whether or not occupied by the individual, and includes a dwelling place owned or leased by the individual's spouse.

Sec. 6. Minnesota Statutes 1992, section 290.01, subdivision 19, is amended to read:

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

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

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

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

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

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

The Internal Revenue Code of 1986, as amended through December 31, 1987, shall be in effect for taxable years beginning after December 31, 1987. The provisions of sections 4001, 4002, 4011, 5021, 5041, 5053, 5075, 6003, 6008, 6011, 6030, 6031, 6033, 6057, 6064, 6066, 6079, 6130, 6176, 6180, 6182, 6280, and 6281 of the Technical and Miscellaneous Revenue Act of 1988, Public Law Number 100-647, the provisions of sections 7815 and 7821 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, and the provisions of section 11702 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, shall become effective at the time they become effective for federal tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1988, shall be in effect for taxable years beginning after December 31, 1988. The provisions of sections 7101, 7102, 7104, 7105, 7201, 7202, 7203, 7204, 7205, 7206, 7207, 7210, 7211, 7301, 7302, 7303, 7304, 7601, 7621, 7622, 7641, 7642, 7645, 7647, 7651, and 7652 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, the provision of section 1401 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Public Law Number 101-73, and the provisions of sections 11701 and

11703 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, shall become effective at the time they become effective for federal tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1989, shall be in effect for taxable years beginning after December 31, 1989. The provisions of sections 11321, 11322, 11324, 11325, 11403, 11404, 11410, and 11521 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1990, shall be in effect for taxable years beginning after December 31, 1990.

The Internal Revenue Code of 1986, as amended through December 31, 1991, shall be in effect for taxable years beginning after December 31, 1991.

The provisions of sections 1936 and 1937 of the Comprehensive National Energy Policy Act of 1992, Public Law Number 102-486, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1992, shall be in effect for taxable years beginning after December 31, 1992.

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

Sec. 7. Minnesota Statutes 1992, section 290.01, subdivision 19a, is amended to read:

Subd. 19a. [ADDITIONS TO FEDERAL TAXABLE INCOME.] For individuals, estates, and trusts, there shall be added to federal taxable income:

(1)(i) interest income on obligations of any state other than Minnesota or a political or governmental subdivision, municipality, or governmental agency or instrumentality of any state other than Minnesota exempt from federal income taxes under the Internal Revenue Code or any other federal statute, and

(ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code, except the portion of the exempt-interest dividends derived from interest income on obligations of the state of Minnesota or its political or governmental subdivisions, municipalities, governmental agencies or instrumentalities, but only if the portion of the exempt-interest dividends from such Minnesota sources paid to all shareholders represents 95 percent or more of the exempt-interest dividends that are paid by the regulated investment company as defined in section 851(a) of the Internal Revenue Code, or the fund of the regulated investment company as defined in section 851(h) of the Internal Revenue Code, making the payment; and

(iii) *for the purposes of items (i) and (ii), interest on obligations of an Indian tribal government described in section 7871(c) of the Internal Revenue Code shall be treated as interest income on obligations of the state in which the tribe is located;*

(2) the amount of income taxes paid or accrued within the taxable year under this chapter and income taxes paid to any other state or to any province or territory of Canada, to the extent allowed as a deduction under section

63(d) of the Internal Revenue Code, but the addition may not be more than the amount by which the itemized deductions as allowed under section 63(d) of the Internal Revenue Code exceeds the amount of the standard deduction as defined in section 63(c) of the Internal Revenue Code. For the purpose of this paragraph, the disallowance of itemized deductions under section 68 of the Internal Revenue Code of 1986, income tax is the last itemized deduction disallowed; and

(3) the capital gain amount of a lump sum distribution to which the special tax under section 1122(h)(3)(B)(ii) of the Tax Reform Act of 1986, Public Law Number 99-514, applies; and

(4) the amount of income taxes paid or accrued within the taxable year under this chapter and income taxes paid to any other state or any province or territory of Canada, to the extent allowed as a deduction in determining federal adjusted gross income. For the purpose of this paragraph, income taxes do not include the taxes imposed by sections 290.0922, subdivision 1, paragraph (b), 290.9727, 290.9728, and 290.9729; and

(5) the amount of any deduction taken under section 162(a)(1) of the Internal Revenue Code for the taxable year for wages, salary, and bonuses in excess of \$1,000,000 paid to any employee except a person who is employed by the taxpayer as a professional athlete.

Sec. 8. Minnesota Statutes 1992, section 290.01, subdivision 19c, is amended to read:

Subd. 19c. [CORPORATIONS; ADDITIONS TO FEDERAL TAXABLE INCOME.] For corporations, there shall be added to federal taxable income:

(1) the amount of any deduction taken for federal income tax purposes for income, excise, or franchise taxes based on net income or related minimum taxes paid by the corporation to Minnesota, another state, a political subdivision of another state, the District of Columbia, or any foreign country or possession of the United States;

(2) interest not subject to federal tax upon obligations of: the United States, its possessions, its agencies, or its instrumentalities; the state of Minnesota or any other state, any of its political or governmental subdivisions, any of its municipalities, or any of its governmental agencies or instrumentalities; or the District of Columbia; or Indian tribal governments;

(3) exempt-interest dividends received as defined in section 852(b)(5) of the Internal Revenue Code;

(4) the amount of any windfall profits tax deducted under section 164 or 471 of the Internal Revenue Code;

(5) the amount of any net operating loss deduction taken for federal income tax purposes under section 172 or 832(c)(10) of the Internal Revenue Code or operations loss deduction under section 810 of the Internal Revenue Code;

(6) the amount of any special deductions taken for federal income tax purposes under sections 241 to 247 of the Internal Revenue Code;

(7) losses from the business of mining, as defined in section 290.05, subdivision 1, clause (a), that are not subject to Minnesota income tax;

(8) the amount of any capital losses deducted for federal income tax purposes under sections 1211 and 1212 of the Internal Revenue Code;

(9) the amount of any charitable contributions deducted for federal income tax purposes under section 170 of the Internal Revenue Code;

(10) the exempt foreign trade income of a foreign sales corporation under sections 921(a) and 291 of the Internal Revenue Code;

(11) the amount of percentage depletion deducted under sections 611 through 614 and 291 of the Internal Revenue Code;

(12) for certified pollution control facilities placed in service in a taxable year beginning before December 31, 1986, and for which amortization deductions were elected under section 169 of the Internal Revenue Code of 1954, as amended through December 31, 1985, the amount of the amortization deduction allowed in computing federal taxable income for those facilities; ~~and~~

(13) the amount of any deemed dividend from a foreign operating corporation determined pursuant to section 290.17, subdivision 4, paragraph (g); *and*

(14) the amount of any deduction taken under section 162(a)(1) of the Internal Revenue Code for the taxable year for wages, salary, and bonuses in excess of \$1,000,000 paid to any employee except a person who is employed by the taxpayer as a professional athlete.

Sec. 9. Minnesota Statutes 1992, section 290.0671, subdivision 1, is amended to read:

Subdivision 1. [CREDIT ALLOWED.] An individual is allowed a credit against the tax imposed by this chapter equal to ~~ten~~ 15 percent of the credit for which the individual is eligible under section 32 of the Internal Revenue Code of 1986, as amended through December 31, 1991.

For a nonresident or part-year resident, the credit determined under section 32 of the Internal Revenue Code of 1986, as amended through December 31, 1991, must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

For a person who was a resident for the entire tax year and has earned income not subject to tax under this chapter, the credit must be allocated based on the ratio of federal adjusted gross income reduced by the earned income not subject to tax under this chapter over federal adjusted gross income.

Sec. 10. Minnesota Statutes 1992, section 290.091, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For purposes of the tax imposed by this section, the following terms have the meanings given:

(a) "Alternative minimum taxable income" means the sum of the following for the taxable year:

(1) the taxpayer's federal alternative minimum taxable income as defined in section 55(b)(2) of the Internal Revenue Code;

(2) the taxpayer's itemized deductions allowed in computing federal alternative minimum taxable income, but excluding the Minnesota charitable

contribution deduction and non-Minnesota charitable deductions to the extent they are included in federal alternative minimum taxable income under section 57(a)(6) of the Internal Revenue Code, and excluding the medical expense deduction;

(3) *for depletion allowances computed under section 613A(c) of the Internal Revenue Code, with respect to each property (as defined in section 614 of the Internal Revenue Code), to the extent not included in federal alternative minimum taxable income, the excess of the deduction for depletion allowable under section 611 of the Internal Revenue Code for the taxable year over the adjusted basis of the property at the end of the taxable year (determined without regard to the depletion deduction for the taxable year);*

(4) *to the extent not included in federal alternative minimum taxable income, the amount of the tax preference for intangible drilling cost under section 57(a)(2) of the Internal Revenue Code determined without regard to subparagraph (E);*

(5) to the extent not included in federal alternative minimum taxable income, the amount of interest income as provided by section 290.01, subdivision 19a, clause (1); less the sum of

(i) interest income as defined in section 290.01, subdivision 19b, clause (1);

(ii) an overpayment of state income tax as provided by section 290.01, subdivision 19b, clause (2); and

(iii) the amount of investment interest paid or accrued within the taxable year on indebtedness to the extent that the amount does not exceed net investment income, as defined in section 163(d)(4) of the Internal Revenue Code. Interest does not include amounts deducted in computing federal adjusted gross income.

In the case of an estate or trust, alternative minimum taxable income must be computed as provided in section 59(c) of the Internal Revenue Code.

(b) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, ~~1994~~ 1992.

(c) "Investment interest" means investment interest as defined in section 163(d)(3) of the Internal Revenue Code.

(d) "Tentative minimum tax" equals seven percent of alternative minimum taxable income after subtracting the exemption amount determined under subdivision 3.

(e) "Regular tax" means the tax that would be imposed under this chapter (without regard to this section and section 290.032), reduced by the sum of the nonrefundable credits allowed under this chapter.

(f) "Net minimum tax" means the minimum tax imposed by this section.

(g) "Minnesota charitable contribution deduction" means a charitable contribution deduction under section 170 of the Internal Revenue Code to or for the use of an entity described in section 290.21, subdivision 3, clauses (a) to (e).

Sec. 11. Minnesota Statutes 1992, section 290.091, subdivision 6, is amended to read:

Subd. 6. [CREDIT FOR PRIOR YEARS' LIABILITY.] (a) A credit is allowed against the tax imposed by this chapter on individuals, trusts, and estates equal to the minimum tax credit for the taxable year. The minimum tax credit equals the adjusted net minimum tax for taxable years beginning after December 31, 1988, reduced by the minimum tax credits allowed in a prior taxable year. The credit may not exceed the excess (if any) for the taxable year of

(1) the regular tax, over

(2) the greater of (i) the tentative alternative minimum tax, or (ii) zero.

(b) The adjusted net minimum tax for a taxable year equals the lesser of the net minimum tax or the excess (if any) of

(1) the tentative minimum tax, over

(2) seven percent of the sum of

(i) adjusted gross income as defined in section 62 of the Internal Revenue Code,

(ii) interest income as defined in section 290.01, subdivision 19a, clause (1),

(iii) interest on specified private activity bonds, as defined in section 57(a)(5) of the Internal Revenue Code, to the extent not included under clause (ii),

(iv) depletion as defined in section 57(a)(1), *determined without regard to the last sentence of paragraph (1)*, of the Internal Revenue Code, less

(v) the deductions provided in clauses (3)(i), (3)(ii), and (3)(iii) of subdivision 2, paragraph (a), and

(vi) the exemption amount determined under subdivision 3.

In the case of an individual who is not a Minnesota resident for the entire year, adjusted net minimum tax must be multiplied by the fraction defined in section 290.06, subdivision 2c, paragraph (e). In the case of a trust or estate, adjusted net minimum tax must be multiplied by the fraction defined under subdivision 4, paragraph (b).

Sec. 12. Minnesota Statutes 1992, section 290.0921, subdivision 3, is amended to read:

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

(1) For purposes of the depreciation adjustments under section 56(a)(1) and 56(g)(4)(A) of the Internal Revenue Code, the basis for depreciable property placed in service in a taxable year beginning before January 1, 1990, is the adjusted basis for federal income tax purposes, including any modification

made in a taxable year under section 290.01, subdivision 19e, or Minnesota Statutes 1986, section 290.09, subdivision 7, paragraph (c).

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

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

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

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

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

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

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

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

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

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

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

Sec. 13. Minnesota Statutes 1992, section 290.191, subdivision 4, is amended to read:

Subd. 4. [APPORTIONMENT FORMULA FOR CERTAIN MAIL ORDER BUSINESSES.] If the business of a corporation, partnership, or proprietorship consists exclusively of the selling of tangible personal property and services in response to orders received by United States mail or telephone, and 99 percent of the taxpayer's property and payroll is within Minnesota, then the taxpayer may apportion net income to Minnesota based solely upon

the percentage that the sales made within this state in connection with ~~the~~ its trade or business during the tax period are of the total sales wherever made in connection with the trade or business during the tax period. Property and payroll factors are disregarded. In determining eligibility for this subdivision:

(1) the sale not in the ordinary course of business of tangible or intangible assets used in conducting business activities must be disregarded; and

(2) property and payroll at a distribution center outside of Minnesota are disregarded if the sole activity at the distribution center is the filling of orders, and no solicitation of orders occurs at the distribution center.

Sec. 14. [INSTRUCTION TO REVISOR.]

In the next edition of Minnesota Statutes, the revisor of statutes shall substitute the phrase "Internal Revenue Code of 1986, as amended through December 31, 1992" for the words "Internal Revenue Code of 1986, as amended through December 31, 1991" where the phrase occurs in chapters 289A, 290, 290A, 291, and 297, except for section 290.01, subdivision 19, and for the words "Internal Revenue Code of 1986, as amended through December 31, 1988," where the phrase occurs in chapter 298. In the next edition of Minnesota Statutes, the revisor of statutes shall substitute the phrase "Internal Revenue Code of 1986, as amended through December 31, 1992," for references to the Internal Revenue Code of 1954 or the Internal Revenue Code of 1986, as amended through dates set in sections 61A.276; 82A.02; 136.58; 181B.02; 181B.07; 246A.23; 246A.26, subdivisions 1, 2, 3, and 4; 272.02, subdivision 1; 273.11, subdivision 8; 297A.01, subdivision 3; 297A.25, subdivision 25; 352.01, subdivision 2b; 354A.021, subdivision 5; 355.01, subdivision 9; and 356.62.

Sec. 15. [EFFECTIVE DATE.]

Section 2 is effective for payments received after December 31, 1993.

Section 3 is effective for tax years beginning after December 31, 1993.

Sections 5 to 14 are effective for tax years beginning after December 31, 1992.

ARTICLE 6

SALES AND SPECIAL TAXES

Section 1. [17.451] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 1 and 2.

Subd. 2. [FARMED CERVIDAE.] "Farmed cervidae" means members of the cervidae family that are:

(1) raised for the purpose of producing fiber, meat, or animal by-products or as breeding stock;

(2) held in a constructed enclosure designed to prevent escape; and

(3) registered in a manner approved by the board of animal health and marked or identified with a unique number or other system approved by the board.

Subd. 3. [OWNER.] "Owner" means a person who owns or is responsible for the raising of farmed cervidae.

Sec. 2. [17.452] [FARM-RAISED CERVIDAE.]

Subdivision 1. [PROMOTION AND COORDINATION.] (a) The commissioner shall promote the commercial raising of farmed cervidae and shall coordinate programs and rules related to the commercial raising of farmed cervidae. Farmed cervidae research, projects, and demonstrations must be reported to the commissioner before state appropriations for the research projects or demonstrations are encumbered. The commissioner shall maintain a data base of information on raising farmed cervidae.

(b) The commissioner shall appoint a farmed cervidae advisory committee to advise the commissioner on farmed cervidae issues. The advisory committee shall consist of representatives from the University of Minnesota, the commissioner of agriculture, the board of animal health, the commissioner of natural resources, the commissioner of trade and economic development, a statewide elk breeders association, a statewide deer breeders association, a statewide deer farmers association, and members of the house of representatives and the senate. The committee shall meet at least twice a year at the call of the commissioner of agriculture.

Subd. 2. [DEVELOPMENT PROGRAM.] The commissioner may establish a Minnesota development and aid program that may support applied research, demonstration, financing, marketing, promotion, breeding development, registration, and other services for owners.

Subd. 3. [REPORT.] The commissioner shall include information on farmed cervidae in the department's statistical reports on Minnesota agriculture.

Subd. 4. [FARMED CERVIDAE ARE LIVESTOCK.] Farmed cervidae are livestock and are not wild animals for purposes of game farm, hunting, or wildlife laws. Farmed cervidae and their products are farm products and livestock for purposes of financial transactions and collateral.

Subd. 5. [RAISING FARMED CERVIDAE IS AN AGRICULTURAL PURSUIT.] Raising farmed cervidae is agricultural production and an agricultural pursuit.

Subd. 6. [RUNNING AT LARGE PROHIBITED.] (a) An owner may not allow farmed cervidae to run at large. The owner must make all reasonable efforts to return escaped farmed cervidae to their enclosures as soon as possible. The owner must notify the commissioner of natural resources of the escape of farmed red deer if the farmed red deer are not returned or captured by the owner within 72 hours of their escape.

(b) An owner is liable for expenses of another person in capturing, caring for, and returning farmed cervidae that have left their enclosures if the person capturing the farmed cervidae contacts the owner as soon as possible.

(c) If an owner is unwilling or unable to capture escaped farmed cervidae, the commissioner of natural resources may destroy the escaped farmed cervidae under this paragraph if the escaped farmed cervidae are a threat to the health or population of native species. The commissioner must allow the owner to attempt to capture the escaped farmed cervidae prior to destroying

the farmed cervidae. Farmed cervidae that are not captured by 14 days after escape may be destroyed.

(d) The owner must notify the commissioner of natural resources of the escape of farmed cervidae from a quarantined herd if the farmed cervidae are not returned to or captured by the owner within 72 hours of their escape. The escaped farmed cervidae from the quarantined herd may be destroyed by the commissioner of natural resources if the escaped farmed cervidae are a threat to the health or population of native species.

Subd. 7. [FARMING IN NATIVE ELK AREA.] A person may not raise farmed red deer in the native elk area without written approval of the commissioner of natural resources. The native elk area is the area north of U.S. Highway 2 and west of U.S. Highway 71 and trunk highway 72. The commissioner shall review the proposed farming operation and approve with any condition or deny approval based on risks to the native elk population.

Subd. 8. [SLAUGHTER.] Farmed cervidae must be slaughtered and inspected in accordance with the United States Department of Agriculture voluntary program for exotic animals, Code of Federal Regulations, title 9, part 352.

Subd. 9. [SALES OF FARMED CERVIDAE AND MEAT PRODUCTS.] Persons selling or buying farmed cervidae sold as livestock, sold for human consumption, or sold for slaughter must comply with chapters 17A, 31, 31A, and 31B.

Subd. 10. [FENCING.] (a) Farmed cervidae must be confined in a manner designed to prevent escape. Fencing must meet the requirements in this subdivision unless an alternative is specifically approved by the commissioner. The board of animal health shall follow the guidelines established by the United States Department of Agriculture in the program for eradication of bovine tuberculosis. Fencing must be of the following heights:

(1) for farmed deer, at least 75 inches; and

(2) for farmed elk, at least 90 inches.

(b) The farmed cervidae advisory committee shall establish guidelines designed to prevent the escape of farmed cervidae and other appropriate management practices.

(c) The commissioner of agriculture in consultation with the commissioner of natural resources shall adopt rules prescribing fencing criteria for farmed cervidae.

Subd. 11. [DISEASE INSPECTION.] Farmed cervidae herds are subject to chapter 35 and the rules of the board of animal health in the same manner as livestock and domestic animals, including provisions relating to importation and transportation.

Subd. 12. [IDENTIFICATION.] (a) Farmed cervidae must be identified by brands, markings, tags, collars, electronic implants, tattoos, or other means of identification approved by the board of animal health. The board shall authorize discrete permanent identification for farmed cervidae in public displays or other forums where visible identification is objectionable.

(b) Identification of farmed cervidae is subject to sections 35.821 to 35.831.

(c) *The board of animal health shall register farmed cervidae upon request of the owner. The owner must submit the registration request on forms provided by the board. The forms must include sales receipts or other documentation of the origin of the cervidae. The board shall provide copies of the registration information to the commissioner of natural resources upon request. The owner must keep written records of the acquisition and disposition of registered farmed cervidae.*

Subd. 13. [INSPECTION.] *The commissioner of agriculture and the board of animal health may inspect farmed cervidae and farmed cervidae records. The commissioner of natural resources may inspect farmed cervidae and farmed cervidae records with reasonable suspicion that laws protecting native wild animals have been violated. The owner must be notified in writing at the time of the inspection of the reason for the inspection and informed in writing after the inspection of whether (1) the cause of the inspection was unfounded; or (2) there will be an ongoing investigation or continuing evaluation.*

Subd. 14. [CONTESTED CASE HEARING.] *A person raising farmed cervidae that is aggrieved with any decision regarding the farmed cervidae may request a contested case hearing under chapter 14.*

Sec. 3. [17.453] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] *The definitions in this section apply to sections 3 and 4.*

Subd. 2. [OWNER.] *"Owner" means a person who owns or is responsible for the raising of ratitae.*

Subd. 3. [RATITAE.] *"Ratitae" means members of the ratitae family (including ostriches, emus, and rheas) that are raised for the purpose of producing fiber, meat, or animal by-products or as breeding stock.*

Sec. 4. [17.454] [RATITAE.]

Subdivision 1. [RATITAE ARE LIVESTOCK.] *Ratitae are livestock and are not wild animals for purposes of hunting or wildlife laws. Ratitae and their products are farm products and livestock for purposes of financial transactions and collateral.*

Subd. 2. [RAISING RATITAE IS AN AGRICULTURAL PURSUIT.] *Raising ratitae is agricultural production and an agricultural pursuit.*

Subd. 3. [SALES OF RATITAE AND MEAT PRODUCTS.] *Persons selling or buying ratitae sold as livestock, sold for human consumption, or sold for slaughter must comply with chapters 17A, 28A, 31, 31A, and 31B.*

Subd. 4. [SLAUGHTER.] *Ratitae must be slaughtered and inspected in accordance with the United States Department of Agriculture voluntary inspection program for exotic animals, Code of Federal Regulations, title 9, part 352.*

Subd. 5. [DISEASE INSPECTION.] *Ratitae are subject to chapter 35 and the rules of the board of animal health in the same manner as livestock and domestic animals, including provisions relating to importation and transportation.*

Sec. 5. [17.455] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 5 and 6.

Subd. 2. [LLAMA.] "Llama" means a member of the genus lama that is raised for the purpose of producing fiber, meat, or animal by-products or as breeding stock.

Subd. 3. [OWNER.] "Owner" means a person who owns or is responsible for the raising of llamas.

Sec. 6. [17.456] [LLAMA.]

Subdivision 1. [LLAMAS ARE LIVESTOCK.] Llamas are livestock and are not wild animals for purposes of hunting or wildlife laws. Llamas and their products are farm products and livestock for purposes of financial transactions and collateral.

Subd. 2. [RAISING LLAMAS IS AN AGRICULTURAL PURSUIT.] Raising llamas is agricultural production and an agricultural pursuit.

Subd. 3. [SALES OF LLAMAS AND MEAT PRODUCTS.] Persons selling or buying llamas sold as livestock, sold for human consumption, or sold for slaughter must comply with chapters 17A, 28A, 31, 31A, and 31B.

Subd. 4. [SLAUGHTER.] Llamas must be slaughtered and inspected in accordance with the United States Department of Agriculture voluntary inspection program for exotic animals, Code of Federal Regulations, title 9, part 352.

Subd. 5. [DISEASE INSPECTION.] Llamas are subject to chapter 35 and the rules of the board of animal health in the same manner as livestock and domestic animals, including provisions relating to importation and transportation.

Sec. 7. Minnesota Statutes 1992, section 17A.03, subdivision 5, is amended to read:

Subd. 5. [LIVESTOCK.] "Livestock" means cattle, sheep, swine, horses intended for slaughter, mules, farmed cervidae, as defined in section 17.451, subdivision 2, llamas, as defined in section 17.455, subdivision 2, ratitae, as defined in section 17.453, subdivision 3, and goats.

Sec. 8. Minnesota Statutes 1992, section 31.51, subdivision 9, is amended to read:

Subd. 9. "Animal" means cattle, swine, sheep, goats, farmed cervidae, as defined in section 17.451, subdivision 2, horses, mules or other equines, llamas as defined in section 17.455, subdivision 2, and ratitae, as defined in section 17.453, subdivision 3.

Sec. 9. Minnesota Statutes 1992, section 31A.02, subdivision 4, is amended to read:

Subd. 4. [ANIMALS.] "Animals" means cattle, swine, sheep, goats, farmed cervidae, as defined in section 17.451, subdivision 2, llamas, as defined in section 17.455, subdivision 2, ratitae, as defined in section 17.453, subdivision 3, horses, equines, and other large domesticated animals, not including poultry.

Sec. 10. Minnesota Statutes 1992, section 31A.02, subdivision 10, is amended to read:

Subd. 10. [MEAT FOOD PRODUCT.] "Meat food product" means a product usable as human food and made wholly or in part from meat or a portion of the carcass of cattle, sheep, swine, *farmed cervidae*, as defined in section 17.451, subdivision 2, llamas, as defined in section 17.455, subdivision 2, *ratitae*, as defined in section 17.453, subdivision 3, or goats. "Meat food product" does not include products which contain meat or other portions of the carcasses of cattle, sheep, swine, *farmed cervidae*, llamas, *ratitae*, or goats only in a relatively small proportion or that historically have not been considered by consumers as products of the meat food industry, and which are exempted from definition as a meat food product by the commissioner under the conditions the commissioner prescribes to assure that the meat or other portions of carcasses contained in the products are not adulterated and that the products are not represented as meat food products.

"Meat food product," as applied to products of equines, has a meaning comparable to that for cattle, sheep, swine, *farmed cervidae*, llamas, *ratitae*, and goats.

Sec. 11. Minnesota Statutes 1992, section 31B.02, subdivision 4, is amended to read:

Subd. 4. [LIVESTOCK.] "Livestock" means live or dead cattle, sheep, swine, horses, mules, *farmed cervidae*, as defined in section 17.451, subdivision 2, llamas, as defined in section 17.455, subdivision 2, *ratitae*, as defined in section 17.453, subdivision 3, or goats.

Sec. 12. Minnesota Statutes 1992, section 35.821, subdivision 4, is amended to read:

Subd. 4. [MARK.] "Mark" means a permanent identification cut from the ear or ears of a live animal and for *farmed cervidae*, as defined in section 17.451, subdivision 2, means a tag, collar, electronic implant, tattoo, or other means of identification approved by the board.

Sec. 13. Minnesota Statutes 1992, section 115B.22, subdivision 7, is amended to read:

Subd. 7. [DISPOSITION OF PROCEEDS.] After reimbursement to the department of revenue for costs incurred in administering sections 115B.22 and 115B.24, the proceeds of the taxes imposed under this section including any interest and penalties shall be deposited in the environmental response, compensation, and compliance account.

Sec. 14. Minnesota Statutes 1992, section 239.785, is amended to read:

239.785 [LIQUEFIED PETROLEUM GAS SALES.]

Subdivision 1. [LIABILITY FOR PAYMENT.] (a) The operator of a terminal that sells located in Minnesota from which liquefied petroleum gas for resale to retail customers is dispensed for use or sale in this state other than for delivery to another terminal shall pay a fee equal to one mill for each gallon of liquefied petroleum gas sold by the terminal dispensed.

(b) Any person in Minnesota, other than the operator of a terminal, receiving liquefied petroleum gas from a source outside of Minnesota for use

or sale in this state shall pay a fee equal to one mill for each gallon of liquefied petroleum gas received.

Subd. 2. [DUE DATES FOR FILING OF RETURNS AND PAYMENT.] The fee must be remitted monthly ~~to~~ on a form prescribed by the commissioner of revenue for deposit in the general fund. The fee must be paid and the return filed on or before the 23rd day of each month following the month in which the liquefied petroleum gas was delivered or received.

Subd. 3. [PENALTIES.] An operator or person who fails to pay the fee imposed under this section is subject to the penalties provided in sections 296.15 and 296.25.

Subd. 4. [COMMISSIONER'S AUTHORITY.] The provisions of chapter 296 relating to the commissioner's authority to audit, assess, and collect the tax imposed by that chapter apply to the fee imposed by this section.

Subd. 5. [INTEREST.] Fees and penalties are subject to interest at the rate provided in section 270.75.

Sec. 15. Minnesota Statutes 1992, section 289A.56, subdivision 3, is amended to read:

Subd. 3. [WITHHOLDING TAX, ENTERTAINER WITHHOLDING TAX, WITHHOLDING FROM PAYMENTS TO OUT-OF-STATE CONTRACTORS, ESTATE TAX, AND SALES TAX OVERPAYMENTS.] When a refund is due for overpayments of withholding tax, entertainer withholding tax, withholding from payments to out-of-state contractors, or estate tax, ~~or sales tax,~~ interest is computed from the date of payment to the date the refund is paid or credited. For purposes of this subdivision, the date of payment is the later of the date the tax was finally due or was paid.

For purposes of computing interest on sales and use tax refunds, interest is paid from the date of payment to the date the refund is paid or credited, if the refund claim includes a detailed schedule reflecting the tax periods covered in the claim. If the refund claim submitted does not include a detailed schedule reflecting the tax periods covered in the claim, interest is computed from the date the claim was filed.

Sec. 16. Minnesota Statutes 1992, section 289A.63, subdivision 3, is amended to read:

Subd. 3. [SALES WITHOUT PERMIT; VIOLATIONS.] (a) A person who engages in the business of making retail sales in Minnesota without the permit ~~or permits~~ required under chapter 297A, or a responsible officer of a corporation who so engages in business, is guilty of a gross misdemeanor.

(b) A person who engages in the business of making retail sales in Minnesota after revocation of a permit under section 297A.07, when the commissioner has not issued a new permit, is guilty of a felony.

Sec. 17. Minnesota Statutes 1992, section 296.01, is amended by adding a subdivision to read:

Subd. 38. [PASSENGER SNOWMOBILE.] "Passenger snowmobile" means a self-propelled vehicle designed for travel on snow or ice, steered by skis or runners, with an enclosed passenger section that provides seating for not less than four nor more than twelve passengers.

Sec. 18. Minnesota Statutes 1992, section 296.02, subdivision 8, is amended to read:

Subd. 8. [CREDITS FOR SALES TO GOVERNMENTS AND SCHOOLS.] A distributor shall be allowed a credit of 80 cents for every gallon of fuel grade alcohol blended with gasoline to produce agricultural alcohol gasoline which is sold to the state, local units of government, or for use in the transportation of pupils to and from school-related events in ~~school~~ vehicles owned by or under contract to a school district. This reduction is in lieu of the reductions provided in subdivision 7.

Sec. 19. [296.035] [CREDIT FOR CERTAIN FUELS.]

A licensed distributor or a special fuels dealer, either of which elect to pay the tax under section 296.12, subdivision 3a, at the time special fuel is sold or delivered into the supply tank of an aircraft or licensed motor vehicle, is allowed a credit of ten cents per gallon for each gallon of diesel fuel manufactured from rerefined waste oil and sold or delivered into the supply tank of an aircraft or licensed motor vehicle. A licensed distributor is allowed a credit of ten cents per gallon for each gallon of diesel fuel manufactured from rerefined waste oil and delivered into the storage tank of a retail service station operated by the distributor or a special fuel dealer, if either the distributor or special fuel dealer does not elect to pay the tax under section 296.12, subdivision 3a, at the time the special fuel is sold or delivered into the supply tank of an aircraft or licensed motor vehicle.

Sec. 20. Minnesota Statutes 1992, section 296.18, subdivision 1, is amended to read:

Subdivision 1. [CLAIM; FUEL USED IN OTHER VEHICLES.] Any person who shall buy and use gasoline for a qualifying purpose other than use in motor vehicles, snowmobiles *except as provided in clause (2)*, or motorboats, or special fuel for a qualifying purpose other than use in licensed motor vehicles, and who shall have paid the Minnesota excise tax directly or indirectly through the amount of the tax being included in the price of the gasoline or special fuel, or otherwise, shall be reimbursed and repaid the amount of the tax paid upon filing with the commissioner a signed claim in writing in the form and containing the information the commissioner shall require and accompanied by the original invoice thereof. By signing any such claim which is false or fraudulent, the applicant shall be subject to the penalties provided in this section for knowingly making a false claim. The claim shall set forth the total amount of the gasoline so purchased and used by the applicant other than in motor vehicles, or special fuel so purchased and used by the applicant other than in licensed motor vehicles, and shall state when and for what purpose it was used. When a claim contains an error in computation or preparation, the commissioner is authorized to adjust the claim in accordance with the evidence shown on the claim or other information available to the commissioner. The commissioner, on being satisfied that the claimant is entitled to the payments, shall approve the claim and transmit it to the commissioner of finance. No repayment shall be made unless the claim and invoice shall be filed with the commissioner within one year from the date of the purchase. The postmark on the envelope in which the claim is mailed shall determine the date of filing. The words "gasoline" or "special fuel" as used in this subdivision do not include aviation gasoline or special fuel for aircraft. Gasoline or special fuel bought and used for a "qualifying purpose" means:

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

(2) Gasoline or special fuel used for off-highway business use. "Off-highway business use" means any use by a person in that person's trade, business, or activity for the production of income. *"Off-highway business use" includes use of a passenger snowmobile off the public highways as part of the operations of a resort as defined in section 157.01, subdivision 1.* "Off-highway business use" does not include use as a fuel in a motor vehicle which, at the time of use, is registered or is required to be registered for highway use under the laws of any state or foreign country.

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

Sec. 21. Minnesota Statutes 1992, section 297A.01, subdivision 6, is amended to read:

Subd. 6. "Use" includes the exercise of any right or power over tangible personal property, or tickets or admissions to places of amusement or athletic events, purchased from a retailer incident to the ownership of any interest in that property, except that it does not include the sale of that property in the regular course of business.

"Use" includes the consumption of printed materials which are consumed in the creation of nontaxable advertising that is distributed, either directly or indirectly, within Minnesota.

Sec. 22. Minnesota Statutes 1992, section 297A.01, subdivision 13, is amended to read:

Subd. 13. "Agricultural production," as used in section 297A.25, subdivision 9, includes, but is not limited to, horticulture; floriculture; raising of pets, fur bearing animals, research animals, *farmed cervidae, as defined in section 17.451, subdivision 2, llamas, as defined in section 17.455, subdivision 2, ratitae, as defined in section 17.453, subdivision 3,* and horses.

Sec. 23. Minnesota Statutes 1992, section 297A.01, subdivision 15, is amended to read:

Subd. 15. "Farm machinery" means new or used machinery, equipment, implements, accessories, and contrivances used directly and principally in the production for sale, but not including the processing, of livestock, dairy animals, dairy products, poultry and poultry products, fruits, vegetables, forage, grains and bees and apiary products. "Farm machinery" includes:

(1) machinery for the preparation, seeding or cultivation of soil for growing agricultural crops and sod, harvesting and threshing of agricultural products, harvesting or mowing of sod, and certain machinery for dairy, livestock and poultry farms;

(2) barn cleaners, milking systems, grain dryers, automatic feeding systems and similar installations, whether or not the equipment is installed by the seller and becomes part of the real property;

(3) irrigation equipment sold for exclusively agricultural use, including pumps, pipe fittings, valves, sprinklers and other equipment necessary to the operation of an irrigation system when sold as part of an irrigation system, except irrigation equipment which is situated below ground and considered to be a part of the real property;

(4) logging equipment, including chain saws used for commercial logging;
and

(5) *fencing used for the containment of farmed cervidae, as defined in section 17.451, subdivision 2; and*

(6) primary and backup generator units used to generate electricity for the purpose of operating farm machinery, as defined in this subdivision, or providing light or space heating necessary for the production of livestock, dairy animals, dairy products, or poultry and poultry products.

Repair or replacement parts for farm machinery shall not be included in the definition of farm machinery.

Tools, shop equipment, grain bins, feed bunks, fencing material *except fencing material covered by clause (5)*, communication equipment and other farm supplies shall not be considered to be farm machinery. "Farm machinery" does not include motor vehicles taxed under chapter 297B, snowmobiles, snow blowers, lawn mowers except those used in the production of sod for sale, garden-type tractors or garden tillers and the repair and replacement parts for those vehicles and machines.

Sec. 24. Minnesota Statutes 1992, section 297A.01, subdivision 16, is amended to read:

Subd. 16. [CAPITAL EQUIPMENT.] (a) Capital equipment means machinery and equipment and the materials and supplies necessary to construct or install the machinery or equipment. To qualify under this definition the capital equipment must be used by the purchaser or lessee for manufacturing, fabricating, mining, quarrying, or refining a ~~product~~ *tangible personal property, for electronically transmitting results retrieved by a customer of an on-line computerized data retrieval system, or for the generation of electricity or steam*, to be sold at retail and must be used for the establishment of a new or the physical expansion of an existing manufacturing, fabricating, mining, quarrying, or refining facility in the state. For purposes of this subdivision, "mining" includes peat mining, and *"on-line computerized data retrieval system" refers to a system whose cumulation of information is equally available and accessible to all its customers.*

(b) Capital equipment does not include the following:

(1) machinery or equipment purchased or leased to replace machinery or equipment performing substantially the same function in an existing facility;

(2) repair or replacement parts, ~~or~~ *including accessories, whether purchased as spare parts, repair parts, or as upgrades or modifications, and whether purchased before or after the machinery or equipment is placed into service. Parts or accessories are treated as capital equipment only to the extent that they are a part of and are essential to the operation of the machinery or equipment as initially purchased;*

(3) machinery or equipment used to receive or store raw materials;

(4) building materials, including materials used for foundations that support machinery or equipment;

(5) machinery or equipment used for nonproduction purposes, including, but not limited to, the following: machinery and equipment used for plant security, fire prevention, first aid, and hospital stations; machinery and equipment used in support operations or for administrative purposes; machinery and equipment used solely for pollution control, prevention, or abatement; machinery and equipment used for environmental control, except that when a controlled environment is essential for the manufacture of a particular product, the machinery or equipment that controls the environment can qualify as capital equipment; and machinery and equipment used in plant cleaning, disposal of scrap and waste, plant communications, lighting, or safety;

(6) "farm machinery" as defined by section 297A.01, subdivision 15, "special tooling" as defined by section 297A.01, subdivision 17, and "aquaculture production equipment" as defined by section 297A.01, subdivision 19; or

(7) any other item that is not essential to the integrated process of manufacturing, fabricating, mining, quarrying, or refining.

(c) For purposes of this subdivision:

(1) the requirement that the machinery or equipment "must be used by the purchaser or lessee" means that the person who purchases or leases the machinery or equipment must be the one who uses it for the qualifying purpose. When a contractor buys and installs machinery or equipment as part of an improvement to real property, only the contractor is considered the purchaser;

(2) the requirement that the machinery and equipment must be used "for manufacturing, fabricating, mining, quarrying, or refining" means that the machinery or equipment must be essential to the integrated process of manufacturing, fabricating, mining, quarrying, or refining. Neither legal requirements nor practical necessity determines whether or not the equipment is essential to the integrated process;

(3) "facility" means a coordinated group of fixed assets, which may include land, buildings, machinery, and equipment that are essential to and used in an integrated manufacturing, fabricating, refining, mining, or quarrying process;

(4) "establishment of a new facility" means the construction of a facility, or the purchase by a new owner of a facility that was previously closed and not operational for a period of at least 12 consecutive months. Relocating operations from an existing facility within Minnesota to another facility within Minnesota does not constitute establishing a new facility;

(5) "physical expansion of an existing facility" means adding a new production line, adding new machinery or equipment to an existing production line, new construction which will become part of the existing facility and which is used for a qualifying activity, or conversion of an area in an existing facility from a nonqualifying activity to a qualifying activity; and

(6) performing "substantially the same function" means that the new machinery or equipment serves fundamentally or essentially the same purpose

as did the old equipment or that it produces the same or similar end product, even though it may increase speed, efficiency, or production capacity.

(d) Notwithstanding prior provisions of this subdivision, machinery and equipment purchased or leased to replace machinery and equipment used in the mining or production of taconite shall qualify as capital equipment regardless of whether the facility has been expanded.

Sec. 25. Minnesota Statutes 1992, section 297A.04, is amended to read:

297A.04 [APPLICATIONS; MEMBER; VENDING MACHINES; FORM.]

Every person desiring to engage in the business of making retail sales within Minnesota shall file with the commissioner an application for a permit and if such person has more than one place of business, an application for each place of business must be filed. ~~A vending machine operator who has more than one vending machine location shall nevertheless be considered to have only one place of business for purposes of this section. An applicant who has no regular place of doing business and who moves from place to place shall be considered to have only one place of business and shall attach such permit to the applicant's cart, stand, truck or other merchandising device. The commissioner may require any person or class of persons obligated to file a use tax return under section 289A.11, subdivision 3, to file application for a permit. Every application for a permit shall be made upon a form prescribed by the commissioner and shall set forth the name under which the applicant intends to transact business, the location of the applicant's place or places of business, and such other information as the commissioner may require. The application shall be filed by the owner, if a natural person; by a member or partner, if the owner be is an association or partnership; by a person authorized to sign file the application, if the owner be is a corporation.~~

Sec. 26. Minnesota Statutes 1992, section 297A.06, is amended to read:

297A.06 [PERMIT.]

After compliance with sections 297A.04 and 297A.28, when security is required, the commissioner shall ~~issue grant~~ to each applicant a ~~separate permit for each place of business within Minnesota. A permit shall be is valid until canceled or revoked but shall is not be assignable and shall be is valid only for the person in whose name it is issued granted and for the transaction of business at the place places designated therein. It shall at all times be conspicuously displayed at the place for which issued.~~

Sec. 27. Minnesota Statutes 1992, section 297A.07, subdivision 1, is amended to read:

Subdivision 1. [HEARINGS.] If any person fails to comply with this chapter or the rules adopted under this chapter, without reasonable cause, the commissioner may schedule a hearing requiring the person to show cause why the permit ~~or permits~~ should not be revoked. The commissioner must give the person 15 days' notice in writing, specifying the time and place of the hearing and the reason for the proposed revocation. The notice shall also advise the person of the person's right to contest the revocation under this subdivision, the general procedures for a contested case hearing under chapter 14, and the notice requirement under subdivision 2. The notice may be served personally or by mail in the manner prescribed for service of an order of assessment.

Sec. 28. Minnesota Statutes 1992, section 297A.11, is amended to read:

297A.11 [CONTENT AND FORM OF EXEMPTION CERTIFICATE.]

The exemption certificate shall be signed by and bear the name and address of the purchaser, shall indicate the sales tax account number of the permit if any issued to the purchaser and shall indicate the general character of the property sold by the purchaser in the regular course of business and shall identify the property purchased. The certificate shall be substantially in such form as the commissioner may prescribe.

Sec. 29. Minnesota Statutes 1992, section 297A.136, is amended to read:

297A.136 [TAX ON 900 PAY-PER-CALL SERVICES.]

Subdivision 1. [TAX IMPOSED.] A tax of \$.50 is imposed for each call placed to a 900 service if the call for that service originates from and is charged to a telephone located in this state.

Subd. 2. [DEFINITIONS.] For the purposes of this section, the following definitions will apply:

(a) "900 service" means pay-per-call 900 information services provided through a telephone exchange, commonly accessed by dialing 1-900, 1-960, 1-976, or other similar prefix in which the calling party receives information from the 900 information provider, and the calling party is charged on a per call or per time basis for the information. The term does not include services provided through 1-800 service telephone numbers, information provided free of charge, or directory assistance service.

(b) "Calling party" means the person originating the call to the information provider.

(c) "900 information provider" means the person being called by the calling party, and who provides information services to the calling party on a per call or per time basis.

(d) "Person" shall have the same meaning as provided in section 297A.01, subdivision 2.

Subd. 3. [PAYMENT; ADMINISTRATION.] Liability for the tax imposed by this section is on the person making the call calling party. Liability for collection from the calling party is on the person providing access to a dial tone contracting with the 900 information provider to interconnect the information provider and the calling party, if such person bills the calling party. In all other instances, the person billing the calling party shall be liable for collecting the tax from the calling party. The tax imposed in this section must be reported and paid to the commissioner of revenue with the taxes imposed in this chapter. It is subject to the same interest, penalty, and other provisions provided for sales and use taxes under chapter 289A and this chapter. The commissioner has the same powers to assess and collect the tax that are given the commissioner in chapters 270 and 289A and this chapter to assess and collect sales and use tax.

Subd. 4. [EXEMPTION.] Pay-per-call information services provided through a 1-976 prefix are exempt from the tax imposed under this section if the charge for the call is less than \$1.

Sec. 30. Minnesota Statutes 1992, section 297A.14, subdivision 1, is amended to read:

Subdivision 1. [IMPOSITION.] For the privilege of using, storing, *distributing*, or consuming in Minnesota tangible personal property or taxable services purchased for use, storage, *distribution*, or consumption in this state, a use tax is imposed on every person in this state at the rate of tax imposed under section 297A.02 on the sales price of sales at retail of the items, unless the tax imposed by section 297A.02 was paid on the sales price.

A use tax is imposed on every person who uses, stores, *distributes*, or consumes tangible personal property in Minnesota which has been manufactured, fabricated, or assembled by the person from materials, either within or without this state, at the rate of tax imposed under section 297A.02 on the sales price of sales at retail of the materials contained in the tangible personal property, unless the tax imposed by section 297A.02 was paid on the sales price.

Sec. 31. Minnesota Statutes 1992, section 297A.25, subdivision 3, is amended to read:

Subd. 3. [MEDICINES; MEDICAL DEVICES.] The gross receipts from the sale of prescribed drugs, prescribed medicine and insulin, intended for use, internal or external, in the cure, mitigation, treatment or prevention of illness or disease in human beings are exempt, together with prescription glasses, *fever thermometers*, therapeutic, and prosthetic devices. "Prescribed drugs" or "prescribed medicine" includes over-the-counter drugs or medicine prescribed by a licensed physician. "Therapeutic devices" includes reusable finger pricking devices for the extraction of blood ~~and~~, blood glucose monitoring machines, *and other diagnostic agents used in the treatment of diagnosing, monitoring, or treating diabetes*. Nonprescription analgesics consisting principally (determined by the weight of all ingredients) of acetaminophen, acetylsalicylic acid, ibuprofen, or a combination thereof are exempt.

Sec. 32. Minnesota Statutes 1992, section 297A.25, subdivision 7, is amended to read:

Subd. 7. [PETROLEUM PRODUCTS.] 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,

(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; ~~or~~

(3) products purchased by a transit system receiving financial assistance under section 174.24 or 473.384; *or*

(4) *products used in a passenger snowmobile, as defined in section 296.01, subdivision 38, for off-highway business use as part of the operations of a resort as provided under section 296.18, subdivision 1, clause (2).*

Sec. 33. Minnesota Statutes 1992, section 297A.25, subdivision 11, is amended to read:

Subd. 11. [SALES TO GOVERNMENT.] The gross receipts from all sales, including sales in which title is retained by a seller or a vendor or is assigned to a third party under an installment sale or lease purchase agreement under section 465.71, of tangible personal property to, and all storage, use or consumption of such property by, the United States and its agencies and instrumentalities, the University of Minnesota, state universities, community colleges, technical colleges, state academies, the Minnesota center for arts education, and school districts are exempt.

As used in this subdivision, "school districts" means public school entities and districts of every kind and nature organized under the laws of the state of Minnesota, including, without limitation, school districts, intermediate school districts, education districts, educational cooperative service units, secondary vocational cooperative centers, special education cooperatives, joint purchasing cooperatives, telecommunication cooperatives, regional management information centers, technical colleges, joint vocational technical districts, and any instrumentality of a school district, as defined in section 471.59.

Sales exempted by this subdivision include sales under section 297A.01, subdivision 3, paragraph (f), but do not include sales under section 297A.01, subdivision 3, paragraph (j), clause (vii).

Sales to hospitals and nursing homes owned and operated by political subdivisions of the state are exempt under this subdivision.

The sales to and exclusively for the use of libraries, as defined in section 134.001, of books, periodicals, audio-visual materials and equipment, photocopiers for use by the public, and all cataloging and circulation equipment, and cataloging and circulation software for library use are exempt under this subdivision. *For purposes of this paragraph "libraries" means libraries as defined in section 134.001, county law libraries under chapter 134A, the state library under section 480.09, and the legislative reference library.*

Sales of supplies and equipment used in the operation of an ambulance service owned and operated by a political subdivision of the state are exempt under this subdivision provided that the supplies and equipment are used in the course of providing medical care; ~~motor vehicle parts are not exempt under this provision.~~ *Sales to a political subdivision of repair and replacement parts for emergency rescue vehicles and fire trucks and apparatus are exempt under this subdivision.*

Sales to a political subdivision of machinery and equipment, except for motor vehicles, used directly for mixed municipal solid waste collection and disposal services at a solid waste disposal facility as defined in section 115A.03, subdivision 10, are exempt under this subdivision.

Sales to political subdivisions of chore and homemaking services to be provided to elderly or disabled individuals are exempt.

This exemption shall not apply to building, construction or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration, or repair of a

building or facility. This exemption does not apply to construction materials purchased by tax exempt entities or their contractors to be used in constructing buildings or facilities which will not be used principally by the tax exempt entities.

This exemption does not apply to the leasing of a motor vehicle as defined in section 297B.01, subdivision 5, except for leases entered into by the United States or its agencies or instrumentalities.

The tax imposed on sales to political subdivisions of the state under this section applies to all political subdivisions other than those explicitly exempted under this subdivision, notwithstanding section 115A.69, subdivision 6, 116A.25, 360.035, 458A.09, 458A.30, 458D.23, 469.101, subdivision 2, 469.127, 473.394, 473.448, 473.545, or 473.608 or any other law to the contrary enacted before 1992.

Sales to other states or political subdivisions of other states are exempt if the sale would be exempt from taxation if it occurred in that state.

Sec. 34. Minnesota Statutes 1992, section 297A.25, subdivision 16, is amended to read:

Subd. 16. [SALES TO NONPROFIT GROUPS.] The gross receipts from the sale of tangible personal property to, and the storage, use or other consumption of such property by, any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes if the property purchased is to be used in the performance of charitable, religious, or educational functions, or any senior citizen group or association of groups that in general limits membership to persons who are either (1) age 55 or older, or (2) physically disabled, and is organized and operated exclusively for pleasure, recreation, and other nonprofit purposes, no part of the net earnings of which inures to the benefit of any private shareholders, are exempt. *For purposes of this subdivision, charitable purpose includes the maintenance of a cemetery owned by a religious organization.* Sales exempted by this subdivision include sales pursuant to section 297A.01, subdivision 3, paragraphs (d) and (f), but do not include sales under section 297A.01, subdivision 3, paragraph (j), clause (vii). This exemption shall not apply to building, construction, or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration, or repair of a building or facility. This exemption does not apply to construction materials purchased by tax exempt entities or their contractors to be used in constructing buildings or facilities which will not be used principally by the tax exempt entities. This exemption does not apply to the leasing of a motor vehicle as defined in section 297B.01, subdivision 5.

Sec. 35. Minnesota Statutes 1992, section 297A.25, subdivision 34, is amended to read:

Subd. 34. [MOTOR VEHICLES.] The gross receipts from the sale or use of any motor vehicle taxable under the provisions of the motor vehicle excise tax laws of Minnesota shall be exempt from taxation under this chapter. Notwithstanding subdivision 11, the exemption provided under this subdivision remains in effect for motor vehicles purchased or leased by political subdivisions of the state if the vehicles are not subject to taxation under chapter 297B.

Sec. 36. Minnesota Statutes 1992, section 297A.25, subdivision 41, is amended to read:

Subd. 41. [BULLET-PROOF VESTS.] The gross receipts from the sale of bullet-resistant soft body armor that is flexible, concealable, and custom-fitted to provide the wearer with ballistic and trauma protection are exempt if purchased by a law enforcement agency of the state or a political subdivision of the state, or a licensed peace officer, as defined in section 626.84, subdivision 1. The bullet-resistant soft body armor must meet or exceed the requirements of standard 0101.01 of the National Institute of Law Enforcement and Criminal Justice in effect on December 30, 1986, or meet or exceed the requirements of the standard except wet armor conditioning.

Sec. 37. Minnesota Statutes 1992, section 297A.25, is amended by adding a subdivision to read:

Subd. 52. [PARTS AND ACCESSORIES USED TO MAKE A MOTOR VEHICLE HANDICAPPED ACCESSIBLE.] *The gross receipts from the sale of parts and accessories that are used solely to modify a motor vehicle to make it handicapped accessible are exempt. Labor charges for modifying a motor vehicle to make it handicapped accessible are included in this exemption.*

Sec. 38. [297A.253] [SATELLITE BROADCASTING FACILITY MATERIALS; EXEMPTIONS.]

Notwithstanding the provisions of this chapter, there shall be exempt from the tax imposed therein all materials and supplies or equipment used or consumed in constructing, or incorporated into the construction of, a new facility in Minnesota for providing federal communications commission licensed direct satellite broadcasting services using direct broadcast satellites operating in the 12-ghz. band or fixed satellite regional or national program services, as defined in section 272.02, subdivision 1, clause (15), construction of which was commenced after June 30, 1993, and all machinery, equipment, tools, accessories, appliances, contrivances, furniture, fixtures, and all technical equipment or tangible personal property of any other nature or description necessary to the construction and equipping of that facility in order to provide those services.

Sec. 39. [297A.2545] [STEEL REPROCESSOR; EXEMPTION FOR POLLUTION CONTROL EQUIPMENT.]

Notwithstanding the provisions of this chapter, the purchase of pollution control equipment by a steel reprocessing firm is exempt from the sales and use tax provided that the equipment is necessary to meet state or federal emission standards. For purposes of this section "pollution control equipment" means any equipment used for the purpose of eliminating, preventing, or reducing air, land, or water pollution during or as a result of the manufacturing process. "Steel reprocessing firm" means a firm whose primary business is the recovery of steel from automobiles, appliances, and other steel products and the rerefining of this recovered metal into new steel products.

Sec. 40. Minnesota Statutes 1992, section 298.75, subdivision 4, is amended to read:

Subd. 4. ~~If any~~ the county auditor has not received the report by the 15th day after the last day of each calendar quarter from the operator or importer ~~fails to make the report as required by subdivision 3 or files has received an~~

erroneous report, the county auditor shall ~~determine~~ *estimate* the amount of tax due and notify the operator or importer by registered mail of the amount of tax so ~~determined~~ *estimated within the next 14 days*. An operator or importer may, within 30 days from the date of mailing the notice, file in the office of the county auditor a written statement of objections to the amount of taxes determined to be due. The statement of objections shall be deemed to be a petition within the meaning of chapter 278, and shall be governed by sections 278.02 to 278.13.

Sec. 41. Minnesota Statutes 1992, section 298.75, subdivision 5, is amended to read:

Subd. 5. Failure to file the report *and submit payment* shall result in a penalty of \$5 for each of the first 30 days, beginning on the ~~14th~~ *15th* day after the date when the county auditor has sent notice to the operator or importer as provided in subdivision 4, ~~during which the report is overdue and no statement of objection has been filed~~. For each subsequent day ~~during last day of each calendar quarter, for which the report and payment is overdue~~ due and no statement of objection has been filed as provided in subdivision 4, and a penalty of \$10 for each subsequent day shall be assessed against the operator or importer who is required to file the report. The penalties imposed by this subdivision shall be collected as part of the tax and credited to the county revenue fund. If neither the report nor a statement of objection has been filed after more than 60 days have elapsed from the date when the notice was sent, the operator or importer who is required to file the report is guilty of a misdemeanor.

Sec. 42. [349.2115] [SPORTS BOOKMAKING TAX.]

Subdivision 1. [IMPOSITION OF TAX.] *An excise tax of six percent is imposed on the value of all bets received by, recorded by, accepted by, forwarded by, or placed with a person engaged in sports bookmaking.*

Subd. 2. [BET DEFINED.] *For purposes of this section, the term "bet" has the meaning given it in section 609.75, subdivision 2.*

Subd. 3. [SPORTS BOOKMAKING DEFINED.] *For purposes of this section, the term "sports bookmaking" has the meaning given it in section 609.75, subdivision 7.*

Subd. 4. [AMOUNT OF BET.] *In determining the value or amount of any bet for purposes of this section, all charges incident to the placing of the bet must be included.*

Subd. 5. [TAX RETURNS.] *A person engaged in sports bookmaking shall file monthly tax returns with the commissioner of revenue, in the form required by the commissioner, of all bookmaking activity, and shall include information on all bets recorded, accepted, forwarded, and placed. The returns must be filed on or before the 20th day of the month following the month in which the bets reported were recorded, accepted, forwarded, or placed. The tax imposed by this section is due and payable at the time when the returns are filed.*

Subd. 6. [PERSONS LIABLE FOR TAX.] *Each person who is engaged in receiving, recording, forwarding, or accepting sports bookmaking bets is liable for and shall pay the tax imposed under this section.*

Subd. 7. [JEOPARDY ASSESSMENT; JEOPARDY COLLECTION.] *The tax may be assessed by the commissioner of revenue. An assessment made*

pursuant to this section shall be considered a jeopardy assessment or jeopardy collection as provided in section 270.70. The commissioner shall assess the tax based on personal knowledge or information available to the commissioner. The commissioner shall mail to the taxpayer at the taxpayer's last known address, or serve in person, a written notice of the amount of tax, demand its immediate payment, and, if payment is not immediately made, collect the tax by any method described in chapter 270, except that the commissioner need not await the expiration of the times specified in chapter 270. The tax assessed by the commissioner is presumed to be valid and correctly determined and assessed.

Subd. 8. [DISCLOSURE PROHIBITED.] (a) Notwithstanding any law to the contrary, neither the commissioner nor a public employee may reveal facts contained in a sports bookmaking tax return filed with the commissioner of revenue as required by this section, nor can any information contained in the report or return be used against the tax obligor in any criminal proceeding; unless independently obtained, except in connection with a proceeding involving taxes due under this section, or as provided in section 270.064.

(b) Any person violating this section is guilty of a gross misdemeanor.

(c) This section does not prohibit the commissioner from publishing statistics that do not disclose the identity of tax obligors or the contents of particular returns or reports.

Sec. 43. [NOTIFICATION BY COUNTY AUDITOR.]

The county auditor shall notify each operator in the county who filed a report in the previous calendar year under Minnesota Statutes, section 298.75 of the changes made in sections 40 and 41 relating to the imposition of the penalty for late payment.

Sec. 44. [COOK COUNTY; SALES TAX.]

Subdivision 1. [IMPOSED.] Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or resolution, Cook county may, by resolution, impose an additional sales tax of up to one percent on sales transactions taxable pursuant to Minnesota Statutes, chapter 297A, that occur within the county.

Subd. 2. [USE OF REVENUES.] Revenues received from taxes authorized by subdivision 1 shall be used by Cook county to pay the cost of collecting the tax and to pay all or a portion of the costs of expanding and improving the health care facility located in the county and known as North Shore hospital. Authorized costs include, but are not limited to, securing or paying debt service on bonds or other obligations issued to finance the expansion and improvement of North Shore hospital. The total capital expenditures payable from bond proceeds, excluding investment earnings on bond proceeds and tax revenues, shall not exceed \$4,000,000.

Subd. 3. [EXPIRATION OF TAXING AUTHORITY AND EXPENDITURE LIMITATION.] The authority granted by subdivision 1 to Cook county to impose a sales tax shall expire when the principal and interest on any bonds or obligations issued to finance the expansion and improvement of North Shore hospital have been paid, or at an earlier time as the county shall, by resolution, determine. Any funds remaining after completion of the improvements and retirement or redemption of the bonds may be placed in the general fund of the county.

Subd. 4. [BONDS.] Cook county may issue general obligation bonds in an amount not to exceed \$4,000,000 for the expansion and improvement of North Shore hospital, without election under Minnesota Statutes, chapter 475, on the question of issuance of the bonds or a property tax to pay them. The debt represented by bonds issued for the expansion and improvement of North Shore hospital shall not be included in computing any debt limitations applicable to Cook county, and the levy of taxes required by Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds shall not be subject to any levy limitation or be included in computing or applying any levy limitation applicable to the county.

Subd. 5. [REFERENDUM.] If the governing body of Cook county intends to impose the sales tax authorized by this section, it shall conduct a referendum on the issue. The question of imposing the tax must be submitted to the voters at a special or general election. The tax may not be imposed unless a majority of votes cast on the question of imposing the tax are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the election. The referendum must be held at a special or general election before December 1, 1993.

Subd. 6. [ENFORCEMENT; COLLECTION; ADMINISTRATION OF TAX.] A sales tax imposed under this section shall be reported and paid to the commissioner of revenue with the state sales taxes, and be subject to the same penalties, interest, and enforcement provisions. The proceeds of the tax, less refunds and a proportionate share of the cost of collection, shall be remitted at least quarterly to Cook county. The commissioner shall deduct from the proceeds remitted an amount that equals the indirect statewide cost as well as the direct and indirect department costs necessary to administer, audit, and collect the tax. By July 1, 1993, the commissioner of revenue shall provide to the governing body of the county an estimate of these costs.

Subd. 7. [EFFECTIVE DATE.] This section is effective the day after compliance by the governing body of Cook county with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 45. [CITY OF ST. PAUL; SALES TAX AUTHORIZED.]

Subdivision 1. [TAX MAY BE IMPOSED.] Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of St. Paul may, by resolution, impose an additional sales tax of up to one-half of one percent on sales transactions taxable pursuant to Minnesota Statutes, chapter 297A, that occur within the city.

Subd. 2. [USE OF REVENUES.] Revenues received from the tax authorized by subdivision 1 may only be used by the city to pay the cost of collecting the tax, and to pay for the following projects or to secure or pay any principal, premium, or interest on bonds issued in accordance with subdivision 3 for the following projects.

(a) To pay all or a portion of the capital expenses of construction, equipment and acquisition costs for the expansion and remodeling of the St. Paul Civic Center complex.

(b) The remainder of the funds must be spent for capital projects to further residential, cultural, commercial, and economic development in both downtown St. Paul and St. Paul neighborhoods.

By January 15 of each odd-numbered year, the mayor and the city council must report to the legislature on the use of sales tax revenues during the preceding two-year period.

Subd. 3. [BONDS.] The city may issue general obligation bonds of the city to finance all or a portion of the cost for projects authorized in subdivision 2, paragraph (a). The debt represented by the bonds shall not be included in computing any debt limitations applicable to the city. The bonds may be paid from or secured by any funds available to the city, including the tax authorized under subdivision 1. The bonds may be issued in one or more series and sold without election on the question of issuance of the bonds or a property tax to pay them. Except as otherwise provided in this section, the bonds must be issued, sold, and secured in the manner provided in Minnesota Statutes, chapter 475. The aggregate principal amount of bonds issued under this subdivision may not exceed \$65 million.

Subd. 4. [ENFORCEMENT; COLLECTION.] A sales tax imposed under subdivision 1 may be reported and paid to the commissioner of revenue with the state sales tax, and be subject to the same penalties, interest, and enforcement provisions imposed under Minnesota Statutes, chapters 289A and 297A. If the commissioner of revenue enters into appropriate agreements with the city to provide for collection of these taxes by the state on behalf of the city, the commissioner shall charge the city a reasonable fee for its collection from the proceeds of any taxes to ensure that no state funds are expended for the collection of these taxes. The proceeds of the tax, less the cost of collection, shall be remitted monthly to the city and the city shall deposit such sums into a dedicated fund. By July 1, 1993, the commissioner of revenue shall provide the city an estimate of the cost of collection.

Subd. 5. [EXPIRATION OF TAXING AUTHORITY.] The authority granted by subdivision 1 to the city to impose a sales tax shall expire when the principal and interest on any bonds or other obligations issued to finance projects authorized in subdivision 2, paragraph (a) have been paid or at an earlier time as the city shall, by ordinance, determine. Any funds remaining after completion of projects approved under subdivision 2, paragraph (a) and retirement or redemption of any bonds or other obligations may be placed in the general fund of the city.

Subd. 6. [LOCAL APPROVAL; EFFECTIVE DATE.] This section is effective the day following final enactment, and after compliance by the governing body of the city of St. Paul with Minnesota Statutes, section 645.021, subdivision 3, with respect to that section. If the St. Paul city council intends to exercise the authority provided by this section, it shall pass a resolution stating the fact before July 1, 1993.

Sec. 46. [CITY OF GARRISON; SALES TAX.]

Subdivision 1. [SALES TAX AUTHORIZED.] Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Garrison may, by ordinance, impose an additional sales tax of up to one percent on sales transactions taxable pursuant to Minnesota Statutes, chapter 297A, that occur within the city.

Subd. 2. [USE OF REVENUES.] Revenues received from taxes authorized under subdivision 1 must be dedicated by the city to pay the cost of collecting the tax and to pay all or part of the expenses of the construction of a sewer

system in the city, including payment of principal and interest on loans received by the city to construct the sewer system.

Subd. 3. [ENFORCEMENT; COLLECTION; AND ADMINISTRATION OF TAXES.] (a) The city may provide for collection and enforcement of the tax by ordinance or the city may enter into an agreement with the commissioner of revenue, providing for collection of the tax.

(b) If the city enters an agreement with the commissioner of revenue for collection of the tax, the sales tax imposed under this section must be reported and paid to the commissioner of revenue with the state sales taxes, and be subject to the same penalties, interest, and enforcement provisions. The proceeds of the tax, less refunds and a proportionate share of the cost of collection, shall be remitted at least quarterly to the city. The commissioner shall deduct from the proceeds remitted an amount that equals the indirect statewide cost as well as the direct and indirect department costs necessary to administer, audit, and collect the tax.

Subd. 4. [EXPIRATION OF TAXING AUTHORITY.] The authority granted by this section to the city of Garrison to impose a sales tax expires when the principal and interest on any bonds or obligations issued to finance the construction of the sewer system have been paid, or at an earlier time as the city shall, by resolution, determine. Any funds remaining after completion of the improvements and retirement or redemption of the bonds may be placed in the general fund of the city.

Subd. 5. [REFERENDUM.] The city may impose the tax under this section only after approval by the voters in a referendum held at a special or general election in the city.

Subd. 6. [LOCAL APPROVAL; EFFECTIVE DATE.] This section is effective the day after final enactment, upon compliance with Minnesota Statutes, section 645.021, subdivision 3, by the city of Garrison.

Sec. 47. [CHARITABLE GOLF TOURNAMENTS.]

The gross receipts from the sale or use of tickets or admissions to a golf tournament held in Minnesota are exempt if the beneficiary of the tournament's net proceeds qualifies as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code.

Sec. 48. [ADVISORY COUNCIL; SALES TAX ON CAPITAL EQUIPMENT.]

Subdivision 1. [CREATION; MEMBERSHIP.] (a) A state advisory council is established to study the sales tax exemption for capital equipment under Minnesota Statutes 1992, sections 297A.01, subdivision 16, and 297A.25, subdivision 42, and to make recommendations to the 1994 legislature. The study shall be completed and findings reported to the legislature by February 1, 1994.

(b) The advisory council consists of 15 members who serve at the pleasure of the appointing authority as follows:

(1) six legislators; three members of the senate, including one member of the minority party, appointed by the subcommittee on committees of the committee on rules and administration and three members of the house of representatives, including one member of the minority party, appointed by the speaker;

(2) the commissioner of revenue or the commissioner's designee; and

(3) eight members of the public; two appointed by the subcommittee on committees of the committee on rules and administration of the senate, two appointed by the speaker of the house, and four appointed by the governor.

Subd. 2. [SCOPE OF THE STUDY.] (a) In preparing the study, the advisory council shall examine, at least, the following:

(1) an overview of the purpose, intent, and application of the provisions of the present exemption, including the department of revenue's experience in interpreting and administering the provisions and the impact of the exemption on state tax collections;

(2) appropriate tax policy goals for the exemption of capital equipment from the sales tax;

(3) the effect of the exemption in encouraging new investment, increases in economic activity, and creation of new jobs in Minnesota or other appropriate economic development goals;

(4) analyses of alternative versions of the exemption, either expanding or narrowing it and specifically including the expansions contained in the administrative law judge's report, that will further the tax policy and economic development goals developed under clauses (2) and (3). In analyzing alternatives, the advisory council must consider alternatives that expand the exemption and offset the reduction in state and local sales tax revenues by expanding the sales tax base to include final consumption items that are now exempt from taxation.

(b) The advisory council's report to the legislature must include recommendations for modifying the exemption in light of the tax policy and economic development goals. The recommendations must not provide for increasing or decreasing state revenues relative to the revenue department's estimates of the effect of applying the department's interpretations of present law. If the report recommends expanding the exemption, it must include recommendations to expand the tax base to offset the resulting loss of state and local revenues.

Subd. 3. [STAFF.] The department of revenue and legislative staff shall provide administrative and staff assistance when requested by the advisory council.

Subd. 4. [COOPERATION BY OTHER AGENCIES.] The commissioners of the department of trade and economic development, the department of labor and industry, the department of jobs and training, and the pollution control agency shall, upon request by the advisory council, provide data or other information that is collected or possessed by their agencies and that is necessary or useful in conducting the study and preparing the report required by this section.

Sec. 49. [REPEALER.]

Minnesota Statutes 1992, section 115B.24, subdivision 10, is repealed.

Sec. 50. [EFFECTIVE DATE.]

Sections 1 to 12, 21, 30, 31, the part of section 33 exempting certain chore and homemaking services, 43 and 48 are effective the day following final enactment.

Section 13 is effective for taxes due on or after July 1, 1993.

Section 14 is effective for fees due on or after July 1, 1993.

Section 15 is effective for refund claims submitted on or after July 1, 1993.

Sections 16, 25 to 28, 35 to 38, and 42 are effective July 1, 1993.

Section 19 is effective July 1, 1993, for deliveries of diesel fuel manufactured from rerefined waste oil on and after that date.

Sections 22 and 23 are effective the day following final enactment and apply to all open tax years.

Section 24 is effective for claims for refund filed after May 5, 1993, except that the extension of the exemption for capital equipment used to produce an on-line computerized data retrieval system and to replacement equipment used in the production of taconite is effective for sales after June 30, 1993.

Section 29 is effective for sales of 900 information services made after June 30, 1993.

Except as otherwise provided, sections 33 and 34 are effective for sales made after June 30, 1993. The part of section 33 exempting sales of machinery and equipment for solid waste disposal and collection is effective for sales made after May 31, 1992.

Section 39 is effective for pollution equipment installed after June 30, 1993.

Sections 40 and 41 are effective for reports due after July 1, 1993.

Section 47 is effective for sales or uses of tickets or admissions occurring after December 31, 1992, and before July 1, 1993.

ARTICLE 7

COLLECTIONS AND COMPLIANCE

Section 1. Minnesota Statutes 1992, section 60A.15, subdivision 2a, is amended to read:

Subd. 2a. [PROCEDURE FOR FILING AND ADJUSTMENT OF STATEMENTS AND TAXES.] (a) Every insurer required to pay a premium tax in this state shall make and file a statement of estimated premium taxes for the period covered by the installment tax payment. Such the installment tax payment. Such statement shall be in the form prescribed by the commissioner of revenue.

(b) On or before March 1, annually every insurer subject to taxation under this section shall make an annual return for the preceding calendar year setting forth such information as the commissioner of revenue may reasonably require on forms prescribed by the commissioner.

(c) On March 1, the insurer shall pay any additional amount due for the preceding calendar year; if there has been an overpayment, such overpayment may be credited without interest on the estimated tax due April 15.

(d) If unpaid by this date, penalties and interest as provided in section ~~290.53~~ 289A.60, subdivision 1, as it relates to withholding and sales or use taxes, shall be imposed.

Sec. 2. Minnesota Statutes 1992, section 60A.15, subdivision 9a, is amended to read:

Subd. 9a. [FAILURE TO FILE; PENALTIES AND INTEREST.] In case of any failure to make and file a return as required by this chapter within the time prescribed by law or prescribed by the commissioner of revenue in pursuance of law there shall be added to the tax penalties ~~and interest~~ as provided in section 289A.60, subdivision 2, *as it relates to withholding and sales or use taxes*.

Sec. 3. Minnesota Statutes 1992, section 60A.15, is amended by adding a subdivision to read:

Subd. 9e. [PENALTY FOR REPEATED FAILURES TO FILE RETURNS OR PAY TAXES.] If there is a pattern by a person of repeated failures to timely file returns or timely pay taxes, and written notice is given that a penalty will be imposed if such failures continue, a penalty of 25 percent of the amount of tax not timely paid as a result of each such subsequent failure is added to the tax. The penalty can be abated under the abatement authority in section 270.07, subdivisions 1, paragraph (e), and 6.

Sec. 4. Minnesota Statutes 1992, section 60A.198, subdivision 3, is amended to read:

Subd. 3. [PROCEDURE FOR OBTAINING LICENSE.] A person licensed as an agent in this state pursuant to other law may obtain a surplus lines license by doing the following:

(a) filing an application in the form and with the information the commissioner may reasonably require to determine the ability of the applicant to act in accordance with sections 60A.195 to 60A.209;

(b) maintaining an agent's license in this state;

(c) delivering to the commissioner a financial guarantee bond from a surety acceptable to the commissioner for the greater of the following:

(1) \$5,000; or

(2) the largest semiannual surplus lines premium tax liability incurred by the applicant in the immediately preceding five years; and

(d) agreeing to file with the commissioner of revenue no later than February 15 and August 15 annually, a sworn statement of the charges for insurance procured or placed and the amounts returned on the insurance canceled under the license for the preceding six-month period ending December 31 and June 30 respectively, and at the time of the filing of this statement, paying the commissioner a tax on premiums equal to three percent of the total written premiums less cancellations; ~~and~~

(e) annually paying a fee as prescribed by section 60A.14, subdivision 1, paragraph (c), clause (10); and

(f) *paying penalties imposed under section 289A.60, subdivision 1, as it relates to withholding and sales or use taxes, if the tax due under clause (d) is not timely paid.*

Sec. 5. Minnesota Statutes 1992, section 60A.199, subdivision 4, is amended to read:

Subd. 4. [FAILURE TO FILE; PENALTIES AND INTEREST.] In case of any failure to make and file a return as required by this chapter within the time prescribed by law or prescribed by the commissioner in pursuance of law there

shall be added to the tax penalties ~~and interest~~ as provided in section 289A.60, subdivision 2, *as it relates to withholding and sales or use taxes.*

Sec. 6. Minnesota Statutes 1992, section 60A.199, is amended by adding a subdivision to read:

Subd. 6a. [PENALTY FOR REPEATED FAILURES TO FILE RETURNS OR PAY TAXES.] If there is a pattern by a person of repeated failures to timely file returns or timely pay taxes, and written notice is given that a penalty will be imposed if such failures continue, a penalty of 25 percent of the amount of tax not timely paid as a result of each such subsequent failure is added to the tax. The penalty can be abated under the abatement authority in section 270.07, subdivisions 1, paragraph (e), and 6.

Sec. 7. Minnesota Statutes 1992, section 270.06, is amended to read:

270.06 [POWERS AND DUTIES.]

The commissioner of revenue shall:

(1) have and exercise general supervision over the administration of the assessment and taxation laws of the state, over assessors, town, county, and city boards of review and equalization, and all other assessing officers in the performance of their duties, to the end that all assessments of property be made relatively just and equal in compliance with the laws of the state;

(2) confer with, advise, and give the necessary instructions and directions to local assessors and local boards of review throughout the state as to their duties under the laws of the state;

(3) direct proceedings, actions, and prosecutions to be instituted to enforce the laws relating to the liability and punishment of public officers and officers and agents of corporations for failure or negligence to comply with the provisions of the laws of this state governing returns of assessment and taxation of property, and cause complaints to be made against local assessors, members of boards of equalization, members of boards of review, or any other assessing or taxing officer, to the proper authority, for their removal from office for misconduct or negligence of duty;

(4) require county attorneys to assist in the commencement of prosecutions in actions or proceedings for removal, forfeiture and punishment for violation of the laws of this state in respect to the assessment and taxation of property in their respective districts or counties;

(5) require town, city, county, and other public officers to report information as to the assessment of property, collection of taxes received from licenses and other sources, and such other information as may be needful in the work of the department of revenue, in such form and upon such blanks as the commissioner may prescribe;

(6) require individuals, copartnerships, companies, associations, and corporations to furnish information concerning their capital, funded or other debt, current assets and liabilities, earnings, operating expenses, taxes, as well as all other statements now required by law for taxation purposes;

(7) ~~summon~~ *subpoena* witnesses, at a time and place reasonable under the circumstances, to appear and give testimony, and to produce books, records, papers and documents *for inspection and copying* relating to any ~~tax~~ matter

which the commissioner may have authority to investigate or determine. ~~Provided, that any summons;~~

(8) *issue a subpoena* which does not identify the person or persons with respect to whose tax liability the ~~summons subpoena~~ is issued ~~may be served, but only if~~ (a) the ~~summons subpoena~~ relates to the investigation of a particular person or ascertainable group or class of persons, (b) there is a reasonable basis for believing that such person or group or class of persons may fail or may have failed to comply with any tax law administered by the commissioner, (c) the information sought to be obtained from the examination of the records (and the identity of the person or persons with respect to whose liability the ~~summons subpoena~~ is issued) is not readily available from other sources, (d) the ~~summons subpoena~~ is clear and specific as to the information sought to be obtained, and (e) the information sought to be obtained is limited solely to the scope of the investigation. ~~Provided further that the party served with a summons subpoena which does not identify the person or persons with respect to whose tax liability the summons subpoena is issued shall have the right, within 20 days after service of the summons subpoena, to petition the district court for the judicial district in which lies the county in which that party is located for a determination as to whether the commissioner of revenue has complied with all the requirements in (a) to (e), and thus, whether the summons subpoena is enforceable. If no such petition is made by the party served within the time prescribed, the summons subpoena shall have the force and effect of a court order;~~

(8) (9) cause the deposition of witnesses residing within or without the state, or absent therefrom, to be taken, upon notice to the interested party, if any, in like manner that depositions of witnesses are taken in civil actions in the district court, in any matter which the commissioner may have authority to investigate or determine;

(9) (10) investigate the tax laws of other states and countries and to formulate and submit to the legislature such legislation as the commissioner may deem expedient to prevent evasions of assessment and taxing laws, and secure just and equal taxation and improvement in the system of assessment and taxation in this state;

(10) (11) consult and confer with the governor upon the subject of taxation, the administration of the laws in regard thereto, and the progress of the work of the department of revenue, and furnish the governor, from time to time, such assistance and information as the governor may require relating to tax matters;

(11) (12) transmit to the governor, on or before the third Monday in December of each even-numbered year, and to each member of the legislature, on or before November 15 of each even-numbered year, the report of the department of revenue for the preceding years, showing all the taxable property in the state and the value of the same, in tabulated form;

(12) (13) inquire into the methods of assessment and taxation and ascertain whether the assessors faithfully discharge their duties, particularly as to their compliance with the laws requiring the assessment of all property not exempt from taxation;

(13) (14) administer and enforce the assessment and collection of state taxes and, from time to time, make, publish, and distribute rules for the administration and enforcement of state tax laws. The rules have the force of law;

(14) (15) prepare blank forms for the returns required by state tax law and distribute them throughout the state, furnishing them subject to charge on application;

(15) (16) prescribe rules governing the qualification and practice of agents, attorneys, or other persons representing taxpayers before the commissioner. The rules may require that those persons, agents, and attorneys show that they are of good character and in good repute, have the necessary qualifications to give taxpayers valuable services, and are otherwise competent to advise and assist taxpayers in the presentation of their case before being recognized as representatives of taxpayers. After due notice and opportunity for hearing, the commissioner may suspend and disbar from further practice before the commissioner any person, agent, or attorney who is shown to be incompetent or disreputable, who refuses to comply with the rules, or who with intent to defraud, willfully or knowingly deceives, misleads, or threatens a taxpayer or prospective taxpayer, by words, circular, letter, or by advertisement. This clause does not curtail the rights of individuals to appear in their own behalf or partners or corporations' officers to appear in behalf of their respective partnerships or corporations;

(16) (17) appoint agents as the commissioner considers necessary to make examinations and determinations. The agents have the rights and powers conferred on the commissioner to subpoena, examine, and copy books, records, papers, or memoranda, subpoena witnesses, administer oaths and affirmations, and take testimony. *In addition to administrative subpoenas of the commissioner and the agents, upon demand of the commissioner or an agent, the clerk or court administrator of any district court shall issue a subpoena for the attendance of a witness or the production of books, papers, records, or memoranda before the agent for inspection and copying. The commissioner may also issue subpoenas. Disobedience of subpoenas issued under this chapter a court administrator's subpoena shall be punished by the district court of the district in which the subpoena is issued, or in the case of a subpoena issued by the commissioner or an agent, by the district court of the district in which the party served with the subpoena is located, in the same manner as contempt of the district court;*

(17) (18) appoint and employ additional help, purchase supplies or materials, or incur other expenditures in the enforcement of state tax laws as considered necessary. The salaries of all agents and employees provided for in this chapter shall be fixed by the appointing authority, subject to the approval of the commissioner of administration;

(18) (19) execute and administer any agreement with the secretary of the treasury of the United States or a representative of another state regarding the exchange of information and administration of the tax laws;

(19) (20) administer and enforce the provisions of sections 325D.30 to 325D.42, the Minnesota unfair cigarette sales act;

(20) (21) authorize the use of unmarked motor vehicles to conduct seizures or criminal investigations pursuant to the commissioner's authority; and

(21) (22) exercise other powers and perform other duties required of or imposed upon the commissioner of revenue by law.

Sec. 8. Minnesota Statutes 1992, section 270.70, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY OF COMMISSIONER.] If any tax payable to the commissioner of revenue or to the department of revenue is not paid when due, such tax may be collected by the commissioner of revenue within five years after the date of assessment of the tax, or if a lien has been filed, during the period the lien is enforceable, or if the tax judgment has been filed, within the statutory period of enforcement of a valid tax judgment, by a levy upon all property and rights to property, including any property in the possession of law enforcement officials, of the person liable for the payment or collection of such tax (except that which is exempt from execution pursuant to section 550.37 and amounts received under United States Code, title 29, chapter 19, as amended through December 31, 1989) or property on which there is a lien provided in section 270.69. For this purpose, the term "tax" shall include any penalty, interest, and costs properly payable. The term "levy" includes the power of distraint and seizure by any means; *provided, no entry can be made upon the business premises or residence of a taxpayer in order to seize property without first obtaining a writ of entry listing the property to be seized and signed by a judge of the district court of the district in which the business premises or residence is located.*

Sec. 9. [270.7001] [CONTINUOUS LEVY.]

Subdivision 1. [AUTHORITY.] *The commissioner may, within five years after the date of assessment of the tax, or if a lien has been filed under section 270.69, within the statutory period for enforcement of the lien, give notice to a person, officer, or political subdivision or agency of the state to withhold the amount of any tax, interest, or penalties due from a taxpayer, or the amount due from an employer or person who has failed to withhold and transmit amounts due from any payments to the taxpayer, employer, or person. The amounts withheld shall be transmitted to the commissioner at the times the commissioner designates.*

Subd. 2. [LEVY CONTINUOUS.] *The levy made under subdivision 1 is continuous from the date the notice is received until (1) the amount due stated on the notice has been withheld or (2) the notice has been released by the commissioner under section 270.709, whichever occurs first.*

Subd. 3. [AMOUNT TO BE WITHHELD.] *The amount required to be withheld under this section is the least of:*

- (1) the amount stated on the notice;*
- (2) if the taxpayer, employer, or person is not a natural person, 100 percent of the payment;*
- (3) if the taxpayer, employer, or person is an individual, 25 percent of the payment.*

Subd. 4. [PAYMENTS COVERED.] *For purposes of this section, the term payments does not include wages as defined in section 290.92 or funds in a deposit account as defined in section 336.9-105. The term payments does include the following:*

- (1) payments due for services of independent contractors, dividends, rents, royalties, residuals, patent rights, and mineral or other natural resource rights;*
- (2) payments or credits under written or oral contracts for services or sales*

whether denominated as wages, salary, commission, bonus, or otherwise, if the payments are not covered by section 290.92, subdivision 23; and

(3) any other periodic payments or credits resulting from an enforceable obligation to the taxpayer, employer, or person.

Subd. 5. [DETERMINATION OF STATUS; EFFECT.] A determination of a person's status as an independent contractor under this section does not affect the determination of the person's status for the purposes of any other law or rule.

Sec. 10. [270.78] [PENALTY FOR FAILURE TO MAKE PAYMENT BY ELECTRONIC FUNDS TRANSFER.]

In addition to other applicable penalties imposed by law, after notification from the commissioner of revenue to the taxpayer that payments for a tax administered by the commissioner are required to be made by means of electronic funds transfer, and the payments are remitted by some other means, there is a penalty in the amount of five percent of each payment that should have been remitted electronically. The penalty can be abated under the abatement procedures prescribed in section 270.07, subdivision 6, if the failure to remit the payment electronically is due to reasonable cause.

Sec. 11. Minnesota Statutes 1992, section 276.02, is amended to read:

276.02 [TREASURER TO BE COLLECTOR.]

The county treasurer shall collect all taxes extended on the tax lists of the county and the fines, forfeitures, or penalties received by any person or officer for the use of the county. The treasurer shall collect the taxes according to law and credit them to the proper funds. This section does not apply to fines and penalties accruing to municipal corporations for the violation of their ordinances that are recoverable before a city justice. The county board may by resolution authorize the treasurer to impose a charge for any dishonored checks.

The county board may, by resolution, authorize the treasurer and/or other designees to accept payments of real property taxes by credit card provided that a fee is charged for its use. The fee charged must be commensurate with the costs assessed by the card issuer. If a credit card transaction under this section is subsequently voided or otherwise reversed, the lien of real property taxes under section 272.31 is revived and attaches in the manner and time provided in that section as though the credit card transaction had never occurred, and the voided or reversed credit card transaction shall not impair the right of a lienholder under section 272.31 to enforce the lien in its favor.

Sec. 12. Minnesota Statutes 1992, section 279.37, subdivision 1a, is amended to read:

Subd. 1a. The delinquent taxes upon a parcel of property which was classified class 4e pursuant to section 273.13, subdivision 9, or for taxes assessed in 1986 and thereafter, classified class 3a, for the previous year's assessment and had a total market value of less than \$100,000 \$200,000 for that same assessment shall be eligible to be composed into a confession of judgment. Property qualifying under this subdivision shall be subject to the same provisions as provided in this section except as herein provided.

(a) The down payment shall include all special assessments due in the current tax year, all delinquent special assessments, and 20 percent of the ad

valorem tax, penalties, and interest accrued against the parcel. The balance remaining shall be payable in four equal annual installments; and

(b) The amounts entered in judgment shall bear interest at the rate provided in section 279.03, subdivision 1a, commencing with the date the judgment is entered. The interest rate is subject to change each year on the unpaid balance in the manner provided in section 279.03, subdivision 1a.

Sec. 13. Minnesota Statutes 1992, section 289A.18, subdivision 4, is amended to read:

Subd. 4. [SALES AND USE TAX RETURNS.] (a) Sales and use tax returns must be filed on or before the 20th day of the month following the close of the preceding reporting period, except that annual use tax returns provided for under section 289A.11, subdivision 1, must be filed by April 15 following the close of the calendar year. ~~In addition, on or before June 20 of a year, a retailer who has a May liability of \$1,500 or more must file a return with the commissioner for one-half of the estimated June liability, in addition to filing a return for the May liability. On or before August 20 of a year, the retailer must file a return showing the actual June liability.~~

(b) Returns filed by retailers required to remit liabilities by means of funds transfer under section 289A.20, subdivision 4, paragraph (d), are due on or before the 25th day of the month following the close of the preceding reporting period. ~~Returns filed under the second sentence of paragraph (a) by a retailer required to remit by means of funds transfer are due on June 25. The return for the May liability and 75 percent of the estimated June liability is due on the date payment of the estimated June liability is due, and on or before August 25 of a year, the retailer must file a return showing the actual June liability.~~

(c) *If a retailer has an average sales and use tax liability, including local sales and use taxes administered by the commissioner, equal to or less than \$500 per month in any quarter of a calendar year, and has substantially complied with the tax laws during the preceding four calendar quarters, the retailer may request authorization to file and pay the taxes quarterly in subsequent calendar quarters. The authorization remains in effect during the period in which the retailer's quarterly returns reflect sales and use tax liabilities of less than \$1,500 and there is continued compliance with state tax laws.*

(d) *If a retailer has an average sales and use tax liability, including local sales and use taxes administered by the commissioner, equal to or less than \$100 per month during a calendar year, and has substantially complied with the tax laws during that period, the retailer may request authorization to file and pay the taxes annually in subsequent years. The authorization remains in effect during the period in which the retailer's annual returns reflect sales and use tax liabilities of less than \$1,200 and there is continued compliance with state tax laws.*

(e) *The commissioner may also grant quarterly or annual filing and payment authorizations to retailers if the commissioner concludes that the retailers' future tax liabilities will be less than the monthly totals identified in paragraphs (c) and (d). An authorization granted under this paragraph is subject to the same conditions as an authorization granted under paragraphs (c) and (d).*

Sec. 14. Minnesota Statutes 1992, section 289A.20, subdivision 2, is amended to read:

Subd. 2. [WITHHOLDING FROM WAGES, ENTERTAINER WITHHOLDING, WITHHOLDING FROM PAYMENTS TO OUT-OF-STATE CONTRACTORS, AND WITHHOLDING BY PARTNERSHIPS AND SMALL BUSINESS CORPORATIONS.] (a) A tax required to be deducted and withheld during the quarterly period must be paid on or before the last day of the month following the close of the quarterly period, unless an earlier time for payment is provided. A tax required to be deducted and withheld from compensation of an entertainer and from a payment to an out-of-state contractor must be paid on or before the date the return for such tax must be filed under section 289A.18, subdivision 2. Taxes required to be deducted and withheld by partnerships and S corporations must be paid on or before the date the return must be filed under section 289A.18, subdivision 2.

(b)(1) Unless clause (2) applies, if during any calendar month, other than the last month of the calendar quarter, the aggregate amount of the tax withheld during that quarter under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, exceeds \$500, the employer shall deposit the aggregate amount with the commissioner within 15 days after the close of the calendar month.

(2) If at the close of any eighth-monthly period the aggregate amount of undeposited taxes is \$3,000 or more, the employer, or person withholding tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, shall deposit the undeposited taxes with the commissioner within three banking days after the close of the eighth-monthly period. For purposes of this clause, the term "eighth-monthly period" means the first three days of a calendar month, the fourth day through the seventh day of a calendar month, the eighth day through the 11th day of a calendar month, the 12th day through the 15th day of a calendar month, the 16th day through the 19th day of a calendar month, the 20th day through the 22nd day of a calendar month, the 23rd day through the 25th day of a calendar month, or the part of a calendar month following the 25th day of the month.

(c) The commissioner may prescribe by rule other return periods or deposit requirements. In prescribing the reporting period, the commissioner may classify payors according to the amount of their tax liability and may adopt an appropriate reporting period for the class that the commissioner judges to be consistent with efficient tax collection. In no event will the duration of the reporting period be more than one year.

(d) If less than the correct amount of tax is paid to the commissioner, proper adjustments with respect to both the tax and the amount to be deducted must be made, without interest, in the manner and at the times the commissioner prescribes. If the underpayment cannot be adjusted, the amount of the underpayment will be assessed and collected in the manner and at the times the commissioner prescribes.

(e) If the aggregate amount of the tax withheld during a fiscal year ending June 30 under section 290.92, subdivision 2a or 3, is equal to or exceeds ~~\$240,000~~ \$120,000, the employer must remit each required deposit in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the deposit is due. If the date the deposit is due is not a funds transfer business day, as defined in

section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the deposit is due.

Sec. 15. Minnesota Statutes 1992, section 289A.20, subdivision 4, is amended to read:

Subd. 4. [SALES AND USE TAX.] (a) The taxes imposed by chapter 297A are due and payable to the commissioner monthly on or before the 20th day of the month following the month in which the taxable event occurred or following another reporting period as the commissioner prescribes, except that use taxes due on an annual use tax return as provided under section 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

(b) A vendor having a liability of ~~\$1,500~~ *\$120,000* or more ~~in May of~~ *during a fiscal year ending June 30* must remit the June liability ~~for the next year~~ in the following manner:

(1) ~~On or Two business days before June 20 30~~ of the year, the vendor must remit ~~the actual May liability and one-half~~ *75 percent* of the estimated June liability to the commissioner.

(2) On or before August 20 ~~14~~ of the year, the vendor must pay any additional amount of tax not remitted in June.

(3) ~~If the vendor is required to remit by means of funds transfer as provided in paragraph (d), the vendor may remit the May liability as provided for in paragraph (e), but must remit one-half of the estimated June liability on or before June 14. The remaining amount of the June liability is due on August 14.~~

(c) When a retailer located outside of a city that imposes a local sales and use tax collects use tax to be remitted to that city, the retailer is not required to remit the tax until the amount collected reaches \$10.

(d) A vendor having a liability of ~~\$240,000~~ *\$120,000* or more during a fiscal year ending June 30 must remit all liabilities in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before ~~the date the tax is due~~ the 14th day of the month following the month in which the taxable event occurred, except for ~~the one-half 75 percent~~ of the estimated June liability, which is due ~~with the May liability on two business days before June 14 30~~. The remaining amount of the June liability is due on August 14. If the date the tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the tax is due.

(e) If the vendor required to remit by electronic funds transfer as provided in paragraph (d) is unable due to reasonable cause to determine the actual sales and use tax due on or before the due date for payment, the vendor may remit an estimate of the tax owed using one of the following options:

(1) 100 percent of the tax reported on the previous month's sales and use tax return;

(2) 100 percent of the tax reported on the sales and use tax return for the same month in the previous calendar year; or

(3) 95 percent of the actual tax due.

Any additional amount of tax that is not remitted on or before the due date for payment, must be remitted with the return. A vendor must notify the commissioner of the option that will be used to estimate the tax due, and must obtain approval from the commissioner to switch to another option. If a vendor fails to remit the actual liability or does not remit using one of the estimate options by the due date for payment, the vendor must remit actual liability as provided in paragraph (d) in all subsequent periods. This paragraph does not apply to the June sales and use liability.

Sec. 16. Minnesota Statutes 1992, section 289A.36, subdivision 3, is amended to read:

Subd. 3. [POWER TO COMPEL TESTIMONY.] In the administration of state tax law, the commissioner may:

(1) administer oaths or affirmations and compel by subpoena the attendance of witnesses, testimony, and the production of a person's pertinent books, records, papers, or other data *for inspection and copying*;

(2) examine under oath or affirmation any person regarding the business of any taxpayer concerning any relevant matter incident to the administration of state tax law. The fees of witnesses required by the commissioner to attend a hearing are equal to those allowed to witnesses appearing before courts of this state. The fees must be paid in the manner provided for the payment of other expenses incident to the administration of state tax law; and

(3) in addition to other remedies that may be available, bring an action in equity by the state against a taxpayer for an injunction ordering the taxpayer to file a complete and proper return or amended return. The district courts of this state have jurisdiction over the action and disobedience of an injunction issued under this clause will be punished as a contempt of district court.

Sec. 17. Minnesota Statutes 1992, section 289A.36, subdivision 7, is amended to read:

Subd. 7. [APPLICATION TO COURT FOR ENFORCEMENT OF SUBPOENA.] ~~The commissioner or the taxpayer may apply to the district court of the county of the taxpayer's residence, place of business, or county where the subpoena can be served as with any other case at law, for an order compelling the appearance of the subpoenaed witness or the production of the subpoenaed records. If the subpoenaed party fails to comply with the order of the court, the party may be punished by the court as for contempt. Disobedience of subpoenas issued under this section shall be punished by the district court of the district in which the party served with the subpoena is located, in the same manner as contempt of the district court.~~

Sec. 18. Minnesota Statutes 1992, section 289A.40, is amended by adding a subdivision to read:

Subd. 1a. [INDIVIDUAL INCOME TAXES; REASONABLE CAUSE.] *If the taxpayer establishes reasonable cause for failing to timely file the return required by section 289A.08, subdivision 1, files the required return within ten years of the date specified in section 289A.18, subdivision 1, and independently verifies that an overpayment has been made, the commissioner shall grant a refund claimed by the original return, notwithstanding the limitations of subdivision 1.*

Sec. 19. Minnesota Statutes 1992, section 289A.60, subdivision 1, is amended to read:

Subdivision 1. [PENALTY FOR FAILURE TO PAY TAX.] If a tax *other than a withholding or sales or use tax* is not paid or ~~amounts required to be withheld are not remitted~~ within the time specified for payment, a penalty must be added to the amount required to be shown as tax. The penalty is three percent of the tax not paid on or before the date specified for payment of the tax if the failure is for not more than 30 days, with an additional penalty of three percent of the amount of tax remaining unpaid during each additional 30 days or fraction of 30 days during which the failure continues, not exceeding 24 percent in the aggregate.

If a withholding or sales or use tax is not paid within the time specified for payment, a penalty must be added to the amount required to be shown as tax. The penalty is five percent of the tax not paid on or before the date specified for payment of the tax if the failure is for not more than 30 days, with an additional penalty of five percent of the amount of tax remaining unpaid during each additional 30 days or fraction of 30 days during which the failure continues, not exceeding 15 percent in the aggregate.

Sec. 20. Minnesota Statutes 1992, section 289A.60, subdivision 2, is amended to read:

Subd. 2. [PENALTY FOR FAILURE TO MAKE AND FILE RETURN.] If a taxpayer fails to make and file a return other than an income tax return of an individual, *a withholding return, or sales or use tax return*, within the time prescribed or an extension, a penalty is added to the tax. The penalty is three percent of the amount of tax not paid on or before the date prescribed for payment of the tax including any extensions if the failure is for not more than 30 days, with an additional five percent of the amount of tax remaining unpaid during each additional 30 days or fraction of 30 days, during which the failure continues, not exceeding 23 percent in the aggregate.

If a taxpayer fails to file a return, other than an income tax return of an individual, within 60 days of the date prescribed for filing of the return (determined with regard to any extension of time for filing), the addition to tax under this subdivision must not be less than the lesser of: (1) \$200; or (2) the greater of (a) 25 percent of the amount required to be shown as tax on the return without reduction for any payments made or refundable credits allowable against the tax, or (b) \$50.

If a taxpayer fails to file an individual income tax return within six months after the date prescribed for filing of the return, a penalty of ten percent of the amount of tax not paid by the end of that six-month period is added to the tax.

If a taxpayer fails to file a withholding or sales or use tax return within the time prescribed, including an extension, a penalty of five percent of the amount of tax not timely paid is added to the tax.

Sec. 21. Minnesota Statutes 1992, section 289A.60, is amended by adding a subdivision to read:

Subd. 5a. [PENALTY FOR REPEATED FAILURES TO FILE RETURNS OR PAY TAXES.] *If there is a pattern by a person of repeated failures to timely file withholding or sales or use tax returns or timely pay withholding or sales or use taxes, and written notice is given that a penalty will be imposed if such failures continue, a penalty of 25 percent of the amount of tax not*

timely paid as a result of each such subsequent failure is added to the tax. The penalty can be abated under the abatement authority in section 270.07, subdivisions 1, paragraph (e), and 6.

Sec. 22. Minnesota Statutes 1992, section 289A.60, subdivision 15, is amended to read:

Subd. 15. [ACCELERATED PAYMENT OF JUNE SALES TAX LIABILITY; PENALTY FOR UNDERPAYMENT.] If a vendor is required by law to submit an estimation of June sales tax liabilities and ~~one-half~~ 75 percent payment by a certain date, and the vendor fails to remit the balance due by the date required, the vendor shall pay a penalty equal to ten percent of the amount of actual June liability required to be paid in June less the amount remitted in June. The penalty must not be imposed, however, if the amount remitted in June equals the lesser of: (1) 45 70 percent of the actual June liability, (2) 50 75 percent of the preceding May's liability, or (3) 50 75 percent of the average monthly liability for the previous calendar year.

Sec. 23. Minnesota Statutes 1992, section 289A.60, is amended by adding a subdivision to read:

Subd. 21. [PENALTY FOR FAILURE TO MAKE PAYMENT BY ELECTRONIC FUNDS TRANSFER.] *In addition to other applicable penalties imposed by this section, after notification from the commissioner to the taxpayer that payments are required to be made by means of electronic funds transfer under section 289A.20, subdivision 2, paragraph (e), or 4, paragraph (d), or 289A.26, subdivision 2a, and the payments are remitted by some other means, there is a penalty in the amount of five percent of each payment that should have been remitted electronically. The penalty can be abated under the abatement procedures prescribed in section 270.07, subdivision 6, if the failure to remit the payment electronically is due to reasonable cause.*

Sec. 24. Minnesota Statutes 1992, section 294.03, subdivision 1, is amended to read:

Subdivision 1. If any company, joint stock association, copartnership, corporation, or individual required by law to pay taxes to the state on a gross earnings basis shall fail to pay such tax or gross earnings percentage within the time specified by law for the payment thereof, or within 30 days after final determination of an appeal to the Minnesota tax court relating thereto, there shall be added a specific penalty equal to ~~ten~~ five percent of the amount so remaining unpaid *if the failure is for not more than 30 days, with an additional penalty of five percent of the amount of tax remaining unpaid during each additional 30 days or fraction of 30 days during which the failure continues, not exceeding 15 percent in the aggregate.* Such penalty shall be collected as part of said tax, and the amount of said tax not timely paid, together with said penalty, shall bear interest at the rate specified in section 270.75 from the time such tax should have been paid until paid.

Sec. 25. Minnesota Statutes 1992, section 294.03, subdivision 2, is amended to read:

Subd. 2. In case of any failure to make and file a return as required by this chapter within the time prescribed by law or prescribed by the commissioner in pursuance of law, ~~unless it is shown that such failure is not due to willful neglect, there shall be added to the tax in lieu of the ten percent specific penalty provided in subdivision 4: ten percent if the failure is for not more~~

than 30 days with an additional five percent for each additional 30 days or fraction thereof during which such failure continues, not exceeding 25 percent in the aggregate a penalty of five percent of the amount of tax not timely paid. The amount so added to any tax shall be collected at the same time and in the same manner and as a part of the tax, and the amount of said tax together with the amount so added shall bear interest at the rate specified in section 270.75 from the time such tax should have been paid until paid unless the tax has been paid before the discovery of the neglect, in which case the amount so added shall be collected in the same manner as the tax.

For purposes of this subdivision, the amount of any taxes required to be shown on the return shall be reduced by the amount of any part of the tax which is paid on or before the date prescribed for payment of the tax and by the amount of any credit against the tax which may be claimed upon the return.

Sec. 26. Minnesota Statutes 1992, section 294.03, is amended by adding a subdivision to read:

Subd. 4. If there is a pattern by a person of repeated failures to timely file returns or timely pay taxes, and written notice is given that a penalty will be imposed if such failures continue, a penalty of 25 percent of the amount of tax not timely paid as a result of each such subsequent failure is added to the tax. The penalty can be abated under the abatement authority in section 270.07, subdivisions 1, paragraph (e), and 6.

Sec. 27. Minnesota Statutes 1992, section 296.14, subdivision 1, is amended to read:

Subdivision 1. [CONTENTS; PAYMENT OF TAX; SHRINKAGE ALLOWANCE.] On or before the 23rd day of each month, every person who is required to pay gasoline tax or inspection fee on petroleum products and every distributor shall file in the office of the commissioner at St. Paul, Minnesota, a report in a manner approved by the commissioner showing the number of gallons of petroleum products received by the reporter during the preceding calendar month, and such other information as the commissioner may require. The number of gallons of gasoline shall be reported in United States standard liquid gallons (231 cubic inches), except that the commissioner may upon written application therefor and for cause shown permit the distributor to report the number of gallons of such gasoline as corrected to a 60 degree Fahrenheit temperature. If such application is granted, all gasoline covered in such application and as allowed by the commissioner must continue to be reported by the distributor on the adjusted basis for a period of one year from the date of the granting of the application. The number of gallons of petroleum products other than gasoline shall be reported as originally invoiced.

Each report shall show separately the number of gallons of aviation gasoline received by the reporter during such calendar month.

Each report shall be accompanied by remittance covering inspection fees on petroleum products and gasoline tax on gasoline received by the reporter during the preceding month; provided that in computing such tax a deduction of three percent of the quantity of gasoline received by a distributor shall be made for evaporation and loss; provided further that at the time of remittance the distributor shall submit satisfactory evidence that one-third of such three percent deduction shall have been credited or paid to dealers on quantities sold to them. The report and remittance shall be deemed to have been filed as

herein required if postmarked on or before the 23rd day of the month in which payable.

Each report shall contain a confession of judgment for the amount of the tax shown due thereon to the extent not timely paid.

If the aggregate remittances made during a fiscal year ending June 30 equal or exceed ~~\$240,000~~ \$120,000, all remittances in the subsequent calendar year must be made by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the remittance is due. If the date the remittance is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the remittance is due.

Sec. 28. Minnesota Statutes 1992, section 297.03, subdivision 6, is amended to read:

Subd. 6. [TAX STAMPING MACHINES.] (a) The commissioner shall require any person licensed as a distributor to stamp packages with a heat-applied tax stamping machine, approved by the commissioner, which shall be provided by the distributor. The commissioner shall supervise and check the operation of the machines and shall provide for the payment of the tax on any package so stamped, subject to the discount provided in subdivision 5. The commissioner may sell heat-applied stamps on a credit basis under conditions prescribed by the commissioner. The stamps shall be sold by the commissioner at a price which includes the tax after giving effect to the discount provided in subdivision 5. The commissioner shall recover the actual costs of the stamps from the distributor. A distributor having a liability of ~~\$240,000~~ \$120,000 or more during a fiscal year ending June 30 must remit all liabilities purchased on a credit basis in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the tax is due. If the date the tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the tax is due.

(b) If the commissioner finds that a stamping machine is not affixing a legible stamp on the package, the commissioner may order the distributor to immediately cease the stamping process until the machine is functioning properly.

(c) The commissioner shall annually establish the maximum amount of heat applied stamps that may be purchased each month. Notwithstanding any other provisions of this chapter, the tax due on the return will be based upon actual heat applied stamps purchased during the reporting period.

Sec. 29. Minnesota Statutes 1992, section 297.07, subdivision 1, is amended to read:

Subdivision 1. [MONTHLY RETURN FILED WITH COMMISSIONER.] On or before the 18th day of each calendar month every distributor with a place of business in this state shall file a return with the commissioner showing the quantity of cigarettes manufactured or brought in from without the state or purchased during the preceding calendar month and the quantity of cigarettes sold or otherwise disposed of in this state and outside this state

during that month. Every licensed distributor outside this state shall in like manner file a return showing the quantity of cigarettes shipped or transported into this state during the preceding calendar month. Returns shall be made upon forms furnished and prescribed by the commissioner and shall contain such other information as the commissioner may require. The return shall be accompanied by a remittance for the full unpaid tax liability shown by it. *The return for the May liability and 75 percent of the estimated June liability is due on the date payment of the tax is due.*

Sec. 30. Minnesota Statutes 1992, section 297.07, subdivision 4, is amended to read:

Subd. 4. [ACCELERATED TAX PAYMENT.] Every distributor having a liability of ~~\$1,500~~ \$120,000 or more in May 1987 or in May of each subsequent during a fiscal year ending June 30, shall remit the June liability for the next year in the following manner required by this section:

~~On or~~ (a) Two business days before June 18, 1987, or June 18 30 of each subsequent the year, the distributor shall remit the actual May liability and ~~one-half~~ 75 percent of the estimated June liability to the commissioner and file the return on a form prescribed by the commissioner.

(b) On or before July 18, 1987, or July August 18 of each subsequent the year, the distributor shall submit a return showing the actual June liability and paying any additional amount of tax not remitted in June. A penalty is imposed equal to ten percent of the amount of June liability required to be paid in June less the amount remitted in June. However, the penalty shall not be imposed if the amount remitted in June equals the lesser of (a) 45 70 percent of the actual June liability, or (b) 50 75 percent of the preceding May's liability.

Sec. 31. Minnesota Statutes 1992, section 297.35, subdivision 1, is amended to read:

Subdivision 1. On or before the 18th day of each calendar month every distributor with a place of business in this state shall file a return with the commissioner showing the quantity and wholesale sales price of each tobacco product (1) brought, or caused to be brought, into this state for sale; and (2) made, manufactured, or fabricated in this state for sale in this state, during the preceding calendar month. Every licensed distributor outside this state shall in like manner file a return showing the quantity and wholesale sales price of each tobacco product shipped or transported to retailers in this state to be sold by those retailers, during the preceding calendar month. Returns shall be made upon forms furnished and prescribed by the commissioner and shall contain such other information as the commissioner may require. Each return shall be accompanied by a remittance for the full tax liability shown therein, less 1.5 percent of such liability as compensation to reimburse the distributor for expenses incurred in the administration of sections 297.31 to 297.39. *The return for the May liability and 75 percent of the estimated June liability is due on the date payment of the tax is due.*

A distributor having a liability of ~~\$240,000~~ \$120,000 or more during a calendar year must remit all liabilities in the subsequent fiscal year ending June 30 by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the tax is due. If the date the tax is due is not a funds transfer business day, as defined in section 336.4A-105,

paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the tax is due.

Sec. 32. Minnesota Statutes 1992, section 297.35, subdivision 5, is amended to read:

Subd. 5. Every distributor having a liability of ~~\$1,500~~ \$120,000 or more in May 1987 or in May of each subsequent year during a fiscal year ending June 30, shall remit the June liability for the next year in the following manner required by this section:

On or (a) Two business days before June 18, 1987, or June 18 30 of each subsequent year, the distributor shall remit the actual May liability and one-half 75 percent of the estimated June liability to the commissioner and file the return on a form prescribed by the commissioner.

(b) On or before July 18, 1987, or July August 18 of each subsequent year, the distributor shall submit a return showing the actual June liability and paying any additional amount of tax not remitted in June. A penalty is imposed equal to ten percent of the amount of June liability required to be paid in June less the amount remitted in June. However, the penalty is not imposed if the amount remitted in June equals the lesser of (a) (1) 45 70 percent of the actual June liability, or (b) (2) 50 75 percent of the preceding May's liability.

Sec. 33. Minnesota Statutes 1992, section 297.43, subdivision 1, is amended to read:

Subdivision 1. [PENALTY ON UNPAID TAX.] If a tax imposed by this chapter, or any part of it, is not paid within the time required for the payment, or an extension of time, or within 30 days after final determination of an appeal to the tax court relating to it, there shall be added to the tax a penalty equal to three five percent of the amount remaining unpaid if the failure is for not more than 30 days, with an additional penalty of three five percent of the amount of tax remaining unpaid during each additional 30 days or fraction thereof, not exceeding 24 15 percent in the aggregate.

Sec. 34. Minnesota Statutes 1992, section 297.43, subdivision 2, is amended to read:

Subd. 2. [PENALTY FOR FAILURE TO FILE.] If a person fails to make and file a return within the time required under sections 297.07, 297.23, and 297.35, there shall be added to the tax three five percent of the amount of tax not paid on or before the date prescribed for payment of the tax if the failure is for not more than 30 days, with an additional five percent of the amount of tax remaining unpaid for each additional 30 days or fraction thereof during which such failure continues, not exceeding 23 percent in the aggregate. The amount so added to any tax under this subdivision and subdivision 1 shall be collected at the same time and in the same manner and as a part of the tax and shall bear interest at the rate specified in section 270.75 from the time the tax should have been paid, unless the tax has been paid before the discovery of the negligence, in which case the amount so added shall be collected in the same manner as the tax.

In the case of a failure to file a return within 60 days of the date prescribed for filing of the return (determined with regard to any extension of time for filing), the addition to tax under this subdivision shall not be less than the lesser of (i) \$200; or (ii) the greater of (a) 25 percent of the amount required

to be shown as tax on the return without reduction for any payments made or refundable credits allowable against the tax; or (b) \$50.

Sec. 35. Minnesota Statutes 1992, section 297.43, is amended by adding a subdivision to read:

Subd. 4a. [PENALTY FOR REPEATED FAILURES TO FILE RETURNS OR PAY TAXES.] If there is a pattern by a person of repeated failures to timely file returns or timely pay taxes, and written notice is given that a penalty will be imposed if such failures continue, a penalty of 25 percent of the amount of tax not timely paid as a result of each such subsequent failure is added to the tax. The penalty can be abated under the abatement authority in section 270.07, subdivisions 1, paragraph (e), and 6.

Sec. 36. Minnesota Statutes 1992, section 297C.03, subdivision 1, is amended to read:

Subdivision 1. [MANNER AND TIME OF PAYMENT; FAILURE TO PAY.] The tax on wines and distilled spirits on which the excise tax has not been previously paid must be paid to the commissioner by persons liable for the tax on or before the 18th day of the month following the month in which the first sale is made in this state by a licensed manufacturer or wholesaler. Every person liable for the tax on wines or distilled spirits imposed by section 297C.02 must file with the commissioner on or before the 18th day of the month following first sale in this state by a licensed manufacturer or wholesaler a return in the form prescribed by the commissioner, and must keep records and render reports required by the commissioner. The commissioner may certify to the commissioner of public safety any failure to pay taxes when due as a violation of a statute relating to the sale of intoxicating liquor for possible revocation or suspension of license. *The return for the May liability and 75 percent of the estimated June liability is due on the date payment of the tax is due.*

A person liable for an excise tax of ~~\$240,000~~ \$120,000 or more during a fiscal year ending June 30 must remit all excise tax liabilities in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the excise tax is due. If the date the excise tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the excise tax is due.

Sec. 37. Minnesota Statutes 1992, section 297C.04, is amended to read:

297C.04 [PAYMENT OF TAX; MALT LIQUOR.]

The commissioner may by rule provide a reporting method for paying and collecting the excise tax on fermented malt beverages. The tax is imposed upon the first sale or importation made in this state by a licensed brewer or importer. The rules must require reports to be filed with and the excise tax to be paid to the commissioner on or before the 18th day of the month following the month in which the importation into or the first sale is made in this state, whichever first occurs. The rules must also require payments in June of 1987 and subsequent years according to the provisions of section 297C.05, subdivision 2.

A distributor who has title to or possession of fermented malt beverages upon which the excise tax has not been paid and who knows that the tax has not been paid, shall file a return with the commissioner on or before the 18th day of the month following the month in which the distributor obtains title or possession of the fermented malt beverages. The return must be made on a form furnished and prescribed by the commissioner, and must contain all information that the commissioner requires. The return must be accompanied by a remittance for the full unpaid liability shown on it. *The return for the May liability and 75 percent of the estimated June liability is due on the date payment of the tax is due.*

A licensed brewer, importer, or distributor having an excise tax liability of ~~\$240,000~~ *\$120,000* or more during a fiscal year ending June 30 must remit all excise tax liabilities in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the excise tax is due. If the date the excise tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the excise tax is due.

Sec. 38. Minnesota Statutes 1992, section 297C.05, subdivision 2, is amended to read:

Subd. 2. [ACCELERATED TAX PAYMENT.] Every person liable for tax under this chapter having a liability of ~~\$1,500~~ *\$120,000* or more ~~in May 1987 or in May of each subsequent~~ *during a fiscal year ending June 30*, shall remit the June liability *for the next year* in the following manner ~~required by this section~~:

~~On or~~ (a) ~~Two business days before June 18, 1987, or June 18 30 of each subsequent~~ the year, the taxpayer shall remit the actual May liability and ~~one-half~~ *75 percent* of the estimated June liability to the commissioner and file the return on a form prescribed by the commissioner.

(b) ~~On or before August 18, 1987, or August 18 of each subsequent~~ the year, the taxpayer shall submit a return showing the actual June liability and paying any additional amount of tax not remitted in June. A penalty is hereby imposed equal to ten percent of the amount of June liability required to be paid in June less the amount remitted in June. However, the penalty shall not be imposed if the amount remitted in June equals the lesser of ~~(a) (1) 45~~ *70* percent of the actual June liability, or ~~(b) (2) 50~~ *75* percent of the preceding May's liability.

Sec. 39. Minnesota Statutes 1992, section 297C.14, subdivision 1, is amended to read:

Subdivision 1. [PENALTY ON UNPAID TAX.] If a tax imposed by this chapter, or any part of it, is not paid within the time required for the payment, or an extension of time, or within 30 days after final determination of an appeal to the tax court relating to it, there shall be added to the tax a penalty equal to ~~three~~ *five* percent of the amount remaining unpaid if the failure is for not more than 30 days, with an additional penalty of ~~three~~ *five* percent of the amount of tax unpaid during each additional 30 days or fraction thereof, not exceeding ~~24~~ *15* percent in the aggregate.

Sec. 40. Minnesota Statutes 1992, section 297C.14, subdivision 2, is amended to read:

Subd. 2. [PENALTY FOR FAILURE TO FILE.] If a person fails to make and file a return within the time required by this chapter or an extension of time, there shall be added to the tax ~~three five~~ percent of the amount of tax not paid on or before the date prescribed for payment of the tax ~~if the failure is for not more than 30 days, with an additional five percent of the amount of tax remaining unpaid for each additional 30 days or fraction thereof during which such failure continues, not exceeding 23 percent in the aggregate.~~ The amount so added to any tax under subdivisions 1 and 2 shall be collected at the same time and in the same manner and as a part of the tax and shall bear interest at the rate specified in section 270.75 from the time the tax should have been paid, unless the tax has been paid before the discovery of the negligence, in which case the amount so added shall be collected in the same manner as the tax.

In the case of a failure to file a return within 60 days of the date prescribed for filing of the return (determined with regard to any extension of time for filing), the addition to tax under this subdivision shall not be less than the lesser of (i) \$200; or (ii) the greater of (a) 25 percent of the amount required to be shown as tax on the return without reduction for any payments made or refundable credits allowable against the tax; or (b) \$50.

Sec. 41. Minnesota Statutes 1992, section 297C.14, is amended by adding a subdivision to read:

Subd. 9. [PENALTY FOR REPEATED FAILURES TO FILE RETURNS OR PAY TAXES.] *If there is a pattern by a person of repeated failures to timely file returns or timely pay taxes, and written notice is given that a penalty will be imposed if such failures continue, a penalty of 25 percent of the amount of tax not timely paid as a result of each such subsequent failure is added to the tax. The penalty can be abated under the abatement authority in section 270.07, subdivisions 1, paragraph (e), and 6.*

Sec. 42. Minnesota Statutes 1992, section 298.27, is amended to read:

298.27 [COLLECTION AND PAYMENT OF TAX.]

The taxes provided by section 298.24 shall be paid directly to each eligible county and the iron range resources and rehabilitation board. The commissioner of revenue shall notify each producer of the amount to be paid each recipient prior to February 8 15. Every person subject to taxes imposed by section 298.24 shall file a correct report covering the preceding year. The report must contain the information required by the commissioner. The report shall be filed on or before February 1. A remittance equal to ~~90~~ 100 percent of the total tax required to be paid hereunder shall be paid on or before February 15 24. On or before February 25, the county auditor shall make distribution of the payment received by the county in the manner provided by section 298.28. ~~The balance due shall be paid on or before April 15 following the production year, and shall be distributed by the county auditor as provided in section 298.28 by May 15.~~ Reports shall be made and hearings held upon the determination of the tax in accordance with procedures established by the commissioner of revenue. The commissioner of revenue shall have authority to make reasonable rules as to the form and manner of filing reports necessary for the determination of the tax hereunder, and by such rules may require the production of such information as may be reasonably necessary or convenient

for the determination and apportionment of the tax. All the provisions of the occupation tax law with reference to the assessment and determination of the occupation tax, including all provisions for appeals from or review of the orders of the commissioner of revenue relative thereto, but not including provisions for refunds, are applicable to the taxes imposed by section 298.24 except in so far as inconsistent herewith. If any person subject to section 298.24 shall fail to make the report provided for in this section at the time and in the manner herein provided, the commissioner of revenue shall in such case, upon information possessed or obtained, ascertain the kind and amount of ore mined or produced and thereon find and determine the amount of the tax due from such person. There shall be added to the amount of tax due a penalty for failure to report on or before February 1, which penalty shall equal ten percent of the tax imposed and be treated as a part thereof.

If any person responsible for making a ~~partial~~ tax payment at the time and in the manner herein provided fails to do so, there shall be imposed a penalty equal to ten percent of the amount so due, which penalty shall be treated as part of the tax due.

In the case of any underpayment of the ~~partial~~ tax payment required herein, there may be added and be treated as part of the tax due a penalty equal to ten percent of the amount so underpaid.

~~If any portion of the taxes provided for in section 298.24 is not paid before the fifteenth day of April of the year in which due and payable, a penalty of ten percent of such unpaid portion shall immediately accrue, and thereafter one percent per month shall be added to such tax and penalty while such tax remains unpaid.~~

A person having a liability of \$120,000 or more during a calendar year must remit all liabilities by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the tax is due. If the date the tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the tax is due.

Sec. 43. Minnesota Statutes 1992, section 299F.21, subdivision 2, is amended to read:

Subd. 2. [ANNUAL RETURNS.] (a) Every insurer required to pay a tax under this section shall make and file a statement of estimated taxes for the period covered by the installment tax payment. The statement shall be in the form prescribed by the commissioner of revenue.

(b) On or before March 1, annually every insurer subject to taxation under this section shall make an annual return for the preceding calendar year setting forth information the commissioner of revenue may reasonably require on forms prescribed by the commissioner.

(c) On March 1, the insurer shall pay any additional amount due for the preceding calendar year; if there has been an overpayment, the overpayment may be credited without interest on the estimated tax due April 15.

(d) If unpaid by this date, penalties ~~and interest~~ as provided in section 289A.60, subdivision 1, *as related to withholding and sales or use taxes*, shall be imposed.

Sec. 44. Minnesota Statutes 1992, section 299F.23, subdivision 2, is amended to read:

Subd. 2. ~~[FAILURE TO FILE; PENALTIES AND INTEREST.]~~ In case of any failure to make and file a return as required by this chapter within the time prescribed by law or prescribed by the commissioner of revenue in pursuance of law there shall be added to the tax penalties ~~and interest~~ as provided in section 289A.60, subdivision 2, *as related to withholding and sales or use taxes.*

Sec. 45. Minnesota Statutes 1992, section 299F.23, is amended by adding a subdivision to read:

Subd. 5. ~~[PENALTY FOR REPEATED FAILURES TO FILE RETURNS OR PAY TAXES.]~~ *If there is a pattern by a person of repeated failures to timely file returns or timely pay taxes, and written notice is given that a penalty will be imposed if such failures continue, a penalty of 25 percent of the amount of tax not timely paid as a result of each such subsequent failure is added to the tax. The penalty can be abated under the abatement authority in section 270.07, subdivisions 1, paragraph (e), and 6.*

Sec. 46. Minnesota Statutes 1992, section 349.212, subdivision 4, is amended to read:

Subd. 4. ~~[PULL-TAB AND TIPBOARD TAX.]~~ (a) There is imposed a tax on the sale of each deal of pull-tabs and tipboards sold by a licensed distributor. The rate of the tax is two percent of the ideal gross of the pull-tab or tipboard deal. The sales tax imposed by chapter 297A on the sale of the pull-tabs and tipboards by the licensed distributor is imposed on the retail sales price less the tax imposed by this subdivision. The retail sale of pull-tabs or tipboards by the organization is exempt from taxes imposed by chapter 297A and is exempt from all local taxes and license fees except a fee authorized under section 349.16, subdivision 4.

(b) The liability for the tax imposed by this section is incurred when the pull-tabs and tipboards are delivered by the distributor to the customer, to a common or contract carrier for delivery to the customer, or when received by the customer's authorized representative at the distributor's place of business, regardless of the distributor's method of accounting or the terms of the sale.

The tax imposed by this subdivision is imposed on all sales of pull-tabs and tipboards, except the following:

- (1) sales to the governing body of an Indian tribal organization for use on an Indian reservation;
- (2) sales to distributors licensed under this chapter;
- (3) sales to distributors licensed under the laws of another state or of a province of Canada, as long as all statutory and regulatory requirements are met in the other state or province; and
- (4) sales of promotional tickets as defined in section 349.12.

(c) Pull-tabs and tipboards sold to an organization that sells pull-tabs and tipboards under the exemption from licensing in section 349.166, subdivision 2, paragraph (a), are exempt from the tax imposed by this subdivision. A distributor must require an organization conducting exempt gambling to show proof of its exempt status before making a tax-exempt sale of pull-tabs or

tipboards to such an organization. A distributor shall identify, on all reports submitted to the commissioner, all sales of pull-tabs and tipboards that are exempt from tax under this subdivision.

(d) A distributor having a liability of ~~\$240,000~~ \$120,000 or more during a fiscal year ending June 30 must remit all liabilities in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the tax is due. If the date the tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the tax is due.

Sec. 47. Minnesota Statutes 1992, section 349.217, subdivision 1, is amended to read:

Subdivision 1. [PENALTY FOR FAILURE TO PAY TAX.] If a tax is not paid within the time specified for payment, a penalty is added to the amount required to be shown as tax. The penalty is ~~three~~ five percent of the unpaid tax if the failure is for not more than 30 days, with an additional penalty of ~~three~~ percent of the amount of tax remaining unpaid during each additional 30 days or fraction of 30 days during which the failure continues, not exceeding 24 1/5 percent in the aggregate.

If the taxpayer has not filed a return, for purposes of this subdivision the time specified for payment is the final date a return should have been filed.

Sec. 48. Minnesota Statutes 1992, section 349.217, subdivision 2, is amended to read:

Subd. 2. [PENALTY FOR FAILURE TO MAKE AND FILE RETURN.] If a taxpayer fails to make and file a return within the time prescribed or an extension, a penalty is added to the tax. The penalty is ~~three~~ five percent of the amount of tax not paid on or before the date prescribed for payment of the tax if the failure is for not more than 30 days, with an additional five percent of the amount of tax remaining unpaid during each additional 30 days or fraction of 30 days, during which the failure continues, not exceeding 23 percent in the aggregate.

If a taxpayer fails to file a return within 60 days of the date prescribed for filing of the return (determined with regard to any extension of time for filing), the addition to tax under this subdivision must be at least the lesser of: (1) \$200; or (2) the greater of (a) 25 percent of the amount required to be shown as tax on the return without reduction for any payments made or refundable credits allowable against the tax, or (b) \$50.

Sec. 49. Minnesota Statutes 1992, section 349.217, is amended by adding a subdivision to read:

Subd. 5a. [PENALTY FOR REPEATED FAILURES TO FILE RETURNS OR PAY TAXES.] *If there is a pattern by a person of repeated failures to timely file returns or timely pay taxes, and written notice is given that a penalty will be imposed if such failures continue, a penalty of 25 percent of the amount of tax not timely paid as a result of each such subsequent failure is added to the tax. The penalty can be abated under the abatement authority in section 270.07, subdivisions 1, paragraph (e), and 6.*

Sec. 50. Minnesota Statutes 1992, section 473.843, subdivision 3, is amended to read:

Subd. 3. [PAYMENT OF FEE.] On or before the 20th day of each month each operator shall pay the fee due under this section for the previous month, using a form provided by the commissioner of revenue.

An operator having a fee of ~~\$240,000~~ \$120,000 or more during a fiscal year ending June 30 must pay all fees in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the fee is due. If the date the fee is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the fee is due.

Sec. 51. [PENALTY FOR REPEATED NON-FILING; RULEMAKING REQUIRED.]

Before imposing a penalty under section 3, 6, 21, 26, 35, 41, 45, or 49, the commissioner of revenue shall promulgate rules under Minnesota Statutes, chapter 14, that prescribe what constitutes "repeated failures to timely file returns or timely pay taxes" for purposes of the penalty under each section and any other matters the commissioner determines appropriate.

Sec. 52. [EFFECTIVE DATE.]

Sections 1 to 6, 19 to 21, 24 to 26, 33 to 35, 39 to 41, 43 to 45, and 47 to 49 are effective for taxes and returns due on or after January 1, 1994.

For purposes of imposing the penalties under sections 3, 6, 21, 26, 35, 41, 45, and 49, violations for late filing of returns or late payment of taxes can occur before or after January 1, 1994, but no penalty may be imposed under those sections until final rules promulgated under the administrative procedures act satisfying requirements of section 51 take effect.

Sections 7, 8, 11, 16, and 17 are effective the day following final enactment.

Section 9 is effective July 1, 1993.

Sections 10 and 23 are effective for taxes due on or after October 1, 1993.

Section 12 is effective for confessions of judgment entered into after June 30, 1993.

Sections 13 to 15, 22, 27 to 32, 36 to 38, 42, 46, and 50 are effective for payments due in the calendar year 1994, and thereafter, based upon payments made in the fiscal year ending June 30, 1993, and thereafter; provided that section 13, as it relates to quarterly and annual sales and use tax returns, is effective for returns due for calendar quarters beginning with the first quarter of 1994, and for calendar years beginning with 1994.

Section 18 is effective for returns due for taxable years beginning after December 31, 1982.

ARTICLE 8

ASSESSORS ADMINISTRATIVE

Section 1. Minnesota Statutes 1992, section 270.41, is amended to read:

270.41 [BOARD OF ASSESSORS.]

(a) A board of assessors is hereby created. The board shall be for the purpose of establishing, conducting, reviewing, supervising, coordinating or approving courses in assessment practices, and establishing criteria for determining assessor's qualifications. The board shall also have authority and responsibility to consider other matters relating to assessment administration brought before it by the commissioner of revenue. The board may grant, renew, suspend, or revoke an assessor's license. The board shall consist of nine members, who shall be appointed by the commissioner of revenue, in the manner provided herein.

1. Two from the department of revenue,
2. Two county assessors,
3. Two assessors who are not county assessors, one of whom shall be a township assessor, and
4. One from the private appraisal field holding a professional appraisal designation,
5. Two public members as defined by section 214.02.

The appointment provided in 2 and 3 may be made from two lists of not less than three names each, one submitted to the commissioner of revenue by the Minnesota association of assessing officers or its successor organization containing recommendations for the appointment of appointees described in 2, and one by the Minnesota association of assessors, inc. or its successor organization containing recommendations for the appointees described in 3. The lists must be submitted 30 days before the commencement of the term. In the case of a vacancy, a new list shall be furnished to the commissioner by the respective organization immediately. A member of the board who shall no longer be engaged in the capacity listed above shall automatically be disqualified from membership in the board.

The board shall annually elect a chair and a secretary of the board.

(b) The board may refuse to grant or renew, or may suspend or revoke, a license of an applicant or licensee for any of the following causes or acts:

- (1) failure to complete required training;
- (2) inefficiency or neglect of duty;
- (3) "unprofessional conduct" which means knowingly neglecting to perform a duty required by law, or violation of the laws of this state relating to the assessment of property or unlawfully exempting property or knowingly and intentionally listing property on the tax list at substantially less than its market value or the level required by law in order to gain favor or benefit, or knowingly and intentionally misclassifying property in order to gain favor or benefit; or
- (4) conviction of a crime involving moral turpitude; or
- (5) any other cause or act that in the board's opinion warrants a refusal to issue or suspension or revocation of a license.

(c) The board of assessors may adopt rules under chapter 14, defining or interpreting grounds for refusing to grant or renew, and for suspending or revoking a license under this section. An action of the board of assessors in

refusing to grant or renew a license or in suspending or revoking a license is subject to review in accordance with chapter 14.

(d) Any assessor, deputy assessor, assistant assessor, appraiser or other person employed by an assessment jurisdiction, or contracting with an assessment jurisdiction, for the purpose of valuing or classifying property for property tax purposes shall be prohibited from making appraisals, analyses, accepting an appraisal assignment or preparing an appraisal report as defined in Minnesota Statutes, section 82B.02, subdivisions 2, 3, 4 and 5, on any property within the assessment jurisdiction where the individual is employed or performing the duties of the assessor under contract. Violations of this prohibition shall result in immediate revocation of the individual's license to assess property for property tax purposes. This prohibition shall not be construed so as to prohibit an individual from carrying out any duties required for the proper assessment of property for property tax purposes.

Sec. 2. Minnesota Statutes 1992, section 270B.12, is amended by adding a subdivision to read:

Subd. 9. [COUNTY ASSESSORS.] If, as a result of an audit, the commissioner determines that a person is a Minnesota nonresident or part-year resident for income tax purposes, the commissioner may disclose the person's name, address, and social security number to the assessor of any political subdivision in the state, when there is reason to believe that the person may have claimed or received homestead property tax benefits for a corresponding assessment year in regard to property apparently located in the assessor's jurisdiction.

Sec. 3. Minnesota Statutes 1992, section 273.061, subdivision 1, is amended to read:

Subdivision 1. [OFFICE CREATED; APPOINTMENT, QUALIFICATIONS.] Every county in this state shall have a county assessor. The county assessor shall be appointed by the board of county commissioners ~~and shall be a resident of this state.~~ The assessor shall be selected and appointed because of knowledge and training in the field of property taxation and appointment shall be approved by the commissioner of revenue before the same shall become effective. Upon receipt by the county commissioners of the commissioner of revenue's refusal to approve an appointment, the term of the appointee shall terminate at the end of that day. Notwithstanding any law to the contrary, a county assessor must have senior accreditation from the state board of assessors by January 1, 1992, or within two years of the assessor's first appointment under this section, whichever is later.

Sec. 4. Minnesota Statutes 1992, section 273.11, subdivision 13, is amended to read:

Subd. 13. [VALUATION OF INCOME-PRODUCING PROPERTY.] Beginning with the 1995 assessment, only accredited assessors or senior accredited assessors *or other licensed assessors who have successfully completed at least two income-producing property appraisal courses* may value income-producing property for ad valorem tax purposes. "Income-producing property" as used in this subdivision means the taxable property in class 3a and 3b in section 273.13, subdivision 24; class 4a and 4c, except for seasonal recreational property not used for commercial purposes, and class 4d in section 273.13, subdivision 25; and class 5 in section 273.13, subdivision 31. *"Income-producing property appraisal course" as used in this subdivi-*

sion means a course of study of approximately 30 instructional hours, with a final comprehensive test. An assessor must successfully complete the final examination for each of the two required courses. The course must be approved by the board of assessors.

Sec. 5. [REPORT ON COMPOSITION OF FARMS.]

Before December 1, 1993, each county assessor shall provide a report to the commissioner of revenue on the composition of farm homesteads within the county. The report shall document the size of farms in acres, the value of farms broken down into land value and building value, and such other information as the commissioner shall require. The report shall be in a form prescribed by the commissioner with consultation from legislative staff. The commissioner shall make the information collected in the reports available to legislative staff.

Sec. 6. [EFFECTIVE DATE.]

Section 1 is effective beginning July 1, 1993.

Sections 2 and 4 are effective the day following final enactment.

Section 3 is effective for any appointment beginning January 1, 1993 and thereafter.

ARTICLE 9

CONTAMINATION TAX

Section 1. [270.91] [CONTAMINATION TAX.]

Subdivision 1. [IMPOSITION.] A tax is annually imposed on the contamination value of taxable real property in this state.

Subd. 2. [INITIAL TAX RATES.] Unless the rates under subdivision 3 or 4 apply, the tax imposed under this section equals 100 percent of the class rate for the property under section 273.13, multiplied by the contamination value of the property.

Subd. 3. [TAX RATES, NONRESPONSIBLE PARTY.] If neither the owner nor the operator of the taxable real property, in the assessment year, is a responsible person under chapter 115B or a responsible party under chapter 18D for the presence of contaminants on the property, unless subdivision 4 applies, the tax imposed under this section equals 25 percent of the class rate for the property under section 273.13, multiplied by the contamination value of the property. A determination under section 115B.177 or other similar determination by the commissioner of the pollution control agency or by the commissioner of agriculture for a release of agricultural chemicals is dispositive of whether the owner or operator is not a responsible person under chapter 18D or 115B for purposes of this section. To qualify under this subdivision, the property owner must provide the assessor with a copy of the determination by July 1 of the assessment year.

Subd. 4. [TAX RATES AFTER PLAN APPROVAL.] (a) The tax imposed under this subdivision applies for the first assessment year that begins after one of the following occurs:

(1) a response action plan for the property has been approved by the commissioner of the pollution control agency or by the commissioner of

agriculture for an agricultural chemical release or incident subject to chapter 18D and work under the plan has begun; or

(2) the contaminants are asbestos and the property owner has in place an abatement plan for enclosure, removal, or encapsulation of the asbestos or a proactive, in-place management program pursuant to the rules, requirements, and formal policies of the United States environmental protection agency. To qualify under this clause, the property owner must (1) have entered into a binding contract with a licensed contractor for completion of the work, (2) have obtained a license from the commissioner of health and begun the work, or (3) implemented a proactive, in-place management program pursuant to the rules, requirements, and formal policies of the United States environmental protection agency. An abatement plan must provide for completion of the work within a reasonable time period, as determined by the assessors. An asbestos management program must cover a period of time and require such proactive practices as are required by the rules, requirements, and formal policies of the United States environmental protection agency.

(b) To qualify under paragraph (a), the property owner must provide the assessor with a copy of: (1) the approved response action plan; (2) a copy of the asbestos abatement plan and contract for completion of the work or the owner's license to perform the work; or (3) a copy of the approved asbestos management program. The property owner also must file with the assessor an affidavit indicating when work under the response action plan or asbestos abatement plan began.

(c) The tax imposed under this subdivision equals 50 percent of the class rate for the property under section 273.13, multiplied by the contamination value of the property.

(d) If neither the owner nor operator of the taxable real property, in the assessment year, is a responsible person under chapter 115B or a responsible party under chapter 18D for the presence of contamination on the property, the tax imposed under this subdivision equals 12.5 percent of the class rate for the property under section 273.13, multiplied by the contamination value of the property.

Sec. 2. [270.92] [DEFINITIONS.]

Subdivision 1. [SCOPE OF APPLICATION.] For purposes of sections 1 to 8, the following terms have the meanings given.

Subd. 2. [ASSESSMENT YEAR.] "Assessment year" means the assessment year for purposes of general ad valorem property taxes.

Subd. 3. [CONTAMINANT.] "Contaminant" means a harmful substance as defined in section 115B.25, subdivision 7a.

Subd. 4. [CONTAMINATED MARKET VALUE.] "Contaminated market value" is the amount determined under section 3.

Subd. 5. [PRESENCE OF CONTAMINANTS.] "Presence of contaminants" includes the release or threatened release, as defined in section 115B.02, subdivision 15, of contaminants on the property.

Subd. 6. [RESPONSE PLAN.] "Response plan" means: (1) a development action response plan, as defined in section 469.174, subdivision 17; (2) a response action plan under chapter 115B or a corrective action plan under chapter 18D; (3) a plan for corrective action approved by the commissioner

of agriculture under section 18D.105; or (4) a plan for corrective action approved by the commissioner of the pollution control agency under section 115C.03.

Sec. 3. [270.93] [TAX BASE; CONTAMINATION VALUE.]

The contamination value of a parcel of property is the amount of the market value reduction, if any, that is granted for general ad valorem property tax purposes for the assessment year because of the presence of contaminants. The contamination value for a property may be no greater than the estimated cost of implementing a reasonable response action plan or asbestos abatement plan or management program for the property. These reductions in market value include those granted by a court, by a board of review, by the assessor upon petition or request of a property owner, or by the assessor. Reductions granted by the assessor are included only if the assessor reduced the property's market value for the presence of contaminants using an appraisal method or methods that are specifically designed or intended to adjust for the valuation effects of the presence of contaminants. The contamination value for a parcel with a reduction in value of less than \$10,000 is zero.

Sec. 4. [270.94] [EXEMPTION.]

The tax imposed by sections 1 to 8 does not apply to the contamination value of a parcel of property attributable to contaminants that were addressed by a response action plan for the property, if the commissioner of the pollution control agency, or the commissioner of agriculture for a release subject to chapter 18D, has determined that all the requirements of the plan have been satisfied. This exemption applies beginning for the first assessment year after the commissioner of the pollution control agency, or the commissioner of agriculture determines that the implementation of a response action plan has been completed.

To qualify under this section, the property owner must provide the assessor with a copy of the determination by the commissioner of the pollution control agency or the commissioner of agriculture of the completion of the response action plan.

Sec. 5. [270.95] [PAYMENT; ADMINISTRATION.]

The tax imposed under sections 1 to 8 is payable at the same time and manner as the regular ad valorem property tax. The tax is subject to the penalty, interest, lien, forfeiture, and any other rules for collection of the regular ad valorem property tax. If a reduction in market value that creates contamination value is granted after the ad valorem property tax has been paid, the contamination tax must be subtracted from the amount to be refunded to the property owner.

Sec. 6. [270.96] [DUTIES.]

Subdivision 1. [ASSESSORS.] Each assessor shall notify the county auditor of the contamination value under section 1 by the separate tax rate categories under subdivisions 2, 3, and 4 for each parcel of property within the assessor's jurisdiction. The assessor shall provide notice of the contamination value to the property owner by the later of June 1 of the assessment year or 30 days after the reduction in market value is finally granted.

Subd. 2. [AUDITOR.] The county auditor shall prepare separate lists of the contamination values for all property located in the county that are taxed

under section 1, subdivisions 2, 3, and 4. The commissioner shall prescribe the form of the listing. The auditor shall include the amount of the contamination taxes on the contamination value for the assessment year on the regular ad valorem property tax statement under section 276.04.

Subd. 3. [TREASURER.] (a) The county treasurer shall pay the proceeds of the tax imposed under section 1, subdivision 4, less the amount retained by the county for the cost of administration under section 8, to the commissioner at the same times provided for the ad valorem property tax settlements.

(b) The county treasurer shall pay the proceeds of the tax imposed under section 1, subdivisions 2 and 3 to the local taxing jurisdictions in the same manner provided for the distribution of ad valorem property taxes.

Subd. 4. [COURT ORDERED REDUCTIONS IN VALUE.] If a court orders a reduction in market value for purposes of the ad valorem property tax because of the presence of contaminants on the property, the court shall include in its order an offset for payment of the tax on contaminated value under section 1.

Sec. 7. [270.97] [DEPOSIT OF REVENUES.]

The commissioner shall deposit all revenues derived from the tax, interest, and penalties received from the county in the contaminated site cleanup and development account in the general fund.

Sec. 8. [270.98] [LOCAL ADMINISTRATIVE COSTS.]

The county may retain five percent of the total revenues derived from the tax imposed under section 1, subdivision 4, including interest and penalties, as compensation for administering the tax. The county board may reimburse municipalities for the services provided by assessors employed by the municipality in administering sections 1 to 8.

Sec. 9. Minnesota Statutes 1992, section 273.11, is amended by adding a subdivision to read:

Subd. 15. [VALUATION OF CONTAMINATED PROPERTIES.] (a) In determining the market value of property containing contaminants, the assessor shall reduce the market value of the property by the contamination value of the property. The contamination value is the amount of the market value reduction that results from the presence of the contaminants, but it may not exceed the cost of a reasonable response action plan or asbestos abatement plan or management program for the property.

(b) For purposes of this subdivision, "asbestos abatement plan," "contaminants," and "response action plan" have the meanings as used in sections 1 and 2.

Sec. 10. Minnesota Statutes 1992, 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 after November 10 and on or before November 24 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 and, for a town, the amount of its final levy. It must clearly state that each taxing authority, other than a town or special taxing district, will hold a public meeting to receive public testimony on the proposed budget and proposed or final property tax levy, or, in case of a school district, on the current budget and 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.

(d) 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; and, in the case of residential property, whether the property is classified as homestead or nonhomestead. The notice must clearly inform taxpayers of the years to which the market values apply and that the values are final values;

(2) by county, city or town, school district, the sum of the special taxing districts, and as a total of the taxing authorities, including special taxing districts, the proposed or, for a town, final net tax on the property for taxes payable the following year and the actual tax for taxes payable the current year. In the case of a parcel where tax increment or the fiscal disparities areawide tax applies, the proposed tax levy on the captured value or the proposed tax levy on the tax capacity subject to the areawide tax must each be stated separately and not included in the sum of the special taxing districts; and

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

(e) 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;

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

(5) any additional amount levied in lieu of a local sales and use tax, unless this amount is included in the proposed or final taxes; and

(6) *the contamination tax imposed on properties which received market value reductions for contamination.*

(f) Except as provided in subdivision 7, failure of the county auditor to prepare or the county treasurer to deliver the notice as required in this section does not invalidate the proposed or final tax levy or the taxes payable pursuant to the tax levy.

(g) If the notice the taxpayer receives under this section lists the property as nonhomestead and the homeowner provides satisfactory documentation to the county assessor that the property is owned and has been used as the owner's homestead prior to June 1 of that year, the assessor shall reclassify the property to homestead for taxes payable in the following year.

(h) In the case of class 4 residential property used as a residence for lease or rental periods of 30 days or more, the taxpayer must either:

(1) mail or deliver a copy of the notice of proposed property taxes to each tenant, renter, or lessee; or

(2) post a copy of the notice in a conspicuous place on the premises of the property.

The notice must be mailed or posted by the taxpayer by November 27 or within three days of receipt of the notice, whichever is later. A taxpayer may notify the county treasurer of the address of the taxpayer, agent, caretaker, or manager of the premises to which the notice must be mailed in order to fulfill the requirements of this paragraph.

Sec. 11. Minnesota Statutes 1992, 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 amount of the tax on contamination value imposed under sections 270.91 to 270.98, if any, must also be separately stated.* The dollar amounts, including the dollar amount of any special assessments, may be rounded to the nearest even whole dollar. For purposes of this section whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar. The statement shall include the following sentence, printed in upper case letters in boldface print: "THE STATE OF MINNESOTA DOES NOT RECEIVE ANY PROPERTY TAX REVENUES. THE STATE OF MINNESOTA REDUCES YOUR PROPERTY TAX BY PAYING CREDITS AND REIMBURSEMENTS TO LOCAL UNITS OF GOVERNMENT."

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

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

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

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

(3) a total of the following aids:

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

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

(iii) disparity reduction aid under section 273.1398;

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

(5) any credits received under sections 273.119; 273.123; 273.135; 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit received under section 273.135 must be separately stated and identified as "taconite tax relief";

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

(7) any additional amount of tax authorized under sections 124A.03, subdivision 2a, and 275.61. These amounts shall be listed as "voter approved referenda levies."

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. 12. [EFFECTIVE DATE.]

Sections 1 to 11 are effective beginning with taxes assessed in 1994, payable in 1995, and apply to reductions in market value in effect for the year regardless of when they were granted.

ARTICLE 10

CONTAMINATION CLEANUP GRANTS

Section 1. [116J.551] [CREATION OF ACCOUNT.]

A contaminated site cleanup and development account is created in the general fund. Money in the account may be used, as appropriated by law, to make grants as provided in section 4 and to pay for the commissioner's costs in reviewing applications and making grants.

Sec. 2. [116J.552] [DEFINITIONS.]

Subdivision 1. [SCOPE OF APPLICATION.] For purposes of sections 1 to 7, the following terms have the meanings given.

Subd. 2. [CLEANUP COSTS.] "Cleanup costs" or "costs" mean the cost of implementing an approved response action plan.

Subd. 3. [CONTAMINANT.] "Contaminant" means a hazardous substance or a pollutant or contaminant as those terms are defined in section 115B.02.

Subd. 4. [DEVELOPMENT AUTHORITY.] "Development authority" includes a statutory or home rule charter city, housing and redevelopment authority, economic development authority, and a port authority.

Subd. 5. [METROPOLITAN AREA.] "Metropolitan area" means the seven-county metropolitan area, as defined in section 473.121, subdivision 2.

Subd. 6. [MUNICIPALITY.] "Municipality" means the statutory or home rule charter city, town, or, in the case of unorganized territory, the county in which the site is located.

Subd. 7. [PROJECT COSTS.] "Project costs" includes cleanup costs for the site and the cost of related site acquisition, demolition of existing improvements, and installation of public improvements necessary for the development authority to implement the response action plan.

Subd. 8. [RESPONSE ACTION PLAN.] "Response action plan" means a response action plan approved by the commissioner of the pollution control agency, including a "development action response plan" that meets the requirements of section 469.174, subdivision 17; and a "voluntary response action plan" under section 115B.175, subdivision 3.

Sec. 3. [116J.553] [GRANT APPLICATIONS.]

Subdivision 1. [APPLICATION REQUIRED.] To obtain a contamination cleanup development grant, the development authority shall apply to the commissioner. The governing body of the municipality must approve, by resolution, the application.

Subd. 2. [REQUIRED CONTENT.] The commissioner shall prescribe and provide the application form. The application must include at least the following information:

- (1) identification of the site;*
- (2) an approved response action plan for the site, including the results of engineering and other tests showing the nature and extent of the release or threatened release of contaminants at the site;*
- (3) a detailed estimate, along with necessary supporting evidence, of the total cleanup costs for the site;*
- (4) an appraisal of the current market value of the property, separately taking into account the effect of the contaminants on the market value, prepared by a qualified independent appraiser using accepted appraisal methodology;*
- (5) an assessment of the development potential or likely use of the site after completion of the response action plan, including any specific commitments from third parties to construct improvements on the site;*
- (6) the manner in which the municipality will meet the local match requirement; and*

(7) any additional information or material that the commissioner prescribes.

Sec. 4. [116J.554] [GRANTS.]

Subdivision 1. [AUTHORITY.] The commissioner may make a grant to an applicant development authority to pay for up to 75 percent of the cleanup costs for a qualifying site, except the grant may not exceed 50 percent of the project costs. The determination of whether to make a grant for a qualifying site is within the sole discretion of the commissioner, subject to the process provided by this section, and available unencumbered money in the appropriation. The commissioner's decisions and application of the priorities under section 5 are not subject to judicial review, except for abuse of discretion.

Subd. 2. [QUALIFYING SITES.] A site qualifies for a grant under this section, if the following criteria are met:

(1) the site is not scheduled for funding during the current or next fiscal year under the Comprehensive Environmental Response, Compensation, and Liability Act, United States Code, title 42, section 9601, et seq. or under the environmental response, and liability act under sections 115B.01 to 115B.24;

(2) the appraised value of the site after adjusting for the effect on the value of the presence or possible presence of contaminants using accepted appraisal methodology (i) is less than 50 percent of the estimated cleanup costs for the site or (ii) is less than or equal to the estimated cleanup costs for the site and the cleanup costs equal or exceed \$3 per square foot for the site; and

(3) if the proposed cleanup is completed, it is expected that the site will be improved with buildings or other improvements and these improvements will provide a substantial increase in the property tax base within a reasonable period of time or the site will be used for an important publicly owned or tax-exempt facility.

Sec. 5. [116J.555] [PRIORITIES.]

Subdivision 1. [PRIORITIES.] (a) The legislature expects that applications for grants will exceed the available appropriations and the agency will be able to provide grants to only some of the applicant development authorities.

(b) If applications for grants for qualified sites exceed the available appropriations, the agency shall make grants for sites that, in the commissioner's judgment, provide the highest return in public benefits for the public costs incurred and that meet all the requirements provided by law. In making this judgment, the commissioner shall consider the following factors:

(1) the recommendations or ranking of projects by the commissioner of the pollution control agency regarding the potential threat to public health and the environment that would be reduced or eliminated by completion of each of the response action plans;

(2) the potential increase in the property tax base of the local taxing jurisdictions, considered relative to the fiscal needs of the jurisdictions, that will result from developments that will occur because of completion of each of the response action plans;

(3) the social value to the community of the cleanup and redevelopment of the site, including the importance of development of the proposed public facilities on each of the sites;

(4) the probability that each site will be cleaned up without use of government money in the reasonably foreseeable future;

(5) the amount of cleanup costs for each site; and

(6) the amount of the commitment of municipal or other local resources to pay for the cleanup costs.

The factors are not listed in a rank order of priority; rather the commissioner may weigh each factor, depending upon the facts and circumstances, as the commissioner considers appropriate. The commissioner may consider other factors that affect the net return of public benefits for completion of the response action plan. The commissioner, notwithstanding the listing of priorities and the goal of maximizing the return of public benefits, shall make grants that distribute available money to sites both within and outside of the metropolitan area. The commissioner shall provide a written statement of the supporting reasons for each grant. Unless sufficient applications are not received for qualifying sites outside of the metropolitan area, at least 25 percent of the money provided as grants must be made for sites located outside of the metropolitan area.

Subd. 2. [APPLICATION CYCLES; REPORTING TO LCWM.] (a) In making grants, the commissioner shall establish regular application deadlines in which grants will be authorized from all or part of the available appropriations of money in the account.

(b) After each cycle in which grants are awarded, the commissioner shall report to the legislative commission on waste management the grants awarded and appropriate supporting information describing each grant made. This report must be made within 30 days after the grants are awarded.

(c) The commissioner shall annually report to the legislative commission on the status of the cleanup projects undertaken under grants made under the programs. The commissioner shall include in the annual report information on the cleanup and development activities undertaken for the grants made in that and previous fiscal years. The commissioner shall make this report no later than 120 days after the end of the fiscal year.

Sec. 6. [116J.556] [LOCAL MATCH REQUIREMENT.]

(a) In order to qualify for a grant under sections 1 to 7, the municipality must pay for at least one-half of the project costs as a local match. The municipality shall pay an amount of the project costs equal to at least 18 percent of the cleanup costs from the municipality's general fund, a property tax levy for that purpose, or other unrestricted money available to the municipality (excluding tax increments). These unrestricted moneys may be spent for project costs, other than cleanup costs, and qualify for the local match payment equal to 18 percent of cleanup costs. The rest of the local match may be paid with tax increments or any other money available to the municipality.

(b) If the development authority establishes a tax increment financing district or hazardous substance subdistrict on the site to pay for part of the local match requirement, the district or subdistrict is not subject to the state aid reductions under section 273.1399. In order to qualify for the exemption from the state aid reductions, the municipality must elect, by resolution, on or before the request for certification is filed that all tax increments from the district or subdistrict will be used exclusively to pay (1) for project costs for

the site and (2) administrative costs for the district or subdistrict. The district or subdistrict must be decertified when an amount of tax increments equal to no more than three times the costs of implementing the response action plan for the site and the administrative costs for the district or subdistrict have been received, after deducting the amount of the state grant.

Sec. 7. [116J.557] [COST RECOVERY ACTIONS.]

Subdivision 1. [CAUSE OF ACTION.] The attorney general or a development authority or municipality that incurs cleanup costs to implement an approved response action plan pursuant to sections 216C.11 to 216C.16, may bring an action under section 115B.04 or other law to recover the reasonable and necessary cleanup costs incurred by the development authority or municipality. The attorney general, development authority, or municipality may recover all cleanup costs incurred whether paid from the proceeds of a grant under sections 216C.11 to 216C.16 or funds of the development authority or municipality. Recoverable costs include administrative and legal costs related to the development and implementation of the response action plan but do not include any cost associated with development or redevelopment of property. A development authority or municipality must have the consent of the attorney general to bring or settle an action under this subdivision to recover cleanup costs paid from the proceeds of a grant.

Subd. 2. [PROCEDURES.] The commissioner shall notify the attorney general when a grant is awarded under sections 216C.11 to 216C.16. Upon request of the attorney general the development authority shall prepare and submit a certification of the cleanup costs and shall cooperate in any cost recovery action brought by the attorney general under subdivision 1. Certification by the development authority of the cleanup costs incurred to develop and implement the approved response action plan is prima facie evidence that the costs are reasonable and necessary in any action brought under this section.

Subd. 3. [ATTORNEY GENERAL ASSISTANCE AND COSTS.] (a) The attorney general may assist a development authority or municipality, if requested to do so, in bringing an action under subdivision 1 by providing legal and technical advice or other appropriate assistance. The attorney general shall not assess any fee to the development authority or municipality for the assistance but may recover the cost of the assistance as provided in paragraph (b).

(b) If the attorney general brings or assists in an action brought under subdivision 1, the reasonable litigation expenses or other costs of legal or technical assistance incurred by the attorney general must be deducted from any recovery and paid to the attorney general before proceeds of the recovery are otherwise distributed. The attorney general shall deposit any money so deducted in the general fund.

Subd. 4. [DISPOSITION OF RECOVERED AMOUNTS.] Amounts recovered from responsible persons, after any deduction under subdivision 3, and all other amounts otherwise received by the municipality, the agency, or the attorney general for the site shall be used to reimburse the municipality and the account in proportion to their respective payments for response costs. The amount of recovered costs apportioned to tax increments must be treated by the municipality and development authority as an excess increment under section 469.176, subdivision 2.

Sec. 8. [ST. PAUL; ARLINGTON-JACKSON STUDY AREA; SPECIAL RULES FOR LOCAL MATCH.]

(a) *The city of St. Paul or any of its development authorities or agencies may apply for one or more grants under this article for contamination cleanup in the area bounded on the south by Maryland Avenue, on the west by Jackson Street, on the north by Arlington Avenue, and on the east by interstate highway 35E. In applying the local match requirement under section 6, the city may meet the requirement that an amount equal to 18 percent of cleaning costs be paid with unrestricted money (excluding tax increments) by including unrestricted money spent in the defined area for land acquisition, public improvements or other development costs which do not qualify as cleanup costs.*

(b) *Notwithstanding this exception, the city must provide, at least, one-half of the project costs for the site for which the grant is made. The local share of the project costs may be financed wholly or in part with tax increments.*

(c) *Unrestricted money spent for land acquisition or other costs and counted to meet the 18 percent match may be spent for costs anywhere within the defined area, regardless of whether they are for the specific site, but may only be used once in an application for a grant; if grant applications are made for two or more sites in the area.*

(d) *These special rules are provided to allow the city to begin activities within the broader area before testing and assessment of the contamination has been done and still to be able to qualify for a grant with an equivalent local match. The legislature shall study whether similar situations are common for other contaminated areas and whether the general law should be modified to provide for similar treatment for all comparable sites.*

Sec. 9. [APPROPRIATION.]

\$2,000,000 is appropriated to the commissioner of trade and economic development from the contaminated site cleanup and development account in the general fund to make grants under sections 1 to 7 and to pay the costs of administering the grant program. This appropriation is for fiscal year 1995 and remains available and does not cancel.

ARTICLE 11

TAX INCREMENT FINANCING

Section 1. Minnesota Statutes 1992, section 273.1399, subdivision 1, is amended to read:

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

(a) "Qualifying captured net tax capacity" means the following amounts:

(1) the captured net tax capacity of a new or the expanded part of an existing economic development or soils condition tax increment financing district, other than a qualified manufacturing district, for which certification was requested after April 30, 1990;

(2) the captured net tax capacity of a qualified manufacturing district, multiplied by the following percentage based on the number of years that have elapsed since the assessment year of the original net tax capacity. In no case

may the final amounts be less than zero or greater than the total captured net tax capacity of the district:

Number of Years	Percentage
1	0
2	20
3	40
4	60
5	80
6 or more	100;

(3) the captured net tax capacity of a new or the expanded part of an existing tax increment financing district, other than a *qualified housing district, qualified hazardous substance subdistrict, or an economic development or soils condition district*, for which certification was requested after April 30, 1990, multiplied by the following percentage based on the number of years that have elapsed since the assessment year of the original net tax capacity. In no case may the final amounts be less than zero or greater than the total captured net tax capacity of the district.

Number of years	Renewal and Renovation Districts	All other Districts
0 to 5	0	0
6	12.5	6.25
7	25	12.5
8	37.5	18.75
9	50	25
10	62.5	31.25
11	75	37.5
12	87.5	43.75
13	100	50
14	100	56.25
15	100	62.5
16	100	68.75
17	100	75
18	100	81.25
19	100	87.5
20	100	93.75
21 or more	100	100

In the case of a hazardous substance subdistrict, the number of years must be measured from the date of certification of the subdistrict for purposes of the additional captured net tax capacity resulting from the reduction in the subdistrict's or site's original net tax capacity.

(b) The terms defined in section 469.174 have the meanings given in that section.

(c) "Qualified manufacturing district" means an economic development district that qualifies under section 469.176, subdivision 4c, paragraph (a), without regard to clauses (2) and (4) (5), for which certification was requested after June 30, 1991, located in a home rule charter or statutory city that (1) has a population under 10,000 according to the last federal census and (2) is

wholly located outside of a metropolitan statistical area as determined by the United States Office of Management and Budget.

(d) "Qualified housing district" means a housing district for a residential rental project or projects in which the only properties receiving assistance from revenues derived from tax increments from the district meet all of the requirements for a low-income housing credit under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1992, regardless of whether the project actually receives a low-income housing credit.

(e) "Qualified hazardous substance subdistrict" means a hazardous substance subdistrict in which the municipality has made an election to make an alternative local contribution as provided under section 9.

Sec. 2. [272.71] [TIF PROPERTIES; NOTICE OF POTENTIAL VALUATION REDUCTIONS.]

(a) The following officials shall notify the municipality of potential reductions in the market value of taxable parcels located in a tax increment financing district:

(1) for applications to reduce market value or abate taxes or for applications to a local or county board of review, the assessor;

(2) for applications to reduce market value or abate taxes by the state board of equalization, the commissioner of revenue;

(3) for petitions to reduce market value or object to taxes under chapter 278, the county attorney.

The official shall provide the notice to the municipality in writing within 60 days after the petition or application for a reduction is made.

(b) This section applies only to reductions in valuation or taxes that are granted after certification of final values for purposes of certifying local tax rates.

(c) For purposes of this section, "municipality" means the municipality for the tax increment financing district, as defined under section 469.174, subdivision 6.

Sec. 3. Minnesota Statutes 1992, section 469.012, subdivision 1, is amended to read:

Subdivision 1. [SCHEDULE OF POWERS.] An authority shall be a public body corporate and politic and shall have all the powers necessary or convenient to carry out the purposes of sections 469.001 to 469.047, except that the power to levy and collect taxes or special assessments is limited to the power provided in sections 469.027 to 469.033. Its powers include the following powers in addition to others granted in sections 469.001 to 469.047:

(1) to sue and be sued; to have a seal, which shall be judicially noticed, and to alter it; to have perpetual succession; and to make, amend, and repeal rules consistent with sections 469.001 to 469.047;

(2) to employ an executive director, technical experts, and officers, agents, and employees, permanent and temporary, that it requires, and determine their qualifications, duties, and compensation; for legal services it requires, to call upon the chief law officer of the city or to employ its own counsel and legal

staff; so far as practicable, to use the services of local public bodies in its area of operation, provided that those local public bodies, if requested, shall make the services available;

(3) to delegate to one or more of its agents or employees the powers or duties it deems proper;

(4) within its area of operation, to undertake, prepare, carry out, and operate projects and to provide for the construction, reconstruction, improvement, extension, alteration, or repair of any project or part thereof;

(5) subject to the provisions of section 469.026, to give, sell, transfer, convey, or otherwise dispose of real or personal property or any interest therein and to execute leases, deeds, conveyances, negotiable instruments, purchase agreements, and other contracts or instruments, and take action that is necessary or convenient to carry out the purposes of these sections;

(6) within its area of operation, to acquire real or personal property or any interest therein by gifts, grant, purchase, exchange, lease, transfer, bequest, devise, or otherwise, and by the exercise of the power of eminent domain, in the manner provided by chapter 117, to acquire real property which it may deem necessary for its purposes, after the adoption by it of a resolution declaring that the acquisition of the real property is necessary to eliminate one or more of the conditions found to exist in the resolution adopted pursuant to section 469.003 or to provide decent, safe, and sanitary housing for persons of low and moderate income, or is necessary to carry out a redevelopment project. Real property needed or convenient for a project may be acquired by the authority for the project by condemnation pursuant to this section. This includes any property devoted to a public use, whether or not held in trust, notwithstanding that the property may have been previously acquired by condemnation or is owned by a public utility corporation, because the public use in conformity with the provisions of sections 469.001 to 469.047 shall be deemed a superior public use. Property devoted to a public use may be so acquired only if the governing body of the municipality has approved its acquisition by the authority. An award of compensation shall not be increased by reason of any increase in the value of the real property caused by the assembly, clearance or reconstruction, or proposed assembly, clearance or reconstruction for the purposes of sections 469.001 to 469.047 of the real property in an area;

(7) within its area of operation, and without the adoption of an urban renewal plan, to acquire, by all means as set forth in clause (6) but without the adoption of a resolution provided for in clause (6), real property, and to demolish, remove, rehabilitate, or reconstruct the buildings and improvements or construct new buildings and improvements thereon, or to so provide through other means as set forth in Laws 1974, chapter 228, or to grade, fill, and construct foundations or otherwise prepare the site for improvements. The authority may dispose of the property pursuant to section 469.029, provided that the provisions of section 469.029 requiring conformance to an urban renewal plan shall not apply. The authority may finance these activities by means of the redevelopment project fund or by means of tax increments or tax increment bonds or by the methods of financing provided for in section 469.033 or by means of contributions from the municipality provided for in section 469.041, clause (9), or by any combination of those means. Real property with buildings or improvements thereon shall only be acquired under this clause when the buildings or improvements are substandard. The exercise

of the power of eminent domain under this clause shall be limited to real property which contains, or has contained within the three years immediately preceding the exercise of the power of eminent domain and is currently vacant, buildings and improvements which are vacated and substandard. *Notwithstanding the prior sentence, in cities of the first class the exercise of the power of eminent domain under this clause shall be limited to real property which contains, or has contained within the three years immediately preceding the exercise of the power of eminent domain, buildings and improvements which are substandard.* For the purpose of this clause, substandard buildings or improvements mean hazardous buildings as defined in section 463.15, subdivision 3, or buildings or improvements that are dilapidated or obsolescent, faultily designed, lack adequate ventilation, light, or sanitary facilities, or any combination of these or other factors that are detrimental to the safety or health of the community;

(8) within its area of operation, to determine the level of income constituting low or moderate family income. The authority may establish various income levels for various family sizes. In making its determination, the authority may consider income levels that may be established by the Department of Housing and Urban Development or a similar or successor federal agency for the purpose of federal loan guarantees or subsidies for persons of low or moderate income. The authority may use that determination as a basis for the maximum amount of income for admissions to housing development projects or housing projects owned or operated by it;

(9) to provide in federally assisted projects any relocation payments and assistance necessary to comply with the requirements of the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, and any amendments, or supplements thereto;

(10) to make an agreement with the governing body or bodies creating the authority which provides exemption from all real and personal property taxes levied or imposed by the state, city, county, or other political subdivisions, for which the authority shall make payments in lieu of taxes to the state, city, county, or other political subdivisions as provided in section 469.040. The governing body shall agree on behalf of all the applicable governing bodies affected that local cooperation as required by the federal government shall be provided by the local governing body or bodies in whose jurisdiction the project is to be located, at no cost or at no greater cost than the same public services and facilities furnished to other residents;

(11) to cooperate with or act as agent for the federal government, the state or any state public body, or any agency or instrumentality of the foregoing, in carrying out any of the provisions of sections 469.001 to 469.047 or of any other related federal, state, or local legislation; and upon the consent of the governing body of the city to purchase, lease, manage, or otherwise take over any housing project already owned and operated by the federal government;

(12) to make plans for carrying out a program of voluntary repair and rehabilitation of buildings and improvements, and plans for the enforcement of laws, codes, and regulations relating to the use of land and the use and occupancy of buildings and improvements, and to the compulsory repair, rehabilitation, demolition, or removal of buildings and improvements. The authority may develop, test, and report methods and techniques, and carry out demonstrations and other activities for the prevention and elimination of slums and blight;

(13) to borrow money or other property and accept contributions, grants, gifts, services, or other assistance from the federal government, the state government, state public bodies, or from any other public or private sources;

(14) to include in any contract for financial assistance with the federal government any conditions that the federal government may attach to its financial aid of a project, not inconsistent with purposes of sections 469.001 to 469.047, including obligating itself (which obligation shall be specifically enforceable and not constitute a mortgage, notwithstanding any other laws) to convey to the federal government the project to which the contract relates upon the occurrence of a substantial default with respect to the covenants or conditions to which the authority is subject; to provide in the contract that, in case of such conveyance, the federal government may complete, operate, manage, lease, convey, or otherwise deal with the project until the defaults are cured if the federal government agrees in the contract to reconvey to the authority the project as then constituted when the defaults have been cured;

(15) to issue bonds for any of its corporate purposes and to secure the bonds by mortgages upon property held or to be held by it or by pledge of its revenues, including grants or contributions;

(16) to invest any funds held in reserves or sinking funds, or any funds not required for immediate disbursement, in property or securities in which savings banks may legally invest funds subject to their control or in the manner and subject to the conditions provided in section 475.66 for the deposit and investment of debt service funds;

(17) within its area of operation, to determine where blight exists or where there is unsafe, unsanitary, or overcrowded housing;

(18) to carry out studies of the housing and redevelopment needs within its area of operation and of the meeting of those needs. This includes study of data on population and family groups and their distribution according to income groups, the amount and quality of available housing and its distribution according to rentals and sales prices, employment, wages, desirable patterns for land use and community growth, and other factors affecting the local housing and redevelopment needs and the meeting of those needs; to make the results of those studies and analyses available to the public and to building, housing, and supply industries;

(19) if a local public body does not have a planning agency or the planning agency has not produced a comprehensive or general community development plan, to make or cause to be made a plan to be used as a guide in the more detailed planning of housing and redevelopment areas;

(20) to lease or rent any dwellings, accommodations, lands, buildings, structures, or facilities included in any project and, subject to the limitations contained in sections 469.001 to 469.047 with respect to the rental of dwellings in housing projects, to establish and revise the rents or charges therefor;

(21) to own, hold, and improve real or personal property and to sell, lease, exchange, transfer, assign, pledge, or dispose of any real or personal property or any interest therein;

(22) to insure or provide for the insurance of any real or personal property or operations of the authority against any risks or hazards;

(23) to procure or agree to the procurement of government insurance or guarantees of the payment of any bonds or parts thereof issued by an authority and to pay premiums on the insurance;

(24) to make expenditures necessary to carry out the purposes of sections 469.001 to 469.047;

(25) to enter into an agreement or agreements with any state public body to provide informational service and relocation assistance to families, individuals, business concerns, and nonprofit organizations displaced or to be displaced by the activities of any state public body;

(26) to compile and maintain a catalog of all vacant, open and undeveloped land, or land which contains substandard buildings and improvements as that term is defined in clause (7), that is owned or controlled by the authority or by the governing body within its area of operation and to compile and maintain a catalog of all authority owned real property that is in excess of the foreseeable needs of the authority, in order to determine and recommend if the real property compiled in either catalog is appropriate for disposal pursuant to the provisions of section 469.029, subdivisions 9 and 10;

(27) to recommend to the city concerning the enforcement of the applicable health, housing, building, fire prevention, and housing maintenance code requirements as they relate to residential dwelling structures that are being rehabilitated by low- or moderate-income persons pursuant to section 469.029, subdivision 9, for the period of time necessary to complete the rehabilitation, as determined by the authority;

(28) to recommend to the city the initiation of municipal powers, against certain real properties, relating to repair, closing, condemnation, or demolition of unsafe, unsanitary, hazardous, and unfit buildings, as provided in section 469.041, clause (5);

(29) to sell, at private or public sale, at the price or prices determined by the authority, any note, mortgage, lease, sublease, lease purchase, or other instrument or obligation evidencing or securing a loan made for the purpose of economic development, job creation, redevelopment, or community revitalization by a public agency to a business, for-profit or nonprofit organization, or an individual;

(30) within its area of operation, to acquire and sell real property that is benefited by federal housing assistance payments, other rental subsidies, interest reduction payments, or interest reduction contracts for the purpose of preserving the affordability of low- and moderate-income multifamily housing;

(31) to apply for, enter into contracts with the federal government, administer, and carry out a section 8 program. Authorization by the governing body creating the authority to administer the program at the authority's initial application is sufficient to authorize operation of the program in its area of operation for which it was created without additional local governing body approval. Approval by the governing body or bodies creating the authority constitutes approval of a housing program for purposes of any special or general law requiring local approval of section 8 programs undertaken by city, county, or multicounty authorities; and

(32) to secure a mortgage or loan for a rental housing project by obtaining the appointment of receivers or assignments of rents and profits under sections

559.17 and 576.01, except that the limitation relating to the minimum amounts of the original principal balances of mortgages specified in sections 559.17, subdivision 2, clause (2); and 576.01, subdivision 2, does not apply.

Sec. 4. Minnesota Statutes 1992, section 469.174, subdivision 19, is amended to read:

Subd. 19. [SOILS CONDITION DISTRICTS.] (a) "Soils condition district" means a type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that the following conditions exist:

(1) less than 70 percent of the parcels in the district are occupied by buildings, streets, utilities, or other improvements;

(2) unusual terrain, the presence of hazardous substances, pollution or contaminants, or soil deficiencies for 80 percent of the acreage in the district require substantial filling, grading, removal or remedial action, or other physical preparation for use;

(3) (2) the estimated cost of the physical preparation under clause (2) (1), but excluding costs directly related to roads as defined in section 160.01 and local improvements as described in sections 429.021, subdivision 1, clauses (1) to (7), (11), and (12), and 430.01, when added to the fair market value of the land upon inclusion in the district exceeds the anticipated fair market value of the land upon before completion of the preparation.

The requirements of clause (2) need not be satisfied, if each parcel of property in the district either satisfies the requirements of clause (2) or the estimated costs of the proposed removal or remedial action exceeds \$2 per square foot for the area of the parcel.

(b) An area does not qualify as a soils condition district if it contains a wetland, as defined in section 103G.005, unless the development agreement prohibits draining, filling, or other alteration of the wetland or other binding legal assurances for preservation of the wetland are provided.

(c) If the district is located in the metropolitan area, the proposed development of the district in the tax increment financing plan must be consistent with the municipality's land use plan adopted in accordance with sections 473.851 to 473.872 and reviewed by the metropolitan council under section 473.175. If the district is located outside of the metropolitan area, the proposed development of the district must be consistent with the municipality's comprehensive municipal plan.

(d) No parcel shall be included in the district unless the authority has concluded an agreement or agreements for the development of at least 50 percent of the acreage having the unusual soil or terrain deficiencies. The agreement must provide recourse for the authority if the development is not completed.

Sec. 5. Minnesota Statutes 1992, section 469.174, subdivision 20, is amended to read:

Subd. 20. [INTERNAL REVENUE CODE.] "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 1988 1992.

Sec. 6. Minnesota Statutes 1992, section 469.174, is amended by adding a subdivision to read:

Subd. 27. [TOURISM FACILITY.] "Tourism facility" means property that:

(1) is located in a county where the median income is no more than 85 percent of the state median income;

(2) is located in a county in which, excluding the cities of the first class in that county, the earnings on tourism-related activities are 15 percent or more of the total earnings in the county;

(3) is located outside the metropolitan area defined in section 473.121, subdivision 2;

(4) is not located in a city with a population in excess of 20,000; and

(5) is acquired, constructed, or rehabilitated for use as a convention and meeting facility, amusement park, recreation facility, cultural facility, marina, park, hotel, motel, lodging facility, or nonhomestead dwelling unit that in each case is intended to serve primarily individuals from outside the county.

Sec. 7. Minnesota Statutes 1992, section 469.175, subdivision 1, is amended to read:

Subdivision 1. [TAX INCREMENT FINANCING PLAN.] (a) A tax increment financing plan shall contain:

(1) a statement of objectives of an authority for the improvement of a project;

(2) a statement as to the development program for the project, including the property within the project, if any, that the authority intends to acquire;

(3) a list of any development activities that the plan proposes to take place within the project, for which contracts have been entered into at the time of the preparation of the plan, including the names of the parties to the contract, the activity governed by the contract, the cost stated in the contract, and the expected date of completion of that activity;

(4) identification or description of the type of any other specific development reasonably expected to take place within the project, and the date when the development is likely to occur;

(5) estimates of the following:

(i) cost of the project, including administration expenses;

(ii) amount of bonded indebtedness to be incurred;

(iii) sources of revenue to finance or otherwise pay public costs;

(iv) the most recent net tax capacity of taxable real property within the tax increment financing district;

(v) the estimated captured net tax capacity of the tax increment financing district at completion; and

(vi) the duration of the tax increment financing district's existence;

(6) statements of the authority's alternate estimates of the impact of tax increment financing on the net tax capacities of all taxing jurisdictions in which the tax increment financing district is located in whole or in part. For purposes of one statement, the authority shall assume that the estimated captured net tax capacity would be available to the taxing jurisdictions without creation of the district, and for purposes of the second statement, the authority shall assume that none of the estimated captured net tax capacity would be available to the taxing jurisdictions without creation of the district;

(7) identification and description of studies and analyses used to make the determination set forth in subdivision 3, clause (2); and

(8) identification of all parcels to be included in the district.

(b) For a housing district, redevelopment district, or a hazardous substance subdistrict, the authority may elect in the tax increment financing plan to provide for the identification of a minimum market value in the plan, development agreement, or assessment agreement, and provide that increment is first received by the authority when (1) the market value of the improvements as determined by the assessor reaches or exceeds the minimum market value, or (2) four years has elapsed from the date of certification of the original net tax capacity of the taxable real property in the district by the county auditor, whichever is earlier.

Sec. 8. Minnesota Statutes 1992, section 469.175, is amended by adding a subdivision to read:

Subd. 2a. [HOUSING DISTRICTS; REDEVELOPMENT DISTRICTS.] In the case of a proposed housing district or redevelopment district, in addition to the requirements of subdivision 2, at least 30 days before the publication of the notice for public hearing under subdivision 3, the authority shall deliver written notice of the proposed district to each county commissioner who represents part of the area proposed to be included in the district. The notice must contain a general description of the boundaries of the proposed district and the proposed activities to be financed by the district, an offer by the authority to meet and discuss the proposed district with the county commissioner, and a solicitation of the commissioner's comments with respect to the district.

Sec. 9. Minnesota Statutes 1992, section 469.175, is amended by adding a subdivision to read:

Subd. 6. [HAZARDOUS SUBSTANCE SUBDISTRICTS; LOCAL CONTRIBUTION ELECTION.] The state aid reductions under section 273.1399 do not apply to a hazardous substance subdistrict, if the municipality elects to pay and pays 18 percent of the cost of developing and implementing the development action response plan for the subdistrict and of any deposits to an indemnification fund out of its general fund, a property tax levy for that purpose, or other unrestricted money of the municipality (other than tax increments). The municipality must elect this option before it requests certification of the original tax capacity of the subdistrict and must notify the commissioner of revenue of its election. The election is irrevocable.

Sec. 10. Minnesota Statutes 1992, section 469.176, subdivision 1, is amended to read:

Subdivision 1. [DURATION OF TAX INCREMENT FINANCING DISTRICTS.] (a) Subject to the limitations contained in paragraphs (b) to (g)

subdivisions 1a to 1f, any tax increment financing district as to which bonds are outstanding, payment for which the tax increment and other revenues have been pledged, shall remain in existence at least as long as the bonds continue to be outstanding. The municipality may, at the time of approval of the initial tax increment financing plan, provide for a shorter maximum duration limit than specified in ~~paragraphs (b) to (g)~~ *subdivisions 1a to 1f*. The specified limit applies in place of the otherwise applicable limit.

(b) The tax increment pledged to the payment of the bonds and interest thereon may be discharged and the tax increment financing district may be terminated if sufficient funds have been irrevocably deposited in the debt service fund or other escrow account held in trust for all outstanding bonds to provide for the payment of the bonds at maturity or date of redemption and interest thereon to the maturity or redemption date.

(c) For bonds issued pursuant to section 469.178, subdivisions 2 and 3, the full faith and credit and any taxing powers of the municipality or authority ~~shall continue to be~~ are pledged to the payment of the bonds until the principal of and interest on the bonds has been paid in full.

(d) *Subd. 1a. [DURATION LIMIT; THREE-YEAR ACTIVITY RULE.]* No tax increment shall be paid to an authority for a tax increment financing district after three years from the date of certification of the original net tax capacity of the taxable real property in the district by the county auditor, unless within the three-year period (1) bonds have been issued in aid of the project containing the district pursuant to section 469.178, or any other law, except revenue bonds issued pursuant to sections 469.152 to 469.165, or (2) the authority has acquired property within the district, or (3) the authority has constructed or caused to be constructed public improvements within the district.

(e) *Subd. 1b. [DURATION LIMITS; TERMS.]* (a) No tax increment shall in any event be paid to the authority

(1) after 25 years from date of receipt by the authority of the first tax increment for a mined underground space development district, ~~redevelopment district, or housing district,~~

(2) after 15 years after receipt by the authority of the first increment for a renewal and renovation district,

(3) after 12 years from approval of the tax increment financing plan for a soils condition district, ~~and~~

(4) after ~~eight~~ nine years from the date of the receipt, or ~~ten~~ 11 years from approval of the tax increment financing plan, whichever is less, for an economic development district,

(5) *for a housing district or a redevelopment district, after 20 years from the date of receipt by the authority of the first tax increment by the authority pursuant to section 469.175, subdivision 1, paragraph (b); or, if no provision is made under section 469.175, subdivision 1, paragraph (b), after 25 years from the date of receipt by the authority of the first increment.*

(b) For purposes of determining a duration limit under this subdivision or subdivision 1e that is based on the receipt of an increment, any increments from taxes payable in the year in which the district terminates shall be paid to the authority. This paragraph does not affect a duration limit calculated

from the date of approval of the tax increment financing plan or based on the recovery of costs or to a duration limit under subdivision 1c. This paragraph does not supersede the restrictions on payment of delinquent taxes in subdivision 1f.

Subd. 1c. [DURATION LIMITS; PRE-1979 DISTRICTS.] For tax increment financing districts created prior to August 1, 1979, no tax increment shall be paid to the authority after April 1, 2001, or the term of a nondefeased bond or obligation outstanding on April 1, 1990, secured by increments from the district or project area, whichever time is greater, provided that in no case will a tax increment be paid to an authority after August 1, 2009, from such a district. If a district's termination date is extended beyond April 1, 2001, because bonds were outstanding on April 1, 1990, with maturities extending beyond April 1, 2001, the following restrictions apply. No increment collected from the district may be expended after April 1, 2001, except to pay or defease (i) bonds issued before April 1, 1990, or (ii) bonds issued to refund the principal of the outstanding bonds and pay associated issuance costs, provided the average maturity of the refunding bonds does not exceed the bonds refunded.

~~(f) Subd. 1d. [DURATION LIMITS; EFFECT OF MODIFICATIONS.]~~ Modification of a tax increment financing plan pursuant to section 469.175, subdivision 4, shall not extend the durational limitations of ~~this subdivision~~ *subdivisions 1 to 1f.*

~~(g) Subd. 1e. [DURATION LIMITS; HAZARDOUS SUBSTANCE SUB-DISTRICTS.]~~ If a parcel of a district is part of a designated hazardous substance site or a hazardous substance subdistrict, tax increment may be paid to the authority from the parcel for longer than the period otherwise provided by ~~this subdivision~~ *subdivisions 1 to 1f for the overlying district.* The extended period for collection of tax increment begins on the date of receipt of the first tax increment from the parcel that is more than any tax increment received from the parcel before the date of the certification under section 469.174, subdivision 7, paragraph (b), and received after the date of certification to the county auditor described in section 469.174, subdivision 7, paragraph (b). The extended period for collection of tax increment is the lesser of: (1) 25 years from the date of commencement of the extended period *or 20 years if the authority elects under section 469.175, subdivision 1, paragraph (b), to defer receipt of the first increment;* or (2) the period necessary to recover the costs of removal actions or remedial actions specified in a development response action plan.

~~(h) Subd. 1f. [DELINQUENT TAXES AFTER TERMINATION.]~~ If a parcel located in the district has delinquent property taxes when the district terminates under the duration limits ~~under this subdivision~~, the payment of the parcel's delinquent taxes made after decertification of the district are tax increments to the extent the nonpayment of property taxes caused the outstanding bonds or contractual obligations pledged to be paid by the district to be paid by sources other than tax increments or to go unpaid. The county auditor shall pay the appropriate amount to the district. The authority shall provide the county auditor with information regarding the payment of outstanding bonds or contractual obligations and any other information necessary to administer the payment, as requested by the county auditor.

Sec. 11. Minnesota Statutes 1992, section 469.176, subdivision 4, is amended to read:

Subd. 4. [LIMITATION ON USE OF TAX INCREMENT; GENERAL RULE.] All revenues derived from tax increment shall be used in accordance with the tax increment financing plan. The revenues shall be used solely for the following purposes: (1) to pay the principal of and interest on bonds issued to finance a project; (2) by a rural development financing authority for the purposes stated in section 469.142, by a port authority or municipality exercising the powers of a port authority to finance or otherwise pay the cost of redevelopment pursuant to sections 469.048 to 469.068, by an economic development authority to finance or otherwise pay the cost of redevelopment pursuant to sections 469.090 to 469.108, by a housing and redevelopment authority or economic development authority to finance or otherwise pay public redevelopment costs pursuant to sections 469.001 to 469.047, by a municipality or economic development authority to finance or otherwise pay the capital and administration costs of a development district pursuant to sections 469.124 to 469.134, *by a municipality or authority to finance or otherwise pay the costs of developing and implementing a development action response plan*, by a municipality or redevelopment agency to finance or otherwise pay premiums for insurance or other security guaranteeing the payment when due of principal of and interest on the bonds pursuant to chapter 462C, sections 469.152 to 469.165, or both, or to accumulate and maintain a reserve securing the payment when due of the principal of and interest on the bonds pursuant to chapter 462C, sections 469.152 to 469.165, or both, which revenues in the reserve shall not exceed, subsequent to the fifth anniversary of the date of issue of the first bond issue secured by the reserve, an amount equal to 20 percent of the aggregate principal amount of the outstanding and nondefeased bonds secured by the reserve.

Sec. 12. Minnesota Statutes 1992, section 469.176, subdivision 4c, is amended to read:

Subd. 4c. [ECONOMIC DEVELOPMENT DISTRICTS.] (a) Revenue derived from tax increment from an economic development district may not be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting of buildings and ancillary facilities, *if at least ten more than 15 percent of the buildings and facilities (determined on the basis of square footage) are used for a purpose other than:*

(1) the manufacturing or production of tangible personal property, including processing resulting in the change in condition of the property;

(2) warehousing, storage, and distribution of *tangible personal* property, *but* excluding retail sales;

(3) research and development *or related to the activities listed in clause (1) or (2);*

(4) telemarketing if that activity is the exclusive use of the property; *or*

(4) (5) tourism facilities, *if the tourism facility is not located in a development region, as defined in section 462.384, with a population in excess of 1,000,000; or*

(6) *space necessary for and related to the activities listed in clauses (1) to (5).*

The percentage of buildings and facilities that may be used for nonqualifying purposes is increased above ten percent, but not over 25 percent, to the

extent the nonqualifying square footage is directly related to and in support of the qualifying activity.

(b) Population must be determined under the provisions of section 477A.011. Tourism facilities are limited to hotel and motel properties, including ancillary restaurants, convention and meeting facilities, amusement parks, recreation facilities, cultural facilities, marinas, and parks. The city must find that the tourism facilities are intended primarily to serve individuals outside of the development region.

(c) If the authority financed the construction of improvements with increment revenues for a site on which the authority expected qualifying facilities to be constructed and nonqualified property was constructed on the site in excess of the amount permitted under paragraph (a) within five years after the district was created, the developer of the nonqualified property must pay to the authority an amount equal to 90 percent of the benefit resulting from the improvements. The amount required to be paid may not exceed the proportionate cost of the improvements, including capitalized interest, that was financed with increment revenues. The payment must be used to prepay or discharge bonds under section 469.176, subdivision 2, paragraph (a), clauses (1) to (3). If no bonds are outstanding, the payment shall be distributed as an excess increment. "Benefit" has the meaning given in chapter 429.

(d) (b) Notwithstanding the provisions of this subdivision, revenue derived from tax increment from an economic development district may be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form for up to 5,000 square feet of commercial and retail facilities within the municipal jurisdiction of a home rule charter or statutory city that has a population of 5,000 or less. The 5,000 square feet limitation is cumulative and applies to all facilities in all the economic development districts within the municipal jurisdiction.

Sec. 13. Minnesota Statutes 1992, section 469.176, subdivision 4e, is amended to read:

Subd. 4e. [HAZARDOUS SUBSTANCE SUBDISTRICTS.] The additional tax increment received by the municipality from a hazardous substance subdistrict as a result of a reduction in original net tax capacity pursuant to section 469.174, subdivision 7, paragraph (b), or as a result of the extension of the period for collection of tax increment from a hazardous substance site or subdistrict provided for in subdivision 1, paragraph (g), may be used only to pay or reimburse the costs of: (1) removal actions or remedial actions with respect to hazardous substances or pollutants or contaminants or petroleum releases affecting or which may affect the designated hazardous substance site; (2) pollution testing, demolition, and soil compaction correction necessitated by the development response action plan for the designated hazardous substance site; and (3) *purchase of environmental insurance or deposits to a guaranty fund, relating only to liability or response costs for land in the subdistrict; and* (4) related administrative and legal costs, including costs of review and approval of development response action plans by the pollution control agency and litigation expenses of the attorney general.

Sec. 14. Minnesota Statutes 1992, section 469.176, subdivision 4g, is amended to read:

Subd. 4g. [GENERAL GOVERNMENT USE PROHIBITED.] (a) These revenues shall not be used to circumvent existing levy limit law. No revenues derived from tax increment from any district, whether certified before or after August 1, 1979, shall be used for the acquisition, construction, renovation, operation, or maintenance of a building to be used primarily and regularly for conducting the business of a municipality, county, school district, or any other local unit of government or the state or federal government. This provision shall not prohibit the use of revenues derived from tax increments for the construction or renovation of a parking structure, a commons area used as a public park, or a facility used for social, recreational, or conference purposes and not primarily for conducting the business of the municipality.

(b) If any publicly owned facility used for social, recreational, or conference purposes and financed in whole or in part from revenues derived from a district is operated or managed by an entity other than the authority, the operating and management policies of the facility must be approved by the governing body of the authority.

Sec. 15. [469.1765] [GUARANTY FUND.]

Subdivision 1. [AUTHORITY TO ESTABLISH.] An authority may establish and maintain a guaranty fund or funds. Money in the guaranty fund is available, under the terms and conditions that the development authority establishes, to indemnify or hold harmless a person from liability for remediation costs under a state or federal environmental law, regulation, ruling, order, or decision.

Subd. 2. [ELIGIBLE PERSON.] The authority may agree to pledge money in the guaranty fund to indemnify a person whose liability arises out of use, ownership, occupancy, or financing of a property in the subdistrict or district.

Subd. 3. [TERMS OF INDEMNITY.] The authority shall determine by resolution or by agreement with the person the terms and conditions under which money in the guaranty fund will be used to indemnify or hold harmless the person. The authority may not agree to indemnify a person from liability for contamination caused by the person. The maximum amount that may be paid from the guaranty fund with respect to properties within a subdistrict or district is one-half of the remediation and removal costs. The maximum duration of an indemnification agreement is 25 years. An indemnification agreement is subject to any other restrictions provided by this section or other law.

Subd. 4. [FUNDING.] (a) Revenues derived from tax increments and any other money available to the authority may be deposited in the guaranty fund. The municipality may appropriate money to the authority to be deposited in the guaranty fund.

(b) If a guaranty fund is established that applies to property located in more than one tax increment financing district or subdistrict, the authority shall establish separate accounts for each subdistrict and district. The authority shall deposit all revenues derived from tax increments from a subdistrict or district in the account for that subdistrict or district, except the following amounts may be deposited in a general or other account: (1) the portion of revenue derived increments from a district, subject to section 469.1763, that may be spent on activities outside of the district, or (2) up to 25 percent of the revenues derived from increments from districts that are not subject to section 469.1763 and which may be deposited in the guaranty fund under the

applicable tax increment financing plans. Investment earnings of money in an account must be credited to that account.

(c) The only money which may be pledged to indemnify or hold harmless a person from liability are amounts either in the account for the subdistrict or district in which the property out of which the liability arose is located or in an account not dedicated to a specific subdistrict or district.

Subd. 5. [LIABILITY LIMITED.] The authority and municipality is liable under a guaranty fund agreement only to the extent funds are available in the guaranty fund account or accounts available for the property.

Subd. 6. [DEPOSITORY.] The authority shall provide for the guaranty fund to be held by or maintained with a financial institution or corporate fiduciary eligible for the deposit of public money or eligible to act as a trustee or fiduciary for obligations issued under chapter 475.

Subd. 7. [FINAL DISPOSITION OF FUNDS.] At the end of the period of the indemnification, all unencumbered money in the guaranty fund for the subdistrict or district must be treated as an excess increment and distributed under the provisions of section 469.176, subdivision 2, paragraph (a), clause (4). If the municipality contributed money to the account, other than revenues derived from increments, the authority may deduct and pay to the municipality a proportionate share of the unencumbered money in the account before the money is distributed as an excess increment. The proportionate share is determined based on the amount of contributions of nonincrements to the account relative to total contributions, including increments, to the account.

Sec. 16. [469.1766] [DEVELOPER PAYMENTS.]

If the development agreement, other agreement, or arrangement provides for the developer to repay all or part of the assistance provided that was financed, directly or indirectly, with revenues derived from tax increments, the developer payments are subject to the restrictions imposed by law on revenues derived from tax increments and may only be spent for the purposes for which increments may be spent. A developer includes any beneficiary of assistance financed with revenues derived from tax increments.

Assistance includes sales of property at less than the cost of acquisition or fair market value, grants, ground or other leases at less than fair market rent, interest rate subsidies, utility service connections, roads, or other similar assistance that otherwise would have been paid in whole or part by the beneficiary.

Sec. 17. Minnesota Statutes 1992, section 469.177, subdivision 1, is amended to read:

Subdivision 1. [ORIGINAL NET TAX CAPACITY.] (a) Upon or after adoption of a tax increment financing plan, the auditor of any county in which the district is situated shall, upon request of the authority, certify the original net tax capacity of the tax increment financing district as described in the tax increment financing plan and shall certify in each year thereafter the amount by which the original net tax capacity has increased or decreased as a result of a change in tax exempt status of property within the district, reduction or enlargement of the district or changes pursuant to subdivision 4.

(b) In the case of a mined underground space development district the county auditor shall certify the original net tax capacity as zero, plus the net

tax capacity, if any, previously assigned to any subsurface area included in the mined underground space development district pursuant to section 272.04.

(c) For districts approved under section 469.175, subdivision 3, or parcels added to existing districts after May 1, 1988, if the classification under section 273.13 of property located in a district changes to a classification that has a different assessment ratio, the original net tax capacity of that property must be redetermined at the time when its use is changed as if the property had originally been classified in the same class in which it is classified after its use is changed.

(d) The amount to be added to the original net tax capacity of the district as a result of previously tax exempt real property within the district becoming taxable equals the net tax capacity of the real property as most recently assessed pursuant to section 273.18 or, if that assessment was made more than one year prior to the date of title transfer rendering the property taxable, the net tax capacity assessed by the assessor at the time of the transfer. If substantial taxable improvements were made to a parcel after certification of the district and if the property later becomes tax exempt, in whole or part, as a result of the authority acquiring the property through foreclosure or exercise of remedies under a lease or other revenue agreement *or as a result of tax forfeiture*, the amount to be added to the original net tax capacity of the district as a result of the property again becoming taxable is the amount of the parcel's value that was included in original net tax capacity when the parcel was first certified. The amount to be added to the original net tax capacity of the district as a result of enlargements equals the net tax capacity of the added real property as most recently certified by the commissioner of revenue as of the date of modification of the tax increment financing plan pursuant to section 469.175, subdivision 4.

(e) For districts approved under section 469.175, subdivision 3, or parcels added to existing districts after May 1, 1988, if the net tax capacity of a property increases because the property no longer qualifies under the Minnesota agricultural property tax law, section 273.111; the Minnesota open space property tax law, section 273.112; or the metropolitan agricultural preserves act, chapter 473H, or because platted, unimproved property is improved or three years pass after approval of the plat under section 273.11, subdivision 1, the increase in net tax capacity must be added to the original net tax capacity.

(f) Each year the auditor shall also add to the original net tax capacity of each economic development district an amount equal to the original net tax capacity for the preceding year multiplied by the average percentage increase in the market value of all property included in the economic development district during the five years prior to certification of the district.

(g) The amount to be subtracted from the original net tax capacity of the district as a result of previously taxable real property within the district becoming tax exempt, or a reduction in the geographic area of the district, shall be the amount of original net tax capacity initially attributed to the property becoming tax exempt or being removed from the district. If the net tax capacity of property located within the tax increment financing district is reduced by reason of a court-ordered abatement, stipulation agreement, voluntary abatement made by the assessor or auditor or by order of the commissioner of revenue, the reduction shall be applied to the original net tax capacity of the district when the property upon which the abatement is made

has not been improved since the date of certification of the district and to the captured net tax capacity of the district in each year thereafter when the abatement relates to improvements made after the date of certification. The county auditor may specify reasonable form and content of the request for certification of the authority and any modification thereof pursuant to section 469.175, subdivision 4.

(h) If a parcel of property contained a substandard building that was demolished or removed and if the authority elects to treat the parcel as occupied by a substandard building under section 469.174, subdivision 10, paragraph (b), the auditor shall certify the original net tax capacity of the parcel using the greater of (1) the current net tax capacity of the parcel, or (2) the estimated market value of the parcel for the year in which the building was demolished or removed, but applying the class rates for the current year.

Sec. 18. Minnesota Statutes 1992, section 469.177, subdivision 8, is amended to read:

Subd. 8. [ASSESSMENT AGREEMENTS.] An authority may enter into a written assessment agreement with any person establishing a minimum market value of land, existing improvements, or improvements to be constructed in a district, if the property is owned or will be owned by the person. The minimum market value established by an assessment agreement may be fixed, or increase or decrease in later years from the initial minimum market value. *If an agreement is fully executed before July 1 of an assessment year, the market value as provided under the agreement must be used by the county or local assessor as the taxable market value of the property for that assessment. Agreements executed on or after July 1 of an assessment year become effective for assessment purposes in the following assessment year.* An assessment agreement terminates on the earliest of the date on which conditions in the assessment agreement for termination are satisfied, the termination date specified in the agreement, or the date when tax increment is no longer paid to the authority under section 469.176, subdivision 1. The assessment agreement shall be presented to the county assessor, or city assessor having the powers of the county assessor, of the jurisdiction in which the tax increment financing district and the property that is the subject of the agreement is located. The assessor shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land upon which the improvements are to be constructed and, so long as the minimum market value contained in the assessment agreement appears, in the judgment of the assessor, to be a reasonable estimate, shall execute the following certification upon the agreement:

The undersigned assessor, being legally responsible for the assessment of the above described property, certifies that the market values assigned to the land and improvements are reasonable.

The assessment agreement shall be filed for record and recorded in the office of the county recorder or the registrar of titles of each county where the real estate or any part thereof is situated. *After the agreement becomes effective for assessment purposes,* the assessor shall value the property under section 273.11, except that the market value assigned shall not be less than the minimum market value established by the assessment agreement. The assessor may assign a market value to the property in excess of the minimum market value established by the assessment agreement. The owner of the property may seek, through the exercise of administrative and legal remedies, a

reduction in market value for property tax purposes, but no city assessor, county assessor, county auditor, board of review, board of equalization, commissioner of revenue, or court of this state shall grant a reduction of the market value below the minimum market value established by the assessment agreement during the term of the agreement filed of record regardless of actual market values which may result from incomplete construction of improvements, destruction, or diminution by any cause, insured or uninsured, except in the case of acquisition or reacquisition of the property by a public entity. Recording an assessment agreement constitutes notice of the agreement to anyone who acquires any interest in the land or improvements that is subject to the assessment agreement, and the agreement is binding upon them.

An assessment agreement may be modified or terminated by mutual consent of the current parties to the agreement. Modification or termination of an assessment agreement must be approved by the governing body of the municipality. If the estimated market value for the property for the most recently available assessment is less than the minimum market value established by the assessment agreement for that or any later year and if bond counsel does not conclude that termination of the agreement is necessary to preserve the tax exempt status of outstanding bonds or refunding bonds to be issued, the modification or termination of the assessment agreement also must be approved by the governing bodies of the county and the school district. A document modifying or terminating an agreement, including records of the municipality, county, and school district approval, must be filed for record. The assessor's review and certification is not required if the document terminates an agreement. A change to an agreement not fully executed before July 1 of an assessment year is not effective for assessment purposes for that assessment year. If an assessment agreement has been modified or prematurely terminated, a person may seek a reduction in market value or tax through the exercise of any administrative or legal remedy. The remedy may not provide for reduction of the market value below the minimum provided under a modified assessment agreement that remains in effect. In no event may a reduction be sought for a year other than the current taxes payable year.

Sec. 19. Minnesota Statutes 1992, section 469.1831, subdivision 4, is amended to read:

Subd. 4. [PROGRAM MONEY; DISTRIBUTION AND RESTRICTIONS.] (a) Neighborhood revitalization program money may only be expended in accordance with the program for a purpose listed in subdivision 3 or this subdivision. Program money may not be used in those project areas of the city where the city determines that private investment will be sufficient to provide for development and redevelopment of the project area without public sector assistance, except in cases where program money is being used to remove or rehabilitate structurally substandard or obsolete buildings. Revenues derived from tax increments may only be expended for the purposes otherwise permitted by law, except that notwithstanding any law to the contrary, the city must pay at least the following amount of program money, including revenues derived from tax increments: (1) 15 percent to the school district, (2) 7.5 percent to the county, and (3) 7.5 percent for social services. Payment must be made to the county and school district within 15 days after the city receives the distribution of increment revenues, provided that the payment for calendar year 1990 may be made at any time during the year. Payment to the county for social services delivery shall be paid only after

approval of program and spending plans under paragraph (b). Payment to the school district for education programs and services shall be paid only after approval of program and spending plans under paragraph (b).

(b) The money distributed to the county in a calendar year must be deducted from the county's levy limit for the following calendar year. In calculating the county's levy limit base for later years, the amount deducted must be treated as a local government aid payment.

The city must notify the commissioner of education of the amount of the payment made to the school district for the year. The commissioner shall deduct from the school district's state education aid payments one-half of the amount received by the school district.

The program money paid to the school district must be expended for additional education programs and services in accordance with the program. The amounts expended by the school district may not replace existing services.

The money for social services must be paid to the county for the cost of the provision of social services under the plan, as approved by the policy board and the county board.

(c) The city must expend on housing programs and related purposes as provided by the program at least 75 percent of the program money, after deducting the payments to the school district and county.

(d) Notwithstanding any other provisions of law to the contrary, for a city of the first class qualifying under section 469.1781, paragraph (a), program money and money described in Laws 1990, chapter 604, article 7, section 29, as amended, may be expended anywhere within the city by the authority for a purpose permitted by this section for any political subdivision without compliance with section 469.175, subdivision 4, and such money shall be deemed to be expended for a purpose that is a permitted project under section 469.176 and for a purpose that is permitted under section 469.176 for the district from which the increment was received.

Sec. 20. [MINNETONKA; SOILS DISTRICT.]

Subdivision 1. [AUTHORITY.] The city of Minnetonka may create a soils condition tax increment financing district with or without a hazardous substance subdistrict, covering all or any portion of the following described property in the city of Minnetonka, county of Hennepin, state of Minnesota:

All that part of the east half of the northeast quarter of section 14, township 117 north, range 22 west, lying north of the Great Northern Railway right-of-way;

The east half of the southeast quarter of section 11, township 117 north, range 22 west; and

Lots 1, 2, 3, 4, 5, and 10, Block 1, and Lots 1, 2, 3, and 8, Block 2, Golden Acres Addition.

This district and a subdistrict may be created under Minnesota Statutes, section 469.175, if the governing body of the city finds, by resolution, that establishment of the district and a subdistrict will facilitate environmental response and provide for the settlement of pending litigation. Except as otherwise provided in this section, the provisions of Minnesota Statutes,

sections 469.174 to 469.179, apply to the district and a subdistrict. The city may issue bonds or other obligations payable, in whole or in part, from increment derived from the district and a subdistrict. The request for certification of the district and a subdistrict must be filed with the county auditor before December 1, 1995. The city may defer receipt of the first increment from the district or from a subdistrict for up to three years following certification. Minnesota Statutes, sections 469.174, subdivisions 7, paragraph (c), and 19, clause (a)(3); and 469.176, subdivisions 1, paragraph (d), 4b, 4e, 6, and 7, do not apply to this district and subdistrict. Nothing in this section affects the liability of persons for costs or damages associated with the release of hazardous substances, the city's right to pursue responsible parties or reimbursement under applicable insurance contracts, or the city's liability under Minnesota Statutes, section 115B.04, subdivision 4. The powers granted are in addition to other powers of the city.

Subd. 2. [QUALIFICATION RULES.] Before creating a district or subdistrict under this section, the governing body of the city of Minnetonka must find (i) that the response costs related to the district and subdistrict and deposits to the indemnification fund or premiums for the purchase of private environmental insurance necessary to develop the site exceed the estimated fair market value of the land in the district and subdistrict after completion of all necessary response activities and provision of indemnification under the plan and (ii) that independent of the environmental response costs, that the cost of correcting the unusual terrain and soil conditions materially impairs the ability of the owner to develop, sell, or finance all or any significant portion of the district. This finding is in addition to the findings required under Minnesota Statutes, section 469.174, subdivision 19, paragraph (a), clauses (1) and (2), in the case of the district, and the findings required under Minnesota Statutes, section 469.174, subdivision 7, in the case of the subdistrict.

Subd. 3. [LIMITS ON SPENDING INCREMENTS; POOLING RULES.] (a) The provisions of Minnesota Statutes, section 469.1763, do not apply to the district and a subdistrict created under this section. Revenues derived from tax increments from the district and subdistrict may be spent only on:

(1) response costs related to the area contained in the district and subdistrict including the activities outside of the subdistrict or the district but within the project, to the extent necessary to prevent contaminants moving to or from the contaminated parcels;

(2) deposits to an indemnification fund or the purchase of environmental insurance, relating only to liability or additional response costs for contaminated parcels located in the district;

(3) the costs of correcting the unusual terrain or soil deficiencies and the additional costs of installing public improvements directly caused by the deficiencies (except increments derived from reducing original tax capacity under Minnesota Statutes, section 469.174, subdivision 7, paragraph (b), may not be used for this purpose); and

(4) administrative expenses and costs permitted under Minnesota Statutes, section 469.176, subdivisions 3 and 4h, including costs of review and approval of development response actions plans by the commissioner of the pollution control agency and litigation expenses of the attorney general, if any.

(b) After sufficient revenues derived from tax increments have been received to pay all remediation costs, deposits to an indemnification fund or insurance premiums, and administrative and other qualifying costs, the district and subdistrict must be decertified. Minnesota Statutes, section 469.176, subdivision 1, paragraphs (e) and (g), apply to the district and subdistrict, except to the extent limited by this section.

Subd. 4. [DEFINITION.] For purposes of this section, "response" means activity constituting "respond" or "response" as those terms are defined in Minnesota Statutes, section 115B.02. Response costs include activities, including installation of public infrastructure, necessary to respond.

Subd. 5. [STATE AID REDUCTION.] (a) The state aid reductions under Minnesota Statutes, section 273.1399, do not apply to the district or a subdistrict established under this section, if the city elects to pay and pays 25 percent of the response costs and deposits to the indemnification fund out of its general fund, a property tax levy for that purpose, or other unrestricted city money (other than tax increments). The city must elect this option at the time of certification of the district and must notify the commissioner of revenue of its election. The election is irrevocable.

(b) If the city does not elect to pay for a portion of the cost as provided by paragraph (a), the state aid reductions under Minnesota Statutes, section 273.1399, apply. The qualified captured net tax capacity of the district or subdistrict or both must be calculated under Minnesota Statutes 1992, section 273.1399, subdivision 1, paragraph (a), clause (3) under the "All Other Districts" column.

Sec. 21. [CITY OF HOPKINS; HAZARDOUS SUBSTANCE SUBDISTRICT.]

Subdivision 1. [AUTHORIZATION.] Pursuant to Minnesota Statutes, section 469.175, subdivision 7, the city of Hopkins or its housing and redevelopment authority may create one or more hazardous substance subdistricts within tax increment financing district No. 2-5, or within any new or existing tax increment financing district encompassing any parcels located within township 117N, range 22W, sections 25 and 26 in the area bounded on the north by CSAH No. 3; on the south by the Hennepin County Regional Railroad Authority right-of-way; on the west by the city of Hopkins/city of Minnetonka boundary; and on the east by the existing parcel occupied by the city of Hopkins Well No. 1 Building. The city or its housing and redevelopment authority may issue bonds or other obligations payable in whole or in part from increment derived from the subdistrict or district upon a finding by city resolution that establishment of the subdistrict will facilitate environmental remediation and further the objectives of the tax increment financing plan for the district. The request for certification of the subdistrict must be filed with the county auditor before December 1, 1995. The city may defer receipt of the first increment from a subdistrict for up to three years following certification. Minnesota Statutes, sections 469.174, subdivisions 7, paragraph (c), and 16; and 469.176, subdivisions 1, paragraphs (d) and (g), 4e, 6, and 7, do not apply to the subdistrict.

Subd. 2. [PRESERVATION OF RIGHTS.] Nothing in this section affects the liability of persons for costs or damages associated with the release of hazardous substances, or the city's right to pursue responsible parties or to secure reimbursement under applicable insurance contracts, or the city's

liability under Minnesota Statutes, section 115B.04, subdivision 4. The powers granted are in addition to other powers of the city.

Subd. 3. [QUALIFICATION RULES.] Before creation of a subdistrict under subdivision 1, the city of Hopkins shall determine that the existence of pollution or contamination of parcels within the subdistrict materially impairs the ability of the owners of the parcels to develop, sell, lease, or finance all or any portion of the parcels. For purposes of determining the original net tax capacity of the subdistrict under Minnesota Statutes, section 469.174, subdivision 7, paragraph (b), the requirement that the authority enter into a redevelopment or other agreement or have in place a response action plan before reduction of the original tax capacity does not apply. The amount of the estimated costs of the removal or remedial actions may be based on reasonable estimates prepared for the city.

In addition, the city shall, following review by the pollution control agency, prepare and adopt a report which delineates the maximum amount of money to be reserved for eligible expenditures.

Subd. 4. [ELIGIBLE EXPENDITURES.] Revenue derived from tax increments from the subdistrict may be spent only on:

(1) costs of investigating and remediating the pollution or contamination in the area contained in the subdistrict, including activities outside of the subdistrict to the extent necessary to prevent pollutants or contaminants moving to or from the subdistrict;

(2) deposits to an indemnification fund to be used to indemnify existing or future owners, purchasers, lessees, or mortgagees of any parcel in the subdistrict against environmental liability and costs associated with the investigation and remediation of pollution or contamination in the subdistrict, or the purchase of environmental insurance relating only to liability or remediation costs for parcels located in the subdistrict;

(3) administrative expenses and costs, including those permitted under Minnesota Statutes, section 469.176, subdivision 4h, and costs of preparation, review, and approval of any response action plan or partial response action plan by the pollution control agency; and

(4) costs of actions, including litigation, to recover investigation and remediation costs incident to the subdistrict from responsible persons.

Subd. 5. [DECERTIFICATION.] After sufficient revenues derived from tax increments have been received to pay all investigation and remediation costs, deposits to an indemnification fund, insurance premiums, and administrative and other qualifying costs, and in all events not more than 20 years from the date of receipt by the city of the first tax increment from the subdistrict, the subdistrict must be decertified.

Subd. 6. [REDISTRIBUTION.] When the city has received sufficient tax increment funds to pay all eligible expenditures, any funds received must be applied by the city in the manner of excess tax increments under Minnesota Statutes, section 469.176, subdivision 2, and the Hennepin county auditor shall increase the original net tax capacity of the parcels in the subdistrict to the original net tax capacity that would prevail had no reduction been made.

Subd. 7. [DEFINITIONS.] For purposes of this section, "remediation" means activity constituting removal, remedy, remedial action, or response as

those terms are defined in Minnesota Statutes, section 115B.02, including activities to develop and implement a response action plan approved by the pollution control agency under Minnesota Statutes, section 115B.17, subdivision 14, or a partial response action plan approved by the pollution control agency under Minnesota Statutes, section 115B.175. Remediation costs include activities necessary to accomplish remediation, including installation of public infrastructure.

Subd. 8. [STATE AID REDUCTION.] The state aid reductions under Minnesota Statutes, section 273.1399, do not apply to a subdistrict established under this section, if the city elects to pay and pays 25 percent of the response costs and deposits to the indemnification fund out of its general fund, a property tax levy for that purpose, or other unrestricted city money (other than tax increments). The city must elect this option at the time of certification of the district and must notify the commissioner of revenue of its election. The election is irrevocable.

Sec. 22. [INVER GROVE HEIGHTS.]

Subdivision 1. [EXTENSION OF TAX INCREMENT FINANCING DISTRICT.] Tax increment financing district No. 3-2, established by the city of Inver Grove Heights on April 30, 1992, under Laws 1990, chapter 604, article 7, section 30, subdivision 2, continues in effect until the earlier of (1) May 1, 2004, or (2) when all costs provided for in the tax increment financing plan relating to the district have been paid. In no event may the city receive more than eight years of tax increments for the district and all tax increments received after May 1, 2002, in excess of the amount of local government aid lost by the city under Minnesota Statutes, section 273.1399, as a result of such tax increments, shall be used only to pay or reimburse capital costs of public road and bridge improvements.

Subd. 2. [BOND AUTHORIZATION.] If the city of Inver Grove Heights, the Minnesota department of transportation, and Dakota county agree to the planning, design, construction, and reconstruction of state, county, and city highway, street, and bridge improvements that serve, among other areas, the area of tax increment financing district No. 3-2, the city council may, by resolution, authorize, sell, and issue general obligation bonds of the city in a principal amount not to exceed \$4,000,000 to finance part of the cost of the improvements to be paid for by the state under the agreement. The city shall issue the bonds only if and to the extent it estimates they are necessary to pay costs of the improvements coming due for which state funds are not immediately available but will be received by the city under the agreement. The city shall pledge the state money to the payment of the bonds and after it receives the money shall pay the bonds as soon as practicable. The bonds shall be issued and secured under Minnesota Statutes, chapter 475, except no election is required to authorize their issuance.

Sec. 23. [CITY OF MANKATO; DURATION OF TAX INCREMENT FINANCING DISTRICT.]

Notwithstanding Minnesota Statutes, section 469.176, subdivision 1, the duration of the key city redevelopment project tax increment financing district, district AA1, located within the city of Mankato, may be extended by the authority to August 1, 2009. Any increment received during the period of extended duration may only be utilized for payment of or to secure payment of debt service on bonds issued after April 1, 1993, and before January 1, 1994, or bonds issued to refund those bonds.

Sec. 24. [EFFECTIVE DATE.]

Sections 1, 4, 9, 11, 13, 15, and 16 are effective for districts and subdistricts for which requests for certification are made after August 1, 1993.

Section 2 is effective for applications filed after the day of final enactment.

Sections 6, 7, 8, and 10, subdivision 1b, clauses (4) and (5), 12, and 14 are effective for districts for which the request for certification is made after May 31, 1993.

Section 10, except subdivision 1b, clauses (4) and (5), is effective for districts for which the requests for certification were made after July 31, 1979.

Sections 17 and 18 are effective July 1, 1993, and apply to all districts, regardless of when the request for certification was made, including districts for which the request for certification was made before August 1, 1979. Section 18 applies only to modifications of assessment agreements made after August 1, 1993.

Section 19 is effective upon compliance by the city of Minneapolis with Minnesota Statutes, section 645.021, subdivision 3.

Section 20 is effective upon compliance by the city of Minnetonka with Minnesota Statutes, section 645.021, subdivision 3.

Section 21 is effective upon compliance by the city of Hopkins with Minnesota Statutes, section 645.021, subdivision 3.

Section 22 is effective the day following final enactment without the approval of any local government.

Section 23 is effective upon compliance by the city of Mankato with Minnesota Statutes, section 645.021, subdivision 3.

ARTICLE 12**LOCAL GOVERNMENT EFFICIENCY AND COOPERATION****Section 1. [465.795] [DEFINITIONS.]**

Subdivision 1. [AGENCY.] "Agency" means a department, agency, board, or other instrumentality of state government that has jurisdiction over an administrative rule or law from which a waiver is sought under section 3. If no specific agency has jurisdiction over such a law, "agency" refers to the attorney general.

Subd. 2. [BOARD.] "Board" means the board of government innovation and cooperation established by section 2.

Subd. 3. [COUNCIL.] "Council" or "metropolitan council" means the metropolitan council established by section 473.123.

Subd. 4. [LOCAL GOVERNMENT UNIT.] "Local government unit" means a county, home rule charter or statutory city, school district, town, or special taxing district, except for purposes of sections 465.81 to 465.87.

Subd. 5. [METROPOLITAN AGENCY.] "Metropolitan agency" has the meaning given in section 473.121, subdivision 5a.

Subd. 6. [METROPOLITAN AREA.] "Metropolitan area" has the meaning given in section 473.121, subdivision 2.

Subd. 7. [SCOPE.] As used in sections 1 to 5 and sections 465.80 to 465.87, the terms defined in this section have the meanings given them.

Sec. 2. [465.796] [BOARD OF GOVERNMENT INNOVATION AND COOPERATION.]

Subdivision 1. [MEMBERSHIP.] The board of government innovation and cooperation consists of three members of the senate appointed by the subcommittee on committees of the senate committee on rules and administration, three members of the house of representatives appointed by the speaker of the house, two administrative law judges appointed by the chief administrative law judge, the commissioner of finance, the commissioner of administration, and the state auditor. The commissioners of finance and administration and the state auditor may each designate one staff member to serve in the commissioner's or auditor's place. The members of the senate and house of representatives serve as nonvoting members.

Subd. 2. [DUTIES OF BOARD.] The board shall:

(1) accept applications from local government units for waivers of administrative rules and temporary, limited exemptions from enforcement of procedural requirements in state law as provided in section 3, and determine whether to approve, modify, or reject the application;

(2) accept applications for grants to local government units and related organizations proposing to design models or plans for innovative service delivery and management as provided in section 4 and determine whether to approve, modify, or reject the application;

(3) accept applications from local government units for financial assistance to enable them to plan for cooperative efforts as provided in section 5, and determine whether to approve, modify, or reject the application;

(4) accept applications from eligible local government units for service-sharing grants as provided in section 465.80, and determine whether to approve, modify, or reject the application;

(5) accept applications from counties, cities, and towns proposing to combine under sections 465.81 to 465.87, and determine whether to approve or disapprove the application; and

(6) make recommendations to the legislature regarding the elimination of state mandates that inhibit local government efficiency, innovation, and cooperation.

The board may purchase services from the metropolitan council in reviewing requests for waivers and grant applications.

Subd. 3. [STAFF.] The board may hire staff or consultants as necessary to perform its duties.

Sec. 3. [465.797] [RULE AND LAW WAIVER REQUESTS.]

Subdivision 1. [GENERALLY.] (a) Except as provided in paragraph (b), a local government unit may request the board of government innovation and cooperation to grant a waiver from one or more administrative rules or a

temporary, limited exemption from enforcement of state procedural laws governing delivery of services by the local government unit. Two or more local government units may submit a joint application for a waiver or exemption under this section if they propose to cooperate in providing a service or program that is subject to the rule or law. Before submitting an application to the board, the governing body of the local government unit must approve the waiver or exemption request by resolution at a meeting required to be public under section 471.705.

(b) A school district that is granted a variance from rules of the state board of education under section 121.11, subdivision 12, need not apply to the board for a waiver of those rules under this section. A school district may not seek a waiver of rules under this section if the state board of education has authority to grant a variance to the rules under section 121.11, subdivision 12. This paragraph does not preclude a school district from being included in a cooperative effort with another local government unit under this section.

Subd. 2. [APPLICATION.] A local government unit requesting a waiver of a rule or exemption from enforcement of a law under this section shall present a written application to the board. The application must include:

- (1) identification of the service or program at issue;
- (2) identification of the administrative rule or the law imposing a procedural requirement with respect to which the waiver or exemption is sought;
- (3) a description of the improved service outcome sought, including an explanation of the effect of the waiver or exemption in accomplishing that outcome;
- (4) a description of the means by which the attainment of the outcome will be measured; and
- (5) if the waiver or exemption is proposed by a single local government unit, a description of the consideration given to intergovernmental cooperation in providing this service, and an explanation of why the local government unit has elected to proceed independently.

A copy of the application must be provided by the requesting local government unit to the exclusive representative of its employees as certified under section 179A.12.

Subd. 3. [REVIEW PROCESS.] Upon receipt of an application from a local government unit, the board shall review the application. The board shall dismiss or request modification of an application within 60 days of its receipt if it finds that (1) the application does not meet the requirements of subdivision 2, or (2) the application should not be granted because it clearly proposes a waiver of rules or exemption from enforcement of laws that would result in due process violations, violations of federal law or the state or federal constitution, or the loss of services to people who are entitled to them. If the application is submitted by a local government unit in the metropolitan area or the unit requests a waiver of a rule or temporary, limited exemptions from enforcement of a procedural law over which the metropolitan council or a metropolitan agency has jurisdiction, the board shall also transmit a copy of the application to the council for review and comment. The council shall report its comments to the board within 60 days of the date the application was transmitted to the council. The council may point out any resources or

technical assistance it may be able to provide a local government submitting a request under this section. If it does not dismiss the application, the board shall transmit a copy of it to the commissioner of each agency having jurisdiction over a rule or law from which a waiver or exemption is sought. The agency may mail a notice that it has received an application for a waiver or exemption to all persons who have registered with the agency under section 14.14, subdivision 1a, identifying the rule or law from which a waiver or exemption is requested. If no agency has jurisdiction over the rule or law, the board shall transmit a copy of the application to the attorney general. If the commissioner of finance, the commissioner of administration, or the state auditor has jurisdiction over the rule or law, the chief administrative law judge shall appoint a second administrative law judge to serve as a member of the board in the place of that official for purposes of determining whether to grant the waiver or exemption. The agency shall inform the board of its agreement with or objection to and grounds for objection to the waiver or exemption request within 60 days of the date when the application was transmitted to it. Interested persons may submit written comments to the board on the waiver or exemption request within 60 days of the board's receipt of the application. If the agency fails to inform the board of its conclusion with respect to the application within 60 days of its receipt, the agency is deemed to have agreed to the waiver or exemption. If the exclusive representative of the employees of the requesting local government unit objects to the waiver or exemption request it may inform the board of the objection to and the grounds for the objection to the waiver or exemption request within 60 days of the receipt of the application.

Subd. 4. [HEARING.] If the agency or the exclusive representative does not agree with the waiver or exemption request, the board shall set a date for a hearing on the application, which may be no earlier than 90 days after the date when the application was transmitted to the agency. The hearing must be conducted informally at a meeting of the board. Persons representing the local government unit shall present their case for the waiver or exemption, and persons representing the agency shall explain the agency's objection to it. Members of the board may request additional information from either party. The board may also request, either before or at the hearing, information or comments from representatives of business, labor, local governments, state agencies, consultants, and members of the public. If necessary, the hearing may be continued at a subsequent board meeting. A waiver or exemption must be granted by a vote of a majority of the board members. The board may modify the terms of the waiver or exemption request in arriving at the agreement required under subdivision 5.

Subd. 5. [CONDITIONS OF AGREEMENTS.] If the board grants a request for a waiver or exemption, the board and the local government unit shall enter into an agreement providing for the delivery of the service or program that is the subject of the application. The agreement must specify desired outcomes and the means of measurement by which the board will determine whether the outcomes specified in the agreement have been met. The agreement must specify the duration of the waiver or exemption, which may be for no less than two years and no more than four years, subject to renewal if both parties agree. A waiver of a rule under this section has the effect of a variance granted by an agency under section 14.05, subdivision 4. A local unit of government that is granted an exemption from enforcement of a procedural requirement in state law under this section is exempt from that law for the duration of the exemption. The board may require periodic reports

from the local government unit, or conduct investigations of the service or program.

Subd. 6. [ENFORCEMENT.] *If the board finds that the local government unit is failing to comply with the terms of the agreement under subdivision 5, it may rescind the agreement. Upon the rescision, the local unit of government becomes subject to the rules and laws covered by the agreement.*

Subd. 7. [ACCESS TO DATA.] *If a local government unit, through a cooperative program under this section, gains access to data collected, created, received, or maintained by another local government that is classified as not public, the unit gaining access is governed by the same restrictions on access to and use of the data as the unit that collected, created, received, or maintained the data.*

Sec. 4. [465.798] [SERVICE BUDGET MANAGEMENT MODEL GRANTS.]

One or more local units of governments, an association of local governments, the metropolitan council, or an organization acting in conjunction with a local unit of government may apply to the board of government innovation and management for a grant to be used to develop models for innovative service budget management. Proposed models may provide options to local governments, neighborhood or community organizations, or individuals for managing budgets for service delivery. A copy of the work product for which the grant was provided must be furnished to the board upon completion, and the board may disseminate it to other local units of government or interested groups. If the board finds that the model was not completed or implemented according to the terms of the grant agreement, it may require the grantee to repay all or a portion of the grant. The amount of a grant under this section shall not exceed \$50,000.

Sec. 5. [465.799] [COOPERATION PLANNING GRANTS.]

Two or more local government units may apply to the board of government innovation and cooperation for a grant to be used to develop a plan for intergovernmental cooperation in providing services. The grant application must include the following information:

- (1) the identity of the local government units proposing to enter into the planning process;*
- (2) a description of the services to be studied and the outcomes sought from the cooperative venture; and*
- (3) a description of the proposed planning process, including an estimate of its costs, identification of the individuals or entities who will participate in the planning process, and an explanation of the need for a grant to the extent that the cost cannot be paid out of the existing resources of the local government unit.*

The plan may include model contracts or agreements to be used to implement the plan. A copy of the work product for which the grant was provided must be furnished to the board upon completion. If the board finds that the grantee has failed to implement the plan, it may require the grantee to repay all or a portion of the grant. The amount of a grant under this section shall not exceed \$50,000.

Sec. 6. Minnesota Statutes 1992, section 465.80, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] This section establishes a program for grants to ~~cities, counties, and towns~~ *local government units* to enable them to meet the start-up costs of providing shared services or functions.

Sec. 7. Minnesota Statutes 1992, section 465.80, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY.] Any ~~home rule charter or statutory city, county, or town~~ *local government unit* that provides a plan for offering a governmental service under a joint powers agreement with another ~~city, county, or town~~ *local government unit*, or with an agency of state government, is eligible for a grant under this section, and is referred to in this section as an "eligible local government unit."

Sec. 8. Minnesota Statutes 1992, section 465.80, subdivision 4, is amended to read:

Subd. 4. [SUBMISSION OF PLAN TO ~~DEPARTMENT BOARD~~.] The plan must be submitted to the ~~department of trade and economic development board of government innovation and cooperation~~. *A copy of the plan must also be provided by the requesting local government units to the exclusive representatives of the employees as certified under section 179A.12.* The ~~commissioner of trade and economic development board~~ will approve a plan only if it contains the elements set forth in subdivision 3, with sufficient information to verify the assertions under clauses (2) and (3). The ~~commissioner board~~ may request modifications of a plan. If the ~~commissioner board~~ rejects a plan, written reasons for the rejection must be provided, and a governmental unit may modify the plan and resubmit it.

Sec. 9. Minnesota Statutes 1992, section 465.80, subdivision 5, is amended to read:

Subd. 5. [GRANTS.] The amount of each grant shall be equal to the additional start-up costs for which evidence is presented under subdivision 3, clause (3). Only one grant will be given to a local government unit for any function or service it proposes to combine with another government unit, but a unit may apply for separate grants for different services or functions it proposes to combine. If the amount of money available for making the grants is not sufficient to fully fund the grants to eligible local government units with approved plans, the ~~commissioner board~~ shall award grants on the basis of each qualified applicant's score under a scoring system to be devised by the ~~commissioner board~~ to measure the relative needs for the grants and the ratio of costs to benefits for each proposal.

Sec. 10. Minnesota Statutes 1992, section 465.81, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] As used in sections 465.81 to 465.87, the words defined in this subdivision have the meanings given them in this subdivision.

"Board" means the board of government innovation and cooperation.

"City" means home rule charter or statutory cities.

"Commissioner" means the ~~commissioner of trade and economic development~~.

~~"Department"~~ means the department of trade and economic development.

"Governing body" means, in the case of a county, the county board; in the case of a city, the city council; and, in the case of a town, the town board.

"Local government unit" or "unit" includes counties, cities, and towns.

Sec. 11. Minnesota Statutes 1992, section 465.82, subdivision 1, is amended to read:

Subdivision 1. [ADOPTION AND STATE AGENCY REVIEW.] Each governing body that proposes to combine under sections 465.81 to 465.87 must adopt by resolution a plan for cooperation and combination. The plan must address each item in this section. The plan must be specific for any item that will occur within three years and may be general or set forth alternative proposals for an item that will occur more than three years in the future. The plan must be submitted to the ~~department of trade and economic development~~ *board of government innovation and cooperation* for review and comment. *For a metropolitan area local government unit, the plan must also be submitted to the metropolitan council for review and comment. The council may point out any resources or technical assistance it may be able to provide a governing body submitting a plan under this subdivision.* Significant modifications and specific resolutions of items must be submitted to the ~~department board and council, if appropriate,~~ *for review and comment.* In the official newspaper of each local government unit proposed for combination, the governing body must publish at least a summary of the adopted plans, each significant modification and resolution of items, and the results of each ~~department board and council, if appropriate,~~ review and comment.

Sec. 12. Minnesota Statutes 1992, section 465.83, is amended to read:

465.83 [STATE AGENCY APPROVAL.]

Before scheduling a referendum on the question of combining local government units under section 465.84, the units shall submit the plan adopted under section 465.82 to the ~~commissioner board.~~ *Metropolitan area units shall also submit the plan to the metropolitan council for review and comment. The commissioner board may require any information it deems necessary to evaluate the plan. The commissioner board shall disapprove the proposed combination if the commissioner it finds that the plan is not reasonably likely to enable the combined unit to provide services in a more efficient or less costly manner than the separate units would provide them, or if the plans or plan modification are incomplete. If the combination of local government units is approved by the board under this section, the local units are not required to proceed under chapter 414 to accomplish the combination.*

Sec. 13. Minnesota Statutes 1992, section 465.87, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] A local government unit is eligible for aid under this section if the ~~commissioner board~~ has approved its plan to cooperate and combine under section 465.83.

Sec. 14. Minnesota Statutes 1992, section 465.87, is amended by adding a subdivision to read:

Subd. 1a. [ADDITIONAL ELIGIBILITY.] A local government unit is eligible for aid under this section if it has combined with another unit of government in accordance with chapter 414 and a copy of the municipal

board's order combining the two units of government is forwarded to the board.

Sec. 15. [APPROPRIATION.]

\$1,200,000 is appropriated from the local government trust fund to the board of government innovation and cooperation for the purpose of making grants under this article, including grants made under Minnesota Statutes, section 465.80, and aid paid under Minnesota Statutes, section 465.87.

ARTICLE 13

TACONITE TAX

Section 1. Minnesota Statutes 1992, section 298.227, is amended to read:
298.227 [TACONITE ECONOMIC DEVELOPMENT FUND.]

An amount equal to ~~10.4 cents per taxable ton~~ that distributed pursuant to each taconite producer's taxable production *and qualifying sales* under section 298.28, subdivision 9a, ~~for production years 1992 and 1993~~ shall be held by the iron range resources and rehabilitation board in a separate taconite economic development fund for each taconite producer. Money from the fund for each producer shall be released only on the written authorization of a joint committee consisting of an equal number of representatives of the salaried employees and the nonsalaried production and maintenance employees of that producer. The district 33 director of the United States Steelworkers of America, on advice of each local employee president, shall select the employee members. In nonorganized operations, the employee committee shall be elected by the nonsalaried production and maintenance employees. Each producer's joint committee may authorize release of the funds held pursuant to this section only for acquisition of equipment and facilities for the producer or for research and development in Minnesota on new mining, or taconite, iron, or steel production technology. Funds may be released only upon a majority vote of the representatives of the committee. Any portion of the fund which is not released by a joint committee within two years of its deposit in the fund shall be divided between the taconite environmental protection fund created in section 298.223 and the northeast Minnesota economic protection trust fund created in section 298.292 for placement in their respective special accounts. Two-thirds of the unreleased funds shall be distributed to the taconite environmental protection fund and one-third to the northeast Minnesota economic protection trust fund. This section is effective for taxes payable in 1993 and 1994.

Sec. 2. Minnesota Statutes 1992, section 298.28, subdivision 4, is amended to read:

Subd. 4. [SCHOOL DISTRICTS.] (a) 27.5 cents per taxable ton *plus the increase provided in paragraph (d)* must be allocated to qualifying school districts to be distributed, based upon the certification of the commissioner of revenue, under paragraphs (b) and (c).

(b) 5.5 cents per taxable ton must be distributed to the school districts in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. The distribution must be based on the apportionment formula prescribed in subdivision 2.

(c)(i) 22 cents per taxable ton, less any amount distributed under paragraph (e), shall be distributed to a group of school districts comprised of those school districts in which the taconite was mined or quarried or the concentrate produced or in which there is a qualifying municipality as defined by section 273.134 in direct proportion to school district indexes as follows: for each school district, its pupil units determined under section 124.17 for the prior school year shall be multiplied by the ratio of the average adjusted net tax capacity per pupil unit for school districts receiving aid under this clause as calculated pursuant to chapter 124A for the school year ending prior to distribution to the adjusted net tax capacity per pupil unit of the district. Each district shall receive that portion of the distribution which its index bears to the sum of the indices for all school districts that receive the distributions.

(ii) Notwithstanding clause (i), each school district that receives a distribution under sections 298.018; 298.23 to 298.28, exclusive of any amount received under this clause; 298.34 to 298.39; 298.391 to 298.396; 298.405; or any law imposing a tax on severed mineral values that is less than the amount of its levy reduction under section 124.918, subdivision 8, for the second year prior to the year of the distribution shall receive a distribution equal to the difference; the amount necessary to make this payment shall be derived from proportionate reductions in the initial distribution to other school districts under clause (i).

(d) On July 15, in years prior to 1988, an amount equal to the increase derived by increasing the amount determined by paragraph (c) in the same proportion as the increase in the steel mill products index over the base year of 1977 as provided in section 298.24, subdivision 1, clause (a), shall be distributed to any school district described in paragraph (c) where a levy increase pursuant to section 124A.03, subdivision 2, is authorized by referendum, according to the following formula. On July 15, 1988, the increase over the amount established for 1987 shall be determined as if there had been an increase in the tax rate under section 298.24, subdivision 1, paragraph (b), according to the increase in the implicit price deflator. On July 15, 1989, 1990, and 1991, the increase over the amount established for the prior year shall be determined according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1, paragraph (a). In 1992 and 1993, the amount distributed per ton shall be the same as that determined for distribution in 1991. In 1994, the amount distributed per ton shall be equal to the amount per ton distributed in 1991 increased in the same proportion as the increase between the fourth quarter of 1988/1989 and the fourth quarter of 1992 in the implicit price deflator as defined in section 298.24, subdivision 1. On July 15, 1995, and subsequent years, the increase over the amount established for the prior year shall be determined according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1. Each district shall receive the product of:

(i) \$175 times the pupil units identified in section 124.17, subdivision 1, enrolled in the second previous year or the 1983-1984 school year, whichever is greater, less the product of 1.8 percent times the district's taxable net tax capacity in the second previous year; times

(ii) the lesser of:

(A) one, or

(B) the ratio of the sum of the amount certified pursuant to section 124A.03, subdivision 1g, in the previous year, plus the amount certified

pursuant to section 124A.03, subdivision 1i, in the previous year, plus the referendum aid according to section 124A.03, subdivision 1h, for the current year, to the product of 1.8 percent times the district's taxable net tax capacity in the second previous year.

If the total amount provided by paragraph (d) is insufficient to make the payments herein required then the entitlement of \$175 per pupil unit shall be reduced uniformly so as not to exceed the funds available. Any amounts received by a qualifying school district in any fiscal year pursuant to paragraph (d) shall not be applied to reduce general education aid which the district receives pursuant to section 124A.23 or the permissible levies of the district. Any amount remaining after the payments provided in this paragraph shall be paid to the commissioner of iron range resources and rehabilitation who shall deposit the same in the taconite environmental protection fund and the northeast Minnesota economic protection trust fund as provided in subdivision 11.

Each district receiving money according to this paragraph shall reserve \$25 times the number of pupil units in the district. It may use the money for early childhood programs or for outcome-based learning programs that enhance the academic quality of the district's curriculum. The outcome-based learning programs must be approved by the commissioner of education.

(e) There shall be distributed to any school district the amount which the school district was entitled to receive under section 298.32 in 1975.

Sec. 3. Minnesota Statutes 1992, section 298.28, subdivision 7, is amended to read:

Subd. 7. [IRON RANGE RESOURCES AND REHABILITATION BOARD.] Three cents per taxable ton shall be paid to the iron range resources and rehabilitation board for the purposes of section 298.22. The amount determined in this subdivision shall be increased in 1981 and subsequent years prior to 1988 in the same proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1, and shall be increased in 1989, 1990, and 1991 according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1. In 1992 and 1993, the amount distributed per ton shall be the same as the amount distributed per ton in 1991. In 1994, the amount distributed shall be the distribution per ton for 1991 increased in the same proportion as the increase between the fourth quarter of ~~1988~~ 1989 and the fourth quarter of 1992 in the implicit price deflator as defined in section 298.24, subdivision 1. That amount shall be increased in 1995 and subsequent years in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1. The amount distributed in 1988 shall be increased according to the increase that would have occurred in the rate of tax under section 298.24 if the rate had been adjusted according to the implicit price deflator for 1987 production. The amount distributed pursuant to this subdivision shall be expended within or for the benefit of a tax relief area defined in section 273.134. No part of the fund provided in this subdivision may be used to provide loans for the operation of private business unless the loan is approved by the governor and the legislative advisory commission.

Sec. 4. Minnesota Statutes 1992, section 298.28, subdivision 9a, is amended to read:

Subd. 9a. [TACONITE ECONOMIC DEVELOPMENT FUND.] (a) 10.4 cents per ton for distributions in 1993 and *15.4 cents per ton for distributions in 1994* shall be paid to the taconite economic development fund. No distribution shall be made under this ~~subdivision~~ *paragraph* in any year in which total industry production falls below 30 million tons.

(b) *An amount equal to 50 percent of the tax under section 298.24 for concentrate sold in the form of pellet chips and fines not exceeding 1/4 inch in size and not including crushed pellets shall be paid to the taconite economic development fund. The amount paid shall not exceed \$700,000 annually for all companies. If the initial amount to be paid to the fund exceeds this amount, each company's payment shall be prorated so the total does not exceed \$700,000.*

Sec. 5. Minnesota Statutes 1992, section 298.28, subdivision 10, is amended to read:

Subd. 10. [INCREASE.] The amounts determined under subdivisions 6, paragraph (a), and 9 shall be increased in 1979 and subsequent years prior to 1988 in the same proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1. The amount distributed in 1988 shall be increased according to the increase that would have occurred in the rate of tax under section 298.24 if the rate had been adjusted according to the implicit price deflator for 1987 production. Those amounts shall be increased in 1989, 1990, and 1991 in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1. In 1992 and 1993, the amounts determined under subdivisions 6, paragraph (a), and 9, shall be the distribution per ton determined for distribution in 1991. In 1994, the amounts determined under subdivisions 6, paragraph (a), and 9, shall be the distribution per ton determined for distribution in 1991 increased in the same proportion as the increase between the fourth quarter of ~~1988~~ 1989 and the fourth quarter of 1992 in the implicit price deflator as defined in section 298.24, subdivision 1. Those amounts shall be increased in 1995 and subsequent years in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1.

The distributions per ton determined under subdivisions 5, paragraphs (b) and (d), and 6, paragraphs (b) and (c) for distribution in 1988 and subsequent years shall be the distribution per ton determined for distribution in 1987.

Sec. 6. [EFFECTIVE DATE.]

Section 4 is effective for production years beginning after December 31, 1992.

ARTICLE 14

MISCELLANEOUS

Section 1. Minnesota Statutes 1992, section 16A.15, subdivision 6, is amended to read:

Subd. 6. [BUDGET AND CASH FLOW RESERVE ACCOUNT.] A budget and cash flow reserve account is created in the general fund in the state treasury. The commissioner of finance shall, as authorized from time to time by law, restrict part or all of the budgetary balance in the general fund for use as the budget and cash flow reserve account. The commissioner of finance shall transfer from the budget and cash flow reserve account the amount

necessary to bring the total amount, including any existing balance in the account on July 1, 1992 1993, to \$240,000,000 \$360,000,000. The amounts restricted shall remain in the account until drawn down under subdivision 1 or increased under section 16A.1541.

Sec. 2. Minnesota Statutes 1992, section 16A.1541, is amended to read:

16A.1541 [ADDITIONAL REVENUES; PRIORITY.]

If on the basis of a forecast of general fund revenues and expenditures the commissioner of finance determines that there will be a positive unrestricted budgetary general fund balance at the close of the biennium, the commissioner of finance must allocate money to the budget and cash flow reserve account until the total amount in the account equals five percent of total general fund appropriations for the current biennium as established by the most recent legislative session. Beginning in November 1990, forecast unrestricted budgetary general fund balances are first appropriated to restore the budget and cash flow reserve account to \$550,000,000 \$500,000,000 and then to reduce the property tax levy recognition percent under section 121.904, subdivision 4a, to ~~27 percent~~ zero before money is allocated to the budget and cash flow reserve account under the preceding sentence.

The amounts necessary to meet the requirements of this section are appropriated from the general fund.

Sec. 3. Minnesota Statutes 1992, section 97A.061, subdivision 2, is amended to read:

Subd. 2. [ALLOCATION.] (a) Except as provided in subdivision 3, the county treasurer shall allocate the payment among the county, towns, and school districts on the same basis as if the payments were taxes on the land received in the year. *Payment of a town's or a school district's allocation must be made by the county treasurer to the town or school district within 30 days of receipt of the payment to the county.* The county's share of the payment shall be deposited in the county general revenue fund.

(b) The county treasurer of a county with a population over 39,000 but less than 42,000 in the 1950 federal census shall allocate the payment only among the towns and school districts on the same basis as if the payments were taxes on the lands received in the current year.

Sec. 4. Minnesota Statutes 1992, section 97A.061, subdivision 3, is amended to read:

Subd. 3. [GOOSE MANAGEMENT CROPLANDS.] (a) The commissioner shall make a payment on July 1 of each year from the game and fish fund, to each county where the state owns more than 1,000 acres of crop land, for wild goose management purposes. The payment shall be equal to the taxes assessed on comparable, privately owned, adjacent land. The county treasurer shall allocate *and distribute* the payment as provided in subdivision 2.

(b) The land used for goose management under this subdivision is exempt from taxation as provided in sections 272.01 and 273.19.

Sec. 5. Minnesota Statutes 1992, section 243.23, subdivision 3, is amended to read:

Subd. 3. [EXCEPTIONS.] Notwithstanding sections 241.26, subdivision 5, and 243.24, subdivision 1, the commissioner may promulgate rules for the

disbursement of funds earned under subdivision 1, or other funds in an inmate account, and section 243.88, subdivision 2, for the support of families and dependent relatives of the respective inmates, for the payment of court-ordered restitution, contribution to any programs established by law to aid victims of crime provided that the contribution shall not be more than 20 percent of an inmate's gross wages, for the payment of restitution to the commissioner ordered by prison disciplinary hearing officers for damage to property caused by an inmate's conduct, and for the discharge of any legal obligations arising out of litigation under this subdivision. *The commissioner may authorize the payment of court-ordered restitution from an inmate's wages when the restitution was ordered by the court as a sanction for the conviction of an offense which is not the offense of commitment, including offenses which occurred prior to the offense for which the inmate was committed to the commissioner.* An inmate of an adult correctional facility under the control of the commissioner is subject to actions for the enforcement of support obligations and reimbursement of any public assistance rendered the dependent family and relatives. The commissioner may conditionally release an inmate who is a party to an action under this subdivision and provide for the inmate's detention in a local detention facility convenient to the place of the hearing when the inmate is not engaged in preparation and defense.

Sec. 6. Minnesota Statutes 1992, section 270.07, subdivision 3, is amended to read:

Subd. 3. [ADDITIONAL POWERS OF COMMISSIONER.] Notwithstanding any other provision of law the commissioner of revenue may,

(a) based upon the administrative costs of processing, determine minimum standards for the determination of additional tax for which an order shall be issued, and

(b) based upon collection costs as compared to the amount of tax involved, determine minimum standards of collection, and

(c) based upon the administrative costs of processing, determine the minimum amount of refunds for which an order shall be issued and refund made where no claim therefor has been filed, and

(d) cancel any amounts below these minimum standards determined under (a) and (b) hereof, and

(e) based upon the inability of a taxpayer to pay a delinquent tax liability, abate the liability if the taxpayer agrees to perform uncompensated public service work for a state agency, a political subdivision or public corporation of this state, or a nonprofit educational, medical, or social service agency. The department of corrections shall administer the work program. No benefits under chapter 176 or 268 shall be available, but a claim authorized under section 3.739 may be made by the taxpayer. The state may not enter into any agreement that has the purpose of or results in the displacement of public employees by a delinquent taxpayer under this section. The state must certify to the appropriate bargaining agent or employees, as applicable, that the work performed by a delinquent taxpayer will not result in the displacement of currently employed workers or layoff from a substantially equivalent position, including partial displacement such as reduction in hours of nonovertime work, wages, or other employment benefits. The program authorized under this paragraph terminates June 30, 1993 1998.

Sec. 7. Minnesota Statutes 1992, section 270.66, is amended by adding a subdivision to read:

Subd. 4. [POLITICAL SUBDIVISION DEBTS.] (a) As used in this subdivision, "political subdivision" means counties and home rule charter or statutory cities, and "debts" means a legal obligation to pay a fixed amount of money, which equals or exceeds \$100 and which is due and payable to the claimant political subdivision.

(b) If one political subdivision owes a debt to another political subdivision, and the debt has not been paid within six months of the date when payment was due, the creditor political subdivision may notify the commissioner of revenue of the debt, and shall provide the commissioner with information sufficient to verify the claim. If the commissioner has reason to believe that the claim is valid, and the debt has not been paid, the commissioner shall initiate setoff procedures under this subdivision.

(c) Within ten days of receipt of the notification from the creditor political subdivision, the commissioner shall send a written notice to the debtor political subdivision, advising it of the nature and amount of the claim. This written notice shall advise the debtor of the creditor political subdivision's intention to request setoff of the refund against the debt.

The notice will also advise the debtor that the debt can be setoff against a state aid payment, and will advise the debtor of the right to contest the validity of the claim at a hearing. The debtor must assert this right by written request to the commissioner of revenue, which request the commissioner must receive within 45 days of the mailing date of the notice.

(d) If the commissioner receives written notice of a debtor political subdivision's intention to contest at hearing the claim upon which the intended setoff is based, the commissioner shall initiate a hearing according to contested case procedures established in the state administrative procedure act not later than 30 days after receipt of the debtor's request for a hearing. The costs of the hearing shall be paid equally by the political subdivisions that are parties to the hearing. The office of administrative hearings shall separately bill each political subdivision for one-half of the costs.

(e) If the debtor political subdivision does not object to the claim, or does not prevail in an objection to the claim or at a hearing on the claim, the commissioner of revenue shall deduct the amount of the debt from the next payment scheduled to be made to the debtor under section 273.1398 or chapter 477A. The commissioner shall remit the amount deducted to the claimant political subdivision.

Sec. 8. Minnesota Statutes 1992, section 270A.03, subdivision 7, is amended to read:

Subd. 7. [REFUND.] "Refund" means an individual income tax refund or political contribution refund, pursuant to chapter 290, or a property tax credit or refund, pursuant to chapter 290A.

For purposes of this chapter, lottery prizes, as set forth in section 349A.08, subdivision 8, shall be treated as refunds.

In the case of a joint property tax refund payable to spouses under chapter 290A, the refund shall be considered as belonging to each spouse in the proportion of the total refund that equals each spouse's proportion of the total

income determined under section 290A.03, subdivision 3. The commissioner shall remit the entire refund to the claimant agency, which shall, upon the request of the spouse who does not owe the debt, determine the amount of the refund belonging to that spouse and refund the amount to that spouse.

Sec. 9. Minnesota Statutes 1992, section 270A.10, is amended to read:

270A.10 [PRIORITY OF CLAIMS.]

If two or more debts, in a total amount exceeding the debtor's refund, are submitted for setoff, the priority of payment shall be as follows: First, any delinquent tax obligations of the debtor which are owed to the department shall be satisfied. Secondly, the refund shall be applied to debts for child support based on the order in time in which the commissioner received the debts. Thirdly, *the refund shall be applied to payment of restitution obligations.* Fourthly, the refund shall be applied to the remaining debts based on the order in time in which the commissioner received the debts.

Sec. 10. Minnesota Statutes 1992, section 270B.01, subdivision 8, is amended to read:

Subd. 8. [MINNESOTA TAX LAWS.] For purposes of this chapter only, "Minnesota tax laws" means the taxes administered by or paid to the commissioner under chapters 289A (*except taxes imposed under sections 298.01, 298.015, and 298.24*), 290, 290A, 291, and 297A, and includes any laws for the assessment, collection, and enforcement of those taxes.

Sec. 11. Minnesota Statutes 1992, section 270B.14, subdivision 8, is amended to read:

Subd. 8. [EXCHANGE BETWEEN DEPARTMENTS OF LABOR AND INDUSTRY AND REVENUE.] ~~Notwithstanding any law to the contrary,~~ The departments of labor and industry and revenue may exchange information on a reciprocal basis. ~~Data that may be disclosed are limited to data used in determining whether a business is an employer or a contracting agent, as follows:~~

(1) ~~data used in determining whether a business is an employer or a contracting agent;~~

(2) ~~taxpayer identity information relating to employers for purposes of supporting tax administration and chapter 176; and~~

(3) ~~data to the extent provided in and for the purpose set out in section 176.181, subdivision 8.~~

Sec. 12. Minnesota Statutes 1992, section 319A.11, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] (a) A professional corporation may issue its stock only to and admit as a member only natural persons licensed to render a kind of professional service which the corporation is authorized to render or partnerships or professional corporations rendering the same kind of professional service. A person, partnership or professional corporation who becomes a shareholder or member of any such corporation may transfer its shares of stock or its membership only to a natural person, partnership or professional corporation to whom the corporation could have issued the shares of stock or membership. No proxy to vote any share in a professional corporation or membership may be given to a person who is not so licensed,

nor may any voting trust be established with respect to the shares of the professional corporation unless all the voting trustees are natural persons so licensed.

(b) Notwithstanding paragraph (a), a professional corporation may issue its stock under this section to an employee stock ownership plan, as defined in section 4975(e)(7) of the Internal Revenue Code of 1986, as amended, if

(1) the voting trustees of the plan are natural persons licensed to render a kind of professional service which the corporation is authorized to render, and

(2) the shares are not directly issued to a person or entity not licensed to render a kind of advice which the corporation is authorized to render.

Sec. 13. Minnesota Statutes 1992, section 325D.33, is amended by adding a subdivision to read:

Subd. 8. [PENALTIES.] (a) A retailer who sells cigarettes for less than a legal retail price may be assessed a penalty in the full amount of three times the difference between the actual selling price and a legal price under sections 325D.30 to 325D.42. This penalty may be collected under the authorities given the commissioner in chapters 270 and 297, and the penalty shall bear interest at the rate prescribed by section 270.75, subdivision 5.

(b) A wholesaler who sells cigarettes for less than a legal price may be assessed a penalty in the full amount of three times the difference between the actual selling price and the legal price under sections 325D.30 to 325D.42. This penalty may be collected under the authorities given the commissioner in chapters 270 and 297, and the penalty shall bear interest at the rate prescribed by section 270.75, subdivision 5.

(c) A retailer who engages in a plan, scheme, or device with a wholesaler to purchase cigarettes at a price which the retailer knows to be less than a legal price may be assessed a penalty in the full amount of three times the difference between the actual purchase price and the legal price under sections 325D.30 to 325D.42. A retailer that coerces or requires a wholesaler to sell cigarettes at a price which the retailer knows to be less than a legal price may be assessed a penalty in the full amount of three times the difference between the actual purchase price and the legal price. These penalties may be collected under the authorities given the commissioner in chapters 270 and 297, and the penalties shall bear interest at the rate prescribed by section 270.75, subdivision 5.

For purposes of this subdivision, a retailer is presumed to know that a purchase price is less than a legal price if any of the following have been done:

(1) the commissioner has published the legal price in the Minnesota State Register;

(2) the commissioner has provided written notice to the retailer of the legal price;

(3) the commissioner has provided written notice to the retailer that the retailer is purchasing cigarettes for less than a legal price;

(4) the commissioner has issued a written order to the retailer to cease and desist from purchases of cigarettes for less than a legal price; or

(5) there is evidence that the retailer has knowledge of, or has participated in, efforts to disguise or misrepresent the actual purchase price as equal to or more than a legal price, when it is actually less than a legal price.

In any proceeding arising under this subdivision, the commissioner shall have the burden of providing by a reasonable preponderance of the evidence that the facts necessary to establish the presumption set forth in this section exist, or that the retailer had knowledge that a purchase price was less than the legal price.

(d) The commissioner may not assess penalties against any wholesaler, retailer, or combination of wholesaler and retailer, which are greater than three times the difference between the actual price and the legal price under sections 325D.30 to 325D.42.

Sec. 14. Minnesota Statutes 1992, section 325D.37, subdivision 3, is amended to read:

Subd. 3. Before selling cigarettes at a price set in good faith to meet competition, a wholesaler shall ~~contact~~ notify the commissioner to verify that a competitor has met the requirements of section 325D.32, subdivision 10, or that a competitor has contacted the commissioner under this subdivision in response to a wholesaler who has met the requirements of section 325D.32, subdivision 10 in writing that it intends to meet a competitor's legal price. A wholesaler filing the notice shall be allowed to meet the competitor's price unless within seven days of receipt of the notice, the commissioner informs the wholesaler that the competitor's price is an illegal price.

Sec. 15. [325D.371] [PUBLICATION OF CIGARETTE PRICES.]

The commissioner shall publish in the State Register the presumed legal prices of all cigarettes as calculated pursuant to section 325D.32, subdivision 10. The prices must be published within one month of each recomputation, but not less than once each year.

Sec. 16. [383A.62] [ELECTIONS DEPARTMENT MERGER.]

The city of St. Paul and Ramsey county may, by agreement subject to this section, provide for the merger of the city elections office with the county election office. The consolidation shall be set to begin at the beginning of a fiscal year. In the preceding fiscal year and each year thereafter the county shall provide a budget and levy a property tax for the merged office that will defray the costs of the services provided throughout the county by the merged office. The county shall succeed to the obligations of the city under any collective bargaining agreements in existence at the time of the merger. Nothing in this section or in an agreement for merger under this section shall diminish any rights defined in collective bargaining agreements. The merger must not occur until bargaining units representing affected employees have completed negotiations on post-merger terms and conditions of employment. The county shall succeed to the other obligations and to the real and personal property of the merged city offices.

Sec. 17. Minnesota Statutes 1992, section 429.061, subdivision 1, is amended to read:

Subdivision 1. [CALCULATION, NOTICE.] At any time after the expense incurred or to be incurred in making an improvement shall be calculated under the direction of the council, the council shall determine by resolution the

amount of the total expense the municipality will pay, other than the amount, if any, which it will pay as a property owner, and the amount to be assessed. If a county proposes to assess within the boundaries of a city for a county state-aid highway or county highway, including curbs, gutters, and storm sewers, the resolution must include the portion of the cost proposed to be assessed within the city. The county shall forward the resolution to the city and it may not proceed with the assessment procedure nor may the county allocate any cost under this section for property within the city unless the city council adopts the resolution approving the assessment. Thereupon the clerk, with the assistance of the engineer or other qualified person selected by the council, shall calculate the proper amount to be specially assessed for the improvement against every assessable lot, piece or parcel of land, without regard to cash valuation, in accordance with the provisions of section 429.051. The proposed assessment roll shall be filed with the clerk and be open to public inspection. The clerk shall thereupon, under the council's direction, publish notice that the council will meet to consider the proposed assessment. Such notice shall be published in the newspaper at least once and shall be mailed to the owner of each parcel described in the assessment roll. For the purpose of giving mailed notice under this subdivision, owners shall be those shown to be such on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer; but other appropriate records may be used for this purpose. Such publication and mailing shall be no less than two weeks prior to such meeting of the council. Except as to the owners of tax exempt property or property taxes on a gross earnings basis, every property owner whose name does not appear on the records of the county auditor or the county treasurer shall be deemed to have waived such mailed notice unless the owner has requested in writing that the county auditor or county treasurer, as the case may be, include the name on the records for such purpose. Such notice shall state the date, time, and place of such meeting, the general nature of the improvement, the area proposed to be assessed, the total amount of the proposed assessment, that the proposed assessment roll is on the file with the clerk, and that written or oral objections thereto by any property owner will be considered. The notice must also state that no appeal may be taken as to the amount of any assessment adopted pursuant to subdivision 2, unless a written objection signed by the affected property owner is filed with the municipal clerk prior to the assessment hearing or presented to the presiding officer at the hearing. The notice shall also state that an owner may appeal an assessment to district court pursuant to section 429.081 by serving notice of the appeal upon the mayor or clerk of the municipality within 30 days after the adoption of the assessment and filing such notice with the district court within ten days after service upon the mayor or clerk. The notice shall also inform property owners of the provisions of sections 435.193 to 435.195 and the existence of any deferment procedure established pursuant thereto in the municipality. In addition, the notice mailed to the owner must ~~include~~ *state in clear language* the following information:

(1) the amount to be specially assessed against that particular lot, piece, or parcel of land;

(2) *adoption by the council of the proposed assessment may be taken at the hearing;*

(3) the right of the property owner to prepay the entire assessment and the person to whom prepayment must be made;

~~(3)~~ (4) whether partial prepayment of the assessment has been authorized by ordinance;

(4) (5) the time within which prepayment may be made without the assessment of interest; and

~~(5)~~ (6) the rate of interest to be accrued if the assessment is not prepaid within the required time period.

Sec. 18. Minnesota Statutes 1992, section 469.169, is amended by adding a subdivision to read:

Subd. 9. [ADDITIONAL BORDER CITY ALLOCATIONS.] In addition to tax reductions authorized in subdivisions 7 and 8, the commissioner may allocate \$1,100,000 for tax reductions to border city enterprise zones in cities located on the western border of the state, and \$300,000 to the border city enterprise zone in the city of Duluth. The commissioner shall make allocations to zones in cities on the western border by evaluating which cities' applications for allocations relate to business prospects that have the greatest positive economic impact. Allocations made under this subdivision may be used for tax reductions as provided in section 469.171, or other offsets of taxes imposed on or remitted by businesses located in the enterprise zone, but only if the municipality determines that the granting of the tax reduction or offset is necessary in order to retain a business within or attract a business to the zone. Limitations on allocations under section 469.169, subdivision 7, do not apply to this allocation. Enterprise zones that receive allocations under this subdivision may continue in effect for purposes of those allocations through December 31, 1994.

Sec. 19. [473.334] [SPECIAL ASSESSMENT; AGREEMENT.]

Subdivision 1. [GENERALLY.] In determining the special benefit received by regional recreation open space system property as defined in sections 473.301 to 473.351 from an improvement for which a special assessment is determined, the governing body shall not consider any use of the property other than as regional recreation open space property at the time the special assessment is determined. The metropolitan council shall not be bound by the determination of the governing body of the city but may pay a lesser amount, as agreed upon by the metropolitan council and the governing body of the city, as they determine is the measure of benefit to the land from the improvement.

Subd. 2. [EXCEPTION.] This section does not apply to Otter-Bald Eagle lake regional park property in the town of White Bear, Ramsey county, which shall continue to be governed by section 435.19.

Sec. 20. Minnesota Statutes 1992, section 477A.14, is amended to read:

477A.14 [USE OF FUNDS.]

Forty percent of the total payment to the county shall be deposited in the county general revenue fund to be used to provide property tax levy reduction. The remainder shall be distributed by the county in the following priority:

(a) 37.5 cents for each acre of county-administered other natural resources land shall be deposited in a resource development fund to be created within the county treasury for use in resource development, forest management, game and fish habitat improvement, and recreational development and maintenance of county-administered other natural resources land. Any county

receiving less than \$5,000 annually for the resource development fund may elect to deposit that amount in the county general revenue fund;

(b) From the funds remaining, *within 30 days of receipt of the payment to the county, the county treasurer shall pay each organized township shall receive 30 cents per acre of acquired natural resources land and 7.5 cents per acre of other natural resources land located within its boundaries.* Payments for natural resources lands not located in an organized township shall be deposited in the county general revenue fund. Payments to counties and townships pursuant to this paragraph shall be used to provide property tax levy reduction. Provided that, if the total payment to the county pursuant to section 477A.12 is not sufficient to fully fund the distribution provided for in this clause, the amount available shall be distributed to each township and the county general revenue fund on a pro rata basis; and

(c) Any remaining funds shall be deposited in the county general revenue fund. Provided that, if the distribution to the county general revenue fund exceeds \$35,000, the excess shall be used to provide property tax levy reduction.

Sec. 21. [UNEMPLOYMENT TAX ADMINISTRATION; STUDY.]

The commissioner of revenue and the commissioner of jobs and training shall study the feasibility of transferring the responsibility for collection of unemployment taxes from the department of jobs and training to the department of revenue. The commissioners must present their report to the legislature by February 1, 1994.

Sec. 22. [ST. PAUL; SPECIAL ASSESSMENTS.]

Subdivision 1. [POWERS.] The city of St. Paul may by ordinance choose to exercise the powers provided by this section in place of those provided by Minnesota Statutes, section 429.101, subdivision 1, but in accordance with the provisions of Minnesota Statutes, section 429.101, subdivisions 2 and 3. In addition to any method authorized by law or charter, the city may provide for the collection of unpaid special charges for all or any part of the following costs:

- (1) snow, ice, rubbish, or litter removal from public parking facilities;*
- (2) the operation, including maintenance and repair, of lighting systems for public parking facilities; or*
- (3) the operation, including maintenance and repair, of public parking facilities.*

Subd. 2. [SPECIAL ASSESSMENTS.] The costs listed in subdivision 1 may be collected as a special assessment against the property benefited.

Subd. 3. [REGULATIONS.] The council may by ordinance adopt regulations consistent with this section to make this authority effective, including, at the option of the council, provisions for collection of actual or estimated charges from the property owner or other person served before the unpaid charges are made a special assessment.

Subd. 4. [ADJUSTMENT.] If estimated charges are collected and, based upon subsequent actual costs, found to be excessive or deficient, subsequent charges shall be reduced by the excess or increased by the deficiency.

Sec. 23. [ST. PAUL HOUSING LOAN AND GRANT PROGRAM.]

Subdivision 1. [HOUSING REHABILITATION LOAN PROGRAM.] The city of Saint Paul may develop and administer a housing rehabilitation loan program with respect to residential property located anywhere within its boundaries on the terms and conditions as it determines. In approving applications for the program, the following factors must be considered:

(1) the availability of other governmental programs affordable by the applicant;

(2) the availability and affordability of private market financing;

(3) whether the housing is required, pursuant to an urban renewal program or a code enforcement program, to be repaired, improved, or rehabilitated;

(4) whether the housing is required, pursuant to a court order issued under Minnesota Statutes, section 566.25, clauses (b), (c), and (e), to be repaired, improved, or rehabilitated;

(5) whether the housing has been determined to be uninsurable because of physical hazards after inspection pursuant to a statewide property insurance plan approved by the United States Department of Housing and Urban Development under Title XII of the National Housing Act; and

(6) whether rehabilitation of the housing will maintain or improve the value of the housing and will help to stabilize the neighborhood in which the housing is located.

All loans and grants shall be issued primarily for rehabilitating housing so that it meets applicable housing codes, building codes, and health and safety codes, and to make other necessary improvements.

Subd. 2. [NEW RESIDENTIAL DWELLING UNITS.] A housing rehabilitation loan program undertaken under subdivision 1 may also provide for the city to make or purchase loans made to finance the acquisition of single-family residences and multifamily housing projects that have been newly constructed in established neighborhoods on land owned by the city or any agency of the city. For purposes of this subdivision, land shall be considered to be owned by the city if the city or one of its agencies previously owned the land and conveyed it to an individual, partnership, or other entity under a development agreement in which the developer has agreed to construct single-family housing or one or more multifamily housing projects on the land. In approving applications for a loan to be made under this subdivision, the following factors shall be considered:

(1) the availability and affordability of other governmental programs or private market financing; and

(2) whether the construction of the housing enhances the stability of the neighborhood in which it is located.

Subd. 3. [HOUSING REHABILITATION GRANT PROGRAM.] The city of St. Paul may develop and administer a housing rehabilitation grant program with respect to property within its boundaries, on the terms and conditions as it determines. In approving applications for grants used under this program, all of the considerations and limitations enumerated in subdivision 2 for loans must be considered and the following factors must also be considered:

(1) whether the housing unit is a single-family dwelling, homesteaded unit, or multifamily housing project; and

(2) whether the applicant is a person of low income.

The city council shall by ordinance set forth the regulations for its grant program. The dollar value of grants made shall not exceed five percent of the total value of the bonds issued for both the loan and the grant programs. All grants shall be made primarily to rehabilitate housing so that it meets applicable housing codes, building codes, and health and safety codes or to make other necessary improvements.

Subd. 4. [ISSUANCE OF BONDS.] To finance the programs authorized by this section, the governing body of the city of Saint Paul may, by resolution, authorize, issue, and sell general obligation bonds of the city of Saint Paul, with or without an election, and otherwise in accordance with the provisions of chapter 475. The total amount of all bonds outstanding at any time for the program authorized by this section shall not exceed \$25,000,000. The amount of all bonds issued shall be included in the net indebtedness of the city for the purpose of any charter or statutory debt limitation.

Subd. 5. [AUTHORITY MAY UNDERTAKE PROGRAM; AUTHORITY GENERAL OBLIGATION REVENUE BONDS.] The Saint Paul housing and redevelopment authority may exercise the powers of the city under this section, except that the regulations required by subdivision 3 must be enacted by an ordinance of the city. To finance the programs authorized by this section, the authority may issue bonds and pledge the full faith and credit and taxing power of the city as additional security for bonds payable from the income or revenues of a program or from the income or revenues of specific projects undertaken pursuant to a program, in the manner authorized by Minnesota Statutes, section 469.034, subdivision 2, except that the program may consist of a program of loans or grants for single-family housing or multifamily housing projects, and except that in lieu of the limit stated in section 469.034, subdivision 2, the maximum amount of bonds that may be outstanding at any time under this subdivision, together with the principal amount of bonds outstanding at any time under subdivision 4, shall not exceed the amount stated in subdivision 4. Each residential dwelling unit must be purchased or occupied by the elderly, or a person or family with income not greater than 175 percent of the median family income for the Minneapolis-Saint Paul metropolitan statistical area as estimated by the United States Department of Housing and Urban Development.

Subd. 6. [POWERS SUPPLEMENTAL; OWNERSHIP.] The powers granted by this subdivision supplement the powers granted to the city or authority by any other general or special law. Notwithstanding any contrary provision of any general or special law, single-family residences or multifamily housing projects financed by the city or authority pursuant to this subdivision may be owned by the city or authority or by a private person or entity. Except for properties that are part of a lease purchase program, the city or authority shall not own projects financed under this section for more than two years.

Sec. 24. [GOODHUE COUNTY; COUNTY REDEVELOPMENT AUTHORITY.]

Subdivision 1. [ESTABLISHMENT.] The Goodhue county board may, by adopting a written enabling resolution, establish a county redevelopment authority that, subject to subdivision 2, has the following powers: powers of an economic development authority under Minnesota Statutes, sections 469.090 to 469.1081, except for the authority to issue general obligation bonds under Minnesota Statutes, section 469.102; powers of a rural development financing authority under Minnesota Statutes, sections 469.142 to 469.151; and powers of a housing and redevelopment authority under Minnesota Statutes, chapter 462.

Subd. 2. [ECONOMIC DEVELOPMENT AUTHORITY POWERS.] If the Goodhue county redevelopment authority exercises the powers of an economic development authority, the county may exercise all of the powers relating to an economic development authority granted to a city under Minnesota Statutes, sections 469.090 to 469.1081, including a tax levy to support the activities of the authority. The authority may create and define the boundaries of economic development districts at any place or places within the county. Minnesota Statutes, section 469.174, subdivision 10, and the contiguity requirement specified under Minnesota Statutes, section 469.101, subdivision 1, do not apply to limit the areas that may be designated as county economic development districts.

Subd. 3. [LIMIT OF POWERS.] (a) The enabling resolution may impose the following limits on the actions of the authority:

(1) that the authority may not exercise any of the powers contained in subdivision 1 unless those powers are specifically authorized in the enabling resolution; and

(2) any other limitation or control established by the county board by the enabling resolution.

(b) The enabling resolution may be modified at any time by the written resolution of the county board. All modifications to the enabling resolution must be by written resolution.

(c) Before the authority begins a project, the governing body of the municipality in which the project is to be located or the Goodhue county board, if the project is outside municipal corporate limits, must approve the project by majority vote as recommended by the authority.

Subd. 4. [BOARD OF DIRECTORS.] (a) The authority consists of a board of seven directors. The directors shall be appointed by the Goodhue county board. Each director shall be appointed to serve for three years or until a successor is appointed. No director may serve more than two consecutive terms. The appointment of directors must reflect representation of the entire county. The other two directors must be representatives of various county-based economic development organizations.

(b) Two of the directors initially appointed shall serve for terms of one year, two for two years, and three for three years. Each vacancy must be filled for the unexpired term. A vacancy occurs if a director no longer resides in the county. A director may be removed by the county board for inefficiency, neglect of duty, or misconduct in office.

(c) The county administrator or the designee of the county administrator shall be the executive secretary of the county redevelopment authority.

(d) The directors shall receive no compensation other than reimbursement for expenses incurred in the performance of their duties.

Sec. 25. [APPROPRIATION.]

\$301,000 is appropriated for fiscal year 1994 and \$119,000 is appropriated for fiscal year 1995 from the general fund to the commissioner of revenue for the purpose of meeting the cost to the department of revenue of administering the provisions of this act.

Sec. 26. [REPEALER.]

Minnesota Statutes 1992, section 325D.33, subdivision 7, is repealed.

Sec. 27. [EFFECTIVE DATE.]

Sections 3, 4, and 20 are effective for payments received by the county after June 30, 1993.

Section 7 is effective for debts incurred after July 31, 1993.

Section 8 is effective for property tax refunds paid after December 31, 1992.

Section 10 is effective retroactively to April 25, 1992.

Sections 14 and 15 are effective August 1, 1993. Section 13, paragraphs (a), (b), and (d), are effective the day following final enactment. Section 13, paragraph (c), is effective May 29, 1987, except that in any proceeding under paragraph (c) that arises out of purchases that occurred prior to August 1, 1993, the penalties shall not exceed the difference between the actual purchase price and the legal price. Section 26 is effective May 29, 1987.

Sections 16, 22, 23, and 24 are effective the day following final enactment and without local approval, as provided in Minnesota Statutes, section 645.023, subdivision 1, clause (a)."

Delete the title and insert:

"A bill for an act relating to the financing and operation of state and local government; revising the operation of the local government trust fund; modifying the administration, computation, collection, and enforcement of taxes; changing tax rates, bases, credits, exemptions, withholding, and payments; modifying property tax provisions relating to procedures, valuation, levies, classifications, exemptions, notices, hearings, and assessors; adjusting formulas of state aids to local governments; providing for the establishment and operation of special service districts; authorizing establishment of an ambulance district; modifying definitions in the property tax refund law and providing a source of funding for the refunds; authorizing and changing requirements for special assessments; modifying provisions governing the establishment and operation of tax increment financing districts; establishing a process by which local governments may obtain waivers of state rules and laws establishing procedures; establishing a board of government innovation and cooperation and authorizing it to provide grants to encourage cooperation and innovation by local governments; authorizing imposition of local taxes; imposing a sports bookmaking tax; changing certain bonding and local government finance provisions; enacting provisions relating to certain cities, counties, and special taxing districts; imposing a tax on contaminated property and providing for use of the proceeds; conforming with changes in

the federal income tax law; limiting deductions for compensation paid to employees; clarifying an income tax apportionment formula; modifying sales tax exemption and collection provisions; modifying taconite production tax provisions, and increasing the distribution of the proceeds of the taconite economic development fund; modifying the availability of tax incentives and preferences; providing additional allocations to border city enterprise zones; providing for a budget and cash flow reserve account transfer; revising penalty, notification, and publication provisions of the unfair cigarette sales act; changing definitions; making technical corrections and clarifications; providing for studies; classifying data; providing penalties; appropriating money; amending Minnesota Statutes 1992, sections 16A.15, subdivision 6; 16A.1541; 16A.712; 17A.03, subdivision 5; 31.51, subdivision 9; 31A.02, subdivisions 4 and 10; 31B.02, subdivision 4; 35.821, subdivision 4; 60A.15, subdivisions 2a, 9a, and by adding a subdivision; 60A.198, subdivision 3; 60A.199, subdivision 4, and by adding a subdivision; 82.19, by adding a subdivision; 97A.061, subdivisions 2 and 3; 103B.635, subdivision 2; 115B.22, subdivision 7; 134.001, by adding a subdivision; 134.35, subdivision 1; 134.351, subdivision 4; 204D.19, by adding a subdivision; 205.10, by adding a subdivision; 205A.05, subdivision 1; 239.785; 243.23, subdivision 3; 256E.06, subdivision 12; 270.06; 270.07, subdivision 3; 270.41; 270.66, by adding a subdivision; 270.70, subdivision 1; 270A.03, subdivision 7; 270A.10; 270B.01, subdivision 8; 270B.12, by adding a subdivision; 270B.14, subdivision 8; 272.01, subdivision 3; 272.02, subdivisions 1 and 4; 272.115, subdivisions 1 and 4; 273.061, subdivisions 1 and 8; 273.11, subdivisions 1, 5, 6a, 13, and by adding subdivisions; 273.112, subdivision 3, and by adding a subdivision; 273.121; 273.124, subdivisions 1, 9, 13, and by adding subdivisions; 273.13, subdivisions 23, 24, 25, and 33; 273.1318, subdivision 1; 273.135, subdivision 2; 273.1398, subdivisions 1, 2, and by adding a subdivision; 273.1399, subdivision 1; 273.33, subdivision 2; 275.065, subdivisions 3, 5a, 6, and by adding a subdivision; 275.07, subdivision 1, and by adding a subdivision; 276.02; 276.04, subdivision 2; 279.37, subdivision 1a; 289A.09, by adding a subdivision; 289A.18, subdivision 4; 289A.20, subdivisions 2 and 4; 289A.26, subdivision 7; 289A.36, subdivisions 3 and 7; 289A.40, by adding a subdivision; 289A.50, subdivision 5; 289A.56, subdivision 3; 289A.60, subdivisions 1, 2, 15, and by adding subdivisions; 289A.63, subdivision 3; 290.01, subdivisions 7, 19, 19a, and 19c; 290.0671, subdivision 1; 290.091, subdivisions 2 and 6; 290.0921, subdivision 3; 290.191, subdivision 4; 290A.03, subdivisions 3, 7, and 8; 290A.04, subdivision 2h, and by adding a subdivision; 290A.23; 294.03, subdivisions 1, 2, and by adding a subdivision; 296.01, by adding a subdivision; 296.02, subdivision 8; 296.14, subdivision 1; 296.18, subdivision 1; 297.03, subdivision 6; 297.07, subdivisions 1 and 4; 297.35, subdivisions 1 and 5; 297.43, subdivisions 1, 2, and by adding a subdivision; 297A.01, subdivisions 6, 13, 15, and 16; 297A.04; 297A.06; 297A.07, subdivision 1; 297A.11; 297A.136; 297A.14, subdivision 1; 297A.25, subdivisions 3, 7, 11, 16, 34, 41, and by adding a subdivision; 297C.03, subdivision 1; 297C.04; 297C.05, subdivision 2; 297C.14, subdivisions 1, 2, and by adding a subdivision; 298.227; 298.27; 298.28, subdivisions 4, 7, 9a, and 10; 298.75, subdivisions 4 and 5; 299F.21, subdivision 2; 299F.23, subdivision 2, and by adding a subdivision; 319A.11, subdivision 1; 325D.33, by adding a subdivision; 325D.37, subdivision 3; 349.212, subdivision 4; 349.217, subdivisions 1, 2, and by adding a subdivision; 375.192, subdivision 2; 429.061, subdivision 1, and by adding a subdivision; 465.80, subdivisions 1, 2, 4, and 5; 465.81, subdivision 2; 465.82, subdivision 1;

465.83; 465.87, subdivision 1, and by adding a subdivision; 469.012, subdivision 1; 469.040, subdivision 3; 469.169, by adding a subdivision; 469.174, subdivisions 19, 20, and by adding a subdivision; 469.175, subdivision 1, and by adding subdivisions; 469.176, subdivisions 1, 4, 4c, 4e, and 4g; 469.177, subdivisions 1 and 8; 469.1831, subdivision 4; 473.13, subdivision 1; 473.1623, subdivision 3; 473.167, subdivision 4; 473.249, subdivision 2; 473.446, subdivision 8; 473.711, subdivision 5; 473.843, subdivision 3; 477A.011, subdivisions 1a, 20, and by adding subdivisions; 477A.013, by adding subdivisions; 477A.03, subdivision 1; and 477A.14; Laws 1953, chapter 387, section 1; Laws 1969, chapter 561, section 1; Laws 1971, chapters 373, sections 1 and 2; and 455, section 1; and Laws 1985, chapter 302, sections 1, subdivision 3; 2, subdivision 1; and 4; proposing coding for new law in Minnesota Statutes, chapters 17; 116J; 134; 270; 272; 296; 297A; 325D; 349; 383A; 465; 469; and 473; repealing Minnesota Statutes 1992, sections 115B.24, subdivision 10; 272.115, subdivision 1a; 273.124, subdivision 16; 273.1398, subdivision 5; 275.07, subdivision 3; 325D.33, subdivision 7; 383C.78; 477A.011, subdivisions 3a, 15, 16, 17, 18, 22, 23, 25, and 26; 477A.013, subdivisions 2, 3, and 5; Laws 1953, chapter 387, section 2; Laws 1963, chapter 603, section 1; and Laws 1969, chapter 592, sections 1, 2, and 3."

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

House Conferees: (Signed) Ann H. Rest, Edgar Olson, Irv Anderson, Jean Wagenius, Dee Long

Senate Conferees: (Signed) Douglas J. Johnson, Ember D. Reichgott, Carol Flynn, John C. Hottinger, William V. Belanger, Jr.

Mr. Johnson, D.J. moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1735 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 1735 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 51 and nays 15, as follows:

Those who voted in the affirmative were:

Anderson	Dille	Kelly	Mondale	Sams
Beckman	Finn	Krentz	Morse	Samuelson
Belanger	Flynn	Kroening	Murphy	Solon
Berg	Frederickson	Laidig	Novak	Spear
Berglin	Hanson	Langseth	Pappas	Stumpf
Bertram	Hottinger	Lesewski	Piper	Vickerman
Betzold	Janezich	Lessard	Pogemiller	Wiener
Chandler	Johnson, D.E.	Luther	Price	
Chmielewski	Johnson, D.J.	Marty	Ranum	
Cohen	Johnson, J.B.	Metzen	Reichgott	
Day	Johnston	Moe, R.D.	Riveness	

Those who voted in the negative were:

Benson, D.D.	Knutson	Merriam	Olson	Runbeck
Benson, J.E.	Larson	Neuville	Pariseau	Stevens
Kiscaden	McGowan	Oliver	Robertson	Terwilliger

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 1046: A bill for an act relating to crimes; prohibiting persons from interfering with access to medical facilities; prescribing penalties; authorizing civil and equitable remedies; amending Minnesota Statutes 1992, section 488A.101; proposing coding for new law in Minnesota Statutes, chapter 609.

Senate File No. 1046 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 7, 1993

Ms. Pappas moved that the Senate do not concur in the amendments by the House to S.F. No. 1046, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1133:

H.F. No. 1133: A bill for an act relating to energy; directing the public service department to evaluate and implement a policy to promote the use of motor vehicles powered by alternate fuels; appropriating money; amending Minnesota Statutes 1992, section 216C.01, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapters 216B; and 216C.

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

Hausman, Jacobs, Osthoff, Jennings and Neary have been appointed as such committee on the part of the House.

House File No. 1133 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 7, 1993

Ms. Johnson, J.B. moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1133, and that a Conference Committee of 5 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 129:

H.F. No. 129: A bill for an act relating to marriage dissolution; maintenance; applying child support enforcement actions to actions to enforce maintenance; expanding notice of rights of parties in dissolution or separation proceeding; requiring child support order to assign responsibility for child's medical coverage; clarifying visitation rights; requiring dissolution judgment or decree to provide notice about principal residence; amending Minnesota Statutes 1992, sections 214.101, subdivisions 1 and 4; 518.17, subdivision 3; 518.171, subdivision 1; 518.175, subdivision 6; 518.177; 518.55; 518.551, subdivision 12; 518.583; 518.611, subdivision 2; and 518.641, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 518.

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

Carruthers, Pugh and Macklin have been appointed as such committee on the part of the House.

House File No. 129 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 7, 1993

Mr. Betzold moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 129, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1205:

H.F. No. 1205: A bill for an act relating to courts; making the housing calendar consolidation projects in the second and fourth judicial districts permanent law; providing that the law requiring that fines collected for violations of building repair orders must be used for the housing calendar consolidation projects is permanent; amending Laws 1989, chapter 328, article 2, section 17; repealing Laws 1989, chapter 328, article 2, sections 18 and 19.

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

Clark, Dawkins and Pawlenty have been appointed as such committee on the part of the House.

House File No. 1205 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 7, 1993

Mr. Kelly moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1205, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 994:

H.F. No. 994: A bill for an act relating to children; foster care and adoption placement; specifying time limits for compliance with placement preferences; setting standards for changing out-of-home placement; requiring notice of certain adoptions; clarifying certain language; requiring compliance with certain law; amending Minnesota Statutes 1992, sections 257.071, subdivisions 1 and 1a; 257.072, subdivision 7; 259.255; 259.28, subdivision 2, and by adding a subdivision; 259.455; 260.012; 260.181, subdivision 3; and 260.191, subdivisions 1a, 1d, and 1e; proposing coding for new law in Minnesota Statutes, chapters 257; and 259.

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

Blatz; Skoglund; Brown, C.; Jefferson and Lourey have been appointed as such committee on the part of the House.

House File No. 994 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 7, 1993

Mr. Spear moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 994, and that a Conference Committee of 5 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 584:

H.F. No. 584: A bill for an act relating to utilities; regulating telephone services to communication-impaired persons; amending Minnesota Statutes 1992, sections 237.49; 237.50, subdivision 3; 237.51, subdivision 2; and 237.52, subdivision 2; repealing Laws 1987, chapter 308, section 8.

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

Jennings, Lynch and Pugh have been appointed as such committee on the part of the House.

House File No. 584 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 7, 1993

Ms. Johnson, J.B. moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 584, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

MEMBERS EXCUSED

Mr. Mondale was excused from the Session of today from 8:30 to 9:15 a.m. Messrs. Beckman and Solon were excused from the Session of today from 8:30 to 9:30 a.m. Mr. Riveness and Ms. Reichgott were excused from the Session of today from 8:30 to 9:40 a.m. Mr. Novak was excused from the Session of today from 8:30 to 10:00 a.m. Mr. Kroening was excused from the Session of today from 8:30 to 10:05 a.m. Mr. Metzen was excused from the Session of today from 8:30 to 10:25 a.m. Mr. Pogemiller was excused from the Session of today from 8:30 to 10:30 a.m. and from 1:15 to 1:40 p.m. Mr. Johnson, D.J. was excused from the Session of today from 8:30 to 10:30 a.m. Mr. Samuelson was excused from the Session of today from 8:30 to 9:45 a.m. Ms. Pappas was excused from the Session of today from 8:30 to 11:30 a.m. Mr. Kelly was excused from the Session of today from 8:30 to 11:10 a.m. Mr. Cohen was excused from the Session of today from 8:30 a.m. to 12:00 noon. Mr. Hottinger was excused from the Session of today from 12:00 noon to 12:10 p.m. Mrs. Adkins was excused from the Session of today at 3:15 p.m. Ms. Anderson was excused from the Session of today from 8:30 to 9:00 a.m.

ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 9:00 a.m., Monday, May 10, 1993. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate