

ONE HUNDRED SECOND DAY

St. Paul, Minnesota, Monday, May 2, 1994

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

CALL OF THE SENATE

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

Prayer was offered by Senator Pat Piper.

The members of the Senate gave the pledge of allegiance to the flag of the United States of America.

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	Novák	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 Junge	
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 communication was received.

April 28, 1994

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. 2095, 2118, 2467 and 1930.

Warmest regards,
Arne H. Carlson, Governor

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. 1740.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 29, 1994

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. 180: A bill for an act relating to horse racing; proposing an amendment to the Minnesota Constitution, article X, section 8; permitting the legislature to authorize pari-mutuel betting on horse racing without limitation; directing the Minnesota racing commission to prepare and submit legislation to implement televised off-site betting.

Senate File No. 180 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 29, 1994

Mr. Kroening moved that S.F. No. 180 be laid on the table. 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. 103: A bill for an act relating to lawful gambling; regulating the conduct of lawful gambling; prescribing the powers and duties of licensees and the board; giving the gambling control board director cease and desist authority for violations of board rules; adding restrictions for bingo halls, distributors, and manufacturers; providing more flexibility in denying a license application to ensure the integrity of the lawful gambling industry; strengthening the gambling control board's enforcement ability by increasing licensing requirements; establishing the combined receipts tax as a lawful purpose expenditure; expanding definition of lawful purpose to include certain senior citizen activities, certain real estate taxes and assessments, and wildlife management projects; prohibiting the use of lawful purpose contributions by local governmental units in pension or retirement funds; exempting organi-

zations with gross receipts of \$50,000 or less from the annual audit; expanding the definition of a class C license; making class C licensee reporting requirements quarterly; modifying the definition of allowable expense to include some advertising costs; eliminating additional compensation for the state lottery director; clarifying and strengthening the regulation of the conduct of bingo; prohibiting certain forms of gambling by persons under 18; modifying the definition of net profits for local assessments; prescribing penalties; amending Minnesota Statutes 1992, sections 240.13, subdivision 8; 240.25, by adding a subdivision; 240.26, subdivision 3; 299L.03, subdivisions 1 and 2; 299L.07, by adding a subdivision; 349.12, subdivisions 1, 3a, 4, 8, 11, 18, 19, 21, 23, 25, 30, 32, 34, and by adding a subdivision; 349.151, subdivision 4; 349.152, subdivisions 2 and 3; 349.153; 349.154, subdivision 2; 349.16, subdivisions 6 and 8; 349.161, subdivisions 1, 3, and 5; 349.162, subdivisions 1, 2, 4, and 5; 349.163, subdivisions 1, 1a, 3, 5, and 6; 349.164, subdivisions 1, 3, and 6; 349.1641; 349.166, subdivisions 1, 2, and 3; 349.167, subdivisions 1 and 4; 349.168, subdivisions 3 and 6; 349.169, subdivision 1; 349.17, subdivisions 2, 4, 5, and by adding a subdivision; 349.174; 349.18, subdivisions 1, 1a, and 2; 349.19, subdivisions 2, 5, 6, 8, and 9; 349.191, subdivisions 1, 4, and by adding a subdivision; 349.211, subdivisions 1 and 2; 349.2122; 349.2125, subdivisions 1 and 3; 349.2127, subdivisions 2, 4, and by adding a subdivision; 349.213, subdivision 1; 349A.03, subdivision 2; 349A.12, subdivisions 1, 2, 5, and 6; and 609.755; proposing coding for new law in Minnesota Statutes, chapters 471; and 609; repealing Minnesota Statutes 1992, sections 349A.03, subdivision 3; and 349A.08, subdivision 3.

Senate File No. 103 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 29, 1994

Mr. Berg moved that the Senate do not concur in the amendments by the House to S.F. No. 103, 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 has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 5 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 2168: A bill for an act relating to agricultural businesses; exempting from sales tax the gross receipts of used farm machinery sales; providing matching moneys for federal emergency disaster funds to flood damaged counties; providing supplemental funding for grain inspection programs, financial assistance programs under the ethanol production fund, and small business disaster loan programs; expanding research on grain diseases; increasing funding for the farm advocates program, agricultural resource centers, legal challenges to the federal milk market order system, farm and small business management programs at technical colleges, and the Farmers' Legal Action Group; providing funding to the Agricultural Utilization Research Institute; appropriating money; amending Minnesota Statutes

1992, sections 297A.02, subdivision 2; and 297A.25, by adding a subdivision; Minnesota Statutes 1993 Supplement, section 41B.044, subdivision 2; and Laws 1993, chapter 172, section 7, subdivision 3.

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

Wenzel; Olson, K.; Peterson; Steensma and Johnson, V.

Senate File No. 2168 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 29, 1994

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 5 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 1948: A bill for an act relating to agriculture; providing for family farm limited liability companies and authorized farm limited liability companies; removing limitation on number of shareholders or partners for authorized farm corporations and partnerships; amending Minnesota Statutes 1992, section 500.24, subdivision 2.

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

Winter; Wenzel; Peterson; Brown, C. and Hugoson.

Senate File No. 1948 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 29, 1994

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 3230.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 29, 1994

FIRST READING OF HOUSE BILLS

The following bill was read the first time.

H.F. No. 3230: A bill for an act proposing an amendment to the Minnesota Constitution; dedicating part of tax on vehicles to public transit; expanding transportation purposes for which highway user tax proceeds may be used by the metropolitan area; providing for annual inflation adjustments to motor fuel tax rate contingent on approval of constitutional dedication of motor fuel excise tax revenues; amending the Minnesota Constitution, article XI, by adding a section; and article XIV, section 5; amending Minnesota Statutes

1992, section 296.02, by adding a subdivision; repealing Minnesota Statutes 1992, section 297B.09, subdivision 1.

Mr. Moe, R.D. moved that H.F. No. 3230 be laid on the table. The motion prevailed.

REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Report 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. 3100 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS

H.F. No.	S.F. No.
3100	2849

CONSENT CALENDAR

H.F. No.	S.F. No.
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CALENDAR

H.F. No.	S.F. No.
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and that the above Senate File be indefinitely postponed.

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

SECOND READING OF HOUSE BILLS

H.F. No. 3100 was read the second time.

MOTIONS AND RESOLUTIONS

Mr. Merriam moved that S.F. No. 2866, No. 26 on General Orders, be stricken and re-referred to the Committee on Finance. The motion prevailed.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 1778 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 1778: A bill for an act relating to retirement; establishing minimum qualifications for audits of police and fire relief associations; establishing reporting requirements for certain public pension funds; requiring notice of meetings of relief associations and requiring meetings to be open to the public; changing employer contributions rates for the Bloomington fire relief association; amending Minnesota Statutes 1992, sections 69.051, subdivision 1; 69.773, subdivision 4; and 424A.04, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 356.

Mr. Riveness moved to amend H.F. No. 1778, as amended pursuant to Rule 49, adopted by the Senate April 8, 1994, as follows:

(The text of the amended House File is identical to S.F. No. 1641.)

Page 5, line 35, delete everything after the period

Page 5, delete line 36

Page 6, delete lines 1 to 8

Page 6, line 36, delete everything after "provided" and insert "prospectively"

Page 7, delete line 1

Page 7, line 2, delete "1993 and" and delete "for subsequent years" and after the period, insert:

"(c) Firefighter relief associations that have assets with a market value of less than \$300,000 shall submit the required information through fiscal year 1994 to the state auditor by October 1, 1995, and subsequently within six months of the end of each fiscal year. Other associations shall submit"

Page 7, line 3, delete "must be submitted"

Page 7, line 9, before the period, insert "until the pension plan has complied with the reporting requirements" and delete everything after the period

Page 7, delete lines 10 to 18

Page 7, line 19, delete everything before "The"

Page 7, line 22, before the period, insert "until the pension plan has complied with the reporting requirements"

The motion prevailed. So the amendment was adopted.

H.F. No. 1778 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 39 and nays 24, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Krentz	Murphy	Reichgott Junge
Anderson	Dille	Kroening	Oliver	Riveness
Belanger	Flynn	Lessard	Olson	Robertson
Benson, J.E.	Hottinger	Luther	Pappas	Runbeck
Berglin	Janezich	Marty	Pariseau	Spear
Bertram	Johnson, D.J.	Moe, R.D.	Piper	Stumpf
Betzold	Kelly	Mondale	Price	Terwilliger
Chandler	Kiscaden	Morse	Ranum	

Those who voted in the negative were:

Beckman	Finn	Johnston	Merriam	Samuelson
Benson, D.D.	Frederickson	Knutson	Metzen	Stevens
Berg	Hanson	Larson	Neuville	Vickerman
Chmielewski	Johnson, D.E.	Lesewski	Novak	Wiener
Day	Johnson, J.B.	McGowan	Sams	

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. 1829 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 1829: A bill for an act relating to housing; requiring copies of evacuation plans for residents of manufactured home parks; amending Minnesota Statutes 1992, sections 290A.19; and 327C.02, subdivision 5, and by adding a subdivision; Minnesota Statutes 1993 Supplement, section 327.20, 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 61 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 2171 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 2171: A bill for an act relating to metropolitan government; requiring the metropolitan council to adopt guidelines allocating comprehensive choice housing among cities and towns in the metropolitan area; requiring metropolitan council review of efforts of cities and towns to comply with the allocation; proposing coding for new law in Minnesota Statutes, chapter 473.

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

CALL OF THE SENATE

Mr. Mondale imposed a call of the Senate for the balance of the proceedings on H.F. No. 2171. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 34 and nays 32, as follows:

Those who voted in the affirmative were:

Adkins	Finn	Krentz	Mondale	Reichgott Junge
Anderson	Flynn	Kroening	Morse	Riveness
Beckman	Hottinger	Luther	Murphy	Sams
Berglin	Janezich	Marty	Novak	Spear
Betzold	Johnson, D.J.	Merriam	Pappas	Stumpf
Chandler	Johnson, J.B.	Metzen	Piper	Wiener
Cohen	Kelly	Moe, R.D.	Ranum	

Those who voted in the negative were:

Belanger	Dille	Laidig	Oliver	Solon
Benson, D.D.	Frederickson	Langseth	Olson	Stevens
Benson, J.E.	Hanson	Larson	Pariseau	Terwilliger
Berg	Johnson, D.E.	Lesewski	Price	Vickerman
Bertram	Johnston	Lessard	Robertson	
Chmielewski	Kiscaden	McGowan	Runbeck	
Day	Knutson	Neuville	Samuelson	

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. 2064 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 2064: A bill for an act relating to housing; modifying programs of the housing finance agency for low-income and tribal housing and for accessibility loans; amending Minnesota Statutes 1992, sections 462A.05, subdivision 14d, and by adding subdivisions; 462A.10, by adding a subdivision; 462A.201, by adding a subdivision; 462A.21, by adding a subdivision; 462A.30, subdivision 9; and 462A.31, subdivision 4; Minnesota Statutes 1993 Supplement, sections 462A.07, subdivision 14; 462A.202, subdivision 7; and 462A.222, 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 66 and nays 0, as follows:

Those who voted in the affirmative were:

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

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. 1918 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 1918: A bill for an act relating to licensing; requiring the bureau of business licenses to expand services of the bureau; requiring a report to the governor and the legislature.

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 66 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS – CONTINUED

Mr. Moe, R.D. moved that H.F. No. 3230 be taken from the table. The motion prevailed.

H.F. No. 3230: A bill for an act proposing an amendment to the Minnesota Constitution; dedicating part of tax on vehicles to public transit; expanding transportation purposes for which highway user tax proceeds may be used by the metropolitan area; providing for annual inflation adjustments to motor fuel tax rate contingent on approval of constitutional dedication of motor fuel excise tax revenues; amending the Minnesota Constitution, article XI, by adding a section; and article XIV, section 5; amending Minnesota Statutes 1992, section 296.02, by adding a subdivision; repealing Minnesota Statutes 1992, section 297B.09, subdivision 1.

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. 3230 and that the rules of the Senate be so far suspended as to give H.F. No. 3230 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 3230 was read the second time.

Mr. Langseth moved to amend H.F. No. 3230 as follows:

Delete everything after the enacting clause, and delete the title, of H.F. No. 3230, and insert the language after the enacting clause, and the title, of S.F. No. 2097, the fourth engrossment.

The motion prevailed. So the amendment was adopted.

H.F. No. 3230 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 58 and nays 8, as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Benson, J.E.	Finn	Ranum	Runbeck	Spear
Chandler	Merriam	Robertson		

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. 1944 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 1944: A bill for an act relating to employment; restoring the purchasing power of a minimum wage salary; appropriating money; amending Minnesota Statutes 1992, section 177.24, subdivision 1.

CALL OF THE SENATE

Mr. Kelly imposed a call of the Senate for the balance of the proceedings on S.F. No. 1944. The Sergeant at Arms was instructed to bring in the absent members.

Mr. Kelly moved to amend S.F. No. 1944 as follows:

Page 1, line 24, delete "\$4.75" and insert "\$4.65" and reinstate the stricken "January" and delete "July"

Page 1, line 25, delete the new language and insert "1995, and at least \$5 an hour beginning January 1, 1996"

Page 2, line 1, delete the new language

Page 2, line 2, delete "\$4.50" and insert "\$4.40"

Page 2, line 3, reinstate the stricken "January" and delete "July" and delete "1994, \$5 beginning July" and insert "1995, and at least \$4.75 an hour beginning January 1, 1996"

Page 2, line 4, delete the new language

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 39 and nays 24, as follows:

Those who voted in the affirmative were:

Adkins	Berglin	Cohen	Finn	Hottinger
Beckman	Betzold	Day	Flynn	Janezich
Berg	Chmielewski	Dille	Hanson	Johnson, D.J.

Johnson, J.B.	Langseth	Morse	Ranum	Solon
Kelly	Lessard	Murphy	Reichgott Junge	Stumpf
Krentz	Merriam	Novak	Riveness	Vickerman
Kroening	Moe, R.D.	Piper	Sams	Wiener
Laidig	Mondale	Price	Samuelson	

Those who voted in the negative were:

Anderson	Chandler	Knutson	Neuville	Robertson
Belanger	Frederickson	Larson	Oliver	Runbeck
Benson, D.D.	Johnson, D.E.	Lesewski	Olson	Stevens
Benson, J.E.	Johnston	Marty	Pappas	Terwilliger
Bertram	Kiscaden	McGowan	Pariseau	

The motion prevailed. So the amendment was adopted.

Mr. Samuelson moved to amend S.F. No. 1944 as follows:

Page 2, line 10, delete "\$714,000" and insert "\$117,000" and delete "public employees" and insert "general fund"

Page 2, delete line 11

Page 2, line 12, delete everything before "to"

Page 2, line 14, after the period, insert "Within the limits of this appropriation, the commissioner shall increase medical assistance reimbursement for wages up to the new minimum wage and shall adjust for the related cost effect on fringe benefits and payroll taxes for personnel of: nursing homes; intermediate care facilities for the mentally retarded; day training and habilitation; semi-independent living services; nursing services and home health aide services; and home- and community-based waiver services. Service providers must comply with all reporting requirements established by the commissioner. The commissioner shall retrospectively determine whether the appropriation was spent as required, and shall reduce further per diem rates as required if necessary to recover amounts not spent on the minimum wage adjustment. The effective date for the rate adjustment is the effective date of the minimum wage adjustment under section 1."

The motion prevailed. So the amendment was adopted.

Mr. Lessard moved to amend S.F. No. 1944 as follows:

Page 2, after line 8, insert:

"Sec. 2. Minnesota Statutes 1992, section 289A.20, is amended by adding a subdivision to read:

Subd. 4a. [REIMBURSEMENT FOR SALES TAX COLLECTIONS.] A vendor having a monthly liability for taxes imposed under chapter 297A that does not exceed \$2,500 may deduct from the amount payable for that month an amount equal to one percent of the liability. The amount deducted may be retained by the vendor as compensation for the vendor's cost of collecting and remitting the tax."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Mr. Kelly questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

Ms. Lesewski moved to amend S.F. No. 1944 as follows:

Page 1, delete lines 6 to 25 and insert:

"WHEREAS, independent actions by states continue to create competitive issues and impact inconsistently on business climate; and

WHEREAS, such actions may also lead to job loss or job dislocation caused by differences between states; and

WHEREAS, such actions also tend to cause inconsistent inflationary impacts, especially on those individuals at the lowest income levels;

BE IT RESOLVED by the Legislature of the State of Minnesota that:

1. it is in the best interests of all citizens if a consistent minimum wage is maintained throughout the United States; and

2. the President and Congress should proceed with efforts to evaluate the present minimum wage structure and introduce necessary legislation to enact increases deemed appropriate.

BE IT FURTHER RESOLVED that the Secretary of State of the State of Minnesota is directed to prepare copies of this memorial and transmit them to the President of the United States, the President and Secretary of the United States Senate, the Speaker and Clerk of the United States House of Representatives, and Minnesota's Senators and Representatives in Congress."

Page 2, delete lines 1 to 16

Delete the title and insert:

"A resolution memorializing the President and Congress to take action to review minimum wage levels and propose an appropriate increase in the federal minimum wage."

The question was taken on the adoption of the amendment.

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

Those who voted in the affirmative were:

Belanger	Dille	Laidig	Oliver	Solon
Benson, D.D.	Frederickson	Larson	Olson	Stevens
Benson, J.E.	Johnson, D.E.	Lesewski	Pariseau	Stumpf
Bertram	Johnston	Lessard	Robertson	Terwilliger
Chmielewski	Kiscaden	McGowan	Runbeck	Vickerman
Day	Knutson	Neuville	Sams	

Those who voted in the negative were:

Adkins	Finn	Kelly	Metzen	Piper
Anderson	Flynn	Krentz	Moe, R.D.	Price
Beckman	Hanson	Kroening	Mondale	Ranum
Berglin	Hottinger	Langseth	Morse	Riveness
Betzold	Janezich	Luther	Murphy	Samuelson
Chandler	Johnson, D.J.	Marty	Novak	Spear
Cohen	Johnson, J.B.	Merriam	Pappas	Wiener

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

S.F. No. 1944 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 37 and nays 29, as follows:

Those who voted in the affirmative were:

Adkins	Flynn	Kroening	Morse	Riveness
Anderson	Hanson	Langseth	Murphy	Samuelson
Beckman	Hottinger	Luther	Novak	Spear
Berglin	Janezich	Marty	Pappas	Stumpf
Betzold	Johnson, D.J.	Merriam	Piper	Wiener
Chandler	Johnson, J.B.	Metzen	Price	
Cohen	Kelly	Moe, R.D.	Ranum	
Finn	Krentz	Mondale	Reichgott Junge	

Those who voted in the negative were:

Belanger	Day	Knutson	Neuville	Sams
Benson, D.D.	Dille	Laidig	Oliver	Solon
Benson, J.E.	Frederickson	Larson	Olson	Stevens
Berg	Johnson, D.E.	Lesewski	Pariseau	Terwilliger
Bertram	Johnston	Lessard	Robertson	Vickerman
Chmielewski	Kiscaden	McGowan	Runbeck	

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

MOTIONS AND RESOLUTIONS - CONTINUED

Ms. Lesewski moved that S.F. No. 2540 be taken from the table. The motion prevailed.

S.F. No. 2540: A bill for an act relating to energy; classifying and requiring information on applications for the municipal energy conservation investment loan program; amending Minnesota Statutes 1992, sections 13.99, by adding a subdivision; 216C.37, subdivision 3, and by adding subdivisions; Minnesota Statutes 1993 Supplement, section 216C.37, subdivision 1; repealing Minnesota Statutes 1992, section 216C.37, subdivision 8.

Ms. Lesewski moved that the Senate do not concur in the amendments by the House to S.F. No. 2540, 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.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 2816 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 2816: A bill for an act relating to metropolitan government; increasing the amount of obligations the metropolitan council may issue for certain transit purposes; requiring design of uniform bus stop signs for use by metropolitan area transit providers; authorizing a high speed bus plan, pilot project, advisory group, and report; amending Minnesota Statutes 1992, sections 473.375, subdivision 14; and 473.39, subdivision 1b, and by adding a subdivision.

Ms. Pappas moved to amend S.F. No. 2816 as follows:

Page 1, delete section 1

Page 2, line 8, after the stricken "\$32,000,000" insert "\$23,500,000" and reinstate the stricken "of"

Page 2, line 10, strike "fiscal biennium ending 1995" and insert "*the fiscal year ending 1994*" and after the period, insert "*The council may issue \$79,700,000 of the total amount authorized under this subdivision during the fiscal year ending 1995. The council may issue \$30,300,000 of the total amount authorized under this subdivision during the fiscal year ending 1996.*"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 2816 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 1, as follows:

Those who voted in the affirmative were:

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

Ms. Ranum voted in the negative.

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

MOTIONS AND RESOLUTIONS - CONTINUED

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

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. 2015: A bill for an act relating to metropolitan government; providing for a regional administrator and a management team; imposing organizational requirements; imposing duties; clarifying existing provisions and making conforming changes; amending Minnesota Statutes 1992, sections 6.76; 15.0597, subdivision 1; 15A.081, subdivision 7; 15A.082, subdivision 3; 16B.58, subdivision 7; 116.16, subdivision 2; 116.182, subdivision 1; 161.173; 161.174; 169.781, subdivision 1; 169.791, subdivision 5; 169.792, subdivision 11; 221.022; 221.041, subdivision 4; 221.071, subdivision 1; 221.295; 297B.09, subdivision 1; 352.03, subdivision 1; 352.75; 422A.01,

subdivision 9; 422A.101, subdivision 2a; 471A.02, subdivision 8; 473.121, subdivisions 5a and 24; 473.123, subdivisions 1, 2a, and 4; 473.129; 473.13, subdivision 4; 473.146, subdivisions 1 and 4; 473.149, subdivision 3; 473.1623, subdivision 2; 473.164; 473.168, subdivision 2; 473.173, subdivisions 3 and 4; 473.223; 473.303, subdivisions 2, 3a, 4, 4a, 5, and 6; 473.371, subdivision 1; 473.375, subdivisions 11, 12, 13, 14, and 15; 473.382; 473.384, subdivisions 1, 3, 4, 5, 6, 7, and 8; 473.385; 473.386, subdivisions 1, 2, 3, 4, 5, and 6; 473.387, subdivisions 2, 3, and 4; 473.388, subdivisions 2, 3, 4, and 5; 473.39, subdivisions 1, 1a, 1b, and by adding a subdivision; 473.391; 473.392; 473.394; 473.399, as amended; 473.405, subdivisions 1, 3, 4, 5, 9, 10, 12, and 15; 473.408, subdivisions 1, 2, 2a, 4, 6, and 7; 473.409; 473.411, subdivisions 3 and 4; 473.415, subdivisions 1, 2, and 3; 473.416; 473.418; 473.42; 473.436, subdivisions 2, 3, and 6; 473.446, subdivisions 1, 1a, 2, 3, and 7; 473.448; 473.449; 473.504, subdivisions 4, 5, 6, 9, 10, 11, and 12; 473.511, subdivisions 1, 2, 3, and 4; 473.512, subdivision 1; 473.513; 473.515, subdivisions 1, 2, and 3; 473.5155, subdivisions 1 and 3; 473.516, subdivisions 2, 3, 4, and 5; 473.517, subdivisions 1, 2, 3, 6, and 9; 473.519; 473.521, subdivisions 1, 2, 3, and 4; 473.523, subdivisions 1 and 2; 473.535; 473.541, subdivision 2; 473.542; 473.543, subdivisions 1, 2, 3, and 4; 473.545; 473.547; 473.549; 473.553, subdivisions 1, 2, 4, 5, and by adding subdivisions; 473.561; 473.595, subdivision 3; 473.605, subdivision 2; 473.823, subdivision 3; and 473.852, subdivisions 8 and 10; Minnesota Statutes 1993 Supplement, sections 10A.01, subdivision 18; 15A.081, subdivision 1; 115.54; 174.32, subdivision 2; 216C.15, subdivision 1; 221.025; 221.031, subdivision 3a; 275.065, subdivisions 3 and 5a; 352.01, subdivisions 2a and 2b; 352D.02, subdivision 1; 353.64, subdivision 7a; 400.08, subdivision 3; 473.13, subdivision 1; 473.1623, subdivision 3; 473.167, subdivision 1; 473.386, subdivision 2a; 473.3994, subdivision 10; 473.3997; 473.4051; 473.407, subdivisions 1, 2, 3, 4, 5, and 6; 473.411, subdivision 5; 473.446, subdivision 8; and 473.516, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 473; repealing Minnesota Statutes 1992, sections 115A.03, subdivision 20; 115A.33; 174.22, subdivision 4; 473.121, subdivisions 14a, 15, and 21; 473.122; 473.123, subdivisions 3, 5, and 6; 473.141, as amended; 473.146, subdivisions 2, 2a, 2b, and 2c; 473.153; 473.161; 473.163; 473.181, subdivision 3; 473.325, subdivision 5; 473.373, as amended; 473.375, subdivisions 1, 2, 3, 4, 5, 6, 7, 10, 16, 17, and 18; 473.377; 473.38; 473.384, subdivision 9; 473.388, subdivision 6; 473.404, as amended; 473.405, subdivisions 2, 6, 7, 8, 11, 13, and 14; 473.417; 473.435; 473.436, subdivision 7; 473.445, subdivisions 1 and 3; 473.501, subdivision 2; 473.503; 473.504, subdivisions 1, 2, 3, 7, and 8; 473.511, subdivision 5; 473.517, subdivision 8; 473.543, subdivision 5; and 473.553, subdivision 4a; Minnesota Statutes 1993 Supplement, section 473.3996, subdivisions 1 and 2.

Senate File No. 2015 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 2, 1994

Ms. Flynn moved that the Senate do not concur in the amendments by the House to S.F. No. 2015, 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 has adopted the recommendation and report of the Conference Committee on Senate File No. 1788, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1788: A bill for an act relating to waste management; applying government waste reduction requirements to compilations of game and fish laws; clarifying the state's waste management goals; adding heat pumps to the definition of major appliances; requiring public education on reuse; authorizing larger capital assistance grants to resource recovery projects under certain circumstances; listing preferences for use of packaging; establishing enforcement of the authority of certain counties to inspect records of certain facilities; clarifying management of waste antifreeze and motor oil filters; establishing a process for resolution of disputes related to toxics in packaging and requiring a report; clarifying the prohibition on toxics in products and providing for exemptions; requiring and authorizing training and certification of appliance recyclers and servicers respectively; removing the federal government from the definition of commercial transporter of medical waste; requiring medical waste management plans to contain information regarding mailing of sharps; banning sale of apparel containing mercury switches; authorizing private ownership of solid waste facilities; permitting counties and local governments to impose certain conditions on disposal of unprocessed solid waste; authorizing counties to require record keeping; adding requirements for liners and leachate systems; expanding the restriction on disposal of unprocessed waste from the metropolitan area; requiring a report on management of waste electronic appliances; requiring a report on products that contain mercury; requiring a report on recycling facilities; requiring a report on recycled antifreeze; providing penalties and remedies; amending Minnesota Statutes 1992, sections 8.31, subdivision 1; 97A.051, subdivision 1; 115A.02; 115A.03, subdivision 17a; 115A.072, subdivision 4; 115A.5501, subdivisions 1, 2, and by adding subdivisions; 115A.554; 115A.557, subdivisions 3 and 4; 115A.87; 115A.882, by adding a subdivision; 115A.9157, subdivisions 4 and 5; 115A.918, subdivision 1, and by adding a subdivision; 115A.95; 115A.9561, subdivision 2; 115A.965, subdivision 6, and by adding a subdivision; 116.07, subdivision 4h; 116.76, subdivision 4; 116.92, subdivision 8; 473.803, subdivisions 1 and 1c; 473.811, subdivisions 5 and 5a; 473.843, subdivision 1; 473.844, subdivision 1a; 473.845, subdivision 3; and 473.848, subdivisions 1 and 5; Minnesota Statutes 1993 Supplement, sections 115A.54, subdivision 2a; 115A.5501, subdivision 3; 115A.916; 115A.929; 115A.9651; 115A.981, subdivision 3; 116.79, subdivision 1; 473.149, subdivision 6; 473.846; and 473.848, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 115A; 116; 325E; and 473; repealing Minnesota Statutes 1993 Supplement, section 115A.542.

Senate File No. 1788 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 2, 1994

Mr. President:

I have the honor to announce that the House has adopted the recommen-

ation and report of the Conference Committee on Senate File No. 2009, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2009: A bill for an act relating to public safety; increasing membership of emergency response commission by one representative of emergency managers; amending Minnesota Statutes 1992, section 299K.03, subdivision 3.

Senate File No. 2009 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 2, 1994

REPORTS OF COMMITTEES

Messrs. Pogemiller and Stumpf from the Committee on Education, to which were referred the following appointments as reported in the Journal for March 17, 1994:

HIGHER EDUCATION BOARD

Archie D. Chelseth
David T. Erickson
Christine Fritsche
John C. Mulder

Report 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.

Messrs. Pogemiller and Stumpf from the Committee on Education, to which were referred the following appointments as reported in the Journal for April 20, 1994:

STATE UNIVERSITY BOARD

Tom Forsythe
Roger Knauss
Elizabeth Pegues

Report 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.

Messrs. Pogemiller and Stumpf from the Committee on Education, to which were referred the following appointments as reported in the Journal for February 22, 1994:

BOARD OF THE MINNESOTA CENTER FOR ARTS EDUCATION

Hope Annexstad
Audrey Eickhof
Gale Mitchell

DEPARTMENT OF EDUCATION
COMMISSIONER

Linda Powell

MINNESOTA HIGHER EDUCATION COORDINATING BOARD

Ruth Ranum

STATE BOARD OF EDUCATION

Robert J. Brown
Erling O. Johnson

Report 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.

Messrs. Pogemiller and Stumpf from the Committee on Education, to which were referred the following appointments as reported in the Journal for January 28, 1993:

STATE BOARD OF TECHNICAL COLLEGES

Muriel S. Abram
James C. Bernstein

Report 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.

Messrs. Pogemiller and Stumpf from the Committee on Education, to which were referred the following appointments as reported in the Journal for March 18, 1993:

STATE BOARD OF TECHNICAL COLLEGES

Anil Jain
Jody Olson
Roy Wallace

Report 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.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Executive and Official Communications.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communication was received.

May 2, 1994

The Honorable Allan H. Spear
President of the Senate

Dear President Spear:

I have vetoed and am returning Chapter 540, Senate File 1867/House File 2048.

This legislation, which carries an appropriation of \$65,000, is unnecessary. The Minnesota Health Care Commission is currently working on a study on financing universal access to health care, and the United States General Accounting Office has already completed a study on this subject.

Warmest regards,
Arne H. Carlson, Governor

Mr. Moe, R.D. moved that S.F. No. 1867 and the veto message thereon be laid on the table. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

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

INTRODUCTION AND FIRST READING OF SENATE BILLS

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

Ms. Flynn, Messrs. Johnson, D.E.; Hottinger; Janezich and Ms. Johnson, J.B. introduced—

S.F. No. 2931: A bill for an act relating to local government; establishing county services districts; requiring counties to cooperate in the delivery of services; authorizing boards and advisory committees; proposing coding for new law in Minnesota Statutes, chapter 373.

Referred to the Committee on Metropolitan and Local Government.

MOTIONS AND RESOLUTIONS - CONTINUED

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 that the House has adopted the recommendation and report of the Conference Committee on House File No. 2411, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2411 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 2, 1994

CONFERENCE COMMITTEE REPORT ON H.F. NO. 2411

A bill for an act relating to retirement; providing for coverage of employees of lessee of Itasca Medical Center facilities by the public employees retirement association.

April 28, 1994

The Honorable Irv Anderson
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 2411, 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. 2411 be further amended as follows:

Page 1, delete lines 21 to 25

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

House Conferees: (Signed) Loren A. Solberg, Bob Johnson, Dave Bishop

Senate Conferees: (Signed) Bob Lessard, Phil J. Riveness, Dennis R. Frederickson

Mr. Lessard moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2411 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. 2411 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 59 and nays 0, as follows:

Those who voted in the affirmative were:

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

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

RECESS

Mr. Moe, R.D. moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

APPOINTMENTS

Mr. Moe, R.D. from the Subcommittee on Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

S.F. No. 103: Messrs. Berg, Janezich and Neuville.

S.F. No. 2540: Ms. Lesewski, Mr. Vickerman and Ms. Johnson, J.B.

S.F. No. 2015: Ms. Flynn, Mrs. Pariseau and Mr. Mondale.

Mr. Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Morse moved that S.F. No. 1945, No. 23 on General Orders, be stricken and re-referred to the Committee on Finance. The motion prevailed.

Mr. Spear moved that S.F. No. 1871, No. 21 on General Orders, be stricken and re-referred to the Committee on Crime Prevention. The motion prevailed.

Ms. Kiscaden moved that H.F. No. 2023, No. 1 on General Orders, be stricken and re-referred to the Committee on Judiciary. The motion prevailed.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 3011 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 3011: A bill for an act relating to transportation; defining terms; making technical changes; ensuring safety is factor in standards for scenic highways and park roads; directing commissioner of transportation to accept performance-specification bids for constructing design-built bridges; prohib-

iting personal transportation vehicles from picking up passengers in seven-county metropolitan area; allowing horse trailer to be component of a recreational vehicle combination; increasing length limitations for recreational vehicle combinations; setting speed limit for residential roadways; providing for installation of override systems to allow operators of emergency vehicles to activate traffic signals; allowing self-propelled implement of husbandry to display flashing amber light; allowing emergency vehicles to display flashing blue lights; creating child passenger restraint and education account to assist families in financial need and for educational purposes; requiring use of mileage-recording equipment on motor vehicles after 1999; establishing youth charter carrier permit system; allowing rail carriers to participate in rail user loan guarantee program; requiring publicly owned or leased motor vehicles to be identified; establishing advisory council on major transportation projects; authorizing donation of vacation leave for state employee; directing commissioner of transportation to erect signs, traffic signals, and noise barriers; exempting public bodies from regulations on all-terrain vehicles; allowing commissioner of transportation to transfer certain real property acquired for highway purposes to former owner through negotiated settlement; modifying highway fund apportionment to counties and changing composition of screening board; providing for bridge inspection frequency and reports; delaying required revision of state transportation plan; authorizing expenditure of rail service maintenance account money for maintenance of rail lines and right-of-way in the rail bank; providing funding sources for rail bank maintenance account; authorizing sale of certain tax-forfeited land that borders public water in New Scandia township in Washington county, and an exchange of that land for land located in Stillwater township in Washington county between the state of Minnesota and the United States Department of Interior, National Park Service; requiring studies; providing for appointments; appropriating money; amending Minnesota Statutes 1992, sections 84.928, subdivision 1; 160.085, subdivision 3; 160.262, by adding a subdivision; 160.81; 160.82, subdivision 2; 161.25; 162.07, subdivisions 1, 3, 5, and 6; 162.09, subdivision 1; 165.03; 168.1281, by adding a subdivision; 169.01, by adding a subdivision; 169.06, by adding a subdivision; 169.14, subdivision 2; 169.64, subdivision 4; 169.685, by adding a subdivision; 174.03, subdivision 1a; 221.011, by adding a subdivision; 221.121, by adding a subdivision; 221.85, subdivision 1; 222.50, subdivision 7; 222.55; 222.56, subdivisions 5, 6, and by adding subdivisions; 222.57; 222.58, subdivision 2; and 222.63, subdivision 8; Minnesota Statutes 1993 Supplement, sections 169.01, subdivision 78; 169.18, subdivision 5; 169.685, subdivision 5; 169.81, subdivision 3c; and 221.111; proposing coding for new law in Minnesota Statutes, chapters 161; 169; and 471; repealing Minnesota Statutes 1992, sections 162.07, subdivision 4; 173.14; and 222.58, subdivision 6; Minnesota Statutes 1993 Supplement, section 168.1281, subdivision 4; Laws 1993, chapter 323, sections 3; and 4; Minnesota Rules, part 8810.1300, subpart 6.

Ms. Krentz moved to amend H.F. No. 3011, as amended pursuant to Rule 49, adopted by the Senate April 29, 1994, as follows:

(The text of the amended House File is identical to S.F. No. 2680.)

Page 1, after line 25, insert:

"Sec. 2. Minnesota Statutes 1993 Supplement, section 168.011, subdivision 36, is amended to read:

Subd. 36. [PERSONAL TRANSPORTATION SERVICE VEHICLE.] "Personal transportation service vehicle" ~~is a means an unmarked passenger vehicle, other than a taxicab licensed by a municipality or other vehicle equipped with a meter, that has a seating capacity of up to six persons excluding the driver, or a van or station wagon with a seating capacity of up to 12 14 persons excluding the driver, that provides personal transportation service as defined in section 221.011, subdivision 34. For purposes of this subdivision, "unmarked" means without visible numbers, letters, symbols, graphic representations; or advertising, but does not include any means of identification required by federal law or rules adopted by the commissioner of transportation under section 221.85.~~

Sec. 3. Minnesota Statutes 1992, section 168.1281, subdivision 1, is amended to read:

Subdivision 1. [LICENSE PLATES.] A person who operates a personal transportation service vehicle shall apply to register the vehicle as provided in this section. The registrar shall issue personal transportation service plates *after determining that the vehicle meets the definition in section 168.011, subdivision 36, and on the applicant's compliance with laws relating to registration and licensing of motor vehicles and drivers, and certification by the owner that an insurance policy meeting the requirements of subdivision 2 is in effect for the entire period of registration. After the effective date of rules adopted by the commissioner of transportation under section 221.85, subdivision 1, personal transportation service plates shall be issued only after the applicant obtains a valid permit to provide personal transportation service issued under section 221.85 and presentation of a valid safety certificate, described under section 221.85, subdivision 1.* The applicant must provide the registrar with proof that the passenger automobile license tax and a \$10 fee have been paid for each vehicle receiving personal transportation service license plates. The registrar shall design personal transportation service license plates so that the plates identify the vehicle as a personal transportation service vehicle, and clearly display the letters "LS." Personal transportation service license plates issued to a vehicle may not be transferred to another vehicle, except that they may be transferred to another personal transportation service vehicle owned by the same owner on notification to the registrar, *presentation of a valid safety certificate, described under section 221.85, subdivision 1, and payment of a \$5 transfer fee.*

Sec. 4. Minnesota Statutes 1992, section 168.1281, subdivision 2, is amended to read:

Subd. 2. [INSURANCE.] An application under subdivision 1 must include a certificate of insurance that (1) verifies that a valid commercial *for-hire* insurance policy is in effect, and (2) gives the name of the insurance company and the number of the policy. The policy must provide stated limits of liability, exclusive of interest and costs, with respect to each vehicle for which coverage is granted, of (1) not less than ~~\$100,000~~ \$250,000 because of bodily injury to one person in any one accident, (2) subject to the limit for one person, not less than ~~\$300,000~~ \$500,000 because of injury to two or more persons in any one accident, and (3) not less than \$100,000 because of injury to or destruction of property. *The certificate of insurance, or attached policy endorsement must require the named insurance company must* to notify the commissioner if the policy is canceled or if the policy no longer provides the coverage required by this subdivision.

Sec. 5. Minnesota Statutes 1992, section 168.1281, is amended by adding a subdivision to read:

Subd. 5. [RECALL OF LICENSE PLATES.] Upon determining that personal transportation service license plates have been issued to a vehicle that does not meet the definition in section 168.011, subdivision 36, that a personal transportation service vehicle is no longer covered by a valid insurance policy as required by subdivision 2, or that the operator of the personal transportation vehicle does not possess a valid permit issued under section 221.85, subdivision 3, the commissioner shall immediately notify the registered owner of the vehicle that the license plates must be surrendered. The owner shall then immediately surrender the license plates to the commissioner. Upon surrender of the license plates, the registrar shall issue appropriate alternate license plates to the vehicle's registered owner without cost."

Page 3, after line 10, insert:

"Sec. 7. Minnesota Statutes 1992, section 221.011, subdivision 34, is amended to read:

Subd. 34. [PERSONAL TRANSPORTATION SERVICE.] "Personal transportation service" means service that:

- (1) is not provided on a regular route;
- (2) is provided in a personal transportation service vehicle as defined in section 168.011, subdivision 36; and
- (3) ~~is not metered for the purpose of determining fares;~~
- (4) ~~provides is prearranged pickup of passengers;~~
- (5) ~~charges more than a taxicab fare for a comparable trip at the initiation and request of a passenger or passenger's representative before pickup.~~

Sec. 8. Minnesota Statutes 1992, section 221.85, subdivision 1, is amended to read:

Subdivision 1. [PERMIT REQUIRED; RULES.] No person may provide personal transportation service for hire without having obtained a personal transportation service permit from the commissioner. The commissioner shall adopt rules governing the issuance of permits and furnishing of personal transportation service. The rules must provide for:

- (1) annual inspections of vehicles, including the designation of authorized inspection facilities throughout the state for the purposes of conducting periodic vehicle safety inspections, on behalf of the state and at the expense of the applicant, and the issuance of safety certificates which shall be required before issuance or renewal of a license plate under section 168.1281, subdivision 1;
- (2) driver qualifications including requiring a criminal history check of drivers;
- (3) insurance requirements;
- (4) advertising regulations, including requiring a copy of the permit to be carried in the personal transportation service vehicle and the use of the words "licensed and insured";

(5) agreements with political subdivisions for sharing enforcement costs with the state;

(6) issuance of temporary permits and fees therefor; and

(7) other requirements the commissioner deems necessary to carry out the purposes of this section.

Sec. 9. Minnesota Statutes 1992, section 221.85, is amended by adding a subdivision to read:

Subd. 1a. [GENERAL REQUIREMENTS.] A personal transportation service provider:

(1) may not solicit an individual, or individuals to form a group, for the purpose of transporting them;

(2) must keep a written log of reservations for personal transportation service and actual services provided, including the times and locations of the reservations and services; and

(3) must keep the logs on file, and available for inspection by the commissioner, for a period of two years.

Sec. 10. Minnesota Statutes 1992, section 221.85, subdivision 3, is amended to read:

Subd. 3. [PERMITS; DECALS.] (a) The commissioner shall design a distinctive decal to be issued to permit holders under this section. A decal is valid for one year from the date of issuance. No person may provide personal transportation service in a personal transportation service vehicle that does not conspicuously display a decal issued under this subdivision.

(b) ~~From August 1, 1992, to June 30, 1993, the fee for each decal issued under this section is \$150. On and after July 1, 1993, The fee for each decal issued under this section is \$80. The fee for each permit issued under this section is \$150 \$500. The commissioner shall deposit all fees under this subdivision in the trunk highway fund.~~

Sec. 11. Laws 1993, chapter 323, section 5, is amended to read:

Sec. 5. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment. ~~Sections 3 and 4 are effective August 1, 1994.~~

Sec. 12. [TRANSITION.]

A person providing personal transportation service as defined in section 7, in a personal transportation service vehicle as defined in section 2, on the day following final enactment may continue to provide personal transportation service in the vehicle without a permit under Minnesota Statutes, section 221.85, subdivision 1, until the effective date of the final rules adopted by the commissioner under that section, except that 30 days following final enactment personal transportation vehicles must be covered by a valid commercial for-hire insurance policy in the amounts specified in section 4.

Sec. 13. [REPEALER.]

(a) Minnesota Statutes 1993 Supplement, section 168.1281, subdivision 4, is repealed.

(b) *Laws 1992, chapter 578, section 56, is repealed.*

(c) *Laws 1993, chapter 323, sections 3 and 4, are repealed."*

Page 3, line 12, delete "1 and 2" and insert "1 to 3 and 5 to 13"

Page 3, line 13, after the period, insert "Section 4 is effective 30 days following the date of final enactment."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Vickerman moved to amend H.F. No. 3011, as amended pursuant to Rule 49, adopted by the Senate April 29, 1994, as follows:

(The text of the amended House File is identical to S.F. No. 2680.)

Page 3, after line 10, insert:

"Sec. 3. Minnesota Statutes 1992, section 221.011, is amended by adding a subdivision to read:

Subd. 46. [BULK COMMODITY.] "Bulk commodity" means a commodity that (1) can be poured, scooped, or shoveled into a vehicle, (2) is carried loose in that vehicle, (3) is confined by the bottom and sides of the vehicle, and (4) is not sacked, boxed, bundled, or otherwise assembled before delivery.

Sec. 4. Minnesota Statutes 1992, section 221.121, subdivision 6c, is amended to read:

Subd. 6c. [CLASS II CARRIERS.] (a) A person desiring to operate as a permit carrier, other than as a carrier listed in section 221.111, clauses (3) to (9), shall follow the procedure established in subdivision 1 and shall specify in the petition whether the person is seeking a class II-T or class II-L permit. If the person meets the criteria established in subdivision 1, the board shall grant the class II-T or class II-L permit or both. A class II permit holder may not own, lease, or otherwise control more than one terminal. The board may not issue a class II permit to a motor carrier who owns, leases, or otherwise controls more than one terminal.

(b) For purposes of this section: (1) utilization of a local cartage carrier by a class II carrier constitutes ownership, lease, or control of a terminal; and (2) "terminal" does not include (i) a terminal used exclusively for handling bulk commodities, and (ii) a terminal used by a permit holder who also holds a class I certificate, household goods permit, or temperature-controlled commodities permit for the unloading, docking, handling, and storage of freight transported under the certificate, household goods permit, or temperature-controlled commodities permit."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Ms. Johnston moved to amend H.F. No. 3011, as amended pursuant to Rule 49, adopted by the Senate April 29, 1994, as follows:

(The text of the amended House File is identical to S.F. No. 2680.)

Page 1, after line 7, insert:

"Section 1. Minnesota Statutes 1992, section 162.06, subdivision 3, is amended to read:

Subd. 3. [DISASTER ACCOUNT.] After deducting administrative costs as provided in subdivision 2, the commissioner shall set aside *each year* a sum of money ~~as is necessary to provide for the calendar year~~ *equal to one percent of the remaining money in the county state-aid highway fund to provide for a disaster account of \$300,000; provided that the total amount of money in the disaster account shall never exceed one percent of the total sums to be apportioned to the counties.* This sum shall be used to provide aid to any county encountering disasters or unforeseen events affecting its county state-aid highway system, and resulting in an undue and burdensome financial hardship. Any county desiring aid by reason of such disaster or unforeseen event shall request the aid in the form required by the commissioner. Upon receipt of the request the commissioner shall appoint a board consisting of ~~three county engineers and three county commissioners from counties two~~ *representatives of the counties, who must be either a county engineer or member of a county board, from counties other than the requesting county, and a representative of the commissioner.* The board shall investigate the matter and report its findings and recommendations in writing to the commissioner. Final determination of the amount of aid, if any, to be paid to the county from the disaster account shall be made by the commissioner. Upon determining to aid any such county the commissioner shall certify to the commissioner of finance the amount of the aid, and the commissioner of finance shall thereupon issue a warrant in that amount payable to the county treasurer of the county. Money so paid shall be expended on the county state-aid highway system in accordance with the rules of the commissioner.

Sec. 2. Minnesota Statutes 1992, section 162.06, subdivision 4, is amended to read:

Subd. 4. [RESEARCH ACCOUNT.] (a) Each year the screening board, provided for in section 162.07, subdivision 5, may recommend to the commissioner a sum of money that the commissioner shall set aside from the county state-aid highway fund and credit to a research account. The amount so recommended and set aside shall not exceed ~~one-quarter~~ *one-half* of one percent of the preceding year's apportionment sum.

(b) Any money so set aside shall be used by the commissioner for the purpose of:

(a) (1) conducting research for improving the design, construction, maintenance and environmental compatibility of state-aid highways and appurtenances;

(b) (2) constructing research elements and reconstructing or replacing research elements that fail; and

(c) (3) conducting programs for implementing and monitoring research results.

(c) Any balance remaining in the research account at the end of each year *from the sum set aside for the year immediately previous, shall be transferred to the county state-aid highway fund."*

Page 1, after line 25, insert:

"Sec. 4. Minnesota Statutes 1992, section 162.12, subdivision 3, is amended to read:

Subd. 3. [DISASTER ACCOUNT.] After deducting administrative costs as provided in subdivision 2, the commissioner shall set aside each year a sum of money equal to two percent of the remaining money in the municipal state-aid street fund to provide for a disaster account; provided, that the total amount of money in the disaster account shall never exceed five percent of the total sums to be apportioned to the *statutory and home rule charter* cities having a population of 5,000 or more. The disaster account shall be used to provide aid to any such city encountering disaster or unforeseen event affecting the municipal state-aid street system of the city, and resulting in an undue and burdensome financial hardship. Any such city desiring aid by reason of such disaster or unforeseen event shall request aid in the form required by the commissioner. Upon receipt of the request the commissioner shall appoint a board consisting of ~~three engineers and three members of the governing bodies~~ *two representatives of the cities, who must be either a city engineer or member of the governing body of a city, from cities other than the requesting city, and a representative of the commissioner.* The board shall investigate the matter and report its findings and recommendations in writing to the commissioner. Final determination of the amount of aid, if any, to be paid to the city from the disaster account shall be made by the commissioner. Upon determining to aid the city, the commissioner shall certify to the commissioner of finance the amount of aid, and the commissioner of finance shall thereupon issue a warrant in that amount payable to the fiscal officer of the city. Money so paid shall be expended on the municipal state-aid street system in accordance with rules of the commissioner.

Sec. 5. Minnesota Statutes 1992, section 162.12, subdivision 4, is amended to read:

Subd. 4. [RESEARCH ACCOUNT.] (a) Each year the screening board, provided for in section 162.13, subdivision 3, may recommend to the commissioner a sum of money that the commissioner shall set aside from the municipal state-aid street fund and credit to a research account. The amount so recommended and set aside shall not exceed ~~one-quarter~~ *one-half* of one percent of the preceding year's apportionment sum.

(b) Any money so set aside shall be used by the commissioner for the purpose of:

(a) (1) conducting research for improving the design, construction, maintenance and environmental compatibility of municipal state-aid streets and appurtenances;

(b) (2) constructing research elements and reconstructing or replacing research elements that fail; and

(c) (3) conducting programs for implementing and monitoring research results.

(c) Any balance remaining in the research account at the end of each year *from the sum set aside for the year immediately previous*, shall be transferred to the municipal state-aid street fund."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Ms. Hanson moved to amend H.F. No. 3011, as amended pursuant to Rule 49, adopted by the Senate April 29, 1994, as follows:

(The text of the amended House File is identical to S.F. No. 2680.)

Page 1, after line 25, insert:

"Sec. 2. Minnesota Statutes 1992, section 169.14, subdivision 5d, is amended to read:

Subd. 5d. [SPEED ZONING IN WORK ZONES; SURCHARGE; ACCOUNT.] (a) The commissioner, on *interstate and trunk* highways and temporary trunk highways, and local authorities, on streets and highways under their jurisdiction, may authorize the use of reduced maximum speed limits in highway work zones. The commissioner or local authority is not required to conduct an engineering and traffic investigation before authorizing a reduced speed limit in a highway work zone.

(b) The minimum highway work zone speed limit is 20 miles per hour. The work zone speed limit must not reduce the established speed limit on the affected street or highway by more than 15 miles per hour, except that the highway work zone speed limit shall not exceed 40 miles per hour. Highway work zone speed limits are effective on erection of appropriate regulatory speed limit signs designating the beginning and end of the affected work zone. The signs must be removed or covered when they are not required. A speed greater than the posted highway work zone speed limit is unlawful.

(c) For purposes of this subdivision, "highway work zone" means a segment of highway or street where a road authority or its agent is constructing, reconstructing, or maintaining the physical structure of the roadway, its shoulders, or features adjacent to the roadway, including underground and overhead utilities and highway appurtenances.

(d) *Notwithstanding section 609.0331 or 609.101 or other law to the contrary, a person who violates paragraph (b) while on an interstate or trunk highway is assessed an additional surcharge equal to the amount of the fine imposed for the speed violation, but not less than \$25. The surcharge must be deposited in the state treasury and credited to the general fund.*"

Page 3, after line 10, insert:

"Sec. 4. [APPROPRIATION.]

\$25,000 is appropriated to the commissioner of transportation for highway work zone safety management and public education efforts to increase public awareness of highway work zone safety."

Page 3, line 13, after the period, insert "Section 2 is effective July 1, 1994."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Terwilliger moved to amend H.F. No. 3011, as amended pursuant to Rule 49, adopted by the Senate April 29, 1994, as follows:

(The text of the amended House File is identical to S.F. No. 2680.)

Page 3, after line 10, insert:

"Sec. 3. [STUDY COMMITTEE ON STATEWIDE PARATRANSIT.]

Subdivision 1. [ESTABLISHMENT; PURPOSE.] A state advisory council is established to provide a forum at the state level for education, discussion, investigation, evaluation, and advice to the legislature on the viability and need for a statewide paratransit commission.

Subd. 2. [AUTHORITY; DUTIES.] The advisory council shall identify, evaluate, and make findings regarding:

(1) current compliance with the federal Americans with Disabilities Act in providing paratransit service;

(2) the need for and needs of a statewide paratransit system; and

(3) the viability and need for establishing a statewide paratransit commission.

The advisory council shall submit to the legislature a report and recommendations on a statewide paratransit commission and system by February 1, 1995.

Subd. 3. [MEMBERSHIP.] The advisory council shall consist of 13 members who serve at the pleasure of the appointing authority as follows:

(1) four legislators; two members of the senate appointed by the subcommittee on committees of the committee on rules and administration, no more than one member from the majority political party, and two members of the house of representatives appointed by the speaker, no more than one member from the majority political party;

(2) a member of the metropolitan council, appointed by the chair of the metropolitan council;

(3) a representative from the office of transit of the department of transportation, appointed by the commissioner of transportation;

(4) the member of the regional transit board who is a representative for persons with disabilities; and

(5) six public members appointed by the governor, consisting of:

(i) two consumers of paratransit service who are senior citizens, one from the metropolitan area and one from outside the metropolitan area;

(ii) two consumers of paratransit service who are persons with disabilities, one from the metropolitan area and one from outside the metropolitan area; and

(iii) two paratransit service providers, one from the metropolitan area and one from outside the metropolitan area.

Subd. 4. [CHAIR.] The governor shall designate one of the consumers of paratransit service to serve as the chair of the advisory council.

Subd. 5. [ADMINISTRATION.] Legislative staff and the commissioner of transportation shall provide administrative and staff assistance when requested by the advisory council.

Subd. 6. [EXPENSES.] The commissioner of transportation shall compensate the members of the advisory council. The council members who are not legislators are to be compensated in an amount provided by Minnesota Statutes, section 15.059, subdivision 3. Members of the legislature are to be paid per diem and expenses in an amount provided by Minnesota Statutes, section 3.099. The council shall adopt a budget of estimated expenses at its first meeting and provide a copy to the commissioner of transportation."

Renumber the sections in sequence and correct the internal references.

Amend the title accordingly

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

Ms. Olson moved to amend H.F. No. 3011, as amended pursuant to Rule 49, adopted by the Senate April 29, 1994, as follows:

(The text of the amended House File is identical to S.F. No. 2680.)

Page 3, after line 10, insert:

"Sec. 3. [I-394 HIGHWAY LANE.]

Notwithstanding Minnesota Statutes, section 161.123, or other law to the contrary, the commissioner of transportation, in order to provide additional lanes of travel, may utilize existing available paved road surface and right-of-way on Interstate Highway I-394 at or about its intersection with Penn Avenue in the city of Minneapolis, encompassing only the road surfaces, including paved shoulders, between the on ramps and off ramps of Penn Avenue."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

CALL OF THE SENATE

Mr. Spear imposed a call of the Senate for the balance of the proceedings on H.F. No. 3011. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the amendment.

Mr. Moe, R.D. moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 35 and nays 24, as follows:

Those who voted in the affirmative were:

Adkins	Day	Laidig	Neuville	Runbeck
Belanger	Frederickson	Langseth	Oliver	Sams
Benson, D.D.	Hanson	Lesewski	Olson	Stevens
Benson, J.E.	Johnson, D.E.	Lessard	Pariseau	Stumpf
Berg	Johnston	Luther	Price	Terwilliger
Bertram	Kiscaden	McGowan	Reichgott Junge	Vickerman
Chmielewski	Knutson	Mondale	Robertson	Wiener

Those who voted in the negative were:

Anderson	Cohen	Johnson, D.J.	Marty	Pogemiller
Beckman	Finn	Johnson, J.B.	Merriam	Ranum
Berglin	Flynn	Kelly	Moe, R.D.	Samuelson
Betzold	Hottinger	Krentz	Morse	Spear
Chandler	Janezich	Kroening	Pappas	

The motion prevailed. So the amendment was adopted.

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Novak moved that the following members be excused for a Conference Committee on S.F. No. 1706 at 1:00 p.m.:

Messrs. Novak, Metzen, Dille, Riveness and Murphy. The motion prevailed.

Ms. Berglin moved to amend H.F. No. 3011, as amended pursuant to Rule 49, adopted by the Senate April 29, 1994, as follows:

(The text of the amended House File is identical to S.F. No. 2680.)

Page 3, after line 10, insert:

"Sec. 3. [ENVIRONMENTAL IMPACT STATEMENT.]

The commissioner of transportation shall not take any action to widen and replace the I-35W bridge deck over Minnehaha Parkway until an environmental impact statement has been issued."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Frederickson moved to amend H.F. No. 3011, as amended pursuant to Rule 49, adopted by the Senate April 29, 1994, as follows:

(The text of the amended House File is identical to S.F. No. 2680.)

Page 1, after line 25, insert:

"Sec. 2. Minnesota Statutes 1992, section 168.012, subdivision 1, is amended to read:

Subdivision 1. (a) The following vehicles are exempt from the provisions of this chapter requiring payment of tax and registration fees, except as provided in subdivision 1c:

(1) vehicles owned and used solely in the transaction of official business by representatives of foreign powers, by the federal government, the state, or any political subdivision *except vehicles used by the state lottery in the transaction of any official business;*

(2) vehicles owned and used exclusively by educational institutions and used solely in the transportation of pupils to and from such institutions;

(3) vehicles used solely in driver education programs at nonpublic high schools;

(4) vehicles owned by nonprofit charities and used exclusively to transport disabled persons for educational purposes;

(5) vehicles owned and used by honorary consul or consul general of foreign governments; and

(6) ambulances owned by ambulance services licensed under section 144.802, the general appearance of which is unmistakable.

(b) Vehicles owned by the federal government, municipal fire apparatus,

police patrols and ambulances, the general appearance of which is unmistakable, shall not be required to register or display number plates.

(c) Unmarked vehicles used in general police work, liquor investigations, arson investigations, and passenger automobiles, pickup trucks, and buses owned or operated by the department of corrections shall be registered and shall display appropriate license number plates which shall be furnished by the registrar at cost. Original and renewal applications for these license plates authorized for use in general police work and for use by the department of corrections must be accompanied by a certification signed by the appropriate chief of police if issued to a police vehicle, the appropriate sheriff if issued to a sheriff's vehicle, the commissioner of corrections if issued to a department of corrections vehicle, or the appropriate officer in charge if issued to a vehicle of any other law enforcement agency. The certification must be on a form prescribed by the commissioner and state that the vehicle will be used exclusively for a purpose authorized by this section.

(d) Unmarked vehicles used by the department of revenue in conducting seizures or criminal investigations must be registered and must display passenger vehicle classification license number plates which shall be furnished at cost by the registrar. Original and renewal applications for these passenger vehicle license plates must be accompanied by a certification signed by the commissioner of revenue. The certification must be on a form prescribed by the commissioner and state that the vehicles will be used exclusively for the purposes authorized by this section.

(e) All other motor vehicles shall be registered and display tax-exempt number plates which shall be furnished by the registrar at cost, except as provided in subdivision 1c. All vehicles required to display tax-exempt number plates shall have the name of the state department or political subdivision, or the nonpublic high school operating a driver education program, on the vehicle plainly displayed on both sides thereof in letters not less than 2-1/2 inches high and one-half inch wide; except that each state hospital and institution for the mentally ill and mentally retarded may have one vehicle without the required identification on the sides of the vehicle, and county social service agencies may have vehicles used for child and vulnerable adult protective services without the required identification on the sides of the vehicle. Such identification shall be in a color giving contrast with that of the part of the vehicle on which it is placed and shall endure throughout the term of the registration. The identification must not be on a removable plate or placard and shall be kept clean and visible at all times; except that a removable plate or placard may be utilized on vehicles leased or loaned to a political subdivision or to a nonpublic high school driver education program.

Sec. 3. [REPEALER.]

Laws 1994, chapter 501, section 1, is repealed."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

RECONSIDERATION

Having voted on the prevailing side, Mr. Oliver moved that the vote whereby the Berglin amendment to H.F. No. 3011 was adopted on May 2,

1994, be now reconsidered. The motion did not prevail. So the vote was not reconsidered.

H.F. No. 3011 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 1, as follows:

Those who voted in the affirmative were:

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

Mr. Spear voted in the negative.

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

MOTIONS AND RESOLUTIONS - CONTINUED

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 that the House has adopted the recommendation and report of the Conference Committee on House File No. 3209, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 3209 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 2, 1994

CONFERENCE COMMITTEE REPORT ON H.F. NO. 3209

A bill for an act relating to the financing and operation of state and local government; conforming with changes in the federal income tax law; changing tax brackets, rates, bases, exemptions, withholding, payments, and refunds; allowing tax credits; providing aids to local governments; changing the calculation of property tax refunds; modifying property tax provisions relating to petitions, procedures, valuation, levies, classifications, homesteads, credits, and exemptions; abolishing limited market value; changing certain tax return or report requirements; changing operation of the local government trust fund; authorizing special assessments; authorizing local taxes; enacting

provisions relating to certain cities, counties, special taxing districts, and towns; changing certain redemption provisions; reforming state budget procedures; changing the deposit of certain revenues; changing certain bonding provisions and authorizing bonding; modifying tax increment financing requirements; requiring certain permits and permit fees; requiring certain disclosures; requiring studies; transferring and appropriating money and limiting appropriations; amending Minnesota Statutes 1992, sections 16A.711, subdivisions 4 and 5; 60A.15, by adding a subdivision; 124.196; 271.06, subdivision 7; 272.121, subdivision 1; 273.111, subdivision 11; 273.1398, by adding a subdivision; 273.1399, by adding a subdivision; 273.165, subdivision 1; 278.05, subdivision 6; 289A.02, by adding a subdivision; 289A.25, subdivision 5; 290.01, subdivision 19d, and by adding a subdivision; 290.05, subdivision 3, and by adding a subdivision; 290.06, subdivisions 2c and 2d; 290.067, subdivision 1; 290.068, subdivision 2; 290.0802, subdivisions 1 and 2; 290.0921, subdivision 2; 290.35, by adding a subdivision; 290A.04, subdivisions 2 and 2a; 296.16, subdivision 1; 297.01, by adding a subdivision; 297A.01, by adding a subdivision; 297A.02, subdivision 2, and by adding a subdivision; 297A.021, by adding a subdivision; 297A.135, subdivision 1; 297A.15, subdivision 5; 297A.25, subdivision 9, and by adding subdivisions; 297A.256; 297A.44, subdivision 4; 297C.03, subdivision 6; 297C.13, subdivision 1; 298.017, subdivision 2; 298.26; 340A.311; 360.036, subdivisions 2 and 3; 360.037, subdivision 2; 360.042, subdivision 10; 469.004, subdivision 1a; 469.175, subdivisions 3, 4, and by adding a subdivision; 469.1761, subdivisions 1, 2, and 3; 469.177, subdivision 1a; 473.341; 473H.05, by adding a subdivision; 473H.18; and 580.23, as amended; Minnesota Statutes 1993 Supplement, sections 16A.712; 84.794, subdivision 1; 84.803, subdivision 1; 270.78; 273.11, subdivisions 5, 16, and by adding a subdivision; 273.121; 273.124, subdivision 1; 273.13, subdivisions 23 and 24; 275.065, subdivision 3; 276.04, subdivision 2; 278.01, subdivision 1; 289A.11, subdivision 1; 289A.26, subdivision 7; 289A.60, subdivision 21; 290.01, subdivision 19; 290.091, subdivision 2; 290A.03, subdivision 3; 290A.04, subdivisions 2h, as amended, and 6; 290A.23, subdivision 1; 296.02, subdivision 1a; 296.025, subdivision 1a; 297A.01, subdivision 16; 297B.03; 469.176, subdivisions 1b and 4c; and 477A.03, subdivision 1; Laws 1969, chapter 499, section 2; Laws 1993, chapter 375, article 9, section 51; proposing coding for new law in Minnesota Statutes, chapters 16A; 275; 296; 297A; 297B; 462C; 469; and 473; repealing Minnesota Statutes 1992, sections 290.05, subdivision 6; and 290.067, subdivision 6; Minnesota Statutes 1993 Supplement, sections 82.19, subdivision 9; 273.11, subdivision 1a; and 289A.25, subdivision 5a.

April 30, 1994

The Honorable Irv Anderson
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H.F. No. 3209, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H.F. No. 3209 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

INCOME TAX AND BUSINESS TAXES

Section 1. Minnesota Statutes 1992, section 60A.02, is amended by adding a subdivision to read:

Subd. 4a. [MUTUAL PROPERTY AND CASUALTY INSURANCE COMPANY.] "Mutual property and casualty insurance company" includes a property and casualty insurance company that was converted to a stock company after December 31, 1987, and before January 1, 1994, if the company was controlled on the date of conversion by a mutual life insurance company and so long as the company continues to be controlled by a mutual life insurance company.

Sec. 2. Minnesota Statutes 1992, section 60A.15, is amended by adding a subdivision to read:

Subd. 15. [GUARANTY ASSOCIATION ASSESSMENT OFFSET.] An insurance company may offset against its premium tax liability to this state any amount paid pursuant to assessments made for insolvencies which occur after July 31, 1994, under sections 60C.01 to 60C.22, and any amount paid pursuant to assessments made after July 31, 1994, under Minnesota Statutes 1992, sections 61B.01 to 61B.16, or sections 61B.18 to 61B.32 as follows:

(a) Each such assessment shall give rise to an amount of offset equal to 20 percent of the amount of the assessment for each of the five calendar years following the year in which the assessment was paid.

(b) The amount of offset initially determined for each taxable year is the sum of the amounts determined under paragraph (a) for that taxable year.

(c) Each year the commissioner of revenue shall compare total guaranty association assessments levied over the preceding five calendar years to the sum of all premium tax and corporate franchise tax revenues collected from insurance companies, without reduction for any guaranty association assessment offset in the preceding calendar year, referred to in this subdivision as "preceding year insurance tax revenues." If total guaranty association assessments levied over the preceding five years exceed the preceding year insurance tax revenues, insurance companies shall be allowed only a proportionate part of the premium tax offset calculated under paragraph (b) for the current calendar year. The proportionate part of the premium tax offset allowed in the current calendar year is determined by multiplying the amount calculated under paragraph (b) by a fraction, the numerator of which equals the preceding year insurance tax revenues and the denominator of which equals total guaranty association assessments levied over the preceding five-year period. The proportionate part of the premium tax offset that is not allowed shall be carried forward to subsequent tax years and added to the amount of premium tax offset calculated under paragraph (b) prior to application of the limitation imposed by this paragraph. Any amount carried forward from prior years must be allowed before allowance of the offset for the current year calculated under paragraph (b). The premium tax offset limitation must be calculated separately for (1) insurance companies subject to assessment under sections 60C.01 to 60C.22, and (2) insurance companies subject to assessment under Minnesota Statutes 1992, sections 61B.01 to 61B.16, or sections 61B.18 to 61B.32. When the premium tax offset is limited by this provision, the commissioner of revenue shall notify affected insurance

companies on a timely basis for purposes of completing premium and corporate franchise tax returns. The guaranty associations created under sections 60C.01 to 60C.22, Minnesota Statutes 1992, sections 61B.01 to 61B.16, and sections 61B.18 to 61B.32, shall provide the commissioner of revenue with the necessary information on guaranty association assessments. The limitation in this paragraph is effective for offsets allowable in 1999 and thereafter.

(d) If the offset determined by the application of paragraphs (a) to (c) exceeds the greater of the insurance company's premium tax liability under this section or its corporate franchise tax liability under chapter 290 prior to allowance of the credit for premium taxes, then the insurance company may carry forward the excess, referred to in this subdivision as the "carryforward credit," to subsequent taxable years. The carryforward credit shall be allowed as an offset against premium tax liability for the first succeeding year to the extent that the premium tax liability for that year exceeds the amount of the allowable offset for the year determined under paragraphs (a) to (c). The carryforward credit shall be reduced, but not below zero, by the greater of the amount of the carryforward credit allowed as an offset against the premium tax under this paragraph or the amount of the carryforward credit allowed as an offset against the insurance company's corporate franchise tax liability under section 290.35, subdivision 6, paragraph (d). The remainder, if any, of the carryforward credit must be carried forward to succeeding taxable years until the entire carryforward credit has been credited against the insurance company's liability for premium tax under this chapter and corporate franchise tax under chapter 290 if applicable for that taxable year.

(e) A refund paid by the Minnesota life and health insurance guaranty association to member insurers under Minnesota Statutes 1992, section 61B.07, subdivision 6, or section 61B.24, subdivision 6, with respect to an assessment payment which has been offset against taxes shall reduce the carryforward credit determined under paragraph (d). If the refund exceeds the amount of the carryforward credit, it shall be repaid by the insurers to the extent of the offset to the state in the manner the commissioner of revenue requires.

Sec. 3. Minnesota Statutes 1992, section 289A.02, is amended by adding a subdivision to read:

Subd. 7. [INTERNAL REVENUE CODE.] Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 1993.

Sec. 4. Minnesota Statutes 1992, section 289A.25, subdivision 5, is amended to read:

Subd. 5. [AMOUNT OF REQUIRED INSTALLMENT.] The amount of any installment required to be paid shall be 25 percent of the required annual payment except as provided in clause (3). The term "required annual payment" means the lesser of

(1) 90 percent of the tax shown on the return for the taxable year or 90 percent of the tax for the year if no return is filed, or

(2) the total tax liability shown on the return of the individual taxpayer for the preceding taxable year, if a return showing a liability for the taxes was filed by the individual taxpayer for the preceding taxable year of 12 months.

If the adjusted gross income shown on the return of the taxpayer for the preceding taxable year exceeds \$150,000, this clause shall be applied by substituting "110 percent of the total tax liability" for "the total tax liability"

(i) for an individual who is not a Minnesota resident for the entire year, the term "adjusted gross income" means the Minnesota share of that income apportioned to Minnesota under section 290.06, subdivision 2c, paragraph (e), or

(ii) for a trust the term "adjusted gross income" means the income assigned to Minnesota under section 290.17; or

(3) an amount equal to the applicable percentage of the tax for the taxable year computed by placing on an annualized basis the taxable income and alternative minimum taxable income for the months in the taxable year ending before the month in which the installment is required to be paid. The applicable percentage of the tax is 22.5 percent in the case of the first installment, 45 percent for the second installment, 67.5 percent for the third installment, and 90 percent for the fourth installment. For purposes of this clause, the taxable income and alternative minimum taxable income shall be placed on an annualized basis by

(i) multiplying by 12 (or in the case of a taxable year of less than 12 months, the number of months in the taxable year) the taxable income and alternative minimum taxable income computed for the months in the taxable year ending before the month in which the installment is required to be paid; and

(ii) dividing the resulting amount by the number of months in the taxable year ending before the month in which the installment date falls.

A reduction in an installment under clause (3) must be recaptured by increasing the amount of the next required installment by the amount of the reduction.

Sec. 5. Minnesota Statutes 1993 Supplement, 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) ~~97~~ 100 percent of the tax shown on the return for the taxable year, or, if no return is filed, ~~97~~ 100 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:
1st	24.25 25
2nd	48.5 50
3rd	72.75 75
4th	97 100

(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. 6. Minnesota Statutes 1993 Supplement, section 290.01, subdivision 19, is amended to read:

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

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

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

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

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

The Internal Revenue Code of 1986, as amended through December 31, 1986, shall be in effect for taxable years beginning after December 31, 1986. The provisions of sections 10104, 10202, 10203, 10204, 10206, 10212,

10221, 10222, 10223, 10226, 10227, 10228, 10611, 10631, 10632, and 10711 of the Omnibus Budget Reconciliation Act of 1987, Public Law Number 100-203, 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, and the provisions of section 13224 and 13261 of the Omnibus Budget Reconciliation Act of 1993, Public Law Number 103-66, 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 provisions of section 13431 of the Omnibus Budget Reconciliation Act of 1993, Public Law Number 103-66, shall become effective at the time they become effective for federal purposes.

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, and the provisions of sections 13101, 13114, 13122, 13141, 13150, 13151, 13174, 13239, 13301, and 13442 of the Omnibus Budget Reconciliation Act of 1993, Public Law Number 103-66, 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.

The provisions of sections 13116, 13121, 13206, 13210, 13222, 13223, 13231, 13232, 13233, 13239, 13262, and 13321 of the Omnibus Budget Reconciliation Act of 1993, Public Law Number 103-66, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1993, shall be in effect for taxable years beginning after December 31, 1993.

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, is amended by adding a subdivision to read:

Subd. 4b. [MUTUAL PROPERTY AND CASUALTY INSURANCE COMPANY.] "Mutual property and casualty insurance company" includes a property and casualty insurance company that was converted to a stock company after December 31, 1987, and before January 1, 1994, if the company was controlled on the date of conversion by a mutual life insurance company and so long as the company continues to be controlled by a mutual life insurance company.

Sec. 8. Minnesota Statutes 1992, section 290.01, subdivision 19d, is amended to read:

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

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

(2) the amount of salary expense not allowed for federal income tax purposes due to claiming the federal jobs credit under section 51 of the Internal Revenue Code;

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

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

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

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

(5) the deduction for capital losses pursuant to sections 1211 and 1212 of the Internal Revenue Code, except that:

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

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

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

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

(6) an amount for interest and expenses relating to income not taxable for federal income tax purposes, if (i) the income is taxable under this chapter and (ii) the interest and expenses were disallowed as deductions under the provisions of section 171(a)(2), 265 or 291 of the Internal Revenue Code in computing federal taxable income;

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

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

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

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

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

Taxable Year

Beginning After Percentage

December 31, 1988 50 percent

December 31, 1990 80 percent;

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

(13) the amount of handicap access expenditures in the taxable year which are not allowed to be deducted or capitalized under section 44(d)(7) of the Internal Revenue Code of 1986; and

(14) the amount of qualified research expenses not allowed for federal income tax purposes under section 280C(c) of the Internal Revenue Code, but only to the extent that the amount exceeds the amount of the credit allowed under section 290.068; and

(15) the amount of salary expenses not allowed for federal income tax purposes due to claiming the Indian employment credit under section 45A(a) of the Internal Revenue Code of 1986, as amended through December 31, 1993.

Sec. 9. Minnesota Statutes 1992, section 290.01, is amended by adding a subdivision to read:

Subd. 31. [INTERNAL REVENUE CODE.] Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 1993.

Sec. 10. Minnesota Statutes 1992, section 290.05, subdivision 3, is amended to read:

Subd. 3. (a) An organization exempt from taxation under subdivision 2 shall, nevertheless, be subject to tax under this chapter to the extent provided in the following provisions of the Internal Revenue Code:

- (i) section 527 (dealing with political organizations);
- (ii) section 528 (dealing with certain homeowners associations);
- (iii) sections 511 to 515 (dealing with unrelated business income); and
- (iv) section 521 (dealing with farmers' cooperatives); and
- (v) section 6033(e)(2) (dealing with lobbying expense); but

notwithstanding this subdivision, shall be considered an organization exempt from income tax for the purposes of any law which refers to organizations exempt from income taxes.

(b) The tax shall be imposed on the taxable income of political organizations or homeowner associations or the unrelated business taxable income, as defined in section 512 of the Internal Revenue Code, of organizations defined in section 511 of the Internal Revenue Code, provided that the tax is not imposed on:

(1) advertising revenues from a newspaper published by an organization described in section 501(c)(4) of the Internal Revenue Code; or

(2) revenues from lawful gambling authorized under chapter 349 that are expended for purposes that qualify for the deduction for charitable contributions under section 170 of the Internal Revenue Code of 1986, as amended through December 31, ~~1991~~ 1993, disregarding the limitation under section 170(b)(2), but only to the extent the contributions are not deductible in computing federal taxable income.

The tax shall be at the corporate rates. The tax shall only be imposed on income and deductions assignable to this state under sections 290.17 to 290.20. To the extent deducted in computing federal taxable income, the deductions contained in section 290.21 shall not be allowed in computing Minnesota taxable net income.

(c) The tax shall be imposed on organizations subject to federal tax under section 6033(e)(2) of the Internal Revenue Code of 1986, as amended through December 31, 1993, in an amount equal to the corporate tax rate multiplied by the amount of lobbying expenses taxed under section 6033(e)(2) which are attributable to lobbying the Minnesota state government.

Sec. 11. Minnesota Statutes 1992, section 290.05, is amended by adding a subdivision to read:

Subd. 8. [AUTHORITY TO REVOKE EXEMPTION FOR FAILURE TO COMPLY WITH FEDERAL LAW.] The commissioner may examine or investigate an entity claiming exemption under this section and subpart F of the Internal Revenue Code. The commissioner may revoke the exemption under this section for violations of federal law that would permit the commissioner of internal revenue or the secretary of the treasury to revoke the exemption under federal law, regardless of whether such action has been taken under federal law. A revocation under this subdivision is subject to administrative review under section 289A.65.

Sec. 12. Minnesota Statutes 1992, section 290.06, subdivision 2c, is amended to read:

Subd. 2c. [SCHEDULES OF RATES FOR INDIVIDUALS, ESTATES, AND TRUSTS.] (a) The income taxes imposed by this chapter upon married individuals filing joint returns and surviving spouses as defined in section 2(a) of the Internal Revenue Code of 1986 as amended through December 31, 1991, must be computed by applying to their taxable net income the following schedule of rates:

- (1) On the first \$19,910, 6 percent;*
- (2) On all over \$19,910, but not over \$79,120, 8 percent;*
- (3) On all over \$79,120, 8.5 percent.*

Married individuals filing separate returns, estates, and trusts must compute their income tax by applying the above rates to their taxable income, except that the income brackets will be one-half of the above amounts.

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

- (1) On the first \$13,620, 6 percent;*
- (2) On all over \$13,620, but not over \$44,750, 8 percent;*

(3) On all over \$44,750, 8.5 percent.

(c) The income taxes imposed by this chapter upon unmarried individuals qualifying as a head of household as defined in section 2(b) of the Internal Revenue Code of 1986, as amended through December 31, 1991, must be computed by applying to taxable net income the following schedule of rates:

(1) On the first \$16,770, 6 percent;

(2) On all over \$16,770, but not over \$67,390, 8 percent;

(3) On all over \$67,390, 8.5 percent.

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

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

(1) The numerator is the individual's Minnesota source federal adjusted gross income as defined in section 62 of the Internal Revenue Code of 1986, as amended through December 31, 1991, ~~less the deduction allowed by section 247 of the Internal Revenue Code of 1986, as amended through December 31, 1991,~~ after applying the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

(2) the denominator is the individual's federal adjusted gross income as defined in section 62 of the Internal Revenue Code of 1986, as amended through December 31, ~~1991~~ 1993, increased by the addition required for interest income from non-Minnesota state and municipal bonds under section 290.01, subdivision 19a, clause (1).

Sec. 13. Minnesota Statutes 1992, section 290.067, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT OF CREDIT.] (a) A taxpayer may take as a credit against the tax due from the taxpayer and a spouse, if any, under this chapter an amount equal to the dependent care credit for which the taxpayer is eligible pursuant to the provisions of section 21 of the Internal Revenue Code subject to the limitations provided in subdivision 2 except that in determining whether the child qualified as a dependent, income received as an aid to families with dependent children grant or allowance to or on behalf of the child must not be taken into account in determining whether the child received more than half of the child's support from the taxpayer, and the provisions of section 32(b)(1)(D) of the Internal Revenue Code ~~of 1986, as amended through December 31, 1991,~~ do not apply.

(b) If a child who is six years of age or less at the close of the taxable year is cared for at a licensed family day care home operated by the child's parent, the taxpayer is deemed to have paid employment-related expenses. If the child

is 16 months old or younger at the close of the taxable year, the amount of expenses deemed to have been paid equals the maximum limit for one qualified individual under section 21(c) and (d) of the Internal Revenue Code. If the child is older than 16 months of age but not older than six years of age at the close of the taxable year, the amount of expenses deemed to have been paid equals the amount the licensee would charge for the care of a child of the same age for the same number of hours of care.

(c) *If a married couple:*

(1) *has a child one year of age or less at the close of the taxable year;*

(2) *files a joint tax return for the taxable year; and*

(3) *does not participate in a dependent care assistance program as defined in section 129 of the Internal Revenue Code, in lieu of the actual employment related expenses paid for that child under paragraph (a) or the deemed amount under paragraph (b), the lesser of (i) the combined earned income of the couple or (ii) \$2,400 will be deemed to be the employment related expense paid for that child. The earned income limitation of section 21(d) of the Internal Revenue Code shall not apply to this deemed amount. These deemed amounts apply regardless of whether any employment-related expenses have been paid.*

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

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

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

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

In the case of a nonresident, part-year resident, or a person who has earned income not subject to tax under this chapter, the credit determined under section 21 of the Internal Revenue Code must be allocated based on the ratio by which the earned income of the claimant and the claimant's spouse from Minnesota sources bears to the total earned income of the claimant and the claimant's spouse.

Sec. 14. Minnesota Statutes 1992, section 290.068, subdivision. 2, is amended to read:

Subd. 2. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given.

(a) "Qualified research expenses" means (i) qualified research expenses and basic research payments as defined in section 41(b) and (e) of the Internal Revenue Code, except it does not include expenses incurred for qualified research or basic research conducted outside the state of Minnesota pursuant to section 41(d) and (e) of the Internal Revenue Code; and (ii) contributions

to a nonprofit corporation established and operated pursuant to the provisions of chapter 317A for the purpose of promoting the establishment and expansion of business in this state, provided the contributions are invested by the nonprofit corporation for the purpose of providing funds for small, technologically innovative enterprises in Minnesota during the early stages of their development.

(b) "Qualified research" means qualified research as defined in section 41(d) of the Internal Revenue Code, except that the term does not include qualified research conducted outside the state of Minnesota.

(c) "Base amount" means base amount as defined in section 41(c) of the Internal Revenue Code, except that the average annual gross receipts must be calculated using Minnesota sales or receipts under section 290.191 and the definitions contained in clauses (a) and (b) shall apply.

(d) ~~"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 1991.~~

Sec. 15. Minnesota Statutes 1992, section 290.0802, subdivision 1, is amended to read:

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

(a) "Adjusted gross income" means federal adjusted gross income as used in section 22(d) of the Internal Revenue Code for the taxable year, plus a lump sum distribution as defined in section 402(e)(3) of the Internal Revenue Code, and less any pension, annuity, or disability benefits included in federal gross income but not subject to state taxation other than the subtraction allowed under section 290.01, subdivision 19b, clause (4).

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

(c) ~~"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 1991.~~

(d) "Nontaxable retirement and disability benefits" means the amount of pension, annuity, or disability benefits that would be included in the reduction under section 22(c)(3) of the Internal Revenue Code and pension, annuity, or disability benefits included in federal gross income but not subject to state taxation other than the subtraction allowed under section 290.01, subdivision 19b, clause (4).

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

(e) *"Social security benefits above the second federal threshold" means the amount of social security benefits included in federal taxable income due to the provisions of section 13215 of the Omnibus Budget Reconciliation Act of 1993, Public Law Number 103-66.*

Sec. 16. Minnesota Statutes 1992, section 290.0802, subdivision 2, is amended to read:

Subd. 2. [SUBTRACTION.] (a) A qualified individual is allowed a subtraction from federal taxable income for the *greater of (1) the individual's subtraction base amount or (2) the minimum amount.* The excess of the

subtraction base amount over the taxable net income computed without regard to the subtraction for the elderly or disabled under section 290.01, subdivision 19b, clause (5), may be used to reduce the amount of a lump sum distribution subject to tax under section 290.032.

(b)(1) The initial subtraction base amount equals

(i) ~~\$10,000~~ \$12,000 for a married taxpayer filing a joint return if a spouse is a qualified individual,

(ii) ~~\$8,000~~ \$9,600 for a single taxpayer, and

(iii) ~~\$5,000~~ \$6,000 for a married taxpayer filing a separate federal return.

(2) The qualified individual's initial subtraction base amount, then, must be reduced by the sum of nontaxable retirement and disability benefits and one-half of the amount of adjusted gross income in excess of the following thresholds:

(i) ~~\$15,000~~ \$18,000 for a married taxpayer filing a joint return if both spouses are qualified individuals,

(ii) ~~\$12,000~~ \$14,500 for a single taxpayer or for a married couple filing a joint return if only one spouse is a qualified individual, and

(iii) ~~\$7,500~~ \$9,000 for a married taxpayer filing a separate federal return.

(3) In the case of a qualified individual who is under the age of 65, the maximum amount of the subtraction base may not exceed the taxpayer's disability income.

(4) The resulting amount is the subtraction base amount.

(c) *Qualified individuals who must include social security benefits above the second federal threshold in federal taxable income may claim a minimum amount equal to the lesser of*

(1) *the amount of social security benefits above the second federal threshold included in federal taxable income; or*

(2) *a minimum amount subject to an income phase-out.*

For taxable years beginning after December 31, 1993, and before January 1, 1995, the minimum amount equals

(i) \$3,750 for married individuals filing a joint return if both spouses are qualified individuals,

(ii) \$3,000 for a single taxpayer or for married individuals filing a joint return if one spouse is a qualified individual, and

(iii) \$1,875 for a married individual filing a separate return.

For taxable years beginning after December 31, 1994, and before January 1, 1996, the minimum amount equals

(i) \$2,250 for married individuals filing a joint return if both spouses are qualified individuals,

(ii) \$1,800 for a single taxpayer or for married individuals filing a joint return if one spouse is a qualified individual, and

(iii) \$1,125 for married individuals filing a separate return.

For taxable years beginning after December 31, 1995, and before January 1, 1997, the minimum amount equals

(i) \$1,000 for married individuals filing a joint return if both spouses are qualified individuals,

(ii) \$800 for a single taxpayer or for married individuals filing a joint return if one spouse is a qualified individual, and

(iii) \$500 for married individuals filing a separate return.

For taxable years beginning after December 31, 1996, the minimum amount is zero.

The minimum amount is reduced by 20 percent for each \$1,000 of adjusted gross income above an income threshold, but in no case may the minimum amount be reduced to less than zero. The income thresholds equal

(i) \$75,000 for married individuals filing a joint return if both spouses are qualified individuals,

(ii) \$60,000 for single taxpayers and for married individuals filing a joint return if only one spouse is a qualified individual, and

(iii) \$37,500 for married individuals filing a separate return.

Sec. 17. Minnesota Statutes 1993 Supplement, 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), *to the extent included in federal alternative minimum taxable income*; 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, 1992.~~

(c) ~~“Investment interest” means investment interest as defined in section 163(d)(3) of the Internal Revenue Code.~~

(d) (c) ~~“Tentative minimum tax” equals seven percent of alternative minimum taxable income after subtracting the exemption amount determined under subdivision 3.~~

(e) (d) ~~“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) (e) ~~“Net minimum tax” means the minimum tax imposed by this section.~~

(g) (f) ~~“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. 18. Minnesota Statutes 1992, section 290.091, subdivision 3, is amended to read:

Subd. 3. [EXEMPTION AMOUNT.] For purposes of computing the alternative minimum tax, the exemption amount is the exemption determined under section 55(d) of the Internal Revenue Code, *as amended through December 31, 1992*, except that alternative minimum taxable income as determined under this section must be substituted in the computation of the phase out under section 55(d)(3).

Sec. 19. Minnesota Statutes 1992, section 290.0921, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] (a) For purposes of this section, the following terms have the meanings given them.

(b) ~~“Alternative minimum taxable net income” is alternative minimum taxable income,~~

(1) less the exemption amount, and

(2) apportioned or allocated to Minnesota under section 290.17, 290.191, or 290.20.

(c) The "exemption amount" is \$40,000, reduced, but not below zero, by 25 percent of the excess of alternative minimum taxable income over \$150,000.

(d) "**Internal Revenue Code**" means the Internal Revenue Code of 1986, as amended through December 31, 1991.

(e) "Minnesota alternative minimum taxable income" is alternative minimum taxable net income, less the deductions for alternative tax net operating loss under subdivision 4; charitable contributions under subdivision 5; and dividends received under subdivision 6. The sum of the deductions under this paragraph may not exceed 90 percent of alternative minimum taxable net income. This limitation does not apply to a deduction for dividends paid to or received from a corporation which is subject to tax under section 290.35 or 290.36 and which is a member of an affiliated group of corporations as defined by the Internal Revenue Code.

Sec. 20. Minnesota Statutes 1992, section 290.35, is amended by adding a subdivision to read:

Subd. 6. [GUARANTY ASSOCIATION ASSESSMENT OFFSET.] An insurance company may offset against its corporate franchise tax liability under this chapter any amount paid pursuant to assessments made for insolvencies which occur after July 31, 1994, under sections 60C.01 to 60C.22, and any amount paid pursuant to assessments made after July 31, 1994, under Minnesota Statutes 1992, sections 61B.01 to 61B.16, or sections 61B.18 to 61B.32, as follows:

(a) Each such assessment shall give rise to an amount of offset equal to 20 percent of the amount of the assessment for each of the five calendar years following the year in which the assessment was paid.

(b) The amount of offset initially determined for each taxable year is the sum of the amounts determined under paragraph (a) for that taxable year.

(c) Each year the commissioner of revenue shall compare total guaranty association assessments levied over the preceding five calendar years to the sum of all premium tax and corporate franchise tax revenues collected from insurance companies without reduction for any guaranty association assessment offset, in the preceding calendar year, referred to in this subdivision as "preceding year insurance tax revenues." If total guaranty association assessments levied over the preceding five years exceed the preceding year insurance tax revenues, insurance companies shall be allowed only a proportionate part of the corporate franchise tax offset calculated under paragraph (b) for the current calendar year. The proportionate part of the corporate franchise tax offset allowed in the current calendar year is determined by multiplying the amount calculated under paragraph (b) by a fraction, the numerator of which equals the preceding year insurance tax revenues and the denominator of which equals total guaranty association assessments levied over the preceding five-year period. The proportionate part of the premium tax offset that is not allowed shall be carried forward to subsequent tax years and added to the amount of corporate franchise tax offset calculated under paragraph (b) before application of the limitation imposed by this paragraph. Any amount carried forward from prior years must be allowed before allowance of the offset for the current year calculated under paragraph (b). The corporate franchise tax offset limitation must be calculated separately for (1) insurance companies subject to assessment under sections 60C.01 to 60C.22, and (2) insurance companies subject to

assessment under Minnesota Statutes 1992, sections 61B.01 to 61B.16, or sections 61B.18 to 61B.32. When the corporate franchise tax offset is limited by this provision, the commissioner of revenue will notify affected insurance companies on a timely basis for purposes of completing premium and corporate franchise tax returns. The guaranty associations created under sections 60C.01 to 60C.22, Minnesota Statutes 1992, 61B.01 to 61B.16, and sections 61B.18 to 61B.32, shall provide the commissioner of revenue with the necessary information on guaranty association assessments. The limitation in this paragraph is effective for offsets allowable in 1999 and thereafter.

(d) If the offset determined by the application of paragraphs (a) to (c) exceeds the greater of the insurance company's corporate franchise tax liability under this chapter prior to allowance of the credit provided by subdivision 3 or its premium tax liability under chapter 60A, then the insurance company may carry forward the excess, referred to in this subdivision as the "carryforward credit," to subsequent taxable years. The carryforward credit must be allowed as an offset against corporate franchise tax liability for the first succeeding year to the extent that the corporate franchise tax liability for that year exceeds the amount of the allowable offset for the year determined under paragraphs (a) to (c). The carryforward credit shall be reduced, but not below zero, by the greater of the amount of the carryforward credit allowed as an offset against the corporate franchise tax pursuant to this paragraph or the amount of the carryforward credit allowed as an offset against the insurance company's premium tax liability under chapter 60A pursuant to section 60A.15, subdivision 15, paragraph (d). The remainder, if any, of the carryforward credit must be carried forward to succeeding taxable years until the entire carryforward credit has been credited against the insurance company's liability for corporate franchise tax under this chapter and premium tax under chapter 60A.

(e) A refund paid by the Minnesota life and health insurance guaranty association to member insurers under Minnesota Statutes 1992, section 61B.07, subdivision 6, or section 61B.24, subdivision 6, with respect to an assessment payment which has been offset against taxes shall reduce the carryforward credit determined under paragraph (d) and, if the refund exceeds the amount of the carryforward credit, shall be repaid by the insurers to the extent of the offset to the state in the manner the commissioner of revenue requires.

Sec. 21. Minnesota Statutes 1992, section 297.01, is amended by adding a subdivision to read:

Subd. 17. [INTERNAL REVENUE CODE.] Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 1993.

Sec. 22. Minnesota Statutes 1992, section 298.017, subdivision 2, is amended to read:

Subd. 2. [DEDUCTIONS ALLOWED.] (a) In calculating the net proceeds for the purpose of determining the tax provided in section 298.015, only those expenses specifically allowed in this subdivision may be deducted from gross proceeds. The carryback or carryforward of deductions shall not be allowed.

(b) Ordinary and necessary expenses actually paid for the mining, production, processing, beneficiation, smelting, or refining of metal or mineral products for:

(1) labor, including wages, salaries, fringe benefits, unemployment and workers' compensation insurance;

(2) machinery, equipment, and supplies, including any sales and use tax paid on it, except that machinery and equipment subject to depreciation shall only be deductible under clause (b)(3);

(3) depreciation as defined and allowed by section 167 of the Internal Revenue Code of 1986, as amended through December 31, 1986 1993;

(4) administrative expenses inside Minnesota; and

(5) reclamation costs actually incurred in Minnesota and paid in a year of production, including the payment of bonds required by the provisions of an environmental permit issued by the state of Minnesota

are deductible.

(c) Ordinary and necessary expenses of transporting metal or mineral products are allowed as a deduction if the costs are included in the sale price of the products.

(d) Expenses of exploration, research, or development in this state for the mining and processing of minerals within Minnesota paid in a production year are deductible in the production year.

(e) Expenses of exploration and development in Minnesota incurred prior to production must be amortized and deducted on a straight-line basis over the first five years of production.

Sec. 23. [FEDERAL CHANGES.]

The changes made by sections 13115, 13131, 13144, 13145, 13146, 13148, 13149, and 13171 of the Omnibus Budget Reconciliation Act of 1993, Public Law Number 103-66, which affect the computation of corporate alternative minimum taxable income as defined in Minnesota Statutes, section 290.0921, subdivision 3; alternative minimum taxable income of individuals, trusts, and estates as defined in Minnesota Statutes, section 290.091, subdivision 2; unrelated business taxable income, as defined in Minnesota Statutes, section 290.05, subdivision 3; and the Minnesota working family credit in Minnesota Statutes, section 290.0671, shall be in effect at the same time they become effective for federal income tax purposes.

Sec. 24. [INSTRUCTION TO REVISOR.]

In the next edition of Minnesota Statutes, the revisor of statutes shall substitute the phrase "Internal Revenue Code" for the words "Internal Revenue Code of 1986, as amended through December 31, 1992," where the phrase occurs in chapters 289A, 290, 290A, 291, and 297, except for sections 290.01, subdivision 19; 290.091, subdivision 3; 290A.03, subdivision 15; and 291.005, subdivision 1.

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, 1993," for the words "Internal Revenue Code of 1986, as amended through December 31, 1992," wherever the phrase occurs in sections 290A.03, subdivision 15; 291.005, subdivision 1; 469.174, subdivision 20; and chapter 298.

Sec. 25. [REPEALER.]

(a) Minnesota Statutes 1992, sections 290.05, subdivision 6; and 290.067, subdivision 6, is repealed.

(b) Minnesota Statutes 1993 Supplement, section 289A.25, subdivision 5a, is repealed.

Sec. 26. [SEVERABILITY.]

If section 1 or 7 is for any reason found by a final nonappealable order of a court of competent jurisdiction to be unconstitutional or to have an unconstitutional effect on the application of the insurance premiums tax to other insurance companies, the legislature intends that only section 1 or section 7, as appropriate, be invalid and the otherwise applicable insurance premiums tax rates apply.

Sec. 27. [EFFECTIVE DATE.]

Sections 1, 7, 13, 15, 16, and 22 are effective for taxable years beginning after December 31, 1993.

Section 2 is effective to be used as an offset against premium tax liabilities payable after November 30, 1995. If a guaranty association assessment was made before August 1, 1994, under Minnesota Statutes 1992, sections 61B.01 to 61B.16, and is revoked or invalidated, a subsequent assessment to pay the same liabilities shall not be eligible for the offset as provided for under Minnesota Statutes, section 60A.15, subdivision 15, and shall not be used in any calculation to determine the offset limitation under Minnesota Statutes, section 60A.15, subdivision 15, paragraph (c).

Sections 4 and 25, paragraph (b), are effective for installments of estimated taxes due after the day following enactment.

Section 5 is effective for taxable years beginning after December 31, 1994.

Section 8 is effective for wages paid or incurred after December 31, 1993.

Section 20 is effective to be used as an offset against tax liabilities payable after June 30, 1995. If a guaranty association assessment was made before August 1, 1994, under Minnesota Statutes 1992, sections 61B.01 to 61B.16 and is revoked or invalidated, a subsequent assessment to pay the same liabilities shall not be eligible for the offset as provided for under Minnesota Statutes, section 290.35, subdivision 6, and shall not be used in any calculation to determine the offset limitation under Minnesota Statutes, section 290.35, subdivision 6, paragraph (c).

ARTICLE 2**SALES, USE, AND MOTOR VEHICLE EXCISE TAXES**

Section 1. Minnesota Statutes 1993 Supplement, section 289A.11, subdivision 1, is amended to read:

Subdivision 1. [RETURN REQUIRED.] Except as provided in section 289A.18, subdivision 4, for the month in which taxes imposed by sections 297A.01 to 297A.44 are payable, or for which a return is due, a return for the preceding reporting period must be filed with the commissioner in the form and manner the commissioner prescribes. A person making sales at retail at two or more places of business may file a consolidated return subject to rules

prescribed by the commissioner. *In computing the dollar amount of items on the return, the amounts are rounded off to the nearest whole dollar, disregarding amounts less than 50 cents and increasing amounts of 50 cents to 99 cents to the next highest dollar.*

Notwithstanding this subdivision, a person who is not required to hold a sales tax permit under chapter 297A and who makes annual purchases of less than \$5,000 \$18,500 that are subject to the use tax imposed by section 297A.14, may file an annual use tax return on a form prescribed by the commissioner. If a person who qualifies for an annual use tax reporting period is required to obtain a sales tax permit or makes use tax purchases in excess of \$5,000 \$18,500 during the calendar year, the reporting period must be considered ended at the end of the month in which the permit is applied for or the purchase in excess of \$5,000 \$18,500 is made and a return must be filed for the preceding reporting period.

Sec. 2. Minnesota Statutes 1993 Supplement, 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 purchased or leased for use in this state and used by the purchaser or lessee primarily for manufacturing, fabricating, mining, quarrying, or refining tangible personal property; to be sold ultimately at retail and 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 includes all machinery and equipment that is essential to the integrated production process. Capital equipment includes, but is not limited to:

(1) machinery and equipment used or required to operate, control, or regulate the production equipment;

(2) machinery and equipment used for research and development, design, quality control, and testing activities;

(3) environmental control devices that are used to maintain conditions such as temperature, humidity, light, or air pressure when those conditions are essential to and are part of the production process; or

(4) materials and supplies necessary to construct and install machinery or equipment.

(c) 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, 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;

(2) motor vehicles taxed under chapter 297B;

(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, space heating, lighting, or safety;

(6) "farm machinery" as defined by subdivision 15, "special tooling" as defined by subdivision 17, and "aquaculture production equipment" as defined by subdivision 19, and "replacement capital equipment" as defined by subdivision 20; or

(7) any other item that is not essential to the integrated process of manufacturing, fabricating, mining, quarrying, or refining.

(d) For purposes of this subdivision:

(1) "Equipment" means independent devices or tools separate from machinery but essential to an integrated production process, including computers and software, used in operating machinery and equipment; and any subunit or assembly comprising a component of any machinery or accessory or attachment parts of machinery, such as tools, dies, jigs, patterns, and molds.

(2) "Fabricating" means to make, build, create, produce, or assemble components or property to work in a new or different manner.

(3) "Machinery" means mechanical, electronic, or electrical devices, including computers and software, that are purchased or constructed to be used for the activities set forth in paragraph (a), beginning with the removal of raw materials from inventory through the completion of the product, including packaging of the product.

(4) "Manufacturing" means an operation or series of operations where raw materials are changed in form, composition, or condition by machinery and equipment and which results in the production of a new article of tangible personal property. For purposes of this subdivision, "manufacturing" includes the generation of electricity or steam to be sold at retail.

(5) "Mining" means the extraction of minerals, ores, stone, and peat.

(6) "On-line data retrieval system" means a system whose cumulation of information is equally available and accessible to all its customers.

(7) "Pollution control equipment" means machinery and equipment used to eliminate, prevent, or reduce pollution resulting from an activity described in paragraph (a).

(8) "Primarily" means machinery and equipment used 50 percent or more of the time in an activity described in paragraph (a).

(9) "Refining" means the process of converting a natural resource to a product, including the treatment of water to be sold at retail.

(e) 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) (f) 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. 3. Minnesota Statutes 1992, section 297A.01, is amended by adding a subdivision to read:

Subd. 20. [REPLACEMENT CAPITAL EQUIPMENT.] (a) Replacement capital equipment means machinery and equipment, as defined in subdivision 16, that serves fundamentally or essentially the same purpose or function or

that produces the same or similar end product as did the old equipment, even though it may increase speed, efficiency, or production capacity.

(b) Replacement capital equipment includes:

(1) repair and replacement parts, including accessories, whether purchased as spare parts, repair parts, or as upgrades or modifications to machinery or equipment;

(2) replacement or enhanced software used or required to operate, control, or regulate machinery or equipment;

(3) materials used for foundations that support machinery or equipment or special purpose buildings used in the production process; or

(4) all machinery and equipment that is replacing an existing piece of machinery or equipment that is essential to the integrated production process.

Sec. 4. Minnesota Statutes 1992, section 297A.02, is amended to read:

297A.02 [IMPOSITION OF TAX.]

Subdivision 1. [GENERALLY.] Except as otherwise provided in this chapter, there is imposed an excise tax of ~~six~~ 6.5 percent of the gross receipts from sales at retail made by any person in this state.

Subd. 2. [MACHINERY AND EQUIPMENT.] Notwithstanding the provisions of subdivision 1, the rate of the excise tax imposed upon sales of ~~special tooling is four percent and upon sales of~~ farm machinery and aquaculture production equipment is ~~two~~ 2.5 percent.

Subd. 3. [LIQUOR AND BEER SALES.] Notwithstanding the provisions of subdivision 1, the rate of the excise tax imposed upon sales of intoxicating liquor, as defined in section 340A.101, subdivision 14, and 3.2 percent malt liquor, as defined in section 340A.101, subdivision 19, shall be ~~8.5~~ nine percent. The 3.2 percent malt liquor is subject to taxation under this subdivision only when sold at an on-sale or off-sale municipal liquor store or other establishment licensed to sell any type of intoxicating liquor.

Subd. 4. [MANUFACTURED HOUSING.] Notwithstanding the provisions of subdivision 1, for sales at retail of manufactured homes used for residential purposes the excise tax is imposed upon 65 percent of the sales price of the home.

Subd. 5. [REPLACEMENT CAPITAL EQUIPMENT.] Notwithstanding the provisions of subdivision 1, the rate of excise tax imposed upon retail sales of replacement capital equipment is:

for purchases after June 30, 1994, and prior to July 1, 1995, 5.0 percent,
for purchases after June 30, 1995, and prior to July 1, 1996, 4.0 percent,
for purchases after June 30, 1996, and prior to July 1, 1997, 3.8 percent,
for purchases after June 30, 1997, and prior to July 1, 1998, 2.9 percent,
and

for purchases after June 30, 1998, 2.0 percent.

This subdivision shall cease to be operative on July 1, 2001, or on July 1 of the earliest year thereafter, if the total employment in the manufacturing

sector in this state, as determined by the commissioner of jobs and training on the preceding January 1, does not exceed by 4,500 the total employment in the manufacturing sector in the state on January 1, 1994.

Sec. 5. [297A.022] [COORDINATION OF STATE AND LOCAL SALES TAX RATES.]

In preparing and distributing a sales tax schedule for use within a local jurisdiction with a separate general sales tax, the state department of revenue shall coordinate the state, local option, and local sales tax so that a sale of \$1 reflects a tax equal to the combination of the state, local option, and local sales tax rate. The combined sales tax on other sales amounts shall also reflect the coordinated rather than the separate effects of the three sales taxes. The schedule must be coordinated as long as the local sales tax is in effect. If the sales tax percentage is changed for any of the taxes, the schedule shall be adjusted to reflect the change.

Sec. 6. Minnesota Statutes 1992, section 297A.135, subdivision 1, is amended to read:

Subdivision 1. [TAX IMPOSED.] A tax of \$7.50 is imposed on the lease or rental in this state for not more than 28 days of a passenger automobile as defined in section 168.011, subdivision 7, a van as defined in section 168.011, subdivision 28, or a pickup truck as defined in section 168.011, subdivision 29. *The tax is imposed at the rate of 6.2 percent of the sales price as defined for the purpose of imposing the sales and use tax in this chapter.* The tax does not apply to the lease or rental of a hearse or limousine used in connection with a burial or funeral service. It applies whether or not the vehicle is licensed in the state.

Sec. 7. Minnesota Statutes 1992, section 297A.15, subdivision 5, is amended to read:

Subd. 5. [REFUND; APPROPRIATION.] Notwithstanding the provisions of ~~section~~ sections 297A.02, subdivision 5, and 297A.25, subdivisions 42 and 50, the tax on sales of capital equipment, *replacement capital equipment*, and construction materials and supplies under section 297A.25, subdivision 50, shall be imposed and collected as if the rates under sections 297A.02, subdivision 1, and 297A.021, applied. Upon application by the purchaser, on forms prescribed by the commissioner, a refund equal to the reduction in the tax due as a result of the application of the exemption under section 297A.25, subdivision 42 or 50, *and the rates under sections 297A.02, subdivision 5, and 297A.021* shall be paid to the purchaser. In the case of building materials qualifying under section 297A.25, subdivision 50, where the tax was paid by a contractor, application must be made by the owner for the sales tax paid by all the contractors, subcontractors, and builders for the project. The application must include sufficient information to permit the commissioner to verify the sales tax paid for the project. The application shall include information necessary for the commissioner initially to verify that the purchases qualified as capital equipment under section 297A.25, subdivision 42, *replacement capital equipment under section 297A.01, subdivision 20*, or capital equipment or construction materials and supplies under section 297A.25, subdivision 50. No more than two applications for refunds may be filed under this subdivision in a calendar year. No owner may apply for a refund based on the exemption under section 297A.25, subdivision 50, before July 1, 1993. Unless otherwise specifically provided by this subdivision, the provisions of section 289A.40 apply to the refunds payable under this subdivision. There is

annually appropriated to the commissioner of revenue the amount required to make the refunds.

The amount to be refunded shall bear interest at the rate in section 270.76 from the date the refund claim is filed with the commissioner.

Sec. 8. Minnesota Statutes 1992, section 297A.25, is amended by adding a subdivision to read:

Subd. 53. [SPECIAL TOOLING.] The gross receipts from the sale of special tooling are exempt.

Sec. 9. Minnesota Statutes 1992, section 297A.25, is amended by adding a subdivision to read:

Subd. 54. [USED FARM TIRES.] The first \$5,000 of gross receipts from the sales of used, remanufactured, or repaired tires for farm machinery, by a sole proprietor, in a calendar year are exempt provided that:

(1) the seller had gross receipts from all sales of less than \$10,000 in the previous year; and

(2) the tires are not retreaded.

Sec. 10. Minnesota Statutes 1992, section 297A.25, is amended by adding a subdivision to read:

Subd. 55. [CONSTRUCTION MATERIALS; CORRUGATED RECYCLING FACILITIES.] Construction materials and supplies are exempt from the tax imposed under this chapter, regardless of whether purchased by the owner or a contractor, subcontractor, or builder if:

(1) the materials and supplies are used or consumed in constructing a new facility which reduces the flow of solid waste by creating a market for recycled corrugated waste; and

(2) the recycling process of the facility produces pulp or paper from corrugated waste.

The exemption provided by this subdivision applies to construction materials and supplies purchased prior to December 31, 1997.

Sec. 11. Minnesota Statutes 1992, section 297A.25, is amended by adding a subdivision to read:

Subd. 56. [FIREFIGHTERS PERSONAL PROTECTIVE EQUIPMENT.] The gross receipts from the sale of firefighters personal protective equipment are exempt. For purposes of this subdivision, "personal protective equipment" includes: helmets (including face shields, chin straps, and neck liners), bunker coats and pants (including pant suspenders), boots, gloves, head covers or hoods, wildfire jackets, protective coveralls, goggles, self-contained breathing apparatuses, canister filter masks, personal alert safety systems, spanner belts, and all safety equipment required by the Occupational Safety and Health Administration.

Sec. 12. Minnesota Statutes 1992, section 297A.25, is amended by adding a subdivision to read:

Subd. 57. [HORSES.] The gross receipts from the sale of horses other than racehorses taxable under section 297A.01, subdivision 3, paragraph (h), are exempt.

Sec. 13. Minnesota Statutes 1992, section 297A.25, is amended by adding a subdivision to read:

Subd. 58. [PERSONAL COMPUTERS PRESCRIBED FOR USE BY SCHOOL.] The gross receipts from the sale, or the storage, use or consumption, of personal computers and related software sold by a public or private school, college, university, or business or trade school to students who are enrolled at the institutions are exempt if:

(1) the use of the personal computer, or of a substantially similar model of computer, and the related software is prescribed by the institution in conjunction with a course of study; and

(2) each student of the institution, or of a unit of the institution in which the student is enrolled, is required by the institution to purchase or otherwise to acquire and possess such a personal computer and related software as a condition of enrollment. For the purposes of this subdivision, "public school," "private school," and "business and trade schools" have the meanings given in subdivision 21.

Sec. 14. Minnesota Statutes 1992, section 297A.256, is amended to read:

297A.256 [EXEMPTIONS FOR CERTAIN NONPROFIT GROUPS.]

Subdivision 1. [FUNDRAISING SALES BY NONPROFIT GROUPS.] Notwithstanding the provisions of this chapter, the following sales made by a "nonprofit organization" are exempt from the sales and use tax.

(a)(1) All sales made by an organization for fundraising purposes if that organization exists solely for the purpose of providing educational or social activities for young people primarily age 18 and under. This exemption shall apply only if the gross annual sales receipts of the organization from fundraising do not exceed \$10,000.

(2) A club, association, or other organization of elementary or secondary school students organized for the purpose of carrying on sports, educational, or other extracurricular activities is a separate organization from the school district or school for purposes of applying the \$10,000 limit. This paragraph does not apply if the sales are derived from admission charges or from activities for which the money must be deposited with the school district treasurer under section 123.38, subdivision 2, or be recorded in the same manner as other revenues or expenditures of the school district under section 123.38, subdivision 2b.

(b) All sales made by an organization for fundraising purposes if that organization is a 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 and no part of the net earnings inure to the benefit of any private shareholders. This exemption shall apply only if the gross annual sales receipts of the organization from fundraising do not exceed \$10,000.

(c) The gross receipts from the sales of tangible personal property at, admission charges for, and sales of food, meals, or drinks at fundraising events sponsored by a nonprofit organization when the entire proceeds, except for the necessary expenses therewith, will be used solely and exclusively for charitable, religious, or educational purposes. This exemption does not apply to admission charges for events involving bingo or other gambling activities

or to charges for use of amusement devices involving bingo or other gambling activities. For purposes of this clause, a "nonprofit organization" means any unit of government, corporation, society, association, foundation, or institution organized and operated for charitable, religious, educational, civic, fraternal, senior citizens' or veterans' purposes, no part of the net earnings of which enures to the benefit of a private individual.

If the profits are not used solely and exclusively for charitable, religious, or educational purposes, the entire gross receipts are subject to tax.

Each nonprofit organization shall keep a separate accounting record, including receipts and disbursements from each fundraising event. All deductions from gross receipts must be documented with receipts and other records. If records are not maintained as required, the entire gross receipts are subject to tax.

The exemption provided by this section does not apply to any sale made by or in the name of a nonprofit corporation as the active or passive agent of a person that is not a nonprofit corporation.

The exemption for fundraising events under this section is limited to no more than 24 days a year. Fundraising events conducted on premises leased or occupied for more than four days but less than 30 days do not qualify for this exemption.

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, including a tournament conducted on premises leased or occupied for more than four days.

Subd. 2. [STATEWIDE AMATEUR ATHLETIC GAMES.] Notwithstanding section 297A.01, subdivision 3, or any other provision of this chapter, the gross receipts from the following sales made to or by a nonprofit corporation designated by the Minnesota amateur sports commission to conduct a series of statewide amateur athletic games and related events, workshops, clinics are exempt:

(1) sales of tangible personal property to or the storage, use, or other consumption of tangible personal property by the nonprofit corporation; and

(2) sales of tangible personal property, admission charges, and sales of food, meals, and drinks by the nonprofit corporation at fundraising events, athletic events, or athletic facilities.

Sec. 15. [297A.2572] [AGRICULTURE PROCESSING FACILITY MATERIALS; EXEMPTION.]

Purchases of construction materials and supplies are exempt from the sales and use taxes imposed under this chapter, regardless of whether purchased by the owner or a contractor, subcontractor, or builder, if the materials and supplies are used or consumed in constructing an agriculture processing facility as defined in section 469.1811 in which the total capital investment in the processing facility is expected to exceed \$100,000,000. The tax shall be imposed and collected as if the rates under sections 297A.02, subdivision 1, and 297A.021, applied, and then refunded in the manner provided in section 297A.15, subdivision 5.

Sec. 16. Minnesota Statutes 1992, section 297A.44, subdivision 1, is amended to read:

Subdivision 1. (a) Except as provided in paragraphs (b), (c), and (d), ~~and subdivision 4~~, all revenues, including interest and penalties, derived from the excise and use taxes imposed by sections 297A.01 to 297A.44 shall be deposited by the commissioner in the state treasury and credited to the general fund.

(b) All excise and use taxes derived from sales and use of property and services purchased for the construction and operation of an agricultural resource project, from and after the date on which a conditional commitment for a loan guaranty for the project is made pursuant to section 41A.04, subdivision 3, shall be deposited in the Minnesota agricultural and economic account in the special revenue fund. The commissioner of finance shall certify to the commissioner the date on which the project received the conditional commitment. The amount deposited in the loan guaranty account shall be reduced by any refunds and by the costs incurred by the department of revenue to administer and enforce the assessment and collection of the taxes.

(c) All revenues, including interest and penalties, derived from the excise and use taxes imposed on sales and purchases included in section 297A.01, subdivision 3, paragraphs (d) and (l), clauses (1) and (2), must be deposited by the commissioner in the state treasury, and credited as follows:

(1) first to the general obligation special tax bond debt service account in each fiscal year the amount required by section 16A.661, subdivision 3, paragraph (b); and

(2) after the requirements of clause (1) have been met, the balance must be credited to the general fund.

(d) The revenues, including interest and penalties, derived from the taxes imposed on solid waste collection services as described in section 297A.45, except for the tax imposed under section 297A.021, shall be deposited by the commissioner in the state treasury and credited to the general fund to be used for funding solid waste reduction and recycling programs.

Sec. 17. Minnesota Statutes 1993 Supplement, section 297B.03, is amended to read:

297B.03 [EXEMPTIONS.]

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

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

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

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

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

(5) Purchase or use of any vehicle owned by a resident of another state and leased to a Minnesota based private or for hire carrier for regular use in the transportation of persons or property in interstate commerce provided the vehicle is titled in the state of the owner or secured party, and that state does not impose a sales or motor vehicle excise tax on motor vehicles used in interstate commerce.

(6) Purchase or use of a motor vehicle by a private nonprofit or public educational institution for use as an instructional aid in automotive training programs operated by the institution. "Automotive training programs" includes motor vehicle body and mechanical repair courses but does not include driver education programs.

(7) Purchase of a motor vehicle for use as an ambulance by an ambulance service licensed under section 144.802.

(8) Purchase of a motor vehicle by or for a public library, as defined in section 134.001, subdivision 2, as a bookmobile or library delivery vehicle.

Sec. 18. [297B.032] [REFUND ON PARK TRAILERS; APPROPRIATION.]

Notwithstanding the provisions of section 297B.02, or any other law to the contrary, a portion of the motor vehicle excise tax paid on park trailers, as defined in section 168.011, subdivision 8, paragraph (b), under chapter 297B shall be refunded by the commissioner of revenue provided the following conditions are met:

- (1) the park trailer is purchased after January 1, 1993;*
- (2) the owner paid the motor vehicle excise tax on the park trailer;*
- (3) property taxes have been imposed upon the park trailer for at least the last two taxes payable years; and*
- (4) property taxes on the park trailer for the years cited in clause (3) have been paid by the owner of the park trailer.*

Upon application by the purchaser, on forms prescribed by the commissioner of revenue, a refund equal to 35 percent of the actual taxes paid, shall be paid to the purchaser. The application must include sufficient information, including a copy of the sales invoice for the park trailer, and the property tax statements for the years cited in clause (3), or a reproduction thereof, with a notation from the county treasurer that the taxes have been paid on the park trailer.

The amounts required to make the refunds are annually appropriated to the commissioner of revenue from the general fund. The amount to be refunded shall bear interest at the rate in section 270.76 after 60 days after the refund claim was made until the date the refund is paid.

Sec. 19. Laws 1993, chapter 375, article 9, section 51, is amended to read:

Sec. 51. [EFFECTIVE DATE.]

Sections 1 to 12, 22, 31, 32, the part of section 34 exempting certain chore and homemaking services, 44 and 49 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, 26 to 29, 36 to 39, and 43 are effective July 1, 1993.

Sections 17 and 20 are effective July 1, 1993, for deliveries of rerefined waste oil on and after that date.

Sections 23 and 24 are effective the day following final enactment and apply to all open tax years.

Section 25 is effective for claims for refund filed after May 5, 1993, *except that in the case of the mining or production of taconite, Minnesota Statutes 1992, section 297A.01, subdivision 16, paragraphs (a), (b), and (c), as amended or added by section 25, are effective for refund claims filed after May 17, 1993, and except that the extension of the exemption for capital equipment used to produce an on-line computerized data retrieval system and, as provided in section 25, paragraph (d), to replacement equipment used in the production of taconite, is effective for sales after June 30, 1993.*

Section 30 is effective for sales of 900 information services made after June 30, 1993.

Except as otherwise provided, sections 34 and 35 are effective for sales made after June 30, 1993. The part of section 34 exempting sales of machinery and equipment for solid waste disposal and collection is effective for sales made after May 31, 1992.

Section 40 is effective for pollution equipment installed after June 30, 1993.

Sections 41 and 42 are effective for reports due after July 1, 1993.

Section 48 is effective for sales or uses of tickets or admissions occurring after December 31, 1992, and before July 1, 1993.

Sec. 20. [ETHANOL MANUFACTURING FACILITY; EXEMPTIONS FOR CAPITAL EQUIPMENT PURCHASES.]

Notwithstanding the provisions of Minnesota Statutes, chapter 297A, the purchase of capital equipment by a contractor, for installation in a new ethanol manufacturing facility, is exempt from the sales and use tax. "Capital equipment" means equipment and machinery as defined in Minnesota Statutes, section 297A.01, subdivision 16, but disregarding the provision that the capital equipment must be used by the purchaser or lessee. The tax shall be imposed and refunded in the manner provided in Minnesota Statutes, section 297A.15, subdivision 5. The refund under this section is limited to a maximum of \$300,000.

Sec. 21. [INSTRUCTION TO THE REVISOR.]

In the 1994 and subsequent editions of the Minnesota Statutes, the revisor shall substitute the term "sales tax on motor vehicles" for "motor vehicle excise tax" wherever it appears.

Sec. 22. [REPEALER.]

Minnesota Statutes 1992, sections 297A.021; 297A.44, subdivision 4; and 297B.09, subdivision 3, are repealed.

Sec. 23. [EFFECTIVE DATES.]

Sections 1, 14, and 19 are effective the day following final enactment.

Sections 2, 3, 6 to 8, 11, 13, 15, and 17 are effective for sales made after June 30, 1994, provided that no refunds shall be paid under section 15 until after June 30, 1995.

Section 4, subdivision 5, and the part of subdivision 2 relating to special tooling are effective for sales made after June 30, 1994.

Section 4, subdivisions 1, 3, 4, and the part of subdivision 2 relating to farm machinery and aquaculture production equipment are effective for sales made after June 30, 1996, only upon enactment of article 3, sections 6, 7, 8, 9, 11, and 18, subdivision 2.

Section 5 is effective beginning August 1, 1994.

Section 10 is effective for sales made after January 1, 1994.

Section 12 is effective for sales made after June 30, 1995.

Sections 16 and 22 are effective July 1, 1996, only upon enactment of article 3, sections 6, 7, 8, 9, 11, and 18, subdivision 2.

Section 20 is effective for purchases made after July 1, 1993, but before July 1, 1995.

ARTICLE 3

LOCAL GOVERNMENT AIDS AND AID FUNDING

Section 1. Minnesota Statutes 1992, section 16A.711, subdivision 4, is amended to read:

Subd. 4. [GENERAL FUND ADVANCES.] If the money in the trust fund is insufficient to make payments on the dates provided by law, ~~but the commissioner estimates receipts for the biennium will be sufficient,~~ the commissioner shall advance money from the general fund to the trust fund necessary to make the payments. ~~On or before the close of the biennium~~ When sufficient revenues have accumulated in the trust fund, the trust shall repay the advances to the general fund.

Sec. 2. Minnesota Statutes 1992, section 16A.711, subdivision 5, is amended to read:

Subd. 5. [ADJUSTMENTS FOR LOCAL GOVERNMENT TRUST FUND REVENUES.] (a) For the second fiscal year of each biennium, the commissioner of revenue shall make adjustments in aid amounts ~~so that the based on the difference between~~ anticipated total obligations of the local government trust fund are equal to and anticipated total revenues of the local government trust fund. For purposes of this subdivision, obligations of the trust fund for any biennium include obligations to repay advances from the general fund in the previous biennium.

In the event that anticipated total obligations of the trust fund exceed 102 percent of anticipated total revenues for the biennium, each jurisdiction's aid will be reduced as provided under section 477A.0132 by the amount of the expenditures over 102 percent of revenues. For fiscal year 1993 only, if reductions are necessary in an amount greater than \$6,700,000, the additional reduction for the shortfall beyond \$6,700,000 will be applied only to aids under section 477A.013.

In the event that anticipated total obligations of the trust fund are less than 98 percent of anticipated total revenues for the biennium, aid amounts for the following programs will be proportionately increased to bring anticipated total expenditures into conformance with up to 98 percent of anticipated total revenues:

- (1) local government aid and equalization aid under section 477A.013;
- (2) community social services aid under section 256E.06; and
- (3) county criminal justice aid under section 477A.0121.

(b) For purposes of applying sections 16A.15 and 16A.152, the commissioner shall combine the general fund and the local government trust fund in determining whether there are sufficient receipts to fund appropriations and allotments of the two funds.

Sec. 3. Minnesota Statutes 1993 Supplement, 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) (3) \$105,000 annually to the commissioner of finance in fiscal years 1993, 1994, and 1995 to administer the trust fund; and
- (5) (4) \$25,000 annually to the advisory commission on intergovernmental relations in fiscal years 1993, year 1994, and 1995 to pay nonlegislative members' per diem expenses and such other expenses as the commission deems appropriate; and
- (6) \$350,000 in fiscal year 1993 and (5) \$1,200,000 in fiscal 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. 4. Minnesota Statutes 1992, section 256E.06, subdivision 5, is amended to read:

Subd. 5. [COMMUNITY SOCIAL SERVICE LEVY.] In each calendar year, for taxes payable the following year, a county board shall levy upon all taxable property in the county a tax for community social services at least equal to the amount determined in subdivisions 1 and 2. Money for community social services provided to a county by a municipal levy may, for the purposes of this section, be counted as partial fulfillment of the local levy requirement. All money available to counties pursuant to this section may be used by counties to match federal money. *It is the intention of the legislature that the aid paid to counties under this section be used to provide property tax relief within the county.*

Sec. 5. Minnesota Statutes 1993 Supplement, 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, \$50,762,000 in fiscal year 1994, and \$49,499,000 in fiscal year 1995, and \$50,499,000 in fiscal year 1996 and thereafter to the commissioner of human services for payment of aid under this section.

Notwithstanding subdivisions 1 and 2, the increased appropriation available in fiscal year 1996 and thereafter must be used to increase each county's aid proportionately over the aid received in calendar year 1994. For calendar year 1995 only, each county's aid will be adjusted to reflect the increase that is required to occur in the second half of the calendar year.

In fiscal year 1997 and subsequent years, the amount appropriated shall be the amount appropriated under this section in the previous year, adjusted for inflation as provided under section 477A.03, subdivision 3.

Sec. 6. Minnesota Statutes 1992, section 256E.06, is amended by adding a subdivision to read:

Subd. 13. [APPROPRIATION.] *In fiscal years 1997 and thereafter, there is appropriated from the general fund to the commissioner of human services for payment of aid under this section the amount appropriated in the previous year under this section, adjusted for inflation as provided under section 477A.03, subdivision 3.*

Notwithstanding subdivisions 1 and 2, the increased appropriation available in fiscal year 1997 and thereafter must be used to increase each county's aid proportionately over the aid received in calendar year 1994.

Sec. 7. Minnesota Statutes 1992, section 273.138, is amended by adding a subdivision to read:

Subd. 7. [ANNUAL APPROPRIATION.] *A sum sufficient to make the payments required by this section to school districts is annually appropriated from the general fund to the commissioner of education. A sum sufficient to*

make the payments required by this section to counties is annually appropriated from the general fund to the commissioner of revenue.

Sec. 8. Minnesota Statutes 1992, section 273.1398, is amended by adding a subdivision to read:

Subd. 8. [APPROPRIATION.] An amount sufficient to pay the aids and credits provided under this section for school districts, intermediate school districts, or any group of school districts levying as a single taxing entity, is annually appropriated from the general fund to the commissioner of education. An amount sufficient to pay the aids and credits provided under this section for counties, cities, towns, and special taxing districts is annually appropriated from the general fund to the commissioner of revenue. A jurisdiction's aid amount may be increased or decreased based on any prior year adjustments for homestead credit or other property tax credit or aid programs.

Sec. 9. Minnesota Statutes 1993 Supplement, section 273.166 is amended by adding a subdivision to read:

Subd. 5. [APPROPRIATION.] There is annually appropriated from the general fund to the commissioner of education a sum sufficient to pay the aids provided under this section for school districts, intermediate school districts, or any group of school districts levying as a single taxing entity. There is annually appropriated from the general fund to the commissioner of revenue a sum sufficient to pay the aids provided under this section to counties, cities, towns, and special taxing districts.

Sec. 10. Minnesota Statutes 1993 Supplement, section 275.065, subdivision 3, is amended to read:

Subd. 3. [NOTICE OF PROPOSED PROPERTY TAXES.] (a) The county auditor shall prepare and the county treasurer shall deliver 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, 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 determined under section 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; 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.

(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. 11. Minnesota Statutes 1993 Supplement, section 290A.23, is amended by adding a subdivision to read:

Subd. 3. [ANNUAL APPROPRIATION.] For payments made after July 1, 1996, there is annually appropriated from the general fund to the commissioner of revenue the amount necessary to make the payments required under section 290A.04, subdivisions 2 and 2h.

Sec. 12. [462C.15] [MORTGAGE CREDIT CERTIFICATE AID.]

Subdivision 1. [APPLICATION.] By May 15 of each year, a city issuing mortgage credit certificates during the previous calendar year shall report to the commissioner of trade and economic development. The report shall be in a form and contain the information necessary to determine the aid amounts, as prescribed by the commissioner. The report shall contain, at least, for each mortgage loan for which a mortgage credit certificate was issued: (1) the principal amount of the loan, (2) the interest rate on the loan, (3) the term of the loan, and (4) the credit rate.

Subd. 2. [PAYMENT OF AID.] By July 15 of each year, the commissioner of trade and economic development shall pay mortgage credit certificate aid to each city issuing certificates during the previous calendar year and submitting a timely application under subdivision 1. The amount of aid to be paid to a city for a calendar year equals the sum of the aid for each mortgage credit certificate issued by the city for a mortgage loan that is outstanding

during the calendar year, assuming no prepayment of principal. The amount of mortgage credit certificate aid for each mortgage credit certificate equals eight percent multiplied by the product of the credit rate, the outstanding principal amount of the loan, and the original interest rate on the loan. For purposes of calculating the aid for a variable rate loan, the original interest rate means the interest rate that applies in the first year of the loan. For purposes of calculating the aid, the commissioner shall assume level amortization with no prepayment of principal.

Subd. 3. [USE OF AID.] The city shall transfer the aid to its housing authority to be used to provide homeownership programs to families or individuals whose incomes are at or below 80 percent of the area median income.

Subd. 4. [APPROPRIATION.] An amount sufficient to pay the aid under this section is appropriated from the general fund to the commissioner of trade and economic development.

Subd. 5. [DEFINITIONS.] The definitions in section 462C.02 apply to this section.

Sec. 13. [477A.0122] [FAMILY PRESERVATION AID.]

Subdivision 1. [PURPOSE.] The purpose of family preservation aid is to reduce the rate of increase in the costs of out-of-home placement of children and concomitant increases in county property taxes. Aids paid under this section must be used to fund family preservation programs.

Subd. 2. [DEFINITIONS.] For purposes of this section, the following definitions apply:

(a) "Children in out-of-home placement" means the total unduplicated number of children in out-of-home care as reported pursuant to section 275.0725.

(b) "Family preservation programs" means family-based services as defined in section 256F.03, subdivision 5, families first services, parent and child education programs, and day treatment services provided in cooperation with a school district or other programs as defined by the commissioner of human services.

(c) "Income maintenance caseload" means average monthly number of AFDC cases for the calendar year.

By July 1, 1994, the commissioner of human services shall certify to the commissioner of revenue the number of children in out-of-home placement in 1991 and 1992 for each county and the income maintenance caseload for each county for the most recent year available. By July 1 of each subsequent year, the commissioner of human services shall certify to the commissioner of revenue the income maintenance caseload for each county for the most recent calendar year available.

Subd. 3. [AID DISTRIBUTION; CALENDAR YEAR 1995.] For aid paid in calendar year 1995 only, one-half of the aid amount shall be paid to each county in the same proportion that the county's number of children in out-of-home placement is to the number of children in out-of-home placement for all counties within the state for 1991 and 1992, and one-half of the aid amount shall be paid to each county in the same proportion that the county's

income maintenance caseload is to the income maintenance caseload for all counties within the state.

Subd. 4. [AID DISTRIBUTION; CALENDAR YEAR 1996 AND THEREAFTER.] For aid paid in calendar year 1996 and thereafter, each county shall receive the same proportion of the total aid it received in the prior year, multiplied by one plus the percentage change in the county's share of the statewide income maintenance caseload. If the amount appropriated does not equal the aid amounts calculated under this subdivision, the commissioner of revenue shall proportionately reduce or increase the aid amounts so that their sum equals the amount appropriated.

Subd. 5. [PAYMENT.] The commissioner of revenue shall pay the amounts determined under this section as provided in section 477A.015.

Subd. 6. [REPORT.] On or before March 15 of the year following the year in which the distributions under this section are received, each county shall file with the commissioner of revenue and commissioner of human services a report on prior year expenditures for out-of-home placement and family preservation, including expenditures under this section.

Sec. 14. Minnesota Statutes 1993 Supplement, section 477A.013, subdivision 1, is amended to read:

Subdivision 1. [TOWNS.] In calendar year 1990, each town that had levied for taxes payable in the prior year a local tax rate of at least .008 shall receive a distribution equal to 106 percent of the amount received in 1989 under this subdivision. In calendar years 1991 and 1992, each town that had levied for taxes payable in the prior year a local tax rate of at least .008 shall receive a distribution equal to the amount it received in the previous year under this subdivision less any permanent reductions made under section 477A.0132. In 1993, each town that had levied for taxes payable in the prior year a local tax rate of at least .008 shall receive a distribution equal to the amount it received in 1992 under this subdivision before any nonpermanent reductions made under section 477A.0132 plus \$1 per capita based on the town's population. In 1994 and thereafter each town that had levied for taxes payable in the prior year a local tax rate of at least .008 shall receive a distribution equal to the amount it received in 1993 under this section before any nonpermanent reductions made under section 477A.0132. In 1995 each town that had levied for taxes payable in 1993 a local tax rate of at least .008 shall receive a distribution equal to 102 percent of the amount it received in 1994 under this section before any increases or reductions under sections 16A.711, subdivision 5, and 477A.0132. In 1996 and subsequent years each town that had levied for taxes payable in 1993 a local tax rate of at least .008 shall receive a distribution equal to the amount it received in the previous year under this section, adjusted for inflation as provided under section 477A.03, subdivision 3.

Sec. 15. Minnesota Statutes 1993 Supplement, section 477A.013, subdivision 8, as amended by Laws 1994, chapter 416, article 1, section 59, is amended to read:

Subd. 8. [CITY FORMULA AID INCREASE.] (a) In calendar year 1994 and subsequent years, the formula 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. No city may have a formula aid amount less than zero. The need increase percentage must be the same for all cities.

Notwithstanding the prior sentence, in 1995 only, the need increase percentage for a city shall be twice the need increase percentage applicable to other cities if:

(1) the city, in 1992 or 1993, transferred an amount from governmental funds to their sewer and water fund, and

(2) the amount transferred exceeded their net levy for taxes payable in the year in which the transfer occurred.

The applicable need increase percentage must be the same for all cities and or percentages 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 is limited to an amount such that the total aid to the city does not exceed the sum of (1) ten percent of the city's net levy for the year prior to the aid distribution plus (2) the total aid it received in the previous year.

Sec. 16. Minnesota Statutes 1993 Supplement, section 477A.013, subdivision 9, is amended to read:

Subd. 9. [CITY AID DISTRIBUTION.] (a) In calendar year 1994 and thereafter, each city shall receive an aid distribution equal to the sum of (1) the city formula aid increase under subdivision 8, and (2) its city aid base multiplied by a percentage equal to 100 minus the base reduction percentage.

(b) The percentage increase for a first class city in calendar year 1995 and thereafter shall not exceed the percentage increase in the sum of the aid to all cities under this section in the current calendar year compared to the sum of the aid to all cities in the previous year.

(c) The total aid for any city, except a first class city, shall 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 total aid in the previous year before any increases or decreases under sections 16A.711, subdivision 5, and 477A.0132.

(d) Notwithstanding paragraph (c), in 1995 only, for cities which in 1992 or 1993 transferred an amount from governmental funds to their sewer and water fund in an amount greater than their net levy for taxes payable in the year in which the transfer occurred, the total aid shall not exceed the sum of (1) 20 percent of the city's net levy for the year prior to the aid distribution plus (2) its total aid in the previous year before any increases or decreases under sections 16A.711, subdivision 5, and 477A.0132.

Sec. 17. Minnesota Statutes 1992, section 477A.014, subdivision 5, is amended to read:

Subd. 5. [DEDUCTION FROM AID PAYMENTS.] The commissioner of revenue shall deduct the amounts certified under subdivision 4 from the aid payments to be made to appropriate local units of government in the next aid payment year. ~~Amounts must be transferred from the local government trust fund to the general fund.~~

Sec. 18. Minnesota Statutes 1992, section 477A.03, as amended by Laws 1993, chapter 375, article 4, section 20, is amended to read:

477A.03 [APPROPRIATION.]

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, 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. For aid payable in 1995, the total aid paid to cities under section 477A.013, subdivision 9, is limited to \$337,249,600. For aid payable in 1996 and thereafter, the total aid paid to cities under section 477A.013, subdivision 9, is limited to the amount paid in the previous year, adjusted for inflation as provided under subdivision 3.~~

~~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. Aid payments to counties under section 477A.0121 are limited to \$8,400,000 in 1994 and \$10,000,000 in 1995. For aid payable in 1996 and thereafter, payments to counties under section 477A.0121 are limited to the amount paid in the previous year, adjusted for inflation as provided under subdivision 3.~~

~~For aid payable in 1995, payments to counties under section 477A.0122 are limited to \$1,500,000. For aids payable in 1996 and thereafter, payments to counties under section 477A.0122 are limited to the amount paid in the previous year, adjusted for inflation as provided under subdivision 3.~~

Subd. 2. [ANNUAL APPROPRIATION.] A sum sufficient to discharge the duties imposed by sections 477A.011 to 477A.014 is annually appropriated from the general fund to the commissioner of revenue. For aids payable in 1996 and thereafter, the total aids paid under sections 477A.013, subdivision 9, 477A.0121, and 477A.0122 are the amounts certified to be paid in the previous year, adjusted for inflation as provided under subdivision 3.

Subd. 3. [INFLATION ADJUSTMENT.] In 1996 and thereafter, the amount paid under each section to be adjusted for inflation shall be increased by an amount equal to:

(a) the amount certified to be paid under that section in the previous year multiplied by

(b) one plus the percentage increase in the implicit price deflator for state and local government purchases of goods and services prepared by the Bureau of Economic Analysis of the United States Department of Commerce for the 12-month period ending March 31 of the previous year. The percentage increase used in this subdivision shall be no less than 2.5 percent and no greater than 5.0 percent.

Sec. 19. [APPROPRIATIONS.]

Subdivision 1. [SPECIAL EDUCATION AID.] \$17,500,000 is appropriated in fiscal year 1994 from the general fund to the department of education for special education aid to school districts. This appropriation is available until June 30, 1995. This amount is added to the appropriations for aid for special education programs contained in Laws 1993, chapter 224, article 3, section 38, subdivisions 2, 4, 8, 11, and 14. This amount is appropriated to eliminate the fiscal year 1993 deficiencies and reduce the fiscal year 1995 deficiencies in the appropriations in those subdivisions. The department must reduce a school district's payable 1995 levy limitations by the full amount of the aid payments made to the school district according to this subdivision. This appropriation shall not be included in determining the amount of a deficiency in the special education programs for fiscal year 1995 for the purpose of allocating any excess appropriations to aid or grant programs with insufficient appropriations as provided in Minnesota Statutes, section 124.14, subdivision 7. Notwithstanding Minnesota Statutes, section 124.195, subdivision 10, 100 percent of this appropriation must be paid in fiscal years 1994 and 1995. This appropriation is not to be included in a base budget for future fiscal years.

Subd. 2. [ABATEMENT AID.] \$2,500,000 is appropriated in fiscal year 1995 from the general fund to the department of education for abatement aid to school districts. This amount is added to the appropriation for abatement aid for fiscal year 1995 contained in Laws 1993, chapter 224, article 8, section 22, subdivision 2. This amount is appropriated to reduce a deficiency in that appropriation. The department must reduce a school district's payable 1995 levy limitations by the full amount of the aid payments made to the school district according to this subdivision. This appropriation shall not be included in determining the amount of the deficiency in the abatement aid program for fiscal year 1995 for the purpose of allocating any excess appropriations to aid or grant programs with insufficient appropriations as provided in Minnesota Statutes, section 124.14, subdivision 7. Notwithstanding Minnesota Statutes, section 124.195, subdivision 10, 100 percent of the appropriation in this section must be paid in fiscal year 1995. This appropriation is not to be included in a base budget for future fiscal years.

Sec. 20. [ELIMINATION OF LOCAL GOVERNMENT TRUST FUND.]

The local government trust fund is eliminated as a separate fund in the state treasury as of July 1, 1996. Any money or deficit in the local government trust fund on that date is transferred to the general fund.

Sec. 21. [REPEALER.]

(a) Minnesota Statutes 1992, sections 3.862 and 477A.012, subdivision 6 are repealed.

(b) Minnesota Statutes 1992, sections 16A.711, 273.1381, 273.1398, subdivision 7, and 477A.0132, as amended by Laws 1994, chapter 416, article 1, section 60; and Minnesota Statutes 1993 Supplement, sections 16A.712, 256E.06, subdivision 12, 273.166, subdivision 4, 290A.23, subdivision 2, 477A.03, subdivision 1, and Laws 1973, chapter 650, article 24, section 6, as amended by Laws 1974, chapter 257, section 4 are repealed.

Sec. 22. [EFFECTIVE DATES.]

Sections 1 to 5, 12, 18, subdivisions 1 and 3, and 21, paragraph (a) are effective July 1, 1994.

Except as otherwise provided, sections 6 to 11, 17, 18, subdivision 2, 20, and 21, paragraph (b) are effective July 1, 1996.

Sections 6 to 11, 17, 18, subdivision 2, 20, and 21, paragraph (b) are not severable, and each is effective only upon final enactment of all of them.

Sections 13 to 16 are effective for aid payable in 1995 and thereafter.

Section 19 is effective the day following final enactment.

ARTICLE 4

PROPERTY TAX REFUNDS

Section 1. Minnesota Statutes 1992, section 290A.04, subdivision 2, is amended to read:

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

Household Income	Percent of Income	Percent Paid by Claimant	Maximum State Refund
\$0 to 999 1,029	1.2 percent	22 18 percent	\$400 \$440
1,000 to 1,999 1,030 to 2,059	1.3 percent	24 18 percent	\$400 \$440
2,000 to 2,999 2,060 to 3,099	1.4 percent	26 20 percent	\$400 \$440
3,000 to 3,999 3,100 to 4,129	1.6 percent	28 20 percent	\$400 \$440
4,000 to 4,999 4,130 to 5,159	1.7 percent	30 20 percent	\$400 \$440
5,000 to 5,999 5,160 to 7,229	1.9 percent	33 25 percent	\$400 \$440
6,000 to 6,999	1.9 percent	35 percent	\$400
7,000 to 7,999 7,230 to 8,259	2.1 percent	38 25 percent	\$400 \$440
8,000 to 8,999 8,260 to 9,289	2.2 percent	40 25 percent	\$400 \$440
9,000 to 9,999 9,290 to 10,319	2.3 percent	42 30 percent	\$400 \$440
10,000 to 10,999 10,320 to 11,349	2.4 percent	45 30 percent	\$400 \$440

11,000 to 11,999 11,350 to 12,389	2.5 percent	48 30 percent	\$400 \$440
12,000 to 13,999 12,390 to 14,449	2.6 percent	48 30 percent	\$400 \$440
14,000 to 14,999 14,450 to 15,479	2.8 percent	48 35 percent	\$400 \$440
15,000 to 15,999 15,480 to 16,509	3.0 percent	50 35 percent	\$400 \$440
16,000 to 16,999 16,510 to 17,549	3.2 percent	50 40 percent	\$400 \$440
17,000 to 20,999 17,550 to 21,669	3.3 percent	50 40 percent	\$400 \$440
21,000 to 23,999 21,670 to 24,769	3.4 percent	50 45 percent	\$400 \$440
24,000 to 24,999	3.5 percent	50 percent	\$400
25,000 to 27,999	3.5 percent	50 percent	\$400
28,000 to 29,999 24,770 to 30,959	3.5 percent	50 45 percent	\$400 \$440
30,000 to 34,999 30,960 to 36,119	3.5 percent	55 45 percent	\$400 \$440
35,000 to 39,999 36,120 to 41,279	3.7 percent	55 50 percent	\$400 \$440
40,000 to 56,999	4.0 percent	55 percent	\$400
57,000 to 57,999 41,280 to 58,829	4.0 percent	55 50 percent	\$300 \$440
58,000 to 58,999 58,830 to 59,859	4.0 percent	55 50 percent	\$200 \$310
59,000 to 59,999 59,860 to 60,889	4.0 percent	55 50 percent	\$100 \$210
60,890 to 61,929	4.0 percent	50 percent	\$100

The payment made to a claimant shall be the amount of the state refund calculated under this subdivision. No payment is allowed if the claimant's household income is ~~\$60,000~~ \$61,930 or more.

Sec. 2. Minnesota Statutes 1992, section 290A.04, subdivision 2a, is amended to read:

Subd. 2a. [RENTERS.] A claimant whose rent constituting property taxes exceeds the percentage of the household income stated below must pay an amount equal to the percent of income shown for the appropriate household income level along with the percent to be paid by the claimant of the remaining amount of rent constituting property taxes. The state refund equals the amount of rent constituting property taxes that remain, up to the maximum state refund amount shown below.

Household Income	Percent of Income	Percent Paid by Claimant	Maximum State Refund
\$0 to 999 3,099	1.0 percent	9 5 percent	\$1,000 \$1,030
1,000 to 1,999	1.0 percent	9 percent	\$1,000
2,000 to 2,999	1.0 percent	10 percent	\$1,000
3,000 to 3,999 3,100 to 4,129	1.0 percent	10 percent	\$1,000 \$1,030
4,000 to 4,999 4,130 to 5,159	1.1 percent	11 10 percent	\$1,000 \$1,030
5,000 to 5,999	1.2 percent	12 percent	\$1,000
6,000 to 6,999 5,160 to 7,229	1.2 percent	13 10 percent	\$1,000 \$1,030
7,000 to 7,999 7,230 to 9,289	1.3 percent	14 15 percent	\$1,000 \$1,030
8,000 to 8,999	1.3 percent	15 percent	\$1,000
9,000 to 9,999 9,290 to 10,319	1.4 percent	16 15 percent	\$1,000 \$1,030
10,000 to 10,999 10,320 to 11,349	1.4 percent	17 20 percent	\$1,000 \$1,030
11,000 to 11,999	1.5 percent	19 percent	\$1,000
12,000 to 12,999 11,350 to 13,419	1.5 percent	21 20 percent	\$1,000 \$1,030
13,000 to 13,999 13,420 to 14,449	1.6 percent	23 20 percent	\$1,000 \$1,030
14,000 to 14,999 14,450 to 15,479	1.7 percent	24 25 percent	\$1,000 \$1,030
15,000 to 15,999	1.8 percent	26 percent	\$1,000
16,000 to 16,999 15,480 to 17,549	1.8 percent	27 25 percent	\$1,000 \$1,030
17,000 to 17,999 17,550 to 18,579	1.9 percent	28 30 percent	\$1,000 \$1,030
18,000 to 18,999 18,580 to 19,609	2.0 percent	30 percent	\$1,000 \$1,030
19,000 to 19,999 19,610 to 20,639	2.2 percent	32 30 percent	\$1,000 \$1,030
20,000 to 20,999 20,640 to 21,669	2.4 percent	34 30 percent	\$1,000 \$1,030
21,000 to 21,999 21,670 to 22,709	2.6 percent	36 35 percent	\$1,000 \$1,030

22,000 to 22,999 22,710 to 23,739	2.7 percent	37 35 percent	\$1,000 \$1,030
23,000 to 23,999 23,740 to 24,769	2.8 percent	38 35 percent	\$1,000 \$1,030
24,000 to 24,999 24,770 to 25,799	2.9 percent	40 percent	\$1,000 \$1,030
25,000 to 25,999 25,800 to 26,839	3.0 percent	43 40 percent	\$1,000 \$1,030
26,000 to 26,999 26,840 to 27,869	3.1 percent	43 40 percent	\$1,000 \$1,030
27,000 to 27,999 27,870 to 28,899	3.2 percent	45 40 percent	\$1,000 \$1,030
28,000 to 28,999 28,900 to 29,929	3.3 percent	47 45 percent	\$ 900 \$ 930
29,000 to 29,999 29,930 to 30,959	3.4 percent	47 45 percent	\$ 800 \$ 830
30,000 to 30,999 30,960 to 31,999	3.5 percent	48 45 percent	\$ 700 \$ 720
31,000 to 31,999 32,000 to 33,029	3.5 percent	48 50 percent	\$ 600 \$ 620
32,000 to 32,999 33,030 to 34,059	3.5 percent	50 percent	\$ 500 \$ 520
33,000 to 33,999 34,060 to 35,089	3.5 percent	50 percent	\$ 300 \$ 310
34,000 to 34,999 35,090 to 36,119	3.5 percent	50 percent	\$ 100

The payment made to a claimant is the amount of the state refund calculated under this subdivision. No payment is allowed if the claimant's household income is ~~\$35,000~~ \$36,120 or more.

Sec. 3. Minnesota Statutes 1993 Supplement, section 290A.04, subdivision 2h, as amended by Laws 1994, chapter 383, section 1, 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 and occupied by the same owner on January 2 of both years, and the amount of that increase is \$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 60 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.

The maximum refund allowed under this subdivision is ~~\$1,500~~ \$1,000.

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

(1) "Net property taxes payable" means property taxes payable minus 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.

(d) On or before December 1, 1994 and 1995, the commissioner shall estimate the cost of making the payments provided by this subdivision for taxes payable in the following year 1996. Notwithstanding the open appropriation provision of section 290A.23, if the estimated total refund claims for taxes payable in 1995 and 1996 exceed \$5,500,000, for each of the two 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 1995, or for taxes payable in 1996 first reduce the 60 percent refund rate enough, but to no lower a rate than 50 percent, so that the estimated total refund claims do not exceed \$5,500,000. If the commissioner estimates that total claims will exceed \$5,500,000 at a 50 percent refund rate, the commissioner shall also reduce the \$1,000 maximum refund amount by enough so that total estimated refund claims do not exceed \$5,500,000.

The determinations of the revised thresholds by the commissioner are not rules subject to chapter 14.

(e) Upon request, the appropriate county official shall make available the names and addresses of the property taxpayers who may be eligible for the additional property tax refund under this section. The information shall be provided on a magnetic computer disk. The county may recover its costs by charging the person requesting the information the reasonable cost for preparing the data. The information may not be used for any purpose other than for notifying the homeowner of potential eligibility and assisting the homeowner, without charge, in preparing a refund claim.

Sec. 4. Minnesota Statutes 1993 Supplement, section 290A.04, subdivision 6, is amended to read:

Subd. 6. [INFLATION ADJUSTMENT.] Beginning for property tax refunds payable in calendar year 1995 1996, the commissioner shall annually adjust the dollar amounts of the income thresholds and the maximum refunds under subdivisions 2 and 2a for inflation. The commissioner shall make the inflation adjustments in accordance with section 290.06, subdivision 2d, except that for purposes of this subdivision the percentage increase shall be determined from the year ending on August 31, 1993, to the year ending on August 31 of the year preceding that in which the refund is payable. The commissioner shall use the appropriate percentage increase to annually adjust the income thresholds and maximum refunds under subdivisions 2 and 2a for inflation without regard to whether or not the income tax brackets are

adjusted for inflation in that year. The commissioner shall round the thresholds and the maximum 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. 5. Minnesota Statutes 1993 Supplement, section 290A.23, subdivision 1, is amended to read:

Subdivision 1. [RENTERS CREDIT.] ~~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, subdivision 2a. 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.~~

Sec. 6. [EFFECTIVE DATE.]

Sections 1 to 4 are effective for refunds based on property taxes paid in 1995 and thereafter and for rent paid in 1994 and thereafter.

ARTICLE 5

PROPERTY TAXES

Section 1. Minnesota Statutes 1992, section 271.06, subdivision 7, is amended to read:

Subd. 7. [RULES.] (a) *Except as provided in section 278.05, subdivision 6,* the rules of evidence and civil procedure for the district court of Minnesota shall govern the procedures in the tax court, where practicable. The tax court may adopt rules under chapter 14. The rules in effect on January 1, 1989, apply until superseded.

(b) ~~Notwithstanding paragraph (a), information, including income and expense figures, verified net rentable areas, and anticipated income and expenses, for income-producing property which is not provided to the county assessor at least 45 days before any hearing under this chapter, is not admissible except if necessary to prevent undue hardship or when the failure to provide it was due to the unavailability of the evidence at that time.~~

(c) ~~Notwithstanding paragraph (a) and provided that the information as contained in paragraph (b) is timely submitted to the county assessor, the county assessor shall furnish the petitioner at least five days before the hearing under this chapter with the property's appraisal, if any, which will be presented to the court at the hearing. The petitioner shall furnish to the county assessor at least five days before the hearing under this chapter with the property's appraisal, if any, which will be presented to the court at the hearing. An appraisal of the petitioner's property done by or for the county or by or for the petitioner shall not be admissible as evidence if the provisions within this paragraph are not met.~~

Sec. 2. Minnesota Statutes 1992, section 273.061, is amended by adding a subdivision to read:

Subd. 8a. [ADDITIONAL POWERS AND DUTIES OF THE COMMISSIONER OF REVENUE, COUNTY ASSESSORS AND LOCAL ASSESSORS.] Notwithstanding any provision of law to the contrary, in order to promote a uniform assessment and review of assessments, the commissioner of revenue, county assessors and local assessors may exchange data on property which are classified under chapter 13 as public, nonpublic or private. The data for any property may include but is not limited to its sales, income, expenses, vacancies, rentable or usable areas, anticipated income and expenses, projected vacancies, lease information, and private multiple listing service data. Data exchanged under this provision that is classified as nonpublic or private data shall retain its classification.

Sec. 3. Minnesota Statutes 1993 Supplement, section 273.11, subdivision 1a, is amended to read:

Subd. 1a. [LIMITED MARKET VALUE.] In the case of all property classified as agricultural homestead or nonhomestead, residential homestead or nonhomestead, or noncommercial 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 subdivision 16.

The provisions of this subdivision shall be in effect only for assessment years 1993 through ~~1998~~ 1997.

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 subdivision 16, shall be used.

Sec. 4. Minnesota Statutes 1993 Supplement, section 273.11, subdivision 16, is amended 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 (1) the house is at least 35 years old at the time of the improvement and (2) either (a) the assessor's estimated market value of the house on January 2 of the current year is equal to or less than \$150,000, or (b) if the estimated market value of the house is over \$150,000 market value but is less than \$300,000 on January 2 of the current year, the property qualifies if

(i) it is located in a city or town in which 50 percent or more of the homes were constructed before 1960 based upon the 1990 federal census, and

(ii) the city or town's median family income based upon the 1990 federal census is less than the statewide median family income based upon the 1990 federal census.

Any house which has an estimated market value of \$300,000 or more on January 2 of the current year is not eligible to receive any property valuation exclusion under this section. For purposes of determining this eligibility, "house" means land and buildings.

The age of a residence is the number of years that the residence has existed at its present site. 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 prior to commencement of the improvement. If the property lies in a jurisdiction which is not subject to a building permit process, the Any improvement must add at least \$1,000 to the value of the property to be eligible for exclusion under this subdivision. Only improvements to the structure which is the residence of the qualifying homesteader or the construction of or improvements to no more than one two-car garage per residence qualify for the provisions of this subdivision. If an improvement was begun between January 2, 1992, and January 2, 1993, any value added from that improvement for the January 1994 and subsequent assessments shall qualify for exclusion under this subdivision provided that a building permit was obtained for the improvement between January 2, 1992, and January 2, 1993. Whenever a building permit is issued for property currently classified as homestead, the issuing jurisdiction shall notify the assessor property owner of the possibility of valuation exclusion under this subdivision. The assessor may shall require an application process and, including documentation of the age of the house from the owner, if unknown by the assessor. The application may be filed subsequent to the date of the building permit provided that the application is filed prior to the next assessment date.

After the adjournment of the 1994 county board of equalization meetings, no exclusion may be granted for an improvement by a local board of review or county board of equalization unless (1) a building permit was issued prior to the commencement of the improvement if the jurisdiction requires a building permit, and (2) an application was completed on a timely basis. No abatement of the taxes for qualifying improvements may be granted by a county board unless (1) a building permit was issued prior to commencement of the improvement if the jurisdiction requires a building permit, and (2) an application was completed on a timely basis.

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. Improvements made by an occupant who is the purchaser of the property under a conditional purchase contract do not qualify under this subdivision unless the seller of the property is a governmental entity. The qualifying value of the property shall be computed based upon the increase from that structure's market value as of January 2 preceding the acquisition of the property by the governmental entity.

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 subdivision may result from up to three separate improvements to the homestead. *The application shall state, in clear language, that if more than three improvements are made to the qualifying property, a taxpayer may choose which three improvements are eligible, provided that after the taxpayer has made the choice and any valuation attributable to those improvements has been excluded from taxation, no further changes can be made by the taxpayer.*

If 50 percent or more of the square footage of a structure is voluntarily razed or removed, the valuation increase attributable to any subsequent improvements to the remaining structure does not qualify for the exclusion under this subdivision. If a structure is unintentionally or accidentally destroyed by a natural disaster, the property is eligible for an exclusion under this subdivision provided that the structure was not completely destroyed. The qualifying value on property destroyed by a natural disaster shall be computed based upon the increase from that structure's market value as determined on January 2 of the year in which the disaster occurred. A property receiving benefits under the homestead disaster provisions under section 273.123 is not disqualified from receiving an exclusion under this subdivision. If any combination of improvements made to a structure after January 1, 1993, increases the size of the structure by 100 percent or more, the valuation increase attributable to the portion of the improvement that causes the structure's size to exceed 100 percent does not qualify for exclusion under this subdivision.

Sec. 5. Minnesota Statutes 1993 Supplement, section 273.11, is amended by adding a subdivision to read:

Subd. 17. [DISCLOSURE OF VALUATION EXCLUSION.] No seller of real property shall sell or offer for sale property that, for purposes of property taxation, has an exclusion from market value for home improvements under 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. 6. Minnesota Statutes 1992, section 273.111, subdivision 11, is amended to read:

Subd. 11. The payment of special local assessments levied after June 1, 1967 for improvements made to any real property described in subdivision 3 together with the interest thereon shall, on timely application as provided in subdivision 8, be deferred as long as such property meets the conditions contained in subdivisions 3 and 6 or is transferred to an agricultural preserve under sections 473H.02 to 473H.17. If special assessments against the property have been deferred pursuant to this subdivision, the governmental unit shall file with the county recorder in the county in which the property is located a certificate containing the legal description of the affected property and of the amount deferred. When such property no longer qualifies under subdivisions 3 and 6, all deferred special assessments plus interest shall be

payable in equal installments spread over the time remaining until the last maturity date of the bonds issued to finance the improvement for which the assessments were levied. If the bonds have matured, the deferred special assessments plus interest shall be payable within 90 days. The provisions of section 429.061, subdivision 2, apply to the collection of these installments. Penalty shall not be levied on any such special assessments if timely paid.

Sec. 7. Minnesota Statutes 1993 Supplement, 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, *lawn bowling, croquet*, 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 *a lawn bowling or croquet green* or an archery or firearms range;

(c)(1) operated by private individuals *or, in the case of a lawn bowling or croquet green, by private individuals or corporations*, 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 *or open to the public*, 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. 8. Minnesota Statutes 1993 Supplement, 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.

Property of a trustee, beneficiary, or grantor of a trust is not disqualified from receiving homestead benefits if the homestead requirements under this chapter are satisfied.

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 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, father, or mother of the owner of the agricultural property or a son or daughter of the spouse 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.

(e) In the case of property owned by a property owner who is married, the assessor must not deny homestead treatment in whole or in part if only one of the spouses occupies the property and the other spouse is absent due to: (1) marriage dissolution proceedings, (2) legal separation, (3) employment or self-employment in another location as provided under subdivision 13, or (4) residence in a nursing home or boarding care facility.

Sec. 9. Minnesota Statutes 1993 Supplement, 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 who occupy the property or by the qualifying relative 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.

(c) Every property owner applying for homestead classification must furnish to the county assessor the social security number of each occupant who is listed as an owner of the property on the ~~homestead application deed of record, and the name and address of each owner who does not occupy the property, and the name and social security number of each owner's spouse who occupies the property.~~ The application must be signed by each owner who occupies the property and by each owner's spouse who occupies the property, or, in the case of property that qualifies as a homestead under subdivision 1, paragraph (c), by the qualifying relative.

If a property owner occupies a homestead, the property owner's spouse may not claim another property as a homestead unless the property owner and the property owner's spouse file with the assessor an affidavit or other proof required by the assessor stating that the property owner's spouse does not occupy the homestead because marriage dissolution proceedings are pending, the spouses are legally separated, or the spouse's employment or self-employment location requires the spouse to have a separate homestead. The assessor may require proof of employment or self-employment and employment or self-employment location, or proof of dissolution proceedings or legal separation.

If the social security number or affidavit or other proof is not provided, the county assessor shall classify the property as nonhomestead.

The social security numbers or affidavits or other proofs of the property owners and spouses 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.

(d) 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 who is related to an occupant 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. The social security number of a relative occupying the property is private data on individuals as defined by section 13.02, subdivision 12, but may be disclosed to the commissioner of revenue.

(e) 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 property is granted homestead status for the 1993 assessment, or any assessment year thereafter, 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 assessor 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.

(f) If the 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. Beginning with assessment year 1993 for all properties, 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.

(g) 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 *and the property owner's spouse occupying the property*, or relative of a property owner, applying for homestead classification under this subdivision. The commissioner shall use the information provided on the lists as appropriate under the law, including for the detection of improper claims by owners, or relatives of owners, under chapter 290A.

(h) 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.

(i) 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.

(j) 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.

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

Sec. 10. Minnesota Statutes 1993 Supplement, section 273.13, subdivision 23, is amended to read:

Subd. 23. [CLASS 2.] (a) Class 2a property is agricultural land including any improvements that is homesteaded. The market value of the house and garage and immediately surrounding one acre of land has the same class rates as class 1a property under subdivision 22. The value of the remaining land including improvements up to \$115,000 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 one 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 1.5 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; (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; *or* (4) *a landing area or public access area of a privately owned public use airport.* Class 2b property has a net class rate of 1.5 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; *and*

(5) *game birds and waterfowl bred and raised for use on a shooting preserve licensed under section 97A.115.*

(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.

(g) To qualify for classification under paragraph (b), clause (4), a privately owned public use airport must be licensed as a public airport under section 360.018. For purposes of paragraph (b), clause (4), "landing area" means that part of a privately owned public use airport properly cleared, regularly maintained, and made available to the public for use by aircraft and includes runways, taxi-ways, aprons, and sites upon which are situated landing or navigational aids. A landing area also includes land underlying both the primary surface and the approach surfaces that comply with all of the following:

(i) the land is properly cleared and regularly maintained for the primary purposes of the landing, taking off, and taxiing of aircraft; but that portion of the land that contains facilities for servicing, repair, or maintenance of aircraft is not included as a landing area;

(ii) the land is part of the airport property; and

(iii) the land is not used for commercial or residential purposes.

The land contained in a landing area under paragraph (b), clause (4), must be described and certified by the commissioner of transportation. The certification is effective until it is modified, or until the airport or landing area no longer meets the requirements of paragraph (b), clause (4). For purposes of paragraph (b), clause (4), "public access area" means property used as an aircraft parking ramp, apron, or storage hangar, or an arrival and departure building in connection with the airport.

Sec. 11. Minnesota Statutes 1993 Supplement, section 273.13, subdivision 24, is amended to read:

Subd. 24. [CLASS 3.] (a) Commercial and industrial property and utility real and personal property, except class 5 property as identified in subdivision 31, clause (1), is class 3a. It has a class rate of three percent of the first \$100,000 of market value 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; and

(3) in the case of property owned by a nonprofit charitable organization that qualifies for tax exemption under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1993, if the property is used as a business incubator, the limitation to one parcel per owner per county for the reduced class rate shall not apply, provided that the reduced rate applies only to the first \$100,000 of value per parcel owned by the organization. As used in this clause, a "business incubator" is a facility used for the development of nonretail businesses, offering access to equipment, space, services, and advice to the tenant businesses, for the purpose of encouraging economic development, diversification, and job creation in the area served by the organization.

To receive the reduced class rate on additional parcels under ~~clauses~~ clause (1) and, (2), or (3), the taxpayer must notify the county assessor that the taxpayer owns more than one parcel that qualifies under clause (1) or, (2), or (3).

(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. 12. Minnesota Statutes 1992, section 273.165, subdivision 1, is amended to read:

Subdivision 1. [MINERAL INTEREST.] "Mineral interest," for the purpose of this subdivision, means an interest in any minerals, including but not limited to gas, coal, oil, or other similar interest in real estate, which is owned separately and apart from the fee title to the surface of such real property. Mineral interests which are filed for record in the offices of either the county recorder or registrar of titles, whether or not filed pursuant to sections 93.52 to 93.58, are taxed as provided in this subdivision unless specifically excluded by this subdivision. A tax of ~~25~~ 40 cents per acre or portion of an acre of mineral interest is imposed and is payable annually. If an interest is a fractional undivided interest in an area, the tax due on the interest per acre or portion of an acre is equal to the product obtained by multiplying the fractional interest times ~~25~~ 40 cents, computed to the nearest cent. However, the minimum annual tax on any mineral interest is \$2 ~~\$3.20~~. No such tax on mineral interests is imposed on the following: (1) mineral interests valued and taxed under other laws relating to the taxation of minerals, gas, coal, oil, or other similar interests; or (2) mineral interests which are exempt from taxation pursuant to constitutional or related statutory provisions. Taxes received under this subdivision must be apportioned to the taxing districts included in the area taxed in the same proportion as the surface interest local tax rate of a taxing district bears to the total local tax rate applicable to surface interests in the area taxed. The tax imposed by this subdivision is not included within any limitations as to rate or amount of taxes which may be imposed in an area to which the tax imposed by this subdivision applies. The tax imposed by this subdivision does not cause the amount of other taxes levied or to be levied in the area, which are subject to any such limitation, to be reduced in any amount. Twenty percent of the revenues received from the tax imposed by this subdivision must be distributed under the provisions of section 116J.64.

Sec. 13. Minnesota Statutes 1993 Supplement, 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, 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 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 amount of market value excluded under section 273.11, subdivision 16, if any, must also be listed on the tax statement.* 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 under section 273.11, subdivision 1;

(2) the property's taxable market value after reductions under sections section 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);

(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;

(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;

(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"; and

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

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

Sec. 14. Minnesota Statutes 1993 Supplement, section 278.01, subdivision 1, is amended to read:

Subdivision 1. [DETERMINATION OF VALIDITY.] Any person having personal property, or any estate, right, title, or interest in or lien upon any parcel of land, who claims that such property has been partially, unfairly, or

unequally assessed in comparison with other property in the (1) city, or (2) county, or (3) in the case of a county containing a city of the first class, the portion of the county excluding the first class city, or that the parcel has been assessed at a valuation greater than its real or actual value, or that the tax levied against the same is illegal, in whole or in part, or has been paid, or that the property is exempt from the tax so levied, may have the validity of the claim, defense, or objection determined by the district court of the county in which the tax is levied or by the tax court by serving one copy of a petition for such determination upon the county auditor, one copy on the county attorney, one copy on the county treasurer, and three copies on the county assessor. The county assessor shall immediately forward one copy of the petition to the appropriate governmental authority in a home rule charter or statutory city or town in which the property is located if that city or town employs its own certified assessor. A copy of the petition shall also be forwarded by the assessor to the school board of the school district in which the property is located.

In counties where the office of county treasurer has been combined with the office of county auditor, the county may elect to require the petitioner to serve the number of copies as determined by the county. The county assessor shall immediately forward one copy of the petition to the appropriate governmental authority in a home rule charter or statutory city or town in which the property is located if that city or town employs its own certified assessor. A list of petitioned properties, including the name of the petitioner, the identification number of the property, and the estimated market value, shall be sent on or before the first day of July by the county auditor/treasurer to the school board of the school district in which the property is located.

For all counties, the petitioner must file the copies with proof of service, in the office of the court administrator of the district court *on or before the 16th day of May* ~~March 31~~ of the year in which the tax becomes payable. A petition for determination under this section may be transferred by the district court to the tax court. An appeal may also be taken to the tax court under chapter 271 at any time following receipt of the valuation notice required by section 273.121 but prior to ~~May 16~~ *April 1* of the year in which the taxes are payable.

Sec. 15. Minnesota Statutes 1992, section 278.05, subdivision 6, is amended to read:

Subd. 6. *[DISMISSAL OF PETITION; EXCLUSION OF CERTAIN EVIDENCE.]* (a) Information, including income and expense figures, verified net rentable areas, and anticipated income and expenses, for income-producing property ~~which is not must be~~ provided to the county assessor ~~at least 45 days before any hearing within 60 days after the petition has been filed under this chapter, is not admissible except if necessary to prevent undue hardship or when.~~ *Failure to provide the information required in this paragraph shall result in the dismissal of the petition, unless the failure to provide it was due to the unavailability of the evidence at that time.*

(b) Provided that the information as contained in paragraph (a) is timely submitted to the county assessor, the county assessor shall furnish the petitioner at least five days before the hearing under this chapter with the property's appraisal, if any, which will be presented to the court at the hearing. The petitioner shall furnish to the county assessor at least five days before the hearing under this chapter with the property's appraisal, if any, which will be presented to the court at the hearing. An appraisal of the petitioner's property

done by or for the county ~~or by or for the petitioner~~ shall not be admissible as evidence if the *county assessor does not comply with the provisions within in this paragraph are not met. The petition shall be dismissed if the petitioner does not comply with the provisions in this paragraph.*

Sec. 16. Minnesota Statutes 1992, section 298.26, is amended to read:

298.26 [TAX ON UNMINED TACONITE AND IRON SULPHIDES.]

In any year in which at least 1,000 tons of iron ore concentrate is not produced from any 40-acre tract or governmental lot containing taconite or iron sulphides, a tax may be assessed upon the taconite or iron sulphides therein at the local tax rate prevailing in the taxing district and spread against the net tax capacity of the taconite or iron sulphides, such net tax capacity to be determined in accordance with existing laws. The amount of the tax spread under authority of this section by reason of the taconite and iron sulphides in any tract of land shall not exceed ~~\$10~~ \$15 per acre.

Sec. 17. Minnesota Statutes 1992, section 360.036, subdivision 2, is amended to read:

Subd. 2. [ISSUANCE OF BONDS.] ~~Any~~ (a) Bonds to be issued by ~~any~~ a municipality ~~pursuant to the provisions of under sections 360.011 to 360.076, shall be authorized and issued in the manner and within the limitation, except as herein otherwise provided, prescribed by the laws of this state or the charter of the municipality for the issuance and authorization of bonds thereof for public purposes generally, except as provided in paragraphs (b) and (c).~~

(b) *No election is required to authorize the issuance of the bonds if (1) a board organized under section 360.042 recommends by a resolution adopted by a vote of not less than 60 percent of its members the issuance of bonds and (2) the bonds are authorized by a resolution of the governing body of each of the municipalities acting jointly pursuant to section 360.042, adopted by a vote of not less than 60 percent of its members.*

(c) *If the bonds are general obligations of the municipality, the levy of taxes required by section 475.61 to pay principal and interest on the bonds is not included in computing or applying any levy limitation applicable to the municipality.*

Sec. 18. Minnesota Statutes 1992, section 360.036, subdivision 3, is amended to read:

Subd. 3. [IN EXCESS OF TAX LIMITATION.] Irrespective of any limitation, by general or special law or charter, as to the amount of bonds which may be issued, a municipality may issue bonds for the purposes defined by sections 360.011 to 360.076, in excess of such limitation, in such amount as may be authorized by ~~an ordinance or resolution referred to and approved by the voters of such municipality by popular vote, at any general election or special election called for that purpose the governing body of the municipality as provided in subdivision 2.~~

Sec. 19. Minnesota Statutes 1992, section 360.037, subdivision 2, is amended to read:

Subd. 2. [IN EXCESS OF TAX LIMITATION.] A municipality may levy taxes for the purposes authorized by sections 360.011 to 360.076, in such amount as may be authorized by an ordinance or resolution referred to and approved by the voters of such municipality by popular vote *or as may be*

required to pay principal of or interest on general obligation bonds of the municipality issued under section 360.036.

Sec. 20. Minnesota Statutes 1992, section 360.042, subdivision 10, is amended to read:

Subd. 10. [JOINT FUND.] For the purpose of providing funds for necessary expenditures in carrying out the provisions of this section, a joint fund shall be created and maintained, into which each of the municipalities involved shall deposit its proportionate share as provided by the joint agreement, ~~such~~. Funds to be ~~deposited~~ shall be provided for by bond issues, tax levies, and appropriations made by each municipality in the same manner as though it were acting separately under the authority of sections 360.011 to 360.076, ~~and into which~~. However, a municipality may issue bonds on behalf of other parties to the joint agreement, which shall be treated as being issued by each of the parties in proportion to their respective proportionate share as provided by the joint agreement. Each municipality shall ~~be paid~~ also pay into the fund the revenues obtained from the ownership, control, and operation of the airports and other air navigation facilities jointly controlled, to be expended as provided in section 360.037, subdivision 3. Revenues in excess of cost of maintenance and operating expenses of the joint properties ~~to~~ shall be divided as may be provided in the original agreement for the joint venture. When a county and a city are parties to a joint agreement as provided in subdivision 1 and the city is located in whole or in part within the geographic boundaries of the county, then the county's proportionate share shall be based on the net tax capacity of all property within the county, excepting the net tax capacity of that property located within the city, and any levy for airport purposes by the county shall not be levied against taxable property in the city, other than a levy under section 475.61 to pay debt service on general obligation bonds of the county.

Sec. 21. Minnesota Statutes 1993 Supplement, section 383A.75, subdivision 3, is amended to read:

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~~ September 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.

Sec. 22. [469.1811] [PROPERTY TAX EXEMPTION; AGRICULTURAL PROCESSING FACILITIES.]

Subdivision 1. [DEFINITIONS.] For purposes of this section:

(1) "Agricultural processing facility" means land, buildings, structures, fixtures, and improvements used or operated primarily for the processing or production of marketable products from agricultural crops, including waste and residues from agricultural crops, but not including livestock or livestock products, poultry or poultry products, or wood or wood products. As used in this subdivision, land is limited to land on which the buildings, structures, fixtures, and improvements are situated and the immediately surrounding land used for storage or other functions directly related to the processing or production, not including land used for the growing of agricultural crops.

(2) "Qualifying property" means taxable property: (i) that consists of an agricultural processing facility; and (ii) for which the agricultural processing facility project costs exceed \$100,000,000.

Subd. 2. [CITY MAY EXEMPT.] The governing body of a home rule or statutory city may by resolution exempt qualifying property from property taxation. The exemption may include the entire market value of the qualifying property as determined by the assessor, including the land and any improvements existing at the time the exemption is granted, any increases in the value of the land and improvements during the duration of the exemption, and the value of any improvements constructed or attached during the exemption period. The property tax exemption granted by the city may not exceed a ten-year period beginning with taxes payable the year following the year the exemption is granted. At the expiration of the exemption period, the facility shall be assessed and pay property taxes as otherwise provided by law.

Subd. 3. [APPLICATION; HEARING.] A person proposing to construct an agricultural processing facility may apply for a property tax exemption to the city clerk of the city where the facility is proposed to be located. The application must contain a plan that includes a legal description of the real estate on which the exemption is sought, a description of the proposed facility, a detailed estimate of acquisition and construction costs, a construction time schedule, and any other information required by the city.

Before approving a tax exemption pursuant to this section, the governing body of the city must hold a public hearing. The municipal clerk or auditor shall publish a notice in the official newspaper of the time and place of a hearing to be held by the governing body on the application, not less than 30 days after the notice is published. The notice shall state that the applicant, local government officials, and any taxpayer of the municipality may be heard or may present their views in writing at or before the hearing. The hearing may be adjourned from time to time, but the governing body shall take action on the application by resolution within 30 days after the hearing ends. If disapproved, the reasons shall be set forth in the resolution. If the application for a tax exemption is approved, the city clerk shall forward a copy of the resolution approving the tax exemption to the county assessor who shall exempt the property from taxation under the terms of and for the period contained in the resolution.

Subd. 4. [CONDITIONS; REVOCATION.] (a) The governing body of the city may set conditions to its approval or continuation of a tax exemption under this section. The conditions may include construction specifications;

time limits for construction; traffic, parking, safety, or environmental requirements; requirements as to the type and number of jobs to be created; valuation or assessment requirements after the exemption expires; or any other conditions reasonably required by the city to safeguard the public welfare.

(b) If the city proposes to revoke its approval of a tax exemption granted under this section, it must notify the owner of the property and give the person an opportunity to be heard. The city must give the person 30 days' notice before holding the hearing. A revocation by the city must be made by resolution and must state the findings on which the revocation is based.

Sec. 23. Minnesota Statutes 1992, section 473.341, is amended to read:

473.341 [TAX EQUIVALENTS.]

In each of the four years after year in which the metropolitan council or park district, county or municipality an implementing agency as defined in section 473.351 acquires fee simple title to any real property included in the regional recreation open space system, the metropolitan council shall pay to the municipality or township in which the property is situated an amount equal to the grant sufficient funds to the appropriate implementing agency to make the tax equivalent payment required in this section. The council shall determine the total amount of the property taxes levied thereon on the real property for municipal or township purposes for collection in the year in which title passed, diminished by 20 percent for each subsequent year to and including the year of payment; provided that for any year in which taxes on the property, or on the privilege of using or possessing it, are paid. The municipality or township in which the real property is situated shall be paid 180 percent of the total tax amount determined by the council. If the implementing agency has granted a life estate to the seller of the real property and the seller is obligated to pay property taxes on the property, this tax equivalent shall not be paid until the life estate ends. All amounts paid pursuant to this section are costs of acquisition of the real property with respect to which they are paid acquired.

Sec. 24. Minnesota Statutes 1992, section 473H.05, is amended by adding a subdivision to read:

Subd. 4. [RE-ENROLLING.] If an owner's property was initially granted agricultural preserve status under subdivision 1 but the owner filed an agricultural preserve termination notice on that property, the owner may re-enroll the property in the program as provided in this subdivision. In lieu of the requirements in subdivision 1, the county may allow a property owner to re-enroll by completing a one page form or affidavit, as prepared by the county. The county may require whatever information is deemed necessary, except that approval by the city or township, in which the property is located, shall be required on the form or affidavit.

The county may charge the property owner a re-enrollment fee, not to exceed \$10, to defray any administrative cost.

Re-enrolling property under this subdivision shall be allowed only if the same property owner or owners wish to re-enroll the same property under the same conditions as was originally approved under subdivision 1.

Sec. 25. Minnesota Statutes 1992, section 473H.18, is amended to read:

473H.18 [TRANSFER FROM AGRICULTURAL PROPERTY TAX LAW TREATMENT.]

When land which has been receiving the special agricultural valuation and tax deferment provided in section 273.111 becomes an agricultural preserve pursuant to sections 473H.02 to 473H.17, the recapture of deferred tax and special assessments, as provided in section 273.111, subdivisions 9 and 11, shall not be made. Special assessments deferred under section 273.111, ~~at the date of commencement of the preserve,~~ shall continue to be deferred for the duration of the preserve. *For purposes of this section, "deferred special assessments" shall include the total amount of deferred special assessments under section 273.111 on the property, including any portion of the deferred special assessments which have not yet been levied at the time the property transfers to the agricultural preserves program under this chapter.* All special assessments so deferred shall be payable within 90 days of the date of expiration unless other terms are mutually agreed upon by the authority and the owner. In the event of early termination of a preserve or a portion of it under section 473H.09, all special assessments accruing to the terminated portion plus interest shall be payable within 90 days of the date of termination unless otherwise deferred or abated by executive order of the governor. In the event of a taking under section 473H.15 all special assessments accruing to the taken portion plus interest shall be payable within 90 days of the date the final certificate is filed with the court administrator of district court in accordance with section 117.205.

Sec. 26. Minnesota Statutes 1992, section 580.23, as amended by Laws 1993, chapter 40, section 2, is amended to read:

580.23 [REDEMPTION BY MORTGAGOR; AFFIDAVIT OF AGRICULTURAL NONAGRICULTURAL USE; WAIVER.]

Subdivision 1. [SIX-MONTH REDEMPTION PERIOD.] When lands have been sold in conformity with the preceding sections of this chapter, the mortgagor, the mortgagor's personal representatives or assigns, within six months after such sale, except as otherwise provided in subdivision 2 or section 582.032 or 582.32, may redeem such lands, as hereinafter provided, by paying the sum of money for which the same were sold, with interest from the time of sale at the rate provided to be paid on the mortgage debt and, if no rate be provided in the mortgage note, at the rate of six percent per annum, together with any further sums which may be payable as provided in sections 582.03 and 582.031.

Subd. 2. [12-MONTH REDEMPTION PERIOD.] Notwithstanding the provisions of subdivision 1 hereof, when lands have been sold in conformity with the preceding sections of this chapter, the mortgagor, the mortgagor's personal representatives or assigns, within 12 months after such sale, may redeem such lands in accordance with the provisions of payment of subdivision 1 thereof, if:

- (1) the mortgage was executed prior to July 1, 1967;
- (2) the amount claimed to be due and owing as of the date of the notice of foreclosure sale is less than $66\frac{2}{3}$ percent of the original principal amount secured by the mortgage;
- (3) the mortgage was executed prior to July 1, 1987, and the mortgaged

premises, as of the date of the execution of the mortgage, exceeded ten acres in size;

(4) *the mortgage was executed prior to August 1, 1994, and the mortgaged premises, as of the date of the execution of the mortgage, exceeded ten acres but did not exceed 40 acres in size and was in agricultural use as defined in section 40A.02, subdivision 3; or*

(5) *the mortgaged premises, as of the date of the execution of the mortgage, exceeded 40 acres in size; or*

(6) *the mortgage was executed on or after August 1, 1994, and the mortgaged premises, as of the date of the execution of the mortgage, exceeded ten acres but did not exceed 40 acres in size and was in agricultural use. For purposes of this clause, "in agricultural use" means that at least a portion of the mortgaged premises was classified for ad valorem tax purposes as:*

(i) class 2a agricultural homestead property under section 273.13, subdivision 23;

(ii) class 2b rural or agricultural nonhomestead property under section 273.13, subdivision 23;

(iii) class 1b agricultural homestead property under section 273.13, subdivision 22; or

(iv) exempt wetlands under section 272.02, subdivision 1, clause (10).

Subd. 3. [AFFIDAVIT OF AGRICULTURAL NONAGRICULTURAL USE.] (a) *With respect to mortgages executed prior to August 1, 1994, an affidavit signed by the mortgagor and a certificate signed by the county assessor where the land is located stating that the mortgaged premises as legally described in the affidavit and certificate are not in agricultural use as defined in section 40A.02, subdivision 3, may be recorded in the office of the county recorder or registrar of titles where the property is located and are prima facie evidence of the facts contained in the affidavit and certificate.*

(b) *With respect to mortgages executed on or after August 1, 1994, an affidavit signed by the mortgagor and a certificate signed by the county assessor where the land is located, stating that the mortgaged premises as legally described in the affidavit and certificate are not in agricultural use, may be recorded in the office of the county recorder or registrar of titles where the property is located and are prima facie evidence of the facts contained in the affidavit and certificate. For purposes of this paragraph, "not in agricultural use" means that no portion of the mortgaged premises, as legally described in the affidavit or certificate, is currently classified for ad valorem tax purposes in any classification listed in subdivision 2, clause (6), item (i), (ii), (iii), or (iv).*

Subd. 4. [WAIVER OF 12-MONTH REDEMPTION BASED UPON AGRICULTURAL USE.] *A mortgagor, before or at the time of granting a mortgage executed on or after August 1, 1994, may waive in writing the mortgagor's right under subdivision 2, clause (6), to have a 12-month redemption period based upon the premises being in agricultural use as of the date of execution of the mortgage. The written waiver must be either a document separate from the mortgage or a separately executed and acknowledged addendum to the mortgage on a separate page. If the written waiver is a separate document, it must be in recordable form and must either recite the*

recorded or filed document number of the mortgage or recite the names of the mortgagor and mortgagee, the legal description of the mortgaged property, and the date of the mortgage. If the written waiver is a separate document, it must be recorded in the office of the county recorder or filed in the office of the registrar of titles no later than ten days after the recording or filing of the mortgage. Where there is a waiver of the rights under subdivision 2, clause (6), the redemption period in subdivision 1 applies.

Sec. 27. [RENTAL TAX EQUITY; SAINT PAUL PILOT PROJECT.]

Subdivision 1. [PILOT; TERM.] A pilot project for rental tax equity in the city of Saint Paul is established. The program is for property taxes payable in 1995. The program is available to owners of single- and two-family nonhomestead property.

Subd. 2. [PRIMARY OBJECTIVE.] The pilot project's primary objective is to help stabilize costs for the conscientious, industrious landlord who is already providing safe, decent, and affordable housing. The property tax reduction provided by the program is intended to give an incentive to other landlords to improve their tenant-occupied property and still offer affordable housing.

Subd. 3. [PROPERTY TAX TREATMENT.] (a) Single- and two-family nonhomestead property located in the city of Saint Paul and existing on the effective date of this section, that is classified under Minnesota Statutes, section 273.13, subdivision 25, paragraph (b), clause (1), and that meets the requirements of this section, is eligible for the property tax credit under subdivision 8.

(b) The program is not a housing or building code enforcement program.

(c) Participation in the program is voluntary.

(d) If reimbursements under subdivision 8 limit the number of participants in this program, priority shall be given to landlords who live in the city of Saint Paul.

Subd. 4. [NOTIFICATION TO OWNERS.] The city of Saint Paul shall notify the owner of each single- and two-family nonhomestead property located in the city that the property may be eligible to receive a property tax credit as provided in this section.

Subd. 5. [PROGRAM STEPS.] (a) A landlord who owns eligible property and who wishes to participate must arrange for a certified evaluator who is licensed by the city of Saint Paul to evaluate the property.

(b) The landlord must notify the tenant of the evaluation so that the tenant may be present if the tenant wishes.

(c) The evaluator must evaluate the property using program guidelines adopted by resolution of the Saint Paul city council prior to implementation of the program under this section.

(d) If the evaluator determines that repairs are necessary, the landlord must make the repairs and call for a reinspection by the evaluator. If the evaluator identifies life or safety hazards, the evaluator must notify appropriate city officials, who shall take immediate action to require and enforce repair of the life or safety hazard items.

(e) The evaluator must reinspect the property to see if the program guidelines have been followed.

(f) The evaluator must submit a report on the property's evaluation to the appropriate city officials, the landlord, and the tenant. A filing fee must be paid at the time the report is submitted to the city.

(g) Appropriate city officials must review the report and approve it or issue orders for further repair. In so doing, city staff members may make an on-site review. The landlord may withdraw from the program at any time without making required repairs except those for life or safety hazards, which may be otherwise required. Property for which the evaluator's report is approved must be certified by the appropriate city officials to the county assessor. The city must limit the number of qualifying properties so that the credit payable under subdivision 8 will not, in the city's estimate, exceed \$1,000,000.

(h) A landlord who chooses to participate must complete an application for certification by November 1, 1994.

(i) An owner may apply this program to no more than two nonhomestead, single- or two-family, tenant-occupied properties.

Subd. 6. [APPEALS.] (a) The board of equalization must serve as a board of review to hear appeals relating to the value of improvements and properties. Procedures for board actions and for appeals from board decisions are as provided for other matters decided by the board of equalization.

(b) The city may appoint a board of appeals to hear disputes regarding qualification. The board shall meet to hear appeals under this program between November 1 and December 1, 1994.

Subd. 7. [CITY FEES.] The landlord must pay the housing evaluator a fee, as determined by the city, for the initial inspection and necessary reinspections. The evaluator must pay a filing fee, as determined by the city, to file the evaluator's report. The evaluator may be reimbursed by the landlord for this fee. The landlord must pay the city a fee, as determined by the city, to apply for recertification. If additional inspections are required, a reinspection fee, as determined by the city, must be paid by the landlord.

Subd. 8. [CREDIT AND REIMBURSEMENT.] (a) [CREDIT PROVIDED.] Property that meets the requirements under this section is eligible for a property tax credit equal to the difference between (1) the tax on the property and (2) the tax that would be payable if the property were classified under Minnesota Statutes, section 273.13, subdivision 22, paragraph (a).

(b) [PROPERTY TAX STATEMENTS.] The property tax statement provided under Minnesota Statutes, section 276.04, to an owner of property that receives the credit under this subdivision shall include information on the amount of the credit given to the property. The Ramsey county treasurer shall notify the commissioner of revenue on how the county plans to modify the property tax statements to include the necessary information.

(c) [GENERAL FUND; REPLACEMENT OF REVENUE.] Payment from the general fund shall be made as provided in this subdivision for the purpose of replacing revenue lost as a result of the reduction of property taxes provided in this subdivision.

The Ramsey county auditor shall certify to the commissioner of revenue the amount of reduction resulting from this subdivision. This certification shall be

submitted to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under the provisions of Minnesota Statutes, section 275.29. The commissioner of revenue shall review the certification to determine its accuracy and make changes in the certification as necessary or return the certification to the county auditor for corrections.

Based on current year tax data reported in the abstracts of tax lists, the commissioner of revenue shall determine the taxing district distribution of the amounts certified. The commissioner of revenue shall pay to each taxing district, other than school districts, its total payment for the year at the times provided in Minnesota Statutes, section 473H.10. The credit reimbursement to school districts must be certified to the commissioner of education and paid as provided under Minnesota Statutes, section 273.1392.

The reimbursement paid under this subdivision shall be made only in 1995, and is limited to \$1,000,000. To the extent the amount of credit originally certified exceeds \$1,000,000, reimbursements to the taxing districts shall be prorated according to the proportions of their levies so as not to exceed \$1,000,000.

Subd. 9. [REPORT TO THE LEGISLATURE.] *By January 15, 1995, the Saint Paul city council shall provide a report to the committee on housing and the committee on taxes and tax laws of the senate and the housing committee and the tax committee of the house of representatives on the program. The report must include the program guidelines, housing costs, rents and the extent of participation in the program for the 1995 tax year.*

Subd. 10. [EFFECTIVE DATE.] *This section is effective the day following final enactment, upon compliance with Minnesota Statutes, section 645.021, subdivision 3, by the city of Saint Paul, and applies to property taxes payable in 1995 on nonhomestead, single- and two-family rental properties existing on the effective date.*

Sec. 28. [PILOT PROJECT STUDY FOR INFORMATION ON SQUARE FOOTAGE OF PROPERTY.]

The commissioner of revenue shall coordinate a pilot project study with the counties of Hennepin and Blue Earth. The primary purpose is to collect, by legal classification of real property, information on the total square footage of land and structures within the respective counties by taxing jurisdiction. The square footage shall be identified separately for land and for structures.

By February 15, 1995, the commissioner shall provide a report to the tax committee of the house of representatives and the committee on taxes and tax laws of the senate. Besides reporting the basic data, the report shall discuss the feasibility of developing a statewide system of property taxation in which a property's tax base would be determined by its square footage.

Sec. 29. [STUDY OF HOMESTEAD PROPERTY TAX RELIEF.]

The commissioner of revenue shall conduct a study of the methods of delivering property tax relief to homeowners. The study must specifically include an analysis of the administrative feasibility, policy implications, and state revenue impacts of proposals to:

(1) pay the additional property tax refund under Minnesota Statutes, section 290A.04, subdivision 2h, as a state paid property tax credit on the property tax statement, and

(2) pay the property tax refund under Minnesota Statutes, section 290A.04, subdivision 2, as a state paid credit on the property tax statement.

The study must also consider alternative computations of the refund amounts wherein the additional property tax refund is deducted before computation of the regular property tax refund.

The study must consider options to pay the credits as an equal deduction from both of the property tax payments on the property tax statement, and as a deduction only from the second half payment, thus requiring a second property tax statement.

The study must determine income and other data needed to implement the proposals and consider the forms, methods, and dates by which the necessary data can be made available.

The study should consider the possibility of showing the credit(s) on the property tax statement only or on both the property tax statement and the notice of proposed property taxes.

The study must also determine the changes in property tax administration that would be necessary to implement the tax credit proposals.

The study must separately estimate the costs to each county necessary to implement and administer the tax credit proposals, considering both initial start-up costs and ongoing administrative expenses, including programming, form design, data entry, and computer hardware costs, and must also estimate the costs to the department of revenue.

The commissioner shall consult with the chair of the senate committee on taxes and tax laws and with the chair of the house of representatives committee on taxes, and with their staffs, in planning and conducting the study.

On or before January 20, 1995, the commissioner of revenue shall report to the legislature on the information collected, and on the study's findings, including its policy and fiscal implications to the state. The report shall include a discussion of the proposals and any statutory changes necessary to implement them.

Sec. 30. [EXTENSION OF PAYABLE 1995 LEVY CERTIFICATION DATE.]

The July 1 dates specified in Laws 1994, chapter 416, article 1, section 29, shall be extended to September 1, for the purposes of the 1994 levy, payable in 1995, for (1) the Cross Lake area water and sanitary sewer district under article 10, (2) the Chisholm/Hibbing airport authority under article 11, and (3) the airport municipal bonding under sections 17 to 20 of this article.

Sec. 31. [REPEALER.]

Minnesota Statutes 1993 Supplement, section 82.19, subdivision 9, is repealed.

Sec. 32. [EFFECTIVE DATE.]

Sections 1, 14, and 15 are effective for petitions relating to property taxes payable in 1995, and thereafter.

Sections 2, 17 to 20, 27, and 30 are effective the day following final enactment.

Section 4 is effective for the 1994 assessment, taxes payable in 1995, except that the changes requiring an application to be filed and the market value eligibility provisions made in section 4 are effective July 1, 1994, and thereafter.

Sections 5 and 31 are effective July 1, 1994.

Sections 6 and 25 are effective the day following final enactment for property which transfers from the agricultural property tax provisions under Minnesota Statutes, section 273.111, to the metropolitan agricultural preserves under Minnesota Statutes, chapter 473H.

Sections 7, 8, 10 to 12, and 16 are effective for taxes levied in 1994, payable in 1995, and thereafter.

Section 9 is only effective for homestead applications filed after the day following final enactment, for property taxes payable in 1995 and thereafter.

Section 13 is effective for property tax statements for taxes payable in 1995, and thereafter.

Section 22 is effective the day following final enactment and applies to agricultural processing facilities for which construction is commenced after that date.

Section 23 is effective for tax equivalent payments due in 1995 and thereafter, and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Section 24 is effective for property re-enrolled in the metropolitan agricultural preserve program on or after July 1, 1994.

Section 26 is effective August 1, 1994.

ARTICLE 6

MINERALS TAXATION

Section 1. [297A.2573] [MINERAL PRODUCTION FACILITIES; EXEMPTION.]

Materials, equipment, and supplies used or consumed in constructing, or incorporated into the construction of exempted facilities as defined in this section are exempt from the taxes imposed under this chapter and from any sales and use tax imposed by a local unit of government, notwithstanding any ordinance or city charter provision.

As used in this section, "exempted facilities" means:

(1) a value added iron products plant, which may be either a new plant or a facility incorporated into an existing plant that produces iron upgraded to a minimum of 75 percent iron content or any iron alloy with a total minimum metallic content of 90 percent;

(2) a facility used for the manufacture of fluxed taconite pellets as defined in section 298.24;

(3) a new capital project that has a total cost of over \$40,000,000 that is directly related to production, cost, or quality at an existing taconite facility that does not qualify under clause (1) or (2); and

(4) a new mine or minerals processing plant for any mineral subject to the net proceeds tax imposed under section 298.015.

The tax shall be imposed and collected as if the rates under sections 297A.02, subdivision 1, and 297A.021, applied, and then refunded in the manner provided in section 297A.15, subdivision 5.

Sec. 2. Minnesota Statutes 1993 Supplement, section 298.227, is amended to read:

298.227 [TACONITE ECONOMIC DEVELOPMENT FUND.]

An amount equal to that distributed pursuant to each taconite producer's taxable production and qualifying sales under section 298.28, subdivision 9a, 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. *If a taconite production facility is sold after operations at the facility had ceased, any money remaining in the fund for the former producer may be released to the purchaser of the facility on the terms otherwise applicable to the former producer under this section.* 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. 3. Minnesota Statutes 1992, section 298.24, subdivision 1, is amended to read:

Subdivision 1. (a) For concentrate produced in 1992 ~~and~~, 1993, and 1994 there is imposed upon taconite and iron sulphides; and upon the mining and quarrying thereof, and upon the production of iron ore concentrate therefrom, and upon the concentrate so produced, a tax of \$2.054 per gross ton of merchantable iron ore concentrate produced therefrom.

(b) For concentrates produced in 1994 1995 and subsequent years, the tax rate shall be equal to the preceding year's tax rate plus an amount equal to the preceding year's tax rate multiplied by the percentage increase in the implicit price deflator from the fourth quarter of the second preceding year to the

fourth quarter of the preceding year. "Implicit price deflator" for the gross national product means the implicit price deflator prepared by the bureau of economic analysis of the United States Department of Commerce.

(c) The tax shall be imposed on the average of the production for the current year and the previous two years. The rate of the tax imposed will be the current year's tax rate. This clause shall not apply in the case of the closing of a taconite facility if the property taxes on the facility would be higher if this clause and section 298.25 were not applicable.

(d) If the tax or any part of the tax imposed by this subdivision is held to be unconstitutional, a tax of \$2.054 per gross ton of merchantable iron ore concentrate produced shall be imposed.

(e) Consistent with the intent of this subdivision to impose a tax based upon the weight of merchantable iron ore concentrate, the commissioner of revenue may indirectly determine the weight of merchantable iron ore concentrate included in fluxed pellets by subtracting the weight of the limestone, dolomite, or olivine derivatives or other basic flux additives included in the pellets from the weight of the pellets. For purposes of this paragraph, "fluxed pellets" are pellets produced in a process in which limestone, dolomite, olivine, or other basic flux additives are combined with merchantable iron ore concentrate. No subtraction from the weight of the pellets shall be allowed for binders, mineral and chemical additives other than basic flux additives, or moisture.

(f) Notwithstanding any other provision of this subdivision, for concentrates produced in 1994 through 1999, the rate of the tax on direct reduced ore is determined under this paragraph. As used in this paragraph, "direct reduced ore" is ore that results in a product that has an iron content of at least 75 percent. The rate to be applied to direct reduced ore is 25 percent of the rate otherwise determined under this subdivision for the first 500,000 of taxable tons for the production year, and 50 percent of the rate otherwise determined for any remainder. If the taxpayer had no production in the two years prior to the the current production year, the tonnage eligible to be taxed at 25 percent of the rate otherwise determined under this subdivision is the first 166,667 tons. If the taxpayer had some production in the year prior to the current production year but no production in the second prior year, the tonnage eligible to be taxed at 25 percent of the rate otherwise determined under this subdivision is the first 333,333 tons.

Sec. 4. Minnesota Statutes 1993 Supplement, 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, 1995, and 1996 shall be paid to the taconite economic development fund. No distribution shall be made under this 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, is amended by adding a subdivision to read:

Subd. 11a. [PRORATED DISTRIBUTIONS.] For production years 1994 through 1999, distributions under this section that are based on a number of cents per ton explicitly provided in this section shall be reduced on a pro rata basis to reflect the reduction in tax proceeds as a result of the tax rate reduction applied to direct reduced ore under section 298.24, subdivision 1, paragraph (f).

Sec. 6. Minnesota Statutes 1992, section 298.296, subdivision 2, is amended to read:

Subd. 2. [EXPENDITURE OF FUNDS.] Before January 1, 2002, funds may be expended on projects and for administration of the trust fund only from the net interest, earnings, and dividends arising from the investment of the trust at any time, including net interest, earnings, and dividends that have arisen prior to July 13, 1982, plus \$10,000,000 made available for use in fiscal year 1983, except that any amount required to be paid out of the trust fund to provide the property tax relief specified in Laws 1977, chapter 423, article X, section 4, and to make school bond payments and payments to recipients of taconite production tax proceeds pursuant to section 298.225, may be taken from the corpus of the trust. Additionally, upon recommendation by the board, up to \$10,000,000 from the corpus of the trust may be made available for use as provided in subdivision 4. On and after January 1, 2002, funds may be expended on projects and for administration from any assets of the trust. Annual administrative costs, not including detailed engineering expenses for the projects, shall not exceed five percent of the net interest, dividends, and earnings arising from the trust in the preceding fiscal year.

Principal and interest received in repayment of loans made pursuant to this section, and earnings on other investments made under section 298.292, subdivision 2, clause (4), shall be deposited in the state treasury and credited to the trust. These receipts are appropriated to the board for the purposes of sections 298.291 to 298.298.

Sec. 7. Minnesota Statutes 1992, section 298.296, is amended by adding a subdivision to read:

Subd. 4. [TEMPORARY LOAN AUTHORITY.] The board may recommend that up to \$10,000,000 from the corpus of the trust may be used for loans as provided in this subdivision. The money would be available for loans for construction and equipping of facilities constituting (1) a value added iron products plant, which may be either a new plant or a facility incorporated into an existing plant that produces iron upgraded to a minimum of 75 percent iron content or any iron alloy with a total minimum metallic content of 90 percent; or (2) a new mine or minerals processing plant for any mineral subject to the net proceeds tax imposed under section 298.015. A loan under this subdivision may not exceed \$5,000,000 for any facility. The authority to make loans under this subdivision terminates December 31, 1995.

Sec. 8. [EFFECTIVE DATE.]

Section 1 is effective for sales after June 30, 1994, provided that no refunds will be paid under section 1 until after June 30, 1995.

ARTICLE 7

BUDGETING REFORM

Section 1. [16A.102] [BUDGETING REVENUES RELATIVE TO PERSONAL INCOME.]

Subdivision 1. [GOVERNOR'S RECOMMENDATION.] By the fourth Monday in January of each odd-numbered year, the governor shall submit to the legislature a recommended revenue target for the next two bienniums. The recommended revenue target must specify

(1) the maximum share of Minnesota personal income to be collected in taxes and other revenues to pay for state and local government services;

(2) the division of the share between state and local government revenues; and

(3) the appropriate mix and rates of income, sales, and other state and local taxes and other revenues, other than property taxes, and the amount of property taxes and the effect of the recommendations on the incidence of the tax burden by income class.

The recommendations must be based on the November forecast prepared under section 2.

Subd. 2. [LEGISLATIVE BUDGET RESOLUTION.] By March 15 of each odd-numbered year, the legislature shall by concurrent resolution adopt revenue targets for the next two bienniums. The resolution must specify:

(1) the maximum share of Minnesota personal income to be collected in taxes and other revenues to pay for state and local government services;

(2) the division of the share between state and local government services; and

(3) the appropriate mix and rates of income, sales, and other state and local taxes and other revenues, other than property taxes, and the amount of property taxes and the effect of the resolution on the incidence of the tax burden by income class.

The resolution must be based on the February forecast prepared under section 2 and take into consideration the revenue targets recommended by the governor under subdivision 1.

Subd. 3. [EVEN-NUMBERED YEAR AND SPECIAL SESSIONS.] The governor or the legislature may elect to modify their revenue targets in a special session or an even-numbered year regular session. The requirements of subdivisions 1 and 2 apply, except that within ten days of the start of the session, the dates provided in those subdivisions must be modified to be consistent with the planned date of adjournment.

Sec. 2. [16A.103] [FORECASTS OF REVENUE AND EXPENDITURES.]

Subdivision 1. [STATE REVENUE AND EXPENDITURES.] In February and November each year, the commissioner shall prepare and deliver to the governor and legislature a forecast of state revenue and expenditures. The forecast must assume the continuation of current laws and reasonable estimates of projected growth in the national and state economies and affected

populations. Revenue must be estimated for all sources provided for in current law. Expenditures must be estimated for all obligations imposed by law and those projected to occur as a result of inflation and variables outside the control of the legislature. In addition, the commissioner shall forecast Minnesota personal income for each of the years covered by the forecast and include these estimates in the forecast documents. A forecast prepared during the first fiscal year of a biennium must cover that biennium and the next biennium. A forecast prepared during the second fiscal year of a biennium must cover that biennium and the next two bienniums.

Subd. 2. [LOCAL REVENUE.] In February and November of each year, the commissioner of revenue shall prepare and deliver to the governor and the legislature forecasts of revenue to be received by school districts as a group, counties as a group, and the group of cities and towns that have a population of more than 2,500. The forecasts must assume the continuation of current laws, projections of valuation changes in real property, and reasonable estimates of projected growth in the national and state economies and affected populations. Revenue must be estimated for property taxes, state and federal aids, local sales taxes, if any, and a single projection for all other revenue for each group of affected local governmental units. As part of the February forecast, the commissioner of revenue shall report to the governor and legislature on which groups of local government units exceeded the revenue targets of the governor and legislature in the most recent biennium.

Subd. 3. [SEPARATE ESTIMATES OF FEE REVENUES.] In preparing the November estimates under subdivision 1, the commissioner shall separately report the amount of departmental earnings as defined in section 16A.1285. In preparing the estimates under subdivision 2, the commissioner of revenue shall separately estimate local government revenues similar to departmental earnings as defined in section 16A.1285.

Sec. 3. Minnesota Statutes 1992, section 124.196, is amended to read:

124.196 [CHANGE IN PAYMENT OF AIDS AND CREDITS.]

If the commissioner of finance determines that modifications in the payment schedule ~~are required to avoid~~ would reduce the need for state short-term borrowing, the commissioner of education shall modify payments to school districts according to this section. The modifications shall begin no sooner than September 1 of each fiscal year, and shall remain in effect until no later than May 30 of that same fiscal year. In calculating the payment to a school district pursuant to section 124.195, subdivision 3, the commissioner may subtract the sum specified in that subdivision, plus an additional amount no greater than the following:

(1) the net cash balance in the district's four operating funds on June 30 of the preceding fiscal year; minus

(2) the product of \$150 times the number of actual pupil units in the preceding fiscal year; minus

(3) the amount of payments made by the county treasurer during the preceding fiscal year, pursuant to section 276.11, which is considered revenue for the current school year. However, no additional amount shall be subtracted if the total of the net unappropriated fund balances in the district's four operating funds on June 30 of the preceding fiscal year, is less than the product of \$350 times the number of actual pupil units in the preceding fiscal year. The

net cash balance shall include all cash and investments, less certificates of indebtedness outstanding, and orders not paid for want of funds.

A district may appeal the payment schedule established by this section according to the procedures established in section 124.195, subdivision 3a.

Sec. 4. [275.064] [ESTIMATED PERSONAL INCOME INCREASE.]

By July 1 of each year, the commissioner of revenue shall estimate the percentage increase in Minnesota personal income for the next calendar year over the current calendar year, using the most recent forecast prepared by the commissioner of finance. The commissioner of revenue shall notify each local government subject to the requirements of section 275.065 of this percentage by July 15.

Sec. 5. Minnesota Statutes, 1993 Supplement, section 275.065, subdivision 3, is amended to read:

Subd. 3. [NOTICE OF PROPOSED PROPERTY TAXES.] (a) The county auditor shall prepare and the county treasurer shall deliver 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, 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. *The notice must include the estimated percentage increase in Minnesota personal income, provided by the commissioner of revenue under section 275.064, in a way to facilitate comparison of the proposed budget and levy increases with the increase in personal income.* 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 determined under section 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;

(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.

(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. 6. [EFFECTIVE DATE.]

Sections 1 to 3 are effective the day following final enactment. Sections 4 and 5 apply beginning for notices of proposed property taxes for taxes payable in 1995.

ARTICLE 8

BOARD OF GOVERNMENT INNOVATION AND COOPERATION

Section 1. Minnesota Statutes 1993 Supplement, section 465.795, subdivision 7, is amended to read:

Subd. 7. [SCOPE.] As used in sections 465.795 to 465.799 and sections ~~465.80~~ 465.801 to 465.87, the terms defined in this section have the meanings given them.

Sec. 2. Minnesota Statutes 1993 Supplement, section 465.796, subdivision 2, is amended to read:

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 465.797, 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 465.798 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 465.799, 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~~ 465.801, 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.

Sec. 3. Minnesota Statutes 1993 Supplement, section 465.797, subdivision 1, is amended to read:

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, *in concept*, the *proposed* waiver or exemption ~~request by resolution~~ at a meeting required to be public under section 471.705. *A local government unit or two or more units acting jointly may apply for a waiver or exemption on behalf of a nonprofit organization providing services to clients whose costs are paid by the unit or units. A waiver or exemption granted to a nonprofit organization under this section applies to services provided to all the organization's clients.*

(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.

Sec. 4. Minnesota Statutes 1993 Supplement, section 465.797, subdivision 2, is amended to read:

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; and

(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 to represent employees who provide the service or program affected by the requested waiver or exemption.

Sec. 5. Minnesota Statutes 1993 Supplement, section 465.797, subdivision 3, is amended to read:

Subd. 3. [REVIEW PROCESS.] (a) 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.

(b) The board shall determine whether a law from which an exemption for enforcement is sought is a procedural law, specifying how a local government unit is to achieve an outcome, rather than a substantive law prescribing the outcome or otherwise establishing policy. In making its determination, the board shall consider whether the law specifies such requirements as:

- (1) who must deliver a service;
- (2) where the service must be delivered;
- (3) to whom and in what form reports regarding the service must be made; and
- (4) how long or how often the service must be made available to a given recipient.

(c) If the commissioner of finance, the commissioner of administration, or the state auditor has jurisdiction over a rule or law affected by an application, the chief administrative law judge, as soon as practicable after receipt of the application, shall designate a third administrative law judge to serve as a member of the board in place of that official while the board is deciding whether to grant the waiver or exemption.

(d) 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

(e) Within 15 days after receipt of 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. *An agency's failure to do so is considered agreement to the waiver or exemption. The board shall decide whether to grant a waiver or exemption at its next regularly scheduled meeting following its receipt of an agency's response or the end of the 60-day response period. If consideration of an application is not concluded at that meeting, the matter may be carried over to the next meeting of the board.* Interested persons may submit written comments to the board on the waiver or exemption request ~~within 60 days of the board's receipt of up to the time of its vote on 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.~~

(f) If the exclusive representative of the affected 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.

Sec. 6. Minnesota Statutes 1993 Supplement, section 465.797, subdivision 4, is amended to read:

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.

Sec. 7. Minnesota Statutes 1993 Supplement, section 465.797, subdivision 5, is amended to read:

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. *The board may reconsider or renegotiate the agreement if the rule or law affected by the waiver or exemption is amended or repealed during the term of the original agreement.* 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.

Sec. 8. Minnesota Statutes 1993 Supplement, section 465.798, is amended to read:

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~~ *a local unit of government acting in conjunction with a local unit of government* ~~an organization or a state agency, or an organization established by two or more local units of government under a joint powers agreement~~ *may apply to the board of government innovation and management for a grant to be used to develop models for innovative service budget management. A copy of the application must be provided by the units to the exclusive representatives certified under section 179A.12 to represent employees who provide the service or program affected by the application.*

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 board shall award grants on the basis of each qualified applicant's score under the scoring system in section 465.802.* The amount of a grant under this section ~~shall~~ *may* not exceed \$50,000.

Sec. 9. Minnesota Statutes 1993 Supplement, section 465.799, is amended to read:

465.799 [COOPERATION PLANNING GRANTS.]

Two or more local government units; *an association of local governments; a local unit of government acting in conjunction with the metropolitan council, an organization, or a state agency; or an organization formed by two or more local units of government under a joint powers agreement* *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. A copy of the application must be submitted by the applicants to the exclusive representatives certified under section 179A.12 to represent employees who provide the service or program affected by the application.

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, and the board may disseminate it to other local units of government or interested groups. If the board finds that the grantee has failed to implement the plan according to the terms of the agreement, it may require the grantee to repay all or a portion of the grant. The board shall award grants on the basis of each qualified applicant's score under the scoring system in section 465.802. The amount of a grant under this section shall may not exceed \$50,000.

Sec. 10. [465.801] [SERVICE SHARING GRANTS.]

Two or more local units of government; an association of local governments; a local unit of government acting in conjunction with the metropolitan council, an organization, or a state agency; or an organization established by two or more local units of government under a joint powers agreement may apply to the board of government innovation and cooperation for a grant to be used to meet the start-up costs of providing shared services or functions. Agreements solely to make joint purchases are not sufficient to qualify under this section. A copy of the application must be provided by the applicants to the exclusive representatives certified under section 179A.12 to represent employees who provide the service or program affected by the application.

The proposal must include plans fully to integrate a service or function provided by two or more local government units. 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 grantee has failed to implement the plan according to the terms of the agreement, it may require the grantee to repay all or a portion of the grant. The board shall award grants on the basis of each qualified applicant's score under the scoring system in section 465.802. The amount of a grant under this section may not exceed \$100,000.

Sec. 11. [465.802] [SCORING SYSTEM.]

In deciding whether to award a grant under section 465.798, 465.799, or 465.801, the board shall use the following scoring system:

(1) Up to 15 points shall be awarded to reflect the extent to which the application demonstrates creative thinking, careful planning, cooperation, involvement of the clients of the affected service, and commitment to assume risk.

(2) Up to 20 points shall be awarded to reflect the extent to which the proposed project is likely to improve the quality of the service and to have benefits for other local governments.

(3) Up to 15 points shall be awarded to reflect the extent to which the application's budget provides sufficient detail, maximizes the use of state

funds, documents the need for financial assistance, commits to local financial support, and limits expenditures to essential activities.

(4) Up to 20 points shall be awarded to reflect the extent to which the application reflects the statutory goal of the grant program.

(5) Up to 15 points shall be awarded to reflect the merit of the proposed project and the extent to which it warrants the state's financial participation.

(6) Up to five points shall be awarded to reflect the cost/benefit ratio projected for the proposed project.

(7) Up to five points shall be awarded to reflect the number of government units participating in the proposal.

(8) Up to five points shall be awarded to reflect the minimum length of time the application commits to implementation.

Sec. 12. [APPROPRIATION.]

\$2,200,000 is appropriated from the general fund to the board of government innovation and cooperation to implement and administer the programs of the board in fiscal year 1995.

Sec. 13. [REPEALER.]

Minnesota Statutes 1992, section 465.80, subdivision 3, is repealed. Minnesota Statutes 1993 Supplement, section 465.80, subdivisions 1, 2, 4, and 5, are repealed.

ARTICLE 9

LOCAL LAWS

Section 1. Minnesota Statutes 1992, section 466A.02, subdivision 3, is amended to read:

Subd. 3. [ADDITIONAL AREA ELIGIBLE FOR INCLUSION IN TARGETED NEIGHBORHOOD.] (a) The city may add to the area designated as a targeted neighborhood under subdivision 2 a contiguous area of one-half mile in all directions from the designated targeted neighborhood.

(b) Assisted housing is also considered a targeted neighborhood.

(c) A neighborhood that is partially targeted may be considered wholly targeted.

Sec. 2. Minnesota Statutes 1992, section 469.004, subdivision 1a, is amended to read:

Subd. 1a. [RAMSEY COUNTY AUTHORITY.] Ramsey county may exercise the powers of a housing and redevelopment authority. Before the commencement of a project by Ramsey county acting as a housing and redevelopment authority, the governing body of the municipality in which the project is to be located shall, by majority vote, approve the project as recommended by the authority. ~~The authority granted to Ramsey county under this subdivision and subdivision 1 terminates June 30, 1994, providing that obligations incurred by the county before that date shall remain in effect according to their terms. A resolution of the county board may provide that the board will constitute the county housing and redevelopment authority.~~

Sec. 3. [469.0775] [MANKATO; PORT AUTHORITY.]

The governing body of the city of Mankato may exercise all the powers of a port authority provided by sections 469.048 to 469.068, as if the city were a port authority; and the city may exercise all the powers relating to a port authority granted to a city by sections 469.048 to 469.068, or other law.

Sec. 4. Laws 1969, chapter 499, section 2, is amended to read:

Sec. 2. Notwithstanding any provisions of the charter of the city of Minneapolis, or of any statutory enactments, the said city may provide for the collection of special charges, fees or taxes for all or any part of the cost of

(1) any service to streets, sidewalks, ~~or other property~~, street oiling, street flushing and cleaning;

(2) sewer charges;

(3) water charges;

(4) solid waste disposal charges;

(5) any other charges for abatement of nuisance conditions as defined by the city; and

(6) any and all other services or improvements specified in said Chapter 429, Minnesota Statutes, section 429.101;

in the same manner as a special assessment against the property benefitted. The procedure for the levy of said special assessment shall, if the city elects to proceed under the provisions of said the service charges may be defined by ordinance or the city may, at its option, elect the procedure set forth in Minnesota Statutes, chapter 429, be as provided in said Chapter 429.

Sec. 5. [BENTON COUNTY; ECONOMIC DEVELOPMENT AUTHORITY; ESTABLISHMENT AND POWERS.]

Subdivision 1. [ESTABLISHMENT.] The board of county commissioners of Benton county may establish an economic development authority in the manner provided in Minnesota Statutes, sections 469.090 to 469.1081, and may impose limits on the authority enumerated in Minnesota Statutes, section 469.092. The economic development authority has all of the powers and duties granted to or imposed upon economic development authorities under Minnesota Statutes, sections 469.090 to 469.1081. The county economic development authority may create and define the boundaries of economic development districts at any place or places within the county, provided that a project as recommended by the county authority that is to be located within the corporate limits of a city may not be commenced without the approval of the governing body of the city. 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. 2. [POWERS.] If an economic development authority is established as provided in subdivision 1, 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, or other law, including a tax levy to support the activities of the authority.

Subd. 3. [LOCAL APPROVAL.] This section is effective the day after the Benton county board complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 6. [SPECIAL SERVICE DISTRICT; CITY OF EAGAN.]

Subdivision 1. [DEFINITIONS.] (a) For the purposes of this section, the terms defined have the meanings given them.

(b) "City" means the city of Eagan.

(c) "Special services" means:

(1) the promotion and management of a special service district as a trade or shopping area with the ability to provide the following special services within the boundaries of the district to be rendered or contracted for by the city;

(2) signage identifying the overall retail area;

(3) preparation, mowing, maintenance, and repair of landscaping on public right-of-way;

(4) installation, maintenance, and repair of street and pedestrian lighting in excess of the city standard;

(5) installation, maintenance, and repair of public parking facilities;

(6) provision and coordination of public safety services in excess of the city standard;

(7) repair, maintenance, operation, rerouting, and replacement of existing public improvements, and those authorized by Minnesota Statutes, section 429.021, within the boundaries of the special service district established under subdivision 2; and

(8) administration, coordination, and preparation of studies and designs for the defined special services.

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.

Subd. 2. [ESTABLISHMENT OF SPECIAL SERVICE DISTRICT.] The governing body of the city of Eagan may adopt ordinances establishing special service districts. The provisions of Minnesota Statutes, chapter 428A govern the establishment and operation of the special service districts in the city.

Subd. 3. [EFFECTIVE DATE; LOCAL APPROVAL.] This section is effective the day after the governing body of the city of Eagan complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 7. [SPECIAL SERVICE DISTRICT; CITY OF GAYLORD.]

Subdivision 1. [DEFINITIONS.] (a) For the purposes of this section, the terms defined have the meanings given them.

(b) "City" means the city of Gaylord.

(c) "Special services" means:

(1) the promotion and management of a special service district as a trade or shopping area;

(2) snow removal services rendered or contracted for by the city; and

(3) the repair, maintenance, operation, and replacement of improvements, within the boundaries of a special service district established under subdivision 2.

Subd. 2. [ESTABLISHMENT OF A SPECIAL SERVICE DISTRICT.] The governing body of the city of Gaylord may adopt ordinances establishing special service districts. The provisions of Minnesota Statutes, chapter 428A, govern the establishment and operation of special service districts in the city.

Subd. 3. [LOCAL APPROVAL.] This section is effective the day after the governing body of the city of Gaylord complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 8. [ITASCA COUNTY CEMETERY ASSOCIATION.]

Subdivision 1. [TAX LEVIES.] Notwithstanding Minnesota Statutes, section 471.24, each of the following cities or towns is authorized to levy a tax and make an appropriation not to exceed \$15,000 annually to the Lakeview Cemetery Association, operated by the town of Iron Range, for cemetery purposes: the city of Coleraine, the city of Bovey, and each town which is a member of the cemetery association.

Subd. 2. [EFFECTIVE DATE.] This section is effective for taxes levied in 1994, payable in 1995, and thereafter.

Sec. 9. [CITY-COUNTY RURAL DEVELOPMENT FINANCE AUTHORITY; KOOCHICHING COUNTY.]

Subdivision 1. [ESTABLISHMENT.] The Koochiching county board and any or all of the cities of Koochiching county may, by adopting a written enabling resolution, establish a city-county rural development finance authority that, subject to subdivision 2, has the following powers: powers of an economic development authority under Minnesota Statutes, sections 469.090 to 469.107, and powers of a rural development financing authority under Minnesota Statutes, sections 469.142 to 469.151.

Subd. 2. [ECONOMIC DEVELOPMENT AUTHORITY POWERS.] If the city-county rural development finance 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 469.108. The levy imposed by the county board under Minnesota Statutes, section 469.107, may be levied in addition to levies otherwise authorized by law. The city-county rural development finance 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 city-county economic development districts. The authority may acquire real property from Koochiching county or any other source.

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 enabling resolution.

(b) The enabling resolution may be modified at any time, but may not be applied in a manner that impairs contracts executed before the modification is made. All modifications to the enabling resolution must be by written resolution.

(c) Before the commencement of a project by the authority, the board shall by majority vote of six approve the project.

(d) Any project within a municipality requires approval of its city council; any project outside the corporate limits of a municipality shall require the approval of the county board.

(e) The authority may employ the personnel it deems necessary.

Subd. 4. [BOARD OF DIRECTORS.] (a) The authority consists of a board of ten directors. The directors shall be appointed as follows:

(1) one resident each from the cities of Ranier, Big Falls, and Little Fork appointed by the mayor of the city and confirmed by the city council;

(2) one resident of either the city of Northome or Mizpah appointed, as agreed by the mayors of the two cities, and confirmed by the two city councils;

(3) three members, one of whom must be from the Birchdale-Loman area and one from the city of International Falls, appointed by the board of commissioners of Koochiching county to be confirmed by the entire board, one of whom shall be designated as chair of the Koochiching development authority board. The Koochiching county board may appoint one of its commissioners whose district is not within any portion of the corporate limits of the city of International Falls to be a director; and

(4) three residents from the city of International Falls appointed by the mayor and confirmed by the city council, one of which may be an elected official.

(b) Any vacancy must be filled in the manner in which the original appointment was made. A vacancy occurs if a director no longer meets the residency requirements for a seat. No director shall be an officer, employee, director, shareholder, or member of any corporation, firm, or association with which the authority has entered into any operating lease, or other agreement. The directors may be removed by the appointing authority for the reasons and in the manner provided under Minnesota Statutes, section 469.010. Directors shall have no personal liability for obligations of the authority or the methods of enforcement and collection of the obligations.

(c) The directors and employees of the authority shall receive both travel and per diem expense payments as are allowed by a vote of 60 percent of the full membership of the authority's board.

(d) No director of the authority shall simultaneously serve in an elective public office, except that one of the appointments by the mayor of the city of International Falls may be a member of the International Falls city council and one of the appointments by the Koochiching county board may be a

member of the Koochiching county board whose district is not within any portion of the corporate limits of the city of International Falls. Neither of such elected officials shall serve as chair of the Koochiching city-county rural development finance authority board.

Subd. 5. [BONDING, OCCUPATION TAX, RECEIPTS; ASSETS.] (a) Notwithstanding Minnesota Statutes, section 469.102, or other law, authorization to issue general obligation bonds for economic development purposes must be approved by 80 percent of the county board, as must all property tax levies that are only for economic development purposes.

(b) All money received by Koochiching county under Minnesota Statutes, chapter 298, not otherwise allocated by statute for a specific purpose must be appropriated by the county board to the authority established in subdivision 1. The money must be used for the express purpose of furthering economic development of Koochiching county as defined by the Koochiching development authority board.

(c) Assets and obligations held by the authority repealed by subdivision 6 including, but not limited to, outstanding loans, buildings, and land must be transferred to the authority established in subdivision 1 within 90 days of the effective date of this section.

Subd. 6. [REPEALER.] Laws 1987, chapter 182, is repealed with the passage of the resolution specified in subdivision 7.

Subd. 7. [EFFECTIVE DATE.] This section is effective upon approval by the affirmative resolution of the Koochiching county board.

Sec. 10. [NASHWAUK AREA AMBULANCE DISTRICT.]

Subdivision 1. [AGREEMENT; POWERS; GENERAL DESCRIPTION.] (a) The cities of Nashwauk, Keewatin, Marble, Taconite, and Calumet, and the towns of Feely, Goodland, Iron Range, Greenway, Lone Pine, Lawrence, Nashwauk, Balsam, and Bearville, may by resolution of their city councils and town boards establish the Nashwauk area ambulance district. The district may consist of the territories described as follows:

(1) Feely: Township 54 North, Range 23 West, Sections 1 to 3, 11 to 14, and 24;

(2) Goodland: Township 55 North, Range 22 West;

(3) Iron Range: Township 56 North, Range 24 West, Sections 1 to 4, 9 to 16, 22 to 26, and 36;

(4) Greenway: Township 56 North, Range 23 West;

(5) Lone Pine: Township 56 North, Range 22 West;

(6) Lawrence: Township 57 North, Range 24 West, Sections 1 to 3, 10 to 15, 22 to 27, and 34 to 36;

(7) Nashwauk: Township 57 North, Range 23 West, and Township 57 North, Range 22 West;

(8) Balsam: Township 58 North, Range 24 West, Sections 1 to 5, 8 to 16, 21 to 24, 27 to 29, and 34 to 36;

(9) Balsam: all of Township 58 North, Range 23 West, that is organized;

(10) Bearville: Township 60 North, Range 22 West, Sections 1 to 5, and 7 to 36;

(11) Bearville: Township 61 North, Range 22 West, Sections 24 to 26, and 34 to 36;

(12) Township 55 North, Range 23 West, Sections 1 to 17, 21 to 28, and 34 to 36;

(13) Township 58 North, Range 22 West;

(14) all of the east part of Township 58 North, Range 23 West, that is organized;

(15) Township 59 North, Range 22 West;

(16) Township 59 North, Range 23 West, Sections 1 to 5, and 7 to 36;

(17) Township 60 North, Range 23 West, Sections 13, 23 to 27, and 33 to 36; and

(18) Township 59 North, Range 24 West, Sections 13, 14, 22 to 29, and 32 to 36.

(b) The Itasca county board may by resolution provide that property located in unorganized territories described in paragraph (a), clauses (12) to (18), or any part of them, may be included within the district.

(c) The district shall make payments of the proceeds of the tax authorized in this section to the city of Nashwauk, which shall provide ambulance services throughout the district and may exercise all the powers of the cities and towns that relate to ambulance service anywhere within its territory.

(d) 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 appointment and one-half the first Monday in January in the second year. The terms of those initially appointed must be determined by lot. If an additional member is added because an additional city or town joins the district, the member's term must 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. The Itasca county auditor and treasurer shall collect the tax and pay it to the Nashwauk 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 cities of Nashwauk, Keewatin, Marble, Taconite, and Calumet, and the towns of Feely, Goodland, Iron Range, Greenway, Lone Pine, Lawrence, Nashwauk, Balsam, and Bearville the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of each. This section is effective for unorganized territories described in subdivision 1, paragraph (a), clauses (12) to (18), the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the Itasca county board.

Sec. 11. [TWO HARBORS LODGING TAX.]

Notwithstanding Minnesota Statutes, section 477A.016, or other law, in addition to a tax authorized in Minnesota Statutes, section 469.190, the city of Two Harbors may impose, by ordinance, a tax of up to one percent on the gross receipts subject to the lodging tax under Minnesota Statutes, section 469.190. The proceeds of the tax shall be dedicated and used to provide preservation, display, and interpretation of the tug boat Edna G. The total tax imposed by the city under this section and under Minnesota Statutes, section 469.190, shall not exceed three percent.

Sec. 12. [MAHNOMEN COUNTY BONDING.]

Subdivision 1. [AUTHORIZATION; PURPOSES.] The county of Mahnomen may issue its general obligation bonds in a principal amount not to exceed \$800,000 to (1) fund or refund certain existing warrants and loans of the county incurred in connection with its ownership and operation of the Mahnomen County and Village Hospital, Nursing Home, and Clinic, and (2) provide working capital for the Mahnomen County and Village Hospital, Nursing Home, and Clinic.

Subd. 2. [EXISTING LAW.] The bonds shall be issued according to Minnesota Statutes, chapter 475, except that (1) the bonds shall not constitute net debt within the meaning of Minnesota Statutes, section 475.53, or a debt of the county within the meaning of any other statutory provision, and (2) Minnesota Statutes, section 475.58, does not apply.

Subd. 3. [EFFECTIVE DATE.] This section is effective the day following final enactment, upon compliance by the Mahnomen county board with Minnesota Statutes, section 645.021.

Sec. 13. [CITY OF LAKE CRYSTAL; TIF DISTRICT.]

Subdivision 1. [DURATION.] Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivisions 1 and 1b, the authority may extend the duration of city of Lake Crystal tax increment financing district No. 2-1 through December 31, 2018.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon compliance by the governing body of the city of Lake Crystal with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 14. [BROOKLYN CENTER; REDEVELOPMENT DISTRICT.]

Subdivision 1. [ESTABLISHMENT.] The city of Brooklyn Center may establish an redevelopment tax increment financing district in which 15 percent of the revenues generated from tax increment in any year is deposited in the housing development account of the authority and expended according to the tax increment financing plan.

Subd. 2. [ELIGIBLE ACTIVITIES.] The authority must identify in the plan the housing activities that will be assisted by the housing development account. Housing activities may include rehabilitation, acquisition, demolition, and financing of new or existing single family or multifamily housing. Housing activities listed in the plan need not be located within the district or project area but must be activities that meet the requirements of a qualified housing district under Minnesota Statutes, section 273.1399 or 469.1761, subdivision 2.

Subd. 3. [HOUSING ACCOUNT.] Tax increment to be expended for housing activities under this section must be segregated by the authority into a special account on its official books and records. The account may also receive funds from other public and private sources.

Subd. 4. [EXEMPTION.] The district established under this section is exempt from the provisions of Minnesota Statutes, section 273.1399.

Subd. 5. [LOCAL APPROVAL.] This section is effective upon approval by the governing body of the city of Brooklyn Center under Minnesota Statutes, section 645.021, subdivision 2.

Sec. 15. [CITY OF MINNEAPOLIS; SEWARD SOUTH URBAN RENEWAL AREA.]

The Minneapolis community development agency may establish an economic development tax increment financing district under Minnesota Statutes, sections 469.174 to 469.178, for the retention and expansion of a private educational campus located within a certain area of Seward South urban renewal area which was incorporated into the urban renewal area pursuant to a modification no. 9 which was adopted by the city of Minneapolis as of April 12, 1985. The district established under this section is not subject to the limitations of Minnesota Statutes, section 469.176, subdivision 4c. The proceeds of the levy by Hennepin county on captured net tax capacity within the district established under this section will be paid to Hennepin county unless the Hennepin county board approves the implementation of tax increment financing with respect to the county's levy within and for the purposes of the district.

Sec. 16. [CITY OF MINNEAPOLIS; NORTH WASHINGTON INDUSTRIAL PARK REDEVELOPMENT PROJECT.]

(a) A hazardous substance subdistrict may be established by the Minneapolis community development agency and the city of Minneapolis within the North Washington industrial park redevelopment project in the city of Minneapolis. The district would be subject to the provisions of this section.

(b) In addition to the uses of tax increment revenues authorized in Minnesota Statutes, section 469.176, subdivision 4e, the city of Minneapolis or the Minneapolis community development agency may use tax increment

revenues derived from the hazardous substance subdistrict to acquire property within the hazardous substance subdistrict.

(c) At any time on or after approval of the tax increment financing plan for the hazardous substance subdistrict, the Minneapolis community development agency may elect to designate any tax increment revenues from the hazardous substance subdistrict to be tax increment revenues generated solely from the hazardous substance subdistrict. This paragraph does not allow extension of the duration of the redevelopment project under Minnesota Statutes, section 469.176, subdivision 1c, or the use of revenues derived from increment from the project after April 1, 2001, except as provided under Minnesota Statutes, section 469.176, subdivision 1c, and by other general law.

(d) A parcel described in the tax increment financing plan or plan amendment may be designated and certified for inclusion in the hazardous substance subdistrict without approval of a development action response plan.

(e) Minnesota Statutes, section 273.1399, does not apply to the hazardous substance subdistrict.

Sec. 17. [SOUTH ST. PAUL; TAX INCREMENT FINANCING.]

Subdivision 1. [DISTRICT EXTENSION.] Notwithstanding Minnesota Statutes, section 469.176, subdivision 1c, the housing and redevelopment authority may collect and expend tax increment from the Concord Street redevelopment tax increment financing district, located within the city of South St. Paul, after April 1, 2001, for eligible activities within the redevelopment area. The authority under this section expires December 31, 2006.

Subd. 2. [LOCAL APPROVAL.] This section is effective upon compliance by the South St. Paul city council with Minnesota Statutes, section 645.021, subdivision 2.

Sec. 18. [CITY OF DAWSON; TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [DISTRICT EXTENSION.] Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision 1b, and Laws 1991, chapter 291, article 10, sections 22 and 23, the authority may extend the duration of city of Dawson tax increment financing district number four for up to ten years from the effective date of this section. The duration of district number four may not exceed eight years after the receipt by the authority of the first tax increment. The authority may waive the receipt of the tax increment for any year.

Subd. 2. [LOCAL APPROVAL.] This section is effective upon compliance by the governing body of the city of Dawson with Minnesota Statutes, section 645.021, subdivision 2.

Sec. 19. [CITY OF FERGUS FALLS; ECONOMIC DEVELOPMENT.]

Subdivision 1. [TAX INCREMENT FINANCING.] The Fergus Falls port authority may establish an economic development tax increment financing district in Industrial Authority Areas I-1 and I-2 for industrial and manufacturing projects. The district is established under and subject to Minnesota Statutes, sections 469.174 to 469.178, except:

(1) Minnesota Statutes, section 273.1399, does not apply;

(2) The city must pay at least ten percent of the project costs from its general fund, property tax levy, or other unrestricted money (other than tax increments);

(3) The authority may not establish the tax increment financing district under this section unless the tax increment financing plan is approved by resolution of the governing body of Otter Tail county;

(4) The duration limit for the district is 14 years after receipt of the first increment and the authority may elect to waive receipt of the first year of increment.

Subd. 2. [LOCAL APPROVAL.] This section is effective upon compliance by the governing body of the city of Fergus Falls with Minnesota Statutes, section 645.021, subdivision 2.

Sec. 20. [BROOKLYN PARK; ECONOMIC DEVELOPMENT DISTRICT.]

Subdivision 1. [ESTABLISHMENT.] The city of Brooklyn Park may establish an economic development tax increment financing district in which 15 percent of the revenue generated from tax increment in any year is deposited in the housing development account of the authority and expended according to the tax increment financing plan.

Subd. 2. [ELIGIBLE ACTIVITIES.] The authority must identify in the plan the housing activities that will be assisted by the housing development account. Housing activities may include rehabilitation, acquisition, demolition, and financing of new or existing single family or multifamily housing. Housing activities listed in the plan need not be located within the district or project area but must be activities that meet the requirements of a qualified housing district under Minnesota Statutes, section 273.1399 or 469.1761, subdivision 2.

Subd. 3. [HOUSING ACCOUNT.] Tax increment to be expended for housing activities under this section must be segregated by the authority into a special account on its official books and records. The account may also receive funds from other public and private sources.

Subd. 4. [EXEMPTION.] The district established under this act is exempt from the provisions of Minnesota Statutes, section 273.1399.

Sec. 21. [CITY OF PARK RAPIDS; ECONOMIC DEVELOPMENT.]

Subdivision 1. [TAX INCREMENT DISTRICT.] The city of Park Rapids may establish an economic development tax increment financing district under and subject to Minnesota Statutes, sections 469.174 to 469.178, except that:

(1) Minnesota Statutes, section 273.1399, does not apply to that district; and

(2) the city must pay at least five percent of the project costs from its general fund, a property tax levy, or other unrestricted money (other than tax increments).

Subd. 2. [LOCAL APPROVAL.] This section is effective the day after compliance by the governing body of the city of Park Rapids with Minnesota Statutes, section 645.021, subdivision 2.

Sec. 22. [HOPKINS HOUSING IMPROVEMENT AREA; DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] As used in sections 22 to 31, the terms defined in this section have the meanings given them.

Subd. 2. [CITY.] "City" means the city of Hopkins.

Subd. 3. [ENABLING ORDINANCE.] "Enabling ordinance" means the ordinance adopted by the city council establishing the housing improvement area.

Subd. 4. [HOUSING IMPROVEMENTS.] "Housing improvements" has the meaning given in the city's enabling ordinance. Housing improvements may include improvements to common elements of a condominium.

Subd. 5. [HOUSING IMPROVEMENT AREA.] "Housing improvement area" means a defined area within the city where housing improvements are made or constructed and the costs of the improvements are paid in whole or in part from fees imposed within the area.

Subd. 6. [HOUSING UNIT.] "Housing unit" means real property and improvements thereon consisting of a one-dwelling unit, or an apartment as described in Minnesota Statutes, chapter 515 or 515A, that is occupied by a person or family for use as a residence.

Sec. 23. [PETITION REQUIRED.]

No action may be taken under sections 24 and 25 unless owners of 25 percent or more of the housing units that would be subject to fees in the proposed housing improvement area file a petition requesting a public hearing on the proposed action with the city clerk. No action may be taken under section 25 to impose a fee unless owners of 25 percent or more of the housing units subject to the proposed fee file a petition requesting a public hearing on the proposed fee with the city clerk.

Sec. 24. [ESTABLISHMENT OF HOUSING IMPROVEMENT AREA.]

Subdivision 1. [ORDINANCE.] The governing body of the city may adopt an ordinance establishing a housing improvement area. The ordinance must specifically describe the portion of the city to be included in the area, the basis for the imposition of the fees, and the number of years the fee will be in effect. In addition, the ordinance must include findings that without the housing improvement area, the proposed improvements could not be made by the condominium associations or housing unit owners, and the designation is needed to maintain and preserve the housing units within the housing improvement area. The ordinance may not be adopted until a public hearing has been held regarding the ordinance. The ordinance may be amended by the governing body of the city, provided the governing body complies with the public hearing notice provisions of subdivision 2.

Subd. 2. [PUBLIC HEARING.] The notice of public hearing must include the time and place of hearing, a map showing the boundaries of the proposed area, and a statement that all persons owning housing units in the proposed area that would be subject to a fee for housing improvements will be given an opportunity to be heard at the hearing. Notice of the hearing must be given by publication in the official newspaper of the city. The public hearing must be held at least seven days after the publication. Not less than ten days before the hearing, notice must also be mailed to the owner of each housing unit within

the proposed area. For the purpose of giving mailed notice, owners are those shown on the records of the county auditor. Other records may be used to supply the necessary information. At the public hearing a person owning property in the proposed housing improvement area may testify on any issues relevant to the proposed area. The hearing may be adjourned from time to time. The ordinance establishing the area may be adopted at any time within six months after the date of the conclusion of the hearing by a vote of the majority of the governing body of the city.

Subd. 3. [PROPOSED HOUSING IMPROVEMENTS.] At the public hearing held under subdivision 2, the city shall provide a preliminary listing of the housing improvements to be made in the area. The listing shall identify those improvements, if any, that are proposed to be made to all or a portion of the common elements of a condominium. The listing shall also identify those housing units that have completed the proposed housing improvements and are proposed to be exempted from a portion of the fee. In preparing the list the city shall consult with the residents of the area and the condominium associations.

Subd. 4. [BENEFIT, OBJECTION.] Before the ordinance is adopted or at the hearing at which it is to be adopted, the owner of a housing unit in the proposed housing improvement area may file a written objection with the city clerk asserting that the owner's property should not be included in the area or should not be subjected to a fee and objecting to the inclusion of the housing unit in the area, for the reason that the property would not benefit from the improvements.

The governing body shall make a determination of the objection within 60 days of its filing. Pending its determination, the governing body may delay adoption of the ordinance or it may adopt the ordinance with a reservation that the landowner's property may be excluded from the housing improvement area or fee when the determination is made.

Subd. 5. [APPEAL TO DISTRICT COURT.] Within 30 days after the determination of the objection, any person aggrieved, who is not precluded by failure to object before or at the hearing, or whose failure to object is due to a reasonable cause, may appeal to the district court by serving a notice upon the mayor or city clerk. The notice shall be filed with the court administrator of the district court within ten days after its service. The city clerk shall furnish the appellant a certified copy of the findings and determination of the governing body. The court may affirm the action objected to or, if the appellant's objections have merit, modify or cancel it. If the appellant does not prevail upon the appeal, the costs incurred are taxed to the appellant by the court and judgment entered for them. All objections are deemed waived unless presented on appeal.

Sec. 25. [IMPROVEMENT FEES AUTHORITY; NOTICE AND HEARING.]

Subdivision 1. [AUTHORITY.] Fees may be imposed by the city on the housing units within the housing improvement area at a rate, term, or amount sufficient to produce revenue required to provide housing improvements in the area. The fee can be imposed on the basis of the tax capacity of the housing unit, or the total amount of square footage of the housing unit, or a method determined by the council and specified in the resolution. Before the imposition of the fees, a hearing must be held and notice must be published in the official newspaper at least seven days before the hearing and shall be

mailed at least seven days before the hearing to any housing unit owner subject to a fee. For purposes of this section, the notice must also include:

- (1) a statement that all interested persons will be given an opportunity to be heard at the hearing regarding a proposed housing improvement fee;
- (2) the estimated cost of improvements including administrative costs to be paid for in whole or in part by the fee imposed under the ordinance;
- (3) the amount to be charged against the particular property;
- (4) the right of the property owner to prepay the entire fee;
- (5) the number of years the fee will be in effect; and
- (6) a statement that the petition requirements of section 23 have either been met or do not apply to the proposed fee;

Within six months of the public hearing, the city may adopt a resolution imposing a fee within the area not exceeding the amount expressed in the notice issued under this section.

Prior to adoption of the resolution approving the fee, the condominium associations located in the housing improvement area shall submit to the city a financial plan prepared by an independent third party, acceptable to the city and associations, that provides for the associations to finance maintenance and operation of the common elements in the condominium and a long-range plan to conduct and finance capital improvements.

Subd. 2. [LEVY LIMIT.] Fees imposed under this section are not included in the calculation of levies or limits on levies imposed under any law or charter.

Sec. 26. [COLLECTION OF FEES.]

The city may provide for the collection of the housing improvement fees according to the terms of Minnesota Statutes, section 428A.05.

Sec. 27. [BONDS.]

At any time after a contract for the construction of all or part of an improvement authorized under sections 22 to 31 has been entered into or the work has been ordered, the governing body of the city may issue obligations in the amount it deems necessary to defray in whole or in part the expense incurred and estimated to be incurred in making the improvement, including every item of cost from inception to completion and all fees and expenses incurred in connection with the improvement or the financing.

The obligations are payable primarily out of the proceeds of the fees imposed under section 25, or from any other special assessments or revenues available to be pledged for their payment under charter or statutory authority, or from two or more of those sources. The governing body may, by resolution adopted prior to the sale of obligations, pledge the full faith, credit, and taxing power of the city to assure payment of the principal and interest if the proceeds of the fees in the area are insufficient to pay the principal and interest. The obligations must be issued in accordance with Minnesota Statutes, chapter 475, except that an election is not required, and the amount of the obligations are not included in determination of the net debt of the city under the provisions of any law or charter limiting debt.

Sec. 28. [ADVISORY BOARD.]

The governing body of the city may create and appoint an advisory board for the housing improvement area in the city to advise the governing body in connection with the planning and construction of housing improvements. In appointing the board, the council shall consider for membership, members of condominium associations located in the housing improvement area. The advisory board shall make recommendations to the governing body to provide improvements or impose fees within the housing improvement area. Before the adoption of a proposal by the governing body to provide improvements within the housing improvement area, the advisory board of the housing improvement area shall have an opportunity to review and comment upon the proposal.

Sec. 29. [VETO POWERS OF OWNERS.]

Subdivision 1. [NOTICE OF RIGHT TO FILE OBJECTIONS.] The effective date of any ordinance or resolution adopted under sections 24 and 25 must be at least 45 days after it is adopted. Within five days after adoption of the ordinance or resolution, a summary of the ordinance or resolution shall be mailed to the owner of each housing unit included in the housing improvement area. The mailing shall include a notice that owners subject to a fee have a right to veto the ordinance or resolution by filing the required number of objections with the city clerk before the effective date of the ordinance or resolution and that a copy of the ordinance or resolution is on file with the city clerk for public inspection.

Subd. 2. [REQUIREMENTS FOR VETO.] If owners of 35 percent or more of the housing units in the area subject to the fee file an objection to the ordinance adopted by the city under section 24 with the city clerk before the effective date of the ordinance, the ordinance does not become effective. If owners of 35 percent or more of the housing units' tax capacity subject to the fee under section 25 file an objection with the city clerk before the effective date of the resolution, the resolution does not become effective.

Sec. 30. [ANNUAL REPORTS.]

Each condominium association located within the housing improvement area must, by August 15 annually, submit a copy of its audited financial statements to the city. The city may also, as part of the enabling ordinance, require the submission of other relevant information from the associations.

Sec. 31. [SPECIAL ASSESSMENTS.]

Within a housing improvement area, the governing body of the city may, in addition to the fee authorized in section 25, special assess housing improvements to benefited property. The governing body of the city may by ordinance adopt regulations consistent with this section.

Sec. 32. [RED WING TAX INCREMENT DISTRICT.]

Notwithstanding any restrictions otherwise applicable pursuant to Minnesota Statutes, section 469.176, subdivision 1c, the duration of the two city tax increment financing districts within Development Districts I and II, located within the city of Red Wing, may be extended by resolution of the Red Wing City Council to August 1, 2009.

Sec. 33. [LOCAL APPROVAL.]

Section 3 is effective the day after the governing body of the city of Mankato complies with section 645.021, subdivision 3.

ARTICLE 10

CROSS LAKE AREA WATER AND SEWER BOARD

Section 1. [DEFINITIONS.]

Subdivision 1. For the purposes of this article, the terms defined in this section have the meanings given them.

Subd. 2. "Cross Lake area water and sanitary sewer district" and "district" mean the area over which the Cross Lake area water and sanitary sewer board has jurisdiction, including the towns of Pokegama and Chengwatana and Pine City in Pine county, but only that part within 1,000 feet of the high waterline of Cross Lake in those townships.

Subd. 3. "Water and sanitary sewer board" or "board" means the Cross Lake area water and sanitary sewer board established for the district as provided in subdivision 2.

Subd. 4. "Person" means an individual, partnership, corporation, limited liability company, cooperative, or other organization or entity, public or private.

Subd. 5. "Local governmental unit" or "governmental unit" means the towns of Pokegama, Chengwatana, and Pine City.

Subd. 6. "Acquisition" and "betterment" have the meanings given in Minnesota Statutes, chapter 475.

Subd. 7. "Agency" means the Minnesota pollution control agency created in Minnesota Statutes, chapter 116.

Subd. 8. "Sewage" means all liquid or water-carried waste products from whatever sources derived, together with any groundwater infiltration and surface water as may be present.

Subd. 9. "Pollution of water" and "sewer system" have the meanings given in Minnesota Statutes, section 115.01.

Subd. 10. "Treatment works" and "disposal system" have the meanings given in Minnesota Statutes, section 115.01.

Subd. 11. "Interceptor" means a sewer and its necessary appurtenances, including but not limited to mains, pumping stations, and sewage flow-regulating and -measuring stations, that is:

(1) designed for or used to conduct sewage originating in more than one local governmental unit;

(2) designed or used to conduct all or substantially all the sewage originating in a single local governmental unit from a point of collection in that unit to an interceptor or treatment works outside that unit; or

(3) determined by the board to be a major collector of sewage used or designed to serve a substantial area in the district.

Subd. 12. "District disposal system" means any and all interceptors or

treatment works owned, constructed, or operated by the board unless designated by the board as local water and sanitary sewer facilities.

Subd. 13. "Municipality" means any home rule charter or statutory city or town.

Subd. 14. "Total costs of acquisition and betterment" and "costs of acquisition and betterment" mean all acquisition and betterment expenses permitted to be financed out of stopped bond proceeds issued in accordance with section 13, whether or not the expenses are in fact financed out of the bond proceeds.

Subd. 15. "Current costs of acquisition, betterment, and debt service" means interest and principal estimated to be due during the budget year on bonds issued to finance said acquisition and betterment and all other costs of acquisition and betterment estimated to be paid during the year from funds other than bond proceeds and federal or state grants.

Subd. 16. [RESIDENT.] "Resident" means the owner of a dwelling located in the district and receiving water or sewer service.

Sec. 2. [WATER AND SANITARY SEWER BOARD.]

Subdivision 1. [ESTABLISHMENT.] A water and sewer district is established for the towns of Pokegama, Chengwatana, and Pine City in Pine county, to be known as the Cross Lake area water and sanitary sewer district. The water and sewer district is under the control and management of the Cross Lake area water and sanitary sewer board. The board is established as a public corporation and political subdivision of the state with perpetual succession and all the rights, powers, privileges, immunities, and duties that may be validly granted to or imposed upon a municipal corporation, as provided in this article.

Subd. 2. [MEMBERS AND SELECTION.] The board is composed of seven members selected as follows: the town boards of the governmental units each shall meet to appoint two members of the water and sanitary sewer board and each board member has one vote. One member must be selected by the city of Pine City. The first terms must be as follows: two for one year, two for two years, and three for three years, fixed by lot at the district's first meeting. Thereafter, all terms are for three years.

Subd. 3. [TIME LIMITS FOR SELECTION.] The board members must be selected as provided in subdivision 2 within 60 days after this article becomes effective. The successor to each board member must be selected at any time within 60 days before the expiration of the member's term in the same manner as the predecessor was selected. A vacancy on the board must be filled within 60 days after it occurs.

Subd. 4. [VACANCIES.] If the office of a board member becomes vacant, the vacancy must be filled for the unexpired term in the manner provided for selection of the member who vacated the office. The office is deemed vacant under the conditions specified in Minnesota Statutes, section 351.02.

Subd. 5. [REMOVAL.] A board member may be removed by the unanimous vote of the governing body appointing the member, with or without cause, or for malfeasance or nonfeasance in the performance of official duties as provided by Minnesota Statutes, sections 351.14 to 351.23.

Subd. 6. [QUALIFICATIONS.] One board member representing a town must be a resident of the district and the other member representing that town must be a resident of the township, and each may, but need not be, an elected public official.

Subd. 7. [CERTIFICATES OF SELECTION; OATH OF OFFICE.] A certificate of selection of every board member selected under subdivision 2 stating the term for which selected, must be made by the respective town clerks. The certificates, with the approval appended by other authority, if required, must be filed with the secretary of state. Counterparts thereof must be furnished to the board member and the secretary of the board. Each member shall qualify by taking and subscribing the oath of office prescribed by the Minnesota Constitution, article 5, section 8. The oath, duly certified by the official administering the same, must be filed with the secretary of state and the secretary of the board.

Subd. 8. [BOARD MEMBERS' COMPENSATION.] Each board member, except the chair, must be paid a per diem compensation of \$35 for meetings and for other services as are specifically authorized by the board, not to exceed \$1,000 in any one year. The chair must be paid a per diem compensation of \$45 for meetings and for other services specifically authorized by the board, not to exceed \$1,500 in any one year. All members of the board must be reimbursed for all reasonable and necessary expenses actually incurred in the performance of duties.

Sec. 3. [GENERAL PROVISIONS FOR ORGANIZATION AND OPERATION OF BOARD.]

Subdivision 1. [ORGANIZATION; OFFICERS; MEETINGS; SEAL.] After the selection and qualification of all board members, they shall meet to organize the board at the call of any two board members, upon seven days' notice by registered mail to the remaining board members, at a time and place within the district specified in the notice. A majority of the members shall constitute a quorum at that meeting and all other meetings of the board, but a lesser number may meet and adjourn from time to time and compel the attendance of absent members. At the first meeting the board shall select its officers and conduct other organizational business as may be necessary. Thereafter the board shall meet regularly at the time and place that the board designates by resolution. Special meetings may be held at any time upon call of the chair or any two members, upon written notice sent by mail to each member at least three days before the meeting, or upon other notice as the board by resolution may provide, or without notice if each member is present or files with the secretary a written consent to the meeting either before or after the meeting. Except as otherwise provided in this article, any action within the authority of the board may be taken by the affirmative vote of a majority of the board and may be taken by regular or adjourned regular meeting or at a duly held special meeting, but in any case only if a quorum is present. Meetings of the board must be open to the public. The board may adopt a seal, which must be officially and judicially noticed, to authenticate instruments executed by its authority, but omission of the seal does not affect the validity of any instrument.

Subd. 2. [CHAIR.] The board shall elect a chair from its membership. The term of the first chair of the board shall expire on January 1, 1996, and the terms of successor chairs expire on January 1 of each succeeding year. The chair shall preside at all meetings of the board, if present, and shall perform

all other duties and functions usually incumbent upon such an officer, and all administrative functions assigned to the chair by the board. The board shall elect a vice-chair from its membership to act for the chair during temporary absence or disability.

Subd. 3. [SECRETARY AND TREASURER.] *The board shall select a person or persons who may, but need not be, a member or members of the board, to act as its secretary and treasurer. The secretary and treasurer shall hold office at the pleasure of the board, subject to the terms of any contract of employment that the board may enter into with the secretary or treasurer. The secretary shall record the minutes of all meetings of the board, and be the custodian of all books and records of the board except those that the board entrusts to the custody of a designated employee. The treasurer is the custodian of all money received by the board except as the board otherwise entrusts to the custody of a designated employee. The board may appoint a deputy to perform any and all functions of either the secretary or the treasurer. No secretary or treasurer who is not a member of the board or a deputy of either shall have any right to vote.*

Subd. 4. [EXECUTIVE DIRECTOR.] *The board shall appoint an executive director, selected solely upon the basis of training, experience, and other qualifications and who shall serve at the pleasure of the board and at a compensation to be determined by the board. The executive director need not be a resident of the district. The executive director may also be selected by the board to serve as either secretary or treasurer, or both, of the board. The executive director shall attend all meetings of the board, but shall not vote, and shall have the following powers and duties:*

(1) *to see that all resolutions, rules, regulations, or orders of the board are enforced;*

(2) *to appoint and remove, upon the basis of merit and fitness, all subordinate officers and regular employees of the board except the secretary and the treasurer and their deputies;*

(3) *to present to the board plans, studies, and other reports prepared for board purposes and recommend to the board for adoption the measures the executive director deems necessary to enforce or carry out the powers and the duties of the board, or the efficient administration of the affairs of the board;*

(4) *to keep the board fully advised as to its financial condition, and to prepare and submit to the board and to the governing bodies of the local governmental units, the board's annual budget and other financial information the board may request;*

(5) *to recommend to the board for adoption rules and regulations the executive director deems necessary for the efficient operation of the district disposal system; and*

(6) *to perform other duties prescribed by the board.*

Subd. 5. [PUBLIC EMPLOYEES.] *The executive director and other persons employed by the district are public employees and have all the rights and duties conferred on public employees under Minnesota Statutes, sections 179A.01 to 179A.25. The board may elect to have employees become members of either the public employees retirement association or the Minnesota state retirement system. The compensation and conditions of employment of the*

employees must be governed by rules applicable to state employees in the classified service and to the provisions of Minnesota Statutes, chapter 15A.

Subd. 6. [PROCEDURES.] The board shall adopt resolutions or bylaws establishing procedures for board action, personnel administration, keeping records, approving claims, authorizing or making disbursements, safekeeping funds, and auditing all financial operations of the board.

Subd. 7. [SURETY BONDS AND INSURANCE.] The board may procure surety bonds for its officers and employees, in amounts deemed necessary to ensure proper performance of their duties and proper accounting for funds in their custody. It may procure insurance against risks to property and liability of the board and its officers, agents, and employees for personal injuries or death and property damage and destruction, in amounts deemed necessary or desirable; with the force and effect stated in Minnesota Statutes, chapter 466.

Sec. 4. [GENERAL POWERS OF BOARD.]

Subdivision 1. [SCOPE.] The board has all powers necessary or convenient to discharge the duties imposed upon it by law. The powers include those specified in this section, but the express grant or enumeration of powers does not limit the generality or scope of the grant of powers contained in this subdivision.

Subd. 2. [SUIT.] The board may sue or be sued.

Subd. 3. [CONTRACT.] The board may enter into any contract necessary or proper for the exercise of its powers or the accomplishment of its purposes.

Subd. 4. [RULEMAKING.] The board may adopt rules relating to its responsibilities and may provide penalties for their violation, not exceeding the maximum that may be specified for a misdemeanor, and the cost of prosecution may be added to the penalties imposed. Any rule prescribing a penalty for violation must be published at least once in a newspaper having general circulation in the district. The violations may be prosecuted before any court in the district having jurisdiction of misdemeanors, and every court having misdemeanor jurisdiction has jurisdiction of the violations. Any constable or other peace officer of any governmental unit in the district may make arrests for violations committed anywhere in the district in like manner and with like effect as for violations of city ordinances or for statutory misdemeanors. Fines collected in cases arising under this subdivision must be deposited in the treasury of the board, or may be allocated between the board and the governmental unit in which the prosecution occurs on a basis as the board and the governmental unit agree.

Subd. 5. [GIFTS, GRANTS, LOANS.] The board may accept gifts, apply for and accept grants or loans of money or other property from the United States, the state, or any person for any of its purposes, enter into any agreement required in connection with them, and hold, use, and dispose of the money or property in accordance with the terms of the gift, grant, loan, or agreement relating to it. With respect to loans or grants of funds or real or personal property or other assistance from any state or federal government or its agency or instrumentality, the board may contract to do and perform all acts and things required as a condition or consideration for the gift, grant, or loan pursuant to state or federal law or regulations, whether or not included among the powers expressly granted to the board in this article.

Subd. 6. [COOPERATIVE ACTION.] *The board may act under Minnesota Statutes, section 471.59, or any other appropriate law providing for joint or cooperative action between governmental units.*

Subd. 7. [STUDIES AND INVESTIGATIONS.] *The board may conduct research studies and programs, collect and analyze data, prepare reports, maps, charts, and tables, and conduct all necessary hearings and investigations in connection with the design, construction, and operation of the district disposal system.*

Subd. 8. [EMPLOYEES, TERMS.] *The board may employ on terms it deems advisable, persons or firms performing engineering, legal, or other services of a professional nature; require any employee to obtain and file with it an individual bond or fidelity insurance policy; and procure insurance in amounts it deems necessary against liability of the board or its officers or both, for personal injury or death and property damage or destruction, with the force and effect stated in Minnesota Statutes, chapter 466, and against risks of damage to or destruction of any of its facilities, equipment, or other property as it deems necessary.*

Subd. 9. [PROPERTY RIGHTS, POWERS.] *The board may acquire by purchase, lease, condemnation, gift, or grant, any real or personal property including positive and negative easements and water and air rights, and it may construct, enlarge, improve, replace, repair, maintain, and operate any interceptor, treatment works, or water facility determined to be necessary or convenient for the collection and disposal of sewage in the district. Any local governmental unit and the commissioners of transportation and natural resources are authorized to convey to or permit the use of any of the above-mentioned facilities owned or controlled by it, by the board, subject to the rights of the holders of any bonds issued with respect to those facilities, with or without compensation, without an election or approval by any other governmental unit or agency. All powers conferred by this subdivision may be exercised both within or without the district as may be necessary for the exercise by the board of its powers or the accomplishment of its purposes. The board may hold, lease, convey, or otherwise dispose of the above-mentioned property for its purposes upon the terms and in the manner it deems advisable. Unless otherwise provided, the right to acquire lands and property rights by condemnation may be exercised only in accordance with Minnesota Statutes, sections 117.011 to 117.232, and shall apply to any property or interest in the property owned by any local governmental unit. No property devoted to an actual public use at the time, or held to be devoted to such a use within a reasonable time, shall be so acquired unless a court of competent jurisdiction determines that the use proposed by the board is paramount to the existing use. Except in the case of property in actual public use, the board may take possession of any property on which condemnation proceedings have been commenced at any time after the issuance of a court order appointing commissioners for its condemnation.*

Subd. 10. [RELATIONSHIP TO OTHER PROPERTIES.] *The board may construct or maintain its systems or facilities in, along, on, under, over, or through public waters, streets, bridges, viaducts, and other public rights-of-way without first obtaining a franchise from a county or municipality having jurisdiction over them. However, the facilities must be constructed and maintained in accordance with the ordinances and resolutions of the county or municipality relating to constructing, installing, and maintaining similar*

facilities on public properties and must not unnecessarily obstruct the public use of those rights-of-way.

Subd. 11. [DISPOSAL OF PROPERTY:] The board may sell, lease, or otherwise dispose of any real or personal property acquired by it which is no longer required for accomplishment of its purposes. The property may be sold in the manner provided by Minnesota Statutes, section 469.065, insofar as practical. The board may give notice of sale as it deems appropriate. When the board determines that any property or any part of the district disposal system acquired from a local governmental unit without compensation is no longer required but is required as a local facility by the governmental unit from which it was acquired, the board may by resolution transfer it to that governmental unit.

Subd. 12. [AGREEMENTS WITH OTHER GOVERNMENTAL UNITS.] The board may contract with the United States or any agency thereof, any state or agency thereof, or any regional public planning body in the state with jurisdiction over any part of the district, or any other municipal or public corporation, or governmental subdivision or agency or political subdivision in any state, for the joint use of any facility owned by the board or such entity, for the operation by that entity of any system or facility of the board, or for the performance on the board's behalf of any service, including but not limited to planning, on terms as may be agreed upon by the contracting parties. Unless designated by the board as a local water and sanitary sewer facility, any treatment works or interceptor jointly used, or operated on behalf of the board, as provided in this subdivision, is deemed to be operated by the board for purposes of including those facilities in the district disposal system.

Sec. 5. [COMPREHENSIVE PLAN.]

Subdivision 1. [BOARD PLAN AND PROGRAM.] The board shall adopt a comprehensive plan for the collection, treatment, and disposal of sewage in the district for a designated period the board deems proper and reasonable. The board shall prepare and adopt subsequent comprehensive plans for the collection, treatment, and disposal of sewage in the district for each succeeding designated period as the board deems proper and reasonable. The first plan, as modified by the board, and any subsequent plan shall take into account the preservation and best and most economic use of water and other natural resources in the area; the preservation, use, and potential for use of lands adjoining waters of the state to be used for the disposal of sewage; and the impact the disposal system will have on present and future land use in the area affected. The plans shall include the general location of needed interceptors and treatment works, a description of the area that is to be served by the various interceptors and treatment works, a long-range capital improvements program, and any other details as the board deems appropriate. In developing the plans, the board shall consult with persons designated for the purpose by governing bodies of any governmental unit within the district to represent the entities and shall consider the data, resources, and input offered to the board by the entities and any planning agency acting on behalf of one or more of the entities. Each plan, when adopted, must be followed in the district and may be revised as often as the board deems necessary.

Subd. 2. [COMPREHENSIVE PLANS; HEARING.] Before adopting any subsequent comprehensive plan, the board shall hold a public hearing on the proposed plan at a time and place in the district that it selects. The hearing may be continued from time to time. Not less than 45 days before the hearing,

the board shall publish notice of the hearing in a newspaper having general circulation in the district, stating the date, time, and place of the hearing, and the place where the proposed plan may be examined by any interested person. At the hearing, all interested persons must be permitted to present their views on the plan.

Subd. 3. [GOVERNMENTAL UNIT PLANS AND PROGRAMS; COORDINATION WITH BOARD'S RESPONSIBILITIES.] *Once the board's plan is adopted, no construction project involving the construction of new sewers or other disposal facilities may be undertaken by the local governmental unit unless its governing body shall first find the project to be in accordance with the governmental unit's comprehensive plan and program as approved by the board. Before approval by the board of the comprehensive plan and program of any local governmental unit in the district, no water and sanitary sewer construction project may be undertaken by the governmental unit unless approval of the project is first secured from the board as to those features of the project affecting the board's responsibilities as determined by the board.*

Sec. 6. [POWERS TO ISSUE OBLIGATIONS AND IMPOSE SPECIAL ASSESSMENTS.]

The Cross Lake area water and sanitary sewer board, in order to implement the powers granted under this article to establish, maintain, and administer the Cross Lake area water and sanitary sewer district, may issue obligations and impose special assessments against benefited property within the limits of the district benefited by facilities constructed under this article in the manner provided for local governments by Minnesota Statutes, chapter 429.

Sec. 7. [SYSTEM EXPANSION; APPLICATION TO CITIES.]

The authority of the water and sanitary sewer board to establish water or sewer or combined water and sewer systems under this section extends to areas within the Cross Lake area water and sanitary sewer district organized into cities when requested by resolution of the governing body of the affected city or when ordered by the Minnesota pollution control agency after notice and hearing. For the purpose of any petition filed or special assessment levied with respect to any system, the entire area to be served within a city must be treated as if it were owned by a single person, and the governing body shall exercise all the rights and be subject to all the duties of an owner of the area, and shall have power to provide for the payment of all special assessments and other charges imposed upon the area with respect to the system by the appropriation of money, the collection of service charges, or the levy of taxes, which shall be subject to no limitation of rate or amount.

Sec. 8. [SEWAGE COLLECTION AND DISPOSAL; POWERS.]

Subdivision 1. [POWERS.] *In addition to all other powers conferred upon the board in this article, it has the powers specified in this section.*

Subd. 2. [DISCHARGE OF TREATED SEWAGE.] *The board may discharge the effluent from any treatment works operated by it into any waters of the state, subject to approval of the agency if required and in accordance with any effluent or water quality standards lawfully adopted by the agency, any interstate agency, or any federal agency having jurisdiction.*

Subd. 3. [UTILIZATION OF DISTRICT SYSTEM.] *The board may require any person or local governmental unit to provide for the discharge of any sewage, directly or indirectly, into the district disposal system, or to*

connect any disposal system or a part of it with the district disposal system wherever reasonable opportunity for connection is provided; may regulate the manner in which the connections are made; may require any person or local governmental unit discharging sewage into the disposal system to provide preliminary treatment for it; may prohibit the discharge into the district disposal system of any substance that it determines will or may be harmful to the system or any persons operating it; and may require any local governmental unit to discontinue the acquisition, betterment, or operation of any facility for the unit's disposal system wherever and so far as adequate service is or will be provided by the district disposal system.

Subd. 4. [SYSTEM OF COST RECOVERY TO COMPLY WITH APPLICABLE REGULATIONS.] Any charges, connection fees, or other cost-recovery techniques imposed on persons discharging sewage directly or indirectly into the district disposal system must comply with applicable state and federal law, including state and federal regulations governing grant applications.

Sec. 9. [BUDGET.]

The board shall prepare and adopt, on or before October 1 in 1995 and each year thereafter, a budget showing for the following calendar year or other fiscal year determined by the board, sometimes referred to in this article as the budget year, estimated receipts of money from all sources, including but not limited to payments by each local governmental unit, federal or state grants, taxes on property, and funds on hand at the beginning of the year, and estimated expenditures for:

(1) costs of operation, administration, and maintenance of the district disposal system;

(2) cost of acquisition and betterment of the district disposal system; and

(3) debt service, including principal and interest, on general obligation bonds and certificates issued pursuant to section 13, and any money judgments entered by a court of competent jurisdiction. Expenditures within these general categories, and any other categories as the board may from time to time determine, must be itemized in detail as the board prescribes. The board and its officers, agents, and employees shall not spend money for any purpose other than debt service without having set forth the expense in the budget nor in excess of the amount set forth in the budget for it. No obligation to make an expenditure of the above-mentioned type is enforceable except as the obligation of the person or persons incurring it. The board may amend the budget at any time by transferring from one purpose to another any sums except money for debt service and bond proceeds or by increasing expenditures in any amount by which actual cash receipts during the budget year exceed the total amounts designated in the original budget. The creation of any obligation under section 13 or the receipt of any federal or state grant is a sufficient budget designation of the proceeds for the purpose for which it is authorized, and of the tax or other revenue pledged to pay the obligation and interest on it, whether or not specifically included in any annual budget.

Sec. 10. [ALLOCATION OF COSTS.]

Subdivision 1. [DEFINITION OF CURRENT COSTS.] The estimated cost of administration, operation, maintenance, and debt service of the district disposal system to be paid by the board in each fiscal year and the estimated

costs of acquisition and betterment of the system that are to be paid during the year from funds other than state or federal grants and bond proceeds and all other previously unallocated payments made by the board pursuant to this article to be allocated in the fiscal year are referred to as current costs and must be allocated by the board as provided in subdivision 2 in the budget for that year.

Subd. 2. [METHOD OF ALLOCATION OF CURRENT COSTS.] Current costs must be allocated in the district on an equitable basis as the board may determine by resolution to be in the best interests of the district. The adoption or revision of any method of allocation used by the board must be by the affirmative vote of at least two-thirds of the members of the board.

Sec. 11. [TAX LEVIES.]

To accomplish any duty imposed on it the board may, in addition to the powers granted in this article and in any other law or charter, exercise the powers granted any municipality by Minnesota Statutes, chapters 117, 412, 429, 475, sections 115.46, 444.075, and 471.59, with respect to the area in the district. The board may levy taxes upon all taxable property in the district for all or a part of the amount payable to the board, pursuant to section 10, to be assessed and extended as a tax upon that taxable property by the county auditor for the next calendar year, free from any limitation of rate or amount imposed by law or charter. The tax must be collected and remitted in the same manner as other general taxes.

Sec. 12. [PUBLIC HEARING AND SPECIAL ASSESSMENTS.]

Subdivision 1. [PUBLIC HEARING REQUIREMENT ON SPECIFIC PROJECT.] Before the board orders any project involving the acquisition or betterment of any interceptor or treatment works, all or a part of the cost of which will be allocated pursuant to section 10 as current costs, the board shall hold a public hearing on the proposed project. The hearing must be held following two publications in a newspaper having general circulation in the district, stating the time and place of the hearing, the general nature and location of the project, the estimated total cost of acquisition and betterment, that portion of costs estimated to be paid out of federal and state grants, and that portion of costs estimated to be allocated. The estimates must be best available at the time of the meeting and if costs exceed the estimate, the project cannot proceed until an additional public hearing is held, with notice as required at the initial meeting. The two publications must be a week apart and the hearing at least three days after the last publication. Not less than 45 days before the hearing, notice of the hearing must also be mailed to each clerk of all local governmental units in the district, but failure to give mailed notice or any defects in the notice does not invalidate the proceedings. The project may include all or part of one or more interceptors or treatment works. No hearing may be held on any project unless the project is within the area covered by the comprehensive plan adopted by the board pursuant to section 5 except that the hearing may be held simultaneously with a hearing on a comprehensive plan. A hearing is not required with respect to a project, no part of the costs of which are to be allocated as the current costs of acquisition, betterment, and debt service.

Subd. 2. [NOTICE TO BENEFITED PROPERTY OWNERS.] If the board proposes to assess against benefited property within the district all or any part of the allocable costs of the project as provided in subdivision 5, the board shall, not less than ten days before the hearing provided for in subdivision 1,

cause mailed notice of the hearing to be given to the owner of each parcel within the area proposed to be specially assessed and shall also give one week's published notice of the hearing. The notice of hearing must contain the same information provided in the notice published by the board pursuant to subdivision 1, and a description of the area proposed to be assessed. For the purpose of giving mailed notice, owners are those shown to be 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. For properties that are tax exempt or subject to taxation on a gross earnings basis and not listed on the records of the county auditor or the county treasurer, the owners must be ascertained by any practicable means and mailed notice given them as herein provided. Failure to give mailed notice or any defects in the notice does not invalidate the proceedings of the board.

Subd. 3. [BOARD PROCEEDINGS PERTAINING TO HEARING.] Before adoption of the resolution calling for a hearing under this section, the board shall secure from the district engineer or some other competent person of the board's selection a report advising it in a preliminary way as to whether the proposed project is feasible and whether it should be made as proposed or in connection with some other project and the estimated costs of the project as recommended. No error or omission in the report invalidates the proceeding. The board may also take other steps before the hearing, as will in its judgment provide helpful information in determining the desirability and feasibility of the project, including but not limited to preparation of plans and specifications and advertisement for bids on them. The hearing may be adjourned from time to time and a resolution ordering the project may be adopted at any time within six months after the date of hearing. In ordering the project the board may reduce but not increase the extent of the project as stated in the notice of hearing and shall find that the project as ordered is in accordance with the comprehensive plan and program adopted by the board pursuant to section 5.

Subd. 4. [EMERGENCY ACTION.] If the board by resolution adopted by the affirmative vote of not less than two-thirds of its members determines that an emergency exists requiring the immediate purchase of materials or supplies or the making of emergency repairs, it may order the purchase of those supplies and materials and the making of the repairs before any hearing required under this section, provided that the board shall set as early a date as practicable for the hearing at the time it declares the emergency. All other provisions of this section must be followed in giving notice of and conducting the hearing. Nothing herein may be construed as preventing the board or its agents from purchasing maintenance supplies or incurring maintenance costs without regard to the requirements of this section.

Subd. 5. [POWER OF THE BOARD TO SPECIALLY ASSESS.] The board may specially assess all or any part of the costs of acquisition and betterment as herein provided, of any project ordered pursuant to this section. The special assessments must be levied in accordance with the provisions of Minnesota Statutes, sections 429.051 to 429.081, except as otherwise provided in this subdivision. No other provisions of Minnesota Statutes, chapter 429, apply. For purposes of levying the special assessments, the hearing on the project required in subdivision 1 serves as the hearing on the making of the original improvement provided for by Minnesota Statutes, section 429.051. The area assessed may be less than but may not exceed the area proposed to be

assessed as stated in the notice of hearing on the project provided for in subdivision 2.

Sec. 13. [BONDS, CERTIFICATES, AND OTHER OBLIGATIONS.]

Subdivision 1. [BUDGET ANTICIPATION CERTIFICATES OF INDEBTEDNESS.] At any time after adoption of its annual budget and in anticipation of the collection of tax and other revenues estimated and set forth by the board in the budget, except in the case of deficiency taxes levied under this subdivision and taxes levied for the payment of certificates issued under subdivision 2, the board may, by resolution, authorize the issuance, negotiation, and sale, in accordance with subdivision 4 in the form and manner and upon terms it determines, of its negotiable general obligation certificates of indebtedness in aggregate principal amounts not exceeding 50 percent of the total amount of tax collections and other revenues, and maturing not later than three months after the close of the budget year in which issued. The proceeds of the sale of the certificates must be used solely for the purposes for which the tax collections and other revenues are to be expended pursuant to the budget.

All the tax collections and other revenues included in the budget for the budget year, after the expenditure of the tax collections and other revenues in accordance with the budget, must be irrevocably pledged and appropriated to a special fund to pay the principal and interest on the certificates when due. If for any reason the tax collections and other revenues are insufficient to pay the certificates and interest when due, the board shall levy a tax in the amount of the deficiency on all taxable property in the district and shall appropriate this amount when received to the special fund.

Subd. 2. [EMERGENCY CERTIFICATES OF INDEBTEDNESS.] If in any budget year the receipts of tax and other revenues should for some unforeseen cause become insufficient to pay the board's current expenses, or if any public emergency should subject it to the necessity of making extraordinary expenditures, the board may by resolution authorize the issuance, negotiation, and sale, in accordance with subdivision 4 in the form and manner and upon the terms and conditions it determines, of its negotiable general obligation certificates of indebtedness in an amount sufficient to meet the deficiency. The board shall levy on all taxable property in the district a tax sufficient to pay the certificates and interest on the certificates and shall appropriate all collections of the tax to a special fund created for the payment of the certificates and the interest on them. Certificates issued under this subdivision mature not later than April 1 in the year following the year in which the tax is collectible.

Subd. 3. [GENERAL OBLIGATION BONDS.] The board may by resolution authorize the issuance of general obligation bonds for the acquisition or betterment of any part of the district disposal system, including but without limitation the payment of interest during construction and for a reasonable period thereafter, or for the refunding of outstanding bonds, certificates of indebtedness, or judgments. The board shall pledge its full faith and credit and taxing power for the payment of the bonds and shall provide for the issuance and sale and for the security of the bonds in the manner provided in Minnesota Statutes, chapter 475. The board has the same powers and duties as a municipality issuing bonds under that law, except that no election is required and the debt limitations of Minnesota Statutes, chapter 475, do not apply to the bonds. The board may also pledge for the payment of the bonds and deduct

from the amount of any tax levy required under Minnesota Statutes, section 475.61, subdivision 1, and any revenues receivable under any state and federal grants anticipated by the board and may covenant to refund the bonds if and when and to the extent that for any reason the revenues, together with other funds available and appropriated for that purpose, are not sufficient to pay all principal and interest due or about to become due, provided that the revenues have not been anticipated by the issuance of certificates under subdivision 1.

Subd. 4. [MANNER OF SALE AND ISSUANCE OF CERTIFICATES.] Certificates issued under subdivisions 1 and 2 may be issued and sold by negotiation, without public sale, and may be sold at a price equal to the percentage of the par value of the certificates, plus accrued interest, and bearing interest at the rate determined by the board. No election is required to authorize the issuance of the certificates. The certificates must bear the same rate of interest after maturity as before and the full faith and credit and taxing power of the board must be pledged to the payment of the certificates.

Sec. 14. [DEPOSITORIES.]

The board shall designate one or more national or state banks, or trust companies authorized to do a banking business, as official depositories for money of the board, and shall require the treasurer to deposit all or a part of the money in those institutions. The designation must be in writing and set forth all the terms and conditions upon which the deposits are made, and must be signed by the chair and treasurer and made a part of the minutes of the board. A designated bank or trust company shall qualify as a depository by furnishing a corporate surety bond or collateral in the amounts required by Minnesota Statutes, section 118.01. No bond or collateral is required to secure any deposit insofar as it is insured under federal law.

Sec. 15. [MONEY, ACCOUNTS, AND INVESTMENTS.]

Subdivision 1. [RECEIPT AND APPLICATION.] Money received by the board must be deposited or invested by the treasurer and disposed of as the board may direct in accordance with its budget; provided that any money that has been pledged or dedicated by the board to the payment of obligations or interest on the obligations or expenses incident thereto, or for any other specific purpose authorized by law, must be paid by the treasurer into the fund to which it has been pledged.

Subd. 2. [FUNDS AND ACCOUNTS.] (a) The board's treasurer shall establish funds and accounts as may be necessary or convenient to handle the receipts and disbursements of the board in an orderly fashion.

(b) The funds and accounts must be audited annually by a certified public accountant at the expense of the district.

Subd. 3. [DEPOSIT AND INVESTMENT.] The money on hand in those funds and accounts may be deposited in the official depositories of the board or invested as provided in this subdivision. Any amount not currently needed or required by law to be kept in cash on deposit may be invested in obligations authorized for the investment of municipal sinking funds by Minnesota Statutes, section 475.66. The money may also be held under certificates of deposit issued by any official depository of the board.

Subd. 4. [BOND PROCEEDS.] The use of proceeds of all bonds issued by the board for the acquisition and betterment of the district disposal system,

and the use, other than investment, of all money on hand in any sinking fund or funds of the board, is governed by the provisions of Minnesota Statutes, chapter 475, the provisions of this article, and the provisions of resolutions authorizing the issuance of the bonds. When received, the bond proceeds must be transferred to the treasurer of the board for safekeeping, investment, and payment of the costs for which they were issued.

Subd. 5. [AUDIT.] The board shall provide for and pay the cost of an independent annual audit of its official books and records by the state auditor or a public accountant authorized to perform that function under Minnesota Statutes, chapter 6.

Sec. 16. [SERVICE CONTRACTS WITH GOVERNMENTAL ENTITIES OUTSIDE THE JURISDICTION OF THE BOARD.]

(a) The board may contract with the United States or any agency of the federal government, any state or its agency, or any municipal or public corporation, governmental subdivision or agency or political subdivision in any state, outside the jurisdiction of the board, for furnishing services to those entities, including but not limited to planning for and the acquisition, betterment, operation, administration, and maintenance of any or all interceptors, treatment works, and local water and sanitary sewer facilities. The board may include as one of the terms of the contract that the entity must pay to the board an amount agreed upon as a reasonable estimate of the proportionate share properly allocable to the entity of costs of acquisition, betterment, and debt service previously allocated in the district. When payments are made by entities to the board, they must be applied in reduction of the total amount of costs thereafter allocated in the district, on an equitable basis as the board deems to be in the best interests of the district, applying so far as practicable and appropriate the criteria set forth in section 10, subdivision 2. A municipality in the state of Minnesota may enter into a contract and perform all acts and things required as a condition or consideration therefor consistent with the purposes of this article, whether or not included among the powers otherwise granted to the municipality by law or charter.

(b) The board shall contract with the city of Pine City, or another qualified entity to make necessary inspections on the district facilities, and to otherwise process or assist in processing any of the work of the district.

Sec. 17. [CONTRACTS FOR CONSTRUCTION, MATERIALS, SUPPLIES, AND EQUIPMENT.]

Subdivision 1. [PLANS AND SPECIFICATIONS.] When the board orders a project involving the acquisition or betterment of a part of the district disposal system, it shall cause plans and specifications of the project to be made, or if previously made, to be modified, if necessary, and to be approved by the agency if required, and after any required approval by the agency, one or more contracts for work and materials called for by the plans and specification may be awarded as provided in this section.

Subd. 2. [CONTRACTS IN EXCESS OF \$5,000.] No contract for construction work, or for the purchase of materials, supplies, or equipment, estimated to cost more than \$5,000 may be made by the board without publishing once in a newspaper having general circulation in the district and once in a trade paper or legal newspaper published in any city of the first class, not less than 14 days before the last day for submission of bids, notice

that bids or proposals will be received. The notice must state the nature of the work or purchase, the terms and conditions upon which the contract is to be awarded, and the time and place where bids will be received, opened, and read publicly. After the bids have been duly received, opened, read publicly, and recorded, the board shall within a reasonable time award the contract to the lowest responsible bidder or it may reject all bids and readvertise. Each contract must be duly executed in writing and the party to whom the contract is awarded shall give sufficient bond or security to the board for the faithful performance of the contract as required by law. If the board by an affirmative vote of not less than two-thirds of its members declares that an emergency exists requiring the immediate purchase of materials or supplies or in making emergency repairs, at a cost estimated to be in excess of \$5,000, it shall not be necessary to advertise for bids.

Subd. 3. [CONTRACTS OR PURCHASES FOR \$5,000 OR LESS.] The board may, without advertising for bids, enter into any contract or purchase any materials, supplies, or equipment of the type referred to in subdivision 2, the cost of which is estimated to be \$5,000 or less, or it may authorize the executive director to enter into a contract on behalf of the board for that work or to make those purchases without prior approval of the board and without advertising for bids.

Subd. 4. [UNIFORM MUNICIPAL CONTRACTING LAW.] Except as otherwise provided in this section, Minnesota Statutes, section 471.345, shall apply.

Sec. 18. [PROPERTY EXEMPT FROM TAXATION.]

Any properties, real or personal, owned, leased, controlled, used, or occupied by the water and sanitary sewer board for any purpose under this article are declared to be acquired, owned, leased, controlled, used, and occupied for public, governmental, and municipal purposes, and are exempt from taxation by the state or any political subdivision of the state, provided that the properties are subject to special assessments levied by a political subdivision for a local improvement in amounts proportionate to and not exceeding the special benefit received by the properties from the improvement. No possible use of any properties in any manner different from their use as part of a disposal system at the time may be considered in determining the special benefit received by the properties. All assessments are subject to final approval by the board, whose determination of the benefits is conclusive upon the political subdivision levying the assessment.

Sec. 19. [RELATION TO EXISTING LAWS.]

The provisions of this article must be given full effect notwithstanding the provisions of any law or charter inconsistent with this article. The powers conferred on the board under this article do not in any way diminish or supersede the powers conferred on the agency by Minnesota Statutes, chapters 115 to 116.

Sec. 20. Laws 1993, chapter 55, section 1, is amended to read:

Section 1. [TEMPORARY RESOLUTION, EXTENSION.]

In addition to the periods allowed by Minnesota Statutes, section 394.34, the Pine county board of commissioners may by resolution extend a prior resolution on the subdivision of land by plat and by exemption certificate that was originally adopted by the board on March 13, 1991, for a one-year period,

and extended on March 11, 1992. The resolution adopted under this section may extend the prior resolution for an additional period ending not later than ~~March 13, 1994~~ April 1, 1995.

Sec. 21. [EFFECTIVE DATE.]

Subdivision 1. This article is effective the day following final enactment as to the city of Pine City when approved by the Pine City council and upon compliance with Minnesota Statutes, section 645.021.

Subd. 2. This article is effective the day following final enactment as to the towns of Pokegama, Chengwatana, and Pine City when approved by the town boards of each town and upon compliance with Minnesota Statutes, section 645.021.

Subd. 3. Section 20 is effective the day following final enactment.

ARTICLE 11

CHISHOLM/HIBBING AIRPORT

Section 1. [DEFINITIONS.]

Subdivision 1. [SCOPE.] For the purpose of this article, the words and terms defined in this section have the meanings given them.

Subd. 2. [AERONAUTICS.] "Aeronautics" means the transportation by aircraft; the operation, construction, repair, or maintenance of aircraft, air equipment, power plants, and accessories; the design, establishment, construction, operation, improvement, repair, or maintenance of airports, restricted landing areas, or other air navigation facilities and construction; and powers incidental to these activities.

Subd. 3. [AIRPORT.] (a) "Airport" means any locality of land or water, including intermediate landing fields, that is used or intended to be used for the landing and take-off of aircraft, whether or not facilities have been provided for the shelter, servicing, or repair of aircraft, or for receiving or discharging passengers or cargo. The term also includes any facility used in, available for use in, or designed for use in air navigation or to aid air navigation, including without limitation landing areas; lights; any apparatus or equipment for disseminating weather information, for signaling, for radio-directional finding, or for radio or other electrical communication; and any other structure or mechanism having a similar purpose for guiding or controlling flight in the air or for the landing or take-off of aircraft. The term also includes without limitation access roads, park areas, and those lands contiguous or not as may be required for installations necessary for safe and efficient operation, buildings, structures, hangars, shops, and any personal property usually used in connection with operating airports, including specifically, but not exclusively, snow-removal or impacting equipment, fire and ambulance equipment, motor vehicles, and equipment for buildings, structures, hangars, and shops.

(b) Whenever the words "airport" or "airport facilities" are used in this article, they have the meaning given them in paragraph (a) and specifically include the Chisholm/Hibbing airport, including any land, buildings, or other appurtenances incidental and necessary to the operation of that airport, and any land, buildings, or other appurtenances that may be acquired in the future for those purposes by the authority.

Subd. 4. [AUTHORITY.] "Authority" means the Chisholm/Hibbing airport authority created under this article.

Subd. 5. [CITIES.] "Cities" means the city of Chisholm and the city of Hibbing, in and for which an airport authority is created under this article.

Subd. 6. [CITY COUNCILS; COUNCILS.] "City councils" or "councils" means the governing bodies of the city of Chisholm as established under the home rule charter of that city and the city of Hibbing, a statutory city.

Subd. 7. [DIRECTOR.] "Director" means a person appointed or otherwise selected as, and after qualification, acting as a member of the authority.

Subd. 8. [DIRECTORS.] "Directors" means a quorum of the members of the authority.

Subd. 9. [PERSON.] "Person" means an individual, firm, copartnership, corporation, company, limited liability company, association, joint stock association, or body politic; and includes its trustee, receiver, assignee, or other similar representative.

Sec. 2. [AIRPORT AUTHORITY CREATED.]

For the purposes set forth in this article, the Chisholm/Hibbing airport authority is created in and for the city of Chisholm and the city of Hibbing.

Sec. 3. [DIRECTORS.]

Subdivision 1. [APPOINTMENTS; GENERAL POWERS AUTHORIZED.] The members of the authority created under this article shall consist of six directors, three of whom shall be appointed to membership in the authority by the city council of the city of Chisholm and three of whom shall be appointed to membership in the authority by the city council of the city of Hibbing. The members of the authority may exercise the powers and perform the duties set forth in this article.

Subd. 2. [TERMS; TRANSITION.] The members of the Chisholm/Hibbing airport commission as of the day before the effective date of this article shall be the original directors of the authority and shall serve until the remainder of their term and until their respective successors are appointed and qualified. Subsequent terms of directors are for three years, and all terms must expire on December 31 of the appropriate year. Directors shall serve until their respective successors are appointed and qualified.

Subd. 3. [EXPENSE REIMBURSEMENTS.] Each director may be paid a per diem for attending monthly, executive, and special meetings. Each director shall be reimbursed for reasonable and authorized out-of-pocket expenses incurred in the fulfillment of their duties.

Subd. 4. [VACANCY.] When a vacancy occurs in the membership of the authority by means of resignation, death, removal from the city, or removal for failure or neglect to perform the duties of a director, the vacancy must be filled for the unexpired term in the same manner as the predecessor was appointed.

Subd. 5. [OATH.] Appointments and removals of the directors of the authority must be made by the respective city councils evidenced by resolution. An appointee who fails within ten days after notification of appointment to file with the city clerk of the appointing city the oath or affirmation to perform faithfully, honestly, and impartially the duties of office,

is deemed to have refused the appointment, and another person must be appointed in the manner prescribed in this section.

Subd. 6. [INITIAL APPOINTMENTS.] Within 30 days after the effective date of this article, the original directors must be appointed as provided in subdivision 2. Upon filing the oath of office required by subdivision 5, each director assumes all the rights, privileges, and powers of a director duly appointed as provided in this article.

Subd. 7. [ORGANIZING MEETING; QUORUM; RULES AND REGULATIONS.] Within 20 days after members of the authority have qualified for office, the authority shall meet and organize. The members shall adopt, and thereafter may amend, rules and regulations for the conduct of the authority as the authority deems in the public interest and most likely to advance, enhance, foster, and promote air transportation in the airports of the city of Chisholm and the city of Hibbing. The rules and regulations must at all times be consistent with this article. At this organizing meeting, and at all subsequent meetings of the authority, four directors constitutes a quorum for the transaction of business, and the affirmative vote of the majority of the directors present is required for the passage of any measure. The quorum must be present to act on any measure.

Subd. 8. [OFFICERS.] The directors shall elect from among their members a president, a vice-president, and a treasurer. They shall also elect a secretary, who may or may not be a director. No two offices may be held by one director. The officers shall have the duties and powers usually attendant upon the holders of those offices and other duties and powers not inconsistent with this article and as may be provided by the authority.

Subd. 9. [EXECUTIVE DIRECTOR.] As soon after the organization meeting as possible, the authority shall appoint an executive director to be the executive and operating officer of the authority. The executive director shall serve at the pleasure of the authority and receive compensation as may be fixed by it. The executive director must be experienced with aviation and meet the requirement of a written, authority-approved job description kept on file with the authority. Under the supervision of the authority, the executive director is responsible for the operation, management, and promotion of all activities with which the authority is charged, together with other duties as may be prescribed by the authority. The executive director has those powers necessary and incidental to the performance of duties, and other powers as may be granted by the authority.

Sec. 4. [FINANCIAL MATTERS.]

Subdivision 1. [TREASURER; BUDGET; ACCOUNTING; FINANCIAL STATEMENT.] The treasurer shall receive and retain custody of all money of the authority. That money is deemed public funds. The authority shall prepare an annual budget before the joint meeting of the city councils to approve the levy and a copy of the annual budget must be provided to the councils at the joint meeting. The treasurer shall disburse funds only in accordance with the annual budget of the authority and only upon written orders drawn against those funds, signed by the executive director and approved by the president of the authority, or in the president's absence, the vice-president of the authority or other employee of the authority as may be authorized or directed so to do. Each order must state the name of the payee and the nature of the claim for which the order is issued. The treasurer shall keep an account of all money received, showing the source of all receipts and the nature, purpose, and

authority of all disbursements. At least four times each year, in the form to be determined by the directors, the authority shall file with the city clerks of the cities of Chisholm and Hibbing a financial statement from the authority, showing all receipts and disbursements, the nature and purposes of those receipts and disbursements, the money on hand, the credits and assets of the authority, and its outstanding liability.

Subd. 2. [SPENDING POWER.] Within the total budget approved as provided in subdivision 1, the authority has the exclusive power to receive, control, and order the expenditure of money in the control and management of the airport facilities of the authority.

Subd. 3. [AUDIT.] A complete examination and audit of all books and accounts of the authority must be done at least annually by a certified public accountant. One copy of the yearly audit must be filed with each city clerk as a public document.

Sec. 5. [POWERS.]

Subdivision 1. [SUITS; CONTRACTS; EMINENT DOMAIN; OPERATION; ACCEPT GIFTS; LEVY AND TAX.] Notwithstanding any law or charter or ordinance provision to the contrary, the following powers and duties are conferred upon the authority:

(1) to sue and be sued;

(2) to enter into and execute agreements, instruments, and other arrangements necessary, proper, and convenient to the exercise of its powers;

(3) to acquire:

(i) by purchase, lease, or gift any personal property, franchises, easements, or other rights in its own name that may be necessary or proper for the operation of the Chisholm/Hibbing airport, or any airport facilities that may be acquired in the future;

(ii) real property for use as airport terminal facilities, maintenance facilities, parking facilities, runway or taxiway facilities with approval of the city councils; and

(iii) other facilities used or useful for operating the airport;

(4) to acquire, construct, equip, improve, operate, and maintain airports and airport terminal facilities, maintenance facilities, runways and taxiways, parking areas, and other facilities useful for or related to operating an airport;

(5) to lease to or contract with any person or operator for the use of any real or personal property under the authority's control; provided, however, that the authority does not have the power to make agreements for the sale of any real estate under its control without the approval by resolution of the city councils;

(6) to accept gifts, grants, or loans of money or other property from the United States, the state, or any person or entity, and for those purposes may enter into any agreement required to do so, subject to prior notice to the city councils; and

(7) to levy a tax on all taxable property, according to the total tax capacity in each city, in the city of Chisholm and in the city of Hibbing, to provide funds

for the operation of the authority. A joint meeting of the city councils must be convened annually for the purpose of either adopting or rejecting the proposed levy. Each city council shall vote separately on the proposed levy. If the proposed levy is rejected by either city council, the authority shall revise the levy and resubmit the proposal for consideration by the city councils who shall either reject or approve the revised proposed levy. This procedure shall continue until a levy is approved by resolution of both city councils. No later than September 15 each year, the secretary of the authority shall certify to the auditor of St. Louis county the total levy approved by the city councils, accompanied by a certified copy of the resolution of each city approving the levy. The auditor shall add the total levy made by the authority to other tax levies of the county on taxable property in the cities of Chisholm and Hibbing for collection by the county auditor with other taxes. When collected, the county auditor shall make settlement of those taxes with the treasurer of the authority in the same manner as other taxes are distributed to political subdivisions.

Subd. 2. [MANAGEMENT CONTRACTS.] Notwithstanding other provisions of this article to the contrary, the authority is authorized, in lieu of directly operating the Chisholm/Hibbing airports or any part of them, to enter into management contracts with persons for managing the airports or any part of them, for a period of time, for purposes, and under any compensation and other terms and conditions as deemed advisable and proper by the authority. The agreement is subject to the approval by resolution of the city councils.

Sec. 6. [ADDITIONAL POWERS.]

The authority is authorized:

(1) when not in conflict with this article, to adopt and alter bylaws and rules and regulations that it deems necessary for conducting the business of the authority, for using and operating the Chisholm/Hibbing airports and the facilities of the authority, and for carrying out the objects of this article;

(2) to appoint the executive director, engineers and other consultants, accountants, attorneys, and other officers, agents, and employees as it deems necessary, who shall perform duties and receive compensation as the authority may determine and who are removable at the pleasure of the authority;

(3) to prescribe or provide for a policy or policies of insurance for the defense and indemnification of the cities of Chisholm and Hibbing and their officers and employees, and the authority's directors, executive director, and other employees against claims arising against them out of the performance of duty, whether the claims be groundless or otherwise, with premiums for any policies of insurance required by this article to be paid out of the funds of the authority;

(4) to authorize and direct the treasurer to invest, in the manner provided by law, any funds held in reserve, sinking funds, or any funds not required for immediate disbursement; and

(5) to fix, alter, change, and collect fees, rentals, and all other charges to be made for all services or facilities furnished by the authority to the public, to any persons, or to public or private agencies leasing any and all facilities at the Chisholm/Hibbing airports.

Sec. 7. [EXECUTIVE DIRECTOR.]

Subdivision 1. [CUSTODY OF MONEY COLLECTED DAILY.] The executive director of the authority is responsible for the custody and control of all money received and collected from the daily operations of the Chisholm/Hibbing airports until that money is delivered to the treasurer and the executive director has obtained a receipt for it, or until the money is deposited in a bank account under the control of the treasurer.

Subd. 2. [INSURANCE.] In addition to other insurance provisions of this article, the executive director shall provide for insurance on any of the Chisholm/Hibbing airports' property, rights, revenue, workers' compensation, public liability, or any other risk or hazard arising from its activities; and the premiums for that insurance must be paid for out of funds of the Chisholm/Hibbing airport authority.

Sec. 8. [TAX-EXEMPT PROPERTY.]

Notwithstanding other law to the contrary, the property, money, and other assets of the authority, or revenues or other income of the authority are exempt from all taxation, licensing, fees, or charges of any kind imposed by the state of Minnesota, or by any county, municipality, political subdivision, taxing district, or other public agency or body of the state.

Sec. 9. [REVENUE BONDS.]

Subdivision 1. [AUTHORITY TO ISSUE.] Notwithstanding any limitations imposed by law or by the charter of the city of Chisholm, the authority is authorized to issue negotiable revenue bonds for any one or more of its purposes. Revenue bonds under this section shall be issued in the amounts, times, and series to the authority determined by resolution. No election is necessary to authorize the issuance of the revenue bonds. Except as otherwise provided by this section, the maturities, any right of prior redemption, execution, paying agency, provision for interest, and other terms of the bonds, are subject to Minnesota Statutes, sections 475.54 and 475.56.

Subd. 2. [PLEGDED FROM REVENUES.] Revenue bonds issued under this section do not constitute a debt of the city of Chisholm or the city of Hibbing, and no tax levy may be compelled for their payment. The bonds are payable only from the revenues of the Chisholm/Hibbing airport pledged by the authority; to payment of principal of and interest on the bonds; and they must so recite. At or before the issuance of revenue bonds, the authority, by resolution, shall pledge and appropriate to the payment of principal and interest the net revenues of the Chisholm/Hibbing airports, or some part of those airports, after provision for reasonable and necessary expenses of operation and maintenance, as described and defined in the authorizing resolution.

Subd. 3. [RESOLUTION.] By the authorizing resolution, the authority may provide covenants for the protection of the bondholders relating to disposition of bond proceeds and revenues; their reserves and investment; construction, acquisition, repair, replacement, operation and insurance of the Chisholm/Hibbing airports facilities; accounting and reports; issuance of parity or subordinate lien bonds, rates and charges to be established or maintained; and other covenants the authority finds to be usual and reasonably necessary for the protection of the airport revenue bondholders.

Subd. 4. [DEFAULT.] *The authority may also define the event or events of default and other requisites for suit by bondholders or their representatives, conditions upon which any covenant may be amended. Any terms, covenants, or conditions of revenue bonds to be provided by resolution of the authority may be set forth in a trust indenture with a corporation having trust powers appointed by the authority, to represent and act for bondholders, to hold and disburse pledged revenues, and to perform other duties as may be provided in the trust indenture. However, the trust indenture must not confer or authorize any mortgage lien on the real or operating properties or general funds of the authority.*

Subd. 5. [PUBLIC INSTRUMENTALITY.] *Revenue bonds of the authority are deemed and must be treated as instrumentalities of the public government agency; and as such, together with interest on the bonds, are exempt from taxation.*

Sec. 10. [GENERAL OBLIGATION BONDS.]

Subdivision 1. [AUTHORITY TO ISSUE.] *The authority may request the issuance of general obligation bonds to improve or construct, and equip, terminal facilities, maintenance and hangar facilities, runway or taxiway facilities, parking areas, or similar facilities used or useful in connection with the operation by the authority of the Chisholm/Hibbing airports, or any part of them.*

Subd. 2. [RESOLUTION.] *General obligation bonds under this section shall be issued in the amounts, at times, and in a series as the cities shall determine by joint resolution. Except as otherwise provided by this section, the maturities, any right of prior redemption, execution, paying agency, provision for interest, or other terms of the bonds, are subject to Minnesota Statutes, sections 475.54 and 475.56.*

Subd. 3. [PLEDGED WITH TAXES.] *General obligation bonds issued according to the total tax capacity in each city under this section constitute a debt of the city of Chisholm and the city of Hibbing for which the full faith and credit of the city is pledged. A tax levy must be compelled for their payment and the bonds must recite that.*

Sec. 11. [PROPERTY TRANSACTIONS.]

Subdivision 1. [EMINENT DOMAIN.] *If it becomes necessary for any of the purposes provided in this article to exercise the power of eminent domain, that power must not be exercised by the authority. However, the city of Chisholm and the city of Hibbing shall, at the request of the authority, acquire any of the properties allowed pursuant to this article and necessary for the conduct and operation of the authority, or for the purpose of acquiring any land, waters, easements, or other rights or interests in them by the exercise of the power of eminent domain, either as provided for under the home rule charter of the city of Chisholm, or under Minnesota Statutes, chapter 117. An exercise of the power of eminent domain by the cities must be at the request and expense of the authority. The fact that the property is owned by a public service corporation organized for the purpose specified in Minnesota Statutes, section 300.03, or is already devoted to a public use, or to use by a corporation, or was acquired for a public use by condemnation, does not prevent its acquisition by the cities for the authority by condemnation. The cities, on behalf of the authority, may take possession of any property for which condemnation proceedings have been commenced at any time after the*

filing of the petition describing the property in the proceedings. After the condemnation is completed, the cities shall transfer the property condemned to the authority.

Subd. 2. [PROPERTY TRANSFERS.] Subject to prior notice to the city councils, any state department or other agency of the state government, or any county, municipality, or other public agency, may sell, lease, grant, transfer, or convey to the authority, with or without consideration, any facilities or any part of the facilities, or any interest in real or personal property, which may be useful to the authority for any authorized purpose.

Sec. 12. [LIMITED REGULATION BY OTHER GOVERNMENTAL UNITS.]

The exercise by the authority and the city councils of the powers provided in this article are not subject to regulation by the jurisdiction or control of any other public body or agency, whether state, county, or municipal, except as specifically provided in this article. However, the authority is subject to rules administered by the state department of public safety, division of aeronautics, and to laws of the United States or regulations of the Federal Aviation Administration of the United States Department of Transportation, as may be applicable to the operations of the Chisholm/Hibbing airports.

Sec. 13. [PROPERTY TRANSFERRED BY THIS ARTICLE.]

On the effective date of this article, the Chisholm/Hibbing airport commission is dissolved and the title to all real and personal property presently used and occupied by the Chisholm/Hibbing airport commission vests in the authority. The city of Chisholm and the city of Hibbing shall execute all deeds or other appropriate documents necessary to confirm the vesting of title in the Chisholm/Hibbing airport authority. If the authority is dissolved, the fair market value of all real estate owned by the city of Hibbing prior to the formation of the Chisholm/Hibbing joint airport commission in 1957 including improvements on that real estate prior to that time must be credited to the city of Hibbing.

Sec. 14. [EFFECTIVE DATE.]

This article is effective after its approval by a majority of the city council of the city of Chisholm and a majority of the city council of the city of Hibbing, and upon compliance with the provisions of Minnesota Statutes, section 645.021, subdivision 3.

ARTICLE 12

MISCELLANEOUS

Section 1. Minnesota Statutes 1993 Supplement, section 84.794, subdivision 1, is amended to read:

Subdivision 1. [REGISTRATION REVENUE.] Fees from the registration of off-highway motorcycles and the unrefunded gasoline tax attributable to off-highway motorcycle use under section 296.16 must be deposited in the state treasury and credited to the off-highway motorcycle account in the natural resources fund.

Sec. 2. Minnesota Statutes 1993 Supplement, section 84.803, subdivision 1, is amended to read:

Subdivision 1. [REGISTRATION REVENUE.] Fees from the registration of off-road vehicles and unrefunded gasoline tax attributable to off-road vehicle use under section 296.16 must be deposited in the state treasury and credited to the off-road vehicle account in the natural resources fund.

Sec. 3. Minnesota Statutes 1993 Supplement, section 270.78, is amended to read:

270.78 [PENALTY FOR FAILURE TO MAKE PAYMENT BY ELECTRONIC FUNDS TRANSFER.]

(a) 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.

(b) The penalty under paragraph (a) does not apply if the taxpayer pays by other means the amount due at least three business days before the date the payment is due. This paragraph does not apply after December 31, 1997.

Sec. 4. Minnesota Statutes 1993 Supplement, section 270.91, subdivision 4, is amended to read:

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, *or* (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; *or* (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 *unless paragraph (d) applies.*

(d) 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. ~~The tax under this paragraph applies, if one of the following conditions is satisfied:~~

(1) the contaminants are subject to chapter 115B and neither the owner nor the operator of the taxable real property in the assessment year is a responsible person under chapter 115B;

(2) the contaminants are subject to chapter 18D and neither the owner nor the operator of the taxable real property in the assessment year is a responsible person under chapter 18D;

~~(3) the contaminants are asbestos and neither the owner nor the operator of the taxable real property in the assessment year is required to undertake asbestos-related work, but is implementing a proactive in-place management program.~~

Sec. 5. Minnesota Statutes 1993 Supplement, section 270.94, is amended to read:

270.94 [EXEMPTIONS.]

(a) The tax imposed by sections 270.91 to 270.98 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 paragraph, 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.

(b) The tax imposed by sections 270.91 to 270.98 does not apply to the contamination value of a parcel that is attributable to asbestos, if:

(1) the work has been completed under an asbestos abatement plan *or the property owner is implementing a proactive in-place asbestos management program consistent with the rules, requirements, and formal policies of the United States Environmental Protection Agency;* and

(2) the property owner provides the assessor with an affidavit stating the work under the abatement plan has been completed, *or the asbestos management plan is being implemented,* and any other evidence or information the assessor requests.

Sec. 6. Minnesota Statutes 1993 Supplement, section 289A.60, subdivision 21, is amended to read:

Subd. 21. [PENALTY FOR FAILURE TO MAKE PAYMENT BY ELECTRONIC FUNDS TRANSFER.] (a) 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.

(b) The penalty under paragraph (a) does not apply if the taxpayer pays by other means the amount due at least three business days before the date the payment is due. This paragraph does not apply after December 31, 1997.

Sec. 7. Minnesota Statutes 1993 Supplement, section 296.02, subdivision 1a, is amended to read:

Subd. 1a. [TRANSIT SYSTEMS AND ALTERNATIVE FUELS EXEMPT.] The provisions of subdivision 1 do not apply to (1) gasoline purchased by a transit system or transit provider receiving financial assistance or reimbursement under section 174.24, 256B.0625, subdivision 17, or 473.384 or (2) sales of compressed natural gas or propane for use in vehicles displaying a valid annual alternate fuel permit.

Sec. 8. Minnesota Statutes 1993 Supplement, section 296.025, subdivision 1a, is amended to read:

Subd. 1a. [TRANSIT SYSTEMS AND ALTERNATIVE FUELS EXEMPT.] The provisions of subdivision 1 do not apply to (1) special fuel purchased by a transit system or transit provider receiving financial assistance or reimbursement under section 174.24, 256B.0625, subdivision 17, or 473.384 or (2) sales of compressed natural gas or propane for use in vehicles displaying a valid annual alternate fuel permit.

Sec. 9. [296.0261] [PERMIT FOR ALTERNATE FUEL VEHICLE.]

Subdivision 1. [ANNUAL ALTERNATE FUEL PERMIT.] A person owning a motor vehicle propelled by compressed natural gas, propane, or any other manner except gasoline or special fuel, shall obtain an annual permit for that vehicle in accordance with subdivision 2 or 3. The period for which the alternate fuel permit is valid must coincide with the motor vehicle registration period of the vehicle. A person shall obtain all required permits within 30 days of becoming a user of compressed natural gas, propane, or any other method of propulsion except gasoline or special fuel.

Subd. 2. [PERMIT FEES FOR ALTERNATE FUEL VEHICLES.] The fees for annual alternate fuel permits are based on the vehicle's gross weight as follows:

- (1) under 6,001 pounds, \$175;*
- (2) 6,001-12,000 pounds, \$350;*
- (3) 12,001-26,000 pounds, \$390; and*
- (4) over 26,000 pounds, \$540.*

Subd. 3. [PERMIT FEES FOR DUAL FUEL VEHICLES.] The owner of a motor vehicle capable of being propelled by gasoline as well as compressed natural gas or propane shall pay a permit fee equal to one-half the fee determined under subdivision 2.

Subd. 4. [PRO RATA FEE CALCULATION.] *The fee for a permit required by this section must be calculated based on the number of unexpired months remaining in the registration year of the vehicle as measured from the date of the occurrence of the event requiring the permit.*

Subd. 5. [PERMIT APPLICATION; CONTENT.] *A person shall apply for an annual alternate fuel permit for each motor vehicle specified in this section each time the vehicle is registered. The commissioner of public safety shall prescribe the form of the application. The form must require the applicant to provide the following information:*

(1) the name and address of the owner or person licensing the vehicle;

(2) a description of the vehicle, including the make, model and year, vehicle identification number, and the type of fuel used; and

(3) other information the commissioner determines necessary for the proper implementation of this section.

A completed application must be submitted to the department of public safety. The department of public safety shall issue an alternate fuel permit and collect the fee provided in this section.

Subd. 6. [PERMIT STICKERS.] *The alternate fuel permit required by this section must be a gummed sticker prepared by the department of public safety. The permit must be attached to the lower left corner of the windshield of the motor vehicle for which it was issued. The permit must provide a space to enter the license number of the motor vehicle for which the permit is issued. The permit must show the year for which it is issued and the date of expiration of the permit.*

Subd. 7. [PERMIT NOT TRANSFERABLE.] *An alternate fuel permit is not transferable, either to a new vehicle or to a new owner. Upon the transfer of ownership of a motor vehicle with a permit, the department of public safety shall credit the transferor with the number of unexpired months remaining in the registration period, except that when the vehicle is transferred within the same month in which acquired, no credit for the month is allowed. If a transferor acquires another motor vehicle for which an alternate fuel permit is required at the time of transfer, the credit provided by this section must be applied toward payment of the alternate fuel permit fee then due; otherwise the transferor may file a claim for the amount of the credit with the commissioner on a form prescribed by the commissioner. The department shall pay the claim from the undistributed alternate fuel permit fees.*

Subd. 8. [MOTOR VEHICLE CONVERSION REPORT.] *A person who installs equipment in a motor vehicle to permit it to be powered by compressed natural gas or propane shall report the installation to the department of public safety within 30 days. The report must include the name and address of the owner of the vehicle; the make, model, and identification number of the vehicle; the type of fuel that the vehicle was equipped to use before the installation; and, if the vehicle is registered, the license plate number of the vehicle.*

Subd. 9. [FEES DEPOSITED IN HIGHWAY USER FUND.] *The permit fees collected under subdivision 2 are in lieu of the gasoline and special fuels excise taxes imposed by sections 296.02 and 296.025. Compressed natural gas or propane sold as fuel for motor vehicles displaying valid annual alternate fuel permit stickers is not subject to any additional tax at the time of sale. All*

alternate fuel permit fees collected by the department of public safety must be deposited in the state treasury and credited to the highway user tax distribution fund.

Sec. 10. Minnesota Statutes 1992, section 296.16, subdivision 1, is amended to read:

Subdivision 1. [INTENT; GASOLINE USE.] All gasoline received in this state and all gasoline produced in or brought into this state except aviation gasoline and marine gasoline shall be determined to be intended for use in motor vehicles in this state.

Approximately 1-1/2 percent of all gasoline received in this state and 1-1/2 percent of all gasoline produced or brought into this state, except gasoline used for aviation purposes, is being used as fuel for the operation of motorboats on the waters of this state and of the total revenue derived from the imposition of the gasoline fuel tax for uses other than for aviation purposes, 1-1/2 percent of such revenues is the amount of tax on fuel used in motorboats operated on the waters of this state.

Approximately three-fourths of one percent of all gasoline received in and produced or brought into this state, except gasoline used for aviation purposes, is being used as fuel for the operation of snowmobiles in this state, and of the total revenue derived from the imposition of the gasoline fuel tax for uses other than for aviation purposes, three-fourths of one percent of such revenues is the amount of tax on fuel used in snowmobiles operated in this state.

Approximately 0.15 of one percent of all gasoline received in or produced or brought into this state, except gasoline used for aviation purposes, is being used for the operation of all-terrain vehicles in this state, and of the total revenue derived from the imposition of the gasoline fuel tax, 0.15 of one percent is the amount of tax on fuel used in all-terrain vehicles operated in this state.

Approximately 0.046 of one percent of all gasoline received or produced in or brought into this state, except gasoline used for aviation purposes, is being used for the operation of off-highway motorcycles in this state, and of the total revenue derived from the imposition of the gasoline fuel tax for uses other than for aviation purposes, 0.046 of one percent is the amount of tax on fuel used in off-highway motorcycles operated in this state.

Approximately .164 of one percent of all gasoline received or produced in or brought into this state, except gasoline used for aviation purposes, is being used for the off-road operation of off-road vehicles, as defined in section 84.797, in this state, and of the total revenue derived from the imposition of the gasoline fuel tax for uses other than aviation purposes, .164 of one percent is the amount of tax on fuel used for off-road operation of off-road vehicles in this state.

Sec. 11. Minnesota Statutes 1992, section 297C.03, subdivision 6, is amended to read:

Subd. 6. [INFORMATIONAL ~~RETURNS~~ REPORTS.] *The following persons shall file with the commissioner a monthly informational report in the manner and on the form prescribed by the commissioner:*

(a) manufacturers, wholesalers, and importers licensed to ship distilled

spirits or wine into Minnesota shall file with the commissioner a monthly informational report on a form prescribed by the commissioner.

(b) persons who manufacture distilled spirits or wine within the state;

(c) all other persons who import distilled spirits or wine into Minnesota;

(d) those who possess, receive, store, or warehouse distilled spirits or wine in Minnesota, upon which the tax imposed by section 297C.02, subdivision 1, has not been paid; and

(e) those who possess, receive, store, or warehouse distilled spirits or wine in Minnesota, which are required to give bond pursuant to Internal Revenue Code, subtitle E, chapter 51.

No payment of any tax is required to be remitted with this report. The report must be filed on or before the tenth day following the end of each calendar month, regardless of whether or not any shipments were made the person shipped, manufactured, possessed, received, stored, or warehoused any distilled spirits or wine into or within Minnesota during the previous month, unless the commissioner determines that a longer filing period is appropriate for a particular manufacturer, wholesaler, or importer person. A person failing to file this report is subject to the provisions of section 297C.14, subdivision 8. This subdivision does not apply to the lawful importation of wine and distilled spirits pursuant to section 297C.09, nor to any lawful manufacture of wine or distilled spirits within the state for personal consumption.

Sec. 12. [469.301] [DEFINITIONS.]

Subdivision 1. [GENERALLY.] In sections 469.301 to 469.308, the terms defined in this section have the meanings given them, unless the context indicates a different meaning.

Subd. 2. [COMMISSIONER.] "Commissioner" means the commissioner of jobs and training.

Subd. 3. [ENTERPRISE ZONE.] "Enterprise zone" means an area in the state designated as such by the commissioner.

Subd. 4. [CITY.] "City" means any city that contains an area that meets the criteria for designation as a federal empowerment zone or enterprise community and meets the eligibility criteria in section 469.303, or a city of the second class that is designated as an economically depressed area by the United States Department of Commerce.

Subd. 5. [GOVERNING BODY.] "Governing body" means the city council or other body designated by its charter.

Subd. 6. [RESIDENT.] "Resident" means an individual residing within the enterprise zone that meets the income guidelines in Public Law Number 103-66.

Subd. 7. [BUSINESS.] "Business" means any for-profit business entity.

Subd. 8. [MINIMUM WAGE.] "Minimum wage" means the minimum wage that is required by federal law.

Sec. 13. [469.302] [DESIGNATIONS OF ENTERPRISE ZONES.]

Subdivision 1. [PROCESS.] The commissioner shall designate an area as an enterprise zone if:

(1) the application is made by the governing body of the city as prescribed by section 469.304;

(2) the area is determined by the commissioner to be eligible for designation under section 469.303.

Subd. 2. [DURATION.] *The designation of an area as an enterprise zone is effective for ten years after the date of designation.*

Subd. 3. [DATE OF DESIGNATION.] *Designation is effective immediately following approval of the enterprise zone application by the commissioner.*

Sec. 14. [469.303] [ELIGIBILITY REQUIREMENTS.]

An area within the city is eligible for designation as an enterprise zone if the area is (1) designated as a proposed federal empowerment zone or enterprise community by the city in an application to the United States Department of Housing and Urban Development under Public Law Number 103-66, provided the city can demonstrate that it can meet the maximum zone population standard under the federal empowerment zone program for cities with a population under 500,000 or (2) an area within a city of the second class that is designated as an economically depressed area by the United States Department of Commerce.

Sec. 15. [469.304] [APPLICATION FOR ENTERPRISE ZONE DESIGNATION.]

Subdivision 1. [SUBMISSION OF APPLICATIONS.] *An applicant may seek enterprise zone designation by submitting an application to the commissioner. The commissioner shall establish procedures and forms for the submission of applications for enterprise zone designation. The commissioner may promulgate rules for the administration of the program. The commissioner of revenue shall establish a schedule to determine the tax credits in section 469.305.*

Subd. 2. [APPLICATIONS; CONTENTS.] *The application for designation as an enterprise zone must contain, at a minimum:*

(1) verification that the area is eligible for designation pursuant to section 469.303;

(2) identification of the agency or unit of government that will implement the program;

(3) any additional information required by the commissioner; and

(4) any additional information that the municipality considers relevant to the designation of the area as an enterprise zone.

Subd. 3. [CERTIFICATION.] *The governing body must certify to the commissioner that activity within the municipality's enterprise zone will not transfer existing employment from other municipalities within the state.*

Sec. 16. [469.305] [ENTERPRISE ZONE CREDITS.]

Subdivision 1. [INCOME OR FRANCHISE TAX CREDIT.] *An income or corporate franchise tax credit is available to businesses located in an enterprise zone that meet the conditions of this section. Each city designated as an enterprise zone is allocated \$3,000,000 to be used to provide credits under this section for the duration of the program. Each city of the second*

class designated as an economically depressed area by the United States Department of Commerce is allocated \$300,000 to be used to provide credits under this section for the duration of the program. For fiscal year 1998 and subsequent years, the proration in section 21 shall continue to apply until the amount designated in this subdivision is expended.

The credit is in an amount equal to 20 percent of the wages paid to an employee, not to exceed \$5,000 per employee per taxable year. The credit is available to an employer for a zone resident employed in the zone at full-time wage levels of not less than 170 percent of minimum wage. The credit is not available to workers employed in construction or employees of financial institutions, gambling enterprises, public utilities, sports, fitness, and health facilities, or racetracks. The employee must be employed at that rate at the time the business applies for a tax credit, and must have been employed for at least one year at the business. The credit applies to new jobs; for purposes of this section, a "new job" is a job that did not exist in Minnesota before the effective date of this section. The credit is applicable to the five taxable years after the application has been approved to the extent the allocation to the city remains available to fund the credit, and provided that the city certifies to the commissioner on an annual basis that the business is in compliance with the plan to recruit, hire, train, and retain zone residents.

Subd. 2. [REFUNDABLE CREDITS.] To the extent the credit provided under subdivision 1 exceeds the business' tax liability under chapter 290, the credit is refundable.

Subd. 3. [REVIEW AND ANALYSIS.] The city must submit the proposed tax credit proposal to the commissioner for approval. The proposal shall include a plan to recruit, hire, train, and retain zone residents. The tax credit proposal shall be approved unless the commissioner finds that the proposal is not in conformity with the provisions of sections 469.301 to 469.308.

If the city submits the tax credit proposal to the commissioner before the expiration of the zone designation under section 469.302, subdivision 2, the authority of the commissioner to approve the tax credit proposal continues until the commissioner acts on the proposal.

Sec. 17. [469.306] [REVOCATION.]

The commissioner may revoke a business' tax credit if the applicant has not proceeded in good faith with its operations in a manner which is consistent with the purpose of sections 469.301 to 469.308 and is possible under circumstances reasonably within the control of the applicant.

The commissioner may reconsider the revocation of the tax credit if the business provides evidence that circumstances of its failure to proceed were beyond its control or that it did not act in bad faith.

Sec. 18. [469.307] [RECAPTURE.]

Subdivision 1. [TERMINATION OF OPERATIONS; OTHER VIOLATIONS.] Any business that receives a tax credit authorized by section 469.305 and ceases to operate or otherwise violates the criteria for obtaining the credit for its facility located within the enterprise zone within seven years after

the first receipt of a credit by the business shall repay the portion of the tax credit received as provided in the following schedule:

*Termination of Operations
or Other Violations*

Repayment of Portion

<i>Less than two years</i>	<i>100 percent</i>
<i>Between two years and four years</i>	<i>75 percent</i>
<i>Between four years and seven years</i>	<i>50 percent</i>
<i>More than seven years</i>	<i>0 percent</i>

Subd. 2. [REPAYMENT.] The repayment must be paid to the state. The amount repaid must be credited to the amount certified as available for tax credits in the zone under section 469.305.

Subd. 3. [LIEN.] If an event occurs that creates an obligation under subdivision 1 to repay all or part of the tax credit, the repayment obligation immediately becomes a lien against the business's real and personal property located in Minnesota, including the property of subsidiaries, parents, and related corporations. A lien against real property under this subdivision has the same legal effect and must be collected in the same manner as unpaid real property taxes.

Sec. 19. [469.308] [ADMINISTRATION.]

Subdivision 1. [TECHNICAL ASSISTANCE.] The commissioner shall provide technical assistance to the city seeking an enterprise zone designation.

Subd. 2. [ADMINISTRATIVE PROCEDURE ACT.] Chapter 14 does not apply to the designation of enterprise zones.

Subd. 3. [REPORTING.] The commissioner shall require cities receiving enterprise zone designations to report to the state regarding the economic activity that has occurred in the zone following the designation.

Subd. 4. [REPORT TO THE LEGISLATURE.] The commissioner of jobs and training, in consultation with the commissioner of revenue and any cities receiving the designation, shall evaluate the enterprise zone program and assess options for expansion of the enterprise zone program to businesses throughout the metropolitan area that hire zone residents. The commissioner of jobs and training shall submit its findings in a report to the 1996 session of the legislature.

Sec. 20. [469.309] [RURAL JOB CREATION CREDIT.]

Subdivision 1. [CREDIT FOR JOB CREATION.] The commissioner of trade and economic development may approve a credit against the tax due under chapter 290 for an eligible business beginning with the first taxable year after December 31, 1994. The maximum credit available is \$5,000 per eligible employee. The actual credit is based on the following schedule:

\$2,000 for each eligible employee with wages greater than or equal to 170 percent and less than 200 percent of the minimum wage;

\$3,000 for each eligible employee with wages greater than or equal to 200 percent and less than 250 percent of the minimum wage;

\$4,000 for each eligible employee with wages greater than or equal to 250 percent and less than 300 percent of the minimum wage; and

\$5,000 for each eligible employee with wages greater than or equal to 300 percent of the minimum wage.

The total credit for an employer is equal to the actual credit multiplied by the number of employees eligible for that credit. For purposes of this section "minimum wage" means the minimum wage that is required by federal law. An eligible business may apply for a rural job creation credit only once for each new job. The credit is refundable.

Subd. 2. [ELIGIBLE BUSINESS.] An employer eligible for a job credit under this section must (1) be located outside the metropolitan area as defined under section 473.121 (2) create at least ten qualifying new jobs in a two-year period, and (3) consist of a for-profit business. For the purposes of this section, a "qualifying new job" is a job that did not exist in Minnesota before the effective date of this section.

Subd. 3. [ELIGIBLE EMPLOYEE.] To be eligible for a credit, the employee must be employed full-time by an eligible business at a wage level of not less than 170 percent of the minimum wage at the time the eligible business applies for the credit and must have been employed there at that wage level for a minimum of 12 months. The credit applies only to new jobs created at the eligible business after the effective date of this section.

Subd. 4. [RESTRICTIONS.] The tax credits provided by this section do not apply to racetracks, financial institutions, gambling enterprises, public utilities, or sports, fitness, and health facilities. An employer is not eligible for a tax credit if the commissioner determines that the position held by the employee for which the business is seeking a credit was transferred from an enterprise conducted by substantially the same business enterprise at another site in the state.

Sec. 21. [LIMIT ON TAX CREDITS.]

The maximum amount of tax credits allowable under Minnesota Statutes, sections 469.305 and 469.309 is \$900,000 for fiscal year 1997. Of that amount, one-third must be allocated to the city of Minneapolis, one-third to the city of St. Paul, and one-third to the remaining cities. Of the amounts allocated to the cities of Minneapolis and St. Paul, \$25,000 must be subtracted from each city's allocation and is appropriated to the commissioner of jobs and training for administration of this program, provided that \$25,000 of the appropriation is for fiscal year 1996 and \$25,000 is for fiscal year 1997. Of the amount allocated to the remaining cities, a minimum of \$60,000 must be allocated to the city of South St. Paul. No tax credits are allowable before fiscal year 1997. If the commissioner of revenue estimates by March 1, 1996, that tax credits for fiscal year 1997 will exceed \$900,000, the commissioner shall proportionately reduce each city's allocation to remain within the limit.

Sec. 22. [473.197] [HOUSING BOND CREDIT ENHANCEMENT PROGRAM.]

Subdivision 1. [AUTHORIZATION.] The metropolitan council may establish a housing bond credit enhancement program as provided in this section. The council may pledge its full faith and credit and taxing powers to the payment of bonds issued under section 469.034 for qualified housing

development projects in the metropolitan area, as provided in this section. A "qualified housing development project" has the meaning given that term in section 469.034, subdivision 2, paragraph (e), except that the council is substituted for "general jurisdiction governmental unit" in clause (3) and "60 percent of the median family income" is substituted for "80 percent of the median family income."

Subd. 2. [PROJECT SELECTION.] Before pledging its full faith and credit, the council must establish criteria for selecting appropriate qualified housing development projects for the credit enhancement program. The council may award preferences for qualified housing development projects that meet criteria for preferences established by the council. The council must establish the criteria in consultation with housing providers in the metropolitan area. In developing priorities for projects for the credit enhancement program, the council shall give priority to projects that develop or redevelop housing for low income households. The council shall consider the extent to which projects for the credit enhancement program are developed in collaboration with Minnesota Youth-Build under sections 268.361 to 268.367; or training for housing programs for homeless adults under Laws 1992, chapter 376, article 6; or other employment training programs.

Subd. 3. [LIMITATION.] The aggregate principal amount of bonds that may be secured by a pledge of the council's full faith and credit under this section may not exceed \$20,000,000. The bonds must be payable from revenues derived from the project or projects financed under the credit enhancement program, or from income of the authority or authorities that participate in the program, including earnings on any reserves established for the program. The council must find that the pledged revenues will equal or exceed 110 percent of the principal and interest due on the bonds.

Subd. 4. [DEBT RESERVE; LEVY.] To provide money to pay debt service on bonds issued under the credit enhancement program if pledged revenues are insufficient to pay debt service, the council must maintain a debt reserve fund in the manner and with the effect provided by section 475.66 for public debt service funds. To provide funds for the debt reserve fund, the council may use up to \$3,000,000 of the proceeds of solid waste bonds issued by the council under section 473.831 before its repeal. To provide additional funds for the debt reserve fund, the council may levy a tax on all taxable property in the metropolitan area and must levy the tax if sums in the debt reserve fund are insufficient to cure any deficiency in the debt service fund established for the bonds. The tax authorized by this section does not affect the amount or rate of taxes that may be levied by the council for other purposes and is not subject to limit as to rate or amount.

Subd. 5. [AGREEMENTS.] The council and each authority that participates in the credit enhancement program may enter into agreements they determine to be necessary to implement the credit enhancement program. The agreements may extend over any period, notwithstanding any law to the contrary.

Sec. 23. [APPROPRIATION.]

\$225,000 is appropriated from the general fund to the commissioner of revenue for the costs of administering Laws 1994, chapter 383, and the provisions of this act. This amount does not cancel and is available until July 1, 1995.

Sec. 24. [EFFECTIVE DATE.]

Section 1 is effective July 1, 1994.

Section 2 is effective July 1, 1995.

Sections 3 and 6 are effective for payments due after the date of final enactment.

Sections 4 and 5 are effective for taxes levied in 1994, payable in 1995, and thereafter.

Section 10 applies to gasoline received or produced in or brought into this state (1) on or after July 1, 1994, in the case of gasoline used in off-highway motorcycles, and (2) on or after July 1, 1995, in the case of gasoline used for off-road operation of off-road vehicles.

Section 11 is effective for informational reports due on or after August 10, 1994.

Sections 12 to 21, and 23 are effective the day following final enactment.

Section 22 is effective the day following final enactment and applies to the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington."

Delete the title and insert:

"A bill for an act relating to the financing and operation of state and local government; conforming with certain changes in the federal income tax law; changing tax brackets, rates, bases, exemptions, withholding, payments, and refunds; allowing tax credits; changing the subtraction for the elderly and disabled; altering taconite production tax rates and distributions; providing for use of taconite economic development funds; altering procedures of the board of government innovation and cooperation and appropriating money to the board; providing aids to local governments; changing the calculation of property tax refunds; modifying property tax provisions relating to appeals, petitions, procedures, valuation, levies, classifications, homesteads, credits, and exemptions; changing certain tax return or report requirements; changing operation of the local government trust fund and providing for its future repeal; authorizing special assessments; authorizing a local lodging tax; enacting provisions relating to certain cities, counties, special taxing districts, and towns; changing certain redemption provisions; reforming state budget procedures; changing certain bonding provisions and authorizing bonding; creating a bond guarantee fund; modifying tax increment financing requirements; eliminating certain conditions relating to the contamination tax; providing for creation and operation of the Cross Lake area water and sewer board and the Chisholm/Hibbing airport authority; giving the commissioner of revenue certain authority; requiring certain permits and permit fees; requiring studies; appropriating money and limiting appropriations; amending Minnesota Statutes 1992, sections 16A.711, subdivisions 4 and 5; 60A.02, by adding a subdivision; 60A.15, by adding a subdivision; 124.196; 256E.06, subdivision 5, and by adding a subdivision; 271.06, subdivision 7; 273.061, by adding a subdivision; 273.111, subdivision 11; 273.138, by adding a subdivision; 273.1398, by adding a subdivision; 273.165, subdivision 1; 278.05, subdivision 6; 289A.02, by adding a subdivision; 289A.25; subdivision 5; 290.01, subdivision 19d, and by adding subdivisions; 290.05, subdivision 3, and by adding a subdivision; 290.06, subdivision 2c; 290.067, subdivision 1;

290.068, subdivision 2; 290.0802, subdivisions 1 and 2; 290.091, subdivision 3; 290.0921, subdivision 2; 290.35, by adding a subdivision; 290A.04, subdivisions 2 and 2a; 296.16, subdivision 1; 297.01, by adding a subdivision; 297A.01, by adding a subdivision; 297A.02; 297A.135, subdivision 1; 297A.15, subdivision 5; 297A.25, by adding subdivisions; 297A.256; 297A.44, subdivision 1; 297C.03, subdivision 6; 298.017, subdivision 2; 298.24, subdivision 1; 298.26; 298.28, by adding a subdivision; 298.296, subdivision 2, and by adding a subdivision; 360.036, subdivisions 2 and 3; 360.037, subdivision 2; 360.042, subdivision 10; 466A.02, subdivision 3; 469.004, subdivision 1a; 473.341; 473H.05, by adding a subdivision; 473H.18; 477A.014, subdivision 5; 477A.03, as amended; and 580.23, as amended; Minnesota Statutes 1993 Supplement, sections 16A.712; 84.794, subdivision 1; 84.803, subdivision 1; 256E.06, subdivision 12; 270.78; 270.91, subdivision 4; 270.94; 273.11, subdivisions 1a, 16, and by adding a subdivision; 273.112, subdivision 3; 273.124, subdivisions 1 and 13; 273.13, subdivisions 23 and 24; 273.166, by adding a subdivision; 275.065, subdivision 3; 276.04, subdivision 2; 278.01, subdivision 1; 289A.11, subdivision 1; 289A.26, subdivision 7; 289A.60, subdivision 21; 290.01, subdivision 19; 290.091, subdivision 2; 290A.04, subdivisions 2h, as amended, and 6; 290A.23, subdivision 1, and by adding a subdivision; 296.02, subdivision 1a; 296.025, subdivision 1a; 297A.01, subdivision 16; 297B.03; 298.227; 298.28, subdivision 9a; 383A.75, subdivision 3; 465.795, subdivision 7; 465.796, subdivision 2; 465.797, subdivisions 1, 2, 3, 4, and 5; 465.798; 465.799; 477A.013, subdivisions 1, 8, as amended, and 9; Laws 1969, chapter 499, section 2; and Laws 1993, chapters 55, section 1; and 375, article 9, section 51; proposing coding for new law in Minnesota Statutes, chapters 16A; 275; 296; 297A; 297B; 462C; 465; 469; 473; and 477A; repealing Minnesota Statutes 1992, sections 3.862; 16A.711; 273.1381; 273.1398, subdivision 7; 290.05, subdivision 6; 290.067, subdivision 6; 297A.021; 297A.44, subdivision 4; 297B.09, subdivision 3; 465.80, subdivision 3; 477A.012, subdivision 6; and 477A.0132, as amended; Minnesota Statutes 1993 Supplement, sections 16A.712; 82.19, subdivision 9; 256E.06, subdivision 12; 273.166, subdivision 4; 289A.25, subdivision 5a; 290A.23; 465.80, subdivisions 1, 2, 4, and 5; and 477A.03, subdivision 1; Laws 1973, chapter 650, article 24, section 6, as amended."

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

House Conferees: (Signed) Ann H. Rest, Joel Jacobs, Tom Rukavina, Andy Dawkins, Kevin Goodno

Senate Conferees: (Signed) Douglas J. Johnson, Carol Flynn, Ember D. Reichgott Junge, John C. Hottinger, William V. Belanger, Jr.

Mr. Johnson, D.J. moved that the foregoing recommendations and Conference Committee Report on H.F. No. 3209 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.

CALL OF THE SENATE

Mr. Johnson, D.J. imposed a call of the Senate for the balance of the proceedings on H.F. No. 3209. The Sergeant at Arms was instructed to bring in the absent members.

H.F. No. 3209 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.

Mr. Johnson, D.E. moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 58 and nays 8, as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Berghin	Chandler	Marty	Riveness	Terwilliger
Betzold	Johnson, J.B.	Piper		

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. 2129: A bill for an act relating to adoption; regulating certain advertising and payments in connection with adoption; regulating agencies; providing for direct adoptive placement; providing for the enforceability of postadoption contact agreements; providing penalties; amending Minnesota Statutes 1992, sections 144.227, subdivision 1, and by adding a subdivision; 245A.03, subdivision 1; 245A.04, by adding a subdivision; 245A.07, by adding a subdivision; 259.21, by adding subdivisions; 259.22, subdivisions 1, 2, and by adding a subdivision; 259.27, by adding a subdivision; 259.31; and 317A.907, subdivision 6; Minnesota Statutes 1993 Supplement, section 245A.03, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 259.

Senate File No. 2129 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 2, 1994

Ms. Piper moved that the Senate do not concur in the amendments by the

House to S.F. No. 2129, 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. 2316: A bill for an act relating to the state board of investment; management of funds under the board's control; limiting the investment authority of various local pension plans to the pre-1994 investment authority of the state board of investment; amending Minnesota Statutes 1992, sections 11A.17, subdivisions 1, 4, 9, 10a, and 14; 11A.18, subdivision 9; 11A.24, subdivisions 3, 5, and 6; 353D.05, subdivision 2; 354B.07, subdivision 2; 356A.06, subdivision 7; and 422A.05, subdivision 2c; Minnesota Statutes 1993 Supplement, sections 11A.24, subdivisions 1 and 4; 69.77, subdivision 2g; 69.775; 352D.04, subdivision 1; 352D.09, subdivision 8; and 354B.05, subdivision 3.

Senate File No. 2316 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 2, 1994

Mr. Metzen moved that S.F. No. 2316 be laid on the table. The motion prevailed.

MOTIONS AND RESOLUTIONS – CONTINUED

Mr. Knutson introduced—

Senate Resolution No. 94: A Senate resolution congratulating students at Apple Valley High School for an outstanding performance in the 1994 State High School Speech Contest.

Referred to the Committee on Rules and Administration.

RECESS

Mr. Moe, R.D. moved that the Senate do now recess until 6:00 p.m. The motion prevailed.

The hour of 6:00 p.m. having arrived, the President called the Senate to order.

CALL OF THE SENATE

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

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

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 2742.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 2, 1994

FIRST READING OF HOUSE BILLS

The following bill was read the first time.

H.F. No. 2742: A bill for an act relating to public administration; authorizing spending to acquire and to better public land and buildings and other public improvements of a capital nature with certain conditions; authorizing issuance of bonds; authorizing assessments for debt service; reducing certain earlier project authorizations and appropriations; appropriating money, with certain conditions; amending Minnesota Statutes 1992, sections 16A.85, subdivision 1; 85.015, subdivision 4; 136.651; and 471.191, subdivision 1; Minnesota Statutes 1993 Supplement, sections 16B.335, by adding subdivisions; Laws 1993, chapter 373, sections 18; and 25, subdivision 5; proposing coding for new law in Minnesota Statutes, chapters 16A; 16B; 116J; 124C; 134; 135A; and 241.

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. 2742 and that the rules of the Senate be so far suspended as to give H.F. No. 2742 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 2742 was read the second time.

Mr. Merriam moved to amend H.F. No. 2742 as follows:

Delete everything after the enacting clause, and delete the title, of H.F. No. 2742, and insert the language after the enacting clause, and the title, of S.F. No. 2928, the first engrossment.

The motion prevailed. So the amendment was adopted.

H.F. No. 2742 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 44 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson
Benson, D.D.
Benson, J.E.

Berg
Berglin
Bertram

Betzold
Chandler
Chmielewski

Cohen
Day
Diille

Finn
Flynn
Frederickson

Hanson	Krentz	Marty	Pariseau	Solon
Hotinger	Laidig	Merriam	Piper	Spear
Janezich	Langseth	Moe, R.D.	Ranum	Stumpf
Johnson, D.J.	Lesewski	Mondale	Reichgott Junge	Vickerman
Johnson, J.B.	Lessard	Morse	Sams	Wiener
Kelly	Luther	Pappas	Samuelson	

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

MOTIONS AND RESOLUTIONS – CONTINUED

Mr. Chmielewski moved that S.F. No. 2819, No. 6 on General Orders, be stricken and returned to its author. The motion prevailed.

Mr. Chmielewski moved that S.F. No. 2006, No. 24 on General Orders, be stricken and returned to its author. The motion prevailed.

Mr. Metzen moved that H.F. No. 2278, No. 8 on General Orders, be stricken and re-referred to the Committee on Governmental Operations and Reform. The motion prevailed.

Mr. Vickerman moved that S.F. No. 1956, No. 17 on General Orders, be stricken and re-referred to the Committee on Finance. The motion prevailed.

RECESS

Mr. Moe, R.D. moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

MOTIONS AND RESOLUTIONS – CONTINUED

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, herewith returned: S.F. No. 2354.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 2, 1994

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. 2015: A bill for an act relating to metropolitan government; providing for a regional administrator and a management team; imposing organizational requirements; imposing duties; clarifying existing provisions and making conforming changes; amending Minnesota Statutes 1992, sections

6.76; 15.0597, subdivision 1; 15A.081, subdivision 7; 15A.082, subdivision 3; 16B.58, subdivision 7; 116.16, subdivision 2; 116.182, subdivision 1; 161.173; 161.174; 169.781, subdivision 1; 169.791, subdivision 5; 169.792, subdivision 11; 221.022; 221.041, subdivision 4; 221.071, subdivision 1; 221.295; 297B.09, subdivision 1; 352.03, subdivision 1; 352.75; 422A.01, subdivision 9; 422A.101, subdivision 2a; 471A.02, subdivision 8; 473.121, subdivisions 5a and 24; 473.123, subdivisions 1, 2a, and 4; 473.129; 473.13, subdivision 4; 473.146, subdivisions 1 and 4; 473.149, subdivision 3; 473.1623, subdivision 2; 473.164; 473.168, subdivision 2; 473.173, subdivisions 3 and 4; 473.223; 473.303, subdivisions 2, 3a, 4, 4a, 5, and 6; 473.371, subdivision 1; 473.375, subdivisions 11, 12, 13, 14, and 15; 473.382; 473.384, subdivisions 1, 3, 4, 5, 6, 7, and 8; 473.385; 473.386, subdivisions 1, 2, 3, 4, 5, and 6; 473.387, subdivisions 2, 3, and 4; 473.388, subdivisions 2, 3, 4, and 5; 473.39; subdivisions 1, 1a, 1b, and by adding a subdivision; 473.391; 473.392; 473.394; 473.399, as amended; 473.405, subdivisions 1, 3, 4, 5, 9, 10, 12, and 15; 473.408, subdivisions 1, 2, 2a, 4, 6, and 7; 473.409; 473.411, subdivisions 3 and 4; 473.415, subdivisions 1, 2, and 3; 473.416; 473.418; 473.42; 473.436, subdivisions 2, 3, and 6; 473.446, subdivisions 1, 1a, 2, 3, and 7; 473.448; 473.449; 473.504, subdivisions 4, 5, 6, 9, 10, 11, and 12; 473.511, subdivisions 1, 2, 3, and 4; 473.512, subdivision 1; 473.513; 473.515, subdivisions 1, 2, and 3; 473.5155, subdivisions 1 and 3; 473.516, subdivisions 2, 3, 4, and 5; 473.517, subdivisions 1, 2, 3, 6, and 9; 473.519; 473.521, subdivisions 1, 2, 3, and 4; 473.523, subdivisions 1 and 2; 473.535; 473.541, subdivision 2; 473.542; 473.543, subdivisions 1, 2, 3, and 4; 473.545; 473.547; 473.549; 473.553, subdivisions 1, 2, 4, 5, and by adding subdivisions; 473.561; 473.595, subdivision 3; 473.605, subdivision 2; 473.823, subdivision 3; and 473.852, subdivisions 8 and 10; Minnesota Statutes 1993 Supplement, sections 10A.01, subdivision 18; 15A.081, subdivision 1; 115.54; 174.32, subdivision 2; 216C.15, subdivision 1; 221.025; 221.031, subdivision 3a; 275.065, subdivisions 3 and 5a; 352.01, subdivisions 2a and 2b; 352D.02, subdivision 1; 353.64, subdivision 7a; 400.08, subdivision 3; 473.13, subdivision 1; 473.1623, subdivision 3; 473.167, subdivision 1; 473.386, subdivision 2a; 473.3994, subdivision 10; 473.3997; 473.4051; 473.407, subdivisions 1, 2, 3, 4, 5, and 6; 473.411, subdivision 5; 473.446, subdivision 8; and 473.516, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 473; repealing Minnesota Statutes 1992, sections 115A.03, subdivision 20; 115A.33; 174.22, subdivision 4; 473.121, subdivisions 14a, 15, and 21; 473.122; 473.123, subdivisions 3, 5, and 6; 473.141, as amended; 473.146, subdivisions 2, 2a, 2b, and 2c; 473.153; 473.161; 473.163; 473.181, subdivision 3; 473.325, subdivision 5; 473.373, as amended; 473.375, subdivisions 1, 2, 3, 4, 5, 6, 7, 10, 16, 17, and 18; 473.377; 473.38; 473.384, subdivision 9; 473.388, subdivision 6; 473.404, as amended; 473.405, subdivisions 2, 6, 7, 8, 11, 13, and 14; 473.417; 473.435; 473.436, subdivision 7; 473.445, subdivisions 1 and 3; 473.501, subdivision 2; 473.503; 473.504, subdivisions 1, 2, 3, 7, and 8; 473.511, subdivision 5; 473.517, subdivision 8; 473.543, subdivision 5; and 473.553, subdivision 4a; Minnesota Statutes 1993 Supplement, section 473.3996, subdivisions 1 and 2.

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

Orfield, Carruthers and Weaver.

Senate File No. 2015 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 2, 1994

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. 103: A bill for an act relating to lawful gambling; regulating the conduct of lawful gambling; prescribing the powers and duties of licensees and the board; giving the gambling control board director cease and desist authority for violations of board rules; adding restrictions for bingo halls, distributors, and manufacturers; providing more flexibility in denying a license application to ensure the integrity of the lawful gambling industry; strengthening the gambling control board's enforcement ability by increasing licensing requirements; establishing the combined receipts tax as a lawful purpose expenditure; expanding definition of lawful purpose to include certain senior citizen activities, certain real estate taxes and assessments, and wildlife management projects; prohibiting the use of lawful purpose contributions by local governmental units in pension or retirement funds; exempting organizations with gross receipts of \$50,000 or less from the annual audit; expanding the definition of a class C license; making class C licensee reporting requirements quarterly; modifying the definition of allowable expense to include some advertising costs; eliminating additional compensation for the state lottery director; clarifying and strengthening the regulation of the conduct of bingo; prohibiting certain forms of gambling by persons under 18; modifying the definition of net profits for local assessments; prescribing penalties; amending Minnesota Statutes 1992, sections 240.13, subdivision 8; 240.25, by adding a subdivision; 240.26, subdivision 3; 299L.03, subdivisions 1 and 2; 299L.07, by adding a subdivision; 349.12, subdivisions 1, 3a, 4, 8, 11, 18, 19, 21, 23, 25, 30, 32, 34, and by adding a subdivision; 349.151, subdivision 4; 349.152, subdivisions 2 and 3; 349.153; 349.154, subdivision 2; 349.16, subdivisions 6 and 8; 349.161, subdivisions 1, 3, and 5; 349.162, subdivisions 1, 2, 4, and 5; 349.163, subdivisions 1, 1a, 3, 5, and 6; 349.164, subdivisions 1, 3, and 6; 349.1641; 349.166, subdivisions 1, 2, and 3; 349.167, subdivisions 1 and 4; 349.168, subdivisions 3 and 6; 349.169, subdivision 1; 349.17, subdivisions 2, 4, 5, and by adding a subdivision; 349.174; 349.18, subdivisions 1, 1a, and 2; 349.19, subdivisions 2, 5, 6, 8, and 9; 349.191, subdivisions 1, 4, and by adding a subdivision; 349.211, subdivisions 1 and 2; 349.2122; 349.2125, subdivisions 1 and 3; 349.2127, subdivisions 2, 4, and by adding a subdivision; 349.213, subdivision 1; 349A.03, subdivision 2; 349A.12, subdivisions 1, 2, 5, and 6; and 609.755; proposing coding for new law in Minnesota Statutes, chapters 471; and 609; repealing Minnesota Statutes 1992, sections 349A.03, subdivision 3; and 349A.08, subdivision 3.

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

Kahn, Osthoff and Abrams.

Senate File No. 103 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 2, 1994

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. 2540: A bill for an act relating to energy; classifying and requiring information on applications for the municipal energy conservation investment loan program; amending Minnesota Statutes 1992, sections 13.99, by adding a subdivision; 216C.37, subdivision 3, and by adding subdivisions; Minnesota Statutes 1993 Supplement, section 216C.37, subdivision 1; repealing Minnesota Statutes 1992, section 216C.37, subdivision 8.

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

Jacobs; Brown, C. and Gruenes.

Senate File No. 2540 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 2, 1994

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 2742:

H.F. No. 2742: A bill for an act relating to public administration; authorizing spending to acquire and to better public land and buildings and other public improvements of a capital nature with certain conditions; authorizing issuance of bonds; authorizing assessments for debt service; reducing certain earlier project authorizations and appropriations; appropriating money, with certain conditions; amending Minnesota Statutes 1992, sections 16A.85, subdivision 1; 85.015, subdivision 4; 136.651; and 471.191, subdivision 1; Minnesota Statutes 1993 Supplement, sections 16B.335, by adding subdivisions; Laws 1993, chapter 373, sections 18; and 25, subdivision 5; proposing coding for new law in Minnesota Statutes, chapters 16A; 16B; 116J; 124C; 134; 135A; and 241.

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

Kalis, Solberg, Rice, Simoneau and Pauly have been appointed as such committee on the part of the House.

House File No. 2742 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 2, 1994

Mr. Merriam moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 2742, 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. 3230:

H.F. No. 3230: A bill for an act proposing an amendment to the Minnesota Constitution; dedicating part of tax on vehicles to public transit; expanding transportation purposes for which highway user tax proceeds may be used by the metropolitan area; providing for annual inflation adjustments to motor fuel tax rate contingent on approval of constitutional dedication of motor fuel excise tax revenues; amending the Minnesota Constitution, article XI, by adding a section; and article XIV, section 5; amending Minnesota Statutes 1992, section 296.02, by adding a subdivision; repealing Minnesota Statutes 1992, section 297B.09, subdivision 1.

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

Lieder; Osthoff; McCollum; Johnson, A. and Johnson, V. have been appointed as such committee on the part of the House.

House File No. 3230 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 2, 1994

Mr. Moe, R.D., for Mr. Langseth, moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 3230, 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.

RECESS

Mr. Moe, R.D. moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

APPOINTMENTS

Mr. Moe, R.D. from the Subcommittee on Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

S.F. No. 2129: Ms. Piper, Kiscaden and Mr. Betzold.

H.F. No. 3230: Mr. Langseth, Ms. Flynn, Mr. Chmielewski, Ms. Johnston and Mr. Vickerman.

H.F. No. 2742: Messrs. Merriam, Laidig, Stumpf, Ms. Ranum and Mr. Finn.

Mr. Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

MEMBERS EXCUSED

Mr. Pogemiller was excused from the Session of today from 10:00 a.m. to 1:25 p.m. Mr. Solon was excused from the Session of today from 10:00 to 10:40 a.m. Mr. Dille was excused from the Session of today from 3:30 to 3:50 p.m. Mr. Price was excused from the Session of today at 6:00 p.m. Mr. Beckman was excused from the Session of today from 6:00 to 6:30 p.m.

ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 10:30 a.m., Tuesday, May 3, 1994. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate